



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel. : 91 33 2288 9371
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

13th July, 2021

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

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

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

Dear Sirs,

Report and Accounts for the financial year ended 31st March, 2021

We enclose, in terms of Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, a copy of the Report and Accounts of the Company for the financial year ended 31st March, 2021 together with the Notice dated 1st June, 2021 convening the 110th Annual General Meeting (AGM) of the Company on 11th August, 2021.

The aforesaid Report and Accounts and AGM Notice are also being uploaded on the Company's corporate website www.itcportal.com.

Yours faithfully,

ITC Limited

(R. K. Singhi)

Executive Vice President &
Company Secretary

Encl. as above.



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

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



Enduring Value

Nation First: Sab Saath Badhein

ITC Limited

REPORT AND ACCOUNTS 2021

Contents

ITC: The Next Horizon Agility. Purposeful Innovation. Compassion.	
Board of Directors and Committees	01
Report on Corporate Governance (including Shareholder Information)	10
Report of the Board of Directors & Management Discussion and Analysis	36
Secretarial Auditor's Report	144
CEO and CFO Compliance Certificate	145
Standalone Financial Statements	
Balance Sheet	146
Statement of Profit and Loss	147
Statement of changes in equity	148
Cash Flow Statement	150
Notes to the Financial Statements	152
Independent Auditor's Report	220
Guide to Subsidiaries, Joint Ventures & Associates	230
Salient Features of the Financial Statements of Subsidiaries, Joint Ventures & Associates (AOC-1)	233
Consolidated Financial Statements	237
Ten Years at a Glance	328
Financial Highlights	
Business Responsibility Report	I-XVI
Business Update: ITC Infotech	
Creating Enduring Institutions	
Awards & Accolades	



The mnemonic for this year's Report and Accounts symbolises ITC's nurturing of multiple drivers of growth. A vibrant and synergistic portfolio of businesses with a growing presence across all three sectors of the economy - agriculture, manufacturing and services. The arched hands with multiple leaves also emphasise ITC's commitment to making a Triple Bottom Line contribution by creating economic, social and environmental capital for the nation. The organic elements of the mnemonic highlight the thrust towards creating a brighter and more inclusive future through agility, purposeful innovation and compassion.



ITC: The Next Horizon

Agility. Purposeful Innovation. Compassion.

As the mid-year dawns on 2021, the pandemic that swept across the globe continues to be of concern. In India, the second wave became yet another reminder of the fragility of human lives and livelihoods. The Government at the Centre and States, businesses, institutions and civil society organisations rose as one to address the myriad and unprecedented challenges. Doctors, healthcare professionals and workers fought in unimaginable circumstances and selfless ways to save lives, even as the deluge tested every sinew of their tireless endeavours. The future continues to be threatened by the possibility of more virus outbreaks. However, hope is pinned on the pace of vaccination, responsible COVID-appropriate behaviour from citizens and the augmentation of the healthcare infrastructure. In such united purpose, spirit and action indeed lie hope for a healthier tomorrow for the people, for enterprises and for the nation.

ITC's credo of 'Nation First – Sab Saath Badhein' finds expression in the enterprise's constant quest to build 'Responsible Competitiveness' even in the face of adversity. Responding to the unprecedented disruption, ITC pivoted with agility and resilience to meet the ever evolving circumstances with sharp strategies, strength of innovation and robust execution. What was also of paramount importance to ITC was the imperative need to take compassionate action in multi-faceted ways for its stakeholders in society, particularly those who were rendered vulnerable by the pandemic. Despite several operational challenges, the Company's resolve to adapt to the new normal and reimagine the next normal led to hardwiring of agility in every sphere of operation, leveraging purposeful innovation, realigning supply chains, building partnerships and collaborations as well as accelerating the pace of digital technologies, processes and systems to more effectively serve consumers, communities and the country.

ITC's next horizon will be defined by its hallmarks of agility, purposeful innovation and compassion, honed to new levels of excellence with the rapid learning from the experiences of the recent past. These will find expression in leveraging opportunities that lie in the intersection of defining trends of digital, sustainability and the synergistic enterprise strengths of the Company nurtured over time. ITC's presence across the agriculture, manufacturing and services sector provides a unique opportunity to make a larger contribution to the country across economic, social and environmental dimensions. Its world-class Indian brands that anchor inclusive value chains and retain larger value in the economy, its 'Make in India'-inspired investments in state-of-the-art manufacturing and iconic hospitality assets, its focus on cutting-edge R&D-led innovation, its contribution to the competitiveness of next generation agriculture, the pace of its rapid digitalisation across all aspects of operations and its efforts to achieve its even more ambitious Sustainability 2.0 goals will be the drivers of the next horizon.

The pages that follow, provide a glimpse of the multidimensional interventions powered by agile innovation that led to the launching of 120 products in record time, serving emerging consumer needs, expanding reach in existing and newer markets and in working with rural communities and millions of farmers to secure livelihoods in these trying times. They also provide highlights of the action taken during the second wave to augment the country's oxygen availability and facilitate the setting up of medical facilities to supplement the healthcare infrastructure, among others.

In this journey to the next horizon, ITC takes pride in its dedicated talent that have displayed enormous commitment and courage to help build an even more inclusive future for all our stakeholders.



ITC: Creating Enduring Value for the Nation

ITC's leading businesses create multiple drivers of growth across all 3 sectors of the Economy



Agriculture

Multiplying Farmers' Income

Empowering 4 million farmers

ITC Agri Business

- Value added agriculture
- Pioneering e-Choupal ecosystem



Manufacturing

State-of-the-art facilities contributing to 'Make in India'

More than 200 factories

Making in India

- Creating world-class manufacturing facilities
- Distributed manufacturing to serve Indian markets efficiently



Services

Iconic Luxury Hotel Properties

107 properties. 10,200+ rooms

ITC Infotech: Leading global technology services & solutions provider

ITC Hotels

- Iconic hotel properties
- WeAssure - Platinum-rated hygiene and safety protocols
- Enriching India's tourism landscape



ITC Life Sciences & Technology Centre

- Creating Intellectual Property for India
- Over 900 patent applications filed

ITC's Winning Brands

- 25 mother brands
- ITC's brands create, capture and retain value in India



Contributing to National Priorities and 'Atmanirbhar Bharat'



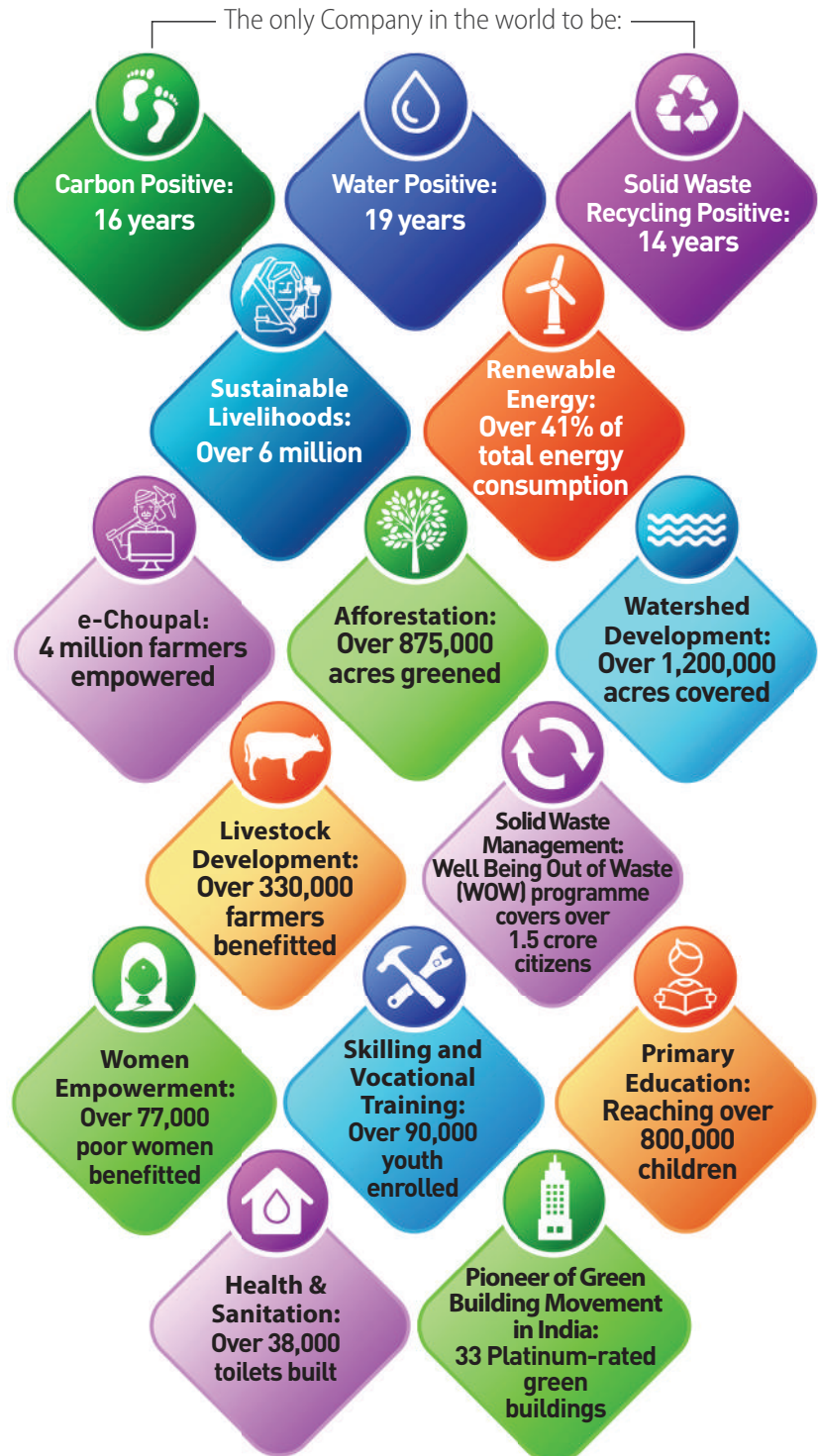
ITC: An Exemplar in Triple Bottom Line Performance

Gross Sales Value*
₹74,979 Cr
for the year ended
31st March, 2021

Among the
Top 3
contributors to the
Exchequer in the
private sector in India

ITC's FMCG
products reach over
150 million
households in India

'AA' rating
by
MSCI-ESG
Highest amongst
global tobacco
companies



* Gross Sales Value includes GST, GST Compensation Cess as applicable for the reported periods

ITC Hotels is the First Hotel chain in the world to receive Platinum level certification under DNV's My Care Infection risk management programme for 'WeAssure' hygiene protocol.

ITC's Paperboards unit at Kovai was awarded the Platinum rating by the Alliance for Water Stewardship Standards, highest recognition for water stewardship in the world. The unit is the first site in India and the first paper mill in the world to achieve this recognition.



ITC's Multiple Drivers of Growth

ITC continuously strives to widen its contribution to the Indian economy by creating multiple drivers of growth. This strategy is anchored on developing a portfolio of globally benchmarked businesses that serve emerging consumer needs with differentiated products and solutions. ITC derives its competitive ability, agility and future readiness from internal synergies that blend diverse skills and capabilities residing in its various businesses; and strategic investments in infrastructure and digitalisation towards accelerating growth & value creation. ITC's aspiration to be a leader in each of its businesses forms the robust foundation for creating sustained value for all stakeholders.

FMCG: One of the fastest growing in the country



- ITC is India's leading FMCG marketer
- Portfolio of 25 mother brands in Foods, Personal Care & Hygiene Products, Education & Stationery Products, Agarbattis & Matches
- Powered by world class quality, superior consumer insights, cutting edge innovation and purpose led brands
- Strategic investments in creating a new core
- Anchoring agri value chains

Agri Business: Empowering farmers



- ITC is a pioneer in rural transformation
- Encompasses over 3 million tonnes in 22 States and over 20 agri value chain clusters
- One of India's largest exporters of agricultural commodities
- ITC e-Choupal empowered 4 million farmers in India
- e-Choupal 4.0: Creating phygital ecosystem for farmers
- Multiplying farmers' incomes

SHOP NOW ON **ITCstore.in**

700+ PRODUCTS
Across Food, Personal Care, Stationery & More



ITC: A Snapshot

13
businesses in
5
segments

Over
120
new product
launches in
2020-21

Over
100
countries where
ITC exports

4
million
farmers
empowered

ITC's FMCG
products are
available in
6 million
retail outlets



Paperboards and Packaging: Global Icon in Environmental Stewardship



- Clear leader in Value Added Paperboards
- World-class environmental performance
- Developing alternatives to single use plastics
- Contributing to 'Make in India' and Import Substitution
- Anchoring local forestry value chains; empowering farmers

Hotels: Trailblazer in 'Responsible Luxury'



- ITC Hotels is one of India's pre-eminent and fastest growing hospitality chains
- 107 hotel properties in over 70 locations
- Trailblazer in 'Responsible Luxury' & Sustainability
- 'Largest Chain of Hotels in the World, with maximum LEED® Platinum Certified Properties', as per USGBC
- ITC Hotels is the First Hotel chain in the world to receive Platinum level certification under DNV's My Care Infection risk management programme for 'WeAssure' hygiene protocol
- ITC Windsor, First Hotel in the World to achieve LEED® Zero Carbon Certification
- Iconic Cuisine Brands



ITC Infotech: Delivering Business-friendly Solutions



- Wholly-owned subsidiary of ITC Limited
- Leading global technology services and solutions provider
- Presence across 5 continents
- Providing Business-friendly Solutions to enterprise clients across Banking, Financial Services, Consumer Packaged Goods, Manufacturing, Travel, Hospitality and Healthcare

ITC: A Snapshot

Over
900
patents filed

More than
26,000
employees

Over
200
manufacturing
units

107
hotel
properties

Over
6 million
sustainable
livelihoods
supported

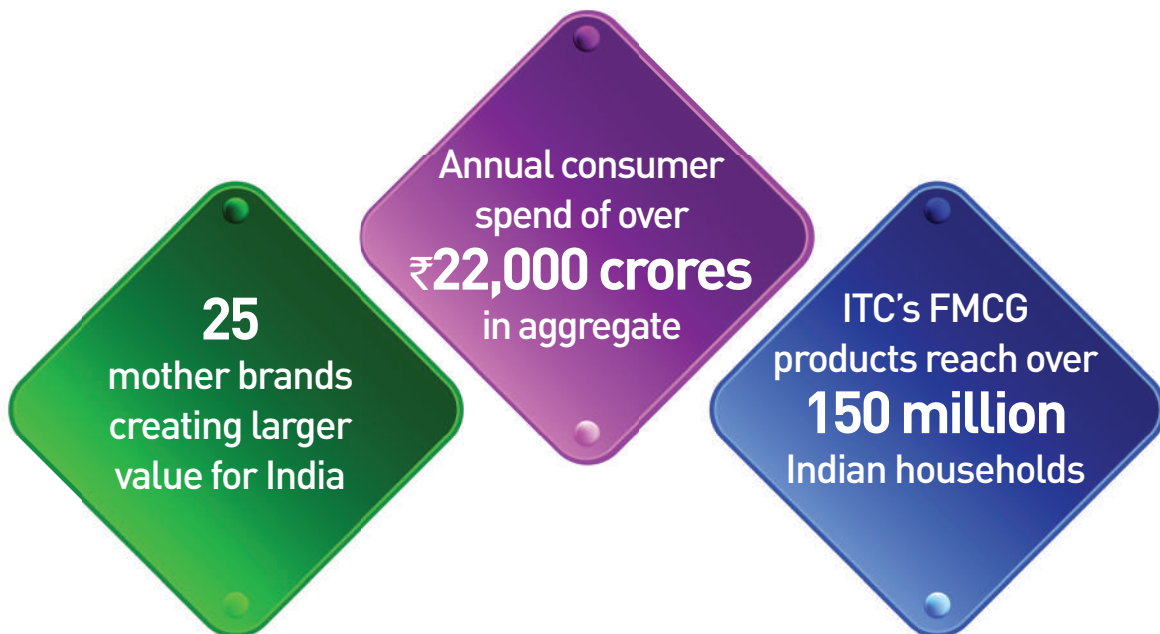


ITC's World-class Indian Brands

Delighting Consumers, Creating & Retaining Value in India

Driven by the belief that it is mission critical to create, nurture and own intellectual capital in India, ITC has built a portfolio of 25 world-class Indian brands. Today, the Company's vibrant portfolio of brands represents an annual consumer spend of over ₹22,000 crores.

These winning home-grown trademarks ensure greater value capture and retention in the country, besides creating sustainable livelihoods. With growing consumer franchise, such world-class Indian brands can create value streams in perpetuity and prevent avoidable outflow of foreign exchange & royalty payments.



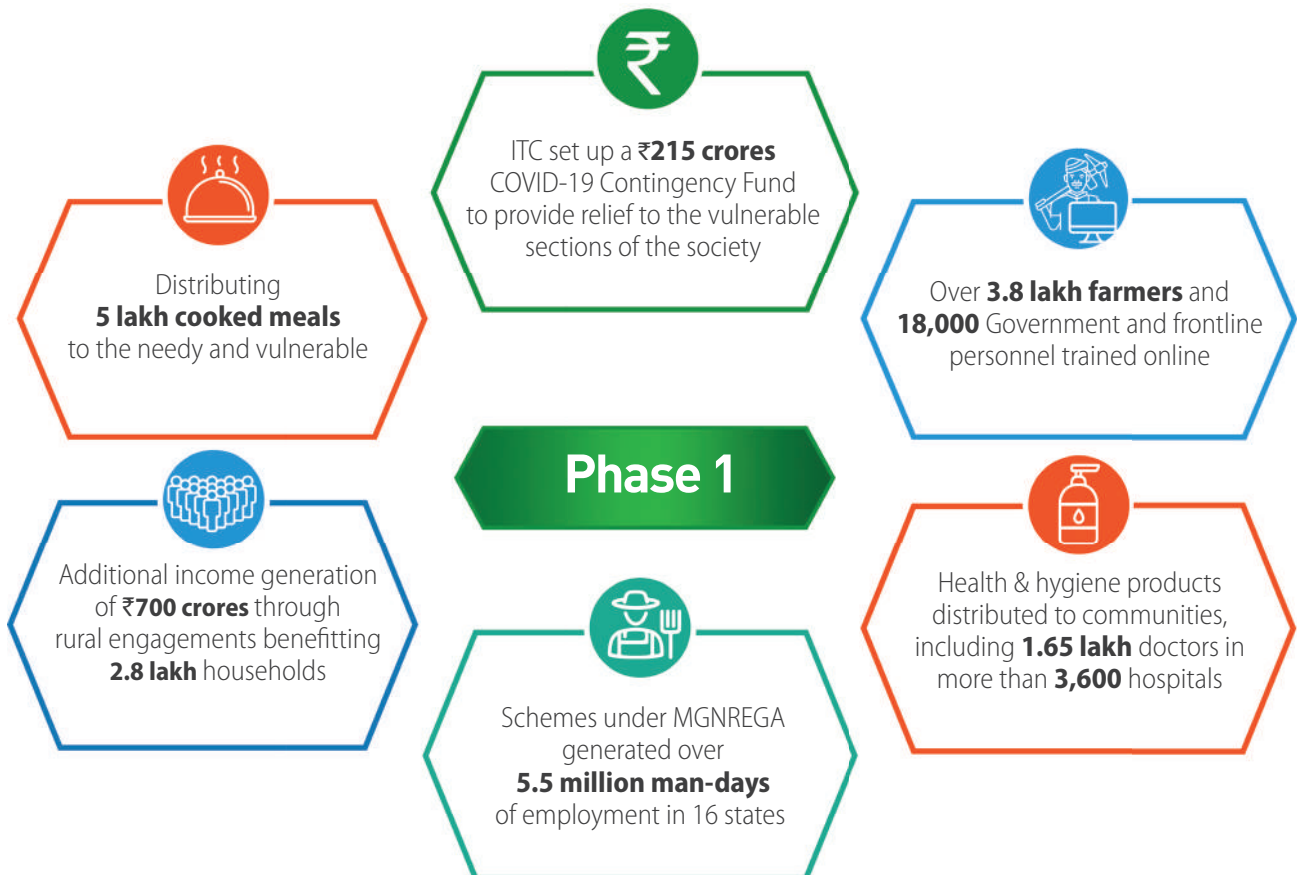
Brand Leadership





Combating COVID-19: Contributing to National Efforts

Responding to the unprecedented humanitarian crisis caused by the COVID-19 pandemic, ITC has put in place several measures that were not only aimed at providing relief and succour to the most vulnerable but also to support value-chains that could generate livelihoods during these trying times and beyond. The two phases of the pandemic have demanded different responses and ITC's endeavours have also been calibrated to the need of the hour.



Phase 2



Importing **24 cryogenic oxygen containers, 1200 concentrators and 22 generators** to ease supply



Supporting setting up of **600 hospital beds in 3 States**



Bhadrachalam unit supplying oxygen to identified Government hospitals



In-kind relief support in **29 States and Union Territories**



Vaccination planned for communities and eco-system partners



Select Welcomhotels offered quarantine facilities



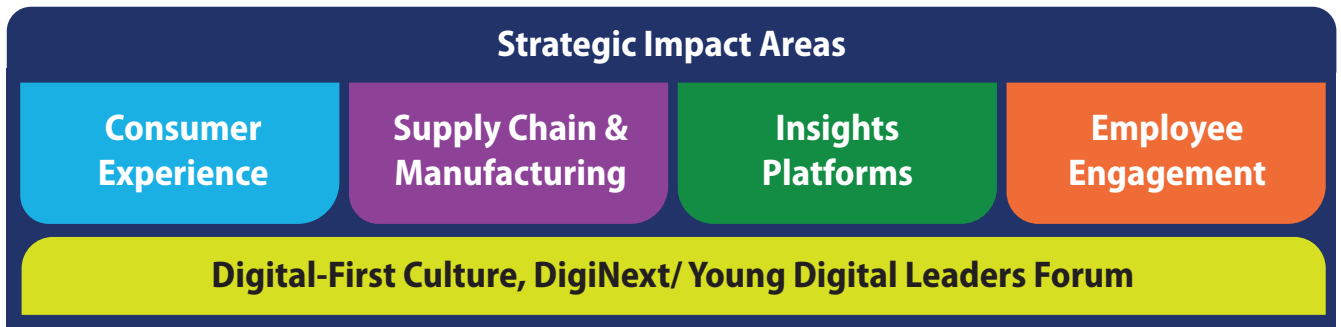
PPE kits and masks provided to frontline hospital workers



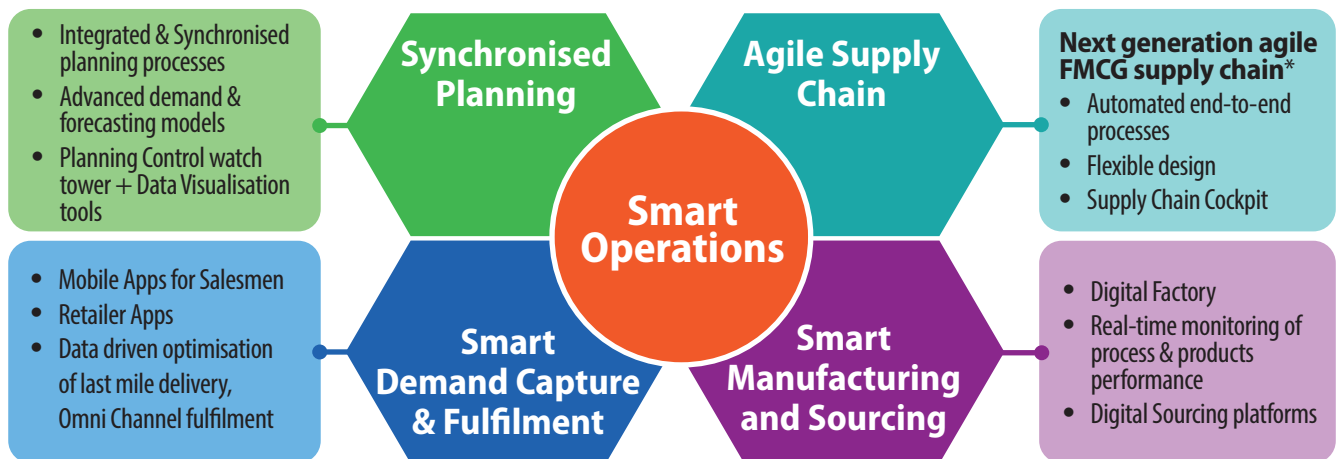
Building 'Smart' Businesses

Cutting-edge digital technologies continue to be deployed towards strengthening ITC's real-time operations and execution platform

Digital@ITC



Integrated Real Time Operations Execution Platform



*AI/ML & Advanced Analytics platform to drive operational efficiency & seamless execution

Smart Consumer

Personalised Consumer Journey across Touchpoints



ITC Sixth Sense Command Center

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



- Direct-to-Consumer channel operational in 11 cities
- Offers wide range of ITC FMCG products
- Socialises Premium & Niche Brand with consumers

ITCstore.in

Moment Marketing

Contextual Communication & Consumer Promotion

- 2000+ Content Assets created

Consumer Data Hub

Harvesting insights & new product development



Distribution Excellence through Digital and Analytics

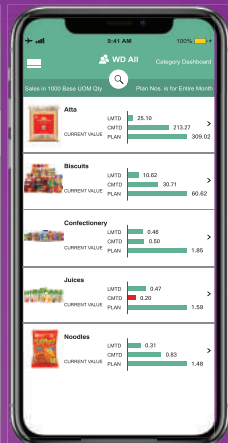
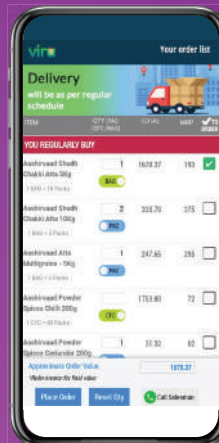
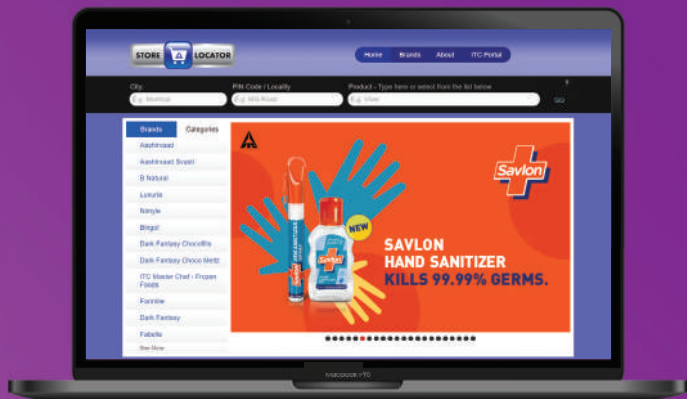
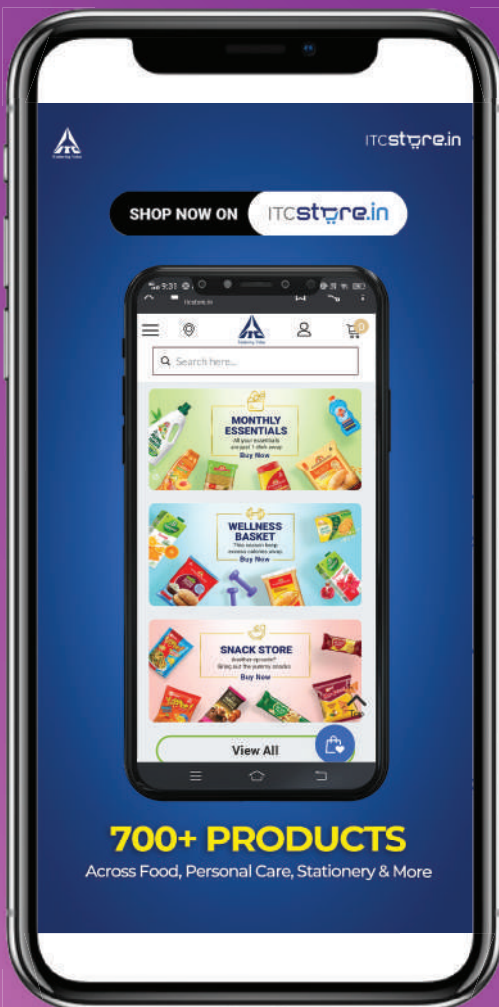
ITC continued to embrace the best of digital & analytics solutions to enable agility & excellence in the sales & distribution operations.

Retail Digitisation
enabling online ordering
& engagement with trade partners

Digital Consumer Connect
ITC Store for online ordering & Store Locator
to search nearby outlets for ITC products

Digitally Empowered Frontline
mobile enabled with sharp actionable
information and nudges

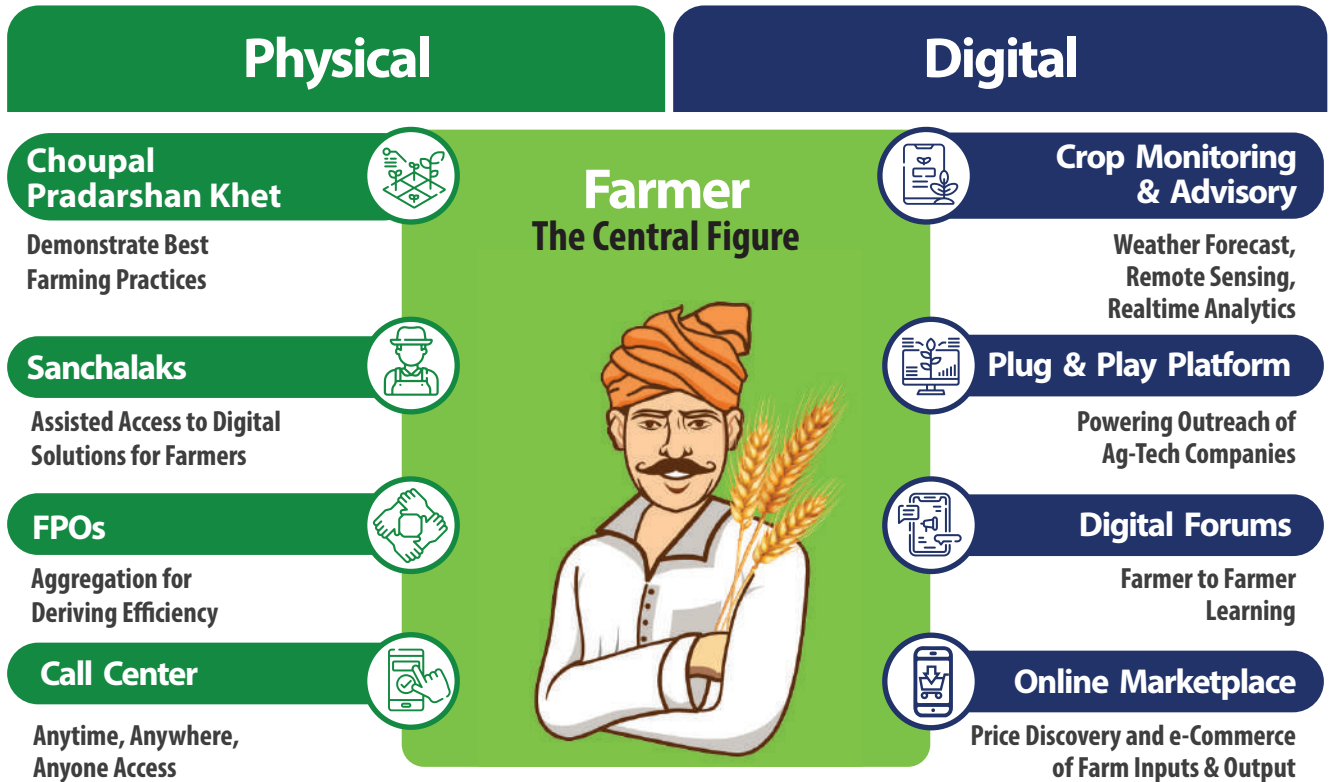
Empowering Employees
using advanced analytics with Artificial
Intelligence & Machine Learning capabilities



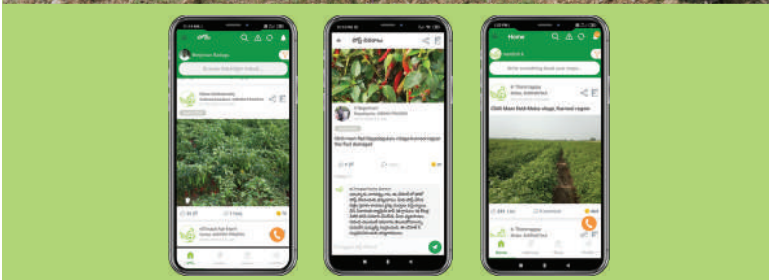


ITC e-Choupal 4.0: Catalysing NextGen Agriculture

A Phygital Model



Hyperlocal, yet Scalable Model



- **Demand-responsive Production System**
Better Prices, Lower Wastage
- **Precision Farming**
More Crop per Drop, Lower Production Costs
- **Multi-stakeholder Partnerships**
End-to-end Integrated Solutions



Driving Cutting-edge Product Innovation

ITC Life Sciences & Technology Centre

The globally benchmarked, 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 the Company's portfolio of world-class products and brands. The LSTC team comprising over 350 highly qualified scientists with over 900 patents 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, continuously drive world-class innovations that are supported by platforms in Health & Wellness, Beauty & Hygiene, Agroforestry & Crops, Sustainable Packaging Materials, Consumer & Sensory, and Measurement Sciences. Rigorous systems, processes and industry-best practices have enabled securing global quality certifications - a key driver in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumers.

LSTC researchers and product development teams continue to enable Foods and Personal Care businesses deliver a range of differentiated and superior quality products. Innovative science-based programmes over the past few years have culminated in the development of new technologies to reduce salt, sugar and fat from the recipes of packaged food products. A systematic reduction in salt, sugar and fat without compromising on sensory attributes, guided by deep science-based approaches are being progressively implemented. Leading-edge scientific platforms in hygiene, health & wellness, and immunity continue to power innovation and develop next generation product offerings to serve emergent consumer needs. These include Savlon Multisurface Disinfectant Sprays, Savlon Clothes Disinfectant Spray, Savlon Masks, Savlon Wipes, Nimeasy Dishwash Liquid, B Natural Immunity Soups, Jelimals with Immunity Benefits, to name a few. Differentiated offerings in the Personal Wash and Skin Care spaces

included the launch of Vivel Neem Bodywash, Charmis Deep Radiance Skin Cream and biodegradable Derafique Face Masques. Unique competencies in materials and packaging were leveraged on delivering innovative recyclable flexible packaging and bio-compostable coating solutions in line with the environmental sustainability agenda. Advances in materials chemistry, agronomy and process science have led to indigenous development and replacement of imported bamboo with alternate wood species for manufacture of incense sticks (Agarbattis).

In the Agrisciences domain, LSTC has an ambitious R&D programme to address future demand of food security, improving yields & quality, and developing new varieties. Research on wheat and potato varietal securitisation are at advanced stages to achieve raw material flexibility in sourcing, creation of region-specific blends and to ensure robust agro-climatic adaptability. LSTC, in collaboration with the Agri Business Division endeavours to ensure that contemporary science outcomes are fully integrated across the value chain from farm to factory. Scientific platforms in Agroforestry have led to pioneering work on new clones in tandem with Paperboards and Specialty Papers Division (PSPD) to enhance wood productivity and pulp quality for sustainable raw materials and farmer profitability.

In its quest to be an innovation engine and to be future-ready, LSTC is developing and deploying bespoke tools & dashboards for quality performance analytics and competition benchmarking using Artificial Intelligence & Machine Learning technological platforms to strengthen the quality management systems (via product/process optimisation). Going forward, ITC will continue to identify opportunities to create new value chains, leveraging R&D insights emerging from contemporary sciences and ITC's diverse core competencies.





Branded Packaged Foods

Staples

AASHIRVAAD 

NEW LAUNCHES

- Organic atta and pulses
- Iodized crystal salt and blended masalas
- Chapatis



● Select variants from existing portfolio



Branded Packaged Foods

Spices

NEW ACQUISITION

SUNRISE

PURE





Branded Packaged Foods

Health & Wellness



- Low sodium salt



- Select variants from existing portfolio



- Select variants from existing portfolio





Branded Packaged Foods

Health & Wellness



● Select variants from existing portfolio

Sunfeast Farmlite

NEW LAUNCHES

● High fibre digestive biscuits - 5-seed, Veda & Nuts

JELIMALS
Yummy Jelly Bears

NEW LAUNCH

ImmunoZ
Vit C & Zinc

JELIMALS

● Immunity boosting jellies

B Natural

NEW LAUNCHES

● Immunity range of juices with clinically proven ingredient



Branded Packaged Foods

Fruit & Dairy Products

NEW LAUNCHES

AASHIRVAAD svasti
SELECT
THICK, TASTY MILK

DOODHER REPORT CARD
Date: 12.10.2021

Quality Index	Test Name	Acceptance Range	Actual
Physical	Colour	White to light yellow	White
	Odour	Normal to slightly sweet	Normal
	Taste	Normal to slightly sweet	Normal
	Texture	Normal to slightly thick	Normal
	Settling	Normal to slightly thick	Normal
	Stability	Normal to slightly thick	Normal
	Microbiological	Normal to slightly thick	Normal
	Water Activity	Normal to slightly thick	Normal
	Acidity	Normal to slightly thick	Normal
	Permeability	Normal to slightly thick	Normal
Overall	Normal to slightly thick	Normal	

- Superior milk with quality report card
- Thick, tasty flavoured curd and lassi



● Select variants from existing portfolio



● Select variants from existing portfolio



● Select variants from existing portfolio

● A special twist to milkshake flavours



Branded Packaged Foods

Convenience Foods

NEW LAUNCHES

B Natural



- Veg soups - Warm delicious winter snacks

NEW LAUNCHES

Sunbeast Yippee!



- Select variants from existing portfolio



- Unique red coloured noodles and hot pour-over instant meals

NEW LAUNCHES

AASHIRVAAD



- Instant meals that taste like home food - Idlis, Poha, Upma & Suji Halwa

Kitchens of India



- Select variants from existing portfolio

SUNBEAN



- Select variants from existing portfolio



- Select variants from existing portfolio



ITC MASTER CHEF

NEW LAUNCHES



- Pre-cooked gravies and cooking pastes



Branded Packaged Foods

Snacking



● Select variants from existing portfolio



NEW LAUNCHES

● Namkeen in popular formats



● Potato biscuits and nut cookies



● Select variants from existing portfolio

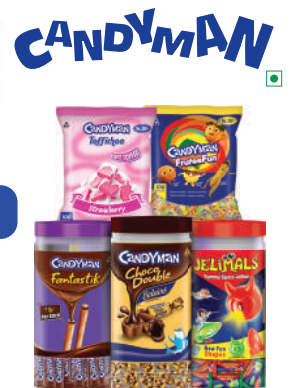


● Unique, indulgent chocolate experiences

● Select variants from existing portfolio



● Moulded chocobar with rich milk chocolaty taste



● Select variants from existing portfolio

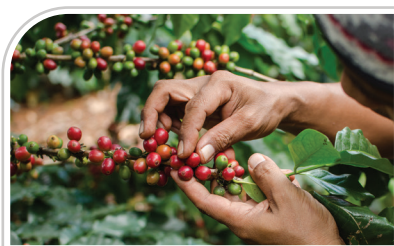


Value-added Agri Products

Leveraging its institutional capabilities and linkages with 4 million farmers, ITC's Agri Business, apart from providing structural competitive advantage to its Food Brands, has also been providing value added offerings to its customers and consumers in India and abroad. On the basis of market and customer demand (Produce the Buy), the streams of value addition include Sustainable Value

Chains, Attribute-based and Identity Preserved Deliveries, Traceable Organic and Food Safe Offerings with Global Certifications, End-use linked Customised Commodities and Speciality Derivatives, Products higher up in the Value Ladder, and Branded products for B2B and B2C space; and of course the intangible value of Credibility and Reliability nurtured through decades of experience.

For Export Markets



Coffee: Certified; speciality and customised blends



Rice: Processed to end-user specifications



Spices: Sterilised; certified; blended; attribute-based



Fruits: Fresh; processed; frozen; dehydrated



Prawns: Value-added ready-to-cook products



Wheat: Certified; attribute-specific

Branded Offerings for the Domestic B2B and B2C Markets





Personal Care Products

Health & Hygiene



● Select variants from existing portfolio



Personal Care Products

Home Care Range with the Power of Neem



● Select variants from existing portfolio



Personal Care Products

Skin Care



NEW LAUNCHES

DERMAFIQE

cell by cell

DERMAFIQE cell by cell
BIO CELLULOSE charcoal masque
Helps reduce clogging effect of pollutants From 100% Natural Coconut Water

DERMAFIQE cell by cell
BIO CELLULOSE pore tightening masque
Helps tighten pores and provides hydration From 100% Natural Coconut Water

DERMAFIQE cell by cell
BIO CELLULOSE tone perfecting masque
Helps reduce uneven skin tone From 100% Natural Coconut Water

● Select variants from existing portfolio

CHARMIS

NEW LAUNCHES

CHARMIS DEEP RADIANCE VITAMIN C HYALURONIC & SALICYLIC ACID FACE WASH

CHARMIS DEEP RADIANCE VITAMIN C HYALURONIC & SALICYLIC ACID FACE SERUM

CHARMIS DEEP RADIANCE VITAMIN C HYALURONIC ACID HAND CREAM



● Select variants from existing portfolio



Personal Care Products

Personal Wash

NEW LAUNCHES

Vivel



● Select variants from existing portfolio



● Select variants from existing portfolio

NEW LAUNCHES

fiamo



Personal Care Products

Fragrances



● Select variants from existing portfolio


ESSENZA DI WILLS
YOUR ESSENCE. YOUR SOUL.



● Select variants from existing portfolio



Education & Stationery Products

Education Aids

NEW
LAUNCHES



classmate



- Interaktiv Series with Origami Sheets

- Select variants from existing portfolio

Paperkraft



- Select variants from existing portfolio



Agarbatti & Safety Matches

Devotional Needs



- Fragrance Innovation in Agarbatti, Dhoop and Sambrani



- Select variants from existing portfolio

Matches



- Select variants from existing portfolio



ITC – Towards the Next Horizon in Sustainability

ITC's journey over a quarter of a century has been immensely satisfying as it has traversed several defining milestones in its quest to be a global exemplar in sustainability. This voyage has been inspired by ITC's vision to put 'Nation First', making sustainability the bedrock of its corporate strategy. The Company's innovative business models that synergise the building of economic, environmental and social capital as a unified strategy have enabled it to implement large-scale sustainability initiatives that have yielded encouraging outcomes. Some key milestones:



ITC is water, carbon and solid waste recycling positive for the past 19, 16 and 14 years, respectively



ITC's businesses support over 6 million sustainable livelihoods



Over 41% of energy consumed at ITC is from renewable sources



To date, 33 buildings of ITC have achieved Platinum certification by USGBC/IGBC

Building Back Better with Sustainability 2.0

Black swan events like the pandemic also present unique opportunities to build back better and create a world that is

more inclusive and sustainable. Reimagining sustainability to address the imperatives of the new and next normal, and building further on the exemplary sustainability performance over the years, ITC has set an ambitious agenda for the next horizon in sustainability enshrined in its Sustainability 2.0 targets.

ITC's Sustainability 2.0 agenda is aligned to the need to craft inclusive strategies that can not only combat the urgent challenges of climate change, but can also address the critical necessity to support livelihoods, which has become even more accentuated due to the pandemic. An overarching aspiration to raise the bar has also found expression in the need to find innovative ways to define new pathways that will enable the transition to a net zero economy. ITC is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, reduction of specific energy, construction of green buildings, greening logistics and promoting regenerative agriculture practices in agri value chains. The Sustainability 2.0 agenda also aims to enhance carbon sequestration by expanding its forestry initiatives. ITC's Sustainability 2.0 also endeavours to ensure water security in its catchments, create an effective circular economy for post-consumer packaging waste, and protect and restore biodiversity, that's critical for existence of life on the planet.

ITC believes that agility in thought and action, meaningful public-private-people partnerships and its enterprise strengths like deep engagement with farmers, superior capabilities in R&D, innovation and digital readiness will act as drivers of this new agenda. With this bold Sustainability 2.0 agenda, ITC has once again committed to making a meaningful contribution to global aspirations as well as national priorities. ITC's Sustainability 2.0 ambitions include:





ITC's Goals for 2030

Combating Climate Change

- Enhance share of renewable energy usage to 50% of total energy consumption
- Meet 100% of purchased grid electricity requirements from renewable sources
- Reduce specific energy consumption by 30% and specific GHG emissions by 50% as compared to a 2018-19 baseline
- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programme and other initiatives



Water Stewardship

- Achieve 40% reduction in specific water consumption as compared to a 2018-19 baseline
- Create rainwater harvesting potential equivalent to over 5 times the net water consumption
- Ensure certification of all sites in high water-stressed areas as per the international water stewardship standard by Alliance for Water Stewardship 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



Plastic Waste & Circular Economy

- Ensure 100% of company's packaging is reusable, recyclable or compostable by 2028
- Enable sustainable management of waste in excess of the amount of packaging utilised by FY 2021-22

Sustainable Agriculture

- Promote Climate Smart Village approach in core Agri Business catchments covering over 3 million acres

Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 250,000 acres

Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people





ITC's Sustainability Initiatives – The Journey So Far

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

Supporting sustainable livelihoods, empowering rural communities

ITC e-Choupal

- A globally acknowledged model of farmer empowerment
- Addressing core needs of farmers – productivity improvement, climate smart agricultural practices, replenishing natural resources and providing market access
- Strengthening Organic/Traceable Value Chains
- Operations encompass over 3 million tonnes in 22 States and over 20 agri-value chain clusters
- The 'Choupal Pradarshan Khet', brings the benefits of agricultural best practices to small and marginal farmers. Backed by intensive research and knowledge, this initiative provides Agri-extension services to ensure productivity gains
- Empowered over 4 million farmers



Baareh Mahine Hariyal

- Integrated agri interventions to multiply farmers' income
- Introduction of agronomic practices, right varieties, cropping intensity and diversification, shared mechanised farming equipment
- Covered over 200,000 farmers in 4 districts of UP and Bihar
- Income doubled for over 35,000 farmers

Partnership with NITI Aayog

- Initiative under Aspirational Districts Programme
- Improvement of agriculture in 27 backward districts
- 2.5 million farmers trained
- Farmer incomes increased upto 60% for paddy and soyabean cultivated in the Kharif season of 2020
- During the year, 3.8 lakh farmers brought onto digital training platforms through 4,836 WhatsApp groups in 5,000 villages

Medicinal and Aromatic Plants Project

- 100 acre demo farm for Medicinal & Aromatic Plants in Madhya Pradesh
- Crop development through cluster formation approach
- Farmers in 500 villages educated on medicinal plant cultivation

Livestock Development

- Income diversification
- Over 330,000 farmers benefitted

Women's Empowerment

- Income diversification
- Over 77,000 women empowered economically

Primary Education

- Over 800,000 rural children covered

Skilling & Vocational Training

- Over 90,000 youth enrolled



ITC's Environmental Stewardship – Combating Climate Change

Social and Farm Forestry Initiative

- Over 875,000 acres greened
- Carbon sequestration, top soil retention, water recharge
- Supporting about 160 million person-days of employment for rural households, including poor tribal and marginal farmers
- Agro-forestry covers over 123,000 acres



Water Stewardship Mission

- Watershed development in over 1.2 million acres in 14 States
- Nearly 22,000 water harvesting structures built; net water storage of 41.95 million CuM
- Benefitted over 360,000
- 7.3 million person-days of livelihood supported
- Demand side management interventions cover 300,000 acres in 6 States

Climate Smart Villages Programme

- Covered over 1,600 villages across 14 States
- Reduced GHG emissions of soya and wheat by 37% and 47%, respectively as per assessment done in 2018-19
- Increase in yield of soya & wheat by 65% and 20% respectively; net returns by 70% and 45% respectively as per assessment in 2018-19
- ITC's Climate Smart Agriculture covered over 2.54 lakh farmers, over 8.8 lakh acres and 21 major crops in 8,000 villages across 17 States in 2020-21

Waste Management

- Well Being Out of Waste (WOW), covers over 1.5 Cr citizens; Livelihoods for nearly 17,000 waste collectors
- Solid Waste Management Programme operational in 17 districts of 11 States covering 731,000 households
- A circular economy pilot programme for MLP 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 188 temples



Green Building Movement

- Pioneered the Green Building Movement in India
- To date, 33 buildings of ITC have achieved Platinum certification by USGBC/IGBC
- All premium luxury hotels are LEED® Platinum certified

Health & Sanitation

- Over 38,000 Individual Household Toilets constructed in 15 States
- Over 220,000 beneficiaries covered under Mother and Child Health Initiative

Board of Directors

Chairman & Managing Director

Sanjiv Puri

Executive Directors

Nakul Anand
Sumant Bhargavan
Rajiv Tandon

Non-Executive Directors

Shilabhadra Banerjee	Nirupama Rao
Hemant Bhargava	Ajit Kumar Seth
Arun Duggal	Meera Shankar
Sunil Behari Mathur	David Robert Simpson
Anand Nayak	

Board Committees

Audit Committee

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

CSR and Sustainability Committee

S Puri	Chairman
H Bhargava	Member
N Rao	Member
A K Seth	Member
M Shankar	Member
D R Simpson	Member
R K Singhi	Secretary

Nomination & Compensation Committee

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

Securityholders Relationship Committee

A Nayak	Chairman
B Sumant	Member
R Tandon	Member
R K Singhi	Secretary

Independent Directors Committee

S Banerjee	Member
A Duggal	Member
S B Mathur	Member
A Nayak	Member
N Rao	Member
A K Seth	Member
M Shankar	Member

Corporate Management Committee

S Puri	Chairman
N Anand	Member
B Sumant	Member
R Tandon	Member
S Dutta	Member
H Malik	Member
A K Rajput	Member
S Rangrass	Member
S K Singh	Member
S Sivakumar	Member
R K Singhi	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 (58), 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 also appointed as the Chairman effective May 13, 2019. He is an alumnus of the Indian Institute of Technology, Kanpur, and Wharton School of Business.

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 Chief Operating Officer of ITC between July 2016 and January 2017, and prior to that as President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, 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 2001 and 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal.

Earlier, Puri has also been a Director on the Board of The Tobacco Institute of India, a Member of the Board of Governors of the Media Research Users Council, and has served on the Executive Council of The Indian Society of Advertisers.

Puri was the Chairman of the Expert Group constituted by the Fifteenth Finance Commission for recommending performance based incentives for

States to promote agri-exports, and a Member of the technology discussion group constituted by the NITI Aayog on 'Farm to Table – driving India's agriculture sector digitally'. Puri currently serves as a Member of the Advisory Council constituted by the Odisha State Government for promoting manufacturing ecosystem in the State, and a Member of the Expert Group constituted by the Punjab State Government to recommend short and medium-term action plan to revive the State's economy in the aftermath of COVID-19 crisis. He has also been appointed as a Member of the BRICS Business Council.

Presently, Puri also 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 a Member of the CII Economic Affairs Council, besides being a Director on the Board of US-India Strategic Partnership Forum.

He was conferred the 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur.

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, Executive Board

Committee Membership of other companies: Nil

N. Anand

Nakul Anand (64), DIN: 00022279, was appointed as a Wholetime Director on the Board of ITC effective January 3, 2011. He oversees the Hospitality, Travel & Tourism, and Lifestyle Retailing 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 during the period 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. Anand is presently a Member of the National Tourism Advisory Council constituted by the Ministry of Tourism, Government of India, Chairman of the Federation of Associations in Indian Tourism & Hospitality, and a Member of the Executive Committee of the Hotel Association of India. He is also a Member of the India-Sri Lanka CEOs Forum, Council Member & Executive Committee

Member of the National Culture Fund, Ministry of Culture, Government of India, and a Member of the Senior Advisory Council of the Sustainability Hospitality Alliance.

In acknowledgement of his outstanding contribution to the hospitality industry, Anand was recognised as the 'Corporate Hotelier of the World 2019' by Hotels Magazine USA.

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 (57), DIN: 01732482, was appointed as a Wholetime Director on the Board of ITC effective November 16, 2018. He is responsible for overseeing the FMCG Businesses of the Company viz., Cigarettes, Personal Care, Education & Stationery Products, Matches and Agarbattis.

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. He also held additional responsibility of Trade Marketing & Distribution 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. He was the Divisional Chief Executive of the Tobacco Division before his elevation as President, FMCG Businesses.

Sumant has 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

Committee Membership of other companies: Nil

R. Tandon

Rajiv Tandon (67), 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, and Member, Taxation and Company Law Committee, CII. He is currently a Member of the CII National Committee for CFOs, CII National Committee on Financial Reporting, and also of the Capital Markets Committee of FICCI.

Other Directorships

Name of the company	Position
Russell Credit Limited	Chairman & Non-Executive Director
Greenacre Holdings Limited	Chairman & Non-Executive Director
Gold Flake Corporation Limited	Chairman & Non-Executive Director
ITC Investments & Holdings Limited	Chairman & Non-Executive Director
Wimco Limited	Chairman & Non-Executive Director

Other Directorships (Contd.)

Name of the company	Position
Landbase India Limited	Non-Executive Director
ITC Infotech India Limited	Non-Executive Director
ITC Infotech Limited, UK *	Non-Executive Director
ITC Infotech (USA), Inc. *	Non-Executive Director

Committee Membership of other companies

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

S. Banerjee

Shilabhadra Banerjee (72), 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, began his career in the Indian Administrative Service in 1971. In a career spanning over 37 years, he has held several eminent positions including that of Joint Secretary in the 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 (61), DIN: 01922717, joined the ITC Board as a Non-Executive Director effective July 28, 2018, representing the Life Insurance Corporation of India ('LIC'). He is a Masters in Economics and has studied Masters in Financial Management from the Jamnalal Bajaj Institute of Management Studies.

Bhargava joined 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 International Operations SBU and was involved in setting up the micro insurance vertical of LIC, besides being a founder of LIC Cards Services Limited. He had the privilege of heading two prestigious zones of LIC covering more than 15 states of India. His tenure as Managing Director, and later as Chairman in-charge, 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.

Other Directorships

Name of the company	Position
The Tata Power Company Limited #	Nominee Director
Larsen & Toubro Limited #	Nominee Director
Voltas Limited #	Non-Executive Director

Your Directors

Committee Membership of other companies

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

A. Duggal

Arun Duggal (74), 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 and of the 'Centre of Excellence for Research on Clean Air' (CERCA) at IIT Delhi. He is also the Chairman of the Endowment Fund Board of IIT Delhi, and a 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 Relationship Committee	Member

S. B. Mathur

Sunil Behari Mathur (76), DIN: 00013239, has been on the ITC Board since July 29, 2005, first as a representative of LIC and then in his individual capacity as a Non-Executive Independent Director.

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

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

Other Directorships

Name of the company	Position
DCM Shriram Industries Limited #	Chairman & Independent Director
UltraTech Cement Limited #	Independent Director
Thomas Cook (India) Limited #	Independent Director
QRG Enterprises Limited	Independent Director
National Collateral Management Services Limited	Independent Director
Travel Corporation (India) Limited	Non-Executive Director

Committee Membership of other companies

Name of the company	Committee	Position
DCM Shriram Industries Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
UltraTech Cement Limited	Audit Committee	Chairman
	Stakeholders Relationship Committee	Chairman
Thomas Cook (India) Limited	Audit cum Risk Management Committee	Member
	Stakeholders Relationship Committee	Member
	Nomination and Remuneration Committee	Member
QRG Enterprises Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
National Collateral Management Services Limited	Nomination & Remuneration Committee	Member
Travel Corporation (India) Limited	Audit Committee	Chairman
	Nomination & Remuneration Committee	Member
	CSR Committee	Member

A. Nayak

Anand Nayak (69), 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.

N. Rao

Nirupama Rao (70), 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., a Councillor of the World Refugee & Migration Council, 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 situated in Bengaluru, and the 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.

Your Directors

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.

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
JSW Steel Limited	CSR Committee	Chairperson
	Stakeholders Relationship Committee	Member
	Nomination & Remuneration Committee	Member
Adani Ports and Special Economic Zone Limited	Nomination and Remuneration Committee	Member

A. K. Seth

Ajit Kumar Seth (69), 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 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 Collector, Lucknow.

Seth does not hold directorship of any other company.

M. Shankar

Meera Shankar (70), 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 Nomination and Remuneration Committee	Member Member
JK Tyre & Industries Limited	Corporate Social Responsibility Committee	Member

D. R. Simpson

David Robert Simpson (64), DIN: 07717430, was appointed as a Non-Executive Director on the Board of ITC effective January 27, 2017, as a representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. In addition to holding a Masters Degree from the University of Cambridge, he is a qualified lawyer from the Guildford College of Law.

Simpson started his career in 1979 and has held various leadership positions with major corporates including the investment banking arm of Barclays PLC and the Global Head of M&A at KPMG LLP. He is currently a Director of the British Geological Survey. Simpson has a wide range of expertise and understanding of diverse sectors spanning Investment Banking and Private Equity, Infrastructure, Energy, Transport, Healthcare, Education, Investment Risk Assessment etc.

Other Directorships

Name of the company	Position
Ecofin Global Utilities and Infrastructure Trust plc, UK*	Chairman & Non-Executive Director
M&G Credit Income Investment Trust plc, UK*	Chairman & 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 1st June, 2021.
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.

NATIONAL AWARDS FOR EXCELLENCE IN CORPORATE GOVERNANCE

ITC Limited was adjudged as the 'Best Governed Company' by the Institute of Company Secretaries of India ('ICSI') at the 20th ICSI National Awards for Excellence in Corporate Governance, 2020 in the 'Listed Segment: Large Category', in recognition of its robust governance model anchored on the values of trusteeship, transparency and ethical corporate citizenship. The Award was adjudged by an eminent jury chaired by Justice A. K. Sikri, Former Judge, Supreme Court of India, and International Judge, Singapore International Commercial Court.

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:

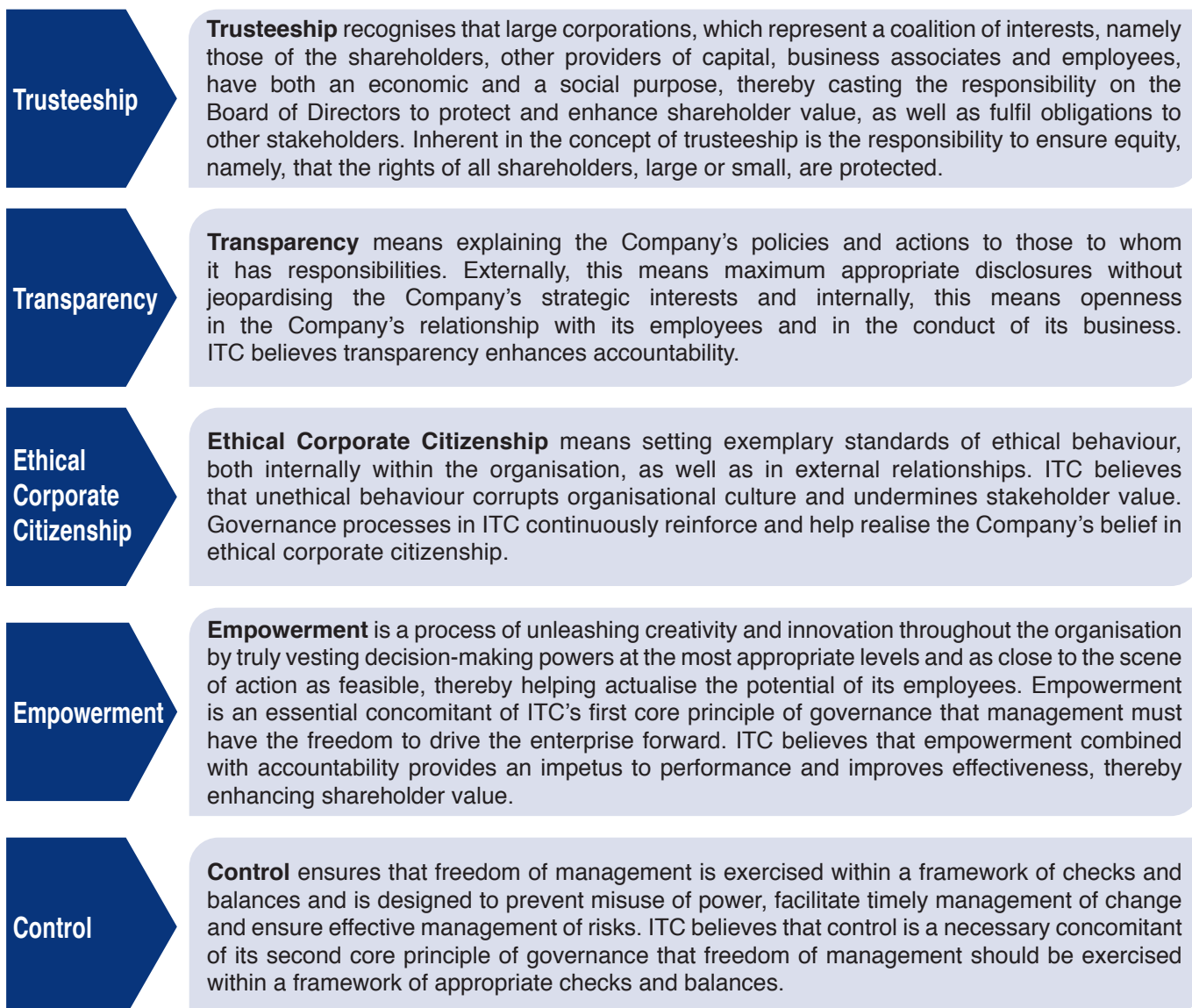
- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (ii) This freedom of management should be exercised within a framework of effective accountability.

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.



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 Board approved plan.

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

Chairman: The 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.

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 Business Vertical is responsible for providing leadership to the Vertical and realising the tactical and strategic objectives of the respective business area.

BOARD OF DIRECTORS

Composition

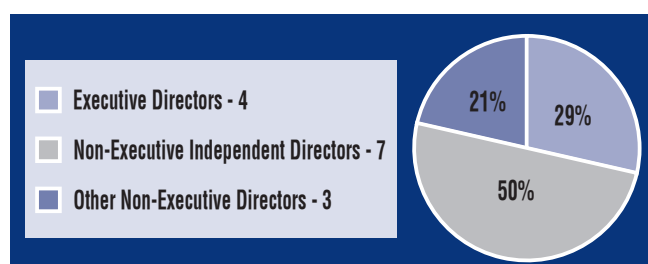
The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors.

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 Board Diversity Policy of the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors, identified by the Board, are provided in the Annexure forming part of this Report; the Directors of the Company possess such skills, expertise and competencies.

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

Composition of the Board as on 31st March, 2021:



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. Sumant	Executive Director	1	Nil
R. Tandon	Executive Director	9	3 [also as Chairman]
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	4	3
S. B. Mathur	Independent Director	7	8 [including 3 as Chairman]
A. Nayak	Independent Director	Nil	Nil
N. Rao	Independent Director	3	1
A. K. Seth	Independent Director	Nil	Nil
M. Shankar	Independent Director	3	1
H. Bhargava	Non-Executive Director - Representative of Life Insurance Corporation of India as Investor	3	1
A. Jerath ¹	Non-Executive Director - Representative of General Insurers' (Public Sector) Association of India as Investor	2	Nil
D. R. Simpson	Non-Executive Director - Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. as Investor	2	Nil

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

1. Resigned w.e.f. 1st May, 2021. Mr. Jerath was not a Director of any other listed company.

Report on Corporate Governance

Meetings and Attendance

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

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated 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. on a half-yearly basis.
- 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, 2021, six meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	29th May, 2020	14	14
2	26th June, 2020	14	14
3	24th July, 2020	14	13
4	4th September, 2020	14	13
5	6th November, 2020	14	14
6	11th February, 2021	14	14

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. Sumant	6	Yes
R. Tandon	6	Yes
S. Banerjee	6	Yes
H. Bhargava	6	Yes

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

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

COMMITTEES OF THE BOARD

Currently, there are five Board Committees – the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee, the CSR and Sustainability Committee and the Independent Directors Committee.

The terms of reference of the Board Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law. Meetings of 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 of the Company with related parties;
- (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 account maintained in the electronic form;
 - (vii) Functioning of Whistleblower mechanism in the Company;

Report on Corporate Governance

- (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.

Composition

The Audit Committee presently comprises four Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Committee is an Independent Director. The Executive Director 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, 2021, eight meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	21st May, 2020	4	4
2	11th June, 2020	4	4
3	26th June, 2020	4	4
4	24th July, 2020	4	4
5	29th August, 2020	4	4
6	6th November, 2020	4	4
7	21st December, 2020	4	4
8	11th February, 2021	4	4

Attendance at Audit Committee Meetings during the financial year

Member	No. of Meetings attended
A. Duggal ¹	8
S. Banerjee	8
H. Bhargava	8
S. B. Mathur ²	8

1. Appointed Chairman w.e.f. 5th September, 2020.

2. Ceased to be Chairman w.e.f. 5th September, 2020.

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, 2021, five meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	25th May, 2020	4	4
2	25th June, 2020	4	4
3	3rd September, 2020	4	4
4	5th November, 2020	4	4
5	10th February, 2021	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 Policy aims at attracting and retaining high calibre talent. The Remuneration Policy, therefore, is market-led and takes into account the competitive circumstance of each business so as to attract and retain quality talent and leverage performance significantly. The Company adopts a comprehensive approach to remuneration in order to support a superior quality of personal and work life, combining both cash and non-cash components / benefits in a manner which judiciously balances short term and long term priorities.

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees, as approved by the Board, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf>.

There has been no change in the Policy during the year.

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. The Chairman and the other Executive Directors are also entitled to Long Term Incentives, annual value of which is limited to 0.10% and 0.05%, respectively, of the net profits of the Company for the immediately preceding financial year, as may be determined by the Board on the recommendation of the Nomination & Compensation Committee.

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, 2021

(₹ in Lakhs)

Director	Basic / Consolidated Salary	Perquisites / other Benefits	Performance Bonus and Long Term Incentives / Commission	Sitting Fees	Total
S. Puri	264.00	48.05	698.16	-	1,010.21
N. Anand	156.00	83.75	310.70	-	550.45
B. Sumant	156.00	31.04	297.95	-	484.99
R. Tandon	156.00	30.33	296.73	-	483.06
S. Banerjee	-	-	66.50	13.00	79.50
H. Bhargava	-	-	66.50 *	11.50	78.00
A. Duggal	-	-	66.50	10.50	77.00
A. Jerath ¹	-	-	11.08 *	5.50 *	16.58
S. B. Mathur	-	-	66.50	10.50	77.00
A. Nayak ²	-	-	47.79	9.90	57.69
N. Rao	-	-	66.50	8.00	74.50
A. K. Seth ²	-	-	47.79	8.00	55.79
M. Shankar	-	-	66.50	10.50	77.00
D. R. Simpson	-	-	66.50	7.50	74.00
Y. C. Deveshwar ³	-	-	7.45 @	-	7.45
J. Pulinthnam ⁴	-	-	48.33 *	-	48.33
S. S. H. Rehman ⁵	-	-	30.34	-	30.34

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

@ Paid to Mrs. B. Deveshwar, spouse of Late Y. C. Deveshwar.

1. Appointed Non-Executive Director w.e.f. 31st January, 2020 and resigned w.e.f. 1st May, 2021.

2. Appointed Independent Director w.e.f. 13th July, 2019.

3. Passed away on 11th May, 2019.

4. Resigned as Non-Executive Director w.e.f. 23rd December, 2019.

5. Ceased to be Independent Director w.e.f. 15th September, 2019.

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

Report on Corporate Governance

Employee Stock Option Schemes

The Company granted 7,37,900 Options during the financial year to certain eligible employees and Directors of the Company.

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 granted vest as per the following schedule:

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

Shares and Options of Directors

Director	No. of Ordinary Shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2021	No. of Options granted during the financial year
S. Puri	1,12,500	1,09,700
N. Anand	Nil	54,850
B. Sumant	4,27,057	54,850
R. Tandon	1,90,750	54,850
S. Banerjee	Nil	Nil
H. Bhargava	Nil	Nil
A. Duggal	Nil	Nil
A. Jerath	200	Nil
S. B. Mathur	1,70,500	Nil
A. Nayak	10,66,825	Nil
N. Rao	Nil	Nil
A. K. Seth	1,32,480	Nil
M. Shankar	45,000	Nil
D. R. Simpson	Nil	Nil

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

Service Contract, Severance Fee and Notice Period

The appointment of the 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 statutory provisions will also 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, synopsis of which is 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.

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

Composition

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

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

Meetings and Attendance

Details of Securityholders Relationship Committee Meetings during the financial year

During the financial year ended 31st March, 2021, nine meetings of the Securityholders Relationship Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	18th June, 2020	3	3
2	16th July, 2020	3	3
3	30th July, 2020	3	3
4	6th August, 2020	3	3
5	15th September, 2020	3	3
6	23rd December, 2020	3	3
7	19th January, 2021	3	3
8	25th February, 2021	3	3
9	20th March, 2021	3	3

Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of Meetings attended
A. Nayak	9
B. Sumant	9
R. Tandon	9

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, and formulates & monitors the CSR Policy. The Committee also reviews the annual CSR Action Plan and the Business Responsibility Report of the Company, and recommends the same to the Board for approval.

Composition

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five 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, 2021, three meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	25th May, 2020	7	7
2	25th June, 2020	7	7
3	5th November, 2020	7	7

Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri	3
H. Bhargava	3
A. Jerath ¹	3
N. Rao	3
A. K. Seth	3
M. Shankar	3
D. R. Simpson	3

1. 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, whose names are provided below.

Meetings and Attendance

Details of Independent Directors Committee Meeting during the financial year

During the financial year ended 31st March, 2021, one meeting of the Independent Directors Committee was held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th June, 2020	7	7

Attendance at Independent Directors Committee Meeting during the financial year

Member	Attendance at the Meeting
S. Banerjee	Yes
A. Duggal	Yes
S. B. Mathur	Yes
A. Nayak	Yes
N. Rao	Yes
A. K. Seth	Yes
M. Shankar	Yes

RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee, constituted pursuant to the Listing Regulations 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 reviews implementation, effectiveness and adequacy of the risk management plans & systems of the Company.

Composition

The Risk Management Committee presently comprises all the Executive Directors, some senior members of management and one Independent Director (Mr. A. Duggal). 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, 2021, three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	10th August, 2020	7	7
2	8th December, 2020	7	7
3	29th March, 2021	8	8

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
B. Sumant	3
R. Tandon	3
S. K. Singh	3
S. Sivakumar	3
Invitee	No. of Meetings attended
M. Ganesan	3
S. Dutta ¹	1

1. Appointed Invitee to the Committee w.e.f. 11th February, 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 six 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 wholly owned subsidiaries are also placed before the Board of Directors of the Company on a half-yearly basis.

The Company does not have any material subsidiary. The Company's Policy for determination of a material subsidiary, as approved by the Board, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/policy-on-material-subidiaries.aspx>.

FAMILIARISATION PROGRAMME FOR DIRECTORS

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

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'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 'Shareholder Value' 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.
- The quarterly financial results of the Company were announced within forty-five days from the end of the quarter. The audited annual results for the financial year ended 31st March, 2020, along with the results for the fourth quarter, were announced within ninety days from the end of the financial year. Extracts of these results were published, inter alia, in 'The Times of India / Business Standard' and 'Aajkal / Bartaman' from Kolkata, and on an all India basis in major newspapers, and also in 'Luxemburger Wort', Luxembourg. Annual financial results were also sent to the GDR holders at their registered addresses. Further, quarterly results, shareholding pattern, presentations made to the institutional investors, and other material events & important information relating to the Company were submitted to the Stock Exchanges.

- The Report of the Board of Directors, forming part of the Report and Accounts, includes all aspects of Management Discussion and Analysis as required under the Listing Regulations.

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 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, 2021.

S. Puri
Chairman &
Managing Director

New Delhi, 1st June, 2021.

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/about-itc/values/index.aspx#sectionb5>.

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/about-itc/policies/policy-on-rpt.aspx>.

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

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

None

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

None

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

None

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

None

- Credit rating(s) obtained by the Company for any debt instrument, fixed deposit programme or any other scheme involving mobilisation of funds:

None

- Details of utilisation of funds raised through preferential allotment or qualified institutions placement:

Not Applicable

- 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 Messrs. Vinod Kothari & Company, Practising Company Secretaries.
- 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 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.

- 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 ₹ 7.66 Crores.
- Compliance Officer under the Listing Regulations:
R. K. Singhi, Executive Vice President & Company Secretary

Report on Corporate Governance

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS

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

- 1. Non-Executive Chairman's Office:** The Chairman of the Company is an Executive Chairman.
- 2. 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 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, presentations & FAQs on such results, are sent to the Shareholders of the Company.
- 3. 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, 2021.

- 4. 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, 11th August, 2021
Venue	Not applicable as the AGM will be held on electronic platform
Time	10.30 a.m.
Record Date	Friday, 11th June, 2021
Dividend Payment Date	Friday, 13th August, 2021

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 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 investor complaint relating to dividend, in terms of the Complaint Identification Policy of the Company approved by the Securityholders Relationship Committee, was received and promptly resolved.

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, 2021; 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 and Debenture Transfer Committee

Transfer of shares of a listed company from 1st April, 2019 are to be effected only in dematerialised form in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, share transfers lodged prior to the said date but returned due to deficiency(ies) were permitted to be re-lodged for transfer up to 31st March, 2021. The processing activities with respect to such requests received were completed within five working days. There were no share transfers pending as on 31st March, 2021.

The Share and Debenture Transfer Committee of the Company comprising the following, met two times during the financial year to approve share transfers:

R. Tandon, Executive Director - Chairman

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

T. K. Ghosal, Assistant 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, 56,60,526 shares of the Company, covered in 649 requests and constituting 0.05% 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 ₹ 2,68,948 Crores (US\$ 36.79 Billion) as on 31st March, 2021.

Distribution of Shareholding as on 31st March, 2021

No. of Shares Slab	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 – 5000	24,655	21,19,205	21,43,860	97.60	1,61,01,403	53,50,73,270	55,11,74,673	4.48
5001 – 10000	1,732	21,871	23,603	1.07	1,29,41,671	16,01,44,814	17,30,86,485	1.41
10001 – 20000	1,102	12,785	13,887	0.63	1,49,29,065	18,05,95,146	19,55,24,211	1.59
20001 – 30000	488	5,134	5,622	0.26	1,20,41,019	12,71,77,073	13,92,18,092	1.13
30001 – 40000	157	2,241	2,398	0.11	53,45,835	7,76,86,870	8,30,32,705	0.67
40001 – 50000	107	1,568	1,675	0.08	47,90,475	7,08,77,092	7,56,67,567	0.61
50001 – 100000	211	2,673	2,884	0.13	1,48,43,220	18,60,64,830	20,09,08,050	1.63
100001 and above	79	2,467	2,546	0.12	3,63,51,44,390	7,25,50,88,058	10,89,02,32,448	88.48
Total	28,531	21,67,944	21,96,475	100.00	3,71,61,37,078	8,59,27,07,153	12,30,88,44,231	100.00

Categories of Shareholders as on 31st March, 2021

Category	No. of Shares held	%
(A) Institutional Shareholding		
Financial Institutions, Insurance Companies, Mutual Funds, Banks and Others	5,22,53,18,453	42.45
Foreign Portfolio Investors and Foreign Institutional Investors	1,57,27,62,436	12.78
Sub-Total (A)	6,79,80,80,889	55.23
(B) Non-Institutional Shareholding		
Foreign Companies	3,61,99,88,420	29.41
NRIs, OCIs and Foreign Nationals	10,06,37,206	0.82
Bodies Corporate	14,42,83,970	1.17
Public and Others	1,63,13,51,721	13.25
Sub-Total (B)	5,49,62,61,317	44.65
Public Shareholding (A+B)	12,29,43,42,206	99.88
Shares underlying Global Depository Receipts	1,45,02,025	0.12
Total	12,30,88,44,231	100.00

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts ('GDRs') made in 1993 by the Company, 1,45,02,025 GDRs, representing 1,45,02,025 underlying shares i.e. 0.12% of the Issued and Subscribed Share Capital of the Company, were outstanding as on 31st March, 2021.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919) at Societe de la Bourse de Luxembourg S.A., 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, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100 / 14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in Website : www.nseindia.com	ITC
BSE Limited ('BSE') Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233 / 34 Facsimile no. : 022-2272 1919 e-mail : is@bseindia.com Website : www.bseindia.com	500875
The Calcutta Stock Exchange Limited ('CSE') 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : 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

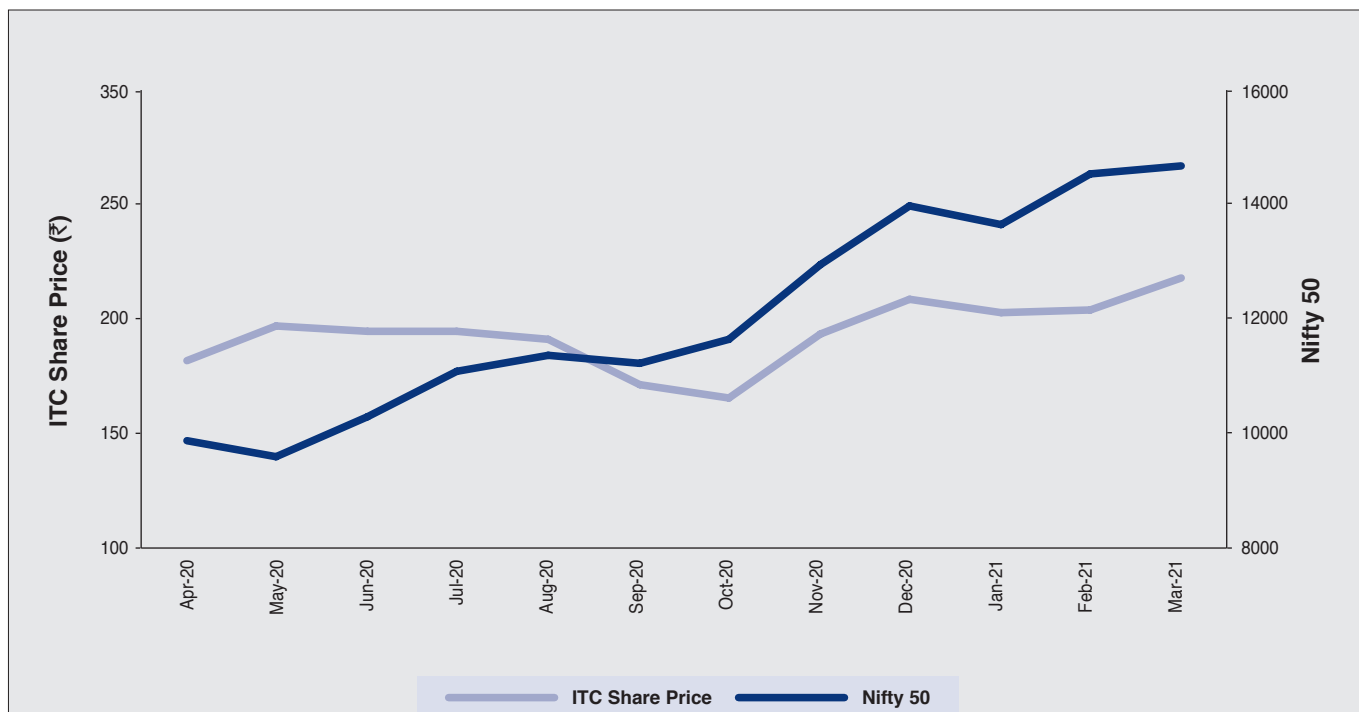
The Listing Fees for the financial year 2021-22 have been paid to NSE, BSE and CSE. The Listing Fee for the calendar year 2021 has also been paid to the Luxembourg Stock Exchange ('LSE').

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.)
2020 APRIL	193.75	164.55	5,35,728	193.65	164.55	18,859	N.A.	N.A.	Nil
MAY	198.00	157.10	5,54,415	198.00	157.10	20,028	N.A.	N.A.	Nil
JUNE	209.40	180.70	7,64,238	209.25	180.70	35,455	2.68	2.38	2
JULY	208.50	191.50	6,04,238	208.45	191.55	28,094	N.A.	N.A.	Nil
AUGUST	207.70	190.00	5,67,655	207.60	190.30	25,594	N.A.	N.A.	Nil
SEPTEMBER	193.25	166.15	6,46,324	193.20	166.15	29,961	2.62	2.20	33
OCTOBER	175.20	163.35	5,27,591	175.20	163.40	30,638	N.A.	N.A.	Nil
NOVEMBER	197.95	164.45	6,63,129	198.00	164.40	39,338	N.A.	N.A.	Nil
DECEMBER	218.60	192.40	6,50,964	218.50	192.40	44,263	N.A.	N.A.	Nil
2021 JANUARY	222.00	200.25	7,71,143	221.95	200.30	44,963	N.A.	N.A.	Nil
FEBRUARY	239.20	201.80	9,98,527	239.15	200.20	49,363	N.A.	N.A.	Nil
MARCH	228.10	201.60	8,41,770	228.10	201.60	40,630	3.12	2.82	6

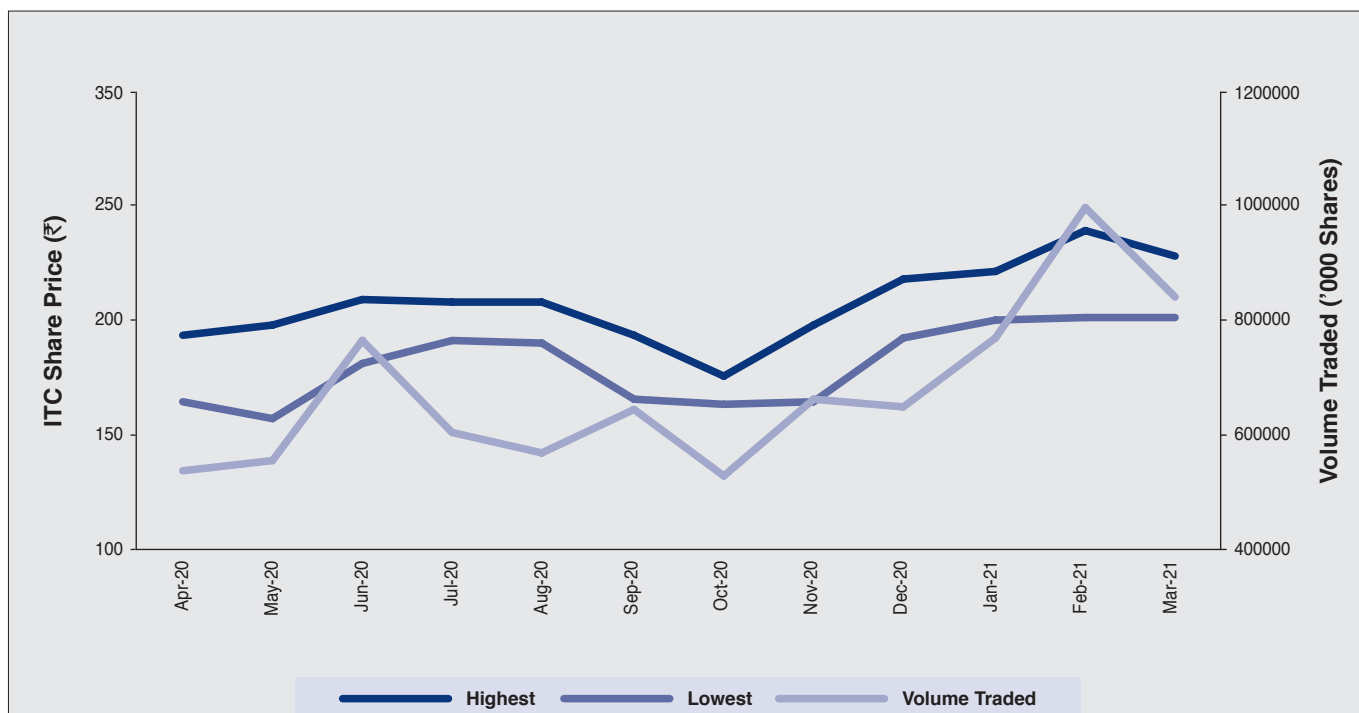
There was no trading in the Company's shares on CSE during the financial year 2020-21.

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)
2020-21	5.75 *	7,077.59	N.A.	7,077.59
	5.00 #	6,152.68	N.A.	6,152.68
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
2011-12	4.50	3,518.29	570.75	4,089.04

* Final Dividend subject to the approval of the Shareholders.

Interim Dividend declared by the Board of Directors of the Company on 11th February, 2021.

\$ 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 2021-22 (1st April - 31st March)		
1	First Quarter Results	July / August 2021
2	Second Quarter and Half-Year Results	October / November 2021
3	Third Quarter Results	January / February 2022
4	Fourth Quarter and Annual Results	May 2022

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolution(s) passed
109th	2019-20	Not applicable as the AGM was held on electronic platform	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.
107th	2017-18		27/07/2018		<ul style="list-style-type: none"> Approval to remuneration of Late Y. C. Deveshwar * for the period from 1st April, 2019 to 4th February, 2020. Approval to continuation of Mr. S. S. H. Rehman as Independent Director for the period from 20th March, 2019 to 14th September, 2019. Re-appointment of Mr. S. Banerjee as Independent Director with effect from 30th July, 2019.

* Passed away on 11th May, 2019.

Postal Ballot through E-voting

- ▶ During the financial year, the special resolution for adoption of the new Articles of Association of the Company was passed by the Shareholders by requisite majority by way of postal ballot through e-voting. Brief particulars of the 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 6th November, 2020, along with the Explanatory Statement, to the Shareholders of the Company was completed on 19th November, 2020;
 - E-voting commenced on 20th November, 2020 and ended on 19th December, 2020;
 - Based on the Scrutinizer's Report, the results of the postal ballot through e-voting were declared on 21st December, 2020, as follows:

Special 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
Adoption of the new Articles of Association of the Company	10,26,45,16,617	99.99	5,58,886	0.01

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

Plant Locations

CIGARETTE FACTORIES

Bengaluru

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

Kolkata

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

Munger

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

Pune

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

Saharanpur

5. Sardar Patel Marg
Saharanpur
Uttar Pradesh 247 001

GREEN LEAF THRESHING PLANTS

Anaparti

1. Anaparti
District East Godavari
Andhra Pradesh 533 342

Chirala

2. Chirala
District Prakasam
Andhra Pradesh 523 157

Nanjangud

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

PACKAGING & PRINTING FACTORIES

Chennai

1. Tiruvottiyur
Chennai
Tamil Nadu 600 019

Haridwar

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

Munger

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

PAPER & PAPERBOARD MILLS

Bollaram

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

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 Chandrahathi
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 Jhalthikriwal
District Kapurthala
Punjab 144 601

Shareholder Information

Malur

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

Munger

- Sitakund Industrial Area
Village Nandlalpur, District Munger
Bihar 811 202

Nanjangud

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

Panchla

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

Pudukkottai

- Vadugapatti & Velur Villages
Taluk Illupur, District Pudukkottai
Tamil Nadu 621 316

Pune

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

Reengus

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

Sankrail

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

Uluberia

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

PERSONAL CARE PRODUCTS FACTORIES

Haridwar

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

Kamrup

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

Manpura

- Village Manpura
Tehsil Baddi, District Solan
Himachal Pradesh 174 101

PLANTS UNDER CONSTRUCTION

Ambernath

- Integrated Consumer Goods
Manufacturing Facility
Off Kalyan Badlapur Road
Ambernath, District Thane
Maharashtra 421 505

Guntur

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

Khordha

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

Medak

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

HOTELS

Owned Hotels

Agra

- ITC Mughal
Taj Ganj
Agra
Uttar Pradesh 282 001

Amritsar

- Welcomhotel Amritsar
Raja Sansi, Ajnala Road
Amritsar
Punjab 143 101

Bengaluru

- ITC Gardenia
1, Residency Road, Bengaluru
Karnataka 560 025
- ITC Windsor
25, Windsor Square
Golf Course Road, Bengaluru
Karnataka 560 052
- Welcomhotel Bengaluru
46, Richmond Road, Bengaluru
Karnataka 560 025

Chennai

- ITC Grand Chola
63, Mount Road, Guindy
Chennai
Tamil Nadu 600 032
- Welcomhotel Chennai
Cathedral Road, Chennai
Tamil Nadu 600 086

Coimbatore

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

Goa

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

Hyderabad

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

Jaipur

- ITC Rajputana
Palace Road, Jaipur
Rajasthan 302 006

Kolkata

- ITC Sonar
1, JBS Haldane Avenue
Kolkata
West Bengal 700 046
- ITC Royal Bengal
1, JBS Haldane Avenue
Kolkata
West Bengal 700 046

Mumbai

- ITC Maratha
Sahar, Mumbai
Maharashtra 400 099
- ITC Grand Central
287, Dr. B. Ambedkar Road
Parel, Mumbai
Maharashtra 400 012

New Delhi

- ITC Maurya
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021
- Sheraton New Delhi
District Centre, Saket
New Delhi 110 017

Licensed Hotels

Ahmedabad

- Fortune Park, Ahmedabad
Ellis Bridge, Ahmedabad
Gujarat 380 006

Gurugram

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

Kota

- WelcomHeritage Umed Bhawan Palace
Palace Road, Kota
Rajasthan 324 001

Port Blair

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

Vadodara

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

Hotels under Operating Services

Ahmedabad

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

Aurangabad

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

Chennai

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

Hyderabad

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

Jodhpur

- Welcomhotel Jodhpur
Khasra No. 53
Uchiyada Village, Jodhpur
Rajasthan 342 027

Khimsar

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

Shareholder Information

Mamallapuram

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

Mashobra

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

Mussoorie

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

New Delhi

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

Pahalgam

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

Panchkula

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

Visakhapatnam

35. Welcomhotel Deveen Grand Bay
Beach Road, Visakhapatnam
Andhra Pradesh 530 002

HOTELS UNDER CONSTRUCTION

Ahmedabad

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

Bhubaneswar

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

Guntur

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

CHOUPAL SAAGARS – RURAL SERVICES CENTRES

Amravati

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

Badaun

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

Bahraich

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

Chandouli

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

Chindwara

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

Dewas

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

Dhar

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

Gonda

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

Hardoi

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

Hathras

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

Itarsi

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

Jagdishpur

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

Mandsaur

13. Survey Nos. 30-33
Patwari Halka No. 14, Village Azikhedi
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. Gat No. 803
Village Asola, Tehsil & District Parbhani
Maharashtra 431 401

Pilibhit

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

Ratlam

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

Sehore

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

Ujjain

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

Vidisha

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

Wardha

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

Washim

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

Yavatmal

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

Shareholder Referencer

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 view of the prevailing circumstances due to the COVID-19 pandemic, and also in conformity with the applicable regulatory requirements, the Notice of the 110th Annual General Meeting of the Company and the Report and Accounts 2021 are being sent this year, as in the last year, only through electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories.

Shareholder Referencer

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 Investor Service Centre of the Company ('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/about-itc/shareholder-value/investor-relations/images/NECS-form.pdf>, or can be furnished by ISC on request.

Pursuant to the Income-tax Act, 1961, as amended, dividend income is taxable in the hands of the Shareholders with effect from 1st April, 2020 and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing information and detailed instructions with respect to tax on the Final Dividend for the financial year ended 31st March, 2021 is being sent separately to the Shareholders.

Address and Bank Details

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

Shareholders are advised that as a measure of protection against fraudulent encashment, their bank details or address, as available with the Company, will be printed on the dividend warrants or demand drafts, where dividend cannot be remitted through electronic mode.

Permanent Account Number ('PAN')

Shareholders holding shares in the certificate form are requested to send copies of their PAN Cards to ISC to facilitate better servicing. Furnishing of PAN Card is mandatory as follows:

- i) Legal heirs' / Nominees' PAN Cards for transmission of shares,
- ii) Surviving joint holders' PAN Cards for deletion of name of deceased Shareholder, and
- iii) Joint holders' PAN Cards for transposition of shares.

Nomination Facility

Shareholders who hold shares in the certificate form and wish to make any nomination or change nomination made earlier in respect of their shareholding in the Company, should submit to ISC the prescribed forms. The forms for making nomination or for changing nomination may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/shareholder-value/investor-relations/images/nomination.pdf> and <https://www.itcportal.com/about-itc/shareholder-value/investor-relations/images/cancellation.pdf>, respectively; these forms can also be furnished by ISC on request.

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

During the financial year 2020-21, unclaimed dividend for the financial year 2012-13 aggregating ₹ 14,73,45,942/- and 7,43,853 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 2012-13 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 <http://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 2013-14 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, 2021, 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 31/03/2021		Due date for transfer to IEPF
				(₹)	%	
2013-14	84th	30th July, 2014	47,71,90,97,700	17,71,61,844	0.37	5th September, 2021 *
2014-15	85th	31st July, 2015	50,09,70,66,528	18,53,95,672	0.37	5th September, 2022
2015-16	86th	22nd July, 2016	68,40,13,10,170	29,40,32,068	0.43	27th August, 2023
2016-17	87th	28th July, 2017	57,70,01,46,310	27,11,21,494	0.47	2nd September, 2024
2017-18	88th	27th July, 2018	62,85,22,11,487	28,04,02,314	0.45	27th August, 2025
2018-19	89th	12th July, 2019	70,48,72,63,716	25,22,40,049	0.36	12th August, 2026
2019-20	90th	4th September, 2020	1,24,76,63,21,288	40,08,28,354	0.32	5th October, 2027
2020-21	Interim Dividend	11th February, 2021	61,52,68,08,755	21,11,74,704	0.34	15th March, 2028

* ISC will not be able to entertain any claim received after 3rd September, 2021.

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, 2020	6,703	68,45,693
Number of Shareholders who approached the Company during the year for transfer of shares from the Unclaimed Suspense Account	47	1,53,973
Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	46	1,28,573
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	34	34,440
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2021	6,657	66,82,680 *

* 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.

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

Report of the Board of Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2021

SOCIO-ECONOMIC ENVIRONMENT

The year 2020 proved to be a tumultuous one for the global economy in the wake of the COVID-19 pandemic that unleashed unprecedented disruption to human life and economic activity the world over. The global economy, which was already decelerating prior to the pandemic, suffered a massive recessionary shock and contracted by 3.3% in 2020 – the sharpest drop since the Second World War. Most major economies, barring China, witnessed contraction. Advanced Economies were amongst the most affected by the pandemic, contracting by 4.7% in 2020, with the United States and Euro Area degrowing by 3.5% and 6.6% respectively. Emerging Markets and Developing Economies contracted for the first time in 60 years, registering a degrowth of 2.2% in 2020.

The depressed economic conditions and deterioration of business and consumer sentiment prompted a series of interventions by governments across the world. Central banks across countries responded synchronously, effecting sharp cuts in policy interest rates, boosting liquidity and undertaking large asset purchase programmes to help stimulate economic activity and alleviate tight financial conditions. Major economies across the world announced stimulus packages in the range of 10% to 45% of their respective GDPs. However, repeated waves of virus outbreak impeded the recovery momentum necessitating the re-imposition of mobility restrictions and containment measures which stalled the normalisation process and slowed down the pace of economic recovery.

As per IMF estimates, aggregate global economic growth is expected to record a sharp rise of 6.0% in 2021, mainly off a low base in 2020. Advanced Economies are projected to grow by 5.1% with major economies such as United States, Euro Area, United Kingdom and Japan set for a strong rebound. Emerging Market and Developing Economies are estimated to grow by 6.7%, led by the Chinese economy which is expected to grow by 8.4%.

While many economies are on the path to recovery on the back of measures towards virus containment, vaccination drives, stimulus packages etc., the outlook remains challenging on account of divergence in the shape and pace of recovery as well as the potential for medium-to-long term economic scarring from the crisis. ‘Multispeed’ recoveries are underway across regions and income groups, marked by stark differences in the pace of vaccine rollout, extent of economic policy support, and structural factors such as reliance on contact-intensive sectors such as tourism in the case of certain countries. Amongst Advanced Economies, the United States is expected to surpass its pre-Covid GDP level in 2021, while for many others in the group, such recovery is expected only in 2022. Within Emerging Market and Developing Economies, while China has already returned to pre-Covid GDP levels in 2020, many others are not expected to do so until well into 2023.

The Government of India responded swiftly by announcing a lockdown towards the end of March, 2020 to contain the spread of the virus, protect lives and gear up the healthcare infrastructure in the interim.

The depressed economic conditions and deterioration of business and consumer sentiment prompted a series of interventions by governments across the world. The Government of India responded swiftly to contain the spread of the virus, protect lives and gear up the health care infrastructure. This was followed up with several steps to support livelihoods and economic activity through stimulus packages.

This was followed up with several steps to support livelihoods and economic activity through stimulus packages, largely in the form of liquidity boosting measures along with direct cash transfers and subsidies. Progressive easing of restrictions and improvement of mobility led to a pick-up in economic activity in the second half of the year; however, aggregate demand remained below pre-Covid levels and contact-intensive segments such as aviation and hospitality, and discretionary consumption continued to lag the rest of the economy.

The Indian economy faced its worst crisis ever, degrowing by 7.3% during the year; the first quarter of the year was particularly impacted with GDP contracting by 23.9%. Overall for the year, the Industry and Services sectors declined by 8.2% and 8.1% respectively, while Agriculture remained relatively resilient growing by 3% over the previous year. The MSME and unorganised sectors were severely impacted. Fixed Capital Formation witnessed a steep decline of 12.4% and Private consumption (PFCE) contracted by 9.0%, reflecting dampened business sentiment and consumer confidence. Contraction in economic activity and lower tax collections contributed to a large Fiscal Deficit of 9.5% of GDP for the year.

While earlier estimates of India's GDP growth for 2021-22 ranged between 11.0% to 13.0%, the ferocity of the second wave in India since February, 2021 has adversely impacted economic prospects. Most States have had to reimpose mobility restrictions in a bid to contain the spread of the virus which has slackened the recovery momentum significantly. High frequency indicators point to economic activity having fallen by ~25-30% from nearly pre-Covid levels in February-March 2021. This has led to sharp downward revisions to the earlier growth projections by 200 to 300 basis points.

There is heightened uncertainty around the timing and shape of the recovery trajectory. A rapid scale up in the pace of vaccination and gearing up of the healthcare infrastructure to mitigate the impact of possible future outbreaks would be critical going forward. On the Consumption side, urban-led recovery may be relatively muted compared to the first wave as consumers switch to precautionary savings mode and rising healthcare costs eat into household spending. Rural demand, which remained strong in FY 2020-21 on the back of robust agricultural output, government support and reverse migration, may also be blunted by the large scale spread of the virus to the hinterland in the second wave. On the other hand, less severe restrictions, a more prepared organised sector and a pick-up in vaccination coverage present some of the key mitigating factors going forward. Robust recovery in Advanced Economies and other Emerging Markets, as stated earlier, could provide the much needed tailwind from an external demand perspective.

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 huge potential. With structural drivers of growth firmly in place, the pace of economic growth is expected to pick up over time. Policy announcements in the Union Budget 2021 are expected to provide further impetus to build India's competitiveness and foster inclusive growth. Higher capital expenditure outlay along with heightened spends on agriculture and rural infrastructure development augur well for the economy and will spur a virtuous consumption-investment-employment cycle. Notwithstanding the execution challenges in the near term, reforms announced in the agricultural sector hold promise to foster a new era of growth for farmers and rural India that comprise nearly half of the country's workforce.

There is heightened uncertainty around the timing and shape of the recovery trajectory. A rapid scale up in the pace of vaccination and gearing up of the healthcare infrastructure to mitigate the impact of possible future outbreaks would be critical going forward.

Report of the Board of Directors

As the Indian economy recovers from the severe impact of the pandemic, policy interventions would need to be sharply focused on supporting sustainable livelihoods and fostering inclusive growth. Structural support would need to be provided to sectors with huge economic multiplier impact and those that are still under considerable stress such as MSME, Travel & Tourism, etc. The development of robust domestic agri and wood-based value chains hold special importance in the Indian context given their enormous potential to contribute to national objectives.

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 in several commodities, including shrimps, spices, fruits such as mango, papaya, 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\$ 42 billion represent a global market share of only about 2.5%. 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 a substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher level of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This would require

focused investment 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 lead to significant job creation, enhance rural incomes and help manage food inflation. In this context, the recently announced Production Linked Incentive (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.

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. Supportive policies in this area would go a long way in supporting sustainable livelihoods while simultaneously augmenting the Nation's environmental capital. The recent policy interventions on raw batti imports into the country augur well for enhancing the competitiveness of domestic value chains and fostering large scale employment generation.

Your Company's interventions across its 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'

As the Indian economy recovers from the severe impact of the pandemic, policy interventions would need to be sharply focused on supporting sustainable livelihoods and fostering inclusive growth. Structural support would need to be provided to sectors with huge economic multiplier impact.

and ‘Doubling Farmers’ Income’ and the overarching theme of ‘Atmanirbhar Bharat’ that seeks to make the country stronger, resilient and more competitive.

As reported in earlier years, your Company piloted an integrated ‘Baareh Mahine Hariyali’ programme in four districts of Uttar Pradesh (Prayagraj, Chandauli, Ghazipur and Varanasi) to give a new dimension to the complex task of multiplying farmer incomes. Over 200,000 farmers in UP have already been covered and the programme is planned to be rolled out to over 10 lakh farmers, progressively. Around 35,000 farmers who adopted all initiatives reported doubling of incomes, while those who implemented the programme partially have reported 30% to 75% growth in income. The collaboration with NITI Aayog, aimed at boosting agricultural and allied activities in 27 backward districts of 8 states under the Aspirational Districts programme, enhanced its scale of operations. Over 25 lakh farmers have so far been trained in the package of practices appropriate for the dominant crop of the region. These interventions have led to improvement in yields and reduction in cultivation cost thereby augmenting farmer incomes by appx. 60% for both paddy and soyabean cultivated in Kharif 2020 season.

Your Company is also partnering with the State Government of Andhra Pradesh towards improving the quality of chilli production in the country to meet global standards. A Public Private Producer Partnership programme, ‘Integrated Agri-Extension Platform for Chilli Farm Value Chain Development’, has been conceptualised under which over 40,000 farmers covering appx. 100,000 acres in the districts of Prakasam, Krishna, Kurnool and Guntur of Andhra Pradesh are expected to be benefited. In FY 2020-21, the project covered over 10,000 farmers and 26,800 acres in 77 villages. Farmers covered under the project were able to generate 27% additional income

per acre due to improved quality, farm productivity and higher share of farm gate sales.

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, 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 of both 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 1600 villages across 14 states and supported farmers in the management of risks arising from erratic and extreme weather events. Your Company’s Climate Smart Village intervention in Rajasthan demonstrated yield improvement of 10% for soyabean crop (Kharif 2020) and 15% in the case of wheat crop (April 2020 harvest). Reduction in cost of cultivation along with yield improvement led to increase in net income by 87% in soyabean and 41% in wheat. According to CGIAR estimates, average Greenhouse gas (GHG) emissions in soyabean reduced by up to 37% as compared to the baseline.

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

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 huge potential. With structural drivers of growth firmly in place, the pace of economic growth is expected to pick up over time.

Report of the Board of Directors

'more crop per drop' and improve farmer incomes. Around 3 lakh acres have been covered till date across 6 states. Through micro irrigation and crop-specific precision agronomical practices, potential water savings are to the tune of 208 million cubic metres in a year as per various studies.

During the year, your Company focused on maximising livelihood generation for farmers and daily wage earners under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Starting from mid-April 2020, 55 lakh person days of work, valued at ₹ 90.5 crores, was completed in 2,448 villages spread across 64 districts in 16 states. These works also led to the construction of long-term productive assets for the community in the form of 5,631 water harvesting structures that provide life-saving irrigation to agriculture.

In Kapurthala District, Punjab, ITC Mission Sunehra Kal has, over the last three years, implemented solutions that have effectively substituted the burning of paddy stubble by farmers. During the year, the programme covered 109,295 acres with appx. 87% of the area witnessing total stoppage of stubble burning, thereby avoiding 75,000 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 2.4% of global land mass, 4% of freshwater resources and 1% of forest resources. According to the 'State of Working India 2021' report released recently, the economic fallout of the pandemic is expected to push 230 million Indians into poverty, underscoring the vulnerability of the economically weaker sections of society and reversing the significant progress made by the country over the last two decades. It is more critical than ever before to redouble efforts, both at the national and corporate

level, towards fashioning 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 and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 19 years), 'carbon positive' (for 16 years), and 'solid waste recycling positive' (for 14 years). 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 - the highest amongst global tobacco companies. It 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 your Company's continued commitment to people and planet. The Kovai unit was awarded Platinum rating by the Alliance for Water Stewardship Standards which is the highest recognition for water stewardship in the world. The unit is the first site in India and the first paper mill in the world to achieve this recognition.

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.

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 sustainable business exemplar. Further details on this subject are available in the Sustainability section of this Report.

FINANCIAL PERFORMANCE

The operating environment during the year was rendered extremely challenging by the outbreak of the pandemic, which caused unprecedented disruptions across your Company's operating segments. Your Company responded with agility and speed in adapting to the 'new normal' by resuming operations expeditiously and launching innovative products in record time to address emergent consumer needs. Your Company also formed strategic partnerships, deployed innovative delivery models and enhanced usage of digital technologies for efficient market servicing. With safety and well-being of your Company's employees, partners and associates accorded paramount importance, your Company instituted the highest standards of hygiene and safety protocols across all nodes of operations.

The onset of the pandemic rendered the operating environment extremely challenging. While sequential pick-up in all operating segments in the second half of the year mitigated the impact, the disruptions in the first half weighed on the overall performance for the year. Relentless focus on cost reduction across Businesses aided in partially mitigating the impact of negative operating leverage.

- The FMCG-Others Segment delivered robust performance, with comparable Segment Revenue growing strongly by 15.8% (excluding the Educational and Stationery Products Business which was impacted by prolonged closure of educational institutions, the Lifestyle Retailing Business due to ongoing restructuring of operations and the impact of acquisition of Sunrise Foods Private Limited during the year). This was driven by a surge in demand for Staples, Convenience Foods and Health & Hygiene products in the first half of the year and strong recovery in the discretionary/out-of-home portfolio in the latter half. Profitability of the FMCG-Others Segment improved significantly with Segment EBITDA margin expanding by ~180 bps on the back of higher operating leverage, enhanced operational efficiencies, product mix enrichment, delayering of operations, reduced distance-to-market and other structural interventions across the value chain. Such improvement was achieved notwithstanding incremental operating costs due to COVID-19 and gestation costs pertaining to new categories/facilities.
- The FMCG-Cigarettes Segment was severely impacted in the first half of the year due to Covid-induced restrictions. With gradual easing of restrictions and improved mobility, the Business recovered progressively to reach nearly pre-Covid levels towards the close of the year.
- After an extremely challenging first half, the Hotels Segment witnessed progressive improvement in revenues driven by focused interventions including introduction of special packages for target segments, launch of curated food delivery/takeaway menus, etc. Pick-up in revenues together with aggressive cost reduction measures aided the Business turn EBITDA positive in the second half of the year.

ITC's interventions 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, creating national brands to maximise value capture in India, increasing Indian agri-exports and promoting sustainable business practices.

Report of the Board of Directors

- The Agri Business Segment posted robust growth in revenue driven by opportunities in wheat, rice and oilseeds, scale up of the value-added portfolio and higher supplies to the Branded Packaged Foods Businesses to support enhanced scale; subdued demand for leaf tobacco in international markets and adverse business mix, however, weighed on Segment Results.
- The Paperboards, Paper & Packaging Segment was adversely impacted by subdued offtake in end-user segments such as publications, liquor and wedding cards; robust growth in exports and strong demand in pharma & décor segments helped partially mitigate the impact. A significant uptick in volumes and realisations in paperboards in the latter half of the year on the back of recovery in most end-user industries, relentless focus on enhancing operational efficiency and structural cost-saving interventions resulted in a much-improved performance.

Overall for FY 2020-21, Gross Revenue at ₹ 48151.24 crores increased by 3.9%, while Profit Before Tax (before exceptional items) at ₹ 17164.15 crores degrew by 11.1% over FY 2019-20 and Profit After Tax stood at ₹ 13031.64 crores (previous year ₹ 15136.05 crores). Total Comprehensive Income for the year stood at ₹ 13277.89 crores (previous year ₹ 13754.24 crores). Earnings Per Share for the year stood at ₹ 10.59 (previous year ₹ 12.33).

In line with your Company's track record of consistent increase in annual dividend payouts, the Directors of your Company are pleased to recommend a Final Dividend of ₹ 5.75 per Ordinary Share of ₹ 1 each for the financial year ended 31st March, 2021. Together with the Interim Dividend of ₹ 5.00 per share paid on 10th March, 2021, the total Dividend for the financial year ended 31st March, 2021, amounts to

₹ 10.75 per share (previous year ₹ 10.15 per share). Total cash outflow on account of Dividends (including interim Dividend of ₹ 6152.68 crores paid in March 2021) will be ₹ 13230.27 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated around ₹ 239000 crores of which over ₹ 167000 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 remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in 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\$ 7.3 billion, of which agri exports constituted 56%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

During the financial year 2020-21, your Company and its subsidiaries earned ₹ 5934 crores in foreign exchange. The direct foreign exchange earned by

Over the last five years, the Value-Added by ITC, i.e. the value created by the economic activities of your Company and its employees, aggregated around ₹ 239000 crores of which over ₹ 167000 crores accrued to the Exchequer.

your Company amounted to ₹ 4600 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1664 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1366 crores and import of capital goods of ₹ 298 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in crores)

PROFITS	FY 2020 - 21	FY 2019 - 20
a) Profit Before Tax [@]	17164.15	19166.81
b) Tax Expense		
– Current Tax	4035.36	4441.97
– Deferred Tax	97.15	(411.21)
c) Profit for the year [@]	13031.64	15136.05
d) Other Comprehensive Income	246.25	(1381.81)
e) Total Comprehensive Income	13277.89	13754.24
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	33596.14	26978.13
b) Add: Profit for the year	13031.64	15136.05
c) Add: Other Comprehensive Income (net of tax)	(29.66)	(113.54)
d) Add: Transfer from share option on exercise and lapse	222.96	17.73
e) Less: Dividends		
– Ordinary Dividend of ₹ 10.15 (2020: ₹ 5.75) per share	12476.61	7048.71
– Interim Dividend of ₹ 5.00 (2020: Nil) per share	6152.68	–
– Income Tax on Dividend paid	(13.98)	1373.52
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	28210.59	33596.14

[@]Previous year includes Exceptional items representing cost of leaf tobacco stocks (including taxes) destroyed at a third party owned warehouse due to fire, for which insurance claim has been filed and is under process.

FMCG CIGARETTES

The onset of COVID-19 pandemic towards the end of FY 2019-20 and the subsequent lockdowns and restrictions imposed to curb its spread, caused unprecedented disruption across the value chain with manufacturing and sales operations coming to a virtual standstill. Manufacturing operations were resumed in mid-May immediately upon receipt of requisite permissions; the Business swiftly ramped up production and availability of its brands across markets, while ensuring the highest standards of hygiene and safety protocols across all nodes of operations. Supply chain operations were re-configured and re-aligned to service market requirements through proactive planning leveraging digital technologies and agility in execution amidst a dynamic environment. The imposition of localised lockdowns in several regions towards the end of June 2020, restricted hours of convenience store operations and temporary disruptions in certain wholesale markets impacted the recovery momentum in the second quarter. The Business strengthened direct reach in target markets across all traditional trade channels and augmented the stockist network to service rural and semi-urban markets efficiently. With easing of restrictions and improvement in mobility from September, 2020 onwards, the Business recovered progressively over the remainder of the year to reach nearly pre-Covid levels towards the close of the year.

Notwithstanding the headwinds faced during the year under review, 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 superior product development capabilities. Several new

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

Report of the Board of Directors

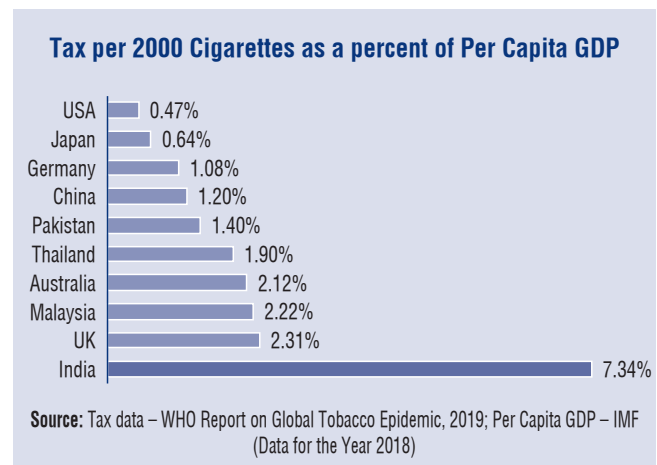
variants were introduced during the year to cater to the continuously evolving consumer preferences and to ensure the future readiness of the product portfolio. These include the launch of innovative offerings such as 'Gold Flake Neo', 'Classic Connect', 'American Club Clove Mint', 'Gold Flake Indie Mint' and 'Capstan Fresh Flavour'. Refreshed packs were also introduced for several 'Navy Cut' variants. The Business also expanded its presence in strategic markets with the launch of differentiated offerings to fortify the portfolio 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 formats that are available at different price points, reflecting the varying socio-economic and demographic profiles of the population. While India is the world's second largest consumer of tobacco, legal cigarettes constitute only 9% 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 a progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax-evaded forms of tobacco products, comprising illegal cigarettes and bidi, chewing tobacco, gutkha, zarda, snuff, etc. Consequently, while the share of legal cigarettes in total tobacco consumption has declined from 21% in 1981-82 to a mere 9%, aggregate tobacco consumption in the country has increased over the same period. As a result, despite accounting for less than 1/10th of the

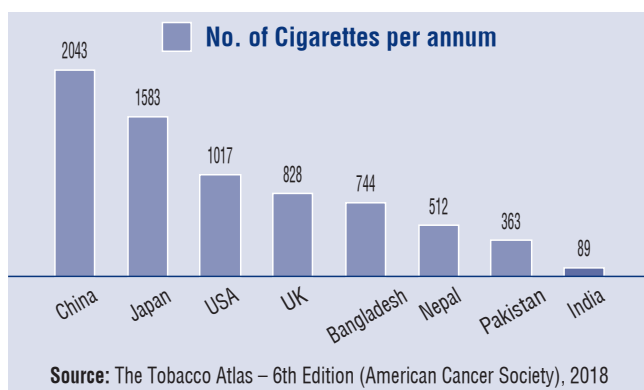
tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector. During the period 2012-13 to 2016-17, excise duty on cigarettes increased sharply at a CAGR of 15.7%; however, tax revenue from cigarettes grew by a mere 4.7% CAGR during 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% during this period.

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



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 like Bangladesh, Nepal and Pakistan.

ITC sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies. It has also been included in the Dow Jones Sustainability Emerging Markets Index - a reflection of being a sustainability leader in the industry.



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.

Punitive taxes on the legal cigarette industry have resulted in rapid growth in the illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. This dubious distinction has arisen on the back of punitive taxation of cigarettes over the years that 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 one-fourth of the domestic industry. The king-size segment in particular has been severely impacted in recent years consequent to the sharp tax increase of 19% on this segment under GST. The steep increase in cigarette taxes with effect from 1st February, 2020, has provided further fillip to illicit cigarette trade in the country.

It is estimated that on account of illegal cigarettes alone, revenue loss to the Government is appx. ₹ 15000¹ crores per annum. In respect of the other tobacco products also, the revenue losses are significant since about 68%² of the total tobacco consumed in the country remains outside the tax net. During the year, the media has 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). 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 the previous year.

It is pertinent to note 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

¹ As per industry estimates

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

It is estimated that on account of illegal cigarettes alone, revenue loss to the Government is appx. ₹ 15000 crores per annum.

Report of the Board of Directors

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 wrong perception created by the absence of statutory pictorial warnings provides significant buoyancy to illicit cigarette volumes.

India is among the top three tobacco growing countries in the world. Tobacco occupies a prime place 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 millions of 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. FCV tobaccos are also traded internationally and India is an exporter of this commodity. Since smuggled international brands of cigarettes do not use Indian tobaccos, in addition to revenue losses, the growth of the illegal cigarette trade has also resulted in a sharp drop in demand for Indian FCV tobaccos in the domestic market. A combination of factors including the decline in leaf exports due to lower availability of Indian crop, lower export incentives in India and relative weakness of currencies in certain competing geographies have

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

severely impacted the earnings of tobacco farmers and farm workers in the country.

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 affect the livelihood of Indian tobacco farmers with corresponding gains to those in countries that have opted for moderate and equitable tobacco regulations. These developments have had a devastating impact on 46 million livelihoods comprising tobacco farmers, farm workers, tribals, 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 ₹ 6000 crores. Stability in taxes on cigarettes will have the salutary effect of enabling the legal cigarette industry to combat illicit trade and claw back volumes, thereby engendering domestic demand for Indian tobaccos besides cushioning the impact of volatility in international markets.

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 judgment 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 discriminatory taxation & regulatory regime on cigarettes in India continues to affect the livelihood of Indian tobacco farmers, who have suffered a cumulative drop in earnings of over ₹ 6000 crores since 2014.

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, 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 illegal cigarettes alone, the revenue loss to the Government is appx. ₹ 15000 crores per annum.
- widespread availability of illegal 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.
- persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTRI) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

Your Company continues to engage with policy makers for a framework of equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, having regard

to 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.

Despite India already having implemented one of the most stringent regulatory frameworks for tobacco control, in early January, 2021, the Union Ministry of Health & Family Welfare had proposed additional stringent restrictions on the tobacco trade under the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) (Amendment) Bill, 2020 and elicited comments from the stakeholders.

It is apprehended that the proposed amendments would result in unintended consequences further fuelling the increase in illicit trade and have an adverse effect on the livelihood of millions of people directly and indirectly involved with related farming and legal trade. It is hoped that the Government will take a pragmatic and judicious view in the matter keeping in mind the interests of all stakeholders.

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 two more patents during the year in respect of cigarettes.

Manufacturing facilities continue to be modernised by inducting contemporary technologies towards securing higher levels of productivity and product excellence. New benchmarks were set in areas of

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%, remain outside the tax net.

Report of the Board of Directors

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 and in-house design and development expertise, have further improved the speed-to-market for new launches and augmented the innovation pipeline of the Business.

Your Company continues to be recognised for its operational excellence. The Saharanpur unit was adjudged 'Winner' in Frost and Sullivan 2020 Project Evaluation & Recognition Program (PERP) in Quality Excellence Leadership and Operational Excellence Leadership categories in the Manufacturing Sector.

In line with your Company's commitment to the 'Triple Bottom Line', the Business continued to step up sustainability initiatives, earning industry recognition. The Ranjangaon unit was recognised with the 'Golden Trophy - Sarvashreshtha Suraksha Puraskar Safety Awards 2020' by National Safety Council of India (NSCI) for the second time in a row. The Saharanpur unit was awarded 'Excellent Energy Efficient Unit' in the CII National Award for Excellence in Energy Management, 2020. The Bengaluru unit received the Frost and Sullivan 'Sustainable Factory of the Year' award, highest across all categories. Renewable energy usage in the Business accounted for over 55% of the total energy consumed.

As aforesaid, after a challenging first half, the Business staged a robust recovery with the easing of restrictions with volumes nearly touching pre-Covid levels towards the close of the year. However, the

outbreak of the second wave is expected to cause disruptions in the front-end supply chain operations in the near term. Pace of vaccinations and restrictions on mobility and convenience store operations will be the key monitorables in the ensuing months. Notwithstanding such challenges, your Company continues to closely track the developments and remains confident of responding with agility to the dynamic environment and consolidating its leadership position in the legal cigarette industry leveraging its superior strategies, future ready portfolio, robust innovation pipeline, cutting-edge manufacturing and digital technologies, and best-in-class execution capabilities.

FMCG – OTHERS

The FMCG industry, which was already witnessing a marked deceleration in growth rates, was severely impacted by the outbreak of the COVID-19 pandemic which caused unprecedented disruptions across the value chain. This resulted in contraction of the FMCG industry during the first half of the year – a first in the last decade. With gradual easing of restrictions and increased mobility, the FMCG industry picked up pace to grow by ~8% in the second half. Urban markets were deeply impacted by the intensity of COVID-19 cases while rural markets were relatively more resilient.

Following the outbreak of the pandemic, there was heightened demand for high quality products anchored on the vectors of hygiene, health, wellness and immunity. 'At-home' consumption surged even as 'out-of-home' consumption was severely impacted due to mobility restrictions. There was a marked preference

Demonstrating a high degree of agility and responsiveness to the market dynamics at play, your Company rapidly expanded capacity and re-purposed manufacturing lines to cater to the heightened demand for essentials and health & hygiene products.

for larger pack formats as consumers sought to reduce frequency of purchase. Heightened concerns on hygiene and safety also manifested in consumers' preference for trusted brands. Consequently, staples, noodles, biscuits, dairy products, sanitizers, hand wash, floor cleaners, etc. witnessed robust demand during the first half of the year. On the other hand, discretionary categories and those with relatively higher salience of 'out-of-home' consumption saw contraction in sales. Demand for staples and convenience foods normalised during the second half of the year as consumers broadened their purchase assortment along with lower 'at-home' consumption on the back of progressive easing of restrictions and increased mobility. Demand for health & hygiene products, on the other hand, remained elevated through the year even as the pace of growth moderated as compared to the first half of the year. As the year progressed, discretionary and 'out-of-home' consumption products witnessed smart recovery buoyed by pent-up demand and increased availability across channels.

At the onset of the pandemic, the key task was to make quality products available to consumers. Your Company was amongst the fastest off the blocks to resume operations after obtaining necessary permissions and establishing comprehensive hygiene and safety protocols. Over 90% of the facilities manufacturing essential products were operational within two weeks of imposition of the lockdown. Demonstrating a high degree of agility and responsiveness to the market dynamics at play, your Company rapidly expanded capacity and re-purposed manufacturing lines to cater to the heightened demand for essentials and health

& hygiene products. A series of concerted actions were taken to realign the distribution infrastructure so as to respond to the multiple challenges arising out of restricted mobility of people and goods, curbs on working hours and outlet operations. Several technology-driven solutions were deployed to effectively service the surge in demand. Anticipating the increase in consumer preference for 'contactless shopping' and home delivery, your Company proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right product assortment and SKUs. Sales through the e-Commerce channel more than doubled during the year, taking its salience to over 5% of Segment Revenue. Your Company also pioneered an innovative model - 'ITC Store on Wheels' - to directly service consumers, covering over 900 residential complexes across 13 cities. Your Company also rolled out the 'ITC e-store' – an exclusive direct-to-consumer platform – to facilitate 'contactless shopping' and make its products accessible to consumers, which was the need of the hour. Product availability was also augmented through alternative channels in collaboration with new partners such as Dominos, Swiggy, Zomato and Dunzo. During the lockdown phase, in tune with the trends of increased 'at-home' consumption, need for sanitizing products in the 'health & hygiene' space and the consumer need for health & wellness content, purposeful communication sharply focused on these need spaces were rolled out.

Leveraging the robust innovation platforms of your Company's Life Sciences and Technology Centre (LSTC), your Company launched over 120 new and

Leveraging the robust innovation platforms of the Life Sciences and Technology Centre, ITC launched over 120 new and innovative products with compelling value propositions in record time, demonstrating agility and execution excellence. ITC's vibrant portfolio of over 25 world-class Indian brands now represents an annual consumer spend of over ₹ 22000 crores.

Report of the Board of Directors

innovative products with compelling value propositions in record time, demonstrating agility and execution excellence. During the year, both direct and indirect reach were stepped up significantly. Market and outlet coverage were expanded to 1.3x and 1.1x respectively compared to pre-Covid levels. The stockists network was nearly doubled to sharp target rural markets to drive growth, mitigate the impact of disruptions in the wholesale channel and effectively service emergent demand.

As demand levels fluctuated significantly during various phases of lockdown, associated risks and uncertainties were managed with agility leveraging shorter operations planning cycles, sharper product and SKU assortments and predictive data analytics. Direct-to-market shipments were also scaled up substantially to ensure freshness and reduced time-to-market in categories like Atta, Snacks and Biscuits.

The Education and Stationery Products Business (ESPB) was significantly impacted with prolonged closure of educational institutions across the country. Operations of the Lifestyle Retailing Business (LRBD) continued to be restructured during the year.

Your Company acquired Sunrise Foods Private Limited (Sunrise), a leading player in the branded spices market in the East, in July 2020. The Scheme of amalgamation of Sunrise with your Company (Scheme) was sanctioned by the Honourable National Company Law Tribunal, Kolkata Bench; the Scheme became effective from 1st April, 2021 with 27th July, 2020 being the Appointed Date. The rationale for the acquisition and the key drivers of value creation have been discussed in detail in the Branded Packaged Foods section of this Report.

Notwithstanding the challenging conditions prevailing during the year, your Company's FMCG businesses recorded Segment Revenue of ₹ 14728.21 crores representing an increase of 14.7% over the previous year.

On a comparable basis (i.e. excluding ESPB, LRBD and the impact of acquisition of Sunrise during the year), FMCG-Others Segment Revenue grew by 15.8%. Growth in the first half of the year was driven by surge in demand for Staples & Convenience Foods and Hygiene products; sequential recovery in demand in the Discretionary/Out-of-home categories such as Snacks, Juices, Confectionery, Bodywash and Fragrances reflected in the second half performance.

Segment EBITDA for the year grew at a robust pace of 44.1% to ₹ 1316.82 crores with significant margin expansion of ~180 bps to 8.9%. This was driven by enhanced scale, product mix enrichment, reduced distance-to-market and other strategic cost management initiatives, after absorbing the impact of sustained investment in brand building and gestation costs of new categories and facilities.

Your Company remains focused on building purpose-led brands anchored on larger consumer needs. The Businesses continue to leverage digital technologies and platforms 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

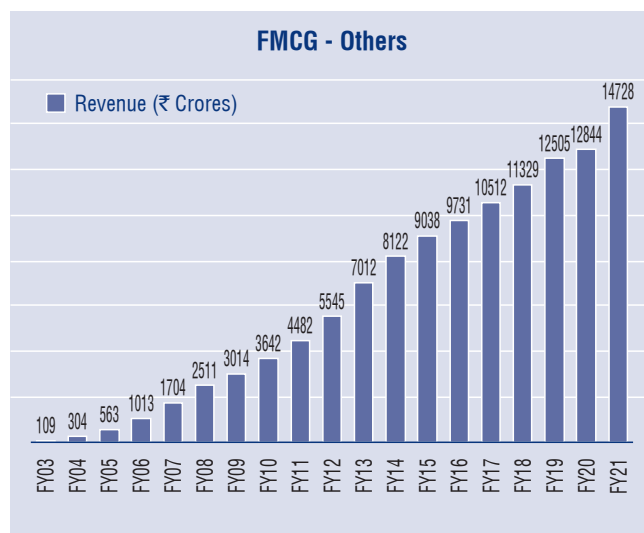
Your Company remains focused on building purpose-led brands anchored on larger consumer needs. ITC continues to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour and synthesise the same to craft contextual brand communication and product development.

and synthesise the same to craft contextual brand communication and product development. Over 2000 content assets have been deployed leveraging this capability within a relatively short span of time at significantly lower cost.

The year also marked the scale up of your Company's direct-to-consumer channel, the 'ITC e-Store'. Launched just prior to the lockdown in March 2020, this initiative was extended to 11 cities during the year along with the introduction of several new features. Powered by state-of-the-art digital technologies and a robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of your Company's FMCG products under one roof. The initiative has been well received by consumers and plans are on the anvil to rapidly scale up the same in the ensuing months.

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 drive and sustain 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 ₹ 22000 crores. 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 products reach over 150 million households in India.

Your Company's FMCG brands have achieved impressive market standing in a relatively short span of time. Today, Aashirvaad is No. 1 in Branded atta, Bingo! is No. 1 in Bridges segment of Snack Foods (No.2 overall in Snacks & Potato Chips), Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, YiPPee! is No. 2 in Noodles,

Powered by state-of-the-art digital technologies and a robust fulfilment infrastructure, the 'ITC e-Store' direct-to-consumer channel offers on-demand access to a wide range of your Company's FMCG products under one roof. The initiative has been well received by consumers and was extended to 11 cities during the year.

Report of the Board of Directors

Engage is No. 2 in Deodorants and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment) (Source: Nielsen).

Your Company remains focused on rapidly scaling up the FMCG businesses anchored on strong growth platforms and a future-ready portfolio. Towards this, it seeks to fortify its market standing in the existing core operating categories, in many of which it is already a leading player as aforementioned. 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 analyst 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 meals, salt and spices; Sunfeast to dairy beverages and cakes; Bingo to namkeens; ITC Master Chef to frozen snacks and cooking pastes; Savlon to surface & clothes disinfectant sprays, sanitizers, masks etc. Simultaneously, the FMCG businesses continue to make strategic investments in building the 'new core' by scaling up nascent categories such as Dairy (Aashirvaad Svasti), Beverages (B Natural), Chocolates (Fabelle, Candyman Fantastik), Coffee (Sunbean), Home Care (Nimyle, Nimwash, Nimeasy) and Skin Care (Dermafique, Charmis). 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 drive structural competitive advantage and enhance profitability by leveraging world-class distributed manufacturing footprint and a multi-channel distribution network. 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 9 operational ICMLs is being 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 delayed 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 severity of the second wave of COVID-19 infections in the country poses a key challenge and remains a key monitorable for the FMCG industry in the near term. There is a perceptible shift with consumers adopting a more precautionary savings approach with resources being set aside for medical needs. The spread of the virus to rural areas on a relatively higher scale as compared to the first wave is also expected to weigh on industry growth outlook. Your Company continues to monitor the evolving situation and will respond with agility to enhance its market standing while managing risks

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.

associated with the heightened uncertainties in the business environment. While the supply chain is fully operational, constraints in number of operating outlets and limited hours of operation continue to pose front-end challenges for the FMCG industry. Recent learnings in dealing with the pandemic spanning sales and distribution, supply chain operations, innovation and product development will continue to be leveraged in this regard.

Notwithstanding the short-term pressures, 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 are firmly in place. Your Company remains confident of rapidly scaling up its FMCG Businesses building on strategic pillars viz. strong future-ready portfolio powered by world-class quality, superior consumer insights, cutting-edge innovation and purpose-led brands. The Businesses will continue to leverage its 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, 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

Against the backdrop of an extremely challenging operating environment as aforesaid, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of

first-to-market offers, a range of distinctive products customised to address regional tastes and preferences, supported by an efficient supply chain and distribution network.

With the onset of COVID-19 in March 2020, the key task on hand for the Business, as one of the largest players in the branded packaged foods space in India, was to make its quality products widely available to consumers amidst large scale disruptions in the market. Your Company responded with speed and agility, obtaining the necessary permissions in an expeditious manner and ramping up production rapidly to service the surge in demand for essential items. The Businesses, along with the Trade Marketing and Distribution team, worked tirelessly to ensure that the products reached consumers across the country notwithstanding the significant operational challenges posed by the pandemic-induced lockdowns.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, wellness, immunity and naturals. The Businesses launched several innovative and first-to-market products addressing emergent consumer needs leveraging superior consumer insights, strong innovation pipeline, capabilities of your Company's Life Sciences and Technology Centre and cuisine expertise resident in your Company's Hotels Business.

The Businesses continued to make sharp targeted investments towards brand building and scaling up its nascent categories. Cut-through advertising campaigns and consumer engagement both on conventional and digital media along with focused market development efforts resulted in enhanced market standing across most major categories. Digital campaigns launched during the year received

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

Report of the Board of Directors

wide recognition and won prestigious awards across leading platforms. Some noteworthy award-winning campaigns during the year include Sunfeast Mom's Magic's 'Stay strong Moms', B Natural's 'We are India' and Aashirvaad Svasti's 'Immunity song' campaign.

Innovative and purposeful programmes were launched to engage consumers at home through digital and other communications to enable useful activities for at-home engagement, ensure top-of-mind recall and consumer delight in such difficult circumstances. Some of the widely acclaimed interventions include:

- 'Sunfeast India Run as One' (India's largest citizen-led movement in support of livelihoods affected by the pandemic) [#SunfeastRunAsOne](#)
- The '5 Star Kitchen' exclusive cooking show by executive chefs of ITC Hotels was created in collaboration with several other businesses of your Company and was telecast across 33 Star TV channels and Hotstar for six weeks involving over ten ITC brands. This programme showcased unique strengths from internal synergies derived from its diverse portfolio of businesses [#5StarKitchenStory](#)
- 'Bingo! Comedy Adda', which started out with distinctive and witty content on social media platforms has now grown into an extremely popular, full-fledged entertainment show on Star TV network [#BingoComedyAdda](#)
- Sunfeast Mom's Magic collaborated with celebrated musical artists for a virtual musical concert to celebrate the undying spirit of mothers [#StayStrongMoms](#)

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 foods product is manufactured in HACCP/ISO-certified manufacturing locations ensuring compliance with all applicable laws and adherence to the highest quality norms.

- Amidst a challenging operating environment, the Staples Business posted yet another year of robust performance growing well ahead of the industry. Several innovative and value-added offerings catering to region-specific preferences and consumer health needs were added to the portfolio during the year. 'Aashirvaad' atta fortified its market standing across geographies leveraging a robust product portfolio anchored on your Company's agri-sourcing expertise. 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 and Multi-Millet Mix gained strong consumer traction during the year. In line with consumers increasingly seeking a holistic lifestyle and the brand ethos of 'Nurturing through Nature', the portfolio of Aashirvaad Nature's Super Foods was augmented with the launch of an organic range comprising organic atta and organic pulses – tur dal, moong dal, chana dal and urad dal. These products are available across select general and Modern Trade outlets as well as leading e-Commerce platforms and have received encouraging response.

Focused and purposeful marketing inputs, consumer activations and region-specific interventions supported by sharply directed

In line with consumers increasingly seeking a holistic lifestyle and the brand ethos of 'Nurturing through Nature', 'Aashirvaad Nature's Super Foods', a differentiated range of products comprising Gluten Free Flour, Ragi Flour and Multi-Millet Mix, gained strong consumer traction during the year.

media investments, especially in digital platforms, enabled further improvement in Aashirvaad's brand health metrics. Powered by the trust reposed by over 3.9 crore households (source: HHP, MAT Dec'20), your Company is confident of strengthening 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 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 agri sector.

Supported by its new positioning, 'Created by Sun and Sea - pure just like nature intended it to be', Aashirvaad Salt gained traction in key focus geographies and posted a healthy growth during the year. The portfolio was augmented with the launch of two new variants – Iodized Crystal Salt for south markets and Salt Proactive (with 15% lesser sodium) in Modern Trade and e-Commerce channels in the major metros.

In the Spices category, the Aashirvaad portfolio was augmented with the introduction of blended spices in the e-Commerce channel and focus markets to enable full portfolio play and to cater to regional tastes and preferences.

During the year, your Company acquired Messrs. Sunrise Foods Private Limited (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'. Sunrise is a clear market leader in eastern India in the fast-growing Spices category with a rich heritage and brand legacy of over 70 years. Over the years, the brand has built a loyal consumer franchise, anchored on a differentiated product portfolio tailored to regional tastes and preferences, both in the basic and blended spice segments.

Your Company acquired Sunrise along with its two wholly owned subsidiaries. Besides augmenting your Company's product portfolio, the acquisition is also aligned with your Company's aspiration to significantly scale up its Spices business and expand its footprint across the country. The deep consumer connect and distribution strength of Sunrise in focus markets, together with synergies arising out of the sourcing and supply chain capabilities of your Company's Agri Business and, its pan-India and multi-channel distribution network, will provide significant value creation opportunities for your Company. The transaction is also in line with your Company's philosophy of enhancing the competitiveness of agri value chains in India whilst making a meaningful contribution to enhancing farmer incomes.

The Scheme of Amalgamation of Sunrise with your Company was approved by the Honourable National Company Law Tribunal, Kolkata Bench,

During the year, your Company acquired Messrs. Sunrise Foods Private Limited (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'. Sunrise is a clear market leader in eastern India in the fast-growing Spices category with a rich heritage and brand legacy of over 70 years.

Report of the Board of Directors

vide order dated 26th February, 2021. The Scheme became effective from 1st April, 2021, consequent to filing of certified copies of the order with the Registrar of Companies, West Bengal on 1st April, 2021. Consequently, Sunrise has amalgamated with your Company with effect from the Appointed Date being 27th July, 2020.

- The Biscuits category recorded robust growth with significant surge in demand driven by increased at-home consumption during the first half of the year. However, the category witnessed moderation in demand during the second half of the year as the options for out-of-home consumption increased with easing of restrictions and increase in mobility. Product portfolio was bolstered with a number of innovative new launches such as ‘Sunfeast Bounce’ Double Crème, ‘Sunfeast Farmlite’ Digestive (*with high-fibre content, in three variants*) and ‘Sunfeast All Rounder’. ‘Sunfeast Veda Marie’ Light, with the goodness of five natural ingredients (Ashwagandha, Tulsi, Mulethi, Adrak and Elaichi), continued to gain traction during the year. The ‘Sunfeast Dark Fantasy’ range of differentiated cookies sustained its leadership position in the super premium segment. The range was augmented with the launch of innovative variants - Choco Nut Fills, Choco Chip, Choco Crème and Vanilla Crème. The Cakes portfolio was strengthened with the launch of differentiated variants - Trinity Cakes and Swiss Roll under the brand ‘Sunfeast Caker’. All of these products have received excellent consumer response.
- The Snacks Business, which has a high salience of out-of-home consumption, was severely impacted by the lockdowns and mobility restrictions imposed

in the immediate aftermath of the onset of the COVID-19 pandemic. The Business posted a smart recovery in the latter half of the year with progressive improvement in mobility and diversification of consumers’ purchase assortment. The Business continues to be the market leader in the bridges sub-segment and improved its market standing in potato chips. ‘Tedhe Medhe’ continues to be the most widely distributed snack brand in the country. Several innovative variants were launched during the year including Pizza and Cheese Nachos under ‘Bingo! Mad Angles’, which met with encouraging market response. The year also marked the Business’ foray into the Traditional Snacks segment with the launch of popular formats like Aloo Bhujia, Nut Crackers, along with first-to-market offerings like Cocktail Mix and Pulse Mix in select markets.

- In the Instant Noodles category, ‘YiPPee!’ noodles posted stellar growth, well ahead of the industry and strengthened its market standing as a strong No.2 brand. Product portfolio was premiumised with the launch of ‘YiPPee! Saucy Masala’ in unique red coloured noodle blocks with a drizzle of tomato sauce and two offerings in a differentiated bowl format. YiPPee! also led the industry in terms of packaging innovation in family packs, enabling impactful visibility and driving growth in Modern Trade. Innovative media campaigns, focused digital interventions and celebrity endorsements continued to create buzz around the brand resulting in strong traction with consumers. During the year, the Business deployed a focused campaign, with MS Dhoni as the celebrity brand ambassador, to reinforce the 3 core elements of the YiPPee! Noodles’ value proposition viz. longer,

In the Frozen Snacks category, the delectable range of ‘ITC Master Chef’ products comprising 30 differentiated variants continues to garner increasing consumer franchise. During the year, availability was extended to 100 new markets in a short span of time taking the aggregate to 135 towns.

tastier, non-sticky. On the back of MS Dhoni's wide appeal and popularity, the campaign connected well with the consumers across age groups and resulted in superior brand imagery.

- The Ready-To-Eat (RTE) category witnessed healthy growth during the year led by the launch of several innovative and value-added offerings for domestic consumers. These include a range of 'hot pour over' instant meals and a variety of cooking aids coupled with enhanced traction in the existing Meals, Instant Mixes and Ready-To-Cook products in key focus geographies, both within and outside India.

In the Frozen Snacks category, the delectable range of 'ITC Master Chef' products comprising 30 differentiated variants continues to garner increasing consumer franchise. During the year, availability was extended to 100 new markets in a short span of time taking the aggregate to 135 towns. The accessibility of the range is being scaled up via e-Commerce and direct-to-home models. While the Retail segment benefited from increased 'at-home' consumption, the Food Service segment was severely impacted by Covid-induced restrictions in outlet operations.

- In the Dairy & Beverages Business, the 'Aashirvaad Svasti' fresh dairy portfolio comprising pouch milk, pouch curd and paneer, gained strong consumer traction on the back of highest quality standards and superior taste profile. The products are currently available in Bihar and West Bengal. 'Aashirvaad Svasti Select' Milk, a first-to-market offering with the added assurance to consumers through ready online access to quality report for each pouch, was successfully launched during

the year in Kolkata. Aashirvaad Svasti Ghee continued to receive excellent product feedback and witnessed a substantial increase in consumer traction. During the year, value-added fresh dairy segment was augmented with the launch of flavoured lassi. The Dairy Beverages category was adversely impacted during the first half of the year due to reduced 'out-of-home' consumption following the outbreak of the COVID-19 pandemic. With gradual easing of restrictions and improved mobility, the Sunfeast range of milk shakes comprising four differentiated variants (Sunfeast Badam Milkshake, Strawberry Milkshake, Vanilla Milkshake and Dark Fantasy Chocolate shake with Belgian Chocolate), were launched with new packaging. The products have met with encouraging consumer response and are being extended to target markets.

'B Natural' range of juices faced a challenging year, with severe disruptions during the peak season due to the pandemic. Amidst such challenging circumstances, B Natural range of juices continued to deepen consumer connect by leveraging its 'goodness of fruit and fibre' proposition. The B Natural range of juices was augmented with the launch of two innovative variants (Mixed Fruit+ and Orange+) addressing immunity needs in partnership with Amway. The immunity range has met with encouraging response from discerning consumers. Partnerships with alternate delivery channels enhanced product availability in spite of disruptions in traditional trade channels. The sourcing strength of your Company's Agri Business was leveraged for procuring the raw materials from over 3000 small and marginal farmers from Tamil Nadu, Andhra Pradesh, Maharashtra and Gujarat.

The B Natural range of juices was augmented with the launch of two innovative variants (Mixed Fruit+ and Orange+) addressing immunity needs, in partnership with Amway. B Natural leverages the sourcing strength of your Company's Agri Business for procuring raw materials from over 3000 small and marginal farmers.

Report of the Board of Directors

- In the Chocolates, Coffee & Confectionery Business, the Confectionery category was severely impacted as out-of-home consumption fell sharply in the first half of the financial year. Limited functioning of the convenience channels and prolonged closure of schools also exacerbated the situation. The category witnessed progressive recovery in the second half of the year with easing of restrictions. Product portfolio was augmented with the launch of a new jelly-based variant, ‘Candyman Jelimals Immunoz’, with immunity-boosting vitamin-C and zinc, which received encouraging response. Several variants in multi-unit packs were launched in line with the increasing trend of at-home consumption. The category launched a new variant, ‘Mini Treats’ under the ‘Candyman Fantastik’ brand, to address the growing demand for home snacking which is receiving encouraging response.

‘Fabelle’ chocolates continue to receive excellent response from discerning consumers setting new benchmarks in the luxury and FMCG chocolate segments. Backed by innovative brand campaigns on digital platforms, Fabelle chocolates increased its presence in stores across Karnataka and select large stores in other metro cities. During the year, availability of Fabelle was enhanced by leveraging alternate channels including the ITC e-Store, e-Commerce platforms, food delivery aggregators and the takeaway menus of ITC Hotels. The category has also expanded its presence in the popular segment with the launch of ‘Candyman Fantastik Chocobar XL’, with rich milk chocolaty taste, at convenient price points; initial response has been encouraging.

‘Sunbean’ gourmet coffee, which is available across all ITC Hotels and select e-Commerce platforms, continues to receive excellent response from discerning consumers. Sunbean Beaten Caffè, a unique ready-to-use beaten coffee paste that produces a rich, creamy, frothy cup of coffee, was well received by consumers in launch markets. Encouraged by the initial consumer response, the product is now being extended to other markets; a new variant has been introduced recently for consumers who prefer a stronger cup of coffee.

- During the year, exports recorded robust growth led by atta, biscuits and RTE despite the operational disruptions caused by the pandemic. The Business currently exports to over 50 countries.

Over the years, your Company has invested in setting up multiple Integrated Consumer Goods Manufacturing and Logistics facilities (ICML) towards augmenting its manufacturing and sourcing footprint across categories. With enhanced scale and improved capacity utilisation, these ICMLs will provide structural advantages to the Business over time, 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. Amidst unprecedented disruptions caused by the pandemic, the ICML units were amongst the first in the country to resume operations thereby ensuring availability of food products for consumers. Several ICML units received awards from leading industry bodies such

During the year, exports by the Branded Packaged Foods Businesses recorded robust growth led by atta, biscuits and Ready-To-Eat despite the operational disruptions caused by the pandemic. The Businesses currently exports to over 50 countries.

as the Confederation of Indian Industry (CII), Quality Circle Forum of India, National Convention on Quality Concepts, etc. for their high standards of safety, operational excellence and benchmarks in green and sustainable manufacturing.

Several manufacturing units of your Company's Branded Packaged Foods Businesses, competing with the best within and outside the industry, have also received over 90 prestigious awards and accolades during the year bearing testimony to your Company's focus on manufacturing excellence, safety and quality.

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 tools such as Industry 4.0 and Smart Utilities. These interventions helped in partially mitigating the escalation in input costs and 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 has 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. As stated earlier in this Report, recent announcements relating to the Production Linked Incentives (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 is well poised to strengthen its position as one of the fastest growing foods companies and the 'most trusted provider of food products' in the Indian market. 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, continue 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. Your Company has also stepped up investments in leading edge digital technologies and platforms towards delivering delightful brand experiences through personalised & contextual communication, while seamlessly integrating consumers' journey across online and offline touchpoints.

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. Recent Government announcements relating to PLI are expected to not only boost farmer incomes but also infuse fresh investments, build Indian brands for the global market and promote exports.

Report of the Board of Directors

Personal Care Products

Your Company's Personal Care Products Business posted robust growth during the year driven by several innovative and disruptive first-to-market products in the Health and Hygiene space amidst heightened concern of consumers around health and hygiene.

Demonstrating a high degree of agility and responsiveness to the market dynamics at play, the Business rapidly expanded manufacturing capacity manifold across categories - Handwash 4.5x, Sanitizers 100x, Floor Cleaner 2.3x, Soaps & Antiseptic Liquids 6x - and enhanced availability of 'Savlon' antiseptic liquid, soap, handwash, hand sanitizer and 'Fiama' handwash products in the market. The newly set-up perfume manufacturing plant at Manpura, Himachal Pradesh was re-purposed in quick time to manufacture hand sanitizers and service the increased demand. Leveraging deep consumer insights and cutting-edge R&D platforms of your Company's Life Sciences and Technology Centre, the Business launched several exciting and relevant offerings in record time under the 'Savlon' brand viz., Surface Disinfectant Spray, Clothes Disinfectant and Refreshing Spray, Spray and Wipe, Multi-purpose Disinfectant Liquid, Germ Protection Wipes, Face Mask, 'Hexa' range of soaps and hand sanitizing liquid. These products received excellent consumer response and have been scaled up across markets. The development and the subsequent launch of these products across India in a short span of time, is a testament to your Company's superior insight discovery processes, innovative capacity and robust product development platforms nurtured over the years to address evolving consumer needs.

'Savlon' witnessed significant growth in revenue and reached nearly ₹ 1200 crores in terms of consumer

spends during the year. The brand has expanded its germ protection equity from 'Skin First' to 'Surface Hygiene' as well. The strong growth in revenues was driven by existing categories of soaps, handwashes and antiseptic liquids as well as through agile innovation in the surface disinfectants space and germ protection products like wipes and masks. These products, which have been crafted using advanced technology, provide effective protection against a wide range of germs including the Coronavirus. Savlon Surface Disinfectant Spray, a first-to-market offering, was rapidly scaled up across markets achieving clear market leadership. The brand also strengthened its foothold in the Personal Wash & Hygiene category with the launch of the Savlon Hexa range of soaps and sanitizers.

The Business remained focused on building a future ready portfolio, strengthening its position in the Liquid Personal Wash space during the year. Savlon Handwash grew well ahead of the industry and Fiama Shower Gels also consolidated its position as the second largest brand in the Liquid Bodywash category.

The Business continued to expand its presence in the Home Hygiene segment by leveraging the 'Nimyle' brand and the 'Nim' equity. During the year, Nimyle witnessed strong growth in the operating markets of the East, achieving leadership position in West Bengal and Odisha in the Floor Cleaner category. The brand gained good traction in new markets in the South. Product range was augmented with the launch of a differentiated lemongrass fragrance variant which has received encouraging response from consumers. During the year, the Business expanded its presence in the Home Hygiene space with the launch of 'Nimwash' which is a 100% natural action vegetable

Demonstrating a high degree of agility and responsiveness, the Personal Care Products Business rapidly expanded manufacturing capacity manifold across categories - Handwash 4.5x, Sanitizers 100x, Floor Cleaner 2.3x, Soaps & Antiseptic Liquids 6x - and enhanced availability of 'Savlon' antiseptic liquid, soap, handwash, hand sanitizer and 'Fiama' handwash products in the market.

and fruit wash liquid made with neem and citrus extracts. The products are gaining traction and are being scaled up. Leveraging the equity of 'Nim', the Business has also recently launched 'Nimeasy' - an enzyme-based eco-friendly dish wash gel, which enables a powerful lift off action that reduces the need for scrubbing and eases removal of greasy/oily food particles, removes food malodour and washes away bacteria from the surface of the utensils. The product has received encouraging response.

Accreditation by globally acclaimed laboratories has further strengthened the efficacy credentials of the Savlon, Nimyle and Nimwash range of products with regard to their ability to protect from 99.9% germs including Coronavirus.

The Fragrances category which witnessed significant decline in demand due to pandemic induced restrictions on mobility, recovered in the second half of the year, resulting in sequential increase in sales of 'Engage' perfumes and deodorants. Over the years, your Company has established itself as the clear leader in the pocket perfume segment and the second largest player in the industry overall. This has been achieved on the back of a range of differentiated products and disruptive innovations anchored on the twin vectors of 'affordability' and 'convenience' towards driving category expansion. The world-class range of masstige perfumes, 'Engage L'amante', has been well received by discerning consumers. The fragrances category with its robust portfolio and compelling value proposition is well positioned to bounce back as the situation normalises.

The Business continued to strengthen its presence in the premium skincare space through its 'Dermafique' brand and in the popular space through 'Charmis'.

The premium skincare segment was adversely affected especially in the first half of the year due to the pandemic. A focused digital-first approach adopted by the Business aided revival of demand in the second half. The Dermafique range was augmented with the launch of bio-cellulose face masks – co-designed by dermatologists and made from bio-degradable fibres derived from 100% natural coconut water using patented technology, redefining the ordinary sheet masking experience. Leveraging the deep radiance technology developed at your Company's state-of-the-art Life Sciences and Technology Centre and Charmis' Skin Care equity, the Business launched the 'Charmis Radiance Range' of face wash, face serum and hand cream in target markets.

The Business continued to leverage creative brand campaigns and social media platforms towards deepening consumer engagement. Vivel's 'Voice of Art' Campaign on gender equality won Gold in Drivers of Digital Awards for best innovation and creativity in social media and best content in marketing. Savlon's #NoHandsUnwashed Campaign won Gold at The Indian Public Relations and Corporate Communications Conference and Silver at Mad Over Marketing Awards for Best Public Awareness Campaign. The Cannes Lions Creativity Report listed the Savlon's signature campaign – Healthy Hands Chalk Sticks amongst the decade's most iconic works.

The Business continues to accord the highest priority to manufacturing excellence. All the three Company-owned units at Haridwar, Manpura and Guwahati continued to be Five-S certified by the Quality Circle Forum of India. The Guwahati unit also won Par Excellence Award in the National Convention on Quality Concepts, 2020 for project on sustenance of Five-S.

['Savlon' witnessed significant growth in revenue and reached nearly ₹ 1200 crores in terms of consumer spends during the year. The Cannes Lions Creativity Report listed the Savlon's signature campaign – Healthy Hands Chalk Sticks – amongst the decade's most iconic works.]

Report of the Board of Directors

Your Company's strategic focus in recent years has been to invest behind emerging need spaces spanning health & hygiene, naturals and liquids. This has been supported by cutting edge innovation, superior consumer insight discovery processes, purpose-led brands and impactful communication in digital and conventional media. Access to institutional strengths such as robust R&D platforms resident in LSTC, packaging knowhow and your Company's multi-channel distribution network continue to be leveraged to rapidly scale up the business. The pandemic has resulted in heightened awareness and enhanced demand for products addressing hygiene needs of consumers. 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 was severely impacted during the year due to COVID-19 induced lockdowns and closure of educational institutions for a major part of the year. The Business expanded the reach of its products by including grocery, independent stores and rural stockists in both urban and semi-urban markets as the traditional stationery outlets were largely non-operational. Presence in e-Commerce platforms was expanded to sustain leadership and ensure consistent availability of the relevant product mix in the notebooks segment. Notwithstanding the challenging business environment, the Business sustained its clear market leadership position in the industry demonstrating a high degree of agility and responsiveness across the value chain in dealing with heightened uncertainties posed by the pandemic.

The Business remained focused on developing and launching innovative and superior quality products in the market by leveraging robust product development platforms in collaboration with your Company's Life Sciences and Technology Centre. Several initiatives were launched during the year in line with the Business's strong commitment of partnering with students in their journey of learning and development. Product portfolio was augmented with the launch of 'Classmate Interaktiv' series with 'Origami theme' as the first in the series of engagement-based notebooks, encouraging students to learn through 'Do It Yourself' activities. With prolonged closure of educational institutions, this exciting range of notebooks also played a significant role in enhancing the activity and engagement levels of students during the pandemic. The 'Paperkraft' range was enriched with the launch of premium pens. The Business continued to strengthen its reach in the college and value segments of the notebook industry through 'Classmate Pulse' and 'Saathi' brands respectively.

The Business continued to deepen consumer engagement through Classmateshop.com, a first-to-market initiative that offers personalised notebook covers and has elicited encouraging response. The unique 'MyClassmate' app is being enriched with powerful new features focusing on cognitive and co-curricular skill development in a storytelling and gamified format.

The robust distribution network of your Company was leveraged to achieve higher productivity and capture demand in non-traditional channels through outlet and market expansion. During the year, the Business continuously engaged with a large number of customers towards managing the heightened

Accreditation by globally acclaimed laboratories has further strengthened the efficacy credentials of the Savlon, Nimyle and Nimwash range of products with regard to their ability to protect from 99.9% germs including Coronavirus.

uncertainties in the business environment while also addressing market opportunities with agility. The Business also deployed aggressive cost reduction measures which helped in partially mitigating the impact of negative operating leverage. Proactive management of inventory and receivables was another key focus area that helped reduce working capital intensity and manage risks associated with a highly uncertain operating environment.

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 Paperkraft range of notebooks using Forest Stewardship Council (FSC) certified paper, made at your Company's paper mill, benchmarking with the best paper quality in the world.

With over 250 million school going students and 1.7 million schools, India has one of the largest education systems in the world. The Indian Education and Stationery Products industry holds immense growth potential driven by growing literacy, increasing enrolment ratios, Government's thrust on the education sector and a favourable demographic profile of the country's population. The New Education Policy approved in July, 2020 is expected to transform the education sector and in-school education which augurs well for the Education and Stationery Products industry.

The second wave of COVID-19 has heightened the uncertainty around the timing of resumption of physical schooling and normalisation of business environment. Notwithstanding the challenges in the short-term, your Company, with its strong brands

and robust product portfolio, product innovations, collaborative linkages with small & medium enterprises and superior distribution network is well poised to strengthen its leadership position in the industry.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti industry witnessed significant challenges in the wake of the COVID-19 pandemic marked by severe disruptions in market and outlet operations across the country along with a drop in 'out-of-home' consumption due to closure of temples. There was a visible shift in consumer behaviour towards trusted and credible brands and 'value for money' packs.

Despite the headwinds faced due to Covid-induced restrictions especially in the first quarter, 'Mangaldeep' Agarbattis and Dhoop bounced back strongly, resulting in enhanced household penetration and market standing for the brand with all-round improvement in brand health measures. The Business remained focused on driving brand salience through targeted marketing investments and a differentiated, superior product experience with deep connect to devotion. Proactive steps were also taken towards driving product mix enrichment and cost optimisation.

With a vision to enable the pursuit of devotion for every Indian, Mangaldeep focused its brand interventions on digital media to reach out to consumers who were unable to visit temples due to restrictions on mobility. Mangaldeep initiated live Pujas leveraging the Facebook live platform to create an emotional connect with devotees – the initiative met with encouraging response from consumers. The Mangaldeep devotional app continues to play a key

The Education and Stationery products industry was severely impacted during the year due to COVID-19 induced lockdowns and closure of educational institutions for a major part of the year.

Report of the Board of Directors

role in the devotional journey of consumers. The app, which has garnered nearly one million downloads, has been enriched with the inclusion of 'Life Lessons from the Gita' - a podcast series on interpretations of shlokas from the holy Bhagwad Gita. The app is now available in four more countries - Australia, Singapore, United Kingdom and South Africa, connecting the Indian diaspora with their rich culture and heritage.

Category first innovations during the year include the launch of first-to-market fragrance - Mangaldeep Marigold and innovations in new product formats such as Mangaldeep Treya Cup Sambrani (fragranced cups in Sambrani format). The Business also launched new variants under the Mangaldeep Temple 'Fragrance of God' range anchored on the core proposition of 'bringing home the divinity of the temple'.

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'. To augment the import substitution and develop a reliable domestic agarbatti stick manufacturing value chain, the Business has been working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies of state governments, for cultivating bamboo plantations. The bamboo species required to make agarbatti sticks, are being grown in the states of Tripura, Assam, Maharashtra, Uttarakhand and Karnataka. The first harvest of bamboo poles from the North East is expected to be available for conversion into agarbatti sticks in the near future. The proactive measures implemented by

your Company, as highlighted above, sub-serve the national priorities of employment generation and provide a source of competitive advantage to the Business while generating superior incomes for bamboo farmers in the agarbatti stick and raw batti manufacturing value chain.

While demand conditions in the Safety Matches industry remained sluggish, the Business strengthened its market leadership position through agile supply chain operations during lockdown, portfolio premiumisation and by leveraging a robust portfolio of offerings across market segments. The strong distribution network of your Company ensured continuous availability of its products amidst disruption in market operations. It is pertinent to note that with effect from 1st April, 2020, GST rates for all safety matches irrespective of process of manufacture (mechanised/semi-mechanised units and 'handmade' safety matches) have been harmonised at 12% compared to 18% for mechanised/semi-mechanised and 5% for handmade matches earlier. The harmonised rates offer a level playing field for all players. The Business continues to focus on enhancing the salience of value-added products in its portfolio and enhance supply chain efficiency by sourcing products manufactured closer to market.

TRADE MARKETING & DISTRIBUTION

The outbreak of COVID-19 pandemic and unprecedented disruptions caused by resultant lockdowns – closure of outlets, restrictions on mobility of people and goods, curbs on working hours – posed significant distribution challenges during the year. Your Company's Trade Marketing & Distribution (TM&D) vertical demonstrated a high degree of agility and responsiveness to resume operations expeditiously

The Mangaldeep devotional app, which has garnered nearly one million downloads, has been enriched with the inclusion of a podcast series on 'Life Lessons from the Gita'. The app is now also available in Australia, Singapore, United Kingdom and South Africa, connecting the Indian diaspora with their rich culture and heritage.

while ensuring safe working conditions for employees, trade partners and their associates. Amidst heightened uncertainty and market disruptions, TM&D ensured efficient market servicing and availability of your Company's products through concerted actions across all nodes of operations. This includes extension of support to trade partners, realignment of the distribution infrastructure, deployment of innovative delivery models, strategic partnerships and enhanced usage of digital technologies.

In response to the high degree of variability in demand under the circumstances, TM&D adopted shorter demand planning cycles, leveraged data analytics for sharper demand forecasts, focused on fewer large runner SKUs, activated delivery routing options and pro-actively managed working capital deployed in the business. Nearly two-thirds of the throughput during the lockdown phase was delivered direct-to-customer/ market from factories to reduce transit time and ensure timely access to your Company's products.

Your Company was amongst the first in the industry to launch an online ordering system for retailers to mitigate the disruption in sales operations. Customers were facilitated by TM&D to scale up tele-calling and WhatsApp based order taking from retailers. Your Company also pioneered an innovative model - 'ITC Store on Wheels' - to directly service consumers in residential complexes. The initiative catered to over 900 residential societies in top markets. The exclusive 'ITC e-store', launched just prior to the country wide lockdown, was also leveraged to provide on demand access to consumers in select markets. Your Company also enhanced the presence of its product portfolio in alternative channels and entered into collaboration with new partners (viz., Dominos, Swiggy, Zomato and Dunzo) to efficiently service consumers.

The dynamic interplay of diverse demographic profiles, vast geographical landscape, multiplicity of channels, varied consumer preferences along with socio-economic factors pose a high degree of complexity for distribution of FMCG products in India. Given the diverse set of needs and challenges associated with each channel, TM&D has crafted channel-specific strategies to efficiently service consumers across the country. TM&D continues to leverage the critical insights into consumer behaviour and channel-specific trends it has gained over the years, to deliver superior performance in terms of availability, visibility and freshness. The rapid growth of Modern Trade and e-Commerce channels, 'Out-of-Home' & 'On-the-Go' consumption and the growing importance of chemists and specialty outlets in recent years, has warranted crafting of differentiated market/outlet specific strategies to seize the emergent opportunities.

The Food Service and Institutional channels witnessed a protracted recovery cycle due to pandemic induced restrictions. However, with the easing of restrictions and increased mobility, there has been a progressive recovery in these channels during the second half of the year.

The availability of your Company's products in over six million retail outlets across various trade channels in the country is facilitated by its robust distribution network which was further strengthened during the year with the addition of more markets and outlets to its service base. Market and outlet coverage were stepped up to appx. 1.3x and 1.1x respectively compared to pre-Covid levels. The pandemic triggered large scale reverse migration to rural/semi-urban clusters fuelling higher demand in such markets. During the year, your Company focused on driving

The Agarbatti Business promotes import substitution and backward integration by sourcing raw material and supporting the manufacture of raw batis using indigenous inputs. The Business has been working closely with the Governments in Tripura, Assam, Maharashtra, Uttarakhand and Karnataka where the bamboo species required for agarbatti manufacture are being grown.

Report of the Board of Directors

rural distribution by strengthening its direct distribution network in identified markets on the basis of socio-economic indicators and market potential. This was supported through a hub & spoke distribution model with the expansion of the rural stockists network to 1.9x of pre-Covid levels in the focus markets. Your Company's extensive e-Choupal network was 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 in the wholesale channel and sharp targeting rural markets in certain states that witnessed reverse migration due to the pandemic, leading to robust growth in rural sales.

Demand in the urban areas was relatively more impacted, particularly during the first half of the year, due to pandemic-induced restrictions and exodus of migrant workers to rural areas as aforementioned. With economic activity gaining pace during the second half and migrant workers returning to work, urban markets witnessed revival in demand. Customised servicing and retail engagement programmes were deployed by TM&D to stimulate demand for your Company's products with enhanced focus on premium grocery outlets. Further, chemist outlets coverage was scaled up by nearly 50% driven by the health and hygiene category.

During the year, TM&D continued to focus on enhancing availability in markets proximal to its ICMLs. Over the last three years, your Company has rapidly expanded its footprint with 40% increase in its service base in markets proximal to ICMLs. This was facilitated by driving awareness levels, product trial generation, expansion of distribution and consumer promotions.

The year was a mixed bag for the Modern Trade channel. After a surge in buying by consumers in the initial stages of the lockdown, there was a dramatic drop in footfalls as consumers began avoiding crowded spaces. Temporary discontinuation of operations by some of the key retail chains exacerbated the situation. On the other hand, the Cash and Carry format, which deals in the B2B space, stepped in to fill the void created by disruption in wholesale trade. Your Company's business with Modern Trade continued to grow ahead of the industry on the back of a format-based assortment approach catering to the needs of a diverse set of shoppers and category specific sell-out strategies. This was further aided by close collaboration on supply chain management which led to enhanced operational and execution efficiencies.

As stated earlier in this Report, the pandemic boosted the e-Commerce channel as consumers sought to fulfil their needs from the safety of their homes during the lockdown period. Significant increase in internet penetration, growing popularity of digital payments, attractive loyalty programmes, wide assortment of products and faster deliveries continue to drive the rising salience of this channel. Anticipating the increase in consumer preference for 'contactless shopping' and home delivery, your Company proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right SKUs and product assortments. Sales through the e-Commerce channel more than doubled during the year, taking its salience to over 5% of Segment Revenue.

Your Company collaborated with the leading e-Commerce platforms on all aspects of operations i.e. category development, marketing, supply chain and customer acquisition. This was augmented

The availability of ITC's products in over six million retail outlets across various trade channels in the country is facilitated by its robust distribution network. Market and outlet coverage were stepped up during the year to appx. 1.3x and 1.1x, respectively, compared to pre-Covid levels.

by development of exclusive and relevant pack assortments, capability building to execute plans to drive 'Digital First' brands and platform discoverability through jointly curated campaigns. Joint Business Plans built and executed in close co-ordination with the e-Commerce platforms further consolidated the market standing of your Company. Besides, the presence of your Company's brands in health and hygiene space was strengthened on the specialist e-pharma 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. During the year, your Company executed more than 120 new product launches across geographies apart from extending distribution reach of several existing products in the portfolio.

TM&D continues to leverage digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Recent initiatives include UNNATI (eB2B App) and VIRU (Virtual Salesman App) platforms, which facilitate digital ordering and trade engagement; direct-to-consumer e-Commerce platform (ITC e-Store); WhatsApp based chatbot (ITC Storelocator) enabling easier access for consumers to your Company's products in their vicinity; deployment of innovative delivery models and use of alternate channels (ITC Store-on-Wheels) and use of AI/ML for outlet level actionable insights, etc. The 'ITC One Supply Chain' initiative continued to be leveraged to drive supply chain cost optimisation on the back of digital technologies and scale benefits.

Technology enablement in the form of customised mobility solutions, routing solutions, machine learning algorithms, efficient transaction processing and data analytics comprising insightful visualisation tools and predictive analysis are being leveraged increasingly to enable quick and accurate data capture, informed decision making in real time, scientific design of trade inputs and drive sales.

A virtual summit on 'Digital Enablement for Kirana Outlets' to educate and upskill retailers on best practices in retail management was organised by your Company during the year. The summit saw an overwhelming participation of over 1500 retailers, securing a place in the GUINNESS WORLD RECORDS® for 'Most viewers for a retail management live stream on a bespoke platform'.

Several interventions were undertaken by TM&D during the year to reduce distribution cost and, enhance operational efficiency and productivity. These include increase in direct shipments from factories to customers, direct delivery to Modern Trade stores, deployment of dedicated vehicles, palletisation, efficient freight procurement and deployment of IOT Technology to improve turnaround times. The initiatives helped in mitigating the increase in logistics costs as a result of a steep rise in global crude oil prices during the year.

Notwithstanding the disruptions caused by the pandemic, your Company made steady progress during the year in setting up state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLF). The AMLF located in your Company's Pudukkottai manufacturing complex has been recently commissioned and another one at Kapurthala is expected to be commissioned in the near future.

Anticipating the increase in consumer preference for 'contactless shopping' and home delivery, your Company proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right SKUs and product assortments. Sales through the e-Commerce channel more than doubled during the year.

Report of the Board of Directors

These state-of-the-art automated facilities co-located with the ICMLs will provide several benefits including inventory optimisation and improved reliability of supplies, 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 robust 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.

HOTELS

The Travel & Tourism industry, which accounted for appx. 10.5% of global GDP and 10% of employment in 2019, ranked amongst the most severely impacted sectors due to the COVID-19 pandemic. As per the World Travel and Tourism Council, Travel & Tourism GDP contracted steeply by 49.1% in 2020 along with appx. 62 million job losses. According to the UNWTO World Tourism Barometer, 2020 was the worst year on record in the history of tourism, with losses estimated at 10 times higher than that caused by the Global Financial Crisis of 2007-08.

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-Covid levels), translating to ₹ 20 lakh crores per annum. The extensive tourism value chain spanning hotels, travel agents, airlines, tour operators, tourism destinations restaurants, tourist transporters and guides, etc. results in a huge economic multiplier impact, ranking it amongst the highest across industries on this count. As per estimates of the Federation of Associations in Indian Tourism & Hospitality, the sector accounts for around 10% to 12% of the country's employment, directly and indirectly.

The Indian hospitality industry was significantly impacted during the year due to severe restrictions on domestic and international travel and heightened sensitivity around hygiene and social distancing norms. Domestic Air Passenger traffic declined by over 50% and international tourist arrivals degrew by 97% during the period April-December, 2020, leading to low room demand. Consequently, several hotels had to either temporarily close down or scale down operations especially in the first half of the year.

With gradual withdrawal of restrictions, albeit with strict guidelines and protocols, the hospitality sector witnessed partial revival led by domestic leisure tourism and motorable destinations around large cities. The hospitality industry staged a progressive recovery with room occupancies and food & beverage (F&B) revenue picking up in the latter half of the year. Health and safety remained prime concerns for consumers resulting in emergence of new service standards viz. improved sanitization procedures, social distancing protocols and contactless solutions.

Your Company's Trade Marketing & Distribution vertical continues to leverage digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers.

Responding with agility to the dynamic situation, the Business swiftly re-engineered operating protocols for enhanced health, safety & hygiene, augmented revenue streams and deployed aggressive cost reduction measures to cushion the impact of the headwinds facing the industry. The 'WeAssure' programme, designed in collaboration with medical professionals and disinfectant experts, was rolled out to reassure guests and to provide best-in-class experience in hygiene and safety at your Company's iconic Hotels. Under this initiative, stringent protocols and visible markers of safety across all guest touch points have been implemented demonstrating ITC Hotels' commitment to well-being and safety of all its stakeholders. Further, investments in digital assets and contactless technologies were made to significantly reduce physical touchpoints with guests during check-in, check-out, stay and usage of F&B facilities. State-of-the-art technology has been deployed to provide a pathogen-free environment in each property, thereby re-assuring guests and associates of the highest standards of safety. The programme, certified by M/s. DNV (one of the world's leading certification bodies), is benchmarked to world-class standards in the areas of health, hygiene, safety & pathogen management, and achieved a Platinum Level certification. The 'WeAssure' programme was also recognised as the Best Safety Protocol programme by the readers of Travel + Leisure India & South Asia 2020-21.

The Business launched a host of curated offerings across accommodation, dining and banqueting to augment revenues and mitigate the impact of low occupancy across properties. These include introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE (meetings,

incentives, conferencing, exhibitions) segment, extension of additional benefits to members of the Club ITC loyalty programme and launch of 'Gourmet Couch' and 'Flavours' home delivery/takeaway offerings.

The Gourmet Couch menu brings a medley of the finest cuisines from the signature restaurants of ITC Hotels for diners in all major cities in India. The Business also partnered with food delivery platforms 'Zomato' and 'Swiggy' to enable wider availability of the offerings. 'Gourmet Couch by ITC Hotels', was adjudged the Best 5 Star Food delivery at the Travel + Leisure India's Best Awards 2020.

Significant disruptions in operations were manifest in the financial performance of the Business. Segment Revenue for the year stood at ₹ 627.51 crores representing a degrowth of 66% while Segment EBITDA turned negative at ₹ 268.60 crores compared to ₹ 419.88 crores in the previous year. A combination of interventions spanning augmentation of revenue streams, customised packages and an aggressive cost reduction programme helped partially mitigate the impact of low occupancies and room rates. Progressive improvement in mobility, strong demand for leisure properties along with robust wedding business led to a smart sequential recovery and the Business turning EBITDA positive in the second half of the year.

Your Company's Hotels Business remains amongst one of the fastest growing hospitality chains in the country with 107 properties and over 10,200 rooms under four distinct brands - 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the Upper-Upscale segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure and Heritage segment. Travel + Leisure India's Best Awards 2020

The 'WeAssure' programme, designed in collaboration with medical professionals and disinfectant experts, was rolled out to provide best-in-class hygiene and safety experience at your Company's iconic Hotels. The programme achieved a Platinum Level certification from DNV.

Report of the Board of Directors

acknowledged ITC Hotels as the Best Luxury Hotel Chain in India.

The F&B segment continues to be a major strength of your Company's Hotels Business with some of the most iconic brands in the country. The Bukhara restaurant at ITC Maurya continued to feature in 'Asia's 100 Best restaurants 2021' while Avartana at ITC Grand Chola made an impressive debut in the coveted list. Dum Pukht at ITC Maurya was adjudged winner, 'Favourite Restaurant in a Hotel' in the Conde Nast Traveller Readers' Travel Awards 2020.

'Club ITC', your Company's unique loyalty programme continues to gain franchise amongst the premium clientele of ITC hotels. For ease-of-use and flexibility, Club ITC adopted a digital-first approach besides introducing additional benefits and privileges. The programme continues to strengthen its strategic partnership with Marriott Bonvoy, the combined loyalty programme of Marriott International. The dining loyalty programme - 'Club ITC Culinaire' - continued to service members through food delivery options and regained membership enrolment momentum in the second half of the year.

The world-class ambience of your Company's luxury hotels continues to be leveraged for the gourmet luxury chocolates under the Fabelle brand with exclusive boutiques across eight ITC Hotels and kiosks at four Welcomhotels. The Fabelle chocolate boutiques offer a range of exquisitely crafted desserts and cocoa beverages, created live by Fabelle Master Chocolatiers.

In the Upper-Upscale segment, the 'Welcomhotel' brand continues to strengthen market standing driven by its refreshed and distinctive positioning of offering 'Enriching Experiences'. During the year, three hotels

were added to the Welcomhotel portfolio of managed properties - Welcomhotel Bay Island in Port Blair, designed by the world renowned architect Late Charles Correa; Welcomhotel Shimla, nestled amidst the Himalayas; and Welcomhotel Ahmedabad offering exquisite experiences across culture, cuisine and nature. The Welcomhotel portfolio of 19 hotels and over 2,100 keys is poised to scale up further with the addition of several new properties in the near term, in line with the 'asset-right' 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 3000 rooms across 35 cities. The 'WelcomHeritage' brand retains its leadership as the country's most successful and largest chain of heritage hotels with an operational inventory of 35 hotels comprising over 900 rooms.

The Business continues to make digital investments towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency. During the year, the Business deployed a contemporary cloud-based central reservation and distribution system, which provides seamless distribution of inventory across multiple channels including global distribution systems, voice, brand website, online travel agents, etc. for all owned and managed properties. The Business also augmented the brand website with mobile-first design to enhance customer experience. Aided by a state-of-the-art booking engine and advanced analytics, the refreshed website serves as a single window platform to make bookings across all the four brands of your Company's Hotels Business.

The Hotels Business launched a host of curated offerings, including introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE segment and launch of 'Gourmet Couch' and 'Flavours' home delivery/takeaway offerings, among others.

The brand website continues to be an integral channel of communication with the customers. With targeted social media communication, the Business heightened guest engagement including amplified messaging towards the new protocols on health, hygiene & safety. Your Company continues to invest behind world-class integrated technologies including mobile app and web-based solutions to provide best-in-class guest experience and enhance operational efficiency.

Your Company's 'Triple Bottom Line' philosophy is manifest in the Hotels Business's 'Responsible Luxury' ethos, making it a pioneer in luxury hoteliering globally. The Business continuously strives to reduce water and energy consumption, and enhance the usage of renewable energy to meet its overall energy requirements. Currently, energy requirements in several ITC hotels are being fully met through renewable sources and plans are on the anvil to scale up the same.

As a testament to your Company's 'Responsible Luxury' ethos and 'Triple Bottom Line' philosophy, ITC Windsor, Bengaluru, became the first hotel in the world to receive the prestigious LEED Zero Carbon Certification. Awarded by US Green Building Council (USGBC), this certification recognises buildings operating with net zero carbon emissions.

Around the early 2000s, your Company had embarked upon an aggressive investment-led growth strategy to rapidly expand its footprints in the luxury and Upper Upscale segments of the Indian hospitality industry. Since then, your Company has added 13 iconic properties comprising nearly 3400 rooms; construction of another 3 properties - ITC Narmada, a Luxury Collection hotel in Ahmedabad and Welcomhotels at Bhubaneswar and Guntur - with around 500 rooms is nearing completion.

As reported earlier, your Company's 'asset-right' strategy envisages a large part of incremental room additions going forward to accrue through management contracts. The Business is witnessing growing interest amongst property owners to align with its iconic brands resulting in healthy generation of leads and pipeline for management contracts. While new signings/openings were adversely impacted during the year due to the pandemic, the Business is confident of bouncing back as the situation normalises. In this context, apart from its Welcomhotels brand, plans are on the anvil to introduce a boutique brand – 'Storii' – to offer curated travel experiences to the new age traveller.

The second wave of the pandemic has triggered a fresh round of mobility and travel restrictions leading to severe disruptions. The near-term outlook for the hospitality industry will depend largely on the return of confidence in business and leisure travel. Progress of vaccination, rate of Covid infections and easing of restrictions, will be the key monitorables in the near term. Your Company's Hotels Business has demonstrated remarkable agility in curating special offerings, augmenting new revenue streams and pursuing strategic cost management measures towards mitigating the impact of the pandemic and staged a smart recovery in the second half of the year. Some of these interventions and learnings have been embedded in business operations in the new normal, which will provide sustained benefits going forward.

Notwithstanding the short-term challenges, your Company, with the highest standards of hygiene supported by a portfolio of world-class properties, iconic cuisine brands and best-in-class levels of service anchored on 'Responsible Luxury' ethos, is well-positioned to stage a strong recovery in line with

Your Company's 'asset-right' strategy envisages a large part of incremental room additions going forward to accrue through management contracts. The Hotels Business is witnessing growing interest amongst property owners to align with its iconic brands resulting in healthy generation of leads and pipeline for management contracts.

Report of the Board of Directors

industry dynamics and sustain its pre-eminent position in the Indian Hospitality industry. Your Company will continue to aggressively pursue the asset-right strategy leveraging its brands and digital investments, focus on sweating existing assets, creating additional revenue streams and examine alternative structures towards engendering enhanced value creation.

PAPERBOARDS, PAPER AND PACKAGING

The Indian Paperboards and Paper industry was confronted with severe challenges in FY 2020-21. The onset of the COVID-19 pandemic and imposition of nationwide lockdowns severely impacted domestic demand across most end-user industries with the exception of Pharma, Laminates, e-Commerce and sectors catering to essential commodities, which remained relatively resilient. With the easing of restrictions, demand across most segments witnessed progressive recovery barring the Writing & Printing Paper segment which remained under stress due to closure of educational institutions. The Recycled Paper segment too was impacted due to a sharp drop in generation and collection of waste paper in addition to a weak demand environment. Global pulp prices were initially bullish mainly due to strong demand in the tissues segment, but corrected sharply thereafter as the global demand environment turned bearish with rapid spread of the virus. Towards the latter half of the third quarter, pulp prices firmed up again driven by Chinese demand. The Packaging Business too was impacted by the pandemic – while packaging for essential consumer goods witnessed heightened demand, packaging demand for discretionary goods such as liquor and personal care remained subdued.

Against the backdrop of a challenging environment as aforesaid, your Company delivered a competitively

superior performance in the Paperboards, Paper & Packaging segment. The Businesses proactively engaged with its customers to ensure continuity of supplies as its first priority. In recent years, the Business has made several strategic investments in areas such as pulp import substitution, proactive capacity augmentation in Value Added Paperboards (VAP) segment, innovation platforms focused on providing holistic & customised solutions to end-user industries and strengthening the fibre chain for securing cost-competitive wood supplies. Go-to-market strategies have also been sharpened to service customers with greater speed and agility. These augmented capabilities have made the Business stronger and more resilient and have helped it to effectively navigate the emergent challenges in the aftermath of the pandemic. After a challenging first half, the Businesses recovered smartly with significant sequential improvement in revenue and profitability. Robust growth in exports aided in partly offsetting the impact of a tepid domestic demand environment.

Paperboards & Specialty Papers

Global demand for Paper & Paperboards in 2020 witnessed degrowth of 12% on account of the pandemic. The decline was sharper in Writing & Printing Paper and Newsprint segments due to reduced circulation of newspapers and closure of educational institutions and commercial establishments. End-user industry segments such as essential consumer goods, Pharmaceuticals, Food Service and e-Commerce are expected to drive demand for Paperboards going forward.

The Business responded with agility ensuring expeditious commencement of operations ahead of

Several agile interventions helped ITC fortify its clear leadership of the Value Added Paperboards (VAP) segment and in consolidating its preferred supplier position amongst leading end-use customers and brands.

competition, deployment of tactical interventions in the domestic market through introduction of new products, leveraging superior distribution infrastructure and capitalising on deep engagements with end-users & large converters. Quick Service Centres (QSCs), strategically located proximal to large markets, also played a critical role in the swift resumption of operations and minimised supply discontinuity. These interventions helped your Company in fortifying its clear leadership of the VAP segment and in consolidating its preferred supplier position amongst leading end-use customers and brands. Robust growth in export volumes partially mitigated the drop in domestic demand. Recently, the Bhadrachalam unit augmented its VAP capacity by 45000 TPA which will further strengthen its market standing. The additional capacity is expected to be fully deployed in FY 2021-22.

In line with its pursuit of providing sustainable packaging solutions to customers, your Company launched antifungal soap packaging paper designed to replace single use plastics. The Business scaled up its sustainable products portfolio comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments respectively and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications. Your Company is actively engaged in developing suitable paper/paperboards as well as barrier-coated substrates that can replace single use plastics. Your Company is also a leading player in the eco-labelled products segment and premium recycled fibre-based boards space. Further, the Business has also developed antiviral paper for applications in pharma and education & stationery businesses which is in the process of commercialisation.

In FY 2020-21, the Specialty Papers segment delivered strong performance supported by robust demand for Décor papers and lower imports from China. Further, uninterrupted supply to pharma segment aided by an agile supply chain amidst disruptions in the industry helped in fortifying its market standing. During the year, the Director General of Trade Remedies initiated anti-dumping investigations on décor papers imported from China. Appropriate policy interventions to encourage higher level of import substitution will help realise the full potential of this sector.

The Business continues to make structural interventions to reduce operating costs and dependence on imported pulp. Significant increase in in-house pulp production was achieved during the year 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. Initiatives such as bund plantation and scaling up plantations in new core catchment areas in Odisha (Malkangiri) and Chhattisgarh are expected to secure cost-effective access to fibre.

The Business has been practising the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade now and has reaped substantial benefits through its Business Excellence initiatives. In recent years, the Business has made deep investments in Industry 4.0 technologies which have yielded substantial benefits in the form of higher process efficiencies, productivity enhancement, improved resource utilisation and cost reduction. Several initiatives anchored on AI/ML and advanced analytics are underway to drive structural advantages across the manufacturing and supply chain.

To provide sustainable packaging solutions to customers, the Paperboards & Specialty Papers Business scaled up its sustainable products portfolio comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications.

Report of the Board of Directors

The Industry 4.0 Centre of Excellence (CoE), established to build in-house capability in new technologies and for sustaining the benefits, is focusing on the development of new systems/platforms for archiving learnings and conducting structured and comprehensive training programmes for developing a critical mass in the Business.

The Business implemented several cost saving initiatives in order to protect margins and conserve cash in the back drop of headwinds faced by the industry due to the pandemic. These initiatives were implemented across multiple areas such as chemical optimisation in Pulp Mill and BCTMP mill, procurement efficiencies, fuel cost optimisation, etc.

During the year, the Business achieved 'Level-5 Exemplary' recognition from CII - Total Cost Management Division which confirms that the cost management systems and processes deployed by the Business are a trendsetter in the industry.

The Paperboards & Specialty Papers Business of your Company is one amongst four organisations which has been accorded the Level-5 Exemplary league recognition out of 100 organisations assessed.

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

The pioneering initiative taken by the Business to introduce a system of direct purchase of wood from

farmers with online payment enablement which facilitates transparent price discovery and enhances transactional efficiencies was further scaled up during the year – currently, close to 20% of the total wood procurement is being sourced through this system.

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 100,000 acres of plantations involving over 23,500 farmers. During the year, over 195,000 tonnes of FSC-certified wood were procured from these certified plantations. All four manufacturing units of the Business have obtained the FSC Chain of Custody certification and have complied with all the requirements during the year, thereby sustaining your Company's 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 100,000 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. Bhadrachalam Unit is the first pulp & paper plant and the second in the

The Paperboards Business has made deep investments in Industry 4.0 technologies, yielding substantial benefits in the form of higher process efficiencies, productivity enhancement, improved resource utilisation and cost reduction. Several initiatives anchored on AI/ML and advanced analytics are underway.

country overall, to be rated GreenCo Platinum+ by CII, as part of 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 '21st National Awards for Excellence in Energy Management' in the Pulp & Paper sector.

The Business 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.

The Business took several steps to ensure safe and hygienic working conditions for its employees and workers. These steps include periodic awareness and communication programmes on the importance of 'SMS' ('sanitizing', 'wearing masks' and 'social distancing'), disinfection inside mill and residential colonies, encouraging work from home and setting up of isolation wards for employees and their families infected by the virus. Steps were also taken to protect the community in the vicinity of the mills.

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented several initiatives including investments in a green boiler, soda recovery boilers, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable sources presently account for 43% of total energy consumed at the four manufacturing units. Your Company has embarked upon a pioneering initiative at the Bhadrachalam mill that seeks to replace conventional soda recovery

boilers with a state-of-the-art and future-ready High Pressure Recovery Boiler and has made steady progress towards its commissioning. Along with pulp capacity augmentation, this intervention will reduce the carbon footprint of operations through lower coal consumption.

The Business had commissioned a 46 MW wind energy project in Andhra Pradesh in July, 2014. The wind mill is currently wheeling power to various Business units of your Company located in Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Uttarakhand, Bihar, West Bengal, Maharashtra and NCR. Usage of wind energy has led to a reduction of Greenhouse Gas emission by appx. 0.92 lakh tonnes of CO₂ equivalent during the year, primarily at the Bhadrachalam Mill. As reported in previous years, while the bifurcation of erstwhile state of Andhra Pradesh into two separate states of Telangana and Andhra Pradesh was enacted in June, 2014, permission for inter-state wheeling of power was granted only in September, 2016 after several representations and discussions with the concerned authorities on the matter. The regulatory framework for levy of charges and banking of power on inter-state wheeling of renewable energy is still evolving. Consequently, your Company continues to bear charges/levies at multiple points which have weighed on the returns on this investment. Your Company continues to engage with State and Central regulatory authorities towards seeking relief from such additional levies/charges.

With progressive improvement in demand across end-user industries, the Business delivered a competitively superior performance in the second half of the year on the back of strong volume recovery to

Your Company continues to source its wood requirements from sustainable sources. All four manufacturing units of the Paperboards and Specialty Papers Business have obtained the Forest Stewardship Council Chain of Custody certification and have complied with all the requirements during the year, thereby sustaining your Company's position as the leading supplier of FSC-certified paper and paperboards in India.

Report of the Board of Directors

pre-Covid levels and improvement in margins driven by higher realisations and operational efficiencies, and lower input prices. However, the second wave of pandemic has weighed on the recovery momentum creating uncertainty in the business environment.

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

The integrated nature of the business model - comprising access to high-quality fibre, in-house pulp capacity, world-class product quality, state-of-the-art manufacturing facilities along with robust forward linkages with the Education and Stationery Products Business - is a key source of competitive advantage for your Company's Paperboards & Specialty Papers Business. Recent investments in innovation platforms, sharply focused on deploying a future-ready portfolio anchored on the development of sustainable products, and cutting-edge digital technologies to drive efficiencies and productivity will continue to be leveraged to consolidate your Company's clear leadership position in the Indian Paper and Paperboards industry.

Packaging and Printing

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

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

The year under review was particularly challenging for the Business in view of the disruptions caused by the COVID-19 pandemic and slowdown in demand across major end-user industries. Whilst exports and domestic FMCG business posted robust growth, the liquor and other discretionary segments witnessed muted demand during the year. Amidst heightened competitive intensity and sluggish economic conditions, the Business continued to aggressively pursue new business development opportunities across segments and focused on new product development to drive growth.

The Business rose to the challenge of servicing the critical packaging supplies of essential items to its domestic customers as well as that of your Company's Branded Packaged Foods and Personal Care Products Businesses. Leveraging its supply

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.

chain network and superior customer relationships, the Business also responded with agility to seize opportunities in the export markets reinforcing its position as a reliable supply chain partner in both domestic and export markets. This is a testimony not only to your Company's resilience in the face of adversity but also to the remarkable commitment of the workforce to pursue excellence in execution. During this phase of sub-optimal capacity utilisation due to supply chain bottlenecks, the Business combated the impact of negative operating leverage through improved customer and portfolio mix, enhanced operational efficiency, and relentless focus on cost reduction.

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 had taken several initiatives to develop biodegradable/recyclable packaging solutions. Key interventions in this direction include the development of a pipeline of pioneering products such as 'Bioseal' (bio-compostable packaging solution for Quick Service Restaurants, personal care and packaged foods industries) and 'Oxyblock' (a recyclable packaging solution with enhanced barrier properties for packaged foods, edible oils, etc.) which are under various stages of commercialisation. Going forward, the Business will continue to invest resources to develop sustainable packaging solutions towards meeting the increasing drive from brand owners for 'reducing, reusing and recycling' plastic packaging.

The Business continues to be acknowledged as a 'first choice packaging partner' by several reputed

FMCG companies in the country for providing superior and cost-effective packaging solutions across areas such as sustainable packaging, superior structural design and enhanced security features. 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.

The Business continues to win several awards for operational excellence and creative packaging solutions. During the year, the Business won the prestigious WorldStar awards for Aashirvaad Atta 'Breathable Wheat Flour Pack with Air Release Control' and several AsiaStar/IndiaStar awards. The manufacturing facilities at Tiruvottiyur, Haridwar and Munger maintained the highest standards in Quality and Environment, Health & Safety (EHS). All the three units are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and ISO 45001:2018, and have also received Social Accountability Certification (SA 8000:2014). Both the Tiruvottiyur and Haridwar units received the 'Grade A' 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 also received '5 star' rating for Excellence in the field of EHS from CII-SR, EHS Consistent Performer Award for securing '5 star' rating since the last 3 years from CII-SR, and CII EHS Award - First Place in the Category of Manufacturing Process by CII-SR. The Risk Management Framework of the Business was re-certified under ISO 31000:2018 during the year. The 14 MW wind energy farm in Tamil Nadu, set up in 2008, continues to provide clean

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 industry segments.

Report of the Board of Directors

energy to the Tiruvottiyur facility, contributing towards reducing your Company's carbon footprint.

Going forward, to cater to its growing customer base across the country and to further improve service levels to its customers, the Business has initiated investments to expand its manufacturing footprint in the Western region with state-of-the-art equipment for both the cartons and flexibles platforms.

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 industry segments viz. Food & Beverage, Personal Care, Home Care, Footwear, Consumer Electronics, Pharma, Liquor and Tobacco. With its comprehensive capability-set across multiple packaging platforms coupled with in-house cylinder making and blown film manufacturing lines, the Business continues to provide innovative packaging solutions to several key customers in India and overseas. Focused investments in human resource development and a distributed manufacturing footprint will fuel growth plans going forward.

AGRI BUSINESS

Leaf Tobacco

The Indian Flue Cured Virginia (FCV) crop remained relatively stable at 224 million kgs in 2020, after a secular decline over the last six years during which crop output dropped by over 30%. A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from providing a fillip to illicit trade and severely impacting the domestic legal Cigarettes industry, has exerted significant pressure on the leaf tobacco crop grown in India. This, together with lower

export incentives in India, excess production and relative weakness of currencies in certain competing geographies has culminated in reduced demand for Indian tobacco in international markets. This is reflected in the decline in leaf tobacco exports by around 26% over the last seven years – from 236 million kgs. in FY 2013-14 to appx. 175 million kgs. in FY 2020-21. A stable domestic base of demand for leaf tobacco would be critical in enabling the Indian farmer to weather the volatility associated with international markets.

The COVID-19 pandemic posed several operational challenges. The Business mitigated the same with agility and ensured continuity in operations across all nodes while strictly adhering to comprehensive safety protocols. Opportunities to drive revenue were captured by responding to customers' needs with speed and agility, meeting exigent demand of mid-tier manufacturers by rapidly re-orienting internal processes, and facilitating remote inspections for all major customers leveraging digital technologies.

Against the backdrop of a challenging business environment, the Business continued to leverage its crop development expertise, superior product quality and world-class processing facilities and consolidated its leadership position in the Indian leaf tobacco industry. New business development and enhanced value delivery to existing customers enabled the Business to sustain its pre-eminent position as the largest Indian exporter of unmanufactured tobacco. The Business also continued to provide strategic sourcing support to your Company's Cigarettes Business, meeting all requirements during the year at competitive prices.

Strategic cost management across the value chain continues to be a key focus area for the Business.

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.

The digitally powered real time system continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented in recent years have led to substantial benefits including improvement in processing yields and manufacturing efficiencies, reduction in specific consumption of power and logistics cost optimisation.

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 and climate smart farming techniques 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 FCV tobacco.

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 (GLT) plants at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. The energy needs of all three GLTs are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path.

The Business remains committed to the highest standards of EHS and quality and continues to win recognition in these areas. During the year, the Business won the National Energy Management

Award from CII for Excellence in Energy Management and 'Significant Achievement in Employee Relations Award' from Employers' Federation of India.

A sharp fall in domestic crop output, sustained pressure on domestic legal cigarette volumes due to steep escalation in tax incidence and stringent regulations, and decline in leaf tobacco exports, as aforesaid, have led to severe stress on farmer earnings which have declined by over ₹ 6000 crores in the last six years since 2014. 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. 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 relatively unfavourable import duty in several markets including the USA, Europe and Russia 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 Indian tobacco exports 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

The energy needs of all three Green Leaf Threshing plants are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path.

Report of the Board of Directors

strong R&D capability, modern processing facilities, crop development and extension expertise and deep understanding of customer and farmer needs, your Company is well poised to sustain its position as a world-class leaf tobacco organisation.

Other Agri Commodities

The imposition of lockdowns and mobility restrictions consequent to the onset of COVID-19 pandemic resulted in significant disruptions across the agriculture value chain besides causing higher volatility in agri-commodity prices. Amidst such unprecedented circumstances, the Business responded with agility and swiftly resumed operations across all nodes by the first week of April, 2020 itself. To ensure availability of essential commodities, provide steady support to the Branded Packaged Foods Businesses of your Company and also to support the agri sector during such a critical time, the Business secured the requisite permissions expeditiously and ramped up agri operations including direct buying from farmers. Leveraging its e-Choupal network, the Business acted with agility and expanded the number of buying locations to overcome operational challenges during the initial phase of the lockdown. The Business leveraged its robust supply chain network and ensured transportation through multiple modes ably supported by its trade partners. Strict adherence with safety protocols was ensured for the well-being and safety of employees and supply chain partners.

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 3 million tonnes in 22 states and over 20 agri-value chain clusters. The strategic focus of the Business in recent years has been to accelerate growth and enhance value capture

by rapidly developing and scaling up its Value-Added Agri Products (VAAP) portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The Business continues to leverage its deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceable and identity-preserved sourcing of agri-commodities.

- 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 food safe markets, as reflected in a strong growth in exports on the back of addition of new customers and foray into new markets such as Malaysia and Ecuador. The domestic business too posted a robust growth driven by higher offtake from large players in foods business. The Business also 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 foray into the organic spices segment, with the entire value-chain

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 3 million tonnes in 22 states and over 20 agri-value chain clusters.

certified by Control Union, Switzerland, providing assurance on product authenticity and compliance with stringent norms in the USA, EU and Indian markets. The Business continues to pursue sustainable farm management practices anchored on Rainforest Alliance and Global GAP accreditation. The Business was awarded first prize by Food Future Foundation supported by CII's Food and Agriculture Centre of Excellence (FACE) for sustainable sourcing of spices.

- During the year, the Coffee business was subdued due to the impact of COVID-19 induced restrictions. Exports to the European and Middle East markets were affected during the year due to prolonged lockdowns. Leveraging its strategic presence in key coffee producing regions in India, deep sourcing expertise, knowledge of estate and region-specific characteristics and supply chain linkages, the Business increased its focus on value-added offerings including coffee certified by Rainforest Alliance, Specialty and Monsooned coffee. Apart from servicing the needs of leading coffee houses in the value-added space, these supply chain linkages are also being leveraged to source the high quality coffee grades customised to the needs of your Company's gourmet coffee brand, 'Sunbean'.
- Your Company is a leading exporter 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 standards prevalent in developed markets such as USA, EU and Japan. However, significant disruption in the supply chain in the aftermath of the COVID-19 pandemic, both in India and in key destination

markets, impacted exports during the year.

Leveraging its deep understanding and sourcing expertise, the Business recently forayed into the domestic retail segment with its 'ITC Master Chef' range of 'Super Safe' frozen prawns. The product has been well received by consumers and continues to gain steady traction.

- In the processed fruits category, the Business sustained its leadership position in exports of certified mango pulp. The scale and scope of the projects involving supply of certified products continue to be expanded through a robust collaborative network comprising over 3000 small and marginal farmers spanning four states in India.

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 and spices. As these businesses develop critical mass, the Business is also scaling up end-to-end presence across the value chain, supported by R&D capabilities of your Company's Life Sciences and Technology Centre and external collaborations.

- During the previous year, leveraging its extensive sourcing and product development capabilities and ability to supply consistent quality products, your Company had forayed into the Bulk Staples business catering to the Food Service channel. While disruptions in Food Service industry due to the pandemic adversely impacted customer offtake during the year, the Business is well poised to rapidly scale up its presence in this segment as the situation normalises. During the year, the Business developed customised specialty flour for value-added end-use and for the growing Food Service space across six major metro markets through an

The strategic focus of the Agri Business in recent years has been to accelerate growth and enhance value capture by rapidly developing and scaling up its Value-Added Agri Products (VAAP) portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others.

Report of the Board of Directors

ecosystem of custom manufacturing units and a network of channel partners.

- 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, under which it is collaborating with farmers, providing necessary inputs, advisory and on-field support. The Business is also focusing on crafting suitable products and value propositions by leveraging 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 delivery mechanism 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, christened '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 from 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.

Towards enhancing the competitiveness of domestic agri value chains, foster new business models and value creation opportunities, your Company is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform. This digitally powered platform seeks to empower the farming community by delivering customised solutions by synergistically integrating NextGen agri-technologies. These include 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 platform is also expected to facilitate re-engineering commodity sourcing through a robust network of ten million farmers and nearly 4,000 Farmer Producer Organisations (FPOs), leading to efficient price discovery, lower transaction costs and higher levels of traceability in the supply chain. Your Company also rolled out 'Project Astra' - an AI/ML and advanced analytics based digital platform to enhance operational efficiency and facilitate seamless execution.

During the year, as part of a pilot programme, your Company collaborated with leading agri input companies in the country to provide high quality and customised inputs to chilli farmers at competitive prices. Additionally, drone spraying technology was demonstrated extensively to the chilli farmers establishing multiple benefits viz., safe process of pesticide spraying, uniform spraying and ~90% water saving. This pilot programme has yielded promising results towards enhancing the competitiveness of the chilli value chain and farmer incomes.

Over the years, the Business has invested significantly in building competitively superior agri-commodity

ITC is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform. This digitally powered platform seeks to empower the farming community by delivering customised solutions by synergistically integrating NextGen agri-technologies.

sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure to mitigate the impact of uncertainties arising out of climatic variations, changes in Government policies and global demand-supply dynamics. These capabilities and infrastructure enable the Business to offer differentiated value-added services of identity preservation, traceability and certification and have created structural advantages 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 with 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 with a view to providing consumers best-in-class product quality and experience, use of multi-modal transportation comprising rail, road & coastal routes and blend/cost optimisation through geographical and varietal arbitrage. The Business also ramped up direct buying at various atta factories. At the Kapurthala ICML plant, direct buying of wheat offers substantial benefits to farmers including transparency in grading, weight and pricing, besides reducing transaction costs due to minimisation of handling and transportation. Plans are on the anvil to scale up this initiative backed by focused crop development in the area to upgrade crop quality.

Ongoing collaborations with reputed research organisations such as Indian Agricultural Research Institute, Indian Institute of Wheat & Barley

Research, Punjab Agricultural University and Agharkar Research Institute continue to aid the Business in 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 network and developing customised blends will support your Company's Branded Food Packaged Businesses in the years to come.

In recognition of the various initiatives undertaken by the Business, including keeping the entire supply chain fully functional during the pandemic, your Company was awarded the first prize in 'Food, Perishables, Beverages and FMCG' category at the CII Supply Chain And Logistics Excellence (SCALE) Awards, 2020.

- Despite the operational challenges posed by the pandemic, the Business continued to strengthen its milk procurement network for 'Aashirvaad Svasti' dairy products with significant increase in daily milk collection. The Business strengthened its network in West Bengal and Bihar to support the growing requirement for fresh dairy products and in Punjab towards supporting the requirements of 'Sunfeast' dairy beverages. In this regard, the Business provided farmers with the requisite infrastructure (such as automatic milk testing equipment and chilling units) and imparted package of practices to improve operational efficiency and maintain high quality along with identity preservation and

The e-Choupal 4.0 platform is expected to facilitate re-engineering commodity sourcing through a robust network of 10 million farmers and nearly 4,000 Farmer Producer Organisations (FPOs), leading to efficient price discovery, lower transaction costs and higher levels of traceability in the supply chain.

Report of the Board of Directors

traceability. The capability to source superior quality milk enabled the launch of 'Aashirvaad Select' milk during the year – the first-of-its kind in the country providing complete traceability of milk quality across the supply chain.

- The Business also leveraged its extensive sourcing network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages to source high quality fruit pulp for your Company's 'B Natural' juices brand.

Your Company continues to leverage its institutional capabilities, deep expertise and structural advantage in sourcing to access a wide range of agri-commodities for servicing the needs of domestic and export customers while improving the overall operational efficiency across all nodes of the supply chain.

- Indian wheat crop witnessed a bumper harvest in FY 2020-21, leading to increase in the surplus available for domestic trade. Lower wheat production in Ukraine and the imposition of export tariffs in Russia, led to Indian wheat prices turning competitive after a period of four years. Consequently, there was strong demand for Indian wheat from Bangladesh, Middle East and South-Asian markets. The Business leveraged its extensive sourcing network and responded swiftly, accounting for a substantial share of the total wheat exports from India to these countries. However, in the domestic market, COVID-19 induced lockdowns severely impacted the Food Service channel resulting in relatively muted demand from roller flour millers.
- In the Rice business, due to shortage of crop in competing origins of Thailand and Vietnam coupled with additional demand from China and Bangladesh, there was a significant increase in exports of rice from India. Your Company was agile in harnessing the opportunity and registered a three-fold increase in export volumes.
- During the year, the Business also leveraged its geographical presence, sourcing network and risk management capabilities to capture trading opportunities in oil seeds and coarse cereals.

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, your Company 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 by facilitating development of climate-smart villages and enabling the adoption of sustainable agri practices. Your Company's Agri Business is well positioned to scale up identified areas that lend to higher value addition while continuing to provide strategic sourcing support to your Company's Branded Packaged Foods Businesses.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements of the 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 'Shareholder Value' 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/about-itc/policies/policy-on-material-subsiidiaries.aspx>. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

The year under review was severely impacted by the outbreak of the COVID-19 pandemic, which resulted in unprecedented disruption to economic activities in Nepal.

GDP⁴ of Nepal degrew by 1.9% for the year ended 15th July, 2020, as against a growth of 6.7% in the previous year. The agriculture sector was adversely impacted on account of a delayed monsoon and widespread crop damage due to infestation, leading to slowdown in growth rate to 2.2% (previous year: +5.2%).

The non-agriculture sector contracted by 3.7% (previous year: +6.9%) primarily due to degrowth in manufacturing and services. The Manufacturing and Services sector contracted by 9.1% and 3.6% respectively. Tourism & hospitality, transportation, wholesale and retail trade were amongst the sectors severely impacted by the pandemic.

The Government of Nepal implemented several fiscal and monetary measures to stimulate the economy. It also enacted the Foreign Investment and Technology Transfer Rules, 2077 and Environment Protection Rules, 2077 during the year, with a view to attract foreign capital and improve the ease of doing business in Nepal. Increase in inward remittances since July, 2020 and progressive easing of restrictions since October, 2020, led to gradual revival in economic activity. However, the recent resurgence of COVID-19 infections and renewed disruptions across the country including a severe drop in tourism have adversely impacted the prospects of early normalisation of the economy. Rapid increase in vaccination coverage along with focused measures to contain the spread of the virus remain critical in the near term to protect lives and support the economy.

On-ground implementation of reforms and promulgation of industry-friendly policies remain the key imperatives for long-term sustainable growth of the economy.

The legal cigarettes 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 significant challenges from an increasingly punitive and discriminatory

taxation and regulatory regime. The company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and the tobacco control objectives, considering the unique tobacco consumption pattern in Nepal.

Steep increase in tax incidence on the legal cigarettes industry over the years coupled with severe disruption in operations in the aftermath of the pandemic rendered the operating environment extremely challenging during the period under review. Against this backdrop, the company reinforced its market standing by leveraging its robust portfolio of offerings, superior product quality and a deep and wide distribution network. Differentiated and innovative portfolio interventions under the Surya and Shikhar trademarks received encouraging consumer response. Several initiatives were successfully deployed to ensure product availability and efficient market servicing amidst significant disruptions to sales operations due to the pandemic.

During the year, the company strengthened its market standing in the Agarbatti industry through focused investments in building brand salience and enhancing distribution in target markets by leveraging its robust trade marketing and distribution infrastructure. Product portfolio was strengthened with the introduction of an innovative 'Zip Lock Pack' offering 'Trisara' which has received encouraging response. The company's range of products currently straddle all segments, offering consumers a wide choice of fragrances, price points and packaging formats.

In the Safety Matches business, the company further enhanced its market standing and leadership position. The company continued to focus on delivering superior product quality, enhancing distribution across markets leveraging its strong trade marketing and distribution capabilities, along with cost optimisation initiatives.

In the Confectionery segment, sales during the period under review were relatively subdued in line with lower demand for discretionary and out-of-home consumption categories in the wake of the pandemic.

⁴ GDP growth at constant producer prices released by Central Bureau of Statistics in March 2021 based on rebased national accounts (change in base year from 2000-01 to 2010-11)

Report of the Board of Directors

The company focused on scaling up availability of products across markets with the progressive easing of restrictions.

The company has adopted all measures towards ensuring safety and well-being of all its stakeholders. The company continues to support and invest in initiatives aimed at enhancing the social and economic capital of Nepal, covering areas relating to environmental preservation, social empowerment and promoting and improving education in public schools. During the year, the company:

- assisted farmers in agri-infrastructure and vermicomposting in areas proximate to operating locations.
- provided training to farmers towards improvement in productivity and other income generating activities.
- supported the animal husbandry sector by providing extension services covering animal breeding, health and nutrition in order to drive yield improvement and higher returns for underprivileged farmers.
- continued to contribute towards improvement in quality of education in public schools in the vicinity of its operating locations.
- contributed Nepali Rupees (NRs.) 1 crore each (aggregating NRs. 7 crores) to the 'Funds for treatment and control of COVID-19' established by all seven provinces in Nepal and supported the local governments and communities in the immediate vicinity of its manufacturing locations in dealing with the pandemic.

During the year, the company recorded Revenue from Operations of NRs. 3612 crores (previous year NRs. 4018 crores) and Net Profit of NRs. 867 crores (previous year NRs. 1110 crores); the decline in performance being primarily attributable to the severe disruptions in business operations caused by the pandemic.

The company declared a dividend of NRs. 488 per equity share of NRs. 100 each for the year ended 15th July, 2020 (31st Asadh, 2077) amounting to

NRs. 983.81 crores (previous year NRs. 489 per equity share amounting to NRs. 985.82 crores).

The company continues to be one of the largest contributors 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. Plans are on the anvil to rapidly scale up the newer FMCG businesses.

ITC Infotech India Limited and its subsidiaries

The year under review witnessed structural shifts in the IT services industry due to the impact of COVID-19 pandemic. Despite disruptions due to the pandemic, the Indian IT Services and Business Process Management (BPM) industry grew by 2.3% in US dollar terms in FY 2020-21, according to NASSCOM estimates. The industry demonstrated agility in seamlessly delivering services to global clients by adopting a distributed delivery model to overcome the supply side disruptions caused by the pandemic through effective use of mobile computing devices and enterprise collaboration software.

The pandemic further accelerated the mainstream adoption of digital technologies such as Cloud, Intelligent Automation, Digital workplace and Cybersecurity in the enterprise technology landscape. Organisations are increasingly adopting these technologies to enhance flexibility and scalability of their technology infrastructure to enable seamless operations with a distributed workforce, expand channels of customer outreach and optimise human resources, especially for routine and well-defined tasks.

With increasing adoption of digital technologies to drive value creation and enhance operational efficiencies, enterprises are looking at IT service providers as partners who can deliver impactful business solutions leveraging such technologies. Accordingly, IT service providers continue to sharpen their digital offerings by collaborating with relevant Independent Software Vendors (ISVs) and start-ups. Winning large transformation opportunities from enterprise clients through differentiated client centric deal constructs has emerged as a key focus area.

Re-skilling and up-skilling employees in digital technologies and acquiring targets with digital or domain related capabilities have also become a defining trend in recent times.

Against this backdrop, the company's strategy remains anchored on providing domain-led digital services and solutions to customers in identified industry verticals. During the year, the company recorded robust growth in revenue on the back of strong traction in the Americas, Europe and India businesses. Global In-house Centre services, Digital Experience using data analytics and Infrastructure services were the key drivers of growth. The company also forged new alliances and strengthened existing relationships with ISVs and start-ups in areas such as Automation, Digital Manufacturing and Data analytics. In addition to strong revenue growth, the operating margins of the company also improved substantially during the year driven by structural interventions such as improved customer mix, enhanced resource utilisation and reduction in controllable general & administrative costs. The company remains focused on sustaining the gains during the year and driving further improvement through multiple interventions across the value chain.

The company's superior service delivery and technology capabilities continue to earn global recognition. During the year, the company improved its positioning in Avasant's Intelligent Automation RadarView report, and was rated amongst the top service providers globally in the 'Innovators' category (from being recognised in the 'Disruptors' category in the previous year). The company was also featured as a 'Strong Performer' in the Forrester wave report on mid-sized Robotic Process Automation service providers during the year. The company's capability in Manufacturing Execution Systems (MES) was recognised and featured in a note on 'An innovative approach for accelerating MES implementation' by Information Services Group, Inc. (ISG), a global technology research and advisory firm. The company was also awarded 'Best of The Global Outsourcing 100' service providers by International Association of Outsourcing Professionals (IAOP) and was featured

as a 'Leader' in their 'Global Outsourcing 100' report. The company received the PR World Awards during the year for its efforts in effectively responding to the COVID-19 pandemic.

During the year, the company's consolidated Total Income grew by 8.8% to ₹ 2469.29 crores (previous year ₹ 2268.63 crores). Profit Before Tax stood at ₹ 604.13 crores (previous year ₹ 288.34 crores) and Net Profit more than doubled to ₹ 451.30 crores (previous year ₹ 209.47 crores).

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 1834.98 crores (previous year ₹ 1529.87 crores) and Net Profit of ₹ 447.79 crores (previous year ₹ 194.69 crores). The company paid a total dividend of ₹ 32.50 per Equity Share of ₹ 10 each aggregating ₹ 276.90 crores (previous year ₹ 11.75 per Equity Share aggregating ₹ 100.11 crores).
- b. ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Revenue of GBP 48.80 million (previous year GBP 49.82 million) and Net Profit of GBP 0.90 million (previous year GBP 1.23 million). The company paid a dividend of GBP 1.25 per share aggregating GBP 0.86 million (previous year Nil).
- c. ITC Infotech (USA), Inc., (ITC Infotech USA), a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 108.36 million (previous year US\$ 105.62 million) and Net Income of US\$ 2.59 million (previous year US\$ 3.31 million). The company paid a total dividend of US\$ 14 per share aggregating US\$ 2.55 million (previous year US\$ 11 per share aggregating US\$ 2 million).

The company remains committed in its journey of providing differentiated, business-friendly offerings to select industry verticals anchored on domain-expertise. The company will continue to focus on expanding its presence in strategic accounts, creating and winning large transformation opportunities, sharpening its domain-specific digital solutions across identified

Report of the Board of Directors

areas, strengthening its distributed delivery framework and investing in re-skilling/up-skilling its employees in digital technologies.

Technico Agri Sciences Limited

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

During the year, a significant drop in potato cultivation acreage and adverse climatic conditions led to a sharp decline in production by nearly ten per cent over the previous year. Consequently, table potato prices increased steeply.

Revenue from Operations grew at a robust pace of 42% during the year to ₹ 287.09 crores (previous year ₹ 202.26 crores) on the back of the company's brand strength, superior product quality, better on-field performance and strong trade and customer relationships. Net Profit increased substantially to ₹ 72.92 crores (previous year ₹ 20.34 crores).

Total Comprehensive Income for the year stood at ₹ 72.92 crores (previous year ₹ 20.26 crores). During the year, the company declared an interim dividend of ₹ 16.00 per Equity Share of ₹ 10 each, aggregating ₹ 60.74 crores (previous year ₹ 4.00 per Equity Share).

Leveraging its strong tissue culture capabilities, the company has also started piloting production of banana plantlets. The company continues to build a strong foundation for the future with development of new varieties and extensive multi-location trials.

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:

- a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 2.09 million (previous year A\$ 2.49 million) and a Net Profit of A\$ 0.79 million (previous year A\$ 1.56 million).
- b. Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China – there were no significant events to report with respect to the above companies.

WelcomHotels Lanka (Private) Limited

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

The Project has been accorded 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 FY19, has been adversely impacted largely due to disruptions in the aftermath of the terror incidents in 2019 and then by the COVID-19 pandemic. Project activity resumed in May, 2020, post relaxation of restrictions imposed by the authorities to curb the spread of the virus. However, Colombo was significantly impacted by the second wave of the pandemic in October, 2020, leading to another round of disruptions in Project activity. Construction activity was progressively ramped up during the fourth quarter with easing of restrictions. The company has put in place comprehensive health and safety protocols for the safety and well-being of all stakeholders. The company remains focused on completing the project in an expeditious manner despite significant disruptions caused by the aforementioned factors.

The business environment in Sri Lanka continues to remain subdued in the wake of the pandemic.

This has impacted, inter alia, the sales velocity of 'The Sapphire Residences' luxury apartments.

Your Company's investment in WLPL stood at US\$ 278 million as at 31st March, 2021.

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.

In view of the COVID-19 pandemic, operations at the Club had been suspended in March, 2020. The Club was re-opened in May, 2020, after implementing the highest safety and hygiene standards, social distancing norms, etc., leading to progressive improvement in member footfalls.

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. During the year, the retreat has received accolades from Travel + Leisure, one of the world's leading magazines in the travel and hospitality industry. The property was also declared the 'Best Wellness Retreat' in the domestic category as part of India's Best Awards, 2020 by Travel + Leisure India & South Asia.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 25.03 crores (previous year ₹ 28.37 crores) and Net Profit of ₹ 3.80 crores (previous year ₹ 2.85 crores). Total Comprehensive Income for the year stood at ₹ 3.85 crores (previous year ₹ 2.82 crores).

Srinivasa Resorts Limited

The company owns 'ITC Kakatiya' – a 188-key luxury hotel in Hyderabad city, which is operated and marketed by your Company. The company was

adversely impacted by the lockdown and resultant disruptions due to the COVID-19 pandemic. With the progressive easing of restrictions, the hotel resumed operations following the highest standards of safety and hygiene for all stakeholders.

The property continued to receive several accolades, with 'Dakshin' and 'Kebabs and Kurries', being adjudged the 'Best South Indian Fine Dining Restaurant' (11th consecutive year) and 'Best North Indian Fine Dining Restaurant' respectively in the Times Food Guide Nightlife Awards, 2021.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 26.74 crores (previous year ₹ 62.48 crores) with Net Loss of ₹ 8.42 crores (previous year Net Profit of ₹ 3.24 crores). Total Comprehensive Income for the year stood at (-) ₹ 8.34 crores (previous year ₹ 3.16 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.

The company has established 'Fortune' as a premier business hotel brand in the Indian hospitality sector. The brand Fortune continues to forge new alliances and expand its footprint. Currently, it has an aggregate inventory of nearly 4,000 rooms spread over 50 properties of which 39 are operating hotels. Three more properties are slated to be commissioned in the ensuing year while eight are in various stages of development.

The COVID-19 pandemic, which has significantly impacted the travel & tourism industry, caused severe disruption across all properties in the first half of the year under review. There was progressive recovery thereafter, especially in the leisure segment. 'Safe Stays' programme has been implemented at the hotels with enhanced focus on safety, health and hygiene.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 17.71 crores (previous year ₹ 39.68 crores) and Net Loss of ₹ 6.28 crores

Report of the Board of Directors

(previous year Net Profit ₹ 2.69 crores). Total Comprehensive Income for the year stood at (-) ₹ 6.28 crores (previous year ₹ 2.76 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 quality. Consequent to a comprehensive renovation and expansion programme towards enhancing its market positioning, the hotel was rebranded from 'Fortune' to 'Welcomhotel' with effect from 1st December, 2020. Accordingly, the operation and marketing of the hotel is now being managed by your Company.

With the outbreak of COVID-19, the hospitality industry has been severely impacted and the hotel remained shut during the first quarter of the year. The hotel resumed operations from July, 2020, after easing of lockdown restrictions and has demonstrated progressive improvement. Appropriate measures relating to safety, health and hygiene protocols have been put in place to ensure safety of all stakeholders.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 1.11 crores (previous year ₹ 1.69 crores) and Net Profit of ₹ 0.77 crore (previous year ₹ 1.23 crores). Total Comprehensive Income for the year stood at ₹ 0.77 crore (previous year ₹ 1.23 crores).

The Board of Directors of the company have recommended a dividend of ₹ 70.00 per Equity Share of ₹ 100 each for the year ended 31st March, 2021 (previous year ₹ 70.00 per Equity Share).

Wimco Limited

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

The company's performance during the year was severely impacted by the sluggish demand arising out of subdued business sentiment in the wake of

the COVID-19 pandemic. The company continues to focus on developing superior solutions towards addressing customer requirements.

The company's Revenue from Operations for the year stood at ₹ 6.29 crores (previous year ₹ 12.33 crores) with a Net Loss of ₹ 2.42 crores (previous year Net Profit of ₹ 0.07 crore). Total Comprehensive Income for the year stood at (-) ₹ 2.42 crores (previous year ₹ 0.06 crore).

The Honourable National Company Law Tribunal, Mumbai Bench ('NCLT'), vide Order dated 9th April, 2021, 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 share to such shareholders. The said reduction of Equity Share Capital of the company will be given effect to during FY 2021-22 on completion of necessary formalities under Section 66 of the Companies Act, 2013 and as directed by the NCLT.

North East Nutrients Private Limited

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

During the year, the company posted robust revenue growth driven by increased 'at-home' consumption, particularly in the first half. The company successfully catered to the surge in demand amidst a challenging operating environment while ensuring full compliance with applicable health and safety protocols, and food safety standards. Over the years, the company has consistently improved operational efficiency, productivity and strengthened safety standards. The company has also upgraded its Food Safety Management System to the latest version of FSSC 22000 during the year.

The company's Revenue from Operations for the year stood at ₹ 172.52 crores (previous year ₹ 147.85 crores), while Net Profit for the year increased to ₹ 9.06 crores (previous year ₹ 4.79 crores), largely driven by volume growth and increase in operating efficiencies. Total Comprehensive Income for the year stood at ₹ 9.08 crores (previous year ₹ 4.73 crores).

Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited

As stated earlier in this Report, during the year, your Company acquired 100% of the Equity Share Capital of Messrs. Sunrise Foods Private Limited (Sunrise) on 27th July, 2020. Consequently, Sunrise and its two wholly-owned subsidiaries viz., Hobbits International Foods Private Limited (HIFPL) and Sunrise Sheetgrah Private Limited (SSPL), became wholly owned subsidiaries of your Company with effect from the said date. Sunrise subsequently amalgamated with your Company, and HIFPL and SSPL became direct wholly-owned subsidiaries of your Company.

HIFPL provides support to your Company's Business of manufacturing and marketing of spices and other food products, inter alia, under the 'Sunrise' brand. During the year, the company recorded Total Income of ₹ 0.67 crore and Net Loss of ₹ 0.13 crore.

SSPL also provides support to your Company's Business of manufacturing and marketing of spices and other food products, inter alia, under the 'Sunrise' brand. During the year, the company recorded Net Loss of ₹ 0.04 crore.

HIFPL and SSPL have filed joint petition with the Honourable National Company Law Tribunal, Allahabad Bench, seeking, inter alia, the approval for amalgamation of the said companies with your Company. The said petition is pending.

ITC IndiVision Limited

ITC IndiVision Limited (IIVL) was incorporated as a wholly-owned subsidiary of your Company on 9th July, 2020.

The company has obtained necessary regulatory approvals for setting up a facility near Mysuru,

Karnataka, primarily for the manufacture and export of nicotine and nicotine derivative products. Steady progress was made during the year in project construction activities while ensuring adherence to the highest standards of hygiene and safety protocols.

Your Company's investment in IIVL stood at ₹ 50 crores as at 31st March, 2021.

Russell Credit Limited

During the year, the company recorded Total Income of ₹ 64.37 crores (previous year ₹ 64.99 crores) and Net Profit of ₹ 49.47 crores (previous year ₹ 41.75 crores). Total Comprehensive Income for the year stood at ₹ 86.38 crores (previous year (-) ₹ 68.86 crores), reflecting the sharp recovery in market value of certain long-term strategic investments over the previous year which was severely impacted due to the pandemic. The company continues to monitor its investments closely in the face of volatile market conditions 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. During the year, the company declared interim dividend of ₹ 0.20 per Equity Share of ₹ 10 each, aggregating ₹ 12.93 crores (previous year ₹ 0.85 per Equity Share of ₹ 10 each aggregating ₹ 54.95 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 ₹ 8.41 crores (previous year ₹ 8.48 crores) and Net Profit of ₹ 7.30 crores (previous year ₹ 7.30 crores). The company declared interim dividend of ₹ 6.25 per Equity Share of ₹ 10 each, aggregating ₹ 10.00 crores (previous year Nil).

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.

Report of the Board of Directors

During the year, the company recorded Total Income of ₹ 5.65 crores (previous year ₹ 5.70 crores) and Net Profit of ₹ 3.71 crores (previous year ₹ 1.33 crores) after considering once-off reversals of certain 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 Revenue of ₹ 0.06 crore during the year (previous year ₹ 0.07 crore) and Net Profit of ₹ 0.01 crore (previous year ₹ 0.02 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 ₹ 7.26 lakhs (previous year ₹ 7.33 lakhs) and Net Profit of ₹ 0.33 lakhs (previous year ₹ 0.24 lakhs).

Pavan Poplar Limited

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

During the year, the company recorded Total Income of ₹ 0.22 crore (previous year ₹ 0.07 crore) and Net profit of ₹ 0.09 crore (previous year Net loss of ₹ 0.14 crore).

Prag Agro Farm Limited

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the

company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 9.51 lakhs (previous year ₹ 8.36 lakhs) and Net loss of ₹ 3.17 lakhs (previous year Net profit of ₹ 0.03 lakhs).

NOTES ON JOINT VENTURES

ITC Essentra Limited

The performance of the company during the year was adversely impacted by the COVID-19 pandemic. With the easing of restrictions, the company restarted operations in a seamless manner while ensuring the highest standards of hygiene and safety protocols. The persistent pressure on volumes of the legal cigarette industry on account of a punitive taxation regime and stringent regulations, continues to exert pressure on the demand for cigarette filters from the legal industry.

Against the backdrop of such challenging business conditions, the company retained its leadership position of being the preferred supply chain partner for several well-known national and international brands leveraging its core strengths - strong customer relationships, world-class innovation, superior execution, consistent delivery and best-in-class quality. The company continues to make investments in technology induction and capability building towards sustaining its position as the 'innovation and quality benchmark' in the Indian cigarette filter industry.

During the year ended 31st March, 2021, the company's Revenue from Operations stood at ₹ 337.87 crores (previous year ₹ 381.19 crores). Net Profit during the year stood at ₹ 36.23 crores (previous year ₹ 42.09 crores).

The Board of Directors have recommended a dividend of ₹ 70.00 per Ordinary Share of ₹ 10 each (including special dividend of ₹ 30.00 per Ordinary Share) for the year ended 31st March, 2021 (previous year ₹ 30.00 per Ordinary Share).

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 35 heritage properties across 14 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, wellness and adventure tourism segments respectively. Operations across properties were impacted by the pandemic in the first half of the year. With gradual easing of restrictions, the properties demonstrated progressive recovery in performance.

During the year, the WelcomHeritage brand was awarded the 'Gold Award' by Service Industry Advertising Awards, Atlanta, USA for the campaign 'Work from Here' promoting long stay at select WelcomHeritage Hotels.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 2.30 crores (previous year ₹ 3.69 crores) and Net Loss of ₹ 0.68 crore (previous year Net Profit of ₹ 0.39 crore). Total Comprehensive Income for the year stood at (-) ₹ 0.68 crore (previous year ₹ 0.35 crore).

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, 2021.

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 by LDPL.

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 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 28th July, 2021.

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, 2021, the company recorded a Net Loss of ₹ 40.28 crores

Report of the Board of Directors

(previous year ₹ 75.36 crores). The Net Worth of the company stood at (-) ₹ 147.62 crores as at 31st March, 2021 (previous year (-) ₹ 107.34 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 the company's investment in LDPL as at 31st March, 2021, to ₹ 8.5 crores.

The financial statements of LDPL for the year ended 31st March, 2021, 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, 2021, 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.

The company's operations have been severely impacted due to restrictions on travel and related activities on account of the ongoing pandemic. The company has reviewed and rationalised its cost structures, to partly mitigate the impact of negative operating leverage. To address the latent demand of safe travel during the pandemic, the company launched 'The SAFE Car Promise' during the year, reassuring its commitment to the customers on the highest standards of reliability, safety and hygiene. To supplement its revenues, the company has also forayed in the adjacent space of Corporate Employee Transportation services for essential sectors and promoted domestic leisure holidays through the launch of various holiday packages. The company is evaluating multiple strategies of growth in keeping with the post-pandemic operating environment.

During the year ended 31st March, 2021, the company recorded a Total Income of ₹ 62.16 crores (previous year ₹ 210.52 crores) and Net Loss for the year of ₹ 45.07 crores (previous year Net Loss of ₹ 7.41 crores). Total Comprehensive Income for the year stood at (-) ₹ 45.01 crores (previous year (-) ₹ 8.99 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 and lockdowns adversely impacted the revenue from License Agreement especially during the first half of the year.

During the financial year ended 31st March, 2021, the company recorded Total Income of ₹ 3.06 crores (previous year ₹ 5.92 crores) with Net Profit and Total Comprehensive Income of ₹ 2.27 crores (previous year ₹ 4.30 crores). The Board of Directors of the company have recommended a dividend of ₹ 1.80 per Equity Share of ₹ 10 each for the year ended 31st March, 2021 (previous year ₹ 2.50 per Equity Share).

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. During the year, the company recorded Total Revenue of ₹ 25.47 crores (previous year ₹ 25.32 crores) and Net Profit of ₹ 0.24 crore (previous year ₹ 0.12 crore).

The company's operations during the year were impacted by the lockdowns and supply chain disruptions due to the COVID-19 pandemic. On resumption of operations, the company ramped up its production in an expeditious manner while ensuring the highest standards of hygiene and safety protocols.

The company continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations to meet the needs of its customers. During the year, the company was conferred Platinum certification and Excellence award by the Indian Green Building Council National Energy Management award by the Confederation of Indian Industry and Prashansa Patra by the National Safety

Council of India. The company also signed a long-term settlement agreement with the Employees Union during the year.

Delectable Technologies Private Limited

During the year, Delectable Technologies Private Limited (Delectable) became an associate of your Company pursuant to acquisition of the second tranche of Compulsorily Convertible Preference Shares on 17th September, 2020. Your Company effectively holds 20.06% stake in Delectable 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. During the year, the operations of the company were adversely impacted with most offices remaining shut or operating with limited employees, on account of the pandemic.

During the year, the company recorded Total Revenue of ₹ 0.90 crore and Net Loss of ₹ 1.87 crores.

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 3.50 crores (previous year ₹ 4.73 crores) and Net Profit of ₹ 2.27 crores (previous year ₹ 2.50 crores). Total Comprehensive Income for the year stood at ₹ 8.88 crores (previous year (-) ₹ 43.01 crores) reflecting the recovery in market value of certain long-term strategic investments over the previous year which was severely impacted due to the pandemic. The company continues to explore opportunities for strategic investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.52 crore (previous year ₹ 0.53 crore) and Net Profit of ₹ 0.17 crore (previous year ₹ 0.16 crore). The company continues to explore opportunities for strategic investments.

Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.28 crore (previous year ₹ 0.31 crore) and Net

Profit of ₹ 0.10 crore (previous year ₹ 0.06 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.

Report of the Board of Directors

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 market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes & 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.
- A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of internal audit findings.
- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures and help plug control gaps by assisting operating management in the formulation of control procedures.
- A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual

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

Your Company endeavours to 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 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. During the year, the said Businesses have successfully transitioned from the erstwhile ISO 31000:2009 Standard to the revised ISO 31000:2018 Standard. This intervention provides further assurance on the robust nature of risk management practices prevalent in your Company.

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

A Cyber Security Committee, 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 invited to the Risk Management Committee meetings and is responsible for ensuring that the Cyber Security systems of your Company remain effective and contemporary.

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

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

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 towards protecting margins and insulating operations from spikes in input price.

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

- segregation of duties and robust internal controls through a system of checks and balances embedded in the organisation and governance structure;
- clearly defined limits for trading position (long and short) and net cash loss for specific commodities/commodity groups;
- mitigation of price, liquidity and counter party risks in respect of commodities such as soya, mustard and chana through hedging on commodity exchanges (mainly NCDEX). Correlation between

Report of the Board of Directors

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.

The COVID-19 pandemic has triggered new risks in business operations. At the onset of the pandemic, your Company pro-actively put in place Crisis/Contingency Management Teams, both at the Business as well as at the Corporate levels. These cross-functional teams, represented by senior management, continually review strategic, operational, financial matters as well as measures relating to employee well-being, health and safety. Each of the Businesses, guided by the Risk Management Framework, have reviewed their approach to risk mitigation.

In the area of Employee Well-being and Safety, detailed advisories have been issued to employees on how to safeguard themselves, their colleagues and associates, and their families both at the workplace as well as at their homes. These guidelines also provide details on social distancing norms and how employees should seek help on any aspect concerning their health from within the organisational support system. Advisories and guidelines are continuously updated in line with the evolving situation incorporating the latest inputs from expert groups.

Heightened safety protocols were implemented at all units that resumed operations, with end-to-end solutions from transportation of workmen, screening, regular deep cleaning and sanitization, innovations to ensure safe distancing and strict adherence to hygiene standards and use of personal protective equipment where required. Your Company’s employees, trade partners, transporters and their associates were provided extensive training – both online and at the place of work – in social distancing and personal protection. Standard Operating Procedures were developed to ensure safe and

hygienic conditions both at the work place as well as in the market. This was supplemented with training materials like posters, pamphlets and guidelines. All employees and associates were encouraged to download and use the Aarogya Setu app as advised by the Government. Prior to entry into any Company location and facility, the status in the Aarogya Setu App is mandatorily checked. Your Company has also made arrangements with various medical establishments to facilitate and encourage COVID-19 vaccination among eligible employees and their families.

Senior management continues to frequently engage with teams to bolster employee morale. E-learning programmes and platforms have been made available to ensure upskilling and knowledge enhancement.

Access to secure and contemporary platforms has been provided to facilitate working through remote access. With the implementation of Work From Home (WFH), safeguards against cyber security risks have been strengthened. Employees have been provided with devices and secure remote connectivity to facilitate WFH. A 24x7 service desk has been setup to assist in WFH. Cyber Security related advisories and guidelines have been shared with all concerned employees to facilitate secure and uninterrupted access to your Company’s IT systems and information.

As enumerated above, your Company is comprehensively geared to address potential risks arising out of the pandemic.

AUDIT AND SYSTEMS

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

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

Systems, timely preparation of reliable financial information, adherence with relevant statutes and compliance with related party transactions.

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.

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.

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

In the context of 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 receive focused attention of the Internal Audit team. Information Technology systems undergo pre-implementation audit before being deployed for usage in businesses, thereby delivering an independent assurance with respect to the rigour of implementation.

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

Processes in the Internal Audit function have been continuously strengthened for enhanced effectiveness and productivity including the deployment of best-in-class tools for analytics in the Audit domain, ongoing knowledge improvement programmes for

staff, etc. The usage of data analytics in audits has been augmented across the organisation. 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 the business systems, leading to greater alignment with the business process environment.

The onset of COVID-19 pandemic and consequent lockdowns and restrictions imposed to curb its spread, made the conduct of physical audits extremely difficult. Under such challenging circumstances and considering the safety and well-being of employees, Corporate Internal Audit envisioned and adopted a 'remote audit' approach by leveraging technology to ensure continuity in audit and assurance processes. A comprehensive Standard Operating Procedure comprising, inter alia, 'Work From Home' guidelines, IT security controls and communication protocols, facilitated seamless and effective conduct of remote internal audits during the year.

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

HUMAN RESOURCE DEVELOPMENT

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

Report of the Board of Directors

Your Company's 'Strategy of Organisation' is designed to promote agility through a culture of distributed leadership enabled by a three-tier governance structure. This is manifested in market and consumer facing Businesses which are driven by empowered 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 Resource 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, capability building, employee relations, performance & rewards and employee well-being.

Your Company's strong employer equity has enabled 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 create 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, diversity in learning opportunities, an employee-centric climate, well-being focused infrastructure and support that promotes fellowship and commitment amongst employees.

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 assiduously built a culture of continuous learning, innovation and collaboration by providing cutting-edge learning and development support to managers. The emphasis is on providing experiential learning through on-the-job assignments, an enabling & supportive environment and promoting learning agility. 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. Employees are offered best-in-class learning and development support comprising a blend of classroom, online and on-the-job training. Programmes are designed with learning content benchmarked to the highest standards. Globally benchmarked learning curriculums are designed and delivered through subject matter experts and internationally recognised faculty which are supplemented with business-critical application projects. Learning is further supplemented with on-demand, online programmes made accessible to employees through globally recognised content platforms. This approach ensures the application of learning fructifies in a manner which benefits your Company's business results.

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 ensure a sound workforce planning system.

Your Company continues to periodically assess the quality of employee engagement through Company-wide surveys. During the year, the employee engagement initiatives, viz. leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and training & development planning and investments in employee well-being, etc. were further strengthened, leveraging digital technologies to not only widen the reach but also enhance the quality of engagement. ITC Hotels was certified as a ‘Great Place to Work’ by the Great Place to Work Institute, a global authority on building, sustaining and recognising high-trust and high-performance culture at workplaces. This is an important milestone in the Business’ engagement journey and a recognition of its workplace culture.

Your Company continued its practice of active leadership outreach to employees. Periodic communications were cascaded throughout the ITC community through the ‘StudioOne Townhall’ led by the Chairman, providing employees an avenue 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.

As a means of crowd sourcing ideas, your Company launched ‘ReImagine Next’, an organisation-wide innovation contest inviting suggestions from

employees about new business models, products and processes. Over 3100 managers participated in the contest, which generated over 2000 ideas, of which several are in the pilot stage of evaluation.

While your Company has covered significant ground and scaled up its digital investments exponentially, 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.

It is in this context that the ‘Young Digital Innovators Lab’ has been constituted, comprising select digital natives, drawn from ITC’s Businesses who will benchmark your Company’s digital assets, identify best-in-class digital technologies and practices and spot opportunities across your Company’s value chains to secure competitive advantage. The Young Digital Innovators act as mentors to the ‘Digital Council’, which has been created to ideate, seed, sponsor high impact digital interventions and harness the power of synergy for cross-fertilisation of ideas while also pitching ideas to them. Both these forums in combination are expected to serve as a fertile ground for ideation, exploration and harvesting of the full potential of digitalisation at your Company.

Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the marketplace. It also recognises the mutuality of interests with key stakeholders and is committed to building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are competitive, flexible and responsive. The Employee Relations philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed to building a robust platform which has aided the conclusion of collective bargaining agreements at several of its manufacturing units and hotel properties, ensured smooth commencement of operations at greenfield locations and the execution of productivity improvement practices. Several initiatives have been

Report of the Board of Directors

taken to foster a culture of commitment amongst the demographically diverse workforce in these new facilities.

The COVID-19 pandemic has cast unprecedented challenges and your Company has taken a host of measures to ensure employee well-being and business continuity. The provision of medical equipment 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's thought, strategy and action are inspired by a larger purpose of being 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. It is your Company's firm belief that this approach has enabled it to create enduring value for the Indian economy, the larger community of stakeholders, as also delight consumers with a vibrant portfolio of best-in-class products and services. We are confident that every 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 perpetuate 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 constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility Report', forming part of 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. 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. 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/about-itc/values/index.aspx#sectionb5>.

SUSTAINABILITY 2.0 – Building Back Better

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 Competitiveness*' - 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 continues to be a carbon, water and solid waste re-cycling positive organisation and is a global exemplar in sustainability. This approach has also 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.

With a view to 'Building Back Better', Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change and 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. Your Company believes that agility in thought and action, meaningful public-private-people partnerships and responsible competitiveness 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 a meaningful contribution to the Nation's future while retaining its status as a sustainable business 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 a FY 2018-19 baseline.

- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programme and other such initiatives.

Water Stewardship

- Achieving 40% reduction in specific water consumption by 2030 as compared to a 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 2000 million kilolitres of water by 2030.

Plastic Waste and Circular Economy

- 100% of your Company's Packaging to be Reusable, Recyclable or Compostable by 2028.
- Plastic Neutrality: Enable sustainable management of waste in excess of the amount of packaging utilised by FY 2021-22.

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 250,000 acres by 2030.

Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.

To achieve its Sustainability 2.0 vision, your Company has strengthened its management approach which

Report of the Board of Directors

is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. The organisation 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 the evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

Your Company's 17th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for the FY 2019-20. This report is in conformance with the Global Reporting Initiative (GRI) standards under 'In Accordance – Comprehensive' category and is third-party assured at the highest criteria of 'reasonable assurance' as per International Standard on Assurance Engagements (ISAE) 3000. The 18th Sustainability Report covering the sustainability performance of your Company for FY 2020-21, is being prepared in accordance with the GRI Standards and will be made available shortly.

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

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.

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.

Your Company's extensive operational base including factories, warehouses and hotels are also vulnerable to climate change risks. Appropriate investments have been made towards strengthening climate resilience covering your Company's operational units including those located in coastal areas. Business continuity plans are also in place to mitigate any operational interruption due to extreme weather events. 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. More details are available in the 'Sustainable Agriculture' section.

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 impacts 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, appropriate site-specific risk mitigation and adaptation measures are being evaluated. Detailed studies are also being conducted to understand the potential adverse impacts of climate change on your Company's value chain covering both physical assets as well as key agri value chains. These risk assessments will help fine tune the climate resilience measures that are being implemented across your Company's value chain.

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, Indian Green Building Council or the Bureau of Energy Efficiency (BEE). During the year, over 41% of your Company's total energy requirements were met from renewable sources such as biomass, wind and solar.

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

Greenhouse Gases and Carbon Sequestration

The GHG inventory of your Company for the FY 2020-21 compiled according to the ISO 14064 Standard has been assured, as in the earlier years, at the highest '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.

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

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

largest LEED® Platinum certified green hotels.

The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC. During the year, ITC Windsor's best practices on carbon management has resulted in it being credited with the defining distinction of becoming the first hotel in the world to be LEED® Zero Carbon certified.

Several of your Company's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE). Large infrastructure investments such as the ITC Green Centre at Manesar and the ITC Green Centre at Bengaluru (both are 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 now USGBC Green Building certified at the highest 'LEED Platinum' rating. To date, 33 buildings of your Company have achieved Platinum certification by USGBC/IGBC. In order to continually reduce your Company's energy footprint, green features are integrated in all new constructions and also incorporated in existing hotels, manufacturing units, warehouses and office complexes.

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

With water scarcity increasingly becoming an area of serious concern, your Company continues to focus on an integrated water management approach that includes water conservation and harvesting initiatives at its units – while at the same time working towards meeting the water security needs of all stakeholders at the local watershed level. Interventions have been rolled out to improve water-use efficiencies by adopting latest technologies and increasing reuse and recycling practices within the fence while also working

Report of the Board of Directors

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, 2021, your Company's integrated watershed development projects covering over 1.23 million acres of land have created a total rainwater harvesting potential (RWH) of 42.95 million kl, which is over 4 times the net water consumed by your Company's operations in FY 2020-21.

Your Company's Paperboards & Speciality 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 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 79,000 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. Your Company is working towards optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste. Your Company is also working towards establishing scalable, replicable and sustainable models of municipal solid waste management based on circular economy principles. 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. Through these models, your Company is targeting sustainable management of waste in excess of the amount of plastic packaging utilised by FY 2021-22.

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, major towns of Telangana, Coimbatore, Chennai, Tirupur, Cochin, Muzaffarpur, Delhi and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 70,900 MT from 1,067 wards. The programme has covered over 1.5 crore citizens in over 38 lakh households, 52 lakh school children and around 2,040 corporates since its inception. It has promoted sustainable livelihood for over 16,900 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 first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

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 188 temples across the cities of Chennai, Madurai, Trichy, Haridwar and Saharanpur.

In addition to WOW, a separate programme on Solid Waste Management (SWM) which deals with both wet and dry waste is operational in 17 districts of 11 states covering 7.31 lakh households and collected 41,645 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by over 95,000 households. In FY 2020-21, 26,916 MT of wet waste was composted, 7,300 MT of dry waste was recycled, and only 18% of the total waste was sent to landfills.

Your Company, on the back of above programmes and other tie-ups with leading waste management agencies, collected more than 31,000 MT of post-consumer plastic waste during the year from 24 States and Union Territories, more than doubling last year's collections despite the challenges posed by the COVID-19 pandemic. This is equivalent to more than 80% of plastic packaging films utilised by your Company during the year. In the ensuing fiscal, the endeavour would be to collect in excess of 100% of plastic packaging introduced in the market.

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. Some of these include the revolutionary ITC e-Choupal ecosystem which has empowered over 4 million farmers, the Social and Farm Forestry Initiative which has greened over 876,000 acres of land, and the Integrated Watershed Development that brings soil and moisture conservation to over 1.23 million acres. Your Company's holistic and sustainable waste management models enabled recycling of more than 78,000 MT of dry waste in FY 2020-21. These models not only reduce the burden on landfills but also promote sustainable livelihoods for waste collectors and entrepreneurs in the waste value chain.

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

- Climate Change: The first Climate Change Council meeting for FY 2020-21 was held on 30th July, 2020. Two new working groups were set up: (a) to undertake an analytical study on impact of carbon border tax on different industry sectors as a result of the Carbon Border Tax proposed in the European Green Deal; and (b) an Alliance for Climate Smart Agriculture, to undertake a study to understand key challenges and barriers for making Indian agriculture 'Climate Smart'.
- Edition 2 of the Climate Action Programme (CAP 2.0°) started with the self-assessment stage of 36 large companies and 154 MSMEs who had enrolled into the programme. The winners were recognised at 'CAP 2.0 Degrees Recognition' on 17th March, 2021.

Report of the Board of Directors

Circular Economy

- The Un-Plastic Collective: A voluntary multi-stakeholder initiative was launched in 2019-20 by UN-Environment Programme India, the Centre and WWF-India, with the objective to eliminate plastic pollution and move towards a circular economy. India Plastics Pact is a collaborative business-led initiative to transform the plastics packaging value chain from linear to circular. The Centre and WWF-India, supported by WRAP, UK have initiated work in this area including stakeholder mapping, content, documentation, etc.
- Plastic Waste Management: The Ministry of Environment, Forest and Climate Change (MoEFCC), released the guideline document on the unified framework for Extended Producer Responsibility (EPR) under the Plastic Waste Management Rules 2016, which was broadly based on the Draft National Framework on EPR developed by the Centre. Highlights include: a) three different models – fee based, Producer Responsibility Organisation (PRO) based and plastic credit model; b) uniform EPR scheme across the country; and c) brand and geography neutral EPR framework.
- Circular Economy and Resource Efficiency: Sessions and webinars were organised on topics such as Circular Plastics Economy strategy for India, An Un-Plastic World and Inclusive & Green Transformation of Manufacturing Sector in India.

Biodiversity

- India Business and Biodiversity Initiative (IBBI) organised a session on the International day for Biological Diversity (22nd May, 2020) on the theme of 'Working in Harmony with Nature', to showcase different measures taken by IBBI members to adopt nature-based solutions.

An Indian business position paper was prepared by IBBI, based on a roadmap for biodiversity conservation, and recommendations were made for inclusion of specific biodiversity quantifying metrics for monitoring and measuring performance.

Air Pollution

- The India CEO Forum for Clean Air organised a stakeholder dialogue series for scaling of ex-situ solutions for rice straw management in the states of Punjab and Haryana. Three dialogues were held which focused on collection and logistics, processing and conversion of rice straw and for energy use.

Industry Response to COVID-19

- CSR Compendium on Industry Action towards COVID-19 was launched on 29th September, 2020. Eminent speakers shared insights on initiatives taken by the Indian corporates to provide relief and rehabilitation to communities across the country.

Excellence in Sustainability

- 15th Sustainability Summit – Action Agenda for the Next Decade, was held virtually from 8th to 10th September, 2020, with 100 speakers and 700 participants. Eminent national and international leaders, including Mr. Piyush Goyal, Minister of Railways & Commerce and Industry, Mr. Prakash Javadekar, Union Minister of Environment, Forest, Climate Change, Mr. Suresh Prabhu, India's Sherpa to the G20, Dr. Abdullah Belhaif Al Nuaimi, Minister of Climate Change and Environment, UAE and Mr. Sanjiv Puri, Chairman and Managing Director, ITC Limited were some of the key speakers at the summit.
- The 15th CII-ITC Sustainability Awards were presented to 22 companies for demonstrating 'Excellence in Sustainable Business' in a virtual ceremony held on 18th December, 2020.

The Centre promoted capacity building in sustainability through a range of training and consulting assignments on topics including Waste Management Rules and Compliance, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, GRI Reporting, training Internal Auditors on Safety, Health & Environment, Human Rights and Biodiversity Assessment & Carbon Sequestration.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In addition to the regular Social Investments Programme (SIP) of your Company, in these extraordinary times of COVID-19, the immediate and most pressing need was to provide assistance and relief to the poor and vulnerable in the short term and assist in their economic rehabilitation over the medium term. Your Company has always risen to the challenge of mitigating the worst impacts of major natural disasters that threaten the well-being and livelihoods of its stakeholders. Your Company along with ITC Education and Health Care Trust and ITC Rural Development Trust had set up a COVID Contingency Fund of ₹ 215 crores to help the victims of the COVID-19 pandemic. A large part of the Fund has been utilised towards providing relief to the poor and vulnerable sections of society who are facing severe disruptions to their livelihoods. The actions include (a) providing food and personal hygiene products to district authorities and other government bodies whose eco-system reaches out to the weakest sections of society; (b) supply of dry ration kits or cooked food to migrant labour camps and for doctors in government hospitals; (c) supply of appx. seven lakh PPEs to district hospitals and to the frontline staff of the health department; and (d) contribution to the PM CARES Fund. Additionally, your Company along with ITC Education and Health Care Trust and ITC Rural Development Trust took the following initiatives:

- Provided financial assistance to states which have witnessed the worst outbreak of the pandemic and are engaged in minimising its spread.
- Provided funds with the aim of (a) distributing hampers containing essential food products and personal hygiene products amongst beneficiaries in identified geographies across India; (b) providing assistance to appropriate entities engaged in combating and controlling the spread of the COVID-19 pandemic; and (c) contributions to identified civil society organisations engaged in providing relief to the poor and vulnerable groups suffering economic privations brought upon by the COVID-19 pandemic.

With the onset of second wave of the pandemic, your Company continues its unwavering commitment in supporting the fight against the pandemic and has undertaken several initiatives including:

- Import of 24 cryogenic containers of 20 tonnes each in collaboration with Linde India Limited to ease the bottlenecks in transporting oxygen.
- Supply of oxygen to identified Government hospitals in the state of Telangana from Paperboards unit in Bhadrachalam.
- Setting up of 3 facilities with 600 beds to enhance the availability of Covid healthcare facilities.
- Import of oxygen concentrators and generators to ease the burden on the country's healthcare system.
- Provision of essential healthcare infrastructure and supply of PPEs to hospitals in several states.
- Supply of dry ration kits or cooked food to the needy and vulnerable groups.

Your Company's overarching commitment to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, your Company adopted a comprehensive CSR Policy outlining programmes, projects and activities that your Company plans to undertake to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of 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.

Report of the Board of Directors

- strengthen capabilities of Non-Government Organisations (NGOs)/Community Based Organisations (CBOs) in all the project catchments for participatory planning, ownership and sustainability of interventions.
- drive the development agenda in a manner that benefits the poor and marginalised communities in 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 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 their capacities and promote sustainable livelihoods.

The footprint of your Company's projects is spread over 25 States/Union Territories covering 216 districts.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened 30,439 acres during the year. It is currently spread across 17 districts in 8 States covering over 3.94 lakh acres in 5,694 villages, impacting over 1.28 lakh poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 8.76 lakh acres till date, and generated about 160 million-person days of employment for rural households, including poor tribal and marginal farmers. Integral to the Social Forestry programme is the Agro-Forestry initiative, which cumulatively extends to over 1.23 lakh acres and ensures food, fodder and wood security. Your Company's recently developed fast growing, high yielding and disease resistant hybrid clones and saplings of Eucalyptus

pulpwood deliver significantly higher productivity vis-a-vis earlier clones. The clones have been developed to grow under varying ecological conditions, thereby building farmer resilience and contributing towards increasing income for the farming community.

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

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

Soil and Moisture Conservation

The Soil and Moisture Conservation programme aims to ensure water security for all 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 38 districts of 14 states. During the year, the area under watershed increased by 97,549 acres, taking the cumulative coverage area to over 12.31 lakh acres. 3,006 water-harvesting structures were built during the year, creating 3.94 million cubic metres of rainwater harvesting potential. This took the total number of water harvesting structures to 21,991 and the net water storage to 41.95 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 3 lakh acres have been covered till date across 6 states.

According to various studies, potential water savings with the help of these practices are to the tune of 208 million cubic metres in a year.

Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture by nature, such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered 13,124 acres, taking the cumulative area under biodiversity conservation to over 0.44 lakh acres in 13 districts across 7 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.

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, 8.81 lakh acres are covered under the programme, which has a significant multiplier effect in terms of adoption by the farming community. During the year, knowledge was disseminated through 5,969 Farmer Field Schools and 2,253 Choupal Pradarshan Khets benefiting 2.54 lakh farmers. 401 Agri Business Centres delivered extension services, arranged agri-credit linkages and 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, a total of 2,801 compost units were constructed during the year, taking the total number till date to 48,767 units.

The 'Village Adoption Programme' pioneered by your Company's Agri Business presently covers 228 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. 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). The plan is to train government officers who, in turn, would cascade the methodology to farmers. During the year, 3.8 lakh farmers were brought onto digital training platforms by forming 4,836 WhatsApp groups in around 5,000 villages. The total number of farmers trained in 5 seasons including Rabi 2019-20 season is 25 lakhs.

The 'Baareh Mahine Hariyali' programme in certain 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 weightment. 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 the 'Baareh Mahine Hariyali' 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 farmers to improve their livestock-based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices. The programme provided extension services, including breeding, fodder propagation and training of farmers in 4 states

Report of the Board of Directors

and 16 districts. During the year, 1.08 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.41 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at 26.13 lakh and 9.10 lakh respectively.

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, 74,851 cattle of 44,214 dairy farmers across 501 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.

Women Empowerment

This initiative provided a range of gainful employment opportunities to over 77,000 poor women cumulatively, supported with capacity building and provided financial assistance by way of loans and grants. Included in the total are 29,184 ultra-poor women in your Company's core catchments who have access to sustainable sources of income through on-farm and off-farm livelihood opportunities. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was operational in 26 districts during the year. 1,062 Super Trainers were trained directly and they in turn trained 2,824 Master Trainers who cascaded the training to over 74,000 self-help-groups and more than 7.60 lakh women cumulatively across 4,384 villages. Over 4.18 lakh women of those trained have been linked to government social security schemes.

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 26 districts of 13 states, the programme covered over 0.33 lakh children during the year, taking the cumulative coverage to over 8.08 lakh children. 263 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 2,105. To ensure sustainable operations and maintenance of infrastructure provided, 684 School Management Committees were strengthened and 330 Child Cabinets and Water and Sanitation (WATSAN) Committees were formed in various schools with the 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. 12,470 youth were enrolled under different courses during the year of which 40% were female and 32% belonged to the SC/ST communities. Cumulatively, 93,980 youth have been enrolled under this programme. The programme is operational in 32 districts of 17 States. During the pandemic, these initiatives played an active role in training over 1200 healthcare assistants during the year.

In addition, since the inception of ITC Culinary Skills Training Centre in Chhindwara in 2014, nearly 150 trainee chefs have successfully completed the six-month programme wherein cooking skills are imparted to the unskilled and under privileged youth of the region.

Health & Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene. To promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases, 640 Individual Household Toilets (IHHTs) were constructed in 28 districts of 15 states in collaboration with the respective State Governments/District sanitation departments taking the total to 38,153 IHHTs constructed so far in your Company's catchment areas. In addition,

23 community toilets were constructed/renovated in West Bengal and Tamil Nadu in the year, taking the cumulative to 104 community toilets. Along with sanitation infrastructure development, special focus was given to awareness campaigns to create demand and drive behavioural change.

To make potable water available to local communities in two districts of Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor. 6 new RO plants were established in FY 2020-21 taking the total to 148, which provide safe drinking water to over 1.8 lakh rural people.

Your Company continued to enhance awareness on various health related issues through a network of 430 women Village Health Champions (VHCs) who covered nearly 1.2 lakh women, adolescent girls and school children during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. As the group activities remained suspended for the entire year 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 2.2 lakh beneficiaries were covered under Mother and Child Health initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. This was achieved by strengthening institutional capacity, promoting greater convergence with existing government schemes and increasing access to basic services on maternal, child, and adolescent health, nutrition and child protection.

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-19:

- Foot pedal operated hand sanitizer dispensers along with sanitizer liquid were installed in

over 850 schools and 1,200 other places of public congregation.

- Health & hygiene products, such as hand sanitizers and disinfectants, were distributed to over 1.65 lakh doctors in more than 3,600 hospitals across the country.
- Given the huge congregation of humanity at the Kumbh mela, over 600 hand wash stations and over 135 hand sanitizing stations were installed and were re-filled on a continuous basis.
- To encourage and instil mask etiquette and compliance, your Company launched the 'Mask hai Mazaak Nahin' campaign which had a cumulative digital reach of 60 million.
- To underline the importance of continued hand washing, the 'No hand unwashed' campaign was deployed in partnership with the Mouth & Foot Painters Association (MFPA) and had a cumulative digital reach of 370 million.

Solid Waste Management

Your Company's initiatives focus on creating replicable, scalable and sustainable models of municipal solid waste management that can be 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/ Academy), 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,

Report of the Board of Directors

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, amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

CSR Expenditure

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

Environment, Health & Safety

Your Company's Environment, Health & Safety (EHS) strategies are directed towards achieving the greenest and safest operations across all your Company's units by optimising natural resource usage and providing a safe and healthy workplace. Systemic efforts continue to be made towards natural resource conservation

by continuously improving resource-use efficiencies and enhancing the positive environmental footprint by following a life-cycle based approach.

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 its 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 in the design and project execution for all investments in the built environment. This helps reduce potential hazards as well as optimise operational costs. In addition, Environment, Health & Safety audits are being carried out to verify compliance with standards.

'Safety by Culture' looks at driving behavioural changes so that safety is ingrained in the culture of the organisation across operating units. To drive the safety culture, your Company is making use of tools such as a structured conversation with workers on 'Safe and Unsafe' acts which were supplemented by adoption of keystone behaviours which inculcate a sense of ownership. Your Company has also pioneered the usage of Design Thinking principles for seamless integration of safety in business operations. This initiative has resulted in significant 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

The COVID-19 pandemic necessitated immediate action to safeguard people and maintain continuity of operations, to which, your Company promptly responded by establishing comprehensive safety

protocols tailored to each Business' requirements. These quick and appropriate protocols helped ensure business continuity during government-imposed lockdowns, without causing major disruptions across operating locations. Further, to ensure resilience and safety across the value chain, several businesses also supported their respective supply chain partners in implementing these protocols.

Your Company had put in place stringent safety protocols in the early stages of the pandemic, and also established Central and Business Contingency Management Teams, tasked with developing and ensuring risk mitigation measures, business contingency plans, employee well-being, provision and coordination of employee support, assistance to local communities and coordination with local regulatory authorities and health care providers.

Extensive communication and training on safety protocols were carried out, and employees and the extended workforce were provided with protective equipment. Extensive IT enablement for a productive work from home and relevant internet reimbursement policy have been put in place. Office presence was restricted to bare minimum, and only under exceptional circumstances. Similarly, elaborate measures have been taken to ensure employee safety in ITC residential complexes and COVID-19 awareness camps and webinars with Doctors were organised for employees and their family members.

Business units continue to ensure comprehensive compliance with all COVID-19 risk mitigation measures and provide support to employees & families. Apart from the full coverage of medical expenses of employees and immediate family members, your Company has also extended a loan facility to employees to support medical treatment of family members, who may not be otherwise covered under the Company medical policy. Medical insurance coverage has also been extended to your Company's supply chain partners. Additionally, your Company set-up dedicated Covid care centres, helplines managed by company personnel for emergency support such as testing, provision of oxygen concentrators, telemedicine support, home care kits, hospitalisation support and organised dedicated

camps for vaccination of employees, family members, service providers and supply chain partners, at your Company's expense.

The criticality of vaccination and continuous 'SMS' ('sanitizing', 'wearing masks' and 'social distancing') is being reinforced through frequent communication.

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 needs and deliver superior benefits to Indian consumers.

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 to explore and harness cross-business synergies. The team is at the forefront in executing robust R&D strategies and plans that embed sustainability and digitalisation, in order to secure long-term competitiveness for each business.

LSTC has evolved over the years and is presently equipped with world-class scientific infrastructure and state-of-the-art facilities to create knowledge, and build intellectual property for your Company through experimental research, rapid prototyping and process development. Over 900 patents have been filed in a relatively short period of time bearing testimony to LSTC's vitality and capabilities. Centres of Excellence in Biosciences, Agri-sciences and Materials, and robust research platforms such as Beauty & Hygiene, Health & Wellness, Agro-forestry & Crop Sciences and Sustainable Packaging Materials 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.

Report of the Board of Directors

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 quality competitiveness. Innovations are integral to the Business strategies and LSTC actively collaborates with the Businesses in this regard. Your Company has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the context of the COVID-19 pandemic, 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 and immunity continue to power innovation and develop next generation product offerings to serve emergent consumer needs. Your Company's unique competencies in Materials and Packaging have focused on delivering innovative recyclable flexible packaging and bio-compostable coating solutions in line with the environmental sustainability agenda. LSTC has created long-term research platforms to evolve multi-generation product concepts. New synergistic value chains in health, nutrition and sensory sciences have been created to propel future growth and develop differentiated, first-to-market products without compromising on sensory and other attributes. Advances in materials chemistry, agronomy and process science have led to replacement of imported bamboo for manufacture of incense sticks (Agarbattis).

During the year, your Company's Hotels Business leveraged technology to enhance business process efficiencies and outcomes. To combat new challenges posed by the pandemic, the Hotels Business heightened its commitment towards prioritising the safety and security of their 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 are 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.

In the Agri-sciences domain, LSTC has an ambitious R&D programme to address future demand of food security, improving yields & quality and developing new varieties. Research on wheat and potato varietal securitisation are at advanced stages to achieve flexibility in sourcing of raw material, creation of region-specific blends and to ensure robust agro-climatic adaptability. LSTC, in collaboration with the Agri Business Division endeavours to ensure contemporary science outcomes are fully integrated across the value chain from farm to factory. Scientific platforms in Agroforestry have led to pioneering work on new clones in tandem with Paperboards and Specialty Papers Division to enhance wood productivity and pulp quality for sustainable raw materials and farmer profitability.

The Paperboards, Paper and Packaging Businesses continued to pursue 'Total Productive Maintenance' (TPM) programmes with focus on customer delivered quality. The Paperboards and Specialty Papers Division has also set up a state-of-the-art Next Generation Smart and Hyperscalar 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.

In its quest to be an innovation engine and to be future-ready, LSTC is developing and deploying bespoke tools & dashboards for quality performance analytics and competition benchmarking using Artificial Intelligence and Machine Learning technological platforms to strengthen the quality management systems (via product/process optimisation). Going forward, your Company will continue to identify opportunities to create new value chains leveraging R&D insights emerging from 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 memoranda issued by the Directorate. In respect of some of the remaining memoranda, 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 memoranda were quashed. The Enforcement Directorate filed appeals against these orders before the Division Bench of the Calcutta High Court, which are pending.

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

TREASURY OPERATIONS

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

Market interest rates during the year declined sharply on the back of Monetary Policy easing by the Reserve Bank of India (RBI). This was necessitated to mitigate the impact of COVID-19

induced lockdowns on economic activity. Through a combination of conventional and un-conventional policy measures, RBI sought to reduce borrowing cost, increase liquidity in the Banking system and provide regulatory forbearance to ensure stability of financial markets. Globally, Monetary Policy stance was accommodative in both Developed and Developing Economies during this period with interest rate cuts and quantitative easing. This resulted in large inflows into emerging markets including India, thereby complementing RBI's interventions as aforesaid. As economic activity gradually began to normalise with the easing of restrictions, the Central Government embarked on fiscal expansion with Fiscal Deficit for the year widening to around 9.5% of GDP. This entailed significant market borrowings which in turn pushed market interest rates higher by the end of the year.

All investment decisions relating to deployment of your Company's 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, amidst heightened economic stress, your Company's ongoing practice of continuous review and monitoring of credit worthiness, including regular engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

In the currency market, the onset of COVID-19 and resultant lockdowns resulted in a sharp sell-off in emerging market currencies including the Indian Rupee. The unprecedented scale and speed of interventions by Governments and Central Banks across the world in the form of monetary and fiscal easing ignited a 'risk-on' sentiment and triggered a rally in financial markets. Further, as the impact of the pandemic started to ebb and news on vaccine development started to take center stage, emerging markets started to receive significant capital flows which caused their currencies, including the Indian Rupee, to appreciate.

Indian Rupee also remained supported by the policy measures announced by the Government and RBI to support the economy and revive growth. Lower oil

Report of the Board of Directors

prices and domestic demand during the year led to a large reduction in the Trade Deficit and the Current Account moved into surplus. The Balance of Payment for the year stood at a large surplus of around US\$ 85 – 90 billion due to strong capital inflows. However, persistent intervention in the forex market by RBI restricted sharp appreciation of the Rupee besides a record high level of foreign exchange reserves.

Given the high volatility in the currency markets, your Company adopted a proactive risk management strategy and actively managed the foreign currency exposures through the use of appropriate hedging strategies and instruments.

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

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2021, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 20,000 which have been withheld on the directives received from the government agencies.

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

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

DIRECTORS

Changes in Directors

Mr. Atul Jerath was appointed, with your approval, as a Non-Executive Director of your Company for a period of three years with effect from 4th September, 2020, representing the General Insurers' (Public Sector) Association of India. He stepped down from the Board of Directors of your Company

(‘the Board’) with effect from 1st May, 2021.

Your Directors place on record their appreciation for the services rendered by Mr. Jerath. Further, Mr. David Robert Simpson was also appointed, with your approval, as a Non-Executive Director of your Company for a period of five years with effect from 28th July, 2020, representing the Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c.

Mr. Sumant Bhargavan will complete his present term as a Wholetime Director of your Company on 11th July, 2022. The Board at the meeting held on 1st June, 2021, on the recommendation of the Nomination & Compensation Committee (‘the Committee’), recommended for the approval of the Members, the re-appointment of Mr. Sumant as a Director, liable to retire by rotation, and also as a Wholetime Director of your Company for a period of three years with effect from 12th July, 2022.

The Board, on the recommendation of the Committee, also recommended for the approval of the Members, the appointment of Mr. Shyamal Mukherjee as a Director, and also as an Independent Director of your Company for a period of five years with effect from the date of the 110th Annual General Meeting (‘AGM’) of your Company. Mr. Mukherjee has the required integrity, expertise and experience for appointment as an Independent Director of your Company.

Messrs. Sumant and Mukherjee, pursuant to Section 152 of the Act, have given their consents to act as Directors of your Company, and have also given requisite Notices, pursuant to Section 160 of the Act, proposing their respective appointment as Directors of your Company. Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 110th AGM of your Company.

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. Hemant Bhargava and Sumant Bhargavan 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, 2021.

Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your 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 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 the 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.

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

The Independent Directors of your Company have confirmed that (a) they meet the criteria of independence 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'), and (b) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective,

independent judgement and without any external influence. 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 the Company.

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, pursuant to the Act and the Rules thereunder and the Listing Regulations.

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the roles and responsibilities of the Board as provided in the Act and the Listing Regulations, read with 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. 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.

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

Report of the Board of Directors

down parameters anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before the Board by the respective Committee Chairmen after discussions with the respective Committee members. 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

Mr. Supratim Dutta was appointed by the Board as the Chief Financial Officer ('CFO') of your Company with effect from 5th September, 2020. Mr. Rajiv Tandon, Wholetime Director, ceased to be the CFO with effect from close of work on 4th September, 2020.

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, recommended for the approval of the Members, the remuneration of SRBC for the financial year 2021-22. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 110th AGM of your Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2021-22:

- (i) Messrs. ABK & Associates, Cost Accountants, for audit of Cost Records maintained by your Company in respect of 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of your Company, other

than 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products.

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 110th 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

Your Board appointed Messrs. Vinod Kothari & Company, Practising Company Secretaries, as the Secretarial Auditors of your Company for the financial year ended 31st March, 2021. 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, 1,66,12,990 Ordinary Shares of ₹ 1 each, fully paid-up, were issued and allotted upon exercise of 16,61,299 Options under your Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2021, stands increased to ₹ 1230,88,44,231 divided into 1230,88,44,231 Ordinary Shares of ₹ 1 each. The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

EMPLOYEE STOCK OPTION SCHEMES

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

Your Company's Auditors, Messrs. S R B C & CO LLP, 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 providing best-in-class services to the shareholders and investors of your Company, while ensuring compliance with the applicable statutory requirements.

Further, the 'Investor Relations' section on your Company's corporate website 'www.itcportal.com' serves as a user-friendly online referencer 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

Report of the Board of Directors

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

OTHER INFORMATION

Compliance with the conditions of Corporate Governance

The certificate from your Company's Auditors, Messrs. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed.

Integrated Report

Your Company has voluntarily prepared its Integrated Report for the financial year 2020-21. As a green initiative, the Report has been hosted on your Company's corporate website at <https://www.itcportal.com/about-itc/shareholder-value/itc-integrated-report-2021.pdf>.

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, 6 and 9 to the Financial Statements.

Particulars relating to Conservation of Energy and Technology Absorption

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

Compliance with Secretarial Standards

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, 2021, stood at 26,017.

There were 153 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, 2021. 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>.

Articles of Association

During the year, the Articles of Association of your Company were amended, with your approval, to make them consistent and aligned with the provisions of the Companies Act, 2013 and the Rules and Regulations framed thereunder, and the Secretarial Standards on Board Meetings and General Meetings.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2021, 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. With 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 Competitiveness’ - an abiding strategy that 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 25-fold and presently constitute over 60% 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.

Several structural interventions and strategy resets effected in the recent past have resulted in appreciable progress and enhanced the market standing and competitiveness of each operating segment, thereby laying the foundation for the next horizon of growth and value creation.

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 in recent years to strengthen the FMCG Businesses for sustained profitable growth. Following a strategic review of the business portfolio, the Lifestyle Retailing Business has been restructured. 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 mother brands and creating the new core for powering 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 3.6x and 1.6x respectively while the network of stockists has expanded to 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 Services segment. In addition, investments towards accelerating agile and purposeful innovation with platform centricity, optimising supply chain efficiencies and digitisation have significantly enhanced competitiveness. The impact of these multi-dimensional interventions are evident in the substantial margin expansion of 640 bps in Segment EBITDA over the last four years.

The Businesses will continue to leverage your Company’s institutional strengths as a key source of sustainable competitive advantage viz. strong

Report of the Board of Directors

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 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 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 examine alternate structures in line with industry recovery dynamics towards engendering the next horizon of growth as also enhancing value creation.

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 3 million tonnes in 22 states and over 20 agri-value chain clusters. In recent years, the Business has pivoted its strategic focus towards rapidly scaling up its Value-Added Agri Products portfolio to accelerate growth and enhance value capture. 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. Investments are also being stepped up

towards developing a robust business model to scale up 'e-Choupal 4.0' – a crop-agnostic 'phygital' platform integrating NextGen agri-technologies and solutions – to deliver customised solutions to the farming community while creating new and scalable revenue streams and augmenting sourcing efficiencies.

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 pandemic has given wings to the trend of Digitalisation that was already gathering momentum. Apart from e-Commerce, digital entertainment, work-from-home conferencing, telemedicine, education, learning and skill development, e-services and social media communications, have all experienced exponential surge. Accelerated digital transformation is integral to your Company's future-ready strategy and is increasingly being harnessed to enhance competitive advantage. Cutting-edge digital technologies are being increasingly deployed across key touch points spanning Consumer Experience, Smart and Agile Manufacturing & Supply Chain Operations, Employee Experience and Intelligent Insights Platforms. Foundational initiatives such as the 'DigiNext' and 'Young Digital Leaders Forum' have been implemented towards steering your Company through its digital journey and fostering 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 Sustainability 2.0, an agenda which reimagines sustainability under the pressing challenges of climate change and the pandemic. With a view to 'Building Back Better', Sustainability 2.0 calls for inclusive strategies that can support sustainable

livelihoods, enable the transition to a net zero economy, work towards ensuring water security for all, create an effective circular economy and protect & restore biodiversity. 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 sustainable business exemplar.

Your Company continues to explore opportunities to craft disruptive business models and value propositions anchored at the intersection of Digitalisation and Sustainability – the two defining trends in the 'new normal' – leveraging its institutional strengths. NextGen business models such as e-Choupal 4.0 in the agri-ecosystem, tech-enabled cloud kitchens in the food services space, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being blueprinted to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

During the year, the COVID-19 pandemic unleashed incalculable loss to human life and unprecedented disruption to economic activity. Amidst an extremely challenging operating environment, your Company responded with speed and agility demonstrating resilience and adaptive capacity while operating in the 'new normal'. The severe intensity of the second wave has triggered a fresh round of disruptions and partial lockdowns, leading to slackening in the recovery momentum. There is heightened uncertainty around the timing and shape of the recovery trajectory along with dampening of consumer and business sentiment. Your Company continues to monitor the evolving situation and will respond with agility while managing risks associated with the heightened uncertainties in the business environment. Recent learnings in dealing with the pandemic spanning sales and distribution, supply chain operations, innovation

and product development will continue to be leveraged in this regard.

Your Company's diverse talent pool of professional entrepreneurs, 'proneurs', have the unique opportunity to create categories, products and brands right from scratch. 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. Your Company's employees and frontline warriors put in extraordinary efforts amidst adversity and responded to the call of duty with utmost dedication and commitment. The agility of response to the unprecedented situation, the innovations that were implemented at record speed to seize the opportunities in the market, the accelerated adoption of digital technologies, the collaborations and realignments to execute according to the dynamic environment and the compassionate manner in which vulnerable communities in our catchments were aided, are highly commendable. The Board of Directors would like to express its deepest appreciation of these efforts put in by Team ITC.

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

S. PURI *Chairman & Managing Director*
New Delhi, India

R. TANDON *Director*
Kolkata, India

1st June, 2021

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2021

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, inter alia, afforestation, water stewardship, sustainable agriculture and climate smart practices, livestock development and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in, inter alia, 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 preserving & promoting 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 re-generation, and formulates & monitors the CSR Policy. The Committee also reviews the annual CSR Action Plan and the Business Responsibility Report of the Company, and recommends the same to the Board for approval.

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 our production units.

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

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

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of waterborne diseases. The focus of the interventions is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH).
- **Health:** Emphasis on maternal and child care (MCH) through a network of women Village Health Champions (VHC) and by generation of demand by at-risk women and children for institutional support in MCH.

- **Health Care & Infrastructure:** Undertake various social and civic infrastructure initiatives to improve sanitation and hygiene in the neighbourhood of our factories comprising potable drinking water, drainage systems, rural health care services, etc.
 - **Solid Waste Management:** Create a clean and green environment through source segregation and recycling of dry & wet waste, and create sustainable livelihoods for rag pickers and waste collectors.
 - **Poverty Alleviation:** Target the needy and poor by providing them with basic needs like clothing and food as a part of the implementation agency's goal of poverty alleviation.
- ii. **Livelihood Enhancement (Schedule VII – ii):**
- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers by increasing productivity of milch animals through a comprehensive package of extension services and training to dairy farmers.
 - **Education:** Provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
 - **Vocational Training:** Build and upgrade skills of youth with the emerging needs of the job market across different sectors.
- iii. **Economic Empowerment of Women (Schedule VII – iii):**
- Provide a range of gainful employment and entrepreneurial opportunities to poor women supported with financial assistance by way of loans and grants.
- iv. **Ensuring Environmental Sustainability (Schedule VII – iv):**
- **Social Forestry:** Provide food, fuel and fodder security to small farmers through social forestry.
 - **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning and executing watershed projects.
 - **CII-ITC Centre of Excellence for Sustainable Development:** Enable businesses to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies and processes.
- v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**
- Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians of the time through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977.
- vi. **Rural Development (Schedule VII – x):**
- **Sustainable Agriculture:** Introduce advanced knowledge and technology through package of practices and increase awareness of farmers on optimum use of natural resources in order to increase farm incomes, minimise cost of cultivation and make agriculture resilient to extreme weather events.
 - **Knowledge Empowerment:** Enable farmers to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge on farm management, risk management and scientific farming.
 - **Agri-extension / services:** Encourage sustainable agricultural practices through various extension platforms to enable access to relevant farm mechanisation technologies and implements, especially for small farm holdings.
 - **Farm Productivity Enhancement:** Improve technical know-how of farmers, and increase access to best practices and agricultural technologies to enhance farm productivity.
- vii. **Disaster Assistance (Schedule VII – xii):**
- Provide relief to the poor and vulnerable sections of society who face severe disruption to their livelihoods. In addition, provide assistance to District Authorities and other government bodies whose eco-system reaches out to the weakest sections of society

2. Composition of the CSR and Sustainability Committee as on 31st March, 2021:

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	3	3
2	H. Bhargava	Non-Executive Director		3
3	A. Jerath *	Non-Executive Director		3
4	N. Rao	Independent Director		3
5	A. K. Seth	Independent Director		3
6	M. Shankar	Independent Director		3
7	D. R. Simpson	Non-Executive Director		3

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

3. 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>
4. 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): **No new impact assessment undertaken after notification of the said Rules.**
5. 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 ₹)
NIL			

6. Average net profits of the Company as per Section 135(5) : ₹ 17,641.94 crores
7. (a) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 352.84 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 : Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 352.84 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
₹ 353.46 crores	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	District						Name	CSR Registration number
Not Applicable												

(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	District			Name	CSR Registration No.
Annexure 1									

- (d) Amount spent in Administrative Overheads : ₹ 17.58 crores
- (e) Amount spent on Impact Assessment, if applicable : ₹ 0.45 crore
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 353.46 crores
- (g) Excess amount for set off, if any : ₹ 0.62 crore

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	₹ 352.84 crores
(ii)	Total amount spent for the Financial Year	₹ 353.46 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.62 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)]	₹ 0.62 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	
Not Applicable							

(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
Not Applicable								

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

S. PURI *Chairman – CSR and Sustainability Committee*
New Delhi, India

R. TANDON *Director*
Kolkata, India

1st June, 2021

Annexure 1
Details of CSR amount spent against other than ongoing projects for the financial year

1	2	3	4	5		6	7	8	
				Location of the Project				Amount Spent for the Project (In ₹ Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementing Agency (Yes/No)	CSR Registration No.
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	State	District			Name	
1	Health & Sanitation	Clause I - Promoting health care including preventive health care	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Prakasam, Kurnoor, Darrang, Dibrugarh, Kamrup, Chapra, Munger, Balespur, Raipur, Central Delhi, East Delhi, New Delhi, North Delhi, South Delhi, West Delhi, Ahmedabad, Shimla, Solan, Jammu, East Singhbhum, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Thiruvananthapuram, Indore, Sehore, Vidisha, Mumbai City, Mumbai Suburban, Pune, Imphal, East Khasi Hills, Ganjam, Khordha, Malkangiri, Kapurthala, Jhalawar, Coimbatore, Krishnagiri, Pudukkottai, Ramanathapuram, Virudhunagar, Bhadradi Kothagudem, Khanammam, Medak, West Tripura, Alahabad, Badaun, Bahraich, Chandauli, Gonda, Hathras, Lucknow, Pilibhit, Saharanpur, Varanasi, Alimora, Champawat, Dheradun, Haridwar, Bankura, Birbhum, Darjeeling, Hooghly, Howrah, Kolkata, Malda, Murshidabad, Haridwar, North 24 Praganas, Purulia, North Dinajpur, South Dinajpur, South 24 Praganas	3,295	No		Annexure 2
2	Solid Waste Management	Clause I - Sanitation	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Karnataka, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttarakhand, Uttar Pradesh, West Bengal	Anantapur, Chittoor, East Godavari, Guntur, Kadapa, Krishna, Kurnoor, Nellore, Prakasam, Visakhapatnam, West Godavari, Mungur, Muzaffarpur, New Delhi, North Delhi, South Delhi, Bengaluru Rural, Bengaluru Urban, Mysuru, Pune, Puri, Kapurthala, Jhalawar, Chennai, Coimbatore, Madurai, Tiruchirappalli, Tiruppur, Bhadradi Kothagudem, Hyderabad, Karimnagar, Khanammam, Mancheril, Medak, Medchal Malkajiri, Mahbubnagar, Nalgonda, Rajanna Sircilla, Ranga Reddy, Sangareddy, Siddipet, Suryapet, Vikarabad, Warangal, Yadadri Bhuvanagiri, Lucknow, Saharanpur, Haridwar, Hooghly	1,425	Yes		N.A.
3	Vocational Training	Clause II - Employment enhancing vocational skills	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Karnataka, Madhya Pradesh, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Prakasam, Visakhapatnam, Darrang, Kamrup, Mungur, Sukma, Solan, Simagar, Bengaluru Urban, Udupi, Chhindwara, Damoh, Gwalior, Sehore, Vidisha, Nanded, Pune, Malkangiri, Kapurthala, Barmer, Jhalawar, Chennai, Coimbatore, Krishnagiri, Madurai, Pudukkottai, Tiruvallur, Hyderabad, Khanammam, Medak, Ghaziabad, Gorakhpur, Kanpur, Kaushambi, Lucknow, Saharanpur, Varanasi, Haridwar, Hooghly, Howrah, Kolkata	905	No		Annexure 2
4	Integrated Animal Husbandry	Clause II - Livelihood enhancement projects	Local Area & Others	Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Telengana, Uttar Pradesh	Guntur, Nellore, Prakasam, West Godavari, Hassan, Mysuru, Bhopal, Guna, Indore, Mandasaur, Sehore, Shivpur, Ujjain, Vidisha, Amravati, Khanammam, Bahraich, Balrampur, Chittrakoot, Shrivasti, Sonbhadra	85	Yes		N.A.
5	Livelihood Promotion	Clause II - Livelihood enhancement projects	Local Area & Others	Bihar, Karnataka, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Hassan, Mysuru, Bhopal, Guna, Indore, Mandasaur, Sehore, Shivpur, Ujjain, Vidisha, Amravati, Khanammam, Bahraich, Balrampur, Chittrakoot, Shrivasti, Sonbhadra	144	No		Annexure 2
6	Education	Clause II - Promoting education, including special education	Local Area & Others	Andhra Pradesh, Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Meghalaya, Odisha, Punjab, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Begusarai, Bhagalpur, Khagaria, Lakhisarai, Munger, Patna, Samastipur, Vaishali, Bengaluru Urban, Purba Bardwan (Bardhaman), Hooghly	177	No		Annexure 2
7	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Kurnoor, Prakasam, Darrang, Kamrup, Mungur, Kishanganji, Lakhisarai, Patna, Solan, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Sehore, Chandrapur, Nagpur, Pune, East Khasi Hills, Khordha, Kapurthala, Coimbatore, Krishnagiri, Pudukkottai, Virudhunagar, Thiruvallur, Bhadradi Kothagudem, Khanammam, Medak, Saharanpur, Shahjahanpur, Haridwar, Darjeeling, Hooghly, Howrah, North 24 Praganas	8	Yes		N.A.
8	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, Solan, Hassan, Mysuru, Agar Malwa, Anupur, Ashok Nagar, Baleshat, Chhatarpur, Chhindwara, Damoh, Dattia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Morena, Panna, Raisen, Rajgarh, Rewa, Sagar, Setna, Sehore, Shahdol, Shivpuri, Sidhi, Singrauli, Ujjain, Vidisha, Kapurthala, Baran, Bikaner, Burd, Jhalawar, Kota, Coimbatore, Krishnagiri, Pudukkottai, Khanammam, Chandauli, Saharanpur, Haridwar, Hooghly, Howrah	1,183	No		Annexure 2
7	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, Solan, Hassan, Mysuru, Agar Malwa, Anupur, Ashok Nagar, Baleshat, Chhatarpur, Chhindwara, Damoh, Dattia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Morena, Panna, Raisen, Rajgarh, Rewa, Sagar, Setna, Sehore, Shahdol, Shivpuri, Sidhi, Singrauli, Ujjain, Vidisha, Kapurthala, Baran, Bikaner, Burd, Jhalawar, Kota, Coimbatore, Krishnagiri, Pudukkottai, Khanammam, Chandauli, Saharanpur, Haridwar, Hooghly, Howrah	666	Yes		N.A.
7	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, Solan, Hassan, Mysuru, Agar Malwa, Anupur, Ashok Nagar, Baleshat, Chhatarpur, Chhindwara, Damoh, Dattia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Morena, Panna, Raisen, Rajgarh, Rewa, Sagar, Setna, Sehore, Shahdol, Shivpuri, Sidhi, Singrauli, Ujjain, Vidisha, Kapurthala, Baran, Bikaner, Burd, Jhalawar, Kota, Coimbatore, Krishnagiri, Pudukkottai, Khanammam, Chandauli, Saharanpur, Haridwar, Hooghly, Howrah	340	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, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Munger, New Delhi, South West Delhi, Nuh, Solan, Bengaluru Rural, Bengaluru Urban, Chikkaballapur, Hassan, Kolar, Mysuru, Chhindwara, Indore, Sehore, Vidisha, Almednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Burd, Jaisalmer, Jhalawar, Jodhpur, Kota, Pali, Pudukkottai, Theni, Thiruvallur, Bhadradi Kothagudem, Khanammam, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar, Kolkata	1	Yes		N.A.
8	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Munger, New Delhi, South West Delhi, Nuh, Solan, Bengaluru Rural, Bengaluru Urban, Chikkaballapur, Hassan, Kolar, Mysuru, Chhindwara, Indore, Sehore, Vidisha, Almednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Burd, Jaisalmer, Jhalawar, Jodhpur, Kota, Pali, Pudukkottai, Theni, Thiruvallur, Bhadradi Kothagudem, Khanammam, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar, Kolkata	3,267	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, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Munger, New Delhi, South West Delhi, Nuh, Solan, Bengaluru Rural, Bengaluru Urban, Chikkaballapur, Hassan, Kolar, Mysuru, Chhindwara, Indore, Sehore, Vidisha, Almednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Burd, Jaisalmer, Jhalawar, Jodhpur, Kota, Pali, Pudukkottai, Theni, Thiruvallur, Bhadradi Kothagudem, Khanammam, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar, Kolkata	908	Yes		N.A.

1	2	3	4	5		6	7	8	
				Location of the Project				Amount Spent for the Project (In ₹ Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency (Yes/No)	Name	CSR Registration No.
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	State	District				
9	Social Forestry	Clause IV - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry	Local Area & Others	Andhra Pradesh, Assam, Karnataka, Maharashtra, Odisha, Telengana, Tripura, Uttarakhand	East Godavari, Krishna, Nellore, Prakasam, West Godavari, Darrang, Kamrup, Hassan, Mandya, Mysuru, Chandrapur, Malkangiri, Khammam, Nalgonda, Warangal, Sepahijala, West Tripura, Haridwar	192 6	No Yes	Annexure 2 N.A.	
10	Protection of national heritage, art and culture	Clause V - Protection of national heritage, art and culture	Local Area & Others	Maharashtra, West Bengal	Mumbai City, Kolkata	381	No	Annexure 2	
11	Contribution to PM CARES Fund	Clause VIII - Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Local Area & Others	N.A.	N.A.	10,000	Yes	N.A.	
12	Improved Agriculture Practices	Clause X - Rural Development projects	Local Area & Others	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Chittoor, East Godavari, Guntur, Krishna, Kumool, Nellore, Prakasam, Srikulam, West Godavari, Baksa, Berhampore, Darrang, Dhubri, Goalpara, Kamrup, Araria, Begusarai, Buxar, East Champaran, Kamur (Bhabua), Kailash, Lakhisarai, Munger, Nalanda, Patna, Rohtas, Sheikhpura, Sitamarhi, Nawari, Valsad, Bhivani, Fatehabad, Hissar, Nuh, Rewari, Sirsa, Solan, Pakur, Sahibganj, Bagalkot, Belagavi (Belgaum), Ballari (Bellary), Bengaluru Rural, Bengaluru Urban, Chickballapur, Chikmagalur (Chikmagalur), Hassan, Kolar, Mysuru, Raichur, Wayanad, Agar Malwa, Ashok Nagar, Barwani, Bhopal, Chhatarpur, Chhindwara, Dewas, Dhar, Guna, Haridwar, Hoshangabad, Indore, Khandwa, Khargone, Mandla, Mandlaur, Narsinghpur, Neemach, Raisen, Rajgarh, Ratlam, Sagor, Sehore, Seoni, Shahdol, Shivpuri, Singrauli, Tikamgarh, Ujjain, Vrindavan, Ahmednagar, Akola, Amravati, Beed, Bhandara, Buldhana, Chandrapur, Hingoli, Jalna, Latur, Nanded, Nandurbar, Nasik, Pune, Ratnagiri, Sangli, Satara, Wardha, Washim, Yavatmal, Ganjam, Kalahandi, Khurda, Malkangiri, Rayagada, Amritsar, Kapurthala, Almer, Alwar, Banswara, Baran, Barmer, Bharatpur, Bhiwara, Bikaner, Bundi, Chitorgarh, Dausa, Dholpur, Durgapur, Hanumanagar, Jaipur, Jaisalmer, Jalore, Jhalawar, Karauli, Kota, Nagaur, Pali, Pratapgarh, Raigarh, Rajasamand, Sawai Madhopur, Shri Ganganagar, Sikar, Tonk, Udaipur, Krishangiri, Pudukkottai, Sivaganga, Theni, Thiruvallur, Adilabad, Bhadrachalam, Jayashankar Bhupalpalay, Jangaon, Jogaamba Gadwal, Khammam, Mahbubnagar, Medak, Nalgonda, Nizamabad, Warangal, Agra, Aligarh, Allahabad, Ambedkar Nagar, Auraiya, Azamgarh, Baghpat, Bahraich, Balrampur, Barabanki, Bareilly, Basti, Budaun, Bulandshahr, Chandauli, Chitrakoot, Deoria, Etah, Etawah, Faizabad, Gonda, Gorakhpur, Ghazipur, Haridwar, Hathras, Jalaun, Jaunpur, Kanpur Dehat, Kushinagar, Lakhimpur-Kheri, Lalitpur, Lucknow, Maharajganj, Mainpuri, Mathura, Meerut, Mirzapur, Moradabad, Pilibhit, RaeBareilly, Rampur, Saharanpur, Sant Kabir Nagar, Shravasti, Siddhart Nagar, Sitapur, Sonbhadra, Unnao, Varanasi, Haridwar, Udhampur, Udhampur Singh Nagar, Hooghly, Howrah, Murshidabad	1,844 1,790	No Yes	Annexure 2 N.A.	
13	Disaster Relief	Clause XII - Disaster Management, including relief, rehabilitation and reconstruction activities	Local Area & Others	N.A.	N.A.	2,158 3,273	No Yes	Annexure 2 N.A.	
TOTAL PROJECT COST						33,543			

Annexure 2

List of Implementing Agencies

NGO Name	CSR1 Registration No.	Schedule VII Clause
Academy of Gandhian Studies	Registration in progress	Clause - (i)
Adarsh Yuva Samiti	CSR00000390	Clause - (i, ii and iii)
Action For Agricultural Renewal In Maharashtra	CSR00000092	Clause - (iv and x)
Assocham Foundation For Corporate Social Responsibility	CSR00001076	Clause - (i)
Anudip Foundation For Social Welfare	CSR00000060	Clause - (ii)
Adarsha Rural Health and Economic Development Society	CSR00000385	Clause - (iv and x)
Art and Atristes Foundation	Registration in progress	Clause - (v)
Assist	CSR00000031	Clause - (i and ii)
Dr. Ambedkar Society For Youth and Rural Development (ASYARD)	CSR00005008	Clause - (iv and x)
BAIF Development Research Foundation	CSR00000308	Clause - (ii, iii, iv and x)
Bandhan - Konnagar	CSR00001463	Clause - (iii)
Bharat Sevashram Sangha	CSR00000812	Clause - (i)
Biome Environmental Trust	CSR00001605	Clause - (iv)
Bitan Institute For Training , Awareness & Networking	CSR00004091	Clause - (i)
Bright Light Society	CSR00001369	Clause - (ii)
Chaitanya Jyothi Welfare Society	CSR00003746	Clause - (iv and x)
Community Organisation for Oppressed and Depressed Upliftment (COODU)	CSR00001346	Clause - (iv and x)
Daya Society	Registration in progress	Clause - (i and ii)
Dilasa Sanstha	CSR00001305	Clause - (x)
Don Bosco Tech Society	CSR00001747	Clause - (ii)
Dhan (Development of Humane Action) Foundation	CSR00000273	Clause - (iii, iv and x)
Development Research Communication & Services center	CSR00002927	Clause - (x)
Deepam Rural Development Charitable Trust	CSR00001942	Clause - (i, ii, iii, iv and x)
Development Support Centre	CSR00000674	Clause - (iii, iv and x)
Dr. Hedgewar Seva Samiti Nandurbar	CSR00001781	Clause - (x)
EFFORT (Eco Foundation for Research and Training)	CSR00002557	Clause - (iv and x)
E Sree Foundation	Registration in progress	Clause - (i)
Exnora International Foundation	CSR00002245	Clause - (i)
Foundation for Ecological Security	CSR00000637	Clause - (iv)
Financial Inclusion Improves Sanitation and Health Society	CSR00001053	Clause - (i and ii)
Forum For Organized Resource Conservation And Enhancement	CSR00000037	Clause - (i, iv and x)
FXB India Suraksha	CSR00000076	Clause - (i)
Grameen Development Services	CSR00000639	Clause - (ii and x)
Gandhi Golden Trust (GGT)	Project closed in FY 2020-21	Clause - (x)
Gautam Gambhir Foundation	Registration in progress	Clause - (xii)
Gramasiri	CSR00002041	Clause - (x)
Green Cross	CSR00001062	Clause - (iv and x)
Guide Foundation For Development	CSR00000886	Clause - (iv)
Harsha Trust	CSR00001106	Clause - (iv and x)
Indian Development Center	CSR00005984	Clause - (i)
Integrated Development Foundation	CSR00000268	Clause - (ii)
Institute for Development of Youth, Women & Child	CSR00001582	Clause - (iv and x)
Society of Indian Institute for Rural Development	CSR00000199	Clause - (iii, iv and x)
ITC Rural Development Trust	CSR00002776	Clause - (xii)
ITC Sangeet Research Academy	CSR00003561	Clause - (v)
Jan Nirman Kendra	Project closed in FY 2020-21	Clause - (x)
Janakalyan Welfare Society	CSR00003146	Clause - (iv)
Learning Links Foundation	CSR00000640	Clause - (ii)
Lokmitra	CSR00000814	Clause - (ii)
Mamta Health Institute For Mother and Child	CSR00001978	Clause - (i)
Manava Adhikar Seva Samity	Project closed in FY 2020-21	Clause - (x)

NGO Name	CSR1 Registration No.	Schedule VII Clause
Manav Vikas Sansthan	CSR00001537	Clause - (iii, iv and x)
Modern Architects For Rural India	Registration in progress	Clause - (i)
Myrada Kaveri Pradeshika Samsthe	CSR00001643	Clause - (i, ii, iii, iv and x)
Mysore Resettlement And Development Agency	CSR00001099	Clause - (iv and x)
New Concept Centre for Development Communication	CSR00000240	Clause - (i)
National Centre for Human Settlements and Environment	CSR00000776	Clause - (iii, iv and x)
Network For Enterprise Enhancement and Development Support	CSR00002858	Clause - (i and ii)
Nehru Foundation For Development	CSR00001034	Clause - (x)
Navachithanya Urban and Rural Development Society	CSR00003036	Clause - (iv and x)
Outreach Association of Volunteers for Rural Development.	CSR00002003	Clause - (i, ii, iii, iv and x)
Path Welfare Society	Registration in progress	Clause - (i)
Peoples Action for National Integration	CSR00000125	Clause - (ii, iv and x)
Public TV Educational & Charitable Trust	Registration in progress	Clause - (ii)
Pragya Samiti	Project closed in FY 2020-21	Clause - (iii)
Pratham Education Foundation	CSR00000258	Clause - (ii)
Pravah	CSR00002347	Clause - (ii and x)
People's Science Institute	CSR00001285	Clause - (iv and x)
Ramakrishna Mission	CSR00006101	Clause - (i)
Rural Development Organisation	CSR00001586	Clause - (i, ii and iii)
Rashtriya Gramin Vikas Nidhi	CSR00002390	Clause - (iv and x)
Round Table India Trust	CSR00000895	Clause - (ii)
Rotary Bangalore Peenya Trust	Registration in progress	Clause - (i)
SAAHAS	CSR00000097	Clause - (i and iv)
Say Trees	Registration in progress	Clause - (iv)
Social Awareness Through Human Involvement	CSR00003798	Clause - (i, ii and iii)
Shri Bhuvneshwari Mahila Ashram	CSR00001595	Clause - (i)
SEARCH-Socio Economic Alternatives Research and Resource Community for Humanity	CSR00000587	Clause - (i, iv and x)
Seven Sisters Development Assistance (SeSTA)	CSR00000087	Clause - (iv and x)
SEWA BHARAT	CSR00001733	Clause - (iii)
Samarth In Participatory Action Society	CSR00002296	Clause - (iv and x)
Samarthanam Trust for the Disabled	Registration in progress	Clause - (i)
Shramjivi Janata Sahayyak Mandal	CSR00001794	Clause - (x)
Sarv Mangal Gramin Vikas Sansthan	CSR00000154	Clause - (iii, iv and x)
S M Sehgal Foundation	Project closed in FY 2020-21	Clause - (iv and x)
Support for Network and Extension Help Agency (SNEHA)	CSR00000103	Clause - (i and ii)
Society For Sampurna Grama Swaraj	CSR00000669	Clause - (iv and x)
Sarva Seva Samity Sanstha	CSR00000224	Clause - (x)
Shri Sachchidanand Shikshan Sansthan	Registration in progress	Clause - (ii and x)
Umang Sunehra Kal Sewa Samiti	CSR00000658	Clause - (i, iv and x)
Velugu Association	CSR00001765	Clause - (x)
Vibhavari	CSR00006139	Clause - (i, ii and iv)
Vijay Integrated Development Society (VIDS)	CSR00000055	Clause - (i)
Vikasana Institute for Rural and Urban Development	Project closed in FY 2020-21	Clause - (iv)
Vikramshila Education Resource Society	CSR00001182	Clause - (ii)
Water Sanitation and Hygiene Institution (WASH Institute)	CSR00000170	Clause - (i and ii)
Watershed Support Services and Activities Network (WASSAN)	CSR00001453	Clause - (iv)
Water For People India Trust	CSR00000892	Clause - (i)
World Wide Fund For Nature India	CSR00000257	Clause - (x)
Youth For Development of People's Organisation	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, 2021

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2020 to March 31, 2021 (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, 2021, according to the provisions of:

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the Period under Review.

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 events / actions that can have a bearing on the Company's compliance responsibility in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., except as follows:

1. Issue and allotment of 1,66,12,990 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. Acquisition of 100% of the equity share capital of Sunrise Foods Private Limited (Sunrise), consequent to which Sunrise and its two subsidiaries viz., Sunrise Sheetgrah Private Limited (Sheetgrah) and Hobbits International Foods Private Limited (Hobbits), became wholly owned subsidiaries of the Company with effect from 27th July, 2020. Further, the National Company Law Tribunal, Kolkata Bench, vide order dated 26th February, 2021, sanctioned the amalgamation of Sunrise with the Company, which became effective from 1st April, 2021.
Necessary petition seeking sanction for amalgamation of Sheetgrah and Hobbits with the Company is pending before the National Company Law Tribunal, Allahabad Bench.
3. Incorporation of ITC IndiVision Limited as a wholly owned subsidiary of the Company.
4. Acquisition of additional shares in Delectable Technologies Private Limited (Delectable), pursuant to Share Subscription Agreement and Shareholders' Agreement executed during FY 2019-20. Consequent to the same, the Company's shareholding in Delectable aggregated 20.06% (on a fully diluted basis) and thus, it became an associate of the Company with effect from 17th September, 2020.
5. Adoption of the new Articles of Association of the Company, in respect of which shareholders' approval was taken on 19th December, 2020 through postal ballot by way of e-voting.

For Vinod Kothari & Company
Practising Company Secretaries
Unique Code: P1996WB042300

Vinod Kothari
Managing Partner
Membership No.: F10564
C P No.: 1391

UDIN: F010564C000369771

Peer Review Certificate No.: 781/2020

Kolkata
25-05-2021

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.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Our Audit was based on examination, in physical or electronic form, as feasible under the prevailing circumstances, of books and records maintained by the Company.
4. We have not verified the correctness and appropriateness of financial records and books of account 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.
5. Wherever required, we have obtained Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.
6. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards etc. is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. 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: F010564C000369771

Peer Review Certificate No.: 781/2020

Kolkata
25-05-2021

Annexure to the Report of the Board of Directors

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

CONSERVATION OF ENERGY:

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

a) Steps taken or impact on conservation of energy:

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

- I. Installation of new energy efficient electric boilers.
- II. Installation of Vapour Absorption Machine (VAM).
- III. Optimisation of compressed air through measures such as intelligent flow controller and additional compressor to manage low-pressure load etc.
- IV. Installation of zero air-loss moisture removal traps for compressed air system.
- V. Automation in tube cleaning systems in Heating, Ventilation and Air Conditioning (HVAC) system resulting in higher efficiency.
- VI. Advanced dirt separator system in chilled water line of HVAC system.
- VII. Replacement of cooling tower, AHUs, chillers, compressors, motors, fans, pumps and agitators with higher efficiency ones.
- VIII. Replacement of steam heated equipment such as pressing machine, laundry driers, dishwashing machine etc. with energy efficient electrically heated ones.
- IX. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs).
- X. 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 additional solar photovoltaic power plants.
- II. Continued use of biomass-based fuels in existing biomass boilers for thermal energy generation to reduce dependency on fossil fuels across Businesses.

- c) Capital investment on energy conservation equipment:
₹ 2,021.94 lakhs

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. Advanced data capture and analytics installed as part of Industry 4.0 initiative in our Paperboard & Speciality Papers and Branded Packaged Foods businesses to improve quality, to increase throughput, to reduce specific energy and to reduce chemical consumption.
- II. Implementation of Industrial Internet of Things (IIoT) sensors to monitor equipment condition and reduce downtime in Paperboard & Speciality Papers and Branded Packaged Foods businesses.
- III. Robotic system of palletization to pack products of different Stock Keeping Units (SKUs) in different types of Corrugated Fibreboard Cartons (CFCs).
- IV. Unique identification on packets for authentication and verification of organic food products.
- V. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in our Personal Care Products Business.
- VI. 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, 2021
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	1,212
ii) Revenue	13,122
Total	14,334
Total R&D Expenditure (as a % of Gross Revenue)	0.30

On behalf of the Board

S. PURI *Chairman & Managing Director*
New Delhi, India

R. TANDON *Director*

Kolkata, India

1st June, 2021

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2021

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

Name of Directors & Key Managerial Personnel	Designation	Ratio of Remuneration to Median Remuneration of all Employees	Increase in Remuneration [#] over LY (%)
S Puri	Chairman & Managing Director	222 : 1	47
N Anand	Executive Director	107 : 1	30
B Sumant	Executive Director	107 : 1	98
R Tandon	Executive Director	107 : 1	37
S Banerjee	Independent Director	15 : 1	12
H Bhargava	Non-Executive Director	14 : 1	56
A Duggal	Independent Director	14 : 1	13
A Jerath ¹	Non-Executive Director	3 : 1	–*
S B Mathur	Independent Director	14 : 1	10
A Nayak ²	Independent Director	11 : 1	1182*
N Rao	Independent Director	14 : 1	13
A K Seth ²	Independent Director	10 : 1	2131*
M Shankar	Independent Director	14 : 1	8
D R Simpson	Non-Executive Director	14 : 1	10
S Dutta ³	Chief Financial Officer	18 : 1	–
R K Singhi	Executive Vice President & Company Secretary	37 : 1	25

For computation of "Increase in Remuneration over LY", the figures of remuneration for the previous year have been re-casted to include Contribution to Approved Pension Funds.

* Remuneration paid during the financial year 2020-21 is not comparable since the concerned Directors were there only for part of the financial year 2019-20

¹ Appointed with effect from 31.01.2020

² Appointed with effect from 13.07.2019

³ Appointed with effect from 05.09.2020

Notes

- 1) The number of permanent employees as on 31st March, 2021 was 26,071
- 2) Compared to the financial year 2019-20, the figures for the financial year 2020-21 reflect that:
 - (i) Median remuneration of employees - Increased by 16%
 - (ii) Average remuneration of employees - Increased by 16%
 - (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 15%
 - (iv) Remuneration of KMPs - Increased by 51% due to impact of revision in remuneration during the year and increase in number of KMPs
- 3) Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position Held
1	2	3	4	5	6	7	8	9
Top ten employees in terms of remuneration drawn.								
Puri S	58	Chairman & Managing Director	11,95,26,651	4,28,00,371	B.Tech.	36	20.01.1986	TELCO Ltd., Trainee
Sumant B	57	Executive Director	5,77,29,108	1,97,27,903	B.E.	35	20.01.1986	Nil
Tandon R	67	Executive Director	5,75,13,690	1,96,43,043	B.Sc., F.C.A.	43	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Anand N	64	Executive Director	5,74,41,506	2,10,86,639	B.A. (Hons.)	41	01.12.1979	@
Sivakumar S	60	Group Head - Agri Business	3,67,46,392	1,74,79,521	B.Sc., P.G. Dip. in Rural Mgmt.	38	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Rajput A K	65	Senior V.P. - Corporate Affairs	3,23,47,125	1,27,60,168	B.Com., M.B.A.	44	10.04.1976	Nil
Singh S K	64	Group Head - Paper & Packaging	3,01,06,401	1,46,45,455	B.Tech. (Chem.)	44	21.06.1977	#
Satpathy S	48	Divisional Chief Executive (PCPBD)	2,90,58,324	1,24,92,964	B.Com., P.G.D.M.	25	01.12.2015	Marico Ltd., Chief Marketing Officer
Dar C	65	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,89,28,216	1,35,43,039	B.Tech. (Hons.), P.G.D.M.	41	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Malik H	55	Divisional Chief Executive (FBD)	2,73,77,367	1,08,60,438	B.A., M.B.A.	31	01.06.1989	Nil
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.								
Abraham C	57	Chief Executive - Healthcare	2,48,50,352	1,32,55,592	M.B.B.S., Adv. Dip. in Healthcare Administration	27	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Aggarwal A	40	Divisional Manager HR - OD (FBD)	1,02,03,261	53,74,684	B.Tech., P.G.Dip. in P.M. & I.R.	17	15.03.2017	HCL Healthcare, G.M. - HR
Aiyer K	47	V.P. Finance - Agri Business SBU (ABD)	1,28,47,470	65,83,983	B.Com. (Hons.), A.C.A.	23	01.09.1998	Modi Telstra Pvt. Ltd., Mgmt. Trainee
Ambasta A (Dr.)	62	Executive V.P. & Head - Social Investments	1,93,40,083	84,98,136	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	34	01.04.2002	Action Aid (India), Sr. Programme Analyst
Anandan M	50	National Sales & Category Development Manager - Personal Care, Matches & Agarbatti (TM & D)	1,55,38,434	74,63,095	P.G.D.M.	28	01.02.1994	Threads India Limited, Sales Representative
Arif N	59	Executive V.P. & Head - Corporate Communications	2,45,91,517	99,07,632	B.A. (Hons.), M.A.	35	01.09.2006	Indian Chamber of Commerce, Secretary General
Arora B	47	V.P. - Finance (FBD)	1,39,65,622	76,73,922	B.Com. (Hons.), A.C.A.	27	06.09.1999	Maruti Udyog Ltd., Finance Executive
Ashok D	57	Head - Taxation	1,78,30,979	69,01,834	B.Com., A.C.S., F.C.M.A.	36	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Awasthi J	54	General Manager - Special Projects	1,07,76,814	52,01,828	B.E. (Hons.), P.G.D.M.	32	01.03.1993	Network Ltd., Field Manager
Bajaj K	48	Executive V.P. - Marketing (ITD)	1,72,39,836	81,11,126	B.A. (Hons.), M.B.A.	26	16.03.2011	Bharti Retail Ltd., Head - Brands
Balaji L N	59	Executive V.P. - Shared Services	1,36,61,493	67,74,207	B.Com., F.C.A.	36	17.06.1985	Nil
Balakrishnan S	54	Head - Manufacturing & Supply Chain (PCPBD)	1,51,15,263	70,43,763	B.E.	33	01.09.1987	Nil
Balar S	46	V.P. - Marketing (PCPBD)	1,70,34,115	79,72,027	B.Tech., P.G.D.M.	20	01.06.2000	Nil
Bandyopadhyay S S	51	Executive V.P. - HR & CSR (PSPD)	1,47,03,636	79,53,979	B.Com., P.G.D.P.M., I.R. & L.W., M.B.A., Dip. in T&D	25	12.12.2006	Pepsico India Holdings Pvt. Ltd., Asst. Manager - HR
Banerjee S	44	V.P. - Marketing Services (FBD)	1,50,62,081	90,57,895	B.E., M.B.A.	21	01.06.2009	IMRB International, Insights Director
Bansal R	43	Group Category Finance Manager - Staples, Snacks & Meals (FBD)	1,05,72,113	65,78,151	B.Com., A.C.A., I.C.S.I.	22	22.01.2007	Bharat Oman Refineries Ltd., Asst. Mgr. Finance
Bansal R K	48	Head - Corporate Treasury	1,60,29,655	77,01,189	B.Com. (Hons.), C.W.A., A.C.A.	25	01.11.1995	Nil
Barhanpurkar M P	56	Head - Technical (PSPD)	1,16,90,299	62,92,237	B.E.	27	01.01.2004	Abhishek Industries Ltd., Manager Engg.
Barve M M	50	Head - Product Development, Chocolates (FBD)	1,40,67,876	82,04,540	B.Sc., M.Sc.(Food Tech.), E.M.B.A.	25	27.07.2015	Pepsico India Holdings Pvt. Ltd., Associate Director
Basu N	51	Sr. Manager - Corporate Communications	1,14,07,178	67,21,411	B.A., M.A.	16	01.01.2008	United Credit Belani Group, V.P.
Bezbaroa S K	58	Executive V.P. - Corporate EHS	1,70,94,223	79,13,387	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	38	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bhalla R	37	Category Development Manager - New Business Development	1,09,04,930	54,09,747	B.Tech., M.Tech.	15	08.06.2006	Nil
Bhatt S	52	Divisional Manager - Exports (FBD)	1,04,82,542	53,10,654	B.Sc., P.G. Dip. in Marketing	32	01.10.1997	Pertech Computers Ltd., Regional Sales Mgr.
Bhattacharjee A	57	V.P. - Information Systems (HD)	1,04,34,362	50,41,977	B.E. (Industrial & Production)	32	09.07.2001	@
Bose S	52	Executive V.P. - HR & Learning & Development (HD)	1,91,10,489	1,03,02,194	B.A., P.G. Dip. in P.M.	26	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Chadha A	51	Chief Operating Officer (HD)	1,51,52,584	77,11,949	Dip. In Hotel Mgmt., Catering & Nutrition	31	01.05.2001	@
Chatterjee K	60	Head - Packaging Development (FBD)	1,33,43,755	62,23,401	Dip. in Mech. Engg.	35	15.10.2001	Agrotech Foods Ltd., Manager - Packaging & Development
Chatterjee S	52	General Manager - Procurement (FBD)	1,61,41,496	93,16,873	B.A.	33	05.06.2006	Nestle India Ltd., Purchase Manager
Chaturvedi K	43	Chief Operating Officer - Snacks (FBD)	1,83,31,345	84,65,592	B.A. (Hons.), P.G. Dip. in Communication	19	19.05.2003	Mindshare Fulcrum, Planning Executive
Chhaproo J T	47	Head of Media (PCPBD)	1,17,10,042	61,13,356	B.Tech., P.G.D.M.	12	08.08.2016	Snapdeal, Head - Media
Dasgupta K	44	Head of Marketing - Dairy & Juices (FBD)	1,74,00,990	85,28,895	B.Sc. (Hons.), P.G.D.C., P.G.D.M.	19	03.01.2020	Hindustan Unilever Ltd., G.M. Foods
Dharmendra V B (Dr.)	45	Head - Food Sciences (FBD)	2,04,02,214	1,23,97,555	B.Tech., M.Tech., M.S., Ph.D.	23	05.03.2020	E & J Gallo Winery, Applied Technology Director

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position Held
1	2	3	4	5	6	7	8	9
Dixit P K	60	V.P. - T & RA (ITD)	1,87,56,614	86,79,426	B.Sc. (Hons.)	37	17.10.1983	Nil
Dogra M	46	Head - Strategic Planning	1,02,08,911	52,71,375	B.Com., A.C.A., M.B.A.	21	01.11.2004	Export Import Bank of India, Management Trainee
Dogra R	46	Head of Modern Trade (TM & D)	1,55,26,787	77,14,238	B.Tech., M.I.B.	21	01.06.2001	J.C.T. Electronics Ltd., Engg. Executive
Dutta Saradindu	61	Head - Corporate Accounts	1,90,82,922	69,80,177	B.Com. (Hons.), M.Com., A.C.A.	39	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	54	Chief Financial Officer	2,45,66,809	87,62,962	B.Com. (Hons.), C.W.A., A.C.A.	30	01.11.1990	Nil
Ganesan M	58	Head - Corporate Internal Audit	2,43,16,198	98,99,148	B.Com., A.C.A., A.C.S.	35	01.03.1986	Nil
Ganesh Kumar S	53	SBU Chief Executive - Staples, Snacks & Meals (FBD)	2,46,69,297	1,05,64,817	B.E.	30	14.12.1991	Mather and Platt (I) Limited, Engg. Trainee
Garg A S	52	V.P. - Finance ,Tobacco SBU (ABD)	1,20,82,874	64,21,680	B.Com., I.C.W.A., A.C.A.	29	01.06.1992	Larsen & Toubro, Chartered Accountant
Ghosal N	46	Chief Engineer (ITD)	1,13,38,331	55,15,253	B.Tech., P.G.D.I.M.	22	01.06.1999	Nil
Ghosh B	59	Divisional Manager - Finance - Central Projects Organisation	1,05,32,815	51,65,858	B.Com. (Hons.), M.Com., I.C.W.A., M.B.A.	36	01.07.1985	Nil
Gouraha R	40	Head of Manufacturing - Snacks, Noodles & Pasta (FBD)	1,36,70,125	81,55,228	B.Tech.	17	04.06.2004	Nil
Guha S	59	Executive V.P. - Technical (ITD)	1,72,73,712	80,65,061	B.Tech.	37	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta J	38	Head of Manufacturing - Staples (FBD)	1,17,18,554	57,62,003	B.Tech.	16	01.09.2016	Hindustan Unilever Ltd., Factory Manager
Gupta V	56	SBU Chief Executive (ESPB - SBU)	2,05,57,863	1,17,43,635	B.E., P.G.D.M.	30	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Handa M	42	V.P. - Skin Care & Innovations (PCPBD)	1,51,38,806	94,99,512	B.E., P.G.D.	16	22.07.2019	Marico Ltd., Head of Marketing
Janardanan Anand P	55	Executive V.P. - HR (FBD)	1,84,39,146	85,98,350	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	30	01.06.1990	Nil
Jasper N K	51	Executive V.P. - Finance & IT (FBD)	1,82,50,319	86,96,984	B.Com. (Hons.), A.C.M.A., A.C.A.	28	25.06.1993	A.F. Ferguson, Asst. Consultant
Jhingran R	43	V.P. - Talent Development, Corporate HR	1,16,17,140	64,58,018	B.Sc. (Pharmacy), P.G.D.M.	17	04.06.2004	Nil
John R	52	G.M. - Operations (ITD)	1,57,49,742	75,23,660	B.Tech.	29	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Kar S	48	Head - Operations - Finance & MIS (PSPD)	1,08,29,853	55,33,865	B.Com., C.W.A., A.C.A., A.C.S.	25	06.09.1999	Deloitte Haskins & Sells, Asst. Mgr.
Karthik B	48	Head - Corporate Planning	1,50,32,975	71,12,995	B.Com. (Hons.), C.W.A., Advanced Dip. in Systems Mgmt., A.C.S., A.C.A., C.P.A.	25	07.05.2007	Tionale Pte Ltd., G.M. - Business Development
Kaul S	54	Divisional Chief Executive (ITD)	2,56,38,991	1,02,90,605	B.E., P.G.D.M.	30	01.06.1990	Nil
Khosla V	54	District Manager - South (TM & D)	1,45,06,435	69,30,978	B.A. (Hons.), M.B.A	30	01.07.2001	Indian Army, Captain
Kishore A	46	Trade Marketing Information Manager (TM & D)	1,26,02,535	61,04,776	B.Tech., P.G.D.M.	25	15.05.2006	Gillete India Ltd., Regional Value Chain Manager
Kookkal V	39	Head of Marketing - Staples & Meals (FBD)	1,11,70,205	69,88,248	B.Tech., P.G. Dip. in Marketing	15	08.06.2006	Nil
Kulkarni V	46	Divisional Chief Executive (PSPD)	2,04,02,072	1,07,55,794	B.Tech.	24	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar Ashit	55	Executive V.P. - Finance & MIS (ABD)	1,62,70,914	86,82,669	B.Com., A.C.A.	32	01.12.1988	Nil
Kumar Ashwani	57	Chief Technologist - Packaging & Graphics Design (ITD)	1,37,02,827	65,16,469	B.Sc., M.B.A.	35	01.07.1990	Uptron India Ltd., Planning Officer
Kumar Atul	57	V.P. - Finance (HD)	1,10,09,158	55,99,863	B.Com. (Hons.), A.C.A.	33	01.06.1988	@
Kumar G K	55	V.P. - Leaf Operations, Tobacco SBU (ABD)	1,50,88,223	76,41,539	B.Sc. (Agriculture)	33	01.08.1987	Nil
Kumar K	49	Sr. Principal Technologist (PCPBD)	1,20,42,617	57,84,361	B.Com., A.C.A., P.G.D. (Taxation), LL.B.	24	22.10.2008	Ruchi Soya Industries Ltd., Deputy G.M., Commercial
Kumar T S	50	National Sales & Category Development Manager - Foods (TM & D)	1,46,81,132	70,77,231	B.Sc.	28	01.04.1995	E.I.D. Parry (I) Ltd., Sales Representative
Kunchey J K	46	General Manager - Supply Chain & Logistics (TM & D)	1,81,95,176	86,39,131	B.Tech., P.G. Dip. in I.E.	23	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Mathew T	46	Head - HR (PCPBD)	1,27,87,544	63,19,311	Dip. in H.M.C.T. & A.N., B.B.A., M.A.	23	25.06.2001	Marico Industries Ltd., Mgmt. Trainee
Mathur A	39	Head of Manufacturing - Biscuits & Cakes (FBD)	1,10,96,173	54,72,711	B.Tech.	16	08.06.2005	Nil
Mehta R R	60	Senior Associate General Counsel	1,10,57,852	53,15,175	B.Com. (Hons.), LL.B., LL.M., LL.M. (Criminal Law), M.S.(Wis.), Ph.D.	36	10.06.1994	Legal Practitioner
Menon V P	55	V.P. - Projects (HD)	1,14,62,770	58,55,113	B.Tech. (Civil)	32	10.01.1993	@
Moodliar A	55	V.P. - Marketing (HD)	1,16,13,446	58,10,070	B.Com., M.B.A.	31	15.10.1993	@
Mukherjee P	59	V.P. - Finance & MIS (PPB - SBU)	1,58,92,363	71,36,387	B.Com. (Hons.), A.C.S., A.C.A.	35	01.09.1987	Khanna & Annadhanam, Chartered Accountants, Asst. Audit
Mukherjee S (Dr.)	55	Chief Scientist and Head R&D (ITD)	1,69,75,332	98,95,490	B.Sc., M.Sc., Ph.D.	25	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	48	Head - Corporate Human Resources	2,27,18,709	1,00,80,998	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	25	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Mukhopadhyay M	63	Head - Product Development, Biscuits & Cakes (FBD)	1,29,38,372	73,49,452	B.Sc., B.Tech., M.Tech.	34	21.04.2006	Britannia Industries Ltd., R & D Manager
Narayanan R R	55	Head - Sales & Marketing (ESPB - SBU)	1,50,49,301	72,42,021	B.A., P.G.D.M.	34	01.01.1990	Godrej & Boyce Mfg. Co. Ltd., Sales Representative
Ohri R	54	V.P. - Corporate Affairs	1,41,00,878	62,21,810	B.Com. (Hons.), A.C.A.	30	01.09.1991	Nil
Panda Shatanshu	48	Deputy General Counsel	1,44,76,604	86,18,814	B.A., LL.B. (Hons.)	25	15.07.1996	Nil
Panda Swarup	54	Executive V.P. - HR (ITD)	1,63,06,671	98,06,259	B.Sc. (Hons.), P.G.D.	31	01.09.2003	J K Papers Ltd., Mgmt. Trainee

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position Held
1	2	3	4	5	6	7	8	9
Pandey S K	54	Divisional Head - Plantations & Raw Materials (PSPD)	1,08,84,599	61,50,537	B.Tech., M.Tech., I.F.S. Diploma in Bamboo Tech.	30	20.02.2014	Ballarpur Industries Ltd., V.P.
Paul A E	56	Regional Manager - T&RA (TM & D)	1,03,53,766	49,73,465	B.Com.	35	01.08.1986	Nil
Phakey A	51	V.P. - Frozen Snacks and Fresh F & V (FBD)	1,67,07,456	98,53,253	B.Com., M.B.A.	28	25.03.2019	H.T. Media Ltd., C.O.O.
Ponnuru R K	37	Category Manager - Juices & Dairy (FBD)	1,47,67,607	70,95,537	B.Tech.	17	04.06.2004	Nil
Prabhakar L	55	Executive V.P. - HR (ABD)	1,69,54,445	86,78,148	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	33	01.05.2006	ITC Infotech India Ltd., G.M.- HR
Puri Sudhir	44	Head - New Generation Products (ITD)	1,56,66,984	74,67,729	B.Tech.	22	01.06.1998	Nil
Raghuraman R	53	Head of Supply Chain Strategy (FMCG)	1,59,82,794	74,34,602	B.E.	32	13.01.2020	Hindustan Unilever Ltd., V.P. Logistics
Rai R K	58	Divisional Chief Executive (ABD)	2,39,12,972	1,14,53,960	B.A. (Mktg.), P.G.D. in Exports & Imports	38	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajiv Mohan D V R	55	V.P. - Value Added Agri Products, Agri Business SBU (ABD)	1,43,06,289	72,32,380	B.Com. (Hons.), M.B.A.	32	22.08.1988	Nil
Ralhan R	41	District Manager - North (TM & D)	1,14,78,714	62,31,130	B.E., M.M.S.	18	04.06.2004	Kirloskar Oil Engines Ltd., Graduate Engr. Trainee
Rama Prasad H N	55	SBU Chief Executive - Tobacco SBU (ABD)	1,57,20,779	79,02,990	B.Sc. (Agriculture), M.Sc. (Agriculture)	32	26.09.1988	Nil
Ramamurthi S (Dr.)	56	Chief Scientist - Biosciences (LS & T)	1,58,08,752	75,38,931	B.Sc., M.Sc. (Tech.), Ph.D.	27	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Ramkumar P	50	Head - Finance (ESP)	1,26,24,898	61,56,490	B.Com., I.C.W.A., A.C.A.	27	06.09.1999	Zuari Industries Ltd., Dy. Mgr. - Finance
Ranganathan S	46	V.P. - Finance (FBD)	1,29,65,140	64,11,124	B.Com. (Hons.), A.C.A.	23	01.09.1998	Phillips India Ltd., Accounts Officer
Rangrass S	60	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,33,18,654	1,00,84,474	B.Tech.	38	01.07.1982	Nil
Rao Renati V	51	Divisional Manager - Exports (ITD)	1,13,24,944	54,49,493	B.Sc. (Hons.), P.G.D.M.	27	01.04.1995	Wipro Ltd., Marketing Asst.
Rasquinha P C	56	V.P. - Finance & MIS (PSPD)	1,31,29,911	77,22,516	B.Com. (Hons.), A.C.A., C.W.A.	33	15.07.1991	A.F. Ferguson & Co., Asst. Consultant
Rastogi M	53	V.P. - Social Investments	1,44,24,545	76,86,110	B.A., M.A.	32	01.06.1989	Nil
Ravindranath D	55	Divisional Manager Procurement - P.M. (FBD)	1,15,91,949	56,49,334	B.Tech., P.G. Dip. in Materials Mgmt.	34	01.11.2002	AgroTech Foods Ltd., Dy. Mgr. Purchase
Ray Chaudhuri B	41	Business Development Manager - Strategic Planning	1,27,48,106	60,77,541	B.Com. (Hons.), A.C.A.	19	01.03.2002	Nil
Rayavaram R K	48	SBU Chief Executive - Matches & Agarbatti SBU	1,71,74,157	80,67,525	B.E., P.G.P.M.	25	01.06.2003	3M India Ltd., Marketing Analyst
Reddy K V	55	V.P. - Product Development - Atta, Spices & Noodles (FBD)	1,53,38,094	83,58,558	B.Tech.	31	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy A	55	Executive V.P. - Corporate Finance	1,69,57,958	76,94,821	B.Com. (Hons.), A.C.A.	32	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Rustagi A K	46	Chief Operating Officer - Chocolates, Coffee, Confectionery & New Category Development (FBD)	2,45,72,019	1,09,76,762	B.Tech., P.G.P.M.	24	01.10.2017	Unilever Inc. (London), Global Brand Director
Sahay S	50	Head of Sales Operations & Development (TM & D)	1,75,37,158	83,27,918	B.A., P.G.D.B.A.	26	05.09.2002	Luxor Writing Instruments Ltd., Brand Manager
Salunkhe D J	47	SBU Chief Operating Officer (PPB)	1,38,31,954	63,00,104	B.E., M.B.A.	16	21.03.2019	3M India Ltd., Sr. G.M., Ops & Cont. Imp.
Sandeep C	50	Executive V.P. & Head - Central Projects Organisation	1,32,11,752	80,59,383	B.E.	29	24.05.1999	Kar Mobiles Ltd., Production Engineer
Sanganeria G	44	Manager - Corporate Accounts	1,20,78,331	69,75,028	B.Com. (Hons.), A.C.S., A.C.A.	20	11.12.2000	Nil
Sarma C V	59	Executive V.P. - Finance & MIS (PSPD)	1,87,37,809	77,70,836	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	34	03.05.1993	J. Loyalka & Co., Sr. Asst.
Sawant S J	49	Business Development Manager - Frozen Snacks (FBD)	1,11,62,049	67,01,863	B.Com., P.G.D.M.	21	01.10.2018	OSI Vista Foods Ltd., Director Commercial
Senguttuvan R	59	Chief Executive (PPB - SBU)	2,19,01,927	1,12,09,797	B.E., P.G.D.M.	35	27.05.1991	Asian Paints, Purchase Executive
Shanmuga Sundaram A	54	General Counsel and Head of Corporate Legal	2,36,17,371	1,07,07,244	B.L., M.L.	32	20.10.1997	Maxworth Home Ltd., Manager, Legal
Shenoy T S M	53	Head of Finance (TM & D)	1,79,32,745	86,93,491	B.Com. (Hons.), A.C.A.	33	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Shere A H	44	Chief Operating Officer - Biscuits & Cakes (FBD)	2,15,78,654	1,27,58,747	B.A., M.B.A.	23	21.08.2019	Britannia Industries Ltd., Director Marketing
Singal S	50	Chief Operating Officer - Dairy & Beverages (FBD)	1,84,24,636	86,86,867	B.Sc., P.G.D.M.	25	01.07.2016	Dabur India Ltd., Head of Marketing
Singh J	55	Executive V.P. - Finance, IT & Procurement (HD)	1,79,85,766	90,19,682	B.Com. (Hons.), A.C.A.	33	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singhi R K	56	Executive V.P. and Company Secretary	1,98,46,290	93,02,775	B.Com. (Hons.), LL.B., F.C.S.	36	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Srinivas K	56	Chief Technologist - Blending & Cigarette Design (ITD)	1,41,99,816	67,91,463	B.Sc., M.Sc.	33	22.08.1988	Nil
Srinivas S	47	V.P. - Health & Hygiene (PCPBD)	1,48,41,010	70,87,555	B.E., P.G.D.M.	23	01.06.2000	Computational Structural Mechanics Pvt. Ltd., Marketing Executive
Srinivasan V P	48	Sr. Principal Technologist - PMD Process Development (ITD)	1,18,93,387	57,91,797	Diploma in Mech. Engg., B.S. (Engg. Technology)	28	23.02.1999	Union Carbide, Supervisor
Stephanos K G	56	Executive V.P. - Finance, MIS & T&RA (ITD)	1,78,59,601	83,11,354	B.Com. (Hons.), A.C.A.	33	01.07.1988	PricewaterhouseCoopers & Co., Jr. Officer
Sule S	55	Chief Executive Officer (TM & D)	2,50,66,653	1,06,59,374	B.Com., M.I.B.	31	16.07.1990	Bayer India Ltd., Management Trainee
Suryavanshi R	43	Head - Competency Development & HR (TM & D)	1,14,53,374	57,37,508	B.M.S., P.G.D.M.	19	16.07.2003	Gabriel India Ltd., Mgmt Trainee

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position Held
1	2	3	4	5	6	7	8	9
Tandan S	61	On deputation	1,64,01,492	73,67,942	B.A. (Hons.), A.C.A.	35	01.10.1985	Nil
Tayal G	40	SBU Chief Operating Officer - Matches & Agarbatti SBU	1,58,49,332	77,27,384	B.Tech.	18	09.06.2003	Nil
Thakar A	54	V.P. Finance - Dairy, Beverages & New Category Development (FBD)	1,57,68,840	71,19,517	B.Com. (Hons.), A.C.A., M.B.A.	28	30.06.1992	Nil
Thakur N N	57	National Sales & Category Development Manager - Cigarettes (TM & D)	1,31,60,236	63,63,237	B.Sc., P.G.D.M.	34	01.09.1987	Nil
Umesh K S	62	Chief Manager - Corporate Affairs	1,07,30,805	58,79,998	B.A., M.S.W.	22	16.04.2001	Hotel Leelaventure Ltd., Manager HRD
Venkataraman S N	57	Executive V.P. - Marketing & Sales (PSPD)	1,48,32,886	83,75,950	B.Sc., M.B.A.	36	29.06.1985	Nil
Venkateswaran K (Dr.)	61	Chief Scientist - Research & Technology Innovation (LS & T)	1,64,45,792	94,65,048	B.Sc., M.Sc., Ph.D.	36	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Venneti S P Rao	54	Divisional Head - Marketing (PSPD)	1,21,74,027	68,64,164	B.E., P.G.D.	22	20.06.2011	Century Pulp & Paper, President
Vijaykrishnan V (Dr.)	54	Chief Scientist & Head - Product Development and R&D (PCPBD)	1,86,81,450	84,89,802	B.Sc., M.Sc., Ph.D.	25	02.05.2017	Unilever Inc., Global R & D - Design Director
Vinayaka H C	57	V.P. - Technical Services & EHS (HD)	1,16,17,996	56,06,127	B.E. (Mech.)	33	23.05.2001	@
Wali P	51	Executive V.P. - New Business Development	1,36,39,283	63,00,718	B.Tech., Ph.D. Fellowship in Management	30	16.08.1991	Nil
Wariah D S	54	Head - Product Development - Snacks (FBD)	1,44,13,626	80,91,424	B.E.	31	05.04.2005	Pepsico India Holdings Pvt. Ltd., G.M.
Yadav S M	51	V.P. - Technology & Manufacturing (FBD)	1,85,36,523	85,80,709	B.E., Dip. in International Business	30	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.								
Lahiri Devraj	48	Chief Operating Officer (ITD)	64,89,672	26,26,665	B.Com. (Hons.), M.B.A.	24	10.12.2020	VST Industries, M.D.
Garg A K	60	Head - Finance & IT (PCPBD)	1,44,90,870	81,66,627	B.A. (Hons.), M.B.A. (U.S.A.)	38	01.08.1985	International Travel House Ltd., Regional Financial Controller
Mitra S	58	Head of Finance - Operations (ITD)	1,34,23,528	50,22,553	B.Com (Hons.), A.C.A.	33	01.06.1988	Nil
Nagahari K	62	Divisional Head - Projects (PSPD)	86,53,563	57,21,898	B.E. (Chem)	32	12.10.1988	Nil
Narasimham B V	60	V. P. - Processing & Technology - Tobacco SBU (ABD)	1,12,81,993	59,12,791	B.Tech.	38	28.06.1991	Hindustan Shipyard Ltd., Sr. Engineer
Reddy N K	60	G.M. - New Projects - Agri Business SBU (ABD)	35,03,297	23,62,648	B.Sc. (Agriculture), P.G. Dip. in Rural Mgmt.	37	24.07.2006	Stock Holdings Corp of India Ltd., Asst. V.P.
Sequeira S	47	Head - Finance & IT (PCPBD)	89,19,567	47,45,141	B.Com. (Hons.), A.C.A.	23	01.09.1998	%
Viswanathan K I	60	Executive V.P. - Marketing & Commercial (PSPD)	1,11,98,331	73,40,160	M.B.A.	38	06.09.1982	Nil
Wanchoo S	60	Executive V.P. - Marketing (ITD)	1,11,19,860	61,46,359	B.Com. (Hons.)	39	19.10.1981	Nil

Abbreviations denote :

ITD	: India Tobacco Division	PCPBD	: Personal Care Products Business Division
PSPD	: Paperboards & Specialty Papers Division	ESPB	: Education & Stationery Products Business
LRBD	: Lifestyle Retailing Business Division	PPB	: 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

@ 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 Associate and reverted to Company on October 28, 2020

Notes :

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

On behalf of the Board

S. PURI

Chairman & Managing Director
New Delhi, India

R. TANDON

Director
Kolkata, India

1st June, 2021

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2021

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:

		FY21	FY20
(i)	Operating Profit Margin (%)	35.7	41.8
(ii)	Net Profit Margin (%) ¹	27.1	32.9
(iii)	Debtors Turnover	23.0	22.1
(iv)	Inventory Turnover	5.1	5.8
(v)	Current Ratio	3.1	4.0
(vi)	Return on Net Worth ¹	22.1	23.8

Notes:

- Net Profit Margin** and **Return on Net Worth Ratios** have been computed based on **Profit After Tax, excluding the impact of exceptional items.**
- The relatively lower **Profit Margins** and **Return on Net Worth** is attributable to lower Profit due to the impact of COVID-19 pandemic on your Company's operating segments.
- Interest Coverage Ratio** and **Debt-Equity Ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

S. PURI *Chairman & Managing Director*
New Delhi, India

R. TANDON *Director*
Kolkata, India

1st June, 2021

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 the 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, 2021, 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, 2021 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, 2020 to March 31, 2021:
 - (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, 2021, 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.

Place of Signature: Mumbai
Date: June 01, 2021

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 21041870AAAABB2476

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, 2021 and to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with Indian Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2021 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

S. DUTTA *Chief Financial Officer*
Kolkata, India

R. TANDON *Director*
Kolkata, India

S. PURI *Chairman & Managing Director*
New Delhi, India

May 28, 2021

Balance Sheet as at 31st March, 2021

	Note	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3A	18489.91		18932.57	
(b) Capital work-in-progress	3B	3329.97		2776.31	
(c) Investment Property	3C	376.56		385.36	
(d) Goodwill	3D	577.20		–	
(e) Other Intangible assets	3E	2004.32		519.45	
(f) Other Intangible assets under development	3F	3.50		3.89	
(g) Right of use assets	3G	726.84		680.17	
(h) Financial Assets					
(i) Investments	4	12950.38		13455.59	
(ii) Loans	5	2.37		3.31	
(iii) Others	6	72.45	13025.20	607.09	14065.99
(j) Other non-current assets	7	1231.62	39765.12	1364.71	38728.45
Current assets					
(a) Inventories	8	9470.87		8038.07	
(b) Financial Assets					
(i) Investments	9	14046.71		17175.02	
(ii) Trade receivables	10	2090.35		2092.00	
(iii) Cash and cash equivalents	11	231.25		561.84	
(iv) Other Bank Balances	12	3770.25		6281.43	
(v) Loans	5	2.77		4.87	
(vi) Others	6	1197.15	21338.48	1505.94	27621.10
(c) Other current assets	7	1006.07	31815.42	847.74	36506.91
TOTAL ASSETS		71580.54		75235.36	
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	13	1230.88		1229.22	
(b) Other Equity		57773.70	59004.58	62799.94	64029.16
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	14	5.28		5.63	
(ii) Lease Liabilities	15	272.36		259.25	
(iii) Other financial liabilities	16	239.35	516.99	90.47	355.35
(b) Provisions	17	157.07		143.79	
(c) Deferred tax liabilities (Net)	18	1727.73	2401.79	1617.65	2116.79
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		59.34		34.67	
Total outstanding dues of creditors other than micro enterprises and small enterprises		4060.19		3412.07	
(ii) Lease Liabilities	15	51.36		64.87	
(iii) Other financial liabilities	16	1248.17	5419.06	1147.24	4658.85
(b) Other current liabilities	19	4369.00		4175.91	
(c) Provisions	17	169.05		117.94	
(d) Current Tax Liabilities (Net)	20	217.06	10174.17	136.71	9089.41
TOTAL EQUITY AND LIABILITIES		71580.54		75235.36	

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, India
Dated: June 01, 2021

On behalf of the Board
R. TANDON Director
Kolkata, India
S. DUTTA Chief Financial Officer
Kolkata, India
S. PURI Chairman & Managing Director
New Delhi, India
R. K. SINGHI Company Secretary
Kolkata, India
Dated: June 01, 2021

Statement of Profit and Loss for the year ended 31st March, 2021

	Note	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
I Revenue From Operations	21A, 21B	48524.54	46807.34
II Other Income	22	3250.99	3013.66
III Total Income (I+II)		51775.53	49821.00
IV EXPENSES			
Cost of materials consumed		13605.07	13121.76
Purchases of Stock-in-Trade		6896.40	4289.71
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(526.86)	(176.34)
Excise duty		3039.43	1187.64
Employee benefits expense	23	2820.95	2658.21
Finance costs	24	47.47	55.72
Depreciation and amortization expense		1561.83	1563.27
Other expenses	25	7167.09	7822.11
Total expenses (IV)		34611.38	30522.08
V Profit before exceptional items and tax (III-IV)		17164.15	19298.92
VI Exceptional Items		–	(132.11)
VII Profit before tax (V+VI)		17164.15	19166.81
VIII Tax expense:			
Current Tax	26	4035.36	4441.97
Deferred Tax	26	97.15	(411.21)
IX Profit for the year (VII-VIII)		13031.64	15136.05
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	27(v)	(30.10)	(125.09)
– Equity instruments through other comprehensive income		252.00	(1238.94)
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(6.64)	(1.29)
(ii) Income tax relating to items that will not be reclassified to profit or loss	26	0.49	9.62
B (i) Items that will be reclassified to profit or loss:			
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		40.76	(36.24)
(ii) Income tax relating to items that will be reclassified to profit or loss	26	(10.26)	10.13
X Other Comprehensive Income [A (i-ii)+B (i-ii)]		246.25	(1381.81)
XI Total Comprehensive Income for the year (IX+X)		13277.89	13754.24
XII Earnings per equity share (Face Value ₹ 1.00 each):	27(i)		
(1) Basic (in ₹)		10.59	12.33
(2) Diluted (in ₹)		10.59	12.31

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, India

Dated: June 01, 2021

On behalf of the Board

R. TANDON

Director
Kolkata, India

S. DUTTA Chief Financial Officer

Kolkata, India

S. PURI Chairman & Managing Director
New Delhi, India

R. K. SINGHI Company Secretary

Kolkata, India

Dated: June 01, 2021

Statement of changes in equity for the year ended 31st March, 2021

A. Equity Share Capital

(₹ in Crores)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2020	1225.86	3.36	1229.22
For the year ended 31st March, 2021	1229.22	1.66	1230.88

B. Other Equity

(₹ in Crores)

	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	Equity Instruments through Other Comprehensive Income		Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve
Balance as at 31st March, 2019	2.48	852.76	1997.94	0.30	363.05	17585.31	26978.13	1241.71	(8.30)	40.55	56723.93
Profit for the year	-	-	-	-	-	-	15136.05	-	-	-	15136.05
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(113.54)	(1238.94)	(29.33)	-	(1381.81)
Total Comprehensive Income for the year	-	-	-	-	-	-	15022.51	(1238.94)	(29.33)	-	13754.24
Issue of equity shares under ITC Employee Stock Option Schemes	-	621.94	-	-	-	-	(7048.71)	-	-	-	621.94
Dividend	-	-	-	-	-	-	(1373.52)	-	-	-	(7048.71)
- Dividend 2018-19 - ₹ 5.75 per share	-	-	-	-	-	-	(1373.52)	-	-	-	(1373.52)
Dividend distribution tax (paid)/refund received	-	-	-	-	-	-	17.73	-	-	-	(5.28)
Transfer from Share Option Outstanding Account on exercise and lapse	-	66.79	(89.80)	-	-	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	13.30	-	13.30
Recognition of share based payment	-	-	114.04	-	-	-	-	-	-	-	114.04
Balance as at 31st March, 2020	2.48	921.49	2022.18	0.30	363.05	17585.31	33596.14	2.77	(24.33)	40.55	62799.94
Profit for the year	-	-	-	-	-	-	13031.64	-	-	-	13031.64
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(29.66)	250.38	25.53	-	246.25
Total Comprehensive Income for the year	-	-	-	-	-	-	13001.98	250.38	25.53	-	13277.89
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, 2021

B. Other Equity (Contd.)

(₹ in Crores)

	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	Equity Instruments through Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve		
Dividends												
- 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 (paid)/refund received	-	-	-	-	-	-	13.98	-	-	-	-	13.98
Transfer from Share Option 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	9611.64	1706.52	0.30	363.05	17585.31	28210.59	248.33	4.93	40.55	40.55	57773.70

The Board of Directors of the Company have recommended Final Dividend of ₹ 5.75 per share for the financial year ended 31st March, 2021 to be paid on fully paid Equity Shares amounting to ₹ 7077.59 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 ₹ 5.00 per share declared by the Board of Directors, the total Equity Dividend for the year ended 31st March, 2021 is ₹ 10.75 per share (total Equity Dividend for the year ended 31st March, 2020 - ₹ 10.15 per 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 cancellation of vested options.

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

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

General Reserve: This Reserve is created by an appropriation from one component of equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on 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/E300003

Sudhir Soni

Partner

Mumbai, India

Dated: June 01, 2021

On behalf of the Board

R. TANDON
Director
Kolkata, India

S. DUTTA
Chief Financial Officer
Kolkata, India

S. PURI
Chairman & Managing Director
New Delhi, India

R. K. SINGHI
Company Secretary
Kolkata, India

Dated: June 01, 2021



Cash Flow Statement for the year ended 31st March, 2021

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	17164.15	19166.81
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1561.83	1563.27
Share based payments to employees	27.15	105.77
Finance costs	47.47	55.72
Interest Income	(1224.82)	(1438.87)
Dividend Income	(723.94)	(551.11)
Loss on sale of property, plant and equipment, lease termination - Net	55.04	56.08
Doubtful and bad debts	26.02	16.17
Doubtful and bad advances, loans and deposits	33.04	(1.71)
Impairment of investment in joint venture	-	10.00
Net (gain)/loss arising on financial instruments mandatorily measured at fair value through profit or loss	(1107.53)	(944.25)
Foreign currency translations and transactions - Net	(13.00) (1318.74)	0.44 (1128.49)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	15845.41	18038.32
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(99.38)	1527.33
Inventories	(1350.89)	(450.83)
Trade payables, other liabilities and provisions	1055.43 (394.84)	(658.50) 418.00
CASH GENERATED FROM OPERATIONS	15450.57	18456.32
Income tax paid	(3956.62)	(4650.14)
NET CASH FROM OPERATING ACTIVITIES	11493.95	13806.18
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles, ROU asset etc.	(1582.09)	(2140.35)
Sale of property, plant and equipment	2.66	26.75
Purchase of current investments	(51625.18)	(74803.59)
Sale/redemption of current investments	56785.92	69214.00
Payment towards business combination [Refer Note 27 (ix)]	(2176.26)	-
Investment in subsidiaries	(374.53)	(202.39)
Investment in associate	(1.87)	-
Purchase of non-current investments	(1488.71)	(1987.78)
Redemption proceeds of non-current investments	1712.05	3429.63
Dividend Income	723.94	551.11
Interest received	1199.36	1437.26
Investment in bank deposits (original maturity more than 3 months)	(3706.02)	(4666.57)
Redemption/maturity of bank deposits (original maturity more than 3 months)	6259.37	3508.18
Investment in deposit with housing finance companies	(78.38)	(585.16)
Redemption/maturity of deposit with housing finance companies	844.43	699.15
Loans given	(2.12)	(3.22)
Loans realised	5.32	6.27
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	6497.89	(5516.71)

Cash Flow Statement for the year ended 31st March, 2021

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	290.65	625.30
Repayment of non-current borrowings	(2.26)	(3.23)
Payment of lease liabilities	(49.67)	(44.03)
Interest paid	(43.47)	(45.54)
Net increase/(decrease) in statutory restricted accounts balances	41.17	(1.14)
Dividend paid	(18629.29)	(7048.71)
Dividend distribution tax (paid)/refund received	13.98	(1373.52)
NET CASH USED IN FINANCING ACTIVITIES	(18378.89)	(7890.87)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(387.05)	398.60
OPENING CASH AND CASH EQUIVALENTS	561.35	162.75
CASH AND CASH EQUIVALENTS ACQUIRED ON BUSINESS COMBINATION [See Note 3 below]	56.95	–
CLOSING CASH AND CASH EQUIVALENTS	231.25	561.35

Notes:

- The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Ind AS - 7 “Statement of Cash Flows”
- CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents as above	231.25	561.35
Unrealised gain/(loss) on foreign currency cash and cash equivalents	...	0.49
Cash and cash equivalents (Note 11)	<u>231.25</u>	<u>561.84</u>
- Cash & Cash Equivalents include ₹ 56.95 Crores on acquisition of Sunrise Foods Private Limited during the period and is included in the closing Cash and Cash Equivalents.
- Net Cash Flow from Operating Activities includes an amount of ₹ 368.18 Crores (2020 - ₹ 322.06 Crores) spent towards Corporate Social Responsibility.

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, India
Dated: June 01, 2021

On behalf of the Board

R. TANDON

Director
Kolkata, India

S. DUTTA Chief Financial Officer
Kolkata, India

S. PURI Chairman & Managing Director
New Delhi, India

R. K. SINGHI Company Secretary
Kolkata, India

Dated: June 01, 2021

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:

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

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

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

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

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

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

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

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 carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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.

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

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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 the still unfolding 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 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, 2019	Additions	Transfer in/(out) [#]	Withdrawals and adjustments	As at 31st March, 2020	Additions	Acquired through business combinations [@]	Withdrawals and adjustments	As at 31st March, 2021
3A. Property, Plant and Equipment*									
Land ¹	1935.38	4.78	–	6.26	1933.90	46.21	6.57	3.88	1982.80
Buildings	6614.43	1285.59	(340.24)	10.29	7549.49	169.54	30.77	9.15	7740.65
Leasehold Improvements	23.91	1.46	–	12.90	12.47	0.28	–	0.85	11.90
Plant and Equipment	12815.32	1385.35	(66.47)	110.44	14023.76	756.69	28.38	114.88	14693.95
Furniture and Fixtures	620.81	197.90	–	30.63	788.08	23.02	1.36	2.44	810.02
Vehicles	142.77	35.56	–	15.66	162.67	12.64	0.71	17.31	158.71
Office Equipment	22.16	4.42	–	0.82	25.76	1.92	0.87	1.99	26.56
Railway Sidings	1.73	–	–	–	1.73	–	–	–	1.73
TOTAL	22176.51	2915.06	(406.71)	187.00	24497.86	1010.30	68.66	150.50	25426.32
3B. Capital work-in-progress	3391.47	2250.02	–	2865.18	2776.31	1557.78	1.06	1005.18	3329.97
3C. Investment Property⁵	–	–	406.71	–	406.71	3.40	–	–	410.11
3D. Goodwill²	–	–	–	–	–	–	577.20	–	577.20
3E. Other Intangible assets (acquired)²									
Trademarks	447.30	–	–	–	447.30	–	1473.05	–	1920.35
Computer Software	195.03	20.63	–	1.70	213.96	10.12	0.35	0.38	224.05
Know How, Business and Commercial Rights	33.85	–	–	–	33.85	–	–	–	33.85
Customer Relationships	–	–	–	–	–	–	35.21	–	35.21
TOTAL	676.18	20.63	–	1.70	695.11	10.12	1508.61	0.38	2213.46
3F. Other Intangible assets under development	9.89	13.57	–	19.57	3.89	6.41	–	6.80	3.50

(₹ in Crores)

Particulars	Gross Block								
	As at 1st April, 2019	Additions	Transfer in/(out)	Withdrawals and adjustments	As at 31st March, 2020	Additions	Acquired through business combinations [@]	Withdrawals and adjustments	As at 31st March, 2021
3G. Right of use assets[^]									
Land	440.49	–	–	–	440.49	54.98	4.27	–	499.74
Buildings	229.30	26.80	–	3.52	252.58	53.42	5.72	22.32	289.40
Plant and Equipment	48.63	–	–	–	48.63	–	–	–	48.63
TOTAL	718.42	26.80	–	3.52	741.70	108.40	9.99	22.32	837.77

Includes amounts transferred to Investment Property on its initial recognition. Refer Note 3C.

@ Refer Note 27(ix) on Business Combination.

^ Also refer Note 27(vii).

* The above includes following assets given on operating lease:	As at 31st March, 2021			2021	As at 31st March, 2020			2020
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Land	1.48	–	1.48	–	–	–	–	–
Buildings	4.88	1.24	3.64	0.08	5.10	1.16	3.94	0.54
Plant and Equipment	216.21	124.30	91.91	20.43	210.53	103.87	106.66	22.80
TOTAL	222.57	125.54	97.03	20.51	215.63	105.03	110.60	23.34

(₹ in Crores)

Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization							Net Book Value		
	Upto 31st March, 2019	For the year	Transfer in/ (out) [#]	On Withdrawals and adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
3A. Property, Plant and Equipment*										
Land ¹	-	-	-	-	-	-	-	-	1982.80	1933.90
Buildings	521.08	207.40	(10.05)	1.11	717.32	207.18	0.19	924.31	6816.34	6832.17
Leasehold Improvements	13.01	1.92	-	9.57	5.36	1.36	0.73	5.99	5.91	7.11
Plant and Equipment	3380.76	1139.30	(5.24)	65.89	4448.93	1139.48	64.92	5523.49	9170.46	9574.83
Furniture and Fixtures	254.64	82.83	-	17.23	320.24	79.86	2.36	397.74	412.28	467.84
Vehicles	47.79	19.04	-	9.01	57.82	19.22	9.50	67.54	91.17	104.85
Office Equipment	13.06	3.25	-	1.34	14.97	3.03	1.44	16.56	10.00	10.79
Railway Sidings	0.52	0.13	-	-	0.65	0.13	-	0.78	0.95	1.08
TOTAL	4230.86	1453.87	(15.29)	104.15	5565.29	1450.26	79.14	6936.41	18489.91	18932.57
3B. Capital work-in-progress	-	-	-	-	-	-	-	-	3329.97	2776.31
3C. Investment Property⁵	-	6.06	15.29	-	21.35	12.20	-	33.55	376.56	385.36
3D. Goodwill²	-	-	-	-	-	-	-	-	577.20	-
3E. Other Intangible assets (acquired)²										
Trademarks	11.02	3.14	-	-	14.16	3.14	-	17.30	1903.05	433.14
Computer Software	112.70	34.96	-	1.39	146.27	24.23	0.38	170.12	53.93	67.69
Know How, Business and Commercial Rights	11.71	3.52	-	-	15.23	3.50	-	18.73	15.12	18.62
Customer Relationships	-	-	-	-	-	2.99	-	2.99	32.22	-
TOTAL	135.43	41.62	-	1.39	175.66	33.86	0.38	209.14	2004.32	519.45
3F. Other Intangible assets under development	-	-	-	-	-	-	-	-	3.50	3.89

(₹ in Crores)

Particulars	Depreciation and Amortization							Net Book Value		
	Upto 1st April, 2019	For the year	Transfer in/ (out)	On Withdrawals and adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
3G. Right of use assets^A										
Land	-	6.73	-	-	6.73	7.00	-	13.73	486.01	433.76
Buildings	-	49.51	-	0.24	49.27	53.18	16.30	86.15	203.25	203.31
Plant and Equipment	-	5.53	-	-	5.53	5.52	-	11.05	37.58	43.10
TOTAL	-	61.77	-	0.24	61.53	65.70	16.30	110.93	726.84	680.17

Notes:

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2020 - ₹ 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.
- a) Goodwill arising on Business Combination is carried at cost and annually tested for impairment in line with applicable Accounting Standards. The carrying value of such Goodwill is ₹ 577.20 Crores (2020 - Nil). The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2020 - ₹ 416.73 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% and long-term growth rates ranging between 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.
- 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.
- The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
- The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 26.65 Crores (2020 - ₹ 115.95 Crores).
- The fair value of the investment property is ₹ 861.00 Crores (2020 - ₹ 849.41 Crores), which has been determined on the basis of valuation carried out at the reporting date by independent valuer. The fair value measurement for investment property 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, market trend, 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:

(₹ in Crores)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rental Income from investment property	110.05	49.69
Direct Operating Expenses arising from investment property that generated rental income during the year [§]	9.65	15.43
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/bears maintenance costs. The expenses arising out of such arrangements are not material.

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries (at cost unless stated otherwise)				
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00
Russell Credit Limited 59,74,54,177 Equity Shares of ₹ 10.00 each, fully paid 7,54,22,400 Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid		619.29 39.22		619.29 39.22
ITC Infotech India Limited 8,52,00,000 Equity Shares of ₹ 10.00 each, fully paid		195.06		204.85
Landbase India Limited 31,70,00,000 Equity Shares of ₹ 10.00 each, fully paid		325.57		325.57
Surya Nepal Private Limited 1,18,94,400 Ordinary Shares of Nepalese Rupees 100.00 each, fully paid		10.15		10.15
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of ₹ 10.00 each, fully paid		18.53		18.53
Fortune Park Hotels Limited 4,50,008 Equity Shares of ₹ 10.00 each, fully paid		0.45		0.45
Bay Islands Hotels Limited 11,875 Equity Shares of ₹ 100.00 each, fully paid		0.12		0.12
WelcomHotels Lanka (Private) Limited 13,96,42,260 Shares with no par value		641.85		641.85
Wimco Limited 18,50,81,193 Equity Shares of ₹ 1.00 each, fully paid		3.60		3.61
Technico Pty Limited 1,00,15,502 Ordinary Shares with no par value (₹ 16.29 Crores impaired)		31.88		31.88
Technico Agri Sciences Limited 3,79,62,800 Equity Shares of ₹ 10.00 each, fully paid		121.00		121.00
ITC Investments & Holdings Limited 45,00,000 Equity Shares of ₹ 10.00 each, fully paid		4.50		4.50
ITC IndiVision Limited 5,00,00,000 (2020 - Nil) Equity Shares of ₹ 10.00 each, fully paid		50.00		–
Hobbits International Foods Private Limited [Refer Note 27 (ix)] 3,30,000 (2020 - Nil) Equity Shares of ₹ 10.00 each, fully paid		7.20		–
Sunrise Sheetgrah Private Limited [Refer Note 27 (ix)] 5,57,350 (2020 - Nil) Equity Shares of ₹ 10.00 each, fully paid		5.76		–
North East Nutrients Private Limited 5,54,80,000 Equity Shares of ₹ 10.00 each, fully paid		55.48		55.48
Pavan Poplar Limited 55,10,004 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 5.99 Crores, fully impaired)		–		–
Carried over		2145.66		2092.50

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward		2145.66		2092.50
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
Prag Agro Farm Limited 1,28,00,020 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 12.82 Crores, fully impaired)		–		–
In Associates (at cost unless stated otherwise)				
International Travel House Limited 2,87,600 Equity Shares of ₹ 10.00 each, fully paid	0.65		0.65	
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid	1.94		1.94	
Delectable Technologies Private Limited [Refer Note 27 (x)] 100 (2020 - Nil) Equity Shares of ₹ 10.00 each, fully paid		0.10		–
In Joint Ventures (at cost unless stated otherwise)				
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid		46.51		46.51
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90
Logix Developers Private Limited 77,66,913 Equity Shares of ₹ 10.00 each, fully paid (₹ 33.45 Crores impaired)		8.50		8.50
In Others (at fair value through other comprehensive income unless stated otherwise)				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid	0.16		0.13	
HLV Limited 4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid	28.72		15.74	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	795.85		563.39	
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.15		0.08	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Woodlands Multispeciality Hospital Limited 13,605 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid		–		–
Delectable Technologies Private Limited (at fair value through profit or loss) Nil (2020 - 100) Equity Shares of ₹ 10.00 each, fully paid		–		0.10
Carried over	827.47	2204.04	581.93	2150.88

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	827.47	2204.04	581.93	2150.88
INVESTMENT IN PREFERENCE SHARES				
In Subsidiaries (at cost unless stated otherwise)				
North East Nutrients Private Limited (at amortised cost) 18,00,000 Redeemable Preference Shares of ₹ 100.00 each, fully paid		18.00		18.00
WelcomHotels Lanka (Private) Limited 29,61,27,340 (2020 - 21,67,90,940) Redeemable Preference Shares of Sri Lankan Rupee 100.00 each, fully paid		1200.18		888.61
Wimco Limited (at amortised cost) 5,00,000 Cumulative Redeemable Preference Shares of ₹ 100.00 each, fully paid		5.00		5.00
In Associates (at cost unless stated otherwise)				
Delectable Technologies Private Limited [Refer Note 27 (x)] 3,828 (2020 - Nil) Compulsorily Convertible Cumulative Preference Shares of ₹ 10.00 each, fully paid		3.65		—
In Others (at fair value through profit or loss)				
Delectable Technologies Private Limited Nil (2020 - 1,864) Compulsorily Convertible Cumulative Preference Shares of ₹ 10.00 each, fully paid		—		1.78
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National savings certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)		...		...
INVESTMENT IN BONDS/DEBENTURES				
In Others (at amortised cost)				
Housing and Urban Development Corporation Limited 700 6.99% Unsecured Listed Rated Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debenture Series E (11 November 2022) of ₹ 1000000.00 each, fully paid	70.18		70.26	
4,300 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid	436.49		437.76	
150 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.55		15.65	
3,29,870 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	33.58		33.88	
7,00,696 7.39% (For Category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid	70.07		70.07	
Carried over	1453.34	3430.88	1209.55	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	1453.34	3430.88	1209.55	3064.28
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
250 7.61% Rated Listed Taxable Bonds in the nature of Unsecured Debentures Series A 2019 (22 June 2022) of ₹ 1000000.00 each, fully paid	25.14		25.24	
Nil (2020 - 3,50,000) 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	–		36.06	
5,00,000 8.20% For Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche 1 Series - 2 (05 March 2027) of ₹ 1000.00 each, fully paid	54.87		55.54	
850 8.40% Unsecured Rated Listed Taxable Redeemable Non-Convertible Bonds Series C 2018 (11 April 2022) of ₹ 1000000.00 each, fully paid	85.00		85.00	
ICICI Bank Limited[#]				
2,647 9.15% Unsecured Rated Listed Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		264.70	
Nil (2020 - 2,000) 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	–		200.14	
3,000 9.90% Unsecured Rated Listed Subordinated Perpetual Additional Tier 1 Basel III Compliant Non-Convertible Bonds in the nature of Debentures (with first Call Option on 28 December 2023) of ₹ 1000000.00 each, fully paid	300.00		300.00	
India Infrastructure Finance Company Limited				
5,00,000 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	50.76		51.15	
3,00,000 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	32.28		32.55	
50,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.21		5.28	
1,175 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid	124.37		125.06	
1,300 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid	141.17		142.31	
1,780 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid	189.99		191.18	
Carried over	2726.83	3430.88	2723.76	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	2726.83	3430.88	2723.76	3064.28
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Indian Railway Finance Corporation Limited				
70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.26		7.30	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	25.79		25.83	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	50.78		51.15	
2,250 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid	225.66		225.86	
1,00,000 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	10.84		10.93	
Nil (2020 - 3,31,819) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	—		34.21	
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	84.14		85.42	
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.47		10.63	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	132.68		133.40	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	13.87		13.95	
LIC Housing Finance Limited				
Nil (2020 - 400) 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	—		40.18	
Nil (2020 - 100) 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	—		10.11	
Nil (2020 - 550) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	—		55.58	
500 Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 378 (04 May 2022) of ₹ 1000000.00 each, fully paid	59.59		54.82	
Carried over	3347.91	3430.88	3483.13	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	3347.91	3430.88	3483.13	3064.28
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
National Bank for Agriculture and Rural Development				
5,000 (2020 - Nil) 4.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 21E (29 July 2024 with Call and Put Option 29 July 2022) of ₹ 1000000.00 each, fully paid	499.98		–	
250 6.70% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20H (11 November 2022) of ₹ 1000000.00 each, fully paid	25.00		25.00	
2,000 6.98% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20G (19 September 2022) of ₹ 1000000.00 each, fully paid	200.00		200.00	
2,000 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	207.62		208.97	
4,300 (2020 - Nil) 7.69% Unsecured Rated Listed Redeemable Non-Convertible Bond Series 20C (29 May 2024) of ₹ 1000000.00 each, fully paid	461.01		–	
500 7.70% Unsecured Listed Redeemable Taxable Non-Convertible Bonds Series 20D (13 June 2022) of ₹ 1000000.00 each, fully paid	50.59		51.06	
900 7.85% Unsecured Listed Taxable Redeemable Non-Convertible Bond Series 20B (23 May 2022) of ₹ 1000000.00 each, fully paid	91.13		92.07	
600 7.90% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series 20A (18 April 2022) of ₹ 1000000.00 each, fully paid	60.73		61.39	
Nil (2020 - 1,000) 8.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19B (31 January 2022) of ₹ 1000000.00 each, fully paid	–		102.59	
National Highways Authority of India				
2,600 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIA (18 September 2025) of ₹ 1000000.00 each, fully paid	260.31		260.37	
8,06,381 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026) of ₹ 1000.00 each, fully paid	81.91		82.14	
2,500 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030) of ₹ 1000000.00 each, fully paid	250.00		250.00	
17,49,943 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid	183.39		184.01	
5,00,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	57.04		57.72	
Carried over	5776.62	3430.88	5058.45	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	5776.62	3430.88	5058.45	3064.28
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
2,50,000 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	29.14		29.54	
National Housing Bank 800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	84.70		85.17	
Power Finance Corporation Limited				
100 (2020 - Nil) 5.47% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 206 (19 August 2023) of ₹ 1000000.00 each, fully paid	10.09		—	
1,150 (2020 - Nil) 6.50% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 208 (17 September 2025) of ₹ 1000000.00 each, fully paid	117.13		—	
900 (2020 - Nil) 6.72% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures - Series 203 A (09 June 2023) of ₹ 1000000.00 each, fully paid	93.11		—	
1,200 (2020 - Nil) 6.75% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures - Series 202 A (22 May 2023) of ₹ 1000000.00 each, fully paid	124.12		—	
700 7.10% Unsecured Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 169 A (08 August 2022) of ₹ 1000000.00 each, fully paid	70.12		70.20	
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	61.98		62.37	
4,500 7.35% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 191 (15 October 2022) of ₹ 1000000.00 each, fully paid	450.00		450.00	
Nil (2020 - 150) 7.47% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 151 A (16 September 2021) of ₹ 1000000.00 each, fully paid	—		15.02	
450 (2020 - Nil) 8.20% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 128 (10 March 2025) of ₹ 1000000.00 each, fully paid	48.36		—	
200 (2020 - Nil) 8.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 130 C (19 April 2025) of ₹ 1000000.00 each, fully paid	21.66		—	
250 8.45% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 181 (11 August 2022) of ₹ 1000000.00 each, fully paid	25.50		25.83	
Carried over	6912.53	3430.88	5796.58	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	6912.53	3430.88	5796.58	3064.28
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
500 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid	52.94		53.23	
3,50,000 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	40.69		41.27	
Nil (2020 - 150) 8.66% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series C (27 November 2021) of ₹ 1000000.00 each, fully paid	–		15.29	
REC Limited				
1,100 (2020 - Nil) 5.85% Unsecured Rated Listed Redeemable Non-Cumulative Non-Convertible Taxable Bond in the nature of Debentures Series 203 B (20 December 2025) of ₹ 1000000.00 each, fully paid	109.26		–	
300 7.09% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 152 (17 October 2022) of ₹ 1000000.00 each, fully paid	29.88		29.81	
2,000 7.09% Unsecured Rated Listed Non-Cumulative Non-Convertible Redeemable Taxable Bonds Series 185 (13 December 2022) of ₹ 1000000.00 each, fully paid	200.00		200.00	
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	87.69		88.22	
Nil (2020 - 1,700) 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	–		170.57	
1,190 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid	129.72		130.82	
3,50,000 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	40.44		41.01	
Nil (2020 - 2,880) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 177 (20 December 2021) of ₹ 1000000.00 each, fully paid	–		288.00	
50 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid	5.32		5.35	
Small Industries Development Bank of India				
Nil (2020 - 2,500) 7.89% Unsecured Listed Redeemable Non-Convertible Bond Series III of 2019-20 (15 November 2022 with Call and Put Option 14 May 2021) of ₹ 1000000.00 each, fully paid	–		250.48	
State Bank of India[#]				
Nil (2020 - 1,550) 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	–		154.04	
Carried over	7608.47	3430.88	7264.67	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	7608.47	3430.88	7264.67	3064.28
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2020 - 3,250) 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	–		325.40	
2,350 9.37% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series II (with first Call Option 21 December 2023) of ₹ 1000000.00 each, fully paid	235.00		235.00	
7,000 9.56% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 04 December 2023) of ₹ 1000000.00 each, fully paid	700.00		700.00	
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.91	
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) Nil (2020 - 4,00,00,000) Units of ₹ 10.00 each	–		47.71	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.79	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.88	
Aditya Birla Sun Life Fixed Term Plan - Series RP (1239 Days) 5,50,00,000 Units of ₹ 10.00 each	69.07		63.38	
Aditya Birla Sun Life Fixed Term Plan - Series SF (1161 Days) 40,00,000 Units of ₹ 10.00 each	4.87		4.47	
Aditya Birla Sun Life Fixed Term Plan - Series SG (1155 Days) 1,80,00,000 Units of ₹ 10.00 each	21.88		20.14	
Aditya Birla Sun Life Fixed Term Plan - Series SI (1141 Days) 1,00,00,000 Units of ₹ 10.00 each	12.12		11.13	
Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 Days) 3,00,00,000 Units of ₹ 10.00 each	36.22		33.29	
DSP Fixed Maturity Plan - Series 217 - 40 M Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.91	
DSP Fixed Maturity Plan - Series 220 - 40 M Nil (2020 - 1,90,00,000) Units of ₹ 10.00 each	–		22.54	
DSP Fixed Maturity Plan - Series 221 - 40 M Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.66	
Franklin India Fixed Maturity Plans - Series 2 - Plan A Nil (2020 - 1,40,00,000) Units of ₹ 10.00 each	–		16.64	
Carried over	8687.63	3430.88	8833.52	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	8687.63	3430.88	8833.52	3064.28
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 Nil (2020 - 6,50,00,000) Units of ₹ 10.00 each	–		77.26	
HDFC Fixed Maturity Plan 1232D November 2018 (1) - Series-43 4,00,00,000 Units of ₹ 10.00 each	50.10		46.11	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A Nil (2020 - 70,00,000) Units of ₹ 10.00 each	–		8.36	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B Nil (2020 - 3,70,00,000) Units of ₹ 10.00 each	–		44.23	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.94	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1175 Days - Plan D 40,00,000 Units of ₹ 10.00 each	4.87		4.48	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D Nil (2020 - 1,90,00,000) Units of ₹ 10.00 each	–		22.69	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1168 Days - Plan E 50,00,000 Units of ₹ 10.00 each	6.08		5.58	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E Nil (2020 - 1,30,00,000) Units of ₹ 10.00 each	–		15.50	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1156 Days - Plan G 60,00,000 Units of ₹ 10.00 each	7.27		6.68	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H Nil (2020 - 4,50,00,000) Units of ₹ 10.00 each	–		53.61	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I Nil (2020 - 5,00,00,000) Units of ₹ 10.00 each	–		59.50	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K Nil (2020 - 4,50,00,000) Units of ₹ 10.00 each	–		53.54	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L Nil (2020 - 5,00,00,000) Units of ₹ 10.00 each	–		59.41	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M Nil (2020 - 3,50,00,000) Units of ₹ 10.00 each	–		41.51	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1127 Days - Plan O 30,00,000 Units of ₹ 10.00 each	3.58		3.30	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days - Plan P 2,00,00,000 Units of ₹ 10.00 each	23.91		21.98	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1279 Days - Plan P 5,00,00,000 Units of ₹ 10.00 each	62.45		57.43	
Carried over	8845.89	3430.88	9426.63	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	8845.89	3430.88	9426.63	3064.28
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 84 - 1272 Days - Plan Q 1,40,00,000 Units of ₹ 10.00 each	17.47		16.02	
IDFC Fixed Term Plan - Series 176 - 1170 Days 1,00,00,000 Units of ₹ 10.00 each	12.25		11.21	
IDFC Fixed Term Plan - Series 177 - 1160 Days 60,00,000 Units of ₹ 10.00 each	7.30		6.67	
IDFC Fixed Term Plan - Series 178 - 1154 Days 60,00,000 Units of ₹ 10.00 each	7.26		6.63	
Kotak Fixed Maturity Plan - Series 212 Nil (2020 - 60,00,000) Units of ₹ 10.00 each	—		7.15	
Kotak Fixed Maturity Plan - Series 213 Nil (2020 - 1,10,00,000) Units of ₹ 10.00 each	—		13.12	
Kotak Fixed Maturity Plan - Series 214 Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	—		11.94	
Kotak Fixed Maturity Plan - Series 215 Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	—		11.94	
Kotak Fixed Maturity Plan - Series 224 Nil (2020 - 3,50,00,000) Units of ₹ 10.00 each	—		41.22	
Kotak Fixed Maturity Plan - Series 252 10,00,00,000 Units of ₹ 10.00 each	125.15		115.00	
Kotak Fixed Maturity Plan - Series 253 2,20,00,000 Units of ₹ 10.00 each	27.36		25.18	
Kotak Fixed Maturity Plan - Series 254 2,40,00,000 Units of ₹ 10.00 each	29.78		27.43	
Kotak Fixed Maturity Plan - Series 255 90,00,000 Units of ₹ 10.00 each	11.11		10.23	
Kotak Fixed Maturity Plan - Series 259 1,40,00,000 Units of ₹ 10.00 each	17.16		15.81	
Kotak Fixed Maturity Plan - Series 265 1,80,00,000 Units of ₹ 10.00 each	21.73		19.95	
Kotak Fixed Maturity Plan - Series 267 1,00,00,000 Units of ₹ 10.00 each	11.97		11.03	
Nippon India Fixed Horizon Fund - XXXV - Series 11 Nil (2020 - 50,00,000) Units of ₹ 10.00 each	—		5.98	
Nippon India Fixed Horizon Fund - XXXV - Series 12 Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	—		17.93	
Carried over	9134.43	3430.88	9801.07	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	9134.43	3430.88	9801.07	3064.28
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Nippon India Fixed Horizon Fund - XXXV - Series 13 Nil (2020 - 80,00,000) Units of ₹ 10.00 each	–		9.54	
Nippon India Fixed Horizon Fund - XXXV - Series 14 Nil (2020 - 1,20,00,000) Units of ₹ 10.00 each	–		14.29	
Nippon India Fixed Horizon Fund - XXXV - Series 15 Nil (2020 - 1,70,00,000) Units of ₹ 10.00 each	–		20.26	
Nippon India Fixed Horizon Fund - XXXV - Series 6 Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		5.99	
Nippon India Fixed Horizon Fund - XXXVI - Series 1 Nil (2020 - 1,20,00,000) Units of ₹ 10.00 each	–		14.27	
Nippon India Fixed Horizon Fund - XXXVI - Series 3 Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		5.93	
Nippon India Fixed Horizon Fund - XXXVI - Series 9 Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.48	
Nippon India Fixed Horizon Fund - XXXVII - Series 4 4,50,00,000 Units of ₹ 10.00 each	58.44		54.27	
Nippon India Fixed Horizon Fund - XXXIX - Series 15 3,00,00,000 Units of ₹ 10.00 each	37.89		34.81	
Nippon India Fixed Horizon Fund - XXXX - Series 1 1,00,00,000 Units of ₹ 10.00 each	12.60		11.57	
SBI Debt Fund Series C-7 (1190 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.69	
SBI Debt Fund Series C-8 (1175 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.73	
SBI Debt Fund Series C-9 (1150 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.76	
SBI Debt Fund Series C-32 (1223 Days) 4,50,00,000 Units of ₹ 10.00 each	55.83		51.23	
SBI Debt Fund Series C-33 (1216 Days) 3,00,00,000 Units of ₹ 10.00 each	37.09		34.04	
SBI Debt Fund Series C-34 (1211 Days) 1,00,00,000 Units of ₹ 10.00 each	12.31		11.30	
SBI Debt Fund Series C-35 (1235 Days) 1,70,00,000 Units of ₹ 10.00 each	20.89		19.19	
Carried over	9369.48	3430.88	10176.42	3064.28

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-Current investments (Contd.)				
Brought forward	9369.48	3430.88	10176.42	3064.28
INVESTMENT IN MUTUAL FUNDS (Contd.)				
SBI Debt Fund Series C-43 (1176 Days) 3,00,00,000 Units of ₹ 10.00 each	36.59		33.59	
SBI Debt Fund Series C-44 (1175 Days) 1,50,00,000 Units of ₹ 10.00 each	18.28		16.75	
SBI Debt Fund Series C-48 (1177 Days) 3,00,00,000 Units of ₹ 10.00 each	36.20		33.15	
SBI Debt Fund Series C-50 (1177 Days) 2,00,00,000 Units of ₹ 10.00 each	23.91		21.98	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.85	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) Nil (2020 - 1,90,00,000) Units of ₹ 10.00 each	–		22.59	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.83	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.74	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 1,307 Units of ₹ 100000.00 each		25.49		18.89
Fireside Ventures Investments Fund II 50,000 Units of ₹ 1000.00 each		3.64		4.28
Chiratae Ventures India Fund IV 600 (2020 - 465) Units of ₹ 100000.00 each		5.91		4.24
Aggregate amount of quoted and unquoted Investments	9484.46	3465.92	10363.90	3091.69
TOTAL		12950.38		13455.59

Aggregate market value of quoted investments ₹ 9984.03 Crores (2020 - ₹ 10592.71 Crores).

Aggregate amount of impairment in value of investments ₹ 68.55 Crores (2020 - ₹ 68.55 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, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good*	2.77	2.37	4.87	3.31
TOTAL	2.77	2.37	4.87	3.31

* Includes interest bearing loan to a supplier, M/s MD Fresh Vegetable Private Limited - Nil (2020 - ₹ 0.50 Crore) carrying interest @ 12% p.a. for upgrading its infrastructure and enhancement of its factory capacity.

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
6. Other Financial assets				
Advances	9.47	–	10.85	–
Deposits*	599.30	72.45	835.75	607.09
Interest accrued on Loans, Deposits, Investments, etc.	448.37	–	534.24	–
Other Receivables**	140.01	–	125.10	–
TOTAL	1197.15	72.45	1505.94	607.09

* Deposits include deposits to Directors and Key Management Personnel ₹ 0.08 Crore (2020 - ₹ 0.07 Crore) (Refer Note 29).

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

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
7. Other Assets				
Capital Advances	–	232.62	–	368.50
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.18	782.05	0.21	789.42
– Others	0.66	115.71	2.24	106.71
Advances to related parties (Refer Note 29)	...	–	0.05	–
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	897.00	101.24	739.93	100.08
Other Receivables*	108.23	–	105.31	–
TOTAL	1006.07	1231.62	847.74	1364.71

* Includes receivables on account of export incentives.

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
8. Inventories*				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)		6544.03		5683.46
Work-in-progress		213.07		178.55
Finished goods (manufactured)		1445.49		1301.68
Stock-in-trade (goods purchased for resale)		832.87		473.15
Stores and Spares		390.81		345.44
Intermediates - Tissue paper and Paperboards		44.60		55.79
TOTAL		9470.87		8038.07

The above includes goods in transit as under:

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
Raw materials (including packing materials)	135.09	141.73
Stock-in-trade (goods purchased for resale)	1.60	0.86
Stores and spares	1.35	2.31
TOTAL	138.04	144.90

The cost of inventories recognised as an expense includes ₹ 10.45 Crores (2020 - ₹ 19.08 Crores) in respect of write-downs of inventory to net realisable value. During the year, reversal of previous write-downs of ₹ 1.67 Crores (2020 - ₹ 1.25 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 669.75 Crores (2020 - ₹ 623.01 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.

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN BONDS/DEBENTURES				
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid	31.90		32.04	
Indian Railway Finance Corporation Limited 10,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid	104.74		101.05	
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid	219.75		209.50	
4,35,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid	45.00		44.42	
National Highways Authority of India 4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid	51.08		50.60	
Power Finance Corporation Limited 1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 80-A (25 November 2021) of ₹ 100000.00 each, fully paid	15.38		15.29	
1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid	107.83		103.55	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid	10.34		10.23	
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	141.08		135.10	
REC Limited 30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1 (19 December 2022) of ₹ 1000.00 each, fully paid	313.23		302.84	
1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid	107.82		103.42	
INVESTMENT IN CERTIFICATE OF DEPOSIT				
Axis Bank Limited Nil (2020 - 50,000) Certificate of Deposit (18 December 2020) of ₹ 100000.00 each, fully paid		–		479.76
Kotak Mahindra Bank Limited Nil (2020 - 50,000) Certificate of Deposit (11 December 2020) of ₹ 100000.00 each, fully paid		–		480.76
National Bank for Agriculture and Rural Development Nil (2020 - 15,000) Certificate of Deposit (14 January 2021) of ₹ 100000.00 each, fully paid		–		143.49
Carried over	1148.15	–	1108.04	1104.01

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1148.15	–	1108.04	1104.01
INVESTMENT IN CERTIFICATE OF DEPOSIT (Contd.)				
Nil (2020 - 45,000) Certificate of Deposit (21 January 2021) of ₹ 100000.00 each, fully paid		–		430.02
Nil (2020 - 10,000) Certificate of Deposit (03 February 2021) of ₹ 100000.00 each, fully paid		–		95.37
Nil (2020 - 25,000) Certificate of Deposit (05 March 2021) of ₹ 100000.00 each, fully paid		–		237.36
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Money Manager Fund 40,95,539 Units of ₹ 100.00 each		117.61		110.96
Aditya Birla Sun Life Corporate Bond Fund 70,15,575 (2020 - 6,05,10,758) Units of ₹ 10.00 each		60.27		475.21
Aditya Birla Sun Life Floating Rate Fund 1,94,01,569 Units of ₹ 100.00 each		525.17		489.49
Aditya Birla Sun Life Savings Fund 1,86,63,673 Units of ₹ 100.00 each		794.72		746.57
Axis Banking & PSU Debt Fund 31,86,227 Units of ₹ 1000.00 each		662.25		613.69
Axis Liquid Fund 2,13,085 (2020 - 13,67,777) Units of ₹ 1000.00 each		48.69		300.12
Axis Overnight Fund 9,20,331 (2020 - Nil) Units of ₹ 1000.00 each		100.00		–
Axis Short Term Fund 4,31,15,900 Units of ₹ 10.00 each		109.52		100.79
Axis Treasury Advantage Fund 14,17,525 Units of ₹ 1000.00 each		351.91		329.60
Bharat Bond ETF – April 2023 30,00,000 Units of ₹ 1000.00 each	335.10		307.06	
DSP Banking and PSU Debt Fund Nil (2020 - 8,62,88,433) Units of ₹ 10.00 each		–		151.22
DSP Liquidity Fund 33,41,890 (2020 - Nil) Units of ₹ 1000.00 each		975.72		–
DSP Low Duration Fund 17,22,63,805 (2020 - 22,32,41,558) Units of ₹ 10.00 each		267.44		328.55
DSP Overnight Fund Nil (2020 - 23,43,641) Units of ₹ 1000.00 each		–		250.16
DSP Short Term Fund 6,67,71,463 Units of ₹ 10.00 each		259.37		239.95
Carried over	1483.25	4272.67	1415.10	6003.07

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1483.25	4272.67	1415.10	6003.07
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Floating Rate Debt Fund 10,07,90,662 Units of ₹ 10.00 each		385.94		356.62
HDFC Liquid Fund Nil (2020 - 5,17,089) Units of ₹ 1000.00 each		–		200.82
HDFC Money Market Fund 2,39,118 Units of ₹ 1000.00 each		106.98		100.90
HDFC Short Term Debt Fund Nil (2020 - 14,47,53,251) Units of ₹ 10.00 each		–		327.72
HDFC Ultra Short Term Fund Nil (2020 - 27,49,00,837) Units of ₹ 10.00 each		–		309.50
ICICI Prudential Corporate Bond Fund 13,34,45,209 (2020 - 50,98,14,396) Units of ₹ 10.00 each		313.69		1055.87
ICICI Prudential Savings Fund 53,44,324 Units of ₹ 100.00 each		224.30		208.63
ICICI Prudential Bond Fund Nil (2020 - 2,11,18,618) Units of ₹ 10.00 each		–		62.30
ICICI Prudential Short Term Nil (2020 - 2,70,17,352) Units of ₹ 10.00 each		–		119.87
ICICI Prudential Liquid Fund 5,07,333 (2020 - Nil) Units of ₹ 100.00 each		15.46		–
IDFC Banking & PSU Debt Fund 14,17,61,931 Units of ₹ 10.00 each		272.68		251.53
IDFC Bond Fund - Short Term Plan 6,58,03,493 (2020 - 10,23,94,458) Units of ₹ 10.00 each		308.37		414.04
IDFC Low Duration Fund 7,34,11,386 Units of ₹ 10.00 each		225.06		212.12
IDFC Money Manager Fund 4,22,87,680 Units of ₹ 10.00 each		142.29		135.17
Kotak Bond Fund (Short Term) Nil (2020 - 7,68,78,681) Units of ₹ 10.00 each		–		243.74
Kotak Corporate Bond Fund 6,68,442 Units of ₹ 1000.00 each		196.74		182.23
Kotak Savings Fund 23,75,47,122 (2020 - 31,65,06,578) Units of ₹ 10.00 each		819.42		1033.24
LIC MF Liquid Fund 1,63,399 (2020 - Nil) Units of ₹ 1000.00 each		60.50		–
Nippon India Banking & PSU Debt Fund 10,41,55,094 (2020 - 20,50,51,796) Units of ₹ 10.00 each		167.84		306.09
Carried over	1483.25	7511.94	1415.10	11523.46

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1483.25	7511.94	1415.10	11523.46
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Nippon India ETF Nifty CPSE Bond Plus SDL - 2024 maturity 58,69,560 (2020 - Nil) Units of ₹ 100.00 each	60.46		–	
Nippon India Floating Rate Fund 6,22,64,756 Units of ₹ 10.00 each		224.08		204.74
Nippon India Money Market Fund 6,60,345 Units of ₹ 1000.00 each		212.68		201.58
Nippon India Overnight Fund Nil (2020 - 2,33,60,862) Units of ₹ 100.00 each		–		250.08
Nippon India Short Term Fund 8,93,74,937 Units of ₹ 10.00 each		384.78		353.38
Nippon India Liquid Fund 92,869 (2020 - Nil) Units of ₹ 1000.00 each		46.74		–
SBI Magnum Low Duration Fund 8,30,697 Units of ₹ 1000.00 each		232.24		218.47
SBI Magnum Ultra Short Duration Fund 2,47,159 Units of ₹ 1000.00 each		116.63		110.71
SBI Savings Fund 6,33,58,708 (2020 - 15,67,64,566) Units of ₹ 10.00 each		216.66		507.39
SBI Short Term Debt Fund 9,72,90,145 (2020 - 28,79,35,474) Units of ₹ 10.00 each		253.24		691.30
SBI Liquid Fund 25,773 (2020 - Nil) Units of ₹ 1000.00 each		8.26		–
UTI Liquid Cash Plan 16,91,359 (2020 - Nil) Units of ₹ 1000.00 each		567.38		–
Current Portion of Non-Current Investment				
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2020 - 90) 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	–		90.28	
Nil (2020 - 800) 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	–		40.04	
Nil (2020 - 50) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid	–		50.24	
Nil (2020 - 150) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid	–		150.75	
Carried over	1543.71	9774.63	1746.41	14061.11

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1543.71	9774.63	1746.41	14061.11
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Housing and Urban Development Corporation Limited 3,50,000 (2020 - Nil) 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	35.52		—	
ICICI Bank Limited# 2,000 (2020 - Nil) 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.07		—	
Indian Railway Finance Corporation Limited 3,31,819 (2020 - Nil) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	33.68		—	
LIC Housing Finance Limited Nil (2020 - 800) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	—		80.24	
Nil (2020 - 750) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	—		75.18	
Nil (2020 - 250) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	—		25.00	
Nil (2020 - 350) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	—		35.19	
Nil (2020 - 850) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	—		85.29	
Nil (2020 - 50) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	—		5.02	
Nil (2020 - 100) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	—		10.06	
Nil (2020 - 700) 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	—		69.45	
Nil (2020 - 1,250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	—		126.08	
Carried over	1812.98	9774.63	2257.92	14061.11

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1812.98	9774.63	2257.92	14061.11
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2020 - 239) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	–		23.92	
550 (2020 - Nil) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	55.06		–	
100 (2020 - Nil) 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.02		–	
400 (2020 - Nil) 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.04		–	
National Bank for Agriculture and Rural Development				
Nil (2020 - 3,200) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	–		318.69	
1,000 (2020 - Nil) 8.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19B (31 January 2022) of ₹ 1000000.00 each, fully paid	101.22		–	
Power Finance Corporation Limited				
Nil (2020 - 250) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	–		24.97	
Nil (2020 - 250) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	–		24.96	
150 (2020 - Nil) 7.47% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 151 A (16 September 2021) of ₹ 1000000.00 each, fully paid	15.01		–	
Nil (2020 - 250) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	–		24.94	
Nil (2020 - 500) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	–		50.00	
Nil (2020 - 2,800) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	–		280.66	
150 (2020 - Nil) 8.66% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series C (27 November 2021) of ₹ 1000000.00 each, fully paid	15.12		–	
Carried over	2049.45	9774.63	3006.06	14061.11

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2049.45	9774.63	3006.06	14061.11
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2020 - 400) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	–		40.22	
REC Limited				
Nil (2020 - 500) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	–		49.58	
1,700 (2020 - Nil) 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	170.27		–	
2,880 (2020 - Nil) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 177 (20 December 2021) of ₹ 1000000.00 each, fully paid	288.00		–	
Small Industries Development Bank of India				
2,500 (2020 - Nil) 7.89% Unsecured Listed Redeemable Non-Convertible Bond Series III of 2019-20 (15 November 2022 with Call and Put Option 14 May 2021) of ₹ 1000000.00 each, fully paid	250.05		–	
State Bank of India[#]				
3,250 (2020 - Nil) 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.12		–	
1,550 (2020 - Nil) 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	154.64		–	
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.63		–	
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) 4,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	50.78		–	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.25		–	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.95		–	
DSP Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.62		–	
DSP Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 (2020 - Nil) Units of ₹ 10.00 each	24.00		–	
Carried over	3381.76	9774.63	3095.86	14061.11

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3381.76	9774.63	3095.86	14061.11
INVESTMENT IN MUTUAL FUNDS (Contd.)				
DSP Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.16		–	
Franklin India Fixed Maturity Plans - Series 2 - Plan A 1,40,00,000 (2020 - Nil) Units of ₹ 10.00 each	17.66		–	
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 6,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	81.86		–	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		6.10	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	63.24		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	44.16		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	63.20		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	56.86		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	57.06		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.64		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 (2020 - Nil) Units of ₹ 10.00 each	24.09		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 (2020 - Nil) Units of ₹ 10.00 each	16.43		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 (2020 - Nil) Units of ₹ 10.00 each	46.86		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 (2020 - Nil) Units of ₹ 10.00 each	8.85		–	
Kotak Fixed Maturity Plan - Series 210 Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.95	
Kotak Fixed Maturity Plan - Series 212 60,00,000 (2020 - Nil) Units of ₹ 10.00 each	7.59		–	
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 (2020 - Nil) Units of ₹ 10.00 each	13.92		–	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.67		–	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.71		–	
Carried over	3946.72	9774.63	3113.91	14061.11

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3946.72	9774.63	3113.91	14061.11
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	43.80		—	
Nippon India Fixed Horizon Fund - XXXV - Series 6 50,00,000 (2020 - Nil) Units of ₹ 10.00 each	6.34		—	
Nippon India Fixed Horizon Fund - XXXV - Series 11 50,00,000 (2020 - Nil) Units of ₹ 10.00 each	6.35		—	
Nippon India Fixed Horizon Fund - XXXV - Series 12 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	19.05		—	
Nippon India Fixed Horizon Fund - XXXV - Series 13 80,00,000 (2020 - Nil) Units of ₹ 10.00 each	10.14		—	
Nippon India Fixed Horizon Fund - XXXV - Series 14 1,20,00,000 (2020 - Nil) Units of ₹ 10.00 each	15.22		—	
Nippon India Fixed Horizon Fund - XXXV - Series 15 1,70,00,000 (2020 - Nil) Units of ₹ 10.00 each	21.57		—	
Nippon India Fixed Horizon Fund - XXXVI - Series 1 1,20,00,000 (2020 - Nil) Units of ₹ 10.00 each	15.17		—	
Nippon India Fixed Horizon Fund - XXXVI - Series 3 50,00,000 (2020 - Nil) Units of ₹ 10.00 each	6.31		—	
Nippon India Fixed Horizon Fund - XXXVI - Series 9 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.04		—	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.87		—	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.18		—	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.21		—	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.94		—	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 (2020 - Nil) Units of ₹ 10.00 each	23.97		—	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.94		—	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.26		—	
Aggregate amount of quoted and unquoted Investments	4272.08	9774.63	3113.91	14061.11
TOTAL		14046.71		17175.02

Aggregate market value of quoted investments ₹ 4302.03 Crores (2020 - ₹ 3122.85 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, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
10. Trade Receivables (Current)		
Secured, considered good	45.32	31.65
Unsecured, considered good	2045.03	2060.35
Doubtful	161.62	137.29
Less: Allowance for doubtful receivables	161.62	137.29
TOTAL	2090.35	2092.00

11. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	227.61	553.88
Cheques, drafts on hand	1.27	5.72
Cash on hand	2.37	2.24
TOTAL	231.25	561.84

[@] 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	209.23	168.06
In deposit accounts*	3561.02	6113.37
TOTAL	3770.25	6281.43

* 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, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ 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	12,30,88,44,231	1230.88	12,29,22,31,241	1229.22
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,29,22,31,241	1229.22	12,25,86,31,601	1225.86
Add: Issue of Shares on exercise of Options	1,66,12,990	1.66	3,35,99,640	3.36
As at end of the year	12,30,88,44,231	1230.88	12,29,22,31,241	1229.22
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.20	2,97,83,47,320	24.23
Life Insurance Corporation of India	1,99,75,66,067	16.23	1,99,75,40,067	16.25
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.92	97,45,31,427	7.93
C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March: Nil				
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
			2021 (No. of Shares)	2020 (No. of Shares)
Bonus Shares issued in 2016-17			4,02,66,57,100	4,02,66,57,100
E) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
			As at 31st March, 2021 (No. of Shares)	As at 31st March, 2020 (No. of Shares)
Ordinary Shares of ₹ 1.00 each			29,18,12,920	34,58,05,430

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) Regulations, 2014.

Further details of ITC Employee Stock Option Schemes are provided in Note 27(xi).

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
14. Non-current borrowings		
Unsecured		
Deferred payment liabilities		
Sales tax deferment loans	5.28	5.63
TOTAL	5.28	5.63

Sales tax deferment loans

Interest free deferral period of 14 years and repayable by 2025-26.

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

	Deferred Payment Liabilities	Deferred Payment Liabilities
Borrowings repayable		
In the first year (Refer Note 16)	0.35	2.26
Current maturities of long-term debt	0.35	2.26
In the second year	0.74	0.35
In the third to fifth year	4.54	3.51
After five years	–	1.77
Non-current borrowings	5.28	5.63

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
15. Lease Liabilities*				
Lease Liabilities	51.36	272.36	64.87	259.25
TOTAL	51.36	272.36	64.87	259.25

* Refer Note 27(vii)

Movement of Lease Liabilities during the year

Particulars	31st March, 2021	31st March, 2020
Opening Lease Liabilities	324.12	344.69
New Leases recognised	55.90	26.80
Remeasurements and withdrawals	(6.63)	(3.34)
Interest expense on Lease Liabilities	28.02	28.92
Payment of Lease Liabilities	(77.69)	(72.95)
Closing Lease Liabilities	323.72	324.12

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ 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.)	239.35	90.47
TOTAL	239.35	90.47
Current		
Current maturities of long-term debt (Refer Note 14)	0.35	2.26
Interest accrued	1.90	1.90
Unpaid dividend*	209.00	167.83
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.)	1036.62	974.95
TOTAL	1248.17	1147.24

* 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, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17. Provisions				
Provision for employee benefits [Refer Note 27(v)]				
Retirement benefits	156.53	107.91	104.88	99.69
Other benefits	12.52	49.16	13.06	44.10
TOTAL	169.05	157.07	117.94	143.79

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
18. Deferred tax liabilities (Net)		
Deferred tax liabilities	2014.01	1914.09
Less: Deferred tax assets	286.28	296.44
TOTAL	1727.73	1617.65

(₹ 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
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
2019-20							
Deferred Tax liabilities/assets in relation to:							
On fiscal allowances on property, plant and equipment, investment property etc.	2204.25	-	(586.92)	-	-	-	1617.33
On Excise Duty/National Calamity Contingent Duty on closing stock	18.62	-	27.47	-	-	-	46.09
On cash flow hedges	(4.46)	-	-	(8.16)	4.47	(0.04)	(8.19)
Other timing differences	222.77	-	36.09	-	-	-	258.86
Total deferred tax liabilities	2441.18	-	(523.36)	(8.16)	4.47	(0.04)	1914.09
On employees' separation and retirement etc.	68.13	-	(26.36)	11.55	-	-	53.32
On provision for doubtful debts/advances	49.81	-	(13.17)	-	-	-	36.64
On State and Central taxes etc.	140.27	-	(36.85)	-	-	-	103.42
Other timing differences	138.83	-	(35.77)	-	-	-	103.06
Total deferred tax assets	397.04	-	(112.15)	11.55	-	-	296.44
Deferred tax liabilities (Net)	2044.14	-	(411.21)	(19.71)	4.47	(0.04)	1617.65

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
19. Other liabilities		
Current		
Statutory Liabilities	3263.04	3184.49
Advances received from customers	994.80	885.06
Others (includes deferred revenue, accruals, customer deposits etc.)	111.16	106.36
TOTAL	4369.00	4175.91

Notes to the Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
20. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	217.06	136.71
TOTAL	217.06	136.71

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
21A. Revenue from operations		
Sale of Products	47523.63	44497.50
Sale of Services	627.61	1826.22
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty of ₹ 2935.48 Crores (2020 - ₹ 1057.82 Crores)]	48151.24	46323.72
Other Operating Revenues [#]	373.30	483.62
TOTAL	48524.54	46807.34

* Net of sales returns and damaged stocks.

[#] Includes Government grants received of ₹ 42.57 Crores (2020 - ₹ 119.66 Crores) on account of Service Exports from India Scheme, Merchandise Exports from India Scheme, Duty Drawback etc.

21B. Gross Revenue from sale of products and services*		
FMCG		
– Cigarettes etc.	20333.12	21201.74
– Branded Packaged Food Products	12241.14	10377.73
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel etc.)	2467.48	2436.00
Hotels		
– Hotels Sales/Income from Hotel Services	623.59	1823.41
Agri Business		
– Unmanufactured Tobacco	1420.51	1464.71
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)	6445.55	4439.68
Paperboards, Paper and Packaging		
– Paperboards and Paper	4019.53	4022.47
– Printed Materials	600.32	557.98
TOTAL	48151.24	46323.72

* Net of sales returns and damaged stocks.

Notes to the Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
22. Other income		
Interest income	1224.82	1438.87
Dividend income	723.94	551.11
Other non-operating income	141.36	90.11
Other gains and losses	1160.87	933.57
TOTAL	3250.99	3013.66
Interest income:		
a) Deposits with banks etc. - carried at amortised cost	310.82	460.94
b) Financial assets mandatorily measured at FVTPL	119.04	121.61
c) Other financial assets measured at amortised cost	698.27	842.38
d) Others (from statutory authorities etc.)	96.69	13.94
TOTAL	1224.82	1438.87
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.02	7.72
b) Other investments	723.92	543.39
TOTAL	723.94	551.11
Other gains and losses:		
Net foreign exchange gain/(loss)	(1.27)	23.77
Net gain/(loss) arising on financial instruments mandatorily measured at FVTPL*	1162.14	919.80
Impairment of investment in joint venture	-	(10.00)
TOTAL	1160.87	933.57
* Includes ₹ 353.96 Crores (2020 - ₹ 211.24 Crores) being net gain/(loss) on sale of investments.		
23. Employee benefits expense		
Salaries and wages	2423.33	2176.01
Contribution to Provident and other funds	182.14	181.99
Share based payments to employees {Includes cash-settled share based payments ₹ 29.54 Crores [2020 - ₹ (10.19) Crores]}	56.69	95.58
Staff welfare expenses	197.49	239.91
	2859.65	2693.49
Less: Recoveries made/reimbursements received	38.70	35.28
TOTAL	2820.95	2658.21
24. Finance costs		
Interest expense:		
- On Lease Liabilities	27.93	28.92
- On other financial liabilities measured at amortised cost	2.04	2.76
- Others	17.50	24.04
TOTAL	47.47	55.72

Notes to the Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
25. Other Expenses		
Power and fuel	672.11	744.55
Consumption of stores and spare parts	266.68	302.00
Contract processing charges	671.80	834.51
Rent	211.59	247.06
Rates and taxes	81.64	137.73
Insurance	125.33	93.06
Repairs		
– Buildings	48.30	70.99
– Machinery	224.09	248.95
– Others	41.02	67.92
Maintenance and upkeep	225.72	278.09
Outward freight and handling charges	1312.09	1220.15
Warehousing charges	160.45	159.77
Advertising/Sales promotion	1083.51	979.71
Market research	122.02	143.43
Design and product development	44.96	47.71
Hotel reservation/Marketing expenses	14.58	42.11
Retail accessories	134.35	128.21
Brokerage and discount - sales	15.33	16.35
Commission to selling agents	14.62	8.03
Doubtful and bad debts	26.02	16.17
Doubtful and bad advances, loans and deposits	33.04	(1.71)
Bank and credit card charges	11.47	24.72
Information technology services	247.41	267.06
Travelling and conveyance	139.07	267.87
Training and development	11.02	24.03
Legal expenses	21.25	44.04
Consultancy/Professional fees	135.01	163.24
Postage, telephone etc.	17.39	19.08
Printing and stationery	9.74	17.33
Loss on sale of property, plant and equipment - Net	56.04	56.08
Loss on sale of stores and spare parts - Net	5.03	2.88
Miscellaneous expenses [@]	984.41	1150.99
TOTAL	7167.09	7822.11
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses*		
Audit fees	2.95	2.95
Tax audit fees	0.60	0.60
Fees for limited review	1.17	1.17
Fees for other services [#]	0.40	0.57
Reimbursement of expenses	0.15	0.57
(2) Cost auditors' fees	0.11	0.10

* Excluding taxes.

[#] Auditors' remuneration for current year excludes remuneration for services amounting to ₹ 2.01 Crores (2020 - ₹ 1.21 Crores) rendered by network firm/entity which is a part of the network of which auditor is a member firm. Figures of previous year includes remuneration of ₹ 0.47 Crore paid to erstwhile auditor.

[@] Includes Contributions amounting - Nil (2020 - ₹ 73.81 Crores) made under Section 182 of the Companies Act, 2013.

Notes to the Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
26. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	3960.45	4581.16
Adjustments/(credits) related to previous years - Net	74.91	(139.19)
Total current tax	4035.36	4441.97
Deferred tax		
Deferred tax for the year	172.06	(429.88)
Adjustments/(credits) related to previous years - Net	(74.91)	18.67
Total deferred tax	97.15	(411.21)
TOTAL	4132.51	4030.76
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	0.44	11.55
Equity instruments through other comprehensive income	(1.62)	-
Related to designated portion of hedging instruments in cash flow hedges	1.67	(1.93)
	0.49	9.62
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(10.26)	10.13
TOTAL	(9.77)	19.75
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	1.26	4.47
TOTAL	1.26	4.47
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	17164.15	19166.81
Income Tax expense calculated @ 25.168% (2020- 25.168%)	4319.87	4823.90
Effect of remeasurement of Deferred Tax Liabilities (net) as on 31st March, 2019*	-	(563.93)
Effect of tax relating to uncertain tax positions	25.59	46.25
Effect of different tax rate on certain items	(80.21)	(131.56)
Effect of Income not taxable	(82.39)	(131.01)
Other differences	(50.35)	107.63
Total	4132.51	4151.28
Adjustments recognised in the current year in relation to the current tax of prior years	-	(120.52)
Income Tax recognised in profit or loss	4132.51	4030.76

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2020-21 and 2019-20 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

* On exercising the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements

		2021	2020
(i)	Earnings per share:		
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in Crores)	13031.64	15136.05
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,30,12,07,984	12,27,93,39,192
(c)	Effect of potential Ordinary shares on Employee Stock Options outstanding	12,73,424	1,31,85,149
(d)	Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,30,24,81,408	12,29,25,24,341
(e)	Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
	– Basic [(a)/(b)]	10.59	12.33
	– Diluted [(a)/(d)]	10.59	12.31

(ii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 353.46 Crores (2020 - ₹ 326.49 Crores) comprising employee benefits expense of ₹ 14.96 Crores (2020 - ₹ 9.69 Crores) and other expenses of ₹ 338.50 Crores (2020 - ₹ 316.80 Crores), of which ₹ 11.94 Crores (2020 - ₹ 26.66 Crores) is accrued for payment as on 31st March, 2021. Such CSR expenditure of ₹ 353.46 Crores (2020 - ₹ 326.49 Crores) excludes ₹ 5.72 Crores (2020 - ₹ 11.83 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) Amendment Rules, 2021 for such expenses.

(iii) Research and Development expenses for the year amount to ₹ 131.22 Crores (2020 - ₹ 141.55 Crores).

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities

Claims against the Company not acknowledged as debts ₹ 884.97 Crores (2020 - ₹ 735.31 Crores), including interest on claims, where applicable, estimated to be ₹ 257.55 Crores (2020 - ₹ 233.50 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 ₹ 608.26 Crores (2020 - ₹ 573.99 Crores), including interest on claims, where applicable, estimated to be ₹ 245.88 Crores (2020 - ₹ 222.46 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 231.50 Crores (2020 - ₹ 117.72 Crores), including interest on claims, where applicable, estimated to be ₹ 5.40 Crores (2020 - ₹ 5.29 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 32.41 Crores (2020 - ₹ 32.28 Crores), including interest on claims, where applicable, estimated to be ₹ 0.88 Crore (2020 - ₹ 0.75 Crore).
- Other matters ₹ 12.80 Crores (2020 - ₹ 11.32 Crores), including interest on other matters, where applicable, estimated to be ₹ 5.39 Crores (2020 - ₹ 5.00 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 ₹ 1398.30 Crores (2020 - ₹ 1563.33 Crores).
- Uncalled liability on investments partly paid is ₹ 55.88 Crores (2020 - ₹ 59.10 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 Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. Some Group companies also participate in these Plans. These participating Group companies make contributions to the Plans for their respective employees on a uniform basis and each entity ascertains their obligation through actuarial valuation. The net Defined Benefit cost is recognised by these companies in their respective Financial Statements.

Risk Management

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

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

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

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary 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, 2021 (₹ in Crores)			For the year ended 31st March, 2020 (₹ 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	49.90	31.59	9.21	45.71	30.71	8.95
2	Past Service Cost	–	–	–	–	–	–
3	Net Interest Cost	(0.13)	(0.18)	7.33	(5.87)	(2.86)	7.39
4	Total expense recognised in the Statement of Profit and Loss	49.77	31.41	16.54	39.84	27.85	16.34
	– Re-measurements recognised in Other Comprehensive Income						
5	Return on plan assets (excluding amounts included in Net Interest Cost)	(40.28)	(4.33)	–	9.17	(0.92)	–
6	Effect of changes in demographic assumptions	–	–	–	10.74	0.68	0.56
7	Effect of changes in financial assumptions	–	–	–	69.62	35.65	11.70
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
9	Effect of experience adjustments	68.63	0.84	5.24	(10.34)	(2.84)	1.07
10	Total re-measurements included in Other Comprehensive Income	28.35	(3.49)	5.24	79.19	32.57	13.33
11	Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	78.12	27.92	21.78	119.03	60.42	29.67
<p>The current service cost, past service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.</p>							
(₹ in Crores)							
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	90.51	27.01	–	49.32	26.69	–
III	Net Asset/(Liability) recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	933.22	396.43	133.52	838.37	377.93	122.67
2	Fair Value of Plan Assets	822.53	376.20	–	784.83	349.57	–
3	Status [Surplus/(Deficit)]	(110.69)	(20.23)	(133.52)	(53.54)	(28.36)	(122.67)
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, 2021		As at 31st March, 2020	
		Current	Non-current	Current	Non-current
	– Pension	(110.69)	–	(53.54)	–
	– Gratuity	(20.23)	–	(28.36)	–
	– Leave Encashment	(25.61)	(107.91)	(22.98)	(99.69)

IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2021 (₹ in Crores)			For the year ended 31st March, 2020 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of DBO at the beginning of the year	838.37	377.93	122.67	733.03	320.10	103.98
2	Current Service Cost	49.90	31.59	9.21	45.71	30.71	8.95
3	Past Service Cost	–	–	–	–	–	–
4	Interest Cost	50.10	22.50	7.33	52.62	22.91	7.39
5	Remeasurement gains/(losses):						
a.	Effect of changes in demographic assumptions	–	–	–	10.74	0.68	0.56
b.	Effect of changes in financial assumptions	–	–	–	69.62	35.65	11.70
c.	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
d.	Effect of experience adjustments	68.63	0.84	5.24	(10.34)	(2.84)	1.07
6	Curtailment Cost/(Credits)	–	–	–	–	–	–
7	Settlement Cost/(Credits)	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	2.59	–	–	–	–
9	Effects of transfer In/(Out)	(0.06)	–	–	(0.29)	–	–
10	Benefits Paid	(73.72)	(39.02)	(10.93)	(62.72)	(29.28)	(10.98)
11	Present Value of DBO at the end of the year	933.22	396.43	133.52	838.37	377.93	122.67

(₹ in Crores)

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2021	As at 31st March, 2020
	– Pension	164.33	135.40
	– Gratuity	60.35	51.40

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, 2021 (₹ in Crores)			For the year ended 31st March, 2020 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Plan Assets at the beginning of the year	784.83	349.57	–	775.01	337.63	–
2	Assets acquired in Business Combination	–	1.88	–	–	–	–
3	Interest Income	50.23	22.68	–	58.49	25.77	–
4	Remeasurement Gains/(Losses) on plan assets	40.28	4.33	–	(9.17)	0.92	–
5	Actual Company Contributions	20.97	36.76	–	23.51	14.53	–
6	Benefits Paid	(73.72)	(39.02)	–	(62.72)	(29.28)	–
7	Effects of transfer In/(Out)	(0.06)	–	–	(0.29)	–	–
8	Plan Assets at the end of the year	822.53	376.20	–	784.83	349.57	–

VII	Actuarial Assumptions	As at 31st March, 2021	As at 31st March, 2020
		Discount Rate (%)	Discount Rate (%)
1	Pension	6.25	6.25
2	Gratuity	6.25	6.25
3	Leave Encashment	6.25	6.25

The estimates of future salary increases, generally between 4% to 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, 2021	As at 31st March, 2020
1	Government Securities/Special Deposit with RBI	24.25%	25.80%
2	High Quality Corporate Bonds	11.50%	15.00%
3	Insurer Managed Funds*	53.19%	46.79%
4	Mutual Funds	3.51%	2.21%
5	Cash and Cash Equivalents	5.74%	7.63%
6	Term Deposits	1.81%	2.57%

* 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, 2021 (₹ in Crores)			For the year ended 31st March, 2020 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of Defined Benefit Obligation	933.22	396.43	133.52	838.37	377.93	122.67
2	Fair Value of Plan Assets	822.53	376.20	–	784.83	349.57	–
3	Status [Surplus/(Deficit)]	(110.69)	(20.23)	(133.52)	(53.54)	(28.36)	(122.67)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	40.28	4.33	–	(9.17)	0.92	–
5	Experience Adjustment of obligation [(Gain)/Loss]	68.63	0.84	5.24	(10.34)	(2.84)	1.07

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

(₹ in Crores)

		DBO as at 31st March, 2021	DBO as at 31st March, 2020
1	Discount Rate + 100 basis points	1378.32	1258.30
2	Discount Rate – 100 basis points	1559.76	1430.79
3	Salary Increase Rate + 1%	1549.04	1420.95
4	Salary Increase Rate – 1%	1386.12	1265.43

Maturity Analysis of the Benefit Payments		As at 31st March, 2021	As at 31st March, 2020
1	Year 1	238.72	201.87
2	Year 2	179.18	181.39
3	Year 3	114.90	125.52
4	Year 4	122.60	102.66
5	Year 5	142.90	107.86
6	Next 5 Years	441.21	449.17

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: ₹ 100.96 Crores (2020 - ₹ 114.30 Crores).

(vi) Transactions with subsidiaries of TMI's [Tobacco Manufacturers (India) Limited] ultimate parent company comprise Sale of goods/services ₹ 758.00 Crores (2020 - ₹ 696.30 Crores), Dividend payments ₹ 971.52 Crores (2020 - ₹ 368.73 Crores), Others ₹ 28.58 Crores (2020 - ₹ 27.33 Crores).

(vii) 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, the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

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 ₹ 373.38 Crores (2020 - ₹ 424.06 Crores) [including payments of ₹ 295.00 Crores (2020 - ₹ 346.79 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 0.69 Crore (2020 - ₹ 4.32 Crores)].

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 including interest thereon over the remaining lease term is as follows:

(₹ in Crores)

Term	As at 31st March, 2021	As at 31st March, 2020
Not later than three years	177.64	187.26
Later than three years and not later than ten years	169.20	159.54
Later than ten years and not later than twenty five years	219.49	223.44
Later than twenty five years and not later than fifty years	216.76	218.28
Later than fifty years	203.64	195.28

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:

(₹ in Crores)

Term	As at 31st March, 2021	As at 31st March, 2020
1 st year	91.40	98.94
2 nd year	17.18	90.23
3 rd year	1.10	17.69
4 th year	0.56	0.57
5 th year	0.58	Nil
Beyond 5 years	27.57	Nil

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

- (viii) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the 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, 2021 are yet to be approved by its Board of Directors.
- (ix) The Company on 27th July, 2020, acquired, in an all cash deal, 100% of the equity share capital of Sunrise Foods Private Limited (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'. The Scheme of Amalgamation of Sunrise with the Company was sanctioned by the Hon'ble National Company Law Tribunal, Kolkata Bench, vide order dated 26th February, 2021 and became effective from 1st April, 2021, with the Appointed Date being 27th July, 2020.

Further, pursuant to the amalgamation of Sunrise, its wholly owned subsidiaries viz., Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited, have become direct wholly owned subsidiaries of the Company with effect from the Appointed Date. Necessary petition for amalgamation of these subsidiaries with the Company is pending before the Hon'ble National Company Law Tribunal, Allahabad Bench.

The amalgamation has been accounted for using the acquisition method prescribed under Ind AS 103 – 'Business Combinations', and accordingly, the identifiable assets (both tangible and intangible) acquired and liabilities assumed are recorded at their acquisition date fair values as determined by an independent valuer. Excess of purchase consideration over the fair value of identified assets acquired and liabilities assumed has been recognised as Goodwill.

The total purchase consideration (including fair value of contingent consideration of ₹ 134.93 Crores) is ₹ 2340.10 Crores. The fair value of identifiable assets acquired and liabilities assumed on acquisition are as follows:

Particulars	₹ in Crores
Tangible assets	69.72
Right of use assets	9.99
Other intangible assets	1508.61
Investments in subsidiaries	12.96
Trade receivables	28.32
Other assets (net)	133.30
Sub Total	1762.90
Goodwill#	577.20
Total	2340.10

Goodwill is attributed to the potential of growing the brand nationally, assembled workforce, expected operating synergies etc. Goodwill has not been considered as a depreciable asset for income tax purpose.

As a part of the acquisition, contingent consideration of an amount not exceeding ₹ 150.00 Crores (undiscounted value) is payable to the Sellers of Sunrise in two annual tranches on the business achieving mutually agreed operational and financial milestones. The fair value of contingent consideration as on 31st March, 2021 is ₹ 139.51 Crores.

- (x) The Company on 17th September, 2020 acquired, in the second tranche, 1964 Compulsorily Convertible Preference Shares of ₹ 10/- each of Delectable Technologies Private Limited (Delectable), consequent to which the Company's shareholding in Delectable aggregated 20.06% of its share capital on a fully diluted basis. Accordingly, Delectable has become an associate of the Company and the investment is being carried at cost.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(xi) 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	The vesting period for conversion of Options is as follows: <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	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined under the aforesaid Regulations.	
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 2020-21 is ₹ 27.15 Crores (2020 - ₹ 105.77 Crores); for the group entities, such compensation cost is ₹ (0.49) Crore (2020 - ₹ 8.27 Crores).	
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 : ₹ 1,699.20 Weighted average fair value per Option : ₹ 253.87	

Notes to the Financial Statements

27. Additional Notes to the 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	:	3,85,880		3,41,94,663	
	b) Options granted during the year	:	1,19,650		6,18,250	
	c) Options cancelled and lapsed during the year	:	34,942		44,40,910	
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	:	40,647		25,44,818	
	e) Options exercised during the year	:	58,000		16,03,299	
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	:	5,80,000		1,60,32,990	
	g) Options outstanding at the end of the year (a+b-c-e)	:	4,12,588		2,87,68,704	
	h) Options exercisable at the end of the year	:	2,92,938		2,75,56,418	
	i) Money realised by exercise of the Options during the year (₹ in Crores)	:	9.65		281.00	
12.	Summary of the status of Options:	:				
	Particulars		As at 31st March, 2021		As at 31st March, 2020	
			No. of Options	Weighted Average Exercise Prices (₹)	No. of Options	Weighted Average Exercise Prices (₹)
	Outstanding at the beginning of the year	:	3,45,80,543	2364.54	3,81,90,906	2321.75
	Add: Granted during the year	:	7,37,900	1699.20	4,60,950	2510.50
	Less: Lapsed during the year	:	44,75,852	2236.28	7,11,349	2540.29
	Less: Exercised during the year	:	16,61,299	1749.52	33,59,964	1861.02
	Outstanding at the end of the year	:	2,91,81,292	2402.40	3,45,80,543	2364.54
	Options exercisable at the end of the year	:	2,78,49,356	2416.25	3,12,75,682	2316.88

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

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, 2021, was ₹ 198.13 (2020 - ₹ 258.84). 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, 2021			As at 31st March, 2020		
		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	:	4,12,588	1698.00 – 2885.50	3.45	3,85,880	1663.00 – 2885.50	2.45
	ITC Employee Stock Option Scheme - 2010	:	2,87,68,704	1698.00 – 2885.50	2.12	3,41,94,663	1663.00 – 2885.50	2.59
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 : ₹ 1,699.20 Weighted average fair value per Option : ₹ 253.87					
	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					5.19%
			(ii) Expected life					4.60 years
			(iii) Expected volatility					24.48%
			(iv) Expected dividends					5.81%
			(v) The price of the underlying shares in market at the time of Option grant					₹ 1,699.20 (One Option = 10 Ordinary Shares)
16.	Methodology for determination of expected volatility.	:	The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.					

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

17	Options granted to	:	As provided below:-	
	(a) Senior managerial personnel			
			Name	Designation
				No. of Options granted during the financial year 2020-21
		1	S. Puri	Chairman & Managing Director
		2	N. Anand	Executive Director
		3	B. Sumant	Executive Director
		4	R. Tandon	Executive Director
		5	Supratim Dutta	Chief Financial Officer
		6	H. Malik	Divisional Chief Executive (FBD)
		7	A. K. Rajput	Senior Vice President - Corporate Affairs
		8	S. Rangrass	Group Head - LS&T, Central Projects, EHS & Quality Assurance
		9	S. K. Singh	Group Head - Paper & Packaging
		10	S. Sivakumar	Group Head - Agri Business
		11	R. K. Singhi	Executive Vice President & Company Secretary
				6,300
			<i>The Optionees were granted Options on 5th November, 2020 at the exercise price of ₹ 1,698.00 per Option.</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

Abbreviations denote :

FBD	Foods Business Division
LS&T	Life Sciences & Technology
EHS	Environment, Health & Safety

(xii) 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, 2021 is 52,96,190 (2020 - 55,33,730) and the weighted average fair value at measurement date is ₹ 162.39 (2020 - ₹ 67.08) 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 2020-21 is ₹ 29.54 Crores [2020 - ₹ (10.19) Crores] and ₹ 1.31 Crores [2020 - ₹ (0.41) Crore] for group entities (Refer Note 23). The amount carried in the Balance Sheet as a non - current financial liability is ₹ 33.13 Crores (2020 - ₹ 8.01 Crores) and as current financial liability is ₹ 4.08 Crores (2020 - ₹ 0.06 Crore) (Refer Note 16).

(xiii) Micro, Small and Medium scale business entities:

A sum of ₹ 76.92 Crores is payable to Micro and Small Enterprises as at 31st March, 2021 (2020 - ₹ 51.35 Crores). The above amount comprises ₹ 59.34 Crores (2020 - ₹ 34.67 Crores) on account of trade payables and ₹ 17.58 Crores (2020 - ₹ 16.68 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, 2021. 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.

(xiv) The financial statements were approved for issue by the Board of Directors on 1st June, 2021.

Notes to the Financial Statements

28. Segment Reporting

(₹ in Crores)

	2021			2020		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	20333.12	–	20333.12	21201.74	–	21201.74
FMCG - Others	14708.62	19.59	14728.21	12813.73	30.50	12844.23
FMCG - Total	35041.74	19.59	35061.33	34015.47	30.50	34045.97
Hotels	623.59	3.92	627.51	1823.41	13.87	1837.28
Agri Business	7866.06	4716.18	12582.24	5904.39	4336.33	10240.72
Paperboards, Paper and Packaging	4619.85	998.70	5618.55	4580.45	1526.73	6107.18
Segment Total	48151.24	5738.39	53889.63	46323.72	5907.43	52231.15
Eliminations			(5738.39)			(5907.43)
Gross Revenue from sale of products and services			48151.24			46323.72
2. Segment Results						
FMCG - Cigarettes			12720.41			14852.55
FMCG - Others			832.69			423.05
FMCG - Total			13553.10			15275.60
Hotels			(534.91)			157.75
Agri Business			820.74			788.92
Paperboards, Paper and Packaging			1098.68			1305.33
Segment Total			14937.61			17527.60
Eliminations			44.76			(37.54)
Total			14982.37			17490.06
Unallocated corporate expenses net of unallocated income			829.53			1059.66
Profit before interest etc. and taxation			14152.84			16430.40
Finance Costs			47.47			55.72
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			3058.78			2924.24
Exceptional items			–			(132.11)
Profit before tax			17164.15			19166.81
Tax expense			4132.51			4030.76
Profit for the year			13031.64			15136.05
3. Other Information						
	2021		2020			
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities		
FMCG - Cigarettes	6737.04	4469.56	6903.91	3991.11		
FMCG - Others	11392.40	2534.55	8694.53	2133.61		
FMCG - Total	18129.44	7004.11	15598.44	6124.72		
Hotels	6525.59	769.31	6646.08	858.06		
Agri Business	5004.19	1158.87	4030.59	1098.29		
Paperboards, Paper and Packaging	7244.53	1080.26	6823.85	764.73		
Segment Total	36903.75	10012.55	33098.96	8845.80		
Unallocated Corporate Assets/Liabilities	34676.79	2563.41	42136.40	2360.40		
Total	71580.54	12575.96	75235.36	11206.20		

Notes to the Financial Statements

28. Segment Reporting (Contd.)

(₹ in Crores)

	2021		2020	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	79.95	263.74	129.92	272.57
FMCG - Others	475.07	484.13	838.64	490.96
FMCG - Total	555.02	747.87	968.56	763.53
Hotels	201.08	266.31	721.25	262.13
Agri Business	38.57	75.36	54.79	72.80
Paperboards, Paper and Packaging	775.40	359.81	247.86	357.51
Segment Total	1570.07	1449.35	1992.46	1455.97
Unallocated	71.96	112.48	322.45	107.30
Total	1642.03	1561.83	2314.91	1563.27
	Non Cash expenditure other than depreciation		Non Cash expenditure other than depreciation	
FMCG - Cigarettes		21.87		10.96
FMCG - Others		60.46		52.12
FMCG - Total		82.33		63.08
Hotels		4.71		10.18
Agri Business		0.07		0.01
Paperboards, Paper and Packaging		38.25		13.40
Segment Total		125.36		86.67

GEOGRAPHICAL INFORMATION

	2021	2020
1. Revenue from external customers		
– Within India	42974.35	43261.67
– Outside India	5176.89	3062.05
Total	48151.24	46323.72
2. Non-current assets		
– Within India	26739.91	24662.45
– Outside India	0.01	0.01
Total	26739.92	24662.46

NOTES:

- 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.
- The business groups comprise the following :

FMCG : Cigarettes : Others Hotels Paperboards, Paper and Packaging Agri Business	– Cigarettes, Cigars, etc. – 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. – Hoteliering. – Paperboards, Paper including Specialty Paper and Packaging including Flexibles. – Agri commodities such as soya, spices, coffee and leaf tobacco.
--	--
- The geographical information considered for disclosure are:

– Sales within India. – Sales outside India.

- Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- As stock options 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.
- 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 (w.e.f. 29.07.2020)
- r) Sunrise Sheetgrah Private Limited (w.e.f. 27.07.2020)
- s) Hobbits International Foods Private Limited (w.e.f. 27.07.2020)

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 (w.e.f. 17.09.2020)
– being associates of the Company, and
- d) Tobacco Manufacturers (India) Limited, UK
– of which the Company is an associate

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 associate 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. Sumant	Executive Director
R. Tandon*	Executive Director
S. Banerjee#	Non-Executive Director
H. Bhargava	Non-Executive Director
A. Duggal#	Non-Executive Director
A. Jerath§	Non-Executive Director
S. B. Mathur#	Non-Executive Director
A. Nayak#	Non-Executive Director
N. Rao#	Non-Executive Director
A. K. Seth#	Non-Executive Director
M. Shankar#	Non-Executive Director
D. R. Simpson	Non-Executive Director

Independent Directors

*ceased as Chief Financial Officer w.e.f. 05.09.2020

§resigned as Non-Executive Director w.e.f. 01.05.2021

Chief Financial Officer

S. Dutta (w.e.f. 05.09.2020)

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

B. Sumant

R. Tandon

S. K. Singh

S. Sivakumar

S. Dutta (w.e.f. 05.09.2020)

H. Malik (w.e.f. 05.09.2020)

A. Rajput (w.e.f. 05.09.2020)

S. Rangrass (w.e.f. 24.09.2020)

C. Dar (upto 23.09.2020)

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:

- IATC Provident Fund
- ITC Defined Contribution Pension Fund
- ITC Management Staff Gratuity Fund
- ITC Employees Gratuity Fund
- ITC Gratuity Fund 'C'
- ITC Pension Fund
- ILTD Seasonal Employees Pension Fund
- ITC Platinum Jubilee Pension Fund
- ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- ITC Hotels Limited Employees Superannuation Scheme

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2021

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	Subsidiaries		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	2021	2020												
1. Sale of Goods/Services	256.06	329.45	0.30	0.26	34.04	25.70							290.40	355.41
2. Purchase of Goods/Services	422.08	383.02	51.72	114.63	229.79	242.95							703.59	740.60
3. Acquisition cost of Property, Plant and Equipment	2.07	5.10											2.07	5.10
4. Sale of Property, Plant and Equipment	12.62	1.00					0.18						12.62	1.18
5. Investment in Subsidiaries	360.57	202.39											360.57	202.39
6. Renunciation of Rights Issue entitlement	6.45	—											6.45	—
7. Value of Share Based Payment	(9.80)	(0.33)											(9.80)	(0.33)
7A. Capital Contribution for Share Based Payments	1.94	2.53	0.39	0.29	0.09	0.09							2.42	2.91
7B. Reimbursement for Share Based Payments	25.86	21.33	0.63	0.93									26.49	22.26
8. Rent Received*	8.05	8.56	1.17	4.42			0.58	0.31	0.32	0.32			10.12	13.61
9. Rent Paid	2.50	3.05	6.00	6.28	1.29	1.06							8.50	9.33
10. Remuneration of Managers on Deputation reimbursed	30.65	26.11	6.23	5.56									38.17	32.73
11. Remuneration of Managers on Deputation recovered	723.43	541.93	0.43	0.68									112.98	88.73
12. Contribution to Employees' Benefit Plans	2.70	5.78	4512.20	1712.55			5.51	0.69					723.86	542.61
13. Dividend Income	10.75	23.17	0.17	0.22	0.20	0.21							4517.71	1713.24
14. Dividend Payments	3.08	4.82	0.23	0.25	—	0.01							2.70	5.78
15. Interest Income	—	0.30	0.06	0.68									11.12	23.60
16. Expenses Recovered	—	—	0.11	1.12									3.33	5.12
17. Expenses Reimbursed	—	—	0.06	0.68									0.06	0.98
18. Advances Given during the year	—	—	0.33	0.11									0.11	1.45
19. Adjustment/Receipt towards Refund of Advances	127.76	184.85											127.76	184.85
20. Advance Received during the year	108.61	166.34											108.61	166.34
21. Adjustment/Payment towards Refund of Advance													—	0.10
22. Deposits Given during the year			0.02	—									0.02	—
23. Deposits Refunded during the year													49.64	42.28
24. Remuneration to Key Management Personnel (KMP) ¹													8.96	7.82
24A. – Short term benefits														
24B. – Other remuneration														
24C. – Stock options granted ²														
25. Outstanding Balances [#]														
i) Receivables	50.61	49.22	1.41	2.65	11.13	7.98							63.15	59.85
ii) Advances Given	0.60	0.60	—	0.05									—	0.05
iii) Deposits Given ³	214.52	195.37					0.08	0.07	0.07	0.07			0.75	0.74
iv) Advance Taken													214.52	195.37
v) Deposits Taken			0.04	0.06									0.04	0.06
vi) Payables	10.58	9.04	5.56	7.27	20.98	8.49							167.65	106.70
26. Impairment of investments in Subsidiaries/ Joint Venture as at the year end	25.29	25.29			33.45	33.45							58.74	58.74
27. Commitments	0.07	1.46											0.07	1.46

* 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) Regulations, 2014). The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since such Stock Options and ESAR Units are 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. However, in accordance with Ind AS-102, the Company has recorded employee benefits expense by way of share based payments to employees at ₹ 56.69 Crores for the year ended 31st March, 2021 (2020 - ₹ 96.58 Crores), of which ₹ 27.71 Crores (2020 - ₹ 45.33 Crores) is attributable to Executive Directors and KMPs.

3 Outstanding deposit balances includes deposit with KMP which are existing on the date of being appointed as KMP.
Note: Transactions with subsidiaries of TMI's [Tobacco Manufacturers (India) Limited] ultimate parent company comprise Sale of goods/ services ₹ 758.00 Crores (2020 - ₹ 696.30 Crores), Dividend payments ₹ 971.52 Crores (2020 - ₹ 368.73 Crores), Others ₹ 28.58 Crores (2020 - ₹ 27.33 Crores).

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	2020	RELATED PARTY TRANSACTIONS SUMMARY		2021	2020	RELATED PARTY TRANSACTIONS SUMMARY		2021	2020
1.	Sale of Goods/Services Surya Nepal Private Limited ITC Essentra Limited	250.30 34.03	322.51 25.68	12.	Contribution to Employees' Benefit Plans IATC Provident Fund ITC Defined Contribution Pension Fund ITC Pension Fund	51.66 — 21.00	36.14 15.96 20.56	24B.	Other Remuneration S. Banerjee H. Bhargava A. Duggal	0.93 0.92 0.91	0.81 0.80 0.78
2.	Purchase of Goods/Services ITC Infotech India Limited North East Nutrients Private Limited ITC Essentra Limited	165.12 192.43 229.73 24.86	173.53 158.21 242.81 85.28	13.	Dividend Income Russell Credit Limited ITC Infotech India Limited Surya Nepal Private Limited	12.56 17.61 12.93 276.90 362.78	12.58 — 54.95 100.11 363.52	25.	Outstanding Balances <i>(i)</i> Receivables Surya Nepal Private Limited ITC Essentra Limited	0.91 0.91 0.91	0.80 0.55 0.81
3.	Acquisition cost of Property, Plant and Equipment ITC Infotech India Limited Wimco Limited	2.07 —	3.20 1.91	14.	Dividend Payments Tobacco Manufacturers (India) Limited, UK	4512.20	1712.55	<i>(ii)</i> Advances Given International Travel House Limited	45.05	40.28	
4.	Sale of Property, Plant and Equipment Landbase India Limited ITC Indivision Limited	12.62	1.00	15.	Interest Income North East Nutrients Private Limited Wimco Limited	2.25 0.45	5.63 0.15	<i>(iii)</i> Deposits Given Russell Credit Limited ¹ Greentrace Holdings Limited ²	8.39	5.69	
5.	Investment in Subsidiaries WelcomHotels Lanka (Private) Limited ITC Indivision Limited	311.57 49.00	197.39 —	16.	Expenses Recovered Srinivasa Resorts Limited Fortune Park Hotels Limited ITC Infotech India Limited Surya Nepal Private Limited	1.40 0.77 4.54 2.60	2.49 3.04 8.57 5.08	<i>(iv)</i> Advance Taken Surya Nepal Private Limited	—	0.05	
6.	Renunciation of Rights issue entitlement Russell Credit Limited	6.45	—	17.	Expenses Reimbursed Srinivasa Resorts Limited Landbase India Limited Wimco Limited	0.35 0.01 2.13 0.35	1.12 0.94 2.11 0.30	<i>(v)</i> Deposits Taken International Travel House Limited	214.52	195.37	
7.	Value of share based payment			18.	Advances Given during the year Wimco Limited	—	0.30	<i>(vi)</i> Payables ITC Essentra Limited	0.04	0.06	
7A.	Capital Contribution for Share Based Payments ITC Infotech India Limited Wimco Limited	(9.79) (0.01)	(0.38) 0.04	19.	Adjustment/Receipt towards Refund of Advances International Travel House Limited Wimco Limited	0.06 —	0.68 0.33	26.	Impairment of Investment in Subsidiaries/ Joint Venture as at the year end Prag Agro Farm Limited Technico Pty Ltd Logix Developers Private Limited	20.98 110.69 19.83	8.49 53.54 28.36
7B.	Reimbursement for Share Based Payments ITC Infotech India Limited International Travel House Limited Surya Nepal Private Limited Technico Agri Sciences Limited WelcomHotels Lanka (Private) Limited Fortune Park Hotels Limited	0.33 0.30 0.31 0.53 0.25 0.26	(0.12) 0.12 1.02 0.45 0.58 0.12	20.	Advances Received during the year Surya Nepal Private Limited	0.11	1.12	27.	Commitments ITC Infotech India Limited	0.07	1.46
8.	Rent Received ITC Infotech India Limited Surya Nepal Private Limited	20.97 3.71	18.06 2.86	21.	Adjustment/Payment towards Refund of Advance Surya Nepal Private Limited	127.76	184.65				
9.	Rent Paid Landbase India Limited Technico Agri Sciences Limited Gujarat Hotels Limited	5.31 1.34 1.17	5.31 1.32 4.42	22.	Deposits Given during the year N. Anand T. Anand	— —	0.05 0.05				
10.	Remuneration of Managers on Deputation reimbursed Fortune Park Hotels Limited Bay Islands Hotels Limited Gujarat Hotels Limited	1.18 1.27 6.00	1.11 1.71 6.28	23.	Deposits refunded during the year International Travel House Limited	0.02	—				
11.	Remuneration of Managers on Deputation recovered Srinivasa Resorts Limited Fortune Park Hotels Limited ITC Infotech India Limited Technico Agri Sciences Limited	4.50 5.17 7.99 5.07	5.78 4.90 5.73 3.07	24.	Remuneration to Key Management Personnel[#] <i>24A.</i> Short term benefits S. Puri N. Anand R. Tandon B. Sumant Y.C. Deveshwar (related party up to 11.05.2019)	13.12 6.58 6.05 6.06 —	10.29 5.65 4.92 4.95 5.12				

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 ₹ 27.71 Crores (2020 - ₹ 45.33 Crores) is attributable to Executive Directors & KMIPs:

S. Puri ₹ 10.21 Crores (2020 - ₹ 13.60 Crores), N. Anand ₹ 3.57 Crores (2020 - ₹ 8.14 Crores), B. Sumant ₹ 4.13 Crores (2020 - ₹ 3.49 Crores), R. Tandon ₹ 4.62 Crores (2020 - ₹ 7.40 Crores), S. Dutta ₹ 0.22 Crores (2020 - Nil), R. K. Singh ₹ 0.86 Crores (2020 - ₹ 1.20 Crores).

¹ The maximum indebtedness during the year was ₹ 0.36 Crore (2020 - ₹ 0.36 Crore).

² The maximum indebtedness during the year was ₹ 0.24 Crore (2020 - ₹ 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 1,66,12,990 ordinary shares of ₹ 1.00 each amounting to ₹ 1.66 Crores (2020 - ₹ 3.36 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 9611.64 Crores as at 31st March, 2021 (2020 - ₹ 9211.49 Crores).

2. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	11	231.25	231.25	561.84	561.84
ii) Other bank balances	12	3770.25	3770.25	6281.43	6281.43
iii) Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	9432.82	9945.03	9646.93	9871.42
iv) Loans	5	5.14	4.75	8.18	7.66
v) Trade receivables	10	2090.35	2090.35	2092.00	2092.00
vi) Other financial assets	6	1247.79	1199.49	2099.90	2072.55
Sub-total		16777.60	17241.12	20690.28	20886.90
b) Measured at Fair value through OCI					
i) Equity shares	4	827.25	827.25	581.71	581.71
Sub-total		827.25	827.25	581.71	581.71
c) Measured at Fair value through Profit or Loss					
i) Investment in Mutual Funds	4, 9	12145.73	12145.73	14358.29	14358.29
ii) Investment in Bonds/Debentures, Certificate of Deposits	9	1148.15	1148.15	2974.79	2974.79
iii) Investment in Venture Capital Fund	4	35.04	35.04	27.41	27.41
iv) Investment in Equity & Preference shares	4	—	—	1.88	1.88
Sub-total		13328.92	13328.92	17362.37	17362.37
d) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	6	8.93	8.93	0.97	0.97
ii) Derivative instruments designated as hedging instruments	6	12.88	12.88	12.16	12.16
Sub-total		21.81	21.81	13.13	13.13
Total financial assets		30955.58	31419.10	38647.49	38844.11

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Note	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
B. Financial liabilities					
a) Measured at amortised cost					
i) Sales tax deferment loans	14, 16	5.63	3.69	7.89	5.49
ii) Trade payables		4119.53	4119.53	3446.74	3446.74
iii) Lease Liabilities	15	323.72	323.72	324.12	324.12
iv) Other financial liabilities	16	1327.11	1306.40	1187.09	1169.00
Sub-total		5775.99	5753.34	4965.84	4945.35
b) Measured at fair value					
i) Derivative instruments not designated as hedging instruments	16	1.54	1.54	12.61	12.61
ii) Derivative instruments designated as hedging instruments	16	19.01	19.01	35.75	35.75
iii) Contingent Consideration	16	139.51	139.51	–	–
Sub-total		160.06	160.06	48.36	48.36
Total financial liabilities		5936.05	5913.40	5014.20	4993.71

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 ₹ 31815.42 Crores (2020 - ₹ 36506.91 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 18048.21 Crores (2020 - ₹ 24018.29 Crores) against an aggregate Current liability of ₹ 10174.17 Crores (2020 - ₹ 9089.41 Crores). Other Non-current liabilities other than lease liabilities due between one year to three years amounted to ₹ 162.10 Crores (2020 - ₹ 16.38 Crores) and Other Non-current liabilities due after three years amounted to ₹ 82.53 Crores (2020 - ₹ 79.72 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 27(vii).

Further, while the Company's total equity stands at ₹ 59004.58 Crores (2020 - ₹ 64029.16 Crores), it has non-current borrowings of ₹ 5.28 Crores (2020 - ₹ 5.63 Crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Company is not an active investor in equity markets; it 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, 2021 is ₹ 827.25 Crores (2020 - ₹ 581.71 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 and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

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

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

Foreign currency risk

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

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

(₹ in Crores)

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
As at 31st March, 2020	USD	Euro	GBP	JPY	Others	Total
Financial Assets	377.43	26.68	10.41	1.05	20.91	436.48
Financial Liabilities	102.95	19.67	4.69	75.21	8.13	210.65

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

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

(In Million)

Designated under Hedge Accounting		As at 31st March, 2021		As at 31st March, 2020	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	45.61	66.01	38.98	119.14
Euro	US Dollar	29.27	–	21.93	–
AUD	US Dollar	0.08	–	0.08	–
CHF	US Dollar	0.02	–	0.03	–
GBP	US Dollar	0.01	–	0.01	–
SEK	US Dollar	4.09	–	4.09	–
SGD	US Dollar	0.04	–	0.04	–
JPY	US Dollar	829.68	–	1182.41	–

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, 2021		As at 31st March, 2020	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	177.72	2.61	60.63
Euro	US Dollar	–	9.42	2.51	1.14
AUD	US Dollar	0.03	–	0.07	–
CAD	US Dollar	–	–	–	1.57
CHF	US Dollar	0.22	–	0.50	–
GBP	US Dollar	–	3.60	–	2.18
SEK	US Dollar	0.40	–	–	–
SGD	US Dollar	0.32	–	0.10	–
KWD	US Dollar	0.13	0.41	–	0.71
JPY	US Dollar	58.40	–	39.60	–
HKD	US Dollar	–	–	0.65	–

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	–	–	–	3.00

Hedges of foreign currency risk and derivative financial instruments

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

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

Notes to the 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	2021	2020
At the beginning of the year	(24.33)	(8.30)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	34.47	(14.08)
Add: Changes in fair value of effective portion of outstanding cash flow hedges	7.02	(23.32)
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	6.51	...
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	0.86	0.14
Less: Amounts transferred to initial cost of non-financial assets	(4.99)	(17.77)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on Ineffectiveness	–	–
(Less)/Add: Deferred tax	(9.85)	3.73
At the end of the year	4.93	(24.33)
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	2.53	(1.36)

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, 2021	As at 31st March, 2020
Within one year	3.86	(20.81)
Between one and three years	1.07	(3.52)
Total	4.93	(24.33)

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, 2021 would decrease/increase by ₹ 6.16 Crores (2020 - ₹ 2.51 Crores) and other equity as at 31st March, 2021 would decrease/increase by ₹ 5.76 Crores (2020 - ₹ 6.93 Crores) on a pre-tax basis.

Credit Risk

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies, bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 13561.33 Crores (2020 - ₹ 17093.80 Crores). With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Government institutions/public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2090.35 Crores (2020 - ₹ 2092.00 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 and receivables etc.) made by the Company are as under:

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	149.08	146.09
Add: Provisions made (net)	57.43	13.89
Less: Utilisation for impairment/de-recognition	1.46	10.90
Effects of foreign exchange fluctuation	–	–
Closing Balance	205.05	149.08

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 31st March, 2021	As at 31st March, 2020
A. Financial assets			
a) Measured at amortised cost			
i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities	2	9945.03	9871.42
ii) Loans*	3	1.98	2.64
iii) Other Financial assets*	3	24.15	579.74
Sub-total		9971.16	10453.80
b) Measured at Fair value through OCI			
i) Equity shares – Quoted	1	824.88	579.34
Sub-total		824.88	579.34
c) Measured at Fair value through Profit or Loss			
i) Investment in Mutual Funds	1	12145.73	14358.29
ii) Investment in Bonds/Debentures, Certificate of Deposits	2	1148.15	2974.79
iii) Investment in Venture Capital Fund	2	35.04	27.41
iv) Investment in Equity & Preference shares	3	–	1.88
Sub-total		13328.92	17362.37
d) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	8.93	0.97
ii) Derivative instruments designated as hedging instruments	2	12.88	12.16
Sub-total		21.81	13.13
Total financial assets		24146.77	28408.64

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2021	As at 31st March, 2020
B. Financial Liabilities			
a) Measured at amortised cost			
i) Sales tax deferment loans*	3	3.34	3.23
ii) Lease liabilities*	3	272.36	259.25
iii) Other Financial liabilities*	3	151.81	72.38
Sub-total		427.51	334.86
b) Measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	1.54	12.61
ii) Derivative instruments designated as hedging instruments	2	19.01	35.75
iii) Contingent Consideration	3	139.51	–
Sub-total		160.06	48.36
Total financial liabilities		587.57	383.22

* 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 the Board

S. PURI

Chairman & Managing Director

R. TANDON

Director

S. DUTTA

Chief Financial Officer

R. K. SINGHI

Company Secretary

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, 2021, the Statement of Profit and Loss, including 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, 2021, 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, 2021. 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	Auditor's Response
<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 evaluation of</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	Auditor's Response
<p>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.
<i>Litigations – Contingencies</i>	
<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, 2020 to evaluate whether any change was required in the management's position on these contingencies as at March 31, 2021. ● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.

Key audit matters	Auditor's Response
Acquisition of Sunrise Foods Private Limited and its two wholly owned subsidiaries	
<p>The Company acquired 100% of the equity share capital of Sunrise Foods Private Limited ('SFPL') and its two wholly owned subsidiaries, Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited on July 27, 2020 for a purchase consideration of Rs. 2,340 Crores. Subsequently, SFPL merged with the Company during the year w.e.f. July 27, 2020. The purchase consideration was allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of Rs. 577 Crores as on the date of acquisition.</p> <p>Considering the involvement of significant judgements and assumptions in fair value measurements and purchase price allocations including the magnitude of the acquisition made, this is considered as a key audit matter.</p> <p>Refer Note 27(ix) to the Standalone Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Read the share purchase agreement, the scheme approved by the National Company Law Tribunal and other related documents to obtain an understanding of the transactions and the key terms and conditions. ● Assessed whether the accounting treatment is in accordance with Ind AS 103. ● Obtained and read the valuation reports for Purchase price allocation from independent valuer. Engaged our specialist and evaluated the appropriateness of methodology, key assumptions such as discount and long-term growth rate, risk free rate of return and weighted average cost of capital considered in determining the valuation of intangible assets, including resultant Goodwill. ● Tested the valuation for arithmetical accuracy. ● Assessed the competence, capabilities and relevant experience of the experts engaged by the management to determine fair valuation of assets and liabilities acquired. ● Assessed disclosures in financial statements in respect to acquisition in accordance with the accounting standards.

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 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.

The 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

Independent Auditor's Report

Ind AS financial statements for the financial year ended March 31, 2021 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, 2016 ("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;
 - (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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021 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 Ind AS 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 21041870AAAAAY6504

Place of Signature: Mumbai
Date: June 01, 2021

Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have substantially been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are 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 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 provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, goods and services tax, cess and other statutory dues applicable to it. The Goods and Services Tax of Rs. 550.22 crores payable for the month of April 2020 has been paid subsequent to due date without any interest in accordance with Notification Nos. 31/2020 and 32/2020 dated 03.04.2020 issued by the Government of India, Ministry of Revenue (Department of Revenue), Central Board of Indirect Taxes and Customs.

- (b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, goods and services tax, 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) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in crores)*	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Sales Tax and Value Added Tax Laws	Sales tax & VAT	64.22	1987-2019	Appellate Authority– upto Commissioners'/ Revisional authorities level
		19.81	1994-2017	Appellate Authority – Tribunal level
		190.69	1997-2016	High Court
Customs Act, 1962	Customs Duty	0.70	2011-2016	Appellate Authority – upto Commissioners'/ Revisional authorities level
		47.88	2005-2019	Appellate Authority – Tribunal level
Central Excise Act, 1944	Excise duty	0.47	1996-2017	Appellate Authority – upto Commissioners'/ Revisional authorities level
		95.89	1973-2017	Appellate Authority – Tribunal level
		8.88	2005-2009	High Court
Finance Act, 1994	Service tax	10.60	2006-2017	Appellate Authority – upto Commissioners'/ Revisional authorities level
		67.87	2003-2016	Appellate Authority – Tribunal level

Out of the total disputed dues aggregating ₹ 507.01 Crores as above, ₹ 390.06 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

* Net of amount paid under protest

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans. Therefore, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) 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 and audit procedures performed by us, 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) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, 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) 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Membership Number: 41870

UDIN: 21041870AAAAAY6504

Place of Signature: Mumbai
Date: June 01, 2021

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, 2021 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, 2021, 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: 21041870AAAAAY6504

Place of Signature: Mumbai
Date: June 01, 2021

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

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Essentra Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Essentra Filter Products International Limited, UK.

Nature of Business

Manufacture and sale of cigarette filter rods.

ITC Investments & Holdings Limited (IIHL)

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company.

Subsidiary

IIHL owns 100% of the shareholding of MRR Trading & Investment Company Limited, which provides estate maintenance services.

Landbase India Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Hospitality, management and operation of golf course and real estate development.

The Company owns the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. It also owns a 104 key all suite luxury retreat "ITC Grand Bharat" which is licensed to and operated by ITC Limited.

ITC Infotech India Limited (I3L)

Shareholding

100% held by ITC Limited.

Nature of Business

Information technology services and solutions.

Subsidiaries

I3L owns 100% of the shareholding of:

ITC Infotech Limited, UK (I2B) and

ITC Infotech (USA), Inc. (I2A)

ITC Infotech (USA), Inc. owns 100% of the shareholding of Indivate Inc. incorporated as a New Jersey Corporation.

I3L, I2A and I2B are engaged in the information technology services business. Indivate Inc. is principally engaged in providing business consulting services and opportunity based trading of fast moving consumer goods products.

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

98.21% 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.

Hobbits International Foods Private Limited & Sunrise Sheetgrah Private Limited

Shareholding

Hobbits International Foods Private Limited & Sunrise Sheetgrah Private Limited were 100% subsidiaries of Sunrise Foods Private Limited ('Sunrise'). On 27th July, 2020, ITC Limited acquired the entire equity share capital of Sunrise. Subsequently, the Scheme for amalgamation of Sunrise with ITC Limited was sanctioned by the Hon'ble National Company Law Tribunal, Kolkata Bench, and became effective from 1st April, 2021. Consequently, Hobbits International Foods Private Limited became a direct wholly owned subsidiary of ITC Limited.

Nature of Business

These companies provide support to ITC's business of manufacturing and marketing of spices and other food products, inter alia, under the 'Sunrise' brand.

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 35 operational hotel properties spread across 14 states with its WelcomHeritage brand portfolio comprising of "Legend Hotels", "Heritage Hotels" and "Nature Resorts" which provides 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 292.

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

Sl. No.	1	2	3	4	5	6	7	8	9
Name of the Subsidiary Company	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Indivate Inc.	Surya Nepal Private Limited	Technico Pty Limited	Technico Agri Sciences Limited	Technico Technologies Inc.	Technico Asia Holdings Pty Limited
The date since when subsidiary was acquired	21-Aug-2000	17-Jun-1993	26-Jan-1993	18-Nov-2016	20-Aug-2002	17-Aug-2007	17-Aug-2007	17-Aug-2007	17-Aug-2007
Financial Year ending on	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	13-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021
Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Nepalese Rupee	Australian Dollar	Indian Rupee	Canadian Dollar	Australian Dollar
Exchange Rate on the last day of the financial year	-	73.1100	100.7525	73.1100	0.6250	55.7025	-	58.0250	55.7025
Share Capital	85.20	133.06	6.91	0.73	126.00	108.56	37.96	6.61	20.52
Reserves & Surplus	625.74	38.28	59.33	0.10	600.92	(59.74)	51.90	(4.54)	(15.12)
Total Assets	936.17	255.52	132.58	1.76	1065.35	50.91	219.51	2.33	5.40
Total Liabilities	936.17	255.52	132.58	1.76	1065.35	50.91	219.51	2.33	5.40
Investments (excluding Investments made in subsidiaries)	267.67	-	-	-	-	-	-	-	-
Turnover	1883.91	789.11	485.23	3.13	2293.78	11.49	292.28	0.76	-
Profit/(Loss) before tax	592.47	24.79	11.21	0.16	784.63	4.39	93.22	...	-
Provision for tax	(144.68)	(6.01)	(2.13)	-	(242.55)	(0.36)	(20.30)	-	-
Profit/(Loss) after tax	447.79	18.78	9.08	0.16	542.08	4.03	72.92	...	-
Proposed Dividend [@]	276.90	18.63	8.64	-	614.88	-	60.74	-	-
% of shareholding	100.00	100.00	100.00	100.00	59.00	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.)

(₹ in Crores)

Sl. No.	10	11	12	13	14	15	16	17	18
Name of the Subsidiary Company	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	Wimco Limited
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	01-Jul-2005
Financial Year ending on	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021
Reporting Currency	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	11.1494	-	-	-	-	0.3665	-	-	-
Share Capital	21.20	24.00	0.45	317.00	0.12	1594.96	646.48	42.06	18.85
Reserves & Surplus	(1.00)	65.83	18.49	(76.42)	18.79	(15.85)	219.53	8.85	(21.39)
Total Assets	20.45	102.91	25.24	282.63	19.33	1593.52	876.75	52.18	7.93
Total Liabilities	20.45	102.91	25.24	282.63	19.33	1593.52	876.75	52.18	7.93
Investments (excluding Investments made in subsidiaries)	-	38.51	2.32	1.65	3.81	-	703.08	31.81	3.01
Turnover	6.59	26.74	17.71	25.03	1.11	0.77	64.37	5.65	6.56
Profit/(Loss) before tax	3.64	(11.25)	(8.34)	3.80	1.03	(0.01)	58.41	2.32	(2.42)
Provision for tax	-	2.83	2.06	-	(0.26)	-	(8.94)	1.39	-
Profit/(Loss) after tax	3.64	(8.42)	(6.28)	3.80	0.77	(0.01)	49.47	3.71	(2.42)
Proposed Dividend [@]	-	-	-	-	0.08	-	12.93	-	-
% of shareholding	100.00	68.00	100.00	100.00	100.00	100.00	100.00	100.00	98.21

[@] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit / (Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	19	20	21	22	23	24	25	26	27
Name of the Subsidiary Company	Gold Flake Corporation Limited	ITC Investments & Holdings Limited	MRR Trading & Investment Company Limited	North East Nutrients Private Limited	Prag Agro Farm Limited	Pavan Poplar Limited	ITC IndiVision Limited	Hobbits International Foods Private Limited	Sunrise SheeGrav Private Limited
The date since when subsidiary was acquired	29-Jan-1982	17-May-2012	23-Dec-1998	06-Feb-2014	01-Jul-2005	01-Jul-2005	29-Jul-2020	27-Jul-2020	27-Jul-2020
Financial Year ending on	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021
Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	-	-	-	-	-	-	-	-	-
Share Capital	16.00	4.50	0.05	73.00	1.28	5.51	50.00	0.33	0.56
Reserves & Surplus	14.11	0.97	(0.03)	10.71	(0.25)	(5.14)	(1.26)	0.17	(0.08)
Total Assets	30.92	5.47	0.06	126.26	1.08	0.40	58.66	0.67	0.53
Total Liabilities	30.92	5.47	0.06	126.26	1.08	0.40	58.66	0.67	0.53
Investments (excluding investments made in subsidiaries)	7.20	-	-	16.32	-	-	10.64	-	-
Turnover	8.41	0.06	0.07	172.89	0.10	0.22	...	0.67	-
Profit/(Loss) before tax	7.44	0.01	...	12.76	(0.03)	0.09	(1.28)	(0.13)	(0.04)
Provision for tax	(0.14)	...	...	(3.70)	...	...	0.01	-	-
Profit/(Loss) after tax	7.30	0.01	...	9.06	(0.03)	0.09	(1.27)	(0.13)	(0.04)
Proposed Dividend [@]	10.00	-	-	0.45	-	-	-	-	-
% of shareholding	100.00	100.00	100.00	76.00	100.00	100.00	100.00	100.00	100.00

@ includes dividend paid during the year

Notes:

- WelcomHotels Lanka (Private) Limited and ITC IndiVision Limited are yet to commence commercial operations.
- During the year, Sunrise Foods Private Limited (Sunrise) was acquired by the Company and became a wholly owned subsidiary with effect from 27th July, 2020. Pursuant to the Order of the Hon'ble National Company Law Tribunal, Kolkata Bench, Sunrise was amalgamated with the Company and hence, was dissolved without winding up with effect from 1st April, 2021 [Refer Note 28(ix) to the Consolidated Financial Statements].
- No other subsidiary was liquidated or sold during the year.
- 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	Espirit Hotels Private Limited	Logix Developers Private Limited#	ITC Essentra Limited	Maharaja Heritage Resorts Limited	International Travel House Limited	Russell Investments Limited	Gujarat Hotels Limited	Divya Management Limited	ATC Limited	Antrang Finance Limited	Delectable Technologies Private Limited
1. Latest audited Balance Sheet Date	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021	31-Mar-2021
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-1992	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	3,928 ^
Amount of Investment in Associate / Joint Venture (₹ in Crores)	46.17	-	89.76	...	64.19	22.53	17.02	7.48	6.92	4.92	3.56 ^
Extent of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33	20.06@
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	(41.19)	89.35	(1.15)	51.61	23.15	15.86	6.40	6.72	4.84	0.40
7. Profit/(Loss) for the year (₹ in Crores)	...	(40.28)	36.22	(0.68)	(45.06)	2.54	2.27	0.17	0.24	0.10	(1.87)
i. Considered in Consolidation (₹ in Crores)	...	(4.67)\$	18.11	-\$	(22.06)	0.65	1.04	0.06	0.11	0.03	(0.19)
ii. Not considered in Consolidation (₹ in Crores)	...	(35.61)	18.11	(0.68)	(23.00)	1.89	1.23	0.11	0.13	0.07	(1.68)

* 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 3,828 Compulsorily Convertible Cumulative Preference Shares fully paid up (investment ₹ 3.46 Crores) [Refer Note 4 and 28 (viii) 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].

\$ 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
Company Secretary
Kolkata, India

S. DUTTA
Chief Financial Officer
Kolkata, India

R. TANDON
Director
Kolkata, India

S. PURI
Chairman & Managing Director
New Delhi, India

Dated: June 01, 2021



Consolidated Financial Statements

Balance Sheet	238
Statement of Profit and Loss	239
Statement of Changes in Equity	240
Cash Flow Statement	242
Notes to the Consolidated Financial Statements	244
Independent Auditor's Report	319

Consolidated Balance Sheet as at 31st March, 2021

	Note	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3A	19153.94		19632.92	
(b) Capital work-in-progress	3B	4004.45		3251.61	
(c) Investment Property	3C	376.56		385.36	
(d) Goodwill	3D	779.73		202.53	
(e) Other Intangible assets	3E	2011.06		525.37	
(f) Intangible assets under development	3F	6.84		4.85	
(g) Right of Use Assets	3G	977.19		967.16	
(h) Investment accounted for using the equity method	4	262.55		266.56	
		27572.32		25236.36	
(i) Financial Assets					
(i) Investments	4	9761.99		10448.46	
(ii) Loans	5	4.07		5.27	
(iii) Others	6	101.87	9867.93	615.65	11069.38
(j) Deferred tax assets (Net)	7	58.54		56.29	
(k) Income Tax Assets (Net)	21A	33.04		38.42	
(l) Other non-current assets	8	1295.48	38827.31	1461.24	37861.69
Current assets					
(a) Inventories	9	10397.16		8879.33	
(b) Biological assets other than bearer plants	10	110.06		86.20	
(c) Financial Assets					
(i) Investments	11	14846.33		17948.33	
(ii) Trade receivables	12	2501.70		2562.48	
(iii) Cash and cash equivalents	13	290.42		650.35	
(iv) Other Bank Balances	14	4368.60		6626.99	
(v) Loans	5	3.47		6.33	
(vi) Others	6	1379.02	23389.54	1818.54	29613.02
(d) Other current assets	8	1095.23	34991.99	926.80	39505.35
TOTAL ASSETS			73819.30		77367.04
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	15	1230.88		1229.22	
(b) Other Equity		59116.46		64044.04	
Attributable to owners of the parent		60347.34		65273.26	
Non-controlling interests		346.81	60694.15	377.47	65650.73
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	16	5.58		5.90	
(ii) Lease liabilities	17A	206.96		204.00	
(iii) Other financial liabilities	17B	283.50	496.04	127.87	337.77
(b) Provisions	18	187.50		175.37	
(c) Deferred tax liabilities (Net)	7	1736.39		1627.20	
(d) Other non-current liabilities	19	15.54	2435.47	16.20	2156.54
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	20	3.88		1.42	
(ii) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		61.15		37.93	
Total outstanding dues of creditors other than micro enterprises and small enterprises		4257.58	4318.73	3591.90	3629.83
(iii) Lease liabilities	17A	54.06		63.87	
(iv) Other financial liabilities	17B	1491.85		1394.88	
(b) Other current liabilities	19	4294.40		4072.72	
(c) Provisions	18	194.01		148.18	
(d) Current Tax Liabilities (Net)	21B	332.75	10689.68	248.87	9559.77
TOTAL EQUITY AND LIABILITIES			73819.30		77367.04

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, India

Dated: June 01, 2021

On behalf of the Board

R. TANDON

Director
Kolkata, India

S. DUTTA Chief Financial Officer
Kolkata, India

S. PURI Chairman & Managing Director
New Delhi, India

R. K. SINGHI Company Secretary
Kolkata, India

Dated: June 01, 2021

Consolidated Statement of Profit and Loss for the year ended 31st March, 2021

	Note	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
I Revenue From Operations	22A, 22B	53155.12	51393.47
II Other Income	23	2632.56	2597.89
III Total Income (I+II)		55787.68	53991.36
IV EXPENSES			
Cost of materials consumed		13939.84	13810.70
Purchases of Stock-in-Trade		6836.87	4237.90
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(645.27)	(703.13)
Excise duty		3882.34	1989.42
Employee benefits expense	24	4463.33	4295.79
Finance costs	25	44.58	54.68
Depreciation and amortization expense		1645.59	1644.91
Other expenses	26	7675.31	8502.63
Total expenses (IV)		37842.59	33832.90
V Share of profit/(loss) of Associates and Joint Ventures		(6.92)	8.22
VI Profit before exceptional items and tax (III-IV+V)		17938.17	20166.68
VII Exceptional Items		–	(132.11)
VIII Profit before tax (VI+VII)		17938.17	20034.57
IX Tax expense:			
Current Tax	27	4463.74	4846.15
Deferred Tax	27	91.55	(404.36)
X Profit for the year (VIII-IX)		13382.88	15592.78
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	28(vi)	(22.44)	(127.57)
– Equity instruments through other comprehensive income		288.90	(1349.52)
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(6.64)	(1.29)
– Share of OCI in Associates and Joint Ventures		1.69	(12.60)
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	(1.38)	10.14
B (i) Items that will be reclassified to profit or loss:			
– Exchange differences in translating the financial statements of foreign operations		(83.72)	36.98
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		40.76	(36.24)
(ii) Income tax relating to items that will be reclassified to profit or loss	27	(10.26)	10.13
XI Other Comprehensive Income [A(i+ii)+B(i+ii)]		206.91	(1469.97)
XII Total Comprehensive Income for the year (X+XI)		13589.79	14122.81
Profit for the year			
Attributable to:			
Owners of the parent		13161.19	15306.23
Non-controlling interests		221.69	286.55
Total Comprehensive Income for the year			
Attributable to:			
Owners of the parent		13368.35	13835.90
Non-controlling interests		221.44	286.91
XIII Earnings per equity share (Face Value ₹ 1.00 each):	28(i)		
(1) Basic (in ₹)		10.70	12.47
(2) Diluted (in ₹)		10.70	12.45

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, India

Dated: June 01, 2021

On behalf of the Board

R. TANDON

Director
Kolkata, India

S. DUTTA Chief Financial Officer
Kolkata, India

S. PURI Chairman & Managing Director
New Delhi, India

R. K. SINGHI Company Secretary
Kolkata, India

Dated: June 01, 2021

Consolidated Statement of changes in equity for the year ended 31st March, 2021

A. Equity Share Capital

(₹ in Crores)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2020	1225.86	3.36	1229.22
For the year ended 31st March, 2021	1229.22	1.66	1230.88

B. Other Equity

(₹ in Crores)

	Reserves and Surplus										Items of other comprehensive income			Attributable to owners of the parent	Non-controlling interests	Total	
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidy Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges				Exchange differences on translating the financial statements of foreign operations
Balance as at 31st March, 2019	5.46	8493.93	72.67	135.25	110.68	0.23	1997.94	0.22	363.05	17672.57	27716.68	1333.01	(8.30)	21.62	57915.01	343.47	58258.48
Profit for the year	-	-	-	-	-	-	-	-	-	15306.23	-	-	-	-	15306.23	286.55	15592.78
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	(116.89)	(1361.09)	(29.33)	(29.33)	36.98	(1470.33)	0.36	(1469.97)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	15189.34	(1361.09)	(29.33)	(29.33)	36.98	13835.90	286.91	14122.81
Issue of equity shares under ITC Employee Stock Option Schemes	-	621.94	-	-	-	-	-	-	-	-	-	-	-	-	621.94	-	621.94
Dividend - Dividend 2018-19 – ₹ 5.75 per share	-	-	-	-	-	-	-	-	-	(7048.71)	-	-	-	-	(7048.71)	(252.86)	(7301.57)
Dividend distribution tax (paid)/refund received	-	-	-	-	-	-	-	-	-	(1407.44)	-	-	-	-	(1407.44)	(0.05)	(1407.49)
Transfer from retained earnings	-	-	-	8.35	-	-	-	-	-	(8.35)	-	-	-	-	-	-	-
Transfer from Employee Housing Reserve	-	-	-	-	(16.42)	-	-	-	-	16.42	-	-	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	114.04	-	-	-	-	-	-	-	114.04	-	114.04
Transfer from Share Option Outstanding Account on exercise and lapse	-	66.79	-	-	-	-	(89.80)	-	-	23.01	-	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	13.30	-	13.30	-	13.30
Balance as at 31st March, 2020	5.46	9182.66	72.67	143.60	94.26	0.23	2022.18	0.22	363.05	17672.57	34480.95	(28.08)	(24.33)	58.60	64044.04	377.47	64421.51
Profit for the year	-	-	-	-	-	-	-	-	-	13161.19	-	-	-	-	13161.19	221.69	13382.88
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	(23.61)	288.96	25.53	25.53	(83.72)	207.16	(0.25)	206.91
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	13137.58	288.96	25.53	25.53	(83.72)	13368.35	221.44	13589.79

Consolidated Statement of changes in equity for the year ended 31st March, 2021

B. Other Equity (Contd.)

(₹ in Crores)

	Reserves and Surplus										Items of other comprehensive income			Attributable to owners of the parent	Non-controlling Interests	Total	
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidiary Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges				Exchange differences on translating the financial statements of foreign operations
Issue of equity shares under ITC Employee Stock Option Schemes	-	288.99	-	-	-	-	-	-	-	-	-	-	-	-	288.99	-	288.99
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Final Dividend (2019-20 - ₹ 10.15 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12476.61)	(12728.71)
- Interim Dividend (2020-21 - ₹ 5 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6152.68)	(6152.68)
Dividend distribution tax (paid)/refund received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.98	13.98
Transfer from retained earnings	-	-	-	9.89	-	-	-	-	-	-	-	-	-	-	-	(9.89)	-
Transfer from Equity Instruments through Other Comprehensive Income reserve on renunciation of rights entitlements (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.82	-
Recognition of share based payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Share Option Outstanding Account on exercise and lapse	-	-	-	-	-	-	-	-	-	-	26.66	-	-	-	-	-	26.66
Transferred to initial carrying amount of hedged items (net of tax)	-	111.16	-	-	-	-	-	-	-	-	(342.32)	-	-	-	-	231.16	-
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	255.06	4.93	(25.12)	59116.46	346.81	59483.27

The Board of Directors of the Company have recommended Final Dividend of ₹ 5.75 per share for the financial year ended 31st March, 2021 to be paid on fully paid Equity Shares amounting to ₹ 7077.59 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 ₹ 5.00 per share declared by the Board of Directors, the total Equity Dividend for the year ended 31st March, 2021 is ₹ 10.75 per share (total Equity Dividend for the year ended 31st March, 2020 - ₹ 10.15 per share).

Capital Reserve and Capital Reserve on Consolidation: This Reserve represents the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.
Securities Premium: This Reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

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

Employees Housing Reserve under Nepal labour laws: This Reserve represents the amounts set aside for providing employees' housing as per the provisions of the Nepal Labour Act, 2048. The said Act has since been repealed with effect from 4th September, 2017, consequent to the introduction of the new Labour Act, 2074, which does not require creation of similar Reserve.

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

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

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

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, India
 Dated: June 01, 2021

On behalf of the Board

R. TANDON
 Director
 Kolkata, India

S. DUTTA
 Chief Financial Officer
 Kolkata, India

S. PURI
 Chairman & Managing Director
 New Delhi, India

R. K. SINGHI
 Company Secretary
 Kolkata, India

Dated: June 01, 2021



Consolidated Cash Flow Statement for the year ended 31st March, 2021

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	17938.17	20034.57
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1645.59	1644.91
Share based payments to employees	26.27	112.99
Finance costs	44.58	54.68
Interest Income	(1297.91)	(1522.13)
Dividend Income	(0.07)	(8.31)
Loss on sale of property, plant and equipment, lease termination - Net	54.61	56.68
Doubtful and bad debts	29.93	37.59
Doubtful and bad advances, loans and deposits	33.42	(2.68)
Share of (profit)/loss of associates and joint ventures	6.92	(8.22)
Net (gain)/loss arising on financial instruments mandatorily measured at fair value through profit or loss	(1144.02)	(974.03)
Foreign currency translations and transactions - Net	(6.42)	(9.49)
Impairment of investment in joint venture	(4.67)	(0.15)
	(611.77)	(618.16)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17326.40	19416.41
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(65.60)	1411.00
Inventories and biological assets other than bearer plants	(1459.78)	(507.99)
Trade payables, other liabilities and provisions	1112.60	(606.87)
	(412.78)	296.14
CASH GENERATED FROM OPERATIONS	16913.62	19712.55
Income tax paid	(4386.53)	(5022.89)
NET CASH FROM OPERATING ACTIVITIES	12527.09	14689.66
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles, ROU asset, etc.	(1836.64)	(2441.15)
Sale of property, plant and equipment	2.53	27.02
Purchase of current investments	(55913.52)	(77847.64)
Sale/redemption of current investments	61084.47	72405.47
Investment in associate	(1.87)	-
Purchase of non-current investments	(1639.74)	(1987.78)
Redemption proceeds of non-current investments	1712.05	3429.63
Payment towards business combination [Refer Note 28(ix)]	(2189.22)	-
Dividend from associates and joint ventures	7.18	8.34
Dividend from others	0.07	8.31
Interest received	1274.92	1513.35
Investment in bank deposits (original maturity more than 3 months)	(4691.92)	(5602.32)
Redemption/maturity of bank deposits (original maturity more than 3 months)	6977.33	4321.20
Investment in deposit with housing finance companies	(78.38)	(712.16)
Redemption/maturity of deposit with housing finance companies	971.43	700.22
Loans given	(2.44)	(3.61)
Loans realised	6.66	7.10
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	5682.91	(6174.02)

Consolidated Cash Flow Statement for the year ended 31st March, 2021

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	290.65	625.30
Repayment of non-current borrowings	(2.28)	(3.42)
Payment of lease liabilities	(54.73)	(49.35)
Interest paid	(41.23)	(43.84)
Net increase/(decrease) in statutory restricted accounts balances	41.17	(1.13)
Dividend paid	(18881.39)	(7301.62)
Dividend distribution tax (paid)/refund received	13.98	(1407.42)
NET CASH USED IN FINANCING ACTIVITIES	(18633.83)	(8181.48)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(423.83)	334.16
OPENING CASH AND CASH EQUIVALENTS	677.04	342.88
CASH AND CASH EQUIVALENTS ACQUIRED ON BUSINESS COMBINATION [See Note 3 below]	56.95	–
CLOSING CASH AND CASH EQUIVALENTS	310.16	677.04
<i>Notes:</i>		
1. The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Ind AS - 7 “Statement of Cash Flows”.		
2. CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as above	310.16	677.04
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(23.62)	(28.11)
Cash credit facilities (Note 20)	3.88	1.42
Cash and cash equivalents (Note 13)	290.42	650.35
3. Cash & Cash Equivalents include ₹ 56.95 Crores on acquisition of Sunrise Foods Private Limited during the period and is included in the closing Cash and Cash Equivalents.		
4. Net Cash Flow from Operating Activities includes an amount of ₹ 372.52 Crores (2020 - ₹ 324.68 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, India

Dated: June 01, 2021

On behalf of the Board

R. TANDON

Director
Kolkata, India

S. DUTTA Chief Financial Officer
Kolkata, India

S. PURI Chairman & Managing Director
New Delhi, India

R. K. SINGHI
Company Secretary
Kolkata, India

Dated: June 01, 2021

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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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

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

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

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

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

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

Impairment of Assets

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

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

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

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.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

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

For the preparation of the consolidated financial statements:

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

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

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

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses 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.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Financial Instrument, Financial Assets, Financial Liabilities and Equity Instruments

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

Financial Assets

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

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

Financial assets are classified as those measured at:

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

Notes to the Consolidated 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 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.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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

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

Employee Share Based Compensation

Stock Options

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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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 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

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 the still unfolding 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 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, 2019	Additions	Transfer in/ (out) [#]	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2020	Additions	Acquired through business combinations [@]	Withdrawals and adjustments [#]	Foreign Currency Translation Reserve adjustments	As at 31st March, 2021
3A. Property, Plant and Equipment*											
Land ¹	2020.76	9.81	–	6.26	0.01	2024.32	46.21	19.53	3.88	0.02	2086.20
Buildings	6961.92	1311.07	(340.24)	10.29	–	7922.46	170.36	30.77	9.16	0.01	8114.44
Leasehold Improvements	33.58	2.66	–	12.90	0.06	23.40	0.28	–	2.04	0.10	21.74
Plant and Equipment	13315.50	1442.20	(66.47)	115.32	0.33	14576.24	780.62	28.38	127.06	(0.08)	15258.10
Furniture and Fixtures	643.88	199.21	–	32.86	0.14	810.37	23.77	1.36	2.59	–	832.91
Vehicles	160.64	39.29	–	16.40	0.03	183.56	15.29	0.71	19.00	(0.15)	180.41
Office Equipment	34.23	6.37	–	0.99	0.09	39.70	2.68	0.87	2.58	0.04	40.71
Railway Sidings	1.73	–	–	–	–	1.73	–	–	–	–	1.73
TOTAL	23172.24	3010.61	(406.71)	195.02	0.66	25581.78	1039.21	81.62	166.31	(0.06)	26536.24
3B. Capital work-in-progress	4126.18	2523.11	–	3405.98	8.30	3251.61	1804.51	1.06	1004.18	(48.55)	4004.45
3C. Investment Property⁵	–	–	406.71	–	–	406.71	3.40	–	–	–	410.11
3D. Goodwill²											
Goodwill on Consolidation	202.53	–	–	–	–	202.53	–	–	–	–	202.53
Goodwill acquired through business combinations	–	–	–	–	–	–	–	577.20	–	–	577.20
TOTAL	202.53	–	–	–	–	202.53	–	577.20	–	–	779.73
3E. Other Intangible assets (acquired)²											
Trademarks	447.48	–	–	–	–	447.48	0.05	1473.05	–	0.03	1920.61
Computer Software	234.40	24.01	–	1.69	–	256.72	13.81	0.35	0.38	0.01	270.51
Know How, Business and Commercial Rights	33.82	–	–	–	–	33.82	–	–	–	–	33.82
Customer Relationships	–	–	–	–	–	–	–	35.21	–	–	35.21
TOTAL	715.70	24.01	–	1.69	–	738.02	13.86	1508.61	0.38	0.04	2260.15
3F. Other Intangible assets under development	10.24	14.20	–	19.59	–	4.85	10.26	–	8.27	–	6.84

(₹ in Crores)

Particulars	Gross Block										
	As at 1st April, 2019	Additions	Transfer in/ (out) [#]	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2020	Additions	Acquired through business combinations [@]	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2021
3G. Right of use assets^A											
Land	767.50	–	–	–	4.74	772.24	54.96	4.27	–	(28.42)	803.05
Buildings	193.88	27.48	–	7.01	0.70	215.05	53.35	5.72	23.76	0.16	250.52
Plant and Equipment	48.63	–	–	–	–	48.63	–	–	–	–	48.63
TOTAL	1010.01	27.48	–	7.01	5.44	1035.92	108.31	9.99	23.76	(28.26)	1102.20

[#] Includes amounts transferred to Investment Property on its initial recognition. Refer Note 3C.

[@] Refer Note 28(ix) on Business Combination.

^A Also refer Note 28(x)

(₹ in Crores)

Particulars	As at 31st March, 2021				2021	As at 31st March, 2020			2020
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year		Gross Block	Accumulated Depreciation	Net Block	
*The above includes following assets given on operating lease:									
Buildings	1.03	0.09	0.94	0.06	0.68	0.03	0.65	0.02	
Plant and Equipment	211.35	122.21	89.14	20.09	205.35	102.12	103.23	18.32	
TOTAL	212.38	122.30	90.08	20.15	206.03	102.15	103.88	18.34	

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization									Net Book Value		
	Upto 31st March, 2019	For the year	Transfer in/(out) [#]	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
3A. Property, Plant and Equipment[†]												
Land ¹	–	–	–	–	–	–	–	–	–	–	2086.20	2024.32
Buildings	577.91	217.17	(10.05)	1.11	–	783.92	216.39	0.19	–	1000.12	7114.32	7138.54
Leasehold Improvements	20.85	2.12	–	9.57	0.01	13.41	1.73	1.92	0.01	13.23	8.51	9.99
Plant and Equipment	3606.99	1197.48	(5.24)	70.62	0.27	4728.88	1197.46	76.17	(0.06)	5850.11	9407.99	9847.36
Furniture and Fixtures	264.11	85.34	–	18.74	0.13	330.84	84.30	2.54	(0.02)	412.58	420.33	479.53
Vehicles	55.62	21.54	–	9.67	0.02	67.51	21.86	11.05	(0.03)	78.29	102.12	116.05
Office Equipment	20.50	4.67	–	1.57	0.05	23.65	5.55	2.03	0.02	27.19	13.52	16.05
Railway Sidings	0.52	0.13	–	–	–	0.65	0.13	–	–	0.78	0.95	1.08
TOTAL	4546.50	1528.45	(15.29)	111.28	0.48	5948.86	1527.42	93.90	(0.08)	7382.30	19153.94	19632.92
3B. Capital work-in-progress	–	–	–	–	–	–	–	–	–	–	4004.45	3251.61
3C. Investment Property⁵	–	6.06	15.29	–	–	21.35	12.20	–	–	33.55	376.56	385.36
3D. Goodwill²												
Goodwill on Consolidation	–	–	–	–	–	–	–	–	–	–	202.53	202.53
Goodwill acquired through business combinations	–	–	–	–	–	–	–	–	–	–	577.20	–
TOTAL	–	–	–	–	–	–	–	–	–	–	779.73	202.53
3E. Other Intangible assets (acquired)²												
Trademarks	11.09	3.16	–	–	–	14.25	3.16	–	0.02	17.43	1903.18	433.23
Computer Software	146.98	37.60	–	1.39	(0.02)	183.17	27.14	0.37	–	209.94	60.57	73.55
Know How, Business and Commercial Rights	11.71	3.52	–	–	–	15.23	3.50	–	–	18.73	15.09	18.59
Customer Relationships	–	–	–	–	–	–	2.99	–	–	2.99	32.22	–
TOTAL	169.78	44.28	–	1.39	(0.02)	212.65	36.79	0.37	0.02	249.09	2011.06	525.37
3F. Other Intangible assets under development	–	–	–	–	–	–	–	–	–	–	6.84	4.85

(₹ in Crores)

Particulars	Depreciation and Amortization									Net Book Value		
	Upto 1st April, 2019	For the year	Transfer in/(out) [#]	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2020	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
3G. Right of use assets[^]												
Land	–	9.97	–	–	0.02	9.99	10.24	0.15	(0.46)	19.62	783.43	762.25
Buildings	–	54.40	–	1.27	0.11	53.24	57.36	16.31	0.05	94.34	156.18	161.81
Plant and Equipment	–	5.53	–	–	–	5.53	5.52	–	–	11.05	37.58	43.10
TOTAL	–	69.90	–	1.27	0.13	68.76	73.12	16.46	(0.41)	125.01	977.19	967.16

Notes:

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2020 - ₹ 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.
- Goodwill arising on Business Combination is carried at cost and annually tested for impairment in line with applicable Accounting Standards. The carrying value of such Goodwill is ₹ 577.20 Crores (2020 - Nil). The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2020 - ₹ 416.73 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% and long-term growth rates ranging between 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.
- 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.
- The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
- The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 26.67 Crores (2020 - ₹ 119.85 Crores)
- The fair value of the investment property is ₹ 861.00 Crores (2020 - ₹ 849.41 Crores), which has been determined on the basis of valuation carried out at the reporting date by independent valuer. The fair value measurement for investment property 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, market trend, 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:

(₹ in Crores)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Rental Income from investment property	110.05	49.69
Direct Operating Expenses arising from investment property that generated rental income during the year [§]	9.65	15.43
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/bears maintenance costs. The expenses arising out of such arrangements are not material.

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)		
	Quoted	Unquoted	Quoted	Unquoted	
4. Non-current investments					
INVESTMENT IN EQUITY INSTRUMENTS					
In Associates (carrying amount determined using the equity method of accounting)					
International Travel House Limited					
39,14,233 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 11.89 Crores)	21.87		21.87		
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021	42.32	64.19	64.36	86.23	
Gujarat Hotels Limited					
17,33,907 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 1.16 Crores)	1.94		1.94		
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021	15.08	17.02	14.47	16.41	
Delectable Technologies Private Limited [Refer Note 28 (viii)]					
100 (2020 - Nil) Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 0.09 Crore)		0.10			
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		...	0.10	—	
ATC Limited					
55,650 Equity Shares of ₹ 100.00 each, fully paid					
Cost of acquisition (net of capital reserve of ₹ 0.16 Crore)		0.83		0.83	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		1.54	2.37	1.54	2.37
1,39,125 Equity Shares of ₹ 100.00 each, partly paid					
Cost of acquisition (including goodwill of ₹ 0.30 Crore)		2.92		2.92	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		1.63	4.55	1.63	4.55
Russell Investments Limited					
42,75,435 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (net of capital reserve of ₹ 0.30 Crore)		4.27		4.27	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		18.26	22.53	15.96	20.23
Divya Management Limited					
41,82,915 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 1.09 Crores)		6.93		6.93	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		0.55	7.48	0.49	7.42
Antrang Finance Limited					
43,24,634 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 0.10 Crore)		4.40		4.40	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		0.52	4.92	0.49	4.89
In Joint Ventures (carrying amount determined using the equity method of accounting)					
Espirit Hotels Private Limited					
4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition		46.17		46.17	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		...	46.17	...	46.17
Maharaja Heritage Resorts Limited					
1,80,000 Equity Shares of ₹ 100.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 0.13 Crore)		...		...
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		—	...	—	...
Logix Developers Private Limited					
77,66,913 Equity Shares of ₹ 10.00 each, fully paid					
Cost of acquisition (including goodwill of ₹ 23.84 Crores)		42.07		42.07	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		(42.07)		(37.40)	
Add/(Less): Provision for Impairment		—	—	(4.67)	—
Carried over	81.21	88.12	102.64	85.63	

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	81.21	88.12	102.64	85.63
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
ITC Essentra Limited				
22,50,000 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition		38.85		38.85
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021		50.91		39.44
		89.76		78.29
In Others (at fair value through other comprehensive income unless stated otherwise)				
VST Industries Limited				
476 Equity Shares of ₹ 10.00 each, fully paid		0.16		0.13
HLV Limited				
5,49,80,620 Equity Shares of ₹ 2.00 each, fully paid		31.61		17.33
EIH Limited				
10,08,53,602 (2020 - 9,21,78,024) Equity Shares of ₹ 2.00 each, fully paid		937.43		606.54
Bihar Hotels Limited				
8,00,000 Equity Shares of ₹ 2.00 each, fully paid				0.04
				0.04
Tourism Finance Corporation of India Limited				
25,000 Equity Shares of ₹ 10.00 each, fully paid		0.15		0.08
Lotus Court Limited				
2 Class G Shares of ₹ 48000.00 each, fully paid				2.34
				2.34
Adyar Property Holding Company Private Limited				
311 Equity Shares of ₹ 100.00 each, partly paid				8.40
				8.40
Andhra Pradesh Gas Power Corporation Limited				
8,04,000 Equity Shares of ₹ 10.00 each, fully paid				2.32
				2.32
Mirage Advertising and Marketing Limited				
12,488 Equity Shares of ₹ 10.00 each, fully paid				–
				–
Jupiter Township Limited				
150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)				...
				...
Woodlands Multispeciality Hospital Limited				
13,605 Equity Shares of ₹ 10.00 each, fully paid				0.01
				0.01
Delectable Technologies Private Limited				
(at fair value through profit or loss)				
Nil (2020 - 100) Equity Shares of ₹ 10.00 each, fully paid				0.10
				0.10
INVESTMENT IN PREFERENCE SHARES				
In Associates (carrying amount determined using the equity method of accounting)				
Delectable Technologies Private Limited [Refer Note 28 (viii)]				
3,828 (2020 - Nil) Compulsorily Convertible Cumulative Preference Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 3.43 Crores)				3.65
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2021				(0.19)
				3.46
				–
Carried over	1050.56	194.45	726.72	177.13

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	1050.56	194.45	726.72	177.13
INVESTMENT IN PREFERENCE SHARES (Contd.)				
In Others (at fair value through profit or loss)				
Delectable Technologies Private Limited Nil (2020 - 1,864) Compulsorily Convertible Cumulative Preference Shares of ₹ 10.00 each, fully paid		–		1.78
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National Savings Certificate (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		–		–
Kisan Vikas Patra (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		–		–
National Savings Certificate (pledged with various Mandi Samitis) (cost ₹ 6000.00)		...		...
INVESTMENT IN BONDS/DEBENTURES				
In Others (at amortised cost)				
Housing and Urban Development Corporation Limited 700 6.99% Unsecured Listed Rated Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debenture Series E (11 November 2022) of ₹ 1000000.00 each, fully paid	70.18		70.26	
4,300 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid	436.49		437.76	
150 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.55		15.65	
3,29,870 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	33.58		33.88	
7,00,696 7.39% (For Category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid	70.07		70.07	
250 7.61% Rated Listed Taxable Bonds in the nature of Unsecured Debentures Series A 2019 (22 June 2022) of ₹ 1000000.00 each, fully paid	25.14		25.24	
Nil (2020 - 3,50,000) 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	–		36.06	
5,00,000 8.20% For Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche 1 Series - 2 (05 March 2027) of ₹ 1000.00 each, fully paid	54.87		55.54	
850 8.40% Unsecured Rated Listed Taxable Redeemable Non-Convertible Bonds Series C 2018 (11 April 2022) of ₹ 1000000.00 each, fully paid	85.00		85.00	
Carried over	1841.44	194.46	1556.18	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	1841.44	194.46	1556.18	178.92
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
ICICI Bank Limited [#]				
2,647 9.15% Unsecured Rated Listed Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		264.70	
Nil (2020 - 2,000) 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	—		200.14	
3,000 9.90% Unsecured Rated Listed Subordinated Perpetual Additional Tier 1 Basel III Compliant Non-Convertible Bonds in the nature of Debentures (with first Call Option on 28 December 2023) of ₹ 1000000.00 each, fully paid	300.00		300.00	
India Infrastructure Finance Company Limited				
5,00,000 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	50.76		51.15	
3,00,000 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	32.28		32.55	
50,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.21		5.28	
1,175 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid	124.37		125.06	
1,300 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid	141.17		142.31	
1,780 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid	189.99		191.18	
Indian Railway Finance Corporation Limited				
70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.26		7.30	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	25.79		25.83	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	50.78		51.15	
2,250 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid	225.66		225.86	
Carried over	3259.41	194.46	3178.69	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	3259.41	194.46	3178.69	178.92
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
1,00,000 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	10.84		10.93	
Nil (2020 - 3,31,819) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	—		34.21	
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	84.14		85.42	
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.47		10.63	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	132.68		133.40	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	13.87		13.95	
LIC Housing Finance Limited				
Nil (2020 - 400) 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	—		40.18	
Nil (2020 - 100) 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	—		10.11	
Nil (2020 - 550) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	—		55.58	
500 Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 378 (04 May 2022) of ₹ 1000000.00 each, fully paid	59.59		54.82	
National Bank for Agriculture and Rural Development				
5,000 (2020 - Nil) 4.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 21E (29 July 2024 with Call and Put Option 29 July 2022) of ₹ 1000000.00 each, fully paid	499.98		—	
250 6.70% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20H (11 November 2022) of ₹ 1000000.00 each, fully paid	25.00		25.00	
2,000 6.98% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20G (19 September 2022) of ₹ 1000000.00 each, fully paid	200.00		200.00	
2,000 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	207.62		208.97	
Carried over	4503.60	194.46	4061.89	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	4503.60	194.46	4061.89	178.92
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
4,300 (2020 - Nil) 7.69% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series 20C (29 May 2024) of ₹ 1000000.00 each, fully paid	461.01		–	
500 7.70% Unsecured Listed Redeemable Taxable Non-Convertible Bonds Series 20D (13 June 2022) of ₹ 1000000.00 each, fully paid	50.59		51.06	
900 7.85% Unsecured Listed Taxable Redeemable Non-Convertible Bonds Series 20B (23 May 2022) of ₹ 1000000.00 each, fully paid	91.13		92.07	
600 7.90% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series 20A (18 April 2022) of ₹ 1000000.00 each, fully paid	60.73		61.39	
Nil (2020 - 1,000) 8.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19B (31 January 2022) of ₹ 1000000.00 each, fully paid	–		102.59	
National Highways Authority of India				
2,600 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIA (18 September 2025) of ₹ 1000000.00 each, fully paid	260.31		260.37	
8,06,381 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026) of ₹ 1000.00 each, fully paid	81.91		82.14	
2,500 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030) of ₹ 1000000.00 each, fully paid	250.00		250.00	
17,49,943 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid	183.39		184.01	
5,00,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	57.04		57.72	
2,50,000 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	29.14		29.54	
National Housing Bank				
800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	84.70		85.17	
Power Finance Corporation Limited				
100 (2020 - Nil) 5.47% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 206 (19 August 2023) of ₹ 1000000.00 each, fully paid	10.09		–	
1,150 (2020 - Nil) 6.50% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 208 (17 September 2025) of ₹ 1000000.00 each, fully paid	117.13		–	
Carried over	6240.77	194.46	5317.95	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	6240.77	194.46	5317.95	178.92
INVESTMENT IN BONDS /DEBENTURES (Contd.)				
900 (2020 - Nil) 6.72% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures - Series 203 A (09 June 2023) of ₹ 1000000.00 each, fully paid	93.11		—	
1,200 (2020 - Nil) 6.75% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures - Series 202 A (22 May 2023) of ₹ 1000000.00 each, fully paid	124.12		—	
850 (2020 - Nil) 6.75% Unsecured Rated Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 202 A (22 May 2023) of ₹ 1000000.00 each, fully paid	87.49		—	
700 7.10% Unsecured Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 169 A (08 August 2022) of ₹ 1000000.00 each, fully paid	70.12		70.20	
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	61.98		62.37	
4,500 7.35% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 191 (15 October 2022) of ₹ 1000000.00 each, fully paid	450.00		450.00	
Nil (2020 - 150) 7.47% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 151 A (16 September 2021) of ₹ 1000000.00 each, fully paid	—		15.02	
450 (2020 - Nil) 8.20% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 128 (10 March 2025) of ₹ 1000000.00 each, fully paid	48.36		—	
200 (2020 - Nil) 8.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 130 C (19 April 2025) of ₹ 1000000.00 each, fully paid	21.66		—	
250 8.45% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 181 (11 August 2022) of ₹ 1000000.00 each, fully paid	25.50		25.83	
500 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid	52.94		53.23	
3,50,000 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	40.69		41.27	
Nil (2020 - 150) 8.66% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series C (27 November 2021) of ₹ 1000000.00 each, fully paid	—		15.29	
REC Limited				
1,100 (2020 - Nil) 5.85% Unsecured Rated Listed Redeemable Non-Cumulative Non-Convertible Taxable Bond in the nature of Debentures Series 203 B (20 December 2025) of ₹ 1000000.00 each, fully paid	109.26		—	
Carried over	7426.00	194.46	6051.16	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7426.00	194.46	6051.16	178.92
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
300 7.09% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 152 (17 October 2022) of ₹ 1000000.00 each, fully paid	29.88		29.81	
2,000 7.09% Unsecured Rated Listed Non-Cumulative Non-Convertible Redeemable Taxable Bonds Series 185 (13 December 2022) of ₹ 1000000.00 each, fully paid	200.00		200.00	
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	87.69		88.22	
Nil (2020 - 1,700) 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	–		170.57	
1,190 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid	129.72		130.82	
3,50,000 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	40.44		41.01	
Nil (2020 - 2,880) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 177 (20 December 2021) of ₹ 1000000.00 each, fully paid	–		288.00	
50 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid	5.32		5.35	
Small Industries Development Bank of India Nil (2020 - 2,500) 7.89% Unsecured Listed Redeemable Non-Convertible Bond Series III of 2019-20 (15 November 2022 with Call and Put Option 14 May 2021) of ₹ 1000000.00 each, fully paid	–		250.48	
State Bank of India# Nil (2020 - 1,550) 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	–		154.04	
Nil (2020 - 3,250) 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	–		325.40	
2,350 9.37% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series II (with first Call Option 21 December 2023) of ₹ 1000000.00 each, fully paid	235.00		235.00	
7,000 9.56% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 04 December 2023) of ₹ 1000000.00 each, fully paid	700.00		700.00	
Carried over	8854.05	194.46	8669.86	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	8854.05	194.46	8669.86	178.92
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.91	
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) Nil (2020 - 4,00,00,000) Units of ₹ 10.00 each	–		47.71	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.79	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.88	
Aditya Birla Sun Life Fixed Term Plan - Series RP (1239 Days) 5,50,00,000 Units of ₹ 10.00 each	69.07		63.38	
Aditya Birla Sun Life Fixed Term Plan - Series SF (1161 Days) 40,00,000 Units of ₹ 10.00 each	4.87		4.47	
Aditya Birla Sun Life Fixed Term Plan - Series SG (1155 Days) 1,80,00,000 Units of ₹ 10.00 each	21.88		20.14	
Aditya Birla Sun Life Fixed Term Plan - Series SI (1141 Days) 1,00,00,000 Units of ₹ 10.00 each	12.12		11.13	
Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 Days) 3,00,00,000 Units of ₹ 10.00 each	36.22		33.29	
DSP Fixed Maturity Plan - Series 217 - 40 M Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.91	
DSP Fixed Maturity Plan - Series 220 - 40 M Nil (2020 - 1,90,00,000) Units of ₹ 10.00 each	–		22.54	
DSP Fixed Maturity Plan - Series 221 - 40 M Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.66	
Franklin India Fixed Maturity Plans - Series 2 - Plan A Nil (2020 - 1,40,00,000) Units of ₹ 10.00 each	–		16.64	
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 Nil (2020 - 6,50,00,000) Units of ₹ 10.00 each	–		77.26	
HDFC Fixed Maturity Plan 1232D November 2018 (1) - Series-43 4,00,00,000 Units of ₹ 10.00 each	50.10		46.11	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A Nil (2020 - 70,00,000) Units of ₹ 10.00 each	–		8.36	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B Nil (2020 - 3,70,00,000) Units of ₹ 10.00 each	–		44.23	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.94	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1175 Days - Plan D 40,00,000 Units of ₹ 10.00 each	4.87		4.48	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D Nil (2020 - 1,90,00,000) Units of ₹ 10.00 each	–		22.69	
Carried over	9053.18	194.46	9193.38	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9053.18	194.46	9193.38	178.92
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 85 - 1168 Days - Plan E 50,00,000 Units of ₹ 10.00 each	6.08		5.58	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E Nil (2020 - 1,30,00,000) Units of ₹ 10.00 each	–		15.50	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1156 Days - Plan G 60,00,000 Units of ₹ 10.00 each	7.27		6.68	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H Nil (2020 - 4,50,00,000) Units of ₹ 10.00 each	–		53.61	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I Nil (2020 - 5,00,00,000) Units of ₹ 10.00 each	–		59.50	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K Nil (2020 - 4,50,00,000) Units of ₹ 10.00 each	–		53.54	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L Nil (2020 - 5,00,00,000) Units of ₹ 10.00 each	–		59.41	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M Nil (2020 - 3,50,00,000) Units of ₹ 10.00 each	–		41.51	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1127 Days - Plan O 30,00,000 Units of ₹ 10.00 each	3.58		3.30	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days - Plan P 2,00,00,000 Units of ₹ 10.00 each	23.91		21.98	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1279 Days - Plan P 5,00,00,000 Units of ₹ 10.00 each	62.45		57.43	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1272 Days - Plan Q 1,40,00,000 Units of ₹ 10.00 each	17.47		16.02	
IDFC Fixed Term Plan - Series 176 - 1170 Days 1,00,00,000 Units of ₹ 10.00 each	12.25		11.21	
IDFC Fixed Term Plan - Series 177 - 1160 Days 60,00,000 Units of ₹ 10.00 each	7.30		6.67	
IDFC Fixed Term Plan - Series 178 - 1154 Days 60,00,000 Units of ₹ 10.00 each	7.26		6.63	
Kotak Fixed Maturity Plan - Series 212 Nil (2020 - 60,00,000) Units of ₹ 10.00 each	–		7.15	
Kotak Fixed Maturity Plan - Series 213 Nil (2020 - 1,10,00,000) Units of ₹ 10.00 each	–		13.12	
Kotak Fixed Maturity Plan - Series 214 Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.94	
Kotak Fixed Maturity Plan - Series 215 Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.94	
Kotak Fixed Maturity Plan - Series 224 Nil (2020 - 3,50,00,000) Units of ₹ 10.00 each	–		41.22	
Carried over	9200.75	194.46	9697.32	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9200.75	194.46	9697.32	178.92
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Kotak Fixed Maturity Plan - Series 252 10,00,00,000 Units of ₹ 10.00 each	125.15		115.00	
Kotak Fixed Maturity Plan - Series 253 2,20,00,000 Units of ₹ 10.00 each	27.36		25.18	
Kotak Fixed Maturity Plan - Series 254 2,40,00,000 Units of ₹ 10.00 each	29.78		27.43	
Kotak Fixed Maturity Plan - Series 255 90,00,000 Units of ₹ 10.00 each	11.11		10.23	
Kotak Fixed Maturity Plan - Series 259 1,40,00,000 Units of ₹ 10.00 each	17.16		15.81	
Kotak Fixed Maturity Plan - Series 265 1,80,00,000 Units of ₹ 10.00 each	21.73		19.95	
Kotak Fixed Maturity Plan - Series 267 1,00,00,000 Units of ₹ 10.00 each	11.97		11.03	
Nippon India Fixed Horizon Fund - XXXV - Series 11 Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		5.98	
Nippon India Fixed Horizon Fund - XXXV - Series 12 Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.93	
Nippon India Fixed Horizon Fund - XXXV - Series 13 Nil (2020 - 80,00,000) Units of ₹ 10.00 each	–		9.54	
Nippon India Fixed Horizon Fund - XXXV - Series 14 Nil (2020 - 1,20,00,000) Units of ₹ 10.00 each	–		14.29	
Nippon India Fixed Horizon Fund - XXXV - Series 15 Nil (2020 - 1,70,00,000) Units of ₹ 10.00 each	–		20.26	
Nippon India Fixed Horizon Fund - XXXV - Series 6 Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		5.99	
Nippon India Fixed Horizon Fund - XXXVI - Series 1 Nil (2020 - 1,20,00,000) Units of ₹ 10.00 each	–		14.27	
Nippon India Fixed Horizon Fund - XXXVI - Series 3 Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		5.93	
Nippon India Fixed Horizon Fund - XXXVI - Series 9 Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.48	
Nippon India Fixed Horizon Fund - XXXVII - Series 4 4,50,00,000 Units of ₹ 10.00 each	58.44		54.27	
Nippon India Fixed Horizon Fund - XXXIX - Series 15 3,00,00,000 Units of ₹ 10.00 each	37.89		34.81	
Nippon India Fixed Horizon Fund - XXXX - Series 1 1,00,00,000 Units of ₹ 10.00 each	12.60		11.57	
SBI Debt Fund Series C-7 (1190 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.69	
SBI Debt Fund Series C-8 (1175 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.73	
Carried over	9553.94	194.46	10187.69	178.92

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9553.94	194.46	10187.69	178.92
INVESTMENT IN MUTUAL FUNDS (Contd.)				
SBI Debt Fund Series C-9 (1150 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.76	
SBI Debt Fund Series C-32 (1223 Days) 4,50,00,000 Units of ₹ 10.00 each	55.83		51.23	
SBI Debt Fund Series C-33 (1216 Days) 3,00,00,000 Units of ₹ 10.00 each	37.09		34.04	
SBI Debt Fund Series C-34 (1211 Days) 1,00,00,000 Units of ₹ 10.00 each	12.31		11.30	
SBI Debt Fund Series C-35 (1235 Days) 1,70,00,000 Units of ₹ 10.00 each	20.89		19.19	
SBI Debt Fund Series C-43 (1176 Days) 3,00,00,000 Units of ₹ 10.00 each	36.59		33.59	
SBI Debt Fund Series C-44 (1175 Days) 1,50,00,000 Units of ₹ 10.00 each	18.28		16.75	
SBI Debt Fund Series C-48 (1177 Days) 3,00,00,000 Units of ₹ 10.00 each	36.20		33.15	
SBI Debt Fund Series C-50 (1177 Days) 2,00,00,000 Units of ₹ 10.00 each	23.91		21.98	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.85	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) Nil (2020 - 1,90,00,000) Units of ₹ 10.00 each	–		22.59	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) Nil (2020 - 1,50,00,000) Units of ₹ 10.00 each	–		17.83	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) Nil (2020 - 2,00,00,000) Units of ₹ 10.00 each	–		23.74	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 1,307 Units of ₹ 100000.00 each		25.49		18.89
Fireside Ventures Investments Fund II 50,000 Units of ₹ 1000.00 each		3.64		4.28
Chiratae Ventures India Fund IV 600 (2020 - 465) Units of ₹ 100000.00 each		5.91		4.24
Aggregate amount of quoted and unquoted Investments	9795.04	229.50	10508.69	206.33
TOTAL		10024.54		10715.02

Aggregate market value of quoted investments ₹ 10237.47 Crores (2020 - ₹ 10653.86 Crores).

Aggregate amount of impairment in value of investments Nil (2020 - ₹ 4.67 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, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good	3.47	4.07	6.33	5.27
TOTAL	3.47	4.07	6.33	5.27
6. Other financial assets				
Bank deposits with more than 12 months maturity	–	28.48	–	6.10
Other financial assets				
Advances	10.49	–	12.62	–
Deposits*	601.81	73.22	963.68	609.42
Interest accrued on Loans, Deposits, Investments, etc.	469.47	0.17	554.92	0.13
Other Receivables**	297.25	–	287.32	–
TOTAL	1379.02	101.87	1818.54	615.65

* Deposits include deposits to Directors and Key Management Personnel ₹ 0.08 Crore (2020 - ₹ 0.07 Crore) (Refer Note 30).

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
7. Deferred tax		
Deferred tax liabilities (Net)	1736.39	1627.20
Less: Deferred tax assets (Net)	58.54	56.29
TOTAL	1677.85	1570.91

Movement in deferred tax liabilities/assets balances

(₹ in Crores)

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	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

Notes to the Consolidated Financial Statements

(₹ in Crores)

7. Deferred tax (Contd.)

2019-20	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.	2206.11	(589.04)	–	–	–	–	–	1617.07
On excise duty/National Calamity Contingent Duty on closing stock	18.62	27.47	–	–	–	–	–	46.09
On cash flow hedges	(4.46)	–	(8.16)	4.47	(0.04)	–	–	(8.19)
Other timing differences	229.46	37.48	–	–	–	–	0.03	266.97
Total deferred tax liabilities	2449.73	(524.09)	(8.16)	4.47	(0.04)	–	0.03	1921.94
On fiscal allowances on property, plant and equipment etc.	9.00	(2.65)	–	–	–	–	–	6.35
On employees' separation and retirement etc.	88.42	(33.35)	12.07	–	–	–	0.25	67.39
On provision for doubtful debts/advances	58.07	(11.79)	–	–	–	–	0.33	46.61
On State and Central taxes etc.	140.27	(36.85)	–	–	–	–	–	103.42
On unabsorbed tax losses and depreciation	1.11	4.19	–	–	–	–	–	5.30
Other timing differences	154.47	(36.13)	–	–	–	–	1.07	119.41
Total deferred tax assets before MAT credit entitlement	451.34	(116.58)	12.07	–	–	–	1.65	348.48
Total deferred tax liabilities before MAT credit entitlement (Net)	1998.39	(407.51)	(20.23)	4.47	(0.04)	–	(1.62)	1573.46
Less: MAT Credit Entitlement	5.70	(3.15)	–	–	–	–	–	2.55
Total deferred tax liabilities (Net)	1992.69	(404.36)	(20.23)	4.47	(0.04)	–	(1.62)	1570.91

The Group has losses of ₹ 162.68 Crores (2020 - ₹ 158.35 Crores) for which no deferred tax assets have been recognised. A part of these losses will expire between financial year 2021-22 to 2040-41.

8. Other assets

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
Capital Advances	–	278.46	–	448.54
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.19	788.21	0.22	795.28
– Others	0.66	117.07	2.24	107.56
Advances to related parties (Refer Note 30)	3.85	–	0.05	–
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	951.06	107.20	796.52	105.33
Other Receivables*	139.47	4.54	127.77	4.53
TOTAL	1095.23	1295.48	926.80	1461.24

* Includes receivables on account of export incentives.

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
9. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	6683.80	5833.34
Work-in-progress	808.95	703.07
Finished goods (manufactured)	1582.60	1426.76
Stock-in-trade (goods purchased for resale)	866.31	495.42
Stores and spares	410.90	364.95
Intermediates - Tissue paper and Paperboards	44.60	55.79
TOTAL	10397.16	8879.33
The above includes goods in transit as under:		
Raw materials (including packing materials)	135.74	141.99
Stock-in-trade (goods purchased for resale)	1.60	0.15
Stores and spares	1.59	2.35
TOTAL	138.93	144.49

The cost of inventories recognised as an expense includes ₹ 10.67 Crores (2020 - ₹ 19.17 Crores) in respect of write-downs of inventory to net realisable value. During the year reversal of previous write-downs of ₹ 1.67 Crores (2020 - ₹ 1.90 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 1259.26 Crores (2020 - ₹ 1136.59 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	86.20	84.41
Biological assets acquired during the year	5.48	0.83
Cost incurred during the year	114.55	102.28
Changes in fair value*	110.06	46.81
Transfer of Biological assets to Inventories	(9.71)	(6.33)
Biological assets sold during the year	(196.65)	(141.89)
Effect of foreign exchange translation	0.13	0.09
Balance at the end of the year	110.06	86.20

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

The Group had 1,36,80,289 numbers of TECHNITUBER® seed potatoes (2020 - 1,41,83,585 numbers).

There were 84802 MT of field generated seed potatoes (2020 - 70407 MT). During the year, output of agricultural produce (potatoes) is 10748 MT (2020 - 4897 MT).

In October 2020 - 14464 MT (October 2019 - 13589 MT) of seed potatoes were planted and in February/March 2021 - 92766 MT (February/March 2020 - 75051 MT) of seed potatoes were harvested as a result of quantitative biological transformation.

Estimated amount of contracts remaining to be executed for acquisition/development of biological assets are ₹ 0.16 Crore (2020 - ₹ 1.08 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN BONDS/DEBENTURES				
Canfin Homes Limited Nil (2020 - 500) 7.57% Secured Redeemable Non-Convertible Debentures (12 April 2020) of ₹ 1000000.00 each, fully paid		–		50.02
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid		31.90		32.04
ICICI Bank Limited 350 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first call option on 20 June 2023) of ₹ 1000000.00 each, fully paid		35.48		34.19
India Infrastructure Finance Company Limited 1,50,000 7.19% For Category I, II, III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid		15.68		15.33
Indian Railway Finance Corporation Limited 25,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid		261.85		252.62
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid		219.75		209.50
5,25,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid		54.31		53.61
National Highways Authority of India 4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid		51.08		50.60
1,04,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (15 February 2029) of ₹ 1000.00 each, fully paid		13.02		11.76
National Housing Bank 5,000 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds (26 March 2023) of ₹ 10000.00 each, fully paid		5.21		5.07
Power Finance Corporation Limited 1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 80-A (25 November 2021) of ₹ 100000.00 each, fully paid		15.38		15.29
1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid		107.83		103.55
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid		10.34		10.23
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid		141.08		135.10
Carried over		962.91		978.91

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	962.91		978.91	
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
REC Limited				
30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1 (19 December 2022) of ₹ 1000.00 each, fully paid	313.23		302.84	
1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid	107.82		103.42	
60,000 8.12% For Category I & II Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹ 1000.00 each, fully paid	7.08		6.53	
INVESTMENT IN CERTIFICATE OF DEPOSITS				
Axis Bank Limited				
Nil (2020 - 50,000) Certificate of Deposit (18 December 2020) of ₹ 100000.00 each, fully paid		—		479.76
Kotak Mahindra Bank Limited				
Nil (2020 - 50,000) Certificate of Deposit (11 December 2020) of ₹ 100000.00 each, fully paid		—		480.76
National Bank for Agriculture and Rural Development				
Nil (2020 - 15,000) Certificate of Deposit (14 January 2021) of ₹ 100000.00 each, fully paid		—		143.49
Nil (2020 - 45,000) Certificate of Deposit (21 January 2021) of ₹ 100000.00 each, fully paid		—		430.02
Nil (2020 - 10,000) Certificate of Deposit (03 February 2021) of ₹ 100000.00 each, fully paid		—		95.37
Nil (2020 - 25,000) Certificate of Deposit (05 March 2021) of ₹ 100000.00 each, fully paid		—		237.36
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
National Savings Certificate pledged at Mandi Samiti (cost ₹ 2000.00)		...		...
National Savings Certificate (cost ₹ 10000.00)		...		...
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Floating Rate Fund				
1,96,03,366 Units of ₹ 100.00 each		530.53		494.50
Aditya Birla Sun Life Savings Fund				
2,07,43,268 Units of ₹ 100.00 each		883.48		829.93
Aditya Birla Sun Life Corporate Bond Fund				
70,15,575 (2020 - 6,05,10,758) Units of ₹ 10.00 each		60.27		475.21
Aditya Birla Sun Life Money Manager Fund				
40,95,539 Units of ₹ 100.00 each		117.61		110.96
Aditya Birla Sun Life Liquid Fund				
3,38,958 (2020 - 53,956) Units of ₹ 100.00 each		11.16		1.91
Axis Short Term Fund				
4,31,15,900 Units of ₹ 10.00 each		109.52		100.79
Carried over	1391.04	1712.57	1391.70	3880.06

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1391.04	1712.57	1391.70	3880.06
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Axis Banking & PSU Debt Fund 31,86,227 Units of ₹ 1000.00 each		662.25		613.69
Axis Liquid Fund 2,14,373 (2020 - 14,71,847) Units of ₹ 1000.00 each		48.98		322.96
Axis Treasury Advantage Fund 14,61,916 Units of ₹ 1000.00 each		362.93		339.92
Axis Overnight Fund 9,20,331 (2020 - Nil) Units of ₹ 1000.00 each		100.00		–
Bharat Bond ETF – April 2023 30,00,000 Units of ₹ 1000.00 each	335.10		307.06	
DSP Banking and PSU Debt Fund Nil (2020 - 8,62,88,433) Units of ₹ 10.00 each		–		151.22
DSP Low Duration Fund 17,22,63,805 (2020 - 22,32,41,558) Units of ₹ 10.00 each		267.44		328.55
DSP Liquidity Fund 33,53,367 (2020 - Nil) Units of ₹ 1000.00 each		979.08		–
DSP Overnight Fund Nil (2020 - 30,83,707) Units of ₹ 1000.00 each		–		329.16
DSP Short Term Fund 6,67,71,463 Units of ₹ 10.00 each		259.37		239.95
HDFC Floating Rate Debt Fund 10,07,90,662 Units of ₹ 10.00 each		385.94		356.62
HDFC Liquid Fund Nil (2020 - 5,17,089) Units of ₹ 1000.00 each		–		200.82
HDFC Money Market Fund 2,39,118 Units of ₹ 1000.00 each		106.98		100.90
HDFC Short Term Debt Fund Nil (2020 - 14,47,53,251) Units of ₹ 10.00 each		–		327.72
HDFC Ultra Short Term Fund Nil (2020 - 27,49,00,837) Units of ₹ 10.00 each		–		309.50
ICICI Prudential Corporate Bond Fund 13,41,33,266 (2020 - 51,14,23,698) Units of ₹ 10.00 each		315.31		1059.33
ICICI Prudential Savings Fund 60,49,828 (2020 - 60,84,787) Units of ₹ 100.00 each		253.82		237.45
ICICI Prudential Bond Fund Nil (2020 - 2,11,18,618) Units of ₹ 10.00 each		–		62.30
ICICI Prudential Liquid Fund 6,35,621 (2020 - Nil) Units of ₹ 100.00 each		19.36		–
ICICI Prudential Short Term Nil (2020 - 2,70,17,352) Units of ₹ 10.00 each		–		119.87
IDFC Banking & PSU Debt Fund 14,17,61,931 Units of ₹ 10.00 each		272.68		251.53
Carried over	1726.14	5746.71	1698.76	9231.55

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1726.14	5746.71	1698.76	9231.55
INVESTMENT IN MUTUAL FUNDS (Contd.)				
IDFC Bond Fund - Short Term Plan 6,58,03,493 (2020 - 10,23,94,458) Units of ₹ 10.00 each		308.37		414.04
IDFC Low Duration Fund 7,34,11,386 Units of ₹ 10.00 each		225.06		212.12
IDFC Money Manager Fund 4,22,87,680 Units of ₹ 10.00 each		142.29		135.17
Kotak Bond Fund (Short Term) Nil (2020 - 7,68,78,681) Units of ₹ 10.00 each		–		243.74
Kotak Corporate Bond Fund 6,72,051 (2020 - 6,74,130) Units of ₹ 1000.00 each		197.82		183.80
Kotak Liquid Plan 2,87,577 (2020 - 4,373) Units of ₹ 1000.00 each		119.08		1.76
Kotak Savings Fund 26,38,12,322 (2020 - 34,27,71,778) Units of ₹ 10.00 each		910.52		1119.53
LIC MF Liquid Fund 1,63,399 (2020 - Nil) Units of ₹ 1000.00 each		60.50		–
Nippon India Banking & PSU Debt Fund 10,41,55,094 (2020 - 20,50,51,796) Units of ₹ 10.00 each		167.84		306.09
Nippon India ETF Nifty CPSE Bond Plus SDL - 2024 maturity 58,69,560 (2020 - Nil) Units of ₹ 100.00 each	60.46		–	
Nippon India Floating Rate Fund 6,22,64,756 Units of ₹ 10.00 each		224.08		204.74
Nippon India Money Market Fund 6,60,345 Units of ₹ 1000.00 each		212.68		201.58
Nippon India Overnight Fund Nil (2020 - 3,14,39,459) Units of ₹ 100.00 each		–		336.58
Nippon India Short Term Fund 8,93,74,937 Units of ₹ 10.00 each		384.78		353.38
Nippon India Liquid Fund 4,84,438 (2020 - 10,356) Units of ₹ 10.00 each		175.74		5.02
SBI Liquid Fund 69,582 (2020 - 1,549) Units of ₹ 1000.00 each		22.36		0.48
SBI Magnum Low Duration Fund 8,30,697 Units of ₹ 1000.00 each		232.24		218.47
SBI Magnum Ultra Short Duration Fund 2,47,159 Units of ₹ 1000.00 each		116.63		110.71
SBI Savings Fund 6,65,47,323 (2020 - 15,99,53,181) Units of ₹ 10.00 each		227.56		517.71
SBI Short Term Debt Fund 9,72,90,145 (2020 - 28,79,35,474) Units of ₹ 10.00 each		253.24		691.30
Carried over	1786.60	9727.50	1698.76	14487.77

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1786.60	9727.50	1698.76	14487.77
INVESTMENT IN MUTUAL FUNDS (Contd.)				
UTI Liquid Cash Plan 18,00,098 (2020 - Nil) Units of ₹ 1000.00 each		603.86		–
UTI Overnight Fund (2020 - 47,928) Units of ₹ 10.00 each		–		13.01
Current Portion of Non-Current Investment				
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2020 - 90) 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid		–	90.28	
Nil (2020 - 800) 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid		–	40.04	
Nil (2020 - 50) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid		–	50.24	
Nil (2020 - 150) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid		–	150.75	
Housing and Urban Development Corporation Limited 3,50,000 (2020 - Nil) 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	35.52		–	
ICICI Bank Limited [#] 2,000 (2020 - Nil) 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.07		–	
Indian Railway Finance Corporation Limited 3,31,819 (2020 - Nil) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	33.68		–	
LIC Housing Finance Limited Nil (2020 - 800) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid		–	80.24	
Nil (2020 - 750) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid		–	75.18	
Nil (2020 - 250) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid		–	25.00	
Carried over	2055.87	10331.36	2210.49	14500.78

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2055.87	10331.36	2210.49	14500.78
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2020 - 350) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	–		35.19	
Nil (2020 - 850) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	–		85.29	
Nil (2020 - 50) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	–		5.02	
Nil (2020 - 100) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	–		10.06	
Nil (2020 - 700) 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	–		69.45	
Nil (2020 - 1,250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	–		126.08	
Nil (2020 - 239) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	–		23.92	
550 (2020 - Nil) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	55.06		–	
100 (2020 - Nil) 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.02		–	
400 (2020 - Nil) 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.04		–	
National Bank for Agriculture and Rural Development				
Nil (2020 - 3,200) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	–		318.69	
1,000 (2020 - Nil) 8.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19B (31 January 2022) of ₹ 1000000.00 each, fully paid	101.22		–	
Power Finance Corporation Limited				
Nil (2020 - 250) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	–		24.97	
Nil (2020 - 250) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	–		24.96	
Carried over	2262.21	10331.36	2934.12	14500.78

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2262.21	10331.36	2934.12	14500.78
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
150 (2020 - Nil) 7.47% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 151 A (16 September 2021) of ₹ 1000000.00 each, fully paid	15.01		–	
Nil (2020 - 250) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	–		24.94	
Nil (2020 - 500) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	–		50.00	
Nil (2020 - 2,800) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	–		280.66	
150 (2020 - Nil) 8.66% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series C (27 November 2021) of ₹ 1000000.00 each, fully paid	15.12		–	
Nil (2020 - 400) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	–		40.22	
REC Limited				
Nil (2020 - 500) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	–		49.58	
1,700 (2020 - Nil) 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	170.27		–	
2,880 (2020 - Nil) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 177 (20 December 2021) of ₹ 1000000.00 each, fully paid	288.00		–	
Nil (2020 - 500) 8.37% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 134 (14 August 2020) of ₹ 1000000.00 each, fully paid	–		49.98	
Small Industries Development Bank Of India				
2,500 (2020 - Nil) 7.89% Unsecured Listed Redeemable Non-Convertible Bond Series III of 2019-20 (15 November 2022 with Call and Put Option 14 May 2021) of ₹ 1000000.00 each, fully paid	250.05		–	
State Bank of India[#]				
3,250 (2020 - Nil) 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.12		–	
1,550 (2020 - Nil) 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	154.64		–	
Carried over	3480.42	10331.36	3429.50	14500.78

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3480.42	10331.36	3429.50	14500.78
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.63		–	
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) 4,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	50.78		–	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.25		–	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.95		–	
DSP Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.62		–	
DSP Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 (2020 - Nil) Units of ₹ 10.00 each	24.00		–	
DSP Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.16		–	
Franklin India Fixed Maturity Plans - Series 2 - Plan A 1,40,00,000 (2020 - Nil) Units of ₹ 10.00 each	17.66		–	
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 6,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	81.86		–	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J Nil (2020 - 50,00,000) Units of ₹ 10.00 each	–		6.10	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	63.24		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	44.16		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	63.20		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	56.86		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	57.06		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.64		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 (2020 - Nil) Units of ₹ 10.00 each	24.09		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 (2020 - Nil) Units of ₹ 10.00 each	16.43		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 (2020 - Nil) Units of ₹ 10.00 each	46.86		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 (2020 - Nil) Units of ₹ 10.00 each	8.85		–	
Kotak Fixed Maturity Plan - Series 210 Nil (2020 - 1,00,00,000) Units of ₹ 10.00 each	–		11.95	
Kotak Fixed Maturity Plan - Series 212 60,00,000 (2020 - Nil) Units of ₹ 10.00 each	7.59		–	
Carried over	4150.31	10331.36	3447.55	14500.78

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	4150.31	10331.36	3447.55	14500.78
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 (2020 - Nil) Units of ₹ 10.00 each	13.92		–	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.67		–	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	12.71		–	
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	43.80		–	
Nippon India Fixed Horizon Fund - XXXV - Series 6 50,00,000 (2020 - Nil) Units of ₹ 10.00 each	6.34		–	
Nippon India Fixed Horizon Fund - XXXV - Series 11 50,00,000 (2020 - Nil) Units of ₹ 10.00 each	6.35		–	
Nippon India Fixed Horizon Fund - XXXV - Series 12 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	19.05		–	
Nippon India Fixed Horizon Fund - XXXV - Series 13 80,00,000 (2020 - Nil) Units of ₹ 10.00 each	10.14		–	
Nippon India Fixed Horizon Fund - XXXV - Series 14 1,20,00,000 (2020 - Nil) Units of ₹ 10.00 each	15.22		–	
Nippon India Fixed Horizon Fund - XXXV - Series 15 1,70,00,000 (2020 - Nil) Units of ₹ 10.00 each	21.57		–	
Nippon India Fixed Horizon Fund - XXXVI - Series 1 1,20,00,000 (2020 - Nil) Units of ₹ 10.00 each	15.17		–	
Nippon India Fixed Horizon Fund - XXXVI - Series 3 50,00,000 (2020 - Nil) Units of ₹ 10.00 each	6.31		–	
Nippon India Fixed Horizon Fund - XXXVI - Series 9 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.04		–	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.87		–	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.18		–	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.21		–	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.94		–	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 (2020 - Nil) Units of ₹ 10.00 each	23.97		–	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) 1,50,00,000 (2020 - Nil) Units of ₹ 10.00 each	18.94		–	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) 2,00,00,000 (2020 - Nil) Units of ₹ 10.00 each	25.26		–	
Aggregate amount of quoted and unquoted Investments	4514.97	10331.36	3447.55	14500.78
TOTAL		14846.33		17948.33

Aggregate market value of quoted investments ₹ 4544.92 Crores (2020 - ₹ 3456.49 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, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
12. Trade receivables (Current)		
Secured, considered good	45.05	31.88
Unsecured, considered good	2456.65	2530.60
Doubtful	194.74	174.89
Less: Allowance for doubtful receivables	194.74	174.89
TOTAL	2501.70	2562.48

13. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	259.02	630.42
Deposit accounts	27.47	10.78
Cheques, drafts on hand	1.38	5.85
Cash on hand	2.55	3.30
TOTAL	290.42	650.35

[@] 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	209.23	168.07
In deposit accounts*	4159.37	6458.92
TOTAL	4368.60	6626.99

* 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, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in Crores)
15. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,30,88,44,231	1230.88	12,29,22,31,241	1229.22
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,29,22,31,241	1229.22	12,25,86,31,601	1225.86
Add: Issue of Shares on exercise of Options	1,66,12,990	1.66	3,35,99,640	3.36
As at end of the year	12,30,88,44,231	1230.88	12,29,22,31,241	1229.22
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.20	2,97,83,47,320	24.23
Life Insurance Corporation of India	1,99,75,66,067	16.23	1,99,75,40,067	16.25
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.92	97,45,31,427	7.93
C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March: Nil				
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2021 (No. of Shares)	2020 (No. of Shares)		
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100		
E) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2020 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	29,18,12,920	34,58,05,430		

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) Regulations, 2014.

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
16. Non-current borrowings		
Unsecured		
Term loans		
– From Others	0.30	0.27
Deferred payment liabilities		
– Sales tax deferment loans	5.28	5.63
TOTAL	5.58	5.90

Terms of borrowings are as under:

Term Loans from Others:

Interest free loan repayable on the basis of 33% (2020 - 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 scheduled maturity of the Non-current borrowings are summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Refer Note 17B)	...	0.35	...	2.26
Current maturities of long-term debt	...	0.35	...	2.26
In the second year	–	0.74	–	0.35
In the third to fifth year	–	4.54	0.07	3.51
After five years	0.30	–	0.20	1.77
Non-current borrowings	0.30	5.28	0.27	5.63

	As at 31st March, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17A. Lease liabilities*				
Lease liabilities	54.06	206.96	63.87	204.00
TOTAL	54.06	206.96	63.87	204.00

* Refer Note 28(x)

Movement of Lease Liabilities during the year

Particulars	31st March, 2021	31st March, 2020
Opening Lease Liabilities	267.87	294.95
New Leases recognised	55.91	27.48
Remeasurements and withdrawals	(8.19)	(5.83)
Interest expense on Lease Liabilities	22.37	23.61
Payment of Lease Liabilities made	(77.10)	(72.95)
Foreign Currency Translation Reserve adjustment	0.16	0.61
Closing balance of Lease Liabilities	261.02	267.87

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ 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.)	283.50	127.87
TOTAL	283.50	127.87
Current		
Current maturities of long-term debt (Refer Note 16)	0.35	2.26
Interest accrued	1.93	1.92
Unpaid dividend *	209.00	167.83
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.)	1280.27	1222.57
TOTAL	1491.85	1394.88

* 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, 2021 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
18. Provisions				
Provision for employee benefits [Refer Note 28 (vi)]				
Retirement benefits	167.23	129.05	119.69	123.74
Other benefits	26.78	58.16	28.49	51.34
Provision for standard assets	-	0.29	-	0.29
TOTAL	194.01	187.50	148.18	175.37

Notes to the Consolidated Financial Statements

	As at 31st March, 2021 (₹ in Crores)	As at 31st March, 2020 (₹ in Crores)
19. Other liabilities		
Non-current		
Revenue received in advance	15.54	16.20
TOTAL	15.54	16.20
Current		
Statutory liabilities	3368.46	3250.51
Advances received from customers	801.75	703.07
Revenue received in advance	9.28	9.53
Others (includes deferred revenue, accruals, customer deposits etc.)	114.91	109.61
TOTAL	4294.40	4072.72
20. Current borrowings		
Secured		
Loans from Banks		
Cash credit facilities*	3.88	1.42
TOTAL	3.88	1.42
* Cash credit facilities are secured by hypothecation of certain property, plant and equipment, investments and current assets, both present and future.		
21A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	33.04	38.42
TOTAL	33.04	38.42
21B. Current Tax liabilities (Net)		
Current taxation (net of advance payment)	332.75	248.87
TOTAL	332.75	248.87

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
22A. Revenue from operations		
Sale of Products	49863.29	46950.03
Sale of Services	2971.86	4018.47
Gross Revenue from sale of products and services* [including excise duty/National Calamity Contingent Duty/Health Risk Tax of ₹ 3767.70 Crores (2020 - ₹ 1864.34 Crores)]	52835.15	50968.50
Other Operating Revenues [#]	319.97	424.97
TOTAL	53155.12	51393.47

* Net of sales returns and damaged stocks.

[#] Includes Government grants received of ₹ 51.94 Crores (2020 - ₹ 130.74 Crores) on account of Service Exports from India Scheme, Merchandise Exports from India Scheme, Duty Drawback etc.

22B. Gross revenue from sale of products and services*		
FMCG		
– Cigarettes etc.	22557.32	23679.13
– Branded Packaged Food Products	12244.28	10379.48
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel etc.)	2492.78	2464.51
Hotels		
– Hotels Sales/Income from Hotel Services	659.76	1911.59
Agri Business		
– Unmanufactured Tobacco	1313.74	1300.29
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)	6688.13	4612.25
Paperboards, Paper and Packaging		
– Paperboards and Paper	4011.25	4013.72
– Printed Materials	538.58	485.26
Others		
– Others	2329.31	2122.27
TOTAL	52835.15	50968.50

* Net of sales returns and damaged stocks.

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
23. Other income		
Interest income	1297.91	1522.13
Dividend income	0.07	8.31
Other non-operating income	130.93	87.08
Other gains and losses	1203.65	980.37
TOTAL	2632.56	2597.89
Interest income:		
a) Deposits with Banks etc. – carried at amortised cost	362.04	516.17
b) Financial assets mandatorily measured at FVTPL	136.61	148.32
c) Other financial assets measured at amortised cost	701.80	842.74
d) Others (from statutory authorities etc.)	97.46	14.90
TOTAL	1297.91	1522.13
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.02	8.31
b) Other investments	0.05	0.01
TOTAL	0.07	8.32
Other gains and losses:		
Net foreign exchange gain/(loss)	(1.16)	34.38
Net gain/(loss) arising on financial instruments mandatorily measured at FVTPL*	1200.14	945.84
Impairment of investment in joint venture	4.67	0.15
TOTAL	1203.65	980.37
* Includes ₹ 365.29 Crores (2020 - ₹ 227.77 Crores) being net gain/(loss) on sale of investments.		
24. Employee benefits expense		
Salaries and wages	3931.11	3676.20
Contribution to Provident and other funds	273.42	267.10
Share based payments to employees {Includes cash-settled share based payments ₹ 30.49 Crores [2020 - ₹ (10.52) Crores]}	56.77	102.48
Staff welfare expenses	214.10	262.96
	4475.40	4308.74
Less: Recoveries made/reimbursements received	12.07	12.95
TOTAL	4463.33	4295.79

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
25. Finance costs		
Interest expense:		
– On lease liabilities	22.28	23.61
– On financial liabilities measured at amortised cost	2.94	4.81
– Others	19.36	26.26
TOTAL	44.58	54.68
26. Other expenses		
Power and fuel	699.56	780.85
Consumption of stores and spare parts	273.71	312.49
Contract processing charges	736.18	885.01
Rent	232.85	267.50
Rates and taxes	94.00	151.52
Insurance	160.31	129.93
Repairs		
– Buildings	50.86	77.79
– Machinery	237.53	261.80
– Others	44.63	72.18
Maintenance and upkeep	239.24	296.14
Outward freight and handling charges	1337.98	1244.08
Warehousing charges	184.11	182.81
Advertising/Sales promotion	1089.64	1000.68
Market research	122.44	145.02
Design and product development	46.03	48.00
Hotel reservation/Marketing expenses	15.10	44.09
Retail accessories	135.03	128.87
Brokerage and discount - sales	15.33	16.35
Commission to selling agents	16.55	9.39
Doubtful and bad debts	29.93	37.59
Doubtful and bad advances, loans and deposits	33.42	(2.68)
Bank and credit card charges	13.39	26.70
Information technology services	163.49	172.84
Travelling and conveyance	187.27	406.87
Training and development	15.75	29.71
Legal expenses	22.32	45.59
Consultancy/Professional fees	360.25	417.01
Postage, telephone etc.	27.79	29.44
Printing and stationery	10.53	18.93
Loss on sale of property, plant and equipment - Net	55.61	56.68
Loss on sale of stores and spare parts - Net	5.03	2.88
Miscellaneous expenses	1019.45	1206.57
TOTAL	7675.31	8502.63

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2021 (₹ in Crores)	For the year ended 31st March, 2020 (₹ in Crores)
27. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	4387.06	4977.63
Adjustments/(credits) related to previous years - Net	76.68	(131.48)
Total current tax	4463.74	4846.15
Deferred tax		
Deferred tax for the year	172.10	(432.06)
Adjustments/(credits) related to previous years - Net	(77.97)	24.55
MAT credit entitlement	(2.58)	3.15
Total deferred tax	91.55	(404.36)
TOTAL	4555.29	4441.79
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	(1.43)	12.07
Related to designated portion of hedging instruments in cash flow hedges	1.67	(1.93)
Equity instruments through other comprehensive income	(1.62)	-
	(1.38)	10.14
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(10.26)	10.13
	(10.26)	10.13
TOTAL	(11.64)	20.27
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	1.26	4.47
TOTAL	1.26	4.47
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	17938.17	20034.57
Income tax expense calculated @ 25.168% (2020: 25.168%)	4514.66	5042.31
Effect of tax relating to uncertain tax positions	26.37	48.01
Effect of different tax rate on certain items	(81.21)	(103.59)
Difference in tax rates of subsidiary companies	38.75	47.89
Effect of income not taxable	(89.01)	(93.65)
Effect of remeasurement of Deferred Tax Liabilities (Net) as on 31st March, 2019*	-	(559.12)
Other differences	147.02	166.87
Total	4556.58	4548.72
Adjustments recognised in the current year in relation to the current tax of prior years	(1.29)	(106.93)
Income tax recognised in profit or loss	4555.29	4441.79

The tax rate of 25.168% (22% + surcharge @ 10% and cess @ 4%) used for the year 2020-21 and 2019-20 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

* On exercising the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements

(i) Earnings per share:

Earnings per share has been computed as under:

	2021	2020
(a) Profit for the year (₹ in Crores)	13161.19	15306.23
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,30,12,07,984	12,27,93,39,192
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	12,73,424	1,31,85,149
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,30,24,81,408	12,29,25,24,341
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 10.70	₹ 12.47
– Diluted [(a)/(d)]	₹ 10.70	₹ 12.45

(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, 2021	Percentage of ownership interest as at 31st March, 2020
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, 2021	Percentage of ownership interest as at 31st March, 2020
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	98.21	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 (w.e.f. 29.07.2020)	India	100	–
Hobbits International Foods Private Limited (w.e.f. 27.07.2020)	India	100	–
Sunrise Sheetgrah Private Limited (w.e.f. 27.07.2020)	India	100	–

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 13th 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, 2021	Percentage of ownership interest as at 31st March, 2020
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, 2021	Percentage of ownership interest as at 31st March, 2020
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 (w.e.f. 17.09.2020)	India	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) Transactions with subsidiaries of TMI’s [Tobacco Manufacturers (India) Limited] ultimate parent company comprise Sale of goods/services ₹ 927.15 Crores (2020 - ₹ 813.24 Crores), Dividend payments ₹ 983.82 Crores (2020 - ₹ 381.05 Crores), Others ₹ 28.58 Crores (2020 - ₹ 27.33 Crores).

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities:

Claims against the Group not acknowledged as debts ₹ 920.32 Crores (2020 - ₹ 766.10 Crores), including interest on claims, where applicable, estimated to be ₹ 266.80 Crores (2020 - ₹ 239.52 Crores), including share of associates ₹ 0.15 Crore (2020 - ₹ 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 ₹ 627.95 Crores (2020 - ₹ 588.28 Crores), including interest on claims, where applicable, estimated to be ₹ 250.34 Crores (2020 - ₹ 224.10 Crores), including share of associates ₹ 0.12 Crore (2020 - ₹ 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 ₹ 233.27 Crores (2020 - ₹ 119.55 Crores), including interest on claims, where applicable, estimated to be ₹ 5.40 Crores (2020 - ₹ 5.29 Crores) including share of associates ₹ 0.03 Crore (2020 - ₹ 0.03 Crore).

Notes to the Consolidated Financial Statements

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

- Third party claims arising from disputes relating to contracts aggregating ₹ 32.55 Crores (2020 - ₹ 32.40 Crores), including interest on claims, where applicable, estimated to be ₹ 0.88 Crore (2020 - ₹ 0.75 Crore).
- Other matters aggregating ₹ 26.55 Crores (2020 - ₹ 25.87 Crores), including interest on other matters, where applicable, estimated to be ₹ 10.18 Crores (2020 - ₹ 9.38 Crores).
- In respect of Surya Nepal Private Limited (SNPL), Excise, Income Tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that SNPL could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by SNPL in the year 1990-91 and, that, SNPL is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that SNPL's cigarette factory was under 'physical control' of the Excise authorities and cigarettes produced were duly accounted for and certified as such by the Excise authorities.

Hon'ble Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010 has rejected the above basis of theoretical production. In the said order of the Hon'ble Supreme Court of Nepal dated 1st April, 2010, the Excise demands for the financial years 1998-99 to 2002-03 and Income Tax demands for the financial year 2001-02 were set aside. Citing the aforesaid decisions of the Hon'ble Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 and 12th August, 2013 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 financial year 2005-06.

Various demands and a Show Cause Notice on theoretical production for different years (as listed below) were challenged by SNPL by way of writ petitions in the Hon'ble Supreme Court of Nepal between the years 2007 to 2010:

1. Excise demand letters and a Show Cause Notice for ₹ 29.66 Crores [Nepalese Rupee (NRs.) 47.45 Crores] relating to the financial years 2003-04 to 2007-08.
2. Value Added Tax (VAT) demand letters for ₹ 10.93 Crores (NRs. 17.49 Crores) relating to financial years 2002-03 to 2006-07.
3. 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 were admitted by the Hon'ble Supreme Court of Nepal and notices were issued to the Revenue authorities. These writ petitions were contested by the Revenue authorities on the ground of alternate remedy. These petitions were finally heard by the Hon'ble Supreme Court of Nepal on 15th April 2021, and have been dismissed. The reasons for such dismissal will be known after the detailed judgement is issued and received. The effect in the financial statements (for the claims including applicable interest and fees, if any) and further legal remedies will be decided upon receipt of the detailed judgement.

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

- (b) Uncalled liability on investments partly paid is ₹ 30.73 Crores (2020 - ₹ 33.95 Crores).
- (c) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint ventures ₹ 10.26 Crores (2020 - ₹ 11.94 Crores), are ₹ 2576.59 Crores (2020 - ₹ 2983.97 Crores).
- (v) Research and Development expenses for the year amount to ₹ 131.35 Crores (2020 - ₹ 141.78 Crores).

Notes to the Consolidated Financial Statements

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

(vi) 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, 2021 and recognised in the financial statements in respect of Employee Benefit Schemes:

Description of Plans

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

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

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

Risk Management

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

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

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

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary 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, 2021 (₹ in Crores)				For the year ended 31st March, 2020 (₹ in Crores)			
	Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
	Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
I Components of Employer Expense								
– Recognised in Profit or Loss								
1 Current Service Cost	50.97	42.01	0.63	14.56	47.81	40.02	0.90	14.33
2 Past Service Cost	–	0.01	0.16	–	–	–	–	–
3 Net Interest Cost	0.14	(0.44)	0.49	8.33	(5.69)	(2.90)	0.43	8.46
4 Total expense recognised in the Statement of Profit and Loss	51.11	41.58	1.28	22.89	42.12	37.12	1.33	22.79
– Re-measurements recognised in Other Comprehensive Income								
5 Return on plan assets (excluding amounts included in net interest cost)	(42.53)	(4.68)	–	–	9.78	(0.94)	–	–
6 Effect of changes in demographic assumptions	–	(0.15)	(0.04)	–	10.74	0.51	0.01	0.53
7 Effect of changes in financial assumptions	–	–	–	–	74.72	36.83	(0.17)	12.33
8 Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
9 Effect of experience adjustments	66.69	(0.53)	(0.59)	4.27	(9.99)	(5.76)	(0.68)	(0.34)
10 Total re-measurements included in Other Comprehensive Income	24.16	(5.36)	(0.63)	4.27	85.25	30.64	(0.84)	12.52
11 Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	75.27	36.22	0.65	27.16	127.37	67.76	0.49	35.31
The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 24. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.								
II Actual Returns	94.98	31.08	–	–	51.16	30.19	–	–
III Net Asset/(Liability) recognised in Balance Sheet								
1 Present Value of Defined Benefit Obligation	972.33	458.12	6.87	153.11	880.50	432.79	6.56	140.56
2 Fair Value of Plan Assets	861.78	436.23	–	–	816.49	400.49	–	–
3 Status [Surplus/(Deficit)]	(110.55)	(21.89)	(6.87)	(153.11)	(64.01)	(32.30)	(6.56)	(140.56)
4 Restrictions on Asset Recognised	–	–	–	–	–	–	–	–
5 Net (Liability) recognised in Balance Sheet	(113.32)	(22.98)	(6.87)	(153.11)	(64.01)	(32.30)	(6.56)	(140.56)
a. Current	(110.70)	(21.18)	(0.32)	(35.03)	(60.69)	(30.74)	(0.33)	(27.93)
b. Non-Current	(2.62)	(1.80)	(6.55)	(118.08)	(3.32)	(1.56)	(6.23)	(112.63)
6 Net Asset recognised in Balance Sheet	2.77	1.09	–	–	–	–	–	–
a. Current	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, 2021 (₹ in Crores)				For the year ended 31st March, 2020 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Present Value of DBO at the beginning of the year	880.50	432.79	6.56	140.56	771.20	369.26	6.11	120.27
2	Current Service Cost	50.97	42.01	0.63	14.56	47.81	40.02	0.90	14.33
3	Past Service Cost	–	0.01	0.16	–	–	–	–	–
4	Interest Cost	52.59	25.96	0.49	8.33	55.25	26.35	0.43	8.46
5	Re-measurement Gains/(Losses):								
	a. Effect of changes in demographic assumptions	–	(0.15)	(0.04)	–	10.74	0.51	0.01	0.53
	b. Effect of changes in financial assumptions	–	–	–	–	74.72	36.83	(0.17)	12.33
	c. Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	d. Effect of experience adjustments	66.69	(0.53)	(0.59)	4.27	(9.99)	(5.76)	(0.68)	(0.34)
6	Curtailment Cost/(Credit)	–	–	–	–	–	–	–	–
7	Settlement Cost/(Credit)	–	–	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	2.59	–	–	–	–	–	–
9	Effects of transfer in/(out)	(0.06)	–	–	–	(0.29)	–	–	–
10	Benefits Paid	(78.36)	(44.56)	(0.34)	(14.61)	(68.94)	(34.42)	(0.04)	(15.02)
11	Present Value of DBO at the end of the year	972.33	458.12	6.87	153.11	880.50	432.79	6.56	140.56

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2021	As at 31st March, 2020
		(₹ in Crores)	(₹ in Crores)
	– Pension	170.07	136.51
	– Gratuity	76.60	65.99

Notes to the Consolidated Financial Statements

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

VI	Change in Fair Value of Assets	For the year ended 31st March, 2021 (₹ in Crores)				For the year ended 31st March, 2020 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Plan Assets at the beginning of the year	816.49	400.49	—	—	808.56	380.63	—	—
2	Assets acquired in Business Combination	—	1.88	—	—	—	—	—	—
3	Interest Income	52.45	26.40	—	—	60.94	29.25	—	—
4	Re-measurement Gains/(Losses) on plan assets	42.53	4.68	—	—	(9.78)	0.94	—	—
5	Actual Group Contributions	28.73	47.34	—	—	26.00	24.06	—	—
6	Benefits Paid	(78.36)	(44.56)	—	—	(68.94)	(34.39)	—	—
7	Effects of transfer in/(out)	(0.06)	—	—	—	(0.29)	—	—	—
8	Plan Assets at the end of the year	861.78	436.23	—	—	816.49	400.49	—	—

VII	Actuarial Assumptions	As at 31st March, 2021	As at 31st March, 2020
		Discount Rate (%)	Discount Rate (%)
		1	Pension	6.25	6.25
2	Gratuity	6.25	6.25
3	Leave Encashment	6.25	6.25

The estimates of future salary increases, generally between 4% to 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, 2021	As at 31st March, 2020
1	Government Securities/Special Deposit with RBI	23.83%	25.44%
2	High Quality Corporate Bonds	11.31%	14.80%
3	Insurer/Citizen Investment Trust Managed Funds*	53.90%	47.45%
4	Mutual Funds	3.49%	2.19%
5	Cash and Cash Equivalents	5.67%	7.60%
6	Term Deposits	1.80%	2.52%

* 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.

	For the year ended 31st March, 2021 (₹ in Crores)				For the year ended 31st March, 2020 (₹ in Crores)			
	Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
	Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
X Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)								
1 Present Value of Defined Benefit Obligation	972.33	458.12	6.87	153.11	880.50	432.79	6.56	140.56
2 Fair Value of Plan Assets	861.78	436.23	–	–	816.49	400.49	–	–
3 Status [Surplus/(Deficit)]	(110.55)	(21.89)	(6.87)	(153.11)	(64.01)	(32.30)	(6.56)	(140.56)
4 Experience Adjustment of Plan Assets [Gain/(Loss)]	42.53	4.68	–	–	(9.78)	0.94	–	–
5 Experience Adjustment of obligation [(Gain)/Loss]	66.69	(0.53)	(0.59)	4.27	(9.99)	(5.76)	(0.68)	(0.34)

XI Sensitivity Analysis

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

(₹ in Crores)

	DBO as at 31st March, 2021	DBO as at 31st March, 2020
1 Discount Rate + 100 basis points	1499.80	1373.77
2 Discount Rate – 100 basis points	1693.18	1558.76
3 Salary Increase Rate + 1%	1681.41	1547.94
4 Salary Increase Rate – 1%	1508.45	1381.68

Maturity Analysis of the Benefit Payments

1 Year 1	260.86	215.38
2 Year 2	195.32	198.67
3 Year 3	128.97	139.39
4 Year 4	132.06	115.94
5 Year 5	153.69	115.52
6 Next 5 Years	485.30	499.77

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 24:- ₹ 180.73 Crores (2020 - ₹ 187.86 Crores).

Notes to the Consolidated Financial Statements

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

(vii) 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	92.04%	55864.77	92.00%	12313.65	119.01%	246.25	92.41%	12559.90	
Subsidiaries									
Indian									
1	Russell Credit Limited	1.28%	776.29	0.37%	49.47	17.84%	36.91	0.64%	86.38
2	Greenacre Holdings Limited	0.10%	61.23	0.03%	3.71	...	0.01	0.03%	3.72
3	Wimco Limited	0.01%	3.19	(0.02%)	(2.38)	...	...	(0.02%)	(2.38)
4	Prag Agro Farm Limited	...	1.03	...	(0.03)	–	–	...	(0.03)
5	Pavan Poplar Limited	...	0.37	...	0.09	...	...	...	0.09
6	Technico Agri Sciences Limited	0.14%	87.34	0.54%	72.92	...	...	0.54%	72.92
7	Srinivasa Resorts Limited	0.10%	61.58	(0.04%)	(5.72)	0.02%	0.05	(0.04%)	(5.67)
8	Fortune Park Hotels Limited	0.03%	20.53	(0.05%)	(6.28)	...	(0.01)	(0.05%)	(6.29)
9	Bay Islands Hotels Limited	0.03%	18.78	0.01%	0.77	–	–	0.01%	0.77
10	ITC Infotech India Limited	0.97%	591.26	3.16%	423.34	1.67%	3.45	3.14%	426.79
11	Gold Flake Corporation Limited	0.04%	24.11	...	0.55	...	...	...	0.55
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	0.40%	240.83	0.03%	3.80	0.02%	0.04	0.03%	3.84
15	North East Nutrients Private Limited	0.15%	89.61	0.05%	6.89	...	0.01	0.05%	6.90
16	ITC IndiVision Limited	0.08%	49.09	(0.01%)	(1.05)	—	—	(0.01%)	(1.05)
17	Sunrise Sheetgrah Private Limited	0.01%	5.35	...	0.17	—	—	...	0.17
18	Hobbits International Foods Private Limited	0.01%	7.86	...	(0.13)	—	—	...	(0.13)
Foreign									
1	Technico Pty Limited	0.07%	43.42	0.03%	4.04	3.76%	7.77	0.09%	11.81
2	Technico Technologies Inc.	...	1.78	...	0.03	—	—	...	0.03
3	Technico Asia Holdings Pty Limited	—	—	—	—	—	—	—	—
4	Technico Horticultural (Kunming) Co. Limited	0.03%	16.55	0.03%	3.93	—	—	0.03%	3.93
5	WelcomHotels Lanka (Private) Limited	2.60%	1579.31	(0.35%)	(47.47)	(42.83%)	(88.61)	(1.00%)	(136.08)
6	ITC Infotech Limited	0.15%	89.06	0.07%	8.78	—	—	0.06%	8.78
7	ITC Infotech (USA), Inc.	0.30%	184.08	0.14%	19.03	—	—	0.14%	19.03
8	Indivate Inc.	...	0.70	...	0.16	—	—	...	0.16
9	Surya Nepal Private Limited	0.43%	261.44	2.39%	319.83	(0.19%)	(0.40)	2.35%	319.43
Non-Controlling Interest in all subsidiaries		0.57%	346.81	1.66%	221.69	(0.12%)	(0.25)	1.63%	221.44

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	0.11%	64.19	(0.16%)	(22.06)	0.01%	0.03	(0.16%)	(22.03)
2	Gujarat Hotels Limited	0.03%	17.02	0.01%	1.04	—	—	0.01%	1.04
3	Russell Investments Limited	0.04%	22.53	...	0.65	0.80%	1.65	0.02%	2.30
4	Divya Management Limited	0.01%	7.48	...	0.06	...	...	...	0.06
5	Antrang Finance Limited	0.01%	4.92	...	0.03	...	...	...	0.03
6	ATC Limited	0.01%	6.92	...	0.11	(0.05%)	(0.11)	—	—
7	Delectable Technologies Private Limited	0.01%	3.56	...	(0.19)	—	—	...	(0.19)
Joint Ventures									
Indian									
1	ITC Essentra Limited	0.15%	89.76	0.14%	18.11	0.06%	0.12	0.13%	18.23
2	Maharaja Heritage Resorts Limited	...	...	—	—	—	—	—	—
3	Espirit Hotels Private Limited	0.08%	46.17	...	...	—	—	...	...
4	Logix Developers Private Limited	—	—	(0.03%)	(4.67)	—	—	(0.03%)	(4.67)
Total		100%	60694.15	100%	13382.88	100%	206.91	100%	13589.79

(viii) The Company on 17th September, 2020 acquired, in the second tranche, 1964 Compulsorily Convertible Preference Shares of ₹ 10/- each of Delectable Technologies Private Limited (Delectable), consequent to which the Company's shareholding in Delectable aggregated 20.06% of its share capital on a fully diluted basis. Accordingly, Delectable has become an associate of the group and the investment is being measured using the Equity method.

(ix) The Company on 27th July, 2020, acquired, in an all cash deal, 100% of the equity share capital of Sunrise Foods Private Limited (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'. The Scheme of Amalgamation of Sunrise with the Company was sanctioned by the Hon'ble National Company Law Tribunal, Kolkata Bench, vide order dated 26th February, 2021 and became effective from 1st April, 2021, with the Appointed Date being 27th July, 2020.

Notes to the Consolidated Financial Statements

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

Further, pursuant to the amalgamation of Sunrise, its wholly owned subsidiaries viz., Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited, have become direct wholly owned subsidiaries of the Company with effect from the Appointed Date. Necessary petition for amalgamation of these subsidiaries with the Company is pending before the Hon'ble National Company Law Tribunal, Allahabad Bench.

The amalgamation has been accounted for using the acquisition method prescribed under Ind AS 103 – 'Business Combinations', and accordingly, the identifiable assets (both tangible and intangible) acquired and liabilities assumed are recorded at their acquisition date fair values as determined by an independent valuer. Excess of purchase consideration over the fair value of identified assets acquired and liabilities assumed has been recognised as Goodwill.

The total purchase consideration (including fair value of contingent consideration of ₹ 134.93 Crores) is ₹ 2340.10 Crores. The fair values of identifiable assets acquired and liabilities assumed on acquisition are as follows:

Particulars	₹ in Crores
Tangible assets	82.68
Right of use assets	9.99
Other intangible assets	1508.61
Trade receivables	28.32
Other assets (net)	133.30
Sub Total	1762.90
Goodwill [#]	577.20
Total	2340.10

[#] Goodwill is attributed to the potential of growing the brand nationally, assembled workforce, expected operating synergies etc. Goodwill has not been considered as a depreciable asset for income tax purpose.

As part of the acquisition, contingent consideration of an amount not exceeding ₹ 150.00 Crores (undiscounted value) is payable to the Sellers of Sunrise in two annual tranches on the business achieving mutually agreed operational and financial milestones. The fair value of contingent consideration as on 31st March, 2021 is ₹ 139.51 Crores.

The acquired business has contributed revenue of ₹ 495.05 Crores and profit of ₹ 81.45 Crores for the year ended 31st March, 2021.

(x) 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, the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Notes to the Consolidated Financial Statements

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

The amount of ROU 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 ₹ 394.05 Crores (2020 - ₹ 444.50 Crores) [including payments of ₹ 316.55 Crores (2020 - ₹ 367.23 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 0.40 Crore (2020 - ₹ 4.32 Crores)].

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 including interest thereon over the remaining lease term is as follows:

(₹ in Crores)

Term	2021	2020
Not later than three years	164.57	178.88
Later than three years and not later than ten years	127.19	118.88
Later than ten years and not later than twenty five years	123.06	125.18
Later than twenty five years and not later than fifty years	104.28	105.80
Later than fifty years	28.18	15.32

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. The Group 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:

(₹ in Crores)

Term	2021	2020
1 st year	90.92	98.94
2 nd year	16.67	90.23
3 rd year	0.57	17.69
4 th year	Nil	0.57
5 th year	Nil	Nil

Notes to the Consolidated Financial Statements

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

(xi) 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 (Adjusted for Bonus Shares issued in terms of Shareholders approval)	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	The vesting period for conversion of Options is as follows: <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	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined under the aforesaid Regulations.	
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 2020-21 is ₹ 26.66 Crores (2020 - ₹ 114.04 Crores), out of which ₹ 26.27 Crores (2020 - ₹ 113.00 Crores) relate to employee benefits expense, ₹ 0.20 Crore (2020 - ₹ 0.58 Crore) to property, plant and equipment and ₹ 0.19 Crore (2020 - ₹ 0.46 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 : ₹ 1,699.20 Weighted average fair value per Option : ₹ 253.87	

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			
11.	Option movements during the year :						
	a) Options outstanding at the beginning of the year :	3,85,880		3,41,94,663			
	b) Options granted during the year :	1,19,650		6,18,250			
	c) Options cancelled and lapsed during the year :	34,942		44,40,910			
	d) Options vested and exercisable during the year (net of Options lapsed and exercised) :	40,647		25,44,818			
	e) Options exercised during the year :	58,000		16,03,299			
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year :	5,80,000		1,60,32,990			
	g) Options outstanding at the end of the year (a+b-c-e) :	4,12,588		2,87,68,704			
	h) Options exercisable at the end of the year :	2,92,938		2,75,56,418			
	i) Money realised by exercise of the Options during the year (₹ in Crores) :	9.65		281.00			
12.	Summary of the status of Options:						
	Particulars	As at 31st March, 2021		As at 31st March, 2020			
		No. of Options	Weighted Average Exercise Prices (₹)	No. of Options	Weighted Average Exercise Prices (₹)		
	Outstanding at the beginning of the year :	3,45,80,543	2364.54	3,81,90,906	2321.75		
	Add: Granted during the year :	7,37,900	1699.20	4,60,950	2510.50		
	Less: Lapsed during the year :	44,75,852	2236.28	7,11,349	2540.29		
	Less: Exercised during the year :	16,61,299	1749.52	33,59,964	1861.02		
	Outstanding at the end of the year :	2,91,81,292	2402.40	3,45,80,543	2364.54		
	Options exercisable at the end of the year :	2,78,49,356	2416.25	3,12,75,682	2316.88		
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, 2021, was ₹ 198.13 (2020 - ₹ 258.84). 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, 2021			As at 31st March, 2020		
		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 :	4,12,588	1698.00 – 2885.50	3.45	3,85,880	1663.00 – 2885.50	2.45
	ITC Employee Stock Option Scheme - 2010 :	2,87,68,704	1698.00 – 2885.50	2.12	3,41,94,663	1663.00 – 2885.50	2.59

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 fair value of each Option is estimated using the Black Scholes Option Pricing model. Weighted average exercise price per Option : ₹ 1,699.20 Weighted average fair value per Option : ₹ 253.87	
	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	5.19%
		(ii) Expected life	4.60 years
		(iii) Expected volatility	24.48%
		(iv) Expected dividends	5.81%
		(v) The price of the underlying shares in market at the time of Option grant (One Option = 10 Ordinary Shares)	₹ 1,699.20
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.	

(xii) 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, 2021 is 52,96,190 (2020- 55,33,730) and the weighted average fair value at measurement date is ₹ 162.39 (2020 – ₹ 67.08) 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 2020-21 is ₹ 30.85 Crores [2020 - ₹ (10.60) Crores]; out of which, ₹ 30.50 Crores [2020 - ₹ (10.52) Crores] relate to employee benefits expense (Refer Note 24), ₹ 0.07 Crore (2020 - Nil) to property, plant and equipment and ₹ 0.29 Crore [2020 - ₹ (0.08) Crore] for group entities. The amount carried in the Balance Sheet as a non-current financial liability is ₹ 34.33 Crores (2020 - ₹ 8.01 Crores) and as current financial liability is ₹ 4.25 Crores (2020 - ₹ 0.06 Crore) (Refer Note 17B).

(xiii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 357.80 Crores (2020 - ₹ 329.11 Crores) comprising employee benefits expenses of ₹ 14.96 Crores (2020 - ₹ 9.69 Crores) and other expenses of ₹ 342.84 Crores (2020 - ₹ 319.42 Crores), of which ₹ 11.94 Crores (2020 - ₹ 26.66 Crores) is accrued for payment as on 31st March, 2021. Such CSR expenditure of ₹ 357.80 Crores (2020 - ₹ 329.11 Crores) excludes ₹ 5.72 Crores (2020 - ₹ 11.83 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) Amendment Rules, 2021 as applicable to individual entities.

(xiv) The financial statements were approved for issue by the Board of Directors on 1st June, 2021.

Notes to the Consolidated Financial Statements

29. Segment reporting

(₹ in Crores)

	2021			2020		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	22557.32	–	22557.32	23679.13	–	23679.13
FMCG - Others	14737.06	19.82	14756.88	12843.99	31.09	12875.08
FMCG - Total	37294.38	19.82	37314.20	36523.12	31.09	36554.21
Hotels	659.76	4.11	663.87	1911.59	14.85	1926.44
Agri Business	8001.87	4880.81	12882.68	5912.54	4541.33	10453.87
Paperboards, Paper and Packaging	4549.83	1068.72	5618.55	4498.98	1608.20	6107.18
Others	2329.31	64.59	2393.90	2122.27	80.50	2202.77
Segment Total	52835.15	6038.05	58873.20	50968.50	6275.97	57244.47
Eliminations			(6038.05)			(6275.97)
Gross Revenue from sale of products and services			52835.15			50968.50
2. Segment Results						
FMCG - Cigarettes			13498.36			15838.46
FMCG - Others			837.99			424.94
FMCG - Total			14336.35			16263.40
Hotels			(563.87)			154.00
Agri Business			918.24			829.74
Paperboards, Paper and Packaging			1098.68			1305.33
Others			558.69			290.95
Segment Total			16348.09			18843.42
Eliminations			44.76			(37.54)
Consolidated Total			16392.85			18805.88
Unallocated corporate expenses net of unallocated income			852.32			1097.36
Profit before interest etc. and taxation			15540.53			17708.52
Finance Costs			44.58			54.68
Interest earned on loans and deposits, income from current and non current investments, profit and loss on sale of investments etc. - Net			2449.14			2504.62
Share of net profit of associates & joint ventures			(6.92)			8.22
Exceptional items			–			(132.11)
Profit before tax			17938.17			20034.57
Tax expense			4555.29			4441.79
Profit for the year			13382.88			15592.78
3. Other Information						
			2021		2020	
			Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
FMCG - Cigarettes			7257.60	4624.33	7483.78	4148.85
FMCG - Others			11517.32	2523.00	8809.78	2122.96
FMCG - Total			18774.92	7147.33	16293.56	6271.81
Hotels			7544.39	731.34	7563.12	830.17
Agri Business			5375.51	1053.09	4333.55	972.06
Paperboards, Paper and Packaging			7237.93	1080.24	6816.90	764.12
Others			1629.47	395.40	1601.91	375.72
Segment Total			40562.22	10407.40	36609.04	9213.88
Unallocated Corporate Assets/Liabilities			33257.08	2717.75	40758.00	2502.43
Total			73819.30	13125.15	77367.04	11716.31

Notes to the Consolidated Financial Statements

29. Segment reporting (Contd.)

(₹ in Crores)

	2021		2020	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	98.90	299.09	138.91	312.37
FMCG - Others	478.42	491.95	859.85	497.68
FMCG - Total	577.32	791.04	998.76	810.05
Hotels	409.54	271.03	857.36	267.17
Agri Business	58.18	77.10	57.74	74.35
Paperboards, Paper and Packaging	775.40	359.81	247.86	357.51
Others	14.84	32.04	142.94	26.80
Segment Total	1835.28	1531.02	2304.66	1535.88
Unallocated	78.01	114.57	326.27	109.03
Total	1913.29	1645.59	2630.93	1644.91

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	21.87	10.97
FMCG - Others	57.26	47.54
FMCG - Total	79.13	58.51
Hotels	6.94	12.28
Agri Business	0.06	0.03
Paperboards, Paper and Packaging	38.25	13.40
Others	2.33	19.24
Segment Total	126.71	103.46

GEOGRAPHICAL INFORMATION

	2021	2020
1. Revenue from external customers		
– Within India	43650.26	43867.67
– Outside India	9184.89	7100.83
Total	52835.15	50968.50
2. Non Current Assets		
– Within India	27343.35	25244.45
– Outside India	1294.94	1225.01
Total	28638.29	26469.46

NOTES :

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

FMCG	: Cigarettes	– Cigarettes, Cigars etc.
	: Others	– Branded Packaged Foods Businesses (Staples & 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 soya, spices, coffee and leaf tobacco.
Others		– Information Technology services, Branded Residences etc.
- The Group companies have been included in segment classification as follows:

FMCG	: Cigarettes	– Surya Nepal Private Limited.
	: Others	– Surya Nepal Private Limited, North East Nutrients Private Limited, Hobbits International Foods Private Limited and Sunrise Sheetgrah 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 (Kunming) 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.
- The geographical information considered for disclosure are :

	– Sales within India.
	– Sales outside India.
- Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- As stock options 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.
- 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) Divya Management Limited
- c) Antrang Finance Limited
- d) ATC Limited
- e) International Travel House Limited
- f) Delectable Technologies Private Limited (w.e.f. 17.09.2020)
– being associates of the Group
- g) Tobacco Manufacturers (India) Limited, UK
– of which the Company is an associate

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) 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
A. Duggal#	Non-Executive Director
A. Jerath\$	Non-Executive Director
S. B. Mathur#	Non-Executive Director
A. Nayak#	Non-Executive Director
N. Rao#	Non-Executive Director
A. K. Seth#	Non-Executive Director
M. Shankar#	Non-Executive Director
D. R. Simpson	Non-Executive Director

Independent Directors

* ceased as Chief Financial Officer w.e.f. 05.09.2020

\$ resigned as Non-Executive Director w.e.f. 01.05.2021

Chief Financial Officer

S. Dutta (w.e.f. 05.09.2020)

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

B. Sumant

R. Tandon

S. K. Singh

S. Sivakumar

S. Dutta (w.e.f. 05.09.2020)

H. Malik (w.e.f. 05.09.2020)

A. Rajput (w.e.f. 05.09.2020)

S. Rangrass (w.e.f. 24.09.2020)

C. Dar (upto 23.09.2020)

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) Greenacre Holdings Limited Provident Fund
- n) 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 31.03.2021

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	1. Sale of Goods/Services	2.88	3.14	34.04	25.70							36.92	28.84
2. Purchase of Goods/Services	64.53	139.41	229.81	242.98							294.34	382.39
3. Sale of Property, Plant and Equipment							0.18					0.18
4. Value of Share Based Payment												
Reimbursement for Share Based Payments	0.39	0.29	0.09	0.09							0.48	0.38
5. Rent Received	0.79	1.08									0.79	1.08
6. Rent Paid*	1.17	4.42			0.58	0.31	0.32	0.32			2.07	5.05
7. Remuneration of Managers on Deputation reimbursed	6.00	6.28									6.00	6.28
8. Remuneration of Managers on Deputation recovered	6.23	5.56	1.29	1.06							7.52	6.62
9. Contribution to Employees' Benefit Plans									98.34	98.34	128.67	98.34
10. Dividend Income	0.43	1.59	6.75	6.75							7.18	8.34
11. Dividend Payments	4512.20	1712.55			5.51	0.69					4517.71	1713.24
12. Expenses Recovered	0.17	0.22	0.20	0.21			...				0.37	0.43
13. Expenses Reimbursed	0.23	0.27		0.01	0.02	0.04					0.25	0.32
14. Advances Given during the year	0.06	0.68									0.06	0.68
15. Adjustment/Receipt towards Refund of Advances	0.11	1.12									0.11	1.12
16. Deposits Given during the year							0.05	0.05				0.10
17. Deposits Refunded during the year	0.02	-									0.02	-
18. Remuneration to Key Management Personnel (KMP) ¹												
18A. - Short term benefits					49.64	42.28					49.64	42.28
18B. - Other remuneration					8.96	7.82					8.96	7.82
18C. - Share based payment granted ²												
19. Outstanding Balances[#]												
i) Receivables	1.42	3.35	11.13	7.98							12.55	11.33
ii) Advances Given	...	0.05							3.85		3.85	0.05
iii) Deposits Given ³					0.08	0.07	0.07	0.07			0.15	0.14
iv) Deposits Taken	0.61	0.63									0.61	0.63
v) Payables	6.21	7.73	20.98	8.49					130.53	90.67	157.72	106.89
20. Impairment of investment in Joint Venture as at the year end				4.67								4.67

* 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) Regulations, 2014). The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since such Stock Options and ESAR Units are 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. However, in accordance with Ind AS -102, the Group has recorded employee benefits expense by way of share based payments to employees at ₹ 56.77 Crores for the year ended 31st March, 2021 (2020 - ₹ 102.48 Crores), of which ₹ 27.71 Crores (2020 - ₹ 45.33 Crores) is attributable to Executive Directors and KMPs.

³ Outstanding deposit balances includes deposit with KMP which are existing on the date of being appointed as KMP.

Note: Transactions with subsidiaries of TMI's [Tobacco Manufacturers (India) Limited] ultimate parent company comprise Sale of goods/services ₹ 927.15 Crores (2020 - ₹ 813.24 Crores), Dividend payments ₹ 983.82 Crores (2020 - ₹ 381.05 Crores), Others ₹ 28.58 Crores (2020 - ₹ 27.33 Crores).

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		2021	2020
1. Sale of Goods / Services			
	International Travel House Limited	2.79	3.02
	ITC Essentra Limited	34.03	25.68
2. Purchase of Goods / Services			
	International Travel House Limited	37.66	110.07
	ITC Essentra Limited	229.76	242.84
3. Sale of Property, Plant and Equipment			
	K.S. Suresh (related party up to 08.06.2019)	-	0.11
	R. K. Singhi	-	0.07
4. Value of Share Based Payment			
	<i>Reimbursement for Share Based Payments</i>		
	International Travel House Limited	0.30	0.12
	ITC Essentra Limited	0.05	0.06
	ATC Limited	0.09	0.17
5. Rent Received			
	International Travel House Limited	0.78	1.08
6. Rent Paid			
	Gujarat Hotels Limited	1.17	4.42
	N. Anand	0.27	0.14
	T. Anand	0.27	0.14
7. Remuneration of Managers on Deputation reimbursed			
	Gujarat Hotels Limited	6.00	6.28
8. Remuneration of Managers on Deputation recovered			
	International Travel House Limited	2.99	2.59
	ATC Limited	2.54	2.30
	Gujarat Hotels Limited	0.70	0.67
	ITC Essentra Limited	0.78	0.73
9. Contribution to Employees' Benefit Plans			
	IATC Provident Fund	51.66	36.14
	ITC Defined Contribution Pension Fund	-	15.96
	ITC Pension Fund	28.77	22.14
	ITC Management Staff Gratuity Fund	25.42	7.91
	ITC Employees Gratuity Fund	12.56	12.58

RELATED PARTY TRANSACTIONS SUMMARY		2021	2020
10. Dividend Income			
	International Travel House Limited	-	0.98
	ITC Essentra Limited	6.75	6.75
11. Dividend Payments			
	Tobacco Manufacturers (India) Limited, UK	4512.20	1712.55
12. Expenses Recovered			
	International Travel House Limited	0.17	0.22
	Maharaja Heritage Resorts Limited	0.20	0.20
13. Expenses Reimbursed			
	Gujarat Hotels Limited	0.23	0.25
14. Advances Given during the year			
	International Travel House Limited	0.06	0.68
15. Adjustment/Receipt towards Refund of Advances			
	International Travel House Limited	0.11	1.12
16. Deposits Given during the year			
	N. Anand	-	0.05
	T. Anand	-	0.05
17. Deposits Refunded during the year			
	International Travel House Limited	0.02	-
18. Remuneration to Key Management Personnel (KMP)[#]			
	<i>Short term benefits</i>		
	S. Puri	13.12	10.29
	N. Anand	6.58	5.65
	R. Tandon	6.05	4.92
	B. Sumant	6.06	4.95
	Y.C. Deveshwar (related party up to 11.05.2019)	-	5.12
	<i>Other Remuneration</i>		
	S. Banerjee	0.93	0.81
	H. Bhargava	0.92	0.80
	A. Duggal	0.91	0.78
	S. B. Mathur	0.91	0.80
	A. Nayak	0.91	0.41
	M. Shankar	0.91	0.81

RELATED PARTY TRANSACTIONS SUMMARY		2021	2020
19. Outstanding Balances			
	<i>Receivables</i>		
	Maharaja Heritage Resorts Limited	2.73	2.30
	International Travel House Limited	0.78	2.83
	ITC Essentra Limited	8.39	5.69
	<i>Advances Given</i>		
	International Travel House Limited	...	0.05
	Employee Trust - Pension Funds	2.75	-
	Employee Trust - Gratuity Funds	1.10	-
	<i>Deposits Given</i>		
	N. Anand	0.05	0.05
	T. Anand	0.05	0.05
	R. Tandon	0.03	0.03
	N. Singhi	0.03	0.03
	<i>Deposits Taken</i>		
	International Travel House Limited	0.61	0.63
	<i>Payables</i>		
	ITC Essentra Limited	20.98	8.49
	Employee Trust - Pension Funds	110.69	60.69
	Employee Trust - Gratuity Funds	19.83	29.97
20. Impairment of investment in Joint Venture as at the year end			
	Logix Developers Private Limited	-	4.67

[#] 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 ₹ 27.71 Crores (2020 - ₹ 45.33 Crores) is attributable to Executive Directors & KMPs: S. Puri ₹ 10.21 Crores (2020 - ₹ 13.60 Crores), N. Anand ₹ 3.57 Crores (2020 - ₹ 8.14 Crores), B. Sumant ₹ 4.13 Crores (2020 - ₹ 3.49 Crores), R. Tandon ₹ 4.62 Crores (2020 - ₹ 7.40 Crores), S. Dutta ₹ 0.22 Crore (2020 - Nil), R. K. Singhi ₹ 0.86 Crore (2020 - ₹ 1.20 Crores).

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 accruals and aims at maintaining a strong capital base to support the future growth of its businesses.

During the year, the Group issued 1,66,12,990 ordinary shares of ₹ 1.00 each amounting to ₹ 1.66 Crores (2020 – ₹ 3.36 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 9582.81 Crores as at 31st March, 2021 (2020 – 9182.66 Crores).

B. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	13	290.42	290.42	650.35	650.35
ii) Other bank balances	14	4368.60	4368.60	6626.99	6626.99
iii) Investment in Bonds/ Debentures & Government or Trust Securities	4, 11	9497.32	10009.75	9673.89	9898.82
iv) Loans	5	7.54	6.51	11.60	10.24
v) Trade receivables	12	2501.70	2501.70	2562.48	2562.48
vi) Other financial assets	6	1458.38	1410.06	2418.84	2391.01
Sub-total		18123.96	18587.04	21944.15	22139.89
b) Measured at Fair value through OCI					
i) Equity shares	4	982.46	982.46	637.19	637.19
Sub-total		982.46	982.46	637.19	637.19
c) Measured at Fair value through Profit or Loss					
i) Investment in Mutual Funds	4, 11	12702.46	12702.46	14797.96	14797.96
ii) Investment in Bonds/ Debentures, Certificate of Deposits	11	1391.04	1391.04	3258.46	3258.46
iii) Investments in Venture Capital Fund	4	35.04	35.04	27.41	27.41
iv) Investments in Equity & Preference Shares	4	–	–	1.88	1.88
Sub-total		14128.54	14128.54	18085.71	18085.71
d) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	6	9.63	9.63	3.19	3.19
ii) Derivative instruments designated as hedging instruments	6	12.88	12.88	12.16	12.16
Sub-total		22.51	22.51	15.35	15.35
Total financial assets		33257.47	33720.55	40682.40	40878.14

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Note	As at 31st March, 2021		As at 31st March, 2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value
B. Financial liabilities					
a) Measured at amortised cost					
i) Cash credit facilities & loans	16, 20	4.18	4.18	1.69	1.65
ii) Sales tax deferment loans	16, 17B	5.63	3.69	7.89	5.49
iii) Trade payables		4318.73	4318.73	3629.83	3629.83
iv) Lease liabilities	17A	261.02	261.02	267.87	267.87
v) Other financial liabilities	17B	1614.05	1590.80	1467.76	1449.06
Sub-total		6203.61	6178.42	5375.04	5353.90
b) Measured at fair value					
i) Derivative instruments not designated as hedging instruments	17B	2.43	2.43	16.98	16.98
ii) Derivative instruments designated as hedging instruments	17B	19.01	19.01	35.75	35.75
iii) Contingent Consideration	17B	139.51	139.51	–	–
Sub-total		160.95	160.95	52.73	52.73
Total financial liabilities		6364.56	6339.37	5427.77	5406.63

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 ₹ 34991.99 Crores (2020 - ₹ 39505.35 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 19505.35 Crores (2020 - ₹ 25225.67 Crores) against an aggregate Current liabilities of ₹ 10689.68 Crores (2020 - ₹ 9559.77 Crores). Other Non-current liabilities due between one year to three years amounted to ₹ 176.03 Crores (2020 - ₹ 23.40 Crores) and Other Non-current liabilities due after three years amounted to ₹ 113.05 Crores (2020 - ₹ 110.37 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 28 (x).

Further, while the Group's total equity stands at ₹ 60694.15 Crores (2020 - ₹ 65650.73 Crores), it has non-current borrowings of ₹ 5.58 Crores (2020 - ₹ 5.90 Crores). In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Group is not an active investor in equity markets; it 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, 2021 is ₹ 982.46 Crores (2020 - ₹ 637.19 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 fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

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

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

Foreign currency risk

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

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

(₹ in Crores)

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
As at 31st March, 2020	USD	Euro	GBP	JPY	Others	Total
Financial Assets	777.28	79.16	108.28	1.05	78.21	1043.98
Financial Liabilities	177.68	24.97	29.44	75.21	30.48	337.78

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

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

(In Million)

Designated under Hedge Accounting		As at 31st March, 2021		As at 31st March, 2020	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	45.61	66.01	38.98	119.14
Euro	US Dollar	29.27	–	21.93	–
AUD	US Dollar	0.08	–	0.08	–
CHF	US Dollar	0.02	–	0.03	–
GBP	US Dollar	0.01	–	0.01	–
SEK	US Dollar	4.09	–	4.09	–
SGD	US Dollar	0.04	–	0.04	–
JPY	US Dollar	829.68	–	1182.41	–

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, 2021		As at 31st March, 2020	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	200.02	2.61	78.13
Euro	US Dollar	–	10.72	2.51	3.24
AUD	US Dollar	0.03	0.50	0.07	0.30
CAD	US Dollar	–	–	–	1.57
SGD	US Dollar	0.32	–	0.10	–
CHF	US Dollar	0.22	–	0.50	–
GBP	US Dollar	–	6.00	–	5.08
SEK	US Dollar	0.40	–	–	–
KWD	US Dollar	0.13	0.41	–	0.71
JPY	US Dollar	58.40	–	39.60	–
HKD	US Dollar	–	–	0.65	–
USD	Nepalese Rupee	3.75	0.12	1.83	0.19
Euro	Nepalese Rupee	0.34	–	1.36	–
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	–	–	–	3.00

Hedges of foreign currency risk and derivative financial instruments

Each entity comprising the Group manages its own currency risk. Within the Group, derivative instruments are largely entered into by the Company. The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant. The Company uses derivatives to hedge its exposure to 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, usually for large transactions, as a cash flow hedge under hedge accounting, with the objective of shielding the exposure from variability in cash flows. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

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

Particulars	(₹ in Crores)	
	2021	2020
At the beginning of the year	(24.33)	(8.30)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	34.47	(14.08)
Add: Changes in fair value of effective portion of outstanding cash flow hedges	7.02	(23.32)
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	6.51	...
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	0.86	0.14
Less: Amounts transferred to initial cost of non-financial assets	(4.99)	(17.77)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on ineffectiveness	-	-
(Less)/Add: Deferred tax	(9.85)	3.73
At the end of the year	4.93	(24.33)
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	2.53	(1.36)

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	(₹ in Crores)	
	As at 31st March, 2021	As at 31st March, 2020
Within one year	3.86	(20.81)
Between one and three years	1.07	(3.52)
Total	4.93	(24.33)

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, 2021 would decrease/increase by ₹ 10.69 Crores (2020 - ₹ 6.99 Crores) and other equity as at 31st March, 2021 would decrease/increase by ₹ 10.29 Crores (2020 - ₹ 11.41 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 fixed deposits with highly rated banks and companies; bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. As these counter parties are Government institutions / public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Group's investments that are held at amortised cost stood at ₹ 14252.66 Crores (2020 - ₹ 17599.41 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 ₹ 2501.70 Crores (2020 – ₹ 2562.48 Crores).

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

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	187.77	171.04
Add: Provisions made (net)	61.14	34.30
Less: Utilisation for impairment/de-recognition	9.75	18.70
Effects of foreign exchange fluctuation	(0.11)	1.13
Closing Balance	239.05	187.77

D. Fair value measurement

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

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2021	As at 31st March, 2020
A. Financial assets			
a) Measured at amortised cost			
i) Investment in Bonds/Debentures & Government or Trust Securities	2	10009.75	9898.82
ii) Loans*	3	3.04	3.91
iii) Other Financial assets*	3	53.55	587.81
Sub-total		10066.34	10490.54
b) Measured at Fair value through OCI			
i) Equity shares – Quoted	1	969.37	624.08
Sub-total		969.37	624.08
c) Measured at Fair value through Profit or Loss			
i) Investment in Mutual Funds	1	12702.46	14797.96
ii) Investment in Bonds/ Debentures, Certificate of Deposits	2	1391.04	3258.46
iii) Investments in Venture Capital Fund	2	35.04	27.41
iv) Investments in Equity & Preference shares	3	–	1.88
Sub-total		14128.54	18085.71
d) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	9.63	3.19
ii) Derivative instruments designated as hedging instrument	2	12.88	12.16
Sub-total		22.51	15.35
Total financial assets		25186.76	29215.68

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2021	As at 31st March, 2020
B. Financial liabilities			
a) Measured at amortised cost			
i) Sales tax deferment loans*	3	3.34	3.23
ii) Other Financial liabilities*	3	193.41	109.16
iii) Lease Liabilities*	3	206.96	204.00
iv) Loans*	3	0.25	0.23
Sub-total		403.96	316.62
b) Measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	2.43	16.98
ii) Derivative instruments designated as hedging instruments	2	19.01	35.75
iii) Contingent Consideration	3	139.51	–
Sub-total		160.95	52.73
Total financial liabilities		564.91	369.35

*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	Chairman & Managing Director
R. TANDON	Director
S. DUTTA	Chief Financial Officer
R. K. SINGHI	Company Secretary

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, 2021, 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, 2021, 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, 2021. 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	Auditor's Response
Revenue recognition	
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>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	Auditor's Response
<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.
<i>Litigations – Contingencies</i>	
<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(iv)(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, 2020 to evaluate whether any change was required in the management's position on these contingencies as at March 31, 2021. ● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.

Key audit matters	Auditor's Response
Acquisition of Sunrise Foods Private Limited and its two wholly owned subsidiaries	
<p>The Company acquired 100% of the equity share capital of Sunrise Foods Private Limited ('SFPL') and its two wholly owned subsidiaries, Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited on July 27, 2020 for a purchase consideration of Rs. 2,340 Crores. Subsequently, SFPL merged with the Company during the year w.e.f. July 27, 2020. The purchase consideration was allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of Rs. 577 Crores as on the date of acquisition.</p> <p>Considering the involvement of significant judgements and assumptions in fair value measurements and purchase price allocations including the magnitude of the acquisition made, this is considered as a key audit matter.</p> <p>Refer Note 28(ix) to the Consolidated Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Read the share purchase agreement, the scheme approved by the National Company Law Tribunal and other related documents to obtain an understanding of the transactions and the key terms and conditions. ● Assessed whether the accounting treatment is in accordance with Ind AS 103. ● Obtained and read the valuation reports for Purchase price allocation from independent valuer. Engaged our specialist and evaluated the appropriateness of methodology, key assumptions such as discount and long-term growth rate, risk free rate of return and weighted average cost of capital considered in determining the valuation of intangible assets, including resultant Goodwill. ● Tested the valuation for arithmetical accuracy. ● Assessed the competence, capabilities and relevant experience of the experts engaged by the management to determine fair valuation of assets and liabilities acquired. ● Assessed disclosures in financial statements in respect to acquisition in accordance with the accounting standards.

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

Independent Auditor's Report

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 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.
- 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, 2021 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 nineteen subsidiaries, whose Ind AS financial statements include total assets of ₹ 3,405.35 crores as at March 31, 2021, and total revenues of ₹ 2,376.29 crores and net cash inflows of ₹ 10.05 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 loss of ₹ 6.92 crores for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements, in respect

Independent Auditor's Report

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.

Report on Other Legal and Regulatory Requirements

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, 2021 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, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness 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, refer to our separate Report in "Annexure" 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, 2021 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(iv)(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, 2021;
- 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, 2021.

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: June 01, 2021

UDIN: 21041870AAAABA2698

Annexure 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, 2021, 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, 2021, 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 nine 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: 21041870AAAABA2698

Place of Signature: Mumbai
Date: June 01, 2021

Ten Years at a Glance

Standalone Operating Results FY12 - FY21

(₹ in Crores)

Year ended 31st March	FY12	FY13	FY14	FY15	FY16 [§]	FY17 [§]	FY18 [§]	FY19 [§]	FY20 [§]	FY21 [§]
Gross Sales Value (net of rebates & discounts) #	39353	47755	53889	57799	60196	64174	67082	75309	76097	74979
Gross Revenue from sale of products & services #	34872	41810	46713	49965	51582	55002	43957	45221	46324	48151
Total Income #	36046	43044	48176	51932	53714	57434	46460	48269	49821	51776
PBDIT	9674	11566	13562	15017	15484	16564	17671	19790	20918	18773
Depreciation & amortization	699	795	900	962	1001	1038	1145	1312	1563	1562
PBIT	8975	10771	12662	14055	14483	15526	16526	18478	19355	17211
PBT	8898	10684	12659	13998	14434	15503	16439	18444	19299	17164
Exceptional items							413		(132)	
PBT after Exceptional Items	8898	10684	12659	13998	14434	15503	16852	18444	19167	17164
Tax	2736	3266	3874	4390	5106	5302	5628	5980	4031	4133
PAT	6162	7418	8785	9608	9328	10201	11223	12464	15136	13032
Interim + Proposed Dividends *	4089	4853	5583	6030	8233	6945	7577	8498	12477	13230
- Ordinary Dividend	4089	4853	5583	6030	6296	6945	7577	8498	12477	13230
- Special Dividend					1937					
Earnings Per Share **										
Actual (₹)	7.88	9.39	11.05	11.99	11.59	8.40	9.20	10.17	12.31	10.59
Adjusted (₹) @	5.25	6.26	7.36	7.99	7.73	8.40	9.20	10.17	12.31	10.59
Dividend Per Share **										
Actual - Ordinary (₹)	4.50	5.25	6.00	6.25	6.50	4.75	5.15	5.75	10.15	10.75
Actual - Special (₹)					2.00					
Adjusted - Ordinary (₹) @	3.00	3.50	4.00	4.17	4.33	4.75	5.15	5.75	10.15	10.75
Adjusted - Special (₹) @					1.33					

§ FY16 to FY21 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 FY 2020-21 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 FY12 - FY21

(₹ in Crores)

As at 31st March	FY12	FY13	FY14	FY15	FY16 [§]	FY17 [§]	FY18 [§]	FY19 [§]	FY20 [§]	FY21 [§]
Equity										
Share capital	782	790	795	802	805	1215	1220	1226	1229	1231
Other equity	18010	21498	25467	29934	40851	44126	50180	56724	62800	57774
Shareholders' funds (Net Worth)	18792	22288	26262	30736	41656	45341	51400	57950	64029	59005
Non-current liabilities										
Borrowings	77	66	51	39	26	18	11	8	6	5
Deferred tax liabilities (Net)	873	1204	1297	1632	1867	1872	1918	2044	1618	1728
Non-current liabilities (others) [^]	120	129	115	108	127	155	195	174	493	669
Current liabilities										
Borrowings	2	...	...	...	4	...	...	...	...	...
Proposed dividend (including tax)	4089	4853	5583	6030						
Current liabilities (others) [^]	5035	5477	5921	5651	6351	6830	8857	9622	9089	10174
Total Equity and Liabilities	28988	34017	39229	44196	50031	54216	62381	69798	75235	71581
Non-current assets										
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use asset [^]	11376	12697	14309	16293	16430	18417	20592	21888	23298	25508
Non-current investments	1953	2001	2512	2442	6853	8486	13494	14071	13456	12950
Non-current assets (others)	1196	1728	1480	1506	3515	2776	3792	4269	1974	1306
Current assets										
Current investments	4363	5059	6311	5964	6471	10100	9903	12507	17175	14047
Cash and cash equivalents and Other bank balances	2819	3615	3289	7589	5639	2747	2595	3769	6843	4002
Current assets (others)	7281	8917	11328	10402	11123	11690	12005	13294	12489	13768
Total Assets	28988	34017	39229	44196	50031	54216	62381	69798	75235	71581
Net Worth Per Share (₹) *	16.02	18.80	22.01	25.56	34.51	37.33	42.12	47.27	52.09	47.94

§ FY16 to FY21 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 :

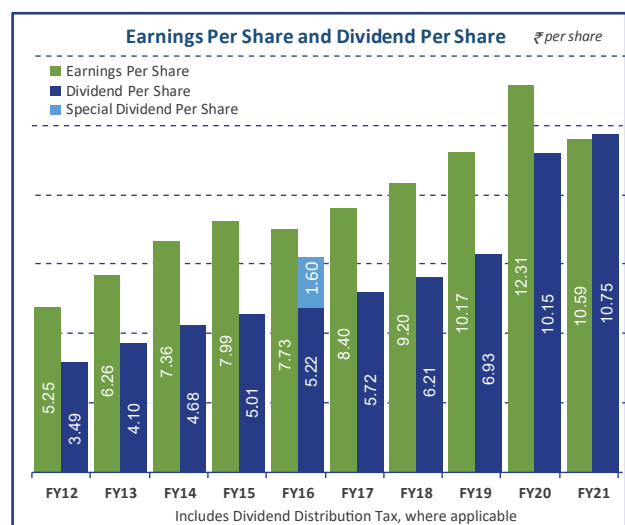
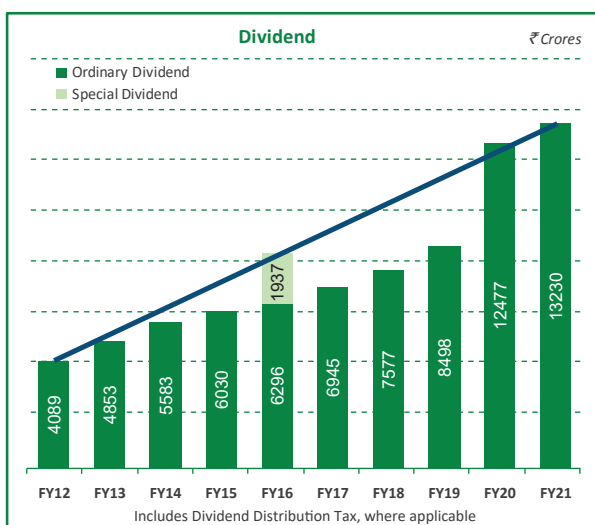
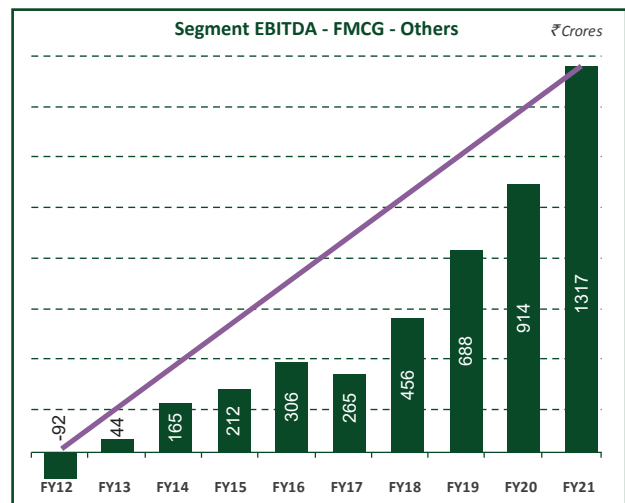
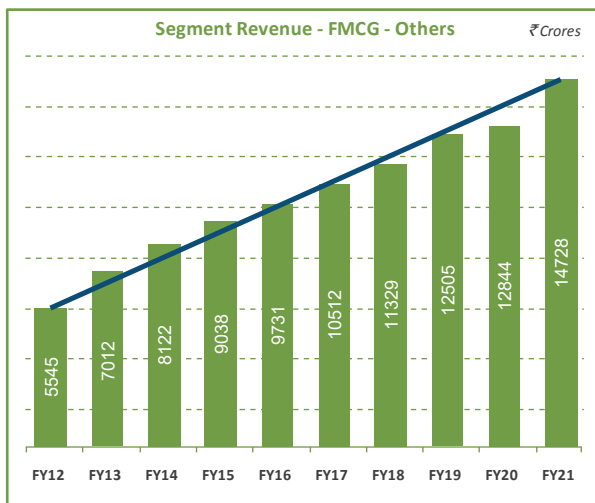
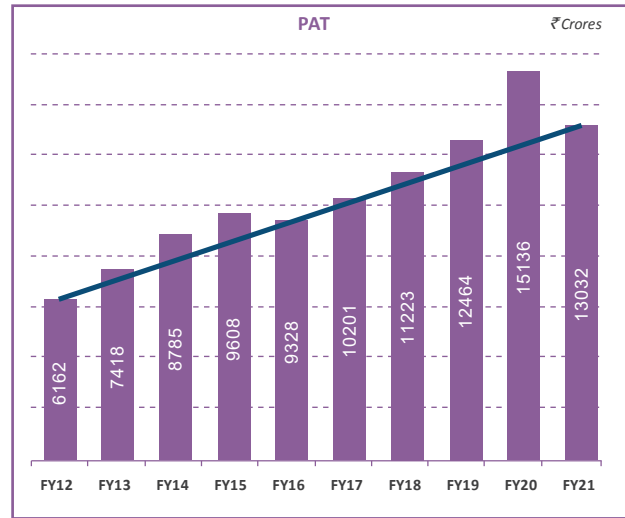
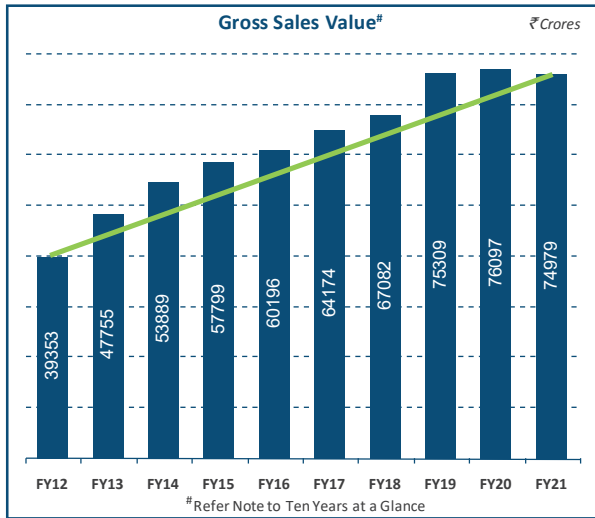
FY17 - 1:2 Bonus Issue (₹ 403 Crores).

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".



Financial Highlights



Notes:

These graphs depict the standalone financial position

- Financials for FY2020-21 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 FY21 as per Ind AS; previous GAAP for earlier years.



Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2021, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company also publishes annually, a comprehensive Sustainability Report based on the Global Reporting Initiative (GRI) Standards, and an Integrated Report based on the International <IR> Framework developed by the International Integrated Reporting Council (IIRC).

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies, ITC Code of Conduct and the Sustainability Report are available on the Company's website — www.itcportal.com.

General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071
4.	Website:	www.itcportal.com
5.	E-mail ID:	enduringvalue@itc.in
6.	Financial Year reported:	2020-21
7.	Key products/services:	
	Businesses	Products/Services
	FMCG:	Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy and Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Personal Care Products; Education and Stationery Products; Safety Matches and Agarbattis; Apparel; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging including flexibles.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities are undertaken by the Company:	The Company's businesses and operations are spread across the country. Details of plant locations, including hotels owned/operated by the Company, are provided in the section 'Shareholder Information' in the Report and Accounts.
9.	Markets served by the Company:	The Company's products and services are available nationally and several products are exported.
10.	Subsidiary companies and their Business Responsibility initiatives:	The Company has 27 subsidiaries*, including 9 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to the information and expertise residing with the parent company.

*Necessary petition for amalgamation of two subsidiaries, i.e., Messrs. Sunrise Sheetgrah Private Limited and Hobbits International Foods Private Limited, with the Company is pending before the National Company Law Tribunal, Allahabad Bench.

Financial Details

1.	Paid up Capital (As on 31.03.2021):	₹ 1,230.88 crores
2.	Total Turnover:	₹ 48,151.24 crores
3.	Total profit after taxes:	₹ 13,031.64 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 353.46 crores
	As percentage of Profit after taxes:	2.71%

List of CSR activities in which expenditure has been incurred:

Areas listed under Schedule VII to the Companies Act, 2013		ITC's interventions (including through Trusts established by the Company)
(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water and Eradication of Poverty
(ii)	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled, and livelihood enhancement projects.	Education, Vocational Training, Livestock Development and Livelihood Promotion
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of River Ganga.	Environment Sustainability, Soil & Moisture Conservation and Social Forestry
(v)	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture
(vi)	Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.	Contribution to PM CARES Fund
(vii)	Rural Development Projects.	Agri Development
(viii)	Disaster Management, including relief, rehabilitation and reconstruction activities.	Disaster Relief



Commitment to Sustainable and Inclusive Growth



ITC's sustainability initiatives are driven by the belief that an organisation needs to serve a larger societal purpose keeping national priorities in focus. The Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has orchestrated a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. The Triple Bottom Line approach is driven by the Company's deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. Concerted efforts, over several years, have supported sustainable livelihoods for over 6 million people, many of whom represent the most disadvantaged in society. The broad-based execution of the Triple Bottom Line approach has helped build a responsible business ecosystem, that from an environmental resource perspective, seeks to replenish more than what it consumes.

The Company's pioneering work in empowering rural India is a global exemplar. The Company has also spearheaded several initiatives towards achieving new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy that encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across its operations. ITC is the only company of comparable dimensions in the world to be carbon positive for 16 years, water positive for 19 years and solid waste recycling positive for 14 years. The Company's commitment to environmental stewardship is reflected in its role of pioneering the Green Building movement in India. 33 ITC buildings are Platinum Certified by USGBC/IGBC. All of ITC's premium luxury hotels are also LEED® Platinum Certified, thereby giving meaning and impetus to ITC Hotel Business' credo of 'Responsible Luxury'. Despite an expanding footprint of operations across the country, over 41% of ITC's energy requirements were met from renewable energy – biomass, wind and solar being the sources.

The Company has been a pioneer and frontrunner in sustainability performance for more than two decades. It has undertaken multi-dimensional and large-scale initiatives that contribute to its leadership in Environmental, Social and Governance (ESG) issues. During the year, ITC 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.

The Company is continuously working on all fronts focusing on well-defined targets and goals to sustain and strengthen its leadership in ESG performance. The Company's superior ESG performance has also been acknowledged by leading analysts and brokerage firms. ITC was recently adjudged the 'Best Governed Company' at The Institute of Company Secretaries of India (ICSI) National Awards for Excellence in Corporate Governance, 2020, in the Listed Segment: Large Category.

A total of ₹182 crores were spent by ITC and its Trusts on COVID-19 related relief and assistance. Cash contributions were made to the PM CARES Fund and to 17 state governments and various NGOs engaged in direct relief work with migrant workers. In addition, direct action by the Company included distribution of dry rations, cooked food and personal hygiene products to district authorities, other Government bodies and NGOs of 25 states.

Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting (BRR) framework. The context of the BRR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.

Reporting on Sustainability Initiatives

For the past 17 years, the Company has been publishing Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2020 was prepared meeting the criteria of "In Accordance – Comprehensive" level of the Global Reporting Initiative (GRI) Standards and was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 18th Sustainability Report covering the sustainability performance of the Company for the financial year ended 31st March 2021 and prepared in accordance with the GRI Standards, will be available shortly. The Company has also released its 4th Integrated Report in line with the requirements of the International <IR> Framework developed by the International Integrated Reporting Council (IIRC) for the financial year 2020-21. In addition, the Report and Accounts 2021 of the Company provides a review of the Company's Triple Bottom Line performance.



Business Responsibility Report (BRR) Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BRR	Page	Details in ITC Sustainability Report
(i)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	V	√
(ii)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Sustainability of Products & Services across Life-cycle	VI	√
(iii)	Businesses should promote the well-being of all employees	Employee Well-being	VIII	√
(iv)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	XI	√
(v)	Businesses should respect and promote human rights	Human Rights	XI	√
(vi)	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	XII	√
(vii)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Responsible Advocacy	XIII	√
(viii)	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIV	√
(ix)	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	XVI	√



Core Values and Policies & Guidelines

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders. ITC's Core Values encompass the principles of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation. Please check the following link for details:

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb2>

Corporate Governance at ITC

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb4>

ITC Code of Conduct and Policies are available on the Company's corporate website www.itcportal.com. Please check the following links for details:

ITC's Code of Conduct

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

ITC's Sustainability Policies

<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>

ITC's CSR Policy

<https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

ITC's Food Products Policy

<https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx>

ITC's E-Waste Policy

<https://www.itcportal.com/about-itc/policies/itc-it-e-waste-policy.aspx>



Principle 1: Corporate Governance for Ethics, Transparency and Accountability

A Board approved policy provides the framework for ITC's corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment & accountability, and control. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. For superior Triple Bottom Line performance, ITC's Governance processes must ensure that sustainability principles are embedded in business strategies and execution plans.

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

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

Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services.

The three-tier governance structure ensures that:

- Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors (the Board) with objectivity, thereby sharpening accountability of management;
- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

For more details on ITC's governance structure, please refer to the 'Report on Corporate Governance', forming part of the Report and Accounts 2021.

Strategic Supervision of Business Responsibility Practices

The role of the CSR and Sustainability Committee of the Board 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, and formulates & monitors the CSR Policy. The Committee also reviews the annual CSR Action Plan and the Business Responsibility Report of the Company, and recommends the same to the Board for approval.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five 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 Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee (CMC), presently comprises seven senior members of management, with its Chairman being a member of the CMC. The role of the Committee, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC.

During the year, four meetings of the SCRC were held to review the sustainability performance of the Company.



Principle 2: Sustainability of Products & Services across Life-cycle

The Company's strategic intent to create enduring value was initiated by investing in new engines of growth. This initiative was powered by ITC's proven capabilities in R&D, innovation and technology. An array of institutional strengths, such as, garnering of deep consumer insights, building strong and sustainable consumer brands, deployment of trade marketing and distribution infrastructure, expertise in quality and world-class manufacturing processes have driven ITC's diversification engine. Besides this, strong rural linkage and agri sourcing, culinary expertise of hotels, in-house packaging excellence and focus on human resource development and deployment have imparted unique advantages to the new businesses.

The Company endeavours to embed the principles of sustainability into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and management of post-consumer packaging waste. The Board approved Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' provide further details on the Company's approach in this respect. The Company has also embedded 'Distance to Market' as a key business metric in order to encourage an increasingly sustainable business footprint.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been improving its resource use efficiencies, especially that of natural resources such as water and fossil fuels. Life-cycle Assessment studies have been carried out for some of the Company's products for identifying additional opportunities to reduce environmental impact across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company's concerted efforts in optimising resource use efficiency, for instance, are evident across businesses. The Paperboards and Specialty Papers Division (PSPD), which is the most resource-intensive business within the Company has achieved continuous improvements in energy and water usage. Today PSPD is considered the most efficient in the sector. In 2020-21, ITC has the unique distinction of being the only company in the Indian pulp and paper sector to have achieved the highest "Platinum plus" rating in the CII GreenCo rating system for its Bhadrachalam Unit. The Kovai Unit has retained its Platinum rating.



Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® certification at the highest Platinum level for its premium luxury hotels. Embodying the ethos of Responsible Luxury, ITC Hotels, the world's largest chain of hotels with the maximum number of LEED® Platinum Certified Properties has been accorded yet another distinction by the USGBC (United States Green Building Council), making ITC Windsor, Bengaluru, the first hotel in the world to achieve the LEED® Zero Carbon Certification. Several of the Company's factories, Hotels and office complexes have received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from US Green Building Council (USGBC) and Bureau of Energy Efficiency's (BEE) star ratings. In order to continually reduce the Company's environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.

Sustainable Consumption

The Company has crafted extensive strategies towards ensuring sustainable consumption of energy, water and other resources in its businesses. The Company is an acknowledged leader in low-carbon operations as well as in resource usage efficiency which has been achieved by continuously reducing specific energy consumption, investing in additional renewable energy sources, afforestation and recycling internal and post-consumer waste. In 2020-21, the specific water intake (water withdrawn per unit of paper) at Bhadrachalam, which is the largest manufacturing unit of the Company's Paperboards and Specialty Papers Division (PSPD), was 42% better than the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.



The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions which have enabled optimisation of energy and water usage. Besides this, the LEED® Platinum certification for the luxury hotels of the Company makes ITC Hotels a trailblazer in green hoteliering.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste. Performance monitoring of each unit is carried out at regular intervals. The Company is also working towards establishing scalable, replicable and sustainable models for post-consumer solid waste management based on circular economy principles. The Company advocates segregation of waste at source. This enables economically beneficial conversion of waste to energy or products whilst reducing the load on landfills. If this model is replicated across the country, it could transform the lives of millions of rag pickers and waste handlers who eke out a living mining waste at landfills.

Beyond Boundaries

Vendors and service providers including outsourced manufacturing establishments are encouraged to adopt management practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. The Foods Business has a robust food safety management system to effectively meet the stringent requirements related to food safety, quality processes and hygiene. 82 out of 88 manufacturing locations (including outsourced manufacturing units) which accounted for more than 97% of ITC Foods Division's total production volume in 2020-21, are certified as per recognised standards like FSSC 22000/ISO 22000/Hazard Analysis and Critical Control Point (HACCP). Certification of the remaining six newly commissioned units is planned in 2021-22. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, the Board approved Policies on 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches, and Education & Stationery Products. These partnerships have significantly enhanced survival and competitiveness of a number of units in these sectors.

Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services across its diversified business portfolio. For example, factories are located to optimise logistics. Besides this, ITC has made significant investments in implementing integrated soil and moisture conservation programme in catchment areas of locations from where wheat is sourced to ensure sustained water availability to the farmers. The Board approved Policy of 'Responsible Sourcing' encourages resource efficiency in the supply chain, together with the 'Code of Conduct for Vendors and Service Providers', which provides guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India is accentuated by inadequate access to knowledge and information, especially that involving price discovery, quality agricultural inputs and markets, the Company has devised unique models for farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company promotes large-scale afforestation through its Social Forestry Programmes. Customised extension services, knowledge of silvicultural practices and biodiversity conservation enrich the farmers' capacity whilst augmenting natural capital. Though the Company stands as a willing buyer of wood from the plantations under its Social Forestry Programme, the farmers are free to transact at will and sell to whoever they choose.



Principle 3: Employee Well-being

ITC's approach to Human Resources is based on the premise that committed, and capable employees are the foundation of vitality in a business enterprise. At ITC, employee well-being is approached holistically to include health and safety, skills and capabilities, learning and growth opportunities, an engaging work environment, and a sense of community. Specific elements of the Company's Human Resource policies and systems are directed by the management approach articulated in the Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', amongst others. These Policies provide a strong framework to Human Resources systems and practices, and are supplemented by ITC's relational contract, which is founded on trust, empowerment, and accountability.

Diversity and Equal Opportunity

ITC believes that diversity at the workplace fosters and enhances the overall quality of decision making, and problem solving, helps bring different perspectives to issues at work and therefore enhances the quality of discourse within the Company. The Company's Policy in this regard provides for equal opportunities to all employees based on merit. It ensures a work environment free from any form of discrimination amongst employees – whether based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. In FY 2020-21, the Company employed 26,118 number of employees, out of which 2,561 were female employees. ITC continues to employ differently abled employees in its Hotels Division. It continues to create awareness in this area through comprehensive systems and processes to guide industry action. Last year, ITC employed 46 differently-abled employees.

Enabling a Gender Friendly Workplace

ITC is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent, stop and redress sexual harassment at the workplace and institute good employment practices. Mechanisms are in place to ensure that issues such as sexual harassment at workplace, if any, are effectively addressed. ITC encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct.

Internal Committees have been constituted, in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in all ITC units to inquire into complaints and recommend appropriate action, wherever required. Members of the Internal Committees are encouraged to undergo a programme to comprehend the provisions and intent of the Act and their role as Committee Members. ITC demands, demonstrates and promotes professional behaviour and respectful treatment of all employees. To sensitise employees and enhance awareness, it has ensured that all employees undergo training through a specially designed module on prevention of sexual harassment at the workplace. During the year, 2 complaints of sexual harassment were received out of which 1 has been resolved and 1 is in the process of resolution. All cases pertaining to previous years stand resolved.

Good Labour Practices

Board-approved Sustainability Policies continue to guide the Company's strong commitment to good labour practices across its business operations. In 2020-21, approximately 23,000 employees from 1,399 service providers were engaged across ITC. All service providers have signed in and committed themselves to ITC's Code of Conduct for Vendors and Service Providers, which details labour practices expected of them. The Company had no cases of child or forced labour in 2020-21. The Company believes in Freedom of Association and in its Policy, outlines the intent to respect the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by Management. The said policy ensures that employees are not discriminated against when exercising this freedom in a manner, which is lawful and consistent with ITC's core values. During the year, 10,490 employees of the Company were members of unions. There were no cases of violation of norms related to freedom of association during the year. The Company has been recipient of awards demonstrating its ethos to encourage good labour practices. The ITC PSPD Bhadrachalam team was declared the National Winner for its Outstanding Industrial Relations and Practices by the All India Organisation of Employers (AIOE), an allied body of the Federation of Indian Chambers of Commerce & Industry (FICCI). The ITC-PPB Haridwar Unit was awarded the "Best employee welfare company" by the State Industrial Development Corporation of Uttarakhand Limited (SIDCUL) Manufacturer's Association.



Employee Engagement

At ITC, employees actively participate in sharing feedback and conversations to enhance the workplace climate. ITC concluded the 3rd edition of companywide iEngage Survey, which captures employee perceptions and views on various workplace dimensions. 95% of the employees said that they were proud to work at ITC, a score that is amongst the highest globally.

Furthermore, Action Plans were drawn around key themes such as Alignment, Growth & Development, Recognition, Team Work & Collaboration, Performance Management and Employee Experience. ITC Hotels has been certified as a Great Place to Work in FY 2020-21, an important milestone in the Division's engagement journey and a recognition of its workplace culture.

Several of the initiatives identified are a result of employee suggestions and discussions with their managers. The thrust on leadership communication continued with several editions of 'StudioOne Townhall' led by the Chairman. This was supplemented by a more personalised engagement through the 'StudioOne Xchange' initiative, which commenced during the year. The Chairman & Members of the Corporate Management Committee interacted with managers from across Divisions in small groups, sharing ITC's vision, broad strategies and inviting suggestions.

Recognition plays an important role in encouraging employees to make discretionary contributions. Various platforms and forums are available internally to acknowledge exceptional performance and desired behaviours. The 'Reimagine Next', an organisation-wide innovation contest was launched, inviting suggestions from employees about new business models as well as our products and processes. Over 3,100 managers participated, generating over 2,000 ideas, of which several are in the pilot stage of evaluation.

In the pursuit of strengthening its competitive vitality throughout the portfolio of businesses, ITC has made significant improvements in recent years in building Digital Capacity. The current situation has further reinforced the efficacy of the digital

capabilities, as the pandemic sharply accelerated the adoption of digital platforms and technologies. It is in this context that the 'Young Digital Innovators Lab' has been constituted, comprising of select managers, drawn from ITC's Businesses. The role of the Digital Innovators is to benchmark ITC's digital assets against the best-in-class, suggest opportunities for adoption and improvement, and propose deployment of digital technologies to enhance the competitiveness of our various Businesses. The Young Digital Innovators act as mentors to the Digital Council. The Council will ideate, seed, sponsor high impact digital interventions and harness the power of synergy for cross-fertilisation of ideas. Both these forums in combination are expected to serve as fertile ground for ideation, exploration and harvesting of the full potential of digital at ITC.

Enabling Employee Well-being

ITC's employees have access to benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees, retirement benefits, and employee counselling programmes among others. As part of our commitment to prevent occupational diseases and accidents, the Company enhances awareness through various initiatives, ensures good ergonomics and safe practices at all ITC workspaces. ITC's factories and several offices have a health centre and resident Doctor. Regular sports and recreational activities are organised at all units to promote physical wellness amongst employees and their families. In our endeavour to create awareness and guide employees to a healthy lifestyle, sessions on stress management and wellness plans, preventive healthcare, diet and nutrition, and parenting were organised across locations. Businesses are increasingly deploying initiatives to meet specific life stage needs of employees by generating awareness and aiding them navigate these changes. The approach has been holistic, with key pillars being physical, mental and spiritual wellness. Several interventions under the 'Wellbeing on the Web' series covering a variety of programmes promoting employee welfare have been conducted round the year.

Business Responsibility Report

Several ITC employees have participated in ITC's Social Investments Programmes in the catchment areas of their Business Unit. In several ITC Units, employees volunteer their time and skills to help bring meaningful change in the communities they live in, which is being enabled through 'ConnectFor', an online service aggregator that provides touch points with various non-profit organisations across India.

Learning and Development

Employee capability building has been a key lever of competitive advantage for ITC. It also resonates with the Company's human resource philosophy of enabling employees to realise their full potential through suitable developmental opportunities. The Company has a well laid-out Development Planning System anchored on the principle of ensuring equitable opportunity for all employees to actualise their potential. Critical competencies aligned to business imperatives, individual development needs emanating from career conversations and succession planning discussions, and the foundational knowledge and skills required across the organisation are combined together to frame the annual capability building plan.

ITC focuses on building platform competencies, leadership development and instilling organisational reputation & pride to strengthen our competitive advantage. Detailed learning curricula are designed, delivered through leading global faculty and supplemented with application projects. The curricula are delivered through a blend of self-paced programmes, instructor led workshops, mentorship and on-the-job training.

The platform competency programmes include the Business Planning Workshops, Business Strategy, Digital Marketing, and Analytics and Data Sciences. The Business Planning Workshop was conducted to equip participants with tools and templates of developing strategy in pursuit of ensuring profitable growth of our businesses. A programme on Value Creation through relevant Corporate Finance Strategies was crafted to enable business leaders develop a holistic understanding of strategies of inorganic growth. A combination of these two interventions, together with a focused and bespoke engagement between the Division leadership teams and faculty helped strengthen the competency of crafting Business Strategy. A two-pronged approach was adopted to strengthen the capabilities in Marketing, specially in the Digital context. The Marketing Compass programme was organised to refresh knowledge in foundational marketing areas such as Insights, Brands, Consumer Communication, Innovation and Execution. The intervention on Digital Marketing programme comprised of an extensive online self-paced programme and immersive instructor led workshops. These programmes were designed in partnership with globally renowned agencies and covered a large section of managers in the Marketing function. Interventions such as the Business Leadership Programme, were designed and delivered in collaboration with IIM Bangalore to strengthen the leadership capabilities amongst managers with high potential for future Business leadership roles.

Regular induction programmes were organised for various talent segments to build an appreciation of ITC's culture, awareness of various businesses, sources of competitive advantage and synergy, thereby instilling a sense of pride amongst the participants.

COVID-19 Response

The COVID-19 pandemic and the consequent lockdown posed a formidable challenge to the Company's operations and the well-being of its employees. Recognising the seriousness of the threat, the Company stands committed to providing best-in-class medicare and support to employees and their families. The Company had put in place stringent safety protocols in the early stages of the pandemic, and also established Central and Business Contingency management teams, tasked with developing and ensuring risk mitigation measures, employee well-being and business contingency plans, provision and coordination of employee support, assistance to local communities and coordination with local regulatory authorities and health care providers.

Extensive communication and training on safety protocols were carried out, and employees and the extended workforce were provided with protective equipment. Extensive IT enablement for a productive 'work from home' and relevant internet reimbursement policy have been put in place. Office presence was restricted to bare minimum and only under exceptional circumstances. Similarly, elaborate measures have been taken to ensure employee safety in ITC residential complexes and COVID-19 awareness camps and webinars with doctors organised on an ongoing basis for employees and their family members.

Business units continue to ensure comprehensive compliance with all COVID-19 risk mitigation measures and support to employees and families. Apart from the full coverage of medical expenses of employees and immediate family members, ITC has also extended a loan facility to employees to support medical treatment of family members who may not be otherwise covered under the company medical policy. Medical insurance coverage has also been extended to the company supply chain partners. Additionally, ITC set-up dedicated COVID-19 care centres, helplines managed by company personnel for emergency support such as testing, provision of oxygen concentrators, telemedicine support, home care kits, hospitalisation support and organised dedicated camps for vaccination of employees, family members, service providers and supply chain partners, at Company's expense.

The criticality of Vaccination and continuous Sanitisation, Masking and Social Distancing is being reinforced through frequent communication.





Principle 4: Stakeholder Engagement



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.

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 organisation as well as its stakeholders.
- b) **Completeness** – Understanding key concerns of stakeholders and their expectations.
- c) **Responsiveness** – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have stood the test of time.

The Company, for its social development projects, organises meetings with the local administration and State Governments to seek their participation and involvement. Their expert advice and counsel are also sought for the planned interventions.



Principle 5: Human Rights

The Company has Policies on Human Rights which are applicable to all its employees and value chains. 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 specifically with respect to Human Rights and decent work place.

The Company has in place a 'Code of Conduct for Vendors and Service Providers' across Businesses. They have voluntarily accepted and adopted the Company's 'Code of Conduct for Vendors and Service Providers', which requires compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services. The Company has facilitated training workshops for more than 150 supply chain partners to educate, and create

shared awareness on human rights and decent labour practices till date and the Company will continue to support more such workshops to strengthen awareness on human rights and decent labour practices. Going forward, systems will be put in place for coordinated efforts towards continual improvement in working conditions.

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. The Company has received 265 grievances under the system, of which 229 have been resolved and the rest are in the process of resolution. With a view to building awareness and educating employees on the Company's Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct, IT enabled programmes continue to be rolled out across Businesses.



Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive since many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Board approved Policies on 'Life-cycle Sustainability', 'Environment, Health and Safety' and 'Responsible Sourcing' provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across our businesses, integrated soil and water conservation programmes and creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

As a signatory of the Paris Climate Treaty, India has committed to deliver on its nationally determined targets of reducing emission intensity by 33-35%, increasing the share of non-fossil-based electricity to 40%, and creating additional carbon sinks of 2.5-3 billion tonnes of CO₂ by 2030. ITC's strategic efforts to manage its carbon footprint contribute to the above national objectives. ITC remains committed to continue reducing its emission intensity, achieving a 50% share of renewable energy in its total energy mix and to enhancing its carbon sequestering potential through social and farm forestry initiatives.

The Company publicly reports on its Greenhouse Gas inventory in line with the ISO 14064 Standard, assured at the highest 'Reasonable Level' as per the ISAE 3410 Standard, by a third-party assurance provider.

Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 14 years, the Company has been consistently recycling over 98% of solid waste generated by its units and during the year, the recycling level reached 99.8%. In addition, over 79,000 MT of externally sourced post-consumer waste paper was used as raw material during the year, thereby enabling the Company to achieve a positive solid waste recycling footprint.

The Company has developed and implemented models for sustainable management of post-consumer packaging waste. In 2020-21, ITC through its flagship programmes under Mission Sunehra Kal and 'Well Being Out of Waste (WOW)' sustainably managed more than 78,000 tonnes of dry waste. During the year, the Company also managed more than 31,000 tonnes of post-consumer plastic waste, which is more than double of last year's collections despite the pandemic challenges.

ITC aims to go beyond the requirements of Plastic Waste Management Rules, 2016 to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable. The Company is working towards optimising packaging and reduce packaging intensity in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste.

Water Stewardship

The Company has undertaken several water conservations and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices and rainwater harvesting both within the Company's premises and in the catchment areas of its operations. These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company's units have achieved reduction in their specific water intake and maximised reuse of treated effluents.

Carrying forward the extensive work on integrated watershed management, the Company adopted the water stewardship approach to achieve water security for its stakeholders within the defined catchment areas of units located in high water stress areas. Interventions are based on comprehensive studies of water use at the catchment level, hydro-geological studies and stakeholder engagements. Specific interventions to help improve both water usage efficiency and enhance water supply through holistic run-off management programmes are then implemented at the catchment level. The Company will progressively cover more units under this initiative in the years to come.

In 2019-20, PSPD Kovai earned a unique distinction of being the only facility in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification – the highest global recognition for water stewardship. It therefore, became the second facility worldwide to receive the Platinum level certification and the only facility worldwide to receive such a recognition for water stewardship activities carried out at the catchment level.

Cleaner Production Methods, Use of Energy Efficient and Environment Friendly Technologies

The Company is a pioneer in the Green Buildings movement. ITC Windsor's best practices on carbon management has resulted in it being credited with the defining distinction of becoming the first Hotel in the World to be LEED® Zero Carbon certified in 2020-21.

In 2004, the ITC Green Centre at Gurugram was awarded the Platinum Green Building rating by USGBC-LEED®, making it the largest Platinum rated building in the world at that point in time. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai is amongst the world's largest LEED® Platinum certified green hotels. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (LEED® Platinum certified) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC. 33 buildings of the Company have achieved Platinum certification by USGBC/IGBC.

The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/paperboards in India and taken further steps towards cleaner production by introducing 'Ozone bleaching' technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as plasma filters, electrostatic precipitators etc. Its units monitor significant air emission parameters such as Particulate Matter (PM), Nitrogen Oxides (NO_x) and Sulphur Dioxide (SO₂), to ensure compliance with the applicable standards.

The Company has set up a task force to exploit digital technologies and Big Data to increase efficiencies and reduce the material intensity of its manufacturing and supply chain processes. Pilots have commenced and the early results seem promising. This effort is expected to gain significant momentum in the ensuing years.

Salesforce Automation Solutions on mobiles have been deployed for the frontline field-force, enabling efficiency & sharper execution capabilities. Sales managers are equipped with digital applications, with AI/ML (Artificial Intelligence & Machine Learning) & RPA (Robotic Process Automation) capabilities, providing analytical support to drive excellence in execution.

ITC has developed & implemented digital solutions for online ordering & engagement with the retailers, providing a personalised & omni-channel experience for the trade partners. Direct-to-home capability has been created in the form of ITC e-store, providing rich brand experience & online purchase options to consumers. ITC's one supply chain project covering ITC's total network in India has resulted in optimisation of all

routes including both supply and demand, thereby lowering total kilometers traversed by ITC's raw materials and products. Shipment through rail and sea routes have also helped reduce GHG emissions.

A beginning has also been made towards usage of electric vehicles by ITC's Trade Marketing & Distribution vertical. The initiative covers 5 metros and based on the encouraging initial results, the efforts are proposed to be scaled up.

Implementation of Environment, Health & Safety Management Systems

In pursuit of its EHS Policy commitments, the Company has established management systems certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. Contingency plans have been developed and implemented to prevent, mitigate and control environmental disasters.

An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability.

Furthermore, the Company continues to focus on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and drive behavioural change towards creation of a cohesive safety culture. Design thinking methodologies have been introduced to reinforce behavioural based safety initiatives which has resulted in significant positive changes. In 2020-21, 37,514 person-days of training were provided to employees on EHS related matters.

Detailed advisories have been issued for employees on how to safeguard themselves, their colleagues, associates, and their families both at the workplace as well as at their homes. In addition, operational protocols covering all ITC businesses on how to minimise infection possibilities at work place as well as in logistics have been issued and implemented across all units. The Company's Employees, Trade Partners, Transporters and their associates were all trained on these protocols making extensive use of online tools. Standard Operating Processes (SOPs) have been reworked to ensure compliance with these protocols and checklists have been devised on basis of which businesses verify compliance and provide systemic report backs.



Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry,

Associated Chambers of Commerce and Industry of India, and various other forums including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.



Principle 8: Supporting Inclusive Growth and Equitable Development

ITC's Strategic Stakeholders

In the social sector, the two most important stakeholders of ITC are:

- Rural communities with whom the Company's agri-businesses have forged long and enduring partnerships through crop development and procurement activities; and
- Communities residing in close proximity to our manufacturing units, situated in urban and semi-rural locations

The stakeholder communities primarily face the challenge of securing sustainable livelihoods, which is addressed through the Company's two-pronged approach:

Horizon 1: Making today's dominant source(s) of livelihoods sustainable; and

Horizon 2: Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).

Performance 2020-21

Coverage

The projects promoted under the Social Investments Programme were spread over 216 districts of 25 States/Union Territories.

Interventions

Horizon 1 - Making Today's Livelihoods Sustainable

- **Social Forestry (SF):** Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small holder farmers. In 2020-21, the programme greened 30,439 acres (cumulative 3,94,678 acres) in 17 districts of 8 States. Out of this, the area under agro-forestry and bund plantation was 21,485 acres. Including the Farm Forestry programme of the Paper Business, the total area greened is over 8.76 Lakh acres till March, 2021.

- **Water Stewardship:** The objective is to achieve (i) water security at the watershed level in factory catchments to achieve positive water balance; and (ii) drought proofing of agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. Implemented in 38 districts of 14 states, 97,549 acres (cumulative 12,31,251 acres) of watershed area was covered in 2020-21. 3,006 water harvesting structures (cumulative 21,991) were constructed during the year, creating 3.95 million cubic metres of fresh Rain Water Harvesting (RWH) potential in the year taking the total net RWH potential created by ITC till date to 41.95 million cubic metres. As part of

demand management, ITC works extensively for promoting agronomical practices and micro irrigation techniques that save water in cultivation and help farmers to improve their net returns. Practices promoted by ITC have been adopted by farmers in 3.02 Lakh acres till date in various crops such as paddy, wheat, sugarcane, onion, banana and coconut crops. These practices can potentially save around 208 million cubic metres in a year as per various studies.

- **Animal Husbandry:** 126 Cattle Development Centres, spread over 16 districts of 4 states, were functional during the year for rendering animal husbandry services to increase productivity of milch cattle and, thereby, household incomes. 1.08 Lakh artificial inseminations were conducted leading to live births of around 0.41 Lakh high yielding progenies.

- **Improved Agricultural Practices:** This initiative attempts to de-risk farmers from erratic weather events through the promotion of climate smart agriculture in order to stabilise farm incomes. During 2020-21, 8.81 Lakh acres of area was covered under sustainable agricultural practices. 5,969 Farmer Field Schools (FFS) and 2,253 Choupal Pradarshan Khets (CPKs) disseminated advanced agri-practices to farmers. 401 Agri Business Centres (ABCs) delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire.

ITC's partnership with NITI Aayog is spread over 27 aspirational districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh). During the year, 3.8 Lakh farmers were brought onto digital training platforms by forming 4,836 WhatsApp groups in around 5,000 villages. The total number of farmers trained to date in five seasons, since 2018, is 25 Lakhs. Data from Farmer Field Schools for two major crops – Paddy and Soyabean cultivated during Kharif 2020, highlights over 55% improvement in net income for both the crops.





● **Women's Economic Empowerment:** This initiative provided a range of gainful employment opportunities to poor women supported with capacity building and financial assistance by way of loans and grants. To date, 29,184 ultra-poor women in the core catchments have access to sustainable sources of income through on-farm and non-farm livelihood options. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was operational in 26 districts during the year. The programme covered more than 74,000 SHGs and 7.67 Lakh women cumulatively across 4,384 villages. Over 4.18 Lakh women of those trained have been linked to Government social security schemes.

Horizon 2 - Creating Future Capabilities

● **Education:** This programme provides children from weaker sections access to education with focus on improved learning outcomes. Operational in 26 districts of 13 states, during the year, the programme covered 0.33 Lakh children (cumulative 8.08 Lakh), while 263 Government primary schools and anganwadis were provided infrastructure support.

● **Vocational Training:** This programme provides training in market linked skills to youth to enable them to compete in the job market. 12,470 (cumulative 93,980) youth were enrolled under different courses during the year of whom 40% were female and 32% belonged to the SC/ST communities.

In addition, since the inception of ITC Culinary Skills Training Centre in Madhya Pradesh in 2014, 11 batches have successfully completed the six-month programme wherein cooking skills are imparted to the unskilled and under-privileged youth of the region. Currently 9 trainees are enrolled in the vocational skills programme, which commenced in March 2021.

● **Sanitation & Health:** 640 (cumulative 38,153) Individual Household Toilets (IHHTs) were constructed in 28 districts of 15 states towards making catchments open defecation free. In addition, 23 community toilets were constructed/renovated in West Bengal and Tamil Nadu in the year (cumulative 104). Along with sanitation infrastructure development, equal focus was given

on awareness campaigns to create demand and drive behavioural change.

Swasth India Mission drove a range of initiatives to aid and enable the war against COVID-19:

- Foot pedal operated hand sanitiser dispensers along with sanitiser liquid were installed in over 850 schools and 1,200 other places of public congregation
- Health & hygiene products, such as hand sanitisers and disinfectants, were distributed to over 1.65 Lakh doctors in over 3,600 hospitals across the country
- To support hygiene management during the Kumbh Festival, over 600 hand wash stations and over 135 hand sanitising stations were installed and are being filled on a continuous basis
- The "Mask hai Mazaak Nahin" campaign to encourage and instill mask etiquette, had a cumulative digital reach of 60 million
- The "no hand unwashed" campaign on the importance of continued hand washing as a means to stay safe, was deployed in partnership with the "Mouth & Foot Painters Association (MFPA)". The campaign had a cumulative digital reach of 370 million
- Nearly 2.2 Lakh beneficiaries, comprising women, adolescents and children, were covered under Mother and Child Health initiative. It aims to improve their health-nutrition status by strengthening institutional capacity, promoting greater convergence with existing Government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection

Additionally, 430 women Village Health Champions (VHCs) covered nearly 1.2 Lakh women, adolescent girls and school children on aspects like sanitation, menstrual and personal hygiene, family planning, and nutrition in seven districts of Uttar Pradesh and three districts of Madhya Pradesh.

To make hygienic and potable water available to local communities, 6 new Reverse Osmosis (RO) water purification plants (cumulative 148) were set up in Andhra Pradesh in 2020-21.

Business Responsibility Report

Solid Waste Management (SWM): ITC's waste recycling programme, 'Well Being Out of Waste (WOW)', helps in the creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, major towns of Telangana, Coimbatore, Chennai, Tirupur, Cochin, Muzaffarpur, Delhi and major districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 70,900 MT from 1,067 wards. The programme has covered over 38.26 Lakh households, 52 Lakh school children and around 2,040 corporates since its inception. It creates sustainable livelihood for over 16,900 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 the dry waste collected.

In addition to WOW, ITC's Solid Waste Management (SWM) programme deals with both wet and dry waste. It is spread over 17 districts of 11 states, covering 7.31 Lakh households and collected 41,645 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by over 95,000 households. In 2020-21, 26,916 MT of wet waste was composted

and 7,300 MT of dry waste recycled, and 18% of the total waste was sent to landfills.

Partnerships

ITC enters into Public Private Partnerships (PPPs), with Governments to enable rapid scale-up of programmes that have been piloted and tested in ITC's project locations. Till date, ITC has entered into 83 Public Private Partnerships with several state Governments and NABARD across thematic areas including Water Stewardship, Agriculture, Bio-Diversity, Solid Waste Management, Women Empowerment, Vocational Training and Education. Of the total, several are multi-district PPPs and 6 impact the whole state. A total of six PPPs were signed in 2020-21.

Over and above these PPPs, ITC has entered into technical and knowledge partnerships with National and International Organisations including CGIAR for Climate Smart Villages, International Union for Conservation of Nature (IUCN) for revival of key eco-system services provided by nature through biodiversity conservation measures, International Water Management Institute (IWMI) to develop templates for drought proofing agricultural catchments and achieving unit water security in factory catchments, and with Tamil Nadu Agricultural University and Vasant Dada Sugar Institute for water use efficiency in banana and sugarcane crops.



Principle 9: Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/consumers. The Company's overall approach on this vital aspect is guided by its Policy on 'Product Responsibility'.

Product Responsibility

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products, and the declared product shelf-life is determined based on independently validated studies.

Marketing Communication

All businesses of the Company comply with the regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling customers to make informed purchase decisions. The Company also makes

efforts to educate customers on responsible usage of its products and services.

In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and receive feedback on products so as to be able to continuously improve upon its products and services.



Responsiveness to Customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.



ITC Infotech



2020: A year of disruption, resilience and transformation

The year 2020 was overshadowed by the widespread impact on human health and economic activity caused by the COVID-19 global pandemic. During these challenging times, ITC Infotech focused on seamless delivery for its clients, while ensuring the continued well-being and safety of its employees, and driving operational excellence for predictable growth, in line with the company's strategic tenets of Client Centricity, Employee Centricity & Operational Excellence.

ITC Infotech delivered industry leading profitable growth in FY20-21, driven by focused execution of the Company's strategy, anchored around delivering business-friendly technology solutions backed by differentiated capabilities to clients in select industry verticals.

CLIENT CENTRICITY: **Close collaboration in the times of social distancing**

At the onset of the pandemic, ITC Infotech collaborated with clients with a focus on helping them navigate the pandemic with minimal disruption. The Company conducted a survey to

understand the business impact and key priorities of clients and the feedback received was used to design and develop offerings that were more closely aligned to the clients' priorities during these challenging times. ITC Infotech's clients were appreciative of the Company's proactive and transparent communication, which got manifested by an industry leading Customer Satisfaction Score (CSAT) that the Company secured in an independently conducted survey.

Investments in differentiated capabilities to enable business outcomes for clients:

The Company continued to invest in strengthening its differentiated capabilities, including horizontal offerings such as Automation and Digital Workplace, and industry vertical specific offerings such as Product Lifecycle Management (PLM), Manufacturing Execution Systems (MES), Digital Factory, Intelligent Planning and Digital Banking.

As a fully owned subsidiary of ITC Limited, the Company also synergistically leveraged deep domain expertise through multiple engagements with various ITC businesses to develop sharply differentiated offerings.

 <ul style="list-style-type: none"> Leadership Zone for CPG & Retail in Zinnov Zones RPA 2020 Rated among the top 5 Small & Medium Service Providers for RPA services globally 	 <p>Positioned among 'Innovators' and recognized among the top 24 companies globally which brought the most value to the market in 20-21</p>	 <p>Positioned as – "A global customer-centric player specializing in providing Business-friendly Solutions to amplify outcomes by deploying intelligence at scale"</p>	 <p>Leader's Category in the 2020 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP)</p>	 <p>Won Business Intelligence Group's annual Artificial Intelligence Excellence Awards for the 'Intelligent Retail Execution - Automated planning and scheduling' case study</p>
---	---	--	---	---

Leading independent analyst and advisory firms have recognised the Company's differentiated capabilities across multiple benchmarking reports published during the year.

Supporting a larger ecosystem: During the year, the Company supported an interdisciplinary team of researchers from Johns Hopkins University for an App developed as part of the University's COVID-19 Control Study. The project team from Johns Hopkins worked with ITC Infotech's Digital Experience (DX) team to further enhance the user interface and user experience (UI/UX) of the COVID-19 Control Data Collection App.

**EMPLOYEE CENTRICITY:
Employee well-being core to the
Company's COVID-19 response**

Approximately 95% of the Company's work force continued to stay productive in a secure 'work from home' mode all through FY20-21.

This distributed workforce was supported by a round the clock employee helpdesk, enabled through a toll free 1800 number, to help employees raise and resolve any issues quickly. Multiple robust channels of communication, including daily bulletins through "Info Wire" mailers, ensuring employees were updated on the latest developments. The Company also introduced "Rapid Response Leaders" (RRLs) as an additional channel of communication and support for employees to seek assistance.

The Company rolled out multiple innovative initiatives, including a 'Mobile IT Support Team' and 'Virtual Onboarding', to help employees throughout the year.

**A mobile-first approach to stay connected
with employees:**

A mobile app was introduced to provide a comprehensive repository of guidelines as employees worked remotely. Through this app, ITC Infotech's employees globally could also raise and track alerts and connect with various department-wise contacts for any assistance.

**OPERATIONS EXCELLENCE:
Setting the foundation for
predictable growth**

**COVID-19 Business Continuity Planning
(BCP) Cockpit solution:**

To ensure productivity and disruption-free delivery to its clients, ITC Infotech built a "COVID-19 BCP Cockpit" solution. NASSCOM - the leading Indian IT BPM industry body, recognised this solution as "an innovative cloud-based COVID-19 BCP Cockpit solution for real-time decision making and one of the best practices in this space".

The profitable and predictable growth delivered by ITC Infotech in FY20-21 signals a steady turnaround for the Company. The Company will focus on executing its strategic tenets to continue delivering industry leading profitable and predictable growth.

Awards for
Business Excellence & Achievements

- Won 4 PR World 2020 Awards
- Won 3 Global Business Excellence Awards
- Won 3 Golden Bridge Awards
- Won 3 Global HR Excellence Awards



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 15th Sustainability Summit- Action Agenda for the Next Decade - was held on 8th-10th September, 2020, virtually, and was attended by 700 participants. Eminent national and international leaders, including Shri Piyush Goyal, Minister of Railways & Commerce and Industry, Shri Prakash Javadekar, Union Minister of Environment, Forest, Climate Change, and Shri Suresh Prabhū, India's Sherpa to the G20, were some of the speakers at the Summit.

The 15th CII-ITC Sustainability Awards were presented to 22 companies who demonstrated Excellence in Sustainable Business by Shri Anurag Thakur, Minister of State for Corporate Affairs and Finance in a virtual ceremony on 18th December 2020. The other prestigious award instituted by the Centre on climate action started with the self-assessment stage of 36 large companies and 154 MSMEs who had enrolled. The winners were recognised at "CAP2.0 Degrees Recognition" on 17th March 2021.

The Centre has several initiatives on the sustainable use and management of plastics. The Un-Plastic Collective is a collaborative business-led initiative to transform the plastics packaging value chain from linear to circular. The Centre and

WWF-India, supported by WRAP, UK have initiated work in this area including stakeholder mapping, content creation and documentation. The Centre also provided key inputs in the development of the guideline document on the unified framework for EPR (under the Plastic Waste Management Rules 2016) by the MoEFCC through its "Draft National Framework on EPR". Sessions and webinars were also organised on topics such as Circular Plastics Economy Strategy for India, an Un-Plastic World, and Inclusive and Green Transformation of Manufacturing Sector in India.

The India Business and Biodiversity Initiative (IBBI) organised a session on "Working in Harmony with Nature" on the International Day for Biological Diversity to showcase different measures taken by IBBI members to adopt nature-based solutions. An Indian business position paper was also prepared by IBBI, based on a roadmap for biodiversity conservation, and recommendations were made for inclusion of specific biodiversity quantifying metrics for monitoring and measuring performance.

The Centre promoted capacity building in sustainability through a range of training and consulting assignments on topics including Waste Management Rules and Compliance, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, GRI Reporting, Internal Auditors Training on Safety, Health & Environment, Human Rights and Biodiversity Assessment & Carbon Sequestration.



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 Academy's physical classes could not be held due to the pandemic and related Government directives for most of the financial year 2020-21. The Gurus however held classes online. 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.



Major Awards 2020-21

- 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
- ITC won the First prize in seven categories at the Public Relations Society of India (PRSI) National Awards 2020
- ITC's Paperboards & Specialty Papers Division (PSPD) was presented the "Most Innovative Environmental Project" Award under Product Responsibility Management category at the 7th CII Environmental Best Practices Award 2020 organised by CII - Green Business Centre
- ITC's Communications campaign on Well Being Out of Waste (WOW) was adjudged as one of the best global communication campaigns at the Global SABRE Awards 2020
- ITC received the 'Gold Award' for the sustainable paper value chain and CSR initiatives in Bhadrachalam in the 'Media PR engagements' category at the SABRE South Asian Awards 2020
- ITC won 2 'Gold Awards' at the Fulcrum Awards 2020 under the Best Manufacturing Sector Campaign category and under the Best Regional Campaign category
- ITC's Foods Division received Two Effie Awards in the 'Integrated Marketing Campaign' and 'Foods' Categories (Silver Awards – highest honours) for Aashirvaad Atta's 'Tarun's Tiffin' advertisement campaign
- The virtual summit on 'Digital Enablement for Kirana Outlets' organised by ITC's Foods Division and Trade Marketing and Distribution (TM&D) was registered by the Guinness World Records for the 'Most Viewers for a Retail Management Livestream on a Bespoke Platform'
- ITC's Agri Business received the Global Good Agricultural Practices (GAP) certification, an internationally acknowledged farm assurance programme, for its efforts in implementing sustainable agricultural practices with chilli farmers in the states of Andhra Pradesh, Karnataka and Telangana
- ITC's India Tobacco Division received CII National HR Excellence Award for 'Significant Achievement in HR Excellence'
- The 'Savlon Healthy Hands Chalk Sticks' campaign by ITC's Personal Care Products Business Division (PCPBD) was featured in the Cannes Lions "Iconic Work of the Decade"
- ITC's Hotel Division won the First prize at the Travel+ Leisure India's Best Awards 2020
- ITC's Hotel Division received Six Awards at the Conde Nast Traveller Readers' Travel Awards 2020
- ITC's PSPD Bhadrachalam unit received "GreenCo Platinum+" rating by the Confederation of Indian Industry (CII) - Green Business Centre for its Environmental Stewardship
- ITC's Units at Munger and Bengaluru received 'IGBC Performance Challenge 2020' for Green Built Environment - Excellence Award' at the Green Building Congress 2020
- ITD Kidderpore unit received 'IGBC Platinum' Rating 2020 from the Indian Green Building Council



Major Awards Over the Years

- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of India's Most Valuable CEOs by BW Businessworld (2019)
- 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)
- 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 US 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 ranked 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014)
- 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)

For other awards and accolades, please refer to www.itcportal.com



ITC: Transforming Lives and Landscapes



Combating COVID-19: Contributing to National Efforts

- Importing oxygen generators, containers and concentrators to ease supply
- Supporting setting up of temporary medical facilities
- Income generation through rural engagements and schemes under MGNREGA
- Online training for farmers and government personnel
- In-kind relief support across India
- PPE Kits and masks for hospital staff

ITC e-Choupal & Sustainable Agriculture

- Empowering 4 million farmers
- Increasing productivity and farmer incomes

Afforestation

- Over 8,76,000 acres greened
- Generating about 160 million person-days of employment



Watershed Development

- Over 12,31,000 acres covered

Women Empowerment

- Over 77,000 poor women benefitted

Primary Education

- Reaching over 8,08,000 children

Skilling and Vocational Training

- Helping over 90,000 youth become more employable



Health & Sanitation

- Over 38,000 toilets built

Pioneer of green building movement in India

- 33 Platinum-rated green buildings

Responsible Luxury

- ITC Hotels: Trailblazer in Responsible Luxury and Green Hoteliering

Solid Waste Management

- Well Being Out of Waste (WOW) programme covers over 1.5 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 business and value chains support over 6 million sustainable livelihoods.



ITC Limited

CIN : L16005WB1910PLC001985

Registered Office : Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071

Tel : +91 33 2288 9371 • Fax : +91 33 2288 2358 • E-mail : isc@itc.in • Website : www.itcportal.com

NOTICE OF 110TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Hundred and Tenth Annual General Meeting of the Members of ITC Limited will be held on Wednesday, 11th August, 2021, at 10.30 a.m. (IST) for the transaction of the following businesses, through Video Conferencing / Other Audio Visual Means in conformity with the regulatory provisions and the Circulars issued by the Ministry of Corporate Affairs, Government of India:-

ORDINARY BUSINESS

1. To consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2021, the Consolidated Financial Statements for the said financial year and the Reports of the Board of Directors and the Auditors thereon.
2. To confirm Interim Dividend and declare Final Dividend for the financial year ended 31st March, 2021.
3. To appoint a Director in place of Mr. Hemant Bhargava (DIN: 01922717) who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Sumant Bhargavan (DIN: 01732482) who retires by rotation and, being eligible, offers himself for re-election.
5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 142 of the Companies Act, 2013, the remuneration of ₹ 3,40,00,000/- (Rupees Three Crores and Forty Lakhs only) to Messrs. S R B C & CO LLP, Chartered Accountants (Registration No. 324982E/E300003), Statutory Auditors of the Company, for conduct of audit for the financial year 2021-22, payable in one or more instalments plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby approved.”

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
- “Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Shyamal Mukherjee (DIN: 03024803) be and is hereby appointed a Director and also an Independent Director of the Company for a period of five years from the date of this Meeting, i.e. 11th August, 2021, or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines.”
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
- “Resolved that, in accordance with the provisions of Sections 196 and 197 of the Companies Act, 2013, Mr. Sumant Bhargavan (DIN: 01732482) be and is hereby re-appointed a Director, liable to retire by rotation, and also a Wholetime Director of the Company for a period of three years with effect from 12th July, 2022, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines, on such remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.”
8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
- “Resolved that, in accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration of Messrs. ABK & Associates, Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of cost records maintained by the Company in respect of ‘Wood Pulp’, ‘Paper and Paperboard’ and ‘Nicotine Gum’ products for the financial year 2021-22, at ₹ 4,50,000/- (Rupees Four Lakhs and Fifty Thousand only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”
9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
- “Resolved that, in accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration of Messrs. S. Mahadevan & Co., Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of cost records maintained in respect of all applicable products of the Company, other than ‘Wood Pulp’, ‘Paper and Paperboard’ and ‘Nicotine Gum’ products, for the financial year 2021-22, at ₹ 5,75,000/- (Rupees Five Lakhs and Seventy Five Thousand only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

The Record Date fixed for the purpose of determining entitlement of the Members to the Final Dividend for the financial year ended 31st March, 2021 is **Friday, 11th June, 2021**, and such Dividend, if declared, will be paid on **Friday, 13th August, 2021**, to those Members entitled thereto.

By Order of the Board
ITC Limited
R. K. Singhi
Executive Vice President &
Company Secretary

Dated : 1st June, 2021.

NOTES:

- (i) Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at this Annual General Meeting ('AGM'), is annexed.
- (ii) Since this AGM will be held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), (a) Members will not be able to appoint proxies for the meeting, and (b) Attendance Slip & Route Map are not being annexed to this Notice.
- (iii) Corporate Members are requested to send a scanned copy (in PDF / JPG format) of the Board Resolution authorising their representatives to attend this AGM, pursuant to Section 113 of the Act, through e-mail at **isc@itc.in** .
- (iv) In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Resolutions for consideration at this AGM will be transacted through remote e-voting (i.e. facility to cast vote prior to the AGM) and also e-voting during the AGM, for which purpose the Board of Directors of the Company ('the Board') have engaged the services of National Securities Depository Limited ('NSDL'). The Board has appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer to scrutinize the process of e-voting.
- (v) **Remote e-voting will commence at 9.00 a.m. on Saturday, 7th August, 2021 and will end at 5.00 p.m. on Tuesday, 10th August, 2021**, when remote e-voting will be blocked by NSDL.
- (vi) Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on **Wednesday, 4th August, 2021 (cut-off date)**. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting during the AGM. Those who are not Members on the cut-off date should accordingly treat this Notice as for information purposes only.
- (vii) Pursuant to the Income-tax Act, 1961, as amended, dividend income is taxable in the hands of the Members with effect from 1st April, 2020 and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing information and detailed instructions with respect to tax on the Final Dividend for the financial year ended 31st March, 2021 is being sent separately to the Members.
- (viii) Unclaimed dividend for the financial year ended 31st March, 2014 and the shares in respect of which dividend entitlements remain unclaimed for seven consecutive years will be due for transfer to the Investor Education and Protection Fund of the Central Government on 5th September, 2021, pursuant to Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Members are requested to claim the said dividend, details of which are available on the Company's corporate website **www.itcportal.com** under the section 'Investor Relations' at **http://info-dividend-shares.itcportal.com/popup_new.aspx** . The Investor Service Centre of the Company ('ISC') will not be able to entertain any claim received after 3rd September, 2021 in respect of the same.

- (ix) In view of the prevailing circumstances due to the COVID-19 pandemic, and also in conformity with the applicable regulatory requirements, the Notice of this AGM and the Report and Accounts 2021 are being sent only through electronic mode to those Members who have registered their e-mail addresses with the Company or with the Depositories.
- (x) Members who hold shares in the certificate form or who have not registered their e-mail addresses with the Company or with the Depositories and wish to receive the AGM Notice and the Report and Accounts 2021, or participate in the AGM, or cast their votes through remote e-voting or e-voting during the meeting, are required to register their e-mail addresses on the Company's corporate website under the section 'Investor Relations'. Alternatively, Members may send a letter requesting for registration of their e-mail addresses, mentioning their name and DP ID & Client ID / folio number, by **post to ISC** at 37 Jawaharlal Nehru Road, Kolkata 700 071, or scanned copy thereof through **e-mail at isc@itc.in** .
- (xi) Members who would like to express their views or ask questions with respect to the agenda items of the meeting will be required to register themselves as speaker by sending e-mail to the Executive Vice President & Company Secretary at **itcagm2021@itc.in** from their registered e-mail address, mentioning their name, DP ID & Client ID / folio number and mobile number. Only those Members who have registered themselves as speaker by 10.30 a.m. on Saturday, 7th August, 2021 will be able to speak at the meeting. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time, for smooth conduct of the AGM.
- Further, Members who would like to have their questions / queries responded to during the AGM are requested to send such questions / queries in advance within the aforesaid time period.
- (xii) The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 of the Act, the Register of contracts with related party, and contracts and bodies etc. in which Directors are interested under Section 189 of the Act, and the Certificate from the Statutory Auditors in respect of the Company's Employee Stock Option Schemes will remain available for inspection through electronic mode during the AGM, for which purpose Members are required to send an e-mail to the Executive Vice President & Company Secretary at **itcagm2021@itc.in** .
- (xiii) The Company, in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, will be webcasting the proceedings of the AGM on its corporate website.

I. Instructions for attending the AGM through VC / OAVM

- (a) Members who wish to attend this AGM through VC / OAVM are requested to follow the steps enumerated under (II) below for login to the NSDL e-voting system.
- After login, click on the '**VC / OAVM**' link appearing under '**Join General Meeting**' against the Electronic Voting Event Number ('EVEN') of ITC Limited.
- (b) The facility for the Members to join this AGM through VC / OAVM will be available from 30 minutes before the time scheduled for the meeting and may close not earlier than 30 minutes after the commencement of the meeting.
- (c) Members are requested to login to the NSDL e-voting system using their laptops / desktops / tablets with stable Wi-Fi or LAN connection for better experience. Members logging in from mobile devices or through laptops / desktops / tablets connecting via mobile hotspot or with low bandwidth, may experience audio / video loss due to fluctuation in their respective network.

II. Instructions for remote e-voting

Step 1: Access to NSDL e-voting website

(A) For Individual Members holding shares in dematerialised form:

For Members holding shares in demat account with NSDL

- **If you are registered for NSDL 'IDeAS' facility**, you are required to follow the below-mentioned steps:
- Launch internet browser by typing the URL: <https://eservices.nsdl.com> and click on '**Beneficial Owner**' tab under the 'IDeAS' section.
 - Insert your existing user ID and password.
 - After login, click on '**Access to e-voting**' under e-voting services and you will be able to see the e-voting page.
 - Thereafter, click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- **If you are not registered for 'IDeAS'**, you are required to follow the below-mentioned steps:
- Launch internet browser by typing the URL: <https://www.evoting.nsdl.com> and click on '**Shareholder / Member - Login**'.
 - Insert your existing user ID, password / OTP and the verification code as shown on the screen, and agree to the terms and conditions by clicking the box.
 - After authentication, you will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
 - Thereafter, click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

For Members holding shares in demat account with Central Depository Services (India) Limited ('CDSL')

- **If you are registered for CDSL 'Easi / Easiest' facility**, you are required to follow the below-mentioned steps:
- Login at www.cdslindia.com and click on '**New System Myeasi**', or launch internet browser by typing the URL: <https://web.cdslindia.com/myeasi/home/login>.
 - Insert your existing user ID and password.
 - After login, you will be able to view the e-voting menu.
 - Thereafter, click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- You can also directly access the e-voting page from a link on the home page of www.cdslindia.com with your demat account number and PAN.

After OTP based authentication, you will be provided link for '**evoting**' against ITC Limited or '**e-voting service provider - NSDL**'. Click on the link and proceed to Step 2 to cast your vote.

For Members logging in through the websites of their Depository Participants

- (a) Login to your demat account, using the login credentials, through the concerned Depository Participant registered with NSDL / CDSL for e-voting.
- (b) Click on '**e-voting**'. You will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
- (c) Thereafter, click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

➤ Members who are unable to retrieve their user ID or password are advised to use 'Forgot User ID' / 'Forgot Password' option(s) available on the websites of the respective Depositories / Depository Participants.

(B) For Non-Individual Members holding shares in dematerialised form and Members holding shares in certificate form:

If you are registered for NSDL 'IDeAS' facility, you can login at <https://www.eservices.nsdl.com> with your existing IDeAS login and click on 'e-voting' to proceed to Step 2 to cast your vote.

If you are not registered for 'IDeAS', you are required to follow the below-mentioned steps:

- (a) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com> and click on '**Shareholder / Member - Login**'.
- (b) Insert your existing user ID, password and the verification code as shown on the screen.

• **User ID:**

For Members holding shares in demat account with NSDL.	8 character DP ID followed by 8 digit Client ID. <i>For example, if your DP ID is IN300*** and Client ID is 12*****, then your user ID is IN300***12*****.</i>
For Members holding shares in demat account with CDSL.	16 digit Beneficiary ID. <i>For example, if your Beneficiary ID is 12*****, then your user ID is 12*****.</i>
For Members holding shares in certificate form.	EVEN followed by your folio number registered with the Company. <i>For example, if the EVEN is 101456 and your folio number is 01/12***, then your user ID is 1014560112***.</i>

• **Password:**

- (i) **If you are already registered with NSDL for remote e-voting, you should use your existing password for login.**

Members may also use OTP based login.

- (ii) If you are using NSDL e-voting system for the first time, you would need to use your '**initial password**' for login, which has been communicated to you by the Company.

- (iii) If you are unable to retrieve the 'initial password', or have forgotten your password:

- Click on '**Forgot User Details / Password?**', if holding shares in dematerialised form, or
- Click on '**Physical User Reset Password?**', if holding shares in certificate form.

You may also send an e-mail requesting for password at evoting@nsdl.co.in, mentioning your name, PAN, registered address and your DP ID & Client ID / folio number.

- (c) Agree to the terms and conditions by clicking the box.
- (d) Click on '**Login**'. Home page of remote e-voting opens.

Step 2: Cast your vote on NSDL e-voting website

- (a) Click on **'e-voting: Active E-voting Cycles / VC or OAVM'** and select the EVEN of ITC Limited.
- (b) Now you are ready for remote e-voting as **'Cast Vote'** page opens.
- (c) Cast your vote by selecting appropriate option and click on **'Submit'**. Thereafter click on **'Confirm'** when prompted; upon confirmation, your vote is cast and the message **'Vote cast successfully'** will be displayed.

Other Instructions

- (a) Corporate and Institutional Members (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorisation to the Scrutinizer through e-mail at **rla.itcscrutinizer@gmail.com** with a copy marked to NSDL's e-mail ID **evoting@nsdl.co.in** .
- (b) Those who become Members of the Company after sending the Notice but on or before **4th August, 2021 (cut-off date)** may write to NSDL at **evoting@nsdl.co.in** or to the Company at **isc@itc.in** requesting for user ID and password. On receipt of user ID and password, the steps stated above under 'Step 2: Cast your vote on NSDL e-voting website' should be followed for casting of vote.
- (c) In case of any query / grievance, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website **www.evoting.nsdl.com** or contact:
 - (i) Mr. Amit Vishal, Senior Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 at telephone nos. **1800-222-990 (toll free)** or **022-2499 4360** or at e-mail ID **AmitV@nsdl.co.in** ;
 - (ii) Mr. T. K. Ghosal, Head of ISC, at telephone nos. **1800-345-8152 (toll free)** or **033-2288 6426 / 0034** or at e-mail ID **tunal.ghosal@itc.in** . You may also send your queries to the e-mail ID **isc@itc.in** .

III. Instructions for e-voting during the AGM

- (a) The procedure for e-voting during the AGM is same as mentioned under (II) above for remote e-voting.
- (b) The aforesaid facility will be available only to those Members who participate in the AGM and who do not cast their votes by remote e-voting prior to the AGM. Members who cast their votes by remote e-voting will not be entitled to cast their votes once again.

General Information

- (a) There will be one vote for every Client ID / registered folio number irrespective of the number of joint holders.
- (b) In case the Members require any technical assistance with respect to attending the meeting or voting during the meeting, they may contact the helpline numbers mentioned above under Clause (c) of 'Other Instructions' for remote e-voting.

Individual Members holding shares in dematerialised form may also reach out for any technical issue related to login through their respective Depositories, i.e. NSDL and CDSL, as follows:

- NSDL - e-mail at **evoting@nsdl.co.in** or call at telephone nos. **1800-1020-990** or **1800-224-430 (toll free)**.
 - CDSL - e-mail at **helpdesk.evoting@cdslindia.com** or call at telephone nos. **022-2305 8738** or **022-2305 8542 / 43**.
- (c) **The Results of voting will be declared within two working days from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes.** The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website **www.itcportal.com** under the section 'Investor Relations' and on the website of NSDL; such Results will also be forwarded to the National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited, where the Company's shares are listed.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Hundred and Tenth Annual General Meeting to be held on Wednesday, 11th August, 2021.

Item No. 6

The Board of Directors of the Company ('the Board') at the meeting held on 1st June, 2021, on the recommendation of the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members, the appointment of Mr. Shyamal Mukherjee as a Director and also as an Independent Director of the Company, as set out in the Resolution relating to his appointment.

Mr. Mukherjee, pursuant to Section 152 of the Companies Act, 2013 ('the Act'), has given his consent to act as a Director of the Company, and has also given requisite Notice, pursuant to Section 160 of the Act, proposing his appointment as a Director of the Company. Declaration has also been received from Mr. Mukherjee that he meets the criteria of independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Additional information in respect of Mr. Mukherjee, including his brief resume, pursuant to the Listing Regulations and the Secretarial Standard on General Meetings, is provided below:

Mr. Shyamal Mukherjee (61) is the former Chairman and Senior Partner of PricewaterhouseCoopers (PwC) in India. He is a qualified Chartered Accountant and holds Degrees of Bachelor of Commerce and Law from Delhi University. With more than 37 years of experience, Mr. 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, Mr. Mukherjee was at the forefront of making it a more 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.

Mr. Mukherjee does not hold directorship of any other company. He neither holds any share in the Company (in individual capacity or on a beneficial basis for any other person) nor is he related to any of the Directors or Key Managerial Personnel of the Company.

In the opinion of the Board, Mr. Mukherjee fulfils the conditions specified in the Act & the Rules thereunder and the Listing Regulations for appointment as an Independent Director, and he is independent of the management of the Company. The Committee and the Board are of the view that the association of Mr. Mukherjee and the rich experience he brings with him would benefit the Company; he also possesses appropriate skills, expertise and competencies in the context of the Company's businesses.

In addition to sitting fees for attending the meetings of the Board & its Committees and coverage under Personal Accident Insurance, Mr. Mukherjee would be entitled to remuneration by way of commission ranging between ₹ 70,00,000/- and ₹ 1,00,00,000/- for each financial year, as approved by the Members in respect of the Non-Executive Directors at the 107th Annual General Meeting held on 27th July, 2018, and as may be determined by the Board. Presently, such approval covers the period up to 31st March, 2024.

Mr. Mukherjee and his relatives are interested in this Resolution. None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

Item No. 7

The Members of the Company at the 108th Annual General Meeting held on 12th July, 2019 approved the appointment of Mr. Sumant Bhargavan as a Wholetime Director of the Company for a period of three years with effect from the said date. Mr. Sumant will complete his present term on 11th July, 2022.

The Board of Directors of the Company ('the Board') at the meeting held on 1st June, 2021, on the recommendation of the Nomination & Compensation Committee, recommended for the approval of the Members, the re-appointment of Mr. Sumant as a Director and also as a Wholetime Director of the Company, as set out in the Resolution relating to his re-appointment. The remuneration of Mr. Sumant is detailed below, which is the same as earlier approved by the Members:-

- (I) **Basic / Consolidated Salary** – ₹ 13,00,000/- per month.
- (II) **Performance Bonus** – Not exceeding 200% of Basic / Consolidated Salary, payable annually for each financial year, as may be determined by the Board.
- (III) **Long Term Incentives** – Annual value not exceeding 0.05% of the net profits of the Company for the immediately preceding financial year [computed in accordance with Section 198 of the Companies Act, 2013 ('the Act')], as may be determined by the Board.
- (IV) **Perquisites** – In addition to the aforesaid Basic / Consolidated Salary, Performance Bonus and Long Term Incentives, Mr. Sumant shall be entitled to perquisites like gas, electricity, water, furnishings, leave travel concession for self and family, club fees, personal accident insurance, sampling of the Company's products and services etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to ₹ 10,00,000/- per annum, for the purposes of which limit perquisites shall be valued as per the provisions of the Income-tax Act, 1961 ('IT Act') and the Rules thereunder, wherever applicable, and in absence of any such provision, perquisites shall be valued at actual cost. However, the following shall not be included in the aforesaid perquisite limit:-
 - (a) Rent free accommodation owned / leased / rented by the Company, or Housing Allowance in lieu thereof, as per the rules of the Company.
 - (b) Contributions to Provident Fund and Superannuation Fund up to 27% of salary and contribution to Gratuity Fund up to 8.33% of salary, as defined in the rules of the respective Funds, or up to such other limit as may be prescribed under the IT Act and the Rules thereunder for this purpose.
 - (c) Perquisite value in terms of the IT Act and the Rules thereunder upon exercise of Options and / or Stock Appreciation Rights granted under the Company's Employee Stock Option Schemes and / or Employee Stock Appreciation Rights Scheme.
 - (d) Medical expenses for self and family as per the rules of the Company.
 - (e) Use of chauffeur driven Company car and telecommunication facilities at residence (including payment for local calls and long distance official calls).

- (f) Encashment of unavailed leave as per the rules of the Company at the time of retirement / cessation of service.
- (g) Long service award as per the rules of the Company.
- (h) Costs and expenses incurred by the Company in connection with joining / transfer / retirement as per the rules of the Company.

The aggregate of the remuneration and perquisites / benefits, including contributions towards Provident Fund, Superannuation Fund and Gratuity Fund, payable to the Chairman & Managing Director and the Wholetime Directors of the Company taken together, shall be within the limit prescribed under the Act.

Mr. Sumant, pursuant to Section 152 of the Act, has given his consent to act as a Director of the Company, and has also given requisite Notice, pursuant to Section 160 of the Act, proposing his re-appointment as a Director of the Company.

Additional information in respect of Mr. Sumant, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections 'Your Directors' and 'Report on Corporate Governance'.

Mr. Sumant, and his relatives, are interested in this Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution. Mr. Sumant is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board recommends this Resolution for your approval.

Item Nos. 8 & 9

The Board of Directors of the Company ('the Board') at the meeting held on 15th April, 2021, on the recommendation of the Audit Committee, approved the appointment and remuneration of Messrs. ABK & Associates, Cost Accountants, to conduct audit of cost records maintained by the Company in respect of 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products, and Messrs. S. Mahadevan & Co., Cost Accountants, to conduct audit of cost records maintained in respect of the other applicable products of the Company, including Flexibles, Soyabean Oil, Facewash, Handwash, Hand Sanitizer, Coffee, Milk Powder and Antiseptic Liquid, for the financial year 2021-22.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be ratified by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

By Order of the Board
ITC Limited
R. K. Singhi
Executive Vice President &
Company Secretary

Dated : 1st June, 2021.