



**ITC Limited**

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Kolkata 700 071, India  
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11<sup>th</sup> July, 2023

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 31<sup>st</sup> March, 2023**

Further to our letter dated 21<sup>st</sup> June, 2023, we hereby enclose, in terms of Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report and Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2023 together with the Notice dated 18<sup>th</sup> May, 2023 convening the 112<sup>th</sup> Annual General Meeting (AGM) of the Company on 11<sup>th</sup> August, 2023.

The aforesaid Report and Accounts and AGM Notice are also being uploaded on the Company's corporate website **[www.itcportal.com](http://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 2023

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The mnemonic is a visual representation of ITC's deep commitment to sustainable and inclusive growth addressing national priorities. The 12 colourful stems represent ITC's vibrant businesses of the future that contribute to all three sectors of the Indian economy. The icon at the centre is a metaphor for ITC's future readiness and digital transformation that is at the core of every business. The soaring birds symbolise growth that is sustainable and inclusive and reiterate ITC's commitment to its credo of Nation First, Sab Saath Badhein.



## ITC: Contributing to India's Amrit Kaal

### Creating value for Agriculture, Manufacturing and Services

Inspired by its credo of 'Nation First, Sab Saath Badhein', ITC has pioneered a paradigm of 'Responsible Competitiveness', that focuses on building extreme competitiveness of its businesses whilst serving national priorities of generating sustainable livelihoods and enriching the environment.

ITC contributes to nation building by unleashing multiple drivers of growth that are manifest in its growing presence across the three sectors of the economy – agriculture, manufacturing and services; creation of world-class Indian brands; investments in creating state-of-the-art manufacturing assets; building of iconic hospitality assets and empowering farmers as well as rural communities. Such endeavours create enduring value for our stakeholders and the nation.

Today, the world is traversing through unprecedented challenges emerging from a 'polycrisis' encompassing climate change, widening inequality, geo-political issues and reglobalisation. A new global economic order is being shaped with these crises spurring new strategies, innovations and business models. Addressing these challenges and opportunities, ITC has crafted a comprehensive ITC Next vision to build a future-tech, innovative, climate positive, sustainable and inclusive enterprise, powered by agility, competitiveness,

resilience and consumer centricity. New avenues for growth have been identified, whilst fortifying existing businesses and putting in place higher order structural competitiveness to create new vitality for the enterprise. These strategic interventions will make a growing contribution to the nation in its journey to the Amrit Kaal.

As a core element of ITC Next, ITC has been exploring opportunities to craft disruptive business models anchored at the intersection of the two mega trends of Digital and Sustainability, while leveraging the Company's institutional strengths. This has enabled ITC to unleash new vectors of growth with interventions like ITCMAARS – a 'phygital' farmer empowerment ecosystem, Food Tech Services and Sustainable Packaging. In addition, new drivers of growth are also being pursued through value accretive acquisitions and exports.

ITC's diversified portfolio of future-ready businesses, spanning FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology, enables it to contribute meaningfully to all 3 sectors of the Indian economy. To infuse new energy into the growth drivers of the future, significant investments are being made across building assets, accelerating digital transformation, powering R&D infrastructure and in raising the bar in sustainability to build an enterprise of tomorrow.



## ITC: Transforming Agriculture

Agriculture is a critical pillar of the Indian economy, engaging with more than half of the nation's workforce. The sector also plays a vital role in providing food, fuel, fibre, fodder and nutrition security. However, farming remains extremely vulnerable to the vagaries of climate change. Endeavours to usher in a new dimension of agricultural development must focus on enhancing the competitiveness of the sector by improving productivity, enabling value addition, effectively linking farmers to markets and promoting regenerative agriculture.

ITC is a leading Agri Business player in India, supporting 20 value chain clusters. The Company has been sourcing over 4.5 million tonnes of agri commodities from 22 states and is today the largest procurer of wheat in the private sector. ITC's Agri Business is also one of India's largest exporters of agri commodities and provides competitive advantage to ITC's FMCG Businesses through distinctive sourcing capabilities. ITC's world-class FMCG brands also anchor demand-driven agri value chains.

ITC has a century-old legacy of farmer empowerment. Building on the ITC e-Choupal programme that has empowered 4 million farmers in the last two decades, ITC is now ushering in NextGen Agriculture with a three-pronged approach. First, ITC aims to bring the power of digital to the agri sector through its 'phygital' platform, ITCMAARS (Metamarket for Advanced Agriculture and Rural Services), a programme that delivers hyperlocal and personalised solutions by synergistically integrating NextGen agri-technologies to empower farmers. Second, ITC is rapidly scaling up its value-added agri portfolio straddling multiple value chains comprising

Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. Third, to address the challenges of climate change, ITC has introduced a range of sustainable agricultural practices under its climate-smart agriculture (CSA) programme.

In line with India's focus on promoting millets as the grain of the future, ITC has launched a dedicated initiative titled 'ITC Mission Millets' leveraging its enterprise strengths in agriculture, food and hospitality. This initiative is focused on developing a 'good for you' range of products, implementation of sustainable farming systems and enhancing consumer awareness.

## ITC - Making in India



Recognising that it is important to create national assets and in alignment with the Government's vision to 'Make in India', ITC has invested significantly in building world-class manufacturing, intellectual and hospitality assets for India. ITC's contribution includes creating world-class Indian brands that bring about superior value-capture in the economy, setting up of a network of state-of-the-art Integrated Consumer Goods Manufacturing facilities across the country to support indigenous value chains, developing a globally benchmarked Life Sciences & Technology Centre for cutting edge R&D and innovation that contributes to building intellectual capital for the nation. ITC has also built iconic hotel assets that not only enrich the nation's tourism landscape but are also a trailblazer in green hoteliering through their ethos of 'Responsible Luxury'. Such assets create enduring value for ITC and the nation.



## ITC – Reimagining Sustainability

Climate change has emerged as an existential threat that requires building of resilience through innovative solutions for both mitigation and adaptation. It is heartening that India is leading the world in climate action with the nation ranking first overall among all G20 members in the Climate Performance Index. India's updated NDCs, its global collaboration "One Sun, One World, One Grid" to promote solar energy, the National Hydrogen Mission demonstrate India's leadership in the area.

For decades, ITC has been acclaimed as a global exemplar in sustainability. Aligning with the nation's climate action plan, ITC has now crafted a comprehensive strategy to pursue a low carbon growth path through extensive decarbonisation programmes across its operations and value chains, while also implementing largescale adaptation initiatives encompassing water stewardship, biodiversity, CSA, among others. Recognising the

social challenges of inequity and livelihood generation, ITC has adopted a 2-horizon approach to support livelihoods and contribute to inclusive growth, especially in rural areas. The first horizon aims at securing and strengthening the dominant sources of livelihood through extensive programmes for farmer empowerment, while the second focuses on building capabilities for the future in areas such as primary education, vocational training, women empowerment, healthcare and so on.

Reimagining sustainability to address the challenges of climate crisis and livelihood creation, ITC has now embarked on an even more ambitious Sustainability 2.0 journey to raise the bar to create a secure and better tomorrow.

The following pages provide a glimpse into ITC's multi-dimensional growth drivers that are propelling the Company to a new horizon of competitive and sustainable progress, while contributing to India's journey to Amrit Kaal.



## ITC's Triple Bottomline Contribution

### Economic



**₹69,481 cr**  
Gross Revenue



**₹23,944 cr**  
EBITDA



Nearly  
**75%**  
of Value-added Accrues  
to the Exchequer



**Among Top 3**  
Corporates in the Private Sector in Terms of  
Contribution to Exchequer over the Years



Net Cash from  
Operating Activities  
**₹17,912 cr**



Total Dividend  
**₹19,255 cr**



**12**  
Future-ready Businesses  
across Agriculture,  
Manufacturing and Services



**25+**  
World-class  
Mother Brands



**200+**  
Manufacturing  
Units



**4.5 mn**  
tonnes of Agri Commodities Throughput





## ITC's Triple Bottomline Contribution

### Social



**Over 50 Lakh Women**  
Benefitted through Multi-dimensional  
Programmes



**60 Lakh**  
Sustainable  
Livelihoods Supported



e-Choupal:  
**40 Lakh**  
Farmers Empowered



Primary Education:  
**Over 11.2 Lakh**  
Children Benefitted



Skilling and Vocational Training:  
**Over 1.2 Lakh**  
Youth Enrolled



Livestock Development:  
**Over 21.3 Lakh**  
Milch Animals Covered

### Environmental



Watershed Development:  
**Over 14.7 Lakh**  
Acres Covered



Afforestation:  
**Over 10.4 Lakh**  
Acres Greened



Biodiversity Conservation:  
**Over 2.9 Lakh**  
Acres Covered



Climate Smart Agriculture:  
**23.4 Lakh**  
Acres Covered in 17 states



ITC is  
**Plastic Neutral**  
Collecting and Sustainably  
Managing 60,000 MT of Waste



Well-being Out of Waste Covers:  
**Over 2.2 Crore**  
Citizens



ITC Malur is the  
**First Foods**  
Factory in Asia,  
while ITC Kovai is the  
**First Paper Mill**  
globally to receive AWS  
Platinum certification



**Around 43%**  
of ITC's Energy is from  
Renewable Sources



**40**  
Platinum-Rated  
Green Buildings

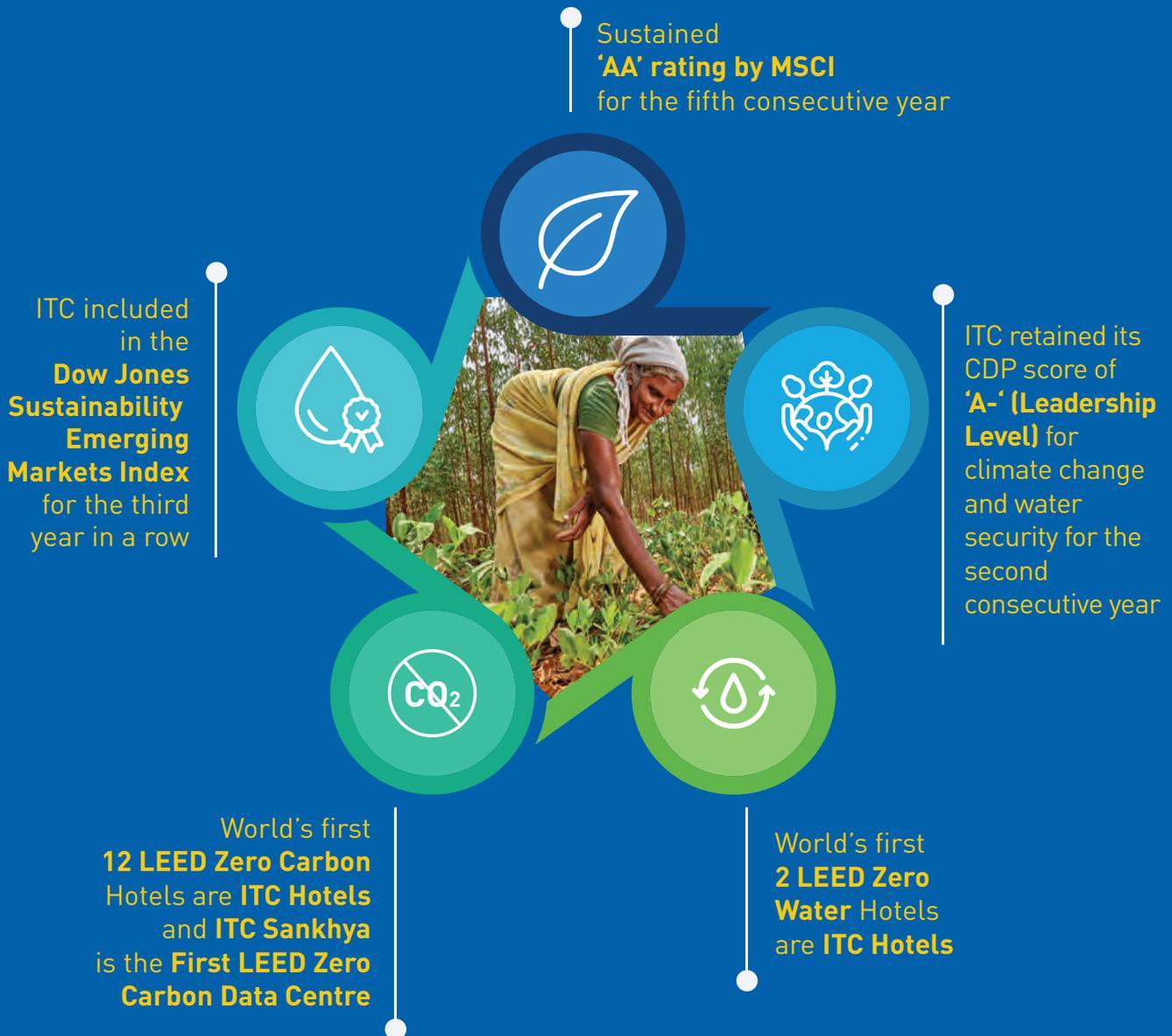


ITC Life Sciences  
and Technology Centre -  
**Ranked Top**  
Innovator in India\*

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



## Recognition for ITC's Initiatives





## ITC's Businesses



### FMCG Businesses

- India's leading FMCG marketer
- Businesses spanning Foods, Personal Care Products, Education & Stationery Products, Agarbattis & Matches
- ITC Next strategy focuses on a future-ready portfolio, premiumisation, innovation, digital adoption, and a greater market penetration
- Annual consumer spend of nearly ₹29,000 crores
- Exports to over 60 countries
- ITC e-Store: 45+ categories, over 900 products, operational in 24,000+ pin-codes
- Extensive digital adoption across operations

### Agri Business

- Leading Agri Business player in India
- Best-in-class profitability
- Sourcing from 22 states; supporting over 20 value chain clusters
- ITC Next strategy focuses on scaling up value-added segments (Spices, Coffee, Aqua, MAPE, etc.), digital adoption through ITCMAARS and climate smart agriculture
- Extensive engagement with farmers for over 100 years
- Largest procurer of wheat in the private sector
- One of India's largest exporters of agri commodities



### Paperboards & Packaging Businesses

- No. 1 in Revenue and Profitability
- One of India's largest, greenest and most technologically advanced
- ITC Next strategy focuses on value-added paperboards, sustainable packaging and accelerated adoption of Industry 4.0 technologies
- Contributing to 'Make in India' and Import Substitution
- Anchoring local forestry value chains, empowering farmers, enhancing green cover, generating livelihoods
- First in India to obtain Forest Stewardship Council-Forest Management (FSC®-FM)
- Invested in a green boiler to increase share of renewable energy in its operations



## ITC Hotels

- Pre-eminent Hotel Chain in India with over 120 properties
- World-class properties under 6 brands - ITC Hotels, Mementos, Welcomhotel, Storii, Fortune and WelcomHeritage
- ITC Next strategy focuses on an "Asset-right" approach, sweating existing assets and creating additional revenue streams
- Iconic cuisine brands like Bukhara, Dum Pukht, Avartana, Yi Jing, Royal Vega etc.
- Trailblazer in 'Responsible Luxury' & Sustainability
- All luxury collection hotels are LEED Platinum certified
- ITC Hotels & Welcomhotels achieved global 2030 Carbon emissions targets well ahead of time

## ITC Infotech

- Wholly owned subsidiary of ITC Limited and a leading global technology services and solutions provider
- Employees from 40 nationalities; Operating in 39 Countries; 60+ Fortune 500 Clients
- 'Orbit Next' strategy powering the next horizon of growth and differentiation
- Capability-led differentiation through portfolio of client and industry-led capabilities including PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Cloud, and Sustainability
- Strategic partnership with PTC Inc., (US-headquartered, global technology company) to start new Service Line, DxP Services, comprising a global ecosystem of PLM-led Digital Thread and SaaS experts
- Amplifying new-age Digital capabilities with sustained Analyst recognition across CPG Digital Services, Digital CX Services, Digital Workplace Services, Manufacturing Digital Solutions and Intelligent Automation Services



## Brand Leadership



**No. 1**  
in Branded Atta



**No. 1**  
in Notebooks



**No. 1**  
in the Cream Biscuits segment



**No. 2**  
in Noodles



**No. 1**  
in Bridges segment of Snack Foods



**No. 1** **No. 2**  
in Dhoop segment in Agarbattis



## ITC's Agri Business – Pioneer in Rural Transformation

### ITC - One of India's Largest Agri Business Players

- Century-old engagement with farmers
- Sourcing 45 Lakh tonnes across 22 States; supporting 20+ agri value chains
- Delivering competitive advantage to ITC's Foods Businesses through distinctive sourcing capabilities
- Exporter of agri commodities including spices, coffee, fruits, rice, wheat, value-added frozen marine products



### Value-Addition for Exports and Domestic Markets



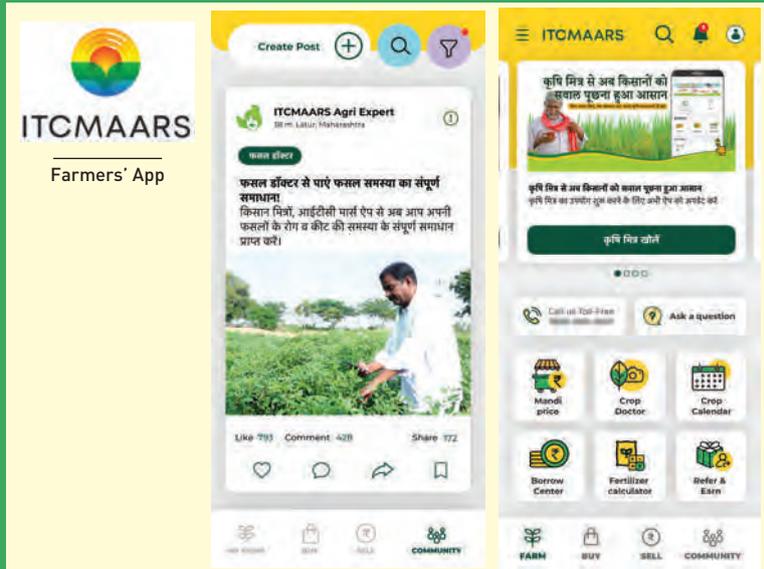
Value-addition empowers farmers by helping them move up the value chain. ITC is fortifying its Value-Added Agri Products (VAAP) portfolio comprising Millets, MAPE, Organic, Spices, Coffee, Frozen Marine Products and Processed Fruits. The products also cater to domestic and exports markets. ITC's Agri Business provides strategic support to ITC's Foods Businesses.



## ITC: Ushering in NextGen Agri

ITC's Agri Business is ushering in NextGen Agriculture by accelerating Digital Adoption and promoting Climate Smart Agriculture.

### ITCMAARS



ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) is a crop-agnostic 'phygital' full stack AgriTech platform, powered by cutting-edge digital technologies, that provides a robust eco system to deliver hyperlocal personalised solutions to farmers, whilst creating new revenue streams, strengthening sourcing efficiencies and powering the Company's world-class Indian brands. ITCMAARS has been rolled out in nine states till date, with over 1150 FPOs encompassing more than 5 lakh farmers.

### Building Climate Resilience through Climate Smart Agriculture

ITC's climate smart agriculture interventions are aimed at making agri practices climate resilient and future ready. The programme has benefitted over 7 lakh farmers, covering over 23 lakh acres in 17 states. GHG emissions of select crops have been reduced by upto 66% and net returns of farmers increased upto 90%, over a period from 2016 to 2021. Assessments made in 3 states highlight that 70% of the villages moved into the High Resilience, High Yield category, thus becoming Climate Smart.





# ITC: Empowering Rural Communities

## Creating Vibrant Demand Driven Value Chains Anchored by Brands

ITC's Foods, Agri and Paperboards Businesses drive powerful and sustainable agri value chains across crops, linking farmers to markets.



Wheat



Potato



Fruit Pulp



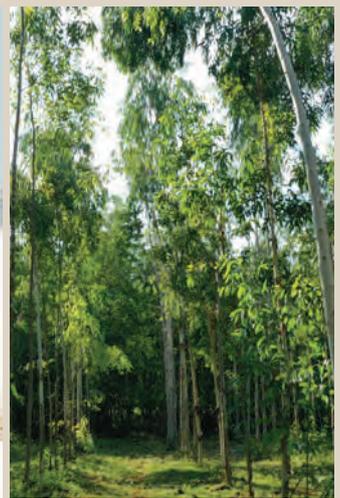
Spices



Millets



Milk



Paper





# ITC: Building World-Class Brands for India

## ITC's Branded Packaged Foods



Atta, Organic Pulses, Frozen Bread & Parathas, Salt and Dairy products



Biscuits, Cookies and Cakes



Potato Chips and Finger Snacks



Instant Noodles and Pasta



Frozen Snacks





# ITC: Building World-Class Brands for India

## ITC's Branded Packaged Foods



Spices and Papad



Juices



Frozen Vegetables



Luxury Chocolates



Candies, Toffees and Wafers



Coffee Range



Ready-to-eat Gourmet Cuisine





# ITC: Building World-Class Brands for India

## ITC's Personal Care Products



### ENGAGE

Gel Bars, Shower Gels, Handwash and Perfume Mists



Fragrances



Soaps and Body Washes

### DERMAFIQUE cell by cell



Skincare and Bath Care Range



Skin-friendly Germ Protection Products



Floor Cleaners – Power of Neem



# ITC: Building World-Class Brands for India

## ITC's Education and Stationery Products

classmate



Stationery Products

Paperkraft



Diaries and Premium Pens

## ITC's Matches and Agarbatti Products



Agarbatti and Dhooop



Safety Matches



# ITC: Building World-Class Brands for India

## ITC's Mission Millets

In line with its purpose of 'Help India Eat Better,' ITC has developed an innovative 'good-for-you' range of millet-based products for new-age consumers that caters to every meal occasion, age group and formats which are being progressively introduced in the market.



Flour and Multi Millet Mix



Cookies and Biscuits



Vermicelli, Instant Meals, Instant Noodles, Confectionery





# ITC: Building World-Class Brands for India

## Recent Launches - High Quality Differentiated Offerings



Aashirvaad Organic Whole Wheat Atta



Engage Eau De Parfum



Dermafique Hydra Soft Nourishing Body Wash and Aqua Cloud Hydrating Shower Gel



Dark Fantasy Desserts



Fabelle Luxury Chocolates



Sunbean Coffee Range



Sunfeast Smoothies - with fruit chunks and badam bits



Aashirvaad Svasti Paneer Slices



Classmate Interaktiv Craft Books



Mangaldeep 3in1 and Temple Festive Flora Agarbattis



# ITC: Building World-Class Brands for India

## Recent Launches - High Quality Differentiated Offerings

### Branded Packaged Foods



Aashirvaad: Staples, Organic Pulses, Dairy, Ready-to-cook, Vermicelli, Rava, Salt and Spices, Frozen Breads & Parathas



Sunfeast: Biscuits and Shakes



# ITC: Building World-Class Brands for India

## Recent Launches - High Quality Differentiated Offerings

### Branded Packaged Foods



Bingo: Namkeen & Chips



YIPpee!: Noodles



ITC Master Chef: Frozen Snacks



Sunbean: Beaten Caffe and Instant Coffee



B Natural: Coconut Water and Juices



Sunrise: Spices



# ITC: Building World-Class Brands for India

## Recent Launches - High Quality Differentiated Offerings

### Personal Care Products



Fama Men Charcoal & Grapefruit Range



Fama Happy Naturals Perfume Mists & Shower Gels



Engage Intense Deos for Men



Nimyle Floor Cleaners – Power of Neem



Vivel VedVidya Beauty Soaps

### Education & Stationery Products



Classmate Hook Pens, Augmented Reality Notebooks and Interaktiv Craft Book



Paperkraft Vintage Diaries

### Agarbatti & Matches



Mangaldeep Dhuno Cups and Sambrani Cups



Special Celebration Pack of Matches





# ITC: Building World-Class Brands for India

## Sustainable Packaging Innovations



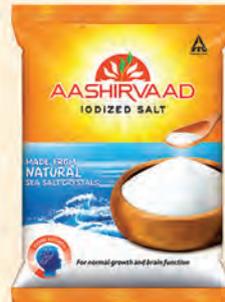
Aashirvaad Organic Atta in Paper-based Packaging



Sunfeast Yippee! Noodles: Transitioned to 100% Mono Material PP Laminate (Outer pack and inner sachet)



ITC Master Chef Frozen Snacks: Transitioned to 100% Mono Material PE Laminate



Aashirvaad Iodized Salt: 100% Mono Material PE Laminate



ITC Savlon First in the Category to use 70% Recycled Plastic Material in the PET Films of Savlon Glycerin Soap Wrapper



Fiamo Shower Gel Bottles made from 50% Recycled Plastic



Engage Cologne Secondary Packaging is 100% Paper-based Recyclable Cartons



# ITC: Building World-Class Brands for India

## Brands with Purpose

ITC's Brands with Purpose embrace environmental & social causes and also create awareness amongst consumers.

**AASHIRVAAD**  
Aashirvaad Atta 'Raho Chaar Kadam Aage' campaign-helping homemakers with upskilling opportunities

**fiama**  
Making mental well-being a more proactive conversation

**Vivel**  
Supporting women empowerment with Ab Samjhauta Nahin

**B Natural**: supporting local Indian farmers by making majority of our juices from 100% Indian fruit

**Sunfeast Cup**: annual football tournament providing a platform to young sporting talent in the North-East

**Sunfeast Mom's Magic #HugHerMore** campaign reinforces the magical effect of a Mom's hug, and encourages everyone to hug their Moms more frequently



# ITC: Building World-Class Brands for India

## Brands with Purpose

ITC's Brands with Purpose embrace environmental & social causes and also create awareness amongst consumers.



**Better World Programme:** assisting schools with desks and benches made of recycled plastic

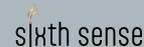
**Terra by YiPee! :** a new solution to sustainably manage post-consumer packaging waste



**Savlon Swasth India Mission:** seeding behavioural change towards hand hygiene



Supporting holistic skill development of school students, nurturing them to become well-rounded individuals



Training and empanelling visually impaired persons as fragrance testers, fostering a life of dignity and hope



# ITC: Building Agile, Resilient and Competitive Distribution Infrastructure

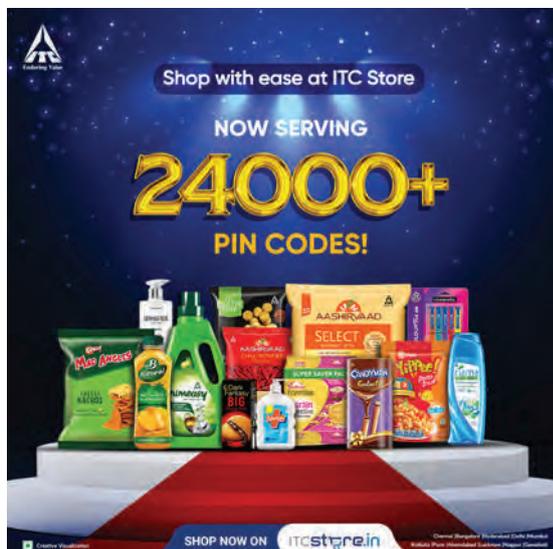
## Extensive Distribution Network

ITC's deep & wide distribution network reaches millions of households in India.

ITC's omni-channel distribution network facilitates availability of its products at nearly 70 lakh retail outlets and is a source of sustainable, competitive advantage for its FMCG Businesses.



A tech-enabled Digital Infrastructure with AI/ML enabled apps like Unnati among others are providing structural efficiencies to help build ITC as a future enterprise.



ITC is also scaling up its D2C platforms. ITC e-Store is operational in 24,000+ pin-codes. New routes-to-market have been unlocked through several strategic partnerships catering to segments like 'on-the-go' consumption, direct marketing, airports & airlines and QSRs.



## ITC: Making in India, Building Manufacturing Assets for India

### Recent Launches of State-of-the-Art Manufacturing Facilities

The network of 11 state-of-the-art Integrated Consumer Goods Manufacturing & Logistics (ICML) Facilities, the recently established Ancillary Manufacturing and Logistics Facilities (AMLF) and other units provide structural competitiveness to ITC's businesses.



ICML Medak, Telangana



Global spices facility in Guntur, Andhra Pradesh



ICML Kapurthala, Punjab



ICML Khordha, Odisha



## ITC: Making in India, Building Manufacturing Assets for India

### ITC's Paperboards, Paper and Packaging Businesses

- Promoting manufacturing excellence with state-of-the-art factories adopting best-in-class technologies
- Established India's largest integrated pulp and paper mill, anchoring inclusive fiber value chain and enabling import substitution
- Scaling up the value-added products portfolio, pioneering innovative fiber-based solutions as well as sustainable packaging options
- A trendsetter in digital adoption and a pioneer in Industry 4.0 technology adoption. The digital interventions include Industrial IoT for Smart Operations, Integrated Data Platform, AI/ML algorithms for optimisation in manufacturing process, AI/ML based image analytics and IoT based crop monitoring & advisory, computer vision-based solutions to improve workforce safety



ITC Paperboards & Specialty Papers Manufacturing unit, Bhadrachalam, Telangana

- Enhancing share of Renewable Energy in its operations with several initiatives including investment in a green boiler at Bhadrachalam
- A state-of-the-art High Pressure Recovery Boiler at the Bhadrachalam paper mill is progressively enhancing energy efficiency and reducing the carbon footprint of the unit



New High Pressure Recovery Boiler at the ITC Paperboards & Specialty Papers Manufacturing unit, Bhadrachalam, Telangana



# ITC: Making in India, Building Manufacturing Assets for India

## ITC's Paperboards and Packaging Businesses

Promoting sustainable packaging solutions that substitute single-use plastics.



'FiloPack' and 'FiloServe' - recyclable paperboards



'OmegaBev' and 'OmegaBarr' - biodegradable paperboards



IndoBowl - Replacing plastic containers in food delivery



WrapWell - an easily-recyclable food grade paper that serves as a substitute for aluminium foil



Bio-seal - An environment-friendly paper-based tea envelope bag with a 100% biodegradable coating provides a good alternative for multilayer plastic bags



OXY BLOCK - Recyclable coating solution to enhance barrier properties in packaging



Sign-up Green - ITC's paperboard offering that is a more sustainable alternative to plastic-based indoor advertising



Tribe Kraft - 100% recyclable alternative to single-use plastic packaging





## ITC: Enriching Tourism Landscape of India

ITC Hotels with its credo of 'Responsible Luxury' stands for iconic hotel properties, signature cuisines, service excellence and as a sustainability exemplar.

### Glimpses of New Launches

ITC's Hotels Business is one of the fastest growing hospitality chains in the country. The Business has over 120 properties under 6 distinctive brands – 'ITC Hotels' in the Luxury segment, 'Mementos' in the Luxury Lifestyle segment, 'Welcomhotel' and 'Storii' in the Premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment. ITC's Hotels business meaningfully contributes to the tourism potential of the country, while supporting livelihoods. **The first 12 LEED Zero Carbon hotels in the world and the first 2 LEED Zero Water properties are ITC Hotels.**



ITC Narmada, Ahmedabad

Mementos, Udaipur







# ITC: Enriching Tourism Landscape of India

In the last year, 12 new properties were added across brands.

## Glimpses of New Launches



Welcomhotel, Manali



Storii Moira, Goa



ITC Fortune Resort, Kalimpong



WelcomHeritage Cheetahgarh Resort and Spa, Rajasthan



# ITC: Enriching Tourism Landscape of India

## Innovations at ITC Hotels

ITC Hotels' credo of 'Responsible Luxury' has enabled the business to synergise exclusive experiences with sustainable practices.

The Hotels Business has the highest number of hotels in the world to have been awarded the LEED Platinum Certification by USGBC, with 22 of its hotels achieving this feat.

ITC Hotels reduced the use of single-use plastics from around 150 touch points across its operations, eliminating around 2.5 lakh kg of plastic per year.



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



Special Packages  
for Staycations



Gourmet Couch -  
Food Delivery Services



Signature  
'Sleep' Boutiques



## ITC: Driving Purposeful and Agile Innovation

### Cutting-edge R&D at LSTC

ITC's Life Sciences & Technology Centre is at the centre of driving innovation to strengthen ITC's competitiveness.

Strategic investments in key science-based platforms in emerging areas important for the future as well as Centres of Excellence across domains have enabled ITC to launch winning products anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go, Indulgence etc.

With over 400 scientists, ITC has filed over 800 patent applications till date. It has been ranked as the top innovator in India.





# ITC's Digital Transformation

## Accelerated Digital Adoption Across Every Node of Operation

ITC's aspiration is to be a 'FutureTech' enterprise by leveraging cutting-edge digital technologies, including AI/ML, Industry 4.0, Advanced Analytics, Big Data and Industrial IoT, to enable competitive business transformation.

### Smart Insights



**Sixth Sense Marketing Command Centre** – an AI-powered hyper-personalised platform, utilised to gain insights on market trends and consumer behaviour

### Smart Sourcing



**Astra** - An AI/ML and analytics-based digital platform for ITC's Agri Business to support smart buying decisions



### ITCMAARS

ITCMAARS – Bringing the power of digital to farmers

### Smart Manufacturing



Over 100 use cases developed and implemented using Industry 4.0 at the Paperboards and Specialty Papers Business

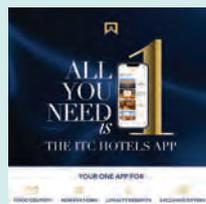
### Smart Distribution



Unnati      VIRU      Vistaar      Zen

ITC e-Store - operational in 24,000+ pin-codes, Unnati - covering nearly 5.4 lakh outlets, PACE - using 8000+ data points to provide sharp targeted store level recommendations. Other digital projects include Lighthouse, Zen, VIRU, Trinetra, Vistaar, M Astra

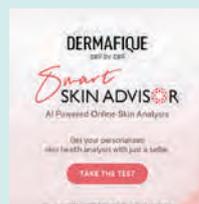
### Smart Consumers



ITC Hotels App



Classmateshop.com



Dermafique AI powered smart skin advisor



Meri Chakki atta



Engage Fragrance Finder

## Building a Digi First Culture

Young Digital Innovators' Forum; DigiNext Council



# Towards the Next Horizon of Sustainability

## ITC: Combating Climate Change, Creating Sustainable Livelihoods

ITC's sustainability journey over a quarter of a century has been inspired by its vision to make sustainable and inclusive growth the bedrock of its corporate strategy. ITC's efforts have focussed on designing and implementing large-scale programmes to address the challenges of climate change, replenish the environment and create sustainable livelihoods to empower rural communities.

### ITC's Climate Action

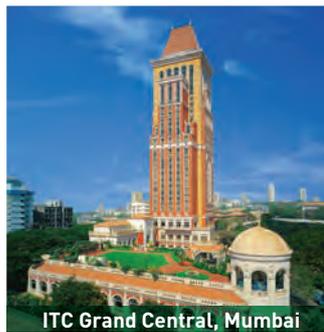
ITC is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. ITC is also implementing adaptation measures based on nature-based solutions, across its operations and sites.

### Decarbonisation

- Green infrastructure - 40 LEED Platinum Certified green buildings
- ITC's social and farm forestry initiative also helps in carbon sequestration of nearly 6 million tonnes annually
- World's first 12 LEED Zero Carbon Hotels, 2 LEED Zero Water Hotels and first LEED Zero Carbon Data Centre are ITC properties



ITC Maratha, Mumbai



ITC Grand Central, Mumbai



ITC Grand Chola, Chennai



ITC Rajputana, Jaipur



ITC Mughal, Agra



ITC Sonar, Kolkata



ITC Gardenia, Bengaluru



ITC Windsor, Bengaluru



Welcomhotel, Chennai



Welcomhotel, Bengaluru



Welcomhotel, Guntur



Welcomhotel, Coimbatore



Sheraton, New Delhi



ITC Sankhya Data Centre, Bengaluru

### Climate Risk Assessments

ITC is working with climate experts to conduct comprehensive climate risk assessments across its locations to estimate the impact of climate hazards over different time frames. Site-specific agri value chain studies are being undertaken for developing contextual location-specific adaptation plans and strategies.

### Circular Economy

- Solid Waste Management - Well-being Out of Waste covered over 2.2 crore citizens
- ITC is Plastic Neutral for the 2nd consecutive year



### Renewable Energy

- Around 43% of ITC's energy is from renewable sources
- ITC's Renewable Energy capacity has reached nearly 178MW. This includes an off-site solar plant in Tamil Nadu. 3 more such plants are in the pipeline



### New High Pressure Recovery Boiler

at the ITC Paperboards & Specialty Papers Manufacturing unit, Bhadrachalam, Telangana



## Towards the Next Horizon of Sustainability

### ITC: Combating Climate Change, Creating Sustainable Livelihoods



#### Nature-Based Solutions | Adaptation

- Afforestation - greened over 10.4 lakh acres, 1,900 lakh person-days of employment supported
- Biodiversity - restored over 2.9 lakh acres
- Climate Smart Agriculture
- Integrated Water Stewardship
  - Watershed development covering 14.7 lakh acres, benefitted over 4.2 lakh people
  - Demand Side Management: water savings of 20-45% in 15 crops
- AWS Certification for high water stressed areas
  - Platinum certification achieved for ITC Kovai and ITC Malur factories

### ITC: Supporting Sustainable Livelihoods



#### Women Empowerment

Around 1.2 lakh women benefitted



#### Collaboration with NITI Aayog

Improved Agriculture & Allied Services indicators in 27 aspirational districts across 8 states



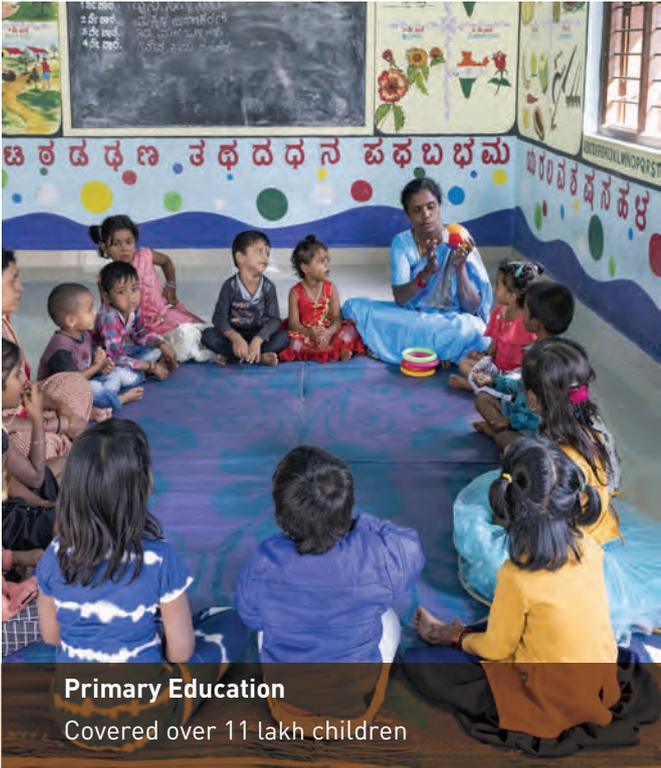
#### Baareh Mahine Hariyali

has benefitted over 2 lakh farmers in Uttar Pradesh, income doubled for over 35,000 farmers



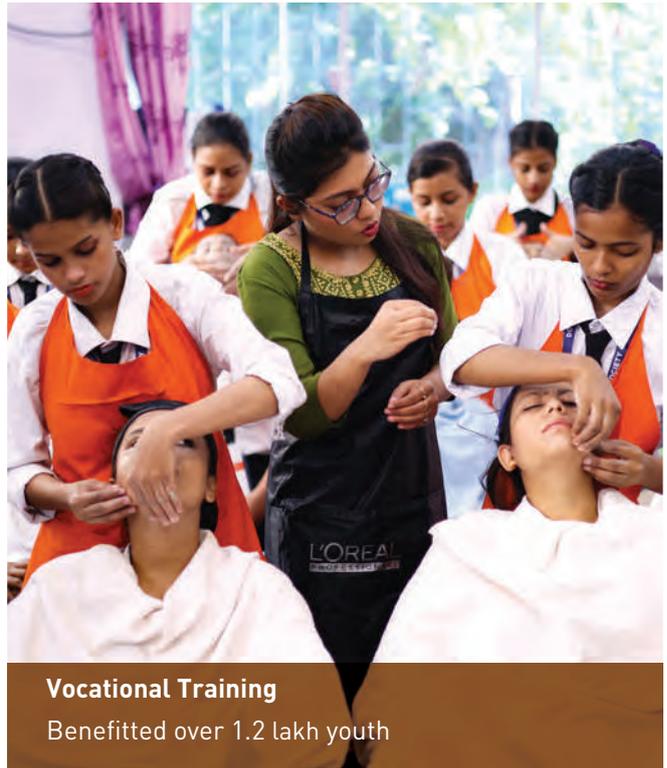
# Towards the Next Horizon of Sustainability

## ITC: Supporting Sustainable Livelihoods



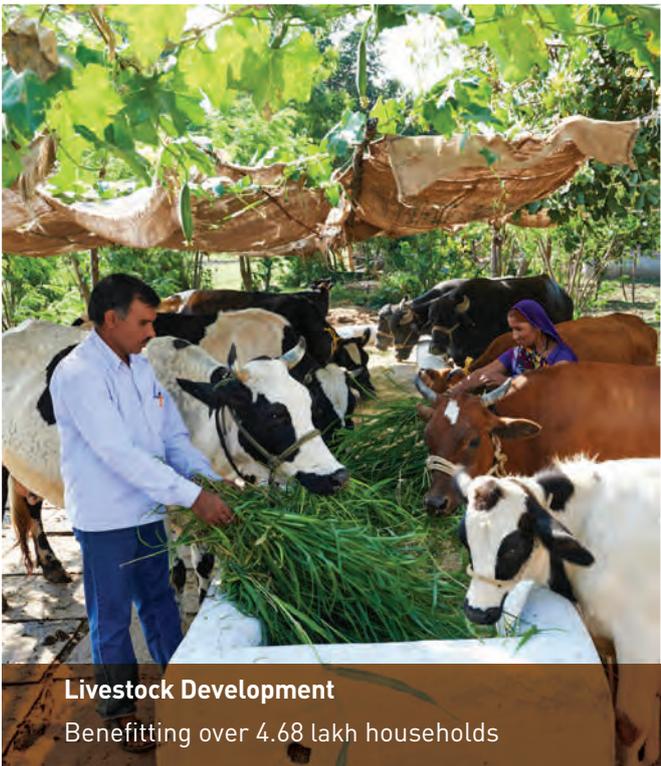
### Primary Education

Covered over 11 lakh children



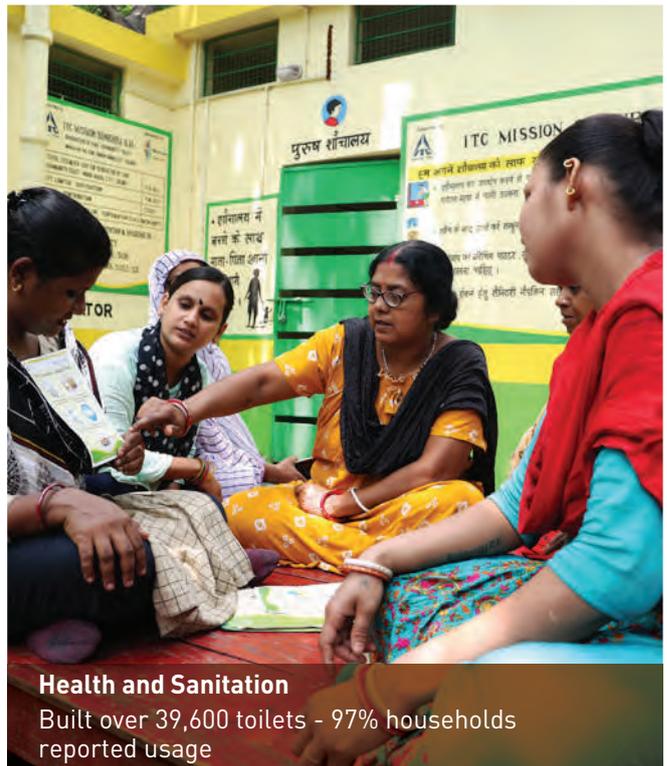
### Vocational Training

Benefitted over 1.2 lakh youth



### Livestock Development

Benefitting over 4.68 lakh households



### Health and Sanitation

Built over 39,600 toilets - 97% households reported usage

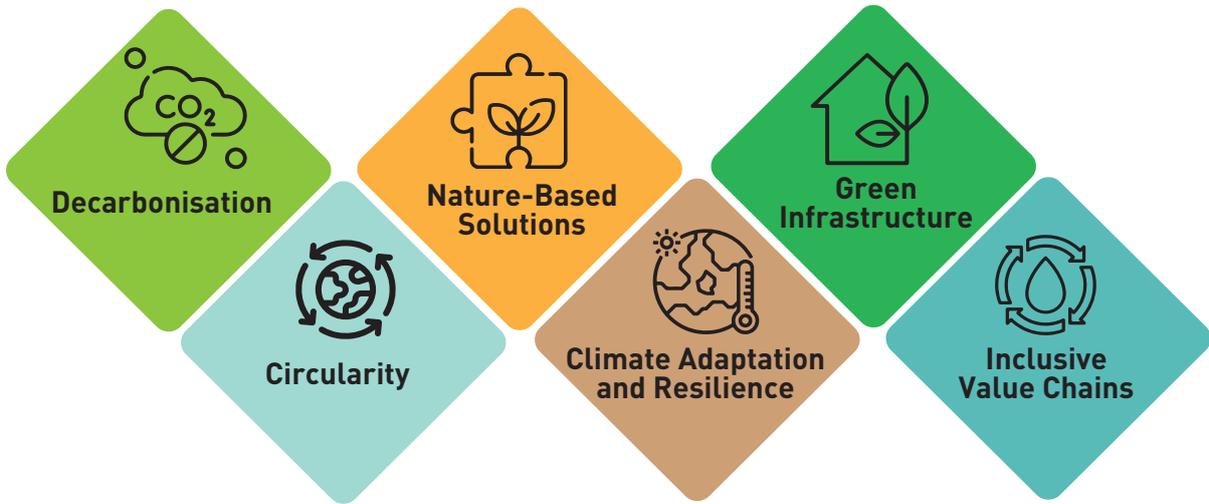


# Towards the Next Horizon of Sustainability

## Sustainability Targets 2030

Reduce. Recycle. Restore.

### Strategic Interventions to Combat Climate Change

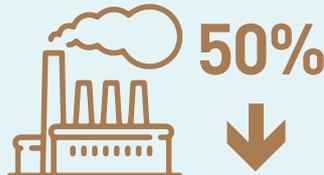


## Sustainability Targets 2030



Renewable Energy

50%



Specific GHG Emission

50%



Recyclable Packaging (by 2028)

100%



Plastic Neutrality achieved ahead of its time

100% Collection in FY22



**Water Security for all**  
5x of ITC's Net Consumption

**AWS Certification**  
for High Water Stressed Sites by 2035



**Biodiversity & Agriculture**

Biodiversity Conservation > 1 million acres

Climate Smart Village > 3 million acres

Social & Farm Forestry > 1.5 million acres

Supporting Sustainable Livelihoods: From 6 million to 10 million



## Board of Directors

### Chairman & Managing Director

Sanjiv Puri

### Executive Directors

Nakul Anand  
Sumant Bhargavan  
Supratim Dutta  
(also Chief Financial Officer)

### Non-Executive Directors

Shilabhadra Banerjee	Anand Nayak
Hemant Bhargava	Sunil Panray
Peter Rajatilakan Chittaranjan	Nirupama Rao
Arun Duggal	Ajit Kumar Seth
Mukesh Gupta	Meera Shankar
Shyamal Mukherjee	David Robert Simpson

## Board Committees

### Audit Committee

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

### CSR and Sustainability Committee

S Puri	Chairman
P R Chittaranjan	Member
M Gupta	Member
S Panray	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
P R Chittaranjan	Member
S Dutta	Member
B Sumant	Member
R K Singhi	Secretary

### Independent Directors Committee

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

## Corporate Management Committee

S Puri	Chairman
N Anand	Member
S Dutta	Member
B Sumant	Member
S Kaul	Member
H Malik	Member
A K Rajput	Member
S Sivakumar	Member
R K Singhi	Secretary

### 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](http://www.itcportal.com)

# Your Directors

## S. Puri

Sanjiv Puri (60), DIN: 00280529, is the Chairman & Managing Director of ITC Limited.

Puri was appointed as a Wholetime Director on the Board of ITC with effect from December 6, 2015, Chief Executive Officer in February 2017 and re-designated as the Managing Director in May 2018. He was appointed as the Chairman effective May 13, 2019. He is an alumnus of the Indian Institute of Technology, Kanpur, and the Wharton School of Business, USA.

Puri joined ITC in January 1986. During his career of over three decades at ITC and its subsidiaries, he has held several business leadership positions and also handled a wide range of responsibilities in manufacturing, operations and information & digital technology. Puri served as the Chief Operating Officer of ITC between July 2016 and January 2017, and prior to that as President - FMCG Businesses since December 2014. Earlier, he was the Divisional Chief Executive of the Tobacco Division since December 2009, with additional responsibility for the Company's Trade Marketing & Distribution Vertical from August 2012. He led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. Puri served between October 2001 and April 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal.

Spearheading the 'ITC Next' vision, Puri has driven an extensive strategy reset to define new vectors of growth for each business with greater focus on consumer-centricity, agility, resilience and innovation to build an even more competitive, future-ready and inclusive enterprise. Puri's emphasis on purposeful and cutting-edge innovation has led to the creation of sharp focused R&D platforms in areas aligned to market opportunities, that is continuously developing several differentiated as well as first-to-market products addressing the dynamic and evolving

consumer preferences. Given his deep conviction that mega trends like Digital and Sustainability will reshape the future, Puri has passionately rallied the organisation to develop capabilities, channelise investment and resources to enhance competitiveness of existing businesses, and also identify tech-enabled growth opportunities. Lending new wings to ITC's credo of 'Nation First: Sab Saath Badhein', he has articulated an ambitious Sustainability 2.0 vision that will enlarge ITC's contributions to a net-zero economy and meaningfully support national priorities.

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

Presently, Puri is the President-Designate of CII. He is the Chairman of the Advisory Council of the CII-ITC Centre of Excellence for Sustainable Development, Co-Chair of the CII Associations Council as well as the CII Membership Council, and a Member of the CII Economic Affairs Council. He is a Director on the Board of US-India Strategic Partnership Forum, Co-Chair of the 'Business Commission to Tackle Inequality' set up by the World Business Council for Sustainable Development, Member of the BRICS Business Council, and also a Member of the Governing Body of the National Council of Applied Economic Research. Puri is also the Chairman of the 'Action Council on ESG in Business' under the aegis of Business 20 India, the official dialogue forum with the global business community as part of India's G20 Presidency.

Puri was conferred with the 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur. He was bestowed with an Honorary Doctorate by the XIM University, Bhubaneswar, and also honoured with the 'IMPACT Person of the Year, 2020' Award by exchange4media, a leading online news platform.

**Other Directorships**

Name of the company	Position
ITC Infotech India Limited	Chairman & Non-Executive Director
ITC Infotech Limited, UK *	Chairman & Non-Executive Director
ITC Infotech (USA), Inc. *	Chairman & Non-Executive Director
Surya Nepal Private Limited *	Chairman & Non-Executive Director
Indian School of Business	Member, Governing Board and Executive Board

**Committee Membership of other companies:** Nil

**N. Anand**

Nakul Anand (66), DIN: 00022279, was appointed as a Wholtime Director on the Board of ITC effective January 3, 2011. He oversees the Hospitality and Travel & Tourism Businesses of ITC.

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

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

Anand has been a past President of the Hotel Association of India and past Chairman of the CII National Tourism Committee. He was also a

Member of the India-Sri Lanka CEOs Forum, and Council Member & Executive Committee Member of the National Culture Fund, Ministry of Culture - Government of India. He is presently a Member of the National Tourism Advisory Council constituted by the Ministry of Tourism - Government of India, Chairman of the Federation of Associations in Indian Tourism & Hospitality, and a Member of the Executive Committee of the Hotel Association of India. He is also a Member of the Senior Advisory Council of the Sustainability Hospitality Alliance.

Anand was recognised as the 'Corporate Hotelier of the World 2019' by Hotels Magazine USA. He was also conferred with Lifetime Achievement Awards at the Hotel Investment Conference - South Asia 2022 and by the Iconic Forum 2023, and the 'Outstanding Exemplar in the Promotion of Travel, Tourism & Hospitality Award' by FOODFOOD Awards 2022. In April 2023, he has been honoured with the prestigious 'Hall of Fame Award' at the Global Hospitality Awards 2023 organised by the International Hospitality Council, London, in collaboration with the International Institute of Hotel Management.

**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

## Your Directors

### 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

### S. Dutta

Supratim Dutta (56), DIN: 01804345, was appointed as a Wholetime Director on the Board of ITC effective July 22, 2022. He is, inter alia, responsible for Finance, Accounting, Internal Audit & IT Functions and also for the Investment Subsidiaries of the Company. He continues to be the Chief Financial Officer ('CFO') of the Company.

A qualified Chartered Accountant and Cost Accountant, Dutta joined ITC in November 1990. In a career spanning over three decades at ITC, he has held various senior roles in the finance function, both at the business and corporate level. Before becoming the CFO, he held the position of the Corporate Financial Controller of the Company responsible for Accounts, Taxation and Finance operations, and prior to that, he was Executive Vice President - Corporate Finance in charge of the Corporate Treasury, Strategic Planning and Corporate Planning Functions of the Company. He has handled various aspects of finance including Planning, Treasury, M&A, Accounting, Taxation, IT, Investor Relations and business strategy.

Presently, Dutta is a Member of the CII National Committee on Financial Reporting and of the World Business Council for Sustainable Development CFO Network.

### 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 Integrated Business Services Limited	Chairman & Non-Executive Director
ITC Infotech India Limited	Non-Executive Director
ITC Infotech Limited, UK *	Non-Executive Director
ITC Infotech (USA), Inc. *	Non-Executive Director
Surya Nepal Private Limited *	Non-Executive Director
WelcomHotels Lanka (Private) Limited *	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
ITC Infotech India Limited	Audit Committee	Chairman
	Nomination and Remuneration Committee	Member

### B. Sumant

Sumant Bhargavan (59), DIN: 01732482, was appointed as a Wholetime Director on the Board of ITC effective November 16, 2018. He oversees the Paperboards, Paper and Packaging as well as the Personal Care and Education & Stationery Products Businesses of the Company, and also the Trade Marketing & Distribution ('TM&D') Vertical. Sumant, an alumnus of the National Institute of Technology, Durgapur, joined ITC in January 1986, and has handled a wide range of responsibilities across several businesses.

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

Sumant has also been on the Boards of Surya Nepal Private Limited and The Tobacco Institute of India. Presently, he serves as a Member of the CII Eastern Region Council.

#### Other Directorships

Name of the company	Position
ITC Fibre Innovations Limited	Chairman & Non-Executive Director
The Tollygunge Club Limited	Member, General Committee

**Committee Membership of other companies:** Nil

### S. Banerjee

Shilabhadra Banerjee (74), DIN: 02922331, joined the ITC Board as a Non-Executive Director effective July 24, 2014 and was appointed as an Independent Director effective July 30, 2014.

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

Banerjee does not hold directorship of any other company.

### H. Bhargava

Hemant Bhargava (63), DIN: 01922717, joined the ITC Board as a Non-Executive Independent Director effective December 20, 2021.

Bhargava, a Post Graduate in Economics from the Lucknow University, has also studied Masters in Financial Management from the Jamnalal Bajaj Institute of Management Studies. He started his corporate journey in 1981 with the Life Insurance Corporation of India ('LIC') as the youngest Direct Recruit Officer, and reached the zenith of becoming the Chairman in-charge and Managing Director of the organisation in January 2019. He was also appointed

## Your Directors

as the Non-Executive Chairman of IDBI Bank and LIC Housing Finance Limited in January 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. Adept at establishing new strategic initiatives with multiple stakeholders and designing innovative marketing & sales campaigns, Bhargava has guided several skilled professionals across the finance value chain. He also served on the Board of the Company from July 2018 to August 2021.

### Other Directorships

Name of the company	Position
The Tata Power Company Limited #	Nominee Director
Larsen & Toubro Limited #	Nominee Director
UGRO Capital Limited #	Independent Director
West End Investment and Finance Consultancy Private Limited	Independent Director
Providence Life Limited, PCC, Mauritius *	Non-Executive Director

### Committee Membership of other companies

Name of the company	Committee	Position
The Tata Power Company Limited	Stakeholders Relationship Committee	Chairman
Larsen & Toubro Limited	Stakeholders Relationship Committee	Member
UGRO Capital Limited	Nomination and Remuneration Committee	Chairman
	Audit Committee	Member

## P. R. Chittaranjan

Peter Rajatilakan Chittaranjan (59), DIN: 09773278, joined the ITC Board as a Non-Executive Director effective February 3, 2023, representing the General Insurers' (Public Sector) Association of India.

Chittaranjan is the General Manager and Wholetime Director of National Insurance Company Limited ('NICL') effective November 1, 2022, and has more than 36 years of experience at NICL. A Post Graduate in Economics, he joined the NICL as Assistant Administrative Officer (Generalist) in July 1986. He has thereafter served in various capacities at NICL, including Motor Hub in-charge and Divisional in-charge in the North-Eastern region of India.

Chittaranjan, as the General Manager of NICL since July 27, 2020, has handled Information Technology, Human Resources, Corporate Social Responsibility, Publicity and Digital Marketing, Research & Development, Liability and Aviation Insurance, and all India Motor Strategic Tie-ups of NICL. He has also driven the cyber security initiatives at NICL particularly during the COVID-19 pandemic, and has served as the Chief Risk Officer of NICL from August 2020 to May 2021. Prior to this, he has held the positions of Chief Manager, Deputy General Manager and Bangalore Regional Officer in-charge of NICL.

### Other Directorships

Name of the company	Position
National Insurance Company Limited #	Wholetime Director

### Committee Membership of other companies

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

### A. Duggal

Arun Duggal (76), 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 M.B.A. 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. He is presently a Trustee of the Chennai Mathematical Institute.

Duggal is involved in several initiatives in social & educational sectors and is founder of FICCI's 'Women on Corporate Boards' Programme, the 'Centre of Excellence for Research in Climate Change and Air Pollution' at IIT Delhi, and the 'Centre for ESG Research' at IIM Ahmedabad. He is recipient of Distinguished Alumnus Awards from IIT Delhi and IIM Ahmedabad.

### Other Directorships

Name of the company	Position
ICRA Limited #	Chairman & Independent Director
Dr. Lal PathLabs Limited #	Independent Director
ASK Automotive Limited	Independent Director
Davenport Management Consultants Services Private Limited	Non-Executive Director

### Committee Membership of other companies

Name of the company	Committee	Position
ICRA Limited	Audit Committee	Member
	Stakeholders Relationship Committee	Member
Dr. Lal PathLabs Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
ASK Automotive Limited	Audit Committee	Chairman
	Stakeholders Relationship Committee	Member
	Nomination and Remuneration Committee	Member

### M. Gupta

Mukesh Gupta (61), DIN: 06638754, joined the ITC Board as a Non-Executive Director effective October 27, 2021, representing LIC.

Gupta holds Degrees of Bachelor in Science and Masters in Business Administration (Human Resources). He joined LIC as a Direct Recruit Officer in 1984 and retired as its Managing Director on September 30, 2021. During his long tenure of 37 years, he worked across diverse set of roles building multi-dimensional experience in different capacities, especially in Insurance and Marketing. Gupta held prominent positions in the Corporate Office and three major zones of LIC, including Executive Director (Personnel) and Executive Director (Bancassurance) at Corporate Office, Marketing Manager of Bikaner Division, Senior Divisional Manager of two Divisions viz., Amritsar and Hyderabad, Regional Manager (Bancassurance & Alternate Channels) of

## Your Directors

LIC's South Central Zone, Regional Manager (Marketing) of Western Zone, and Zonal Manager of the Central Zone.

### Other Directorships

Name of the company	Position
IDBI Bank Limited #	Nominee Director
Jindal Worldwide Limited #	Independent Director

### Committee Membership of other companies

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

## S. Mukherjee

Shyamal Mukherjee (63), DIN: 03024803, joined the ITC Board as a Non-Executive Independent Director effective August 11, 2021.

Mukherjee is a Chartered Accountant and also holds Degrees of Bachelor in Commerce and Law from Delhi University. He is the former Chairman and Senior Partner of PricewaterhouseCoopers ('PwC') in India. With over 37 years of experience, Mukherjee started his professional journey with PwC in 1984 and became a Partner in 1993. Along the way, he assumed several leadership roles, including PwC India's Brand & Strategy Leader and Leader of PwC India's Tax practice. As PwC's Chairman, he was at the forefront of making it a more future-ready firm, investing in and strengthening the firm's key capabilities across its people, go-to-market initiatives and internal transformation. He has been known for building a culture that is value-driven and encourages innovation & robust governance. He is the Managing Trustee of the Phanindranath Education Trust, Howrah, and also a Member of the Bar Council of Delhi.

### Other Directorships

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

### Committee Membership of other companies

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

## A. Nayak

Anand Nayak (71), 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 served on the Corporate Management Committee of ITC for over 18 years from 1997 to 2015. He was also responsible for overall management of Social Sector initiatives under the CSR agenda of ITC, and mentored the Mission Sunehra Kal team in crafting enduring sustainability solutions for rural India.

Nayak does not hold directorship of any other company.



### S. Panray

Sunil Panray (65), DIN: 09251023, was appointed as a Non-Executive Director on the Board of ITC effective August 11, 2021, as a representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c. ('BAT').

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

Panray does not hold directorship of any other company.

### N. Rao

Nirupama Rao (72), 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, Fellow - Brown University, Jawaharlal Nehru Fellow, and a recipient of the Degree of Doctor of Letters (Honoris Causa) from the Pondicherry University. She was conferred with the Vanitha Ratna by the Government of Kerala in 2016. She is currently a Global Fellow of The Wilson Center in Washington, D.C., Council Member of the World Refugee & Migration Council, Council Member & Court Member of the Indian Institute of Science, Bengaluru, and an Advisor to the Board of US-India Business Council. She is also a Member of the Council of Management of the National Institute of Advanced Studies as well as of the Board of Governors of the Indian Council for Research on International Economic Relations, besides being a Founder Trustee of The South Asian Symphony Foundation, Bengaluru.

A career diplomat from the Indian Foreign Service from 1973 to 2011, she served the Government in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her distinguished career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed Ambassador of India to the United States for a period of two years from 2011 to 2013. She is the author of 'The Fractured Himalaya: India Tibet China, 1949 to 1962', published in 2021.

### Other Directorships

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

### Committee Membership of other companies

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

## Your Directors

### A. K. Seth

Ajit Kumar Seth (71), 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, New Delhi, and a Masters in Development Finance from the University of Birmingham, UK.

In 2015, the University of Birmingham conferred upon him a Doctorate Honoris Causa.

Seth is a retired IAS Officer with administrative experience of more than 41 years. He retired in June 2015 after serving for four years as the Cabinet Secretary of the Government of India, the highest position in civil services. Thereafter, he was appointed Chairman of the Public Enterprises Selection Board.

In a varied and distinguished career, his past assignments include postings in the Ministry of Commerce, the Permanent Mission of India to the United Nations at Geneva (dealing with GATT / UNCTAD) and the Ministry of Textiles. Earlier, in Uttar Pradesh, he served as Principal Secretary - Rural Development, Special Secretary - Industries, Divisional Commissioner of Kumaon Division and District Magistrate, Lucknow.

Seth does not hold directorship of any other company.

### M. Shankar

Meera Shankar (72), DIN: 06374957, was appointed as a Non-Executive Independent Director on the Board of ITC effective September 6, 2012.

A Post Graduate in English Literature, she joined the Indian Foreign Service in 1973 and had an illustrious career spanning 38 years. She served in the Prime Minister's Office for six years from

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

### Other Directorships

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

### Committee Membership of other companies

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

**D. R. Simpson**

David Robert Simpson (66), DIN: 07717430, was appointed as a Non-Executive Director on the Board of ITC effective January 27, 2017, as a representative of TMI.

Simpson holds a Masters Degree from the University of Cambridge and is a qualified lawyer from the Guildford College of Law. He started his career in 1979 and has held various leadership positions with major corporates including the investment banking arm of Barclays PLC and as Global Head of M&A at KPMG LLP. He has a wide range of expertise and understanding of diverse sectors spanning Investment Banking and Private Equity, Infrastructure, Energy, Transport,

Healthcare, Education, Investment Risk Assessment etc. He has also served as a Director of the British Geological Survey.

**Other Directorships**

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

**Committee Membership of other companies:** Nil

\* Denotes foreign company

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

**Notes:**

1. Other Directorships and Committee Memberships of Directors are as on 18th May, 2023.
2. Committee Memberships cover Committees under the Companies Act, 2013 viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee of Indian companies.

# Report on Corporate Governance

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

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

## THE COMPANY'S GOVERNANCE PHILOSOPHY

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

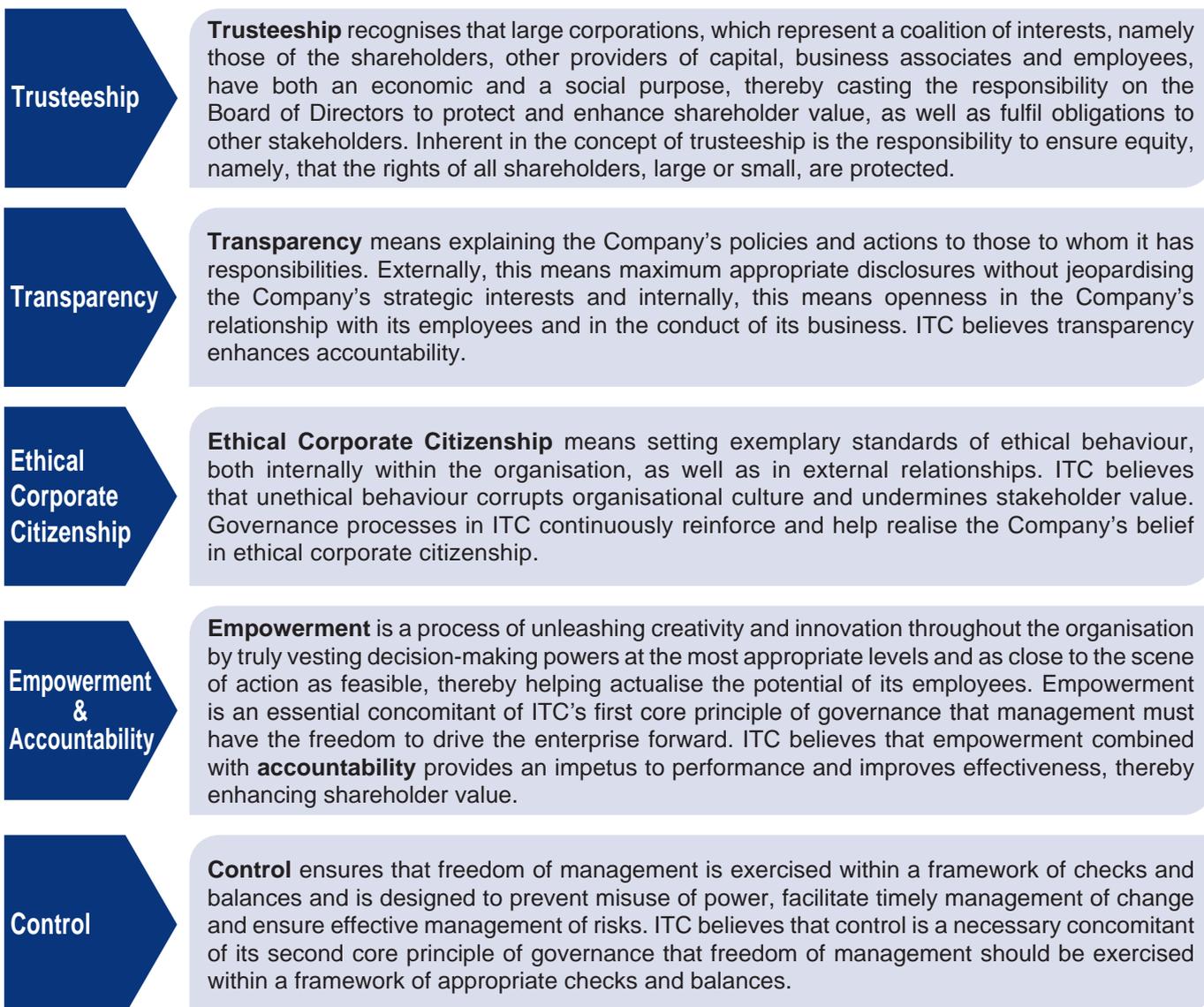
ITC's Corporate Governance structure, systems and processes are based on two core principles:

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

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

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

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



## 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 at <https://www.itcportal.com/governance-document>.

### 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 and evaluates its performance and that of the Board Committees & the Directors.

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

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

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

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

**Chairman:** The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC, and also presides over General Meetings of Shareholders. His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and 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 a Business Vertical is responsible for providing leadership to the Vertical and realising the tactical & strategic objectives of the respective business area.

## BOARD OF DIRECTORS

### Composition

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

The Non-Executive Directors include independent professionals. Independent Directors represent at least 50% of the total strength of the Board.

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

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

Composition of the Board as on 31st March, 2023:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	25
Non-Executive Independent Directors	8	50
Other Non-Executive Directors	4	25
<b>Total</b>	<b>16</b>	<b>100</b>

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	Nil
S. Dutta	Executive Director & Chief Financial Officer	9	2 [also as Chairman]
B. Sumant	Executive Director	2	Nil
S. Banerjee	Independent Director	Nil	Nil
H. Bhargava	Independent Director	5	3
A. Duggal	Independent Director	3	3
S. Mukherjee	Independent Director	2	2
A. Nayak	Independent Director	Nil	Nil
N. Rao	Independent Director	3	2
A. K. Seth	Independent Director	Nil	Nil
M. Shankar	Independent Director	3	1
P. R. Chittaranjan	Non-Executive Director Representative of the General Insurers' (Public Sector) Association of India as Investor	1	Nil
M. Gupta	Non-Executive Director Representative of the Life Insurance Corporation of India as Investor	2	1
S. Panray	Non-Executive Director Representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c., as Investor	Nil	Nil
D. R. Simpson	Non-Executive Director Representative of TMI as Investor	4	Nil

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

## Report on Corporate Governance

### Meetings and Attendance

The Company's Governance Policy requires the Board to meet at least five times a year.

The tentative annual calendar of meetings is broadly determined at the beginning of each year. The intervening period between two Board Meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations.

### Board Agenda

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

### Information placed before the Board

In terms of the Company's Governance Policy, all statutory and other significant & material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of Shareholders. The following in particular are also tabled for the Board's approval / periodic review or information:

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

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

### Post-meeting follow-up system

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

### Details of Board Meetings during the financial year

During the financial year ended 31st March, 2023, six meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	18th April, 2022	16	16
2	18th May, 2022	16	15
3	20th July, 2022	16	16
4	1st August, 2022	16	16
5	20th October, 2022	16	16
6	3rd February, 2023	15	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
S. Dutta <sup>1</sup>	3	N.A.
B. Sumant	6	Yes
S. Banerjee	6	Yes
H. Bhargava	6	Yes
P. R. Chittaranjan <sup>2</sup>	N.A.	N.A.
A. Duggal	6	Yes
M. Gupta	6	Yes
S. Mukherjee	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. Nayak	6	Yes
S. Panray	6	Yes
N. Rao	6	Yes
A. K. Seth	6	Yes
M. Shankar	5	Yes
D. R. Simpson	6	Yes
N. Doda <sup>3</sup>	4	Yes
R. Tandon <sup>4</sup>	3	Yes

1. Appointed as Executive Director w.e.f. 22nd July, 2022.

2. Appointed as Non-Executive Director w.e.f. 3rd February, 2023.

3. Resigned as Non-Executive Director w.e.f. 20th January, 2023.

4. Ceased to be Executive Director w.e.f. 22nd July, 2022 upon completion of term.

**COMMITTEES OF THE BOARD**

Currently, there are five Board Committees – the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee, the CSR and Sustainability Committee and the Independent Directors Committee. The terms of reference of the Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law.

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

All the recommendations made by Board Committees during the year were accepted by the Board. Minutes of Board Committee Meetings are placed before the Board. 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 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:

- 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;
- To recommend the appointment, remuneration and removal of Statutory and Cost Auditors;
- To recommend the appointment of the Chief Financial Officer of the Company;
- To approve transactions with related parties, including modifications thereto;
- To evaluate the Company's internal financial controls and risk management systems;
- To review with the management the following:
  - Annual financial statements and Auditor's Report thereon before submission to the Board for approval;
  - Quarterly financial statements before submission to the Board for approval;
- To review the following:
  - Management discussion and analysis of financial condition & results of operations, and matters required to be included in the Directors' Responsibility Statement;
  - 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, and Statutory & Internal Auditors;
  - 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;
  - Internal Audit Reports and discussion with Internal Auditors on any significant findings and follow-up thereon;
  - Statutory Auditors' independence and performance, and effectiveness of the audit process;
  - System for storage, retrieval, security etc. of books of accounts maintained in the electronic form;
  - Functioning of Whistleblower mechanism in the Company;
  - Financial statements, including investments, of subsidiary companies;
  - Utilisation of loans and / or advances and investments by the Company to / in the subsidiary companies.

## Report on Corporate Governance

### Composition

The Audit Committee presently comprises four Independent Directors. The Chairman of the Committee is also an Independent Director. The Executive Director & 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, 2023, seven meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	4th May, 2022	4	4
2	18th May, 2022	4	4
3	11th July, 2022	4	4
4	1st August, 2022	4	4
5	20th October, 2022	4	4
6	17th January, 2023	4	4
7	3rd February, 2023	4	4

#### Attendance at Audit Committee Meetings during the financial year

Member	No. of Meetings attended
A. Duggal	7
S. Banerjee	7
H. Bhargava	7
S. Mukherjee	7

### 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, 2023, five meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	18th April, 2022	4	4
2	17th May, 2022	4	4
3	19th July, 2022	4	4
4	20th October, 2022	4	4
5	3rd February, 2023	4	3

#### 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	4

## Remuneration Policy

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

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees, as approved by the Board, may be accessed on the Company's corporate website at <https://www.itcportal.com/remuneration-policy>. 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. Apart from fixed elements of remuneration and benefits / perquisites, the Chairman and the other Executive Directors are also eligible for Long Term Incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee and / or the Board; such incentives are linked to individual performance and the overall performance of the Company, including Sustainability goals. The maximum annual value of such Long Term Incentives is 0.10% and 0.05% for the Chairman and each of the other Executive Directors, respectively, of the net profits of the Company for the immediately preceding financial year.

Non-Executive Directors, including Independent Directors, are entitled to remuneration by way of commission for each financial year, ranging between ₹ 70,00,000/- and ₹ 1,00,00,000/- individually, as approved by the Shareholders. Non-Executive Directors' commission is determined by the Board, based inter alia on Company performance

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

## Details of Remuneration paid to the Directors during the financial year ended 31st March, 2023

(₹ in Lakhs)

Director	Basic / Consolidated Salary	Perquisites / Other Benefits	Performance Bonus / Long Term Incentives / Commission	Sitting Fees	Total
S. Puri	288.00	57.38	1,286.57	-	1,631.95
N. Anand	168.00	91.66	559.33	-	818.99
S. Dutta <sup>1</sup>	108.19	20.43	72.06	-	200.68
B. Sumant	168.00	31.23	559.33	-	758.56
S. Banerjee	-	-	90.00	12.50	102.50
H. Bhargava <sup>2</sup>	-	-	60.66 <sup>#</sup>	10.00	70.66
P. R. Chittaranjan <sup>3</sup>	-	-	-	0.40 <sup>*</sup>	0.40
A. Duggal	-	-	90.00	11.50	101.50
M. Gupta <sup>4</sup>	-	-	38.47 <sup>*</sup>	7.50	45.97
S. Mukherjee <sup>5</sup>	-	-	57.45	10.00	67.45
A. Nayak	-	-	90.00	10.90	100.90
S. Panray <sup>6</sup>	-	-	57.45	7.50	64.95
N. Rao	-	-	90.00	8.00	98.00
A. K. Seth	-	-	90.00	8.00	98.00
M. Shankar	-	-	90.00	9.00	99.00
D. R. Simpson	-	-	90.00	7.50	97.50
N. Doda <sup>7</sup>	-	-	57.45 <sup>*</sup>	6.30 <sup>*</sup>	63.75
A. Jerath <sup>8</sup>	-	-	7.40 <sup>*</sup>	-	7.40
S. B. Mathur <sup>9</sup>	-	-	41.18	-	41.18
R. Tandon <sup>10</sup>	47.81	148.62	520.65	-	717.08

<sup>#</sup> Includes ₹ 35.51 Lakhs paid to the Public Financial Institution the Director represented.

<sup>\*</sup> Paid to the Public Financial Institution the Director represents / represented.

1. Appointed as Executive Director w.e.f. 22nd July, 2022.

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

3. Appointed as Non-Executive Director w.e.f. 3rd February, 2023.

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

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

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

7. Appointed as Non-Executive Director w.e.f. 11th August, 2021 and resigned w.e.f. 20th January, 2023.

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

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

10. Ceased to be Executive Director w.e.f. 22nd July, 2022 upon completion of term.

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

## Report on Corporate Governance

### Employee Stock Option Schemes

The Company granted 13,76,300 Options during the financial year to certain eligible employees and Directors of the Company at 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

Options vest as per the following schedule:

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

### Shareholding and Stock Options of Directors

Director	No. of Ordinary Shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2023	No. of Options granted during the financial year
S. Puri	6,04,324	1,34,500
N. Anand	11,69,000	67,250
S. Dutta	7,93,580	18,750 *
B. Sumant	4,35,401	67,250
S. Banerjee	Nil	Nil
H. Bhargava	Nil	Nil
P. R. Chittaranjan	Nil	Nil
A. Duggal	Nil	Nil
M. Gupta	Nil	Nil
S. Mukherjee	21,000	Nil
A. Nayak	12,24,955	Nil
S. Panray	Nil	Nil
N. Rao	Nil	Nil
A. K. Seth	1,32,480	Nil
M. Shankar	45,000	Nil
D. R. Simpson	Nil	Nil

\* Options granted for the period prior to appointment as Executive Director.

### 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.

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, the service rules of the Company read with the statutory provisions will apply.

### Performance Evaluation

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

### III. SECURITYHOLDERS RELATIONSHIP COMMITTEE

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

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

### Composition

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

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

### Meetings and Attendance

#### Details of Securityholders Relationship Committee Meetings during the financial year

During the financial year ended 31st March, 2023, nineteen meetings of the Securityholders Relationship Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	21st April, 2022	4	4
2	9th June, 2022	4	3
3	30th June, 2022	4	4
4	6th July, 2022	4	3
5	13th July, 2022	4	4
6	26th July, 2022	4	4
7	1st August, 2022	4	4
8	5th August, 2022	4	4
9	22nd August, 2022	4	3
10	14th September, 2022	4	4
11	20th September, 2022	4	4
12	18th October, 2022	4	4
13	17th November, 2022	4	4
14	19th December, 2022	4	4
15	19th January, 2023	4	4
16	15th February, 2023	4	4
17	22nd February, 2023	4	4
18	28th February, 2023	4	4
19	20th March, 2023	4	4

#### Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of Meetings attended
A. Nayak	19
P. R. Chittaranjan <sup>1</sup>	4
S. Dutta <sup>2</sup>	13
B. Sumant	19
N. Doda <sup>3</sup>	13
R. Tandon <sup>4</sup>	5

1. Appointed as Member w.e.f. 3rd February, 2023.

2. Appointed as Member w.e.f. 22nd July, 2022.

3. Ceased to be Member w.e.f. 20th January, 2023.

4. Ceased to be Member w.e.f. 22nd July, 2022.

### IV. CSR AND SUSTAINABILITY COMMITTEE

The role of the CSR Committee of the Board, under the nomenclature 'CSR and Sustainability Committee', is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy, the Sustainability Policies and the annual CSR Action Plan, including making recommendation to the Board as necessary, form part of the role of the Committee.

### Composition

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

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

### Meetings and Attendance

#### Details of CSR and Sustainability Committee Meetings during the financial year

During the financial year ended 31st March, 2023, three meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	14th April, 2022	8	8
2	17th May, 2022	8	7
3	19th October, 2022	8	8

#### Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri	3
P. R. Chittaranjan <sup>1</sup>	N.A.
M. Gupta	3
S. Panray	3
N. Rao	3
A. K. Seth	3
M. Shankar	3
D. R. Simpson	3
N. Doda <sup>2</sup>	2

1. Appointed as Member w.e.f. 3rd February, 2023.

2. Ceased to be Member w.e.f. 20th January, 2023.

## Report on Corporate Governance

### V. INDEPENDENT DIRECTORS COMMITTEE

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

#### Composition

The Independent Directors Committee comprises all the Independent Directors of the Company.

The names of the members of the Independent Directors Committee are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

#### Meetings and Attendance

##### Details of Independent Directors Committee Meeting during the financial year

During the financial year ended 31st March, 2023, one meeting of the Independent Directors Committee was held, as follows:

Date	Committee Strength	No. of Members present
17th May, 2022	8	8

##### Attendance at Independent Directors Committee Meeting during the financial year

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

### RISK MANAGEMENT COMMITTEE

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

#### Composition

The Risk Management Committee presently comprises all the Executive Directors, one Independent Director and one senior member of management. The Chairman of the Company is the Chairman of the Committee. The Head of Internal Audit is an Invitee 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, 2023, three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	21st September, 2022	7	7
2	13th January, 2023	7	7
3	28th March, 2023	7	7

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

### Attendance at Risk Management Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri (Chairman)	3
N. Anand	3
A. Duggal	3
S. Dutta <sup>1</sup>	3
B. Sumant	3
S. Sivakumar	3
Invitee	No. of Meetings attended
M. Ganesan	3

1. Appointed as Member w.e.f. 22nd July, 2022; earlier was an Invitee.  
 Note: Messrs. R. Tandon and S. K. Singh ceased to be Members of the Committee w.e.f. 22nd July, 2022 and 26th May, 2022, respectively.

### 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 four 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. Minutes of CMC Meetings are placed before the Board. 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.

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

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 the Company's corporate website at <https://www.itcportal.com/material-subsiidiary-policy>.

### FAMILIARISATION PROGRAMME FOR DIRECTORS

ITC believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on material changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation & economic environment, and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also kept abreast on all business related matters including risk assessment & minimisation procedures, CSR & sustainability interventions, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors from time to time. During the year, the Directors attended a 'Strategy Session' where the Company's overall strategy, including ITC Sustainability 2.0 vision and goals, were discussed / reviewed.

Further details may be accessed on the Company's corporate website at <https://www.itcportal.com/directors-familiarisation-programme>.

## Report on Corporate Governance

### MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, the Company has taken the following initiatives:

- **Website:** The Company's corporate website [www.itcportal.com](http://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 and handling investor grievances. The website has entire sections dedicated to ITC's profile, history and evolution, its core values, corporate governance and leadership. An exclusive section on 'Investor Relations' serves to inform and service Shareholders, enabling them to access information at their convenience. The entire Report and Accounts as well as the quarterly, half-yearly and annual financial results, along with the Media Statements, presentations and FAQs on such results, are available in downloadable formats under the said section as a measure of added convenience for the Investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports.
- **Financial Results and Annual Report:** The quarterly, half-yearly and annual financial results, along with the Media Statements and presentations on the Company's financial performance, are sent to the Shareholders of the Company. Extracts of these results were published, inter alia, in 'The Times of India / Business Standard' & 'Aajkal / Ei Samay' from Kolkata, and on an all India basis in major newspapers and also in 'Luxemburger Wort', Luxembourg. Annual financial results are also sent to the GDR holders at their registered addresses.

Further, the Report and Accounts of the Company, inter alia, including the Standalone and Consolidated Financial Statements, the Report of the Board of Directors and the Auditors' Reports, is sent to the Shareholders of the Company. The Report of the Board of Directors includes all

aspects of Management Discussion and Analysis as required under the Listing Regulations.

- **Presentations to the investing community:** Detailed presentations on the quarterly results for the investing community are sent to the Stock Exchanges where the Company's shares are listed, and also made available on the Company's corporate website.
- **Other disclosures / filings:** A copy of the Chairman's speech made at the Annual General Meeting of the Company is sent to all the Shareholders and also made available on the Company's corporate website. In addition, shareholding pattern, material events and other important information relating to the Company are submitted to the Stock Exchanges and also made available on the Company's corporate website.

### ITC CODE OF CONDUCT

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

#### Declaration as required under the Listing Regulations

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2023.

Kolkata, 18th May, 2023.

S. Puri  
Chairman &  
Managing Director



## WHISTLEBLOWER POLICY

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

## POLICY ON RELATED PARTY TRANSACTIONS

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

## ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2019

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

## OTHER DISCLOSURES

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

- The Company has not raised any funds through preferential allotment or qualified institutions placement.
- None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by the SEBI / Ministry of Corporate Affairs / Statutory Authorities; this has also been confirmed by the Company's Secretarial Auditors, Messrs. S. N. Ananthasubramanian & Co., Company Secretaries.
- Details of 'loans and advances (being in the nature of loans) provided by the Company to firms / companies in which its Directors are interested' are given in the 'Notes to the Financial Statements', forming part of the Report and Accounts.
- Details with respect to secretarial audit of the Company, and confirmation by the Board with respect to the Independent Directors, are provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility and Sustainability Report', forming part of the Report and Accounts.
- Information with respect to 'Commodity Price Risk or Foreign Exchange Risk and Hedging Activities' is provided in the 'Report of the Board of Directors & Management Discussion and Analysis' and in the 'Notes to the Financial Statements', forming part of the Report and Accounts.

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

## Report on Corporate Governance

- The total fees paid during the year by the Company and its subsidiaries to Messrs. S R B C & CO LLP, Statutory Auditors, and all entities in the network firm / network entities which are part of the network of which the Statutory Auditors are a member firm, aggregate ₹ 8.57 Crores.
- Mr. R. K. Singhi, Executive Vice President & Company Secretary, is the Compliance Officer under the Listing Regulations.

### DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS

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

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

sent to the Shareholders and also posted on the Company's corporate website; extracts of these results in the prescribed format are published in newspapers on an all India basis. Significant events are also posted on the Company's website under the 'Media Centre' section.

- 4. Audit Opinion:** It has always been the Company's endeavour to present Financial Statements with unmodified audit opinion, i.e. without any qualification. The Statutory Auditors have issued an unmodified audit opinion on the Company's Financial Statements for the year ended 31st March, 2023.
- 5. Internal Audit:** The Head of Internal Audit reports to the Audit Committee of the Board.

### GENERAL SHAREHOLDER INFORMATION

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

### CONFIRMATION OF COMPLIANCE

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

#### Notes:

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

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

**ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE**

**SKILLS, EXPERTISE AND COMPETENCIES OF DIRECTORS**

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

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

**1. Organisational Purpose**

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

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

**2. Strategic Insight**

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

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

**3. Organisational Capacity Building**

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

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

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

**4. Stakeholder Value Creation**

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

**5. Commercial Acumen**

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

**6. Risk Management and Compliance**

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

**7. Policy Evaluation**

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

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

**8. Culture Building**

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

**9. Board Cohesion**

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

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

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# Shareholder Information

## Details of Annual General Meeting ('AGM')

Date	Friday, 11th August, 2023
Venue	The AGM will be held on electronic platform
Time	10.30 a.m.
Record Date	Tuesday, 30th May, 2023
Dividend Payment Date	Between Monday, 14th August, 2023 and Thursday, 17th August, 2023

## 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 provide best-in-class services to the Shareholders and Investors of the Company, while ensuring compliance with the applicable statutory requirements.

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

## Shareholder / Investor complaints

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

During the financial year, one complaint relating to dividend was received and promptly resolved, in terms of the Complaint Identification Policy of the Company approved by the Securityholders Relationship Committee. There was no investor complaint pending either at the beginning or at the end of the year.

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, 2023; 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**.

## Shareholder Satisfaction Survey

A Shareholder Satisfaction Survey was conducted by the Company during the year with a view to assess and further improve the performance standards of ISC. Over 49,000 Shareholders participated in the Survey. Of the same, more than 94% were satisfied with the services provided by ISC, with 80% of the Shareholders rating the services as excellent.

The feedback / suggestions provided by the Shareholders are being evaluated for appropriate action.

## Share Transfer System

During the financial year, no share transfers were required to be effected by the Company.

## Dematerialisation of Shares and Liquidity

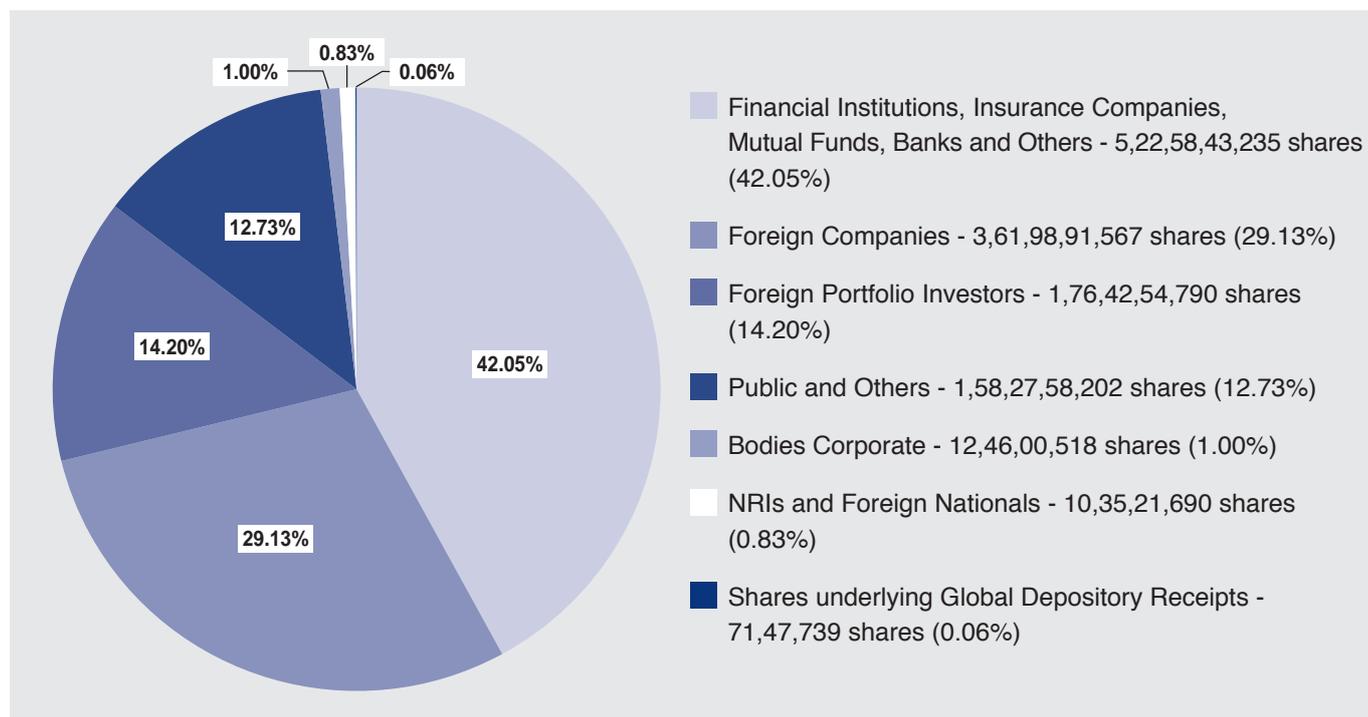
The shares of the Company are traded in the dematerialised form under both the Depository Systems in India - NSDL and CDSL. The International Securities Identification Number ('ISIN') allotted to the Company's shares under the Depository System is INE154A01025.

During the financial year, 43,98,12,853 shares of the Company, covered in 1,830 requests and constituting 3.54% 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 ₹ 4,76,614 Crores (US\$ 58.00 Billion) as on 31st March, 2023.

**Distribution of Shareholding as on 31st March, 2023**

No. of Shares Slab	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 – 5000	19,052	28,60,021	28,79,073	98.24	1,36,45,672	52,10,53,685	53,46,99,357	4.30
5001 – 10000	1,398	21,398	22,796	0.78	1,04,21,744	15,64,61,630	16,68,83,374	1.34
10001 – 20000	853	12,672	13,525	0.46	1,15,03,627	17,91,40,252	19,06,43,879	1.54
20001 – 30000	367	5,127	5,494	0.19	90,46,809	12,67,04,169	13,57,50,978	1.09
30001 – 40000	119	2,274	2,393	0.08	40,48,620	7,89,15,619	8,29,64,239	0.67
40001 – 50000	90	1,612	1,702	0.06	40,21,045	7,28,33,833	7,68,54,878	0.62
50001 – 100000	140	2,766	2,906	0.10	98,54,065	19,43,41,726	20,41,95,791	1.64
100001 and above	64	2,574	2,638	0.09	1,21,95,29,705	9,81,64,95,540	11,03,60,25,245	88.80
<b>Total</b>	<b>22,083</b>	<b>29,08,444</b>	<b>29,30,527</b>	<b>100.00</b>	<b>1,28,20,71,287</b>	<b>11,14,59,46,454</b>	<b>12,42,80,17,741</b>	<b>100.00</b>

**Categories of Shareholders as on 31st March, 2023**

**Global Depository Receipts**

Pursuant to the offer of Global Depository Receipts ('GDRs') made in 1993 by the Company, 71,47,739 GDRs, representing 71,47,739 underlying shares i.e. 0.06% of the Issued and Subscribed Share Capital of the Company, were outstanding as on 31st March, 2023.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919), 35A Boulevard Joseph II, L-1840, Luxembourg. The Listing Fee for the calendar year 2023 has been paid to the Luxembourg Stock Exchange ('LSE').

## Shareholder Information

### Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
<b>National Stock Exchange of India Limited ('NSE')</b> Exchange Plaza, Plot No. C-1, Block G Bandra Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100 / 14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in Website : www.nseindia.com	ITC
<b>BSE Limited ('BSE')</b> 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
<b>The Calcutta Stock Exchange Limited ('CSE')</b> 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : cseadm@nse-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 2023-24 have been paid to NSE, BSE and CSE.

### 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.)
2022 APRIL	273.15	248.80	4,43,042	273.10	248.80	23,322	N.A.	N.A.	Nil
MAY	282.35	249.15	4,62,384	282.30	249.20	20,663	N.A.	N.A.	Nil
JUNE	275.80	258.55	2,63,357	275.70	258.05	11,549	N.A.	N.A.	Nil
JULY	305.90	271.20	3,16,761	305.90	271.30	14,837	N.A.	N.A.	Nil
AUGUST	321.40	303.10	2,45,937	321.40	303.15	15,715	N.A.	N.A.	Nil
SEPTEMBER	349.55	316.00	3,13,634	349.50	316.00	15,045	N.A.	N.A.	Nil
OCTOBER	353.20	323.25	2,50,510	354.00	323.25	15,880	4.24	3.96	...
NOVEMBER	361.45	334.40	2,56,225	361.90	334.35	10,236	N.A.	N.A.	Nil
DECEMBER	347.35	325.35	1,91,176	347.25	325.35	6,702	N.A.	N.A.	Nil
2023 JANUARY	355.00	326.00	2,18,461	354.65	325.85	7,656	N.A.	N.A.	Nil
FEBRUARY	394.00	329.10	3,71,513	394.00	329.00	13,513	N.A.	N.A.	Nil
MARCH	393.60	369.65	2,47,223	393.40	369.70	8,364	N.A.	N.A.	Nil

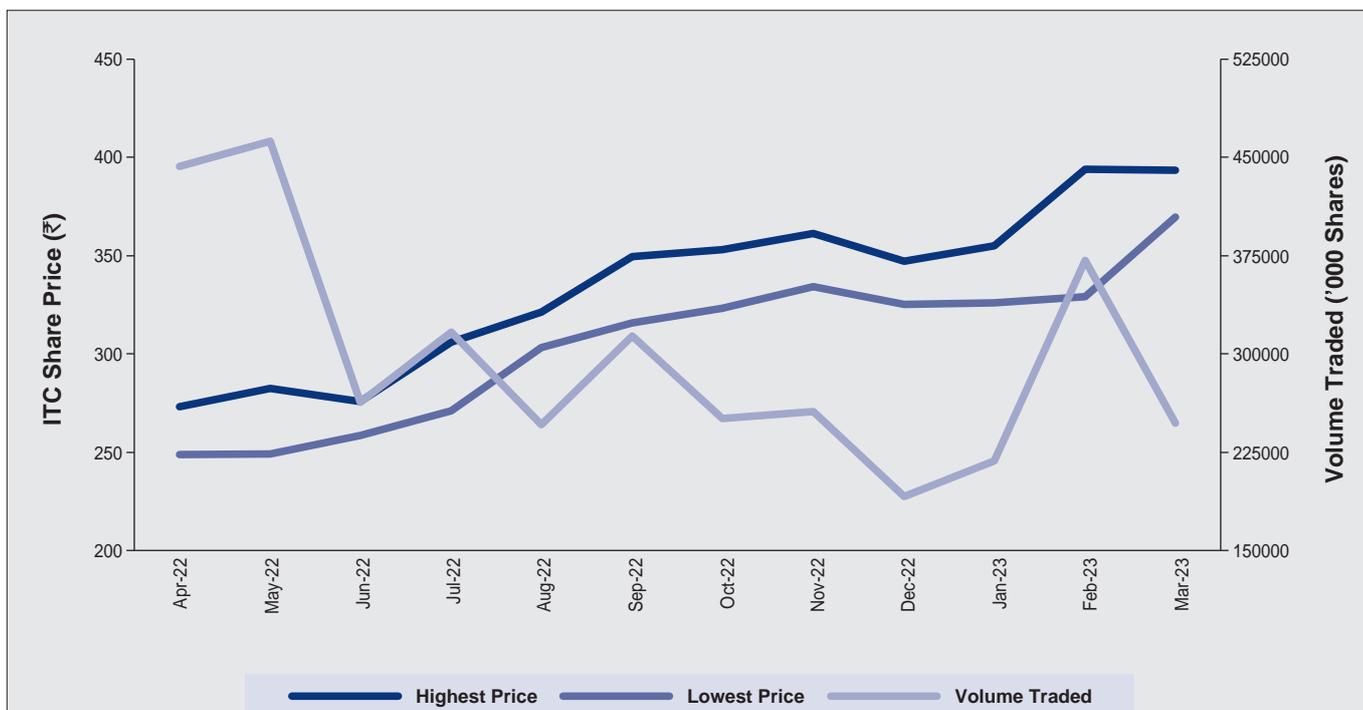
There was no trading in the Company's shares on CSE during the financial year 2022-23.

### 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

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. Details of dividend for the last 10 financial years are provided below:

Financial Year	Dividend per Share (including Interim Dividend) (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax, where applicable (₹ in Crores)
2022-23	15.50 *	19,255.02	N.A.	19,255.02
2021-22	11.50	14,171.55	N.A.	14,171.55
2020-21	10.75	13,230.31	N.A.	13,230.31
2019-20	10.15	12,476.63	N.A.	12,476.63
2018-19	5.75	7,048.71	1,448.88	8,497.59
2017-18	5.15	6,285.21	1,291.94	7,577.15
2016-17	4.75 #	5,770.01	1,174.64	6,944.65
2015-16	8.50 ^	6,840.13	1,392.48	8,232.61
2014-15	6.25	5,009.71	1,019.86	6,029.57
2013-14	6.00	4,771.91	810.99	5,582.90

\* Includes (i) Final Dividend of ₹ 6.75 per share (aggregating ₹ 8,388.91 Crores) and (ii) Special Dividend of ₹ 2.75 per share (aggregating ₹ 3,417.70 Crores), which are subject to the approval of the Shareholders, and (iii) Interim Dividend of ₹ 6.00 per share (aggregating ₹ 7,448.41 Crores) declared by the Board of Directors of the Company on 3rd February, 2023.

# 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 2023-24 (1st April - 31st March)		
1	First Quarter Results	July / August 2023
2	Second Quarter and Half-Year Results	October / November 2023
3	Third Quarter Results	January / February 2024
4	Fourth Quarter and Annual Results	May 2024

### Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolution passed
111th	2021-22	The AGM was held on electronic platform	20/07/2022	10.30 a.m.	–
110th	2020-21		11/08/2021		–
109th	2019-20		04/09/2020		Re-appointment of Ms. N. Rao as Independent Director with effect from 8th April, 2021.



### Postal Ballot through E-voting

- During the financial year, the following Ordinary Resolutions were passed by the Shareholders by requisite majority by way of postal ballot through e-voting. 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. Brief details pertaining to the said postal ballot are provided below:

	Re-appointment of Mr. Nakul Anand as a Wholetime Director  (Resolution No. 1)	Entering into related party transactions with British American Tobacco (GLP) Limited, United Kingdom, during the financial year 2023-24  (Resolution No. 2)	Appointment of Mr. Peter Rajatilakan Chittaranjan as a Non-Executive Director  (Resolution No. 3)
Date of Postal Ballot Notice	20th October, 2022	3rd February, 2023	
Date of completion of despatch of Postal Ballot Notice	15th November, 2022	13th February, 2023	
Period of e-voting	16th November, 2022 to 15th December, 2022	14th February, 2023 to 15th March, 2023	
Date of declaration of results	16th December, 2022	16th March, 2023	

The results of the postal ballot through e-voting were as follows:

Resolution	Votes in favour of the Resolution		Votes against the Resolution	
	Number of Shares for which valid votes cast	% of votes to total number of valid votes cast	Number of Shares for which valid votes cast	% of votes to total number of valid votes cast
Resolution No. 1	919,78,42,928	90.12	100,82,00,893	9.88
Resolution No. 2	657,51,04,259	99.99	3,58,305	0.01
Resolution No. 3	940,90,13,174	92.23	79,25,52,070	7.77

- 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 Bapatla  
Andhra Pradesh 523 157

##### Nanjangud

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

#### SPICES PROCESSING PLANT

##### Guntur

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

#### 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

## Shareholder Information

### Nadiad

- Memdabad - Nadiad Road  
Village Silod, Taluka Nadiad  
District Kheda  
Gujarat 387 320

### PAPER & PAPERBOARD MILLS

#### Bollaram

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

#### Sarapaka

- Sarapaka Village  
Burgampahad Mandal  
District Bhadradi Kothagudem  
Telangana 507 128

#### Thekkampatty

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

#### Tribeni

- Village & Post Chandrahati  
District Hooghly  
West Bengal 712 504

### FOODS FACTORIES

#### Agra

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

#### Bikaner

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

#### Haridwar

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

#### Jaitpura

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

#### Kamrup

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

#### Kapurthala

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

#### Khordha

- IDCO Plot No. 4  
Kholadwara Industrial Area  
District Khordha  
Odisha 752 050

#### Malur

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

#### Medak

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

#### Munger

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

### Nanjangud

- Survey No. 77/3  
Thandya Industrial Area  
Imnavu & 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

### PLANT UNDER CONSTRUCTION

#### Uluberia

- Personal Care Products Factory  
Mouza Malanchaberia, J. L. No. 56  
P.S. Uluberia, District Howrah  
West Bengal 711 316

### HOTELS

#### Owned Hotels

##### Agra

- ITC Mughal  
Taj Ganj  
Agra  
Uttar Pradesh 282 001

##### Ahmedabad

- ITC Narmada  
Judges Bungalow Road  
Vastrapur, Ahmedabad  
Gujarat 380 015

##### 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

### Bhubaneswar

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

### 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

### Guntur

- Welcomhotel Guntur  
4-5-10 Vidyannagar Ring Road, Guntur  
Andhra Pradesh 522 007

### 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

## Shareholder Information

### Port Blair

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

### Vadodara

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

### Hotels under Operating Services

#### Ahmedabad

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

#### Aurangabad

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

#### Chail

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

#### Chennai

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

#### Dharamshala

29. Storii Amoha Retreat  
Village Diktu, P.O. Jheol  
District Kangra, Tehsil Dharamshala  
Himachal Pradesh 176 001

#### Goa

30. Storii Shanti Morada  
8/123, Bairo Alto Vaddo  
Saligao, North Goa  
Goa 403 511

#### Hyderabad

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

#### Jim Corbett

32. Welcomhotel Jim Corbett  
Village Kyari, Tehsil Salt  
Ramnagar Betalghat Road, District Almora  
Uttarakhand 263 646

#### Jodhpur

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

#### Katra

34. Welcomhotel Katra  
9 Shrine View, SMVD Chowk  
Katra, Reasi  
Jammu & Kashmir 182 301

#### Khimsar

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

#### Mamallapuram

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

#### Mashobra

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

#### Mussoorie

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

### New Delhi

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

### Pahalgam

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

### Panchkula

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

### Udaipur

42. Mementos Ekaya  
Raya, Near Eklingji Temple  
Udaipur  
Rajasthan 313 324

### Visakhapatnam

43. Welcomhotel Devree Grand Bay  
Beach Road, Visakhapatnam  
Andhra Pradesh 530 002

### CHOUPAL SAAGARS – RURAL SERVICES CENTRES

#### Amravati

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

#### 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 Gopama  
Tehsil & District Hardoi  
Uttar Pradesh 241 001

#### Hathras

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

### Itarsi

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

### Jagdishpur

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

### Mandsaur

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

### Mhow

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

### Nagda

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

### Parbhani

16. Gate No. 803  
Near Water Filter Plant, Village Assola  
Vasmat Road, Taluka & District Parbhani  
Maharashtra 431 401

### Pilibhit

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

### Ratlam

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

### Sehore

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

### Ujjain

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

### Vidisha

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

### Wardha

22. Survey Nos. 151/1 & 151/4  
Wardha - Hinghghat Road, Inzapur  
Taluka & District Wardha  
Maharashtra 442 001

### Washim

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

### Yavatmal

24. Bhumapan # 15/2A  
Village Parwa, Pandharkoda Road  
Taluka & District Yavatmal  
Maharashtra 445 001

## Shareholder Referencer

### Service of Documents

In conformity with the regulatory requirements, the Notice of the 112th Annual General Meeting of the Company and the Report and Accounts 2023 are being sent only through electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories. The Company will also provide physical copies of the said Notice and the Report and Accounts 2023 to the Shareholders upon request.

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

### KYC details of Shareholders holding shares in the certificate form

Shareholders holding shares in the certificate form are required to mandatorily furnish their Permanent Account Number ('PAN'), specimen signature, and details of their bank account, nomination, complete postal address including pin code, and mobile number to the Company.

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

Shareholders are also required to link their PAN with the Aadhaar Number by 30th June, 2023, unless extended further by the Income-tax authorities.

In the absence of the aforesaid information / action, the folio of the concerned Shareholders will be frozen by the Company, in conformity with the regulatory requirements, with effect from 1st October, 2023; any service request from such Shareholders such as sub-division / consolidation / renewal of share certificates, issue of duplicate share certificates, change of address or bank particulars etc., will also not be processed.

### Dividend

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

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

Pursuant to the Income-tax Act, 1961, dividend income is taxable in the hands of the Shareholders and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing detailed information & instructions with respect to tax on the Final Dividend, including the Special Dividend, for the financial year ended 31st March, 2023 is being sent separately to the Shareholders.

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

During the financial year 2022-23, unclaimed dividend for the financial year 2014-15 aggregating ₹ 17,07,03,748/- and 6,87,806 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 2014-15 and the shares from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be accessed on the website of the IEPF Authority at <https://www.iepf.gov.in/IEPF/corporates.html>.

The due dates for transfer of unclaimed dividend and the shares to the IEPF for the subsequent financial years are given in the table below. Attention in particular is drawn that the unclaimed dividend for the financial year 2015-16 and the shares in respect of which dividend entitlements remain unclaimed for seven consecutive years will be due for transfer to the IEPF on 27th August, 2023, 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](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 31/03/2023		Due date for transfer of dividend and shares to IEPF
				(₹)	%	
2015-16	86th	22nd July, 2016	68,40,13,10,170	27,14,71,349	0.40	27th August, 2023 *
2016-17	87th	28th July, 2017	57,70,01,46,310	25,12,50,695	0.44	2nd September, 2024
2017-18	88th	27th July, 2018	62,85,22,11,487	25,27,53,155	0.40	27th August, 2025
2018-19	89th	12th July, 2019	70,48,72,63,716	22,17,26,812	0.31	12th August, 2026
2019-20	90th	4th September, 2020	1,24,76,63,21,288	34,30,71,677	0.27	5th October, 2027
2020-21	Interim Dividend	11th February, 2021	61,52,68,08,755	18,16,83,782	0.30	15th March, 2028
	91st (Final Dividend)	11th August, 2021	70,77,62,73,691	20,77,85,358	0.29	13th September, 2028
2021-22	Interim Dividend	3rd February, 2022	64,69,47,59,808	19,82,94,390	0.31	7th March, 2029
	92nd (Final Dividend)	20th July, 2022	77,02,07,16,603	23,48,88,827	0.30	22nd August, 2029
2022-23	Interim Dividend	3rd February, 2023	74,48,40,89,766	20,14,95,564	0.27	8th March, 2030

\* ISC will not be able to entertain any claim received after 25th August, 2023.

**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, 2022	6,606	63,46,185
Number of Shareholders who approached the Company during the year for transfer of shares from the Unclaimed Suspense Account	118	3,99,790
Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	112	3,78,661
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	24	20,010
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2023	6,494	59,47,514 *

\* 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 / DPs or to ISC for guidance on depository services. The contact details of the Depositories are given below:

**National Securities Depository Limited**

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

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

**Central Depository Services (India) Limited**

Marathon Futurex, 'A' Wing, 25th Floor  
Mafatlal Mills Compound  
N. M. Joshi Marg, Lower Parel  
Mumbai 400 013

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

**Address for Correspondence with ISC**

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

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

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

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

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# Report of the Board of Directors

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## Management Discussion and Analysis

For the Financial Year Ended 31st March, 2023

### SOCIO-ECONOMIC ENVIRONMENT

After two years of pandemic-led disruptions, FY 2022-23 marked a return to normalcy in operations. However, geopolitical tensions, continued supply chain dislocations and climate crisis resulted in unprecedented inflation and volatility in global commodity and energy prices. Central banks across the world responded swiftly with sharp increase in interest rates within a relatively short time frame. As per IMF estimates, global GDP growth slowed to 3.4% during 2022, well below projections made at the beginning of the year. Growth in Advanced Economies decelerated sharply to 2.7% in 2022 (Vs. 5.4% in 2021) while Emerging Markets & Developing Economies grew at a relatively slower pace of 4.0% (Vs. 6.9% in 2021), mainly impacted by lower growth in China.

Going forward, the global macroeconomic environment continues to be confronted with myriad challenges; these include the continuing impact of the Russia-Ukraine conflict, global inflation remaining sticky and at elevated levels, recessionary pressures in most Advanced Economies, spectre of stress in the financial sector and the cost-of-living crisis in several economies, especially in the near term. As per IMF estimates, aggregate global economic growth is expected to further decelerate to 2.8% in 2023. Advanced Economies are projected to grow at 1.3% with major economies such as the United States and

Euro Area set to grow at a slower pace than 2022. Emerging Markets and Developing Economies are estimated to grow by 3.9% in 2023 as against 4.0% in 2022. As priority of policy makers currently centre largely around inflation control, the monetary policies of central banks would remain a key monitorable in the near term.

The Indian economy remained a bright spot in FY 2022-23 amidst the global slowdown. Real GDP growth for the year is estimated at 7.0% (first half: 9.6%; second half: 4.8%) with Nominal GDP growth at 15.9% (first half: 22.3%; second half: 10.5%), reflecting the inflationary pressures in the economy. While Agriculture grew by 3.3% in real terms, Services and Industry sectors grew by 9.4% and 3.6% respectively, on a soft base. With steep inflation eating into household budgets, consumption demand remained subdued in rural markets and for discretionary categories in urban markets.

In spite of severe global headwinds, India remained one of the fastest growing major economies enabled by purposeful interventions by policy makers. The Government of India has continued its thrust on structural reforms to raise India's potential growth. During the year, concerted efforts continued to be made towards shaping India as a global manufacturing hub through policy initiatives such as Production Linked Incentive (PLI), Make in India, PM Gati Shakti, National Monetisation Pipeline

The Indian economy remained a bright spot in FY 2022-23 amidst the global slowdown. The Government of India has continued its thrust on structural reforms to raise India's potential growth.

schemes and strengthening the country's digital public infrastructure as well as the healthcare infrastructure. Further, astute management of macros including fiscal and monetary policies also aided in mitigating the volatility in the operating environment.

While the pace of growth of the Indian economy is projected to decelerate in FY 2023-24 against the backdrop of global macro headwinds as aforesaid, India would continue to be the fastest growing major economy in the world. Even as inflation is projected to soften on an overall basis, prices of certain industry-specific commodities are expected to remain elevated with continued geopolitical issues and supply chain disruptions. The year is also expected to witness 'El Nino' weather phenomenon after three consecutive 'La Nina' years; the impact of this on monsoon, along with related events like heatwaves, spatial and temporal rainfall distribution etc. will remain a key monitorable for agri output, inflation and consumer demand in 2023. A good Rabi harvest, broad-based credit growth and Government's thrust on capital spending to bolster investment activity supported by buoyant tax collections, augur well for the economy going forward. Healthier Bank and Corporate Balance Sheets, improving capacity utilisation levels and structural reforms represent some of the key positive factors for revival in private capex.

India is widely acknowledged as one of the most dynamic major economies in the world with immense headroom for growth over the medium and long term. A favourable demographic profile, increasing affluence, rapid urbanisation and accelerated digital adoption represent some of the key structural drivers of growth of the Indian Economy. Policy

announcements in the Union Budget 2023 including focus on expanding digital infrastructure, direct benefit transfer, etc. are expected to provide further impetus to enhance India's competitiveness, enable greater empowerment and foster inclusive growth while maintaining the path to fiscal consolidation. Sharp step-up in capital expenditure outlay, focus on infrastructure and promotion of exports are expected to boost domestic manufacturing, spurring a virtuous consumption-investment-employment cycle.

As the Indian economy combats uncertainties in the external environment, policy interventions focused on supporting sustainable livelihoods and fostering inclusive growth augur well for the economy. Structural support would need to be provided to sectors with large economic multiplier impact; 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.

Agricultural sector plays a crucial role in the economy with about half of the Indian workforce engaged in the sector. As reported in earlier years, enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical to enhance the competitiveness of the agricultural sector and drive significant increase in farmers' income. India is the leading producer worldwide of several commodities, including pulses, spices, fruits such as bananas, etc. While India's agri exports have grown sharply over the last few years to reach appx. US\$ 53 billion in FY 2022-23, its share of global agri-trade remains low at only about 3%.

Agricultural sector plays a crucial role in the economy. 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.

## Report of the Board of Directors

The Agri sector remains vulnerable to the vagaries of climate change, facing considerable challenges as a primary source for food, fuel, fibre, fodder and livelihood security. According to an article in the Harvard Business Review, global food demand is expected to increase by up to 98% by 2050.

An exponential increase in production and productivity will be required to meet the growing needs of an increasing population at a time when natural resources are fast depleting and the impact of climate change is becoming more severe. Evolving consumer preferences will also require nutritious food that is sustainably sourced. These developments accentuate the need to enhance the competitiveness of agri-value chains in order to cater to the dynamic market requirements of the future. India with its tremendous strengths in agriculture has a unique opportunity to play a leading role in this global transition and in forging an eco-system of sustainable, regenerative and climate smart agriculture.

Against this background, the Government's initiative to promote Farmer Producer Organisations (FPOs) as the core catalyst of agricultural transformation can indeed leverage economies of scale, enable sustainable agriculture, support market-led production and create larger market access. FPOs provide the power of the collective to small and marginal farmers. FPOs have a tremendous potential to serve as major enablers in augmenting farm livelihoods, by facilitating a crucial link between markets and individual farmers.

In this context, your Company has adopted targeted collaborative models to multiply the scale and impact of its agri and rural interventions. This collaborative approach, as opposed to a traditional transactional approach, can contribute meaningfully towards

building next generation agriculture that is climate resilient and capable of supporting gainful livelihoods. Digitalisation of agriculture also offers the potential to increase productivity and foster structural changes across the value chain thereby enabling efficient use of resources. In line with its commitment to harness the power of cutting-edge digital technologies and unlock the potential of India's farmers, your Company had launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services). This 'phygital' ecosystem will empower the farming community and FPOs by delivering hyperlocal and personalised solutions by synergistically integrating NextGen agri-technologies. Further details on this transformative initiative are provided in the Agri Business section of this report.

The Government of India has inspired the United Nations to declare 2023 as the 'International Year of Millets'. This has indeed drawn global attention to this 'super-grain' that has the potential to redefine agriculture with its unique value proposition. Millets are climate resilient crops using substantially lesser water than other staples and grow in half the time as other crops, offering a comprehensive solution for sustained food security.

Your Company has spearheaded 'ITC Mission Millets', leveraging its enterprise strengths in agriculture, food and hospitality to implement multi-dimensional interventions in this area. The holistic programme follows a strategic 3-fold approach – 1) developing a 'good-for-you' product portfolio, 2) implementing sustainable farming systems, and 3) enhancing consumer awareness through an Educate, Empower and Encourage approach. Your Company has implemented a focused strategy in crafting a millet

The Government of India has inspired the United Nations to declare 2023 as the 'International Year of Millets'. Your Company has spearheaded 'ITC Mission Millets', leveraging its enterprise strengths in agriculture, food and hospitality to develop a 'good-for-you' product portfolio, implement sustainable farming systems and enhance consumer awareness.



based products portfolio under its world-class Indian brands for every occasion, age and format. To cater to the diverse needs of consumers, your Company has launched products across traditional and modern formats viz. 'Gluten Free Flour', 'Multi-Millet Mix' and 'Ragi Flour', Vermicelli and Biscuits under the 'Aashirvaad' and 'Sunfeast' brands. Your Company has also designed products that suit every meal occasion like millet idlis for breakfast, biscuits & cookies for snacking and noodles & pasta for other meals. The thrust on millets is further exemplified by the Hotels Business creating easy-to-try recipes with millets to help encourage individuals experiment with the taste and texture of millets.

In line with your Company's commitment to empower farmers, your Company has developed a millets agri-value chain with special thrust on enhancing value-addition and market linkages. Your Company is also promoting FPOs in millet farming anchored by ITCMAARS. The Agri Business Division has implemented two Public-Private Partnerships projects in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad. Your Company remains committed to supporting the Government's efforts to promote millets given their immense benefits in terms of nutritional properties and attributes as a planet friendly and climate resilient crop.

It is pertinent to note that a substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher levels of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This would require focused investments in developing product-specific climate-controlled

infrastructure as well as in branded products that benefit large agri-value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers. A big thrust on India's Food Processing sector can play a pivotal role and have a multiplier effect which will lead to significant job creation, enhance rural incomes and help manage food inflation in a sustainable manner. In this context, the recently announced PLI Scheme for the Food Processing sector, with an estimated outlay of ₹ 10900 crores, is expected to play a critical role in boosting investments, agri exports, farmer incomes, employment generation and building Indian brands for the global market. Your Company has been included under the scheme for several of its Branded Packaged Foods Businesses and in the Agri Business, details of which are provided in the subsequent sections.

Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only impede job creation in India but also promote avoidable imports. Recent policy interventions to enable greening of wastelands and providing financial assistance to members of marginalised communities taking up Agro-forestry is a commendable starting point to reverse this situation. Supportive policies in this area would go a long way in enhancing sustainable livelihoods, augmenting alternative sources of energy (bio-fuel) and enabling import substitution for wood-based industries while simultaneously augmenting the Nation's environmental capital.

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

**A big thrust on India's Food Processing sector can play a pivotal role and have a multiplier effect. The recently announced PLI Scheme for this sector is expected to play a critical role in boosting investments, agri exports, farmer incomes, employment generation and building Indian brands for the global market. Your Company has been included under the scheme for several of its Foods Businesses as well as Agri Business.**

## Report of the Board of Directors

segments - including agri-commodity sourcing expertise for the Branded Packaged Foods Businesses and cost-competitive fibre supply chain along with in-house pulp manufacturing capability of the Paperboards & Specialty Papers Business – is a key source of competitive advantage, especially against the backdrop of severe inflationary headwinds. Each of your Company's Businesses derive benefits of synergy with seamless access to the deep & varied capabilities across different parts of the enterprise. Your Company's interventions across operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution, creating national brands to maximise value capture in India, accelerating growth in tourism, increasing Indian agri exports and promoting sustainable business practices. Investments made by your Company continue to be guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'AatmaNirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

The collaboration with NITI Aayog, aimed at boosting agricultural and allied activities in 27 aspirational districts of eight states under the Aspirational Districts programme, advanced to its second phase in FY 2022-23. During the year, over 10 lakh farmers were trained on package of practices for principal crops of the region as well as on livestock management, taking the cumulative number of farmer interactions to over 44 lakh. Estimates indicate yield improvement of up to 30% for cotton, maize, paddy and soyabean in locations covered by the programme;

similarly, cost of cultivation is estimated to have reduced by nearly 15%, resulting in expansion of farmer incomes by up to 60%.

Your Company has also partnered with the State Government of Andhra Pradesh towards improving the quality of chilli produced in the country to meet global standards. A Public Private Partnership programme - 'Integrated Agri-Extension Platform for Chilli Farm Value Chain Development' - has been conceptualised under which 40,000 farmers covering about 1,00,000 acres are expected to be benefited by 2025. In FY 2022-23, the programme covered over 17,500 farmers and over 72,600 acres across 135 villages. Improved quality, farm productivity and higher share of farm gate sales enabled farmers covered under the project to generate additional income.

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

The farm sector faces enormous threats arising out of climate change as evident from the growing number of extreme weather events such as droughts and floods. Given the vulnerabilities, it is critical to strengthen climate resilience and adaptability of the agri-food sector. In this context, your Company's interventions in collaboration with CGIAR's 'Climate Change and Food Security Programme'

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

to build climate smart villages were expanded to over 4,800 villages across 11 states covering 10 lakh acres and supported farmers in the management of risks arising from erratic and extreme weather events. Further, according to CGIAR's estimates, your Company's Climate Smart Village intervention in Madhya Pradesh demonstrated average increase in yield of 38% and 15% in soyabean and wheat respectively, over the baseline. Reduction in cost of cultivation along with yield improvement led to an increase in net income by 93% in soyabean and 46% in wheat over the baseline and average Green House Gas emissions reduced by 66% for soyabean and 13% for wheat as compared to the baseline.

In Kapurthala District, Punjab, your Company under its flagship programme of 'ITC Mission Sunehra Kal' has, over the last five years, implemented solutions that have effectively substituted the burning of paddy stubble by farmers. During the year, the programme covered 2.5 lakh acres with appx. 92.5% of the area (2.3 lakh acres) witnessing total stoppage of stubble burning, thereby avoiding appx. 1.8 lakh tonnes of carbon release into the atmosphere.

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

It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural

capital while enhancing shareholder value.

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

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

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

As a testament to your Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, all major hotel properties of your Company are LEED Platinum certified, making your Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED Platinum certified green hotels. In 2020, ITC Windsor's best practices

Your Company sustained its 'AA' rating by MSCI-ESG for the 5th successive year - the highest amongst global tobacco companies. Your Company has also been included in the Dow Jones Sustainability Emerging Markets Index for the 3rd year in a row – a reflection of being a sustainability leader and a recognition of its continued commitment to people and planet.

## Report of the Board of Directors

on carbon management distinguished it as the first hotel in the world to be LEED Zero Carbon certified. Since then, 11 more ITC Hotels have been certified as LEED Zero Carbon. ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the U.S. Green Building Council (USGBC), followed by ITC Sonar, which is the second hotel to be awarded the certification globally. Further, your Company's 'Sankhya' data centre in Bengaluru became the first data centre in the world to be awarded the LEED Zero Carbon certification. Also, the Kovai unit of your Company 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'.

Your Company has been championing 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. Your Company continues to pursue a low carbon growth strategy through extensive decarbonisation programmes across its value chain whilst also developing adaptation plans across its sites. Your Company is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 21 years), 'carbon positive' (for 18 years), and 'solid waste recycling positive' (for 16 years). With its bold Sustainability 2.0 agenda, your Company is setting the bar even higher, and remains committed to making a meaningful contribution across all the three sectors of the economy – Agri, Manufacturing and Services, while retaining its status as a sustainability exemplar. Further details on this subject are available in the Sustainability section of this Report.

## FINANCIAL PERFORMANCE

Against the backdrop of a challenging operating environment as stated earlier, your Company's consumer centricity, agility in seizing market opportunities, focus on execution excellence and proactive strategic interventions enabled it to post strong performance across all operating segments.

Overall for FY 2022-23, Gross Revenue at ₹ 69480.89 crores increased by 17.6%, while EBITDA increased by 26.5% to ₹ 23944.47 crores. Profit Before Tax and Exceptional items at ₹ 24677.54 crores grew by 24.4% over previous year and Profit After Tax stood at ₹ 18753.31 crores (previous year ₹ 15057.83 crores). Total Comprehensive Income for the year stood at ₹ 18782.57 crores (previous year ₹ 15631.68 crores). Earnings Per Share for the year stood at ₹ 15.15 (previous year ₹ 12.22).

- The FMCG-Others Segment registered strong growth amidst subdued demand conditions. Robust growth was witnessed across all major categories of Branded Packaged Foods viz. Staples, Biscuits, Snacks, Noodles, Beverages. While 'Fiama' and 'Vivel' range of Personal Wash products and 'Engage' Fragrances performed well, the Hygiene portfolio witnessed moderation in demand with the ebbing of the effects of the pandemic, while remaining well ahead of pre-pandemic levels. In the Education & Stationery Products Business, notebook sales registered sharp growth with resumption of educational institutions. The Incense Sticks (Agarbattis) Business witnessed robust recovery during the year after two years of pandemic induced disruptions. Segment Revenue for the year grew by 19.6% with Segment EBITDA growing

Against the backdrop of a challenging operating environment, your Company's consumer centricity, agility in seizing market opportunities, focus on execution excellence and proactive strategic interventions enabled it to post strong performance across all operating segments.

at a faster pace of 34.9% to ₹ 1953.97 crores. Segment EBITDA margins expanded by 120 bps amidst severe inflationary pressures. The Businesses continued to drive improvement in profitability through multi-pronged interventions viz. premiumisation, supply chain agility, judicious pricing actions, digital initiatives, strategic cost management and fiscal incentives.

- The FMCG-Cigarettes Segment witnessed sustained claw back of volumes from illicit trade on the back of deterrent actions by enforcement agencies and relative stability in taxes. Market standing continued to be reinforced through focused portfolio/market interventions and agile execution.
- The Hotels Segment witnessed a stellar recovery during the year, clocking robust growth in Revenue and Profits buoyed by weddings, leisure and MICE (Meeting, Incentives, Conferencing, Exhibition) segments along with progressive pick-up in business travel. Segment Revenue doubled over FY 2021-22 and stood at 1.4x of pre-pandemic levels. Segment EBITDA margin stood at 32.2% representing an expansion of 930 bps over FY 2019-20.
- The Agri Business Segment delivered a resilient performance with Segment Revenue and Results growing by 12.2% and 28.8% respectively. Restrictions imposed on wheat & rice exports impacted Segment Revenue. Margin expansion was driven by leaf tobacco exports and value-added agri products.
- The Paperboards, Paper & Packaging Segment demonstrated strong performance during the year

on the back of robust growth across end-user segments; Segment Revenue and Segment Results grew by 18.8% and 34.9% respectively. Segment margins expanded by appx. 300 bps, leveraging the integrated nature of the business model, Industry 4.0, digital interventions and strategic investments in pulp import substitution and proactive capacity augmentation in Value Added Paperboards segment.

The operating environment in the last three financial years has been extremely challenging due to disruptions caused by the pandemic, unprecedented inflationary pressures and sluggish demand conditions, amongst others.

It is heartening to note that, powered by the ITC Next Strategy of building a Future-Ready, Consumer Centric, Climate Positive and Inclusive organisation anchored on the paradigm of 'Responsible Competitiveness', your Company has emerged stronger and enhanced its competitiveness across operating segments through this period, and sustained its position as a global exemplar in Sustainability.

The Directors of your Company are pleased to recommend a Special Dividend of ₹ 2.75 per share in addition to the Final Dividend of ₹ 6.75 per share for the financial year ended 31st March, 2023. Together with the Interim Dividend of ₹ 6.00 per share paid on 3rd March, 2023, the total Dividend for the financial year ended 31st March, 2023 amounts to ₹ 15.50 per share (previous year ₹ 11.50 per share). Total cash outflow on account of Dividend (including Interim Dividend of ₹ 7448.41 crores paid in March 2023) will be ₹ 19255.02 crores.

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## Report of the Board of Directors

### VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated over ₹ 271000 crores, of which over ₹ 183000 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 appx. 75% of its Value-Added during the year.

Your Company has, over the years, ranked amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

### FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in your Company's portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 9.0 billion, of which agri exports constituted appx. 60%. 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 FY 2022-23, your Company and its subsidiaries earned ₹ 12783 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 10777 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency

amounted to ₹ 3163 crores, comprising purchase of raw materials, spares and other expenses of ₹ 2950 crores and import of capital goods of ₹ 213 crores.

### PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in crores)

PROFITS	2022 - 23	2021 - 22
a) Profit Before Tax <sup>@</sup>	24750.41	19829.53
b) Tax Expense		
– Current Tax	6025.32	4833.88
– Deferred Tax	(28.22)	(62.18)
c) Profit for the year <sup>@</sup>	18753.31	15057.83
d) Other Comprehensive Income	29.26	573.85
e) Total Comprehensive Income	18782.57	15631.68
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	30060.39	28210.63
b) Add: Profit for the year	18753.31	15057.83
c) Add: Other Comprehensive Income (net of tax)	(16.81)	23.66
d) Add: Transfer from Share Options Outstanding Account on exercise and lapse	20.82	315.34
e) Less : Dividends		
– Final Dividend of ₹ 6.25 (2022: ₹ 5.75) per share	7702.03	7077.59
– Interim Dividend of ₹ 6.00 (2022: ₹ 5.25) per share	7448.41	6469.48
– Income Tax on Dividend paid (refund)	(20.43)	–
f) At the end of the year	<b>33687.70</b>	<b>30060.39</b>

<sup>@</sup> Current year includes Exceptional items representing proceeds received in partial settlement of the insurance claim towards leaf tobacco stocks, which were destroyed due to fire at a third party owned warehouse in an earlier year.

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated over ₹ 271000 crores, of which over ₹ 183000 crores accrued to the Exchequer.

## FMCG CIGARETTES

After two years of severe disruptions due to the pandemic, the legal cigarette industry recovered during the year with normalisation in the operating environment. Stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies enabled the legal cigarette industry to partially claw back volumes from illicit trade. This in turn led to higher demand for Indian tobaccos and robust growth in revenue to the Exchequer from the tobacco sector.

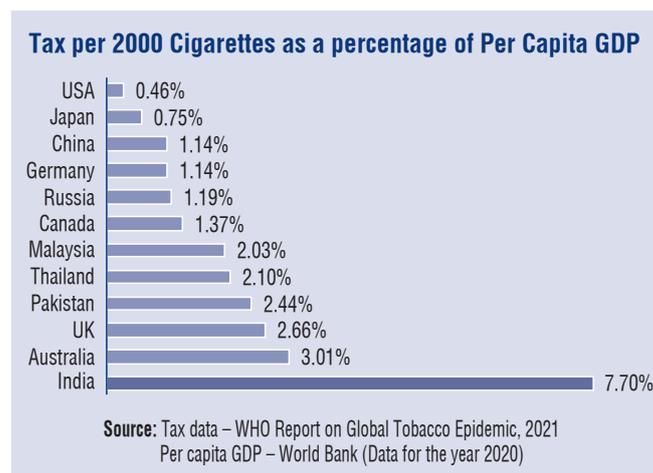
Your Company sustained its leadership position in the cigarette industry through its unwavering focus on nurturing a future-ready portfolio of world-class products anchored on its integrated seed to smoke value chain, superior consumer insights, robust innovation pipeline and world-class product development capabilities. Your Company continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution. Several differentiated variants such as ‘Classic Connect’, ‘Gold Flake Indie Mint’, ‘Gold Flake Kings Mixpod’, ‘Classic Alphatec’, ‘Gold Flake Smart Mintz’, ‘Wills Fab’ and ‘Lucky Strike’ were recently introduced. The Business also expanded its presence in focus markets with the launch of differentiated offerings across segments and strengthened its presence in Duty-Free outlets at airports.

Globally, cigarettes constitute 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 multiple price points consequent to punitive and discriminatory taxation on cigarettes. While India is the world’s second largest

consumer of tobacco, legal cigarettes constitute only 8% of overall tobacco consumption in India, as against a global average of 90%. It is pertinent to note that India accounts for less than 2% of global cigarette consumption despite having 18% of the world’s population- making India’s per capita cigarette consumption amongst the lowest in the world.

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

Taxes on cigarettes remain one of the highest in India as depicted in the chart:

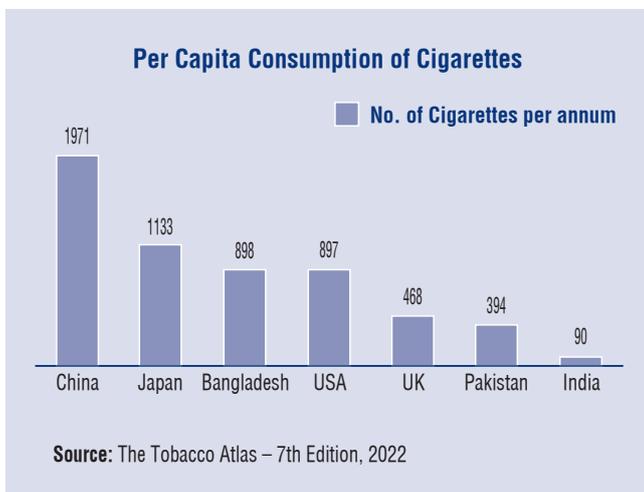


Legal cigarettes constitute only 8% of overall tobacco consumption in India. India accounts for less than 2% of global cigarette consumption despite having 18% of the world’s population, making India’s per capita cigarette consumption amongst the lowest in the world.

## Report of the Board of Directors

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

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



During the period FY 2012-13 to FY 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 FY 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 and grew by 10.2% during this period.

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

Relative moderation in taxation in the subsequent period, backed by deterrent actions of the enforcement agencies, has helped the legal industry to partially recover volumes that were ceded to illicit trade in earlier years, benefiting all stakeholders, including the tobacco farmers, the consumers and the Exchequer.

Punitive taxes on the legal cigarette industry in earlier years have resulted in rapid growth of illicit cigarette trade – making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. Over the years this has created attractive tax arbitrage opportunities for unscrupulous players indulging in illicit cigarette trade. While legitimate cigarette industry volumes have declined consistently over the last decade, illicit cigarette trade volumes, in contrast, have grown rapidly during the same period, accounting for about 1/3rd of the legal industry.

During the year, there were extensive media reports on the multitude of cases of evasion of taxes/duties by dealers in illicit cigarettes which were unearthed by raids conducted by Directorate of Revenue Intelligence (DRI) and other enforcement agencies. 'Illicit markets: A Threat to Our National Interests', a study published by FICCI-TARI in September 2022, noted that *"The consumption of illegal cigarettes in India has increased, signalling a shift from legal products to cheaper substitutes or illicit products, which have no*

Punitive taxes on the legal cigarette industry in earlier years have resulted in rapid growth in illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates.



*or little tax element in them. When taxes are raised beyond a certain optimum level, consumers gravitate towards cheaper alternatives or illicit supplies, which are normally smuggled or tax evaded goods".* According to this report, illicit trade causes an annual revenue loss of appx. ₹ 15500 crores to the Exchequer. With respect to other tobacco products as well, the revenue losses are significant since about 68%<sup>1</sup> of the total tobacco consumed in the country remains outside the tax net.

The DRI, in its report "Smuggling in India 2021-22" acknowledges the high incidence of taxes in India providing opportunities for illicit trade of cigarettes. The report states: *"High Incidence of tax on cigarettes in India results in a tax arbitrage in favour of smuggled cigarettes on which no taxes are paid and there is no statutory requirement of pictorial warning covering at least 85 percent of the packaging space. More importantly, the smuggled cigarettes are, on an average, 50 percent cheaper in the Indian Market, compared to the price of any similar cigarette brand. From a public health perspective, the smuggling of cigarettes also poses a very serious challenge since a part of the smuggled cigarettes are counterfeits and the quality of tobacco and other ingredients used in the said cigarettes, is inferior."*

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

<sup>1</sup> Report on the impact of current tax framework on the tobacco sector in India and suggestions for its improvement - 2014, by ASSOCHAM and KPMG.

(Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) requires cigarette packages to display the statutorily mandated pictorial and textual warnings covering 85% of the surface area of the packet - one of the largest in the world.

It may be observed that smuggled international brands of cigarettes do not bear any of the pictorial or textual warnings mandated by Indian laws or, bear much smaller pictorial/textual warnings as per the tobacco laws of the countries from where these cigarettes originate. As reported in prior years, findings from research conducted by IMRB International, an independent market research organisation, show that the lack of pictorial warnings on packets of smuggled international brands of cigarettes or their diminutive size creates a perception in the consumers' mind that these illicit cigarettes are 'safer' than domestic duty-paid cigarettes that carry the 85% pictorial warnings. The combination of low prices to consumers due to tax evasion and the misleading 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 plays a significant role in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors<sup>2</sup>. The illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain. In India, cigarettes are manufactured largely using Flue Cured Virginia (FCV) tobacco grown in the states of Andhra Pradesh, Telangana and Karnataka. As smuggled international brands of cigarettes do not use Indian

<sup>2</sup> 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).

As per the FICCI-TARI report, illicit trade causes an annual revenue loss of around ₹ 15500 crores to the Exchequer. The illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain.

## Report of the Board of Directors

tobaccos, in addition to revenue losses, the growth of illicit cigarette trade has also resulted in a sharp drop in demand for Indian FCV tobaccos in the domestic market.

It is pertinent to note that several other major tobacco producing countries, including the USA, have established regulatory frameworks taking into consideration the economic interests of their tobacco farmers. The punitive and discriminatory taxation & regulatory regime on cigarettes in India continues to adversely affect the livelihood of Indian tobacco farmers with corresponding gains to those countries that have opted for moderate and equitable tobacco regulations. These developments, coupled with lower availability of Indian crop, lower export incentives in India and relative weakness of currencies in certain competing geographies have had a debilitating impact on 46 million livelihoods comprising tobacco farmers, farm workers, etc. who are dependent on the tobacco value chain. It is estimated that since 2014, Indian tobacco farmers have suffered a cumulative drop in earnings of over ₹ 7500 crores.

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

The extremely stringent regulations along with the discriminatory and steep taxation on cigarettes

have had numerous negative, albeit unintended repercussions. These include:

- rapid growth in illicit cigarette volumes, which resulted in sub-optimisation of the revenue potential of the tobacco sector and significant loss to the Exchequer. It is estimated that on account of illicit cigarettes alone, revenue loss to the Government is appx. ₹ 15500 crores per annum.
- widespread availability of illicit cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.
- a large component of tobacco consumption in the country, aggregating around 68%, remaining outside the tax net.
- 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 pragmatic, equitable, non-discriminatory, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, cognising for the unique tobacco consumption pattern in India. Stability in taxes is critical to address the interests of all stakeholders of this industry, including tobacco farmers, consumers and the Exchequer.

Stability in taxes is critical to address the interests of all stakeholders of this industry, including tobacco farmers, consumers and the Exchequer.

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

It is extremely satisfying to report that your Company continued to be recognised for its commitment towards operational excellence. The Bengaluru unit won 'Responsible Manufacturer of the Year Award 2022 – Platinum Medallion' by Kaizen Hansei Institute, wing of Kaizen Institute of India. Two projects from Kidderpore and Saharanpur units, were recognised as 'Winner' under 'Automation & Robotics' and 'Operational Excellence Leadership' categories respectively by Frost & Sullivan.

In line with your Company's commitment to the 'Triple Bottom Line', the Business continued to focus its efforts for resource conservation and adoption of best-in-class technologies and processes. During the year, the Business continued to evaluate and adopt various sustainable inputs in its operations. Nearly 57% of the total energy used by the Business is generated from renewable sources. Various interventions over the years such as investments in renewable energy sources, and continued wheeling of wind energy through interstate open access have enabled the same. Sustainability initiatives of the

Business continued to be recognised with Kidderpore unit receiving the 'Excellent Energy Efficient Unit Award' at the CII National Award for Excellence in Energy Management 2022. The 21 MW wind farm in Karnataka also received 'Best Performing Wind Farm Award' in Karnataka, Andhra Pradesh & Telangana by Indian Wind Power Association for FY 2021-22 and 'Performance Excellence Award for Solar and Wind Plants – 2022' under the Wind Category from CII. Ranjangaon unit received 'Shreshtha Suraksha Puraskar' from National Safety Council of India under Safety Awards-2022 (Manufacturing Sector). Saharanpur unit won 'IGBC Excellence Award' under Factory Building category from CII.

Your Company is well positioned to fortify its market standing in the legal cigarette industry, leveraging its superior strategies, integrated seed to smoke value chain, future-ready portfolio, robust innovation pipeline, cutting-edge manufacturing & digital technologies and best-in-class execution capabilities. A stable taxation and regulatory regime remains critical to enable the legal cigarette industry to recover volumes from illicit trade.

#### FMCG – OTHERS

With steep inflation impinging upon household budgets, consumption demand remained subdued, especially in rural markets and for certain discretionary categories in urban markets. Input costs remained elevated, even as certain commodities witnessed sequential moderation in prices towards the latter half of the year.

Notwithstanding the challenging conditions prevailing during the year, your Company's FMCG Businesses grew ahead of the industry in both urban and rural

Your Company's FMCG Businesses grew ahead of the industry in both urban and rural markets driven by enhanced distribution footprint, superior last mile execution, deep consumer insights, purposeful innovation and portfolio premiumisation.

## Report of the Board of Directors

markets driven by enhanced distribution footprint, superior last mile execution, deep consumer insights, purposeful innovation and portfolio premiumisation. Discretionary/Out-of-Home categories witnessed strong growth driven by agile innovation and relevant portfolio assortments across consumer cohorts and trade channels. Staples & Convenience Foods registered strong traction driven by region-specific interventions, differentiated offerings and focused brand investments. Health & Hygiene portfolio of personal care products witnessed moderation in demand, while remaining ahead of pre-pandemic levels. The first half of the year saw significant increase in prices of key inputs such as edible oils, packaging materials, soap noodles, fuel, logistics, etc., which exerted considerable pressure on margins. This was mitigated by adopting a comprehensive approach across the value chain focusing sharply on cost management, portfolio premiumisation, competitive trade and marketing investments, fiscal incentives (including PLI), supply chain agility, digital interventions and judicious pricing actions.

Your Company's FMCG Businesses recorded Segment Revenue of ₹ 19122.50 crores representing an increase of 19.6% over the previous year. Segment EBITDA for the year registered a robust growth of 34.9% to ₹ 1953.97 crores with margins improving by 120 bps to 10.2%, amidst elevated commodity prices.

A consumer-centric approach, backed by a future-ready portfolio and agility in execution, remains at the core of your Company's strategy to rapidly scale up the FMCG Businesses.

The Businesses continue to leverage the power of digital to drive superior consumer insights & innovation, deepen consumer engagement and

enhance brand loyalty. Your Company continues to make strategic interventions aimed at creating a futuristic platform to deliver delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual's needs, preferences and context.

'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, is being increasingly utilised to gain insights on market trends and consumer behaviour, as well as synthesise the same to craft contextual and hyper-personalised brand communication and product development. Over 3,000 content assets have been deployed leveraging this capability within a relatively short span of time at significantly lower cost.

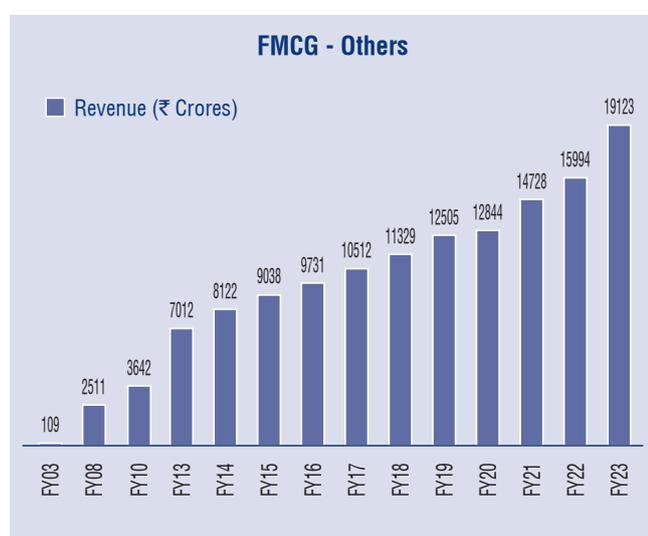
Your Company continues to leverage deep consumer insights and cutting-edge R&D capability to address present and emergent consumer need spaces. Over 90 new products anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go, Indulgence etc., were launched across target markets during the year, leveraging the R&D platforms of your Company's Life Sciences and Technology Centre (LSTC) and agile product development teams across Businesses.

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, and enhancing productivity, driving efficiency and cost agility. These initiatives are anchored on the key pillars of synchronised planning and forecasting, agile, resilient & efficient supply chain, smart buying &

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, and enhancing productivity, driving efficiency and cost agility.

value engineering, smart manufacturing and smart demand capture and fulfilment. Strategic investments have been stepped up to build platforms of insights by harmonising and integrating large and isolated datasets powered by AI/ML technologies and ‘human-centred design’ & visualisation tools.

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 nearly ₹ 29000 crores and reach over 230 million households in India. These home-grown, purpose-led Indian brands, powered by agile innovation, support the competitiveness of domestic value chains, especially in the agri space, thereby ensuring creation and retention of value within the country.

Your Company’s FMCG brands have achieved impressive market standing<sup>3</sup> in a relatively short span of time in their respective categories viz. Aashirvaad is No. 1 in Branded Atta, Bingo! is No. 1 in the Bridges segment of Snack Foods, Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, YiPPee! is No. 2 in Noodles and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment).

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

<sup>3</sup> Source: Nielsen, Kantar Household Panel

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 nearly ₹ 29000 crores and reach over 230 million households in India.

## Report of the Board of Directors

pursuing value accretive acquisition, joint venture and collaboration opportunities towards accelerating growth and value creation.

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

The FMCG Businesses continue to create structural competitive advantages and enhance profitability by leveraging world-class distributed manufacturing and logistics infrastructure, multi-channel distribution network and newer routes to market, smart buying & value engineering and smart manufacturing. 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 11 operational ICMLs continues to be ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality. With growing 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.

Your Company remains confident of rapidly scaling up its FMCG Businesses on the back of a future-ready portfolio powered by purpose-led brands, world-class quality, deep consumer insights, cutting-edge innovation and an agile, resilient and efficient supply chain. The Businesses will continue to leverage your Company's institutional strengths viz. strong backward linkages with the Agri Business, deep and wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, industry-leading packaging knowhow and access to robust R&D platforms nurtured by LSTC.

### Branded Packaged Foods

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 products, a range of distinctive products customised to address regional tastes and preferences, supported by an efficient supply chain and distribution network. This was achieved in the face of a volatile operating environment marked by unprecedented inflation in commodity prices, global supply chain disruptions and climate change impacting crop outputs.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, nutrition, wellness, immunity, naturals, indulgence and convenience. The Businesses launched several innovative and first-to-market products leveraging superior consumer insights, capabilities of your Company's Life Sciences and Technology Centre

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

(LSTC) and the cuisine expertise resident in your Company's Hotels Business.

With the overarching vision to 'Help India Eat Better', your Company's Nutrition strategy seeks to create a sustainable ecosystem anchored on a portfolio of healthier, affordable & accessible 'Good For You/Free From' value-added products, supported by responsible policies in line with national priorities on nutrition. Your Company's institutional strengths viz. strong agri business supply chain, product development knowledge of the LSTC and cuisine knowledge in the Hotels Business are being leveraged to develop products providing consumers wholesome and enjoyable food experiences.

Encouraged by the Government of India's initiative of promoting millets, a range of millet-based products have been introduced. In the Staples Business, 'Ragi Flour', 'Gluten Free Flour', 'Multi-Millet Mix' were recently launched under the 'Aashirvaad' brand. The Biscuits Business augmented its portfolio with the launch of 'Sunfeast Farmlite Super Millets', with two variants – 'Chocochip Millet' and 'Multi Millet' cookies; while the Confectionery Business also launched millet based 'Fantastik Choco Sticks'. Your Company is further developing a comprehensive millets-based portfolio under its popular brands and in familiar formats to enable easier adoption.

The Businesses continued to make sharp targeted brand building investments to grow the core portfolio, address value-added adjacencies leveraging mother brands and scale up categories of the future. Clutter-breaking communication and consumer engagements, both in conventional and digital media, along with focused market development efforts resulted in reinforcement of brand positioning for your Company's bouquet of world-class brands in the branded packaged foods space. The Business

continues to deploy robust, scalable and secure digital technologies and infrastructure to enhance agility, accelerate innovation and drive impactful business outcomes. Several campaigns launched during the year received wide recognition and won prestigious awards across leading platforms, including the 'Innovative Integrated Media Campaign' from The Advertising Club's Abbys for Aashirvaad Multigrain Atta's Happy Tummy Campaign, Gold for 'Best Performance Marketing Campaign' by Maddies for B Natural e-Commerce campaign, Gold in 'Innovation in e-Commerce' for Aashirvaad Svasti Ghee, Gold in 'Online Commerce Campaign for Customer Acquisition' for Sunbean Coffee by Campaign India's Digital Crest Awards and Silver in 'Best Content Marketing on Films' for Dark Fantasy Batman Collaboration by Exchange4Media.

The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub and generated more than 3000+ creatives and 50+ content solutions during the year. The rise of social commerce has enabled brands to engage with their target audience in a focused manner using social media. During the year, your Company leveraged technologies such as Augmented Reality (AR) for creating wider impact, worked with popular influencers, especially amongst the youth, and also commenced pilot campaigns integrating AI based solutions and technology.

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

With the overarching vision to 'Help India Eat Better', your Company's Nutrition strategy seeks to create a sustainable ecosystem anchored on a portfolio of healthier, affordable & accessible 'Good For You/Free From' value added products, supported by responsible policies in line with national priorities on nutrition.

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consistency and safety in its products. In addition, each of your Company's branded packaged food products is manufactured in HACCP/ISO-certified manufacturing locations ensuring compliance with all applicable laws and adherence to the highest quality norms.

- In the Staples Business, 'Aashirvaad' witnessed robust growth on an elevated base and fortified its market standing across geographies, while addressing emerging consumer preferences for healthy products and catering to regional tastes. The value-added portfolio, consisting of Multigrain, Select and Sugar Release Control Atta posted healthy growth driven by higher salience in Modern Trade and e-Commerce channels. A differentiated range of products comprising 'Gluten Free Flour', 'Ragi Flour', 'Multi-Millet Mix', 'Organic Atta' and 'Organic Dals' continued to witness strong growth trajectory. 'Aashirvaad Vermicelli', launched last year, gained robust consumer traction; the range was augmented with the launch of 'Ragi Vermicelli' during the year. Product portfolio was further strengthened with the launch of 'Aashirvaad Bansi Rava', 'Aashirvaad Samba Broken Wheat', 'Aashirvaad Double Roasted Suji Rava' and 'Aashirvaad Besan'. The Business also expanded distribution of Frozen Indian Flat Breads (Paratha, Naan and Chapati), hitherto offered only in international markets, in select domestic markets. Focused and purposeful marketing inputs, consumer activations and region-specific interventions supported by sharply directed media investments, especially in digital platforms, enabled further improvement in Aashirvaad's brand health metrics. Powered by the trust reposed by nearly 74 million households, your Company is

confident of sustaining Aashirvaad's position as India's No. 1 Staples brand going forward.

'Aashirvaad Salt' continued to strengthen leadership in key focus geographies and posted healthy growth across markets during the year, supported by its distinctive positioning – 'Created by Sun and Sea - pure just like nature intended it to be'. 'Crystal Salt', the variant recently launched in Southern markets, scaled up to become the No. 2 brand within two years of launch.

In the Spices category, your Company continued to deliver robust growth with its endeavour to provide consumers unique and personalised experiences that meet their taste preferences and reflect the regional flavours of the state. During the year, the Business grew on the back of distribution expansion in focus states, sharp region-specific communication and an enhanced portfolio with innovative new products. The 'Sunrise' brand strengthened its market standing in the core market of West Bengal and extended gains in East/North East markets to fortify its position as one of the leading Spices brands of the region. 'Aashirvaad Spices' continues to enhance its presence in emerging channels and core markets to enable full portfolio play along with expansion of the blended portfolio. Together, the two brands are well positioned to leverage your Company's institutional strengths to progressively enhance their market standing in the Spices category.

- The Biscuits category witnessed strong growth during the year, driven by robust performance of the core portfolio, scale up of innovations and the launch of several exciting and differentiated variants. The Business continues to strengthen its core portfolio with investments behind powerful

The Branded Packaged Foods Businesses continued to make sharp targeted brand building investments to grow the core portfolio, address value-added adjacencies leveraging mother brands and scale up categories of the future.



- brand ideas, superior products and calibrated pricing actions. The Business augmented its portfolio with the launch of 'Sunfeast Supermilk' and 'Sunfeast Thin Arrowroot' in select markets. Emerging channels continue to grow at an accelerated pace on the back of superior product assortments and portfolio mix.
- The Snacks Business sustained its robust growth trajectory during the year driven by the core variants as well as new launches. A slew of new launches during the year, viz., 'Bingo! Street Bites', a differentiated offering, combining quintessential Indian flavours of Pani Puri & Dahi Chaat in a modern format, lattice cut chips under 'Bingo! Hashtags' and refreshed packs of 'Bingo! Tedhe Medhe' namkeen portfolio, amongst others, elicited excellent consumer response. 'Bingo!' continued to be the market leader in the Bridges segment across the country, and in the potato chips segment in South India.
  - 'YiPPee!' witnessed strong growth during the year, aided by judicious pricing interventions and focused brand investments. The product portfolio was augmented with the launch of 'Quik Mealz' in a differentiated 'noodles in a bowl' format, in target markets. In line with the purpose of creating 'A better world', the brand continues to promote sustainability through plastic waste management and recycling. During the year, more than 30 lakh school children were educated on plastic waste recycling with an initiative to collect plastic equivalent to 10 lakh YiPPee! Noodles wrappers across 100+ cities. The Business also organised the 'Terra by YiPPee!' contest, a new waste upcycling initiative wherein, contest winners were awarded tote bags/laptop sleeves/pouches made from YiPPee! wrappers.
  - The Ready-To-Eat (RTE) category continued to scale up in the institutional and exports segments. Growth in exports was led by the 'Kitchens of India' range to the USA, Canada and other countries along with introduction of a range of 'Aashirvaad' products to target the Indian diaspora in the USA. Institutional business registered strong growth driven by acquisition of new customers, including Food Service segment, through a range of customised offerings.
  - The Frozen Snacks category under the 'ITC Master Chef' brand, which caters to both Retail and Food Service channels, continued to deliver industry leading growth, powered by a range of innovative and differentiated offerings. Over 65 high quality and differentiated products distributed across both traditional and emerging channels are rapidly gaining consumer franchise. The portfolio offers a delectable range of Indian & Western snacks, Frozen Prawns and Frozen Vegetables.
  - 'Aashirvaad Svasti' fresh dairy portfolio comprising pouch milk, curd, lassi and paneer continued to gain strong consumer traction on the back of best-in-class quality standards, differentiated products and superior taste profile. These products are currently available in Bihar, West Bengal and Jharkhand markets. The value-added portfolio is constantly being enriched with launch of differentiated offerings such as 'Litchi' flavoured Lassi, select Indian desserts under 'Aashirvaad Mithaas', 'Paneer Slice' and organic range of 'Aashirvaad Svasti Ghee' in select markets. During the year, the Dairy industry witnessed severe pressure on input costs. In spite of a challenging operating environment, the Business registered strong growth during the year.

During the year, more than 30 lakh school children were educated on plastic waste recycling with an initiative to collect plastic equivalent to 10 lakh YiPPee! Noodles wrappers across 100+ cities.

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- With return to normalcy in market conditions, the Beverages portfolio witnessed a resurgence during the year. The Business continued to leverage the ‘Fruit and Fibre’ proposition of ‘B Natural’ to deepen consumer connect and increase brand affinity. The Dairy Beverages portfolio leveraged the strong equity of ‘Sunfeast’ and ‘Dark Fantasy’ to grow rapidly in target markets and in emerging channels. The Business has strengthened presence in rapidly emerging Direct to Consumer (D2C), Travel & QSR segments and sustained consumer facing partnerships with alternate delivery channels which aided the Business to deliver superior performance.
- The Confectionery category continued to nurture its range of premium portfolio by leveraging Fantastik Choco Sticks and ‘Jelimals’ and recovered to pre-pandemic levels. The portfolio was augmented with the launch of ‘Candyman Fruitee Fun 3 in 1 chews’, a differentiated offering in the fruit bucket and has received encouraging consumer feedback. ‘Fabelle’ chocolates continue to receive excellent response from discerning consumers setting new benchmarks in the luxury and premium chocolate segments. During the year, availability of the gourmet range of Fabelle chocolates was enhanced beyond the ITC Hotels boutiques by leveraging e-Commerce platforms and food delivery aggregators in six major cities. The product offering at Fabelle boutiques across ITC Hotels was augmented with the addition of a range of bespoke eclairs. A new Fabelle boutique was launched at the recently opened ITC Narmada in Ahmedabad.
- ‘Sunbean Beaten Caffè’, a unique ready-to-use beaten coffee paste that produces a rich, creamy and frothy cup of coffee, continues to receive favourable response from discerning consumers.

During the year, a convenient powder format was also introduced based on consumer insights. The product has received encouraging consumer response.

- Exports remain a key area of focus for the Business. Currently, your Company’s Branded Packaged Food products are exported to more than 60 countries. During the year, your Company’s exports of Branded Atta was impacted due to restrictions on export of wheat flour. Exports have since resumed under the Advance Authorisation scheme introduced by the Government. With its portfolio of winners and a high quality distribution pipeline, your Company is confident of scaling up exports at an accelerated pace in focus markets across a range of categories, leveraging the equity of its core brands such as Aashirvaad, Sunfeast and Kitchens of India.

Over the years, your Company has made significant investments in setting up state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) proximal to large demand centres. These facilities are at the heart of your Company’s strategy to create structural advantage by enhancing product freshness, improving market responsiveness, reducing the cost of servicing proximal markets, enabling scalability besides setting new benchmarks in safety, quality and product hygiene. Your Company continues to leverage the benefits of the state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLFs) at Pudukkottai and Kapurthala. These automated facilities are co-located with the ICMLs and provide several structural advantages including inventory optimisation, delaying operations and lowering cost of market servicing.

The Branded Packaged Foods Businesses export to more than 60 countries. With its portfolio of winners and a high quality distribution pipeline, your Company is confident of scaling up exports at an accelerated pace in focus markets across a range of categories, leveraging the equity of its core brands such as Aashirvaad, Sunfeast and Kitchens of India.

Your Company recently commissioned a new ICML at Khordha, Odisha. With this, 11 ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and delayering of operations. The capacity utilisation at existing ICMLs continues to be ramped up. With every successive ICML coming on-stream, the representation of women in the workforce has progressively increased. The ICML units received several prestigious awards and accolades from leading industry bodies such as the Confederation of Indian Industry (CII), International Research Institute for Manufacturing (IRIM), Integrated Manufacturing Excellence Initiative (IMexI), National Safety Council of India (NSCI), Ministry of Labour and Employment, etc. for their high standards of safety, quality, operational excellence and benchmarks in green and sustainable manufacturing. The Malur unit became the first food processing facility in Asia to be awarded the AWS Platinum-level certification, the gold standard for water stewardship in the world. These accolades are testament to your Company's unwavering commitment to providing products with the highest levels of quality while reducing the environmental impact of the same.

The Business implemented several strategic cost management initiatives in areas such as supply chain optimisation, smart procurement and productivity improvement through automation, leveraging new-age technologies such as Industry 4.0 and smart utilities. These interventions helped mitigate the unprecedented cost inflation witnessed during the year and also offset start-up costs of new facilities and strategic investments in brand building for gestating categories.

With the growing importance of processed food products in the consumer basket, the food processing

industry has significant potential to transform the agriculture sector through increased market linkages, improvement in the efficiency of resource use, enhancement in the farmer incomes, expansion of exports and generation of employment opportunities. Development of the food processing sector will aid in addressing issues of food security and inflation, improved nutrition availability and prevention of wastage, amongst others.

Recognising this potential and headroom for growth in the Indian market, your Company has made significant investments in food processing and remains focused on establishing itself as the leading player in the branded packaged foods industry. The Government's Production Linked Incentives (PLI) Scheme for the food processing industry will incentivise fresh investments, enable building Indian brands for the global market, promote exports and boost farmer incomes. Your Company has been included under the PLI Scheme towards sales-based incentives in the Ready to Eat, Fruits & Vegetables and Marine categories respectively as well as for incentives towards expenditure incurred for branding and marketing in export markets. Your Company is confident of meeting the requisite investment and sales growth targets towards the same. In line with the Government's initiatives towards promoting millets, a PLI scheme for millet-based products has also been introduced during the year. Your Company has been included under the PLI Scheme for millet-based products as well.

Your Company is well poised to strengthen its position as one of the fastest growing food companies and the 'most trusted provider of food products' in the Indian market in line with its purpose to 'Help India Eat Better'. Your Company remains confident of

11 ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and delayering of operations. With every successive ICML coming on-stream, the representation of women in the workforce has progressively increased. The Malur unit became the first food processing facility in Asia to be awarded the AWS Platinum-level certification for water stewardship.

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

### Personal Care Products

Your Company's Personal Care Products Business continued to strengthen its core strategic levers of building brands with purpose, introducing first-in-category innovations, focusing on categories of the future and accelerating presence in emerging channels. Hyper-inflationary pressure on prices of key inputs witnessed in the previous year continued to impact the industry for most of the financial year. The surge in inflation also led to moderation in demand, especially in rural markets; however, progressive improvement was witnessed during the course of the year. Portfolio premiumisation, launch of innovative and differentiated range of products and

agility in mitigating the impact of commodity inflation enabled the Business to strengthen the core and grow emerging categories during the year, in spite of a challenging operating environment.

In the Personal Wash segment, premiumisation continues to remain a key lever of growth. During the year, 'Fiama' registered strong growth fuelled by investments in brand building, wider distribution and growth across channels. Fiama gel bar format witnessed significant gains during the year, whilst providing consumers a differentiated and compelling offering. A new range of 'Happy Naturals' Perfume mists and Shower Gels were launched during the year to meet the growing demand for 'Naturals'. The portfolio was further augmented with launch of 'Deep Clean Charcoal and Grapefruit' range of gel bathing bars and shower gel, exclusively for men. The brand continued building on promoting mental wellness while improving access to mental health experts.

The 'Vivel' range of soaps continued to build momentum and posted healthy growth during the year. The premium 'VedVidya' range was launched during the year in three variants – 'Nargis & Kumkumadi oil', 'Nagarmotha & Bahumanjari oil', 'Chandan & Badamam oil'. Vivel's proposition of empowerment of women through the #AbSamjhautaNahi campaign continues to resonate well with target consumers.

The Fragrance category witnessed strong growth across segments with the premium range of 'Engage' perfumes garnering encouraging response. The Business launched a new premium EDP range with best-in-class fragrances for occasion-based use which includes a differentiated 'gender neutral' variant 'One Soul'. In the popular segment, Deo sprays were also launched in the mini-can format.

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The ‘Savlon’ portfolio witnessed moderation in demand with the waning of the pandemic, while remaining above pre-pandemic levels. Sustained focus on distribution expansion, proactive cost management, enhanced supply chain responsiveness with a range of exciting offerings enabled the Business to augment its germ-protection equity. Savlon powder handwash, in a convenient low unit pack format, witnessed strong traction amongst target consumers.

The Business continued to expand its presence in the Home Hygiene segment by leveraging the ‘Nimyle’ brand. During the year, Nimyle strengthened its leadership position in core markets. The brand continued to demonstrate robust growth in emerging channels on the back of its unique proposition of ‘100% Natural Action’.

Under the Skincare portfolio, ‘Dermafique’ introduced an AI powered smart skin advisor to provide personalised skin health analysis, empowering individuals to know their skin better and adopt solutions suited to unique skin needs. During the year, the brand launched its D2C platform to deepen consumer engagement based on sharp consumer insights and drive revenue growth. The brand also strengthened its equity through relevant product benefit communications, leveraging influencers to drive buzz and engagement, running digital campaigns etc., which is visible in strong conversions and repeat rates on digital platforms.

The Business bolstered its presence in the rapidly growing e-Commerce channel and continues to widen its assortment of offerings tailored to consumer needs. With reinforced focus on footprint expansion, salience of the e-Commerce channel for the Business stood at double digits. The proliferation of digital access

and rapid evolution of ‘beauty tech’ have opened up opportunities for providing relevant personalised experiences to consumers. The Business continues to drive a range of Digital Marketing initiatives to target relevant consumer cohorts.

In order to further strengthen its presence in the D2C segment, your Company acquired a minority stake in ‘Mylo’ – a digital start-up, which offers science backed, expert-led solutions primarily in the mother and baby care segments. In addition, further investments were made during the year in ‘Mother Sparsh’, a premium ayurvedic and natural personal care start-up to support the company’s growth plans.

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

Fiama, Vivel and Savlon have been frontrunners in adopting sustainable packaging for the soap portfolio. The Fiama and Vivel wrapped soap portfolio has also transitioned to re-cyclable mono material while Savlon soap wrappers now contain 70% recycled plastic in the PET film used. Sustainable materials are being used for in-store merchandising for Fiama and Vivel soaps. Further, Fiama Shower Gel and Handwash bottles are now made with 50% Post-Consumer Recycled (PCR) material.

The state-of-the-art R&D facility of your Company continued to leverage cross functional collaborations to develop innovative and differentiated products backed by robust science-based claims, to meet the emerging consumer needs.

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Your Company received accolades in the field of Digital and Marketing excellence. Vivel's #WorkForHome campaign, celebrating the relentless and unconditional contribution of homemakers and encouraging equality, won a 'Silver' at the 'Digixx 2022 Awards' and a 'Gold' at the 'ACEF 2022 Awards'. Further, Vivel's Bodywash was awarded the 'Campaign India Digital Crest Silver Award' for use of social media on 'Sharechat'. Engage 'Pocketful O'Stories 3.0' bagged 2 'Golds' for best use of social media for UGC (User Generated Content) in the 'ET Digi+ 2023 Awards' and in 'AFAQs Digies 2023 Awards'.

Your Company's strategic focus continues to be on expanding the core categories of Personal Wash, Fragrance and Homecare through innovative, differentiated and consumer centric products, highest levels of product quality and impactful communication. Your Company, with its future-ready portfolio and purpose-led brands, is well positioned to seize growth opportunities and emerge as a significant player in this space.

### Education and Stationery Products

The Education and Stationery Products industry recorded a strong recovery with progressive resumption of physical classes at educational institutions and demand recovering to pre-pandemic levels. However, on the supply side, industry had to contend with unprecedented inflationary pressures.

The Business strengthened its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions and continued focus on cost and working capital management, leveraging institutional strengths such as backward integration in the value chain for supply of paper and paperboard and multi-channel distribution infrastructure.

The Business continued to leverage its innovation platform in collaboration with your Company's Life Sciences and Technology Centre to craft differentiated products of superior quality.

The 'Classmate Interaktiv' Notebooks portfolio was augmented with the launch of over 40 differentiated variants under the Origami range. Extensive consumer engagement with 1,000+ schools and 2 Lakh+ students through craft-based competitions enabled Classmate to fortify its position as an innovation leader in the industry. In the youth and college segment, the Business accelerated the adoption of 'Classmate Pulse' spiral format through activations and driving new consumption segments. The 'Paperkraft' portfolio was further scaled up with launch of 'Paperkraft Vintage Kraft' cover series for leisure writing and 'Paperkraft Debossed PU' series with motivational quotes. The Writing Instruments portfolio was bolstered with the launch of 'Classmate Hook' pens, a unique innovation that enhances the brand's visibility and appeal.

To promote holistic learning in line with the National Education Policy 2020, an inter school initiative 'Classmate All Rounder' was conceptualised providing students with a platform to nurture and showcase their varied skills. The initiative received tremendous response with over 3 Lakh students across 1000+ schools participating in the very first edition.

The multi-channel capability of your Company's strong distribution network was leveraged to enhance availability and drive sales. The Business sustained its leadership position on e-Commerce platforms through consistent availability of a wide assortment of products, backed by focused interventions to enhance consumer traction. Consumer engagement was further enhanced through Classmateshop.com,

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a D2C platform, which facilitates brand affinity through creative product personalisations. Industry-first propositions such as personalised videos and AI (Artificial Intelligence) generated cover designs further enhanced consumer engagement.

The Business continues to ramp up capacity utilisation of its dedicated notebook manufacturing facility at Vijayawada. Equipped with state-of-the-art technology, the facility enables the Business to develop differentiated notebook formats, drive cost reduction and address opportunities in overseas markets. During the year, the Business expanded its exports footprint to newer geographies & segments and successfully onboarded large global retailers leveraging capabilities at the aforesaid facility.

The Classmate and Paperkraft range of notebooks leverage your Company's world-class fibre line at Bhadrachalam - India's first ozone treated elemental chlorine free facility - and embody the environmental capital built by your Company in its paper business. The Business continued to scale up the Paperkraft range of notebooks using Forest Stewardship Council (FSC) certified paper, made at your Company's paper mill.

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

### **Incense Sticks (Agarbattis) and Safety Matches**

The Agarbatti industry witnessed robust recovery after two years of pandemic induced disruptions.

Your Company's flagship brand 'Mangaldeep' effectively leveraged market opportunities and continued to enhance its standing in the Incense Sticks category. With presence across several formats viz. Agarbattis, Dhoop and Sambrani, Mangaldeep provides discerning consumers a differentiated and superior product experience with a deep emotional connect with devotion. The Mangaldeep App, which has garnered over 1.6 million downloads, continues to play a key role in the devotional journey of consumers. The Business continued to drive brand salience through sharply focused marketing interventions. Proactive steps were also taken towards driving product mix enrichment and cost optimisation. Unprecedented inflationary headwinds in key ingredients viz. paper board, chemicals, etc. were mitigated by leveraging economies of scale, superior portfolio mix and driving sourcing efficiencies.

Based on superior consumer insights, Mangaldeep introduced a slew of offerings during the year.

The brand launched 'Mangaldeep 3 in 1' Agarbatti in the Popular segment during the year. Built on the proposition of 'Prarthana Ki Mehak, Prarthana Ke Baad Bhi' - Mangaldeep 3 in 1 Agarbatti has three unique long-lasting fragrances enabling longer lasting auspiciousness.

Mangaldeep also introduced 'Dhuno Cups' in West Bengal and Assam markets, which offers a modern and innovative solution to the age-old tradition of Dhunuchi in the daily puja. In the Dhoop segment, staying in tune with the modern consumer's need for

Your Company's flagship brand 'Mangaldeep' effectively leveraged market opportunities and continued to enhance its standing in the Incense Sticks category. The Agarbatti Business has also partnered with around 150 visually impaired fragrance evaluators from across the country as a part of its 'Mangaldeep Sixth Sense' panel for fragrance evaluation and selection.

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convenience and variety, Mangaldeep introduced bamboo-less 'Dhoop Sticks' in four modern fragrances– Luxury, Flora, Sandal and Rose.

The Business has also partnered with appx. 150 visually impaired fragrance evaluators from across the country as a part of its 'Mangaldeep Sixth Sense' panel for fragrance evaluation and selection.

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 batters using indigenous inputs. The Business has been a pioneer in developing domestic manufacturing capabilities for raw batters and is also working closely with the Government under the aegis of the 'National Bamboo Mission' and other nodal agencies of state governments for cultivating bamboo plantations in the country.

The proactive measures implemented by your Company, as highlighted above, sub-serve the national priorities of employment generation and provide a source of competitive advantage to the Business while contributing towards enhancing income of bamboo farmers in the agarbatti stick and raw batters manufacturing value chain.

In the Safety Matches industry, the Business strengthened its market leadership position by leveraging the brand 'Homelites' – built on differentiated positioning of stronger, longer and karborised sticks. The Business continues to focus on scaling up the share of value-added products in its portfolio and enhancing supply chain efficiency by sourcing products manufactured closer to markets.

## TRADE MARKETING & DISTRIBUTION

Your Company's Trade Marketing & Distribution (TM&D) vertical demonstrated remarkable agility and responsiveness in capitalising on the emergent market opportunities arising from normalisation of market conditions, premiumisation and increasing online purchases. Concerted actions were taken across all nodes of operations to ensure efficient market servicing and availability of your Company's products. These include realigning distribution infrastructure, deploying innovative delivery models, forging strategic partnerships, leveraging digital technologies and adopting a focused approach to accelerate growth in emerging channels.

As stated in earlier years, the dynamic interplay of varied and evolving consumer preferences, multiplicity of channels including emergence of new channels, diverse demographic profiles & socio-economic factors and vast geographical landscape pose a high degree of complexity for distribution of FMCG products in India. Given the varied set of needs and challenges associated with each channel, TM&D continues to sharpen channel-specific strategies to efficiently service consumer demand across the country. Valuable insights into consumer behaviour and channel-specific trends gained over the years continue to be leveraged to deliver superior performance in terms of availability, visibility and freshness.

The rapid growth of Modern Trade & e-Commerce channels, along with the emergence of several new players, has necessitated deployment of differentiated market/outlet specific strategies to seize the emerging opportunities. The Modern Trade channel witnessed robust growth in the retail format aided by store expansion by accounts, both in metros and Tier 2 & Tier 3 cities, coupled with omni-channel presence.

Your Company's Trade Marketing & Distribution vertical demonstrated remarkable agility and responsiveness in capitalising on the emergent market opportunities. TM&D continues to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers.



Growth in the channel continues to be driven by deploying a format-based assortment approach catering to the needs of a diverse set of shoppers with category specific sell-out strategies. Agile supply chain initiatives including collaborations with supply chain partners led to enhanced operational and execution efficiencies.

Significant increase in internet penetration led by smartphones, growing adoption of digital payments, attractive loyalty programmes, wide assortment of products and faster deliveries continue to drive the rising salience of e-Commerce channel. Your Company's collaborations with leading e-Commerce platforms on all aspects of operations viz. category development, marketing, supply chain and customer acquisition has enabled it to significantly scale up sales in this channel. This was augmented by development of exclusive and relevant pack assortments, driving 'Digital First' brands and enabling platform discoverability through jointly curated campaigns. Joint Business Plans, built and executed in close co-ordination with e-Commerce platforms, coupled with account specific strategies further consolidated the market standing of your Company in this channel. Sales through the e-Commerce channel has grown rapidly in recent years and stood at appx. 5x of FY 2019-20 levels; the channel accounts for over 10% of your Company's Branded Packaged Foods and Personal Care Products sales.

Your Company's multi-channel distribution network, which facilitates availability of its products in nearly seven million retail outlets of which more than one-third are serviced directly, was further strengthened during the year with the addition of new markets and outlets to its direct servicing base. Market coverage was stepped up to appx. 2x of pre-pandemic levels.

During the year, urban markets continued to witness channel shift with the growth of Modern Trade and e-Commerce. Automation, data-led insighting and machine-learning enabled solutions have been increasingly leveraged to drive field-force productivity and performance across urban markets. Customised servicing based on outlet potential and retail engagement programmes have been deployed to stimulate demand for your Company's products with enhanced focus on premium grocery outlets.

In rural markets, your Company continued to deploy market-specific interventions to enhance direct coverage on the basis of socio-economic indicators and market potential. This has been supported through a hub and spoke distribution model with the continued expansion of rural stockists network to 1.2x over previous year and collaborations with rural-focused eB2B players. Your Company has also leveraged its deep connect with rural entrepreneurs in key geographies to build local connect and carry out extensive consumer engagement activities. These initiatives have substantially enhanced distribution reach of your Company's range of products in rural markets leading to sales growth ahead of industry.

The Food Service and Institutional channels have also witnessed robust growth during the year leveraging existing partnerships and enhancement of product range. Further, new routes-to-market were unlocked through several strategic partnerships to cater to specialised segments, including 'on-the-go' consumption, direct marketing, airports & airlines and QSRs. Your Company continues to scale up its presence in the rapidly growing emerging channels and has further expanded availability of its products with new trade partners on Quick Commerce and Social Commerce platforms.

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

TM&D continues to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Technology enablement in the form of customised mobility and routing solutions, machine learning algorithms, data science models, data analytics comprising insightful visualisation tools and predictive analysis is being increasingly leveraged to enable speedy and accurate data capture, enable real-time informed decisions and aid in optimisation of trade inputs to enhance sales. Self-service analytics tools are also being increasingly used to analyse data and present insights which are digitally integrated into business decisions, resulting in intelligent digitalisation of processes.

The digitally powered eB2B platform of your Company, UNNATI, has been rapidly scaled up during the year covering nearly 5.4 lakh outlets. UNNATI facilitates sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement.

In line with your Company's credo of 'Nation First: Sab Saath Badhein', TM&D has partnered with Open Network for Digital Commerce (ONDC) to help small retailers ride the digitalisation wave. As a part of this industry-first initiative, your Company is assisting traditional retailers to on-board the ONDC network and helping them have an omni-channel presence. This intervention would enable such retailers to

enhance their competitiveness in the growing digital marketplace as also enable them to effectively address evolving consumer buying behaviour.

'ITC e-Store', your Company's exclusive D2C platform, is now operational in 24,000+ pin-codes and continues to receive excellent consumer response. ITC e-Store has also partnered with ONDC in the journey of unlocking newer consumer touchpoints and addressing buyer preferences in the growing e-Commerce arena. Powered by state-of-the-art digital technology and robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of your Company's FMCG products across 45+ categories and over 900 products under one roof.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable insights into consumer & trade behaviour and provide speed and scale of execution for launches across geographies. In order to effectively leverage new routes-to-markets and meet the assortment needs of emerging channels, your Company executed over 90 new product launches across target markets besides extending distribution reach of several existing products in the portfolio.

Several interventions were undertaken by TM&D during the year to further improve operational effectiveness & productivity and create structural competitive advantage. These include supply chain & network optimisation, smart buying including efficient freight procurement and layering of operations through direct shipments to customers. During the year, your Company implemented an integrated planning and supply chain tool, which is powered by AI/ML technology for inventory optimisation and productivity enhancement. This intervention is expected to enhance supply chain

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agility and efficiency, while also further improving market servicing. An IoT based solution has also been implemented which monitors stock movements on a real time basis resulting in improved vehicle turnaround time and enhanced customer service through data analytics.

TM&D's distribution highway is a source of sustainable competitive advantage for your Company's FMCG Businesses and is well-positioned to support the rapid scale up of operations in the ensuing years leveraging its best-in-class systems and processes, an agile and responsive supply chain, and a synergistic relationship with its channel partners.

## HOTELS

The global Travel & Tourism industry, which had been severely impacted in the last two years due to the pandemic, witnessed strong rebound in the current year. As per estimates of the World Travel and Tourism Council (WTTC), the Travel & Tourism sector is expected to contribute US\$ 8.6 trillion to the global economy in 2022 (about 94% of pre-pandemic levels). As per estimates of the WTTC, the sector, which had suffered 62 million job losses in 2020, has almost recovered to pre-pandemic levels, with an estimated 40 million jobs having been added in 2022 on top of the 18 million jobs which were added in 2021.

The Travel & Tourism sector plays a vital role in the Indian economy and holds immense potential for growth. The extensive tourism value chain spanning hotels, travel agents, airlines, tour operators, restaurants, tourist transporters and guides, etc. results in a huge economic multiplier impact, ranking it amongst the highest across industries on this count. The sector's contribution to the Indian economy remains significant and is estimated at appx. 7% of

GDP. While the global passenger traffic has recovered to 68.5% of 2019 volumes in 2022, domestic air travel in India has recovered at a faster pace to over 85% of 2019 levels. However, foreign tourist arrivals in India, while improving over the previous year, remains significantly below pre-pandemic levels.

During the year, your Company's Hotels Business delivered competitively superior performance, on the back of enriched guest experiences, operational excellence and new growth opportunities. The Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. This included introduction of special packages offering distinct value propositions and flexibility, targeting short getaways/staycations, revamped packages for the MICE & wedding segments and extension of exclusive privileges to members of the Club ITC Loyalty programme.

In the backdrop of a buoyant operating environment, Segment Revenue for the year doubled to ₹ 2585.03 crores while Segment EBITDA stood at ₹ 831.62 crores, as against ₹ 78.03 crores in the previous year. Segment PBIT for the year stood at ₹ 541.90 crores representing a positive swing of ₹ 724.99 crores over the previous year.

Your Company's Hotels Business continues to leverage its 'asset-right' strategy to be amongst the fastest growing hospitality chains in the country with over 120 properties and 11,500 rooms under distinguished and distinctive brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the Premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.

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Further expanding its footprint, the Business had launched two new brands in the previous year - 'Mementos' in the Luxury Lifestyle segment and 'Storii' in the Premium segment, targeting new age travellers looking for varied experiences.

During the year, 12 new properties were added to the Group portfolio, including:

- ITC Narmada at Ahmedabad (Gujarat's first LEED Platinum rated hotel), offering 291 guest rooms and suites, which draws inspiration from the river Narmada along with the iconic architecture, vibrant culture and grandeur of Gujarat.
- Ekaaya Udaipur (managed property), located amidst the Aravali hills, with 117 suites under 'Mementos by ITC Hotels'.
- Storii Shanti Morada at Goa (managed property), offering 20 well-appointed guest rooms, representing a varied confluence of Portuguese and Indian culture.
- Storii Amoha Retreat at Dharamshala (managed property), offering 37 guest rooms and suites; built using sustainable and locally sourced materials.
- Welcomhotel Jim Corbett in Uttarakhand (64-key managed property), offering a premium experience nestled in close proximity to the picturesque Jim Corbett National Park.
- Welcomhotel Ahmedabad (129-key managed property), a premium boutique property offering signature dining experience and expansive banqueting.

All of these properties have received excellent response from guests within a short span of time.

The Welcomhotel brand now consists of 24 hotels and over 2,600 keys. With a strong pipeline of properties

to be onboarded under the management contract route, the brand is well positioned to scale up rapidly in line with the 'asset-right' growth strategy of the Business.

The 'Fortune' brand continues to maintain its pre-eminent position in the Mid-market to Upscale segment, with a positioning of 'First class, full service hotels – an affordable alternative', comprising 43 operating properties and over 3,300 rooms. The 'WelcomHeritage' brand continues to create best-in-class authentic experiences with an operational inventory of 36 hotels comprising over 950 rooms.

With a strong pipeline of properties under the management contract route, the Business's distinctive brands are well poised for rapid scale up, in line with its 'asset-right' growth strategy.

'Responsible Luxury' continues to guide business best practices in line with the 'Triple Bottom Line' philosophy of your Company. The Business has the highest number of hotels in the world to have been awarded the LEED Platinum Certification by USGBC, with 22 of its hotels achieving this feat. Furthering your Company's Responsible Luxury ethos, 12 of its iconic hotels have received LEED Zero Carbon Certification, the first in the world to have received the same. ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the USGBC, followed by ITC Sonar, which is the second hotel to be awarded the certification globally.

Going forward, the Business has plans to further enhance the renewable energy portfolio, increase the number of LEED Zero Carbon Certifications, and reduce carbon emission levels.

ITC Hotels was recognised as the best Luxury Hotel Chain for the 4th consecutive year at 'Travel + Leisure India's Best Awards 2022'. In the premium segment,

Your Company's Hotels Business, with its ethos of 'Responsible Luxury' scaled new heights with 12 of its iconic hotels being the first in the world to receive the LEED Zero Carbon Certification; while 2 hotels became the first in the world to be awarded the LEED Zero Water Certification.

the Welcomhotel brand continues to strengthen its equity with its characteristic positioning of 'Enriching Experiences'.

Leveraging its expertise and experience in the domain of sleep, the Business had recently launched its signature 'Sleep' Boutiques across the country, offering a wide range of premium home bedding products with both online and offline retail options. These boutiques, present across seven ITC Hotels, have received encouraging response and plans are on the anvil to scale up operations going forward.

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

Digital investments continue to be leveraged towards enhancing guest experience, facilitating guest acquisition, augmenting revenue generation and driving operational efficiency. During the year, the Business continued to promote its full stack ITC Hotels App for Food Delivery, Room & Table Reservations, Loyalty Benefits, Exclusive Offers and more. The App has also been enhanced with room automation and entertainment control module, which has been rolled out in select hotels.

ITC Hotels is recognised for its award-winning culinary excellence, with illustrious brands, dishes and concepts revolving around indigenous ingredients and signature dining experiences. From bringing alive local flavours, inspired by the ever-changing seasons, cultures and age-old traditions, the Business has been at the forefront of presenting gastronomical delights to food connoisseurs for decades. Sourcing local ingredients and using time-honoured techniques, the Business continues to remain ahead of peers in creating

delectable dishes from humble ingredients and ensuring every meal is an aromatic celebration par excellence.

The Business continues to enhance its award-winning repertoire of culinary brands. In alignment with the Government's initiative of promoting millets and in keeping with its ethos of producing sustainable cuisine, the Business has also created a range of millet-based gourmet cuisine across its signature restaurants. Further, it is also promoting easy-to-try recipes with millets to help encourage individuals experiment with the taste and texture of millets.

Over the years, your Company has expanded its footprint in the Luxury and Upper Upscale segments of the Indian hospitality industry. Your Company's 'asset-right' strategy envisages a substantial part of incremental room additions, going forward, to accrue through management contracts. The Business is witnessing growing interest amongst property owners to partner with its iconic brands resulting in healthy generation of leads and pipeline of management contracts. The Business is confident of rapidly scaling up revenues through this route going forward.

As reported earlier, your Company remains committed to implement its 'asset-right' strategy, focus on sweating existing assets, create additional revenue streams and pursue alternate structures in view of the strong industry recovery witnessed during the year towards engendering the next horizon of growth as also enhancing value creation.

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

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## Report of the Board of Directors

### PAPERBOARDS, PAPER AND PACKAGING

#### Paperboards & Specialty Papers

The demand for Paper & Paperboards grew at about 6-7% in FY 2022-23 driven by robust growth across most end-user segments. Sequential moderation was witnessed during the second half of the year, primarily due to inventory pipeline adjustments by export customers and relatively lower offtake by domestic customers towards the end of the year. Cost of key inputs remained elevated with global pulp prices witnessing unprecedented highs during the first half of the year on account of global supply chain disruptions, geopolitical tensions, adverse weather events, higher power and chemical costs. However, pulp prices moderated in the second half of the year due to subdued Chinese demand, recessionary conditions in Europe and progressive normalisation in supply chain operations. Chemical prices, which were also at record highs, moderated towards the end of the financial year, while remaining elevated over pre-pandemic levels. Coal supplies were adversely impacted by supply chain disruptions and prioritisation of domestic supplies to thermal power plants. The Indian Rupee depreciated against the US Dollar during the year which further impacted cost of imports.

Amidst heightened inflationary pressures, the Business delivered robust performance during the year leveraging its integrated business model and strong end-user engagements. Structural interventions across the value chain including, inter alia, developing high yielding clones, augmenting value added paperboard & in-house pulp manufacturing capacity, product & process innovation, digital interventions including Industry 4.0 and creating superior distribution infrastructure continue to provide the Business sustainable competitive advantages.

The Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through innovation focused on developing customised solutions for end-use industries and maintaining best-in-class customer service levels. The Business is also the industry leader in the eco-labelled products segment as well as the premium recycled paperboards space.

The Business continues to ramp up its sustainable products portfolio and achieved appx. two-fold increase in revenue over the previous year. The 'Filo' series of sustainable solutions viz. 'FiloBev' (for cups), 'FiloServe' (for QSR, bakeries, food retail) & 'FiloPack' (packaging for sweets and deep freeze applications), continued to witness strong traction in both domestic and international markets. The 'Omega' series viz. 'OmegaBev' and 'OmegaBev Vio', certified compostable by Central Institute of Petrochemicals Engineering & Technology (CIPET) and also registered with the Central Pollution Control Board (CPCB), continued to increase its franchise with large eco-conscious brands. The Business is stepping up investments in this fast-evolving space which holds immense growth potential, supported by the R&D capabilities of your Company's Life Sciences & Technology Centre and through external collaborations with global specialists.

During the year, your Company set up a wholly owned subsidiary, ITC Fibre Innovations Limited, to foray into the fast-growing premium Moulded Fibre Products (MFP) space. Towards this end, construction of a state-of-the-art MFP manufacturing facility in Badiyakhedi, Madhya Pradesh, is underway. Customers are increasingly seeking solutions that are bio-degradable, substitute single use plastic and meet stakeholder and regulatory expectations across industries including food serving and

The Paperboards & Specialty Papers Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through innovation focused on developing customised solutions for end-use industries and maintaining best-in-class customer service levels. The Business is also the industry leader in the eco-labelled products segment as well as the premium recycled paperboards space.

delivery, pharmaceutical, beauty and electronics. The raw materials for such products are sourced from environment-friendly, renewable, natural fibres such as wood, bamboo etc. The MFP business will leverage your Company's expertise in fibre value chain, manufacturing excellence and strong sustainability credentials to rapidly scale up business going forward.

During the year, the Business delivered robust performance in the Specialty Papers segment. Market standing continues to be driven by product mix enrichment and diversification of the customer base. The domestic industry continues to remain under pressure on account of cheap imports from China. Anti-dumping duty on Décor paper continues to provide a level playing field for domestic industry, further enhance 'Make in India' opportunities & foster domestic value chains and enable import substitution. A strong distribution network, efficient supply chain and customised product portfolio leveraging cutting-edge innovation capabilities based on superior customer insights, provide structural competitive advantages to the Business to further consolidate its market standing in the fast growing Décor segment.

The Business continues to make structural interventions to reduce dependence on imported pulp, enabling substantial reduction in operating costs. Significant increase in in-house pulp production was achieved through strategic interventions, Industry 4.0 initiatives and improved wood mix. Capacity utilisation of the chemical pulp mill at the Bhadrachalam unit touched a record high during the year.

The Business has been practising the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade and continues to reap substantial benefits through its Business Excellence initiatives. In recent years, the Business has embarked

upon a comprehensive Digital Transformation Programme across the vectors of manufacturing, supply chain and support services to achieve operational excellence and drive improvement in profitability.

Your Company is a pioneer in the adoption of Industry 4.0 in the Indian Paper & Paperboard industry. Digital and emergent technologies continue to be leveraged towards enhancing operational efficiency, reducing wastages, enabling cost optimisation and improving safety across the value chain. The multi-dimensional digital interventions encompass Industrial IoT for Smart Operations, Integrated Data Platform, AI/ML algorithms for optimisation in the manufacturing process, AI/ML based image analytics and IoT based crop monitoring & advisory, computer vision-based solutions to improve workforce safety. The Business also embarked on collaborating with leading online training platforms to upskill managers across business functions in new age digital tools and technologies. The Business continues to collaborate with partners from the start-up ecosystem, as well as established solution providers, in building scalable solutions that are custom-fit to business requirements. Over 100 use cases have already been developed and implemented across multiple spheres of the Business, aiding in margin expansion.

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

Your Company is a pioneer in the adoption of Industry 4.0 in the Indian Paper & Paperboard industry. Digital and emergent technologies continue to be leveraged towards enhancing operational efficiency, reducing wastages, enabling cost optimisation and improving safety across the value chain.

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Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC<sup>®</sup>-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<sup>®</sup>-FM certification for close to 1.5 lakh acres of plantations involving over 25000 farmers. During the year, nearly 4.3 lakh tonnes of FSC<sup>®</sup>-certified wood was procured from these certified plantations. Your Company sustained its position as the leading supplier of FSC<sup>®</sup>-certified paper and paperboards in India.

Initiatives such as bund plantation and scaling up plantations in new catchment areas in Odisha and Chhattisgarh have enabled procurement of more than 10,000 MT of wood from these areas, with further potential for increasing cost-effective access to fibre in the future.

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, cement, grey boards, egg trays etc. In addition, the Business recycled around 1.1 lakh tonnes of waste paper during the year, thereby sustaining your Company's positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. The Bhadrachalam unit is the first pulp & paper plant and the second in the country overall, to be rated 'GreenCo Platinum+' by CII, as part of the Green Company rating system.

The Kovai unit has also been rated GreenCo Platinum+ by CII. The 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 '23rd National Awards' for 'Excellence in Energy Management' in the Pulp & Paper sector. The Bhadrachalam unit was rated as the Winner in 'Within the Fence' category under CII-National awards for Water management.

The Business continues to strengthen its safety management processes, adopt globally recognised best practices and ensure that facilities are designed, constructed, operated and maintained in an inherently safe manner. Your Company continues to deploy various measures viz. use of Data Analytics Tools to identify risk prone areas for proactive mitigation of incidents, video analytics etc.

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented several initiatives including investments in a green boiler, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable sources presently account for appx. 44% of total energy consumed at the four manufacturing units.

Augmentation of the Bleached Chemical Thermo Mechanical pulp production facility has been completed during the year. The project for augmenting chemical pulp capacity is also nearing completion. These initiatives will further enhance substitution of imported pulp, enhance support to Indian farmers and enable reduction in operating costs. The recently

The recently commissioned state-of-the-art and future-ready High-Pressure Recovery Boiler at the Bhadrachalam mill is progressively enhancing energy efficiency and reducing the carbon footprint of the unit's operations by significantly lowering coal consumption by appx. 25%.



commissioned state-of-the-art and future-ready High-Pressure Recovery Boiler at the Bhadrachalam mill is progressively enhancing energy efficiency and reducing the carbon footprint of the unit's operations by significantly lowering coal consumption by appx. 25%. These investments are a testament to your Company's commitment towards embedding sustainability in its operations and supporting the 'Make in India' initiative.

Going forward, paperboards demand is expected to be driven by end-user segments such as pharmaceuticals, apparels, FMCG, consumer durables and e-Commerce. Writing & Printing paper demand is also expected to remain firm on the back of demand from the publishing and notebooks industries driven by the Government's thrust on primary and secondary education.

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

### Packaging and Printing

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

The year under review remained challenging for the Business due to unprecedented inflation in commodity prices. Notwithstanding the challenging operating environment, the Business remained resilient and registered robust growth in domestic and exports businesses.

Amidst heightened competitive intensity and sluggish economic conditions, the Business has been aggressively pursuing new business development opportunities across segments and has acquired several key accounts during the year.

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 emerging demand for plastic substitutes, the Business continues to leverage its flagship 'InnovPack' campaign and

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is focusing on end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions. Along with a steady pipeline of pioneering solutions anchored on molecular science research such as 'Bioseal' (compostable packaging solution), 'Oxyblock' (recyclable coating solution to enhance barrier properties in packaging) and 'Germ free coating' (solution for microbial free packaging surface addressing the consumer consciousness towards hygiene and safety), the Business has also pioneered several innovative solutions towards 'Reducing, Reusing and Recycling' of plastic substrates which are under various stages of commercialisation. Going forward, the Business will continue to invest resources to develop sustainable packaging solutions.

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 continues to deploy several operational excellence tools along with focused interventions in the areas of efficiency improvement, waste reduction, quality improvement and employee skill building. The Business also continues to be amongst the top ranked global packaging companies on productivity parameters as per the latest International Packaging Group and International Flexibles Packaging Network rankings. During the year, the Business received global recognition and was adjudged winner at the prestigious WorldStar Global Packaging Awards (two awards for pack premiumisation and three for sustainability) and also won nearly 50 national level awards such as the IndiaStar awards, Printweek

awards, IFCA Star awards and SIES SOP Star awards for its excellence in packaging under various categories including sustainability and eco-friendly packaging.

To cater to its growing customer base in Western region and to further improve customer service levels, the Business has commissioned a greenfield manufacturing plant in Nadiad, Gujarat with state-of-the-art equipment for the Cartons packaging platform. Capacity utilisation at the facility is expected to be progressively scaled up going forward.

All four units of the Business are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The cartons packaging lines in both the Tiruvottiyur and Haridwar units received the 'Grade A' and the Nadiad unit received 'Grade AA' Brand Reputation Compliance Global Standards (BRCGS) certification, for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. The Tiruvottiyur unit received the Gold Award for Excellence in EHS from CII.

The Packaging and Printing Business of your Company has established itself as a one-stop packaging solutions provider, offering a wide range of innovative products to cater to the evolving requirements of customers across industries. With world-class technology across a diverse range of packaging platforms, innovative sustainable packaging solutions, best-in-class quality management systems, focused investments in skill development and a distributed manufacturing footprint, the Business is well positioned to grow its marquee customer base while continuing to service the requirements of your Company's FMCG Businesses.

Recognising the need for sustainable packaging and the emerging demand for plastic substitutes, the Business continues to leverage its flagship 'InnovPack' campaign. Along with a steady pipeline of pioneering solutions anchored on molecular science research such as 'Bioseal', 'Oxyblock' and 'Germ free coating', the Business has also pioneered several innovative solutions towards 'Reducing, Reusing and Recycling' of plastic substrates which are under various stages of commercialisation.

## AGRI BUSINESS

### Leaf Tobacco

Flue Cured Virginia (FCV) tobacco production in 2022 largely remained at similar levels as that of the previous year with weather conditions adversely impacting crop output in certain origins. The trend of global customers increasing the share of sourcing requirement from suppliers with higher order sustainability credentials gained further momentum during the year. This, coupled with lower FCV supplies from major supply origins such as Brazil provided an opportunity to enhance share in exports which was effectively leveraged by your Company to register robust growth in exports.

The Business continued to leverage its crop development expertise, superior product quality, world-class processing facilities and strong sustainability credentials to strengthen its position as a reliable supply chain partner for global customers. Deeper farmer & customer engagement, operational agility and supply chain efficiency enabled the Business to deliver enhanced value to existing customers and consolidate its pre-eminent position as the largest Indian exporter of unmanufactured tobacco.

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.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological & digital solutions. Investments continue to be made in your Company's

Green Leaf Threshing plants (GLT) at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. The energy needs 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 highest standards of EHS (Environment, Health, Safety) & Quality and continues to win recognition in these areas. During the year, the Business received an award for 'Most Innovative Best Practices' from CII and Platinum award for 'Systematic and Sustainable Energy Performance' from Society of Energy Engineers and Managers (SEEM). In addition, the Business received various awards at events organised by the Quality Circle Forum of India and CII for operational excellence.

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

Synergistic R&D initiatives with focus on varietal development, climate smart farming techniques and usage of water efficient technologies are being scaled up towards enhancing productivity & product quality, reducing cultivation costs and strengthening resilience of the value chain. The Business enabled farmers to successfully implement integrated energy management initiatives spanning energy conservation, increasing alternative fuel usage and energy plantations, towards achieving fuel self-sufficiency in the curing process of FCV. In addition to these initiatives, your Company is

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

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taking up integrated watershed management programmes to ensure availability of water for irrigation during critical phases of the crop cycle.

A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from providing a fillip to illicit trade and severely impacting the domestic legal cigarette industry, has also adversely impacted demand for the leaf tobacco crop grown in India over the years leading, inter alia, to severe stress on farmer earnings. Illicit cigarettes also continue to 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 high import duty levied in several markets, including the USA and Europe, have weighed on the competitiveness of Indian leaf tobacco exports. Restoring export incentives to earlier levels and necessary policy support to alleviate trade barriers would go a long way in enhancing the competitiveness of unmanufactured tobacco exports from India and contribute to increasing farmer earnings. Your Company continues to engage with policy makers on these matters. The recent stability in the taxation and regulatory regime on cigarettes has enabled engendering domestic demand for Indian tobaccos, while also enhancing farmer incomes.

Going forward, the Business will continue to provide strategic sourcing support to your Company's Cigarettes Business and consolidate its leadership position as a major exporter of quality Indian tobacco thereby catalysing the multiplier impact of increased farmer incomes on the rural economy. With its strong

R&D capability, sustainability leadership, unique crop development & extension expertise, state-of-the-art processing facilities and deep understanding of customer & farmer needs, your Company is well positioned to meet the current and emerging requirements of global customers and sustain its position as a world-class leaf tobacco organisation.

### Other Agri Commodities

The operating environment was rendered challenging during the year against the backdrop of severe inflationary headwinds and concerns of food security that emerged due to geopolitical tensions and erratic weather patterns.

Notwithstanding the challenging operating environment, the Business leveraged market opportunities to deliver robust performance during the year. This was achieved on the back of your Company's strong farm linkages and sourcing networks, multi-modal logistics capability, agile supply chain operations, focused scale up of Value-Added Agri Products (VAAP) portfolio and deep customer relationships.

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 4.5 million tonnes of annual volume throughput in 22 states and over 20 agri-value chains. The strategic focus of the Business in recent years has been to accelerate growth by rapidly developing and scaling up VAAP straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The portfolio continues to be rapidly scaled up, leveraging your Company's deep rural linkages and extensive sourcing expertise enabling traceable, attribute based and identity-preserved

Your Company's Agri Business has grown manifold over the years and currently encompass over 4.5 million tonnes of annual volume throughput in 22 states and over 20 agri-value chains. In recent years, the strategic focus has been to accelerate growth by rapidly developing and scaling up Value-Added Agri Products straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others.

sourcing of agri-commodities, besides value addition through processing.

- 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 and ‘producing the buy’, the Business has, in recent years, scaled up its presence in ‘food safe’ markets viz. USA, EU and Japan, leveraging its key strengths such as identity-preserved sourcing expertise, strong backward integration, custody of supply chain and customer focused strategies. During the year, the Business consolidated its position as a preferred supplier in the food safe segment, private labels, steam sterilised and organic products. Addition of new export customers, improved product mix and higher offtake from large format players in modern retail and e-Commerce segments aided growth. The Business scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with the various State Governments for production of food safe spices and has maintained an unblemished track record over the years in terms of compliance with stringent food safety parameters. The Business continues to pursue sustainable farm management practices anchored on Rainforest Alliance and Global GAP accreditation.

In this context, during the year, your Company has commissioned a world-class, state-of-the-art Spices processing facility in Andhra Pradesh. This facility, compliant with Global Food Safety standards, will enable your Company in expanding its customer base in food safe export markets, besides promoting inclusive spices value chains benefiting thousands of Indian farmers.

- During the year, Coffee prices remained volatile in the international markets due to supply uncertainties in Brazil & Vietnam and muted demand in Europe due to recessionary trends. In the domestic market, lower availability of the crop led to high prices impacting demand. Notwithstanding these challenges, the Business registered strong growth leveraging its strategic presence in key coffee producing regions in India, deep understanding of estate and region-specific varieties and focus on premium grades of Arabica, Certified Coffees, Specialty and Monsooned Coffee. Apart from servicing the needs of leading coffee houses in the value-added space, the Business continues to source high quality coffee grades customised to the needs of your Company’s gourmet coffee brand, ‘Sunbean’.
- Your Company is one of the leading exporters of value-added frozen marine products from India with expertise in processing individually quick-frozen (IQF), raw and cooked products, which adhere to the highest standards of safety and hygiene prevalent in developed markets such as the US, EU and Japan. During the year, the Business expanded its value-added shrimp portfolio to include Aquaculture Stewardship Council (ASC) certified products for EU markets. Leveraging its strong domain knowledge and sourcing expertise, the Business also supports the ‘ITC Master Chef’ range of ‘Super Safe’ frozen prawns in the domestic market and supplies high-quality shrimps to your Company’s Hotels Business.
- In the Processed Fruits & Vegetables segment, the Business continues to expand its footprint in categories of fruit pulp and tomato paste across conventional and certified segments through a robust collaborative network comprising a large

Your Company has commissioned a world-class, state-of-the-art Spices processing facility in Andhra Pradesh compliant with Global Food Safety standards. This will enable your Company in expanding its customer base in food safe export markets, besides promoting inclusive spices value chains benefiting thousands of Indian farmers.

## Report of the Board of Directors

number of small and marginal farmers across four states.

The Business remains focused on expanding its scope of operations across identified agri commodities, including both fresh and processed products. As these businesses develop critical mass, the Business is also scaling up end-to-end presence across the value chain, supported by the R&D capabilities of your Company's Life Sciences and Technology Centre and external collaborations.

The Business is also scaling up its customised crop development programme in Madhya Pradesh to build deeper expertise in Medicinal and Aromatic Plant Extracts (MAPE). Collaborations with farmers are underway with the Business providing necessary inputs, advisory and on-field support. The Business is also focusing on developing unique value-added products by leveraging the research platforms of your Company's Life Sciences and Technology Centre.

Towards enhancing the competitiveness of domestic agri-value chains, strengthening market linkages and further augmenting value creation opportunities, your Company has successfully scaled up ITCMAARS – a crop-agnostic full stack AgriTech platform, together with a 'phygital' ecosystem across nine states. Over 1150 Farmer Producer Organisations (FPOs) encompassing more than 5,00,000 farmers have been added to your Company's network within a short period since launch. By synergistically integrating NextGen agri technologies, this initiative is creating a robust ecosystem to seamlessly deliver hyperlocal and personalised solutions to the farming community, whilst creating new and scalable revenue streams, strengthening sourcing efficiencies and powering your Company's world-class Indian brands. These include an e-Marketplace for agri inputs and farm outputs,

wide range of advisory services covering weather forecasts, agronomy, best practices for improved productivity, quality assurance, etc. The Business expects to rapidly scale up the initiative to create a unique platform providing significant competitive advantage to your Company's Agri Business as also creating new revenue streams.

Over the years, your Company has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. Rapid adoption of analytics-led smart procurement tools has further augmented the aforesaid expertise. These capabilities and infrastructure have created structural advantages facilitating competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses.

- The Business continues to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat of benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta to provide consumers best-in-class product quality and experience, use of multi-modal transportation, cost optimisation through geographical and varietal arbitrage as also enabling supply of attribute based/identity preserved crop. The Business also ramped up direct buying at various atta factories and scaled up utilisation of railway rakes for wheat transportation, which aided in containing the impact of inflation in freight costs. At the Kapurthala ICML plant, for instance, direct buying of wheat

Your Company has successfully scaled up ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic full stack AgriTech platform, together with a 'phygital' ecosystem across nine states with over 1150 Farmer Producer Organisations (FPOs). More than 5,00,000 farmers have been added to your Company's network within a short period.

offers substantial benefits to farmers including transparency in grading, weighment and pricing, besides delayering operations and enhancing sourcing & logistics efficiencies. This initiative is being scaled up through focused crop development in the area to upgrade crop quality.

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

In recognition of the various initiatives undertaken by the Business to enable an agile, resilient and responsive sourcing and supply chain, your Company was recognised as the ‘Logistics and Supply Chain Innovation Company of the Year’ and ‘Best Innovator

in Data and Analytics’ by ET Ascent and has also received recognition for its excellence under the Food, Perishables, Beverages & FMCG category by the CII SCALE Awards, 2022.

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

As stated earlier, in line with your Company’s commitment to empower farmers, your Company has developed a millets agri-value chain with special thrust on enhancing value-addition and market linkages. Your Company is also promoting FPOs in millet farming anchored by ITCMAARS. The Business has implemented two Public-Private Partnerships projects in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad. Your Company remains committed to supporting the Government’s efforts to promote millets given their immense benefits in terms of nutritional properties and attributes as a planet friendly and climate resilient crop.

In line with your Company’s commitment to empower farmers, a millets agri-value chain has been developed with special thrust on enhancing value-addition and market linkages. Your Company is also promoting FPOs in millet farming anchored by ITCMAARS. The Business has implemented two Public-Private Partnerships projects in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad. Your Company remains committed to supporting the Government’s efforts to promote millets.

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Your Company remains focused on developing climate smart agriculture systems which address the environmental and social impacts of climate change, enhance the resilience of agri-value chains, enable higher productivity and boost farmer incomes whilst also reducing emissions. Towards increasing resilience of agri-value chains, your Company adopts a systematic approach including measuring climate risk impacts of key crop value chains, promoting climate resilient crop varieties, deploying agronomical practices to conserve soil and water usage, etc. For instance, in wheat, rice and soyabean crop value chains, the Business has been helping farmers adopt climate resilient varieties which are tolerant to various biotic and abiotic stress.

In line with the national goal of doubling farmers' income, your Company remains committed to catalyse a transformational shift of the agri ecosystem from the conventional production-centric to demand-responsive value chains. Towards this, the Business continues to focus on developing NextGen Indian agriculture, anchored on ITCMAARS 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.

### NOTES ON SUBSIDIARIES

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

### Surya Nepal Private Limited

The Nepalese economy grew by 5.6% during the fiscal year ended July 2022, as against a growth of 4.8% in the previous year. However, surging inflation on account of high fuel and other commodity prices spurred by geopolitical developments and external sector imbalances emerged as major challenges for the economy. Nepal Rastra Bank along with the Government of Nepal responded to these challenges through multiple policy actions such as increase in interest rates and imposition of restrictions on import of certain luxury goods from April to December 2022. These policy measures along with robust inward remittances helped stabilise the country's current account and balance of payments. Nepal's foreign exchange reserves increased to US\$ 10.7 billion in March 2023, from US\$ 9.5 billion in July 2022, representing around nine months of import cover.

Although the external sector has seen a marked improvement in the latter half of the period under review, high inflation, muted domestic demand and gradual unwinding of stimulus provided during the pandemic continues to pose significant challenges for the economy. As per a recent report from National Statistics Office, Nepal's GDP growth is estimated to remain subdued at 1.9% for the fiscal year ending July 2023. Measures towards encouraging Foreign Direct Investment (FDI) in the country, incentivising domestic manufacturing to substitute imports, promoting the hospitality sector which has significant potential to generate foreign exchange earnings and employment, on-ground implementation of reforms and promulgation of industry-friendly policies continue to remain the key imperatives for sustained economic growth.

The legal cigarette industry is a major contributor to the manufacturing sector of the country. The industry provides livelihoods, directly and indirectly, to more than five lakh farmers, farm workers and others engaged in the cultivation and trade of tobacco products. However, the legal cigarette industry continues to face significant challenges from a 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 tobacco control objectives.

Despite a challenging economic environment, the company reinforced its market standing in the Cigarettes business by leveraging its robust portfolio, superior product quality and wide distribution network. Differentiated and innovative offerings launched under the 'Naulo' and 'Shaan' brand during the year received encouraging response.

The company's manufacturing systems continued to set new benchmarks in responsiveness, quality and productivity. Various initiatives such as installation of state-of-the-art technologies and process automation were implemented during the year which further strengthened the manufacturing capability of the company. Relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards remains a key source of sustainable competitive advantage for the company.

During the year, the company continued to strengthen its market standing in the Agarbatti business leveraging its differentiated product portfolio, sharply focused marketing investments and best-in-class product availability across target markets. The product portfolio was augmented with the launch of new variants such as 'Pushpanjali', 'Indreni' and 'Champa Ziplock'.

The Confectionery business continues to make focused investments towards strengthening its market standing. During the year, two new flavours were launched - 'Toffichoo Chatpata Fun' and 'Toffichoo Tadka Lichhi' which have received encouraging consumer response.

The company continues to make multi-dimensional contributions towards building the societal and economic capital of Nepal. Key interventions are summarised below:

- create agri-infrastructure such as vermicompost pits and harvesting sheds for farmers near the company's operating locations,
- provide training to improve productivity and enhance income generation for farmers through

animal husbandry extension services to improve breeding, health and nutrition for livestock,

- enhance quality of education in public schools in the vicinity of the company's operating locations,
- develop public infrastructure in catchment areas of operating locations,
- participate in environment preservation through measures such as urban plantation, biodiversity preservation and solid waste management.

In addition to the above, the company partnered with the Nepal Army in its Mountain Clean-up campaign during the year which involved cleaning four mountain peaks including Mt. Everest.

During the year, the company recorded Revenue from Operations of NRs. 4953 crores (previous year NRs. 4382 crores) and Net Profit of NRs. 1088 crores (previous year NRs. 1005 crores).

The company declared and paid a dividend of NRs. 516 per equity share of NRs. 100 each for the year ended July, 2022 (Asadh, 2079), amounting to NRs. 1040 crores (previous year NRs. 467 per equity share amounting to NRs. 941 crores).

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

#### ITC Infotech India Limited and its subsidiaries

The Indian Information Technology (IT) Industry remained resilient during the year in the backdrop of heightened uncertainty in the global economic environment. According to NASSCOM estimates, India's technology sector revenues grew by 8.4% in FY 2022-23 to US\$ 245 billion, with IT Services also growing at 8.3% on a high base. The technology industry continues to play a pivotal role in enabling organisations to accelerate digital transformation, optimise costs and enhance operational efficiencies.

## Report of the Board of Directors

The company continues to sharpen its focus on the strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, while building differentiated offerings around the strategic areas of Cloud Technologies, Digital Workplace Solutions, Digital Manufacturing, Customer Experience and Data Analytics. During the year, the company recorded robust growth in revenue on the back of strong traction in the Americas, India and Rest of World markets. Industry 4.0 solutions and Digital Experience using data analytics and Infrastructure services were the key drivers of growth.

During the year, the company entered into a strategic partnership agreement with PTC Inc. to accelerate customer digital transformation initiatives and the adoption of PTC's industry-leading Windchill® product lifecycle management (PLM) software as a service (SaaS). Further, the company commenced a new service line 'Digital transforms Physical' (DxP) Services, comprising a global ecosystem of PLM-led Digital Thread and SaaS experts, bringing together professionals from both companies into a unified global practice which will create offerings, including the tooling and methodologies required, and execute programs to accelerate the adoption of PTC's next generation PLM solutions.

The company also continued to forge new alliances and strengthen existing relationships with Independent Software Vendors (ISVs) in focus areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics. These partnerships are aligned to the company's vision of taking a leadership role in enabling the Digital Transformation and SaaS adoption journey of its clients. The company also expanded its global footprint by setting up new subsidiaries and branches across several focus geographies.

To fulfil the demand for talent to support growing business requirements, the company continues to invest in hiring, training and retaining high-quality talent while shaping its differentiated employee value proposition built on the core tenets of a compelling purpose & culture, holistic well-being and global career opportunities. Further, the company's

'Hire-from-Anywhere' recruitment model continues to attract quality talent across Tier 1 and Tier 2 cities.

During the year, the company's consolidated Total Income grew by 16.6 % to ₹ 3363.06 crores (previous year ₹ 2884.30 crores). This was driven by the increasing traction in the company's strategic accounts as well as revenues from the DxP Services line. Profit Before Tax stood at ₹ 529.66 crores (previous year ₹ 719.64 crores) and Net Profit stood at ₹ 405.25 crores (previous year ₹ 541.04 crores) after considering certain costs associated with the Strategic Partner Agreement with PTC Inc., resource augmentation, steep escalation in manpower costs and accelerated investments in capability building in strategic focus areas and infrastructure.

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 2632.30 crores (previous year ₹ 2288.57 crores) and Net Profit of ₹ 353.38 crores (previous year ₹ 517.81 crores). The company paid a total dividend of ₹ 17 per Equity Share of ₹ 10/- each aggregating ₹ 149.60 crores (previous year ₹ 53 per Equity Share of ₹ 10/- each aggregating ₹ 451.56 crores).
- b. ITC Infotech Limited, UK, a wholly-owned subsidiary of the company, recorded Revenue of GBP 30.30 million (previous year GBP 40.02 million) and Net Profit of GBP 1.45 million (previous year GBP 0.79 million).
- c. ITC Infotech (USA), Inc., a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 149.28 million (previous year US\$ 133.76 million) and Net Profit of US\$ 4.68 million (previous year US\$ 2.53 million).
- d. ITC Infotech Do Brasil LTDA., a wholly-owned subsidiary of the company incorporated in October 2022, recorded Revenue of BRL 1.37 million and Net Profit of BRL 0.12 million.
- e. The subsidiaries in Malaysia, France and Germany were incorporated in February and March 2023 and are expected to be fully operational in the next year.

The company's business-friendly solutions and new-age capabilities continued to gain global recognition. The company was positioned as 'Innovator' in Avasant's CPG Digital Services 2022-23 RadarView™, 'Disruptor' in Avasant's Digital CX Services 2022-23 RadarView™, Digital Workplace Services 2022 RadarView™, Manufacturing Digital Services 2022-2023 RadarView™, Intelligent Automation Services 2022-23 RadarView™ and featured as 'Challenger' in their GCC Region Digital Services 2022-23 RadarView™. The company's Automation capabilities were positioned in the 'Leadership Zone' in Zinnov Zones Hyperintelligent Automation Services H1 2023 for Intelligent Automation Services – Retail, CPG and mid-tier service providers and Robotic Process Automation Services (mid-tier service providers).

The company continues to fulfil its vision of providing business-friendly solutions to clients. As clients across industries and geographies look to drive cost efficiencies while sustaining growth momentum, the company is focused on being their trusted partner in this journey. Towards this, the company will continue to make client and employee-focused investments to enable clients accelerate their journey of growth and differentiation. An endorsement of this strategy has been the winning of a significant multi-million, multi-year engagement during the year, with an existing marquee client which will bolster mid-term revenue growth.

### Technico Agri Sciences Limited

During the year under review, potato production in India stood at 51 million MT, lower by 5% compared to the previous year. The drop in crop production led to stocks being warehoused in anticipation of higher post-harvest prices. However, as the year progressed, demand for seeds remained subdued on account of lower planting due to heavy and continuous rains. This resulted in a pile up of seed inventory in cold stores, leading to a drop in seed prices during the peak selling season.

Amidst a challenging operating environment as aforesaid, the company delivered resilient performance by leveraging institutional strengths,

strong market linkages, superior product quality and wide distribution network.

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

The company's Revenue from Operations stood at ₹ 257.77 crores (previous year ₹ 256.67 crores) with Net Profit of ₹ 41.38 crores (previous year ₹ 43.04 crores). Total Comprehensive Income for the year stood at ₹ 41.42 crores (previous year ₹ 43.04 crores).

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

### Technico Pty Limited and its subsidiaries

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

- a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 1.83 million (previous year A\$ 1.86 million) and a Net Profit of A\$ 1.04 million (previous year A\$ 0.91 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 in April 2012, with the objective of developing and operating a mixed-use development project ('Project') comprising a luxury

## Report of the Board of Directors

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 of FY 2018-19, was adversely impacted due to disruptions in the aftermath of the terror incidents in 2019, recurrent waves of the COVID pandemic and thereafter by the challenging socio-economic and operating conditions prevailing in the country over the last 18 months. The situation in the country is progressively returning to normalcy. The Government of Sri Lanka has undertaken several steps to stabilise the economy; these include securing financial assistance from multi-lateral agencies and other countries, increasing interest rates to curb inflation, restricting non-essential imports to conserve foreign exchange, introduction of taxes to boost Government revenues, etc. During the year, Sri Lanka secured a 48-month Extended Fund Facility from the International Monetary Fund of US\$ 2.9 billion to support Sri Lanka's economic policies and reforms.

Amidst the aforementioned challenges and operational constraints, the company remains focused on completing the Project in an expeditious manner. While the macro-economic challenges faced by the country have impacted the sales velocity of 'The Sapphire Residences' luxury apartments, given its unique positioning in the market and superior value proposition, the company expects the same to gain momentum with improved stability in the macro-economic environment and as the project nears completion, in line with the trend in other projects in Colombo.

Your Company's investment in WLPL stood at ₹ 2775 crores as at 31st March, 2023.

### 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.

During the year, the Club hosted several prestigious tournaments and sustained its leadership position in the corporate tournament segment in the Delhi-NCR area. The Club continues to remain an 'Asian Tour Destinations Member', the only one in the country and among 12 in Asia.

Continuing with its endeavour to promote Junior Golf for the future generation of Golfers, the Club gained the status of becoming a 'US Kids Destination Course' during the year.

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. During the year, ITC Grand Bharat received several prestigious awards that reflect the industry's acknowledgement of exceptional hospitality offered by the property. Aravali Pavilion, the retreat's all day dining restaurant, was recognised as the 'Best All Day Dining Restaurant' in the 5-star hotel category at 'The Big Foodie Awards'. Additionally, Kaya Kalp - The Royal Spa won the 'Sattva Iconic Wellness Awards' in the 'Wellness Spa of the Year' category.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 37.21 crores (previous year ₹ 29.46 crores) and Net Profit of ₹ 9.68 crores (previous year ₹ 2.85 crores). Total Comprehensive Income for the year stood at ₹ 9.60 crores (previous year ₹ 2.88 crores).

### Srinivasa Resorts Limited

The company owns 'ITC Kakatiya' – a 188-key luxury hotel located in Hyderabad, which is operated and marketed by your Company. ITC Kakatiya is a USGBC LEED Platinum Certified hotel. During the year, the property also received a 'Platinum +' We Assure Certification under DNV's My Care Infection Risk Management Programme. The property has received several accolades, establishing itself as one of the finest luxury hotels and F&B destinations in the

city. 'Dakshin' was adjudged the 'Best South Indian Fine Dining Restaurant' for the 13th consecutive year and 'Gourmet Couch' was adjudged the 'Best Takeaway' for the third consecutive year at the Times Food Guide Nightlife Awards 2023.

Pursuant to easing of travel restrictions, the hotel witnessed strong recovery in demand during the year with revenues surpassing pre-pandemic levels. Investments in digital initiatives continued to be leveraged to enhance guest experience and drive cost optimisation.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 72.46 crores (previous year ₹ 44.86 crores) with Net Profit of ₹ 7.55 crores (previous year Net loss ₹ 1.63 crores). Total Comprehensive Income for the year stood at ₹ 7.51 crores (previous year (-) ₹ 1.59 crores).

#### Fortune Park Hotels Limited

The company, which caters to the 'Mid-market to Upscale' Business Hotels segment under the brand 'Fortune', continues to forge new alliances and expand its footprint. During the year, five hotels were launched under the brand. Further, with three new alliances signed during the year, the company has an aggregate inventory of nearly 4400 rooms across 57 properties and 49 cities of India. Of these, 43 hotels are in operation while the remaining 14 hotels are in various stages of development, and are slated to be commissioned in the near term.

During the year, the company registered strong growth in revenue and profits with both business and leisure segments witnessing significant traction. The brand's leadership in the target segment was also acknowledged during the year, with the company receiving the 'Today's Traveller Award 2022 for Best Upscale Business & Leisure Hotel Brand' as well as the 'VETA 2023 Award for Most Preferred Premium Business & Leisure Hotel Brand'.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 44.35 crores (previous year ₹ 25.39 crores) and Net Profit of ₹ 5.34 crores (previous year ₹ 0.19 crore). Total Comprehensive

Income for the year stood at ₹ 5.20 crores (previous year ₹ 0.28 crore).

The Board of Directors of the company has recommended a dividend of ₹ 12.50 per Equity Share of ₹ 10 each for the year ended 31st March, 2023 (previous year Nil).

#### Bay Islands Hotels Limited

The company's hotel in Port Blair, licensed to your Company, continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and, superior product and service quality.

Tourism in the Andamans rebounded post easing of travel restrictions that had been imposed during the pandemic. However, airport operations at Port Blair continued to remain affected due to ongoing renovation activities, impacting tourist arrivals to the island.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 2.75 crores (previous year ₹ 1.61 crores) and Net Profit and Total Comprehensive Income of ₹ 1.92 crores (previous year ₹ 1.14 crores).

The Board of Directors of the company has recommended a dividend of ₹ 80.00 per Equity Share of ₹ 100 each for the year ended 31st March, 2023 (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.

During the year, the company's order book remained muted amidst a challenging operating environment. The company's Revenue from Operations for the year stood at ₹ 11.46 crores (previous year ₹ 11.62 crores) with a Net Profit of ₹ 0.16 crore (previous year Net Loss of ₹ 0.42 crore). Total Comprehensive Income for the year stood at ₹ 0.21 crore (previous year (-) ₹ 0.44 crore).

## Report of the Board of Directors

### North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited, which has set up a food processing facility in Mangaldoi, Assam, to cater to the fast-growing biscuits market in Assam and other north-eastern states.

During the year, unprecedented inflation in input costs were effectively mitigated by the company on the back of focused approach towards consistently improved operational efficiency and productivity. In recognition of its high standards of quality, the company received two Gold Awards at the 'Convention on Quality Concepts', 2022 organised by Quality Circle Forum of India, Kolkata Chapter and a Bronze Award at the 'CII National Kaizen Competition'.

The company's Revenue from Operations for the year stood at ₹ 160.69 crores (previous year ₹ 163.90 crores), while Net Profit for the year increased to ₹ 15.98 crores (previous year ₹ 14.43 crores). Total Comprehensive Income for the year stood at ₹ 16.14 crores (previous year ₹ 14.37 crores).

Further, during the year, the company redeemed the 10% Cumulative Non-Convertible Preference Shares aggregating ₹ 18.00 crores held by your Company. Pursuant to the redemption, the company has become debt free.

### ITC IndiVision Limited

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

The company has made substantial progress during the year towards construction of the manufacturing facility near Mysuru, Karnataka, primarily for the manufacture and export of nicotine and nicotine derivative products. Regulatory approvals for commencing trials and commissioning are in the process of being obtained.

The facility is geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards.

Your Company's investment in IIVL stood at ₹ 280 crores as at 31st March, 2023.

### Russell Credit Limited

The company recorded Total Income of ₹ 48.61 crores (previous year ₹ 41.56 crores) and Net Profit of ₹ 38.30 crores (previous year ₹ 33.46 crores) driven by increase in the yield of its financial investments on the back of increase in market interest rates.

Total Comprehensive Income for the year stood at ₹ 55.24 crores (previous year ₹ 120.79 crores). The company continues to closely monitor its investments in line with market interest rate movements and explore opportunities to make strategic investments for the ITC Group.

Temporary surplus liquidity of the company is mainly deployed in bonds, government securities, debt mutual funds, bank fixed deposits etc. For FY 2022-23, the Board of Directors of the company has recommended a final dividend of ₹ 0.29 per Equity Share of ₹ 10 each, aggregating ₹ 18.75 crores (previous year interim dividend of ₹ 0.19 per Equity Share of ₹ 10 each and a final dividend of ₹ 0.06 per Equity Share of ₹ 10 each, aggregating ₹ 16.16 crores).

### Gold Flake Corporation Limited

The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Filter Products International Limited, UK. During the year, the company recorded Total Income of ₹ 19.97 crores (previous year ₹ 17.29 crores) and Net Profit of ₹ 18.42 crores (previous year ₹ 16.08 crores). The company declared interim dividend of ₹ 11.30 per Equity Share of ₹ 10 each, aggregating ₹ 18.08 crores (previous year ₹ 10.00 per Equity Share of ₹ 10 each, aggregating ₹ 16.00 crores).

### Greenacre Holdings Limited

The company provides maintenance services for commercial office buildings, engineering, procurement and construction management services as well as project management consultancy services.

During the year, the company recorded Total Income of ₹ 8.30 crores (previous year ₹ 8.09 crores) and Net Profit of ₹ 1.99 crores (previous year ₹ 1.79 crores).

### **ITC Integrated Business Services Limited (Formerly known as ITC Investments & Holdings Limited)**

Until FY 2021-22, the company was an 'Unregistered Core Investment Company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016. During the year, the company entered into the business of providing support to the Business Shared Services operations of your Company. For this purpose, the company also changed its name to 'ITC Integrated Business Services Limited' with effect from 20th December, 2022. Accordingly, the company ceased to be an 'Unregistered Core Investment Company' as aforesaid.

During the year, the company recorded Total Income of ₹ 0.65 crore (previous year ₹ 0.05 crore) and Net Profit of ₹ 0.04 crore (previous year ₹ 0.01 crore).

### **MRR Trading & Investment Company Limited**

The company, a wholly-owned subsidiary of ITC Integrated Business Services Limited (formerly ITC Investments & Holdings Limited), holds tenancy rights in a commercial building located in Mumbai and also provides estate maintenance services.

During the year, the company recorded Total Income of ₹ 7.25 lakhs (previous year ₹ 7.25 lakhs) and Net Profit of ₹ 0.28 lakh (previous year ₹ 0.13 lakh).

### **Pavan Poplar Limited**

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the Writ Petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The Appeal filed by the company against the 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 ₹ 0.12 crore (previous year ₹ 0.05 crore) and

Net Loss of ₹ 0.03 crore (previous year Net Loss of ₹ 0.04 crore).

### **Prag Agro Farm Limited**

The operations of the company continue to be adversely impacted by 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 has been pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.11 crore (previous year ₹ 0.09 crore) and Net Loss of ₹ 0.05 crore (previous year Net Loss of ₹ 0.05 crore).

### **ITC Fibre Innovations Limited**

The company was incorporated as a wholly owned subsidiary of your Company in March 2023 with the objective of foraying into the Moulded Fibre Products (MFP) space. Moulded Fibre Products, made from renewable natural fibres such as wood/bamboo or bagasse, offer sustainable packaging solutions across industries including food service & delivery, pharmaceutical, beauty and electronics.

In the first phase, a state-of-the-art manufacturing facility is being set up at Badiyakhedi, Madhya Pradesh, to pursue identified opportunities in this rapidly evolving space.

## **NOTES ON JOINT VENTURES**

### **ITC Essentra Limited**

The company registered strong growth during the year aided by recovery in the macro-economic environment, agility in execution and effective customer service, in spite of significant volatility in supply chains for certain input materials.

The company retained its leadership position of being the preferred supply chain partner for several well-known national and international brands leveraging

## Report of the Board of Directors

its core strengths of strong customer relationships, focused innovation, best-in-class quality and consistent delivery.

The company continues to partner with its customers and make investments in technology upgradation and capability building towards sustaining its position as the 'innovation and quality benchmark' in the Indian cigarette filter industry. The company has further expanded its specialty filters capacity in line with its strategy of offering a wide range of innovative products to its customers including filter offerings with sustainable materials.

During the year ended 31st March, 2023, the company's Revenue from Operations stood at ₹ 545.66 crores (previous year ₹ 385.62 crores). Net Profit during the year stood at ₹ 64.77 crores (previous year ₹ 41.09 crores).

The Board of Directors has recommended a dividend of ₹ 100 per equity share of ₹ 10 each for the year ended 31st March, 2023 (previous year ₹ 80 per equity share).

### Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited (MHRL), a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 36 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, wildlife and adventure tourism segments respectively.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 7.20 crores (previous year ₹ 4.70 crores) and Net Profit of ₹ 0.51 crore (previous year ₹ 0.28 crore). Total Comprehensive Income for the year stood at ₹ 0.49 crore (previous year ₹ 0.29 crore).

### Espirit Hotels Private Limited

Espirit Hotels Private Limited (EHPL) was set up as 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 had acquired 26% equity stake in EHPL. Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2023.

As reported in prior years, the Ambience Group had 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 had been exploring its options in this regard.

On 7th April, 2023, your Company divested its entire shareholding i.e. 26% of the paid-up share capital, held in EHPL, consequent to which EHPL ceased to be a joint venture of your Company with effect from the said date.

### 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). Your Company presently holds 27.9% equity stake in 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, post which hearings on the matter are being held.

In July 2022, LDPL received a communication from NOIDA authorities intimating cancellation of the sub-lease for the land on which the project was to be constructed on account of non-payment of lease instalments and non-fulfilment of the conditions of the sub-lease, including forfeiture of the amount deposited. The company is evaluating all options to pursue its rights in the matter. Consequently, as a matter of prudence, the company had derecognised the leasehold land/assets as well as adjusted/reversed the lease liabilities towards NOIDA in accordance with the terms of the sub-lease deed, as an adjusting event in terms of Ind AS 10 – “Events after the Reporting Period” in its financial statements for the year ended 31st March 2022.

During the year ended 31st March, 2023, the company recorded a Net profit of ₹ 0.16 crore (previous year ₹ 152.56 crores, including exceptional item of ₹ 152.45 crores on account of aforesaid derecognition/adjustment of balances in respect of leasehold land). The Net Worth of the company stood at ₹ 5.10 crores as at 31st March, 2023 (previous year ₹ 4.94 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 and has made additional provision of ₹ 8.50 crores in the current year. Consequently, the carrying value of your Company’s investment in LDPL as at 31st March, 2023, is Nil.

The financial statements of LDPL for the year ended 31st March, 2023, 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, 2023, have been prepared based on the financial statements prepared by the management of LDPL.

## NOTES ON ASSOCIATES

### International Travel House Limited

The company offers a full range of business travel solutions for domestic and international travel including air ticketing, car rentals, hotel arrangements, meetings & events, leisure services and foreign exchange. Business travel improved during the year aided by improved sentiments and easing of travel restrictions. Travel solutions offered by the company witnessed positive traction during the year. Structural cost interventions over the years also aided improvement in profitability. The company continues to leverage the safety and hygiene initiatives adopted across its mobility services. Further, in line with its initiatives towards embedding sustainability in business operations, the company also introduced electric vehicles during the year. Digital interventions to enhance customer service and efficiency were strengthened with the roll out of the company’s new self-booking tool, providing state-of-the-art, unique solutions for business travel.

During the year ended 31st March, 2023, the company recorded a Total Income of ₹ 186.90 crores (previous year ₹ 96.51 crores) and Net Profit of ₹ 28.39 crores (previous year Net Loss of ₹ 10.70 crores). Total Comprehensive Income for the year stood at ₹ 27.94 crores (previous year (-) ₹ 10.18 crores).

### Gujarat Hotels Limited

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

The Hotel witnessed progressive recovery during the year driven by resumption of business and international travel.

During the financial year ended 31st March, 2023, the company recorded a Total Income of ₹ 5.63 crores

## Report of the Board of Directors

(previous year ₹ 3.57 crores), Net Profit and Total Comprehensive Income of ₹ 4.25 crores (previous year ₹ 2.72 crores). The Board of Directors of the company has recommended a dividend of ₹ 2 per Equity Share of ₹ 10/- each for the year ended 31st March, 2023 (previous year ₹ 2 per Equity Share).

### **ATC Limited (an associate of Gold Flake Corporation Limited)**

The company is a contract manufacturer of cigarettes. The company has continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations to service its customers. During the year, the company received the 'CII National Award for Excellence in Energy Management' and a Certificate of Appreciation for Occupational Safety and Health from NSCI.

During the year, the company recorded Total Income of ₹ 30.95 crores (previous year ₹ 27.11 crores) and Net Profit of ₹ 1.26 crores (previous year ₹ 0.35 crore).

### **Delectable Technologies Private Limited**

Delectable Technologies Private Limited (Delectable) is, inter alia, engaged in the sale of FMCG products leveraging app-based technology through vending machines, primarily installed across office locations.

During the year, your Company invested ₹ 1.88 crores towards the fourth tranche of Compulsorily Convertible Preference Shares offered by Delectable. Consequently, your Company's effective shareholding in Delectable increased to 33.42% (previous year 27.34%) on a fully diluted basis.

The company's revenues progressively recovered during the year with the reopening of offices and surpassed pre-pandemic levels by the end of FY 2022-23. The company continues to expand its footprint through installation of new vending machines.

### **Mother Sparsh Baby Care Private Limited**

During the year, Mother Sparsh Baby Care Private Limited (Mother Sparsh) became an associate of

your Company pursuant to additional investment of ₹ 13.46 crores through acquisition of Compulsorily Convertible Preference Shares on 27th October, 2022 thereby increasing your Company's stake to 22% (previous year 16%) on a fully diluted basis. Your Company's investment in Mother Sparsh stood at ₹ 33.46 crores as at 31st March, 2023.

Mother Sparsh is a premium ayurvedic and natural personal care brand in the D2C space with focus on the mother and baby care segment. It has a wide range of baby and mother care products that leverages the wisdom and knowledge of Ayurveda.

### **Associates of Russell Credit Limited**

#### **Russell Investments Limited**

During the year, the company recorded Total Income of ₹ 3.55 crores (previous year ₹ 2.83 crores) and Net Profit of ₹ 2.52 crores (previous year ₹ 3.38 crores). Total Comprehensive Income for the year stood at ₹ 18.59 crores (previous year ₹ 15.51 crores) reflecting higher mark-to-market gains from long term investments. The company declared interim dividend of ₹ 0.70 per Equity Share of ₹ 10 each, aggregating ₹ 1.18 crores (previous year final dividend of ₹ 0.50 per Equity Share of ₹ 10 each, aggregating ₹ 0.84 crore). The company continues to explore opportunities for strategic investments.

#### **Divya Management Limited**

During the year, the company recorded Total Income of ₹ 0.74 crore (previous year ₹ 0.40 crore) and Net Profit of ₹ 0.42 crore (previous year ₹ 0.28 crore). The company continues to explore opportunities for strategic investments.

#### **Anrang Finance Limited**

During the year, the company recorded Total Income of ₹ 0.54 crore (previous year ₹ 0.22 crore) and Net Profit of ₹ 0.32 crore (previous year ₹ 0.05 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 Significant Accounting Policies uniformly across your Company. The Accounting Policies are reviewed and updated from time to time. These, in turn, are supported by a set of Divisional policies and Standard Operating Procedures (SOPs) that have been established for individual Businesses.

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

Your Company has in place adequate internal financial controls with reference to the Financial Statements. These have been designed to provide

reasonable assurance with regard to recording and providing reliable financial information; complying with applicable statutes; safeguarding assets from unauthorised use; ensuring that transactions are carried out with adequate authorisation and complying with Corporate Policies and Processes. Such controls have been assessed during the year, after taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

## RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with opportunities in domestic and international markets, developing capabilities and competencies for the future in order to enhance competitiveness and win in the markets of tomorrow. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes & systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

- The Corporate Governance Policy, approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic to the operational. These role definitions, inter alia,

## Report of the Board of Directors

provide the foundation for appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.

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

- A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all Businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

Your Company endeavours to continuously sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key Businesses of your Company have adopted the ISO 31000 Risk Management Standard and accordingly, the Risk Management systems and processes prevalent in these Businesses have been independently assessed to be compliant with the said global Standard on Risk Management. During the year, three Businesses were assessed for compliance with ISO 31000 Risk Management Standard. This is in addition to the nine Businesses which had previously been assessed for such compliance. The centrally anchored initiative of conducting independent external reviews of key business processes with high 'value at risk' continued during the year. These interventions continue to provide further assurance on the robustness of risk management practices prevalent in your Company.

Recognising Digital as a megatrend shaping the future, your Company remains focused on building a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain adding significant impetus to digital marketing, digital commerce and digital operations. Your Company has made several interventions straddling strategic impact areas such as Intelligent new-age insights that reimagine Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience, which continue to be scaled up across your Company. Cutting-edge digital technologies such as Internet of Things (IoT), Data Analytics, Artificial Intelligence/Machine Learning, Augmented/

Virtual Reality, Robotic Process Automation, mobile applications etc., are being embraced by your Company's Businesses. Cumulatively, these are resulting in changes in the risk profile of your Company in a heightened cyber threat environment. The ever-evolving nature of cyber threats and the increased sophistication of attackers make cyber security risk management a critical focus area for the organisation.

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 & technologies and providing suitable recommendations for enhancing security of the IT systems and infrastructure.

A multi-tier cyber defence architecture comprising firewalls, anti-virus and anti-malware systems is in place to detect, protect and respond to cyber incidents at various access and data processing points across the organisation. The security policies and practices of the organisation are built on industry standard frameworks such as NIST Cyber Security Framework and ISO 27001. The robustness of the security posture is also premised on end user awareness of safe and secure practices.

Further interventions are underway to enhance surveillance and response capabilities with augmentation of cutting-edge technologies and skills of a Next Generation Cyber Security Operations Centre (SOC). With progressive transitioning of mission-critical data and transaction processing workloads to the Cloud, the network infrastructure of the organisation is also being transformed using contemporary network and security technologies into a Digital-Ready, Cloud-Secure wide area network, to provide all authorised users fast, reliable and safe connections from anywhere through any device and at any time.

During the year, a maturity assessment of the Cyber Security architecture of your Company was carried out by a global network and security solutions provider. As per the study, your Company's Cyber Security Systems and Processes are benchmarked to global majors and outperformed local peers.

Information Technology-Operational Technology (IT-OT) integration for Industrial Control Systems has been identified as a focus area as the convergence and integration between IT and OT is increasing exponentially. Related guidelines have been formulated towards ensuring that your Company's systems & processes remain contemporary and have best-in-class capabilities.

India ranks amongst the most vulnerable countries around the world in terms of climate change impact. Accordingly, to mitigate the impact of climate change on the operations of your Company, as part of its Sustainability 2.0 vision, your Company is pursuing a multi-pronged climate strategy that entails extensive decarbonisation and building resilience against climate risk across the value chain. Your Company's low carbon growth approach focuses on increasing the share of renewable energy, improving energy productivity, construction of green buildings, greening logistics, optimising 'distance-to-market' and promoting regenerative agriculture practices in agri-value chains, thus enabling transition to a net zero economy. At the same time, your Company is actively working towards climate proofing its operations and agri-value chains by using latest climate risk modelling techniques, and developing site-specific adaptation strategies.

Your Company sources several commodities for use as inputs in its Businesses and also engages in agri-commodity trading as part of its Agri Business. In respect of commodities sourced for use as inputs in its Businesses, your Company has well laid out policies to manage risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics towards making informed sourcing decisions, well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned, long-term contracts with suppliers and continuously diversify supplier base to secure supply of critical items at competitive costs. Multiple sourcing models, wide geographical spread, extensive sourcing and supply chain network and associated infrastructure

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in key growing areas coupled with deep-rooted farmer linkages ensure sourcing of high quality agri-commodities at competitive costs.

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

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

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

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

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.

The risk management practices of your Company, as reviewed through the Risk Management Cell and Internal Audit processes, have been found to be relevant and commensurate with the size and complexity of its operations.

### AUDIT AND SYSTEMS

Your Company believes that strong internal control systems that are commensurate with the scale, scope and complexity of its operations are concomitant to the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances.

Your Company remains committed to ensuring a mature and effective internal control environment that, inter alia, provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and Management Information Systems, timely preparation of reliable financial information, adherence with relevant statutes and compliance with related party transactions.

Your Company's internal control systems include documented policies and procedures, segregation of duties and careful selection and development of employees.

Your Company's independent and robust Internal Audit processes, both at the Business and Corporate level, provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements. The role of Internal Audit is to enhance and protect organisational value by providing risk-based assurance, advice and insight while enabling continuous improvement of your Company's control systems.

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

programmes on contemporary topics are periodically organised to enhance knowledge and skill sets.

In the context of your Company's IT environment, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receives focused attention of the Internal Audit function.

With the increased importance of information security, cyber security and adoption of emerging technologies, focused reviews are carried out for IT applications and processes across Businesses. These primarily focus on assessment of controls pertaining to confidentiality, integrity and availability of business information and systems covering General IT Controls and security of your Company's IT Infrastructure. All critical Business-led Information Technology systems undergo pre-implementation audit before being deployed in the operating environment, thereby delivering assurance with respect to the rigour of implementation and operational readiness of the proposed systems.

The scope and coverage of Internal Audit continues to remain contemporary and includes, inter alia, assessment of emerging risks in the social media ecosystem, cloud infrastructure, robotic process automation, information technology-operational technology (IT-OT) integration and protection of sensitive personal data and information.

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.

Your Company's Internal Audit function has implemented a 'hybrid' audit approach, involving a combination of onsite and offsite audits, to further enhance productivity and optimise costs. Processes in the Internal Audit function are continuously strengthened for enhanced effectiveness and

productivity including the deployment of contemporary best-in-class tools for audit analytics.

Your Company's Internal Audit processes are certified as complying with ISO 9001:2015 Quality Standards. Further, systems and processes are in accordance with the Standards on Internal Audit (SIA) issued by The Institute of Chartered Accountants of India.

The Audit Committee of your Board met seven times during the year. The Terms of Reference of the Audit Committee, inter alia, include reviewing the effectiveness of the internal control environment, evaluation of your Company's internal financial controls, and risk management systems, monitoring implementation of the action plans emerging out of review of significant Internal Audit findings including those relating to strengthening of your Company's risk management systems and discharging of statutory mandates. Material observations (as defined in Terms of Reference) are reviewed at the highest level by the Audit Compliance and Review Committee (ACRC) and the Audit Committee.

#### 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-centric, nimble and performance driven whilst continuing with its mission of building a responsible 'Future-Tech' enterprise. 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 for competitive advantage, but also embeds sustainability and inclusiveness at the core of its Businesses. This approach has enabled it to create enduring value for the Indian economy and the larger community of stakeholders, while delighting consumers with a vibrant portfolio of best-in-class products and services. Your Company's employees relentlessly strive to deliver world-class performance, foster team spirit and discharge their role as 'trustees' of all stakeholders. Your Company is committed to perpetuating this vitality – its growth as a value generating engine and also as an exemplary

## Report of the Board of Directors

institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

Your Company's Human Resources development approach spans four key organisational dimensions of Agility, Alignment, Ability and Architecture which are supported through strategies crafted in areas of impact such as talent acquisition, engagement, diversity & inclusion, capability building, employee relations, performance & rewards and employee well-being. The initiatives and processes of your Company strive to deliver the unique talent promise of Building Winning Businesses, Building Business Leaders and Creating Value for India. The talent development practices help create, foster and strengthen the capability of human capital to deliver critical outcomes on the vectors of strategic impact, operational efficiency and capital productivity while reimagining consumer experience, driving business model transformation and enhancing employee experience.

Your Company's 'Strategy of Organisation' is designed to promote agility through a culture and practice of distributed leadership enabled by a three-tier governance structure. This is manifested in market and consumer facing Businesses, which are driven by empowered, cluster-based teams and supported by shared assets and capabilities, enabling strategic relevance, speed, responsiveness, and operational excellence. This approach allows Businesses, through their Management Committees, to focus, develop and execute Business Plans relevant to their product-market spaces while leveraging the institutional strengths of your Company and harvesting internal synergies.

While the year under review witnessed recovery from the pandemic, geopolitical developments and volatility in the macro-economic environment impacted the overall talent market. Workforce readjustment, moderation of start-up opportunities, flexible work configurations, increased female participation in the workforce and a growing focus on reskilling were some of the year's defining developments. Industry attrition levels, which witnessed significant increase during the year, are expected to soften with global

technology companies rationalising their workforce and global entities experiencing growth challenges in certain primary markets. Your Company's unique employer equity as an exemplary Indian enterprise creating world-class brands, building business leaders and generating economic, social and environmental capital for the Indian economy, continues to play a vital role in the attraction and retention of high-quality talent. The management trainee programme, augmented with recruitment of experienced talent from the market, is an integral part of the leadership pipeline development process. Your Company continues to draw the finest management, technical and commercial talent from premier institutions in the country and is ranked amongst the leading companies in these institutions. Intensive engagement with the country's premier academic institutions over the years to communicate your Company's talent proposition through case-study competitions, knowledge-sharing programmes by senior managers and the annual internship programmes have all contributed to creating a compelling proposition for the best candidates to aspire for a career with your Company. Your Company continues to enthuse talent with high-impact roles, competitive and performance driven remuneration with an emphasis on long-term incentives, a wealth of learning opportunities, a commitment to enhancing diversity, equity & inclusion, an employee-centric climate, well-being focused infrastructure and support that promotes fellowship and commitment amongst employees.

Your Company's talent development approach is founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes. Towards this end, your Company has built a culture of continuous learning, innovation and collaboration. Your Company provides managers with contemporary and relevant learning and development support through a combination of classroom programmes, on-the-job assignments, self-paced e-learning modules and application projects with emphasis on experiential learning and exposure to nationally and globally renowned faculty. Deep functional expertise is fostered early in one's career through immersion in complex problem-solving



assignments requiring the application of domain expertise. Managers are assessed on your Company's behavioural competency framework and provided with learning and development support to address areas identified for improvement. Key talent is provided critical experiences in high-impact roles and mentored by senior managers, promoting the development of a steady pool of high-quality talent.

Your Company has identified three capability platforms relevant to making Businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity & Pride. Capability needs, vitally significant to competitive performance, are identified for talent cohorts across domains. These include Marketing Strategy, Data Science and Analytics, Marketing in a Digital world, Business Strategy and Commercial Acumen. Globally benchmarked curriculums are designed in these domains, delivered through internationally renowned faculty and supplemented with business-critical application projects. Similarly, as a part of leadership development initiatives, the Reflections 360 programme comprising feedback from team members, peers and managers enables personal development of employees. This approach, collectively ensures relevance and impact, thereby enhancing the capability index of your Company's human capital. Periodic induction programmes, anchored by senior leaders, are conducted to enable new entrants to appreciate your Company's Vision, Mission, Culture, Values and Strategies while fostering pride in affiliation with your Company.

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 for achievement of results have all contributed to a robust culture of ownership and accountability. 'Career Conversations' and succession planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development and ensuring a sound workforce planning system.

In the spirit of continuous improvement, your Company maintains a practice of periodically assessing employee engagement through a Company-wide survey. The recent survey in 2022 affirms high levels of employee engagement and reflects significant consolidation of gains achieved over recent years. The employee engagement, managerial effectiveness and performance enablement indices have all improved, ranging from 7 to 12 percentage points since the survey's inception in 2016. Employees have expressed overwhelming appreciation on several dimensions with over 90% of employees reporting a deep sense of pride, belief in your Company's overarching goals & leadership and optimism for the future. These sentiments are reflected in your Company's superior standing in terms of voluntary attrition across Businesses. During the year, a range of engagement programmes were undertaken including initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and development planning for robust positioning and progression decisions and investments in employee wellbeing. The year witnessed the Hotels Business winning the W.E. Global Employees Choice Award 2022 by W.E.-Matter involving participation of appx. 1000 managers.

Your Company's efforts to enhance Diversity, Equity and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions and is integral to serving customers better while creating value for all stakeholders. Your Company's policy on Diversity, Equity and Inclusion articulates and institutionalises this conviction. Your Company is committed to enhancing gender diversity and participation of the differently-abled in the workforce. Such concerted actions span three vectors, namely:

- Representation
- Inclusion & Enablement
- Commitment and Assurance

## Report of the Board of Directors

Measures to enhance diversity include ensuring sufficient representation of women in selection pools and deployment of the differently-abled across suitable opportunities in the value chain. Through progressive policies offering flexible work arrangements, extended child-care leave, travel support for infants and care-givers, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various sensitisation programmes, Employee Resource Groups, development interventions tailored for women talent, and the commitment and sponsorship of leaders; your Company provides an enabling environment to further its Diversity, Equity and Inclusion goals. To ensure a safe and progressive work environment, Internal Complaints Committees have been institutionalised as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company continued its practice of active leadership outreach to employees. Periodic communication with the ITC community through 'StudioOne Townhalls' led by the Chairman, provided employees avenues to hear from and engage with leaders about your Company's vision, strategy and milestones. This was supplemented by a more personalised engagement through the 'StudioOne Xchange' initiative. The Chairman and other members of the Corporate Management Committee interacted with managers across Businesses in small groups, sharing your Company's vision and strategies while also inviting suggestions and feedback. Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the marketplace. It also recognises the mutuality of interests with key stakeholders and is committed to continue building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are competitive, flexible and responsive. The Employee Relations philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed towards

building a robust platform which has aided the conclusion of collective bargaining agreements at several of its manufacturing units and hotel properties, ensuring smooth commencement of operations at greenfield locations and the execution of productivity improvement practices.

### WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to bring to your Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of your Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact your Company's operations, business performance and/or reputation. The Policy requires your Company to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. Anonymous complaints are also entertained if the complaint sets out specific allegations & verifiable facts, and is accompanied with supporting evidence. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of your Company, and to keep the information disclosed during the course of the investigation as confidential. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year. The Whistleblower Policy is available on your Company's corporate website at <https://www.itcportal.com/whistleblower-policy>.

### SUSTAINABILITY 2.0

Your Company believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. This paradigm is called '*Responsible 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 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 21 years), 'carbon positive' (for 18 years), and 'solid waste recycling positive' (for 16 years). This approach has enabled your Company and its businesses to support sustainable livelihoods for more than six million people.

Your Company is actively working towards *Sustainability 2.0*, an agenda which reimagines sustainability under the pressing challenges of climate change and social inequity. *Sustainability 2.0* calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity and ecosystem services through adoption of nature-based solutions. Your Company believes that agility in thought and action, meaningful public-private-people partnerships and Responsible 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 meaningful contribution to the Nation's future while retaining its status as a sustainability exemplar. The Sustainability 2.0 ambitions include:

### Climate Change

- Enhancing the share of renewable energy usage to 50% of total energy consumption by 2030.
- Meeting 100% of purchased grid electricity requirements from renewable sources by 2030.
- Reducing specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to the FY 2018-19 baseline.
- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through your Company's Social and Farm Forestry programme and other such initiatives covering over 15 lakh acres by 2030.

### Water Stewardship

- Achieving 40% reduction in specific water consumption by 2030 as compared to the FY 2018-19 baseline.
- Creation of rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030.
- Certification of all sites in high water stressed areas as per the international water stewardship standard by Alliance for Water Stewardship (AWS) by 2035.
- Improve crop water-use efficiency in agri-value chains through demand side management interventions and enable savings of 2000 million kl of water by 2030.

### Plastic Waste and Circular Economy

- 100% of your Company's Packaging to be Reusable, Recyclable or Compostable/ Biodegradable by 2028.

### Sustainable Agriculture

- Promote climate smart village approach in core Agri Business catchments covering over 3 million acres by 2030.

### Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 1 million acres by 2030.

## Report of the Board of Directors

### Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.

Your Company's Businesses are actively working towards achieving your Company's Sustainability 2.0 vision. During the year, around 43% of your Company's total energy requirements were met from renewable sources. Commendable progress has been made in line with 2030 targets relating to specific energy, specific GHG emissions and specific water consumption across Businesses. In line with its commitment, your Company continued to remain plastic neutral during FY 2022-23 by sustainably managing more plastic packaging waste than the amount of plastic packaging utilised. During the year, your Company's large-scale programmes on Sustainable Agriculture were augmented to cover 2.3 million acres. A detailed performance dashboard against 2030 commitments is available in your Company's Sustainability Report, 2023.

To achieve its Sustainability 2.0 vision, your Company continues to strengthen its management approach which is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. Your Company is also strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each Business. Your Company will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

Your Company's 19th Sustainability Report published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for FY 2021-22. This report was prepared in conformance with both the Global Reporting Initiative (GRI) standards and International <IR> Framework published by Value Reporting Foundation. The report presents a range of financial and non-financial disclosures to illustrate how different 'capitals' are deployed to enable creation of enduring value. In addition, the report is prepared in

line with 'In Accordance – Comprehensive' criteria of the GRI standards and is third-party assured to 'Reasonable Level' as per International Standard on Assurance Engagements (ISAE) 3000.

Your Company's Sustainability Report for FY 2022-23 is being prepared and will be made available on your Company's corporate website in due course.

In addition, the Business Responsibility & Sustainability Report (BRSR), as mandated by the Securities and Exchange Board of India (SEBI) for the year under review is annexed to the Report and Accounts. The BRSR maps the sustainability performance of your Company against the nine principles forming part of the National Guidelines on Responsible Business Conduct (NGRBC) issued by the Ministry of Corporate Affairs, Government of India.

During the year, your Company sustained its 'AA' rating by MSCI-ESG for the fifth consecutive year, the highest rating among global tobacco majors, and has also been included in the Dow Jones Sustainability Emerging Markets Index for the third year in a row. Additionally, your Company was rated 'A-' at Leadership Level for both Climate Change and Water Security by CDP, which is above the Asia and Global average of 'C' for climate change and 'B' for water security.

### Contribution to the United Nations Sustainable Development Goals (UN SDGs)

Your Company's Sustainability strategies and Social Investment Programmes & interventions, in addition to their alignment with national priorities, are also well positioned to contribute to the achievement of India's commitment under the UN SDGs. For instance, your Company's programme on Climate Smart Agriculture is aligned to the Government's National Mission for Sustainable Agriculture, and also contributes to the achievement of multiple SDGs, including SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 1 (No Poverty) and SDG 2 (Zero Hunger). A comprehensive statement linking your Company's interventions to the SDGs including corresponding targets will be available in your Company's Sustainability Report for FY 2022-23.

### 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 address the risks of climate change, 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 & optimising distance-to-market, and promoting regenerative agriculture practices in agri-value chains. Your Company is also conducting life-cycle analysis (LCA) studies for developing a portfolio of innovative and sustainable products in line with growing consumer preference for climate friendly products.

Additionally, in order to identify long-term physical risks of climate change, your Company is working with climate experts to conduct comprehensive climate risk and vulnerability assessments using climate models across its operating locations (factories, hotels and warehouses). These assessments consider impact of climate hazards related to changes in temperature, precipitation, sea level rise, flooding and other extreme weather events over different time frames under various Representative Concentration Pathways (RCP)/Shared Socioeconomic Pathways (SSPs) scenarios. Based on the findings of these assessments, detailed site-specific studies are undertaken for developing contextual location-specific adaptation plans and strategies.

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 by your Company on the development of climate-tolerant varieties as well as dissemination of climate-resilient and regenerative agronomic practices in the growing areas.

Detailed farm-level studies have also been conducted to understand the potential adverse impacts of climate change on your Company's key agri-value

chains. These risk assessments help further calibrate the climate resilience measures that are being implemented across your Company's value chains.

### Energy Conservation and Renewable Energy

As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Accordingly, all factories incorporate appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the USGBC or Indian Green Building Council (IGBC). During the year, around 43% (previous year: 42%) of your Company's total energy requirements were met from renewable sources such as biomass, wind and solar. As on date, your Company has installed and commissioned 178 MW of renewable energy capacity in the form of solar and wind power across the country. Additionally, your Company's Paperboards & Specialty Papers Business commissioned a state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers, which will contribute towards reducing carbon footprint through lower coal consumption.

Your Company is well positioned to benefit from energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. Your Company continues its efforts towards meeting 100% of purchased grid electricity requirements from renewable sources, and achieving 50% renewable energy share in its total energy consumption by 2030 based on a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

### Greenhouse Gases (GHG) and Carbon Sequestration

The GHG inventory of your Company for FY 2022-23 compiled according to the ISO 14064 Standard has been assured, as in the earlier years, at the 'Reasonable Level' by an independent third party. The GHG inventory covers emissions from your Company's operations and GHG removals from your Company's large-scale forestry programmes.

## Report of the Board of Directors

Your Company's Social and Farm Forestry initiatives, besides sequestering carbon from the atmosphere, help towards 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 global and national 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. Several interventions have been rolled out to improve water-use efficiencies such as adopting latest technologies and increasing reuse and recycling practices within the fence while also working with farmers and other community members towards improving water-use efficiencies.

Demand side management is a critical component of your Company's Water Stewardship programme. Recognising the critical imperative of reducing water use, especially in agriculture, your Company continues to work with farmers to achieve 'more crop per drop' and improve farmer incomes. Over 11.8 lakh acres have been covered till date across 12 states through micro irrigation technologies and crop-specific agronomical practices. Various studies indicate potential water savings to the tune of 780 million kl during the year.

The demand side measures are implemented along with 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 (within soil surface and storage structures) 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, 2023, your Company's integrated watershed development projects covering over 1.47 million acres of land have created a total

rainwater harvesting potential (RWH) of 48.9 million kl. In total, nearly 50 million kl of rainwater has been harvested, including within the fence, which is over 3 times the net water consumed by your Company's operations in FY 2022-23.

During the year, your Company's Foods unit at Malur became the first foods processing facility in Asia to be awarded the AWS Platinum level certification, 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.

### Pioneering the Green Building Movement in India

In order to continuously reduce your Company's energy footprint, green features are being integrated in all new and old constructions including hotels, manufacturing units, warehouses and office complexes. Your Company is a pioneer in the green building movement, with 40 buildings having received Platinum certification by USGBC/IGBC.

Several of your Company's factories and office complexes have received the Green Building certification from IGBC and the Leadership in Energy & Environmental Design (LEED) certification from USGBC. In 2004, the ITC Green Centre at Gurugram received LEED Platinum certification by USGBC, making it the largest Platinum rated building in the world at that point in time. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED Platinum certification by USGBC. Large infrastructure investments such as the ITC Green Centre at Guntur and the ITC Green Centre at Bengaluru (both LEED Platinum certified) continue to demonstrate your Company's commitment to green buildings. Virginia House, Kolkata and ITC Centre, Kolkata – the headquarters of your Company, are also certified at the highest 'LEED Platinum' rated Green Building by USGBC.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury collection hotels of your Company are LEED Platinum certified,

making your Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED Platinum certified green hotels.

In 2020, ITC Windsor's best practices on carbon management distinguished it as the first hotel in the world to be LEED Zero Carbon certified. Since then, 11 additional ITC Hotels have been certified as LEED Zero Carbon. Further, your Company's Sankhya data center in Bengaluru became the first data center in the world to be awarded the LEED Zero Carbon certification.

### Enabling a Circular Economy

Your Company continues to make significant progress in improving the circularity of waste generated in operations. The focus is on reducing waste through constant monitoring, improvement of efficiencies in material utilisation and adequate waste segregation improving recycling rates. During the year, your Company achieved over 99% recycling of waste generated in course of its operations. This has prevented waste from reaching landfills, with the associated problems of soil & groundwater contamination and GHG emissions, all of which can adversely impact public health. In addition, your Company's Paperboards & Specialty Papers Business recycled nearly 84,000 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, 2022 to ensure that over the next decade, 100% of packaging is reusable, recyclable or compostable/biodegradable. Your Company is working towards optimising packaging in a way that reduces the environmental impact arising out of post-consumer packaging waste without affecting product integrity. This is being addressed in a comprehensive manner by optimising packaging design, introducing recycled content in packaging, identifying alternative packaging material with lower environmental impact and supporting development of suitable end-of-life solutions for packaging waste.

Your Company has successfully implemented multiple large-scale models of solid waste management across the country. These models, based on principles of circular economy, are scalable, replicable and sustainable, and have enabled your Company to sustain its plastic neutral status since FY 2021-22. The approach is centred around treating waste as a resource and ensuring that minimal 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 & wet streams, ensuring that value is derived from these resources and, in the process, support sustainable livelihood for waste collectors. These models operate on a public-private partnership basis with active involvement of urban local bodies, civil society and the informal sector of waste collectors.

Your Company has exceeded its commitment on plastic neutrality for the second consecutive year by collecting and sustainably managing more than 60,000 tonnes of plastic waste across 36 States/Union Territories, which is more than the plastic packaging utilised by your Company.

Your Company's waste recycling programme, 'WOW – Well Being Out of Waste', enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Delhi, major towns of Telangana and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 64,000 MT from over 1,270 wards. The programme has covered over 2.2 crore citizens in over 55 lakh households, 57 lakh school children and around 2,100 corporates since its inception. It has promoted sustainable livelihood for over 17,750 waste collectors by facilitating an effective collection system in collaboration with Municipal Corporations. The intervention has also created over 150 social entrepreneurs who are involved in maximising value capture from the collected dry waste. In Pune, your Company is supporting a circular economy, based on first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

## Report of the Board of Directors

In addition to WOW, a separate community-driven programme on decentralised Solid Waste Management (SWM), in collaboration with Swachh Bharat Mission, is operational in 18 districts across 10 states covering 10.7 lakh new households, taking the cumulative coverage to 25.3 lakh households. This programme deals with both wet and dry waste and focuses on minimising waste to landfill by managing waste at source. Under the programme, more than 2.6 lakh MT of waste was collected during FY 2022-23, out of which around 1.6 lakh MT of wet waste was composted, 64,000 MT of dry waste was recycled, and 87% of the total waste was avoided from being sent to landfills. Further, home composting was practiced by over 5 lakh households.

In Uttar Pradesh, your Company partnered with Urban Development Department under which over 3,100 Government officials from 57 municipalities have been trained on decentralised SWM, thus enabling the extension of coverage of decentralised waste management to over 19 lakh households. Your Company had also signed an MoU with Lohiya Swachh Bihar Abhiyan (LSBA), Rural Development Department, Government of Bihar to train officials on implementation of decentralised SWM in 472 villages of Ganga region ('Ganga Gram') across 12 districts of Bihar. During the year, Panchayat officials of 446 Ganga Gram villages were trained through a cascade approach, who then initiated focused waste management activities in their villages.

During the year, your Company has also collaborated with Department of Drinking Water and Sanitation (DDWS), Government of India, and India Sanitation Coalition (ISC), FICCI, to develop 36 Gram Panchayats (GPs) across 10 states as Lighthouses, demonstrating best practices in sanitation and waste management, which will be adopted by other GPs gradually. The partnership is part of the DDWS's plan of creating 75 lighthouse Gram Panchayats across India.

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 temple kitchens and compost for its gardens. The initiative has expanded to over 950 temples across Andhra Pradesh, Uttar Pradesh, Uttarakhand, Tamil Nadu, Telangana, Karnataka and Maharashtra.

### Promoting Thought Leadership in Sustainability

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' (CESD) 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

- The CII Climate Action Charter was launched in September 2022, at the 17th Sustainability Summit. The Charter has more than 150 signatories from a wide variety of sectors including hard-to-abate and service sectors, diversified businesses and MSMEs<sup>4</sup>.
- India released its Long-term Low Emissions and Development Strategies (LTLEDS) at the UN climate conference (COP27) at Sharm El-Shiekh, Egypt in November 2022. The Centre was nominated by MoEFCC<sup>5</sup> as Technical Advisory Unit and the Chair for the Task Force 4 on low-emission industrial systems. Inputs for the LTLEDS were provided to MoEFCC via consultations with stakeholders under this taskforce.
- The Centre organised three key events at COP 27 – 'Driving Climate Adaptation & Resilience through Nature Conservation', 'Aligning Clean Air & Climate Actions' and 'Energy Storage - Charging the energy transition for businesses in India'.
- Under India's G20 presidency, CII is playing the role of B20 secretariat. The Centre is leading the work on framing policy briefs under the Taskforce

<sup>4</sup> Micro, Small and Medium Enterprises

<sup>5</sup> Ministry of Environment, Forest and Climate Change



on Energy, Climate Change & Resource Efficiency and Action Council on ESG in Business.

- The Centre has assisted in preparing GHG inventory and report for the Industrial Processes and Product Use (IPPU) sector for India's Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) on 'Greening India's Power Grids'.

### Circular Economy

- 'India Plastics Pact' (IPP) is a business-led initiative to transform the plastics packaging value chain from linear to circular. IPP is the first in Asia and joins a global network of 13 Plastic Pacts. The first IPP Annual Conference was held in September 2022 where 'India Plastics Pact: Roadmap to 2030' was launched.
- 65 companies operating in India have undertaken CESD's Plastic-use Protocol to record, verify and certify elimination/phasing out of single use plastics.
- The Centre completed work on a study that aims to identify greenhouse gas mitigation strategies through Resource Efficiency and Circular Economy across the cement value chain.

### Biodiversity

- A Memorandum of Cooperation with MoEFCC to support multi-stakeholder partnership for Wetlands Conservation was signed in May 2022, followed by launch of India Wetland Coalition (IWC).
- India Business and Biodiversity Initiative (IBBI) submitted businesses' recommendations on Post 2020 Global Biodiversity Framework to MoEFCC, which were used during the COP15 of UN Convention on Biological Diversity (CBD).
- IBBI facilitated a National Consultation Group on draft Taskforce for Nature related Financial Disclosure Framework (TNFD), to be launched in 2023.

### Air Pollution

- In all, 101 signatories to the 'India CEO Forum for Clean Air' have committed to take action on air pollution.

- A national-level dynamic library of solutions designed for air pollution was launched in August 2022.
- Crop Residue Management intervention covering 300 villages across 12 districts of Punjab-Haryana was carried out - preliminary results show avoidance of burning on 85% of total intervened farmland (appx. 3 lakh acres) in the year 2022. A report summarising the impacts and learnings of Crop Residue Management activity was released on International Day for Clean Air in September 2022.

### Excellence in Sustainability

- The 17th Sustainability Summit, with the theme of Building a Sustainable Tomorrow: Transforming Risks into Opportunities was organised with the support of 28 partner organisations.

**ESG Intelligence & Analytics:** The Centre conceptualised this service to help Indian companies understand material ESG risks and opportunities and help develop mitigation actions. The service is based on a SaaS-based tool developed by CII CESD with support of third-party vendors.

**Eco Edge** launched by the Centre is aimed at integrating sustainability in value chains of companies. Key action areas in 2022 included training, developing assessment methodology, stakeholder consultations, among others.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's overarching commitment towards creating 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. Your Company has a comprehensive CSR Policy outlining programmes, projects and activities that your Company undertakes to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## Report of the Board of Directors

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

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

Your Company's stakeholders are confronted with multi-dimensional and inter-related concerns, at the core of which is the challenge of securing sustainable livelihoods. Your Company undertakes periodic stakeholder engagements in the form of community need assessments, impact assessments and other evaluations. During the year, your Company undertook 66 community engagements across 14 states where your Company's Social Investments Programme is being implemented to discuss views and grievances, if any, of the community members. Additionally, over 26,000 household surveys were taken up in 14 states to estimate the household level gaps that need to be addressed. Accordingly, interventions under your Company's Social Investments programme are appropriately designed to build capacities and promote sustainable livelihoods.

Your Company's Social Investments Programme follows the Two Horizon approach that focuses

on inclusive growth and holistic development of households with women and poor & vulnerable communities at the core. In addition to being beneficiaries of several programmes, women are also influencers and active participants in grassroot institutions. Several progressive women beneficiaries also act as change makers in society.

The Two Horizon approach provides an integrated and affirmative response to development with Horizon-I focusing on strengthening and sustaining livelihoods of communities (primarily agriculture and allied sector livelihoods) and Horizon-II focusing on building capabilities and capacities to empower beneficiaries for a better life tomorrow.

The footprint of your Company's CSR projects is spread across 27 States/Union Territories covering over 300 districts.

Your Company's CSR interventions were conferred with three prestigious awards and recognitions during FY 2022-23:

- 16th Edition of CII – National Awards for Excellence in Water Management under the category 'Beyond the Fence' for its Ghod River Basin Project.
- FICCI CSR Award for its 'Ghod River Basin Project' under the category 'Environment Sustainability' for Private Sector Companies with turnover of over ₹ 3000 crores per annum.
- Recognition under 'Protect and Restore Community Water Structures' category at Water Sustainability Awards by TERI in collaboration with UNDP and the International Water Association (IWA).

### Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened over 31,000 acres during the year. It is currently spread across 17 districts in 6 States covering over 4.56 lakh acres in nearly 7,000 villages, impacting over 1.76 lakh poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 10.4 lakh acres till date, and generated about 190 million-person days of employment for rural households, including women, poor tribal and

marginal farmers. Integral to the Social Forestry programme is the Agro-Forestry initiative including plantations on bunds, which cumulatively extends to about 2 lakh acres and ensures food, fodder and wood security. Further, fast growing, high yielding and disease resistant hybrid clones and saplings of eucalyptus pulpwood developed by your Company deliver significantly higher productivity vis-a-vis earlier clones. The clones have been developed to grow under varying ecological conditions, thereby building resilience and contributing towards increasing income for the farming community.

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

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka and Odisha.

### Water Stewardship Programme

The Water Stewardship programme aims to facilitate 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 45 districts of 16 states. During the year, the area under watershed increased by over 1.36 lakh acres, taking the cumulative coverage area to over 14.7 lakh acres. Over 3,100 water-harvesting structures including ground water recharge structures were built during the year, creating nearly 3.8 million cubic metres of rainwater harvesting potential. This took the total number of water harvesting structures to over 28,300 and the net water storage to over 48.9 million cubic meters. In addition, as part of

demand management intervention, 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 11.8 lakh acres have been covered across 12 states during the year as part of demand management; more than twice that of the previous year. Studies have been conducted by Vasantdada Sugar Institute and Tamil Nadu Agricultural University to estimate water savings in sugarcane, coconut and banana in your Company's programme locations. According to these studies and other research documents, demand management practices promoted by your Company have led to potential water savings to the tune of nearly 780 million cubic metres during the year.

Additionally, your Company is continuing partnerships with multiple state government departments for Water Stewardship. Under the partnership with Watershed Development Department, Government of Karnataka, capacities are being built using your Company's Water Stewardship approach to drought-proof 157 watersheds across 29 districts covering over 11.6 lakh acres. During the year, Government officials responsible for all watersheds were trained to incorporate your Company's drought-proofing framework and positive water balance-based planning. The Government has initiated work on 135 watersheds covering 2 lakh acres and has already constructed 818 water harvesting and ground water recharge structures based on the training provided by your Company.

Driven by your Company's Water Stewardship programme, Malur Food unit of your Company became the second unit after Kovai Paper to receive an AWS certification in Platinum category.

### Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered over

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1.5 lakh acres in over 41 districts across 11 states, taking the cumulative area under biodiversity conservation to over 2.9 lakh acres. While the conservation work is being carried out in 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. During the year, two technical studies were undertaken through 'The Energy and Resources Institute' (TERI) & 'IORA Ecological Solutions'. These studies covered a universe of over 1 lakh acres of biodiversity conservation work done by your Company in two years across seven states. The studies have recorded improvement in carbon stocks, i.e. carbon sequestered by trees, as well as floral and faunal biodiversity compared to control areas.

To increase the coverage for pastureland development and biodiversity conservation, your Company partnered with Forest Departments of Maharashtra and Telangana, and Wasteland & Pastureland Development Board (WPDB) of Rajasthan. The partnership with WPDB is targeted to cover 2.5 lakh acres across 8 districts. Further, as part of this partnership, during the year, 924 Government staff of these districts were trained for implementing the programme across 3,600 villages.

### Climate Smart Agriculture

The Climate Smart Agriculture programme attempts to de-risk farmers from erratic weather events through the promotion and adaptation of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services. Currently, 23.4 lakh acres and over 7.4 lakh farmers are covered under the programme, representing an increase of 54% and 64% respectively over previous year. To provide additional support to farmers in dealing with climate risks, 9.5 lakh linkages were facilitated for farmers with six major Government schemes. In addition to promotion of Climate Smart Agri practices at scale, in core agricultural catchments, Climate Smart Village (CSV) programme has also been initiated, wherein support is provided to majority of village population to

enable adaptation to climate risks, mitigating the same through knowledge, livelihood diversification, natural resources management and institutional support. Details of Climate Smart Agriculture interventions are also provided in the section on 'Socio-Economic Environment'.

During the year, knowledge was disseminated through more than 8,200 Farmer Field Schools and over 2,300 Choupal Pradarshan Khets. Over 900 Agri Business Centres delivered extension services, arranged agri-credit linkages, established collective input procurement and provided agricultural equipment for hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, more than 3,600 compost units were constructed during the year, taking the total number till date to over 55,000 units.

Your Company, with its presence across multiple commodities and geographies including e-Choupal network and agri extension programmes network, undertook an initiative to facilitate formation of new FPOs and/or strengthening existing FPOs, thus enhancing farm incomes, rural livelihood and partnering in other relevant rural development initiatives. During FY 2022-23, your Company supported additional 905 FPOs taking the cumulative number to 1,150 FPOs.

The 'Adarsh Gram Programme' pioneered by your Company's Agri Business presently covers 350 model villages in the states of Andhra Pradesh and Karnataka. Under this initiative, your Company supports villages to become economically, ecologically and socially sustainable. Your Company is also addressing the human rights and farm safety challenges in Indian farming by educating the farmers, labour & community, providing access to Personal Protective Equipment (PPE) kits and adopting smart technologies like drones for spraying activities on the farms.

The 'Baareh Mahine Hariyali' programme in select districts of Uttar Pradesh (Chandauli, Ghazipur, Prayagraj and Varanasi) is a pioneering initiative to facilitate farmers to enhance their incomes. This programme is founded on a 360-degree, multipronged approach with interventions such as

increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, price and weighment. In some regions, taking a holistic approach to income diversification as an adjacency, livestock development, women empowerment and agro-forestry are also included. Over 2 lakh farmers have already benefited from the interventions under this programme – over 35,000 farmers who have adopted the package of practices reported doubling of income and those who have implemented the programme partially reported increase in their incomes by 30% to 75%.

### **Livestock Development**

The programme provides an opportunity for households to improve their livestock-based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices.

The programme provided extension services, including breeding, fodder propagation and training to farmers owning cows and buffaloes in 8 states and 22 districts. During the year, over 1.35 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.45 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at around 28.6 lakh and 10 lakh respectively. In addition, the livestock programme also covered families engaged in goat and sheep, poultry, piggery and fishery rearing, enhancing their productivity through promotion of improved management practices. Under the programme, over 400 women trained as 'Pashu Sakhis' have provided extension services to over 45,000 households till date, thus enabling Pashu Sakhis to earn supplementary income of up to ₹ 5000 per month.

Your Company is also working with dairy farmers in Bihar and West Bengal to improve productivity through several extension services and to facilitate higher milk production. Qualified teams comprising veterinarians and para-veterinarians have been deployed to facilitate animal breeding, animal nutrition and animal health services towards improving

productivity and promoting commercial dairy farming among farmers. During the year, about 84,700 cattle of over 33,800 dairy farmers across 547 villages in 9 districts of Bihar and 3 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**

During the year, this initiative provided a range of gainful livelihood opportunities to around 35,400 poor women, taking the cumulative coverage to over 1.22 lakh. Of the beneficiaries till date, about 32,600 ultra-poor women in your Company's core catchments were provided with assets and support to initiate enterprise of their choice and now have access to sustainable sources of income through various livelihood opportunities. Studies have shown that the income of these ultra-poor women beneficiaries has increased by more than five-fold, aided by the programme. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was extended for two more years to cover 9 additional districts, increasing the operational presence in the State to 52 districts. 173 Super Trainers were trained directly who in turn trained 1,372 Master Trainers; the training was thereafter cascaded to over 83,000 self-help-groups (SHGs) covering more than 7.6 lakh women during the year. The programme has cumulatively covered over 2.1 lakh SHGs benefiting over 20.7 lakh women across more than 20,800 villages. Over 16.9 lakh trained women have also been provided access to bank accounts and government social security schemes till date.

### **Education**

The Primary Education programme aims to provide children from weaker sections of society access to education with focus on learning outcomes and retention. Operational in 32 districts of 12 states, the programme covered over 2.5 lakh children during the year, taking the cumulative coverage to over 11 lakh children. Under the Read India Programme, the proportion of primary level children who were

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able to perform basic mathematical computations increased from 15% to 90%. Over 386 government primary schools and anganwadis were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units and furniture, taking the total number of government primary schools and anganwadis covered till date to around 3,300. Infrastructure support to government schools has helped in increasing enrolment, particularly of girls, in schools. To ensure sustainable operations and maintenance of infrastructure provided, more than 780 School Management Committees and around 680 Child Cabinets and Water and Sanitation (WATSAN) Committees were operational in various schools during the year with active involvement of students and teachers. Further, 125 Supplementary Learning Centres (SLCs) were operational during the year, mainstreaming more than 2,000 out-of-school children into the formal education system.

### Skilling & Vocational Training

This programme provides training in market linked skills to youth to enable them to compete in the job market. More than 14,400 youth were trained under different courses during the year of which 46% were female. The placement percentage for those trained during the year stood at 68%. Further, a pilot program for skilling differently abled youth was also initiated in Bangalore, with placements of over 75%.

Cumulatively, over 1 lakh youth have been trained under the skilling programme, with presence expanding to 34 districts in 16 States.

### Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene across 10 districts and 7 states. To promote a hygienic environment through prevention of open defecation and reduced incidence of water-borne diseases, 200 Individual Household Toilets (IHHTs) were constructed in collaboration with the State Government/District sanitation departments, taking the total to over 39,600 IHHTs constructed so far in your Company's catchment areas. In addition, during the year, 35 community toilets were constructed/

renovated for households without land, taking the cumulative to 157. Cumulatively, IHHTs and community toilets are estimated to be benefiting over 1.15 lakh community members. In West Bengal, more than 6,700 women benefited from well-maintained separate community toilets with incinerator facilities. Along with sanitation infrastructure development, special focus was also given to awareness campaigns to drive behavioural change.

### Health & Nutrition

Your Company continued to enhance awareness on various health related issues through a network of 430 women Village Health Champions (VHCs) who covered nearly 1.16 lakh women and adolescent girls during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. 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 5.6 lakh beneficiaries were covered under the Mother and Child Health and Nutrition initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. As per internal estimates, the proportion of underweight children between 0-5 years of age in the two districts of Kamrup and Darrang stood at 5.6% and 9.8% in FY 2022-23, significantly lower than districts' averages<sup>6</sup> of 19.7% and 33.1% respectively. Based on success of the programme in these two districts, Directorate of Social Welfare, Government of Assam has entered into a partnership with your Company to help address challenges of malnutrition in 8 districts including 7 aspirational districts in the state.

Additionally, Project Samposhan was undertaken during the year to address the issue of anaemia amongst adolescent girls in the districts of Bahraich & Chandauli, Uttar Pradesh. Similarly, Project Balposhan was undertaken in Valsad district of Gujarat to create awareness amongst mothers, pregnant & lactating women on child malnutrition.

<sup>6</sup> as per NFHS-5 data of FY 2019-20

To bridge the gaps in primary and secondary healthcare delivery and to address the challenges of awareness, availability, accessibility and affordability, your Company has undertaken several Rural Healthcare interventions that are being implemented in a phased manner. After starting with the Mother and Child Health initiative in FY 2016-17, your Company is now adopting a holistic approach focusing on two major components - preventive health care and curative services. The objective of the initiative is to improve health and nutrition by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence with existing government schemes, leveraging technology and increasing access to basic primary and secondary healthcare services. As part of this project, 'ITC Swasth Kiran' initiative was launched during FY 2021-22 in Saharanpur and Munger districts. Under the initiative, 8 Mobile Medical Units (MMU) - 4 each in Saharanpur & Munger became operational during the year. These MMUs provided free medical consultation and medicines to the rural community at doorstep. During the year, more than 57,000 individual engagements were made with community members, 56% of which were women, across over 690 villages. Further, 6,900 diagnostic tests were conducted and 5,600 referrals were made during the year. Upgradation of Public Healthcare Centres was also initiated with the involvement of the local community under the initiative. Simultaneously, plans to set up a 50-bed hospital for secondary care are being pursued. Accordingly, for such ongoing activities, in FY 2022-23, an amount of ₹ 23.10 crores has been kept aside under unspent CSR account and will be spent over a period of next three financial years.

To make potable water available to local communities in Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor. 9 new RO plants were established in FY 2022-23 taking the total operational RO plants to 160, thus providing safe drinking water to over 2.1 lakh rural people.

Your Company's 'Swasth India Mission' programme has been a front runner in driving behavioural change towards good hand hygiene habits since its inception in 2016. The Swasth India Mission drove a range of

initiatives to aid and enable the country in its fight against preventable infections that create huge economic burden on the country.

- Your Company launched a campaign focused on children, rooted in the belief '*Swasth Bacche, Mazboot Desh*'. The mission reached out to school students through an innovative school programme focused on seeding good hygiene behavior. The school programme covered 8,383 schools reaching out to appx. 22.4 lakh students.
- Your Company launched the #HandwashFirst campaign on the occasion of World Hand Hygiene Day, which was promoted nationally on TV and digital media including tie-ups with influencers on the short video platform 'Josh'.
- Your Company also launched an innovative digital campaign using gamified creatives to spread awareness about proper health & hygiene practices to be followed during monsoon season.

Your Company joined hands with Master Blaster Sachin Tendulkar, World's first 'Hand Ambassador', and launched a series of short films to promote the practice of washing hands, with the message being widely disseminated through multiple outreach formats.

### Waste Management

Your Company's initiatives focus on creating replicable, scalable and sustainable models of municipal and rural 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 section on 'Building a Circular Economy for Post-Consumer Packaging' above.

### ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. Your Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The eminent Gurus of

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the Academy impart intensive training and quality education in Hindustani classical music to the scholars. The present Gurus of the Academy are Padma Bhushan Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha, Shri Omkar Dadarkar and Shri Brajeswar Mukherjee. 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 Multi-Stakeholder Partnerships

Your Company's Social Investments Programme lays continuous emphasis on building partnerships of value for driving innovation & gaining contemporary knowledge while effectively amplifying and executing programmes.

Your Company formed Knowledge Partnerships with several national & international organisations/agencies to maintain contemporariness and leverage latest knowledge/technical know-how to continuously improve the quality of programmes.

Public-Private Partnerships, aimed at pooling resources, and partnership with Governments are effectively leveraged to scale-up and amplify programmes implemented in your Company's catchment areas.

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 renowned NGOs such as BAIF, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, WASH Institute, Water for People, MAMTA, Youth Invest, Cheshire Disability Trust amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience

and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

### CSR Expenditure

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

### Environment, Health & Safety

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

Your Company believes that a safe and healthy work environment is a pre-requisite for ensuring employee well-being, and adopting best practices in occupational health & safety bears a direct impact on overall performance. With an aim to percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, your Company has adopted a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

### Safety

Your Company sustained focus on 'Safety by Design' by continuously striving to improve safety performance and incorporating best-in-class engineering standards for all investments in the built environment. Designs for all new greenfield & brownfield project investments are scrutinised to ensure compliance with relevant standards and codes on safety. Periodic Environment, Health & Safety audits continue to be carried out in operational units to verify compliance with relevant standards.

To drive a culture of safety, your Company, in addition to comprehensive focus on training, continues to hold



structured conversations with workers on ‘Safe and Unsafe’ Acts. These are supplemented by adoption of keystone behaviours that inculcates individual ownership for safe behaviour. Your Company has also pioneered the usage of Design Thinking principles for seamless integration of safety in business operations. This initiative is bringing in positive behavioural changes.

Several national awards and certifications received by various units reaffirm your Company’s commitment to provide safe and healthy workplace to all.

### **R&D, QUALITY AND PRODUCT DEVELOPMENT**

Your Company’s state-of-the-art Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to build and support your Company’s portfolio of world-class products and brands. LSTC is on the verge of completing five decades of innovation this year. Over the years, LSTC has emerged as a robust innovation engine that is a key enabler of the ‘ITC Next’ growth strategy. Reinforced with world-class infrastructure, resourced with a diverse team of over 400 highly qualified scientists, LSTC is leading various initiatives to provide a competitive edge to your Company’s brands and products.

Driving purposeful innovations that fulfil the needs of the Indian consumer through superior offerings remains the key objective of LSTC. Centres of Excellence across domains viz. Biosciences, Agri-sciences & Materials sciences enabled building capabilities over the years to cater to the constantly evolving needs of consumers. Focused research across identified domains viz. Health & Wellness, Formulation Design, Sustainable Materials & Packaging, Agro-forestry and Crop Science has enabled the teams to harness contemporary advances in relevant core areas to translate ‘proofs of concept’ to novel product opportunities. Bearing testimony to LSTC’s innovation capabilities while building the intellectual assets for your Company, over 800 patent applications have been filed till date. Robust risk management practices are in place to ensure that your Company’s intellectual properties remain adequately protected and to ensure mitigation of information and infrastructure risk.

Research programmes and projects are structured through close alignment with the various Businesses of your Company resulting in a robust innovation pipeline. Additionally, in line with your Company’s relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on materials, processes and systems to enhance their competitiveness.

Your Company has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the post-pandemic operating scenario of unprecedented volatility and hyper-inflationary pressures, LSTC scientists and product development teams continue to enable the Branded Packaged Foods and Personal Care Businesses to deliver a range of differentiated, superior quality products at competitive costs. Innovative science-based programmes continue to be leveraged to drive creation of healthier foods through systematic reduction in salt, sugar and fat without compromising on sensory attributes. Leading edge technology platforms in Personal Health & Hygiene, Health & Wellness continue to power innovation and develop next generation product offerings to serve emergent consumer needs. LSTC’s unique competencies in Materials and Packaging have enabled development of innovative recyclable flexible packaging options and bio-compostable coating solutions.

In Agro-Forestry and Crop Science Platforms, LSTC has an ambitious R&D programme on improving yield and quality, given the rising challenges of climate change and depleting resources. Ongoing research on climate resilient crops and pulp wood seeks to address the security of raw material supplies across your Company’s value chains while ensuring enhanced farmer profitability. Research on wheat and potato varietal securitisation are at advanced stages of development to achieve flexibility in sourcing of raw material, create region-specific blends and ensure robust agro-climatic adaptability. Future ready, alternate value chains that mitigate risks arising out of disruptions to existing sourcing models continue to be explored. LSTC, in collaboration with the Agri and Branded Packaged Foods Businesses, endeavours to ensure that

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science-based ideas are fully integrated across the value chain from farm to fork.

Infrastructure capabilities across science areas and new product development are strengthened continuously keeping in pace with the global developments. Modern testing facilities include estimation of disease resistance in plant varieties, determination of biodegradability of newly developed materials for sustainable packaging, detection of extraneous materials in foods and prediction of packaged product structural stability during transit.

Rigorous systems, processes and industry best practices are continuously upgraded to secure quality certifications of the highest levels – a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumer. All branded packaged foods manufacturing units of your Company not only have ISO quality certification but also follow the highest 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 accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) under ISO 17025, a global standard for testing and calibrating labs, which guarantees quality. Additionally, the quality of all FMCG products of your Company is monitored through best-in-class customer-centric 'Quality Control and Quality Assurance Processes' and 'Product Quality Ratings Systems' (PQRS) enhancing competitive superiority of your Company's product offerings.

In its quest to continuously enhance efficiency and be future-ready, LSTC is developing and deploying cutting-edge digital tools for quality performance analytics and competition benchmarking. LSTC continues to leverage AI/ML technology platforms to strengthen quality management systems. Going forward, LSTC will continue to identify growth

opportunities leveraging your Company's diverse core competencies and R&D insights emerging from contemporary science & technology.

### PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, the appropriate authority after hearing arguments on behalf of your Company has passed orders in favour of your Company and dropped some of the show cause notices issued by the Directorate. In respect of some of the remaining notices, your Company filed writ petitions challenging their validity. The Honourable Calcutta High Court, by its orders, allowed these writ petitions, and the proceedings in respect of these notices were quashed. The remaining notices are pending.

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

### TREASURY OPERATIONS

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

FY 2022-23 witnessed significant volatility in the global economy and financial markets. Globally, inflation remained at elevated levels for most part of the year due to disruptions in supply chains, rise in energy and other commodity prices. Central banks across the world responded swiftly increasing interest rates sharply to rein in inflation. In India, Reserve Bank of India (RBI) raised Repo rate by 250 bps which resulted in market interest rates moving higher across tenures. In addition, decline in the Banking system liquidity also contributed to increase in market interest rates, particularly in the short tenure segment.

Investment decisions relating to deployment of surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Treasury operations focused on proactive rebalancing of portfolio

duration and mix in line with the evolving interest rate environment. Further, continuous review and monitoring of credit worthiness, including engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

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

In the currency market, the Indian Rupee (INR) depreciated sharply against the US Dollar (US\$) during the first half of the year. The weakness was largely attributable to strength of the US\$ relative to all major currencies during the year. Towards the end of the financial year inversion in US interest rate curve, decline in India's trade deficit, relative strength of foreign exchange reserves and judicious interventions in the forex market by RBI provided support to the INR.

To effectively navigate the high volatility in currency markets, your Company adopted a proactive risk management strategy and actively managed foreign currency exposures through appropriate hedging strategies and market instruments to protect business margins.

## DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2023, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 20000 which have been withheld on the basis of directives received from the government agencies.

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

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

## DIRECTORS

### Changes in Directors

During the year, with your approval, Mr. Supratim Dutta was appointed as a Wholtime Director of your Company for a period of three years with effect from 22nd July, 2022, and Mr. Nakul Anand was re-appointed as a Wholtime Director of your Company for a period of one year with effect from 3rd January, 2023.

Mr. Peter Rajatilakan Chittaranjan, representing the General Insurers' (Public Sector) Association of India ('GIPSA'), was appointed as an Additional Director by the Board of Directors of your Company ('the Board') with effect from 3rd February, 2023 and thereafter, with your approval, as a Non-Executive Director for a period of three years with effect from 15th March, 2023.

The Board on the recommendation of the Nomination & Compensation Committee ('the Committee'), has recommended for the approval of the Members, the appointment of Ms. Alka Marezbhan Bharucha as a Director and also as an Independent Director of your Company for a period of five years with effect from 12th August, 2023. Ms. Bharucha has the required integrity, expertise and experience for appointment as an Independent Director of your Company.

Messrs. Anand Nayak and Ajit Kumar Seth will complete their present term as Independent Directors of your Company on 12th July, 2024. The Board, on the recommendation of the Committee, has recommended for the approval of the Members, the re-appointment of Messrs. Nayak and Seth as Directors and also as Independent Directors of your Company for a period of five years with effect from 13th July, 2024.

Further, on the recommendation of the Committee, the Board has recommended for the approval of the Members, the appointment of Mr. Hemant Malik as a Director, liable to retire by rotation, and also as a Wholtime Director of your Company for a period of three years with effect from 12th August, 2023.

Mr. Sanjiv Puri will complete his present term as the Managing Director of your Company on

## Report of the Board of Directors

21st July, 2024. The Board, on the recommendation of the Committee, has also recommended for the approval of the Members, re-appointment of Mr. Puri as a Director, not liable to retire by rotation, and as the Managing Director & Chairman of your Company for a period of five years with effect from 22nd July, 2024.

Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 112th Annual General Meeting ('AGM') of your Company.

Mr. Rajiv Tandon completed his term as a Wholetime Director of your Company with effect from close of work on 21st July, 2022 after being associated with the ITC Group for 42 years, including 35 years with the Company. Further, Mr. Navneet Doda, representing GIPSA, stepped down from the Board with effect from 20th January, 2023. Your Directors place on record their appreciation for the contribution made by Messrs. Tandon and Doda during their tenure with 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. Sumant Bhargavan and Mukesh Gupta will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

### Number of Board Meetings

Six meetings of the Board were held during the year ended 31st March, 2023.

### Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your Company, inter alia, requires that the Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Nomination & Compensation Committee has laid down the criteria for determining qualifications, positive attributes and

independence of Directors (including Independent Directors). The Policy on Board Diversity of your Company requires the Board to have balance of skills, competencies, experience and diversity of perspectives appropriate to your Company. The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of your Company, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

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

The Independent Directors of your Company have confirmed that (a) they meet the criteria of independence prescribed under Section 149 of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), (b) they are independent from the management of your Company, and (c) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Act and the Listing Regulations, and are independent of the management of your Company.

### Remuneration Policy

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

### Evaluation of Board, Board Committees and individual Directors

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

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia, against the roles and responsibilities of the Board as provided in the Act, the Listing Regulations and your Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of your Company; such parameters include securing alignment of your Company's goals with the nation's economic, ecological and social priorities, ensuring that your Company has a clearly defined strategic direction for realisation of its vision, and supporting your Company's management to meet challenges arising from the operating & policy environment in the country. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of your Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of your Company.

While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out against the laid down parameters anonymously in order to ensure

objectivity. Reports on the functioning of Committees were placed before the Board. The Independent Directors Committee of the Board also reviewed the performance of the Chairman, other non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations.

### KEY MANAGERIAL PERSONNEL

As stated earlier, Mr. Rajiv Tandon ceased to be a Wholetime Director of your Company upon completion of term, and Mr. Supratim Dutta was appointed as a Wholetime Director of your Company, with effect from 22nd July, 2022. There were no other changes in the Key Managerial Personnel of your Company during the year.

### AUDIT COMMITTEE & AUDITORS

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

#### Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed with your approval as the Auditors of your Company for a period of five years till the conclusion of the 113th AGM. The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of SRBC for the financial year 2023-24. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 112th AGM of your Company.

#### Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2023-24:

- (i) Messrs. ABK & Associates, Cost Accountants, for audit of Cost Records maintained by your Company in respect of 'Wood Pulp' and 'Paper and Paperboard' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of your Company, other than 'Wood Pulp' and 'Paper and Paperboard' products.

## Report of the Board of Directors

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 112th AGM of your Company.

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

### Secretarial Auditors

Messrs. S. N. Ananthasubramanian & Co., Company Secretaries, were appointed by the Board as the Secretarial Auditors of your Company for the financial year ended 31st March, 2023. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

The Report of the Secretarial Auditors, pursuant to Section 204 of the Act, is provided in the Annexure forming part of this Report.

### CHANGES IN SHARE CAPITAL

During the year, 10,47,61,810 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 1,04,76,181 Options under your Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2023, stands increased to ₹ 1242,80,17,741/- divided into 1242,80,17,741 Ordinary Shares of ₹ 1/- each. The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

### EMPLOYEE STOCK OPTION SCHEMES

Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('the Regulations'),

are available in the Notes to the Financial Statements of the Company. The said disclosures forming part of the Financial Statements can also be accessed on your Company's corporate website <http://www.itcportal.com> under the section 'Investor Relations'. During the year, there has been no change in your Company's Employee Stock Option Schemes.

Your Company's Secretarial Auditors 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'), registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services, continues to maintain exemplary standards of investor servicing, while ensuring compliance with the applicable statutory requirements.

The ISO 9001:2015 Quality Management System Certification for investor servicing by ISC was renewed during the year by DNV, the accredited agency for ISO certification, for a period of three years up to 22nd March, 2026. DNV accorded the highest possible 'Level 5' rating to ISC's systems and processes, exemplifying the excellence achieved by ISC in providing best-in-class services to the shareholders and investors of your Company.

A Shareholder Satisfaction Survey was conducted by the Company during the year with a view to assess and further improve the performance standards of ISC. Over 49,000 shareholders participated in the Survey. Of the same, more than 94% were satisfied with the services provided by ISC, with 80% of the shareholders rating the services as excellent. The feedback/suggestions provided by the shareholders are being evaluated for appropriate action.

The 'Investor Relations' section on your Company's corporate website <http://www.itcportal.com> serves as a user-friendly reference for the shareholders and investors in respect of share related matters.

## RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by your Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties within the purview of Section 188(1) of the Act were entered into during the year under review. Accordingly, the disclosure of Related Party Transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 is not applicable for this year.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) prepared the Annual Accounts on a going concern basis;
- e) laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and were operating effectively; and
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## CONSOLIDATED FINANCIAL STATEMENTS

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

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

## OTHER INFORMATION

### Compliance with the conditions of Corporate Governance

The certificate from your Company's Statutory Auditors, Messrs. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed.

### 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.

## Report of the Board of Directors

### 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 or investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 4, 5, and 9 to the Financial Statements. No guarantees were outstanding as at the year end.

### 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, 2023, stood at 23,725.

There were 282 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, 2023. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

### Dividend Distribution Policy

The Dividend Distribution Policy of your Company may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/dividend-distribution-policy.pdf> .

### Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2023, are provided in the Annexure forming part of this Report.

### FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to your Company and/or its Businesses are intended to identify such forward-looking statements. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

### CONCLUSION

Your Company's 'Triple Bottom Line' philosophy has over the years spurred the creation of innovative business models that synergise the building of economic, environmental and social capital. It is now universally evident that enterprises of the future will not only have to be agile, consumer-centric, innovative and digital-first but also purpose-driven and responsibly competitive. Your Company's superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - 'Responsible Competitiveness' - 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 anchored on a portfolio of purpose-led brands, future-ready products and world-class quality. 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 31-fold and presently constitute over two-thirds of Net Segment Revenue. At the heart of this transformation lies the power of synergy, with seamless access for your Company's new Businesses/initiatives to the deep and varied capabilities resident across different parts of the enterprise, and its world-class talent pool.

An extensive strategy reset has been undertaken in recent years to architect the structural drivers that will power the ITC Next strategy of building a Future-Ready, Consumer-Centric, Climate Positive and Inclusive organisation anchored on the Responsible Competitiveness paradigm.

In recent years, the FMCG Businesses have delivered strong revenue growth along with significant margin expansion, and are well poised to be rapidly scaled up. Multi-dimensional interventions have been made to strengthen the FMCG Businesses for sustained profitable growth. The product portfolio of your Company has been further strengthened in alignment with new opportunities and enterprise strengths with sharper focus on fortifying the core businesses, addressing adjacent opportunities leveraging Mother Brands and building emerging businesses for the future. 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 product 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 3.5x and 1.5x respectively while the network of stockists has

expanded to 8.3x 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. In addition, investments towards accelerating agile and purposeful innovation, optimising supply chain efficiencies, accelerated digital adoption, and strategic partnerships have significantly enhanced competitiveness. The impact of these multi-dimensional interventions is evident in the substantial margin expansion of 620 bps in Segment EBITDA over the last five years even in the face of severe inflationary headwinds.

The FMCG Businesses will continue to leverage your Company's institutional strengths as a key source of sustainable competitive advantage viz. strong backward linkages with the Agri Business, a deep & wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and the robust R&D platforms nurtured by LSTC. Structural advantages arising out of distributed manufacturing footprint, anchored on state-of-the-art ICMLs strategically located proximal to large demand centres, will be increasingly leveraged to drive rapid growth of the FMCG Businesses. With enhanced scale and margin expansion, the FMCG Businesses are expected to make increasingly higher contributions to your Company's profit pool, thereby setting the stage for further value enhancement opportunities.

The Agri Business has been a strong backbone and a key source of competitive advantage for your Company's FMCG and Cigarettes Businesses. The scope and scale of operations have grown manifold over the years and currently encompass over 4.5 million tonnes of annual volume throughput in 22 states and over 20 agri-value chains. In recent years, the Business has pivoted its strategic focus towards rapidly scaling up its Value-Added Agri Products portfolio to accelerate growth and margins. With policy enablers in place, your Company is developing NextGen agriculture value chains that are digitally enabled and climate smart, and re-structuring

## Report of the Board of Directors

the back-end into a robust network of Farmer Producer Organisations. This will further strengthen the sourcing network and facilitate the development of customised supply chains for traceable and identity-preserved sourcing of agri-commodities and in augmenting the product portfolio with the addition of value-added products such as staples for the Food Service segment, fresh and frozen fruits & vegetables, medicinal and aromatic plant extracts etc. Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and augmenting value creation opportunities, your Company has launched ITCMAARS – a crop-agnostic ‘phygital’ full stack AgriTech platform integrating NextGen agri-technologies and solutions – to seamlessly deliver hyperlocal and personalised solutions to the farming community whilst creating new and scalable revenue streams and strengthening sourcing efficiencies.

The 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, deployment of Industry 4.0 technologies and towards nurturing robust innovation platforms. The focus going forward is to fortify market leadership in the fast growing Value Added Paperboards segment by augmenting scale, driving cutting-edge innovation to rapidly scale up single use plastic substitutes as a new vector of growth, building structural advantage through product mix enrichment and scaling up the use of emergent technologies such as Industry 4.0 to enhance operational efficiency, reduce wastage and costs.

The Hotels Business has over the years 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 and iconic cuisine brands to

drive growth. Investments have been stepped up to harness the power of Digital to enhance guest experience, efficiency and productivity across all nodes of the value chain. As reported earlier, your Company remains committed to implement its ‘asset-right’ strategy, focus on sweating existing assets, create additional revenue streams and pursue alternate structures in view of the strong industry recovery witnessed during the year towards engendering the next horizon of growth as also enhancing value creation.

Your Company’s purposeful innovation engine across the portfolio of Businesses based on deep consumer insights, superior vectors of differentiation and agile execution capabilities remains a strong source of sustainable competitive advantage. The state-of-the-art Life Sciences & Technology Centre at Bengaluru, with its multi-dimensional science-based research platforms and centres of excellence, powers the innovation engine across your Company, and is effectively complemented through collaborations and partnerships with several prestigious institutions in India and across the world.

Your Company continues to build a dynamic ‘Future-Tech’ enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain adding significant impetus to digital marketing, digital commerce, digital products and digital operations. Your Company today, is a pioneer in adoption of cutting-edge digital technologies across strategic impact areas spanning Intelligent new-age insights that reimagine Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience. Foundational initiatives such as ‘DigiNext’ and ‘Young Digital Innovator’s Lab’ are accelerating your Company’s digital journey and inculcating a data driven and ‘digital first’ culture across the organisation.

Your Company is actively pursuing its Sustainability 2.0 agenda which calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, aid adaptation, work towards ensuring water security for all and create an effective circular economy. With its bold Sustainability 2.0 ambitions,

your Company is setting the bar higher with a multi-dimensional contribution to societal value creation, and remains committed to making a meaningful impact on the Nation's future while retaining its status as a sustainability exemplar.

Disruptive business models and value propositions anchored at the intersection of future frontiers of Digitalisation and Sustainability form an integral part of your Company's strategic roadmap going forward. NextGen business models such as ITCMAARS in the agri-ecosystem, tech-enabled cloud kitchens in the food service space, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being piloted/progressed to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

The global operating environment has become increasingly complex, uncertain and volatile. In the wake of several upheavals witnessed over the last few years, there is now a spectre of 'permacrisis' i.e. an extended period of crisis from a series of extremely disruptive events, viz. pandemic, extreme weather events caused by climate change, geopolitical tensions, severe inflationary pressures. This is exacerbated by the phenomenon of 'polycrisis', signifying simultaneous occurrence of several crises.

India remains one of the few bright spots in an increasingly volatile and unpredictable world. With structural drivers of growth firmly in place, India is firmly positioned to play a larger role on the global stage going forward. Your Company, with its robust

and dynamic strategy pillars as aforesaid, is well poised to rapidly scale up and enhance its market standing across operating segments.

The resilience, agility and adaptive capacity demonstrated by your Company is a testament to the talent, determination and untiring efforts of its pool of dedicated professionals, associates and partners. Your Company's diverse talent pool of professional entrepreneurs, 'proneurs', have the unique opportunity to nurture categories, products and brands from ideation to execution. This talent pool is being harnessed 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 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*

S. DUTTA *Director & Chief Financial Officer*

Kolkata

18th May, 2023

# Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2023

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

### 1. CSR Policy - Brief outline and Overview

#### a. Brief outline of the CSR Policy:

It is ITC's Policy to direct its CSR Programmes, inter alia, towards achieving one or more of the following – poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

In pursuit of the above, ITC has identified the following focus areas for its CSR Programmes based on comprehensive need assessment surveys of its stakeholders:

- (i) Create **sustainable livelihoods and alleviate poverty** through promotion of afforestation, water stewardship, sustainable agriculture and climate smart practices, livestock development and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in education, vocational training, sanitation, school WASH (Water, Sanitation & Hygiene), safe drinking water and waste management;
- (iii) Promote **healthcare, including preventive healthcare**, and improve critical nutritional & health status of at-risk population through interventions to strengthen mother & child health, nutritional content, delivery, outreach and outcomes;
- (iv) Protect **national heritage, art & culture**, and preserve & promote music and sports; and
- (v) Provide relief and assistance to victims of **disasters and calamities**.

The CSR Policy of the Company may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

#### b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental regeneration. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board form part of the role of the Committee.

#### c. CSR Programmes / Projects:

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

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

The Company's stakeholder profile is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below, in line with Schedule VII to the Companies Act, 2013:

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

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of waterborne diseases. The focus of the interventions is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH). Facilitate health impacting social and civic infrastructure initiatives like improved sanitation and hygiene, potable drinking water etc., in the neighbourhood of our catchments.
- **Health and Nutrition:** Focus on preventive aspects through emphasis on maternal and child care (MCH) & nutrition through awareness and counselling by leveraging institutions like Anganwadis, Asha workers and network of women Village Health Champions (VHC). Also strengthen healthcare related services by supplementing primary & secondary infrastructure, upgrade Primary Health Centres (PHC), provide access to healthcare through mobile services & other interventions, and encourage adoption of effective nutritional practices.

- **Waste Management:** Create a clean and healthy environment through awareness & behaviour change for inculcating individual & community responsibility, facilitate source segregation & recycling of dry & wet waste, and enable sustainable livelihoods for waste collectors.
  - **Poverty Alleviation:** Target the needy and poor through interventions that enable income generation, and also provide access to basic needs like clothing, food, etc., as needed.
- ii. **Livelihood Enhancement (Schedule VII – ii):**
- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers and their families by increasing productivity of large and small ruminants including poultry and fisheries through a comprehensive package of extension services and capability building.
  - **Education:** Provide children from weaker sections access to education with focus on enrolment, learning retention and improved pedagogy.
  - **Vocational Training:** Build and upgrade skills of youth with the emerging needs of the job market across sectors.
- iii. **Economic Empowerment of Women (Schedule VII – iii):**
- Provide a range of gainful employment and entrepreneurial opportunities to women supported with access to financial assistance by way of loans & grants and also provide for access to insurance & social security.
- iv. **Ensuring Environmental Sustainability (Schedule VII – iv):**
- **Social Forestry:** Provide food, fuel & fodder security to farmers through social & agro-forestry interventions.
  - **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning & executing watershed projects, and also identify & enable extensive use of water efficient agri practices.
  - **CII-ITC Centre of Excellence for Sustainable Development:** Enable other businesses / organisations in India to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies & processes.
- v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**
- Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the finest musicians through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977 as an embodiment of the Company's sustained commitment to a priceless national heritage.
- vi. **Research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (Schedule VII – ix-b):**
- Leverage the technical expertise of premier institutions through partnerships and support R&D activities in the areas of science, technology, engineering, environment, agriculture and health aimed at promoting Sustainable Development Goals (SDGs).
- vii. **Rural Development (Schedule VII – x):**
- **Sustainable Agriculture:** Introduce advanced knowledge & technologies through package of practices, increase awareness of farmers on optimum use of natural resources in order to increase farm incomes, minimise cost of cultivation, and make agriculture resilient to extreme weather events.
  - **Knowledge Empowerment:** Enable farmers and farmer collectives to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge & best practices on farm management, risk management and scientific farming.
  - **Agri-extension / services:** Encourage sustainable agricultural practices through various extension platforms to enable access to relevant farm mechanisation technologies & implements, as also institutional support mechanisms including linkages with Government schemes, especially for small farm holdings, to enhance farm productivity and farm-based incomes.
- viii. **Disaster Assistance (Schedule VII – xii):**
- Provide relief especially to the poor and vulnerable sections of society who face severe disruption to their livelihoods in the event of disasters and calamities, directly or through government bodies.

2. Composition of the CSR and Sustainability Committee as on 31st March, 2023:

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	P. R. Chittaranjan <sup>1</sup>	Non-Executive Director		N.A.
3	M. Gupta	Non-Executive Director		3
4	S. Panray	Non-Executive Director		3
5	N. Rao	Independent Director		3
6	A. K. Seth	Independent Director		3
7	M. Shankar	Independent Director		3
8	D. R. Simpson	Non-Executive Director		3

<sup>1</sup> Appointed Member w.e.f. 3rd February, 2023.

3. Provide the web-link(s) where composition of the 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 executive summary along with web-link(s) 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:

**Executive Summary – Impact Assessment of ITC’s CSR Projects for the financial year 2020-21**

<b>Brief Description</b>	ITC implements its CSR Programmes across the country under a Two Horizon approach aimed at holistic development of communities.
<b>Thematic Areas / Programmes Covered</b>	The specific themes covered under the Two Horizon approach included: <b>Horizon – I: Strengthening today’s livelihoods</b> <ul style="list-style-type: none"> <li>● Climate Smart Agriculture</li> <li>● Water Stewardship</li> <li>● Social Forestry</li> </ul> <b>Horizon – II: Building Capabilities for Tomorrow</b> <ul style="list-style-type: none"> <li>● Support to Education</li> <li>● Public Health: Sanitation, Health &amp; Nutrition including Swasth India Mission</li> <li>● Waste Management including Well Being out of Waste</li> <li>● Skilling of Youth</li> <li>● Women Empowerment</li> </ul>
<b>Projects Covered</b>	36 projects having budget of more than ₹ 1 crore each during the financial year 2020-21 were taken up for impact assessment.  The purpose of these impact assessment studies was to assess the impact of the CSR projects and also learn from the findings to make course corrections, where required, and to feed into future programme designing.
<b>Projects Duration</b>	FY 2020-21

<b>States</b>	The assessments covered interventions in the States of Assam, Bihar, Madhya Pradesh, Odisha, West Bengal, Andhra Pradesh, Karnataka, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh.
<b>Impact Assessment Agencies</b>	<p>These impact assessments were done by the following six external agencies selected through competitive bidding process, and assigned specific projects / geographies for assessment:</p> <ul style="list-style-type: none"> <li>● CRISIL Private Limited, Mumbai</li> <li>● Sutra Consulting Private Limited, Bhubaneswar</li> <li>● FDRl Private Limited, Faridabad</li> <li>● Ingrain Technologies, Hyderabad</li> <li>● Kantar, Mumbai</li> <li>● Surge Impact Foundation, Hyderabad</li> </ul>
<b>Period of Study</b>	FY 2022-23
<b>Methodology</b>	The agencies took up studies through a mixed method approach covering quantitative and qualitative data collection. A statistically significant sample size was covered under each project.

The **major impacts** recorded by the impact studies are as follows –

#### **Horizon – I**

- Overall, the projects assessed under Horizon-I were found to be relevant, effective, efficient and sustainable. They have not only contributed to higher incomes for farmers, but also enabled climate adaptation and conservation of natural resources. More importantly, their implementation was not affected because of Covid, wherein digital was not only leveraged, but also adopted quickly by the beneficiaries.

#### **Climate Smart Agriculture:**

- Under Climate Smart Agriculture, the study covered Bihar, MP and Assam where post intervention, improvement was observed in average yields of major crops of wheat, maize, paddy and soyabean. Overall, 35% improvement was witnessed in wheat as compared to baseline and as against 13% reduction in control group, with highest increase of 81% observed in Begusarai.
- Overall increase in production for all major crops due to adoption of Climate Smart Agricultural practices was 52% in the study conducted covering Maharashtra and Punjab. Among major crops (onion, sugarcane, wheat and paddy), highest increase in production was in onion (50%).
- 2.4 times and 5.3 times increase in awareness; and 3 times & 2.3 times increase in adoption of seed treatment practices in the model villages of Assam and Bihar, respectively.
- Integrated Pest Management Kit - Farmers appreciated the utility of pheromone traps and 96% continued usage of the same in subsequent years after the project. The traps helped in reducing the number of rounds of pesticide spray (by 2-3 in number), thus saving costs to the tune of ₹ 6,000 to ₹ 8,000 per hectare.
- Tray seedlings showed up to 99% establishment in main field even in non-conducive climate, wherein they could withstand water stress and could give yield improvement of 12% to 17%. The barn roof insulations and turbo ventilators were instrumental in saving 25% to 28% of fuel wood.

#### **Water Stewardship:**

- In the assessment conducted in select Districts of Bihar, Madhya Pradesh and Odisha, improvement in water availability due to the Water Stewardship Programme resulted in an increase in average irrigated area by 7.5% post intervention. In the study covering Andhra Pradesh, Telangana, Rajasthan, Karnataka and Tamil Nadu, 99% respondents stated that the project had resulted not only in reduction in water consumption, but also improvement in income because of timely availability of water.

### **Social Forestry:**

- Additional income of more than ₹ 45,000/- per household was observed in Karnataka through plantation of Silver trees and ₹ 60,000/- per household for Melia Dubia.

### **Horizon – II**

- Projects were of high relevance and successfully continued through online and community intervention inspite of lockdown, because of changes made in the design to cognize for the changed context.

### **Support to Education:**

- In the study conducted in the states of Uttar Pradesh, Maharashtra, Telangana, Karnataka and Andhra Pradesh, 98% students stated improvement in learning levels in reading ability and math skills as an outcome of the Online Learning and Mohalla Classes under the Read India Programme.

### **Public Health:**

- Availability of separate toilets for boys and girls, hand wash stations, drinking water, sanitary napkin dispensers and incinerators increased in intervention schools compared to baseline and control. Maintenance fund generation by School Management Committees increased by 70% compared with baseline resulting in better cleanliness of toilets in Saharanpur, Uttar Pradesh. The beneficiary group witnessed an improvement in the student-toilet ratio, which is at 1:33, whereas the control group has a ratio of 1:92. For the beneficiary group, the ratio for girl students is 1:28, and for boys, it is 1:40. Moreover, post intervention, the enrolment rate in intervention group increased by 30% and the drop-out rate among girls also reduced by upto 50%.
- 100% of the respondents in intervention areas in West Bengal have mentioned having access to toilet due to construction of community toilets managed by Mohalla Committees in which 83% are women. The intervention has also helped women overcome the challenges that they faced before having access to toilets, apart from giving them security and greater dignity.
- As a result of Mother & Child Health programme in Assam and West Bengal, underweight children in intervention Anganwadis is lower as compared to control in the project locations. In the intervention areas, over 93% women reported practicing exclusive breastfeeding and 95% women also reported having introduced semi-solid food after completion of 6 months as advised.
- There was a significant positive, timely and much needed improvement in awareness on handwash and hygiene practices because of the campaign as part of the Savlon Swasth India Mission. 9 out of 10 people agreed that the campaign helped them understand the need and criticality of following a handwashing regime of 20 seconds or more to stay protected from germs, coronavirus and other infections. 95% of the people also agreed that the masking campaign influenced them to wear a mask properly during COVID.

### **Waste Management:**

- Under the Wellbeing Out of Waste project, out of the total collected waste in Bengaluru, 73.6% was recyclable, and the rest of the waste comprising Low-value plastics, Mixed waste and other waste was sent for co-processing and Refused Derived Fuel (RDF). The project also provided livelihood opportunities to over 590 waste collectors in the city.
- All the sampled households in intervention areas of the Solid Waste Management project in Tamil Nadu & Telangana practiced source segregation of waste as against only 17% in control.

### **Skilling of Youth:**

- Vocational training in Andhra Pradesh, Tamil Nadu, Maharashtra & Punjab has helped in increasing average monthly family income of the candidates by 69% because of skilling and consequent placement of youth in the family. In Bihar, Madhya Pradesh & West Bengal over 82% of the candidates also reported taking independent financial decisions, 78% started playing a role in family decision making process and 67% reported having contributed to household assets.



**Women Empowerment:**

- Average monthly income of ultra-poor women covered in the Targeting Hardcore Poor Programme in Telangana & Uttar Pradesh increased by over 5 times compared to pre-intervention, against their earlier income of just ₹ 2,312/- per month. 100% of the women in the intervention area were part of SHG compared with only 8% in control.

Complete Impact Assessment Reports are available on the Company's website at

<https://www.itcportal.com/sustainability/impact-studies.aspx>

5. (a) Average net profits of the Company as per Section 135(5) : ₹ 18,245.52 crores  
 (b) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 364.91 crores  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil  
 (d) Amount required to be set off for the financial year, if any : Nil  
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)] : ₹ 364.91 crores
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹ 345.79 crores  
 (b) Amount spent in Administrative Overheads : ₹ 18.27 crores  
 (c) Amount spent on Impact Assessment, if applicable : ₹ 1.44 crores  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 365.50 crores  
 (e) 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
₹ 342.40 crores	₹ 23.10 crores *	26th April, 2023	Not Applicable		

\*Amount pertains to Ongoing Project of FY 2022-23 relating to 'Health Care Programme'. Different elements of the programme will get implemented over the next 3 years in identified locations / catchments.

- (f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profits of the Company as per Section 135(5)	₹ 364.91 crores
(ii)	Total amount spent for the Financial Year	₹ 365.50 crores
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 0.59 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)]	₹ 1.35 crores *

\* Includes an excess amount of ₹ 0.76 crore spent during the financial year 2021-22 and carried forward.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to Section 135(5), if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2021-22	₹ 3.90 crores	Nil	₹ 3.90 crores	Not Applicable			

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes       No     

If Yes, enter the number of Capital assets created / acquired

Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	2	3	4	5	6		
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profits as per Section 135(5):  
**Not Applicable**

On behalf of the Board

Kolkata, India  
18th May, 2023

S. PURI      *Chairman – CSR and Sustainability Committee*  
 S. DUTTA      *Director & Chief Financial Officer*

# Annexure to the Report of the Board of Directors

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**  
*[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**  
**CIN: L16005WB1910PLC001985**  
**Virginia House, 37 Jawaharlal Nehru Road,**  
**Kolkata 700 071**

We have conducted Secretarial Audit of compliance with the applicable statutory provisions and adherence to good corporate practices by **ITC Limited** (hereinafter called 'the Company') for the **Financial Year ended 31st March, 2023**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **Financial Year ended 31st March, 2023**, 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 and papers, minute books, forms and returns filed and other records maintained by the Company for the **Financial Year ended 31st March, 2023** according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) 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 and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - The Company's in-house Investor Service Centre is registered with the SEBI as Category II Share Transfer Agent; and
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The Management has identified and confirmed the following laws as being specifically applicable to the Company:
  - (a) The Tobacco Board Act, 1975 and the Rules and Regulations 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 and Regulations 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 following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.

**We report that** during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**We further report that:**

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors including Women Independent Directors. Changes in the composition of the Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;
- (ii) Adequate notice is given to all Directors to convene the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (iii) All the decisions of the Board and Committees thereof were carried through with requisite majority.

**We further report that** based on review of compliance mechanism established by the Company, we are of the opinion there are adequate systems and processes in place in the Company which are commensurate with its size and operations, to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the financial year under review, no event has occurred having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., except as follows:

1. Issue and allotment of 10,47,61,810 Ordinary Shares of Re.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 additional Compulsorily Convertible Preference Shares in Delectable Technologies Private Limited ('Delectable'), an Associate Company, consequent to which the Company's shareholding in Delectable aggregated 33.42% of its share capital on a fully diluted basis.
3. Acquisition of Compulsorily Convertible Preference Shares in Mother Sparsh Baby Care Private Limited ('Mother Sparsh'), consequent to which the Company's shareholding in Mother Sparsh aggregated 22% of its share capital on a fully diluted basis.
4. Acquisition of Equity Shares and Compulsorily Convertible Cumulative Participating Preference Shares in Blupin Technologies Private Limited ('Blupin'), consequent to which the Company's shareholding in Blupin aggregated 10.07% of its share capital on a fully diluted basis.

This Report is to be read with our letter of even date which is annexed as **Annexure - A** and forms an integral part of this Report.

For **S. N. ANANTHASUBRAMANIAN & Co.**  
Company Secretaries  
ICSI Unique Code: P1991MH040400  
Peer Review Cert. No.: 606/2019  
**S. N. Ananthasubramanian**  
Partner  
FCS: 4206 | COP No.: 1774  
ICSI UDIN: F004206E000252841

8th May, 2023  
Thane

## Annexure - A

To,  
The Members,  
ITC Limited  
CIN: L16005WB1910PLC001985  
Virginia House, 37 Jawaharlal Nehru Road,  
Kolkata 700 071

### Management's Responsibility

1. It is the responsibility of the Management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained reasonable assurance as to whether the statements prepared, documents or records, in relation to Secretarial Audit, maintained by the Company, are free from misstatement.
6. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.

### Disclaimer

7. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **S. N. ANANTHASUBRAMANIAN & Co.**  
Company Secretaries  
ICSI Unique Code: P1991MH040400  
Peer Review Cert. No.: 606/2019  
**S. N. Ananthasubramanian**  
Partner  
FCS: 4206 | COP No.: 1774  
ICSI UDIN: F004206E000252841

8th May, 2023  
Thane

# Annexure to the Report of the Board of Directors

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

## CONSERVATION OF ENERGY:

All business units continued their efforts to improve energy usage efficiencies and increase the share of renewable energy in line with ITC's 2030 Goals. These goals include reduction in specific energy by 30% and specific GHG by 50% along with increasing renewable energy share to 50% and sourcing 100% of purchased electricity from renewables. The Company regularly tracks its performance against these key performance indicators. The Company invests in energy conservation and renewable energy projects along with exploring innovative technologies to bring alignment with the goals. These investments are done in phases by taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects.

### a) Steps taken or impact on conservation of energy:

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

- I. Installation of energy efficient electric boiler and electric dryer in ITC Hotels.
- II. Optimisation of compressed air management through measures such as installation of intelligent flow controller to remove pressure surges, installation of additional low-pressure compressor etc. in Foods Business.
- III. Reduction of steam consumption for evaporating effluent by concentrating it through an additional Reverse Osmosis stage in Foods Business.
- IV. Installation of energy efficient multi-disc screw press by replacing decanter for sludge dewatering in Foods Business.
- V. Installation of heat pump for simultaneous cooling and heating applications.
- VI. Installation of Variable Frequency Drives (VFDs) for various pumps, motors and chillers across Businesses.
- VII. Replacement of cooling tower, Air Handling Units (AHUs), chillers, air conditioners, motors, fans, pumps, agitators, UPS and pulp refiner with higher efficiency ones across Businesses.
- VIII. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs) across Businesses.
- IX. Process improvements to enhance productivity and reduce specific energy consumption across Businesses.

These investments have resulted in energy savings of over 200 TJ during the year.

### 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 3MWp offsite solar photovoltaic power plant in Tamil Nadu
- II. Commissioning of additional rooftop solar photovoltaic power plants.
- III. Commissioning of biomass boilers at few locations.
- IV. Continued use of biomass-based fuels in existing biomass boilers for thermal energy generation to reduce dependency on fossil fuels across Businesses.

These investments have helped ITC increase its renewable electricity capacity to 178 MW. These investments along with investments in renewable thermal energy have helped ITC achieve an overall renewable energy share of 43%.

### c) Capital investment on energy conservation equipment: ₹ 1892.57 lakhs

## TECHNOLOGY ABSORPTION:

### a) Efforts made towards technology absorption:

- I. As a part of Industry 4.0 initiative, various technological innovations are being implemented in large Businesses such as Paper and Foods. Key highlights are presented below:
  - a. Implemented IIoT (Industrial Internet of Things) sensors to monitor equipment condition and plan for predictive maintenance and reduce downtime.
  - b. Installed advanced data management system to capture real-time operations data across businesses that helps in building machine learning tools. These tools help in improving quality; increasing throughput and energy performance; reducing material consumption and costs.
  - c. Automation coupled with machine learning models to help standardise processes across factories to maintain consistent product quality in noodles manufacturing line.
- II. State-of-the-art machine installed in Printing and Packaging Business for cylinder making process that integrates excess material removal and surface smoothing.
- III. Pulsed Electric Field technology that softens potatoes resulting in lower starch loss in potato chips manufacturing.
- IV. Laser diffraction-based particle size analyser for better quality control in Atta plant.
- V. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in the 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, 2023
<b>Expenditure on R&amp;D:</b>	(₹ in Lakhs)
i) Capital	966.98
ii) Revenue	16,131.46
<b>Total</b>	<b>17,098.44</b>
<b>Total R&amp;D Expenditure (as a % of Gross Revenue)</b>	<b>0.25%</b>

On behalf of the Board

Kolkata, India      S. PURI      *Chairman & Managing Director*  
18th May, 2023      S. DUTTA      *Director & Chief Financial Officer*

# Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2023

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

Name of Directors & Key Managerial Personnel	Designation	Ratio of Remuneration to Median Remuneration of all Employees	Increase in Remuneration over Last Year (%)
S Puri	Chairman & Managing Director	326 : 1	52
N Anand	Executive Director	144 : 1	51
S Dutta <sup>1</sup>	Executive Director & Chief Financial Officer	88 : 1	76
B Sumant	Executive Director	152 : 1	55
S Banerjee	Independent Director	17 : 1	14
H Bhargava	Independent Director	12 : 1	(17)
P R Chittaranjan <sup>2</sup>	Non-Executive Director	0 : 1	-
A Duggal	Independent Director	17 : 1	14
M Gupta	Non-Executive Director	8 : 1	4497*
S Mukherjee	Independent Director	11 : 1	1249*
A Nayak	Independent Director	17 : 1	17
S Panray	Non-Executive Director	11 : 1	2498*
N Rao	Independent Director	17 : 1	16
A K Seth	Independent Director	17 : 1	16
M Shankar	Independent Director	17 : 1	14
D R Simpson	Non-Executive Director	17 : 1	16
N Doda <sup>3</sup>	Non-Executive Director	11 : 1	1832*
R Tandon <sup>4</sup>	Executive Director	123 : 1	26
R K Singhi	Executive Vice President & Company Secretary	46 : 1	32

\* Remuneration paid during the financial year 2022-23 is not comparable since the concerned Directors were there only for part of the financial year 2021-22.

<sup>1</sup> Appointed as Executive Director w.e.f. 22nd July, 2022

<sup>2</sup> Appointed as Non-Executive Director w.e.f. 3rd February, 2023

<sup>3</sup> Resigned as Non-Executive Director w.e.f. 20th January, 2023

<sup>4</sup> Ceased to be Executive Director w.e.f. 22nd July, 2022 upon completion of term

### Notes

- 1) The number of permanent employees as on 31st March, 2023 was 23,725
- 2) Compared to the financial year 2021-22, the figures for the financial year 2022-23 reflect that:
  - (i) Median remuneration of employees - Decreased by 3%
  - (ii) Average remuneration of employees - Increased by 6%
  - (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 5%
  - (iv) Remuneration of KMPs - Increased by 28% due to impact of revision in remuneration and payment of long term incentives during the year.
- 3) Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
<b>Top ten employees in terms of remuneration drawn</b>								
Puri S	60	Chairman & Managing Director	19,12,62,379	7,28,49,150	B.Tech.	38	20.01.1986	TELCO Ltd., Trainee
Sumant B	59	Executive Director	8,93,63,848	3,31,81,229	B.E.	37	20.01.1986	Nil
Anand N	66	Executive Director	8,44,81,120	3,53,74,711	B.A. (Hons.)	43	01.12.1979	@
Rajput A K	67	President - Corporate Affairs	5,63,54,299	2,40,74,907	B.Com., M.B.A.	46	10.04.1976	Nil
Lahiri D	50	Divisional Chief Executive (ITD)	5,49,30,769	2,26,60,925	B.Com. (Hons.), M.B.A.	26	10.12.2020	VST Industries, M.D.
Malik H	57	Divisional Chief Executive (FBD)	5,46,42,570	2,11,39,574	B.A., M.B.A.	33	01.06.1989	Nil
Dutta S	56	Executive Director & Chief Financial Officer	5,16,82,375	1,79,20,961	B.Com. (Hons.), C.W.A., A.C.A.	32	01.11.1990	Nil
Sivakumar S	62	Group Head - Agri Business, IT, EHS, Sustainability & CSR	4,98,11,730	2,33,74,535	B.Sc., P.G. Dip. in Rural Mgmt.	40	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Kaul S	56	Group Head - ITD, MAB, Start-up Ventures, LS & T & Quality	4,83,37,193	1,86,23,891	B.E., P.G.D.M.	32	01.06.1990	Nil
Satpathy S	50	Divisional Chief Executive (PCPBD)	4,77,64,683	1,90,85,060	B.Com., P.G.D.M.	27	01.12.2015	Marico Ltd., Chief Marketing Officer
<b>Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum</b>								
Abraham C (Dr.)	59	Chief Executive - Healthcare	2,92,68,973	1,56,89,628	M.B.B.S., Adv. Dip. in Healthcare Administration	29	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Agarwal U	43	Head of Finance, ITC Maratha (HD)	1,05,88,513	54,08,762	B.Com. (Hons.), A.C.A., C.S. (Inter)	20	06.06.2005	Usha Martin Ltd., Assistant Manager - Management Audit
Aggarwal A	42	Vice President - Corporate HR	1,42,61,003	87,83,956	B.Tech., P.G.Dip. in P.M. & I.R.	19	15.03.2017	HCL Healthcare, G.M. - HR
Aggarwal G	39	General Manager - Finance - Dairy (FBD)	1,15,90,290	55,62,026	B.Com., C.S., A.C.A.	16	01.04.2008	Nil
Aiyer K	49	V.P. - Finance (Operations) (ITD)	2,03,65,621	99,40,342	B.Com. (Hons.), A.C.A.	25	01.09.1998	Modi Telstra Pvt. Ltd., Mgmt. Trainee
Amancharla V G	41	General Manager - Marketing (ESPB - SBU)	1,31,21,636	65,23,812	B.E., P.G.D.M.	19	07.06.2007	ABB Ltd., Marketing Engineer
Anandan M	52	V.P. - Sales & Category Development - Personal Care, Matches & Agarbatti (TM & D)	2,56,62,089	1,13,27,333	P.G.D.M.	30	01.02.1994	Threads India Limited, Sales Representative
Arif N	61	Executive V.P. & Head - Corporate Communications	4,61,66,982	1,78,56,478	B.A. (Hons.), M.A.	37	01.09.2006	Indian Chamber of Commerce, Secretary General
Arora B	49	V.P. - Finance (FBD)	2,30,70,632	1,04,90,115	B.Com. (Hons.), A.C.A.	29	06.09.1999	Maruti Udyog Ltd., Finance Executive
Arun K R	44	General Manager - Sales (Alternate Trade) (ESPB - SBU)	1,14,34,015	60,28,972	B.Sc., M.B.A.	24	15.04.2002	Sanofi Synthelabo, Scientific Services Officer
Ashok D	59	Executive V.P. & Head - Corporate Taxation	3,00,77,176	1,21,03,802	B.Com., A.C.S., F.C.M.A.	38	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Awasthi J	56	V.P. - Special Projects	1,83,29,521	79,90,893	B.E. (Hons.), P.G.D.M.	34	01.03.1993	Network Ltd., Field Manager
Bagla M K	44	General Manager - Trade Marketing & Distribution - Western District (TM & D)	1,42,17,403	68,15,020	B.Com. (Hons.), M.B.A.	24	11.02.2008	Bunge India Pvt. Ltd., Brands Manager
Baheti V	39	General Manager (PSPD)	1,16,66,095	64,50,954	B.Com. (Hons.), C.S., A.C.A.	17	01.12.2005	Nil
Bajaj K	50	Executive V.P. - Marketing (ITD)	3,18,51,744	1,29,96,853	B.A. (Hons.), M.B.A.	28	16.03.2011	Bharti Retail Ltd., Head - Brands
Balaji L N	61	Executive V.P. - Shared Services	2,24,49,961	1,13,14,031	B.Com., F.C.A.	38	17.06.1985	Nil
Balaji P	57	Administrator - Salaries & Retirement Funds	1,21,75,746	74,21,597	B.Com. (Hons.), A.C.A.	35	01.06.1987	Nil
Balakrishnan S	56	V.P. - Integrated Supply Chain (PCPBD)	2,37,15,218	94,29,212	B.E.	35	01.09.1987	Nil
Balar S	48	V.P. - Marketing (PCPBD)	2,84,14,060	1,22,44,551	B.Tech., P.G.D.M.	22	01.06.2000	Nil
Bandyopadhyay S S	53	Executive V.P. - HR & CSR (PSPD)	2,46,62,843	1,21,79,390	B.Com., P.G.D.P.M., I.R. & L.W., M.B.A., Dip. in T&D	27	12.12.2006	Pepsico India Holdings Pvt. Ltd., Asst. Manager - HR
Banerjee Shuvadip	46	Chief Digital Marketing Officer (FBD)	2,66,88,733	1,45,98,496	B.E., M.B.A.	23	01.06.2009	IMRB International, Insights Director
Banerjee Somnath	50	General Manager - Finance - Production Operation (ITD)	1,26,18,198	73,82,139	B.Com. (Hons.), A.C.A.	25	01.09.1998	EIH Ltd., Accounts Manager
Bansal A	38	General Manager - Sales & Category Development - Foods (TM & D)	1,39,19,730	68,65,146	M.B.A.	16	10.06.2008	Tata Consultancy Services, Systems Consultant
Bansal R	45	General Manager - Corporate Audit	1,80,84,256	80,36,112	B.Com., A.C.A., C.S.	24	22.01.2007	Bharat Oman Refineries Ltd., Asst. Mgr. Finance
Bansal R K	50	Executive V.P. - Finance (TM & D)	2,73,39,956	1,23,06,186	B.Com. (Hons.), C.W.A., A.C.A.	27	01.11.1995	Nil
Barhanpurkar M P	58	Divisional Head - Technical (PSPD)	1,80,19,542	94,65,083	B.E.	29	01.01.2004	Abhishek Industries Ltd., Manager Engineering
Barve M M	52	V.P. & Head of Product Development, Chocolates & Confectionery (FBD)	2,06,62,946	1,13,05,115	B.Sc., M.Sc. (Food Tech.), E.M.B.A.	27	27.07.2015	Pepsico India Holdings Pvt. Ltd., Associate Director
Basu N	53	V.P. - Corporate Communications	2,01,29,460	1,11,32,356	B.A., M.A.	30	01.01.2008	United Credit Belani Group, V.P.
Batra J K	52	Head of Project Finance (HD)	1,19,71,340	65,66,145	B.Com., M.Com., A.C.A.	27	17.06.1996	Nil
Bhalla A	55	A.M. - East and West & G.M. - ITC Maratha (HD)	1,46,47,875	60,54,129	B.A., Dip. in Hotel Mgmt., Catering & Nutrition	32	09.02.1998	Holiday Inn, Restaurant Manager
Bhalla R	39	V.P. - New Business Development	2,13,63,784	97,57,173	B.Tech., M.Tech.	17	08.06.2006	Nil

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Bhaskar James P (Dr.)	56	Senior Principal Scientist (PCPBD)	1,38,65,885	59,62,007	M.Sc., Ph.D.	28	27.08.2008	Hindustan Unilever Ltd., Senior Research Scientist
Bhatt S	54	V.P. & Head of Exports (FBD)	1,67,08,111	74,30,878	B.Sc., P.G. Dip. in Marketing	34	01.10.1997	Pertech Computers Ltd., Regional Sales Mgr.
Bhattacharjee A	59	V.P. - Information Systems (HD)	1,51,50,945	64,95,032	B.E. (Industrial & Production)	34	09.07.2001	@
Bhattacharjee P	54	General Manager & ICML Head - Panchla (FBD)	1,16,47,723	51,96,552	B.Tech. (Mechanical), Energy Management	32	01.09.2005	Asian Paints Ltd., Sr. Manager - Plant Engineering
Bhaumick D	43	General Manager - Marketing (PCPBD)	1,26,54,446	58,88,050	B.Sc., P.G.D.	20	22.06.2009	Parle Agro Pvt. Ltd., Group Product Manager
Bisht S	45	V.P. - Spices & Aqua - Agri SBU (ABD)	1,77,42,155	88,96,828	B.Sc. (Agriculture), P.G. Prog. in Agr. Business Mgmt.	22	01.06.2001	Nil
Bose S	54	Executive V.P. - HR & Learning & Development (HD)	2,98,95,894	1,55,65,582	B.A., P.G. Dip. in P.M.	28	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Bose S K	57	General Manager - Finance - Business Systems (ITD)	1,07,68,680	48,33,337	B.Com. (Hons.), C.W.A., M.B.A.	31	01.09.1991	Nil
Bothra S	38	General Manager - Trade Marketing & Business Transformation (TM & D)	1,29,46,262	74,97,614	B.B.A., P.G.D.M.	15	10.06.2008	Nil
Chadha A	53	Chief Executive (HD)	2,58,39,835	1,27,83,141	Dip. in Hotel Mgmt., Catering & Nutrition	33	01.05.2001	@
Chakrabarty B	47	General Manager - Packaging Development (FBD)	1,41,80,176	81,82,603	B.Sc., P.G. Dip.	23	12.07.2005	Bharat Shell Ltd., Executive - Packaging
Chakraborty S	50	General Manager & Head of Central Quality (FBD)	1,08,11,611	66,10,561	B.Sc., B.Tech., M.Tech.	26	04.05.2005	Perfetti Van Melle India, Executive
Chakravorty A	52	General Manager - Brands (ITD)	1,17,12,581	54,98,380	B.Sc., M.B.M.	29	27.12.2001	Duncans Industries Ltd., Group Product Manager
Chand S	39	General Manager - Sales & Category Development - Cigarettes (TM & D)	1,67,18,260	92,26,917	B.E., M.B.A.	17	21.04.2008	Marico Ltd., Area Sales Manager
Chandak A	46	Head - Divisional Audit (HD)	1,19,62,560	64,20,626	B.Com., C.W.A., A.C.A., C.S.	22	01.01.2003	Pepsico Inc., Asst. Mgr. - Financial Planning
Chatterjee D	39	General Manager - Sales & Marketing (PPB - SBU)	1,07,04,699	57,26,177	B.Tech.	16	04.07.2018	Zomato Media Pvt. Ltd., Business Head/Associate V.P.
Chatterjee K	62	V.P. & Head of Packaging Development (FBD)	1,79,55,989	78,53,648	Dip. in Mech. Engg.	37	15.10.2001	Agrotech Foods Ltd., Manager - Packaging & Development
Chatterjee S	54	Executive V.P. & Head of Procurement (FBD)	2,71,95,450	1,48,40,585	B.A.	35	05.06.2006	Nestle India Ltd., Purchase Manager
Chaturvedi K	45	Chief Operating Officer - Snacks, Noodles and Pasta (FBD)	3,17,40,760	1,38,27,798	B.A. (Hons.), P.G. Dip. in Communication	21	19.05.2003	Mindshare Fulcrum, Planning Executive
Chaudhuri A	39	General Manager - Marketing, Beverages & Ambient Dairy (FBD)	1,08,51,208	68,46,525	B.Com., P.G.D.B.M.	15	11.04.2016	Dabur India Ltd., Brand Manager
Cheruvathur N	51	General Manager - Supply Chain (PCPBD)	1,11,42,059	52,69,445	B.Sc. (Technology)	27	18.06.2007	Marico Ltd., Operations Manager
Chhaproo J T	49	General Manager & Head Media and PR (PCPBD)	1,66,83,041	84,73,898	B.Tech., P.G.D.M.	14	08.08.2016	Snapdeal, Head - Media
Choudhury S	47	V.P. - Finance - Agri SBU (ABD)	1,58,52,066	78,55,156	B.Com. (Hons.), A.C.A.	24	27.09.1999	Nil
Dalmia P	41	General Manager - Finance (PPB - SBU)	1,08,58,439	53,83,305	B.Com. (Hons.), A.C.A.	20	07.12.2004	Bharat Petroleum Corporation Ltd., Sr. Accounts Officer
Damani N	38	General Manager - Employee Relations (ITD)	1,25,65,087	78,79,614	B.Tech., M.B.A.	14	10.06.2008	Nil
Das A	39	General Manager - Divisional Human Resources (HD)	1,02,76,918	57,75,127	B.A., M.B.A.	15	10.06.2008	Nil
Das S	51	General Manager - Quality (PCPBD)	1,10,65,634	51,05,610	B.E., P.G.D.B.M.	18	01.12.2005	Leaders Healthcare Pvt. Ltd., Plant Manager
Das S K (Dr.)	56	Senior Principal Scientist (PCPBD)	1,33,73,960	77,07,271	M.Sc., Ph.D.	24	20.11.2008	Hindustan Unilever Ltd., Senior Research Scientist
Datta S	56	Chief Risk Officer	1,25,39,196	58,15,404	B.Com. (Hons.), A.C.A., C.W.A.	31	01.04.1992	Nil
David M I	58	V.P. - Exports - Tobacco SBU (ABD)	1,93,36,979	94,22,725	B.Sc. (Agriculture), M.Sc. (Agriculture)	34	16.12.1988	Nil
Desai H K	36	General Manager - Saharanpur Factory (ITD)	1,22,48,044	68,00,766	Integrated M.Tech.	12	16.05.2012	Galaxy Surfactants Ltd., Senior Associate
Dhanuka P	46	General Manager - Business Systems (HD)	1,12,25,317	62,29,172	B.Com. (Hons.), Dip. in Business Finance, A.C.A.	20	01.07.2009	DLF Hotel Holdings Ltd., Deputy G.M. - Financial Planning & Analysis
Dixit P K	62	Executive V.P. - T & RA (ITD)	3,06,90,499	1,21,77,797	B.Sc. (Hons.)	39	17.10.1983	Nil
Dogra M	48	V.P. - Strategic Planning	1,79,47,269	97,95,864	B.Com., A.C.A., M.B.A.	23	01.11.2004	Export Import Bank of India, Management Trainee
Dogra R	48	Executive V.P. - Alternate Channels (TM & D)	2,63,90,155	1,18,34,399	B.Tech., M.I.B.	23	01.06.2001	J.C.T. Electronics Ltd., Engg. Executive
Dugar P K	45	General Manager - Finance (TM & D)	1,03,00,341	57,12,636	C.W.A., A.C.A.	21	28.08.2007	Tata Teleservices Limited, Assistant Manager
Gabriel C	41	General Manager & Head of Product Development - Coffee (FBD)	1,05,39,374	51,77,396	B.Sc., B.Tech.	17	20.03.2015	Coca Cola India Pvt. Ltd., Assistant Manager - Project Development
Ganesan M	60	Executive V.P. & Head - Corporate Internal Audit	4,24,64,260	1,66,25,341	B.Com., A.C.A., A.C.S.	37	01.03.1986	Nil



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Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Ganesh Kumar S	55	SBU Chief Executive – Staples, Snacks & Meals (FBD)	4,22,78,541	1,68,96,113	B.E.	32	14.12.1991	Mather and Platt (I) Limited, Engg. Trainee
Garg A S	54	V.P. - Finance & MIS (PPB - SBU)	1,97,09,416	88,57,724	B.Com., C.W.A., A.C.A., Fellowship in Management	31	01.06.1992	Larsen & Toubro, Chartered Accountant
Ghosal N	48	V.P. - Operations (ITD)	2,18,80,720	97,85,115	B.Tech., P.G.D.M.	24	01.06.1999	Nil
Ghosh A	45	General Manager & Head - Digital (Marketing and Performance) (FBD)	1,36,01,833	84,41,505	B.Sc., M.B.A.	14	26.07.2017	PHD Media, Digital Strategic Lead
Ghosh Sarathi	48	General Manager - FMCG Infrastructure (TM & D)	1,19,99,972	54,46,732	Graduate in Electrical Engineering, Certified Energy Manager	27	15.03.2000	Tata Steel, Senior Associate
Ghosh Subhasish	55	General Manager - Business Systems (FBD)	1,09,30,297	51,64,790	B.Com. (Hons.), C.W.A.	27	01.10.1996	Nil
Gohil M	43	V.P. - Supply Chain & Operations (ESPB - SBU)	1,93,65,951	90,02,186	B.Tech., P.G.D.I.E.	19	08.06.2006	Reliance Industries Ltd., Asst. Manager
Gopal R	44	Chief Information & Digital Officer & V.P. Digital Tech. (FBD)	2,08,94,453	1,24,78,670	B.E., M.S.	22	01.04.2022	Loreal, Cluster CIO
Gouraha R	42	V.P. - ITC MAARS, Agri SBU (ABD)	2,34,00,561	1,31,39,735	B.Tech.	19	04.06.2004	Nil
Gupta J	40	V.P. & Head of Manufacturing - Staples (FBD)	2,09,07,727	96,16,442	B.Tech.	18	01.09.2016	Hindustan Unilever Ltd., Factory Manager
Gupta S	54	Head Procurement (HD)	1,13,95,345	68,20,900	B.Tech. (Textiles), P.G. Diploma in Marketing Management	32	05.08.2002	Kikomo Ltd., Head - Sourcing & QA (Asia Pacific & Africa)
Gupta V	58	SBU Chief Executive (ESPB - SBU)	3,18,57,916	1,67,31,769	B.E., P.G.D.M.	32	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Gurumurthy D S (Dr.)	53	Principal Scientist - Agro Forestry (LS & T)	1,08,71,346	67,02,401	B.Sc. (Forestry), M.Sc. (Agri) Crop Physiology, Ph.D. - Molecular Biology	23	01.03.2007	Gangagen Biotechnologies - Head, Phage Engineering
Halder R	43	V.P. - Brands (ITD)	1,40,85,782	82,61,586	B.Sc., P.G.D.B.M.	18	08.06.2005	NIL
Handa M	44	V.P. - Marketing (PCPBD)	2,11,31,060	1,19,29,588	B.E., P.G.D.	18	22.07.2019	Marico Ltd., Head of Marketing
Janardanan Anand P	57	Executive V.P. - HR (FBD)	2,92,50,903	1,22,30,405	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	32	01.06.1990	Nil
Jasper N K	53	Executive V.P. - Finance & IT (FBD)	3,01,79,282	1,37,39,631	B.Com. (Hons.), A.C.M.A., A.C.A.	30	25.06.1993	A.F. Ferguson, Asst. Consultant
Jayaprakash D (Dr.)	53	Principal Scientist (PCPBD)	1,02,92,824	62,41,384	B.Sc. (Hons.), M.Sc., Ph.D.	15	01.07.2008	ISIR, Osaka University, Asst. Professor
Jhingran R	45	Vice President - HR (PCPBD)	2,04,04,059	1,14,05,685	B. Pharm., P.G.D.M.	19	04.06.2004	Nil
John R	54	Executive V.P. - Technical (ITD)	2,89,99,270	1,19,05,362	B.Tech.	31	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Jojo M	41	General Manager - Salt (FBD)	1,13,80,226	56,40,154	B.Tech., M.B.A., UCLA PGPX	16	01.10.2014	Kansai Nerolac Paints Ltd., Sr. Manager Marketing
Joshi K K	52	Head - Regulatory Affairs (FBD)	1,62,19,253	72,58,908	B.Sc., M.Sc.	28	25.05.2012	Nestle India Ltd., Food Regulatory Affairs Mgr.
Kalsi G (Dr.)	58	Senior Principal Scientist - Health & Wellness (LS & T)	1,19,61,525	63,88,937	B.Sc. (Botany), M.Sc. (Botany), Ph.D. - Botany	29	03.03.2008	University of California, Resch. Associate & Lab. Mgr.
Kanisetti V K	46	General Manager - Finance (ABD)	1,47,17,734	80,63,609	B.Com., A.C.A.	24	23.05.2005	Tata Coffee Ltd., Asst. Manager
Kannan S	49	V.P. - VAAAP, Agri SBU (ABD)	2,07,63,638	1,11,82,906	B.E., P.G.D.M.	25	13.09.2021	V.V.F. India Ltd., Senior V.P.
Kar B	58	General Manager - Corporate Audit	1,36,16,933	76,54,818	B.E. (Civil)	33	05.02.2007	PD Hinduja National Hospital, Asst. Director (Project & Engg.)
Kar S	50	Divisional Head - Finance (PSPD)	1,87,31,751	96,47,534	B.Com., C.W.A., A.C.A., A.C.S.	27	06.09.1999	Deloitte Haskins & Sells, Asst. Mgr.
Karthik B	50	Executive V.P. & Head - Corporate Finance	2,40,20,708	1,04,88,029	B.Com. (Hons.), C.W.A., Advanced Dip. in Systems Mgmt., A.C.S., A.C.A., C.P.A.	27	07.05.2007	Tionale Pte Ltd., G.M. - Business Development
Kathuria S	37	General Manager - Marketing, Biscuits & Cakes (FBD)	1,39,79,682	67,43,194	B.Com., M.B.A.	15	10.06.2008	Nil
Kaushik N	40	General Manager - Marketing Development (ITD)	1,45,79,966	71,64,825	B.Tech., M.B.A.	17	07.01.2008	Satyam Computer Services Ltd., Software Engineer
Khan K H	41	V.P. - Bulk Commodities - Agri SBU (ABD)	1,79,04,167	89,09,097	B.Tech. (Hons.), M.B.A.	17	08.06.2006	Nil
Khanna R	39	General Manager - Organisational Development (ITD)	1,20,00,518	69,63,051	B.Tech., M.B.A.	13	01.09.2017	GE India, H.R. Manager
Khosla V	56	V.P. - Trade Marketing & Distribution - Southern District (TM & D)	2,24,92,452	1,02,02,250	B.A. (Hons.), M.B.A.	32	01.07.2001	Indian Army, Captain
Kidwai A R	48	A.M. (WH North) & G.M. - Sheraton New Delhi (HD)	1,04,86,459	48,65,374	Diploma in Hotel Management	25	01.08.1998	@
Kini N	44	General Manager - Key Accounts (TM & D)	1,25,10,781	63,28,467	B.Com.	22	14.11.2018	Kottaram Agro Foods (P) Ltd., National Sales Manager
Kishore A	48	V.P. - Digital & Analytics (TM & D)	2,07,59,254	94,56,495	B.Tech., P.G.D.M.	27	15.05.2006	Gillete India Ltd., Regional Value Chain Manager
Kookkal V	41	V.P. & Head of Marketing - Staples & Meals (FBD)	1,86,07,330	1,09,34,889	B.Tech., P.G. Dip. in Marketing	17	08.06.2006	Nil
Krishnan S R	53	General Manager - Engineering (ITD)	1,02,40,893	49,46,105	B.Tech., M.B.A.	31	01.09.2000	NTPC, Senior Engineer

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Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Kulkarni V	48	Divisional Chief Executive (PSPD)	3,61,24,714	1,78,27,654	B.Tech.	26	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar Amit	44	General Manager - Supply Chain Excellence (TM & D)	1,42,92,768	69,21,118	B.Tech., P.G.D.M.	18	04.03.2020	Pepsico India, Associate Director
Kumar Ashit	57	Executive V.P. - Finance & MIS (ABD)	2,79,26,729	1,41,53,797	B.Com., A.C.A.	34	01.12.1988	Nil
Kumar Ashwani	59	Chief Technologist - Packaging & Graphics Design (ITD)	2,20,83,250	92,61,328	B.Sc., M.B.A.	37	01.07.1990	Uptron India Ltd., Planning & Advertising Manager
Kumar Asish	58	General Manager - Leaf (ITD)	1,19,52,344	56,65,608	M.Sc.	33	02.07.1990	Nil
Kumar Atul	59	V.P. - Finance (HD)	1,58,79,499	75,38,022	B.Com. (Hons.), A.C.A.	35	01.06.1988	@
Kumar Avinash	47	General Manager - Operations - Spices (FBD)	1,08,54,663	53,68,647	B.Tech.	24	06.12.2011	Hindalco Industries Ltd., Sr. Manager - Projects
Kumar G K	57	V.P. - Leaf Operations, Tobacco SBU (ABD)	2,50,79,222	1,12,27,569	B.Sc. (Agriculture)	35	01.08.1987	Nil
Kumar K	51	Sr. Principal Technologist (PCPBD)	1,82,83,992	81,18,040	B.Com., A.C.A.	26	22.10.2008	Ruchi Soya Industries Ltd., Deputy G.M., Commercial
Kumar N	38	General Manager - Procurement (ITD)	1,13,09,021	55,91,973	B.Tech.	16	07.06.2007	Nil
Kumar S S	47	V.P. - Corporate Treasury	2,12,24,385	93,78,397	B.Com. (Hons.), C.W.A., A.C.A.	22	20.11.2000	Nil
Kumar T S	52	Executive V.P. - Sales & Category Development - Foods (TM & D)	2,45,66,236	1,12,20,800	B.Sc.	30	01.04.1995	E.I.D. Parry (India) Ltd., Sales Representative
Kumar U	41	General Manager - HR (PPB - SBU)	1,17,17,302	59,52,160	B.Sc., P.G.D. in P.M. & I.R.	18	15.07.2006	Jindal Stainless Steel Ltd., Management Trainee
Kumar V G	44	General Manager - Sales & Category Development - PCP (TM & D)	1,12,13,371	54,47,905	B.Sc., P.G.D.B.M.	22	29.07.2002	Music World Entertainment Ltd., Assistant Manager
Kunchey J K	48	Executive V.P. - Supply Chain & Logistics (TM & D)	3,03,13,999	1,31,81,156	B.Tech., P.G. Dip. in I.E.	25	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Lamba M	42	V.P. & Head of Marketing - Confectionery, Chocolates, Coffee & Gums (FBD)	1,88,51,205	93,22,585	B.Com., P.G.P.C.M.	19	15.03.2017	Perfetti Van Melle India, Associate Category Director
Madhu Sudana Rao A	58	General Manager - Projects - Central Projects Organisation	1,03,84,513	60,16,924	Mech. Engg., M.B.A.	38	20.06.2007	TTK LIG Limited, Deputy General Manager
Makhal S (Dr.)	47	General Manager & Head of Product Development - Dairy (FBD)	1,39,27,848	63,99,045	B.Tech., M.Tech., P.G.D., Ph.D.	18	10.12.2012	Cavincare Pvt. Ltd., Principal Scientist
Manian V	41	General Managers - Accounts - Central Projects Organisation	1,23,67,892	60,87,610	B.Com. (Hons.), F.C.A.	19	11.12.2006	B.S.R. & Co., Executive
Manimaran G U	46	General Manager & Head of Product Development - Biscuits & Cakes (FBD)	1,47,46,786	83,96,676	B.Tech.	24	26.09.2005	Perfetti Vanmelle India Pvt. Ltd., QA Executive
Mathew K J	56	V.P. - Finance, Tobacco SBU (ABD)	1,49,77,471	80,32,625	B.Sc., A.C.A., A.C.S.	27	14.12.1995	Nil
Mathew T	48	V.P. - Talent Development, Corporate HR	2,07,77,975	93,06,588	Dip. in H.M.C.T. & A.N., B.B.A., M.A.	25	25.06.2001	Marico Ltd., Mgmt. Trainee
Mathur A	41	V.P. & Head of Manufacturing - Biscuits and Cakes (FBD)	1,97,10,319	90,00,916	B.Tech.	18	08.06.2005	Nil
Mehrotra A	43	V.P. & Head of Marketing - Dairy & Beverages (FBD)	1,68,49,327	83,94,730	B.Tech., M.B.A.	18	08.06.2006	Seaarland Management Services (I) Pvt. Ltd., Junior Engineer
Mehta V A	43	General Manager - Finance, Audit (ITD)	1,03,51,675	56,55,576	LL.B., A.C.A.	18	11.12.2006	Tata Chemicals Ltd., C.A. Trainee
Menon V P	57	V.P. - Projects (HD)	1,82,32,438	90,13,724	B.Tech. (Civil)	34	10.01.1993	@
Mishra P	41	Business Head - Spices (FBD)	1,86,81,984	1,05,27,987	M.B.A.	18	08.06.2005	Pepsico India, Customer Executive
Moza N	42	General Manager - OD (FBD)	1,28,14,071	62,63,088	B.Com., Dip. in I.H.M., M.A. in P.M. & I.R.	18	06.08.2013	Peel Works Outsourcing Pvt. Ltd., GM - Accounts & Delivery
Mukherjee S (Dr.)	57	Chief Scientist and Head R&D (ITD)	2,75,33,327	1,43,74,914	B.Sc., M.Sc., Ph.D., Post Doctorate	27	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	50	Executive V.P. & Head - Corporate Human Resources	4,05,85,249	1,79,06,890	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	27	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Muralidhar M	50	Head of Operations, Matches & Agarbatti SBU	1,10,11,888	53,30,850	S.S.C., Intermediate, B.Tech. (Instrumentation), M.B.A. (Manufacturing Management)	23	18.09.2000	Nil
Muralidharan M	53	General Manager - Operations (PPB - SBU)	1,30,86,992	64,40,439	B.E.	30	07.03.1997	Contemporary Packaging Technologies Ltd., Engineering Executive
Naik P V (Dr.)	48	Principal Scientist - Ingredients & Submission (ITD)	1,39,31,967	62,86,072	B.Sc., M.Sc., Doctorate	22	22.12.2010	E.I.D. Parry (India) Ltd., Head of Parry Life Sciences
Nair J P	51	General Manager - Engineering (ITD)	1,46,00,597	66,00,984	B.Tech., M.S.	30	14.11.2005	Cadbury India Ltd., Factory Asset Manager & EHS Manager
Narayanan R R	57	V.P. - Sales & Marketing (ESPB - SBU)	2,39,20,105	1,06,61,223	B.A., P.G.D.M.	36	01.01.1990	Godrej & Boyce Mfg. Co. Ltd., Sales Representative
Ohri R	56	Executive V.P. - Corporate Affairs	2,44,19,312	1,06,21,927	B.Com. (Hons.), A.C.A.	32	01.09.1991	Nil
Padmanabhan V	50	Principal Scientist (PCPBD)	1,12,59,263	66,91,256	B.Sc., M.Sc.	26	18.07.2005	Hindustan Unilever Ltd., Research Associate
Panda S	56	Executive V.P. - HR (ITD)	2,80,59,374	1,59,67,698	B.Sc. (Hons.), M.A.	33	01.09.2003	J K Papers Ltd., Mgmt. Trainee
Pandey P	36	General Manager - Marketing - Biscuits & Cakes (FBD)	1,07,44,158	51,52,701	B.E., M.B.A.	13	14.06.2010	Nil

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Expe-rience (Years)	Date of Commence-ment of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Pandey S K	56	Divisional Head - Plantations & Raw Materials (PSPD)	1,74,49,688	96,25,798	B.Tech., M.Tech., I.F.S. Diploma in Bamboo Tech.	32	20.02.2014	Ballarpur Industries Ltd., V. P.
Patni V	39	General Manager - Procurement (PCPBD)	1,60,31,771	91,11,844	B.Tech., P.G.D.I.E.	17	19.05.2008	Glenmark Pharmaceuticals Ltd., Asst. Manager - Supply Chain
Patra A K	49	General Manager & Head of Product Development - Beverages (FBD)	1,33,16,699	64,52,029	B.Sc., B.Tech., M.Sc.	24	02.01.2014	Dabur India Ltd., Principal Scientist
Patra P K	55	V.P. - ER (PSPD)	1,24,87,864	68,25,846	B.Sc., P.G. Diploma, LL.B., M.B.A.	32	02.05.2006	JK Paper, Asst. Manager - Personnel
Paul A E	58	Asst. V.P. - Corporate Affairs	1,45,95,174	63,78,760	B.Com.	37	01.08.1986	Nil
Phakey A	53	V.P. - Frozen Snacks and Fresh F & V (FBD)	2,22,74,029	1,23,36,878	B.Com., M.B.A.	30	25.03.2019	H.T. Media Ltd., C.O.O.
Ponnuru R K	39	Category Manager - Juices & Dairy (FBD)	2,49,06,541	1,09,74,602	B.Tech.	19	04.06.2004	Nil
Prabhakar L	57	Executive V.P. & Head - Social Investments	2,83,45,759	1,37,64,465	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	35	01.05.2006	ITC Infotech India Ltd., G.M. - HR
Pujar A	41	Head of Marketing, Matches & Agarbatti SBU	1,32,34,463	65,82,883	B.E. (I.T.), M.B.A., P.G.D.M. (Marketing)	15	10.06.2008	Nil
Puri Sudhir	46	V.P. - New Generation Products (ITD)	2,55,41,833	1,15,02,641	B.Tech.	24	01.06.1998	Nil
Radhakrishnan Y (Dr.)	51	Principal Scientist - Food Science & Technology (LS & T)	1,03,73,042	63,98,788	B.Sc. (Zoology), M.Sc. (Zoology), Ph.D. - Genetics	20	15.11.2010	University of North California - Research Associate
Rae S	52	Senior Principal Technologist - Packaging & Graphics Design (ITD)	1,17,46,430	57,57,793	B.Com. (Hons.)	28	24.01.1995	Nil
Rai R K	60	Divisional Chief Executive (ABD) & SBU Chief Executive (Agri SBU)	3,97,26,818	1,95,60,595	B.A. (Economics), P.G.D. in Exports & Imports	40	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajasekhar R	53	General Manager - Exports, Tobacco SBU (ABD)	1,25,27,477	60,94,875	B.Sc. (Agriculture)	31	03.03.1992	Nil
Rajesh V	39	General Manager - Product Development (PPB - SBU)	1,06,44,839	65,47,628	M.M.S.	17	03.07.2006	Nil
Ralhan R	43	V.P. - Trade Marketing & Distribution - Northern District (TM & D)	2,22,17,628	1,12,22,320	B.E., M.M.S.	20	04.06.2004	Kirloskar Oil Engines Ltd., Graduate Engr. Trainee
Rama Prasad H N	57	SBU Chief Executive - Tobacco SBU (ABD)	2,90,97,271	1,28,35,099	B.Sc. (Agriculture), M.Sc. (Agriculture)	34	26.09.1988	Nil
Ramamurthi S (Dr.)	58	Chief Scientist & Head of Corporate R&D (LS & T)	2,20,70,001	1,24,37,528	B.Sc., M.Sc. (Tech.), Ph.D.	29	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Ramesh V	57	General Manager - Manufacturing - Biscuits (FBD)	1,31,25,954	76,22,559	B.Sc., M.Sc.	35	11.09.2017	Britannia Industries Ltd., Regional Manufacturing Head, South
Ramkumar P	52	V.P. - Finance, IT & Procurement (ESPB - SBU)	2,06,37,643	93,76,776	B.Com., C.W.A., A.C.A.	29	06.09.1999	Zuari Industries Ltd., Dy. Mgr. - Finance
Ranganathan S	48	V.P. - Finance (FBD)	2,01,90,260	90,58,428	B.Com. (Hons.), A.C.A.	25	01.09.1998	Phillips India Ltd., Accounts Officer
Rao K N	55	V.P. - Processing & Technology, Supply Chain, Tobacco SBU (ABD)	1,67,63,868	82,12,412	B.Tech.	34	24.10.1988	Nil
Rao Renati V	53	General Manager - Exports & SO&P (ITD)	1,57,35,333	88,47,637	B.Sc. (Hons.), P.G.D.M.	29	01.04.1995	Wipro Ltd., Marketing Asst.
Rasquinha P C	58	Executive V.P. - Finance & MIS (PSPD)	2,34,28,088	1,27,68,526	B.Com. (Hons.), A.C.A., C.W.A.	35	15.07.1991	A.F. Ferguson & Co., Asst. Consultant
Rathi N	42	General Manager - ITC MAARS - Agri SBU (ABD)	1,06,59,409	57,30,613	B.E., P.G. Dip. in Rural Mgmt.	19	08.06.2005	Nil
Ravindranath V	59	General Manager - Corporate EHS	1,44,38,215	66,12,258	B.E., Certificate in Fire Protection	26	30.12.2009	Poet Consultants Pvt. Ltd., Additional Chief Engineer
Ravish H G	52	General Manager - Leaf Operations (NFCV), Tobacco SBU (ABD)	1,28,88,160	63,31,156	B.Sc. (Agriculture)	31	26.02.1992	Nil
Ray Chaudhuri B	43	V.P. - Corporate Planning	2,24,92,098	98,51,136	B.Com. (Hons.), A.C.A.	22	01.03.2002	ABB Ltd., Asst. Financial Controller
Ray M	44	V.P. - Trade Marketing & Distribution - Eastern District (TM & D)	1,61,76,645	93,86,439	B.Tech.	22	01.06.2001	Nil
Ray P	48	General Manager - Supply Chain Foods (TM & D)	1,35,35,452	77,97,720	B.Com., M.Com., P.G.D.M.	23	16.02.2001	Hindustan Unilever Ltd., T.S.I.
Reddy K V	57	Executive V.P. - Product Development - Staples, Spices, Noodles & Pasta (FBD)	2,45,60,332	1,29,46,819	B.Tech.	33	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy Abhijit	57	Executive V.P. - Internal Audit	2,78,43,248	1,09,18,337	B.Com. (Hons.), A.C.A.	34	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Roy Agnidev	36	General Manager - Brands (ITD)	1,26,56,374	63,60,480	B.Sc. (Hons.), M.B.A.	13	11.06.2012	Bates 141, Brand Manager - Strategic Planning
Rustagi A K	48	Chief Operating Officer - Chocolates, Coffee, Confectionery & New Category Development (FBD)	3,54,28,889	1,54,66,639	B.Tech., P.G.P.M.	26	01.10.2017	Unilever Inc. (London), Global Brand Director
Saha G K	59	General Manager - Contracts & Purchase - Central Projects Organisation	1,12,81,764	49,09,248	B.E. (Mechanical)	34	15.10.2008	CESC Limited, Manager - Material Purchase
Sahay S	52	Executive V.P. - Sales Operations & Development (TM & D)	2,82,76,211	1,29,62,437	B.A., P.G.D.B.A.	28	05.09.2002	Luxor Writing Instruments Ltd., Brand Manager
Saiprasad G V S (Dr.)	50	Senior Principal Scientist - Crop Sciences (LS & T)	1,32,38,091	76,49,042	B.Sc. (Agri), M.Sc. (Agri), Ph.D. - Plant Physiology	25	03.12.2007	Indian Institute of Horticultural Research - Scientist
Sandeep C	52	Executive V.P. & Head - Central Projects Organisation	2,27,63,825	1,33,46,293	B.E.	31	24.05.1999	Kar Mobiles Ltd., Production Engineer
Sanganeria G	46	V.P. - Corporate Accounts	1,94,17,468	1,07,50,593	B.Com. (Hons.), A.C.S., A.C.A.	22	11.12.2000	Nil
Sangli D K A	48	Senior Principal Technologist - Tobacco Flavours (ITD)	1,44,65,463	84,09,157	B.Sc., M.Sc.	27	06.08.1996	Nil

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Expe-rience (Years)	Date of Commence-ment of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Saraf A	41	General Manager - Corporate Audit	1,05,36,088	64,60,096	B.Com. (Hons.), A.C.A.	19	01.06.2005	S.R. Batliboi & Co., Executive
Saravanan N	50	General Manager & ICML Head - Pudukottai (FBD)	1,08,14,111	63,38,398	B.E.	29	11.02.2015	Asian Paints Ltd., Senior Manager - Production
Sarda S	49	General Manager - Finance & Planning (ITD)	1,44,33,889	79,65,515	B.Com., A.C.A.	23	01.03.2007	Videocon Industries Ltd., Manager
Sawant S J	51	General Manager - Business Development - Frozen Snacks (FBD)	1,38,48,932	80,96,693	B.Com., P.G.D.M.	23	01.10.2018	OSI Vista Foods Ltd., Director Commercial
Seksaria S	50	Group Manager - Taxation	1,38,12,817	82,74,448	Dip. In Business Finance, A.C.S., C.W.A., A.C.A.	25	01.09.1998	CESC Ltd., Mgmt. Trainee
Sen P	52	General Manager - Design & Quality Assurance - Central Projects Organisation	1,13,01,921	54,33,748	B.E., M.C.E.	27	01.12.2010	Elbit India Healthcare Pvt. Ltd., Chief Engineering Officer
Sengupta A	51	General Manager - Brands (ITD)	1,02,73,844	59,98,872	B.E., P.G.D.M.	26	19.12.2011	AC Nielsen Org. Marg Pvt. Ltd., Director - CR
Sengupta S	58	General Manager - Finance - Central Projects Organisation	1,09,96,226	53,48,477	B.Com., M.Com.	34	01.08.1989	Nil
Senthil Kumaran S J	48	General Manager - Finance - Biscuits and Cakes (FBD)	1,57,93,271	71,38,901	B.Com. (Hons.), C.W.A., A.C.A.	24	09.07.1999	L.M.W. Ltd., Audit Officer
Sequeira S	49	V.P. - Finance and IT (PCPBD)	2,00,54,026	90,88,931	B.Com. (Hons.), A.C.A.	25	01.09.1998	Berger Paints, Asst. Manager
Sethi N	39	General Manager - Brands (ITD)	1,15,33,020	62,62,052	B.Tech., M.B.A.	15	14.06.2010	Defence Research Dev. Org., Scientist
Shankar K	42	V.P. - Brands (ITD)	1,45,54,217	83,81,978	B.Tech., P.G.D.M.	18	25.09.2018	Godfrey Philips India Ltd., Group Brand Manager
Shanmuga Sundaram A (Dr.)	56	General Counsel and Head of Corporate Legal	4,00,47,441	1,64,83,433	B.L., M.L., Ph.D.	34	20.10.1997	Maxworth Home Ltd., Manager, Legal
Sharma A	37	Senior Assistant General Counsel	1,02,22,055	51,75,949	B.A., LL.B.	13	14.06.2010	Nil
Sharma B	58	A.M. - Luxury Hotels (North) and G.M. - ITC Maurya (HD)	1,33,89,646	62,33,532	B.A. (Economics)	34	01.12.1988	@
Sharma M	53	Chief Sustainability Officer	1,17,08,890	59,24,190	B.Sc., Executive Diploma in Gen. Mgmt.	30	01.12.2021	Tata Steel Limited, Chief - Corporate Sustainability
Sharma S	45	V.P. - Channel & Dairy, Agri SBU (ABD)	1,67,15,018	88,69,815	M.Sc., P.G. Dip. in Agr. Business Mgmt.	20	09.06.2003	Nil
Shenoy T S M	55	Executive V.P. & Head - Corporate Accounts	2,79,06,732	1,25,23,641	B.Com. (Hons.), A.C.A.	35	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Shere A H	46	Chief Operating Officer - Biscuits & Cakes (FBD)	3,38,27,779	1,95,19,863	B.A., M.B.A.	25	21.08.2019	Britannia Industries Ltd., Director Marketing
Shukla M	51	General Manager - Bengaluru Factory (ITD)	1,50,12,458	68,11,420	B.Tech.	31	01.08.2000	Pepsico Holdings Ltd., Shift Engineer
Singal S	52	Chief Operating Officer - Dairy & Beverages (FBD)	3,00,56,033	1,34,63,227	B.Sc., P.G.D.M.	27	01.07.2016	Dabur India Ltd., Head of Marketing
Singh A P	40	V.P. & Head of Marketing - Snacks, Noodles & Pasta	1,46,61,782	73,28,932	B.Tech., P.G.D.M.	17	05.05.2008	Dabur India Ltd., Area Sales Manager
Singh J	57	Corporate Financial Controller	3,33,52,057	1,43,32,364	B.Com. (Hons.), A.C.A.	35	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh V P	42	V.P. - Employee Relations (FBD)	1,42,20,347	65,35,608	B.A. (Hons.), P.G.D.M.	19	18.07.2007	Tata Motors Ltd., HR Manager
Singhi R K	58	Executive V.P. and Company Secretary	2,68,43,944	1,36,32,204	B.Com. (Hons.), LL.B., F.C.S.	38	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Sipani S K	56	Head of Finance, Matches & Agarbatti SBU	1,55,09,610	68,17,281	B.Com., A.C.A., A.C.S., P.G.D.B.M.	34	01.10.1997	All India Tobacco Co. Ltd., Company Secretary
Somani S	49	General Manager - Corporate Audit	1,24,04,901	53,55,210	B.Com., C.W.A., C.S., A.C.A.	26	11.12.2000	Indian Rayon & Industries Ltd., Assistant Manager
Songadwala Z S	54	A.M. - South & G.M. - ITC Grand Chola (HD)	1,37,15,712	62,14,747	Bachelors in Hotel Management	32	01.02.1991	@
Sood A	39	General Manager & Head of Manufacturing - Confectionery, Chocolates & Coffee (FBD)	1,38,09,705	65,89,052	B.Tech.	17	17.06.2013	Asian Paints Ltd., Manager - Production
Sri D K	38	General Manager & Head of Manufacturing - Snacks, Noodles & Pasta (FBD)	1,22,05,772	59,34,474	B.Tech., M.Tech.	15	10.06.2008	Nil
Srinivas K	58	Chief Technologist - Blending & Cigarette Design (ITD)	2,40,08,892	1,05,50,484	B.Sc., M.Sc.	35	22.08.1988	Nil
Srinivas S	49	V.P. - Marketing (PCPBD)	2,20,78,067	95,67,852	B.E., P.G.D.M.	25	01.06.2000	Computational Structural Mechanics Pvt. Ltd., Marketing Executive
Srinivasan V P	50	Sr. Principal Technologist - PMD Process Development (ITD)	1,67,40,676	97,17,288	Diploma in Mech. Engg., B.S. (Engg. Technology)	30	23.02.1999	Union Carbide, Officer
Srivastava S	44	General Manager - Supply Chain PCP & MAB (TM & D)	1,05,53,083	59,68,397	B.E., E.P.G.D.M.	16	13.08.2012	ABB Limited, SCM Manager
Stephanos K G	58	Executive V.P. - Finance, MIS & T&RA (ITD)	2,88,45,960	1,15,65,057	B.Com. (Hons.), A.C.A.	35	01.07.1988	PricewaterhouseCoopers Pvt. Ltd., Jr. Officer
Subramanian V	51	General Manager - Manufacturing, Projects & EHS (PCPBD)	1,40,05,959	67,10,399	B.E.	29	06.10.2006	Asian Paints Ltd., Manager
Sule S	57	Divisional Chief Executive (TM & D)	4,13,39,313	1,63,88,752	B.Com., M.I.B.	33	16.07.1990	Bayer India Ltd., Management Trainee

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Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Expe-rience (Years)	Date of Commence-ment of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Suryavanshi R	45	V.P. - Competency Development & HR (TM & D)	1,78,22,045	81,82,990	B.M.S., P.G.D.M.	21	16.07.2003	Gabriel India Ltd., Mgmt. Trainee
Tandan S	63	On deputation	2,82,33,358	1,20,78,588	B.A. (Hons.), A.C.A.	37	01.10.1985	Nil
Tayal G	42	SBU Chief Executive - Matches & Agarbatti SBU	2,80,15,772	1,23,66,315	B.Tech.	20	09.06.2003	Nil
Thakar A	56	Executive V. P. - Finance, IT & Procurement (HD)	2,54,25,126	1,31,97,118	B.Com. (Hons.), A.C.A., M.B.A.	30	30.06.1992	Nil
Thakur N N	59	Executive V.P. - Sales & Category Development - Cigarettes (TM & D)	2,09,09,111	94,23,851	B.Sc., P.G.D.M.	36	01.09.1987	Nil
Tripathy P K	52	General Manager - Sales and Manufacturing - Fresh Dairy (East) (FBD)	1,20,34,506	74,63,342	B.Sc., P.G.B.M.	27	06.06.2018	Metro Dairy Ltd., CEO
Tunuguntla M R	42	General Manager - Finance - Staples and Meals (FBD)	1,63,76,359	73,84,185	B.Com., M.Com., A.C.A., D.I.R.M.	21	04.05.2005	Chemplast Sanmar Ltd., Asst. Executive Manager
Tyagi K K (Dr.)	47	Principal Scientist - Analytical Standard (ITD)	1,11,61,199	68,58,381	B.Sc., M.Sc., Doctorate	26	01.07.2003	Forest Research Institute, Research Fellow
Varghese M (Dr.)	59	Senior Principal Scientist - Agro Forestry (LS & T)	1,11,97,895	62,35,851	B.Sc. (Agri), M.Sc. (Forestry), Ph.D. - Botany	32	14.02.2007	Indian Council of Forestry Research & Education-Scientist - Gr: E
Vashistha S	37	General Manager - Sales & Category Development - Foods (TM & D)	1,23,37,403	59,84,195	B.Tech., P.G.D.	15	10.06.2008	Nil
Vasireddy V V	49	Operations Manager	1,05,84,165	62,76,422	B.Sc. (Hons.), M.Sc. (Agriculture)	25	01.08.2007	APWELL Project, Agricultural Production Trainee
Veeraswamy P	50	Vice President - HR (ABD)	1,62,95,128	85,28,834	B.Com., M.A. (P.M. & I.R.)	25	19.12.2013	Creamline Dairy Products Ltd., General Manager - HR
Veerubhotla V P	43	General Manager & Head of Consumer Insights & Analytics (FBD)	1,66,62,297	72,90,144	B.Sc., M.Sc. (Statistics)	20	31.05.2012	Nielsen Bases, Manager
Venkataraman S N	59	Chief Executive (PPB - SBU)	2,78,98,051	1,33,76,254	B.Sc., M.B.A.	38	29.06.1985	Nil
Venneti S P Rao	56	Divisional Head - Marketing & Commercial (PSPD)	1,91,94,175	1,02,78,208	B.E., P.G.D.	24	20.06.2011	Century Pulp & Paper, President
Verma A	40	General Manager & ICML Head - Haridwar (FBD)	1,37,74,693	76,03,838	B.Tech.	18	23.08.2010	Nestle India Ltd., Project Manager
Vijaykrishnan V (Dr.)	56	Chief Scientist & Head - Product Development and R&D (PCPBD)	2,70,44,450	1,13,44,458	B.Sc., M.Sc., Ph.D.	27	02.05.2017	Unilever Inc., Global R & D - Design Director
Vikram R	52	Senior Associate General Counsel	1,35,85,531	84,22,093	B.A., LL.B.	28	18.07.2005	M/s. Janardana & Janardana, Partner
Vinayaka H C	59	V.P. - Technical Services, Sustainability & EHS (HD)	1,67,00,951	77,13,210	B.E. (Mech.)	35	23.05.2001	@
Vodela P K	53	Senior Principal Technologist - Blending & Cigarette Design (ITD)	1,30,50,798	58,28,704	B.Com., M.B.A.	28	01.07.1996	The Professional Couriers Pvt. Ltd., Assistant Branch Manager
Wali P	53	Executive V.P. & Head - New Business Development	2,38,61,741	1,05,83,280	B.Tech., Sloan Fellowship in Management (London School of Business)	32	16.08.1991	Nil
Wariah D S	56	V.P. & Head of Product Development - Snacks (FBD)	2,22,05,189	1,14,25,844	B.E.	33	05.04.2005	Pepsico India Holdings Pvt. Ltd., G.M.
Yadav S M	53	Executive V.P. - Technology & Manufacturing (FBD)	2,99,78,518	1,32,02,256	B.E., Dip. in International Business	32	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)
Yarram Reddy S R	51	Associate General Counsel	1,40,61,565	68,33,271	B.A., LL.B.	26	16.06.2021	Pernod Ricard India Pvt. Ltd., GM - Legal

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

Banerjee J	55	On deputation	72,27,696	36,46,641	B.Com. (Hons.), C.W.A., A.C.A.	35	04.05.1992	Price Waterhouse, Jr. Officer
Bezbaroa S K	60	Executive V.P. - Corporate EHS	80,67,722	52,21,472	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	39	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bhartee K	60	V.P. - Operations (HD)	69,52,139	39,08,222	B.Sc., Dip. in Hotel Mgmt. & Catering Technology	38	18.04.2000	@
Chowdhary V	58	Divisional Manager - Process Excellence (ITD)	58,61,613	32,21,468	B.E.	37	01.09.1987	JK Synthetics, Assistant Engineer
Dasgupta K	46	Head of Marketing - Dairy & Juices (FBD)	1,64,21,090	81,75,922	B.Sc. (Hons.), P.G.D.C., P.G.D.M.	21	03.01.2020	Hindustan Unilever Ltd., G.M. Foods
Datta Sanjoy	60	Head - Marketing Research (ITD)	85,59,332	50,25,439	B.Tech., P.G.D.M.	34	01.11.1994	Smithkline Beecham, Marketing Services Manager
Dharmendra V B (Dr.)	47	Head - Food Sciences (FBD)	82,31,257	53,40,054	B.Tech., M.Tech., M.S., Ph.D.	24	05.03.2020	E & J Gallo Winery, Applied Technology Director
Dubey H	39	General Manager - Operations - Plant Protein (FBD)	79,03,468	42,18,631	B.Tech., M.Tech.	17	01.07.2022	Shenzhen Next Vape Technologies Co. Ltd., CEO
Kataria G	47	Chief Digital & Information Officer (PSPD)	29,81,489	22,09,793	B.E. (C.S.E.), M.S. (S.E.)	24	06.03.2023	Sai Life Sciences Ltd., Chief Digital & Information Officer
Mehta R R	62	Senior Associate General Counsel	96,82,902	50,78,887	B.Com. (Hons.), LL.B., LL.M., LL.M. (Criminal Law), M.S.(Wis.), Ph.D.	37	10.06.1994	Legal Practitioner
Mittal K	55	Head - Sales (HD)	56,02,435	33,60,405	B.A., M.A., P.G. Diploma in Business Administration	32	01.07.2022	Marriott International, General Manager
Moodliar A	57	On deputation	1,47,32,443	77,51,682	B.Com., M.B.A.	33	15.10.1993	@
Mukherjee Arya	60	General Manager - Finance (PCPBD)	92,21,034	53,54,454	B.Com. (Hons.), A.C.A.	35	16.10.1987	Nil

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Expe-rience (Years)	Date of Commence-ment of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Mukherjee K	41	General Manager - Financial Accounts (FBD)	87,42,624	53,53,906	B.Com., A.C.A.	19	10.12.2003	%
Nengminthang J	38	General Manager - Special Projects (PCPBD)	77,67,873	45,90,586	B.Tech.	16	10.10.2019	Pepsico India Holdings Pvt. Ltd., Productivity, Continuous Improvement & LSS Head / Factory Manager
Patel A M	53	Chief Commercial Officer (HD)	1,76,03,460	1,07,35,965	B.Sc.	31	01.08.2022	Hyatt Hotels Corporation, V.P. - Sales & Marketing, India & South Asia
Rangrass S	62	Group Head - LS & T, Central Projects, EHS & Quality Assurance	3,18,01,225	1,69,22,445	B.Tech.	39	01.07.1982	Nil
Saha M K	47	General Manager & ICML Head - Ranjangaon (FBD)	1,17,34,272	55,62,745	B.Sc., B.Tech.	24	19.02.2007	Johnson Diversey India Pvt. Ltd., Manager
Salunkhe D J	49	Chief Executive (PPB - SBU)	1,08,00,592	54,81,505	B.E., M.B.A.	17	21.03.2019	3M India Ltd., Sr. G.M., Ops & Cont. Imp.
Singh A	47	Divisional Manager - Central Projects (FBD)	14,74,399	7,80,111	B.E.	23	04.09.2006	Mcdowell & Company Ltd., Maintenance Manager
Singh S K	66	Group Head - Paper & Packaging	3,21,11,415	1,96,79,494	B.Tech. (Chem.)	45	21.06.1977	#
Tandon R	69	Executive Director	7,24,40,422	3,87,56,393	B.Sc., F.C.A.	44	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Tuli N	60	General Manager - Special Initiatives (HD)	38,57,804	24,36,498	Diploma in Hotel Mgmt. & Catering	22	21.02.2000	@
Umesh K S	64	Chief Manager - Corporate Affairs	91,20,526	51,98,248	B.A., M.S.W.	24	16.04.2001	Hotel Leelaventure Ltd., Manager HRD
Unnithan J	51	Head - Human Resources, Facility Management & EHS (LS & T)	1,52,62,803	43,24,551	B.A., Young Officer Course MHOW, M.B.A., Diploma, Certificate Course in Comp.	30	16.10.2002	M.Source India Pvt. Ltd. - Team Leader

**Abbreviations denote :**

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

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

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

% Was on deputation to the Company's Subsidiary and reverted to Company on July 25, 2022.

**Notes :**

- Remuneration includes salary, performance bonus, long term incentives, 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.
- The Company grants Stock Options to the Directors, KMP and other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. Since such Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options and accordingly the said grant has not been considered as remuneration.
- 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

Kolkata  
18th May, 2023

S. PURI

*Chairman & Managing Director*

S. DUTTA

*Director & Chief Financial Officer*

# Annexure to the Report of the Board of Directors

## For the Financial Year Ended 31st March, 2023

### 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:

		FY23	FY22
(i)	Operating Profit Margin (%)	35.6	33.6
(ii)	Net Profit Margin (%) <sup>1</sup>	26.9	25.5
(iii)	Debtors Turnover	32.5	29.2
(iv)	Inventory Turnover	6.7	6.1
(v)	Current Ratio	2.8	2.7
(vi)	Return on Net Worth (%) <sup>1</sup>	29.0	25.0

#### Notes:

- Net Profit Margin** and **Return on Net Worth** ratios have been computed based on Profit After Tax (before exceptional items).
- Interest Coverage Ratio** and **Debt-Equity ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

Kolkata  
18th May, 2023

S. PURI *Chairman & Managing Director*  
S. DUTTA *Director & Chief Financial Officer*

# Annexure to the Report of the Board of Directors

## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

### The Members of ITC Limited

1. The Corporate Governance Report prepared by ITC Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2023, 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, 2023 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, 2022 to March 31, 2023:
    - (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, 2023, referred to in paragraph 4 above.

### Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**  
Chartered Accountants  
**ICAI Firm Registration Number: 324982E/E300003**  
**per Arvind Sethi**  
Partner  
Membership Number: 89802  
UDIN: 23089802BGYPW13242

Place of Signature: Frankfurt  
Date: May 18, 2023



## CEO and CFO Compliance Certificate

We, S. Puri, Chairman & Managing Director and S. Dutta, Director & Chief Financial Officer certify that :

- a) We have reviewed the Financial Statements including the Cash Flow Statement for the year ended 31st March, 2023 and to the best of our knowledge and belief :
  - i) these Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these Statements together present a true and fair view of the Company's affairs and are in compliance with the Indian Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2023 are fraudulent, illegal or violative of the ITC Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in the internal controls over financial reporting during the year under reference;
  - ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the Financial Statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control systems over financial reporting.

Kolkata, India  
May 16, 2023

S. DUTTA *Director & Chief Financial Officer*  
S. PURI *Chairman & Managing Director*

# Balance Sheet as at 31st March, 2023

	Note	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Property, Plant and Equipment	3A	20491.32		19559.15	
(b) Capital work-in-progress	3B	1681.47		2442.34	
(c) Investment Property	3C	352.26		364.20	
(d) Goodwill	3D	577.20		577.20	
(e) Other Intangible assets	3E	2037.42		2007.22	
(f) Other Intangible assets under development	3F	15.13		23.84	
(g) Right of use assets	3G	715.91		712.84	
(h) Financial Assets					
(i) Investments	4	16363.55		15657.32	
(ii) Loans	5	4.07		5.06	
(iii) Others	6	3608.23	19975.85	1572.40	17234.78
(j) Other non-current assets	7	1211.74	47058.30	1228.92	44150.49
<b>Current assets</b>					
(a) Inventories	8	10593.90		9997.77	
(b) Financial Assets					
(i) Investments	9	16357.07		11624.95	
(ii) Trade receivables	10	2321.33		1952.50	
(iii) Cash and cash equivalents	11	206.88		184.97	
(iv) Other Bank Balances	12	3624.38		3692.97	
(v) Loans	5	5.95		5.73	
(vi) Others	6	705.84	23221.45	2287.97	19749.09
(c) Other current assets	7	1388.09	35203.44	1195.15	30942.01
<b>TOTAL ASSETS</b>		<b>82261.74</b>		<b>75092.50</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share capital	13	1242.80		1232.33	
(b) Other Equity		66351.00	67593.80	60167.24	61399.57
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	14	3.28		4.54	
(ii) Lease Liabilities	15	273.59		259.79	
(iii) Other financial liabilities	16	152.49	429.36	96.50	360.83
(b) Provisions	17	201.83		186.87	
(c) Deferred tax liabilities (Net)	18	1621.13	2252.32	1667.14	2214.84
<b>Current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	14	1.26		0.74	
(ii) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		137.50		100.96	
Total outstanding dues of creditors other than micro enterprises and small enterprises		4213.76		4122.44	
(iii) Lease Liabilities	15	46.54		46.09	
(iv) Other financial liabilities	16	1730.68	6129.74	1503.59	5773.82
(b) Other current liabilities	19	5446.16		5097.28	
(c) Provisions	17	63.59		55.60	
(d) Current Tax Liabilities (Net)	20	776.13	12415.62	551.39	11478.09
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82261.74</b>		<b>75092.50</b>	

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  
Arvind Sethi  
Partner  
Frankfurt, May 18, 2023

On behalf of the Board

S. PURI *Chairman & Managing Director*  
S. DUTTA *Director & Chief Financial Officer*  
R. K. SINGHI *Company Secretary*  
Kolkata, May 18, 2023

## Statement of Profit and Loss for the year ended 31st March, 2023

	Note	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
I Revenue From Operations	21A, 21B	70251.28	59745.56
II Other Income	22	2437.61	2589.97
<b>III Total Income (I+II)</b>		<b>72688.89</b>	<b>62335.53</b>
<b>IV EXPENSES</b>			
Cost of materials consumed		19809.83	16064.50
Purchases of Stock-in-Trade		9109.85	10734.48
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(39.50)	(566.46)
Excise duty		4208.01	3404.29
Employee benefits expense	23	3569.46	3061.99
Finance costs	24	41.81	41.95
Depreciation and amortization expense		1662.73	1652.15
Other expenses	25	9649.16	8113.10
<b>Total expenses (IV)</b>		<b>48011.35</b>	<b>42506.00</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>24677.54</b>	<b>19829.53</b>
VI Exceptional Items	27(i)	72.87	–
<b>VII Profit before tax (V+VI)</b>		<b>24750.41</b>	<b>19829.53</b>
<b>VIII Tax expense:</b>			
Current Tax	26	6025.32	4833.88
Deferred Tax	26	(28.22)	(62.18)
<b>IX Profit for the year (VII-VIII)</b>		<b>18753.31</b>	<b>15057.83</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	27(vi)	(21.81)	31.62
– Equity instruments through other comprehensive income		91.90	545.25
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		21.22	(11.90)
(ii) Income tax relating to items that will not be reclassified to profit or loss	26	(0.34)	(4.96)
B (i) Items that will be reclassified to profit or loss:			
– Debt instruments through other comprehensive income		(35.01)	3.71
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(47.45)	14.78
(ii) Income tax relating to items that will be reclassified to profit or loss	26	20.75	(4.65)
<b>X Other Comprehensive Income [A (i+ii) + B (i+ii)]</b>		<b>29.26</b>	<b>573.85</b>
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>18782.57</b>	<b>15631.68</b>
<b>XII Earnings per equity share (Face Value ₹ 1.00 each):</b>	27(ii)		
(1) Basic (in ₹)		15.15	12.22
(2) Diluted (in ₹)		15.11	12.22

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  
Arvind Sethi  
Partner

Frankfurt, May 18, 2023

On behalf of the Board

S. PURI *Chairman & Managing Director*  
S. DUTTA *Director & Chief Financial Officer*  
R. K. SINGHI *Company Secretary*

Kolkata, May 18, 2023

# Statement of changes in equity for the year ended 31st March, 2023

## 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, 2023	1232.33	10.48	1242.80
For the year ended 31st March, 2022	1230.88	1.44	1232.33

## 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	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income		Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve
<b>Balance as at 1st April, 2022</b>	2.48	9988.14	1316.33	0.30	363.05	17585.31	30060.39	2.78	793.58	14.33	40.55	60167.24
Profit for the year	-	-	-	-	-	-	18753.31	-	-	-	-	18753.31
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(16.81)	(26.20)	91.90	(19.63)	-	29.26
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	18736.50	(26.20)	91.90	(19.63)	-	18782.57
Issue of equity shares under ITC Employee Stock Option Schemes	-	2466.92	-	-	-	-	-	-	-	-	-	2466.92
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
- Final Dividend (2021-22 - ₹ 6.25 per share)	-	-	-	-	-	-	(7702.03)	-	-	-	-	(7702.03)
- Interim Dividend (2022-23 - ₹ 6.00 per share)	-	-	-	-	-	-	(7448.41)	-	-	-	-	(7448.41)
Dividend distribution tax refund received	-	-	-	-	-	-	20.43	-	-	-	-	20.43
Transfer from Share Options Outstanding Account on exercise and lapse	-	610.56	(635.99)	-	-	-	20.82	-	-	-	-	(4.61)
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	7.78	-	7.78
Recognition of share based payment	-	-	61.11	-	-	-	-	-	-	-	-	61.11
<b>Balance as at 31st March, 2023</b>	2.48	13065.62	741.45	0.30	363.05	17585.31	33687.70	(23.42)	885.48	2.48	40.55	66351.00
<b>Balance as at 1st April, 2021</b>	2.48	9611.64	1706.52	0.30	363.05	17585.31	28210.63	-	248.33	4.93	40.55	57773.74
Profit for the year	-	-	-	-	-	-	15057.83	-	-	-	-	15057.83
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	23.66	2.78	545.25	2.16	-	573.85
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	15081.49	2.78	545.25	2.16	-	15631.68
Issue of equity shares under ITC Employee Stock Option Schemes	-	290.38	-	-	-	-	-	-	-	-	-	290.38

# Statement of changes in equity for the year ended 31st March, 2023

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	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income		Effective portion of Cash Flow Hedges
Dividend											
- Final Dividend (2020-21 - ₹ 5.75 per share)	-	-	-	-	-	(7077.59)	-	-	-	-	(7077.59)
- Interim Dividend (2021-22 - ₹ 5.25 per share)	-	-	-	-	-	(6469.48)	-	-	-	-	(6469.48)
Transfer from Share Options Outstanding Account on exercise and lapse	-	86.12	(423.70)	-	-	315.34	-	-	-	-	(22.24)
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	7.24	7.24
Recognition of share based payment	-	-	33.51	-	-	-	-	-	-	-	33.51
<b>Balance as at 31st March, 2022</b>	<b>2.48</b>	<b>9988.14</b>	<b>1316.33</b>	<b>0.30</b>	<b>363.05</b>	<b>17585.31</b>	<b>2.78</b>	<b>793.58</b>	<b>14.33</b>	<b>40.55</b>	<b>60167.24</b>

The Board of Directors of the Company has recommended Special Dividend of ₹ 2.75 per Ordinary Share in addition to the Final Dividend of ₹ 6.75 per Ordinary Share for the financial year ended 31st March, 2023 (previous year - ₹ 6.25 per Ordinary Share) to be paid on fully paid Equity Shares amounting to ₹ 11806.61 Crores. The said Final and Special Dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Together with the Interim Dividend of ₹ 6.00 per Ordinary Share (previous year - ₹ 5.25 per Ordinary Share) paid on 3rd March, 2023, the total Equity Dividend for the financial year ended 31st March, 2023 is ₹ 15.50 per Ordinary Share (previous year - ₹ 11.50 per Ordinary Share).

**Capital Reserve:** This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

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

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

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

**Contingency Reserve:** This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or lapse of vested options. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

**Retained Earnings:** This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

**Debt Instruments through Other Comprehensive Income:** This Reserve represents the cumulative gains (net of losses) arising on revaluation of Debt Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to profit or loss when those instruments are disposed of.

**Equity Instruments through Other Comprehensive Income:** This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

**Effective portion of Cash Flow Hedges:** This Reserve represents the cumulative effective portion of changes in Fair Value of hedging instrument 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

Arvind Sethi

Partner

Frankfurt, May 18, 2023

On behalf of the Board

S. PURI

Chairman & Managing Director

S. DUTTA

Director & Chief Financial Officer

R. K. SINGHI

Company Secretary

Kolkata, May 18, 2023



## Cash Flow Statement for the year ended 31st March, 2023

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>A. Cash Flow from Operating Activities</b>		
PROFIT BEFORE TAX	24750.41	19829.53
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1662.73	1652.15
Share based payments to employees	58.50	32.51
Finance costs	41.81	41.95
Interest Income	(1434.53)	(1004.59)
Dividend Income	(556.90)	(857.46)
(Gain)/Loss on sale of property, plant and equipment, lease termination - Net	4.53	(59.05)
Doubtful and bad debts	(0.93)	10.64
Doubtful and bad advances, loans and deposits	1.16	1.15
Impairment of investment in joint venture	8.50	-
Net gain arising on financial instruments measured at amortised cost/mandatorily measured at fair value through profit or loss	(416.74)	(524.19)
Foreign currency translations and transactions - Net	37.89	11.07
Foreign currency translations and transactions - Net	(593.98)	(695.82)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>24156.43</b>	<b>19133.71</b>
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(603.25)	(235.39)
Inventories	(596.13)	(526.90)
Trade payables, other liabilities and provisions	755.24	946.39
Trade payables, other liabilities and provisions	(444.14)	184.10
<b>CASH GENERATED FROM OPERATIONS</b>	<b>23712.29</b>	<b>19317.81</b>
Income tax paid	(5800.59)	(4510.02)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>17911.70</b>	<b>14807.79</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment, intangibles, ROU asset etc.	(1858.32)	(1812.03)
Sale of property, plant and equipment	48.86	137.22
Purchase of current investments	(72925.91)	(60325.53)
Sale/redemption of current investments	67720.51	63554.78
Payment towards contingent purchase consideration	(63.75)	(71.25)
Investment in subsidiaries	(1184.14)	(427.24)
Investment in associate	(1.88)	(1.87)
Purchase of non-current investments	(2349.41)	(4777.02)
Sale/redemption of non-current investments	4057.60	2731.24
Redemption of investment in subsidiary	18.00	-
Advance received towards divestment of shares held in joint venture [Refer Note 27(x)]	56.00	-
Dividend Income	556.90	857.46
Interest received	1216.27	962.97
Investment in bank deposits (original maturity more than 3 months)	(7427.20)	(3525.01)
Redemption/maturity of bank deposits (original maturity more than 3 months)	5476.33	3617.42
Investment in deposit with housing finance company	(3500.00)	(3011.37)
Redemption/maturity of deposit with housing finance company	5000.00	578.82
Loans given	(8.21)	(12.51)
Loans realised	8.98	6.86
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5159.37)</b>	<b>(1517.06)</b>

## Cash Flow Statement for the year ended 31st March, 2023

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	2477.39	291.82
Repayment of non-current borrowings	(0.74)	(0.35)
Principal payment of lease liabilities	(51.97)	(54.42)
Interest paid	(40.04)	(42.14)
Net increase in statutory restricted accounts balances	14.94	15.13
Dividend paid	(15150.44)	(13547.07)
Dividend distribution tax refund received	20.43	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(12730.43)</b>	<b>(13337.03)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>21.90</b>	<b>(46.30)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>184.98</b>	<b>231.28</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>206.88</b>	<b>184.98</b>

*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	206.88	184.98
Unrealised gain/(loss) on foreign currency cash and cash equivalents	...	(0.01)
Cash and cash equivalents (Note 11)	<u>206.88</u>	<u>184.97</u>
- Net Cash Flow from Operating Activities includes an amount of ₹ 328.80 Crores (2022 - ₹ 340.96 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  
Arvind Sethi  
Partner  
Frankfurt, May 18, 2023

On behalf of the Board

S. PURI *Chairman & Managing Director*  
S. DUTTA *Director & Chief Financial Officer*  
R. K. SINGHI *Company Secretary*  
Kolkata, May 18, 2023

# 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	3-25 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

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

### Inventories

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

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

### Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

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

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

### Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the resulting gain/loss is recognised as per the hedge accounting principles stated below.

The Company complies with the principles of hedge accounting where derivative contracts and / or non-derivative financial assets/liabilities that are permitted under applicable accounting standards are designated as hedging instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedging 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 hedging instruments 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 is derecognised, 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 hedging instruments that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedge Reserve'. The gains/losses relating to the ineffective portion are recognised immediately 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 is derecognised, expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity are recognised immediately in the Statement of Profit and Loss.

### Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. 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 fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

#### Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with

unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

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

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

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

**Derecognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

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

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

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and 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 transaction price that the Company receives or expects to receive as consideration for goods supplied and services rendered, net of returns and estimates of variable consideration such as discounts to customers. Revenue from the sale of goods includes 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 and the impact of changes in the estimated useful life is considered in the period in which the estimate is revised.

#### 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.

# Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block						
	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022	Additions	Withdrawals and adjustments <sup>#</sup>	As at 31st March, 2023
<b>3A. Property, Plant and Equipment *</b>							
Land <sup>1</sup>	1995.76	56.23	35.26	2016.73	7.17	5.80	2018.10
Buildings	7740.65	745.03	57.03	8428.65	686.84	10.08	9105.41
Leasehold Improvements	11.90	1.40	0.02	13.28	0.10	0.77	12.61
Plant and Equipment	14693.95	1772.87	210.41	16256.41	1712.10	163.45	17805.06
Furniture and Fixtures	810.02	79.51	4.75	884.78	103.54	7.64	980.68
Vehicles	158.71	15.18	18.28	155.61	23.32	22.67	156.26
Office Equipment	26.56	2.87	0.86	28.57	3.21	1.16	30.62
Railway Sidings	1.73	-	-	1.73	-	-	1.73
<b>Total</b>	<b>25439.28</b>	<b>2673.09</b>	<b>326.61</b>	<b>27785.76</b>	<b>2536.28</b>	<b>211.57</b>	<b>30110.47</b>
<b>3B. Capital work-in-progress</b>	<b>3329.97</b>	<b>1761.73</b>	<b>2649.36</b>	<b>2442.34</b>	<b>1732.59</b>	<b>2493.46</b>	<b>1681.47</b>
<b>3C. Investment Property<sup>5</sup></b>	<b>410.11</b>	<b>-</b>	<b>-</b>	<b>410.11</b>	<b>-</b>	<b>(0.52)</b>	<b>410.63</b>
<b>3D. Goodwill<sup>2</sup></b>	<b>577.20</b>	<b>-</b>	<b>-</b>	<b>577.20</b>	<b>-</b>	<b>-</b>	<b>577.20</b>
<b>3E. Other Intangible assets (acquired)<sup>2</sup></b>							
Trademarks	1920.35	-	-	1920.35	-	-	1920.35
Computer Software	224.05	35.84	22.49	237.40	66.30	3.37	300.33
Know How, Business and Commercial Rights	33.85	9.53	-	43.38	0.51	-	43.89
Customer Relationships	35.21	-	-	35.21	-	-	35.21
<b>Total</b>	<b>2213.46</b>	<b>45.37</b>	<b>22.49</b>	<b>2236.34</b>	<b>66.81</b>	<b>3.37</b>	<b>2299.78</b>
<b>3F. Other Intangible assets under development</b>	<b>3.50</b>	<b>64.48</b>	<b>44.14</b>	<b>23.84</b>	<b>53.98</b>	<b>62.69</b>	<b>15.13</b>
<b>3G. Right of Use Assets<sup>^</sup></b>							
Land	499.74	16.89	-	516.63	-	-	516.63
Buildings	289.40	40.52	32.87	297.05	71.39	70.85	297.59
Plant and Equipment	48.63	-	-	48.63	-	-	48.63
<b>Total</b>	<b>837.77</b>	<b>57.41</b>	<b>32.87</b>	<b>862.31</b>	<b>71.39</b>	<b>70.85</b>	<b>862.85</b>

<sup>#</sup> Includes amounts transferred from Property, Plant and Equipment to Investment Property.

<sup>^</sup> Also refer Note 27(vii)

(₹ in Crores)

*The above includes following assets given on operating lease:	As at 31st March, 2022				Depreciation Charge for the year 2021-22	As at 31st March, 2023			Depreciation Charge for the year 2022-23
	Gross Block	Accumulated Depreciation	Net Block	Gross Block		Accumulated Depreciation	Net Block		
Land	1.48	-	1.48	-	1.48	-	1.48	-	
Buildings	4.98	1.40	3.58	0.16	4.11	1.22	2.89	0.08	
Plant and Equipment	229.25	144.79	84.46	20.49	247.10	166.96	80.14	17.75	
<b>TOTAL</b>	<b>235.71</b>	<b>146.19</b>	<b>89.52</b>	<b>20.65</b>	<b>252.69</b>	<b>168.18</b>	<b>84.51</b>	<b>17.83</b>	



# Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization						Net Book Value		
	Upto 31st March, 2021	For the year	On Withdrawals and adjustments	Upto 31st March, 2022	For the year	On Withdrawals and adjustments <sup>#</sup>	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
<b>3A. Property, Plant and Equipment *</b>									
Land <sup>1</sup>	–	–	–	–	–	–	–	2018.10	2016.73
Buildings	924.31	220.10	15.17	1129.24	239.88	4.17	1364.95	7740.46	7299.41
Leasehold Improvements	5.99	1.40	0.02	7.37	1.76	0.40	8.73	3.88	5.91
Plant and Equipment	5523.49	1213.29	208.96	6527.82	1210.12	133.07	7604.87	10200.19	9728.59
Furniture and Fixtures	397.74	73.25	3.45	467.54	79.43	6.15	540.82	439.86	417.24
Vehicles	67.54	18.15	11.10	74.59	16.85	14.49	76.95	79.31	81.02
Office Equipment	16.56	3.44	0.86	19.14	4.72	2.07	21.79	8.83	9.43
Railway Sidings	0.78	0.13	–	0.91	0.13	–	1.04	0.69	0.82
<b>Total</b>	<b>6936.41</b>	<b>1529.76</b>	<b>239.56</b>	<b>8226.61</b>	<b>1552.89</b>	<b>160.35</b>	<b>9619.15</b>	<b>20491.32</b>	<b>19559.15</b>
<b>3B. Capital work-in-progress</b>	–	–	–	–	–	–	–	<b>1681.47</b>	<b>2442.34</b>
<b>3C. Investment Property<sup>5</sup></b>	<b>33.55</b>	<b>12.36</b>	–	<b>45.91</b>	<b>12.38</b>	<b>(0.08)</b>	<b>58.37</b>	<b>352.26</b>	<b>364.20</b>
<b>3D. Goodwill<sup>2</sup></b>	–	–	–	–	–	–	–	<b>577.20</b>	<b>577.20</b>
<b>3E. Other Intangible assets (acquired)<sup>2</sup></b>									
Trademarks	17.30	3.14	–	20.44	3.14	–	23.58	1896.77	1899.91
Computer Software	170.12	31.36	22.44	179.04	21.16	0.41	199.79	100.54	58.36
Know How, Business and Commercial Rights	18.73	3.52	–	22.25	4.95	–	27.20	16.69	21.13
Customer Relationships	2.99	4.40	–	7.39	4.40	–	11.79	23.42	27.82
<b>Total</b>	<b>209.14</b>	<b>42.42</b>	<b>22.44</b>	<b>229.12</b>	<b>33.65</b>	<b>0.41</b>	<b>262.36</b>	<b>2037.42</b>	<b>2007.22</b>
<b>3F. Other Intangible assets under development</b>	–	–	–	–	–	–	–	<b>15.13</b>	<b>23.84</b>
<b>3G. Right of Use Assets<sup>^</sup></b>									
Land	13.73	7.67	–	21.40	7.83	–	29.23	487.40	495.23
Buildings	86.15	54.57	29.21	111.51	50.59	66.46	95.64	201.95	185.54
Plant and Equipment	11.05	5.51	–	16.56	5.51	–	22.07	26.56	32.07
<b>Total</b>	<b>110.93</b>	<b>67.75</b>	<b>29.21</b>	<b>149.47</b>	<b>63.93</b>	<b>66.46</b>	<b>146.94</b>	<b>715.91</b>	<b>712.84</b>

## Notes:

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2022 - ₹ 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 Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2022 - ₹ 1889.78 Crores) as having indefinite useful lives. The indefinite useful life for such trademarks has been assessed considering no technical, technological or commercial risks of obsolescence or any limitations under contract or law. Such assets are also annually tested for impairment. These assets pertain to the 'FMCG - Others' Segment and are related to the Branded Packaged Foods and Personal Care Products businesses of the Company. Impairment testing for goodwill and intangible assets with indefinite useful lives has been carried out considering their recoverable amounts which, inter-alia, includes estimation of their value-in-use based on management projections. These projections have been made for a period of five years, or longer, as applicable and consider various factors, such as market scenario, growth trends, growth and margin projections, and terminal growth rates specific to the business. For such projections, discount rate of 10% (2022 - 10%) and long-term growth rates ranging between 5% to 6% (2022 - 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 ₹ 90.50 Crores (2022 - ₹ 147.39 Crores).
- The fair value of the investment property is ₹ 903.04 Crores (2022 - ₹ 870.11 Crores). The fair value has been determined on the basis of valuation carried out at the reporting date by registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 and the same has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research & trends, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.

Amounts recognised in the Statement of Profit and Loss in respect of the investment property is as under:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Rental Income etc. from investment property	124.05	111.94
Direct Operating Expenses arising from investment property that generated rental income during the year <sup>§</sup>	11.42	9.94
Direct Operating Expenses arising from investment property that did not generate rental income during the year	–	–

<sup>§</sup>As per the contractual arrangements, the Company is responsible for the maintenance of common area at its own cost. The expenses arising out of such arrangements are not material.

# Notes to the Financial Statements

## Capital work-in-progress (CWIP) ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2022					As at 31st March, 2023				
	Amount in CWIP for a period of					Amount in CWIP for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	651.71	685.43	444.17	661.03	2442.34	655.86	345.20	140.10	540.31	1681.47
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>651.71</b>	<b>685.43</b>	<b>444.17</b>	<b>661.03</b>	<b>2442.34</b>	<b>655.86</b>	<b>345.20</b>	<b>140.10</b>	<b>540.31</b>	<b>1681.47</b>

## Completion schedule for Projects in Capital work-in-progress, which are overdue or has exceeded its cost compared to its original plan

(₹ in Crores)

Particulars	As at 31st March, 2022				As at 31st March, 2023			
	To be completed in				To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
MXD - KOL	-	542.00	-	-	633.54	-	-	-
H - AHM	440.31	-	-	-	-	-	-	-
F - KHO	-	164.42	-	-	-	-	-	-
F - GNT	69.46	-	-	-	-	-	-	-
ME - MED	62.47	-	-	-	-	-	-	-
ME - PUN	20.01	-	-	-	-	-	-	-

## Other Intangible assets under development (IAUD) ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2022					As at 31st March, 2023				
	Amount in IAUD for a period of					Amount in IAUD for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	23.84	-	-	-	23.84	15.13	-	-	-	15.13
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>23.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23.84</b>	<b>15.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.13</b>

Note: There are no projects in Other Intangible assets under development, which are overdue or has exceeded its cost compared to its original plan as at 31st March, 2023 and 31st March, 2022.

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments</b>					
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>In Subsidiaries (at cost unless stated otherwise)</b>					
<b>Unquoted</b>					
Gold Flake Corporation Limited	10	1,59,98,385	16.00	1,59,98,385	16.00
Russell Credit Limited					
Fully paid	10	59,74,54,177	619.29	59,74,54,177	619.29
₹ 6.50 per share paid	10	7,54,22,400	39.22	7,54,22,400	39.22
ITC Infotech India Limited	10	8,80,00,000	617.01	8,52,00,000	173.10
Landbase India Limited	10	31,70,00,000	325.57	31,70,00,000	325.57
Surya Nepal Private Limited (Ordinary Shares)	Nepalese Rupee 100	1,18,94,400	10.15	1,18,94,400	10.15
Srinivasa Resorts Limited	10	1,63,20,477	18.53	1,63,20,477	18.53
Fortune Park Hotels Limited	10	4,50,008	0.45	4,50,008	0.45
Bay Islands Hotels Limited	100	11,875	0.12	11,875	0.12
WelcomHotels Lanka (Private) Limited	No par value	40,08,47,960	1247.99	13,96,42,260	641.85
Wimco Limited	1	18,50,81,193	3.50	18,50,81,193	3.50
Technico Pty Limited (Ordinary Shares) (₹ 16.29 Crores impaired)	No par value	1,00,15,502	31.88	1,00,15,502	31.88
Technico Agri Sciences Limited	10	3,79,62,800	121.00	3,79,62,800	121.00
ITC Integrated Business Services Limited (formerly known as ITC Investments & Holdings Limited)	10	45,00,000	4.50	45,00,000	4.50
ITC IndiVision Limited	10	12,00,00,000	120.00	12,00,00,000	120.00
North East Nutrients Private Limited	10	5,54,80,000	55.48	5,54,80,000	55.48
Pavan Poplar Limited (cost ₹ 5.99 Crores, fully impaired)	10	55,10,004	–	55,10,004	–
Prag Agro Farm Limited (cost ₹ 12.82 Crores, fully impaired)	1	1,28,00,020	–	1,28,00,020	–
ITC Fibre Innovations Limited	10	10,000	0.01	–	–
<b>In Associates (at cost unless stated otherwise)</b>					
<b>Quoted</b>					
International Travel House Limited	10	2,87,600	0.65	2,87,600	0.65
Gujarat Hotels Limited	10	17,33,907	1.94	17,33,907	1.94
<b>Unquoted</b>					
Delectable Technologies Private Limited	10	100	0.10	100	0.10
Mother Sparsh Baby Care Private Limited [Refer Note 27(ix)]	10	100	0.96	–	–
Carried over			3234.35		2183.33

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			3234.35		2183.33
<b>INVESTMENT IN EQUITY INSTRUMENTS (Contd.)</b>					
<b>In Joint Ventures (at cost unless stated otherwise)</b>					
<b>Unquoted</b>					
Espirit Hotels Private Limited [Refer Note 27(x)]	10	4,65,09,200	46.51	4,65,09,200	46.51
Maharaja Heritage Resorts Limited	100	90,000	0.90	90,000	0.90
Logix Developers Private Limited [Refer Note 27(viii)] [cost ₹ 41.95 Crores, fully impaired (2022 - ₹ 33.45 Crores impaired)]	10	77,66,913	–	77,66,913	8.50
<b>In Others (at fair value through other comprehensive income unless stated otherwise)</b>					
<b>Quoted</b>					
VST Industries Limited	10	476	0.15	476	0.15
HLV Limited	2	4,99,53,055	45.71	4,99,53,055	45.71
EIH Limited	2	8,56,21,473	1418.32	8,56,21,473	1324.14
Tourism Finance Corporation of India Limited	10	25,000	0.18	25,000	0.15
<b>Unquoted</b>					
Bihar Hotels Limited	2	8,00,000	0.04	8,00,000	0.04
Andhra Pradesh Gas Power Corporation Limited	10	8,04,000	–	8,04,000	2.32
Woodlands Multispeciality Hospital Limited	10	13,605	0.01	13,605	0.01
Mirage Advertising and Marketing Limited	10	12,488	–	12,488	–
Mother Sparsh Baby Care Private Limited (at fair value through profit or loss) [Refer Note 27(ix)]	10	–	–	100	0.96
Blupin Technologies Private Limited (at fair value through profit or loss)	10	400	3.82	–	–
<b>INVESTMENT IN PREFERENCE SHARES</b>					
<b>In Subsidiaries (at amortised cost unless stated otherwise)</b>					
<b>Unquoted</b>					
WelcomHotels Lanka (Private) Limited (at cost) (Cumulative Non-Convertible Redeemable Preference Shares)	No par value	38,33,73,340	1527.42	38,33,73,340	1527.42
Wimco Limited (Cumulative Non-Convertible Redeemable Preference Shares)	100	5,00,000	5.00	5,00,000	5.00
ITC IndiVision Limited (Cumulative Non-Convertible Redeemable Preference Shares)	100	1,60,00,000	160.00	30,00,000	30.00
Carried over			6442.41		5175.14

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			6442.41		5175.14
<b>INVESTMENT IN PREFERENCE SHARES (Contd.)</b>					
<b>In Associates (at cost)</b>					
<b>Unquoted</b>					
Delectable Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	7,759	7.40	5,792	5.52
Mother Sparsh Baby Care Private Limited [Refer Note 27(ix)] (Compulsorily Convertible Cumulative Preference Shares)	10	2,980	32.50	–	–
<b>In Others (at fair value through profit or loss)</b>					
<b>Unquoted</b>					
Blupin Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	100	2,980	35.52	–	–
Mother Sparsh Baby Care Private Limited [Refer Note 27(ix)] (Compulsorily Convertible Cumulative Preference Shares)	10	–	–	1,980	19.04
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)</b>					
<b>Quoted</b>					
<b>State Development Loans</b>					
7.20% Tamil Nadu - 25-Jan-2027	100	–	–	20,85,500	21.81
7.41% Uttar Pradesh - 09-Nov-2026	100	–	–	20,00,000	21.08
7.51% Maharashtra - 24-May-2027	100	–	–	65,00,000	68.49
7.59% Gujarat - 15-Feb-2027	100	–	–	1,25,00,000	132.61
7.62% Uttar Pradesh - 15-Feb-2027	100	–	–	30,00,000	31.81
7.84% Maharashtra - 13-Jul-2026	100	–	–	2,00,00,000	212.59
7.86% Karnataka - 15-Mar-2027	100	–	–	50,00,000	53.24
7.96% Maharashtra - 29-Jun-2026	100	–	–	25,00,000	26.73
8.03% Uttar Pradesh - 11-May-2026	100	–	–	70,00,000	74.77
8.08% Maharashtra - 15-Jun-2026	100	–	–	5,00,000	5.36
8.36% Maharashtra - 27-Jan-2026	100	–	–	35,00,000	37.76
8.72% Tamil Nadu - 19-Sep-2026	100	–	–	10,00,000	10.99
<b>Government of India Zero Coupon Government Stock</b>					
Zero Coupon Government Stock - 22-Feb-2025	100	34,00,000	30.62	34,00,000	28.97
Zero Coupon Government Stock - 15-Jun-2025	100	10,20,000	8.97	10,20,000	8.46
Zero Coupon Government Stock - 22-Aug-2025	100	25,35,000	21.94	25,35,000	20.66
Zero Coupon Government Stock - 15-Dec-2025	100	36,34,800	30.93	36,34,800	29.14
Carried over			6610.29		5984.17

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			6610.29		5984.17
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (Contd.)</b>					
Zero Coupon Government Stock - 17-Dec-2025	100	6,02,300	5.10	6,02,300	4.80
Zero Coupon Government Stock - 22-Feb-2026	100	25,35,000	21.17	25,35,000	19.89
Zero Coupon Government Stock - 15-Jun-2026	100	10,20,000	8.35	10,20,000	7.85
Zero Coupon Government Stock - 22-Aug-2026	100	63,54,400	51.19	40,56,000	30.65
Zero Coupon Government Stock - 15-Dec-2026	100	10,20,000	8.05	10,20,000	7.56
Zero Coupon Government Stock - 22-Feb-2027	100	40,11,000	31.10	33,35,000	24.22
Zero Coupon Government Stock - 15-Jun-2027	100	31,17,000	23.73	31,17,000	22.24
Zero Coupon Government Stock - 22-Aug-2027	100	48,54,400	36.20	40,56,000	28.30
<b>Unquoted</b>					
Government Securities (cost ₹ 70000.00)			0.01		0.01
National Savings Certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)			...		...
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
7.07% - Series B - 01-Oct-2025	10,00,000	4,300	433.65	4,300	435.09
7.19% - Series A - 31-Jul-2025	10,00,000	150	15.31	150	15.43
7.39% - Series 2A - 08-Feb-2031	1,000	7,00,696	70.07	7,00,696	70.07
8.20% - Series 2 - 05-Mar-2027	1,000	5,00,000	53.42	5,00,000	54.16
<b>India Infrastructure Finance Company Limited</b>					
7.36% - Series II - 22-Jan-2028	1,000	3,00,000	31.69	3,00,000	31.99
8.01% - Series 1A - 12-Nov-2023	1,000	-	-	50,000	5.13
8.26% - Series V B - 23-Aug-2028	10,00,000	1,175	122.82	1,175	123.63
8.46% - Series VI B - 30-Aug-2028	10,00,000	1,300	138.65	1,300	139.96
8.48% - Series VII B - 05-Sep-2028	10,00,000	1,780	187.31	1,780	188.71
<b>Indian Railway Finance Corporation Limited</b>					
7.07% - Series 102 - 21-Dec-2025	1,000	70,498	7.18	70,498	7.22
7.15% - Series 100 - 21-Aug-2025	10,00,000	250	25.46	250	25.64
7.19% - Series 99 - 31-Jul-2025	10,00,000	2,250	225.38	2,250	225.52
7.34% - Series 86A - 19-Feb-2028	1,000	1,00,000	10.63	1,00,000	10.74
8.23% - Series 91 - 18-Feb-2024	1,000	-	-	8,00,000	82.81
8.35% - Series 89 - 21-Nov-2023	10,00,000	-	-	100	10.31
8.48% - Series 89A - 21-Nov-2028	10,00,000	1,250	131.09	1,250	131.94
8.55% - Series 94A - 12-Feb-2029	10,00,000	130	13.69	130	13.79
Carried over			8261.54		7701.83

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			8261.54		7701.83
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>National Bank for Agriculture and Rural Development</b>					
7.07% - Series 1A - 25-Feb-2026	10,00,000	2,000	204.71	2,000	206.19
<b>National Highways Authority of India</b>					
7.11% - Series NHAI - II A - 18-Sep-2025	10,00,000	2,600	260.25	2,600	260.33
7.14% - Series I A - 11-Jan-2026	1,000	8,06,381	81.45	8,06,381	81.70
7.28% - Series NHAI - II B - 18-Sep-2030	10,00,000	2,500	250.00	2,500	250.00
7.35% - Series II A - 11-Jan-2031	1,000	17,49,943	182.10	17,49,943	182.78
8.50% - Series II A - 05-Feb-2029	1,000	5,00,000	55.55	5,00,000	56.33
8.75% - Series II B - 05-Feb-2029	1,000	2,50,000	28.25	2,50,000	28.71
<b>National Housing Bank</b>					
8.46% - Series V - 30-Aug-2028	10,00,000	800	83.65	800	84.20
<b>Power Finance Corporation Limited</b>					
7.16% - Series 136 - 17-Jul-2025	10,00,000	600	61.11	600	61.57
8.46% - Series 107B - 30-Aug-2028	10,00,000	500	52.28	500	52.63
8.54% - Series 2A - 16-Nov-2028	1,000	3,50,000	39.42	3,50,000	40.07
<b>REC Limited</b>					
7.17% - Series 5A - 23-Jul-2025	10,00,000	850	86.51	850	87.12
8.46% - Series 3B - 29-Aug-2028	10,00,000	1,190	127.30	1,190	128.55
8.46% - Series 2A - 24-Sep-2028	1,000	3,50,000	39.20	3,50,000	39.84
8.54% - Series 4B - 11-Oct-2028	10,00,000	50	5.25	50	5.28
<b>Taxable Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Indian Railway Finance Corporation Limited</b>					
7.83% - Series 118 - 21-Mar-2027	10,00,000	–	–	1,750	187.83
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call option on 04-Mar-2024)	10,00,000	–	–	2,000	200.00
<b>National Bank for Agriculture and Rural Development</b>					
5.70% - Series 22 D - 31-Jul-2025	10,00,000	1,000	99.45	1,000	99.15
7.69% - Series 20 C - 29-May-2024	10,00,000	4,300	441.85	4,300	451.74
<b>Power Finance Corporation Limited</b>					
5.47% - Series 206 - 19-Aug-2023	10,00,000	–	–	100	10.05
6.09% - Series BS-212 A - 27-Aug-2026	10,00,000	–	–	300	30.09
Carried over			10359.87		10245.99

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			10359.87		10245.99
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
6.50% - Series 208 - 17-Sep-2025	10,00,000	–	–	1,150	116.68
6.72% - Series 203 A - 09-Jun-2023	10,00,000	–	–	900	91.74
6.75% - Series 202 A - 22-May-2023	10,00,000	–	–	1,200	122.26
8.03% - Series 147 - 02-May-2026	10,00,000	–	–	600	64.04
8.20% - Series 128 - 10-Mar-2025	10,00,000	450	46.75	450	47.59
8.39% - Series 130 C - 19-Apr-2025	10,00,000	200	20.89	200	21.29
<b>REC Limited</b>					
5.85% - Series 203 B - 20-Dec-2025	10,00,000	–	–	1,100	109.37
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible#</b>					
<b>ICICI Bank</b>					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	–	–	2,647	264.70
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	–	–	3,000	300.00
<b>State Bank of India</b>					
7.72% - Series I (with first Call option on 03-Sep-2026)	1,00,00,000	313	313.00	313	313.00
7.72% - Series II (with first Call option on 18-Oct-2026)	1,00,00,000	400	400.00	400	400.00
9.37% - Series II (with first Call option on 21-Dec-2023)	10,00,000	–	–	2,350	235.00
9.56% - Series I (with first Call option on 04-Dec-2023)	10,00,000	–	–	7,000	700.00
<b>Zero Coupon Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
Tranche 416 - 25-Apr-2025	10,00,000	10,000	1081.21	10,000	1021.27
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Fixed Maturity Plans (at amortised cost)*</b>					
Aditya Birla Sun Life Mutual Fund	10	2,19,98,900	23.40	2,19,98,900	22.03
DSP Mutual Fund	10	4,99,97,500	51.36	–	–
Nippon India Mutual Fund	10	1,49,99,250	16.06	1,49,99,250	15.08
SBI Mutual Fund	10	23,69,88,151	255.23	23,69,88,151	241.25
<b>Exchange Traded Funds (at fair value through other comprehensive income) **</b>					
Axis Mutual Fund	1	5,50,00,000	59.60	5,50,00,000	58.00
Nippon India Mutual Fund	10	6,50,00,000	726.12	3,60,00,000	389.05
Carried over			13353.49		14778.34



## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			13353.49		14778.34
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
<b>Unquoted</b>					
<b>Target Maturity Index Funds (at fair value through other comprehensive income) **</b>					
Aditya Birla Sun Life Mutual Fund	10	84,29,49,728	882.34	35,48,47,210	360.79
Axis Mutual Fund	10	14,37,69,946	148.73	1,98,53,868	20.02
DSP Mutual Fund	10	2,49,40,887	26.04	–	–
ICICI Prudential Mutual Fund	10	54,91,10,334	574.27	17,74,37,385	180.27
Kotak Mahindra Mutual Fund	10	42,26,69,978	438.22	2,99,36,233	30.06
Nippon Mutual Fund	10	24,38,33,990	251.24	–	–
SBI Mutual Fund	10	54,75,53,778	569.97	19,80,19,704	200.51
<b>INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (at fair value through profit or loss)</b>					
<b>Unquoted</b>					
Chiratae Ventures India Fund IV	1,00,000	1,125	17.33	923	13.98
Fireside Ventures Investments Fund I	1,00,000	1,335	58.06	1,324	51.27
Fireside Ventures Investments Fund II	1,000	1,40,000	17.47	1,00,000	8.67
Fireside Ventures Investments Fund III	1,00,000	300	3.00	–	–
India Foundation Fund Series I	100	3,46,463	3.85	1,63,740	2.15
Roots Ventures I	100	9,13,113	19.54	8,13,113	11.26
<b>Aggregate amount of quoted investments</b>			<b>8302.60</b>		<b>10951.37</b>
<b>Aggregate amount of unquoted investments</b>			<b>8060.95</b>		<b>4705.95</b>
<b>Total</b>			<b>16363.55</b>		<b>15657.32</b>

Aggregate market value of quoted investments ₹ 8340.39 Crores (2022 - ₹ 11205.72 Crores).

Aggregate amount of impairment in value of investments ₹ 77.05 Crores (2022 - ₹ 68.55 Crores).

\* Investments in Fixed Maturity Plans (FMPs) that are intended to be held by the Company till maturity are classified as amortised cost. The underlying instruments in the portfolio of these FMPs have minimal churn and are held to receive contractual cashflows.

\*\* Exchange Traded/Target Maturity Index Funds follow a passive buy and hold investment strategy to receive contractual cashflows except for meeting redemption and rebalancing requirements. Investment in such funds are classified as FVTOCI as cash flows from these investments are realised on maturity or upon sale.

# Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

## Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>5. Loans</b>				
Other Loans - Employees				
– Unsecured, considered good	5.95	4.07	5.73	5.06
<b>TOTAL</b>	<b>5.95</b>	<b>4.07</b>	<b>5.73</b>	<b>5.06</b>
<b>6. Other Financial assets</b>				
Bank deposits with more than 12 months maturity	–	2034.40	–	–
Other financial assets				
Security Deposits *	25.50	73.27	26.66	71.99
Deposits other than Security Deposits	2.75	1500.56	1510.27	1500.41
Interest accrued on Loans, Deposits, Investments etc.	393.83	–	496.10	–
Other Receivables**	283.76	–	254.94	–
<b>TOTAL</b>	<b>705.84</b>	<b>3608.23</b>	<b>2287.97</b>	<b>1572.40</b>

\* Include deposits to Directors and Key Management Personnel ₹ 0.06 Crore (2022 - ₹ 0.08 Crore) (Refer Note 29).

\*\* Comprise receivables on account of government grants, claims, rentals, derivatives designated as hedging instrument etc.

## Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>7. Other Assets</b>				
Capital Advances	–	168.45	–	187.21
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.35	789.38	0.28	787.46
– Others	0.79	149.86	0.66	134.22
Other Advances (including advances with statutory authorities, prepaid expenses, employees etc.)	1197.50	104.05	1048.69	120.03
Other Receivables*	189.45	–	145.52	–
<b>TOTAL</b>	<b>1388.09</b>	<b>1211.74</b>	<b>1195.15</b>	<b>1228.92</b>

\* Includes receivables on account of Government grants.

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>8. Inventories*</b>				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)		6937.54		6442.11
Work-in-progress		263.47		232.70
Finished goods (manufactured)		2063.30		1638.93
Stock-in-trade (goods purchased for resale)		700.11		1150.95
Stores and spares		514.39		453.19
Intermediates - Tissue paper and Paperboards		115.09		79.89
<b>TOTAL</b>		<b>10593.90</b>		<b>9997.77</b>

The above includes goods in transit as under:

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
Raw materials (including packing materials)	229.89	301.74
Stock-in-trade (goods purchased for resale)	2.37	2.58
Stores and spares	4.37	4.12
<b>TOTAL</b>	<b>236.63</b>	<b>308.44</b>

The cost of inventories recognised as an expense includes ₹ 20.67 Crores (2022 - ₹ 17.58 Crores) in respect of write-downs of inventory to net realisable value. During the year, reversal of previous write-downs of ₹ 0.81 Crore (2022 - ₹ 0.91 Crore) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 337.08 Crores (2022 - ₹ 574.71 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Company is twelve months.

\* Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future. The quarterly returns/statements filed by the Company with the bank(s) in respect of such facilities are in agreement with the books of accounts.

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise)</b>					
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Indian Railway Finance Corporation Limited</b>					
7.18% - Series 86 - 19-Feb-2023	1,000	–	–	10,00,000	101.82
8.23% - Series 91 - 18-Feb-2024	1,000	20,00,000	201.79	20,00,000	211.32
<b>Power Finance Corporation Limited</b>					
8.01% - Series 107 A - 30-Aug-2023	10,00,000	1,000	100.26	1,000	103.98
8.18% - Series 1 A - 16-Nov-2023	1,000	12,95,560	130.24	12,95,560	135.79
<b>REC Limited</b>					
7.22% - Series 1 - 19-Dec-2022	1,000	–	–	30,00,000	304.51
8.01% - Series 3 A - 29-Aug-2023	10,00,000	1,000	100.25	1,000	103.96
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
9.15% - Series P16 - 05-Sep-2022	10,00,000	–	–	300	30.59
<b>INVESTMENT IN CERTIFICATE OF DEPOSITS</b>					
<b>Unquoted</b>					
Axis Bank Limited - 19-Jul-2023	5,00,000	42,000	2045.45	–	–
Export Import Bank of India - 17-Aug-2023	5,00,000	1,000	48.37	–	–
Export Import Bank of India - 29-Aug-2023	5,00,000	1,000	48.23	–	–
HDFC Bank Limited - 17-Jul-2023	5,00,000	9,500	462.88	–	–
HDFC Bank Limited - 11-Aug-2023	5,00,000	1,600	77.50	–	–
HDFC Bank Limited - 14-Aug-2023	5,00,000	8,500	411.43	–	–
HDFC Bank Limited - 12-Sep-2023	5,00,000	12,000	576.92	–	–
ICICI Bank Limited - 19-Jul-2023	5,00,000	5,000	243.51	–	–
ICICI Bank Limited - 07-Aug-2023	5,00,000	1,000	48.48	–	–
ICICI Bank Limited - 12-Dec-2023	5,00,000	5,000	235.39	–	–
Kotak Mahindra Bank Limited - 19-Jul-2023	5,00,000	6,000	292.21	–	–
	Carried over		5022.91		991.97

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			5022.91		991.97
<b>INVESTMENT IN CERTIFICATE OF DEPOSITS (Contd.)</b>					
Kotak Mahindra Bank Limited - 27-Jul-2023	5,00,000	1,000	48.61	–	–
Kotak Mahindra Bank Limited - 17-Aug-2023	5,00,000	500	24.18	–	–
National Bank for Agriculture and Rural Development - 23-Jan-2024	5,00,000	1,500	69.95	–	–
Small Industries Development Bank of India - 07-Jun-2023	5,00,000	2,000	98.38	–	–
Small Industries Development Bank of India - 29-Aug-2023	5,00,000	1,000	48.23	–	–
Small Industries Development Bank of India - 12-Sep-2023	5,00,000	1,000	48.08	–	–
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Exchange Traded Funds</b>					
Edelweiss Mutual Fund	1,000	30,00,000	368.71	30,00,000	351.13
Nippon India Mutual Fund	10	58,69,560	65.73	58,69,560	63.61
<b>Unquoted</b>					
<b>Liquid/Overnight Funds</b>					
Nippon India Mutual Fund	100	66,75,451	80.01	87,91,983	100.01
<b>Ultra Short Term Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,86,63,673	874.86	1,86,63,673	828.81
Kotak Mahindra Mutual Fund	10	23,75,47,122	897.90	23,75,47,122	850.55
SBI Mutual Fund	1,000	2,47,159	127.50	2,47,159	121.04
<b>Low Duration Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	87,701	5.36	–	–
Axis Mutual Fund	1,000	14,17,525	387.03	14,17,525	367.15
DSP Mutual Fund	10	17,22,63,805	290.89	17,22,63,805	277.37
ICICI Prudential Mutual Fund	100	1,40,07,103	647.96	53,44,324	233.93
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	10	7,34,11,386	245.79	7,34,11,386	233.89
SBI Mutual Fund	1,000	19,73,814	604.99	8,30,697	241.68
Carried over			9957.07		4661.14

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			9957.07		4661.14
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
<b>Money Market Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	40,95,539	129.50	40,95,539	122.42
Axis Mutual Fund	1,000	20,57,053	250.47	–	–
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	10	4,22,87,680	155.87	4,22,87,680	147.67
HDFC Mutual Fund	1,000	7,47,666	367.98	2,39,118	111.30
Kotak Mahindra Mutual Fund	1,000	6,53,754	250.28	–	–
Nippon India Mutual Fund	1,000	6,60,345	234.26	6,60,345	221.25
SBI Mutual Fund	10	6,33,58,708	238.05	6,33,58,708	225.31
<b>Floating Rate Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,94,01,569	581.25	1,94,01,569	550.13
HDFC Mutual Fund	10	10,07,90,662	427.05	10,07,90,662	404.13
Nippon India Mutual Fund	10	6,22,64,756	246.04	6,22,64,756	235.01
<b>Short Duration Funds</b>					
DSP Mutual Fund	10	–	–	3,12,12,253	126.54
IDFC Mutual Fund	10	–	–	6,58,03,493	322.42
Nippon India Mutual Fund	10	–	–	3,86,19,184	175.83
SBI Mutual Fund	10	5,40,50,081	154.07	5,40,50,081	147.17
<b>Banking &amp; PSU Debt Funds</b>					
Axis Mutual Fund	1,000	31,86,227	720.37	31,86,227	689.41
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	10	14,17,61,931	296.13	14,17,61,931	283.77
<b>Corporate Bond Funds</b>					
Aditya Birla Sun Life Mutual Fund	10	–	–	70,15,575	63.27
ICICI Prudential Mutual Fund	10	2,42,40,779	63.09	2,42,40,779	59.60
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>National Bank for Agriculture and Rural Development</b>					
6.40% - Series 20K - 31-Jul-2023	10,00,000	2,700	268.84	–	–
Carried over			14340.32		8546.37

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			14340.32		8546.37
<b>Current Portion of Non-current investments</b>					
<b>INVESTMENT IN PREFERENCE SHARES (at amortised cost)</b>					
<b>In Subsidiaries</b>					
<b>Unquoted</b>					
North East Nutrients Private Limited (Cumulative Non-Convertible Redeemable Preference Shares)	100	–	–	18,00,000	18.00
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
7.34% - Series 1 - 16-Feb-2023	1,000	–	–	3,29,870	33.27
<b>India Infrastructure Finance Company Limited</b>					
7.19% - Series I - 22-Jan-2023	1,000	–	–	5,00,000	50.34
8.01% - Series 1A - 12-Nov-2023	1,000	50,000	5.05	–	–
<b>Indian Railway Finance Corporation Limited</b>					
7.18% - Series 86 - 19-Feb-2023	1,000	–	–	5,00,000	50.37
8.23% - Series 91 - 18-Feb-2024	1,000	8,00,000	81.36	–	–
8.35% - Series 89 - 21-Nov-2023	10,00,000	100	10.13	–	–
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call option on 04-Mar-2024)	10,00,000	2,000	200.00	–	–
<b>Housing and Urban Development Corporation Limited</b>					
6.99% - Series E - 11-Nov-2022	10,00,000	–	–	700	70.05
7.61% - Series A - 22-Jun-2022	10,00,000	–	–	250	25.02
8.40% - Series C - 11-Apr-2022	10,00,000	–	–	850	85.00
Carried over			14636.86		8878.42

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			14636.86		8878.42
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>National Bank for Agriculture and Rural Development</b>					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option on 29-Jul-2022)	10,00,000	–	–	5,000	499.95
6.70% - Series 20 H - 11-Nov-2022	10,00,000	–	–	250	25.00
6.98% - Series 20 G - 19-Sep-2022	10,00,000	–	–	2,000	200.00
7.70% - Series 20 D - 13-Jun-2022	10,00,000	–	–	500	50.09
7.85% - Series 20 B - 23-May-2022	10,00,000	–	–	900	90.13
7.90% - Series 20 A - 18-Apr-2022	10,00,000	–	–	600	60.02
<b>Power Finance Corporation Limited</b>					
5.47% - Series 206 - 19-Aug-2023	10,00,000	100	10.01	–	–
6.72% - Series 203 A - 09-Jun-2023	10,00,000	900	90.25	–	–
6.75% - Series 202 A - 22-May-2023	10,00,000	1,200	120.25	–	–
7.10% - Series 169 A - 08-Aug-2022	10,00,000	–	–	700	70.02
7.35% - Series 191 - 15-Oct-2022	10,00,000	–	–	4,500	450.00
8.45% - Series 181 - 11-Aug-2022	10,00,000	–	–	250	25.14
<b>REC Limited</b>					
7.09% - Series 152 - 17-Oct-2022	10,00,000	–	–	300	29.95
7.09% - Series 185 - 13-Dec-2022	10,00,000	–	–	2,000	200.00
<b>Zero Coupon Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
Tranche 378 - 04-May-2022	10,00,000	–	–	500	64.78
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible<sup>#</sup></b>					
<b>ICICI Bank Limited</b>					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	2,647	264.70	–	–
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	3,000	300.00	–	–
Carried over			15422.07		10643.50



## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			15422.07		10643.50
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>State Bank of India</b>					
9.37% - Series II (with first Call option on 21-Dec-2023)	10,00,000	2,350	235.00	–	–
9.56% - Series I (with first Call option on 04-Dec-2023)	10,00,000	7,000	700.00	–	–
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Fixed Maturity Plans</b>					
Aditya Birla Sun Life Mutual Fund	10	–	–	11,70,00,000	150.27
HDFC Mutual Fund	10	–	–	4,00,00,000	52.17
ICICI Prudential Mutual Fund	10	–	–	10,20,00,000	131.07
IDFC Mutual Fund	10	–	–	2,20,00,000	27.97
Kotak Mahindra Mutual Fund	10	–	–	19,70,00,000	254.79
Nippon India Mutual Fund	10	–	–	8,50,00,000	113.61
SBI Mutual Fund	10	–	–	19,70,00,000	251.57
<b>Aggregate amount of quoted Investments</b>			<b>3252.57</b>		<b>4467.29</b>
<b>Aggregate amount of unquoted Investments</b>			<b>13104.50</b>		<b>7157.66</b>
<b>Total</b>			<b>16357.07</b>		<b>11624.95</b>

Aggregate market value of quoted investments ₹ 3253.03 Crores (2022 - ₹ 4483.77 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, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>10. Trade receivables (Current)</b>		
Secured, considered good	55.96	55.09
Unsecured, considered good	2265.37	1897.41
Which have significant increase in credit risk	–	–
Credit impaired	167.87	170.65
Less: Allowance for Credit impairment	167.87	170.65
<b>TOTAL</b>	<b>2321.33</b>	<b>1952.50</b>

### Trade receivables ageing schedule

(₹ in Crores)

Outstanding for following periods from due date of payment as at 31st March, 2023							
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	1566.84	731.95	17.39	0.63	4.52	–	2321.33
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	0.02	7.85	6.74	22.00	20.95	57.56
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	0.21	0.55	1.75	107.80	110.31
<b>SUB-TOTAL</b>	<b>1566.84</b>	<b>731.97</b>	<b>25.45</b>	<b>7.92</b>	<b>28.27</b>	<b>128.75</b>	<b>2489.20</b>
Less: Allowance for Credit impairment							167.87
<b>TOTAL</b>							<b>2321.33</b>

(₹ in Crores)

Outstanding for following periods from due date of payment as at 31st March, 2022							
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	1230.08	705.49	11.16	5.31	0.32	0.14	1952.50
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	1.33	4.80	25.85	5.16	19.67	56.81
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	0.02	2.41	5.92	105.49	113.84
<b>SUB-TOTAL</b>	<b>1230.08</b>	<b>706.82</b>	<b>15.98</b>	<b>33.57</b>	<b>11.40</b>	<b>125.30</b>	<b>2123.15</b>
Less: Allowance for Credit impairment							170.65
<b>TOTAL</b>							<b>1952.50</b>

## Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>11. Cash and cash equivalents<sup>@</sup></b>		
Balances with Banks		
Current accounts	203.19	181.46
Cheques, drafts on hand	1.37	0.89
Cash on hand	2.32	2.62
<b>TOTAL</b>	<b>206.88</b>	<b>184.97</b>

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

<b>12. Other bank balances</b>		
Earmarked balances	239.30	224.36
In deposit accounts*	3385.08	3468.61
<b>TOTAL</b>	<b>3624.38</b>	<b>3692.97</b>

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

## Notes to the Financial Statements

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in Crores)
<b>13. Equity Share capital</b>				
<b>Authorised</b>				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
<b>Issued and Subscribed</b>				
Ordinary Shares of ₹ 1.00 each, fully paid	12,42,80,17,741	1242.80	12,32,32,55,931	1232.33
<b>A) Reconciliation of number of Ordinary Shares outstanding</b>				
As at beginning of the year	12,32,32,55,931	1232.33	12,30,88,44,231	1230.88
Add: Issue of Shares on exercise of Options	10,47,61,810	10.48	1,44,11,700	1.44
As at end of the year	<b>12,42,80,17,741</b>	<b>1242.80</b>	<b>12,32,32,55,931</b>	<b>1232.33</b>
<b>B) Shareholders holding more than 5% of the Ordinary Shares in the Company</b>				
	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (%)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (%)
Tobacco Manufacturers (India) Limited	2,97,83,47,320	23.96	2,97,83,47,320	24.17
Life Insurance Corporation of India	1,89,68,61,285	15.26	1,95,02,36,958	15.83
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.84	97,45,31,427	7.91
<b>C) Shareholding of Promoters: Nil</b>				
<b>D) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash or as fully paid up Bonus Shares during the period of five years immediately preceding 31st March : Nil</b>				
<b>E) Rights, preferences and restrictions attached to the Ordinary Shares</b>				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
<b>F) Shares reserved for issue under Options</b>				
	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2022 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	13,20,94,790	22,76,87,310		

### Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

The vesting period for conversion of Options is as follows:

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

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

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

The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Further details of ITC Employee Stock Option Schemes are provided in Note 27(xii).

## Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>14. Borrowings</b>				
<b>Unsecured</b>				
Deferred payment liabilities				
Sales tax deferment loans*	1.26	3.28	0.74	4.54
<b>TOTAL</b>	<b>1.26</b>	<b>3.28</b>	<b>0.74</b>	<b>4.54</b>

\*Interest free deferral period of 14 years and repayable by 2025-26.

The repayment schedule is summarised as under:

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
In the first year	1.26	0.74
In the second year	1.52	1.26
In the third to fifth year	1.76	3.28
<b>TOTAL</b>	<b>4.54</b>	<b>5.28</b>

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>15. Lease Liabilities*</b>				
Lease Liabilities	46.54	273.59	46.09	259.79
<b>TOTAL</b>	<b>46.54</b>	<b>273.59</b>	<b>46.09</b>	<b>259.79</b>

\* Refer Note 27(vii)

### Movement of Lease Liabilities during the year

Particulars	31st March, 2023	31st March, 2022
Opening Lease Liabilities	305.88	323.72
New Leases recognised	70.96	40.52
Remeasurements and withdrawals	(4.74)	(3.94)
Interest expense on Lease Liabilities	25.54	26.96
Payment of Lease Liabilities (including interest)	(77.51)	(81.38)
<b>Closing Lease Liabilities</b>	<b>320.13</b>	<b>305.88</b>

## Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>16. Other financial liabilities</b>		
<b>Non-current</b>		
Others (Includes payable towards employee benefits, retention money payable towards property, plant and equipment etc.)	152.49	96.50
<b>TOTAL</b>	<b>152.49</b>	<b>96.50</b>
<b>Current</b>		
Interest accrued	1.69	1.71
Unpaid dividend *	239.07	224.13
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon **	0.30	0.30
Others (Includes payable towards employee benefits, property, plant and equipment, derivatives designated as hedging instruments, contingent consideration on business combination etc.)	1489.62	1277.45
<b>TOTAL</b>	<b>1730.68</b>	<b>1503.59</b>

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

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

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>17. Provisions</b>				
Provision for employee benefits [Refer Note 27(vi)]				
Retirement benefits	55.43	139.45	47.11	126.57
Other benefits	8.16	62.38	8.49	60.30
<b>TOTAL</b>	<b>63.59</b>	<b>201.83</b>	<b>55.60</b>	<b>186.87</b>

# Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>18. Deferred tax liabilities (Net)</b>		
Deferred tax liabilities	2074.58	2004.26
Less: Deferred tax assets	453.45	337.12
<b>TOTAL</b>	<b>1621.13</b>	<b>1667.14</b>

(₹ in Crores)

Movement in deferred tax liabilities/assets balances	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Closing Balance
<b>2022-23</b>						
<b>Deferred Tax liabilities / assets in relation to:</b>						
On fiscal allowances on property, plant and equipment, investment property etc.	1642.06	79.55	–	–	–	1721.61
On Excise Duty/National Calamity Contingent Duty on closing stock	79.21	38.72	–	–	–	117.93
On cash flow hedges	4.82	–	(34.32)	2.62	27.72	0.84
Other timing differences	278.17	(35.16)	(8.81)	–	–	234.20
<b>Total deferred tax liabilities</b>	<b>2004.26</b>	<b>83.11</b>	<b>(43.13)</b>	<b>2.62</b>	<b>27.72</b>	<b>2074.58</b>
On employees' separation and retirement etc.	62.59	65.04	5.00	–	–	132.63
On provision for doubtful debts/advances	53.11	(0.63)	–	–	–	52.48
On State and Central taxes etc.	69.62	0.45	–	–	–	70.07
Other timing differences	151.80	46.47	–	–	–	198.27
<b>Total deferred tax assets</b>	<b>337.12</b>	<b>111.33</b>	<b>5.00</b>	<b>–</b>	<b>–</b>	<b>453.45</b>
<b>Deferred tax liabilities (Net)</b>	<b>1667.14</b>	<b>(28.22)</b>	<b>(48.13)</b>	<b>2.62</b>	<b>27.72</b>	<b>1621.13</b>
<b>2021-22</b>						
<b>Deferred Tax liabilities/assets in relation to:</b>						
On fiscal allowances on property, plant and equipment, investment property etc.	1627.98	14.08	–	–	–	1642.06
On Excise Duty/National Calamity Contingent Duty on closing stock	72.25	6.96	–	–	–	79.21
On cash flow hedges	1.66	–	9.05	2.44	(8.33)	4.82
Other timing differences	312.12	(34.88)	0.93	–	–	278.17
<b>Total deferred tax liabilities</b>	<b>2014.01</b>	<b>(13.84)</b>	<b>9.98</b>	<b>2.44</b>	<b>(8.33)</b>	<b>2004.26</b>
On employees' separation and retirement etc.	59.00	1.09	2.50	–	–	62.59
On provision for doubtful debts/advances	50.73	2.38	–	–	–	53.11
On State and Central taxes etc.	64.36	5.26	–	–	–	69.62
Other timing differences	112.19	39.61	–	–	–	151.80
<b>Total deferred tax assets</b>	<b>286.28</b>	<b>48.34</b>	<b>2.50</b>	<b>–</b>	<b>–</b>	<b>337.12</b>
<b>Deferred tax liabilities (Net)</b>	<b>1727.73</b>	<b>(62.18)</b>	<b>7.48</b>	<b>2.44</b>	<b>(8.33)</b>	<b>1667.14</b>

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>19. Other liabilities (Current)</b>		
Statutory Liabilities	4039.86	3599.11
Advances received from customers	1275.96	1382.17
Others (includes deferred revenue, accruals, customer deposits etc.)	130.34	116.00
<b>TOTAL</b>	<b>5446.16</b>	<b>5097.28</b>

## Notes to the Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>20. Current Tax Liabilities (Net)</b>		
Current taxation (net of advance payment)	776.13	551.39
<b>TOTAL</b>	<b>776.13</b>	<b>551.39</b>

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>21A. Revenue from operations</b>		
Sale of Products	66903.80	57817.10
Sale of Services	2577.09	1283.99
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty of ₹ 4054.16 Crores (2022 - ₹ 3376.63 Crores)]	69480.89	59101.09
Other Operating Revenues <sup>#</sup>	770.39	644.47
<b>TOTAL</b>	<b>70251.28</b>	<b>59745.56</b>

\* Net of sales returns, damaged stocks and estimates of variable consideration such as discounts to customers.

<sup>#</sup> Includes Government grants of ₹ 300.58 Crores (2022 - ₹ 258.92 Crores) on account of Fiscal and Export Incentives etc.

<b>21B. Gross Revenue from sale of products and services*</b>		
<b>FMCG</b>		
– Cigarettes etc.	28206.83	23451.39
– Branded Packaged Food Products	15762.46	13195.84
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	3319.02	2768.91
<b>Hotels</b>		
– Income from Sale of Services	2573.22	1279.33
<b>Agri Business</b>		
– Unmanufactured Tobacco	2677.69	1797.44
– Other Agri Products and Commodities (Wheat, Rice, Spices, Coffee, Soya etc.)	9637.17	10328.61
<b>Paperboards, Paper and Packaging</b>		
– Paperboards and Paper	6570.82	5586.19
– Printed Materials	733.68	693.38
<b>TOTAL</b>	<b>69480.89</b>	<b>59101.09</b>

\* Net of sales returns, damaged stocks and estimates of variable consideration such as discounts to customers.



## Notes to the Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>22. Other income</b>		
Interest income	1434.53	1004.59
Dividend income	556.90	857.46
Other non-operating income	157.77	141.19
Other gains and losses	288.41	586.73
<b>TOTAL</b>	<b>2437.61</b>	<b>2589.97</b>
Interest income:		
a) Deposits with banks etc. - carried at amortised cost	382.73	177.50
b) Financial assets:		
– mandatorily measured at FVTPL	206.61	87.96
– measured at amortised cost	719.79	735.32
– measured at FVTOCI	121.02	3.79
c) Others (from statutory authorities etc.)	4.38	0.02
<b>TOTAL</b>	<b>1434.53</b>	<b>1004.59</b>
Dividend income :		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.01	0.01
b) Other investments	556.89	857.45
<b>TOTAL</b>	<b>556.90</b>	<b>857.46</b>
Other gains and losses:		
Net foreign exchange gain/(loss)	13.74	31.94
Net gain/(loss) arising on financial instruments measured at amortised cost/mandatorily measured at FVTPL (Refer Note 30)*	283.17	554.79
Impairment of investment in joint venture [Refer Note 27(viii)]	(8.50)	–
<b>TOTAL</b>	<b>288.41</b>	<b>586.73</b>
* Includes ₹ 141.37 Crores (2022 - ₹ 186.06 Crores) being net gain/(loss) on sale of investments.		
<b>23. Employee benefits expense</b>		
Salaries and wages	2905.05	2634.04
Contribution to Provident and other funds	171.87	169.85
Share based payments to employees [Includes cash-settled share based payments ₹ 208.62 Crores (2022 - ₹ 28.68 Crores)]	267.12	61.19
Staff welfare expenses	280.91	238.37
	3624.95	3103.45
Less: Recoveries made/reimbursements received	55.49	41.46
<b>TOTAL</b>	<b>3569.46</b>	<b>3061.99</b>
<b>24. Finance costs</b>		
Interest expense:		
– On Lease Liabilities	25.45	26.87
– On other financial liabilities measured at amortised cost	4.00	2.18
– Others (to statutory authorities etc.)	12.36	12.90
<b>TOTAL</b>	<b>41.81</b>	<b>41.95</b>

## Notes to the Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>25. Other Expenses</b>		
Power and fuel	1199.84	864.05
Consumption of stores and spare parts	446.03	353.48
Contract processing charges	941.72	814.41
Rent	239.68	196.00
Rates and taxes	153.02	114.59
Insurance	132.43	122.39
Repairs		
– Buildings	104.80	61.11
– Machinery	325.43	263.29
– Others	81.43	55.05
Maintenance and upkeep	312.93	251.89
Outward freight and handling charges	1648.69	1624.97
Warehousing charges	233.72	200.35
Advertising/Sales promotion	1155.71	980.63
Market research	153.38	161.59
Design and product development	48.08	36.17
Hotel reservation/Marketing expenses	56.76	27.14
Retail accessories	224.54	206.54
Brokerage and discount - sales	17.82	23.55
Commission to selling agents	18.92	18.30
Doubtful and bad debts	(0.93)	10.64
Doubtful and bad advances, loans and deposits	1.16	1.15
Bank and credit card charges	31.77	18.58
Information technology services	311.31	274.48
Travelling and conveyance	266.31	182.18
Training and development	18.55	13.64
Legal expenses	37.07	30.42
Consultancy/Professional fees	175.52	153.08
Postage, telephone etc.	19.48	18.33
Printing and stationery	16.66	11.80
(Gain)/Loss on sale of property, plant and equipment - Net	4.88	(58.77)
Loss on sale of stores and spare parts - Net	1.45	4.71
Miscellaneous expenses	1271.00	1077.36
<b>TOTAL</b>	<b>9649.16</b>	<b>8113.10</b>
<b>Miscellaneous expenses include :</b>		
(1) Auditors' remuneration and expenses*		
Audit fees	3.40	3.40
Tax audit fees	0.70	0.70
Fees for limited review	1.40	1.40
Fees for other services <sup>#</sup>	0.44	0.58
Reimbursement of expenses	0.22	0.01
(2) Cost auditors' fees	0.11	0.11

\* Excluding taxes.

<sup>#</sup> Auditors' remuneration excludes remuneration for services amounting to ₹ 2.44 Crores (2022 - ₹ 1.88 Crores) rendered by network firm/entity which is a part of the network of which auditor is a member firm.

## Notes to the Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>26. Income tax expenses</b>		
<b>A. Amount recognised in profit or loss</b>		
<b>Current tax</b>		
Income tax for the year	6019.69	4803.32
Adjustments/(credits) related to previous years - Net	5.63	30.56
<b>Total current tax</b>	<b>6025.32</b>	<b>4833.88</b>
<b>Deferred tax</b>		
Deferred tax for the year	(22.59)	(31.62)
Adjustments/(credits) related to previous years - Net	(5.63)	(30.56)
<b>Total deferred tax</b>	<b>(28.22)</b>	<b>(62.18)</b>
<b>TOTAL</b>	<b>5997.10</b>	<b>4771.70</b>
<b>B. Amount recognised in other comprehensive income</b>		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurements gains/(losses) on defined benefit plans	5.00	(7.96)
Related to designated portion of hedging instruments in cash flow hedges	(5.34)	3.00
	<b>(0.34)</b>	<b>(4.96)</b>
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	11.94	(3.72)
Debt instruments through other comprehensive income	8.81	(0.93)
<b>TOTAL</b>	<b>20.41</b>	<b>(9.61)</b>
<b>C. Amount recognised directly in equity</b>		
The income tax (charged)/credited directly to equity during the year is as follows:		
<b>Deferred tax</b>		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	2.62	2.44
<b>TOTAL</b>	<b>2.62</b>	<b>2.44</b>
<b>D. Reconciliation of effective tax rate</b>		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
<b>Profit before tax</b>	24750.41	19829.53
Income tax expense calculated @ 25.168% (2022 - 25.168%)	6229.18	4990.70
Effect of tax relating to uncertain tax positions	25.29	26.73
Effect of different tax rate on certain items	(162.27)	(79.46)
Effect of Income not taxable	(76.60)	(81.95)
Other differences	(18.50)	(84.32)
<b>Income tax recognised in profit or loss</b>	<b>5997.10</b>	<b>4771.70</b>

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2022-23 and 2021-22 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements

- (i) Exceptional items represent proceeds received in partial settlement of the insurance claim towards leaf tobacco stocks, which were destroyed due to fire at a third party owned warehouse in an earlier year.

- (ii) Earnings per share:

		2023	2022
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in Crores)	18753.31	15057.83
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,38,15,12,709	12,31,65,71,748
(c)	Effect of potential Ordinary shares on Employee Stock Options outstanding	3,28,14,400	54,47,370
(d)	Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,41,43,27,109	12,32,20,19,118
(e)	Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
	– Basic [(a)/(b)]	15.15	12.22
	– Diluted [(a)/(d)]	15.11	12.22

- (iii) Amount required to be spent by the Company during the year as per Section 135 read with Section 198 of the Companies Act, 2013 - ₹ 364.91 Crores (2022 - ₹ 354.27 Crores) being 2% of the average Net Profit of the Company.

Expenditure incurred during the year is ₹ 365.50 Crores (2022 - ₹ 355.03 Crores) comprising employee benefits expense of ₹ 14.33 Crores (2022 - ₹ 15.92 Crores) and other expenses of ₹ 351.17 Crores (2022 - ₹ 339.11 Crores), of which ₹ 62.71 Crores (2022 - ₹ 26.01 Crores) is accrued for payment as on 31st March, 2023. The above includes an amount of ₹ 23.10 Crores (2022 - ₹ 3.90 Crores) with regard to ongoing project, which has been deposited in the Unspent CSR Account within 30 days from the end of the financial year. Amount available for set off in succeeding financial years is ₹ 1.35 Crores (2022 - ₹ 0.76 Crore).

Such CSR expenditure of ₹ 365.50 Crores (2022 - ₹ 355.03 Crores) excludes ₹ 9.43 Crores (2022 - ₹ 5.85 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit of 5% of total CSR expenditure laid down under Rule 7(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

CSR activities undertaken during the year pertain to: poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people (especially those from disadvantaged sections of society); protection of national heritage, art and culture; preserving and promoting music; and providing relief and assistance to victims of disasters and calamities.

- (iv) Research and Development expenses for the year amount to ₹ 161.31 Crores (2022- ₹ 143.59 Crores).  
(v) Contingent liabilities and commitments:

(a) Contingent liabilities

Claims against the Company not acknowledged as debts ₹ 875.28 Crores (2022 - ₹ 880.58 Crores), including interest on claims, where applicable, estimated to be ₹ 283.62 Crores (2022 - ₹ 285.07 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 ₹ 585.19 Crores (2022 - ₹ 593.95 Crores), including interest on claims, where applicable, estimated to be ₹ 261.96 Crores (2022 - ₹ 267.18 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 239.94 Crores (2022 - ₹ 236.63 Crores), including interest on claims, where applicable, estimated to be ₹ 15.09 Crores (2022 - ₹ 11.22 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 31.79 Crores (2022 - ₹ 29.22 Crores), including interest on claims, where applicable, estimated to be ₹ 0.17 Crore (2022 - ₹ 0.10 Crore).
- Other matters ₹ 18.36 Crores (2022 - ₹ 20.78 Crores), including interest on other matters, where applicable, estimated to be ₹ 6.40 Crores (2022 - ₹ 6.57 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 ₹ 1403.04 Crores (2022 - ₹ 984.51 Crores).
- Uncalled liability on investments is ₹ 60.71 Crores (2022 - ₹ 54.89 Crores).

### (vi) Employee Benefit Plans

#### 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.

#### (a) Defined Benefit Plans:

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. The Company makes regular contributions to these Defined Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. Some Group companies also participate in these Plans. These participating Group companies make contributions to the Plans for their respective employees on a uniform basis and each entity ascertains their obligation through actuarial valuation. The net Defined benefit cost is recognised by these companies in their respective Financial Statements.

#### Risk Management

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

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

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

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

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

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

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2023 (₹ in Crores)			For the year ended 31st March, 2022 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded	Unfunded		Funded	Unfunded	
<b>I</b>	<b>Components of Employer Expense</b>						
	<b>– Recognised in the Statement of Profit and Loss</b>						
1	Current Service Cost	41.32	32.14	12.23	44.87	32.93	10.74
2	Past Service Cost	–	–	–	–	–	–
3	Net Interest Cost	(1.59)	(1.41)	9.18	1.88	(0.95)	7.88
<b>4</b>	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>39.73</b>	<b>30.73</b>	<b>21.41</b>	<b>46.75</b>	<b>31.98</b>	<b>18.62</b>
	<b>– Remeasurements recognised in Other Comprehensive Income</b>						
5	Return on plan assets (excluding amounts included in Net interest cost)	13.71	1.15	–	(7.07)	(5.65)	–
6	Effect of changes in demographic assumptions	–	–	–	4.44	(1.83)	0.12
7	Effect of changes in financial assumptions	(10.44)	(13.10)	(2.80)	(3.43)	(7.77)	0.07
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
9	Effect of experience adjustments	(1.31)	26.27	8.33	(35.49)	17.99	7.00
<b>10</b>	<b>Total remeasurements included in Other Comprehensive Income</b>	<b>1.96</b>	<b>14.32</b>	<b>5.53</b>	<b>(41.55)</b>	<b>2.74</b>	<b>7.19</b>
<b>11</b>	<b>Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4 + 10)</b>	<b>41.69</b>	<b>45.05</b>	<b>26.94</b>	<b>5.20</b>	<b>34.72</b>	<b>25.81</b>
<p>The current service cost, past service cost and net interest cost for the year, as applicable, pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.</p>							
(₹ in Crores)							
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>II</b>	<b>Actual Returns</b>	44.92	26.71	–	60.36	29.97	–
<b>III</b>	<b>Net Asset/(Liability) recognised in Balance Sheet</b>						
1	Present Value of Defined Benefit Obligation	878.89	439.40	154.53	897.75	416.05	144.48
2	Fair Value of Plan Assets	854.51	423.43	–	882.68	401.92	–
3	Status [Surplus/(Deficit)]	(24.38)	(15.97)	(154.53)	(15.07)	(14.13)	(144.48)
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, 2023		As at 31st March, 2022	
		Current	Non-current	Current	Non-current
	– Pension	(24.38)	–	(15.07)	–
	– Gratuity	(15.97)	–	(14.13)	–
	– Leave Encashment	(15.08)	(139.45)	(17.91)	(126.57)

IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2023 (₹ in Crores)			For the year ended 31st March, 2022 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of DBO at the beginning of the year	897.75	416.05	144.48	933.22	396.43	133.52
2	Current Service Cost	41.32	32.14	12.23	44.87	32.93	10.74
3	Past Service Cost	–	–	–	–	–	–
4	Interest Cost	57.04	26.45	9.18	55.17	23.37	7.88
5	Remeasurement gains/(losses)						
a.	Effect of changes in demographic assumptions	–	–	–	4.44	(1.83)	0.12
b.	Effect of changes in financial assumptions	(10.44)	(13.10)	(2.80)	(3.43)	(7.77)	0.07
c.	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
d.	Effect of experience adjustments	(1.31)	26.27	8.33	(35.49)	17.99	7.00
6	Curtailement Cost/(Credits)	–	–	–	–	–	–
7	Settlement Cost/(Credits)	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	–	–
9	Effects of transfer In/(Out)	(0.06)	–	–	(0.07)	–	–
10	Benefits Paid	(105.41)	(48.41)	(16.89)	(100.96)	(45.07)	(14.85)
11	<b>Present Value of DBO at the end of the year</b>	<b>878.89</b>	<b>439.40</b>	<b>154.53</b>	<b>897.75</b>	<b>416.05</b>	<b>144.48</b>

(₹ in Crores)

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2023	As at 31st March, 2022
	– Pension	86.28	70.95
	– Gratuity	67.09	58.88

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2023 (₹ in Crores)			For the year ended 31st March, 2022 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>VI</b>	<b>Change in Fair Value of Assets</b>						
1	Plan Assets at the beginning of the year	882.68	401.92	–	822.53	376.20	–
2	Asset acquired in Business Combination	–	–	–	–	–	–
3	Interest Income	58.63	27.86	–	53.29	24.32	–
4	Remeasurement Gains/(Losses) on plan assets	(13.71)	(1.15)	–	7.07	5.65	–
5	Actual Company Contributions	32.38	43.21	–	100.82	40.82	–
6	Benefits Paid	(105.41)	(48.41)	–	(100.96)	(45.07)	–
7	Effects of transfer In/(Out)	(0.06)	–	–	(0.07)	–	–
8	<b>Plan Assets at the end of the year</b>	<b>854.51</b>	<b>423.43</b>	<b>–</b>	<b>882.68</b>	<b>401.92</b>	<b>–</b>

<b>VII Actuarial Assumptions</b>		As at 31st March, 2023	As at 31st March, 2022
		Discount Rate (%)	Discount Rate (%)
1	Pension	7.50	6.75
2	Gratuity	7.50	6.75
3	Leave Encashment	7.50	6.75

The estimates of future salary increases, generally between 4% to 6%, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

<b>VIII Major Category of Plan Assets as a % of the Total Plan Assets</b>		As at 31st March, 2023	As at 31st March, 2022
1	Government Securities/Special Deposit with RBI	16.12%	17.96%
2	High Quality Corporate Bonds	11.06%	11.15%
3	Insurer Managed Funds*	63.00%	62.34%
4	Mutual Funds	5.09%	4.39%
5	Cash and Cash Equivalents	4.73%	4.16%
6	Term Deposits	–	–

\* 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.)

<b>IX</b>	<b>Basis used to determine the Expected Rate of Return on Plan Assets</b>
	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.

		For the year ended 31st March, 2023 (₹ in Crores)			For the year ended 31st March, 2022 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>X</b>	<b>Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>						
	1 Present Value of Defined Benefit Obligation	878.89	439.40	154.53	897.75	416.05	144.48
	2 Fair Value of Plan Assets	854.51	423.43	–	882.68	401.92	–
	3 Status [Surplus/(Deficit)]	(24.38)	(15.97)	(154.53)	(15.07)	(14.13)	(144.48)
	4 Experience Adjustment of Plan Assets [Gain/(Loss)]	(13.71)	(1.15)	–	7.07	5.65	–
	5 Experience Adjustment of obligation [(Gain)/Loss ]	(1.31)	26.27	8.33	(35.49)	17.99	7.00

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

(₹ in Crores)

		DBO as at 31st March, 2023	DBO as at 31st March, 2022
	1 Discount Rate + 100 basis points	1392.74	1375.72
	2 Discount Rate - 100 basis points	1563.32	1552.14
	3 Salary Increase Rate + 1%	1557.24	1543.65
	4 Salary Increase Rate – 1%	1395.05	1377.35

(₹ in Crores)

	Maturity Analysis of the Benefit Payments	As at 31st March, 2023	As at 31st March, 2022
	1 Year 1	216.14	236.75
	2 Year 2	214.54	155.17
	3 Year 3	197.58	176.96
	4 Year 4	182.67	180.08
	5 Year 5	115.26	154.62
	6 Next 5 Years	499.51	437.59

# 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: ₹ 101.41 Crores (2022 - ₹ 91.12 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, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered.

The amount of ROU Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3G and Note 15 respectively. The total cash outflow for leases for the year is ₹ 412.57 Crores (2022 - ₹ 359.73 Crores) [including payments of ₹ 329.16 Crores (2022 - ₹ 275.66 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 5.90 Crores (2022 - ₹ 2.69 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 over the remaining lease term is as follows:

(₹ in Crores)

Term	As at 31st March, 2023	As at 31st March, 2022
Not later than three years	172.10	166.77
Later than three years and not later than ten years	167.52	158.02
Later than ten years and not later than twenty-five years	216.82	212.58
Later than twenty-five years and not later than fifty years	205.12	210.91
Later than fifty years	192.86	198.24

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, 2023	As at 31st March, 2022
1st year	1.43	17.18
2nd year	0.89	1.10
3rd year	0.75	0.56
4th year	0.61	0.58
5th year	0.64	0.61
Beyond 5 years	26.31	26.95

(viii) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) (CIN: U70101DL2010PTC207640) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the JVA. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company’s petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity, as also a petition for winding up of LDPL filed by Logix Estates, are currently before the Hon’ble National Company Law Tribunal.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

New Okhla Industrial Development Authority (NOIDA), vide letter dated 6th July, 2022, cancelled the sub-lease for the land on which the project was to be constructed on account of non-payment of lease installments and non-fulfilment of the conditions of the sub-lease, including forfeiture of the amount deposited. Upon cancellation of the sub-lease, LDPL is evaluating all options to pursue its rights.

The financial statements of LDPL for the year ended 31st March, 2023 are yet to be approved by its Board of Directors.

- (ix) The Company on 27th October, 2022 acquired, in the third tranche, 1000 Compulsorily Convertible Preference Shares of ₹ 10/- each of Mother Sparsh Baby Care Private Limited (Mother Sparsh), consequent to which the Company's shareholding in Mother Sparsh aggregated 22.00% of its share capital on a fully diluted basis. Accordingly, Mother Sparsh became an associate of the Company with effect from the aforesaid date and the investment is being carried at cost.
- (x) The Company on 7th April, 2023 divested its entire shareholding, i.e., 26.00% of the paid-up share capital, held in Espirit Hotels Private Limited (Espirit), consequent to which Espirit ceased to be a joint venture of the Company with effect from the said date.
- (xi) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:
- Ind AS 1, 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies.
  - Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - This amendment has introduced a definition of 'accounting estimates' and includes guidance to help distinguish changes in accounting policies from changes in accounting estimates.
  - Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. Based on a preliminary evaluation, the Company does not expect any material impact on the financial statements resulting from the implementation of these amendments.

- (xii) 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"> <li>● On completion of 12 months from the date of grant of the Options : 30% vests</li> <li>● On completion of 24 months from the date of grant of the Options : 30% vests</li> <li>● On completion of 36 months from the date of grant of the Options : 40% vests</li> </ul>	
4.	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.  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	

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statements (Contd.)

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
8.	Method used for accounting of share-based payment plans	: The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per fair value method for the financial year 2022-23 is ₹ 58.50 Crores (2022 - ₹ 32.51 Crores); for the group entities, such compensation cost is ₹ 2.61 Crores (2022 - ₹ 1.00 Crore).	
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	: In addition to the terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore, each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period.	
10.	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock	: Weighted average exercise price per Option : ₹ 3460.70 Weighted average fair value per Option : ₹ 853.67	
11.	Option movements during the year	<b>ITC Employee Stock Option Scheme - 2006</b>	<b>ITC Employee Stock Option Scheme - 2010</b>
	a) Options outstanding at the beginning of the year	3,79,976	2,23,88,755
	b) Options granted during the year	9,800	13,66,500
	c) Options cancelled and lapsed during the year	3,800	4,55,571
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	33,990	6,65,415
	e) Options exercised during the year	1,00,168	1,03,76,013
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	10,01,680	10,37,60,130
	g) Options outstanding at the end of the year (a+b-c-e)	2,85,808	1,29,23,671
	h) Options exercisable at the end of the year	1,95,798	1,05,09,326
	i) Money realised by exercise of the Options during the year (₹ in Crores)	23.22	2,454.18

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

12.	Summary of the status of Options:						
	<b>Particulars</b>	<b>As at 31st March, 2023</b>			<b>As at 31st March, 2022</b>		
		<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>	<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>		
	Outstanding at the beginning of the year	2,27,68,731	2469.30	2,91,81,292	2402.40		
	Add: Granted during the year	13,76,300	3460.70	12,21,600	2333.96		
	Less: Lapsed during the year	4,59,371	2477.37	61,92,991	2230.80		
	Less: Exercised during the year	1,04,76,181	2364.79	14,41,170	2024.88		
	Outstanding at the end of the year	1,32,09,479	2655.20	2,27,68,731	2469.30		
	Options exercisable at the end of the year	1,07,05,124	2603.17	2,08,53,766	2495.72		
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, 2023 was ₹ 315.92 (2022 - ₹ 212.94). 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:						
	<b>Particulars</b>	<b>As at 31st March, 2023</b>			<b>As at 31st March, 2022</b>		
		<b>No. of Options Outstanding</b>	<b>Range of Exercise Prices (₹)</b>	<b>Weighted average remaining contractual life</b>	<b>No. of Options Outstanding</b>	<b>Range of Exercise Prices (₹)</b>	<b>Weighted average remaining contractual life</b>
	ITC Employee Stock Option Scheme - 2006	2,85,808	1698.00 – 3463.50	3.44	3,79,976	1698.00 – 2885.50	3.61
	ITC Employee Stock Option Scheme - 2010	1,29,23,671	1698.00 – 3463.50	2.50	2,23,88,755	1698.00 – 2885.50	1.93
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 : ₹ 3460.70 Weighted average fair value per Option : ₹ 853.67					
	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				7.31%	
		(ii) Expected life				4.61 years	
		(iii) Expected volatility				25.08%	
		(iv) Expected dividends				3.32%	
		(v) The price of the underlying shares in market at the time of Option grant (One Option = 10 Ordinary Shares)				₹ 3460.70	

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

16.	Methodology for determination of expected volatility	:	The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.			
17.	Options granted to	:	As provided below:-			
	(a) Directors and Senior managerial personnel		<b>Name</b>	<b>Designation</b>	<b>No. of Options granted during the financial year 2022-23</b>	
			1	S. Puri	Chairman & Managing Director	1,34,500
			2	N. Anand	Executive Director	67,250
			3	S. Dutta	Executive Director & Chief Financial Officer	18,750
			4	B. Sumant	Executive Director	67,250
			5	S. Kaul	Group Head - ITD, MAB, Start-Up Ventures, LS & T & Quality	13,050
			6	H. Malik	Divisional Chief Executive - Foods Business Division	18,750
			7	A. K. Rajput	President - Corporate Affairs	18,750
			8	S. Sivakumar	Group Head - Agri Business, IT, EHS, Sustainability & CSR	18,750
			9	R. K. Singhi	Executive Vice President & Company Secretary	11,050
	<i>The aforesaid Options were granted at the exercise price of ₹ 3463.50 per Option, being the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</i>					
	(b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year.	:	None			
	(c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None			

(xiii) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	:	Details
1	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	:	ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan). Under the ITC ESAR Plan, the eligible employees receive cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting of SAR units subject to the terms and conditions specified in the Plan.
2	Settlement Method	:	Cash – Settled
3	Vesting period and maximum term of SAR granted	:	Over a period of five years from the date of grant in accordance with the Plan.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

Sl. No.	Particulars	Details
4	Method used to estimate the fair value of SAR granted	: Black Scholes Option Pricing model. The said model considers inputs such as Risk-free interest rate, Expected life, Expected volatility, Expected dividend, Market price etc. The number of SAR units outstanding as at 31st March, 2023 is 25,00,251 (2022 - 39,46,719) and the weighted average fair value at measurement date is ₹ 712.18 (2022 - ₹ 217.98) 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 as per fair value method for the financial year 2022-23 is ₹ 208.62 Crores (2022 - ₹ 28.68 Crores) and ₹ 7.51 Crores (2022 - ₹ 1.33 Crores) for group entities (Refer Note 23). The amount carried in the Balance Sheet as a non – current financial liability is ₹ 69.38 Crores (2022 - ₹ 47.34 Crores) and as a current financial liability is ₹ 118.80 Crores (2022 - ₹ 18.47 Crores) (Refer Note 16).

(xiv) Trade Payables ageing schedule:

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2023					
	Not Due	Less than 1 year	1–2 years	2–3 years	More than 3 years	Total
MSME	44.01	–	–	–	–	44.01
Others	582.85	20.12	–	–	–	602.97
Disputed Dues – MSME	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	0.28	0.28
<b>SUB-TOTAL</b>	<b>626.86</b>	<b>20.12</b>	<b>–</b>	<b>–</b>	<b>0.28</b>	<b>647.26</b>
Accrued Payables (not due)						
– MSME						93.49
– Others						3610.51
<b>TOTAL</b>						<b>4351.26</b>

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	32.80	–	–	–	–	32.80
Others	818.93	69.68	0.02	0.01	–	888.64
Disputed Dues – MSME	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	0.50	0.50
<b>SUB-TOTAL</b>	<b>851.73</b>	<b>69.68</b>	<b>0.02</b>	<b>0.01</b>	<b>0.50</b>	<b>921.94</b>
Accrued Payables (not due)						
– MSME						68.16
– Others						3233.30
<b>TOTAL</b>						<b>4223.40</b>

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

(xv) Micro, Small and Medium scale business entities:

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, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ Crores)

	31st March, 2023	31st March, 2022
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year		
– On account of trade payables	137.50	100.96
– On account of liabilities other than trade payables	33.70	29.03
<b>– Total</b>	<b>171.20</b>	<b>129.99</b>
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(c) Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	–	–
(d) Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006)	–	–
(e) Amount of interest accrued and remaining unpaid at the end of accounting year	–	–
(f) Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise	–	–

(xvi) Financial Ratios:

Ratio	Numerator	Denominator	31st March, 2023	31st March, 2022
Current Ratio (in times)	Current Assets	Current Liabilities	2.84	2.70
Return on Equity Ratio (in %)	Profit for the year (before exceptional items)	Average Shareholder's Equity	28.99	25.01
Inventory Turnover Ratio (in times)	Gross Revenue from sale of products and services	Average Inventory	6.75	6.07
Trade Receivables Turnover Ratio (in times)	Gross Revenue from sale of products and services	Average Trade Receivables	32.51	29.24
Trade Payables Turnover Ratio (in times)	COGS + Other Expenses – Non Cash Expenditure	Average Trade Payables	8.99	8.24
Net Capital Turnover Ratio (in times)	Gross Revenue from sale of products and services	Working Capital (Current Assets – Current Liabilities)	3.05	3.04
Net Profit Ratio (in %)	Profit for the year (before exceptional items)	Gross Revenue from sale of products and services	26.91	25.48
Return on Capital Employed (in %)	Profit before exceptional items, interest and taxes	Average Capital Employed	38.72	33.33
Return on Investment (in %)	Income from investment	Time weighted average Investment	6.79	7.61

Debt-Equity Ratio and Debt Service Coverage Ratio are not relevant for the Company as it has negligible debt.

(xvii) Figures presented as “...” are below the rounding off norm adopted by the Company.

(xviii) Figures for the previous year are re-arranged, wherever necessary, to conform to the figures of the current period.

(xix) The financial statements were approved for issue by the Board of Directors on 18th May, 2023.



# Notes to the Financial Statements

## 28. Segment Reporting

(₹ in Crores)

	2023			2022		
	External	Inter Segment	Total	External	Inter Segment	Total
<b>1. Segment Revenue - Gross</b>						
FMCG - Cigarettes	28206.83	–	28206.83	23451.39	–	23451.39
FMCG - Others	19081.48	41.02	19122.50	15964.75	29.74	15994.49
<b>FMCG - Total</b>	<b>47288.31</b>	<b>41.02</b>	<b>47329.33</b>	<b>39416.14</b>	<b>29.74</b>	<b>39445.88</b>
Hotels	2573.22	11.81	2585.03	1279.33	5.67	1285.00
Agri Business	12314.86	5857.48	18172.34	12126.05	4070.02	16196.07
Paperboards, Paper and Packaging	7304.50	1776.85	9081.35	6279.57	1362.05	7641.62
<b>Segment Total</b>	<b>69480.89</b>	<b>7687.16</b>	<b>77168.05</b>	<b>59101.09</b>	<b>5467.48</b>	<b>64568.57</b>
Eliminations			(7687.16)			(5467.48)
<b>Gross Revenue from sale of products and services</b>			<b>69480.89</b>			<b>59101.09</b>
<b>2. Segment Results</b>						
FMCG - Cigarettes			17927.06			14869.07
FMCG - Others			1374.18			923.22
<b>FMCG - Total</b>			<b>19301.24</b>			<b>15792.29</b>
Hotels			541.90			(183.09)
Agri Business			1327.74			1031.15
Paperboards, Paper and Packaging			2293.99			1700.00
<b>Segment Total</b>			<b>23464.87</b>			<b>18340.35</b>
Eliminations			22.19			14.01
<b>Total</b>			<b>23487.06</b>			<b>18354.36</b>
Unallocated corporate expenses net of unallocated income			1167.72			874.28
<b>Profit before interest etc. and taxation</b>			<b>22319.34</b>			<b>17480.08</b>
Finance Costs			41.81			41.95
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			2400.01			2391.40
Exceptional items [Refer Note 27(i)]			72.87			–
<b>Profit before tax</b>			<b>24750.41</b>			<b>19829.53</b>
Tax expense			5997.10			4771.70
<b>Profit for the year</b>			<b>18753.31</b>			<b>15057.83</b>

	2023		2022	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
FMCG - Cigarettes	7290.67	5056.90	6654.58	4684.28
FMCG - Others	11966.57	2351.99	11444.16	2273.87
<b>FMCG - Total</b>	<b>19257.24</b>	<b>7408.89</b>	<b>18098.74</b>	<b>6958.15</b>
Hotels	6514.91	940.88	6538.40	835.94
Agri Business	4114.31	1649.76	4699.08	1746.29
Paperboards, Paper and Packaging	9201.17	1315.17	8486.49	1326.06
<b>Segment Total</b>	<b>39087.63</b>	<b>11314.70</b>	<b>37822.71</b>	<b>10866.44</b>
Unallocated Corporate Assets/Liabilities	43174.11	3353.24	37269.79	2826.49
<b>Total</b>	<b>82261.74</b>	<b>14667.94</b>	<b>75092.50</b>	<b>13692.93</b>

# Notes to the Financial Statements

## 28. Segment Reporting (Contd.)

(₹ in Crores)

	2023		2022	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	173.60	268.60	137.25	263.19
FMCG - Others	418.79	579.79	336.27	525.75
<b>FMCG - Total</b>	<b>592.39</b>	<b>848.39</b>	<b>473.52</b>	<b>788.94</b>
Hotels	195.28	289.72	257.90	261.12
Agri Business	119.86	66.48	113.36	80.63
Paperboards, Paper and Packaging	744.48	347.99	896.72	410.97
<b>Segment Total</b>	<b>1652.01</b>	<b>1552.58</b>	<b>1741.50</b>	<b>1541.66</b>
Unallocated	181.90	110.15	126.94	110.49
<b>Total</b>	<b>1833.91</b>	<b>1662.73</b>	<b>1868.44</b>	<b>1652.15</b>
	Non Cash expenditure other than depreciation		Non Cash expenditure other than depreciation	
FMCG - Cigarettes		0.34		6.25
FMCG - Others		5.42		6.66
<b>FMCG - Total</b>		<b>5.76</b>		<b>12.91</b>
Hotels		7.31		–
Agri Business		0.56		3.20
Paperboards, Paper and Packaging		7.73		27.59
<b>Segment Total</b>		<b>21.36</b>		<b>43.70</b>

### GEOGRAPHICAL INFORMATION

	2023	2022
<b>1. Revenue from external customers</b>		
– Within India	59074.73	49782.80
– Outside India	10406.16	9318.29
<b>Total</b>	<b>69480.89</b>	<b>59101.09</b>
<b>2. Non-current assets</b>		
– Within India	27082.45	26915.71
– Outside India	...	...
<b>Total</b>	<b>27082.45</b>	<b>26915.71</b>

### 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	– 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.
Hotels		– Hoteliering.
Paperboards, Paper and Packaging		– Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business		– Agri commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.
- The geographical information considered for disclosure are:
 

	– Revenue within India.
	– Revenue 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.  
ITC Infotech Do Brasil LTDA., Brazil (w.e.f. 10.10.2022)  
ITC Infotech Malaysia SDN. BHD. (w.e.f. 03.02.2023)  
ITC Infotech France SAS (w.e.f. 08.02.2023)  
ITC Infotech GmbH, Germany (w.e.f. 10.03.2023)
- m) Gold Flake Corporation Limited
- n) ITC Integrated Business Services Limited  
(formerly known as 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
- r) ITC Fibre Innovations Limited (w.e.f. 03.03.2023)

### 2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

#### i) Associates & Joint Ventures:

##### Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited
- c) Delectable Technologies Private Limited  
– being associates of the Company, and
- d) Tobacco Manufacturers (India) Limited (of which the Company is an associate)  
and the subsidiaries of its ultimate parent company (British American Tobacco p.l.c.)

##### Associates of the Company's subsidiaries

- ATC Limited  
– being associate of Gold Flake Corporation 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 (KMP):

S. Puri	Chairman & Managing Director
N. Anand	Executive Director
S. Dutta	Executive Director (w.e.f. 22.07.2022) and Chief Financial Officer
B. Sumant	Executive Director
S. Banerjee <sup>#</sup>	Non-Executive Director
H. Bhargava <sup>#</sup>	Non-Executive Director
P. R. Chittaranjan	Non-Executive Director (w.e.f. 03.02.2023)
A. Duggal <sup>#</sup>	Non-Executive Director
M. Gupta	Non-Executive Director
S. Mukherjee <sup>#</sup>	Non-Executive Director
A. Nayak <sup>#</sup>	Non-Executive Director
S. Panray	Non-Executive Director
N. Rao <sup>#</sup>	Non-Executive Director
A. K. Seth <sup>#</sup>	Non-Executive Director
M. Shankar <sup>#</sup>	Non-Executive Director
D. R. Simpson	Non-Executive Director
N. Doda	Non-Executive Director (up to 19.01.2023)
R. Tandon	Executive Director (up to 21.07.2022)

<sup>#</sup> Independent Directors

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

S. Dutta

B. Sumant

S. Kaul (w.e.f. 01.05.2022)

H. Malik

A. Rajput

S. Sivakumar

R. Tandon (upto 21.07.2022)

S. Rangrass (upto 03.06.2022)

S. K. Singh (upto 26.05.2022)

### b) Relatives of KMP:

T. Anand (wife of N. Anand)

N. Singhi (wife of R. K. Singhi)

Y. Singhi (son of R. K. Singhi)

R. Tandon (wife of R. Tandon) (upto 21.07.2022)

### c) Entities in which relative of KMP is interested:

Décor & Design

### iii) Employee Trusts:

a) IATC Provident Fund

b) ITC Defined Contribution Pension Fund

c) ITC Management Staff Gratuity Fund

d) ITC Employees Gratuity Fund

e) ITC Gratuity Fund 'C'

f) ITC Pension Fund

g) ILTD Seasonal Employees Pension Fund

h) ITC Platinum Jubilee Pension Fund

i) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund

j) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'

k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'

l) ITC Hotels Limited Employees Superannuation Scheme

m) Sunrise Spices Limited Employees Gratuity Fund

# Notes to the Financial Statements

## 29. Related Party Disclosures (Contd.)

### 3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2023

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists		Associates		Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP <sup>A</sup>		Employee Trusts		Total	
	Subsidiaries													
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1. Sale of Goods/Services	356.99	322.83	1849.19	1080.07	93.84	54.19							2300.02	1457.09
2. Purchase of Goods/Services	429.41	394.12	116.79	66.18	438.27	280.30			0.05				984.52	740.60
3. Acquisition cost of Property, Plant and Equipment	15.64	10.58											15.64	10.58
4. Sale of Property, Plant and Equipment								0.44					1186.02	429.11
5. Investment in Subsidiaries/Associate	1184.14	427.24	1.88	1.87									18.00	
6. Redemption of Preference Shares	18.00													
7. Value of Share Based Payment														
7A. Capital Contribution for Share Based Payments	(4.09)	(22.06)											(4.09)	(22.06)
7B. Reimbursement for Share Based Payments	7.40	1.66	1.83	0.41	0.37	0.08							9.60	2.15
8. Rent Received	24.73	25.60	0.72	0.72									25.45	26.32
9. Rent Paid*	11.58	9.89	4.32	2.51				1.02	1.05	0.32	0.32		17.24	13.77
10. Remuneration of Managers on Deputation reimbursed	2.45	2.41	7.06	5.36									9.51	7.77
11. Remuneration of Managers on Deputation recovered	40.68	36.32	7.95	6.83	1.76	1.43						115.04	50.39	44.58
12. Contribution to Employees' Benefit Plans													115.04	178.43
13. Dividend Income	556.54	857.14	0.35	0.31				6.25	5.70				4440.28	3987.28
14. Dividend Payments			4434.03	3981.58									10.36	2.42
15. Interest Income	10.36	2.42											43.28	31.71
16. Expenses Recovered	13.88	10.01	29.10	21.59	0.30	0.11							3.45	3.12
17. Expenses Reimbursed	3.18	2.81	0.25	0.26				0.02	0.05				0.03	0.45
18. Advances Given during the year	0.03	0.45											0.03	0.45
19. Adjustment/Receipt towards Refund of Advances	0.03	0.45											0.03	0.45
20. Advances Received during the year	0.12	85.32	1813.30	1496.60									1813.42	1581.92
21. Adjustment/ Payment towards Refund of Advances	120.99	152.01	1786.29	972.02									1907.28	1124.03
22. Deposits Given during the year														
23. Adjustment/Receipt towards Refund of Deposit								0.02					0.02	
24. Remuneration to KMP <sup>1</sup>														
24A. – Short term benefits														
24B. – Other long-term incentives								46.76	46.85				46.76	46.85
24C. – Other remuneration								28.95	22.48				28.95	22.48
24D. – Share Based Payments <sup>2</sup>								13.06	10.51				13.06	10.51
25. Outstanding Balances <sup>A</sup>														
i) Receivables	38.61	68.76	46.56	78.17	16.04	14.66							101.21	161.59
ii) Deposits Given	0.60	0.60						0.06	0.08	0.07	0.07		0.73	0.75
iii) Advance Taken	26.96	147.83	719.42	692.41									746.38	840.24
iv) Deposits Taken			0.04	0.04									0.04	0.04
v) Payables	6.25	12.17	6.25	5.91	20.60	13.83						40.35	73.45	61.11
26. Commitments	0.66	1.51											0.66	1.51

<sup>A</sup> Includes transactions with entity in which relative of KMP is interested.

\* 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. Payments made on settlement of leave liability upon retirement - ₹ 2.69 Crores (2022 - ₹ Nil) has not been included in the above.

2 During the year, the Company granted Stock Options to eligible employees, including Executive Directors and KMPs, under its Employee Stock Option Schemes at 'market price' (within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021). The Company has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons in the previous years under the 'IITC 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 - 02, the Company has recorded employee benefits expense by way of share based payments to employees at ₹ 267.12 Crores for the year ended 31st March, 2023 (2022 - ₹ 61.20 Crores), of which ₹ 35.43 Crores (2022 - ₹ 23.14 Crores), is attributable to Executive Directors and KMPs.

# Notes to the Financial Statements

## 29. Related Party Disclosures (Contd.)

### 4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES (Generally in excess of 10% of the total transaction value of the same type)

RELATED PARTY TRANSACTIONS SUMMARY		2023	2022	RELATED PARTY TRANSACTIONS SUMMARY		2023	2022
1.	<b>Sale of Goods/Services</b> British American Tobacco (GLP) Limited JSC 'British American Tobacco-SPB' Surya Nepal Private Limited	1352.17 446.96 328.58	985.49 — 308.47	12.	<b>Contribution to Employees' Benefit Plans</b> ITC Pension Fund IATC Provident Fund ITC Management Staff Gratuity Fund ITC Employees Gratuity Fund	21.02 39.47 21.04 11.70	96.02 37.07 20.19 10.90
2.	<b>Purchase of Goods/Services</b> ITC Essentra Limited North East Nutrients Private Limited ITC Infotech India Limited	438.11 176.19 183.00	280.19 167.68 166.90	13.	<b>Dividend Income</b> ITC Infotech India Limited Surya Nepal Private Limited	149.60 383.24	451.56 346.84
3.	<b>Acquisition cost of Property, Plant and Equipment</b> ITC Infotech India Limited	14.38	9.96	14.	<b>Dividend Payments</b> Tobacco Manufacturers (India) Limited Myddleton Investment Company Limited	3648.48 595.73	3276.18 534.94
4.	<b>Sale of Property, Plant and Equipment</b> S. K. Singh R. K. Singh S. Sivakumar	0.20 0.12 0.12	— — —	15.	<b>Interest Income</b> ITC Indivision Limited North East Nutrients Private Limited Wimco Limited	9.81 0.10 0.45	0.17 1.80 0.45
5.	<b>Investment in Subsidiaries/Associate</b> WelcomHotels Lanka (Private) Limited ITC Infotech India Limited ITC Indivision Limited	606.14 448.00 130.00	327.24 — 100.00	16.	<b>Expenses Recovered</b> British American Tobacco (GLP) Limited B.A.T (U.K. and Export) Limited British American Tobacco Exports Limited ITC Infotech India Limited	21.97 — 5.76 3.74	14.26 4.95 — 3.54
6.	<b>Redemption of Preference Shares</b> North East Nutrients Private Limited	18.00	—	17.	<b>Expenses Reimbursed</b> Wimco Limited Srinivasa Resorts Limited Indiviate Inc.	1.84 0.46 0.57	2.11 0.46 —
7.	<b>Value of share based payment</b>			18.	<b>Advances Given during the year</b> Wimco Limited	0.03	0.45
7A.	<b>Capital Contribution for Share Based Payments</b> ITC Infotech India Limited	(4.09)	(21.96)	19.	<b>Adjustment/Receipt towards Refund of Advances</b> Wimco Limited	0.03	0.45
7B.	<b>Reimbursement for Share Based Payments</b> ITC Infotech India Limited WelcomHotels Lanka (Private) Limited Fortune Park Hotels Limited International Travel House Limited Surya Nepal Private Limited Technico Agri Sciences Limited	2.36 0.06 2.23 1.46 0.61 1.04	0.38 0.37 0.34 0.32 0.28 0.17	20.	<b>Advances Received during the year</b> British American Tobacco (GLP) Limited JSC 'British American Tobacco-SPB'	1152.95 650.55	1494.26 —
8.	<b>Rent Received</b> ITC Infotech India Limited Surya Nepal Private Limited	20.20 3.08	20.97 3.23	21.	<b>Adjustment/Payment towards Refund of Advances</b> British American Tobacco (GLP) Limited JSC 'British American Tobacco-SPB' Surya Nepal Private Limited	1324.76 451.75 120.87	967.97 — 152.01
9.	<b>Rent Paid</b> Bay Islands Hotels Limited Landbase India Limited Technico Agri Sciences Limited Gujarat Hotels Limited	2.48 6.87 1.46 4.32	1.31 6.35 1.46 2.51	22.	<b>Deposits Given during the year</b> R. Tandon (related party up to 21.07.2022)	—	—
10.	<b>Remuneration of Managers on Deputation reimbursed</b> Gujarat Hotels Limited Bay Islands Hotels Limited Fortune Park Hotels Limited	7.06 1.76 0.69	5.36 1.30 1.10	23.	<b>Adjustment/Receipt towards Refund of Deposit</b> R. Tandon (related party up to 21.07.2022)	0.02	—
11.	<b>Remuneration of Managers on Deputation recovered</b> ITC Infotech India Limited Srinivasa Resorts Limited Fortune Park Hotels Limited Technico Agri Sciences Limited	10.66 5.86 6.35 4.62	9.17 5.77 5.35 4.56	24.	<b>Remuneration to KMP #</b> Short term benefits S. Puri N. Anand R. Tandon (related party up to 21.07.2022) B. Sumant	12.09 5.96 1.62 5.35	10.66 5.37 4.84 4.84

### RELATED PARTY TRANSACTIONS SUMMARY

24B.	Other long-term incentives	2023	2022
	S. Puri	10.08	6.52
	N. Anand	4.47	3.26
	R. Tandon (related party up to 21.07.2022)	0.82	3.26
	B. Sumant	5.04	3.26
24C.	<b>Other remuneration</b>		
	S. Banerjee	1.13	1.04
	A. Duggal	1.12	1.03
	A. Nayak	1.11	1.01
	M. Shankar	1.09	1.01
	H. Bhargava	1.10	0.70
25.	<b>Outstanding Balances</b>		
(i)	<b>Receivables</b>		
	British American Tobacco (GLP) Limited	36.35	59.75
	Surya Nepal Private Limited	24.48	59.60
	ITC Essentra Limited	14.78	12.50
(ii)	<b>Deposits Given</b>		
	Russell Credit Limited <sup>1</sup>	0.36	0.36
	Greenacre Holdings Limited <sup>2</sup>	0.24	0.24
(iii)	<b>Advance Taken</b>		
	British American Tobacco (GLP) Limited	520.52	692.33
	JSC 'British American Tobacco-SPB'	198.80	—
	Surya Nepal Private Limited	26.96	147.83
(iv)	<b>Deposits Taken</b>		
	International Travel House Limited	0.04	0.04
(v)	<b>Payables</b>		
	Employee Trust - Pension Funds	24.38	15.07
	Employee Trust - Gratuity Funds	15.97	14.13
	ITC Essentra Limited	20.60	13.83
	North East Nutrients Private Limited	3.83	6.47
26.	<b>Commitments</b>		
	ITC Infotech India Limited	0.66	1.51

# 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 ₹ 35.43 Crores (2022 - ₹ 23.14 Crores) is attributable to Executive Directors & KMPs:

S. Puri ₹ 9.96 Crores (2022 - ₹ 6.41 Crores), N. Anand ₹ 5.07 Crores (2022 - ₹ 4.15 Crores), R. Tandon (related party up to 21.07.2022) ₹ 2.26 Crores (2022 - ₹ 5.04 Crores), B. Sumant ₹ 4.58 Crores (2022 - ₹ 2.15 Crores), S. Dutta ₹ 2.51 Crores (2022 - ₹ 0.53 Crore) and R. K. Singh ₹ 0.72 Crore (2022 - ₹ 0.57 Crore).

<sup>1</sup> The maximum indebtedness during the year was ₹ 0.36 Crore (2022 - ₹ 0.36 Crore).

<sup>2</sup> The maximum indebtedness during the year was ₹ 0.24 Crore (2022 - ₹ 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 10,47,61,810 Ordinary Shares (2022 - 1,44,11,700 Ordinary Shares) of ₹ 1.00 each amounting to ₹ 10.48 Crores (2022 - ₹ 1.44 Crores) towards its employee stock options. The securities premium stood at ₹ 13065.62 Crores as at 31st March, 2023 (2022 - ₹ 9988.14 Crores).

### 2. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>A. Financial assets</b>					
<b>a) Measured at amortised cost</b>					
i) Cash and cash equivalents	11	206.88	206.88	184.97	184.97
ii) Other Bank Balances	12	3624.38	3624.38	3692.97	3692.97
iii) Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	8154.48	8174.92	10985.36	11232.53
iv) Investment in Mutual Funds	4	346.05	337.99	278.36	277.12
v) Loans	5	10.02	9.35	10.79	9.75
vi) Trade receivables	10	2321.33	2321.33	1952.50	1952.50
vii) Other financial assets	6	4282.01	4234.05	3829.83	3784.58
<b>Sub-total</b>		<b>18945.15</b>	<b>18908.90</b>	<b>20934.78</b>	<b>21134.42</b>
<b>b) Measured at Fair value through OCI</b>					
i) Investment in Equity shares	4	1464.41	1464.41	1372.52	1372.52
ii) Investment in Mutual Funds	4	3676.53	3676.53	1238.69	1238.69
<b>Sub-total</b>		<b>5140.94</b>	<b>5140.94</b>	<b>2611.21</b>	<b>2611.21</b>
<b>c) Measured at Fair value through Profit or Loss</b>					
i) Investment in Mutual Funds	9	8711.14	8711.14	8535.85	8535.85
ii) Investment in Bonds/Debentures, Certificate of Deposit	9	5360.34	5360.34	991.97	991.97
iii) Investment in Venture Capital Funds	4	119.25	119.25	87.33	87.33
iv) Investment in Equity & Preference Shares	4	39.34	39.34	20.00	20.00
<b>Sub-total</b>		<b>14230.07</b>	<b>14230.07</b>	<b>9635.15</b>	<b>9635.15</b>
<b>d) Derivatives measured at fair value</b>					
i) Derivative instruments not designated as hedging instruments	6	2.68	2.68	3.27	3.27
ii) Derivative instruments designated as hedging instruments	6	29.38	29.38	27.27	27.27
<b>Sub-total</b>		<b>32.06</b>	<b>32.06</b>	<b>30.54</b>	<b>30.54</b>
<b>Total financial assets</b>		<b>38348.22</b>	<b>38311.97</b>	<b>33211.68</b>	<b>33411.32</b>

# Notes to the Financial Statements

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

(₹ in Crores)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>B. Financial liabilities</b>					
<b>a) Measured at amortised cost</b>					
i) Sales tax deferment loans	14	4.54	3.66	5.28	3.86
ii) Trade payables		4351.26	4351.26	4223.40	4223.40
iii) Lease Liabilities	15	320.13	320.13	305.88	305.88
iv) Other financial liabilities	16	1863.50	1834.49	1513.68	1502.05
<b>Sub-total</b>		<b>6539.43</b>	<b>6509.54</b>	<b>6048.24</b>	<b>6035.19</b>
<b>b) Measured at fair value</b>					
i) Derivative instruments not designated as hedging instruments	16	2.68	2.68	0.45	0.45
ii) Derivative instruments designated as hedging instruments	16	4.34	4.34	9.56	9.56
iii) Contingent Consideration	16	12.65	12.65	76.40	76.40
<b>Sub-total</b>		<b>19.67</b>	<b>19.67</b>	<b>86.41</b>	<b>86.41</b>
<b>Total financial liabilities</b>		<b>6559.10</b>	<b>6529.21</b>	<b>6134.65</b>	<b>6121.60</b>

### 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 ₹ 35203.44 Crores (2022 - ₹ 30942.01 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 20188.33 Crores (2022 - ₹ 15502.89 Crores) against an aggregate Current liability of ₹ 12415.62 Crores (2022 - ₹ 11478.09 Crores). As part of its surplus liquidity management operations, the Company may sell instruments that are held at amortised cost. Such sales may be infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). During the year, the net loss arising on such sale amounted to ₹ 49.13 Crores (2022 - Nil) (Refer Note 22).

Other Non-current liabilities other than lease liabilities due between one year to three years amounted to ₹ 154.16 Crores (2022 - ₹ 94.99 Crores) and Other Non-current liabilities due after three years amounted to ₹ 1.61 Crores (2022 - ₹ 6.05 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 ₹ 67593.80 Crores (2022 - ₹ 61399.57 Crores), it has non-current borrowings of ₹ 3.28 Crores (2022 - ₹ 4.54 Crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

#### Market Risk

The Company is not an active investor in equity markets; it holds certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at 31st March, 2023 is ₹ 1464.41 Crores (2022 - ₹ 1372.52 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, certificate of 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



# Notes to the Financial Statements

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

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

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

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

### Foreign currency risk

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

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

(₹ in Crores)

As at 31st March, 2023	USD	Euro	GBP	JPY	Others	Total
Financial Assets	694.77	87.30	18.42	0.27	14.88	815.64
Financial Liabilities	99.88	22.16	2.42	8.24	3.46	136.16

As at 31st March, 2022	USD	Euro	GBP	JPY	Others	Total
Financial Assets	565.80	75.16	40.00	0.01	0.98	681.95
Financial Liabilities	71.69	51.34	2.16	18.26	4.00	147.45

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

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

(In Million)

Designated under Hedge Accounting		As at 31st March, 2023		As at 31st March, 2022	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	47.55	125.68	22.38	586.94
Euro	US Dollar	41.94	–	14.09	–
CHF	US Dollar	–	–	1.16	–
GBP	US Dollar	–	–	0.01	–
SEK	US Dollar	–	–	1.36	–
SGD	US Dollar	–	–	0.04	–
JPY	US Dollar	123.81	–	324.36	–

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, 2023		As at 31st March, 2022	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	30.52	78.33	5.00	39.54
Euro	US Dollar	–	7.25	–	9.15
AUD	US Dollar	–	–	0.04	–
CAD	US Dollar	–	2.49	–	–
CHF	US Dollar	0.66	0.20	0.34	–
GBP	US Dollar	0.08	2.74	–	8.59
KWD	US Dollar	–	–	0.19	–
JPY	US Dollar	232.72	–	53.90	–

- 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	–	8.00	–	17.00

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

The Company has established risk management policies to hedge the volatility in cashflows arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward, futures and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks or recognised exchange(s), the risk of their non-performance is considered to be insignificant.

The Company uses derivatives to hedge its exposure to foreign exchange rate fluctuations. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss. The Company may also designate certain hedges which are entered to manage the volatility in cashflows as a cash flow hedge under hedge accounting. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

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

(₹ in Crores)

Particulars	2023	2022
<b>At the beginning of the year</b>	14.33	4.93
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(154.16)	16.71
Add: Changes in fair value of effective portion of outstanding cash flow hedges	17.81	19.27
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	(81.93)	30.07
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	(28.19)	3.03
Less: Amounts transferred to initial cost of non-financial assets	(10.40)	(9.68)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on Ineffectiveness	–	–
(Less)/Add: Deferred tax	3.98	(3.16)
<b>At the end of the year</b>	<b>2.48</b>	<b>14.33</b>
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	(11.20)	2.46

# Notes to the Financial Statements

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

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, 2023	As at 31st March, 2022
Within one year	2.47	10.80
Between one and three years	0.01	3.53
<b>Total</b>	<b>2.48</b>	<b>14.33</b>

### 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, 2023 would decrease/increase by ₹ 2.85 Crores (2022 - ₹ 2.22 Crores) and other equity as at 31st March, 2023 would decrease/increase by ₹ 2.68 Crores (2022 - ₹ 42.87 Crores) on a pre-tax basis.

### Credit Risk

Company's deployment in debt instruments are primarily in Government securities, fixed deposits with highly rated banks and companies, bonds issued by government institutions, public sector undertakings, mutual fund schemes of leading fund houses and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 15420.01 Crores (2022 - ₹ 17732.33 Crores). With respect to the Company's investing activities, mutual fund schemes and counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Central/State Government, Government institutions/public sector undertakings with investment grade/sovereign credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2321.33 Crores (2022 - ₹ 1952.50 Crores).

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

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

(₹ in Crores)

Particulars	Expected Loss Provision	
	31st March, 2023	31st March, 2022
Opening Balance	214.05	205.11
Add: Provisions made (net)	(0.25)	11.71
Less: Utilisation for impairment/de-recognition	3.36	2.77
Effects of foreign exchange fluctuation	–	–
<b>Closing Balance</b>	<b>210.44</b>	<b>214.05</b>

# Notes to the Financial Statements

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

### 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, 2023	As at 31st March, 2022
<b>A. Financial assets</b>			
<b>a) Measured at amortised cost</b>			
i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities	2	8174.92	11232.53
ii) Investment in Mutual Funds	1	337.99	277.12
iii) Loans*	3	3.40	4.02
iv) Other Financial assets*	3	3560.27	1527.15
<b>Sub-total</b>		<b>12076.58</b>	<b>13040.82</b>
<b>b) Measured at Fair value through OCI</b>			
i) Investment in Equity shares – Quoted	1	1464.36	1370.15
ii) Investment in Equity shares – Unquoted	3	0.05	2.37
iii) Investment in Mutual Funds	1	3676.53	1238.69
<b>Sub-total</b>		<b>5140.94</b>	<b>2611.21</b>
<b>c) Measured at Fair value through Profit or Loss</b>			
i) Investment in Mutual Funds	1	8711.14	8535.85
ii) Investment in Bonds/Debentures, Certificate of Deposit	2	5360.34	991.97
iii) Investment in Venture Capital Funds	2	119.25	87.33
iv) Investment in Equity & Preference Shares	3	39.34	20.00
<b>Sub-total</b>		<b>14230.07</b>	<b>9635.15</b>
<b>d) Derivatives measured at fair value</b>			
i) Derivative instruments not designated as hedging instruments	2	2.68	3.27
ii) Derivative instruments designated as hedging instruments	2	29.38	27.27
<b>Sub-total</b>		<b>32.06</b>	<b>30.54</b>
<b>Total financial assets</b>		<b>31479.65</b>	<b>25317.72</b>
<b>B. Financial Liabilities</b>			
<b>a) Measured at amortised cost</b>			
i) Sales tax deferment loans*	3	2.40	3.12
ii) Lease liabilities*	3	273.59	259.79
iii) Other Financial liabilities*	3	123.48	84.87
<b>Sub-total</b>		<b>399.47</b>	<b>347.78</b>
<b>b) Measured at fair value</b>			
i) Derivative instruments not designated as hedging instruments	2	2.68	0.45
ii) Derivative instruments designated as hedging instruments	2	4.34	9.56
iii) Contingent Consideration	3	12.65	76.40
<b>Sub-total</b>		<b>19.67</b>	<b>86.41</b>
<b>Total financial liabilities</b>		<b>419.14</b>	<b>434.19</b>

\* Represents Fair value of Non-current Financial Instruments.

# Notes to the Financial Statements

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

Reconciliation of fair value movement of financial assets and liabilities measured at fair value on a recurring basis and categorised within Level 3 of the fair value hierarchy is as under:

(₹ in Crores)

	31st March, 2023			31st March, 2022		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Financial Liabilities at FVTPL	Financial Assets at FVTPL	Financial Assets at FVTOCI	Financial Liabilities at FVTPL
Opening Balance	20.00	2.37	76.40	–	2.37	139.51
Additions during the year	39.34	–	–	20.00	–	–
Sale/Transfer/Settlement during the year	20.00	–	63.75	–	–	71.25
Gain/(Loss) during the year recognised in Other Income	–	–	–	–	–	(8.14)
Gain/(Loss) during the year recognised in Other Comprehensive Income	–	(2.32)	–	–	–	–
Closing Balance	39.34	0.05	12.65	20.00	2.37	76.40

### 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 or Net Asset Value (NAV) 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. The fair value of investment in Bonds/Debentures, Certificate of Deposits, Venture Capital funds etc. and financial liabilities, where applicable, is determined using market observable inputs such as quotes from market participants, value published by the issuer etc.

**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 methodologies such as 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.

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. The sensitivity of change in the unobservable inputs used in fair valuation of Level 3 financial assets and liabilities does not have a significant impact on their value. There were no transfers between Level 1, Level 2 and Level 3 during the year.

On behalf of the Board

S. PURI	Chairman & Managing Director
S. DUTTA	Director & 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, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, 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 judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof.</li> <li>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.</li> <li>Evaluated the design, implementation and operating effectiveness of Company's controls in respect of revenue recognition.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Standalone Ind AS Financial Statements - Significant Accounting Policies and Note 21A/21B.</p>	<ul style="list-style-type: none"> <li>● Tested the effectiveness of such controls over revenue cut off at year-end.</li> <li>● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents.</li> <li>● 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.</li> <li>● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing.</li> <li>● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.</li> </ul>
<p><b><i>Impairment assessment of investment in WelcomHotels Lanka (Private) Limited ('WLPL'), a wholly owned subsidiary</i></b></p>	
<p>WLPL is developing a mixed-use project in Colombo, Sri Lanka which includes a hotel and a residential apartment complex. At March 31, 2023, the carrying value of Company's investment in WLPL is INR 2,775.41 crores. The Company's investments in subsidiaries are assessed annually by management for potential indicators of impairment.</p> <p>In view of the deterioration in the macro-economic scenario in Sri Lanka, the Company has assessed the carrying value of investments basis evaluation of the recoverable value of the capital work in progress of the hotel (PPE) and inventory of the residential apartments being developed by WLPL. The said determination is based on assumptions, that by their nature imply the use of the management's judgement, in particular with reference to forecast of future cash flows, selling price, balance cost to complete the project, selling costs, terminal value, long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgement required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 1 – Significant Accounting Policies and Note 2 – Use of estimates and judgements to the Standalone Ind AS Financial Statements</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● Evaluated the key judgements/assumptions underlying management's assessment of potential indicators of impairment.</li> <li>● Obtained and read the projections/estimated selling price/future cashflows along with sensitivity analysis thereof of the underlying PPE and inventory at WLPL.</li> <li>● Discussed and obtained assessment of recoverable value of PPE and inventory from component auditor of WLPL.</li> <li>● Evaluated management's methodology, assumptions and estimates used in these calculations.</li> <li>● Involved valuation specialist to review the appropriateness of methodology and key assumptions considered by management to determine discounted future cash flows.</li> <li>● Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by management.</li> <li>● Verified the arithmetical accuracy of the future cash flow model including comparison with approved budgets.</li> <li>● Assessed the recoverability of investment with regard to underlying value in use of PPE and net realisable value of inventory in WLPL.</li> </ul>

## Independent Auditor's Report

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 judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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, 2023 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(v)(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;

## Independent Auditor's Report

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries")

or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

As stated in Note B of Statement of changes in equity to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For S R B C & CO LLP  
*Chartered Accountants*  
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi  
*Partner*

Membership Number: 89802

UDIN: 23089802BGYPWJ5272

Place of Signature: Frankfurt

Date: May 18, 2023

## Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

### Re: ITC Limited (the “Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have substantially been confirmed by them as at year end. No discrepancies of 10% or more in aggregate for each class of inventory (including inventories lying with third parties) were noticed.
- (b) As disclosed in note 8 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from banks during the year on the basis of security of inventories of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of account of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the investments made by the Company is not prejudicial to the Company’s interest. The Company has not provided guarantees or security and has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties and hence not commented upon.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public nor accepted any amounts which are deemed to be deposits during the year within the meaning of Sections 73 and 76 of the Companies Act, 2013. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Companies Act, 2013. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the

manufacture of specified products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) The dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in Crores)*	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Sales Tax and Value Added Tax Laws	Sales Tax and VAT	38.93	1987-2020	Appellate Authority – upto commissioners' / Revisional Authorities Level
		33.69	2006-2018	Appellate Authority – Tribunal Level
		229.78	1979-2017	High Court
Customs Act, 1962	Customs Duty	0.87	2012-2021	Appellate Authority – upto commissioners' / Revisional Authorities Level
		8.53	2015-2021	Appellate Authority – Tribunal Level
		5.21	2006-2009	High Court
Central Excise Act, 1944	Excise Duty	0.33	1996-2017	Appellate Authority – upto commissioners' / Revisional Authorities Level
		57.69	1973-2018	Appellate Authority – Tribunal Level
		4.46	2004-2012	High Court
Finance Act, 1994	Service Tax	3.04	2007-2017	Appellate Authority – upto commissioners' / Revisional Authorities Level
		79.75	2003-2017	Appellate Authority – Tribunal Level
		5.40	2005-2017	High Court
Entry Tax Laws	Entry Tax	0.15	2005-2017	Appellate Authority – upto commissioners' / Revisional Authorities Level
		18.32	2011-2018	Appellate Authority – Tribunal Level
		68.49	1999-2018	High Court

Name of the statute	Nature of the dues	Amount (₹ in Crores)*	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Luxury Tax Laws	Luxury Tax	54.95	1999-2004	Supreme Court
Goods and Services Tax	Goods and Services Tax	4.76	2017-2019	Appellate Authority – upto commissioners’ / Revisional Authorities Level
		0.01	2017	High Court
Mandi Laws	Mandi Fees & Cess	2.03	2010-2022	Mandi Board
		1.80	2001-2023	High Court
Municipal, Local Bodies and Property Tax Laws	Municipal, Local Bodies and Property Taxes & Charges	3.44	2014-2021	Appellate Authority – upto commissioners’ / Revisional Authorities Level / Municipal Council
		2.40	2004	Appellate Authority – Tribunal Level
		31.43	2001-2018	High Court
Stamp Duty Laws	Stamp Duty	4.22	2004-2016	Registrar / Appellate Authority
		0.03	1987-2008	High Court
The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	0.49	2012-2020	Appellate Authority- Tribunal Level
		1.52	1982-1990	High Court
Employees’ State Insurance Act, 1948	Employees’ State Insurance	0.08	2007-2014	Principal Labour Court
		0.06	1995-1996	High Court

Out of the total disputed dues aggregating ₹ 661.86 Crores as above, ₹ 559.14 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

\*Net of amount paid under protest.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Hence, the requirement to report on clause (ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) (a) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 27 (xvi) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 27 (iii) to the financial statements.
- (b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 27 (iii) to the financial statements.

For S R B C & CO LLP  
*Chartered Accountants*  
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi  
*Partner*

Membership Number: 89802

UDIN: 23089802BGYPWJ5272

Place of Signature: Frankfurt  
Date: May 18, 2023

## 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, 2023 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, 2023, 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 Arvind Sethi  
*Partner*

Membership Number: 89802

UDIN: 23089802BGYPWJ5272

Place of Signature: Frankfurt

Date: May 18, 2023

# Guide to Subsidiaries/Joint Ventures/Associates

## Subsidiaries of ITC Limited

### Surya Nepal Private Limited, Nepal

#### Shareholding

59% held by ITC Limited.

#### Nature of Business

Manufacture and sale of cigarettes & branded packaged food products and also in the business of matches and agarbatti.

### 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.

### 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 (USA), Inc. (I2A)

ITC Infotech Limited, UK (I2B)

ITC Infotech Do Brasil LTDA., Brazil (I2B2)

ITC Infotech France SAS (I2F)

ITC Infotech GmbH, Germany (I2G) and

ITC Infotech Malaysia SDN. BHD. (I2M)

I2A owns 100% of the shareholding of Indivate Inc. incorporated as a New Jersey Corporation.

I2A, I2B, I2B2, I2F, I2G and I2M are engaged/will be engaged in the information technology services business. Indivate Inc. is principally engaged in providing business consulting services and opportunity based trading of FMCG products.

### 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, and providing engineering, procurement, construction management and project management consultancy services.

### Gold Flake Corporation Limited (GFCL)

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

General trading.

#### Joint Venture

ITC Essentra Limited, India, is a 50% joint venture of GFCL with Essentra Filter Products International Limited, UK.

#### Nature of Business

Manufacture and sale of cigarette filter rods.

### ITC Integrated Business Services Limited (IIBSL) (formerly known as ITC Investments & Holdings Limited)

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

Until FY 2021-22, the company was an 'Unregistered Core Investment Company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016. The company during the year, entered into the business of providing support to the Business Shared Services operations of your Company. For this purpose, the company also changed its name to 'ITC Integrated Business Services Limited' with effect from 20th December, 2022. Accordingly, the company ceased to be an 'Unregistered Core Investment Company' as aforesaid.

#### Subsidiary

IIBSL owns 100% shareholding in MRR Trading & Investment Company Limited, which provides estate maintenance 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 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<sup>®</sup> technology & sourcing/supply of fruits and vegetables.

#### 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 manufacture and export of nicotine and nicotine derivative products.

#### WelcomHotels Lanka (Private) Limited, Sri Lanka

##### Shareholding

100% held by ITC Limited.

##### Nature of Business

The Company is developing a mixed-use project comprising a luxury hotel and a super-premium residential apartment complex in Colombo.

#### 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 providing operating services in the mid-market to upscale segment under its hospitality brands. It currently operates 43 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.

#### 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.

#### Wimco Limited

##### Shareholding

100% held by ITC Limited.

##### Nature of Business

Wimco Limited is engaged in fabrication & assembly of machinery for tube filling, cartoning, wrapping, conveyor solutions and engineering services.

#### 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 Fibre Innovations Limited

##### Shareholding

100% held by ITC Limited

##### Nature of Business

The Company is in the process of setting up a greenfield manufacturing facility for manufacture and sale of moulded fibre products.

#### Joint Ventures of ITC Limited

##### Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company), is a joint venture with Jodhana Heritage Resorts Private Limited.

##### Nature of Business

The joint venture company currently provides Franchise & Marketing Services to 36 operational hotel properties spread across 14 States with its WelcomHeritage brand portfolio comprising "Legend Hotels", "Heritage Hotels"

and “Nature Resorts”, which provide uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

#### 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. Also refer Management Discussion & Analysis for update in respect of the joint venture.

#### Espirit Hotels Private Limited

ITC Limited held 26% equity stake in Espirit Hotels Private Limited as on 31st March, 2023 (the said investment was divested on 7th April, 2023. Refer Management Discussion & Analysis for details).

#### Nature of Business

The joint venture company was intended for the purpose of developing a luxury hotel complex at Begumpet, Hyderabad.

#### Major Associates of the Group

##### International Travel House Limited (ITHL)

ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36% in ITHL.

#### Nature of Business

Air ticketing, car rentals, inbound outbound tourism, domestic holidays, conferences, events & exhibition management and foreign exchange services for travellers.

##### 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.

Note: The full list of the Group’s Associates appears on page 283.

#### 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 Balance Sheet and Profit or Loss items) are eliminated for arriving at the Group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the Group companies.

#### Associates and Joint Ventures (Ind AS 28)

An investment in associate and joint venture is initially recognised at cost on the date of the investment, and is inclusive of any goodwill/capital reserve embedded in the cost.

Only share of net profits/losses of associates/joint ventures is considered in Consolidated Statement of Profit and Loss. The carrying amount of the investment in associates/joint ventures is adjusted by the share of net profits/losses in the Consolidated Balance Sheet.

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of Subsidiaries/ Associate companies/ Joint Ventures

### Part A : Subsidiaries

Name of the Subsidiary	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Indivate Inc.	ITC Infotech Do Brasil LTDA.	ITC Infotech France SAS	ITC Infotech GmbH	Surya Nepal Private Limited	Technico Pty Limited	Technico Agri Sciences Limited
1. The date since when subsidiary was acquired	21-Aug-2000	17-Jun-1993	26-Jan-1993	18-Nov-2016	10-Oct-2022	08-Feb-2023	10-Mar-2023	20-Aug-2002	17-Aug-2007	17-Aug-2007
2. Financial Year ending on	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	14-Mar-2023	31-Mar-2023	31-Mar-2023
3. Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Brazilian Real	Euro	Euro	Nepalese Rupee	Australian Dollar	Indian Rupee
4. Exchange Rate on the last day of the financial year	-	82.1700	101.6475	82.1700	16.1292	89.4425	89.4425	0.6250	55.0250	-
5. Share Capital	88.00	149.55	6.97	0.82	4.19	26.83	25.49	126.00	107.24	37.96
6. Reserves & Surplus	1337.95	95.53	82.61	6.82	0.19	0.01	...	669.14	(48.29)	105.99
7. Total Assets	2364.72	398.41	125.59	20.38	5.55	26.90	25.55	1174.12	63.76	279.10
8. Total Liabilities (excluding Total Equity)	938.77	153.33	36.01	12.74	1.17	0.06	0.05	378.98	4.81	135.15
9. Investments (excluding Investments made in subsidiaries)	356.64	-	-	-	-	-	-	-	-	-
10. Turnover	2673.30	1192.51	308.77	34.15	2.21	0.06	0.06	3152.29	11.43	263.77
11. Profit/(Loss) before tax	463.79	44.19	16.65	6.60	0.27	0.01	...	978.43	6.15	48.83
12. Provision for tax	(110.41)	(12.35)	(1.90)	-	(0.08)	...	...	(298.40)	(0.35)	(7.45)
13. Profit/(Loss) after tax	353.38	31.84	14.75	6.60	0.19	0.01	...	680.03	5.80	41.38
14. Proposed Dividend <sup>@</sup>	149.60	-	-	-	-	-	-	650.16	-	-
% of shareholding	100.00	100.00	100.00	100.00	100.00	100.00	100.00	59.00	100.00	100.00

@ includes dividend paid during the year

Notes:

- i) Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.
- ii) ITC Infotech Malaysia SDN. BHD., a subsidiary of ITC Infotech India Limited, was incorporated during the year on 3rd February, 2023 and is yet to commence commercial operations. There have been no transactions in the company during the period ended 31st March, 2023 and hence the financial statements have not been prepared by the said subsidiary.

**Part A: Subsidiaries (Contd.)**

(₹ in Crores)

Name of the Subsidiary	Technico Technologies Inc.	Technico Asia Holdings Pty Limited	Technico Horticultural 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
1. The date since when subsidiary was acquired	17-Aug-2007	17-Aug-2007	17-Aug-2007	06-Feb-1995	06-Mar-1996	09-Sep-2000	08-Mar-1999	04-May-2012	26-Sep-1997	09-Nov-1994
2. Financial Year ending on	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
3. Reporting Currency	Canadian Dollar	Australian Dollar	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	60.6675	55.0250	11.9478	-	-	-	-	0.2498	-	-
4. Share Capital	6.91	20.27	22.72	24.00	0.45	317.00	0.12	1957.53	646.48	42.06
5. Reserves & Surplus	(4.62)	(14.93)	3.61	71.75	23.98	(63.94)	21.68	6.53	379.40	12.63
6. Total Assets	2.45	5.34	26.81	117.03	38.71	298.40	22.37	2051.08	1033.83	70.16
7. Total Liabilities (excluding Total Equity)	0.16	-	0.48	21.28	14.28	45.34	0.57	87.02	7.95	15.47
8. Investments (excluding Investments made in subsidiaries)	-	-	-	41.09	11.35	1.75	3.61	-	919.65	35.34
9. Turnover	1.00	-	6.10	72.46	44.35	37.21	2.75	8.85	48.61	8.30
10. Profit/(Loss) before tax	0.30	-	1.99	9.33	7.84	9.68	2.56	7.90	43.68	2.07
11. Provision for tax	-	-	-	(1.79)	(2.50)	-	(0.64)	-	(5.38)	(0.08)
12. Profit/(Loss) after tax	0.30	-	1.99	7.54	5.34	9.68	1.92	7.90	38.30	1.99
13. Proposed Dividend <sup>@</sup>	-	-	-	-	0.56	-	0.10	-	18.75	-
14. % of shareholding	100.00	100.00	100.00	68.00	100.00	100.00	100.00	100.00	100.00	100.00

<sup>@</sup> includes dividend paid during the year

Notes:

- Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.
- WelcomHotels Lanka (Private) Limited is yet to commence commercial operations.

**Part A: Subsidiaries (Contd.)**

(₹ in Crores)

Name of the Subsidiary	Wimco Limited	Gold Flake Corporation Limited	ITC Integrated Business Services Limited **	MRR Trading & Investment Company Limited	North East Nutrients Private Limited	Prag Agro Farm Limited	Pavan Poplar Limited	ITC Indivision Limited	ITC Fibre Innovations Limited
1. The date since when subsidiary was acquired	01-Jul-2005	29-Jan-1982	17-May-2012	23-Dec-1998	06-Feb-2014	01-Jul-2005	01-Jul-2005	29-Jul-2020	03-Mar-2023
2. Financial Year ending on	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee
3. Exchange Rate on the last day of the financial year	-	-	-	-	-	-	-	-	-
4. Share Capital	18.51	16.00	4.50	0.05	73.00	1.28	5.51	120.00	0.01
5. Reserves & Surplus	(21.63)	14.53	1.02	(0.03)	39.03	(0.35)	(5.21)	(4.23)	(0.04)
6. Total Assets	7.45	32.49	5.88	0.06	117.30	0.98	0.33	335.00	0.09
7. Total Liabilities (excluding Total Equity)	10.57	1.96	0.36	0.04	5.27	0.05	0.03	219.23	0.12
8. Investments (excluding Investments made in subsidiaries)	1.00	11.77	0.85	-	20.78	-	-	10.76	-
9. Turnover	11.56	19.97	0.65	0.07	161.59	0.11	0.12	0.01	-
10. Profit/(Loss) before tax	0.16	18.58	0.06	...	16.22	(0.05)	(0.03)	(1.80)	(0.04)
11. Provision for tax	-	(0.16)	(0.02)	...	(0.24)	...	...	0.12	...
12. Profit/(Loss) after tax	0.16	18.42	0.04	...	15.98	(0.05)	(0.03)	(1.68)	(0.04)
13. Proposed Dividend@	-	18.08	-	-	9.56	-	-	-	-
14. % of shareholding	100.00	100.00	100.00	100.00	76.00	100.00	100.00	100.00	100.00

\*\* formerly known as ITC Investments &amp; Holdings Limited

@ includes dividend paid during the year

Notes:

i) ITC Indivision Limited and ITC Fibre Innovations Limited are yet to commence commercial operations.

ii) No subsidiary was liquidated or sold during the year.

iii) 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 <sup>#</sup>	ITC Essentra Limited	Maharaja Heritage Resorts Limited	International Travel House Limited	Russell Investments Limited	Gujarat Hotels Limited	Diwya Management Limited	ATC Limited	Antrang Finance Limited	Delectable Technologies Private Limited	Mother Sparsh Baby Care Private Limited
1. Latest audited Balance Sheet Date	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
2. Date on which the Associate or Joint Venture was associated or acquired	24-Sep-2010	27-Sep-2011	30-Jun-1994	02-Jul-1997	21-Mar-1982	14-May-1988	12-Sep-1986	23-Nov-2007	18-Jan-1995	21-Jan-2008	17-Sep-2020	27-Oct-2022
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	7,859 <sup>^</sup>	3,080**
Amount of Investment in Associate/ Joint Venture (₹ in Crores)	46.17	-	109.01	-	72.88	31.28	19.55	7.71	7.73	5.05	6.49	31.72
Extent of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33	33.42 <sup>@</sup>	22.00 <sup>@</sup>
4. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate	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	Consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	46.17	1.42 <sup>\$</sup>	108.61	\$.	60.31	31.89	18.39	6.63	7.52	4.96	0.88	0.08**
7. Profit/(Loss) for the year (₹ in Crores)	(0.01)	200.30	64.76	0.51	28.39	3.31	4.25	0.42	1.26	0.32	(1.81)	(22.25)
i. Considered in Consolidation (₹ in Crores)	...	1.42 <sup>\$</sup>	32.38	\$.	13.90	0.84	1.95	0.14	0.60	0.11	(0.55)	(1.74)
ii. Not considered in Consolidation (₹ in Crores)	(0.01)	198.88	32.38	0.51	14.49	2.47	2.30	0.28	0.66	0.21	(1.26)	(20.51)

<sup>\$</sup> Net worth attributable to Shareholding and Share of profit / (loss) has been considered to the extent permitted under Ind AS 28 - Investments in Associates and Joint Ventures.

<sup>#</sup> Financial Statements are as certified by the management of Logix Developers Private Limited (Logix). During the year, the Company has impaired the carrying value of investment in Logix. [Refer Note 28 (ix) to the Consolidated Financial Statements].

<sup>\*</sup> Comprises 55,650 Equity Shares fully paid up and 1,39,125 Equity Shares partly paid up (Refer Note 4 to the Consolidated Financial Statements).

<sup>^</sup> Comprises 100 Equity Shares fully paid up (investment ₹ 0.09 Crore) and 7,759 Compulsorily Convertible Preference Shares (CCPCPS) fully paid up (investment ₹ 6.40 Crores) (Refer Note 4 to the Consolidated Financial Statements).

<sup>\*\*</sup> Comprises 100 Equity Shares fully paid up (investment ₹ 0.90 Crore) and 2,980 CCPCPS fully paid up (investment ₹ 30.82 Crores) (Refer Note 4 to the Consolidated Financial Statements). Net worth attributable to the Company's shareholding includes proportionate share of CCPCPS classified as Borrowings in terms of the Ind AS requirements in the financial statements of the investee company.

<sup>@</sup> on a fully diluted basis.

Notes:

i) Espirit Hotels Private Limited (Espirit) did not commence commercial operations during the year. The Company on 7th April, 2023 divested its entire shareholding, i.e., 26.00% of the paid-up share capital, held in Espirit, consequent to which that company ceased to be a joint venture of the Company with effect from the said date [Refer Note 28 (viii) to the Consolidated Financial Statements].

ii) Logix Developers Private Limited is yet to commence commercial operations.

iii) No Associate or Joint Venture was liquidated or sold during the year.

On behalf of the Board

R. K. SINGHI  
Company Secretary

S. DUTTA  
Director & Chief Financial Officer

S. PURI  
Chairman & Managing Director

Kolkata, May 18, 2023





## Consolidated Financial Statements

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# Consolidated Balance Sheet as at 31st March, 2023

	Note	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Property, Plant and Equipment	3A	21117.08		20207.43	
(b) Capital work-in-progress	3B	2984.71		3198.45	
(c) Investment Property	3C	352.26		364.20	
(d) Goodwill	3D	779.73		779.73	
(e) Other Intangible assets	3E	2727.32		2013.10	
(f) Intangible assets under development	3F	18.59		27.09	
(g) Right of Use Assets	3G	874.88		867.13	
(h) Investment accounted for using the equity method	4	337.59		269.24	
		29192.16		27726.37	
(i) Financial Assets					
(i) Investments	4	11844.57		12307.49	
(ii) Loans	5	5.48		6.61	
(iii) Others	6	3739.75	15589.80	1589.58	13903.68
(j) Deferred tax assets (Net)	7		52.02		63.53
(k) Income Tax Assets (Net)	21A		66.16		42.30
(l) Other non-current assets	8		1311.95	46212.09	1291.22
					43027.10
<b>Current assets</b>					
(a) Inventories	9	11771.16		10864.15	
(b) Biological assets other than bearer plants	10	142.97		109.44	
(c) Financial Assets					
(i) Investments	11	17232.86		12264.28	
(ii) Trade receivables	12	2956.17		2461.90	
(iii) Cash and cash equivalents	13	463.35		271.37	
(iv) Other Bank Balances	14	4416.84		4383.05	
(v) Loans	5	7.12		6.77	
(vi) Others	6	1118.67	26195.01	2565.41	21952.78
(d) Other current assets	8		1561.75	39670.89	1306.08
					34232.45
<b>TOTAL ASSETS</b>			<b>85882.98</b>		<b>77259.55</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share capital	15	1242.80		1232.33	
(b) Other Equity		67912.46		61223.24	
<b>Attributable to owners of the parent</b>		69155.26		62455.57	
<b>Non-controlling interests</b>		383.53	69538.79	366.30	62821.87
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	16	3.49		4.85	
(ii) Lease liabilities	17A	213.37		193.67	
(iii) Other financial liabilities	17B	416.87	633.73	144.50	343.02
(b) Provisions	18		259.21		221.05
(c) Deferred tax liabilities (Net)	7		1629.00		1673.47
(d) Other non-current liabilities	19		82.84	2604.78	36.43
					2273.97
<b>Current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	20		35.32		0.74
(ii) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		137.88		101.42	
Total outstanding dues of creditors other than micro enterprises and small enterprises		4521.11	4658.99	4315.84	4417.26
(iii) Lease liabilities	17A		53.86		50.18
(iv) Other financial liabilities	17B		2407.71		1812.85
(b) Other current liabilities	19		5571.35		5116.03
(c) Provisions	18		100.56		79.56
(d) Current Tax Liabilities (Net)	21B		911.62	13739.41	687.09
					12163.71
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>85882.98</b>		<b>77259.55</b>

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  
Arvind Sethi  
Partner  
Frankfurt, May 18, 2023

On behalf of the Board

S. PURI *Chairman & Managing Director*  
S. DUTTA *Director & Chief Financial Officer*  
R. K. SINGHI *Company Secretary*  
Kolkata, May 18, 2023

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2023

	Note	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
I Revenue From Operations	22A,22B	76518.21	65204.96
II Other Income	23	1980.49	1836.35
III <b>Total Income (I+II)</b>		<b>78498.70</b>	<b>67041.31</b>
IV <b>EXPENSES</b>			
Cost of materials consumed		20275.99	16399.94
Purchases of Stock-in-Trade		9088.37	10671.13
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(358.59)	(686.00)
Excise duty		5581.36	4536.87
Employee benefits expense	24	5736.22	4890.55
Finance costs	25	43.20	39.36
Depreciation and amortization expense		1809.01	1732.41
Other expenses	26	10529.93	8734.06
<b>Total expenses (IV)</b>		<b>52705.49</b>	<b>46318.32</b>
V Share of profit/(loss) of Associates and Joint Ventures		49.04	17.48
VI <b>Profit before exceptional items and tax (III-IV+V)</b>		<b>25842.25</b>	<b>20740.47</b>
VII Exceptional Items	28(i)	72.87	–
VIII <b>Profit before tax (VI+VII)</b>		<b>25915.12</b>	<b>20740.47</b>
IX <b>Tax expense:</b>			
Current Tax	27	6450.90	5306.58
Deferred Tax	27	(12.50)	(69.24)
X <b>Profit for the year (VIII-IX)</b>		<b>19476.72</b>	<b>15503.13</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	28(vi)	(24.06)	32.06
– Equity instruments through other comprehensive income		108.65	632.57
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		21.22	(11.90)
– Share of OCI in Associates and Joint Ventures		3.94	3.40
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	0.38	(5.12)
B (i) Items that will be reclassified to profit or loss:			
– Exchange differences in translating the financial statements of foreign operations		46.12	(584.18)
– Debt instruments through other comprehensive income		(34.76)	3.71
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(52.41)	14.78
(ii) Income tax relating to items that will be reclassified to profit or loss	27	21.94	(4.65)
XI <b>Other Comprehensive Income [A (i+ii) + B (i+ii)]</b>		<b>91.02</b>	<b>80.67</b>
XII <b>Total Comprehensive Income for the year (X+XI)</b>		<b>19567.74</b>	<b>15583.80</b>
<b>Profit for the year</b>			
Attributable to:			
Owners of the parent		19191.66	15242.66
Non-controlling interests		285.06	260.47
<b>Total Comprehensive Income for the year</b>			
Attributable to:			
Owners of the parent		19283.42	15323.11
Non-controlling interests		284.32	260.69
XIII Earnings per equity share (Face Value ₹ 1.00 each):	28(ii)		
(1) Basic (in ₹)		15.50	12.37
(2) Diluted (in ₹)		15.46	12.37

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  
Arvind Sethi  
Partner  
Frankfurt, May 18, 2023

On behalf of the Board

S. PURI *Chairman & Managing Director*  
S. DUTTA *Director & Chief Financial Officer*  
R. K. SINGHI *Company Secretary*  
Kolkata, May 18, 2023

# Consolidated Statement of changes in equity for the year ended 31st March, 2023

## 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, 2023	1232.33	10.48	1242.80
For the year ended 31st March, 2022	1230.88	1.44	1232.33

## B. Other Equity

(₹ in Crores)

	Reserves and Surplus										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	Debit Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of foreign operations
<b>Balance as at 1st April, 2022</b>	5.46	9959.31	72.67	160.18	81.66	0.23	1316.33	0.22	363.05	17672.57	31292.03	2.78	891.72	14.33	(609.30)	61223.24	366.30	61589.54
Profit for the year	-	-	-	-	-	-	-	-	-	-	19191.66	-	-	-	-	19191.66	285.06	19476.72
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-	(17.75)	(26.01)	112.74	(23.34)	46.12	91.76	(0.74)	91.02
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	-	-	-	-	19173.91	(26.01)	112.74	(23.34)	46.12	19283.42	284.32	19567.74
Issue of equity shares under ITC Employee Stock Option Schemes	-	2466.92	-	-	-	-	-	-	-	-	-	-	-	-	-	2466.92	-	2466.92
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Final Dividend (2021-22 - ₹ 6.25 per share)	-	-	-	-	-	-	-	-	-	-	(7702.03)	-	-	-	-	(7702.03)	(267.09)	(7969.12)
- Interim Dividend (2022-23 - ₹ 6.00 per share)	-	-	-	-	-	-	-	-	-	-	(7448.41)	-	-	-	-	(7448.41)	-	(7448.41)
Dividend distribution tax refund received	-	-	-	-	-	-	-	-	-	-	20.43	-	-	-	-	20.43	-	20.43
Transfer from Employee Housing Reserve	-	-	-	-	(0.21)	-	-	-	-	-	0.21	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	7.66	-	-	-	13.68	-	-	(21.34)	-	-	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61.11	-	61.11
Transfer from Share Option Outstanding account on exercise and lapse	-	610.56	-	-	-	-	-	(635.99)	-	-	25.43	-	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	7.78	-	7.78	-	7.78
<b>Balance as at 31st March, 2023</b>	5.46	13036.79	72.67	167.84	81.45	0.23	741.45	13.90	363.05	17672.57	35340.23	(23.23)	1004.46	(1.23)	(563.18)	67912.46	383.53	68295.99
<b>Balance as at 1st April, 2021</b>	5.46	9582.81	72.67	153.49	94.26	0.23	1706.52	0.22	363.05	17672.57	29229.31	-	256.06	4.93	(25.12)	59116.46	346.81	59463.27
Profit for the year	-	-	-	-	-	-	-	-	-	-	15242.66	-	-	-	-	15242.66	260.47	15503.13
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-	24.03	2.78	635.66	2.16	(584.18)	80.45	0.22	80.67
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	-	-	-	-	15266.69	2.78	635.66	2.16	(584.18)	15323.11	260.69	15583.80

# Consolidated Statement of changes in equity for the year ended 31st March, 2023

## 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	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income				Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of foreign operations	
Issue of equity shares under ITC Employee Stock Option Schemes	-	290.38	-	-	-	-	-	-	-	-	-	-	-	-	-	290.38	-	290.38	
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Final Dividend (2020-21 - ₹ 5.75 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Interim Dividend (2021-22 - ₹ 5.25 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Employee Housing Reserve	-	-	-	-	(12.60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	6.69	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from Share Option Outstanding account on exercise and lapse	-	86.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of capital reduction of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March, 2022</b>	<b>5.46</b>	<b>9959.31</b>	<b>72.67</b>	<b>160.18</b>	<b>81.66</b>	<b>0.23</b>	<b>1316.33</b>	<b>0.22</b>	<b>363.05</b>	<b>17672.57</b>	<b>31292.03</b>	<b>2.78</b>	<b>891.72</b>	<b>14.33</b>	<b>(609.30)</b>	<b>61223.24</b>	<b>366.30</b>	<b>61589.54</b>	

The Board of Directors of the Company has recommended Special Dividend of ₹ 2.75 per Ordinary Share in addition to the Final Dividend of ₹ 6.75 per Ordinary Share for the financial year ended 31st March, 2023 (previous year - ₹ 6.25 per Ordinary Share) to be paid on fully paid Equity Shares amounting to ₹ 1,18,06.61 Crores. The said Final and Special Dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Together with the Interim Dividend of ₹ 6.00 per Ordinary Share (previous year - ₹ 5.25 per Ordinary Share) paid on 3rd March, 2023, the total Equity Dividend for the financial year ended 31st March, 2023 is ₹ 15.50 per Ordinary Share (previous year - ₹ 11.50 per Ordinary 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 lapse of vested options.

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

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

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

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Arvind Sethi

Partner

Frankfurt, May 18, 2023

On behalf of the Board

S. PURI Chairman & Managing Director

S. DUTTA Director & Chief Financial Officer

R. K. SINGHI Company Secretary

Kolkata, May 18, 2023

## Consolidated Cash Flow Statement for the year ended 31st March, 2023

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>A. Cash Flow from Operating Activities</b>		
PROFIT BEFORE TAX	25915.12	20740.47
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1809.01	1732.41
Share based payments to employees	60.41	33.17
Finance costs	43.20	39.36
Interest Income	(1534.00)	(1082.63)
Dividend Income	(0.02)	(0.01)
(Gain)/Loss on sale of property, plant and equipment, lease termination - Net	4.40	(56.22)
Doubtful and bad debts	5.96	14.98
Doubtful and bad advances, loans and deposits	0.75	0.93
Share of (profit)/loss of associates and joint ventures	(49.04)	(17.48)
Net gain arising on financial instruments measured at amortised cost/ mandatorily measured at fair value through profit or loss	(393.97)	(538.99)
Foreign currency translations and transactions - Net	31.37	(8.98)
Impairment of investment in joint venture	1.42	–
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	25894.61	20857.01
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(884.21)	(732.29)
Inventories and biological assets other than bearer plants	(940.54)	(466.37)
Trade payables, other liabilities and provisions	1057.93	1099.11
CASH GENERATED FROM OPERATIONS	25127.79	20757.46
Income tax paid	(6250.24)	(4981.95)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>18877.55</b>	<b>15775.51</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment, intangibles, ROU asset, etc.	(2742.99)	(2141.64)
Sale of property, plant and equipment	49.17	133.10
Purchase of current investments	(78483.49)	(64874.32)
Sale/redemption of current investments	73172.80	68260.67
Investment in associate	(1.88)	(1.87)
Purchase of non-current investments	(2448.96)	(4902.02)
Sale/redemption of non-current investments	4057.60	2731.24
Payment towards contingent purchase consideration	(63.75)	(71.25)
Advance received towards divestment of shares held in joint venture [Refer Note 28 (viii)]	56.00	–
Dividend from associate and joint venture	18.56	16.06
Dividend from others	0.02	0.01
Interest received	1323.74	1034.55
Investment in bank deposits (original maturity more than 3 months)	(8904.33)	(4531.12)
Redemption/maturity of bank deposits (original maturity more than 3 months)	6754.44	4546.49
Investment in deposit with housing finance company	(3520.00)	(3011.37)
Redemption/maturity of deposit with housing finance company	5000.00	578.82
Loans given	(8.56)	(13.16)
Loans realised	9.34	7.32
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5732.29)</b>	<b>(2238.49)</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2023

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	2477.39	291.82
Repayment of non-current borrowings	(0.73)	(0.35)
Payment towards reduction of capital by a subsidiary	–	(0.34)
Principal payment of lease liabilities	(59.11)	(59.02)
Interest paid	(41.42)	(39.55)
Net increase in statutory restricted accounts balances	14.94	15.26
Dividend paid	(15417.53)	(13788.32)
Dividend distribution tax refund received	20.43	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(13006.03)</b>	<b>(13580.50)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>139.23</b>	<b>(43.48)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>266.68</b>	<b>310.16</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>405.91</b>	<b>266.68</b>
<i>Notes:</i>		
1. The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Ind AS - 7 “Statement of Cash Flows”.		
2. <b>CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents as above	405.91	266.68
Unrealised gain/(loss) on foreign currency cash and cash equivalents	23.48	4.69
Cash credit facilities (Note 20)	33.96	–
Cash and cash equivalents (Note 13)	<u>463.35</u>	<u>271.37</u>
3. Net Cash Flow from Operating Activities includes an amount of ₹ 341.23 Crores (2022- ₹ 349.30 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  
Arvind Sethi  
Partner  
Frankfurt, May 18, 2023

On behalf of the Board

S. PURI                      *Chairman & Managing Director*  
S. DUTTA                    *Director & Chief Financial Officer*  
R. K. SINGHI                *Company Secretary*  
Kolkata, May 18, 2023

# 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	3-25 Years
Furniture and Fixtures	8-10 Years
Vehicles	8-10 Years
Office Equipment	5 Years

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

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

### Goodwill on Consolidation

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

Impairment loss, if any, to the extent the carrying amount exceed the recoverable amount is charged off to the Statement of Profit and Loss as it arises and is not reversed. For impairment testing, goodwill is allocated to Cash Generating Unit (CGU) or group of CGUs to which it relates, which is not larger than an operating segment, and is monitored for internal management purposes.

### Intangible Assets

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

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

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

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. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

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

For the preparation of the consolidated financial statements:

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

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

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

### Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the resulting gain/loss is recognised as per the hedge accounting principles stated below.

The Group complies with the principles of hedge accounting where derivative contracts and/or non-derivative financial assets/liabilities that are permitted under applicable accounting standards are designated as hedging instruments. At the inception of the hedge relationship, the Group documents the relationship between the hedging 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 hedging instruments 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 is derecognised, 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 hedging instrument that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedge Reserve'. The gains/losses relating to the ineffective portion are recognised immediately 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 is derecognised, expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity are recognised immediately in the Statement of Profit and Loss.

### Investment in Associate and Joint Venture

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

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and are initially

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. 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 fair value or transaction price, as applicable, when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security deposits, Cash and cash equivalents etc. are classified for measurement

at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

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

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

**Derecognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

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

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

### Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at fair value and are subsequently

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

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 transaction price that the Company receives or expects to receive as consideration for goods supplied and services rendered, net of returns and estimates of variable consideration such as discounts to customers. Revenue from the sale of goods includes excise duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Group performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

### Government Grant

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

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

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

### Dividend Distribution

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

### Employee Benefits

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Employee Share Based Compensation

#### Stock Options

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

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

While the fair values of Stock Options granted is recognised in the Statement of Profit and Loss for employees of the Group (other than those out on deputation), the value of Stock Options, net of reimbursements, granted to employees on deputation is considered as capital contribution/investment.

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

#### Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently remeasured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Group. In case of employees on deputation to group companies, the Company generally seeks reimbursements from the concerned group company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Group recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

#### Group as a Lessor

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

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Taxes on Income

Taxes on income comprise current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

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

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

Income tax, insofar as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

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

### Claims

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

### Provisions

Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation; it is probable that an outflow of resources will be required

to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

### Operating Segments

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

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

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

“Unallocated Corporate Expenses” include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole.

### Financial and Management Information Systems

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

# Notes to the Consolidated Financial Statements

## 2. Use of estimates and judgements

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

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

### A. Judgements in applying accounting policies

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

#### 1. Control:

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

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

#### 2. Significant influence:

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

notes to the financial statements are the only entities over which the Group has significant influence, and accordingly associates.

#### 3. Joint Control:

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

#### 4. Useful life of Intangible Assets:

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



# Notes to the Consolidated Financial Statements

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

### B. Key sources of estimation uncertainty

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

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

As described in the significant accounting policies, the Group reviews the estimated useful lives of property, plant and equipment, investment property and intangible assets at the end of each reporting period and the impact of changes in the estimated useful life is considered in the period in which the estimate is revised.

#### 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.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Gross Block								
	As at 31st March, 2021	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2022	Additions	Withdrawals and adjustments <sup>#</sup>	Foreign Currency Translation Reserve adjustments	As at 31st March, 2023
<b>3A. Property, Plant and Equipment*</b>									
Land <sup>1</sup>	2086.20	56.23	35.28	0.01	2107.16	7.17	3.32	-	2111.01
Buildings	8114.44	764.41	57.29	0.01	8821.57	693.69	10.55	-	9504.71
Leasehold Improvements	21.74	1.40	0.02	(0.01)	23.11	0.41	6.36	0.05	17.21
Plant and Equipment	15258.10	1820.43	215.46	(0.04)	16863.03	1750.62	182.14	0.24	18431.75
Furniture and Fixtures	832.91	79.87	5.42	(0.02)	907.34	104.25	11.87	0.05	999.77
Vehicles	180.41	20.45	20.91	(0.57)	179.38	29.79	23.44	(0.02)	185.71
Office Equipment	40.71	4.05	1.06	-	43.70	3.84	3.88	0.02	43.68
Railway Sidings	1.73	-	-	-	1.73	-	-	-	1.73
<b>TOTAL</b>	<b>26536.24</b>	<b>2746.84</b>	<b>335.44</b>	<b>(0.62)</b>	<b>28947.02</b>	<b>2589.77</b>	<b>241.56</b>	<b>0.34</b>	<b>31295.57</b>
<b>3B. Capital work-in-progress</b>	<b>4004.45</b>	<b>2128.20</b>	<b>2692.74</b>	<b>(241.46)</b>	<b>3198.45</b>	<b>2316.23</b>	<b>2517.67</b>	<b>(12.30)</b>	<b>2984.71</b>
<b>3C. Investment Property<sup>5</sup></b>	<b>410.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410.11</b>	<b>-</b>	<b>(0.52)</b>	<b>-</b>	<b>410.63</b>
<b>3D. Goodwill<sup>2</sup></b>									
Goodwill on Consolidation	202.53	-	-	-	202.53	-	-	-	202.53
Goodwill acquired through business combinations	577.20	-	-	-	577.20	-	-	-	577.20
<b>TOTAL</b>	<b>779.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779.73</b>
<b>3E. Other Intangible assets (acquired)<sup>2</sup></b>									
Trademarks	1920.61	-	-	-	1920.61	-	-	(0.01)	1920.60
Computer Software	270.51	37.62	34.48	(0.01)	273.64	69.58	3.36	-	339.86
Know How, Business and Commercial Rights [Also refer note 28(xv)]	33.82	9.53	-	-	43.35	745.88	-	-	789.23
Customer Relationships	35.21	-	-	-	35.21	-	-	-	35.21
<b>TOTAL</b>	<b>2260.15</b>	<b>47.15</b>	<b>34.48</b>	<b>(0.01)</b>	<b>2272.81</b>	<b>815.46</b>	<b>3.36</b>	<b>(0.01)</b>	<b>3084.90</b>
<b>3F. Other Intangible assets under development</b>	<b>6.84</b>	<b>64.83</b>	<b>44.58</b>	<b>-</b>	<b>27.09</b>	<b>54.43</b>	<b>62.93</b>	<b>-</b>	<b>18.59</b>
<b>3G. Right of Use Assets<sup>A</sup></b>									
Land	803.05	16.89	-	(97.96)	721.98	-	-	(3.48)	718.50
Buildings	250.52	46.29	41.77	0.03	255.07	84.82	72.74	0.38	267.53
Plant and Equipment	48.63	-	-	-	48.63	-	-	-	48.63
Vehicles	-	-	-	-	-	2.92	-	-	2.92
<b>TOTAL</b>	<b>1102.20</b>	<b>63.18</b>	<b>41.77</b>	<b>(97.93)</b>	<b>1025.68</b>	<b>87.74</b>	<b>72.74</b>	<b>(3.10)</b>	<b>1037.58</b>

<sup>#</sup> Includes amounts transferred from Property, Plant and Equipment to Investment Property.

<sup>A</sup> Also refer Note 28(xi)

(₹ in Crores)

* The above includes following assets given on operating lease: Particulars	As at 31st March, 2022				2022 Depreciation Charge for the year	As at 31st March, 2023			2023 Depreciation Charge for the year
	Gross Block	Accumulated Depreciation	Net Block			Gross Block	Accumulated Depreciation	Net Block	
Buildings	1.12	0.20	0.92	0.11	0.94	0.23	0.71	0.02	
Plant and Equipment	224.35	142.33	82.02	20.12	243.01	164.17	78.84	17.39	
<b>TOTAL</b>	<b>225.47</b>	<b>142.53</b>	<b>82.94</b>	<b>20.23</b>	<b>243.95</b>	<b>164.40</b>	<b>79.55</b>	<b>17.41</b>	

# Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization									Net Book Value	
	Upto 31st March, 2021	For the year	On withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2022	For the year	On withdrawals and adjustments <sup>#</sup>	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
<b>3A. Property, Plant and Equipment*</b>											
Land <sup>1</sup>	-	-	-	-	-	-	-	-	-	2111.01	2107.16
Buildings	1000.12	229.48	15.20	0.01	1214.41	249.84	4.23	-	1460.02	8044.69	7607.16
Leasehold Improvements	13.23	2.44	0.02	(0.01)	15.64	1.94	6.00	0.02	11.60	5.61	7.47
Plant and Equipment	5850.11	1271.48	213.25	(0.01)	6908.33	1269.70	149.85	0.16	8028.34	10403.41	9954.70
Furniture and Fixtures	412.58	75.07	4.10	0.02	483.57	80.62	9.93	0.04	554.30	445.47	423.77
Vehicles	78.29	20.93	13.09	(0.22)	85.91	20.25	15.15	(0.01)	91.00	94.71	93.47
Office Equipment	27.19	4.65	1.03	0.01	30.82	5.95	4.59	0.01	32.19	11.49	12.88
Railway Sidings	0.78	0.13	-	-	0.91	0.13	-	-	1.04	0.69	0.82
<b>TOTAL</b>	<b>7382.30</b>	<b>1604.18</b>	<b>246.69</b>	<b>(0.20)</b>	<b>8739.59</b>	<b>1628.43</b>	<b>189.75</b>	<b>0.22</b>	<b>10178.49</b>	<b>21117.08</b>	<b>20207.43</b>
<b>3B. Capital work-in-progress</b>	-	-	-	-	-	-	-	-	-	<b>2984.71</b>	<b>3198.45</b>
<b>3C. Investment Property<sup>5</sup></b>	<b>33.55</b>	<b>12.36</b>	-	-	<b>45.91</b>	<b>12.38</b>	<b>(0.08)</b>	-	<b>58.37</b>	<b>352.26</b>	<b>364.20</b>
<b>3D. Goodwill<sup>2</sup></b>											
Goodwill on Consolidation	-	-	-	-	-	-	-	-	-	202.53	202.53
Goodwill acquired through business combinations	-	-	-	-	-	-	-	-	-	577.20	577.20
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	<b>779.73</b>	<b>779.73</b>
<b>3E. Other Intangible assets (acquired)<sup>2</sup></b>											
Trademarks	17.43	3.16	-	-	20.59	3.16	-	-	23.75	1896.85	1900.02
Computer Software	209.94	33.99	34.44	(0.01)	209.48	23.66	0.41	-	232.73	107.13	64.16
Know How, Business and Commercial Rights [Also refer note 28(xv)]	18.73	3.52	-	-	22.25	67.06	-	-	89.31	699.92	21.10
Customer Relationships	2.99	4.40	-	-	7.39	4.40	-	-	11.79	23.42	27.82
<b>TOTAL</b>	<b>249.09</b>	<b>45.07</b>	<b>34.44</b>	<b>(0.01)</b>	<b>259.71</b>	<b>98.28</b>	<b>0.41</b>	-	<b>357.58</b>	<b>2727.32</b>	<b>2013.10</b>
<b>3F. Other Intangible assets under development</b>	-	-	-	-	-	-	-	-	-	<b>18.59</b>	<b>27.09</b>
<b>3G. Right of Use Assets<sup>A</sup></b>											
Land	19.62	13.08	0.27	(2.67)	29.76	6.84	-	(0.31)	36.29	682.21	692.22
Buildings	94.34	55.55	37.67	0.01	112.23	58.98	68.27	0.30	103.24	164.29	142.84
Plant and Equipment	11.05	5.51	-	-	16.56	5.51	-	-	22.07	26.56	32.07
Vehicles	-	-	-	-	-	1.09	-	0.01	1.10	1.82	-
<b>TOTAL</b>	<b>125.01</b>	<b>74.14</b>	<b>37.94</b>	<b>(2.66)</b>	<b>158.55</b>	<b>72.42</b>	<b>68.27</b>	-	<b>162.70</b>	<b>874.88</b>	<b>867.13</b>

**Notes:**

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2022 - ₹ 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 periodically tested for impairment in line with applicable Accounting Standards. The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2022 - ₹ 1889.78 Crores) as having indefinite useful lives. The indefinite useful life for such trademarks has been assessed considering no technical, technological or commercial risks of obsolescence or any limitations under contract or law. Such assets are also annually tested for impairment. These assets pertain to the 'FMCG - Others' Segment and are related to the Branded Packaged Foods and Personal Care Products businesses of the Company. Impairment testing for goodwill and intangible assets with indefinite useful lives has been carried out considering their recoverable amounts which, inter-alia, includes estimation of their value-in-use based on management projections. These projections have been made for a period of five years, or longer, as applicable and consider various factors, such as market scenario, growth trends, growth and margin projections, and terminal growth rates specific to the business. For such projections, discount rate of 10% (2022 - 10%) and long-term growth rates ranging between 5% to 6% (2022 - 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 ₹ 90.68 Crores (2022 - ₹ 148.81 Crores).
- The fair value of the investment property is ₹ 903.04 Crores (2022 - ₹ 870.11 Crores). The fair value has been determined on the basis of valuation carried out at the reporting date by registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 and the same has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research & trends, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.

Amounts recognised in the Statement of Profit and Loss in respect of the investment property is as under:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Rental Income etc. from investment property	124.05	111.94
Direct Operating Expenses arising from investment property that generated rental income during the year <sup>5</sup>	11.42	9.94
Direct Operating Expenses arising from investment property that did not generate rental income during the year	-	-

<sup>5</sup>As per the contractual arrangements, the Company is responsible for the maintenance of common area at its own cost. The expenses arising out of such arrangements are not material.

## Notes to the Consolidated Financial Statements

### Capital work-in-progress (CWIP) ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2022					As at 31st March, 2023				
	Amount in CWIP for a period of					Amount in CWIP for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	933.53	849.85	521.07	894.00	3198.45	1190.55	646.01	302.56	845.59	2984.71
Projects temporarily suspended	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>933.53</b>	<b>849.85</b>	<b>521.07</b>	<b>894.00</b>	<b>3198.45</b>	<b>1190.55</b>	<b>646.01</b>	<b>302.56</b>	<b>845.59</b>	<b>2984.71</b>

### Completion schedule for Projects in Capital work-in-progress, which are overdue or has exceeded its cost compared to its original plan

(₹ in Crores)

Particulars	As at 31st March, 2022				As at 31st March, 2023			
	To be completed in				To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
MXD - COL	–	639.44	–	–	1018.03	–	–	–
MXD - KOL	–	542.00	–	–	633.54	–	–	–
H - AHM	440.31	–	–	–	–	–	–	–
F - KHO	–	164.42	–	–	–	–	–	–
F - GNT	69.46	–	–	–	–	–	–	–
ME - MED	62.47	–	–	–	–	–	–	–
ME - PUN	20.01	–	–	–	–	–	–	–

### Other Intangible assets under development (IAUD) ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2022					As at 31st March, 2023				
	Amount in IAUD for a period of					Amount in IAUD for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	23.84	3.25	–	–	27.09	15.33	0.01	3.25	–	18.59
Projects temporarily suspended	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>23.84</b>	<b>3.25</b>	<b>–</b>	<b>–</b>	<b>27.09</b>	<b>15.33</b>	<b>0.01</b>	<b>3.25</b>	<b>–</b>	<b>18.59</b>

Note: There are no projects in Other Intangible assets under development, which are overdue or has exceeded its cost compared to its original plan as at 31st March, 2023 and 31st March, 2022.

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments</b>					
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>In Associates (carrying amount determined using the equity method of accounting)</b>					
<b>Quoted</b>					
International Travel House Limited	10	39,14,233		39,14,233	
Cost of acquisition (including goodwill of ₹ 11.89 Crores)			21.87		21.87
Add/(Less) : Group Share of Profits/(Losses)			51.01 72.88		37.33 59.20
Gujarat Hotels Limited	10	17,33,907		17,33,907	
Cost of acquisition (including goodwill of ₹ 1.16 Crores)			1.94		1.94
Add/(Less) : Group Share of Profits/(Losses)			17.61 19.55		16.01 17.95
<b>Unquoted</b>					
Delectable Technologies Private Limited	10	100		100	
Cost of acquisition (including goodwill of ₹ 0.09 Crore)			0.10		0.10
Add/(Less) : Group Share of Profits/(Losses)			(0.01) 0.09		... 0.10
Mother Sparsh Baby Care Private Limited [Refer Note 28(x)]	10	100			
Cost of acquisition [including goodwill of ₹ 1.03 Crores, (2022 - ₹ Nil)]			0.96		—
Add/(Less) : Group Share of Profits/(Losses)			(0.06) 0.90		— —
ATC Limited					
Fully paid	100	55,650		55,650	
Cost of acquisition (net of capital reserve of ₹ 0.16 Crore)			0.83		0.83
Add/(Less) : Group Share of Profits/(Losses)			1.83 2.66		1.61 2.44
₹ 70.00 per share paid	100	1,39,125		1,39,125	
Cost of acquisition (including goodwill of ₹ 0.30 Crore)			2.92		2.92
Add/(Less) : Group Share of Profits/(Losses)			2.15 5.07		1.76 4.68
Russell Investments Limited	10	42,75,435		42,75,435	
Cost of acquisition (net of capital reserve of ₹ 0.30 Crore)			4.27		4.27
Add/(Less) : Group Share of Profits/(Losses)			27.01 31.28		22.29 26.56
Divya Management Limited	10	41,82,915		41,82,915	
Cost of acquisition (including goodwill of ₹ 1.09 Crores)			6.93		6.93
Add/(Less) : Group Share of Profits/(Losses)			0.78 7.71		0.64 7.57
Antrang Finance Limited	10	43,24,634		43,24,634	
Cost of acquisition (including goodwill of ₹ 0.10 Crore)			4.40		4.40
Add/(Less) : Group Share of Profits/(Losses)			0.65 5.05		0.54 4.94
Carried over			145.19		123.44

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			145.19		123.44
<b>INVESTMENT IN EQUITY INSTRUMENTS (Contd.)</b>					
<b>In Joint Ventures (carrying amount determined using the equity method of accounting)</b>					
<b>Unquoted</b>					
Espirit Hotels Private Limited [Refer Note 28(viii)]	10	4,65,09,200	46.17	4,65,09,200	46.17
Cost of acquisition			...		...
Add/(Less) : Group Share of Profits/(Losses)			46.17		46.17
Maharaja Heritage Resorts Limited	100	1,80,000	—	1,80,000	—
Cost of acquisition (including goodwill of ₹ 0.13 Crore)			—		—
Add/(Less) : Group Share of Profits/(Losses)			—		—
Logix Developers Private Limited [Refer Note 28(ix)]	10	77,66,913	42.07	77,66,913	42.07
Cost of acquisition (including goodwill of ₹ 23.84 Crores)			(40.65)		(42.07)
Add/(Less) : Group Share of Profits/(Losses)			(1.42)		—
Add/(Less) : Provision for Impairment			—		—
ITC Essentra Limited	10	22,50,000	38.85	22,50,000	38.85
Cost of acquisition			70.16		55.72
Add/(Less) : Group Share of Profits/(Losses)			109.01		94.57
<b>In Others (at fair value through other comprehensive income unless stated otherwise)</b>					
<b>Quoted</b>					
VST Industries Limited	10	476	0.15	476	0.15
HLV Limited	2	5,49,80,620	50.31	5,49,80,620	50.32
EIH Limited	2	10,08,53,602	1670.64	10,08,53,602	1559.71
Tourism Finance Corporation of India Limited	10	25,000	0.18	25,000	0.15
<b>Unquoted</b>					
Adyar Property Holding Company Private Limited	100	311	0.03	311	0.03
Andhra Pradesh Gas Power Corporation Limited	10	8,04,000	—	8,04,000	2.32
Bihar Hotels Limited	2	8,00,000	0.04	8,00,000	0.04
Jupiter Township Limited	1	150	...	150	...
Lotus Court Limited (Class G Shares)	48,000	2	2.34	2	2.34
Mirage Advertising and Marketing Limited	10	12,488	—	12,488	—
Mother Sparsh Baby Care Private Limited [Refer Note 28(x)] (at fair value through profit or loss)	10	—	—	100	0.96
Blupin Technologies Private Limited (at fair value through profit or loss)	10	400	3.82	—	—
Woodlands Multispeciality Hospital Limited	10	13,605	0.01	13,605	0.01
Carried over			2027.89		1880.21

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			2027.89		1880.21
<b>INVESTMENT IN PREFERENCE SHARES</b>					
<b>In Associates (carrying amount determined using the equity method of accounting)</b>					
<b>Unquoted</b>					
Delectable Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	7,759		5,792	
Cost of acquisition [including goodwill of ₹ 6.78 Crores (2022 - ₹ 5.10 Crores)]			7.40		5.52
Add/(Less) : Group Share of Profits/(Losses)			(1.00) 6.40		(0.46) 5.06
Mother Sparsh Baby Care Private Limited [Refer Note 28(x)] (Compulsorily Convertible Cumulative Preference Shares)	10	2,980		–	
Cost of acquisition [including goodwill of ₹ 30.62 Crores (2022 - ₹ Nil)]			32.50		–
Add/(Less) : Group Share of Profits/(Losses)			(1.68) 30.82		– –
<b>In Others (at fair value through profit or loss)</b>					
<b>Unquoted</b>					
Mother Sparsh Baby Care Private Limited [Refer Note 28(x)] (Compulsorily Convertible Cumulative Preference Shares)	10	–	–	1,980	19.04
Blupin Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	100	2,980	35.52	–	–
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)</b>					
<b>Quoted</b>					
<b>State Development Loans</b>					
7.20% Tamil Nadu - 25-Jan-2027	100	–	–	20,85,500	21.81
7.41% Uttar Pradesh - 09-Nov-2026	100	–	–	20,00,000	21.08
7.51% Maharashtra - 24-May-2027	100	–	–	65,00,000	68.49
7.59% Gujarat - 15-Feb-2027	100	–	–	1,25,00,000	132.61
7.62% Uttar Pradesh - 15-Feb-2027	100	–	–	30,00,000	31.81
7.84% Maharashtra - 13-Jul-2026	100	–	–	2,00,00,000	212.59
7.86% Karnataka - 15-Mar-2027	100	–	–	50,00,000	53.24
7.96% Maharashtra - 29-Jun-2026	100	–	–	25,00,000	26.73
8.03% Uttar Pradesh - 11-May-2026	100	–	–	70,00,000	74.77
Carried over			2100.63		2547.44

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			2100.63		2547.44
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (Contd.)</b>					
8.08% Maharashtra - 15-Jun-2026	100	–	–	5,00,000	5.36
8.36% Maharashtra - 27-Jan-2026	100	–	–	35,00,000	37.76
8.72% Tamil Nadu - 19-Sep-2026	100	–	–	10,00,000	10.99
<b>Government of India Zero Coupon Government Stock</b>					
Zero Coupon Government Stock - 22-Feb-2025	100	34,00,000	30.62	34,00,000	28.97
Zero Coupon Government Stock - 15-Jun-2025	100	10,20,000	8.97	10,20,000	8.46
Zero Coupon Government Stock - 22-Aug-2025	100	25,35,000	21.94	25,35,000	20.66
Zero Coupon Government Stock - 15-Dec-2025	100	36,34,800	30.93	36,34,800	29.14
Zero Coupon Government Stock - 17-Dec-2025	100	6,02,300	5.10	6,02,300	4.80
Zero Coupon Government Stock - 22-Feb-2026	100	25,35,000	21.17	25,35,000	19.89
Zero Coupon Government Stock - 15-Jun-2026	100	10,20,000	8.35	10,20,000	7.85
Zero Coupon Government Stock - 22-Aug-2026	100	63,54,400	51.19	40,56,000	30.65
Zero Coupon Government Stock - 15-Dec-2026	100	10,20,000	8.05	10,20,000	7.56
Zero Coupon Government Stock - 22-Feb-2027	100	40,11,000	31.10	33,35,000	24.22
Zero Coupon Government Stock - 15-Jun-2027	100	31,17,000	23.73	31,17,000	22.24
Zero Coupon Government Stock - 22-Aug-2027	100	48,54,400	36.20	40,56,000	28.30
<b>Unquoted</b>					
Government Securities - cost ₹ 70000.00			0.01		0.01
National Savings Certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)			...		...
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
7.07% - Series B - 01-Oct-2025	10,00,000	4,300	433.65	4,300	435.09
7.19% - Series A - 31-Jul-2025	10,00,000	150	15.31	150	15.43
7.39% - Series 2A - 08-Feb-2031	1,000	7,00,696	70.07	7,00,696	70.07
8.20% - Series 2 - 05-Mar-2027	1,000	5,00,000	53.42	5,00,000	54.16
Carried over			2950.44		3409.05



## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			2950.44		3409.05
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>India Infrastructure Finance Company Limited</b>					
7.36% - Series II - 22-Jan-2028	1,000	3,00,000	31.69	3,00,000	31.99
8.01% - Series 1A - 12-Nov-2023	1,000	–	–	50,000	5.13
8.26% - Series V B - 23-Aug-2028	10,00,000	1,175	122.82	1,175	123.63
8.46% - Series VI B - 30-Aug-2028	10,00,000	1,300	138.65	1,300	139.96
8.48% - Series VII B - 05-Sep-2028	10,00,000	1,780	187.31	1,780	188.71
<b>Indian Railway Finance Corporation Limited</b>					
7.07% - Series 102 - 21-Dec-2025	1,000	70,498	7.18	70,498	7.22
7.15% - Series 100 - 21-Aug-2025	10,00,000	250	25.46	250	25.64
7.19% - Series 99 - 31-Jul-2025	10,00,000	2,250	225.38	2,250	225.52
7.34% - Series 86A - 19-Feb-2028	1,000	1,00,000	10.63	1,00,000	10.74
8.23% - Series 91 - 18-Feb-2024	1,000	–	–	8,00,000	82.81
8.35% - Series 89 - 21-Nov-2023	10,00,000	–	–	100	10.31
8.48% - Series 89A - 21-Nov-2028	10,00,000	1,250	131.09	1,250	131.94
8.55% - Series 94A - 12-Feb-2029	10,00,000	130	13.69	130	13.79
<b>National Bank for Agriculture and Rural Development</b>					
7.07% - Series 1A - 25-Feb-2026	10,00,000	2,000	204.71	2,000	206.19
<b>National Highways Authority of India</b>					
7.11% - Series NHAI - II A - 18-Sep-2025	10,00,000	2,600	260.25	2,600	260.33
7.14% - Series I A - 11-Jan-2026	1,000	8,06,381	81.45	8,06,381	81.70
7.28% - Series NHAI - II B - 18-Sep-2030	10,00,000	2,500	250.00	2,500	250.00
7.35% - Series II A - 11-Jan-2031	1,000	17,49,943	182.10	17,49,943	182.78
8.50% - Series II A - 05-Feb-2029	1,000	5,00,000	55.55	5,00,000	56.33
8.75% - Series II B - 05-Feb-2029	1,000	2,50,000	28.25	2,50,000	28.71
<b>National Housing Bank</b>					
8.46% - Series V - 30-Aug-2028	10,00,000	800	83.65	800	84.20
<b>Power Finance Corporation Limited</b>					
7.16% - Series 136 - 17-Jul-2025	10,00,000	600	61.11	600	61.57
8.46% - Series 107B - 30-Aug-2028	10,00,000	500	52.28	500	52.63
8.54% - Series 2A - 16-Nov-2028	1,000	3,50,000	39.42	3,50,000	40.07
Carried over			5143.11		5710.95

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			5143.11		5710.95
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>REC Limited</b>					
7.17% - Series 5A - 23-Jul-2025	10,00,000	850	86.51	850	87.12
8.46% - Series 3B - 29-Aug-2028	10,00,000	1,190	127.30	1,190	128.55
8.46% - Series 2A - 24-Sep-2028	1,000	3,50,000	39.20	3,50,000	39.84
8.54% - Series 4B - 11-Oct-2028	10,00,000	50	5.25	50	5.28
<b>Taxable Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Indian Railway Finance Corporation Limited</b>					
7.83% - Series 118 - 21-Mar-2027	10,00,000	–	–	1,750	187.83
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call Option on 04-Mar-2024)	10,00,000	–	–	2,000	200.00
<b>National Bank for Agriculture and Rural Development</b>					
5.70% - Series 22 D - 31-Jul-2025	10,00,000	1,000	99.45	1,000	99.15
7.69% - Series 20 C - 29-May-2024	10,00,000	4,300	441.85	4,300	451.74
<b>Power Finance Corporation Limited</b>					
5.47% - Series 206 -19-Aug-2023	10,00,000	–	–	100	10.05
6.09% - Series BS-212 A - 27-Aug-2026	10,00,000	–	–	300	30.09
6.50% - Series 208 - 17-Sep-2025	10,00,000	–	–	1,150	116.68
6.72% - Series 203 A - 09-Jun-2023	10,00,000	–	–	900	91.74
6.75% - Series 202 A - 22-May-2023	10,00,000	–	–	2,050	208.61
8.03% - Series 147 - 02-May-2026	10,00,000	–	–	600	64.04
8.20% - Series 128 - 10-Mar-2025	10,00,000	450	46.75	450	47.59
8.39% - Series 130 C - 19-Apr-2025	10,00,000	200	20.89	200	21.29
<b>REC Limited</b>					
5.85% - Series 203 B - 20-Dec-2025	10,00,000	–	–	1,100	109.37
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible#</b>					
<b>ICICI Bank</b>					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	–	–	2,647	264.70
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	–	–	3,000	300.00
Carried over			6010.31		8174.62

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			6010.31		8174.62
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>State Bank of India</b>					
7.72% - Series I (with first Call option on 03-Sep-2026)	1,00,00,000	313	313.00	313	313.00
7.72% - Series II (with first Call option on 18-Oct-2026)	1,00,00,000	400	400.00	400	400.00
9.37% - Series II (with first Call option on 21-Dec-2023)	10,00,000	–	–	2,350	235.00
9.56% - Series I (with first Call option on 04-Dec-2023)	10,00,000	–	–	7,000	700.00
<b>Zero Coupon Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
Tranche 416 - 25-Apr-2025	10,00,000	11,250	1216.93	11,250	1149.72
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Fixed Maturity Plans (at amortised cost)*</b>					
Aditya Birla Sun Life Mutual Fund	10	2,19,98,900	23.40	2,19,98,900	22.03
DSP Mutual Fund	10	4,99,97,500	51.36	–	–
Nippon India Mutual Fund	10	1,49,99,250	16.06	1,49,99,250	15.08
SBI Mutual Fund	10	23,69,88,151	255.23	23,69,88,151	241.25
<b>Exchange Traded Funds (at fair value through other comprehensive income) **</b>					
Axis Mutual Fund	1	11,25,00,000	121.91	5,50,00,000	58.00
Nippon India Mutual Fund	10	6,60,00,000	737.30	3,60,00,000	389.05
<b>Unquoted</b>					
<b>Target Maturity Index Funds (at fair value through other comprehensive income) **</b>					
Aditya Birla Sun Life Mutual Fund	10	85,75,27,978	897.40	35,48,47,210	360.79
Axis Mutual Fund	10	15,49,28,153	160.27	1,98,53,868	20.02
DSP Mutual Fund	10	2,49,40,887	26.04	–	–
ICICI Prudential Mutual Fund	10	54,91,10,334	574.27	17,74,37,385	180.27
Kotak Mahindra Mutual Fund	10	42,26,69,978	438.22	2,99,36,233	30.06
Nippon India Mutual Fund	10	24,38,33,990	251.24	–	–
SBI Mutual Fund	10	54,75,53,778	569.97	19,80,19,704	200.51
Carried over			12062.91		12489.40

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			12062.91		12489.40
<b>INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (at fair value through profit or loss)</b>					
<b>Unquoted</b>					
Chiratae Ventures India Fund IV	1,00,000	1,125	17.33	923	13.98
Fireside Ventures Investments Fund I	1,00,000	1,335	58.06	1,324	51.27
Fireside Ventures Investments Fund II	1,000	1,40,000	17.47	1,00,000	8.67
Fireside Ventures Investments Fund III	1,00,000	300	3.00	–	–
India Foundation Fund Series I	100	3,46,463	3.85	1,63,740	2.15
Roots Ventures I	100	9,13,113	19.54	8,13,113	11.26
<b>Aggregate amount of quoted Investments</b>			<b>8858.57</b>		<b>11480.91</b>
<b>Aggregate amount of unquoted Investments</b>			<b>3323.59</b>		<b>1095.82</b>
<b>Total</b>			<b>12182.16</b>		<b>12576.73</b>

Aggregate market value of quoted investments ₹ 8853.13 Crores (2022 - ₹ 11701.81 Crores).

\* Investments in Fixed Maturity Plans (FMPs) that are intended to be held by the Company till maturity are classified as amortised cost. The underlying instruments in the portfolio of these FMPs have minimal churn and are held to receive contractual cashflows.

\*\* Exchange Traded / Target Maturity Index Funds follow a passive buy and hold investment strategy to receive contractual cashflows except for meeting redemption and rebalancing requirements. Investment in such funds are classified as FVTOCI as cash flows from these investments are realised on maturity or upon sale.

# Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>5. Loans</b>				
Others Loans - Employees				
– Unsecured, considered good	7.12	5.48	6.77	6.61
<b>TOTAL</b>	<b>7.12</b>	<b>5.48</b>	<b>6.77</b>	<b>6.61</b>
<b>6. Other financial assets</b>				
Bank deposits with more than 12 months maturity	–	2144.07	–	14.90
Other financial assets				
Advances	4.93	–	1.32	–
Security Deposits*	28.39	74.34	27.76	73.47
Deposits other than Security Deposits	2.75	1520.62	1510.27	1501.05
Interest accrued on Loans, Deposits, Investments, etc.	413.38	0.72	522.12	0.16
Other Receivables**	669.22	–	503.94	–
<b>TOTAL</b>	<b>1118.67</b>	<b>3739.75</b>	<b>2565.41</b>	<b>1589.58</b>

\* Include deposits to Directors and Key Management Personnel ₹ 0.06 Crore (2022 - ₹ 0.08 Crore) (Refer Note 30).

\*\* Comprise receivables on account of government grants, claims, rentals, derivatives designated as hedging instruments, unbilled revenue, etc.

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>7. Deferred tax</b>		
Deferred tax liabilities (Net)	1629.00	1673.47
Less: Deferred tax assets (Net)	52.02	63.53
<b>TOTAL</b>	<b>1576.98</b>	<b>1609.94</b>

### Movement in deferred tax liabilities/assets balances

(₹ in Crores)

2022-23	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Acquisitions through business combination	Effect of foreign exchange	Closing Balance
<b>Deferred tax liabilities/assets in relation to:</b>								
On fiscal allowances on property, plant and equipment, investment property etc.	1639.75	100.78	–	–	–	–	–	1740.53
On Excise Duty/National Calamity Contingent Duty on closing stock	79.21	38.72	–	–	–	–	–	117.93
On cash flow hedges	4.82	–	(35.57)	2.62	27.72	–	–	(0.41)
Other timing differences	291.79	(33.94)	(8.75)	–	–	–	0.06	249.16
<b>Total deferred tax liabilities</b>	<b>2015.57</b>	<b>105.56</b>	<b>(44.32)</b>	<b>2.62</b>	<b>27.72</b>	<b>–</b>	<b>0.06</b>	<b>2107.21</b>
On fiscal allowances on property, plant and equipment, etc.	8.70	(1.06)	–	–	–	–	(0.42)	7.22
On employees' separation and retirement etc.	86.28	65.91	5.72	–	–	–	0.32	158.23
On provision for doubtful debts/advances	60.32	0.16	–	–	–	–	0.09	60.57
On State and Central taxes etc.	69.62	0.45	–	–	–	–	–	70.07
On unabsorbed tax losses and depreciation	6.47	(2.21)	–	–	–	–	–	4.26
Other timing differences	166.35	52.19	–	–	–	–	0.83	219.37
<b>Total deferred tax assets before MAT credit entitlement</b>	<b>397.74</b>	<b>115.44</b>	<b>5.72</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.82</b>	<b>519.72</b>
<b>Total deferred tax liabilities before MAT credit entitlement (Net)</b>	<b>1617.83</b>	<b>(9.88)</b>	<b>(50.04)</b>	<b>2.62</b>	<b>27.72</b>	<b>–</b>	<b>(0.76)</b>	<b>1587.49</b>
Less: MAT credit entitlement	7.89	2.62	–	–	–	–	–	10.51
<b>Total deferred tax liabilities (Net)</b>	<b>1609.94</b>	<b>(12.50)</b>	<b>(50.04)</b>	<b>2.62</b>	<b>27.72</b>	<b>–</b>	<b>(0.76)</b>	<b>1576.98</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

2021-22	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Acquisitions through business combination	Effect of foreign exchange	Closing Balance
<b>Deferred tax liabilities/assets in relation to:</b>								
On fiscal allowances on property, plant and equipment, investment property etc.	1626.22	13.53	–	–	–	–	–	1639.75
On Excise Duty/National Calamity Contingent Duty on closing stock	72.25	6.96	–	–	–	–	–	79.21
On cash flow hedges	1.66	–	9.05	2.44	(8.33)	–	–	4.82
Other timing differences	326.07	(35.21)	0.93	–	–	–	–	291.79
<b>Total deferred tax liabilities</b>	<b>2026.20</b>	<b>(14.72)</b>	<b>9.98</b>	<b>2.44</b>	<b>(8.33)</b>	<b>–</b>	<b>–</b>	<b>2015.57</b>
On fiscal allowances on property, plant and equipment etc.	7.44	0.84	–	–	–	–	0.42	8.70
On employees' separation and retirement etc.	76.52	7.42	2.34	–	–	–	–	86.28
On provision for doubtful debts/advances	60.22	0.10	–	–	–	–	–	60.32
On State and Central taxes etc.	64.36	5.26	–	–	–	–	–	69.62
On unabsorbed tax losses and depreciation	6.13	0.34	–	–	–	–	–	6.47
Other timing differences	128.55	37.80	–	–	–	–	–	166.35
<b>Total deferred tax assets before MAT credit entitlement</b>	<b>343.22</b>	<b>51.76</b>	<b>2.34</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.42</b>	<b>397.74</b>
<b>Total deferred tax liabilities before MAT credit entitlement (Net)</b>	<b>1682.98</b>	<b>(66.48)</b>	<b>7.64</b>	<b>2.44</b>	<b>(8.33)</b>	<b>–</b>	<b>(0.42)</b>	<b>1617.83</b>
Less: MAT credit entitlement	5.13	2.76	–	–	–	–	–	7.89
<b>Total deferred tax liabilities (Net)</b>	<b>1677.85</b>	<b>(69.24)</b>	<b>7.64</b>	<b>2.44</b>	<b>(8.33)</b>	<b>–</b>	<b>(0.42)</b>	<b>1609.94</b>

The Group has losses of ₹ 149.68 Crores (2022 - ₹ 160.09 Crores) for which no deferred tax assets have been recognised. A part of these losses will expire between financial year 2023-24 to 2041-42.

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>8. Other assets</b>				
Capital Advances	–	224.56	–	203.62
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.38	811.75	0.29	809.91
– Others	0.79	151.23	0.66	135.52
Advances to related parties (Refer Note 30)	5.76	–	4.50	–
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	1323.82	122.26	1118.60	137.43
Other Receivables*	231.00	2.15	182.03	4.74
<b>TOTAL</b>	<b>1561.75</b>	<b>1311.95</b>	<b>1306.08</b>	<b>1291.22</b>

\* Includes receivables on account of Government grants.

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>9. Inventories*</b>		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	7129.99	6602.44
Work-in-progress	961.08	732.41
Finished goods (manufactured)	2268.64	1794.86
Stock-in-trade (goods purchased for resale)	760.37	1181.11
Stores and spares	535.99	473.44
Intermediates - Tissue paper and Paperboards	115.09	79.89
<b>TOTAL</b>	<b>11771.16</b>	<b>10864.15</b>

The above includes goods in transit as under:

Raw materials (including packing materials)	239.89	302.02
Stock-in-trade (goods purchased for resale)	2.37	2.58
Stores and spares	5.41	4.38
<b>TOTAL</b>	<b>247.67</b>	<b>308.98</b>

The cost of inventories recognised as an expense includes ₹ 20.86 Crores (2022 - ₹ 17.90 Crores) in respect of write-downs of inventory to net realisable value. During the year reversal of previous write-downs of ₹ 0.81 Crore (2022 - ₹ 0.91 Crore) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 957.15 Crores (2022 - ₹ 1067.80 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Group is twelve months.

\* Also Refer Note 20.

<b>10. Biological assets other than bearer plants</b>		
Balance at the beginning of the year	109.44	110.05
Biological assets acquired during the year	1.70	3.11
Cost incurred during the year	153.21	113.15
Changes in fair value*	63.67	69.02
Transfer of Biological assets to Inventories	(12.38)	(4.98)
Biological assets sold during the year	(172.67)	(181.06)
Effect of foreign exchange translation	-	0.15
<b>Balance at the end of the year</b>	<b>142.97</b>	<b>109.44</b>

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

The Group had 1,73,51,206 numbers of TECHNITUBER® seed potatoes (2022 - 1,26,56,494 numbers).

There were 102486 MT of field generated seed potatoes (2022 - 77968 MT). During the year, output of agricultural produce (potatoes) is 14522 MT (2022 - 7470 MT).

In October 2022 - 20210 MT (October 2021 - 17168 MT) of seed potatoes were planted and in February/March 2023 - 121825 MT (February/March 2022 - 85093 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 ₹ 0.06 Crore (2022 - ₹ 1.92 Crores).



## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>11. Current investments (at fair value through profit or loss, unless stated otherwise)</b>					
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>In Others</b>					
<b>Quoted</b>					
Ultra Tech Cement Limited	10	3	...	3	...
<b>Unquoted</b>					
SKH Metals Limited	10	40,000	...	40,000	...
Patheja Brothers Forgings and Stampings Limited	10	50,000	...	50,000	...
Jind Textiles Limited	10	5,00,000	...	5,00,000	...
Taib Capital Corporation Limited	10	2,45,000	...	2,45,000	...
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>India Infrastructure Finance Company Limited</b>					
7.19% - Series I - 22-Jan-2023	1,000	–	–	1,50,000	15.25
<b>Indian Railway Finance Corporation Limited</b>					
7.18% - Series 86 - 19-Feb-2023	1,000	–	–	25,00,000	254.56
8.23% - Series 91 - 18-Feb-2024	1,000	20,00,000	201.79	20,00,000	211.32
<b>National Highways Authority of India</b>					
8.50% - Series II A - 05-Feb-2029	1,000	1,04,000	11.05	1,04,000	12.47
<b>National Housing Bank</b>					
6.82% - 26-Mar-2023	10,000	–	–	5,000	5.08
<b>Power Finance Corporation Limited</b>					
8.01% - Series 107 A - 30-Aug-2023	10,00,000	1,000	100.26	1,000	103.98
8.18% - Series 1 A - 16-Nov-2023	1,000	12,95,560	130.24	12,95,560	135.79
<b>REC Limited</b>					
7.22% - Series 1 - 19-Dec-2022	1,000	–	–	30,00,000	304.51
8.01% - Series 3 A - 29-Aug-2023	10,00,000	1,000	100.25	1,000	103.96
8.12% - 27-Mar-2027	1,000	60,000	6.20	60,000	6.81
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
9.15% - Series P16 - 05-Sep-2022	10,00,000	–	–	300	30.59
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible#</b>					
<b>ICICI Bank Limited</b>					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	350	34.96	350	35.20
Carried over			584.75		1219.52

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			584.75		1219.52
<b>INVESTMENT IN CERTIFICATE OF DEPOSITS</b>					
<b>Unquoted</b>					
Axis Bank Limited - 19-Jul-2023	5,00,000	42,000	2045.45	–	–
Export Import Bank of India - 17-Aug-2023	5,00,000	1,000	48.37	–	–
Export Import Bank of India - 29-Aug-2023	5,00,000	1,000	48.23	–	–
HDFC Bank Limited - 17-Jul-2023	5,00,000	9,500	462.88	–	–
HDFC Bank Limited - 11-Aug-2023	5,00,000	1,600	77.50	–	–
HDFC Bank Limited - 14-Aug-2023	5,00,000	8,500	411.43	–	–
HDFC Bank Limited - 12-Sep-2023	5,00,000	12,000	576.92	–	–
ICICI Bank Limited - 19-Jul-2023	5,00,000	5,000	243.51	–	–
ICICI Bank Limited - 07-Aug-2023	5,00,000	1,000	48.48	–	–
ICICI Bank Limited - 12-Dec-2023	5,00,000	5,000	235.39	–	–
Kotak Mahindra Bank Limited - 19-Jul-2023	5,00,000	6,000	292.21	–	–
Kotak Mahindra Bank Limited - 27-Jul-2023	5,00,000	1,000	48.61	–	–
Kotak Mahindra Bank Limited - 17-Aug-2023	5,00,000	500	24.18	–	–
National Bank for Agriculture and Rural Development - 23-Jan-2024	5,00,000	1,500	69.95	–	–
Small Industries Development Bank of India - 07-Jun-2023	5,00,000	2,000	98.38	–	–
Small Industries Development Bank of India - 29-Aug-2023	5,00,000	1,000	48.23	–	–
Small Industries Development Bank of India - 12-Sep-2023	5,00,000	1,000	48.08	–	–
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)</b>					
<b>Unquoted</b>					
National Savings Certificates (pledged with Mandi Samiti) (cost ₹ 2000.00)			...		...
National Savings Certificate (cost ₹ 10000.00)			...		...
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Exchange Traded Funds</b>					
Edelweiss Mutual Fund	1,000	30,00,000	368.72	30,00,000	351.13
Nippon India Mutual Fund	10	58,69,560	65.73	58,69,560	63.61
<b>Unquoted</b>					
<b>Liquid/ Overnight Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	15,43,944	72.61	1,93,410	6.61
Axis Mutual Fund	1,000	2,65,373	70.21	4,67,509	110.04
DSP Mutual Fund	1,000	81,780	26.07	5,773	1.74
Carried over			6015.89		1752.65

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			6015.89		1752.65
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	1,000	784	0.21	–	–
ICICI Prudential Mutual Fund	100	1,96,704	4.05	61,112	1.93
Kotak Mahindra Mutual Fund	1,000	–	–	9,785	4.21
Nippon India Mutual Fund	100	66,75,451	80.01	87,91,983	100.01
Nippon India Mutual Fund	1,000	2,95,476	161.04	49,780	25.90
SBI Mutual Fund	1,000	4,80,959	168.16	1,009	0.33
UTI Mutual Fund	1,000	31,444	11.52	84,494	29.30
<b>Ultra Short Term Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,89,90,017	890.21	2,07,70,310	922.62
Axis Mutual Fund	10	15,77,979	2.08	–	–
Kotak Mahindra Mutual Fund	10	26,25,58,620	993.11	26,38,12,322	945.20
SBI Mutual Fund	1,000	2,47,159	127.50	2,47,159	121.04
<b>Low Duration Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	87,701	5.36	–	–
Axis Mutual Fund	1,000	14,71,091	401.66	14,61,916	378.65
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	10	7,34,11,386	245.79	7,34,11,386	233.89
DSP Mutual Fund	10	17,22,63,805	290.89	17,22,63,805	277.37
ICICI Prudential Mutual Fund	100	1,47,04,689	680.09	60,49,828	264.70
SBI Mutual Fund	1,000	20,14,609	617.49	8,30,697	241.68
<b>Money Market Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	40,95,539	129.50	40,95,539	122.42
Axis Mutual Fund	1,000	20,57,053	250.47	–	–
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	10	4,22,87,680	155.87	4,22,87,680	147.67
HDFC Mutual Fund	1,000	7,64,367	376.20	2,39,118	111.30
Kotak Mahindra Mutual Fund	1,000	6,53,754	250.28	–	–
Nippon India Mutual Fund	1,000	6,60,345	234.26	6,60,345	221.25
SBI Mutual Fund	10	6,65,47,323	250.03	6,65,47,323	236.65
<b>Floating Rate Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,95,98,885	587.17	1,96,03,366	555.74
HDFC Mutual Fund	10	10,07,90,662	427.05	10,07,90,662	404.13
Nippon India Mutual Fund	10	6,22,64,756	246.04	6,22,64,756	235.01
Carried over			13601.93		7333.65

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			13601.93		7333.65
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
<b>Short Term Funds</b>					
DSP Mutual Fund	10	–	–	3,12,12,253	126.54
IDFC Mutual Fund	10	–	–	6,58,03,493	322.42
Nippon India Mutual Fund	10	–	–	3,86,19,184	175.83
SBI Mutual Fund	10	5,40,50,081	154.07	5,40,50,081	147.17
<b>Banking &amp; PSU Debt Funds</b>					
Axis Mutual Fund	1,000	31,86,227	720.37	31,86,227	689.41
Bandhan Mutual Fund (Formerly IDFC Mutual Fund)	10	14,17,61,931	296.13	14,17,61,931	283.77
<b>Corporate Bond Funds</b>					
Aditya Birla Sun Life Mutual Fund	10	–	–	70,15,575	63.27
ICICI Prudential Mutual Fund	10	2,49,28,836	64.88	2,49,28,836	61.29
Kotak Mahindra Mutual Fund	1,000	789	0.26	1,111	0.35
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Taxable Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>National Bank for Agriculture and Rural Development</b>					
6.40% - Series 20K - 31-Jul-2023	10,00,000	2,700	268.84	–	–
<b>Small Industries Development Bank of India</b>					
5.40% - Series IV - 17-Mar-2025 (with Put and Call option on 18-Mar-2024)	10,00,000	250	24.46	–	–
<b>Current Portion of Non-Current Investment</b>					
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
7.34% - Series 1 - 16-Feb-2023	1,000	–	–	3,29,870	33.27
<b>India Infrastructure Finance Company Limited</b>					
7.19% - Series I - 22-Jan-2023	1,000	–	–	5,00,000	50.34
8.01% - Series 1A - 12-Nov-2023	1,000	50,000	5.05	–	–
Carried over			15135.99		9287.31

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			15135.99		9287.31
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>Indian Railway Finance Corporation Limited</b>					
7.18% - Series 86 - 19-Feb-2023	1,000	–	–	5,00,000	50.37
8.23% - Series 91 - 18-Feb-2024	1,000	8,00,000	81.36	–	–
8.35% - Series 89 - 21-Nov-2023	10,00,000	100	10.13	–	–
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call option on 04-Mar-2024)	10,00,000	2,000	200.00	–	–
<b>Housing and Urban Development Corporation Limited</b>					
6.99% - Series E - 11-Nov-2022	10,00,000	–	–	700	70.05
7.61% - Series A - 22-Jun-2022	10,00,000	–	–	250	25.02
8.40% - Series C - 11-Apr-2022	10,00,000	–	–	850	85.00
<b>National Bank for Agriculture and Rural Development</b>					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option on 29-Jul-2022)	10,00,000	–	–	5,000	499.95
6.70% - Series 20 H - 11-Nov-2022	10,00,000	–	–	250	25.00
6.98% - Series 20 G - 19-Sep-2022	10,00,000	–	–	2,000	200.00
7.70% - Series 20 D - 13-Jun-2022	10,00,000	–	–	500	50.09
7.85% - Series 20 B - 23-May-2022	10,00,000	–	–	900	90.13
7.90% - Series 20 A - 18-Apr-2022	10,00,000	–	–	600	60.02
<b>Power Finance Corporation Limited</b>					
5.47% - Series 206 -19-Aug-2023	10,00,000	100	10.01	–	–
6.72% - Series 203 A - 09-Jun-2023	10,00,000	900	90.25	–	–
6.75% - Series 202 A - 22-May-2023	10,00,000	2,050	205.42	–	–
7.10% - Series 169 A - 08-Aug-2022	10,00,000	–	–	700	70.02
7.35% - Series 191 - 15-Oct-2022	10,00,000	–	–	4,500	450.00
8.45% - Series 181 - 11-Aug-2022	10,00,000	–	–	250	25.14
Carried over			15733.16		10988.10

## Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023		As at 31st March, 2022	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			15733.16		10988.10
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>REC Limited</b>					
7.09% - Series 152 - 17-Oct-2022	10,00,000	–	–	300	29.95
7.09% - Series 185 - 13-Dec-2022	10,00,000	–	–	2,000	200.00
<b>Zero Coupon Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
Tranche 378 - 04-May-2022	10,00,000	–	–	500	64.78
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible#</b>					
<b>State Bank of India</b>					
9.37% - Series II (with first Call option on 21-Dec-2023)	10,00,000	2,350	235.00	–	–
9.56% - Series I (with first Call option on 04-Dec-2023)	10,00,000	7,000	700.00	–	–
<b>ICICI Bank Limited</b>					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	2,647	264.70	–	–
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	3,000	300.00	–	–
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Fixed Maturity Plans</b>					
Aditya Birla Sun Life Mutual Fund	10	–	–	11,70,00,000	150.27
HDFC Mutual Fund	10	–	–	4,00,00,000	52.17
ICICI Prudential Mutual Fund	10	–	–	10,20,00,000	131.07
IDFC Mutual Fund	10	–	–	2,20,00,000	27.97
Kotak Mahindra Mutual Fund	10	–	–	19,70,00,000	254.79
Nippon India Mutual Fund	10	–	–	8,50,00,000	113.61
SBI Mutual Fund	10	–	–	19,70,00,000	251.57
<b>Aggregate amount of quoted investments</b>			<b>3414.42</b>		<b>4694.84</b>
<b>Aggregate amount of unquoted investments</b>			<b>13818.44</b>		<b>7569.44</b>
<b>Total</b>			<b>17232.86</b>		<b>12264.28</b>

Aggregate market value of quoted investments ₹ 3414.51 Crores (2022 - ₹ 4711.32 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, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>12. Trade receivables (Current)</b>		
Secured, considered good	56.56	52.45
Unsecured, considered good	2899.61	2409.45
Which have significant increase in credit risk	–	–
Credit impaired	197.55	196.87
Less: Allowance for Credit impairment	197.55	196.87
<b>TOTAL</b>	<b>2956.17</b>	<b>2461.90</b>

Trade receivables ageing schedule

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2023						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	2003.32	926.55	21.07	0.66	4.52	0.05	2956.17
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	2.39	12.87	15.84	28.08	24.01	83.19
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	0.21	0.55	1.75	111.85	114.36
<b>SUB-TOTAL</b>	<b>2003.32</b>	<b>928.94</b>	<b>34.15</b>	<b>17.05</b>	<b>34.35</b>	<b>135.91</b>	<b>3153.72</b>
Less: Allowance for Credit impairment							197.55
<b>TOTAL</b>							<b>2956.17</b>

	Outstanding for following periods from due date of payment as at 31st March, 2022						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1564.12	883.51	11.75	5.35	(0.61)	(2.22)	2461.90
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	1.70	11.66	36.73	12.29	16.59	78.97
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	0.02	2.41	5.94	109.53	117.90
<b>SUB-TOTAL</b>	<b>1564.12</b>	<b>885.21</b>	<b>23.43</b>	<b>44.49</b>	<b>17.62</b>	<b>123.90</b>	<b>2658.77</b>
Less: Allowance for Credit impairment							196.87
<b>TOTAL</b>							<b>2461.90</b>

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>13. Cash and cash equivalents<sup>@</sup></b>		
Balances with Banks		
Current accounts	453.39	261.20
Deposit accounts	5.08	3.12
Cheques, drafts on hand	1.39	0.89
Cash on hand	3.49	6.16
<b>TOTAL</b>	<b>463.35</b>	<b>271.37</b>

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

<b>14. Other bank balances</b>		
Earmarked balances	239.43	224.49
In deposit accounts*	4177.41	4158.56
<b>TOTAL</b>	<b>4416.84</b>	<b>4383.05</b>

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



## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in Crores)
<b>15. Equity Share capital</b>				
<b>Authorised</b>				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
<b>Issued and Subscribed</b>				
Ordinary Shares of ₹ 1.00 each, fully paid	12,42,80,17,741	1242.80	12,32,32,55,931	1232.33
<b>A) Reconciliation of number of Ordinary Shares outstanding</b>				
As at beginning of the year	12,32,32,55,931	1232.33	12,30,88,44,231	1230.88
Add: Issue of Shares on exercise of Options	10,47,61,810	10.48	1,44,11,700	1.44
As at end of the year	<b>12,42,80,17,741</b>	<b>1242.80</b>	<b>12,32,32,55,931</b>	<b>1232.33</b>
<b>B) Shareholders holding more than 5% of the Ordinary Shares in the Company</b>				
	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2023 (%)	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (%)
Tobacco Manufacturers (India) Limited	2,97,83,47,320	23.96	2,97,83,47,320	24.17
Life Insurance Corporation of India	1,89,68,61,285	15.26	1,95,02,36,958	15.83
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.84	97,45,31,427	7.91
<b>C) Shareholding of Promoters : Nil</b>				
<b>D) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash or as fully paid up Bonus Shares during the period of five years immediately preceding 31st March : Nil</b>				
<b>E) Rights, preferences and restrictions attached to the Ordinary Shares</b>				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
<b>F) Shares reserved for issue under Options</b>				
	As at 31st March, 2023 (No. of Shares)	As at 31st March, 2022 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	13,20,94,790	22,76,87,310		

### Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

The vesting period for conversion of Options is as follows:

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

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

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

The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>16. Non-current borrowings</b>		
<b>Unsecured</b>		
Term loans		
– From Others	0.21	0.31
Deferred payment liabilities		
– Sales tax deferment loans	3.28	4.54
<b>TOTAL</b>	<b>3.49</b>	<b>4.85</b>

Terms of borrowings are as under:

**Term Loans from Others:**

Interest free loan repayable on the basis of 33% (2022 - 33%) of the net profits earned by a subsidiary or the residual balance, whichever is less.

**Sales tax deferment loans:**

Interest free deferral period of 14 years and repayable by 2025-26.

The repayment schedule is summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
In the first year (Refer Note 17B)	0.10	1.26	–	0.74
<b>Current maturities of long-term debt</b>	<b>0.10</b>	<b>1.26</b>	<b>–</b>	<b>0.74</b>
In the second year	0.21	1.52	–	1.26
In the third to fifth year	–	1.76	–	3.28
After five years	–	–	0.31	–
<b>Non-current borrowings</b>	<b>0.21</b>	<b>3.28</b>	<b>0.31</b>	<b>4.54</b>

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>17A. Lease liabilities*</b>				
Lease liabilities	53.86	213.37	50.18	193.67
<b>TOTAL</b>	<b>53.86</b>	<b>213.37</b>	<b>50.18</b>	<b>193.67</b>

\* Refer Note 28(xi)

**Movement of Lease Liabilities during the year**

Particulars	31st March, 2023	31st March, 2022
Opening Lease Liabilities	243.85	261.02
New Leases recognised	87.31	46.28
Remeasurements and withdrawals	(4.83)	(4.44)
Interest expense on Lease Liabilities	20.35	21.21
Payment of Lease Liabilities made (Including interest)	(79.46)	(80.23)
Foreign Currency Translation Reserve adjustment	0.01	0.01
Closing balance of Lease Liabilities	<b>267.23</b>	<b>243.85</b>

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>17B. Other financial liabilities</b>		
<b>Non-current</b>		
Others (Includes payable towards employee benefits, retention money payable towards property, plant and equipment, deposits, contingent consideration on asset acquisition etc.)	416.87	144.50
<b>TOTAL</b>	<b>416.87</b>	<b>144.50</b>
<b>Current</b>		
Interest accrued	2.39	1.73
Unpaid dividend*	239.07	224.13
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon**	0.30	0.30
Others (Includes payable towards employee benefits, property, plant and equipment, derivatives designated as hedging instruments, contingent consideration on business combination/asset acquisition etc.)	2165.95	1586.69
<b>TOTAL</b>	<b>2407.71</b>	<b>1812.85</b>

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

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

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>18. Provisions</b>				
Provision for employee benefits [Refer Note 28(vi)]				
Retirement benefits	74.97	180.02	58.18	151.14
Other benefits	25.59	78.90	21.38	69.62
Provision for standard assets	—	0.29	—	0.29
<b>TOTAL</b>	<b>100.56</b>	<b>259.21</b>	<b>79.56</b>	<b>221.05</b>

## Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
<b>19. Other liabilities</b>		
<b>Non-current</b>		
Advances received from customers*	82.84	36.43
<b>TOTAL</b>	<b>82.84</b>	<b>36.43</b>
<b>Current</b>		
Statutory liabilities	4142.21	3718.24
Advances received from customers*	1294.84	1278.17
Others (includes deferred revenue, accruals, customer deposits etc.)	134.30	119.62
<b>TOTAL</b>	<b>5571.35</b>	<b>5116.03</b>

\* Includes revenue received in advance.

<b>20. Current borrowings</b>		
<b>Secured</b>		
Loans from Banks		
Cash credit facilities*	33.96	–
<b>Unsecured</b>		
Current maturities of long-term debt (Refer Note 16)	1.36	0.74
<b>TOTAL</b>	<b>35.32</b>	<b>0.74</b>

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

<b>21A. Income Tax Assets (Net)</b>		
Income Tax Assets (net of provisions)	66.16	42.30
<b>TOTAL</b>	<b>66.16</b>	<b>42.30</b>

<b>21B. Current Tax liabilities (Net)</b>		
Current taxation (net of advance payment)	911.62	687.09
<b>TOTAL</b>	<b>911.62</b>	<b>687.09</b>

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>22A. Revenue from operations</b>		
Sale of Products	70017.08	60566.82
Sale of Services	5809.50	4051.41
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty/Health Risk Tax of ₹ 5390.00 Crores (2022 - ₹ 4489.67 Crores)]	75826.58	64618.23
Other Operating Revenues <sup>#</sup>	691.63	586.73
<b>TOTAL</b>	<b>76518.21</b>	<b>65204.96</b>

\* Net of sales returns, damaged stocks and estimates of variable consideration such as discounts to customers.

<sup>#</sup> Includes Government grants of ₹ 311.41 Crores (2022 - ₹ 275.87 Crores) on account of Fiscal and Exports incentives, etc.

<b>22B. Gross revenue from sale of products and services*</b>		
<b>FMCG</b>		
– Cigarettes etc.	31267.46	26158.31
– Branded Packaged Food Products	15768.10	13199.59
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	3341.23	2793.53
<b>Hotels</b>		
– Income from Sale of Services	2672.79	1341.02
<b>Agri Business</b>		
– Unmanufactured Tobacco	2510.93	1647.25
– Other Agri Products and Commodities (Wheat, Rice, Spices, Coffee, Soya etc.)	9850.69	10544.76
<b>Paperboards, Paper and Packaging</b>		
– Paperboards and Paper	6562.04	5576.31
– Printed Materials	671.65	627.48
<b>Others</b>		
– Others	3181.69	2729.98
<b>TOTAL</b>	<b>75826.58</b>	<b>64618.23</b>

\* Net of sales returns, damaged stocks and estimates of variable consideration such as discounts to customers.

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>23. Other income</b>		
Interest income	1534.00	1082.63
Dividend income	0.02	0.01
Other non-operating income	153.13	131.16
Other gains and losses	293.34	622.55
<b>TOTAL</b>	<b>1980.49</b>	<b>1836.35</b>
Interest income:		
a) Deposits with banks etc. - carried at amortised cost	462.79	227.67
b) Financial assets:		
– mandatorily measured at FVTPL	221.96	105.37
– measured at amortised cost	723.09	741.72
– measured at FVTOCI	121.29	3.79
c) Others (from statutory authorities etc.)	4.87	4.08
<b>TOTAL</b>	<b>1534.00</b>	<b>1082.63</b>
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.01	0.01
b) Other investments	0.01	–
<b>TOTAL</b>	<b>0.02</b>	<b>0.01</b>
Other gains and losses:		
Net foreign exchange gain/(loss)	37.00	52.21
Net gain/(loss) arising on financial instruments measured at amortised cost/mandatorily measured at FVTPL (Refer Note 31)*	257.76	570.34
Impairment of investment in joint venture [Refer Note 28(ix)]	(1.42)	–
<b>TOTAL</b>	<b>293.34</b>	<b>622.55</b>

\* Includes ₹ 157.29 Crores (2022 - ₹ 195.72 Crores) being net gain/(loss) on sale of investments.

<b>24. Employee benefits expense</b>		
Salaries and wages	4885.49	4327.05
Contribution to Provident and other funds	291.46	253.11
Share based payments to employees {Includes cash-settled share based payments ₹ 214.31 Crores [2022 - ₹ 29.46 Crores]}	274.72	62.63
Staff welfare expenses	302.60	258.86
	<b>5754.27</b>	<b>4901.65</b>
Less: Recoveries made/reimbursements received	18.05	11.10
<b>TOTAL</b>	<b>5736.22</b>	<b>4890.55</b>

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>25. Finance costs</b>		
Interest expense:		
– On lease liabilities	20.26	21.12
– On financial liabilities measured at amortised cost	9.70	4.21
– Others (to statutory authorities etc.)	13.24	14.03
<b>TOTAL</b>	<b>43.20</b>	<b>39.36</b>
<b>26. Other expenses</b>		
Power and fuel	1232.34	889.77
Consumption of stores and spare parts	454.75	361.37
Contract processing charges	1013.39	859.17
Rent	266.46	213.77
Rates and taxes	165.55	130.80
Insurance	171.24	158.42
Repairs		
– Buildings	108.62	63.34
– Machinery	334.48	274.81
– Others	86.08	58.89
Maintenance and upkeep	329.03	265.38
Outward freight and handling charges	1680.39	1652.01
Warehousing charges	265.80	229.52
Advertising/Sales promotion	1173.21	995.62
Market research	156.35	162.75
Design and product development	48.37	36.49
Hotel reservation/Marketing expenses	58.72	28.10
Retail accessories	226.15	207.57
Brokerage and discount - sales	17.82	23.55
Commission to selling agents	21.26	20.43
Doubtful and bad debts	5.96	14.98
Doubtful and bad advances, loans and deposits	0.75	0.93
Bank and credit card charges	34.57	20.63
Information technology services	233.26	192.83
Travelling and conveyance	370.72	235.29
Training and development	28.11	18.42
Legal expenses	41.14	31.36
Consultancy/Professional fees	629.89	480.53
Postage, telephone etc.	31.77	28.01
Printing and stationery	17.87	12.91
(Gain)/Loss on sale of property, plant and equipment - Net	4.76	(55.89)
Loss on sale of stores and spare parts - Net	1.45	4.71
Miscellaneous expenses	1319.67	1117.59
<b>TOTAL</b>	<b>10529.93</b>	<b>8734.06</b>

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
<b>27. Income tax expenses</b>		
<b>A. Amount recognised in profit or loss</b>		
<b>Current tax</b>		
Income tax for the year	6449.33	5280.88
Adjustments/(credits) related to previous years - Net	1.57	25.70
<b>Total current tax</b>	<b>6450.90</b>	<b>5306.58</b>
<b>Deferred tax</b>		
Deferred tax for the year	1.78	(33.72)
Adjustments/(credits) related to previous years - Net	(11.66)	(32.76)
MAT credit entitlement	(2.62)	(2.76)
<b>Total deferred tax</b>	<b>(12.50)</b>	<b>(69.24)</b>
<b>TOTAL</b>	<b>6438.40</b>	<b>5237.34</b>
<b>B. Amount recognised in other comprehensive income</b>		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurement gains/(losses) on defined benefit plans	5.72	(8.12)
Related to designated portion of hedging instruments in cash flow hedges	(5.34)	3.00
	<b>0.38</b>	<b>(5.12)</b>
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	13.19	(3.72)
Debt instruments through other comprehensive income	8.75	(0.93)
	<b>21.94</b>	<b>(4.65)</b>
<b>TOTAL</b>	<b>22.32</b>	<b>(9.77)</b>
<b>C. Amount recognised directly in equity</b>		
The income tax (charged)/credited directly to equity during the year is as follows:		
<b>Deferred tax</b>		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	2.62	2.44
<b>TOTAL</b>	<b>2.62</b>	<b>2.44</b>
<b>D. Reconciliation of effective tax rate</b>		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
<b>Profit before tax</b>	25915.12	20740.47
Income tax expense calculated @ 25.168% (2022: 25.168%)	6522.31	5219.97
Effect of tax relating to uncertain tax positions	26.72	27.58
Effect of different tax rate on certain items	(165.89)	(82.89)
Difference in tax rates of subsidiary companies	45.95	43.30
Effect of income not taxable	(85.04)	(90.77)
Other differences	98.34	123.83
<b>Total</b>	<b>6442.39</b>	<b>5241.02</b>
Adjustments recognised in the current year in relation to the current tax of prior years	(3.99)	(3.68)
<b>Income tax recognised in profit or loss</b>	<b>6438.40</b>	<b>5237.34</b>

The tax rate of 25.168% (22% + surcharge @ 10% and cess @ 4%) used for the year 2022-23 and 2021-22 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.



# Notes to the Consolidated Financial Statements

## 28. Additional Notes to the Consolidated Financial Statements

(i) Exceptional items represent proceeds received in partial settlement of the insurance claim towards leaf tobacco stocks, which were destroyed due to fire at a third party owned warehouse in an earlier year.

(ii) Earnings per share:

Earnings per share has been computed as under:

(a) Profit for the year (₹ in Crores)

(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share

(c) Effect of potential Ordinary shares on Employee Stock Options outstanding

(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]

(e) Earnings per share on profit for the year

(Face Value ₹ 1.00 per share)

– Basic [(a)/(b)]

– Diluted [(a)/(d)]

	2023	2022
(a) Profit for the year (₹ in Crores)	19191.66	15242.66
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,38,15,12,709	12,31,65,71,748
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	3,28,14,400	54,47,370
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,41,43,27,109	12,32,20,19,118
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 15.50	₹ 12.37
– Diluted [(a)/(d)]	₹ 15.46	₹ 12.37

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

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2023	Percentage of ownership interest as at 31st March, 2022
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
ITC Infotech Do Brasil LTDA. (a 100% subsidiary of ITC Infotech India Limited w.e.f. 10.10.2022)	Brazil	100	–
ITC Infotech Malaysia SDN. BHD. (a 100% subsidiary of ITC Infotech India Limited w.e.f. 03.02.2023)	Malaysia	100	–
ITC Infotech France SAS (a 100% subsidiary of ITC Infotech India Limited w.e.f. 08.02.2023)	France	100	–
ITC Infotech GmbH (a 100% subsidiary of ITC Infotech India Limited w.e.f. 10.03.2023)	Germany	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

# 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, 2023	Percentage of ownership interest as at 31st March, 2022
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
Landbase India Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
WelcomHotels Lanka (Private) Limited	Sri Lanka	100	100
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited	India	100	100
Gold Flake Corporation Limited	India	100	100
ITC Integrated Business Services Limited (formerly known as ITC Investments & Holdings Limited)*	India	100	100
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Integrated Business Services Limited)	India	100	100
North East Nutrients Private Limited	India	76	76
Prag Agro Farm Limited	India	100	100
Pavan Poplar Limited	India	100	100
ITC IndiVision Limited	India	100	100
ITC Fibre Innovations Limited (w.e.f. 03.03.2023)	India	100	–

\* The Ministry of Corporate Affairs, Government of India, approved the change of name of ITC Investments & Holdings Limited to ITC Integrated Business Services Limited with effect from 20th December, 2022.

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

ITC Infotech Malaysia SDN. BHD. was incorporated during the year on 3rd February, 2023. There have been no transactions in the company during the period ended 31st March, 2023 and hence the financial statements have not been prepared by the said subsidiary.

(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, 2023	Percentage of ownership interest as at 31st March, 2022
Espirit Hotels Private Limited (Refer Note 28(viii))	India	26	26
Logix Developers Private Limited (Refer Note 28(ix))	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, 2023	Percentage of ownership interest as at 31st March, 2022
Gujarat Hotels Limited	India	45.78	45.78
International Travel House Limited	India	48.96	48.96
Russell Investments Limited*	India	25.43	25.43
Divya Management Limited*	India	33.33	33.33
Antrang Finance Limited*	India	33.33	33.33
ATC Limited (an associate of Gold Flake Corporation Limited)	India	47.50	47.50
Delectable Technologies Private Limited	India	33.42 <sup>#</sup>	27.34 <sup>#</sup>
Mother Sparsh Baby Care Private Limited (w.e.f. 27.10.2022) (Refer Note 28(x))	India	22.00 <sup>#</sup>	—

\*associates of Russell Credit Limited

<sup>#</sup> 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.

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities:

Claims against the Group not acknowledged as debts ₹ 945.12 Crores (2022 - ₹ 946.98 Crores), including interest on claims, where applicable, estimated to be ₹ 292.26 Crores (2022 - ₹ 295.25 Crores), including share of associates ₹ 0.15 Crore (2022 - ₹ 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 ₹ 604.63 Crores (2022 - ₹ 616.65 Crores), including interest on claims, where applicable, estimated to be ₹ 265.04 Crores (2022 - ₹ 272.19 Crores), including share of associates ₹ 0.12 Crore (2022 - ₹ 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 ₹ 241.71 Crores (2022 - ₹ 238.39 Crores), including interest on claims, where applicable, estimated to be ₹ 15.09 Crores (2022 - ₹ 11.22 Crores) including share of associates ₹ 0.03 Crore (2022 - ₹ 0.03 Crore).
- Third party claims arising from disputes relating to contracts aggregating ₹ 31.79 Crores (2022 - ₹ 29.37 Crores), including interest on claims, where applicable, estimated to be ₹ 0.17 Crore (2022 - ₹ 0.10 Crore).
- Other matters aggregating ₹ 66.99 Crores (2022 - ₹ 62.57 Crores), including interest on other matters, where applicable, estimated to be ₹ 11.96 Crores (2022 - ₹ 11.74 Crores).

# Notes to the Consolidated Financial Statements

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

- In respect of Surya Nepal Private Limited (SNPL), Excise, Income Tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. In all these proceedings, the authorities applied an input-output ratio allegedly submitted by SNPL in the year 1990-91 and arrived at a theoretical production and demanded tax/duty on the differential production/turnover. This, despite the fact that SNPL's cigarette factory was under 'physical control' of the Excise authorities and cigarettes produced were duly accounted for and certified as such by the Excise authorities.

The Revenue Authorities for the first time raised excise demands for the financial years 1993-94 and 1994-95, claiming that SNPL could have produced more cigarettes according to the input-output ratio submitted in the year 1990-91. SNPL challenged these excise demands before the Hon'ble Supreme Court of Nepal through a writ petition. A division bench of the Hon'ble Supreme Court of Nepal decided the matter in favour of SNPL (the "Division Bench Judgement") and rejected the above basis of theoretical production. The Ministry of Finance of Nepal filed a review petition before the Full Bench of Hon'ble Supreme Court of Nepal seeking review of the judgement of Division Bench. The Full Bench after hearing both the sides at length upheld the judgement of Division Bench by its order dated October 29, 2009.

Similar demands had been raised for other financial years viz., Excise Demands for FY 1998-99 to FY 2002-03 and Income Tax demand for FY 2001-02, which were also challenged by SNPL before the Hon'ble Supreme Court of Nepal by way of writ petitions and the Court was pleased to allow all the writ petitions setting aside the demands.

Further, the Inland Revenue Department had decided administrative review petitions in favour of SNPL setting aside Value Added Tax demands for the financial years 2001-02 and 2007-08 and Income Tax demand for the FY 2005-06 following the aforesaid decisions of the Hon'ble Supreme Court of Nepal.

During the pendency of the aforementioned review petition before the Hon'ble Supreme Court of Nepal and thereafter, the Revenue Authorities raised demands and issued a SCN, in the same subject matter of theoretical production for different years (as listed below), which were also challenged by SNPL by way of writ petitions before Hon'ble Supreme Court of Nepal between the years 2007 to 2010:

1. Excise demand letters for ₹ 17.38 Crores [Nepalese Rupee (NRs.) 27.80 Crores] relating to the financial years 2003-04 to 2006-07.
2. Excise Show Cause Notice for ₹ 12.28 Crores (NRs. 19.65 Crores) relating to the financial year 2007-08.
3. Value Added Tax (VAT) demand letters for ₹ 10.93 Crores (NRs. 17.49 Crores) relating to financial years 2002-03 to 2006-07.
4. Income Tax demand letters for ₹ 13.45 Crores (NRs. 21.52 Crores) relating to financial years 2002-03 and 2003-04.

SNPL's writ petitions with regard to various tax demands and a SCN mentioned hereinabove were disposed of by the Hon'ble Supreme Court of Nepal on 15th April, 2021 holding that SNPL should avail the alternate remedy by way of appeal to the Inland Revenue Department (IRD). SNPL is currently pursuing legal remedy in line with the observations/directions provided in the judgement of the Hon'ble Supreme Court of Nepal.

The Management considers that all the demands listed above have no legal or factual basis; accordingly, the Management is of the view that there is no liability that is likely to arise, particularly in light of the fact that the issue underlying these demands has already been settled by the Hon'ble Supreme Court of Nepal in favour of SNPL.

No legal recourse is required to be pursued in respect of a Show Cause Notice relating to the financial year 2007-08, since no demand has been issued.

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

# Notes to the Consolidated Financial Statements

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

- (b) Uncalled liability on investments is ₹ 35.56 Crores (2022 - ₹ 29.74 Crores).
- (c) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for are ₹ 2113.07 Crores (2022 - ₹ 2228.44 Crores) for the Group, which includes share of joint ventures ₹ 8.52 Crores (2022 - ₹ 13.38 Crores).
- (v) Research and Development expenses for the year amount to ₹ 161.36 Crores (2022 - ₹ 143.65 Crores).
- (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.

### 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.

### (a) Defined Benefit Plans:

As per Actuarial Valuations as on 31st March, 2023 and recognised in the financial statements in respect of Employee Benefit Schemes:

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

### Risk Management

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

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

		For the year ended 31st March, 2023 (₹ in Crores)				For the year ended 31st March, 2022 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Partially Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
<b>I</b>	<b>Components of Employer Expense</b>								
	– <b>Recognised in the Statement of Profit and Loss</b>								
1	Current Service Cost	43.12	39.58	0.54	18.21	45.70	38.95	0.57	14.17
2	Past Service Cost	–	–	0.17	–	–	–	–	–
3	Net Interest Cost	(1.32)	(1.42)	0.41	10.33	1.87	(0.86)	0.39	8.89
<b>4</b>	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>41.80</b>	<b>38.16</b>	<b>1.12</b>	<b>28.54</b>	<b>47.57</b>	<b>38.09</b>	<b>0.96</b>	<b>23.06</b>
	– <b>Remeasurements recognised in Other Comprehensive Income</b>								
5	Return on plan assets (excluding amounts included in net interest cost)	14.50	1.22	–	–	(7.16)	(6.64)	–	–
6	Effect of changes in demographic assumptions	–	–	–	(0.01)	4.46	(1.57)	(0.08)	0.09
7	Effect of changes in financial assumptions	(14.26)	(14.79)	(0.39)	(3.32)	(4.24)	(8.35)	(0.24)	(0.23)
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
9	Effect of experience adjustments	(1.24)	32.63	0.22	9.50	(37.64)	19.32	0.04	10.18
<b>10</b>	<b>Total remeasurements included in Other Comprehensive Income</b>	<b>(1.00)</b>	<b>19.06</b>	<b>(0.17)</b>	<b>6.17</b>	<b>(44.58)</b>	<b>2.76</b>	<b>(0.28)</b>	<b>10.04</b>
<b>11</b>	<b>Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)</b>	<b>40.80</b>	<b>57.22</b>	<b>0.95</b>	<b>34.71</b>	<b>2.99</b>	<b>40.85</b>	<b>0.68</b>	<b>33.10</b>
<p>The current service cost, past service cost and net interest cost for the year, as applicable, pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 24. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.</p>									
<b>II</b>	<b>Actual Returns</b>	46.39	30.36	–	–	62.68	34.38	–	–
<b>III</b>	<b>Net Asset/(Liability) recognised in Balance Sheet</b>								
1	Present Value of Defined Benefit Obligation	925.28	509.40	6.96	176.54	929.62	478.30	6.60	164.55
2	Fair Value of Plan Assets	888.56	480.39	–	–	916.94	457.31	–	–
3	Status [Surplus/(Deficit)]	(36.72)	(29.01)	(6.96)	(176.54)	(12.68)	(20.99)	(6.60)	(164.55)
4	Restrictions on Asset Recognised	–	–	–	–	–	–	–	–
5	Net (Liability) recognised in Balance Sheet	<b>(42.48)</b>	<b>(29.01)</b>	<b>(6.96)</b>	<b>(176.54)</b>	<b>(17.18)</b>	<b>(20.99)</b>	<b>(6.60)</b>	<b>(164.55)</b>
	a. Current	(25.57)	(25.06)	(0.90)	(23.44)	(15.08)	(17.15)	(0.60)	(25.35)
	b. Non-Current	(16.91)	(3.95)	(6.06)	(153.10)	(2.10)	(3.84)	(6.00)	(139.20)
6.	Net Asset recognised in Balance Sheet	<b>5.76</b>	–	–	–	<b>4.50</b>	–	–	–
	a. Current	5.76	–	–	–	4.50	–	–	–
	b. Non-Current	–	–	–	–	–	–	–	–

# Notes to the Consolidated Financial Statements

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

		For the year ended 31st March, 2023 (₹ in Crores)				For the year ended 31st March, 2022 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Partially Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
<b>IV</b>	<b>Change in Defined Benefit Obligation (DBO)</b>								
1	Present Value of DBO at the beginning of the year	929.62	478.30	6.60	164.55	972.33	458.12	6.87	153.11
2	Current Service Cost	43.12	39.58	0.54	18.21	45.70	38.95	0.57	14.17
3	Past Service Cost	–	–	0.17	–	–	–	–	–
4	Interest Cost	59.57	30.16	0.41	10.33	57.39	26.88	0.39	8.89
5	Re-measurement Gains/(Losses):								
	a. Effect of changes in demographic assumptions	–	–	–	(0.01)	4.46	(1.57)	(0.08)	0.09
	b. Effect of changes in financial assumptions	(14.26)	(14.79)	(0.39)	(3.32)	(4.24)	(8.35)	(0.24)	(0.23)
	c. Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	d. Effect of experience adjustments	(1.24)	32.63	0.22	9.50	(37.64)	19.32	0.04	10.18
6	Curtailment Cost/(Credits)	–	–	–	–	–	–	–	–
7	Settlement Cost/(Credits)	–	–	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	–	–	–	–
9	Effects of transfer In/(Out)	15.56	0.53	–	0.05	(0.07)	–	–	–
10	Benefits Paid	(107.09)	(57.01)	(0.59)	(22.77)	(108.31)	(55.05)	(0.95)	(21.66)
11	<b>Present Value of DBO at the end of the year</b>	<b>925.28</b>	<b>509.40</b>	<b>6.96</b>	<b>176.54</b>	<b>929.62</b>	<b>478.30</b>	<b>6.60</b>	<b>164.55</b>

		As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
		<b>V</b>	<b>Best Estimate of Employers' Expected Contribution for the next year</b>
	– Pension	87.17	72.02
	– Gratuity	75.30	66.02

# Notes to the Consolidated Financial Statements

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

		For the year ended 31st March, 2023 (₹ in Crores)				For the year ended 31st March, 2022 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Partially Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
<b>VI</b>	<b>Change in Fair Value of Assets</b>								
1	Plan Assets at the beginning of the year	916.94	457.31	–	–	861.78	436.23	–	–
2	Assets acquired in Business Combination	–	–	–	–	–	–	–	–
3	Interest Income	60.89	31.58	–	–	55.52	27.74	–	–
4	Re-measurement Gains/(Losses) on plan assets	(14.50)	(1.22)	–	–	7.16	6.64	–	–
5	Actual Group Contributions	32.38	49.73	–	–	100.86	41.75	–	–
6	Benefits Paid	(107.09)	(57.01)	–	–	(108.31)	(55.05)	–	–
7	Effects of transfer In/(Out)	(0.06)	–	–	–	(0.07)	–	–	–
8	<b>Plan Assets at the end of the year</b>	<b>888.56</b>	<b>480.39</b>	–	–	<b>916.94</b>	<b>457.31</b>	–	–

		As at 31st March, 2023	As at 31st March, 2022
		Discount Rate (%)	Discount Rate (%)
<b>VII</b>	<b>Actuarial Assumptions</b>		
1	Pension	7.50	6.75
2	Gratuity	7.50	6.75
3	Leave Encashment	7.50	6.75

The estimates of future salary increases, generally between 4% to 6% 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.

		As at 31st March, 2023	As at 31st March, 2022
<b>VIII</b>	<b>Major Category of Plan Assets as a % of the Total Plan Assets</b>		
1	Government Securities/Special Deposit with RBI	14.86%	17.67%
2	High Quality Corporate Bonds	10.25%	10.94%
3	Insurer/Citizen Investment Trust Managed Funds*	66.71%	62.88%
4	Mutual Funds	3.92%	4.36%
5	Cash and Cash Equivalents	4.26%	4.15%
6	Term Deposits	–	–

\* 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, 2023 (₹ in Crores)				For the year ended 31st March, 2022 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Partially Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
<b>X</b>	<b>Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>								
	1 Present Value of Defined Benefit Obligation	925.28	509.40	6.96	176.54	929.62	478.30	6.60	164.55
	2 Fair Value of Plan Assets	888.56	480.39	–	–	916.94	457.31	–	–
	3 Status [Surplus/(Deficit)]	(36.72)	(29.01)	(6.96)	(176.54)	(12.68)	(20.99)	(6.60)	(164.55)
	4 Experience Adjustment of Plan Assets [Gain/(Loss)]	(14.50)	(1.22)	–	–	7.16	6.64	–	–
	5 Experience Adjustment of obligation [(Gain)/Loss]	(1.24)	32.63	0.22	9.50	(37.64)	19.32	0.04	10.18

### 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, 2023	DBO as at 31st March, 2022
1 Discount Rate + 100 basis points	1530.08	1491.38
2 Discount Rate - 100 basis points	1715.52	1678.51
3 Salary Increase Rate + 1%	1708.10	1669.68
4 Salary Increase Rate – 1%	1533.68	1493.21

### Maturity Analysis of the Benefit Payments

1 Year 1	244.36	259.19
2 Year 2	236.41	179.57
3 Year 3	219.34	196.14
4 Year 4	210.04	199.15
5 Year 5	145.67	179.46
6 Next 5 Years	595.80	528.13

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 24: - ₹ 211.50 Crores (2022 - ₹ 167.45 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 a % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)	
<b>Parent</b>									
ITC Limited	90.15%	62688.66	93.47%	18205.11	32.16%	29.26	93.19%	18234.37	
<b>Subsidiary</b>									
<b>Indian</b>									
1	Russell Credit Limited	1.34%	934.93	0.20%	38.09	18.62%	16.95	0.28%	55.04
2	Greenacre Holdings Limited	0.09%	65.01	0.01%	1.99	(0.01%)	(0.01)	0.01%	1.98
3	Wimco Limited	...	3.44	...	0.16	0.04%	0.04	...	0.20
4	Prag Agro Farm Limited	...	0.93	...	(0.05)	—	—	...	(0.05)
5	Pavan Poplar Limited	...	0.30	...	(0.03)	—	—	...	(0.03)
6	Technico Agri Sciences Limited	0.21%	144.40	0.21%	41.38	0.04%	0.04	0.21%	41.42
7	Srinivasa Resorts Limited	0.10%	66.52	0.03%	5.13	(0.02%)	(0.02)	0.03%	5.11
8	Fortune Park Hotels Limited	0.04%	26.68	0.03%	5.34	(0.15%)	(0.14)	0.03%	5.20
9	Bay Islands Hotels Limited	0.03%	21.10	0.01%	1.92	—	—	0.01%	1.92
10	ITC Infotech India Limited	1.80%	1250.93	1.81%	353.25	19.37%	17.63	1.90%	370.88
11	Gold Flake Corporation Limited	0.04%	24.60	...	0.42	—	—	...	0.42
12	ITC Integrated Business Services Limited (erstwhile ITC Investments & Holdings Limited)	0.01%	5.26	...	0.04	—	—	...	0.04
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 a % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)	
<b>Indian</b>									
14	Landbase India Limited	0.36%	253.11	0.05%	9.68	(0.09%)	(0.08)	0.05%	9.60
15	North East Nutrients Private Limited	0.12%	81.32	0.06%	12.13	0.13%	0.12	0.06%	12.25
16	ITC IndiVision Limited	0.43%	300.94	(0.01%)	(1.18)	–	–	(0.01%)	(1.18)
17	ITC Fibre Innovations Limited	...	0.08	...	(0.04)	–	–	...	(0.04)
<b>Foreign</b>									
1	Technico Pty Limited	0.08%	53.60	0.03%	5.80	(1.74%)	(1.58)	0.02%	4.22
2	Technico Technologies Inc.	...	1.99	...	0.25	–	–	...	0.25
3	Technico Asia Holdings Pty Limited	–	–	–	–	–	–	–	–
4	Technico Horticulture (Kunming) Co. Limited	0.03%	22.59	0.01%	2.10	–	–	0.01%	2.10
5	WelcomHotels Lanka (Private) Limited	2.82%	1964.03	0.04%	7.90	29.36%	26.73	0.18%	34.63
6	ITC Infotech Limited	0.13%	87.64	0.07%	14.09	–	–	0.07%	14.09
7	ITC Infotech (USA), Inc.	0.42%	289.14	0.16%	31.22	–	–	0.16%	31.22
8	Indivate Inc.	0.01%	7.64	0.03%	6.47	–	–	0.03%	6.47
9	ITC Infotech Do Brasil LTDA.	...	2.17	...	0.19	–	–	...	0.19
10	ITC Infotech France SAS	0.04%	26.77	...	0.01	–	–	...	0.01
11	ITC Infotech GmbH	0.04%	25.43	–	–	–	–	–	–
12	Surya Nepal Private Limited	0.67%	468.44	2.06%	401.24	(1.23%)	(1.12)	2.04%	400.12
<b>Non-Controlling Interest in all subsidiaries</b>		<b>0.55%</b>	<b>383.53</b>	<b>1.46%</b>	<b>285.06</b>	<b>(0.81%)</b>	<b>(0.74)</b>	<b>1.45%</b>	<b>284.32</b>

# 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 a % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)	
<b>Associates</b>									
<b>Indian</b>									
1	International Travel House Limited	0.10%	72.88	0.07%	13.90	(0.24%)	(0.22)	0.07%	13.68
2	Gujarat Hotels Limited	0.03%	19.55	0.01%	1.95	—	—	0.01%	1.95
3	Russell Investments Limited	0.04%	31.28	0.01%	0.84	4.49%	4.09	0.03%	4.93
4	Divya Management Limited	0.01%	7.71	...	0.14	...	...	...	0.14
5	Antrang Finance Limited	0.01%	5.05	...	0.11	...	...	...	0.11
6	ATC Limited	0.01%	7.73	0.01%	0.60	0.01%	0.01	...	0.61
7	Delectable Technologies Private Limited	0.01%	6.49	...	(0.55)	...	...	...	(0.55)
8	Mother Sparsh Baby Care Private Limited	0.05%	31.72	(0.01%)	(1.74)	...	...	(0.01%)	(1.74)
<b>Joint Ventures</b>									
<b>Indian</b>									
1	ITC Essentra Limited	0.16%	109.01	0.17%	32.38	0.07%	0.06	0.17%	32.44
2	Maharaja Heritage Resorts Limited	—	—	—	—	—	—	—	—
3	Espirit Hotels Private Limited	0.07%	46.17	...	...	—	—	...	...
4	Logix Developers Private Limited	—	—	0.01%	1.42	—	—	0.01%	1.42
<b>Total</b>		<b>100.00%</b>	<b>69,538.79</b>	<b>100.00%</b>	<b>19,476.72</b>	<b>100.00%</b>	<b>91.02</b>	<b>100.00%</b>	<b>19,567.74</b>

# Notes to the Consolidated Financial Statements

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

(viii) The Company on 7th April, 2023 divested its entire shareholding, i.e., 26.00% of the paid-up share capital, held in Espirit Hotels Private Limited (Espirit), consequent to which Espirit ceased to be a joint venture of the Company with effect from the said date.

(ix) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) (CIN: U70101DL2010PTC207640) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the JVA. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company's petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity, as also a petition for winding up of LDPL filed by Logix Estates, are currently before the Hon'ble National Company Law Tribunal.

New Okhla Industrial Development Authority (NOIDA), vide letter dated 6th July, 2022, cancelled the sub-lease for the land on which the project was to be constructed on account of non-payment of lease instalments and non-fulfilment of the conditions of the sub-lease, including forfeiture of the amount deposited. Upon cancellation of the sub-lease, LDPL is evaluating all options to pursue its rights. Consequently, as a matter of prudence, LDPL had de-recognised the leasehold land/assets as well as adjusted/reversed the lease liabilities towards NOIDA in accordance with the terms of the sub-lease, as an adjusting event in terms of Ind AS 10 – "Events after the Reporting Period" while approving its financial statements for the year ended 31st March 2022, on 29th September, 2022.

As the accounting treatment pertaining to the aforesaid event was given effect to by LDPL in its financial statements for the year ended 31st March, 2022 subsequent to the approval of the consolidated financial statements of the Group for the year ended 31st March, 2022, the consequential impact has been considered in these consolidated financial statements.

The financial statements of LDPL for the year ended 31st March, 2023 are yet to be approved by its Board of Directors.

(x) The Company on 27th October, 2022 acquired, in the third tranche, 1000 Compulsorily Convertible Preference Shares of ₹ 10/- each of Mother Sparsh Baby Care Private Limited (Mother Sparsh), consequent to which the Company's shareholding in Mother Sparsh aggregated 22.00% of its share capital on a fully diluted basis. Accordingly, Mother Sparsh became an associate of the Company with effect from the aforesaid date and the investment is being carried at cost.

(xi) Leases:

As a Lessee

The Group's significant leasing arrangements are in respect of operating leases for land, buildings (comprising licensed properties, residential premises, office premises, stores, warehouses etc.) and plant & equipment. These arrangements generally range between 2 years and 10 years, except for certain land and building leases where the lease term ranges up to 99 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered.

# Notes to the Consolidated Financial Statements

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

The amount of Right of Use Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3G and Note 17A respectively. The total cash outflow for leases for the year is ₹ 441.30 Crores (2022 - ₹ 376.34 Crores) [including payments of ₹ 359.11 Crores (2022 - ₹ 295.32 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 2.73 Crores (2022 - ₹ 0.79 Crore)].

The sensitivity of variable lease payments and effect of extension/termination options not included in measurement of lease liabilities is not material.

The undiscounted maturities of lease liabilities over the remaining lease term is as follows:

(₹ in Crores)

Term	As at 31st March, 2023	As at 31st March, 2022
Not later than three years	169.25	154.66
Later than three years and not later than ten years	125.63	115.37
Later than ten years and not later than twenty-five years	124.19	118.03
Later than twenty-five years and not later than fifty years	92.64	98.43
Later than fifty years	26.39	27.27

As a Lessor

The Group has leased out its investment properties etc. under operating lease for periods ranging upto 5 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments. The details of income from such leases are disclosed under Note 3C and Note 23. The Group does not have any risk relating to recovery of residual value of investment properties etc. at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in Crores)

Term	As at 31st March, 2023	As at 31st March, 2022
1 <sup>st</sup> year	0.90	16.67
2 <sup>nd</sup> year	0.33	0.57
3 <sup>rd</sup> year	0.17	Nil
4 <sup>th</sup> year	Nil	Nil
5 <sup>th</sup> year	Nil	Nil
Beyond 5 years	Nil	Nil

# Notes to the Consolidated Financial Statements

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

(xii)(a) 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"> <li>On completion of 12 months from the date of grant of the Options : 30% vests</li> <li>On completion of 24 months from the date of grant of the Options : 30% vests</li> <li>On completion of 36 months from the date of grant of the Options : 40% vests</li> </ul>	
4.	Pricing Formula :	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.  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 2022-23 is ₹ 61.11 Crores (2022 - ₹ 33.51 Crores), out of which ₹ 60.41 Crores (2022 - ₹ 33.17 Crores) relate to employee benefits expense, ₹ 0.28 Crore (2022 - ₹ 0.23 Crore) to property, plant and equipment and ₹ 0.42 Crore (2022 - ₹ 0.11 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 : ₹ 3,460.70  Weighted average fair value per Option : ₹ 853.67	

# 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 :	3,79,976		2,23,88,755		
	b) Options granted during the year :	9,800		13,66,500		
	c) Options cancelled and lapsed during the year :	3,800		4,55,571		
	d) Options vested and exercisable during the year (net of Options lapsed and exercised) :	33,990		6,65,415		
	e) Options exercised during the year :	1,00,168		1,03,76,013		
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year :	10,01,680		10,37,60,130		
	g) Options outstanding at the end of the year (a+b-c-e) :	2,85,808		1,29,23,671		
	h) Options exercisable at the end of the year :	1,95,798		1,05,09,326		
	i) Money realised by exercise of the Options during the year (₹ in Crores) :	23.22		2,454.18		
12.	Summary of the status of Options:					
	<b>Particulars</b>	<b>As at 31st March, 2023</b>		<b>As at 31st March, 2022</b>		
		<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>	<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>	
	Outstanding at the beginning of the year :	2,27,68,731	2469.30	2,91,81,292	2402.40	
	Add: Granted during the year :	13,76,300	3460.70	12,21,600	2333.96	
	Less: Lapsed during the year :	4,59,371	2477.37	61,92,991	2230.80	
	Less: Exercised during the year :	1,04,76,181	2364.79	14,41,170	2024.88	
	Outstanding at the end of the year :	1,32,09,479	2655.20	2,27,68,731	2469.30	
	Options exercisable at the end of the year :	1,07,05,124	2603.17	2,08,53,766	2495.72	
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, 2023 was ₹ 315.92 (2022 - ₹ 212.94). 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:					
	<b>Particulars</b>	<b>As at 31st March, 2023</b>			<b>As at 31st March, 2022</b>	
		<b>No. of Options Outstanding</b>	<b>Range of Exercise Prices (₹)</b>	<b>Weighted average remaining contractual life</b>	<b>No. of Options Outstanding</b>	<b>Range of Exercise Prices (₹)</b>
	ITC Employee Stock Option Scheme - 2006 :	2,85,808	1698.00 – 3463.50	3.44	3,79,976	1698.00 – 2885.50
	ITC Employee Stock Option Scheme - 2010 :	1,29,23,671	1698.00 – 3463.50	2.50	2,23,88,755	1698.00 – 2885.50



# 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 : ₹ 3460.70 Weighted average fair value per Option : ₹ 853.67	
	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 7.31% (ii) Expected life 4.61 years (iii) Expected volatility 25.08% (iv) Expected dividends 3.32% (v) The price of the underlying shares in market at the time of Option grant ₹ 3460.70 (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.	

### (xii)(b) 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, 2023 is 25,00,251 (2022 - 39,46,719) and the weighted average fair value at measurement date is ₹ 712.18 (2022 - ₹ 217.98) 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 2022-23 is ₹ 216.12 Crores (2022 - ₹ 30.01 Crores); out of which, ₹ 214.31 Crores (2022 - ₹ 29.46 Crores) relate to employee benefits expense (Refer Note 24), ₹ 0.04 Crore (2022 - ₹ 0.17 Crore) to property, plant and equipment and ₹ 1.77 Crores (2022 - ₹ 0.38 Crore) for group entities. The amount carried in the Balance Sheet as a non - current financial liability is ₹ 71.35 Crores (2022 - ₹ 48.99 Crores) and as a current financial liability is ₹ 122.30 Crores (2022 - ₹ 19.10 Crores) (Refer Note 17B).

(xiii) Amount required to be spent by the Group during the year as per Section 135 read with Section 198 of the Companies Act, 2013 - ₹ 377.32 Crores (2022 - ₹ 362.56 Crores) being 2% of the average Net Profit of the Company.

Expenditure incurred during the year is ₹ 377.93 Crores (2022 - ₹ 363.37 Crores) comprising employee benefits expense of ₹ 14.33 Crores (2022 - ₹ 15.92 Crores) and other expenses of ₹ 363.60 Crores (2022 - ₹ 347.45 Crores), of which ₹ 62.71 Crores (2022 - ₹ 26.01 Crores) is accrued for payment as on 31st March, 2023. The above includes an amount of ₹ 23.10 Crores (2022 - ₹ 3.90 Crores) with regard to ongoing project, which has been deposited in the Unspent CSR Account within 30 days from the end of the financial year. Amount available for set off in succeeding financial years is ₹ 1.35 Crores (2022 - ₹ 0.76 Crore).

# Notes to the Consolidated Financial Statements

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

Such CSR expenditure of ₹ 377.93 Crores (2022 - ₹ 363.37 Crores) excludes ₹ 9.43 Crores (2022 - ₹ 5.85 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit of 5% of total CSR expenditure laid down under Rule 7(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as applicable to individual entities.

CSR activities undertaken during the year pertain to: poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people (especially those from disadvantaged sections of society); protection of national heritage, art and culture; preserving and promoting music; and providing relief and assistance to victims of disasters and calamities.

(xiv) Trade Payables ageing schedule:

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2023					Total
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
MSME	44.39	–	–	–	–	44.39
Others	632.94	49.68	0.01	–	–	682.63
Disputed Dues - MSME	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	0.28	0.28
<b>SUB-TOTAL</b>	<b>677.33</b>	<b>49.68</b>	<b>0.01</b>	<b>–</b>	<b>0.28</b>	<b>727.30</b>
Accrued Payables (not due)						
– MSME						93.49
– Others						3838.20
<b>TOTAL</b>						<b>4658.99</b>

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022					Total
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
MSME	33.26	–	–	–	–	33.26
Others	867.10	101.18	0.57	0.52	0.31	969.68
Disputed Dues - MSME	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	0.50	0.50
<b>SUB-TOTAL</b>	<b>900.36</b>	<b>101.18</b>	<b>0.57</b>	<b>0.52</b>	<b>0.81</b>	<b>1003.44</b>
Accrued Payables (not due)						
– MSME						68.16
– Others						3345.66
<b>TOTAL</b>						<b>4417.26</b>

(xv) On 20th April 2022, ITC Infotech India Limited (I3L) entered into an agreement with PTC Inc., a global technology company headquartered in Boston, USA, to acquire a part of PTC's Product Lifecycle Management (PLM) software implementation services business and create a new service line focused on the adoption of PTC's industry-leading Windchill PLM software as a service (SaaS). As part of this agreement, I3L acquired Business and Commercial Rights resulting in it becoming

# Notes to the Consolidated Financial Statements

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

a preferred partner for consulting and implementation services relating to the Windchill PLM and associated Application Lifecycle Management (ALM) and Service Lifecycle Management service (SLM) software business. The transaction was consummated on 1st June 2022, and I3L capitalized the fair value of the consideration payable to PTC amounting to ₹ 745.38 Crores as 'Business and Commercial Rights'. The consideration is payable in cash and through assumption of certain employee liabilities. A part of the said consideration is contingent in nature – payable subject to achievement of revenue and business targets.

The details relating to the transaction are as follows:

Particulars	₹ in Crores
Business and Commercial Rights acquired and capitalized on 1st June, 2022 as an intangible asset (Refer Note 3E)	745.38
Less: Employee Liabilities assumed on date of acquisition	(24.40)
Consideration payable to PTC Inc.	720.98
Settled	
Initial consideration paid on 1st June, 2022	(252.19)
Settlement of consideration by offset of trade receivables	(1.64)
Changes in fair value recognised in Other Income (Refer Note 23)	50.63
Changes in fair value transferred to Hedge Reserve (Refer Note 31)	4.96
<b>Closing Balance as at 31st March, 2023*</b>	<b>522.74</b>

\*The amount carried in the Balance Sheet as a non – current financial liability is ₹ 213.27 Crores and as current financial liability is ₹ 309.47 Crores (Refer Note 17B).

(xvi) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- Ind AS 1, 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies.
- Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - This amendment has introduced a definition of 'accounting estimates' and includes guidance to help distinguish changes in accounting policies from changes in accounting estimates.
- Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2023. Based on a preliminary evaluation, the Company does not expect any material impact on the financial statements resulting from the implementation of these amendments.

(xvii) Figures presented as "... " are below the rounding off norm adopted by the Group.

(xviii) Figures for the previous year have been re-arranged, wherever necessary, to conform to the figures of the current year.

(xix) The financial statements were approved for issue by the Board of Directors on 18th May, 2023.

# Notes to the Consolidated Financial Statements

## 29. Segment reporting

(₹ in Crores)

	2023			2022		
	External	Inter Segment	Total	External	Inter Segment	Total
<b>1. Segment Revenue - Gross</b>						
FMCG - Cigarettes	31267.46	–	31267.46	26158.31	–	26158.31
FMCG - Others	19109.33	43.76	19153.09	15993.12	30.20	16023.32
<b>FMCG - Total</b>	<b>50376.79</b>	<b>43.76</b>	<b>50420.55</b>	<b>42151.43</b>	<b>30.20</b>	<b>42181.63</b>
Hotels	2672.79	16.33	2689.12	1341.02	6.64	1347.66
Agri Business	12361.62	6081.77	18443.39	12192.01	4273.66	16465.67
Paperboards, Paper and Packaging	7233.69	1847.66	9081.35	6203.79	1437.83	7641.62
Others	3181.69	81.04	3262.73	2729.98	69.23	2799.21
<b>Segment Total</b>	<b>75826.58</b>	<b>8070.56</b>	<b>83897.14</b>	<b>64618.23</b>	<b>5817.56</b>	<b>70435.79</b>
Eliminations			(8070.56)			(5817.56)
<b>Gross Revenue from sale of products and services</b>			<b>75826.58</b>			<b>64618.23</b>
<b>2. Segment Results</b>						
FMCG - Cigarettes			18882.59			15768.45
FMCG - Others			1386.49			934.93
<b>FMCG - Total</b>			<b>20269.08</b>			<b>16703.38</b>
Hotels			557.31			(185.23)
Agri Business			1380.21			1086.22
Paperboards, Paper and Packaging			2293.95			1700.00
Others			534.62			723.73
<b>Segment Total</b>			<b>25035.17</b>			<b>20028.10</b>
Eliminations			22.19			14.01
<b>Total</b>			<b>25057.36</b>			<b>20042.11</b>
Unallocated corporate expenses net of unallocated income			1247.27			906.84
<b>Profit before interest etc. and taxation</b>			<b>23810.09</b>			<b>19135.27</b>
Finance Costs			43.20			39.36
Interest earned on loans and deposits, income from current and non current investments, profit and loss on sale of investments etc. - Net			2026.32			1627.08
Share of net profit of associates & joint ventures			49.04			17.48
Exceptional items [Refer Note 28(i)]			72.87			–
<b>Profit before tax</b>			<b>25915.12</b>			<b>20740.47</b>
Tax expense			6438.40			5237.34
<b>Profit for the year</b>			<b>19476.72</b>			<b>15503.13</b>
<b>3. Other Information</b>						
			<b>2023</b>			<b>2022</b>
			Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
FMCG - Cigarettes			7913.36	5239.34	7193.11	4855.07
FMCG - Others			12059.55	2338.08	11546.19	2258.59
<b>FMCG - Total</b>			<b>19972.91</b>	<b>7577.42</b>	<b>18739.30</b>	<b>7113.66</b>
Hotels			7896.45	920.30	7470.93	807.44
Agri Business			4836.69	1750.62	5202.93	1724.46
Paperboards, Paper and Packaging			9195.24	1315.18	8482.37	1326.05
Others			3090.47	1210.08	1713.01	463.17
<b>Segment Total</b>			<b>44991.76</b>	<b>12773.60</b>	<b>41608.54</b>	<b>11434.78</b>
Unallocated Corporate Assets/Liabilities			40891.22	3570.59	35651.01	3002.90
<b>Total</b>			<b>85882.98</b>	<b>16344.19</b>	<b>77259.55</b>	<b>14437.68</b>

# Notes to the Consolidated Financial Statements

## 29. Segment reporting (Contd.)

(₹ in Crores)

	2023		2022	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	185.07	303.74	151.46	297.05
FMCG - Others	418.77	588.03	339.00	534.01
<b>FMCG - Total</b>	<b>603.84</b>	<b>891.77</b>	<b>490.46</b>	<b>831.06</b>
Hotels	588.70	294.67	499.56	265.77
Agri Business	258.41	69.60	215.26	82.92
Paperboards, Paper and Packaging	744.56	347.99	896.72	410.97
Others	809.52	91.69	25.45	28.45
<b>Segment Total</b>	<b>3005.03</b>	<b>1695.72</b>	<b>2127.45</b>	<b>1619.17</b>
Unallocated	191.04	113.29	130.83	113.24
<b>Total</b>	<b>3196.07</b>	<b>1809.01</b>	<b>2258.28</b>	<b>1732.41</b>

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	0.43	6.48
FMCG - Others	5.42	6.56
<b>FMCG - Total</b>	<b>5.85</b>	<b>13.04</b>
Hotels	7.75	1.42
Agri Business	0.56	3.38
Paperboards, Paper and Packaging	7.73	27.59
Others	7.56	7.35
<b>Segment Total</b>	<b>29.45</b>	<b>52.78</b>

### GEOGRAPHICAL INFORMATION

	2023	2022
<b>1. Revenue from external customers</b>		
– Within India	59900.75	50533.64
– Outside India	15925.83	14084.59
<b>Total</b>	<b>75826.58</b>	<b>64618.23</b>
<b>2. Non current assets</b>		
– Within India	28661.84	27624.06
– Outside India	1570.84	1166.59
<b>Total</b>	<b>30232.68</b>	<b>28790.65</b>

#### NOTES :

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

FMCG	: Cigarettes	– Cigarettes, Cigars etc.
	: Others	– Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
Hotels		– Hoteliering.
Paperboards, Paper and Packaging		– Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business		– Agri commodities such as wheat, rice, spices, coffee, soya 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 and North East Nutrients Private Limited.
Hotels		– Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited and Landbase India Limited.
Agri Business		– Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., Technico Asia Holdings Pty Limited, Technico Horticultural (Kunming) Co. Limited and ITC IndiVision Limited.
Others		– ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc., ITC Infotech DO Brasil LTDA., ITC Infotech France SAS, ITC Infotech GmbH, ITC Infotech Malaysia SDN. BHD. and Indivate Inc., Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, ITC Integrated Business Services Limited (erstwhile 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 :
 

– Revenue within India.
– Revenue 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) International Travel House Limited
- c) ATC Limited
- d) Delectable Technologies Private Limited  
– being associates of the Group, and
- e) Tobacco Manufacturers (India) Limited (of which the Company is an associate)  
and the subsidiaries of its ultimate parent company (British American Tobacco p.l.c.)

##### Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) ITC Essentra Limited

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

S. Puri	Chairman & Managing Director
N. Anand	Executive Director
S. Dutta	Executive Director (w.e.f. 22.07.2022) and Chief Financial Officer
B. Sumant	Executive Director
S. Banerjee <sup>#</sup>	Non-Executive Director
H. Bhargava <sup>#</sup>	Non-Executive Director
P. R. Chittaranjan	Non-Executive Director (w.e.f. 03.02.2023)
A. Duggal <sup>#</sup>	Non-Executive Director
M. Gupta	Non-Executive Director
S. Mukherjee <sup>#</sup>	Non-Executive Director
A. Nayak <sup>#</sup>	Non-Executive Director
S. Panray	Non-Executive Director
N. Rao <sup>#</sup>	Non-Executive Director
A. K. Seth <sup>#</sup>	Non-Executive Director
M. Shankar <sup>#</sup>	Non-Executive Director
D. R. Simpson	Non-Executive Director
N. Doda	Non-Executive Director (up to 19.01.2023)
R. Tandon	Executive Director (up to 21.07.2022)

<sup>#</sup> Independent Directors

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

S. Dutta

B. Sumant

S. Kaul (w.e.f. 01.05.2022)

H. Malik

A. Rajput

S. Sivakumar

R. Tandon (upto 21.07.2022)

S. Rangrass (upto 03.06.2022)

S. K. Singh (upto 26.05.2022)

#### b) Relatives of KMP:

T. Anand (wife of N. Anand)

N. Singhi (wife of R. K. Singhi)

Y. Singhi (son of R. K. Singhi)

R. Tandon (wife of R. Tandon) (upto 21.07.2022)

#### c) Entities in which relative of KMP is interested:

Décor & Design

#### iii) Employee Trusts:

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

# Notes to the Consolidated Financial Statements

## 30. Related Party Disclosures (Contd.)

### 2. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2023

(₹ in Crores)

	Associates		Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP <sup>^</sup>		Employee Trusts		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1. Sale of Goods/Services	2070.86	1316.61	93.84	54.19							2164.70	1370.80
2. Purchase of Goods/ Services	136.63	73.37	438.31	280.54			0.05	-			574.99	353.91
3. Sale of Property, Plant and Equipment					0.44	-					0.44	-
4. Investment in Associate	1.88	1.87									1.88	1.87
5. Reimbursement for Share Based Payments	1.83	0.41	0.37	0.08							2.20	0.49
6. Rent Received	0.88	0.88									0.88	0.88
7. Rent Paid*	4.32	2.51			1.02	1.05	0.32	0.32			5.66	3.88
8. Remuneration of Managers on Deputation reimbursed	7.06	5.36									7.06	5.36
9. Remuneration of Managers on Deputation recovered	7.95	6.83	1.76	1.43							9.71	8.26
10. Contribution to Employees' Benefit Plans									118.04	178.55	118.04	178.55
11. Dividend Income	0.56	0.31	18.00	15.75							18.56	16.06
12. Dividend Payments	4447.03	3993.34			6.25	5.70					4453.28	3999.04
13. Expenses Recovered	29.10	21.59	0.30	0.11							29.40	21.70
14. Expenses Reimbursed	0.25	0.26			0.02	0.05					0.27	0.31
15. Adjustment/Receipt towards Refund of Advances	-	...									-	...
16. Advances Received during the year	1813.30	1496.60									1813.30	1496.60
17. Adjustment/ Payment towards Refund of Advances	1786.29	972.02									1786.29	972.02
18. Deposits Given during the year												
19. Adjustment/Receipt towards Refund of Deposit												
20. Remuneration to KMP <sup>1</sup>					0.02	-					0.02	-
20A. – Short term benefits					46.76	46.85					46.76	46.85
20B. – Other long-term incentives					28.95	22.48					28.95	22.48
20C. – Other remuneration					13.06	10.51					13.06	10.51
20D. – Share Based Payments <sup>2</sup>												
21. <b>Outstanding Balances<sup>#</sup></b>												
i) Receivables	105.86	127.10	16.04	14.66							121.90	141.76
ii) Advances Given									5.76	4.50	5.76	4.50
iii) Deposits Given					0.06	0.08	0.07	0.07			0.13	0.15
iv) Advances Taken	719.42	692.41									719.42	692.41
v) Deposits Taken	0.61	0.61									0.61	0.61
vi) Payables	6.35	6.00	20.60	13.83					49.15	32.05	76.10	51.88

<sup>^</sup> Includes transactions with entity in which relative of KMP is interested.

\* Includes rent pertaining to leases classified as Right of Use Assets.

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

<sup>1</sup> Post employment benefits are actuarially determined on overall basis and hence not separately provided. Payments made on settlement of leave liability upon retirement - ₹ 2.69 Crores (2022 - ₹ Nil) has not been included in the above.

<sup>2</sup> During the year, the Company granted Stock Options to eligible employees, including Executive Directors and KMPs, under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. The Company has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons in the previous years under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since such Stock Options and ESAR Units are not tradeable, no 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 ₹ 274.72 Crores for the year ended 31st March, 2023 (2022 - ₹ 62.63 Crores), of which ₹ 35.43 Crores (2022 - ₹ 23.14 Crores) is attributable to Executive Directors and KMPs.

# Notes to the Consolidated Financial Statements

## 30. Related Party Disclosures (Contd.)

### 3. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES (Generally in excess of 10% of the total transaction value of the same type)

RELATED PARTY TRANSACTIONS SUMMARY		2023	2022
<b>1. Sale of Goods / Services</b>			
British American Tobacco (GLP) Limited	1352.17	985.49	
JSC 'British American Tobacco-SPb'	446.96	-	
British American Shared Services (GSD) Limited	218.55	100.44	
<b>2. Purchase of Goods / Services</b>			
ITC Essentra Limited	438.15	280.43	
International Travel House Limited	87.05	32.92	
<b>3. Sale of Property, Plant and Equipment</b>			
S. K. Singh	0.20	-	
R. K. Singh	0.12	-	
S. Sivakumar	0.12	-	
<b>4. Investment in Associate</b>			
Delectable Technologies Private Limited	1.88	1.87	
<b>5. Reimbursement for Share Based Payments</b>			
Maharaja Heritage Resorts Limited	0.23	0.03	
International Travel House Limited	1.46	0.32	
ATC Limited	0.35	0.09	
ITC Essentra Limited	0.14	0.05	
<b>6. Rent Received</b>			
International Travel House Limited	0.87	0.87	
<b>7. Rent Paid</b>			
Gujarat Hotels Limited	4.32	2.51	
A. Rajput	0.43	0.43	
<b>8. Remuneration of Managers on Deputation reimbursed</b>			
Gujarat Hotels Limited	7.06	5.36	
<b>9. Remuneration of Managers on Deputation recovered</b>			
International Travel House Limited	4.06	3.27	
ATC Limited	3.11	2.86	
ITC Essentra Limited	1.14	0.89	
<b>10. Contribution to Employees' Benefit Plans</b>			
ITC Pension Fund	21.02	96.02	
IATC Provident Fund	39.47	37.07	
ITC Management Staff Gratuity Fund	23.89	20.19	
ITC Employees Gratuity Fund	11.70	10.90	

RELATED PARTY TRANSACTIONS SUMMARY		2023	2022
<b>11. Dividend Income</b>			
ITC Essentra Limited	18.00	15.75	
<b>12. Dividend Payments</b>			
Tobacco Manufacturers (India) Limited	3648.48	3276.18	
Myddleton Investment Company Limited	595.73	534.94	
<b>13. Expenses Recovered</b>			
British American Tobacco (GLP) Limited	21.97	14.26	
British American Tobacco Exports Limited	5.76	-	
British American Tobacco Kenya plc	1.24	2.22	
BAT (U.K. & Export) Limited	-	4.95	
<b>14. Expenses Reimbursed</b>			
Gujarat Hotels Limited	0.25	0.23	
<b>15. Adjustment/Receipt towards Refund of Advances</b>			
International Travel House Limited	-	...	
<b>16. Advances Received during the year</b>			
British American Tobacco (GLP) Limited	1152.95	1494.26	
JSC 'British American Tobacco-SPb'	650.55	-	
<b>17. Adjustment/Payment towards Refund of Advances</b>			
British American Tobacco (GLP) Limited	1324.76	967.97	
JSC 'British American Tobacco-SPb'	451.75	-	
<b>18. Deposits Given during the year</b>			
R. Tandon (related party up to 21.07.2022)	-	...	
<b>19. Adjustment/Receipt towards Refund of Deposit</b>			
R. Tandon (related party up to 21.07.2022)	0.02	-	
<b>20. Remuneration to KMP#</b>			
<b>20A. Short term benefits</b>			
S. Puri	12.09	10.66	
N. Anand	5.96	5.37	
R. Tandon (related party up to 21.07.2022)	1.62	4.84	
B. Sumant	5.35	4.84	

RELATED PARTY TRANSACTIONS SUMMARY		2023	2022
<b>20B. Other long-term incentives</b>			
S. Puri	10.08	6.52	
N. Anand	4.47	3.26	
R. Tandon (related party up to 21.07.2022)	0.82	3.26	
B. Sumant	5.04	3.26	
<b>20C. Other remuneration</b>			
S. Banerjee	1.13	1.04	
A. Duggal	1.12	1.03	
A. Nayak	1.11	1.01	
M. Shankar	1.09	1.01	
H. Bhargava	1.10	0.70	
<b>21. Outstanding Balances</b>			
<b>i) Receivables</b>			
British American Tobacco (GLP) Limited	36.35	59.75	
British American Shared Services (GSD) Limited	56.44	35.75	
ITC Essentra Limited	14.78	12.50	
<b>ii) Advances Given</b>			
Employee Trust - Pension Funds	5.76	4.50	
<b>iii) Deposits Given</b>			
N. Anand	0.05	0.05	
S. Dutta	0.01	0.01	
R. Tandon (related party up to 21.07.2022)	-	0.03	
N. Singhi	0.03	0.03	
<b>iv) Advances Taken</b>			
British American Tobacco (GLP) Limited	520.52	692.33	
JSC 'British American Tobacco-SPb'	198.80	-	
<b>v) Deposits Taken</b>			
International Travel House Limited	0.60	0.60	
<b>vi) Payables</b>			
Employee Trust - Gratuity Funds	24.77	16.98	
Employee Trust - Pension Funds	24.38	15.07	
ITC Essentra Limited	20.60	13.83	

# In accordance with Ind AS - 102, the Company has recognised employee benefits expense by way of share based payments [refer Note 30.2], of which ₹ 35.43 Crores (2022 - ₹ 23.14 Crores) is attributable to Executive Directors & KMPs:  
S. Puri ₹ 9.96 Crores (2022 - ₹ 6.41 Crores), N. Anand ₹ 5.07 Crores (2022 - ₹ 4.15 Crores), R. Tandon (related party up to 21.07.2022) ₹ 2.26 Crores (2022 - ₹ 5.04 Crores), B. Sumant ₹ 4.58 Crores (2022 - ₹ 2.15 Crores), S. Dutta ₹ 2.51 Crores (2022 - ₹ 0.53 Crore) and R. K. Singh ₹ 0.72 Crore (2022 - ₹ 0.57 Crore).



# Notes to the Consolidated Financial Statements

## 31. Financial Instruments and Related Disclosures

### A. Capital Management

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

During the year, the Group issued 10,47,61,810 Ordinary Shares (2022 - 1,44,11,700 Ordinary Shares) of ₹ 1.00 each amounting to ₹ 10.48 Crores (2022 - ₹ 1.44 Crores) towards its employee stock options. The securities premium stood at ₹ 13036.79 Crores as at 31st March, 2023 (2022 - ₹ 9959.31 Crores).

### B. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>A. Financial assets</b>					
<b>a) Measured at amortised cost</b>					
i) Cash and cash equivalents	13	463.35	463.35	271.37	271.37
ii) Other Bank Balances	14	4416.84	4416.84	4383.05	4383.05
iii) Investment in Bonds/Debentures & Government or Trust Securities	4, 11	8234.83	8225.70	11147.17	11392.85
iv) Investment in Mutual Funds	4	346.05	337.99	278.36	277.12
v) Loans	5	12.60	11.31	13.38	11.64
vi) Trade receivables	12	2956.17	2956.17	2461.90	2461.90
vii) Other financial assets	6	4824.27	4776.27	4122.27	4077.03
<b>Sub-total</b>		<b>21254.11</b>	<b>21187.63</b>	<b>22677.50</b>	<b>22874.96</b>
<b>b) Measured at Fair value through OCI</b>					
i) Investment in Equity shares	4	1723.70	1723.70	1615.07	1615.07
ii) Investment in Mutual Funds	4	3776.62	3776.62	1238.69	1238.69
<b>Sub-total</b>		<b>5500.32</b>	<b>5500.32</b>	<b>2853.76</b>	<b>2853.76</b>
<b>c) Measured at Fair value through Profit or Loss</b>					
i) Investment in Mutual Funds	11	9425.09	9425.09	8965.63	8965.63
ii) Investment in Bonds/Debentures, Certificate of Deposits	11	5412.55	5412.55	1219.52	1219.52
iii) Investment in Venture Capital Funds	4	119.25	119.25	87.33	87.33
iv) Investment in Equity & Preference Shares	4	39.34	39.34	20.00	20.00
<b>Sub-total</b>		<b>14996.23</b>	<b>14996.23</b>	<b>10292.48</b>	<b>10292.48</b>
<b>d) Derivatives measured at fair value</b>					
i) Derivative instruments not designated as hedging instruments	6	4.77	4.77	5.45	5.45
ii) Derivative instruments designated as hedging instruments	6	29.38	29.38	27.27	27.27
<b>Sub-total</b>		<b>34.15</b>	<b>34.15</b>	<b>32.72</b>	<b>32.72</b>
<b>Total financial assets</b>		<b>41784.81</b>	<b>41718.33</b>	<b>35856.46</b>	<b>36053.92</b>

# Notes to the Consolidated Financial Statements

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

(₹ in Crores)

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>B. Financial liabilities</b>					
<b>a) Measured at amortised cost</b>					
i) Cash credit facilities & loans	16, 20	34.27	34.27	0.31	0.26
ii) Sales tax deferment loans	16, 20	4.54	3.66	5.28	3.86
iii) Trade payables		4658.99	4658.99	4417.26	4417.26
iv) Lease liabilities	17A	267.23	267.23	243.85	243.85
v) Other financial liabilities	17B	2280.58	2249.76	1870.01	1855.46
<b>Sub-total</b>		<b>7245.61</b>	<b>7213.91</b>	<b>6536.71</b>	<b>6520.69</b>
<b>b) Measured at fair value</b>					
i) Derivative instruments not designated as hedging instruments	17B	4.27	4.27	1.38	1.38
ii) Derivative instruments designated as hedging instruments	17B	4.34	4.34	9.56	9.56
iii) Contingent Consideration	17B	535.39	535.39	76.40	76.40
<b>Sub-total</b>		<b>544.00</b>	<b>544.00</b>	<b>87.34</b>	<b>87.34</b>
<b>Total financial liabilities</b>		<b>7789.61</b>	<b>7757.91</b>	<b>6624.05</b>	<b>6608.03</b>

### C. Financial risk management objectives

Entities comprising the Group have put in place risk management systems as applicable to the respective operations. The following explains the 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 ₹ 39670.89 Crores (2022 - ₹ 34232.45 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 22113.05 Crores (2022 - ₹ 16918.70 Crores) against an aggregate Current liabilities of ₹ 13739.41 Crores (2022 - ₹ 12163.71 Crores). As part of its surplus liquidity management operations, the Group may sell instruments that are held at amortised cost. Such sales may be infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). During the year, the net loss arising on such sale amounted to ₹ 49.13 Crores (2022 - Nil) (Refer Note 23).

Other Non-current liabilities other than lease liabilities due between one year to three years amounted to ₹ 304.94 Crores (2022 - ₹ 112.94 Crores) and Other Non-current liabilities due after three years amounted to ₹ 115.42 Crores (2022 - ₹ 36.41 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 28 (xi).

Further, while the Group's total equity stands at ₹ 69538.79 Crores (2022 - ₹ 62821.87 Crores), it has non-current borrowings of ₹ 3.49 Crores (2022 - ₹ 4.85 Crores). In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its obligations as they become due does not exist.

#### Market Risk

The Group is not an active investor in equity markets; it holds certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at 31st March, 2023 is ₹ 1723.70 Crores (2022 - ₹ 1615.07 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, certificate of deposits and debt mutual funds. Mark to market movements in respect of the Group's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through coupon accruals. Other investments in bonds/debentures, certificate of deposits 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 (other than in functional currency), are as follows:

(₹ in Crores)						
As at 31st March, 2023	USD	Euro	GBP	JPY	Others	Total
Financial Assets	1010.94	312.50	66.24	0.27	87.88	1477.83
Financial Liabilities	129.94	32.56	2.44	8.24	7.17	180.35
As at 31st March, 2022	USD	Euro	GBP	JPY	Others	Total
Financial Assets	1035.99	181.07	155.30	0.01	92.67	1465.04
Financial Liabilities	151.30	57.42	26.84	18.26	18.78	272.60

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

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

Designated under Hedge Accounting		As at 31st March, 2023		As at 31st March, 2022	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	47.55	125.68	22.38	586.94
Euro	US Dollar	41.94	–	14.09	–
CHF	US Dollar	–	–	1.16	–
GBP	US Dollar	–	–	0.01	–
SEK	US Dollar	–	–	1.36	–
SGD	US Dollar	–	–	0.04	–
JPY	US Dollar	123.81	–	324.36	–

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, 2023		As at 31st March, 2022	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	42.92	99.93	5.00	72.94
Euro	US Dollar	2.90	7.25	–	13.55
AUD	US Dollar	–	–	0.04	–
CAD	US Dollar	–	2.49	–	–
CHF	US Dollar	0.66	0.20	0.34	–
GBP	US Dollar	0.08	3.74	–	12.99
SEK	US Dollar	4.10	–	–	–
KWD	US Dollar	–	–	0.19	–
PLN	US Dollar	1.00	–	–	–
JPY	US Dollar	232.72	–	53.90	–
ZAR	US Dollar	–	11.20	–	3.50
US Dollar	Nepalese Rupee	4.75	–	3.83	–
Euro	Nepalese Rupee	0.31	–	0.39	–
GBP	Nepalese Rupee	0.07	–	...	–

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	–	8.00	–	17.00

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

Each entity comprising the Group manages its own currency risk. Within the Group, derivative instruments are largely entered into by the Company and a subsidiary. The Company and the aforesaid subsidiary has established risk management policies to hedge the volatility in cashflows arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward, futures, options contracts and certain non-derivative financial liabilities. 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 primarily highly rated banks or recognised exchange(s), the risk of their non-performance is considered to be insignificant. Where 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 and one of its subsidiary has designated certain hedges which are entered to manage the volatility in cashflows as a cash flow hedge under hedge accounting. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

# Notes to the Consolidated Financial Statements

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

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

	(₹ in Crores)	
Particulars	2023	2022
<b>At the beginning of the year</b>	14.33	4.93
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(154.16)	16.71
Add: Changes in fair value of effective portion of outstanding cash flow hedges	12.15	19.27
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	(82.63)	30.07
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	(28.19)	3.03
Less: Amounts transferred to initial cost of non-financial assets	(10.40)	(9.68)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on ineffectiveness	—	—
(Less)/Add: Deferred tax	5.23	(3.16)
<b>At the end of the year</b>	<b>(1.23)</b>	<b>14.33</b>
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	<b>(11.20)</b>	<b>2.46</b>

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, 2023	As at 31st March, 2022
Within one year	0.98	10.80
Between one and three years	(1.51)	3.53
Beyond three years	(0.70)	—
<b>Total</b>	<b>(1.23)</b>	<b>14.33</b>

### 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, 2023 would decrease/increase by ₹ 2.72 Crores (2022 - ₹ (2.53) Crores) and other equity as at 31st March, 2023 would decrease/increase by ₹ 2.89 Crores (2022 - ₹ 38.12 Crores) on a pre-tax basis.

### Credit Risk

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

The Group's investments that are held at amortised cost stood at ₹ 16422.36 Crores (2022 - ₹ 18598.99 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 ₹ 2956.17 Crores (2022 - ₹ 2461.90 Crores).

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

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2023	As at 31st March, 2022
Opening Balance	240.91	239.05
Add: Provisions made (net)	6.19	16.89
Less: Utilisation for impairment/de-recognition	5.76	14.82
Effects of foreign exchange fluctuation	(0.48)	(0.21)
<b>Closing Balance</b>	<b>240.86</b>	<b>240.91</b>

#### D. Fair value measurement

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

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2023	As at 31st March, 2022
<b>A. Financial assets</b>			
<b>a) Measured at amortised cost</b>			
i) Investment in Bonds/Debentures & Government or Trust Securities	2	8225.70	11392.85
ii) Investment in Mutual Funds	1	337.99	277.12
iii) Loans*	3	4.19	4.87
iv) Other Financial assets*	3	3691.75	1544.34
<b>Sub-total</b>		<b>12259.63</b>	<b>13219.18</b>
<b>b) Measured at Fair value through OCI</b>			
i) Investment in Equity shares – Quoted	1	1721.28	1610.33
ii) Investment in Equity shares – Unquoted	3	2.42	4.74
iii) Investment in Mutual Funds	1	3776.62	1238.69
<b>Sub-total</b>		<b>5500.32</b>	<b>2853.76</b>
<b>c) Measured at Fair value through Profit or Loss</b>			
i) Investment in Mutual Funds	1	9425.09	8965.63
ii) Investment in Bonds/Debentures, Certificate of Deposits	2	5412.55	1219.52
iii) Investment in Venture Capital Funds	2	119.25	87.33
iv) Investment in Equity & Preference Shares	3	39.34	20.00
<b>Sub-total</b>		<b>14996.23</b>	<b>10292.48</b>
<b>d) Derivatives measured at fair value</b>			
i) Derivative instruments not designated as hedging instruments	2	4.77	5.45
ii) Derivative instruments designated as hedging instruments	2	29.38	27.27
<b>Sub-total</b>		<b>34.15</b>	<b>32.72</b>
<b>Total financial assets</b>		<b>32790.33</b>	<b>26398.14</b>

# Notes to the Consolidated Financial Statements

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

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2023	As at 31st March, 2022
<b>B. Financial liabilities</b>			
<b>a) Measured at amortised cost</b>			
i) Sales tax deferment loans*	3	2.40	3.12
ii) Other Financial liabilities*	3	172.78	129.95
iii) Lease Liabilities*	3	213.37	193.67
iv) Loans*	3	0.21	0.26
<b>Sub-total</b>		<b>388.76</b>	<b>327.00</b>
<b>b) Measured at fair value</b>			
i) Derivative instruments not designated as hedging instruments	2	4.27	1.38
ii) Derivative instruments designated as hedging instruments	2	4.34	9.56
iii) Contingent Consideration	3	535.39	76.40
<b>Sub-total</b>		<b>544.00</b>	<b>87.34</b>
<b>Total financial liabilities</b>		<b>932.76</b>	<b>414.34</b>

\*Represents Fair value of Non-current Financial Instruments

Reconciliation of fair value movement of financial assets and liabilities measured at fair value on a recurring basis and categorised within Level 3 of the fair value hierarchy is as under:

(₹ in Crores)

	31st March, 2023			31st March, 2022		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Financial Liabilities at FVTPL*	Financial Assets at FVTPL	Financial Assets at FVTOCI	Financial Liabilities at FVTPL
Opening Balance	20.00	4.74	76.40	–	13.11	139.51
Additions during the year	39.34	–	720.98	20.00	–	–
Sale/Transfer/Settlement during the year	20.00	–	317.58	–	–	71.25
Gain/(Loss) during the year recognised in Other Income	–	–	(50.63)	–	–	(8.14)
Gain/(Loss) during the year recognised in Other Comprehensive Income	–	(2.32)	(4.96)	–	(8.37)	–
<b>Closing Balance</b>	<b>39.34</b>	<b>2.42</b>	<b>535.39</b>	<b>20.00</b>	<b>4.74</b>	<b>76.40</b>

\*Also refer Note 28 (xv).

### 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 or Net Asset Value (NAV) 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.

# Notes to the Consolidated Financial Statements

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

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. The fair value of investment in Bonds/Debentures, Certificate of Deposits, Venture Capital funds etc. and financial liabilities, where applicable, is determined using market observable inputs such as quotes from market participants, value published by the issuer etc.

**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 methodologies such as 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.

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. The sensitivity of change in the unobservable inputs used in fair valuation of Level 3 financial assets and liabilities does not have a significant impact on their value. There were no transfers between Level 1, Level 2 and Level 3 during the year.

On behalf of the Board

S. PURI	<i>Chairman &amp; Managing Director</i>
S. DUTTA	<i>Director &amp; Chief Financial Officer</i>
R. K. SINGHI	<i>Company Secretary</i>



# INDEPENDENT AUDITOR'S REPORT

## To the Members of ITC Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of ITC Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance Sheet as at March 31, 2023, 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, 2023, 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 financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated 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 financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b>	
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"> <li>Assessed the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof.</li> <li>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.</li> </ul>

## Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<p>The timing of revenue recognition is relevant to the reported performance of the Group. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Consolidated Ind AS Financial Statements - Significant Accounting Policies and Note 22A/22B.</p>	<ul style="list-style-type: none"> <li>● Evaluated the design, implementation and operating effectiveness of Group's controls in respect of revenue recognition.</li> <li>● Tested the effectiveness of such controls over revenue cut off at year-end.</li> <li>● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents.</li> <li>● 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.</li> <li>● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing.</li> <li>● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.</li> </ul>
<p><b><i>Impairment assessment of Capital Work in Progress (Hotel) and valuation of Inventories (Residential Apartments) of WelcomHotels Lanka (Private) Limited ('WLPL'), a wholly owned subsidiary</i></b></p>	
<p>WLPL is developing a mixed-use project in Colombo, Sri Lanka which includes a hotel and a residential apartment complex. At March 31, 2023, the carrying value of Capital Work in Progress ('CWIP') and inventories (excluding leasehold land value of ₹ 207.08 crores) is ₹ 1,018.03 crores and ₹ 693.63 crores respectively. In view of the deterioration in the macro - economic scenario in Sri Lanka, the management of WLPL has performed impairment assessment for its capital work in progress of the Hotel (PPE) and net realisable value assessment for the inventory of the residential apartments.</p> <p>The processes and methodologies for assessing and determining the recoverable value of the project are based on assumptions, that by their nature imply the use of the management's judgement, in particular with reference to forecast of future cash flows, selling price, balance cost to complete the project, selling costs, terminal value, long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgement required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 1 - Significant Accounting Policies and Note 2 - Use of estimates and judgements to the Consolidated Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● Obtained understanding of the Company's policy on assessment of impairment of PPE and determination of net realisable value for inventory and assumptions used by the management including design and implementation of controls.</li> <li>● Obtained and read the projections/estimated selling price/future cashflows along with sensitivity analysis thereof.</li> <li>● Discussed and obtained assessment of recoverable value of PPE and inventory from component auditor.</li> <li>● Evaluated management's methodology, assumptions and estimates used in the calculations.</li> <li>● Involved valuation specialist to review the appropriateness of methodology and key assumptions considered by management to determine discounted future cash flows.</li> <li>● Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by management.</li> <li>● Verified the arithmetical accuracy of the future cash flow model including comparison with approved budgets.</li> <li>● Assessed the recoverability of PPE with regard to the value in use and net realisable value of inventory.</li> </ul>

### 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 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 Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting 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 judgements and estimates that are reasonable and prudent; and the design, implementation and

maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the 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 judgement 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

## Independent Auditor's Report

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 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, 2023 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

- We did not audit the financial statements and other financial information, in respect of twenty-two subsidiaries, whose financial statements include total assets of ₹ 6,521.59 crores as at March 31, 2023, and total revenues of ₹ 3,274.91 crores and net cash inflows of ₹ 177.51 crores for the year ended

on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 49.04 crores for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of eight 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-section (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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, associate companies and joint ventures, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
  - (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on

## Independent Auditor's Report

March 31, 2023 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, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2023 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 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, 2023;

- 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, 2023.
- iv. a) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associates and joint ventures to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, associates and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries, associates and joint ventures from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise,

that the Holding Company or any of such subsidiaries, associates and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The final dividend paid by the Holding Company, its subsidiaries, its associates and a joint venture incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid during the year by the Holding Company and its subsidiaries until the date of the respective audit report of such Holding Company is in accordance with Section 123 of the Act.

As stated in Note B of Statement of Changes in Equity to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company, its subsidiaries, its associates and a joint venture, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiaries, associates and joint ventures incorporated in India, hence reporting under this clause is not applicable.

For S R B C & CO LLP  
*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi  
*Partner*

Membership Number: 89802

Place of Signature: Frankfurt

Date: May 18, 2023

UDIN: 23089802BGYPWK1709

## Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

### Re: ITC Limited (the “Holding Company”)

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief and based on the consideration of report of respective auditors of the subsidiary companies, associates and joint ventures incorporated in India, we state that:

- (xxi) There are no qualifications or adverse remarks by the respective auditors in their report on Companies (Auditors Report) Order, 2020 of the companies included in the consolidated financial statements. As indicated in Note 28 (iii)(d) of the Ind AS Consolidated financial statements, in respect of a joint venture, consolidated based on management accounts, the audit report under Companies (Auditors Report) Order, 2020 of the company has not been issued till the date of our auditor’s report.

For S R B C & CO LLP  
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi  
Partner

Membership Number: 89802

Place of Signature: Frankfurt

Date: May 18, 2023

UDIN: 23089802BGYPWK1709

## Annexure 2 to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of ITC Limited

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

In conjunction with our audit of the consolidated financial statements of ITC Limited (hereinafter referred to as the “Holding Company”) as of and for the year ended March 31, 2023, 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, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these ten subsidiaries, seven 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 Arvind Sethi  
Partner

Membership Number: 89802

UDIN: 23089802BGYPWK1709

Place of Signature: Frankfurt

Date: May 18, 2023

# Ten Years at a Glance

## Standalone Operating Results FY14 - FY23

(₹ in Crores)

Year ended 31st March	FY14 <sup>§</sup>	FY15 <sup>§</sup>	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<b>Gross Sales Value</b> (net of rebates & discounts) #	53889	57799	60196	64174	67082	75309	76097	74979	90104	106625
Gross Revenue from sale of products & services #	46713	49965	51582	55002	43957	45221	46324	48151	59101	69481
Total Income #	48176	51932	53714	57434	46460	48269	49821	51776	62336	72689
<b>EBITDA</b>	12455	13474	13715	14578	15541	17306	17904	15523	18934	23944
<b>PBT</b>	12659	13998	14434	15503	16439	18444	19299	17164	19830	24677
Exceptional items					413		(132)			73
<b>PBT after Exceptional Items</b>	12659	13998	14434	15503	16852	18444	19167	17164	19830	24750
Tax	3874	4390	5106	5302	5628	5980	4031	4133	4772	5997
<b>PAT</b>	8785	9608	9328	10201	11223	12464	15136	13032	15058	18753
<b>Interim + Proposed Dividends *</b>	5583	6030	8233	6945	7577	8498	12477	13230	14172	19255
- Ordinary Dividend	5583	6030	6296	6945	7577	8498	12477	13230	14172	15837
- Special Dividend			1937							3418
<b>Earnings Per Share</b>										
Actual (₹)	11.09	12.05	11.61	8.43	9.22	10.19	12.33	10.59	12.22	15.15
Adjusted (₹) @	7.39	8.03	7.74	8.43	9.22	10.19	12.33	10.59	12.22	15.15
<b>Dividend Per Share</b>										
Actual - Ordinary (₹)	6.00	6.25	6.50	4.75	5.15	5.75	10.15	10.75	11.50	12.75
Actual - Special (₹)			2.00							2.75
Adjusted - Ordinary (₹) @	4.00	4.17	4.33	4.75	5.15	5.75	10.15	10.75	11.50	12.75
Adjusted - Special (₹) @			1.33							2.75

§ FY16 to FY23 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.

@ To facilitate like-to-like comparison, adjusted for 1:2 Bonus Issue in FY17.

Note : Financials for FY21 & FY22 were impacted by unprecedented disruptions in certain operating segments of the Company due to the COVID-19 pandemic.

## Standalone Equity, Liabilities and Assets FY14 - FY23

(₹ in Crores)

As at 31st March	FY14 <sup>§</sup>	FY15 <sup>§</sup>	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<b>Equity</b>										
Share capital	795	802	805	1215	1220	1226	1229	1231	1232	1243
Other equity	25467	29934	40851	44126	50180	56724	62800	57774	60168	66351
Shareholders' funds (Net Worth)	26262	30736	41656	45341	51400	57950	64029	59005	61400	67594
<b>Non-current liabilities</b>										
Borrowings	51	39	26	18	11	8	6	5	5	3
Deferred tax liabilities (Net)	1297	1632	1867	1872	1918	2044	1618	1728	1667	1621
Non-current liabilities (others) ^	115	108	127	155	195	174	493	669	543	628
<b>Current liabilities</b>										
Borrowings @@	15	14	16	8	7	3	2	...	1	1
Proposed dividend (including tax)	5583	6030								
Current liabilities (others) ^	5906	5637	6339	6822	8850	9619	9087	10173	11477	12415
<b>Total Equity and Liabilities</b>	<b>39229</b>	<b>44196</b>	<b>50031</b>	<b>54216</b>	<b>62381</b>	<b>69798</b>	<b>75235</b>	<b>71580</b>	<b>75093</b>	<b>82262</b>
<b>Non-current assets</b>										
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use assets ^	14309	16293	16430	18417	20592	21888	23298	25521	25688	25871
Non-current investments	2512	2442	6853	8486	13494	14071	13456	12937	15657	16364
Non-current assets (others)	1480	1506	3515	2776	3792	4269	1974	1306	2806	4824
<b>Current assets</b>										
Current investments	6311	5964	6471	10100	9903	12507	17175	14047	11625	16357
Cash and cash equivalents and Other bank balances	3289	7589	5639	2747	2595	3769	6843	4002	3878	3831
Current assets (others)	11328	10402	11123	11690	12005	13294	12489	13767	15439	15015
<b>Total Assets</b>	<b>39229</b>	<b>44196</b>	<b>50031</b>	<b>54216</b>	<b>62381</b>	<b>69798</b>	<b>75235</b>	<b>71580</b>	<b>75093</b>	<b>82262</b>
Net Worth Per Share (₹) *	22.01	25.56	34.51	37.33	42.12	47.27	52.09	47.94	49.82	54.39

§ FY16 to FY23 as per Ind AS; previous GAAP for earlier years.

\* To facilitate like-to-like comparison, adjusted for 1:2 Bonus Issue in FY17.

Equity includes impact of :

FY17 - 1:2 Bonus Issue (₹ 403 Crores).

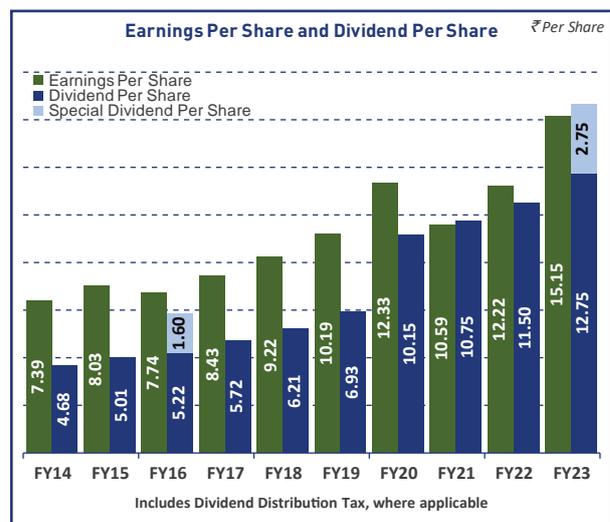
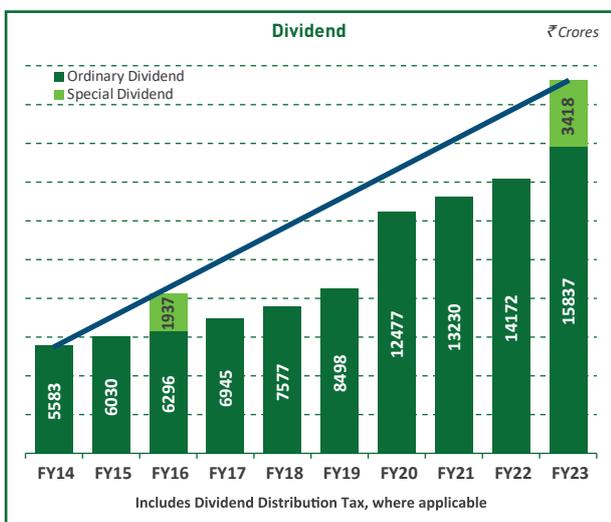
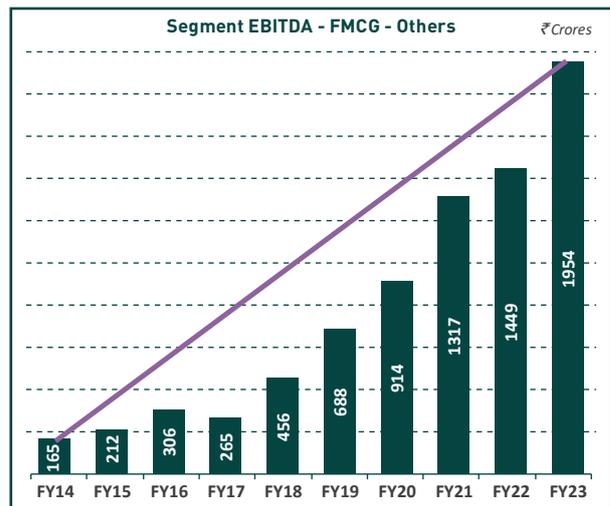
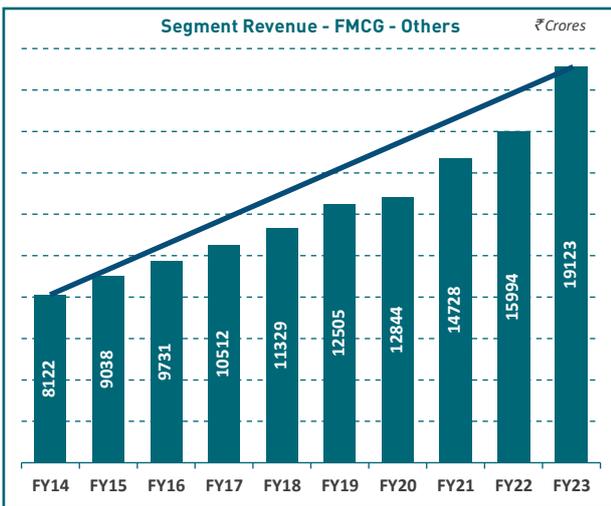
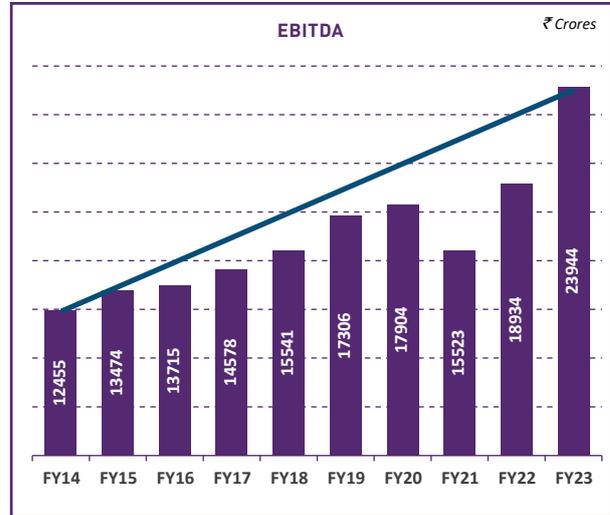
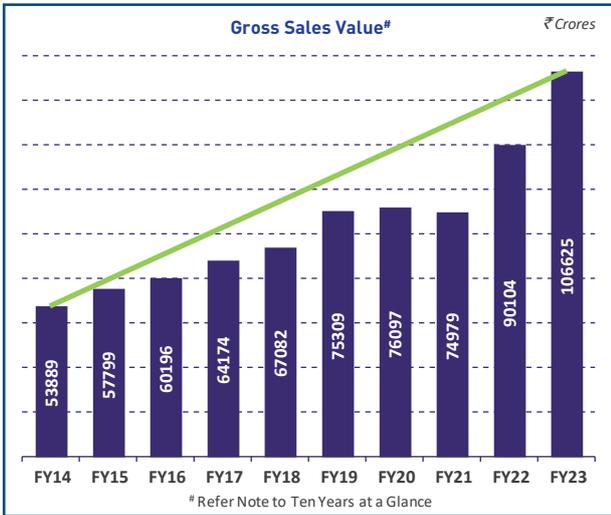
FY15 - 87,761 Ordinary Shares of ₹ 1.00 each issued pursuant to Scheme of Amalgamation of Non-Engineering Business of WIMCO Limited with the Company.

^ Includes right of use assets and lease liabilities from FY20 upon transition to Ind AS-116, "Leases".

@@ To facilitate like-to-like comparison, figures for earlier years have been regrouped in line with amendment to Schedule III to the Companies Act, 2013.



# Financial Highlights



**Notes:**

These graphs depict the standalone financial position

- Financials for FY21 & FY22 were impacted by unprecedented disruptions in certain operating segments of the Company due to the COVID-19 pandemic.
- EPS and DPS have been adjusted for impact of corporate action to facilitate like-to-like comparison.
- FY16 to FY23 as per Ind AS; previous GAAP for earlier years.



# Business Responsibility and Sustainability Report

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## Glossary

### ITC Divisions

ABD: Agri Business Division  
ESPB: Education & Stationery Products Business  
FBD: Foods Business Division  
HD: Hotels Division  
ITD: India Tobacco Division  
MAB: Safety Matches & Agarbattis  
PCPBD: Personal Care Products Business Division  
PPB: Packaging & Printing Business  
PSPD: Paperboards & Specialty Papers Division  
TM&D: Trade Marketing & Distribution

### ITC Specific Terms

CAPP: Core Area Perspective Plan  
CMC: Corporate Management Committee  
FTC: Fixed Term Contract  
FTR: Fixed Term Retainer  
ISC: Investor Service Centre  
ITCMAARS: ITC Meta Market for Advanced Agriculture and Rural Services  
LSTC: Life Sciences & Technology Centre  
MSK: Mission Sunehra Kal  
SBU: Strategic Business Unit  
SCRC: Sustainability Compliance Review Committee  
SIP: Social Investments Programme  
SPP: Service Provider Personnel  
TPMs: Third-Party Manufacturers  
WOW: Well Being Out of Waste

### General Terms

ABC: Agri-Business Centre  
ATNI: Access to Nutrition Initiative  
ASCI: Advertising Standards Council of India  
AWS: Alliance for Water Stewardship  
CSR: Corporate Social Responsibility  
ECF: Elemental Chlorine Free  
EHS: Environment, Health and Safety  
ESG: Environment, Social and Governance  
FPO: Farmers' Producer Organisation  
FSC®: Forest Stewardship Council®  
FSSAI: The Food Safety and Standards Authority of India  
GAP: Good Agricultural Practices  
GP: Gram Panchayat  
HACCP: Hazard Analysis and Critical Control Points  
LCA: Life-Cycle Assessment  
LEED: Leadership in Energy and Environmental Design  
MCH: Mother and Child Health  
MMU: Mobile Medical Unit  
MPSRLM: Madhya Pradesh State Rural Livelihood Mission  
MoU: Memorandum of Understanding  
NA: Not Applicable  
NGRBC: National Guidelines on Responsible Business Conduct  
NOP: National Organic Programme  
NPOP: National Programme for Organic Production  
PPP: Public-Private Partnership  
RFA: Rainforest Alliance  
SEBI: Securities and Exchange Board of India  
SEDEX: Supplier Ethical Data Exchange  
SC: Scheduled Caste  
ST: Scheduled Tribe  
SHG: Self Help Group  
SOP: Standard Operating Procedure  
STP: Sustainable Tobacco Programme  
UoM: Unit of Measurement

## Section A: General Disclosures

### I. Details of the Listed Entity:

1.	<b>Corporate Identity Number (CIN) of the Company</b>	L16005WB1910PLC001985
2.	<b>Name of the Company</b>	ITC Limited
3.	<b>Year of Incorporation</b>	1910
4.	<b>Registered Office Address</b>	Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071
5.	<b>Corporate Office Address</b>	
6.	<b>E-mail Id</b>	enduringvalue@itc.in
7.	<b>Telephone</b>	+91 33 2288 9371
8.	<b>Website</b>	www.itcportal.com
9.	<b>Financial Year for which Reporting is Being Done</b>	2022-23
10.	<b>Name of the Stock Exchange(s) where Shares are Listed</b>	National Stock Exchange of India Limited ('NSE'), BSE Limited ('BSE'), and The Calcutta Stock Exchange Limited ('CSE')
11.	<b>Paid-up Capital</b>	₹1,242.80 crores (As on 31.03.2023)
12.	<b>Name and Contact Details of the Person who may be Contacted in Case of any queries on the BRSR Report</b>	Ms. Madhulika Sharma Chief Sustainability Officer Madhulika.sharma@itc.in +91 33 2288 9371
13.	<b>Reporting Boundary</b>	<p>The financial disclosures made in this report are on a standalone basis, and are excerpted from the Company's Report and Accounts 2023. The data related to social performance is on a standalone basis.</p> <p>The environmental disclosures are based on performance of Company's Businesses, certain subsidiaries and associates, and key Third-Party Manufacturers (TPMs). The details are available in 'About this Report' section of ITC Sustainability &amp; Integrated Report 2023.</p>

### II. Products/Services

#### 14. Details of Business Activities:

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	<b>FMCG</b>	Cigarettes: Cigarettes, Cigars etc.	40.60%
		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.	27.46%
2.	<b>Hotels</b>	Hoteliering.	3.70%
3.	<b>Agri Business</b>	Agri-commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.	17.72%
4.	<b>Paperboards, Paper &amp; Packaging</b>	Paperboards, Paper including Specialty Paper and Packaging including flexibles.	10.51%

**15. Products/Services sold by the entity:**

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1	Cigarettes: Cigarettes, Cigars etc.	12003, 21002, 46307	40.60%
2	Others: Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.	10202, 10304, 10308, 10402, 10501, 10504, 10509, 10611, 10712, 10732, 10733, 10740, 10750, 10792, 10795, 10796, 10798, 20231, 20233, 20234, 20236, 20237, 20239, 20293, 46411, 46491, 46496, 46497, 46909	27.46%
3	Hoteliering	55101, 56101, 56301, 74909, 47110, 47190, 68200, 77400, 79900, 96010, 96020, 96905	3.70%
4	Agri-commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.	12001, 10209, 10304, 10406, 10611, 10795, 20213, 46201, 46207, 46301, 46305, 46306, 47300, 47737	17.72%
5	Paperboards, Paper including Specialty Paper and Packaging including flexibles.	17015, 17016, 17093, 17022, 17029, 22203	10.51%

**III. Operations**

**16. Number of Locations where Plants and/or Operations/Offices of the Entity are Situated.**

The Company's Businesses and operations are spread across the country. Details of plant locations, including hotels owned/operated by the Company, are provided under the section 'Shareholder Information' in Company's Report and Accounts 2023.

Location	Number of Plants	Number of Offices	Total
National	105	54	159
International	0	1	1

**17. Markets Served by the Entity**

**a. Number of Locations**

Location	Number
National (No. of States)	28 States and 7 Union Territories
International (No. of Countries)	110 Countries

**b. What is the Contribution of Exports as a Percentage of the Total Turnover of the Entity?**

FY 2022-23	14.98%
FY 2021-22	15.77%

**c. A Brief on Types of Customers**

ITC is one of India's foremost private sector companies and a diversified conglomerate with 12 businesses spanning FMCG, Hotels, Paperboards, Paper & Packaging and Agri Businesses, and operates across all the three sectors of the economy – Agri, Manufacturing and Services. The 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 nearly ₹29000 crores and reach over 230 million households in India.

#### IV. Employees

##### 18. Details as at the End of Financial Year:

###### a. Employees and Workers (including Differently Abled):

During FY 2022-23, the Company employed 49,824 employees, out of which 6,330 were female employees.

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1	Permanent (D)	23,725	21,337	90%	2,388	10%
2	Other than Permanent (E)	26,099	22,157	85%	3,942	15%
3	<b>Total Employees (D + E)</b>	<b>49,824</b>	<b>43,494</b>	<b>87%</b>	<b>6,330</b>	<b>13%</b>
<b>WORKERS</b>						
4	Permanent (F)	12,602	11,948	95%	654	5%
5	Other than Permanent (G)	25,987	22,061	85%	3,926	15%
6	<b>Total Workers (F + G)</b>	<b>38,589</b>	<b>34,009</b>	<b>88%</b>	<b>4,580</b>	<b>12%</b>

Note: Definition of employee clustering is as under:

• Permanent Employees include Management & Non-Management Employees and Workers • Other than Permanent Employees include Service Provider Personnel (SPP), Fixed Term Contract (FTC) and Fixed Term Retainer (FTR) (Management/ Non-management and Workers) • Permanent Workers include only Workers who are on the rolls of the Company • Other than Permanent Workers include SPP and FTC (Worker) • Trainees and apprentices have not been included in the Workforce

###### b. Differently abled Employees and Workers:

During FY 2022-23, the Company employed 294 differently abled employees.

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1	Permanent (D)	38	31	82%	7	18%
2	Other than Permanent (E)	256	189	74%	67	26%
3	<b>Total Employees (D + E)</b>	<b>294</b>	<b>220</b>	<b>75%</b>	<b>74</b>	<b>25%</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4	Permanent (F)	34	27	79%	6	18%
5	Other than Permanent (G)	98	88	90%	10	10%
6	<b>Total Workers (F + G)</b>	<b>132</b>	<b>115</b>	<b>87%</b>	<b>16</b>	<b>12%</b>

##### 19. Participation/Inclusion/Representation of Women

	Total (A)	No. and Percentage of Females	
		No. (B)	% (B/A)
Board of Directors	16	2	12.50%
Key Managerial Personnel*	5	0	0

\* Comprising Chairman & Managing Director, Wholetime Directors and Company Secretary

##### 20. Turnover Rate for Permanent Employees and Workers

In FY 2022-23, the overall attrition (voluntary separation, retirement, termination and abandonment of services) across employees was 12%. Gender-wise attrition stood at 11% for male employees and 18% for female employees.

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female*	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	11%	18%	12%	9%	18%	10%	7%	15%	8%
Permanent Workers	7%	21%	7%	6%	25%	7%	6%	22%	7%

\*Note: Primarily due to marriage and relocation



V. Holding, Subsidiary and Associate Companies (including Joint Ventures)

21. (a) Names of Holding/Subsidiary/Associate Companies/Joint Ventures (As on 31.03.2023)

S. No.	Name of the Holding/Subsidiary/ Associate Companies/ Joint Ventures (A)	Indicate Whether Holding/Subsidiary/ Associate/ Joint Venture	% of Shares Held by Listed Entity*	Does the Entity Indicated at Column A, Participate in the Business Responsibility Initiatives of the Listed Entity? (Yes/No)**
1.	ITC Infotech India Limited	Subsidiary	100.00	Yes
2.	ITC Infotech Limited	Subsidiary	100.00	No
3.	ITC Infotech (USA), Inc.	Subsidiary	100.00	No
4.	Indivate Inc.	Subsidiary	100.00	No
5.	ITC Infotech Do Brasil LTDA.	Subsidiary	100.00	No
6.	ITC Infotech Malaysia SDN. BHD.	Subsidiary	100.00	No
7.	ITC Infotech France SAS	Subsidiary	100.00	No
8.	ITC Infotech GmbH	Subsidiary	100.00	No
9.	Surya Nepal Private Limited	Subsidiary	59.00	Yes
10.	Technico Agri Sciences Limited	Subsidiary	100.00	Yes
11.	Technico Pty Limited	Subsidiary	100.00	No
12.	Technico Technologies Inc.	Subsidiary	100.00	No
13.	Technico Asia Holdings Pty Limited	Subsidiary	100.00	No
14.	Technico Horticultural (Kunming) Co. Limited	Subsidiary	100.00	No
15.	Srinivasa Resorts Limited	Subsidiary	68.00	Yes
16.	Fortune Park Hotels Limited	Subsidiary	100.00	No
17.	Landbase India Limited	Subsidiary	100.00	Yes
18.	Bay Islands Hotels Limited	Subsidiary	100.00	Yes
19.	WelcomHotels Lanka (Private) Limited	Subsidiary	100.00	No
20.	Russell Credit Limited	Subsidiary	100.00	No
21.	Greenacre Holdings Limited	Subsidiary	100.00	No
22.	Wimco Limited	Subsidiary	100.00	No
23.	Gold Flake Corporation Limited	Subsidiary	100.00	No
24.	ITC Integrated Business Services Limited (formerly known as ITC Investments & Holdings Limited)	Subsidiary	100.00	No
25.	MRR Trading & Investment Company Limited	Subsidiary	100.00	No
26.	North East Nutrients Private Limited	Subsidiary	76.00	Yes
27.	Prag Agro Farm Limited	Subsidiary	100.00	No
28.	Pavan Poplar Limited	Subsidiary	100.00	No
29.	ITC IndiVision Limited	Subsidiary	100.00	No
30.	ITC Fibre Innovations Limited	Subsidiary	100.00	No
31.	Espirit Hotels Private Limited	Joint Venture	26.00	No
32.	Logix Developers Private Limited	Joint Venture	27.90	No
33.	ITC Essentra Limited	Joint Venture	50.00	No
34.	Maharaja Heritage Resorts Limited	Joint Venture	50.00	No
35.	Gujarat Hotels Limited	Associate	45.78	Yes
36.	International Travel House Limited	Associate	48.96	No
37.	Russell Investments Limited	Associate	25.43	No
38.	Divya Management Limited	Associate	33.33	No
39.	Antrang Finance Limited	Associate	33.33	No
40.	ATC Limited	Associate	47.50	Yes
41.	Delectable Technologies Private Limited	Associate	33.42 <sup>#</sup>	No
42.	Mother Sparsh Baby Care Private Limited	Associate	22.00 <sup>#</sup>	No

\* Held directly or through subsidiary companies. <sup>#</sup> On a fully diluted basis.

Note: Refer Note 28(iii) of Consolidated Financial Statements forming part of Report and Accounts 2023 for further details on subsidiaries, associates and joint ventures. \*\* For details, refer to 'About this Report' section of ITC Sustainability & Integrated Report 2023.

**VI. CSR Details**

**22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No).**

Yes, CSR is applicable as per Section 135 of Companies Act, 2013.

**(ii) Turnover of the Company for the year ended 31st March, 2023 - ₹69,480.89 crores**

**(iii) Net worth of the Company as on 31st March, 2023 - ₹66,685.93 crores (computed as per the Companies Act, 2013)**

**VII. Transparency and Disclosures Compliances**

**23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC).**

Stakeholder Group from whom Complaint is Received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for Grievance Redress Policy) *	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors and Shareholders	Yes	1	0	-	1	0	-
Employees and Workers	Yes. It is available through the ITC Intranet	144	8	-	212	6 (closed after 31st March 2022)	-
Customers	Yes	18,846	1,648	-	~10,000	~300	-
Value Chain Partners	Yes	-	-	-	-	-	-

\*The details of grievance redressal mechanisms for each stakeholder group are provided in the table below.

Stakeholder Group from whom Complaint is Received	Grievance Redressal Mechanism in Place
Communities	<p>In addition to all the ongoing and regular community interactions and stakeholder engagements, ITC has initiated a structured process to capture views, issues, complaints and grievances of community members pertaining to the operations of ITC's Social Investments Programme (SIP). During 2022-23, 66 such community engagements were held across all major states where SIP projects are implemented – Andhra Pradesh, Assam, Himachal Pradesh, Rajasthan, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Telangana, Uttar Pradesh, Uttarakhand, Bihar, Tamil Nadu and West Bengal. The sessions were conducted by ITC SIP team's State level managers. Meetings were Organised with community members in villages and urban catchments wherein the programme implementing NGOs were also present. All meetings were planned and reviewed by the SIP team at Head Office.</p> <p>No grievances pertaining to the interventions under ITC Social Investments Programme were recorded.</p> <p>The SIP state teams have taken cognizance of the relevant requests and expectations and appropriate actions have been incorporated in the plans for the upcoming year.</p>

<p><b>Investors and Shareholders</b></p>	<p><a href="https://www.itcportal.com/investor/index.aspx">https://www.itcportal.com/investor/index.aspx</a></p> <p>The Company has an Investor Service Centre ('ISC') which is registered with SEBI as Category II Share Transfer Agent for providing in-house share registration and related services to the shareholders and investors. ISC has effective systems and processes in place to ensure prompt redressal of investor grievances, as follows:</p> <p>(a) ISC has a 'Complaint Identification Policy' for identification of investor complaints. ISC attends to shareholder/investor complaints within three working days, except where constrained by disputes or legal impediments or other exceptional circumstances.</p> <p>(b) The Head of ISC is responsible for redressal of investor grievances.</p> <p>(c) The Company has a specific e-mail address earmarked for receiving investor complaints which is <a href="mailto:isc@itc.in">isc@itc.in</a>.</p> <p>(d) The 'Investor Charter' of the Company and the status of investor complaints received by the Company are available on its website at <a href="https://www.itcportal.com/about-itc/shareholder-value/investor-relations/investor-charter.aspx">https://www.itcportal.com/about-itc/shareholder-value/investor-relations/investor-charter.aspx</a> and <a href="https://www.itcportal.com/about-itc/shareholder-value/pdf/investor-complaint.pdf">https://www.itcportal.com/about-itc/shareholder-value/pdf/investor-complaint.pdf</a>, respectively.</p> <p>(e) A Board Level Committee viz., the Securityholders Relationship Committee, has been mandated to oversee redressal of investor grievances, and review adherence to the service standards adopted by the Company in respect of its in-house share registration activities.</p> <p>(f) Details of investor complaints received by the Company are filed on a quarterly basis with the Stock Exchanges where the Company's shares are listed, and with the SEBI on a half-yearly basis.</p>
<p><b>Employees and Workers</b></p>	<p>The Company, through its Grievance Redressal Policy, seeks to address employee concerns and complaints pertaining to human rights and labour practices. A Grievance Redressal Procedure with appropriate systems and mechanisms is available across ITC Units. It aims to facilitate open and structured discussions on grievances raised on labour practices and human rights. The implementation is ensured by Divisional/SBU Chief Executives, through members of the respective Management Committees of the Businesses.</p>
<p><b>Customers</b></p>	<p>The Company provides various avenues to customers for raising their grievances:</p> <ul style="list-style-type: none"> <li>• Web form on ITC's website: <a href="https://www.itcportal.com/contact-us.aspx">https://www.itcportal.com/contact-us.aspx</a></li> <li>• Customers can write to the following email addresses: <ul style="list-style-type: none"> <li>○ <a href="mailto:webmaster@itc.in">webmaster@itc.in</a></li> <li>○ <a href="mailto:contactus@itc.in">contactus@itc.in</a></li> </ul> </li> <li>• Customers can also raise their grievances via Brand-specific websites and/or social media handles</li> </ul>
<p><b>Value Chain Partners</b></p>	<p>As per the Company's Code of Conduct for Suppliers and Service Providers, they are expected to bring to the notice of the manager concerned at ITC, any actual or suspected breach of the Code. Suppliers and Service Providers are encouraged to report any known or suspected improper behaviour of ITC employees. Such reports are treated in a confidential manner.</p>

**24. Overview of the Entity's Material Responsible Business Conduct Issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications.

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/Opportunity	In case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
1.	Climate Change	Risk	<p>Climate related physical and transitional disruptions may impact business operations, sourcing, supply chain and increase compliance costs.</p> <p><b>Potential Impact</b></p> <ul style="list-style-type: none"> <li>• As average temperatures rise, extreme weather events are expected to grow in terms of severity and frequency which could have significant impact on the Company's operations, its physical assets and agri value chains. These may lead to complete or partial outage of operations. Further, these events may also adversely impact the availability and quality of agri raw materials and consequently, the production and sales of the Company's products</li> <li>• Vagaries of weather caused by climate change impact crop cycles, output and productivity can result in disruption of operations/ supply chain</li> <li>• Availability of water for own operations as well as farm value chains also can get impacted by erratic precipitation patterns</li> </ul>	<p><b>Physical Risk Management:</b></p> <ul style="list-style-type: none"> <li>• Climate risk modelling for identifying high-risk/vulnerable sites and agri value chains, and undertaking detailed assessments for developing locally contextual adaptation plans, risk mitigation strategies and undertaking measures for improving climate resilience</li> <li>• Promotion of climate smart agriculture, and development of heat/drought tolerant and high yielding varieties to improve productivity by adopting micro region-specific agronomic practices</li> <li>- Micro segmentation of growing zones and developing appropriate package of practices and precision farming techniques to mitigate impact of weather.</li> <li>- Enhancing climate resilience of farmers through capacity building programmes including leveraging ITCMAARS app together with the FPO (Farmers' Producer Organisation) ecosystem, and supported by field demonstrations under Choupal Pradarshan Khets.</li> </ul>	-

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/Opportunity	In case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
			<ul style="list-style-type: none"> <li>• Besides physical risks, there are also transition risks associated with climate change, that can impact the Company's operations:</li> <li>- Additional levies may be imposed by regulatory authorities for emission/ water intensive industries to address climate change, which will lead to higher cost of compliance, and potential regulatory penalties and reputational risk in case of non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>- Comprehensive programmes on social forestry, soil and moisture conservation and biodiversity conservation.</li> <li>- Adoption of water stewardship approach to achieve water security for all stakeholders within the defined catchment areas of units located in high water stress areas.</li> <li>• Diversification and contingency planning of supply chain</li> <li>• Map risks arising out of climate crisis, build adaptive capacity and invest in mitigative measures to strengthen resilience across the value chain</li> </ul> <p><b>Transition Risk Management:</b></p> <ul style="list-style-type: none"> <li>• Continue to focus on energy conservation, improving energy productivity and enhancing the share of renewables in ITC's total energy requirement as part of ITC's Sustainability 2.0 targets; strengthen enterprise sustainability and governance mechanisms for reviewing performance and progress against Sustainability 2.0 targets through the Sustainability Compliance and Review Committee (SCRC)</li> <li>• Adopt the Life-cycle Assessment (LCA) approach for identifying environmental impact across a product's lifecycle; leverage the same for sustainable design and product innovation</li> </ul>	

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for Identifying the Risk/Opportunity	In case of Risk, Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity (Indicate Positive or Negative Implications)
2	Product and Plastic Packaging	Risk	<p>Inability to comply with current or future regulation on plastic packaging and/or failure to meet commitments on packaging and the environment.</p> <p><b>Potential Impact</b></p> <ul style="list-style-type: none"> <li>• Non-compliance to plastic waste management regulations could lead to imposition of environmental compensation, that may negatively impact Company's reputation; additionally, stricter government laws around usage of plastics including bans may give rise to multiple challenges such as redesign of product packaging, shelf life-related issues and product distribution issues</li> <li>• Disruptions in the supply chain for recycled plastic or plastic packaging substitutes as required by law, can impact the Company's ability to comply, produce and distribute products</li> <li>• Inability to provide sustainable alternatives could have a negative impact on consumer sentiment</li> </ul>	<ul style="list-style-type: none"> <li>• Going beyond compliance wherever possible:</li> <li>- Ensuring plastic neutrality ahead of regulatory targets through source segregation programmes, creating replicable, scalable and sustainable models of solid waste management, and developing viable recycling options for Multi-Layered Plastic (MLP) packaging.</li> <li>- Ensuring that 100% of packaging is reusable, recyclable or compostable/ biodegradable.</li> <li>• Partnering with upstream players and suppliers for ensuring supply of recycled plastic for meeting regulatory/market demand for increasing recycled content in plastic packaging</li> <li>• Harnessing the enterprise strengths of ITC (Life Sciences and Technology Centre, Paperboards &amp; Specialty Paper Division and Packaging and Printing Division) in driving cutting-edge innovation to offer sustainable alternatives to single-use plastics; pursue sustainable packaging initiatives like reduction in plastic packaging intensity, and improving recyclability of plastic packaging</li> </ul>	-

For more information on Risk Management Framework, refer to the 'Risk Management Section' of the Report of the Board of Directors & Management Discussion and Analysis forming part of ITC's Report and Accounts 2023, and 'Strategic Risk Management' section of ITC Sustainability & Integrated Report 2023.

## Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as brought out by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Processes</b>									
<b>1. a. Whether your Entity's Policy/Policies Cover Each Principle and its Core Elements of the NGRBCs. (Yes/No)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	<p>ITC is guided by a comprehensive set of Board-approved Policies that cover NGRBC principles (P1 to P9) and the underlying core elements.</p> <p>To achieve its Sustainability 2.0 vision, the Company continues to strengthen its management approach which is guided by a comprehensive set of Sustainability Policies that are being implemented across the organisation. The Company is also strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each Business. The Company will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.</p> <p>The overall responsibility for ensuring the implementation of Sustainability Policies resides with the Divisional/Strategic Business Unit (SBU) Chief Executives and the Heads of Corporate Functions who work with their respective teams. Various committees designated with specific responsibilities have also been constituted for operationalising these Policies. The Sustainability Compliance Review Committee comprising senior management has the overall responsibility to monitor and evaluate compliance with these Policies. The responsibility for implementation of ITC's CSR Policy rests with the Corporate Social Investments Programme (SIP) Team.</p>								
<b>b. Has the Policy been Approved by the Board? (Yes/No)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>c. Web Link of the Policies, if available</b>	<a href="https://www.itcportal.com/about-itc/policies/index.aspx">https://www.itcportal.com/about-itc/policies/index.aspx</a>								
<b>2. Whether the Entity has Translated the Policy into Procedures? (Yes/No)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>3. Do the Enlisted Policies extend to your Value Chain Partners? (Yes/No)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Not applicable	Yes	Yes
<b>4. Name of the National and International Codes/Certifications/Labels/Standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) Standards (e.g. SA 8000, OHSAS, ISO, BIS) Adopted by your Entity and Mapped to each Principle.</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	-	Food Safety Management System (FSSC 22000/ISO 22000/HACCP) Responsible Supply Chain Certifications like Rainforest Alliance (RFA) and Forest Stewardship Council® (FSC®)	OHSAS 18001/ ISO 45001: Occupational Health and Safety Management Systems	ISAE 3000	SA 8000: Social Accountability, United Nations Guiding Principles on Business and Human Rights, Sustainable Tobacco Programme, RFA, FSC®	ISO 14001: Environment Management System, Alliance for Water Stewardship (AWS), LEED Certification for Green Building, Zero Carbon, Zero Water	NGRBC	-	ATNI Framework, ASCI, FSSAI, ISO 9001, BRCS and Packaging Materials Global Standard, HACCP, Sedex, NPOP, NOP, Halal and Kosher
	For more information on Environment, Social, Occupational Health and Safety, Food Safety Certifications and Sustainable Farming Certifications, refer to 'Certifications' section of ITC Sustainability & Integrated Report 2023.								

<p><b>5. Specific Commitments, Goals and Targets set by the Entity with defined Timelines, if any.</b></p>	<p>In line with its Sustainability 2.0 agenda, ITC has set short to medium targets for key priority areas like climate change, water stewardship, plastic waste and circular economy, sustainable agriculture, biodiversity conservation and sustainable livelihoods. In line with the above, ITC's Businesses have targets for Key Performance Indicators (KPIs) like specific energy consumption, specific greenhouse gas emissions, specific water intake and specific waste generation. In order to achieve these targets, all ITC Units have established management systems which entail regular monitoring of environmental KPIs, development of an environmental management plan, and reviewing progress on a regular basis to ensure that Businesses are on track with respect to the agreed roadmap.</p> <p><i>For more information on annual performance against the Sustainability 2.0 targets, refer to 'Sustainability 2.0 Ambitions: 2030 Targets' section of ITC Sustainability &amp; Integrated Report 2023.</i></p>																																				
<p><b>6. Performance of the Entity against the Specific Commitments, Goals and Targets along with reasons in case the same are not met.</b></p>																																					
<p><b>Governance, Leadership and Oversight</b></p>																																					
<p><b>7. Statement by Director Responsible for the Business Responsibility Report, Highlighting ESG Related Challenges, Targets and Achievements</b> <i>(listed entity has flexibility regarding the placement of this disclosure)</i> Please refer to the 'Chairman's Statement' section in ITC Sustainability &amp; Integrated Report 2023.</p>																																					
<p><b>8. Details of the Highest Authority Responsible for Implementation and Oversight of the Business Responsibility Policy(ies).</b></p>	<p>The CSR and Sustainability Committee of the Board, chaired by the Chairman &amp; Managing Director, reviews and oversees implementation of the Sustainability Policies of the Company on an annual basis. In addition, the CSR and Sustainability Committee and the Board of Directors also review the progress of implementation of the Company's CSR Programmes on a half-yearly basis. The composition of the CSR and Sustainability Committee as on 31st March, 2023 is given below:</p> <table border="1" data-bbox="603 943 1433 1397"> <thead> <tr> <th>Sl. No.</th> <th>Name of the Director</th> <th>Designation/Nature of Directorship</th> <th>DIN of the Director</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>S. Puri (Chairman of the Committee)</td> <td>Chairman &amp; Managing Director</td> <td>00280529</td> </tr> <tr> <td>2.</td> <td>P. R. Chittaranjan</td> <td>Non-Executive Director</td> <td>09773278</td> </tr> <tr> <td>3.</td> <td>M. Gupta</td> <td>Non-Executive Director</td> <td>06638754</td> </tr> <tr> <td>4.</td> <td>S. Panray</td> <td>Non-Executive Director</td> <td>09251023</td> </tr> <tr> <td>5.</td> <td>N. Rao</td> <td>Independent Director</td> <td>06954879</td> </tr> <tr> <td>6.</td> <td>A. K. Seth</td> <td>Independent Director</td> <td>08504093</td> </tr> <tr> <td>7.</td> <td>M. Shankar</td> <td>Independent Director</td> <td>06374957</td> </tr> <tr> <td>8.</td> <td>D. R. Simpson</td> <td>Non-Executive Director</td> <td>07717430</td> </tr> </tbody> </table> <p>At the highest level, the Board of Directors of the Company has the primary role of trusteeship to protect and enhance shareholder value through strategic supervision of ITC. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth, and also in line with its Sustainability agenda.</p> <p>The Corporate Management Committee (CMC) of the Company is the management body responsible for compliance with the Sustainability Policies of the Company.</p> <p>The CMC has constituted the Sustainability Compliance Review Committee (SCRC), which monitors and evaluates compliance with these Policies and places a quarterly report thereon for review by the CMC. The Chief Executives of Divisions/ Strategic Business Units (SBUs), through members of the respective Management Committees, and Heads of Corporate Functions, are responsible for ensuring implementation of the Sustainability Policies of the Company within their respective Division/SBU/Corporate Function, and communication of these Policies to the employees.</p> <p>In addition, the Chief Sustainability Officer (CSO) of the Company is, inter alia, responsible for periodic review of material issues, scanning the external environment for evolving sustainability trends and regulations, monitoring the progress on sustainability targets and facilitating the Businesses &amp; Corporate Functions in implementing the sustainability initiatives. The CSO reports to the Group Head of Sustainability who is also a CMC Member and the Chairman of the SCRC. The CSO provides progress reportbacks on the Company's sustainability initiatives to the senior leadership of the Company.</p>	Sl. No.	Name of the Director	Designation/Nature of Directorship	DIN of the Director	1.	S. Puri (Chairman of the Committee)	Chairman & Managing Director	00280529	2.	P. R. Chittaranjan	Non-Executive Director	09773278	3.	M. Gupta	Non-Executive Director	06638754	4.	S. Panray	Non-Executive Director	09251023	5.	N. Rao	Independent Director	06954879	6.	A. K. Seth	Independent Director	08504093	7.	M. Shankar	Independent Director	06374957	8.	D. R. Simpson	Non-Executive Director	07717430
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8.	D. R. Simpson	Non-Executive Director	07717430																																		



<p><b>9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.</b></p>	<p>Yes, as stated under (8) above, the CSR and Sustainability Committee of the Board, inter alia, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation.</p> <p>The CSR and Sustainability Committee of the Board also reviews the Business Responsibility and Sustainability Report of the Company and recommends the same to the Board for adoption, and approves the Sustainability &amp; Integrated Report of the Company.</p>								
<p><b>10. Details of Review of NGRBCs by the Company:</b></p>									
	<p><b>Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee</b></p>					<p><b>Frequency (Annually/Half yearly/ Quarterly/Any other – please specify)</b></p>			
	<p><b>P1</b></p>	<p><b>P2</b></p>	<p><b>P3</b></p>	<p><b>P4</b></p>	<p><b>P5</b></p>	<p><b>P6</b></p>	<p><b>P7</b></p>	<p><b>P8</b></p>	<p><b>P9</b></p>
<p><b>Performance Against Above Policies and Follow-up Action</b></p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>
	<p>As stated under (8) above, the Sustainability Compliance Review Committee is responsible for monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC. The CSR and Sustainability Committee of the Board also reviews implementation of these Policies on an annual basis.</p> <p>The Chief Executives of Divisions/Strategic Business Units (SBU) and Heads of Corporate Functions are responsible for ensuring implementation of the Sustainability Policies of the Company within their respective Division/SBU/Corporate Function.</p>								
<p><b>Compliance with Statutory Requirements of Relevance to the Principles, and, Rectification of any Non-compliances</b></p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>	<p>Any other Committee  On a quarterly basis</p>
	<p>The Company is in compliance with applicable laws and regulations.</p>								
<p><b>11. Has the Entity Carried out Independent Assessment/Evaluation of the Working of its Policies by an External Agency? (Yes/No). If yes, provide name of the agency.</b></p>	<ul style="list-style-type: none"> <li>ITC has been obtaining independent third-party assurance for its Sustainability Reports since 2004, in the reporting year, authenticity of the data and systems disclosed in the Sustainability &amp; Integrated Report 2023 has been assured by an independent third-party assurance provider; the assurance has been provided as per the International Standard for Assurance Engagements (ISAE) 3000 at the 'Reasonable Assurance' level</li> <li>ITC has computed its Green House Gas (GHG) inventory, including GHG emissions, biogenic emissions and GHG removals, in accordance with ISO 14064:2018; the GHG inventory of FY 2022-23 has been verified at the 'Reasonable Assurance' level by an independent third-party assurance provider</li> <li>In addition to the above, relevant third-party assessments and certifications are conducted across Business Units periodically</li> </ul>								

## Section C: Principle-wise Performance Disclosure



### Principle 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicator

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year

Segment	Total Number of Training and Awareness Programmes Held	Topics/Principles covered under the Training and its Impact	%age of Persons in Respective Category covered by the Awareness Programmes
Board of Directors	8	<ul style="list-style-type: none"> <li>The Directors of the Company are briefed on the sustainability initiatives of the Company from time to time. The Directors are also updated on changes/developments in the domestic/global corporate and industry scenario including those pertaining to statutes/legislation &amp; economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions</li> <li>During the financial year 2022-23, the Directors and KMP of the Company were briefed/updated on the following:                             <ol style="list-style-type: none"> <li>Business Plan of the Company for the ensuing years.</li> <li>CSR initiatives of the Company.</li> <li>Diversity and Inclusion at ITC.</li> <li>E-Commerce and New Routes to Market.</li> <li>Talent Retention and Engagement at ITC.</li> <li>Update on IT Business.</li> <li>Field visit to Sehore, Madhya Pradesh, to experience the ITC-MAARS Project and other social investment projects.</li> </ol> </li> <li>In addition to the above, the Directors of the Company attended a 'Strategy Session' where the Company's overall strategy, including ITC Sustainability 2.0 vision and goals, were discussed/reviewed</li> </ul>	
Key Managerial Personnel (other than Directors)			
Employees other than BoD and KMPs	11 (types of training)	Health and Safety,** ITC Code of Conduct, Policy on Prevention of Sexual Harassment at the workplace, and Wellness programmes	100%*
Workers	11 (types of training)	Health and Safety,** ITC Code of Conduct, Policy on Prevention of Sexual Harassment at the workplace, and Wellness programmes	100%*

\*Note: All Employees/Workers are covered under at least one of the topics

\*\*Detailed training programmes on various health and safety sub-elements are also provided

2. Details of Fines/Penalties/Punishment/Award/Compounding fees/Settlement Amount Paid in Proceedings (by the Entity or by Directors/KMPs) with Regulators/Law Enforcement Agencies/Judicial Institutions, in the Financial Year, in the following format (Note: The Entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement Agencies/ Judicial Institutions	Amount (In INR)	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Penalty/Fine	Nil				
Settlement					
Compounding Fee					

Non-Monetary				
	NGRBC Principle	Name of the Regulatory/Enforcement Agencies/Judicial Institutions	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Imprisonment				
Punishment		Nil		

3. Of the Instances Disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where Monetary or Non-Monetary action has been appealed.

Case Details	Name of the Regulatory/Enforcement agencies/Judicial Institutions
Not applicable	Not applicable

4. Does the Entity have an Anti-corruption or Anti-bribery Policy? If yes, Provide details in brief and if available, Provide a web-link to the policy.

The Company's Code of Conduct covers aspects relating to anti-corruption and anti-bribery. In terms of the said Code, the Company believes in conducting its business in a transparent manner and does not indulge in bribery or corruption. The ITC Code of Conduct can be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

Further, in terms of the Company's Code of Conduct for Suppliers and Service Providers, all Suppliers and Service Providers of the Company are required to avoid any actual or potential conflicts of interest in their business dealings with the Company that could create a perception of unfairness or lead to uncompetitive favours, and are also required to disclose any such situation of conflict of interest, including involvement or interest of any employee of the Company or his/her immediate family members in their business. The said Code can be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#coc-vendor>

5. Number of Directors/KMPs/Employees/Workers against whom disciplinary action was taken by any Law Enforcement Agency for the charges of Bribery/Corruption:

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of Complaints with regard to Conflict of Interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of conflict of interest of the KMPs	Nil	-	Nil	-

7. Provide details of any Corrective Action taken or underway on issues related to Fines/Penalties/Action taken by Regulators/Law Enforcement Agencies/Judicial Institutions, on cases of Corruption and Conflicts of Interest.

Not Applicable

## Leadership Indicators

1. Awareness Programmes conducted for Value Chain Partners on any of the Principles during the Financial Year:

ITC facilitates capacity building workshops for its key value chain partners to educate, and create shared awareness on key areas like human rights, labour practices and sustainability. All ITC businesses have identified Critical Tier-1 Suppliers based on aspects like buy value, ESG risk exposure, importance to business continuity, among others. ITC's Sustainable Supply Chain Programme is focussed on working closely with the aforesaid set of identified Critical Suppliers.

Total Number of Awareness Programmes held	Topics/Principles covered under the Training	%age of Value Chain Partners covered (by Value of Business done with such Partners) under the Awareness Programmes
4	<ul style="list-style-type: none"> <li>• Environmental Compliance</li> <li>• Fair Business Practices</li> <li>• Corporate Governance and Ethics</li> <li>• Occupational Health and Safety</li> <li>• Fair Labour Practices and Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>• 60% of the identified Critical Tier-1 suppliers</li> </ul>

**2. Does the Entity have Processes in place to avoid/ manage Conflict of Interests involving Members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, the ITC Code of Conduct requires the Directors, senior management and employees to avoid situations in which their personal interests could conflict with the interests of the Company. The Code, inter alia, clarifies that conflict of interest may arise when (a) an employee or a family member (family member includes spouse, children, siblings and parents) has a material interest in an entity that has a business relationship with the Company or is being evaluated for a commercial

transaction, or (b) an employee is in a position to benefit someone with whom he/she has a close relationship, in relation to the Company’s business. However, this is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflict, if any, or any potential conflict must be disclosed to higher management for guidance and action as appropriate.

Further, the Directors of the Company are required to disclose to the Board, on an annual basis, whether they, directly or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.



**Principle 2**

**Businesses should provide Goods and Services in a manner that is Sustainable and Safe.**

**Essential Indicators**

**1. Percentage of R&D and Capital Expenditure (CapEx) Investments in Specific Technologies to improve the Environmental and Social Impacts of Product and Processes to total R&D and CapEx Investments made by the Entity, respectively.**

The Company’s state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build ITC’s portfolio of world-class brands.

ITC LSTC’s research and development initiatives are equipped with world-class scientific platforms and centres of excellence that deliver improvements in environmental and social impacts, some of which are summarised below -

**Agroforestry and Crop Sciences:** Agroforestry, one of LSTC’s key expertise, involves working on tree improvement by using contemporary research tools for Eucalyptus, Casuarina, Corymbia, and Subabul species. LSTC has released several new clones for all the four species, aimed at improving productivity and catering to the sourcing needs of ITC’s paper business. Last year, 6 million new clones with improved productivity were distributed to farmers.

**Sustainable Packaging & Material Sciences:** This vertical works on reducing the impact of single-use plastics and plastic packaging by focussing on suitable alternatives, improving recyclability of multi-layered plastic packaging, and increasing the use of recycled content, thereby reducing the carbon footprint of packaging.

**Health, Wellness and Nutrition:** Health and Wellness platform focuses on multiple aspects of human health stratified across age, gender, specific health concerns as well as uniqueness of the Indian consumer. LSTC, over the last decade, has been instrumental in creating scientifically validated solutions catering to areas such as diabetes, cardiovascular health, weight management, gut health, immunity, brain health, women’s health, kids’ health, targeted nutrition as well as various concerns associated with ageing. Solutions range from delivering benefits in various product formats including nutraceuticals. Scientific due diligence as well as clinical efficacy has helped in generating health claims and in providing nutrition, nourishment, health and wellness to the Indian consumer.

₹ in crores

	FY 2022-23	FY 2021-22
Expenditure on R&D – Capital	9.67	20.17
Expenditure on R&D – Revenue	161.31	143.59
Total R&D Expenditure	170.98	163.76
Capital Investment on Energy Conservation Equipment	18.93	12.22

**2. a. Does the Entity have Procedures in place for Sustainable Sourcing?**

Yes, there are procedures in place for sustainable sourcing. ITC has a Board approved Policy on ‘Sustainable Supply Chain and Responsible Sourcing’ and a ‘Code of Conduct for Suppliers and Service Providers’. The Code reflects ITC’s commitment to environmental conservation, business integrity and human rights across the supply chain. It upholds the spirit outlined in the International Labour Organisation Guidelines and United Nations Guiding Principles on Business and Human Rights. All suppliers are encouraged to fully comply with the Code.

Additionally, ITC businesses, including Agri, FMCG and Paper Businesses, depend on farm and forestry-based supply chains for key raw materials. Accordingly, focus of ITC’s interventions in agri value chains has been largely around improving farmer livelihoods, increasing

agricultural productivity, strengthening regional water security, and addressing the challenge of climate change and enhancing resilience. ITC’s key agri value chains are also certified as per global standards like Rainforest Alliance (RFA), Forest Stewardship Council®, Fairtrade, India Organic, USDA Organic, Bio-Suisse etc. These certifications specify environmental and social standards for agricultural practices, and help ensure sustainability, traceability and transparency across value chains.

*Note: For more details on ITC’s sustainable sourcing practices pertaining to key agri value chains and key value chain partners like third-party manufacturers, refer to ‘Sustainable Agriculture’ and ‘Sustainable Supply Chain and Responsible Sourcing’ sections of ITC Sustainability & Integrated Report 2023.*

**b. If yes, what percentage of inputs were sourced sustainably?**

ITC businesses, including Agri, FMCG and Paper Businesses, depend on farm and forestry-based supply chains for key raw materials. Accordingly, farmers constitute a vital part of ITC’s supply chain and the Company engages with farmers to ensure adoption of sustainable agriculture practices. ITC’s key agri value chains are also certified as per global standards like Rainforest Alliance (RFA), Forest Stewardship Council®, Fairtrade, India Organic, USDA Organic and Bio-Suisse.

*Note: For more details on ITC’s sustainable sourcing practices pertaining to key agri value chains, refer to ‘Sustainable Agriculture’ section of ITC Sustainability & Integrated Report 2023.*

**3. Describe the Processes in place to Safely Reclaim your Products for Reusing, Recycling and Disposing at the end of Life, for (a) Plastics (including Packaging) (b) E-waste (c) Hazardous Waste and (d) Other Waste.**

	Description of Processes
Plastics (including Packaging)	ITC achieved Plastic Neutrality in FY 2021-22 by implementing an integrated solid waste management programme that incorporates unique and multi-dimensional initiatives including the Company’s flagship waste management initiative ‘ITC WOW – Well Being Out of Waste’. In FY 2022-23, the Company collected and sustainably managed more than 60,000 tonnes of plastic waste across 36 States and Union Territories. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to maintain the milestone of Plastic Neutrality. ITC has been recycling more than 99% of the solid waste generated through its operations including plastic waste for more than a decade.
E-waste	Not applicable
Hazardous Waste	Not applicable
Other Waste	All ITC Units have established systems and procedures to ensure that waste is disposed through authorised agencies in line with applicable regulations.

*Note: For further details, refer to the ‘Towards Circularity’ section of ITC Sustainability & Integrated Report 2023.*

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, ITC is in compliance with the requirements of Extended Producer Responsibility (EPR) under the Plastic Waste Management Rules, 2016 (as amended).

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective/ Assessments (LCA) for any of its Products (for Manufacturing Industry) or for its Services (for Service Industry)?**

The Company initiated Life Cycle Assessments

(LCA) of its products and services in 2010 with an objective to evaluate the impacts and identify areas for improvement in the value chain. So far, LCAs have been carried out for key product categories from Paperboards & Specialty Papers Business, Personal Care Products Business, and Branded Packaged Foods Businesses.

In FY 2022-23, LCAs on Classmate Notebook, Savlon Powder Handwash, Savlon Liquid Handwash and Nimyle Floor Cleaner were initiated (details provided in the table below). Additionally, during the year, capacity building programmes were conducted for practitioners across ITC businesses in order to further strengthen the application of LCA tools and methodologies for sustainable product design.

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by Independent External Agency (Yes/No)	Results Communicated in Public Domain (Yes/No) If yes, Provide the web-link.
46496	Classmate Notebook	-	Cradle-to-grave	Yes	No
20237	Savlon Powder Handwash	-	Cradle-to-grave	Yes	No
20237	Savlon Liquid Handwash	-	Cradle-to-grave	Yes	No
20239/ 46491	Nimyle Floor Cleaner	-	Cradle-to-gate	Yes	No

**2. If there are any significant Social or Environmental Concerns and/or risks arising from Production or Disposal of your Products/Services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

No significant social or environmental risks were identified from the LCA studies carried out.

**3. Percentage of Recycled or Reused Input Material to Total Material (by Value) used in Production (for Manufacturing Industry) or providing Services (for Service Industry).**

During FY 2022-23, the Kovai Unit of ITC's Paperboards & Specialty Papers Business sourced nearly 84,000 tonnes of waste paper from external sources, which constituted over 73% of Unit's total input materials. Additionally, some of ITC's Personal Care Products utilised recycled plastic in packaging during the year.

Indicate Input Material	Recycled or Re-used Input Material to Total Material	
	FY 2022-23	FY 2021-22
Waste Paper used in Kovai Mill	Recycled Paper used: ~ 84,000 tonnes	85,000 tonnes
Use of Recycled Plastic Content	Savlon Glycerine Soap Wrapper with 70% PCR (Post-consumer Recycled Plastic) in PET layer. Fiama Handwash Portfolio with 50% PCR PET Bottles.	-

**4. Of the Products and Packaging Reclaimed at End of Life of Products, amount (in Metric Tonnes) Reused, Recycled, and Safely Disposed.**

During FY 2022-23, the Company collected and sustainably managed more than 60,000 tonnes of plastic waste across 36 States and Union Territories. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to sustain its plastic neutrality status for the second year in a row.

	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (Including Packaging)	-	Approx. 27,500 tonnes	Approx. 32,500 tonnes	-	Approx. 5,400 tonnes	Approx. 48,600 tonnes
E-waste	NA*	NA	NA	NA	NA	NA
Hazardous Waste	NA	NA	NA	NA	NA	NA
Other Waste	NA	NA	NA	NA	NA	NA

\*NA: Not applicable

**5. Reclaimed Products and their Packaging Materials (as Percentage of Products sold) for each Product Category.**

Please refer responses to Question 3 and 4 above.



Creative Visualisation | Serving Suggestion



## Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

### Essential Indicators

#### 1. a. Details of Measures for the Well-being of Employees:

Category	% of Employees Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	21,337	21,337	100%	21,337	100%	-	0%	9,389	44%	-	-
Female	2,388	2,388	100%	2,388	100%	2,388	100%	-	-	2,388	100%
<b>Total</b>	<b>23,725</b>	<b>23,725</b>	<b>100%</b>	<b>23,725</b>	<b>100%</b>	<b>2,388</b>	<b>100%</b>	<b>9,389</b>	<b>44%</b>	<b>2,388</b>	<b>100%</b>
<b>Other than Permanent Employees</b>											
Male	22,157	21,952	99%	22,072	100%	-	0%	-	-	-	-
Female	3,942	3,921	99%	3,938	100%	3,939	100%	-	-	3,939*	100%
<b>Total</b>	<b>26,099</b>	<b>25,873</b>	<b>99%</b>	<b>26,010</b>	<b>100%</b>	<b>3,939</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>3,939</b>	<b>100%</b>

\*Note: Eligible employees

#### b. Details of Measures for the Well-being of Workers:

Category	% of Workers Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Workers</b>											
Male	11,948	11,948	100%	11,948	100%	-	0%	-	-	-	0%
Female	654	654	100%	654	100%	654	100%	-	-	654	100%
<b>Total</b>	<b>12,602</b>	<b>12,602</b>	<b>100%</b>	<b>12,602</b>	<b>100%</b>	<b>654</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>654</b>	<b>100%</b>
<b>Other than Permanent Workers</b>											
Male	22,061	21,886	99%	21,996	100%	-	0%	-	-	-	0%
Female	3,926	3,912	100%	3,926	100%	3,926	100%	-	-	3,926	100%
<b>Total</b>	<b>25,987</b>	<b>25,798</b>	<b>99%</b>	<b>25,922</b>	<b>100%</b>	<b>3,926</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>3,926</b>	<b>100%</b>

#### 2. Details of Retirement Benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%*	Y	100%	100%	Y
ESI	12%*	20%*	Y	11%	19%	Y

\*Note: Covers all eligible employees

#### 3. Accessibility of Workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

As part of its commitment to enhancing diversity, ITC places particular emphasis on representation and inclusion of differently abled persons. Some of our

premises have infrastructure that include the following features:

- Elevators enabled with Braille signages for persons with visual difficulty
- Ramps, tactile pavers and handrails to facilitate movement of persons with motor disability
- Accessible parking places
- Accessible washrooms



**4. Does the Entity have an Equal Opportunity Policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the Company has a Policy on Diversity, Equity and Inclusion which clearly articulates its emphasis on Equal Opportunity.

The said Policy clearly states ITC's commitment towards providing equal opportunity. It also emphasises the Company's Zero Tolerance Policy on discrimination, inter alia, on the grounds of disability.

The aforesaid Policy can be accessed at <https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#EqualOpportunity>

**5. Return to Work and Retention Rates of Permanent Employees and Workers that took Parental Leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to Work	Retention Rate	Return to Work	Retention Rate
Male	100%	100%	-	-
Female	100%	85%	100%	93%
<b>Total</b>	<b>100%</b>	<b>86%</b>	<b>100%</b>	<b>93%</b>

**6. Is there a Mechanism available to Receive and Redress Grievances for the following Categories of Employees and Worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	<p>Yes, ITC's Grievance Redressal Procedure is available to employees and workers. The objective of the policy is to facilitate open and structured discussion on employees' work-related grievances with the intent of ensuring that the grievance is dealt with in a fair and just manner whilst being in compliance with the Company's policies. ITC's open-door practices encourage an amicable and fair resolution of grievances. Employees are encouraged to first discuss the grievance with their immediate reporting authority, and attempt to arrive at a resolution before invoking a formal grievance redressal mechanism.</p> <p>In Unionised Units, grievances of workmen are also taken up for discussion by Union Office Bearers and resolved through dialogue with human resources managers and other designated managers. Units also have Committees with joint representation of workers and managers, which address grievances raised by one or more workers. In addition, many Units have forums where workers interact with the unit leadership team in small groups and share any suggestions or grievances they may have, for resolution.</p> <p>The Company's Whistleblower Policy is also applicable to all permanent employees.</p>
Other than Permanent Workers	<p>The Company also has a Whistleblower Policy which encourages all employees to bring to the Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact the Company's operations, business performance and/or reputation. In terms of the said Policy, the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. This Policy can be accessed on the Company's corporate website at <a href="https://www.itcportal.com/whistleblower-policy">https://www.itcportal.com/whistleblower-policy</a></p>
Permanent Employees	Same as stated for Permanent Workers.
Other than Permanent Employees	Same as stated for Other than Permanent Workers.

**7. Membership of Employees and Workers in Association(s) or Unions recognised by the listed entity:**

Category	FY 2022-23			FY 2021-22		
	Total Employees/Workers in Respective Category (A)	No. of Employees/Workers in Respective Category, who are part of Association(s) or Union (B)	% (B/A)	Total Employees/Workers in Respective Category (C)	No. of Employees/Workers in Respective Category, who are part of Association(s) or Union (D)	% (D/C)
<b>Total Permanent Employees</b>	23,725	10,222	43%	23,829	10,670	45%
- Male	21,337	10,113	47%	21,568	10,550	49%
- Female	2,388	109	5%	2,261	120	5%
<b>Total Permanent Workers</b>	12,602	10,222	81%	12,734	10,670	84%
- Male	11,948	10,113	85%	12,102	10,550	87%
- Female	654	109	17%*	632	120	19%

\*A vast majority of the women workers are based in manufacturing Units which currently do not have union representation. These are Units that were commissioned in the recent past.

ITC believes that all employees are important stakeholders in the enterprise, and it is imperative to build a culture of mutual trust and respect, interdependence, and meaningful engagement. This approach helps in building, strengthening and sustaining harmonious employee relations across the organisation. It is ITC's policy:

- To respect the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management
- To ensure that employees are not discriminated against for exercising this freedom in a lawful manner and consistent with ITC's core values

**8. Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	21,337	9,914	46%	6,464	30%	21,568	7,019	33%	4,199	19%
Female	2,388	877	37%	832	35%	2,261	586	26%	273	12%
<b>Total</b>	<b>23,725</b>	<b>10,791</b>	<b>45%</b>	<b>7,296</b>	<b>31%</b>	<b>23,829</b>	<b>7,605</b>	<b>32%</b>	<b>4,472</b>	<b>19%</b>
<b>Workers</b>										
Male	11,948	6,832	57%	4,052	34%	12,102	5,188	43%	2,731	21%
Female	654	524	80%	150	23%	632	414	66%	0	0%
<b>Total</b>	<b>12,602</b>	<b>7,356</b>	<b>58%</b>	<b>4,202</b>	<b>33%</b>	<b>12,734</b>	<b>5,602</b>	<b>44%</b>	<b>2,731</b>	<b>21%</b>

Note: The above includes formal Induction training on joining and refresher trainings (Once in 3 years). Other forms of EHS trainings on the job, like safety briefings, tool box talks, drills etc. which would have covered most of the employees and workers have not been included.

**9. Details of Performance and Career Development Reviews of Employees and Workers.**

Category	FY 2022-23			FY 2021-22		
	Current Financial Year			Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	21,337	17,560	82%	21,568	16,418	76%
Female	2,388	2,283	96%	2,261	2,051	91%
<b>Total</b>	<b>23,725</b>	<b>19,843</b>	<b>84%</b>	<b>23,829</b>	<b>18,469</b>	<b>78%</b>
<b>Workers</b>						
Male	11,948	8,171	68%	12,102	6,952	57%
Female	654	549	84%	632	422	67%
<b>Total</b>	<b>12,602</b>	<b>8,720</b>	<b>69%</b>	<b>12,734</b>	<b>7,374</b>	<b>58%</b>

**10. Health and Safety Management System:**

**a. Whether an Occupational Health and Safety Management System has been implemented by the Entity? (Yes/No). If yes, the coverage of such system?**

Yes, ITC has implemented an occupational health and safety management system in all its Factories, Hotels, Offices and Warehouses. ITC endeavours that Environment, Health & Safety (EHS) standards at all its Units are ahead of applicable legislation and regulations, Standards and Codes, and are benchmarked against international best practices across sectors in which it operates. ITC's approach to occupational health & safety standards is articulated in the Board approved Environment, Health and Safety Policy. It is based on an EHS management system that emphasises on enhancing EHS performance by setting objectives and targets and continually monitoring key performance indicators.

Further, it promotes a culture of safety through behaviour change programmes and by providing appropriate training to employees as well as service providers' employees, while continually investing in state-of-the-art technology and in developing human capital.

EHS requirements are integrated at the design stage for all new investments. Compliance with EHS standards during the construction phase is ensured by implementing project EHS management systems. In the operation phase of ITC Units, Hotels, Warehouses and Offices, it is ensured through established EHS management systems with designated roles and responsibilities for competent resources.

**b. What are the Processes used to identify Work-Related Hazards and Assess Risks on a Routine and Non-routine basis by the Entity?**

ITC has identified the EHS Risk Management framework as one of the integral steps towards building a robust safety management system in all its Factories, Hotels, Offices and Warehouses. This framework entails a set of processes for continual risk identification, assessment and mitigation, with active participation of the workforce in each of its facilities. Shop floor processes in this regard include hazard spotting tours, suggestion schemes, daily briefings and periodic EHS committee meetings in which employees participate. In addition, all ITC Units undergo periodic Environment, Health & Safety audits at the Business as well as Corporate level which endeavours to identify additional latent risks besides verifying compliance with standards. Several national awards and certifications acknowledge ITC's commitment and efforts towards providing a safe and healthy workplace to all.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes. A system is in place across ITC Factories, Hotels and Offices for workers to spot and report work-related hazards, and offer suggestions for improvements.

Necessary training is given to all employees in recognising hazards and issues. Joint inspections by management representatives and employees on the shop floor are also carried out at regular intervals, and respective corrective and preventive measures are undertaken to mitigate the identified risks. In order to create an open and transparent safety culture across ITC Units, employees are encouraged to participate and discuss safety related issues in forums like periodic EHS Committee meetings and Departmental Open Forums.

**d. Do the Employees/Worker of the Entity have access to Non-occupational Medical and Healthcare Services? (Yes/No)**

Yes, permanent employees and their family members have access to the Company provided or Company supported medical benefits. Workers have access to medical benefits through Company provided group insurance policies, Company funded medical support and where applicable, statutory benefits under the Employees' State Insurance Act.

**11. Details of Safety Related Incidents.**

ITC reports its safety performance on two fronts – 'on-site' — referring to the place of work i.e. Factory, Hotel, Office, etc. which is under direct operational control of ITC and 'off-site' - defined as places other than on-site while on official duty, which includes to and fro commute between residence and place of work. In FY 2022-23, the total on-site Lost Time Accidents (LTAs) was 12 as compared to 11 in FY 2021-22. For details on 'off-site' LTAs, please refer to ITC Sustainability & Integrated Report 2023.

Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures to prevent recurrence. The learnings from all accidents are disseminated across the organisation, and a formal compliance is also obtained.

Safety Incident/ Number	Category	FY	FY
		2022-23	2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)*	Employees	0.07	0.09
	Workers	0.12	
Total recordable work-related injuries*	Employees	4	11
	Workers	8	
No. of fatalities*	Employees	0	2
	Workers	1	
High consequence work-related injury or ill-health (ex- cluding fatalities)*	Employees	0	9
	Workers	1	

\*Employees mean workforce who are under the payroll of ITC Limited and workers means the workforce who are employees of service providers (Trainees/Apprentices not included).

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

In line with the Company’s Environment, Health and Safety Policy, safety as a value-led concept has been institutionalised by inculcating a sense of ownership at all levels and driving behavioural change, leading to the creation of a cohesive safety culture. ITC has put in place comprehensive health and safety protocols for the safety and well-being of its stakeholders. ITC endeavours that EHS standards at all its Units are ahead of applicable legislations, regulations, and Standards and Codes, and are benchmarked against international best practices across the diverse sectors in which it operates.

ITC continues to strengthen its safety processes, adopting globally recognised best practices, and ensuring that facilities are designed, constructed, operated and maintained in an inherently safe manner.

ITC continues to undertake efforts for creating a safe working environment and a strong safety culture by:

- Integrating safety at the design stage itself and ensuring it through design reviews, stage inspections and pre-commissioning audits, thereby strengthening the engineering control measures through ‘design for safety’ principles
- Conducting pre-commissioning and periodic operational audits during construction and operational stages respectively
- Implementing behaviour-based safety initiatives to facilitate engagement for collaborative work on improving safety performances
- Adoption of keystone behaviours by individual Units to demonstrate collective commitment and create a shared vision of safety and discipline
- Embracing and leveraging the digital landscape for safety management system

ITC continues to identify solutions for strengthening the safety culture aligned with the goal of ‘Zero Accidents’.

**13. Number of Complaints on the following made by Employees and Workers.**

Employees are encouraged to report work area related safety issues through various programmes like hazard identification processes, suggestion schemes and EHS Committees.

	FY 2022-23			FY 2021-22		
	Filed during the Year	Pending Resolution at the end of Year	Remarks	Filed during the Year	Pending Resolution at the end of Year	Remarks
Working Conditions	134	8		212	6 (resolved after 31st March 2022)	
Health & Safety	7	0		0	0	

**14. Assessments for the Year:**

Most of ITC’s manufacturing locations are covered under the OHSAS 18001/ISO 45001: Occupational Health and Safety Management Systems. Compliance to safe working conditions is an essential aspect of EHS management systems. In addition, all ITC Units undergo periodic Environment, Health & Safety audits at the Business/Division level as well as at Corporate level, to verify compliance with Standards and Corporate Guidelines.

	% of your Plants and Offices that were assessed (by Entity or Statutory Authorities or Third Parties)
Health and Safety Practices	100%
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

Internal audits of ITC Units at Divisional as well as Corporate level are being conducted on a periodic basis. Corrective and preventive measures are taken based on the findings. Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures required to prevent recurrence. Accident investigation findings with corrective and preventive measures form part of the report presented to the Corporate Management Committee (monthly) and the Board (quarterly). The learnings from all accidents are disseminated across the organisation at periodic intervals and a formal compliance obtained.

## Leadership Indicators

### 1. Does the Entity extend any Life Insurance or any Compensatory Package in the Event of Death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. In the unfortunate event of the death of an employee including workers, the Company extends financial support to family members of the employee.

### 2. Provide the Measures undertaken by the Entity to ensure that Statutory Dues have been Deducted and Deposited by the Value Chain Partners.

The Company ensures that statutory dues as payable by service providers for their employees are deposited on time and in full through periodic audits and controls.

### 3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.

	Total no. of affected Employees/Workers*		No. of Employees/Workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment*	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	0	5	0	5
Workers	2	3	1	3

\*Onsite Accidents

### 4. Does the Entity provide Transition Assistance Programmes to Facilitate Continued Employability and the Management of Career Endings Resulting from Retirement or Termination of Employment? (Yes/No)

ITC continually invests in human capital development which includes building skills and capabilities that are contemporary while providing employees with a diversity of experiences. These enhance the employability of the workforce and enable a smooth transition to alternate opportunities where sought. The Company has in place a programme called 'Making New Choices' for retiring staff. In addition, the Company provides pension benefits and post-retiral medical benefits for those members of staff who qualify. Workers are provided with pension benefits covered under the relevant statute.

### 5. Details on Assessment of Value Chain Partners on Health and Safety Practices and Working Conditions.

ITC reserves the right to verify compliance with the Code of Conduct for Suppliers and Service Providers at any time through appropriate audit and assessment mechanisms, including self-certification.

Health and safety audits conducted at ITC's own manufacturing sites cover all contract workers within ITC's operational premises.

Additionally, ITC has initiated a third-party desktop assessment of its Critical Tier 1\* suppliers which includes key aspects on Occupational Health and Safety, amongst other assessment criteria.

\*All ITC businesses have identified Critical Tier-1 suppliers based on buy value, ESG risk exposure, importance to business continuity, among others. ITC's Sustainable Supply Chain Programme is focussed on working closely with the set of identified critical suppliers.

	% of Value Chain Partners (by Value of business done with such Partners) that were Assessed	
	Contract Workers within ITC Premises (Manpower Service Providers)	Other Suppliers/Vendors
Health and Safety Practices	100%	Third Party Desktop Assessment of Critical Suppliers
Working Conditions		

### 6. Provide details of any Corrective Actions taken or underway to address Significant Risks/Concerns arising from Assessments of Health and Safety Practices and Working Conditions of Value Chain Partners.

ITC's Sectoral EHS Guidelines are shared by Businesses with their value chain partners, and periodic training is given to their concerned personnel.

Periodic audits by ITC are conducted for some of its key value chain partners against the sectoral EHS guidelines. Corrective and preventive measures are recommended based on the audit findings.



## Principle 4

Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the Processes for Identifying Key Stakeholder Groups of the Entity.

In line with the Board approved Policy on Stakeholder Engagement, ITC has evolved a structured framework for engaging with its stakeholders and fostering enduring relationships with each one of them. ITC's engagement approach is anchored on the principles of materiality, completeness and responsiveness.

The engagement approach takes into cognisance the fact that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate the Company's performance and shape new perspectives.

*For details on ITC's Process of Stakeholder Engagement, refer to 'Stakeholder Engagement' section of ITC Sustainability & Integrated Report 2023.*

#### 2. List Stakeholder Groups Identified as Key for your Entity and the Frequency of Engagement with each Stakeholder Group.

The Board approved Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, consumers, farmers, employees, local communities, suppliers, Central and State Governments, regulatory bodies and the media.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of Engagement (Annually/Half-yearly/Quarterly/ others – please specify)	Purpose and Scope of Engagement including Key Topics and Concerns raised during such Engagement
Providers of Financial Capital	No	<i>For more details on consultation mechanisms and key issues discussed with the stakeholder groups, refer to 'Strengthening Relationships with All Stakeholders' section of ITC Sustainability &amp; Integrated Report 2023.</i>		
Government and Regulatory Authorities	No			
Customers	No			
Employees	No			
Farmers	Yes			
Value Chain Partners	No			
Media	No			
Civil Society	No			
Local Communities	Yes			

### Leadership Indicators

#### 1. Provide the Processes for Consultation between Stakeholders and the Board on Economic, Environmental, and Social Topics or if Consultation is delegated, how is feedback from such Consultations provided to the Board.

ITC believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. In this context, the Company has

laid down a four layered mechanism to deal with the aspect of stakeholder engagement.

The Board, through the CSR and Sustainability Committee, inter alia, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. Half-yearly reports on the progress made by the Company in this regard are placed by the CMC before the CSR and Sustainability Committee. The CMC in turn has constituted the Sustainability Compliance Review Committee,

comprising of senior members of management, which evaluates and monitors compliance with the Policies formulated in this connection. The SCRC places a quarterly report on the subject before the CMC.

**2. Whether Stakeholder Consultation is used to Support the Identification and Management of Environmental, and Social Topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, the Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, the Company anchors stakeholder engagement on the following principles:

- a) Materiality – Prioritised consideration of the economic, environmental and social impacts identified to be important to the stakeholders as well as the organisation.
- b) Completeness – Understanding key concerns of stakeholders and their expectations.
- c) Responsiveness – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across Businesses and Units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective 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. Select examples of how stakeholder inputs have been incorporated into ITC's policies and activities are presented below:

**1. Investors:** The Company engages extensively with the investor ecosystem i.e. analysts representing institutional equity investors, fund/portfolio managers in top FIIs, Domestic Mutual Funds, FPIs, Private Insurance Companies etc. During the year, more than 200 interactions including meetings, participation in physical and virtual conferences, calls, etc. were undertaken with the investor ecosystem. The Company continues to communicate quarterly performance takeaways through press releases, followed by presentations and post-result calls with analysts. Key highlights of the performance are also being shared with all shareholders by e-mail. The Investors section

of the Company's website is also being updated on an ongoing basis. The Company is well-recognised for its ESG credentials, and is acknowledged as one of the pioneers of adopting the Triple Bottom Line philosophy in India. Based on requests, the Company engaged on one-on-one basis with ESG specialists of fund houses/ brokerages covering, inter alia, progress towards achieving its ambitious Sustainability 2.0 goals by 2030. These initiatives have been much appreciated by the investor ecosystem.

**2. Customers & Value Chain Partners:** Customers, Consumers and Value Chain Partners are some of ITC's core stakeholders. Various tech-enabled avenues have been deployed to constantly receive feedback and ideas from these stakeholders.

A specialised team, 'Team Synthesis', has progressively evolved from being a 'Customer Interactions' team to a 'Customer Experience' team to 'Stakeholder Experience Team', and now into a 'Stakeholder Experience Management Team'. In its current avatar, in addition to keeping customer centricity as the base, SOPs and policies are designed and implemented in such a manner that the experience of all stakeholders is taken into equitable consideration. This has not just helped in achieving better experience for customers as well as the employees but has also made every stakeholder accountable for the team's and the organisation's growth. Rapidly evolving consumer needs are constantly being monitored through social listening, in-depth immersions and are being carefully synthesised to transform into relevant solutions. A few key initiatives that demonstrate the above are:

- The entire customer experience process has been incentivised for the associates, team leaders as well as for the Quality Analysts (QAs) in such a manner that each month they accumulate points for their monthly performance based on objective parameters like ideation (KAIZEN) and initiatives taken beyond the assigned tasks to improve the process continuously; this provides an enabling environment for them to perform better
- The scenarios related to matters like environment, product, packaging, ergonomics, and quality engineering, highlighted by customers are answered by respective brand teams, and any new or unique scenario highlighted is shared with the respective stakeholders as a VOC (Voice of Customer)

**3. Community:** Some of the examples where inputs received from stakeholders were incorporated into interventions are mentioned below.

Forming large-scale long-term partnerships with Government to amplify reach and scale is one of the core tenets of Social Investment Programme's implementation approach. In this case, stakeholder feedback received through consultations and interactions were appropriately incorporated during renewal/extension of the partnership. During the year, some Public-Private Partnerships (PPPs) with government ended and discussions were initiated on what changes and additions need to be considered in the next phase of partnership. Two such examples are shared below:

- After completion of first phase of partnership with NITI Aayog for Aspirational Districts Programme, there were detailed deliberations with NITI Aayog, District Administration and Krishi Vigyan Kendras, based on which scope for the second phase of partnership was finalised; it was decided that in this phase, the activities that were directly done by ITC in the first phase now need to be internalised by the Government and ITC should focus primarily on taking up pilots for new emerging areas that will set direction for replication of those models; subsequently, an agreement was done for the second phase partnership incorporating the same covering 27 Districts across 8 States
- In Assam, ITC was working in the area of Mother & Child Health and Nutrition in two districts – Kamrup and Darrang and had successfully demonstrated its approach; in consultation with Department of Women and Child Development, it was decided that there is a need to replicate the approach at a larger scale; accordingly, an MoU was signed with the Department during FY 2022-23 to cover 8 Districts of the State including 7 Aspirational Districts, wherein the Government will replicate the approach with ITC's knowledge support

### **3. Provide details of instances of Engagement with, and Actions taken to, address the Concerns of Vulnerable/Marginalized Stakeholder Groups.**

ITC's SIP adopts a bottoms-up approach to identify and address the emerging needs of the community. Presented hereunder are few instances wherein changing community needs were addressed either through modifications in ongoing programme components or by introducing entirely new interventions.

- **Liquid Waste Management:** Requirement for liquid waste management emerged as one of the priority areas of community during the Core Area Perspective Plan (CAPP) 2.0 exercise; during the year, ITC had entered into a partnership with the Department of Drinking Water and Sanitation, Government of India, through India Sanitation Coalition (ISC), FICCI; under the partnership, ITC aims to create 36 Light House's Gram Panchayats in various States, under which liquid waste management is one of the major components; these Panchayats are now being assisted to plan solutions like soak pits, and stabilisation ponds, to address liquid waste problem in their areas
- **Mobile Medical Units (MMUs):** Healthcare emerged as another priority area for community during CAPP 2.0 exercise; in order to ensure access and availability of curative and preventive healthcare to rural communities, ITC Swaasth Kiran programme was initiated, wherein Mobile Medical Units were deployed in Saharanpur and Munger districts in collaboration with local Health Department; these MMUs visit the villages and provide doorstep consultation to the rural communities
- **Linkages of Farmers to Social Security Schemes:** Farmers being one of the most vulnerable population are prone to social and climatic shocks; hence, building resilience amongst the farmer community is of utmost importance, as it not only provides a cushion against such shocks, but also helps in improving risk taking appetite of farmers; with this view, farmer beneficiaries under the Climate Smart Agriculture programme were linked to six identified government schemes on the basis of needs – PM Kisan, Crop Insurance, Soil Health Card, Kisan Credit Card, Pension Scheme and institutional channels like e-NAM (National Agriculture Market) for selling of produce; over 9.5 lakh linkages with such schemes were enabled during the year benefitting over 3.8 lakh farmers
- **Credit Linkage to Agri-business Centers (ABC):** Access to institutional credit emerged as one of the key needs of farmers in Andhra Pradesh as they were otherwise struggling with high interest loans from informal sources; to address the specific need, banking institutions were mobilised and credit linkage of ABCs through banks was planned and executed helping them in availing low interest loans





## Principle 5

Businesses should respect and promote human rights.

### Essential Indicators

1. Employees and Workers who have been provided Training on Human Rights Issues and Policy(ies) of the Entity, in the following format:

	2022-23			2021-22		
	Total (A)	No. of Employees/ Workers Covered (B)	% (B/A)	Total (C)	No. of Employees/ Workers Covered (D)	% (D/C)
<b>Employees</b>						
Permanent	23,725	23,725	100%	23,829	23,829	100%
Other than Permanent	26,099	26,099	100%	25,513	25,513	100%
<b>Total Employees</b>	<b>49,824</b>	<b>49,824</b>	<b>100%</b>	<b>49,342</b>	<b>49,342</b>	<b>100%</b>
<b>Workers</b>						
Permanent	12,602	12,602	100%	12,734	12,734	100%
Other than Permanent	25,987	25,987	100%	25,317	25,317	100%
<b>Total Workers</b>	<b>38,589</b>	<b>38,589</b>	<b>100%</b>	<b>38,051</b>	<b>38,051</b>	<b>100%</b>

2. Details of Minimum Wages paid to Employees and Workers, in the following format:

Category	2022-23					2021-22				
	Total (A)	Equal to Minimum Wage No. (B)	% (B/A)	More than Minimum Wage No. (C)	% (C/A)	Total (D)	Equal to Minimum Wage No. (E)	% (E/D)	More than Minimum Wage No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	<b>23,725</b>	<b>41</b>	<b>0.2%</b>	<b>23,684</b>	<b>99.83%</b>	<b>23,829</b>	<b>0</b>	<b>0%</b>	<b>23,829</b>	<b>100%</b>
Male	21,337	40	0.2%	21,297	99.8%	21,568	0	0%	21,568	100%
Female	2,388	1	0%	2,387	100%	2,261	0	0%	2,261	100%
<b>Other than Permanent</b>	<b>26,099</b>	<b>8,819</b>	<b>34%</b>	<b>17,280</b>	<b>66%</b>	<b>25,513</b>	<b>6,677</b>	<b>26%</b>	<b>18,836</b>	<b>74%</b>
Male	22,157	6,571	30%	15,586	70%	22,237	4,777	21%	17,460	79%
Female	3,942	2,248	57%	1,694	43%	3,276	1,900	58%	1,376	42%
<b>Workers</b>										
<b>Permanent</b>	<b>12,602</b>	<b>41</b>	<b>0.3%</b>	<b>12,561</b>	<b>100%</b>	<b>12,734</b>	<b>0</b>	<b>0%</b>	<b>12,734</b>	<b>100%</b>
Male	11,948	40	0.3%	11,908	100%	12,102	0	0%	12,102	100%
Female	654	1	0.2%	653	100%	632	0	0%	632	100%
<b>Other than Permanent</b>	<b>25,987</b>	<b>8,819</b>	<b>34%</b>	<b>17,168</b>	<b>66%</b>	<b>25,513</b>	<b>6,677</b>	<b>26%</b>	<b>18,640</b>	<b>73%</b>
Male	22,061	6,571	30%	15,490	70%	22,237	4,777	21%	17,291	78%
Female	3,926	2,248	57%	1,678	43%	3,276	1,900	58%	1,349	41%

**3. Details of Remuneration/Salary/Wages, in the following format:**

	Male		Female	
	Number	Median Remuneration/ Salary/Wages of Respective Category (in INR)	Number	Median Remuneration/ Salary/Wages of Respective Category (in INR)
Board of Directors (BoD)	14	99.45 lakhs	2	98.50 lakhs
Key Managerial Personnel*	5	844 lakhs	-	-
Employees other than BoD and KMP	21,332	7.2 lakhs	2,388	8.5 lakhs
Workers#	11,948	5.0 lakhs	654	2.4 lakhs

\* Comprising Chairman & Managing Director, Wholetime Directors and Company Secretary

# Female workers are primarily in newer Units or have just commenced their careers.

**4. Do you have a Focal Point (Individual/Committee) Responsible for Addressing Human Rights Impacts or issues caused or contributed to by the Business? (Yes/No).**

Yes. ITC has a long-standing commitment to human rights and it is reflected in its Code of Conduct. The Company has policies on human rights which are applicable to its employees, suppliers and service providers. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC’s policies on human rights and decent work place. All ITC contracts for the construction of hotels, factories and property upgrades incorporate the environment, health, safety and human rights clauses, including workplace environment and compliance of labour practices and are supervised by ITC managers for adherence.

Human Rights related policies of the Company are available on the ITC Portal. These include ITC Code of Conduct, Policy on Freedom of Association, Policy on Prohibition of Child Labour and Prevention of Forced Labour at the Workplace, and Policy on Diversity, Equity & Inclusion. The implementation of these Policies is ensured by Divisional/SBU Chief Executives, through members of the respective Management Committees of the respective Businesses.

**5. Describe the Internal Mechanisms in place to Redress Grievances related to Human Rights Issues.**

ITC’s open door practices encourage amicable resolution of grievances. Employees are encouraged to first discuss the grievance with their immediate reporting authority and attempt to arrive at a resolution. If grievances persist, employee can fill up the Grievance Redressal Form and submit to the concerned HR Manager.

The process of registering a grievance is by filling up a grievance form and submitting it to the concerned HR Manager which is then evaluated and analysed and a resolution is arrived and communicated to the employee. The grievance redressal guidelines and necessary forms are available on the Company intranet where employees can access the same directly.

The ITC Whistleblower Policy (the Policy) encourages Directors and employees of the Company to promptly bring to the Company’s attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information, that could adversely impact the Company’s operations, business performance and/or reputation. The Company investigates such reported incidents in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld.

The Policy is available at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

**6. Number of Complaints on the following made by Employees and Workers:**

	FY 2022-23			FY 2021-22		
	Filed during the Year	Pending Resolution at the end of Year	Remarks	Filed during the Year	Pending Resolution at the end of Year	Remarks
Sexual Harassment	1*	0		2	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	2	0		0	0	
Other Human Rights Related Issues	0	0		0	0	

*\*ITC has a zero-tolerance approach to any behaviour that constitutes sexual harassment. There are Internal Complaints Committees to examine and investigate any complaints. In the past, where investigations have indicated any violations, appropriate disciplinary actions have been taken, reinforcing the Company's stated position and helping create an environment free of any harassment.*

**7. Mechanisms to Prevent Adverse Consequences to the Complainant in Discrimination and Harassment Cases.**

ITC is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for such unacceptable conduct. ITC encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. As part of the policy, the complainant will not suffer any harassment, retaliation or adverse employment condition upon this reporting. The policy is made aware to all employees through regular training and awareness on the subject and confidentiality clauses are clearly stated. Committees have been constituted across locations to enquire into complaints of sexual harassment and to recommend appropriate action, wherever required.

**8. Do Human Rights Requirements form part of your Business Agreements and Contracts? (Yes/No)**

Yes, contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Additionally, ITC has a 'Code of Conduct for Suppliers and Service Providers'. This requires suppliers to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations. All Suppliers are expected to meet the requirements of this Code. ITC also expects its Suppliers to hold their business associates to the same standards as enshrined in this Code.

**9. Assessments for the Year:**

	% of your Plants and Offices that were Assessed (by Entity or Statutory Authorities or Third Parties)
Child Labour	100%
Forced/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at Workplace	100%
Wages	100%
Others-please specify	

*\*The Company has Policies on Human Rights which are applicable to all its employees and value chain partners. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO).*

**10. Provide details of any Corrective Actions taken or underway to Address Significant Risks/Concerns Arising from the Assessments at Question 9 above.**

Please refer to response to Question 9 of Principle 5 under essential indicators.

**Leadership Indicators**

**1. Details of a Business Process being Modified/ Introduced as a Result of Addressing Human Rights Grievances/Complaints.**

The ITC Code of Conduct, as adopted by the Board, is applicable to Directors, senior management and employees of the Company. The Code covers ITC's

commitment to human rights aspects like self-respect and human dignity, child labour, gender friendly workplace, ethical dealings with suppliers and customers, health & safety, environment, transparency, anti-bribery and corruption, and exemplary personal conduct.

ITC constantly engages with the rightsholders and stakeholders across the supply chain for devising programmes that support Human Rights and Social Development in an integrated manner. An illustrative example for ITC's leaf tobacco value chain is presented below.

ITC coordinates Human Rights impact assessment with an independent party for its farm value chains. The Human Rights Due Diligence focusses on identifying human rights risks and impacts covering farmers, labourers and communities.

Some of the actions undertaken as an outcome of the assessment are:

**Training and Awareness on Human Rights:** 350 Village level training programmes were conducted covering subjects such as Farm Safety, Child Labour, Wages, Fair Treatment, Freedom of Association, Water, Sanitation and Hygiene (WASH), No Discrimination and other areas pertaining to Human Rights.

**Human Rights Manual in Vernacular Language:** Released the industry first Human Rights Do's and Don'ts in farm supply chain. The manual assists as a ready reckoner for ITC employees working in farm, the farmers with whom ITC partners and the labourers engaged by the farmers.

**Farm Safety:** Close to 1,000 farmers have been provided with Personal Protective Equipment (PPE) kits for safe spraying of chemicals and Secured Storage Box for safe storage of chemicals were provided to 2,000 farmers. Drone Technology was scaled up covering 5,535 acres minimising human interference while chemical spraying besides increasing the efficacy of operation and water saving.

*For more information, refer to 'Sustainable Supply Chain and Responsible Sourcing' section of ITC Sustainability & Integrated Report 2023.*

**2. Details of the scope and coverage of any Human Rights Due Diligence conducted.**

The scope and coverage of Human Rights Due Diligence extends to own operations including manufacturing locations, Hotels, offices and value chain partners.

**3. Is the Premise/Office of the Entity accessible to Differently Abled visitors, as per the Requirements of the Rights of Persons with Disabilities Act, 2016?**

Most of our establishments are accessible to the differently abled persons (including visitors), with facilities like Persons with Disabilities (PWD) friendly entrance, wheelchair, braille systems, and tactile pavers etc. Accessible washroom is available at the ground floor for the visitors.

**4. Details on Assessment of Value Chain Partners for Human Rights.**

Contracts with the service providers include clauses conforming to ITC's Human Rights Policies and EHS guidelines. ITC reserves the right to verify compliance with the Code of Conduct for Suppliers and Service Providers at any time through appropriate audit and assessment mechanisms, including self-certification.

ITC periodically coordinates third party Human Rights impact assessment for the entire tobacco farm supply chain. Additionally, ITC has initiated a third-party desktop assessment of its Critical Tier 1\* suppliers which includes key aspects on Human Rights, including sexual harassment, discrimination at workplace, child labour, forced labour, wages, among others.

*\*All ITC businesses have identified Critical Tier-1 suppliers based on buy value, ESG risk exposure, importance to business continuity, among others. ITC's Sustainable Supply Chain Programme is focussed on working closely with the set of identified Critical Suppliers.*

For more details, refer to response to Question 1 (Principle 5) under leadership indicators.

	% of Value Chain Partners (by Value of Business done with such Partners) that were Assessed	
	Contract Workers within ITC Premises (Manpower Service Providers)	Third-party Manufacturers
Sexual Harassment	100%	100%
Discrimination at Workplace		
Child Labour		
Forced Labour/ Involuntary Labour		
Wages		
Others – please specify		

*\*The Company has Policies on Human Rights which are applicable to all its employees and value chain partners. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of Human Rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO).*

**5. Provide details of any Corrective Actions taken or underway to Address Significant Risks/Concerns arising from the assessments at Question 4 above.**

Please refer to responses to Questions 1 and 4 of Principle 5 under Leadership Indicators.



## Principle 6

Businesses should respect and make efforts to protect and restore the environment.

### Essential Indicators

#### 1. Details of Total Energy Consumption (in Joules or multiples) and Energy Intensity.

In FY 2022-23, ITC Units consumed 26,885 Terra Joules (TJ) of energy.

Parameter	FY 2022-23	FY 2021-22
Total Electricity Consumption (A)	2,061	1,808
Total Fuel Consumption (B)	24,635	22,407
Energy Consumption through other Sources (C)	189	179
Total Energy Consumption (A+B+C)	26,885	24,394
Energy Intensity Per Rupee of Turnover (Total energy consumption/turnover in rupees) (GJ/Crore INR)	387	413

ITC's energy consumption data has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Climate Change' section of ITC Sustainability & Integrated Report 2023.

#### 2. Does the Entity have any Sites/Facilities identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Three Units of ITC's Paperboards and Speciality Papers Business and twelve Hotels of Hotels Business are covered under the PAT scheme. ITC has made significant investments in reducing energy consumption and, accordingly, the performance of the Company's Units covered far exceeds the energy efficiency targets

fixed under the PAT scheme. The Bhadrachalam Unit is the first pulp and paper mill and the second unit in the country overall, to be rated GreenCo Platinum+ by CII, as part of Green Company rating system. Additionally, Kovai Unit is also rated GreenCo Platinum+ by CII, as part of Green Company rating system.

*Details of the energy efficiency initiatives measures implemented during the year are included in 'Disclosure on Conservation of Energy and Technology Absorption' section of the Report of the Board of Directors & Management Discuss and Analysis in ITC Report and Accounts 2023.*

#### 3. Provide Details of the following Disclosures related to Water.

In FY 2022-23, ITC's Total Water Intake was 34.5 million kilolitres (kl).

Parameter	FY 2022-23	FY 2021-22
Water Withdrawal by Source (in million kilolitres)		
(i) Surface Water	27.1	26.9
(ii) Groundwater	5.5	5.4
(iii) Third Party Water	1.9	1.4
(iv) Seawater/Desalinated Water	0	0
(v) Others	0.1	0.1
Total Volume of Water Withdrawal (in million kilolitres) (i + ii + iii + iv + v)	34.5	33.7
Total Volume of Water Consumption (in million kilolitres)	14.5	11.7
Water Intensity Per Rupee of Turnover (Water Withdrawal/Turnover) (kilolitre/Crore INR)	497	569

Over the years, ITC has created rainwater harvesting potential through extensive investments in its Integrated Watershed Development Projects. The programme promotes the development and management of local water resources in water-stressed areas by facilitating community participation in planning and implementing such measures, whilst building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 45 Districts of 16 States in India. During the year, ITC's watershed development projects covering over 1.47 million acres of land created a total rainwater harvesting potential (RWH) of nearly 50 million kl (cumulative), which is over three times the net water consumed by ITC's operations.

*ITC's water withdrawal and consumption data has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Water Security' section of ITC Sustainability & Integrated Report 2023.*

**4. Has the Entity Implemented a Mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

ITC's approach to water stewardship focuses on reducing water intake by utilising treated wastewater within the process, thereby reducing demand for fresh water. ITC Units have put in place necessary systems to comply with the Consent To Operate (CTO) conditions including Zero Liquid Discharge, where applicable.

**5. Please provide details of Air Emissions (other than GHG Emissions) by the Entity.**

Parameter	Please Specify Unit	FY 2022-23	FY 2021-22
NO <sub>x</sub>	Tonnes	2,382	1,799
SO <sub>x</sub>	Tonnes	3,602	3,203
Particulate Matter (PM)	Tonnes	825	637
Persistent Organic Pollutants (POP)	NA	NA	NA
Volatile Organic Compounds (VOC)	NA	NA	NA
Hazardous Air Pollutants (HAP)*	Tonnes	8	7

*\*The data is for Paperboards & Specialty Papers Business's Bhadrachalam Unit's Hydrogen Sulphide emissions (H<sub>2</sub>S) ITC's air emissions data has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Air Emissions Management' section of ITC Sustainability & Integrated Report 2023.*

**6. Provide details of Greenhouse Gas Emissions (Scope 1 and Scope 2 Emissions) & its Intensity.**

Parameter	Please Specify Unit	FY 2022-23	FY 2021-22
Total Scope 1 Emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Kilo tonnes of CO <sub>2</sub> equivalent	1,355	1,258
Total Scope 2 Emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Kilo tonnes of CO <sub>2</sub> equivalent	241	193
Total Scope 1 and Scope 2 Emissions Per Rupee of Turnover	Tonnes of CO <sub>2</sub> /Lakh INR	23	25

ITC's Paperboards & Specialty Papers Business has large-scale farm forestry programmes promoting sustainable forest management with primary aim of securing pulpwood requirement for Business continuity. ITC also has a large-scale Social Forestry programme, which, in addition to sequestering carbon, also benefits the stakeholders by improving productivity of wasteland, and de-risking poor rural households by diversifying farm portfolios through promotion of tree-based farming. During FY 2022-23, the farm and social forestry programmes have together sequestered nearly six million tonnes of CO<sub>2</sub>, which is more than two times the amount of CO<sub>2</sub> generated from ITC's operations.

*ITC's GHG emissions (Scope 1 and Scope 2) data has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Climate Change' section of ITC Sustainability & Integrated Report 2023.*

**7. Does the Entity have any Project related to reducing Green House Gas Emission? If Yes, then provide details.**

ITC has undertaken a target of 50% reduction in Specific GHG Emissions (% Reduction in Scope 1 & 2 emission per Unit of Production) by 2030 as part of its Sustainability 2.0 ambitions. Accordingly, actions are being undertaken to reduce greenhouse gas emissions by investing in energy efficiency and increasing share of renewable energy.

**Energy Efficiency:**

All ITC Units focus on energy efficiency through process improvements and investment in new technologies. Over the years, ITC has implemented measures like installation of Vapour Absorption Machines (VAM), Automation in tube cleaning system of Heating, Ventilation and Air Conditioning (HVAC), and installation of energy efficient equipment such as chillers, AHUs, motors, fans, pumps, and agitators. In FY 2022-23, the investments in energy conservation equipment have resulted in energy savings of more than 200 TJ, which is equivalent to over 24,000 tonnes of GHG emissions.

In line with ITC's focus on accelerating digitalisation across Businesses, ITC's Paperboards and Specialty Papers Business is implementing several transformative projects leveraging Industry 4.0 technologies across key business areas, to enhance productivity, reduce carbon footprint,

achieve strategic cost efficiencies and superior product performance.

Some of the major projects undertaken by ITC's Paperboards and Specialty Papers Business as part of its Digital Transformation Programme include process debottlenecking and throughput improvement for productivity and Overall Equipment Effectiveness (OEE), process capability improvement leading to reduction in defects and resource optimisation.

**Renewable Energy:**

ITC has invested in renewable energy projects, for both renewable electricity and renewable thermal requirements. ITC has commissioned five biomass boilers, primarily at Foods Business, in the current year thereby replacing existing fossil fuel fired boilers. This initiative has led to significant improvement in renewable thermal energy share of ITC's Foods Business (from 22% to 45%). In addition, ITC has also invested in several solar electricity projects. Among them was capacity augmentation of offsite solar power plant at Tamil Nadu from 14.9 MW to 17.9 MW. With investments over the years, ITC has increased its renewable energy capacity to 178 MW. Based on the investments in renewable electricity and renewable thermal projects, ITC has been able to its increase its renewable energy share to 43% despite significant expansion in scale.

**8. Provide details Related to Waste Management by the Entity.**

Total waste generated is mentioned in rows (A) to (H)

Parameter (in Kilo tonnes)	FY 2022-23	FY 2021-22
Plastic waste (A)*	-	-
E-waste (B)	0.110	0.071
Bio-medical Waste (C)	0.015	0.018
Construction and Demolition Waste (D)	5.9	6.5
Battery Waste (E)	0.2	0.3
Radioactive Waste (F)	0.001	0
Other Hazardous Waste. Please specify, if any. (G)	18	20
Other Non-hazardous Waste Generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	689	699
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>713</b>	<b>726</b>
<b>Total waste recovered through recycling, re-using or other recovery operations</b>		
(i) Recycled	702	715
(ii) Re-used**	-	-
(iii) Other recovery operations	11	10
<b>Total</b>	<b>713</b>	<b>725</b>
<b>Total waste disposed by nature of disposal method</b>		
(i) Incineration	0.6	0.6
(ii) Landfilling	0.5	0.3
(iii) Other disposal operations	0.1	0
<b>Total</b>	<b>1.3</b>	<b>0.9</b>

\* Plastic waste is reported under Non-hazardous waste

\*\* Waste re-used is reported under waste recycled

In FY 2022-23, the Company continued to recycle over 99% of solid waste from its operations. In addition to this, the Company's Paperboards & Specialty Papers Business recycled nearly 84,000 tonnes of externally sourced post-consumer waste paper, thereby creating a positive environmental footprint. The Company also collected and sustainably managed more than 100% of its post-consumer plastic packaging waste.

*ITC's waste data has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Towards Circularity' section of ITC Sustainability & Integrated Report 2023*

**9. Briefly describe the Waste Management Practices Adopted in your Establishments. Describe the Strategy Adopted by your Company to Reduce Usage of Hazardous and Toxic Chemicals in your Products and Processes and the Practices Adopted to Manage such Waste**

The Company has initiated measures across Units to ensure waste minimisation, segregation of waste at source and recycling. During the year, the recycling level reached 99.8%. In addition, nearly 84,000 tonnes of externally sourced post-consumer waste paper was used as raw material during the year.

ITC follows a proactive approach to manage hazardous chemicals by actively looking for alternatives, which not only helps keep its operations safe but also ensures safest products for customers. This approach is demonstrated in pioneering practices implemented by ITC like Elemental Chlorine Free (ECF) bleaching, and ozone bleaching technology in India in its Paper Business, and switching from solvent based inks to water-based ones in its Packaging and Printing Business.

*For more details, refer to 'Chemical Safety Management' section of ITC Sustainability & Integrated Report 2023.*

**10. If the Entity has Operations/Offices In/Around Ecologically Sensitive Areas (such as National Parks, Wildlife Sanctuaries, Biosphere Reserves, Wetlands, Biodiversity Hotspots, Forests, Coastal Regulation Zones etc.) where Environmental Approvals/Clearances are Required.**

ITC's existing operations/offices comply with applicable environmental regulations of the Country, and operate as per Consent to Operate (CTO) conditions from the Central and State Pollution Control Boards in line with guidelines issued by the Ministry of Environment, Forest and Climate Change, Government of India.

**11. Details of Environmental Impact Assessments of Projects Undertaken by the Entity based on Applicable Laws, in the Current Financial Year.**

Not applicable

**12. Is the Entity Compliant with the Applicable Environmental Law/Regulations/Guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such Non-compliances.**

ITC's existing operations/offices comply with applicable environmental regulations of the Country, and operate as per CTO conditions from the Central and State Pollution Control Boards.

**Leadership Indicators**

**1. Provide Break-up of the Total Energy Consumed (in Joules or Multiples) from Renewable and Non-renewable Sources**

Parameter**	FY 2022-23	FY 2021-22
<b>From Renewable Sources</b>		
Total Electricity Consumption (A) <sup>Ⓐ</sup>	977	910
Total Fuel Consumption (B) <sup>#</sup>	10,339	9,099
Energy Consumption Through other Sources (C) <sup>§</sup>	189	179
Total Energy Consumed from Renewable Sources (A+B+C)	11,505	10,188
<b>From Non-renewable Sources</b>		
Total Electricity Consumption (D) <sup>Ⓐ</sup>	1,085	898
Total Fuel Consumption (E) <sup>#</sup>	14,296	13,308
Energy Consumption Through other Sources (F) <sup>§</sup>	0	0
Total Energy Consumed from Non-renewable Sources (D+E+F)	15,381	14,206

<sup>Ⓐ</sup> This includes electricity from own wind or solar power plants, and purchased electricity.

<sup>#</sup> This includes all fuels used within the premises including for onsite electricity generation.

<sup>§</sup> This includes purchased steam.

\*\* In Terra Joules (TJ)

*ITC's Energy performance has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Climate Change' section of ITC Sustainability & Integrated Report 2023.*

*ITC's overall consumption of renewable energy has increased by 13%, taking up the overall share of renewable energy to 43% as compared to 42% in previous year despite significant increase in production footprint.*



**2. Provide the Following Details Related to Water Discharged:**

Parameter	FY 2022-23	FY 2021-22
Water Discharge by Destination and Level of Treatment (in million kilolitres)		
(i) To Surface Water	11.7	12.2
No Treatment	0	0
With Treatment – please specify level of Treatment	Secondary	Secondary
(ii) To Groundwater	0	0
No Treatment	NA	NA
With Treatment – please specify level of Treatment	NA	NA
(iii) To Seawater	0	0
No Treatment	NA	NA
With Treatment – please specify level of Treatment	NA	NA
(iv) Sent to third-parties	8.3	9.8
No Treatment	0	0
With Treatment – please specify level of Treatment	Tertiary	Tertiary
Total Water Discharged (in million kilolitres)	20.0	22.0

ITC's water discharge data has been assured at the 'Reasonable Level' by an independent third-party assurance provider. For more details, refer to 'Water Security' section of ITC Sustainability & Integrated Report 2023.

**3. Water Withdrawal, Consumption and Discharge in Areas of Water Stress (in Kilolitres).**

ITC has developed the water risk assessment methodology for identifying water stressed areas based on WRI Aqueduct's Baseline Water Stress and Central Ground Water Board's (India) groundwater block classification. Site level assessment for water stress sites is done periodically using the above assessment framework and sites for interventions are prioritised on the basis of stakeholder consultation and business needs. ITC's water stewardship goals are available in 'Sustainability 2.0 Ambitions' section of ITC Sustainability & Integrated Report 2023.

For each facility/plant located in areas of water stress, provide the following information:

- (i) Name of the Area: Kapurthala, Saharanpur, Ranjangaon, Kothagudem, Bengaluru and Kovai
- (ii) Nature of Operations: Manufacture of FMCG products and Paperboards & Specialty Papers
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Water Withdrawal by Source (in million kilolitres)</b>		
(i) Surface Water	27.1	26.9
(ii) Groundwater	0.1	0.2
(iii) Third Party Water	0.4	0.2
(iv) Seawater/Desalinated Water	0	0
(v) Others	0.04	0.05
Total volume of Water Withdrawal (in million kilolitres)	27.8	27.3
Total volume of Water Consumption (in million kilolitres)	9.3	6.6
Water Discharge by Destination and Level of Treatment (in million kilolitres)		
(i) Into Surface Water	10.7	11.5
No Treatment	0	0
With Treatment – please specify level of Treatment	Secondary	Secondary
(ii) Into Groundwater	0	0
No Treatment	NA	NA
With Treatment – please specify level of Treatment	NA	NA
(iii) Into Seawater	0	0
No Treatment	NA	NA
With Treatment – please specify level of Treatment	NA	NA
(iv) Sent to third-parties	7.7	9.2
No Treatment	0	0
With Treatment – please specify level of Treatment	Tertiary	Tertiary
Total Water Discharged (in million kilolitres)	18.5	20.7

**4. Please Provide Details of Total Scope 3 Emissions & its Intensity**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 Emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Kilo tonnes of CO <sub>2</sub> equivalent	295	318
Total Scope 3 Emissions Per Rupee of Turnover		-	-

The Company has been progressively increasing the coverage of its Scope 3 emissions by including more Supply Chain partners in its reporting boundary. The scope of coverage for Scope 3 emission is mentioned in 'Climate Change' section of ITC Sustainability & Integrated Report 2023.

*ITC's Greenhouse Gas emissions (Scope 3) have been assured at the 'Reasonable Level' by an independent third-party assurance provider.*

*For more details, refer to 'Climate Change' section of ITC Sustainability & Integrated Report 2023.*

**5. With Respect to the Ecologically Sensitive Areas Reported at Question 10 of Essential Indicators above, Provide Details of Significant Direct & Indirect Impact of the Entity on Biodiversity in such areas along-with Prevention and Remediation activities. (Refer Response in above Essential Indicator 10)**

Nil

**6. If the Entity has Undertaken any Specific Initiatives or used Innovative Technology or Solutions to improve Resource Efficiency, or Reduce Impact due to Emissions/Effluent Discharge/Waste Generated, please Provide details of the same as well as outcome of such Initiatives.**

The Company has undertaken a number of initiatives, and also deployed innovative technologies across its operations for improving resource efficiency and minimising environmental impact. For details, refer to 'Disclosure on Conservation of Energy and Technology Absorption' forming part of the Report of the Board of Directors & Management Discussion and Analysis in ITC Report and Accounts 2023, and 'Climate Change', 'Water Security', 'Towards Circularity', 'Chemical Safety Management', and 'Air Emissions Management' sections of ITC Sustainability & Integrated Report 2023.

**7. Does the Entity have a Business Continuity and Disaster Management Plan?**

Yes, Business Continuity Plans have been made comprehensive to include all facets of operations, and are being tested at pre-determined intervals. These Plans have been duly approved by the Management Committees of the respective Businesses.

Designed to address the threat of disruptions to business activities or processes, Business continuity and resilience planning validates the adequacy of the existing systems and processes to prevent and recover from potential threats.

It ensures continuity of delivery of products or services at pre-defined acceptable levels following a disruptive incident.

**8. Disclose any Significant Adverse Impact to the Environment, Arising from the Value Chain of the Entity. What Mitigation or Adaptation Measures have been taken by the Entity in this Regard.**

ITC has a Board approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' and a 'Code of Conduct for Suppliers and Service Providers'. The Code is shared and accepted by all supply chain partners and service providers. ITC has a robust process of evaluating its Suppliers and Service Providers before engaging with them, proactively making them aware of its expectations/ requirements, and seeking commitment for compliance through contractual agreements.

Additionally, ITC facilitates its value chain partners in handling any adverse impacts.

For example, managing hazardous chemicals is not only important within ITC factories, but also in the supply chain. Within the supply chain, farmers working with hazardous pesticides is an area of special attention. ITC's approach is to eliminate or reduce the use of hazardous pesticides. Intensive training is conducted on Integrated Pest Management (IPM), which helps adopt a holistic approach in reducing pesticide usage as well as substituting such pesticides with nature-based solutions. The training programmes also cover the safe handling of pesticides used and the responsible management of waste generated.

**9. Percentage of Value Chain Partners (by Value of Business done with Such Partners) that were assessed for Environmental Impacts.**

Key value chain partners like third-party manufacturers are encouraged to adopt management



practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements also include aspects of EHS. Systems are in place for monitoring and reporting on key Third-Party Manufacturers' (TPMs) environmental performance, including energy, water and waste management.

ITC's leading Agri value chains are assessed for certification standards such as, Forest Stewardship Council® (FSC)®, Rainforest Alliance, Sustainable

Tobacco Programme (STP 2.0), GAP, etc. These standards, among others, also include environmental criteria. Additionally, ITC has initiated a third-party desktop assessment of its Critical\* Tier 1 suppliers which includes key aspects on Environmental compliance and management practices.

*\*All ITC businesses have identified Critical Tier-1 suppliers based on buy value, ESG risk exposure, importance to business continuity, among others. ITC's Sustainable Supply Chain Programme is focussed on working closely with the set of identified Critical suppliers.*





## Principle 7

**Businesses, when Engaging in Influencing Public and Regulatory Policy, should do so in a manner that is Responsible and Transparent.**

### Essential Indicators

#### 1 a. Number of Affiliations with Trade and Industry Chambers/Associations.

ITC's Policy on Responsible Advocacy (<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>) provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning various sectors in which the Company operates. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance the interests of diverse stakeholders. The Company works with apex industry institutions that are engaged in policy advocacy as well as various other forums. The Company had active affiliations with 89 such trade and industry chambers/associations.

#### b. List the Top 10 Trade and Industry Chambers/Associations (determined based on the total members of such body) the Entity is a Member of/Affiliated to.

S. No.	Name of the Trade and Industry Chambers/Associations	Reach of Trade and Industry Chambers/Associations (State/National)
1	ASSOCHAM	National
2	All India Management Association	National
3	Confederation of Indian Industry	National
4	Madras Management Association	State
5	Indian Merchants Chamber of Commerce	National
6	Mahratta Chamber of Commerce, Industries & Agriculture	State
7	PHD Chamber of Commerce & Industry	National
8	Bombay Management Association	State
9	Federation of Indian Chambers of Commerce & Industry	National
10	Retailers Association of India	National

**2. Provide Details of Corrective Action Taken or Underway on Any Issues Related to Anti-competitive Conduct by the Entity, based on Adverse Orders from Regulatory Authorities.**

The Company has not engaged in any anti-competitive conduct.

**Leadership Indicators**

**1. Details of Public Policy Positions Advocated by the Entity.**

S. No.	Public Policy Advocated	Method Resorted for such Advocacy	Whether Information Available in Public Domain? (Yes/No)	Frequency of Review by Board (Annually/Half-yearly/Quarterly/ Others – please specify)	Web Link, if available
1.	<p>The Company's Policy on Responsible Advocacy approved by the Board provides the framework for necessary interface with Government/ Regulatory Authorities on matters concerning various sectors in which the Company operates.</p> <p>Sector-wise matters taken up are in line with national priorities to strengthen domestic industry, promoting sustainable agriculture and business practices.</p>	<p>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 &amp; Industry, Associated Chambers of Commerce and Industry of India, and various other forums including regional Chambers of Commerce</p> <p>The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and taking into consideration interests of all stakeholders.</p>	For more details, refer to 'Report of the Board of Directors & Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2023.	Annually	-





## Principle 8

Businesses Should Promote Inclusive Growth and Equitable Development.

### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of Projects Undertaken by the Entity Based on Applicable Laws, in the Current Financial Year.

None of the projects undertaken by ITC in FY 2022-23 required Social Impact Assessments (SIA).

Name and brief details of project	SIA Notification No.	Date of Notification	Whether Conducted by Independent External Agency (Yes/No)	Results Communicated in Public Domain (Yes/No)	Relevant Web link
Not Applicable					

#### 2. Provide Information on Project(s) for which Ongoing Rehabilitation and Resettlement (R&R) is being Undertaken by your Entity.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

#### 3. Describe the Mechanisms to Receive and Redress Grievances of the Community.

ITC's Social Investments Programme (SIP) adopts a bottom-up approach by keeping community needs and priorities at the center of all its interventions. Detailed and structured community engagements are planned every 4-5 years to revisit the changing needs of the community and the emerging priorities which feed into designing of new interventions and re-designing of ongoing and new programmes.

Further, regular community interactions are undertaken by the internal state level programme teams and the implementing partners to discuss, identify and address any issues, complaints and grievances of the community members pertaining to the interventions of Social Investments Programme.

SIP has also formalised and internalised the process of undertaking and recording such community interactions in-line with the new SEBI requirements on Business Responsibility and Sustainability Reporting.

Such discussions not only focus on complaints and grievances, but also on providing resolution in a time bound manner. During 2022-23, 66 such community engagements were held across all major states where SIP programmes are implemented. No grievances

pertaining to the commitments of programmes were recorded. Largely, requests and demands were raised during these meetings for further expansion of scope of existing programmes. The SIP state teams have taken cognisance of all the relevant concerns and applicable actions have been incorporated in plans for the upcoming year.

Details on mechanisms to receive and redress grievances of the community are also provided under Question 23 of Section A - Part VII of this Report.

#### 4. Percentage of Input Material (inputs to Total Inputs by Value) Sourced from Suppliers.

	FY 2022-23	FY 2021-22
Directly Sourced from MSMEs/Small Producers	18.81%	15.76%
Sourced Directly from within the District and Neighbouring Districts	53.40%	45.73%

### Leadership Indicators

#### 1. Provide Details of Actions taken to Mitigate any Negative Social Impacts Identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not applicable

**2. Provide the following Information on CSR Projects Undertaken by your Entity in Designated Aspirational Districts as Identified by Government Bodies:**

State	Aspirational District	Amount (Rs. In Lakhs)
Telangana	Bhadradi Kothagudem	1024.44
Uttarakhand	Haridwar	604.24
Assam	Darrang	292.11
Rajasthan	Baran	252.37
Madhya Pradesh	Vidisha	243.99
Odisha	Malkangiri	225.64
Madhya Pradesh	Damoh	156.05
Uttar Pradesh	Chandauli	115.95
Bihar	Begusarai	112.35
Chhattisgarh	Sukma	89.69
Uttar Pradesh	Bahraich	88.17
Multiple* (15 States)	Multiple*	1117.64

\*Spends in balance 52 Aspirational Districts of the total 63 where ITC had CSR projects

**3. a. Do you have a Preferential Procurement Policy where you give Preference to Purchase from Suppliers Comprising Marginalised/Vulnerable Groups? (Yes/No):**

The Board approved Policy on Sustainable Supply Chain and Responsible Sourcing defines the supply chain partners which includes farmers. ITC is committed to collaborating with farmers to make them more sustainable and help build their adaptive capacity and resilience to emerging risks like climate change, water stress and other extreme weather events. ITC is also raising awareness and working with farmers on crop quality, safety, protection, integrity and traceability, as applicable.

**b. From which Marginalised/Vulnerable Groups do you Procure?**

Farmers including women farmers and small landholders have been identified as marginalised/vulnerable group.

**c. What Percentage of Total Procurement (by value) does it Constitute?**

During FY 2022-23, ITC consumed nearly 2,000 Kilo tonnes of agri raw materials, which is nearly 71% of overall raw materials' consumption.

**4. Details of the Benefits Derived and Shared from the Intellectual Properties Owned or Acquired by your Entity (in the current Financial Year), based on Traditional Knowledge.**

Not Applicable

**5. Details of Corrective Actions Taken or Underway, based on any Adverse Order in Intellectual Property Related Disputes wherein usage of Traditional Knowledge is Involved.**

Not Applicable

**6. Details of Beneficiaries of CSR Projects:**

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; and
- Communities residing in close proximity to our manufacturing Units, situated in urban and semi-rural locations

The beneficiaries of ITC's CSR programmes mostly belong to the under privileged sections of the society and small & marginal farmers who face the challenges of securing sustainable livelihoods. These challenges are addressed through the **Two Horizon approach of making today's dominant source(s) of livelihoods sustainable; and strengthening capabilities for tomorrow.**

The Two Horizon strategy ensures an integrated approach to development involving several interventions. Presented ahead are the total number of approximate beneficiaries for key interventions and estimated proportion of beneficiaries belonging to vulnerable and marginalised groups.

CSR Projects	No. of Beneficiaries from CSR Projects (2022-23)	% of Beneficiaries from Vulnerable and Marginalised Groups
Climate Smart Agriculture	7.4 lakhs <sup>#</sup>	SC/ST – 21%; Female – 20%
Water Stewardship	32,400	SC/ST – 25%; Female – 22%
Social Forestry	8,795	SC/ST – 25%; Female – 26%
Improved Animal Husbandry Practices	79,400	SC/ST – 19%; Female – 60%
Support to Education	2.5 lakhs	Children – 100%; ~50% girl children
Skilling of Youth	14,400	SC/ST – 34%; Female – 46%
Sanitation	6,930	SC/ST – 5%
Waste Management	25.3 lakhs	SC/ST – 18%
Mother and Child Health and Nutrition	6.8 lakhs	100% - women, adolescents and children
Women Empowerment	8.1 lakhs*	100% women

<sup>#</sup> excludes farmers covered under NITI Aayog partnership programme

\* includes Self Help Group (SHG) members and Madhya Pradesh State Rural Livelihoods Mission SHG members

The table ahead presents the 2030 targets for key initiatives undertaken by SIP and achievement made till FY 2022-23 to demonstrate that the progress on the targets are on track.

Objective	Initiatives	UoM	Target 2030	Achieved till FY 2022-23
<b>Horizon I - Sustainable Livelihoods Today</b>				
Climate Smart Agriculture for Climate Risk Assessments, Climate Change Adaptation, and Actions for Sustainable Improvement of Yields and Incomes	Climate Smart Agriculture Area <sup>1</sup>	Lakh Acres	40	23.4
	Climate Smart Village Area (Sub-part of above) <sup>1#</sup>	Lakh Acres	30	10
Natural Resources Management to Conserve and Replenish Natural Resources Critical for Agriculture	Watershed Development	Lakh Acres	22	14.7
	Water Harvesting Structures (including Groundwater Recharge Structures)	Nos.	50,000	28,300
	Storage Potential <sup>#</sup>	Million KL	60	48.9
	Crop Water Use Efficiency <sup>#</sup>	Million KL	2,000	780
	Bio-Diversity Conservation <sup>#</sup>	Lakh Acres	10	2.9
Livelihood Diversification to Improve Incomes and De-risk Livelihoods from Climate Change	On-farm Diversification – Social Forestry <sup>#</sup>	Lakh Acres	6.3	4.56
	Off-farm Diversification - Livestock-based Livelihood Strengthening	Household Coverage (Lakhs)	10	4.68
Institutional Support for Risk Mitigation and Reduction of Costs of Cultivation	Link Farmers with Government programmes	No. of Linkages (Lakhs)	50	9.5
	Agri Business Centres	Nos.	2,000	916
	Farmer Producer Organisations	Nos.	4,000	1,150



Objective	Initiatives	UoM	Target 2030	Achieved till FY 2022-23
<b>Horizon II - Creating Capabilities for Tomorrow</b>				
Support to Education for Improving Quality of Education and Creating Conducive Learning Environment	Improvement in Learning Outcomes – Children Covered	No. in Lakhs	15	11
	Infrastructure Support to Government Schools and Anganwadis	Nos.	4,000	3,321
Skilling of Youth for Enabling Livelihood and Employability	Vocational Training – Youth Trained	No. in Lakhs	2.25	1
Provide Access to Sanitation and Waste Management Services to Improve Habitats	Household Toilets Constructed	No.	40,000	39,600
	Waste Management (SWM) – Households Covered excluding under WOW	No. of Households (Lakhs)	45	25.3
Provide Healthcare and Nutrition services to Women and Children	Beneficiaries Covered under MCH Programme	No. in Lakhs	12	6.8
Empowering Women for Reduction in Economic and Social Discrimination	Women Covered through Livelihood and other Microenterprises	No. in Lakhs	2.5	1.2

Note:

<sup>1</sup> Figures on Climate Smart Village and Climate Smart Agriculture area pertains to scale in that FY

<sup>#</sup> These indicators also contribute to five of the Company's Sustainability 2030 (S 2.0) commitments





## Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner.

### Essential Indicators

#### 1. Describe the Mechanisms in place to Receive and Respond to Consumer Complaints and Feedback.

A well-established system is in place for dealing with consumer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. In addition, the Company's Businesses have dedicated consumer response cells to respond to their queries and receive feedback on products to enable continuous improvement of its products and services.

#### 2. Turnover of Products/Services as a Percentage of Turnover from all Products/Service that Carry Information about:

All products/services of the Company contain relevant information as required under applicable laws.

#### 3. Number of Consumer Complaints in respect to the following:

	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the Year	Pending resolution at end of Year		Received during the Year	Pending resolution at end of Year	
Data Privacy	0	0	A Customer Relationship Management (CRM) platform has been implemented for capturing complaints, queries, feedback and suggestions received across channels. The CRM platform also provides consumer insights for bringing about process-related changes and system enhancements for improving the CSAT (Customer Satisfaction) scores.	During FY 2021-22, around 10,000 complaints were received across Businesses, and more than 97% of these were resolved as on 31st March, 2022.		
Advertising	13	0				
Cyber-security	0	0				
Delivery of Essential Services*	521	0				
Restrictive Trade Practices*	726	0				
Unfair Trade Practices*	13	0				
Others*	17,573	1,648				

\*Definition of complaints under various categories is given below

Category	Complaints Related to
Delivery of Essential Services	Availability Related
Restrictive Trade Practices	Quantity and Weightage Related, Duplicate Pack
Unfair Trade Practices	High Pricing (Product sold above MRP)
Others	Product Quality Related Complaints, Service Related Complaints Against Distributor/Retailer/Salesmen, Availability led Complaints, and Complaints Made on Account of Fraudulent Calls/E-mails Offering ITC's Distributorship

#### 4. Details of Instances of Product Recalls on Account of Safety Issues:

Nil

	Number	Reasons for recall
Voluntary Recalls	Nil	Not Applicable
Forced Recalls	Nil	Not Applicable

**5. Does the Entity have a Framework/Policy on Cyber Security and Risks related to Data Privacy? (Yes/No) If available, provide a web-link of the policy.**

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and providing suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information Officer is responsible for ensuring that the Cyber Security systems remain effective and contemporary. He also participates in the meetings of the Risk Management Committee of the Company, whenever matters related to Cyber Security are considered.

ITC's Information Management Policy defines the framework/policy on cyber security and risks related to data privacy. ITC's Privacy Policy is part of Information Management Policy and is published on ITC Portal (please refer to <https://www.itcportal.com/about-itc/policies/privacy-policy.aspx>).

**6. Provide details of any Corrective Actions taken or underway on Issues relating to Advertising, and Delivery of Essential Services; Cyber Security and Data Privacy of Customers; Re-occurrence of Instances of Product Recalls; Penalty/Action taken by Regulatory Authorities on Safety of Products/Services.**

Robust systems have been put in place to identify the issues faced by the consumers and ensure timely resolution of the same. Efforts are in place to continually strengthen the quality assurance system and to improve delivery timelines.

**Leadership Indicators**

**1. Channels/Platforms where Information on Products and Services of the Entity can be Accessed (provide web link, if available).**

Products/Initiative	Link
ITC Corporate Website	<a href="https://www.itcportal.com/">https://www.itcportal.com/</a>
ITC's Businesses	<a href="https://www.itcportal.com/businesses/index.aspx">https://www.itcportal.com/businesses/index.aspx</a>
ITCstore.in	<a href="https://itcstore.in">https://itcstore.in</a>
ITC Brandworld	<a href="https://www.itcportal.com/brands-microsite/default.aspx">https://www.itcportal.com/brands-microsite/default.aspx</a>
"WeAssure" Programme	<a href="https://www.itshotels.com/content/dam/itshotels/in/umbrella/documents/WeAssure-itc-hotels.pdf">https://www.itshotels.com/content/dam/itshotels/in/umbrella/documents/WeAssure-itc-hotels.pdf</a>

**2. Steps taken to Inform and Educate Consumers about Safe and Responsible Usage of Products and/or Services.**

All Businesses of the Company comply with the regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling consumers to make informed purchase decisions. The Company also makes efforts to educate consumers on responsible usage of its products and services.

*For more information, refer to 'Product Sustainability' section of ITC's Sustainability & Integrated Report 2023.*

**3. Mechanisms in place to Inform Consumers of any Risk of Disruption/Discontinuation of Essential Services.**

The Company has necessary mechanisms in place to inform consumers if any major discontinuation happens.

**4. Does the Entity Display Product Information on the Product over and above what is Mandated as per Local Laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your Entity Carry out any Survey with**

**regard to Consumer Satisfaction relating to the major Products/Services of the Entity, Significant Locations of Operation of the Entity or the Entity as a whole? (Yes/No)**

As an integral part of ITC's consumer satisfaction focus, attention is paid to product information and labelling and consumer engagement by the Businesses. ITC's Businesses have an established system for monitoring customer satisfaction and it ensures that their feedback is addressed in a systematic manner.

*For more information on Product Information, Labelling and Consumer Feedback Management, refer to 'Product Sustainability' section of ITC Sustainability & Integrated Report 2023.*

**5. Provide the following Information relating to Data Breaches:**

**a. Number of Instances of Data Breaches along with Impact.**

Nil.

**b. Percentage of Data Breaches involving Personally Identifiable Information of Customers.**

Nil.



## Strengthening the Foundations towards the next Orbit of Growth and Differentiation

FY 2022-23 was the year in which ITC Infotech further strengthened its organisational foundations towards the next orbit of its growth and differentiation. Through industry-defining and capability-led strategic partnerships with its key clients, ITC Infotech expanded its global footprint, amplifying its vision of providing business-friendly solutions to its clients.



### Capability-led Differentiation

ITC Infotech stayed relevant to the evolving business priorities of its clients, partnering with them in driving their growth and transformation agenda.

The Company invested in strengthening its existing capabilities and identifying new opportunities for long-term growth and differentiation. The Company continued to make focused investments in amplifying its portfolio of client and industry-led capabilities which include PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Cloud, and Sustainability. The Company continued to strengthen existing relationships and forge new alliances with Independent Software Vendors (ISVs) to amplify its capabilities in focused areas such as Direct to Consumer (D2C), Digital Workplace Solutions, Digital Manufacturing, Enterprise Resource Planning (ERP) and Data & Analytics, and sharpen its focus on key customer relationships across all industry verticals. Further to a strategic partnership agreement with PTC Inc., (a global technology company headquartered in Boston, USA), the Company started a new Service Line, DxP Services, comprising a global ecosystem of PLM-led Digital Thread and SaaS experts.



### Sustained Recognition from Analysts

ITC Infotech's business-friendly solutions and new-age capabilities continued to gain global recognition. In Avasant's RadarView™, the company was positioned as 'Innovator' in CPG Digital Services 2022-23; 'Disruptor' in Digital CX Services 2022-23, Digital Workplace Services 2022, Manufacturing Digital Services 2022-2023, and Intelligent Automation Services 2022-23; and featured as 'Challenger' in GCC Region Digital Services 2022-23. The Company's Automation capabilities were positioned in the 'Leadership Zone' in Zinnov Zones Hyperintelligent Automation Services H1 2023 for Intelligent Automation Services – Retail, CPG and mid-tier service providers and Robotic Process Automation Services (mid-tier service providers).



## Expanding our Global Footprint

To support the growing business and client requirements, ITC Infotech expanded its global footprint by setting up new subsidiaries in Brazil, France, Germany, and Malaysia and branches in Abu Dhabi (UAE), Canada, Italy, Poland, Romania, and Switzerland. These global expansions further strengthened the company's diverse global fabric and its onshore and nearshore capabilities from the client, organisational and employee perspective.



40 Nationalities | Operations in 39 countries



## Continued Investments in Talent-Development



To fulfil its demand for talent to support its growing business requirements, ITC Infotech continued to invest in hiring, training, and retaining high-quality talent. The Company continued to recruit in the 'Hire-from-Anywhere' model, to attract quality talent across Tier 1 and Tier 2 cities. The Company increased its campus hiring and continued to make focused investments in strengthening its Learning and Development capabilities. The Company's next-gen learning platform, 'Learning Hub', continued to gain traction with clients. 'Learning Hub' is an online and mobile-friendly learning platform that gives employees access to learning academies that are customised to client-specific business processes, technologies, skills, and ways of working.



## Deepening our Investment in Sustainability & CSR

ITC Infotech continues to focus on its strategic pillars of Customer Centricity, Employee Centricity, and Operational Excellence, towards fulfilling its vision of providing business-friendly solutions to its clients. Further, during the year, the Company has strengthened its focus on Sustainability through a defined charter and also embarked on its Corporate Social Responsibility (CSR) journey through initiatives for promoting Science, Technology, Engineering, and Mathematics (STEM) education. As clients across industries and geographies are looking to drive cost efficiencies while sustaining growth momentum, the Company is focused on being their trusted partner in this journey. An endorsement of this strategy has been the signing of a multi-million, multi-year deal with an existing marquee client in March 2023, which will bolster mid-term revenue growth.





## 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 17th Sustainability Summit, with the theme 'Building a Sustainable Tomorrow: Transforming Risks into Opportunities' was organised on 21st and 22nd September 2022, at the Le Meridien, New Delhi. The conference had approximately 350 participants and was organised with the support of 28 partner organisations. The congregation comprised 1 national and 1 international (recorded) Minister, along with 116 speakers from diverse sectors, out of which 28% were female speakers and 18% were global speakers.

The CII Climate Action Charter was launched on 21st September 2022, at the 17th Sustainability Summit. The Charter has more than 150 signatories across sectors, ranging from hard-to-abate sectors (cement, steel, and metals & mining), multi-sector diversified businesses, MSMEs (tanning, textiles and consultancies) and service sectors, (IT and ITeS). The state-level initiative was held in Tirupur, Coimbatore, Indore, and Jaipur on 20th and 21st December 2022, respectively, where more than 100 MSMEs stated their interest and committed to join the Climate Action Charter. Under India's G20 presidency, CII has been given the role of the B20 secretariat. The Centre is leading work on framing policy briefs under the Taskforce on Energy, Climate Change, and Resource Efficiency and Action Council on ESG in Business.

The first India Plastics Pact Annual Conference was held on 21st September 2022, to convene all signatories of the India Plastics Pact for the first time in a physical meeting. The conference also marked the completion of IPP's first year since launch. The Pact has set four major targets: Eliminate unnecessary or problematic plastic packaging and items; reuse or recycle 100% of plastic packaging,

recycle 50% of plastic packaging and ensure 25% average recycled content across all plastic packaging. There are four Collaborative Action Groups (CAG) which identified priority areas for action around these targets.

The Centre signed a Memorandum of Cooperation with MoEFCC to support the development of a multi-stakeholder partnership for Wetlands Conservation on 21st May 2022, followed by the launch of India Wetland Coalition (IWC). The India Business and Biodiversity Initiative (IBBI) submitted businesses' recommendations on Post 2020 Global Biodiversity Framework to MoEFCC which was used during the COP15 of UN CBD (Convention on Biodiversity).

200 countries, including the G20, committed for the new Global Biodiversity Framework, in which Target 15 is focused on business disclosures on nature-related impacts and dependencies. IBBI constituted a National Consultation Group on draft TNFD Framework, to be launched in 2023.

The endeavour to provide cleaner air and a better quality of life to every Indian citizen was given a thrust during the year. The aspirations to achieve tangible improvements in ambient air quality were further strengthened.

The 101 signatories to the 'India CEO Forum for Clean Air' committed to take action, on air pollution, provide leadership for clean air action and work collaboratively on air pollution mitigation. A 'Multi Agency Collaborative Project on Air Pollution' was initiated for the Indore Metropolitan Region (IMR) under 'Clean Air-Better Life' – CABL initiative.

A national-level dynamic library of solutions was designed and launched on 15th August 2022. The Centre also directed Crop Residue Management interventions covering 300 villages across 12 districts in Punjab and Haryana.

The preliminary results show burning was avoided on 85% of total intervened farmland (approximately 3 lakh acres) in the year 2022. A Report titled 'Impacts and Learnings from Field' on Crop Residue Management activity was released on International Day for Clean Air in September 2022.



## 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, Shri Omkar Dadarkar and Shri Brajeswar Mukherjee. The focus of the Academy remains the nurturing of exceptionally gifted students, carefully hand-picked from across India. ITC-SRA provides its scholars with a stipend, along with free tuition, boarding, and lodging within its campus and in other designated locations under the tutelage of the country's most distinguished musicians. The objective of ITC-SRA is to create the next generation of masters of Hindustani Classical Music for the continued propagation of a precious legacy.



## Major Awards & Certifications 2022-2023

- Sustained 'AA' rating by MSCI-ESG for the fifth consecutive year; ITC retained its CDP score of 'A-' (Leadership Level) for climate change and water security for the second consecutive year
- 12 ITC Hotels became the first in the world to receive the LEED Zero Carbon Certification; 2 ITC Hotels also became the first in the world to achieve the LEED Zero Water Certification
- ITC Sankhya in Bengaluru became the world's first data centre to be LEED Zero Carbon certified
- ITC's Malur Unit became the first food factory in Asia to be awarded the prestigious Alliance for Water Stewardship (AWS) Platinum-level certification
- ITC Limited was conferred the 'Company of the Year' Award at the Economic Times Bengal Corporate Awards
- ITC was adjudged the winner at The Bengal Chamber of Commerce and Industry Corporate Governance Recognition 2022
- ITC featured among the top 3 at the first ever LinkedIn Talent Awards in the 'Best Employer Brand on LinkedIn' category
- ITC won 9 first prizes at the Public Relations Society of India (PRSI) National Awards 2022
- ITC's Paperboards & Specialty Papers Business won the Pulp & Paper International (PPI) Awards by Fastmarkets RISI in the category of 'Internet of Things and Digitalisation'
- ITC's Packaging Business was recognised as 'Packaging Company of the Year' at the Printweek Awards 2022; It also won three prestigious World Packaging Organisation Awards for developing sustainable packaging solutions
- ITC's Bengaluru Unit won the 'Responsible Manufacturer of the Year Award 2022 - Platinum Medallion' by the Kaizen Hansei Institute
- ITC won the PAC Global Award of Distinction 2023 under the 'Brand Marketing - Limited Edition' category for its legacy '75 Years of Glory' matches pack
- ITC Foods Division won the Marketing Team of the Year at the exchange4media Indian Marketing Awards
- ITC Engage's Pocketful O'Stories won a Gold for the best use of User Generated Content at ET Digi+ Awards
- ITC's Agri Business was recognised as the 'Best Innovator in Data & Analytics' and 'Logistics & Supply Chain Innovation Company of the Year' by ET Ascent



## Major Awards & Certifications over the Years

- ITC was awarded the First Prize in the 'Best Industry for CSR Activities' category by the Ministry of Jal Shakti, Government of India, at the 3<sup>rd</sup> National Water Awards 2020
- 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
- Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the 'Distinguished Alumnus Award of the Year 2018' conferred by IIT, Kanpur in recognition of his achievements of exceptional merit (2018)
- Mr Sanjiv Puri, Chairman & Managing Director, was conferred 'The IMPACT Person of the Year, 2020' Award by exchange4media, a leading online news platform
- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of India's Most Valuable CEOs by BW Businessworld
- Mr Nakul Anand, Executive Director, was conferred the HICSA (Hotel Investment Conference - South Asia) Lifetime Achievement Award
- ITC's Life Sciences and Technology Centre was ranked 'Top Innovator' in India amongst Indian pharma and healthcare private companies
- 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
- ITC won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value'
- ITC's leading hygiene brand Savlon bagged 7 awards at the coveted Cannes Lions 2017
- ITC Limited became the 1<sup>st</sup> company to win the India Today Safaigiri Corporate Trailblazer Award 2016
- ITC's Paperboards and Specialty Papers units at Bhadrachalam, Bollaram, Kovai and Tribeni are FSC Chain of Custody certified
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative



# ITC: Transforming Lives and Landscapes



### Farmer Empowerment

- Increasing productivity & farmer income, promoting climate smart agriculture, creating market linkages
- ITCMAARS bringing digital technology to farmers, supporting 1150 FPOs; covering more than 5 lakh farmers



### Water Stewardship

- Over 14 lakh acres covered
- Over 28,300 water harvesting structures built
- Around 11.8 lakh acres covered under demand side management



### Afforestation

- Over 10 lakh acres greened
- About 190 million person-days of employment supported



### Biodiversity

- Over 2.9 lakh acres restored



### Climate Smart Agriculture

- 7,40,000 farmers benefitted
- 23.4 lakh acres covered



### Women Empowerment

- Over 1.2 lakh women benefitted
- ### Mother & Child Healthcare
- Over 5.6 lakh beneficiaries covered



### Supplementary Education

- Over 11 lakh rural children covered



### Skilling and Vocational Training

- Over 1.2 lakh youth enrolled



### Health & Sanitation

- Over 39,600 Individual Household Toilets constructed



### Livestock Development

- Over 21 lakh milch animals covered
- Over 4.68 lakh households covered



### Solid Waste Management

- Over 2.2 crore citizens covered under Well-being Out of Waste



### Renewable Energy

- Over 43% of Energy consumed from Renewable Sources



### Plastic Neutral

- Plastic Neutral since 2021-22



### Pioneer of Green Building Movement in India

- 40 Green Buildings
- World's first 12 LEED Zero Carbon certified hotels
- World's first LEED Zero Carbon data centre
- World's first 2 LEED Zero Water certified hotels

**ITC is the only enterprise in the world to be water positive for 21 years, carbon positive for 18 years and solid waste recycling positive for 16 years**





## 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 112<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Hundred and Twelfth Annual General Meeting of the Members of ITC Limited will be held on Friday, 11th August, 2023, 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, 2023, 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 of ₹ 6/- per Ordinary Share of ₹ 1/- each, and declare Final Dividend of ₹ 6.75 and Special Dividend of ₹ 2.75 per Ordinary Share for the financial year ended 31st March, 2023.
3. To appoint a Director in place of Mr. Sumant Bhargavan (DIN: 01732482) who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Mukesh Gupta (DIN: 06638754) 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 ₹ 3,85,00,000/- (Rupees Three Crores and Eighty Five 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 2023-24, 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 a Special Resolution:-

“Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulations 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Alka Marezbhan Bharucha (DIN: 00114067) be and is hereby appointed as a Director and also as an Independent Director of the Company with effect from 12th August, 2023 for a period of five years 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 a Special Resolution:-

“Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulations 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anand Nayak (DIN: 00973758) be and is hereby re-appointed as a Director and also as an Independent Director of the Company with effect from 13th July, 2024 for a period of five years 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.”

8. To consider and, if thought fit, to pass the following resolution as a Special Resolution:-

“Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulations 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ajit Kumar Seth (DIN: 08504093) be and is hereby re-appointed as a Director and also as an Independent Director of the Company with effect from 13th July, 2024 for a period of five years 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.”

9. 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. Hemant Malik (DIN: 06435812) be and is hereby appointed as a Director, liable to retire by rotation, and also as a Wholetime Director of the Company with effect from 12th August, 2023 for a period of three years 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.”

10. 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, 197 and 203 of the Companies Act, 2013, Mr. Sanjiv Puri (DIN: 00280529) be and is hereby re-appointed as a Director, not liable to retire by rotation, and also as the Managing Director & Chairman of the Company with effect from 22nd July, 2024 for a period of five years 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.”

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 197 of the Companies Act, 2013 (‘the Act’) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent be and is hereby accorded for payment of commission to the Non-Executive Directors of the Company, for each of the five financial years commencing from 1st April, 2024, ranging between ₹ 1,00,00,000/- (Rupees One Crore only) and ₹ 1,30,00,000/- (Rupees One Crore and Thirty Lakhs only), individually, as the Board of Directors of the Company may determine based on performance and guidelines framed for this purpose, provided however that the aggregate commission paid to such Directors in a financial year shall not exceed one percent of the net profits of the Company computed in the manner referred to in Section 198 of the Act.”

12. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), consent be and is hereby accorded to the Company for entering into and / or continuing to enter into contracts / arrangements / transactions with British American Tobacco (GLP) Limited, United Kingdom (‘BAT GLP’), a related party in terms of Regulation 2(1)(zb) of the Listing Regulations, for sale of unmanufactured tobacco of Indian origin (including storage / holding charges etc.) and purchase of unmanufactured tobacco of international origins, as set out in the Explanatory Statement annexed to the Notice convening this Meeting and on such terms and conditions as may be mutually agreed between the parties, such that the maximum value of the contracts / arrangements / transactions with BAT GLP, in the aggregate, does not exceed ₹ 2,350 Crores (Rupees Two Thousand Three Hundred and Fifty Crores only) during the financial year 2024-25.

Resolved further that the Board of Directors of the Company (‘the Board’, which term shall be deemed to include the Audit Committee) be and is hereby authorised to perform and execute all such acts, deeds, matters and things, including delegation of all or any of the powers conferred herein, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto, and also to settle any issue, question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem fit or desirable, subject to compliance with the applicable laws and regulations, without the Board being required to seek any further consent / approval of the Members.”

13. 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’ and ‘Paper and Paperboard’ products for the financial year 2023-24, at ₹ 5,00,000/- (Rupees Five Lakhs only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

14. 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’ and ‘Paper and Paperboard’ products, for the financial year 2023-24, at ₹ 6,50,000/- (Rupees Six 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.”

The Record Date fixed for the purpose of determining entitlement of the Members to the Final Dividend, including the Special Dividend, for the financial year ended 31st March, 2023 is **Tuesday, 30th May, 2023**, and such Dividend, if declared, will be paid between **Monday, 14th August, 2023** and **Thursday, 17th August, 2023** to those Members entitled thereto.

By Order of the Board  
ITC Limited  
R. K. Singhi  
Executive Vice President &  
Company Secretary

Dated : 18th May, 2023.

## 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 is being 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 annexed to this Notice.
- (iii) Corporate Members are requested to send a certified copy of the Board Resolution authorising their representative to attend this AGM, pursuant to Section 113 of the Act, through **e-mail at isc@itc.in** or by **post to the Investor Service Centre** of the Company ('ISC') at 37 Jawaharlal Nehru Road, Kolkata 700 071.
- (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 also appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer to scrutinize the process of e-voting. Detailed instructions for e-voting and also for attending the AGM are annexed.
- (v) **Remote e-voting will commence at 9.00 a.m. on Monday, 7th August, 2023 and will end at 5.00 p.m. on Thursday, 10th August, 2023**, 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 **Friday, 4th August, 2023 (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, dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing detailed information & instructions with respect to tax on the Final Dividend, including the Special Dividend, for the financial year ended 31st March, 2023 is being sent separately to the Members. The said communication will also be made available on the Company's corporate website **www.itcportal.com** .
- (viii) Unclaimed dividend for the financial year 2015-16 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 27th August, 2023, 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 at **[http://info-dividend-shares.itcportal.com/popup\\_new.aspx](http://info-dividend-shares.itcportal.com/popup_new.aspx)** . ISC will not be able to entertain any claim received after 25th August, 2023 in respect of the same.

- (ix) In conformity with the regulatory requirements, the Notice of this AGM and the Report and Accounts 2023 are being sent only through electronic mode to those Members who have registered their e-mail addresses with the Company or with the Depositories. Members desirous of obtaining physical copies of the said Notice and the Report and Accounts 2023 are required to send a request to the Company, mentioning their name and DP ID & Client ID / folio number, through **e-mail at [isc@itc.in](mailto:isc@itc.in)** or by **post to ISC**.
- (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 2023, or attend the AGM, or cast their votes through remote e-voting or e-voting during the AGM, are required to register their e-mail addresses with the Company at **<https://eform.itcportal.com>** . Alternatively, Members may send a letter requesting for registration of their e-mail addresses, mentioning their name and DP ID & Client ID / folio number, through **e-mail at [isc@itc.in](mailto:isc@itc.in)** or by **post to ISC**.
- (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 **[itcagm2023@itc.in](mailto:itcagm2023@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 Monday, 7th August, 2023 will be able to speak at the meeting. The Company reserves the right to restrict the number of questions and / or 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 Secretarial 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 **[itcagm2023@itc.in](mailto:itcagm2023@itc.in)** .
- (xiii) The Company will be webcasting the proceedings of the AGM on its corporate website **[www.itcportal.com](http://www.itcportal.com)** . The transcript of the AGM proceedings will also be made available on the Company's website.

## EXPLANATORY STATEMENT

Annexed to the Notice convening the Hundred and Twelfth Annual General Meeting on Friday, 11th August, 2023.

### Item No. 6

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2023, on the recommendation of the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members, the appointment of Ms. Alka Marezban Bharucha as a Director and also as an Independent Director of the Company, as set out in the Resolution.

Ms. Bharucha, pursuant to Section 152 of the Companies Act, 2013 ('the Act'), has given her consent to act as a Director of the Company, and requisite Notice, pursuant to Section 160 of the Act, proposing her appointment as a Director of the Company has been received. Declaration has also been received from Ms. Bharucha that she 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 Ms. Bharucha, including her brief resume, pursuant to the Listing Regulations and the Secretarial Standard on General Meetings, is provided below:

Ms. Alka Marezban Bharucha (66) is a Senior Partner at Messrs. Bharucha & Partners, Advocates & Solicitors, Mumbai. She completed her B.A. (Hons.) and L.L.B. from the University of Bombay and Masters in Law from the University of London. She is a Solicitor with the High Court of Mumbai and Supreme Court of England and Wales, and also an Advocate on Record with the Supreme Court of India.

Ms. Bharucha began her career with Mulla & Mulla and Craigie Blunt & Caroe and joined Amarchand & Mangaldas as Partner in 1992. In 2008, she co-founded Bharucha & Partners, which has been ranked by RSG Consulting, London, amongst the top law firms in India. Ms. Bharucha, having more than 30 years of experience, has been ranked by Chambers Global, Legal 500 and Who's Who Legal amongst India's leading lawyers. She chairs the Transactions Practice at Bharucha & Partners. Her core areas of legal expertise include mergers & acquisitions, joint ventures, private equity, and banking & finance.

### Other Directorships

<b>Name of the company</b>	<b>Position</b>
Ultratech Cement Limited *	Independent Director
Hindalco Industries Limited *	Independent Director
Orient Electric Limited *	Independent Director
Honda India Power Products Limited *	Independent Director
Aditya Birla Sun Life AMC Limited *	Independent Director
Birlasoft Limited *	Independent Director
Aditya Birla Finance Limited *	Independent Director
Honda Cars India Limited	Independent Director
Ultratech Nathdwara Cement Limited	Independent Director
Safalya Investments and Traders Private Limited	Non-Executive Director

\* Denotes Indian company whose securities are listed on a recognised stock exchange (including one company whose debt securities are listed). There has been no change in the directorships held by Ms. Bharucha in listed companies during the last three years.

### Committee Memberships of other companies

<b>Name of the company</b>	<b>Committee</b>	<b>Position</b>
Ultratech Cement Limited	Audit Committee	Member
	Nomination, Remuneration and Compensation Committee	
Orient Electric Limited	Stakeholders Relationship Committee	Chairperson
	Nomination and Remuneration Committee	
	Audit Committee	Member
Honda India Power Products Limited	Nomination and Remuneration Committee	Chairperson
	Audit Committee	Member
Aditya Birla Sun Life AMC Limited	Stakeholders Relationship Committee	Chairperson
	Nomination, Remuneration and Compensation Committee	
	Corporate Social Responsibility Committee	
Birlasoft Limited	Stakeholders Relationship Committee	Chairperson
	Nomination and Remuneration Committee	
	Audit Committee	Member
	Corporate Social Responsibility Committee	
Aditya Birla Finance Limited	Audit Committee	Member
	Nomination and Remuneration Committee	



Ms. Bharucha presently holds 48,745 Ordinary Shares (singly / jointly) in the Company; she does not hold any share in the Company on a beneficial basis for any other person.

Ms. Bharucha possesses appropriate skills, experience, knowledge and capabilities required for the role of an Independent Director of the Company. She also possesses appropriate skills, expertise and competencies in the context of the Company's businesses, particularly in the areas of legal & compliance, corporate governance and industry knowledge. Considering Ms. Bharucha's diverse experience, professional competence and extensive knowledge, her induction on the Board will be in the overall interest of the Company. Ms. Bharucha's candidature is in conformity with the requirements of the Act and the Listing Regulations. Further, in the opinion of the Committee and the Board, Ms. Bharucha fulfils the conditions specified in the Act & the Rules thereunder and the Listing Regulations for appointment as an Independent Director, and she is independent of the management of the Company.

In addition to sitting fees for attending the meetings of the Board & its Committees and coverage under Personal Accident Insurance, Ms. Bharucha, similar to the other Non-Executive Directors, would be entitled to remuneration by way of commission ranging between ₹ 70,00,000/- and ₹ 1,00,00,000/- for the financial year 2023-24, as may be determined by the Board. In respect of commission to the Non-Executive Directors for the financial years commencing from 1st April, 2024, approval of the Members is being sought as covered in the Resolution proposed under Item No. 11.

Ms. Bharucha, and her relatives, are interested in this Special Resolution. None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution. Ms. Bharucha is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board recommends this Special Resolution for your approval.

#### **Item Nos. 7 & 8**

The Members on 23rd September, 2019 approved the appointment of Messrs. Anand Nayak and Ajit Kumar Seth as Independent Directors of the Company for a period of five years with effect from 13th July, 2019. Messrs. Nayak and Seth will complete their respective terms on 12th July, 2024.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2023, on the recommendation of the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of Messrs. Nayak and Seth as set out in the Resolutions relating to their respective re-appointment.

Messrs. Nayak and Seth, pursuant to Section 152 of the Companies Act, 2013 ('the Act'), have given their consents to act as Directors of the Company, and requisite Notices, pursuant to Section 160 of the Act, proposing their re-appointment as Directors of the Company have been received. Declarations have also been received from Messrs. Nayak and Seth that they meet 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').

The Committee and the Board are of the view that, given the contribution to Board processes by Messrs. Nayak and Seth and their knowledge, time commitment, experience and performance, their continued association would benefit the Company. They also possess appropriate skills, expertise and competencies in the context of the Company's businesses, particularly in the areas of human resources, strategic insight, stakeholder engagement and business management for Mr. Nayak, and in the areas of administrative experience and stakeholder engagement in respect of Mr. Seth; Mr. Seth also has deep understanding of the macro environment. The candidature of Messrs. Nayak and Seth is in conformity with the requirements of the Act and the Listing Regulations. Further, in the opinion of the Committee and the Board, Messrs. Nayak and Seth fulfil the conditions specified in the Act & the Rules thereunder and the Listing Regulations for re-appointment as Independent Directors, and they are independent of the management of the Company.

In addition to sitting fees for attending the meetings of the Board & its Committees and coverage under Personal Accident Insurance, Messrs. Nayak and Seth would be entitled to remuneration by way of commission, as covered in the Resolution proposed under Item No. 11.

During the proposed term of re-appointment, Messrs. Nayak and Seth will attain the age of seventy five years on 19th June, 2026 and 24th November, 2026, respectively. The Special Resolutions under Item Nos. 7 and 8, once passed, shall also be deemed as your approval under Regulation 17 of the Listing Regulations for continuation of Messrs. Nayak and Seth as Independent Directors beyond the age of seventy five years.

Additional information in respect of Messrs. Nayak and Seth, pursuant to the Listing Regulations and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections 'Your Directors' and 'Report on Corporate Governance'. Messrs. Nayak and Seth have not been Directors of any other listed company in the last three years, and they do not hold any share in the Company on a beneficial basis for any other person.

Messrs. Nayak and Seth, and their relatives, are interested in the Special Resolutions relating to their respective re-appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Special Resolutions.

The Board recommends these Special Resolutions for your approval.

## Item No. 9

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2023, on the recommendation of the Nomination & Compensation Committee, recommended for the approval of the Members, the appointment of Mr. Hemant Malik as a Director and also as a Wholetime Director of the Company, as set out in the Resolution, on the following remuneration:

- (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. Malik 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.
  - (f) Encashment of unavailed leave as per the rules of the Company.
  - (g) Costs and expenses incurred in connection with 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 Mr. Malik along with the Chairman & Managing Director and the other Wholetime Directors of the Company taken together, shall be within the limit prescribed under the Act.

Additional information in respect of Mr. Malik, including his brief resume, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is provided below:

Mr. Hemant Malik (57) is a Member of the Corporate Management Committee and the Divisional Chief Executive of the Foods Business Division. He completed his B.A. from Delhi University and M.B.A. from the Indian Institute of Management, Calcutta. He joined ITC in 1989 and has more than 33 years of experience.

Prior to becoming the Divisional Chief Executive of the Foods Business Division in October 2016, Mr. Malik headed the Trade Marketing & Distribution ('TM&D') Vertical. He has worked across multiple businesses including Tobacco, Lifestyle Retailing and Packaged Foods. He headed the all India Tobacco Sales function in 2001, where he contributed meaningfully to the development of the FMCG Sales Network. He assumed charge as Head of Marketing of the Foods Business in 2002. He became the Chief Operating Officer ('COO') of TM&D in 2008, where he was mandated to set up the new FMCG distribution highway. Taking over as the COO of Cigarette Brands and Supply Chain, India Tobacco Division ('ITD'), in 2012, he was elevated as the Divisional Chief Executive of ITD in 2015. He is the Chairman of the Food Processing Committee of FICCI and was a Member of the CII FMCG Committee. He neither holds directorship in any other company nor has he been a Director of any listed company.

Mr. Malik, pursuant to Section 152 of the Act, has given his consent to act as a Director of the Company, and requisite Notice, pursuant to Section 160 of the Act, proposing his appointment as a Director of the Company has been received; he also possesses appropriate skills, expertise and competencies in the context of the Company's businesses, particularly in the areas of industry knowledge, strategic expertise, sales & marketing and business management. He presently holds 3,43,591 Ordinary Shares in the Company; he does not hold any share in the Company on a beneficial basis for any other person.

Mr. Malik, 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. Mr. Malik is not related to any of the Directors or Key Managerial Personnel of the Company.

The Board recommends this Resolution for your approval.

## Item No. 10

The Members at the 107th Annual General Meeting held on 27th July, 2018 approved the appointment of Mr. Sanjiv Puri as the Managing Director of the Company for a period of five years with effect from 22nd July, 2019. Mr. Puri will complete his present term on 21st July, 2024.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2023, on the recommendation of the Nomination & Compensation Committee, recommended for the approval of the Members, the re-appointment of Mr. Puri as set out in the Resolution, on the following remuneration:

- (I) **Basic / Consolidated Salary** - ₹ 31,00,000/- per month, with annual increment not exceeding 7.5% of the applicable Basic / Consolidated Salary, as may be determined by the Board; Mr. Puri will be eligible to receive first such annual increment effective 1st October, 2025.
- (II) **Performance Bonus** - Not exceeding 300% 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 0.10% 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. Puri 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 ₹ 20,00,000/- 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.
- (f) Encashment of unavailed leave as per the rules of the Company.
- (g) Costs and expenses incurred in connection with 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 Mr. Puri along with the Wholetime Directors of the Company taken together, shall be within the limit prescribed under the Act.

Mr. Puri, pursuant to Section 152 of the Act, has given his consent to act as a Director of the Company, and requisite Notice, pursuant to Section 160 of the Act, proposing his re-appointment as a Director of the Company has been received.

Additional information in respect of Mr. Puri, 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'. He has not been a Director of any other listed company.

Mr. Puri, 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.

The Board recommends this Resolution for your approval.

#### **Item No. 11**

The Members at the 107th Annual General Meeting held on 27th July, 2018 approved payment of remuneration by way of commission to the Non-Executive Directors of the Company, including Independent Directors, not exceeding one percent of the net profits of the Company, for each financial year, ranging between ₹ 70,00,000/- and ₹ 1,00,00,000/-, individually, for a period of five years from 1st April, 2019 to 31st March, 2024.

The Board of Directors of the Company ('the Board') at the meeting held on 18th May, 2023 recommended for the approval of the Members, payment of remuneration by way of commission to the Non-Executive Directors of the Company, in line with the current trends and commensurate with the time devoted, contribution made, and guidance & oversight provided by them, for a period of five years with effect from 1st April, 2024, as set out in the Resolution. Such commission will be paid to the Non-Executive Directors in addition to sitting fees for attending the meetings of the Board and its Committees.

Additional information in respect of the Non-Executive Directors, pursuant to the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections ‘Your Directors’ and ‘Report on Corporate Governance’.

The Non-Executive Directors, and their relatives, are interested in this Resolution insofar as the same relates to their respective commission. None of the Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

### Item No. 12

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with the Company’s Policy on Related Party Transactions provides that entering into material transactions with a related party which, either individually or taken together with previous transaction(s) during a financial year, exceed ₹ 1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, requires approval of the Members of the Company.

As the Members are aware, the Company, in order to further its business interests, enters into various transactions with its related parties, including British American Tobacco (GLP) Limited, United Kingdom (“BAT GLP”). The estimated value of transactions with BAT GLP for the financial year 2024-25 is expected to exceed the materiality threshold as stated above.

Accordingly, the Board of Directors of the Company (“the Board”) at the meeting held on 18th May, 2023, on the recommendation of the Audit Committee, recommended for the approval of the Members, entering into material related party contracts / arrangements / transactions in the ordinary course of business and on arm’s length basis with BAT GLP during the financial year 2024-25, as set out in the Resolution.

Other details of the transactions, pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021, are given hereunder:

Sl. No.	Particulars	Details of contracts / arrangements / transactions
(i)	Name of the related party	BAT GLP, a subsidiary of British American Tobacco p.l.c. (BAT PLC).
(ii)	Nature of relationship	The Company is an associate of Tobacco Manufacturers (India) Limited, which is a subsidiary of BAT PLC. By virtue of the same, BAT PLC and its subsidiaries are related parties of the Company.

Sl. No.	Particulars	Details of contracts / arrangements / transactions						
(iii)	Nature and material terms of the transaction	<table border="1" data-bbox="611 348 1362 644"> <thead> <tr> <th data-bbox="611 348 1107 457">Nature of the proposed transaction</th> <th data-bbox="1107 348 1362 457">Estimated value for the financial year 2024-25</th> </tr> </thead> <tbody> <tr> <td data-bbox="611 457 1107 567">Sale of unmanufactured tobacco of Indian origin (including storage / holding charges etc.)</td> <td data-bbox="1107 457 1362 567">₹ 2,335 Crores *</td> </tr> <tr> <td data-bbox="611 567 1107 644">Purchase of unmanufactured tobacco of international origins</td> <td data-bbox="1107 567 1362 644">₹ 15 Crores</td> </tr> </tbody> </table> <p data-bbox="599 658 1377 721">Pricing will be benchmarked to similar transactions with unrelated parties with adjustments for commercial terms, as necessary.</p> <p data-bbox="599 737 1380 934"><i>* Contract(s) with BAT GLP are executed for supply of unmanufactured tobacco in terms of which delivery of such goods may span across multiple financial years. The value of supplies under the aforesaid contract(s) executed during the financial year 2024-25, together with outstanding transactions under contracts signed in previous years, will not exceed ₹ 2,350 Crores during the financial year 2024-25.</i></p>	Nature of the proposed transaction	Estimated value for the financial year 2024-25	Sale of unmanufactured tobacco of Indian origin (including storage / holding charges etc.)	₹ 2,335 Crores *	Purchase of unmanufactured tobacco of international origins	₹ 15 Crores
Nature of the proposed transaction	Estimated value for the financial year 2024-25							
Sale of unmanufactured tobacco of Indian origin (including storage / holding charges etc.)	₹ 2,335 Crores *							
Purchase of unmanufactured tobacco of international origins	₹ 15 Crores							
(iv)	Tenure of the transaction	Financial year 2024-25						
(v)	Nature of concern or interest	Financial						
(vi)	Value of the transaction	Up to ₹ 2,350 Crores						
(vii)	Percentage of the Company's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction	3.10% of the Company's annual consolidated turnover for the financial year 2022-23						
(viii)	Justification as to why the related party transaction is in the interest of the Company	<p data-bbox="599 1328 1377 1556">The Company has been engaged in development, procurement and supply of unmanufactured tobacco over the last several decades. The Company's vast experience and strategic capabilities that it has developed in this area have enabled it to become the largest exporter of unmanufactured tobacco from India. The Company has been exporting unmanufactured tobacco to BAT GLP for the past several years.</p> <p data-bbox="599 1583 1377 1645">The proposed transactions will aid the growth of the Company's business.</p>						
(ix)	Details of valuation or other external party report, if such report has been relied upon	Not applicable						
(x)	Any other information that may be relevant	Nil						



None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

Members may note that pursuant to the provisions of the Listing Regulations, all related parties of the Company (whether such related party is a party to the above-mentioned transaction or not) shall not vote to approve this Resolution.

The Board recommends this Resolution for your approval.

#### **Item Nos. 13 & 14**

The Board of Directors of the Company ('the Board') at the meeting held on 17th April, 2023, 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' and 'Paper and Paperboard' 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, Vegetable and Fruit wash, Floor Cleaner, Hand Sanitizer and Coffee, for the financial year 2023-24.

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 : 18th May, 2023.

## INSTRUCTIONS FOR ATTENDING THE AGM AND ALSO FOR E-VOTING

### 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 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:
  - (a) Launch internet browser by typing the URL: <https://eservices.nsdl.com> and click on '**Beneficial Owner**' tab under the 'IDeAS' section.
  - (b) Insert your existing user ID, password / OTP and the verification code as shown on the screen.
  - (c) After login, click on '**Access to e-voting**' under value added services and you will be able to see the e-voting page.
  - (d) 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:
  - (a) Launch internet browser by typing the URL: <https://evoting.nsdl.com> and click on '**Shareholder / Member - Login**'.
  - (b) 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.
  - (c) After authentication, you will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
  - (d) 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:
  - (a) Login at [www.cdslindia.com](http://www.cdslindia.com) and click on '**My Easi**', or launch internet browser by typing the URL: <https://web.cdslindia.com/myeasinew/home/login>.
  - (b) Insert your existing user ID and password.
  - (c) After login, you will be able to view the e-voting menu.
  - (d) 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 by clicking on '**E Voting**' on the home page of [www.cdslindia.com](http://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 the option available for e-voting. You will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
- (c) 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 holding shares in dematerialised form and are registered for NSDL 'IDeAS' facility, you can login at <https://eservices.nsdl.com> with your existing IDeAS login and click on 'Access to e-voting' to proceed to Step 2 to cast your vote.*

Other Members are required to follow the below-mentioned steps:

- (a) Launch internet browser by typing the URL: <https://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](mailto:evoting@nsdl.co.in), mentioning your name, PAN, registered address and 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) 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](mailto:rla.itcscrutinizer@gmail.com) with a copy marked to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) .
- (b) Those who become Members of the Company after sending the Notice but on or before **4th August, 2023 (cut-off date)** may write to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company at [isc@itc.in](mailto:isc@itc.in) requesting for user ID and password. On receipt of user ID and password, the steps 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](http://www.evoting.nsdl.com) or contact:
  - (i) Mr. Amit Vishal, Assistant Vice President, National Securities Depository Limited, Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 at telephone nos. **022-4886 7000** or **022-2499 7000** or at e-mail ID [AmitV@nsdl.co.in](mailto: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](mailto:tunal.ghosal@itc.in) . You may also send your queries to the e-mail ID [isc@itc.in](mailto: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 again.

## **General Information**

- (a) There will be one vote for every DP ID & Client ID / 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](mailto:evoting@nsdl.co.in) or call at telephone nos. **022-4886 7000** or **022-2499 7000**.
  - CDSL - e-mail at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at telephone no. **1800-225-533 (toll free)**.
- (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](http://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.

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