Enduring Value

Consolidated Financial Statements

Enduring Value

Consolidated Balance Sheet as at 31st March, 2023

	Note	As at 31st March, 2023 (₹ in Crores)			As at 31st March, 2022 (₹ in Crores)		
ASSETS							
Non-current assets							
(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
Current assets							
(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
TOTAL ASSETS				**85882.98**			**77259.55**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	15		1242.80			1232.33	
(b) Other Equity			67912.46			61223.24	
Attributable to owners of the parent			69155.26			62455.57	
Non-controlling interests			383.53	69538.79		366.30	62821.87
Liabilities							
Non-current liabilities							
(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
Current liabilities							
(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
TOTAL EQUITY AND LIABILITIES				**85882.98**			**77259.55**

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	**Total Income (I+II)**		**78498.70**	**67041.31**
IV	**EXPENSES**			
	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
	Total expenses (IV)		**52705.49**	**46318.32**
V	Share of profit/(loss) of Associates and Joint Ventures		49.04	17.48
VI	**Profit before exceptional items and tax (III-IV+V)**		**25842.25**	**20740.47**
VII	Exceptional Items	28(i)	72.87	–
VIII	**Profit before tax (VI+VII)**		**25915.12**	**20740.47**
IX	**Tax expense:**			
	Current Tax	27	6450.90	5306.58
	Deferred Tax	27	(12.50)	(69.24)
X	**Profit for the year (VIII-IX)**		**19476.72**	**15503.13**
	Other Comprehensive Income			
	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	**Other Comprehensive Income [A (i+ii)+B (i+ii)]**		**91.02**	**80.67**
XII	**Total Comprehensive Income for the year (X+XI)**		**19567.74**	**15583.80**
	Profit for the year			
	Attributable to:			
	Owners of the parent		19191.66	15242.66
	Non-controlling interests		285.06	260.47
	Total Comprehensive Income for the year			
	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

Enduring Value

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											Items of other comprehensive income				Attributable to owners of the parent	Non-controlling interests	Total
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidy Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	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			
Balance as at 1st April, 2022	**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
Total Comprehensive Income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**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	–	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
Balance as at 31st March, 2023	**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**
Balance as at 1st April, 2021	**5.46**	**9582.81**	**72.67**	**153.49**	**94.26**	**0.23**	**1706.52**	**0.22**	**363.05**	**17672.57**	**29229.31**	**–**	**256.06**	**4.93**	**(25.12)**	**59116.46**	**346.81**	**59463.27**
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
Total Comprehensive Income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**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	Subsidy 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)	–	–	–	–	–	–	–	–	–	–	(7077.59)	–	–	–	–	(7077.59)	(241.25)	(7318.84)
– Interim Dividend (2021-22 - ₹ 5.25 per share)	–	–	–	–	–	–	–	–	–	–	(6469.48)	–	–	–	–	(6469.48)	–	(6469.48)
Transfer from Employee Housing Reserve	–	–	–	–	(12.60)	–	–	–	–	–	12.60	–	–	–	–	–	–	–
Transfer from retained earnings	–	–	–	6.69	–	–	–	–	–	–	(6.69)	–	–	–	–	–	–	–
Recognition of share based payment	–	–	–	–	–	–	33.51	–	–	–	–	–	–	–	–	33.51	–	33.51
Transfer from Share Option Outstanding account on exercise and lapse	–	86.12	–	–	–	–	(423.70)	–	–	–	337.58	–	–	–	–	–	–	–
Transferred to initial carrying amount of hedged items (net of tax)	–	–	–	–	–	–	–	–	–	–	–	–	–	7.24	–	7.24	–	7.24
Effect of capital reduction of subsidiary	–	–	–	–	–	...	–	–	–	–	(0.39)	–	–	–	–	(0.39)	0.05	(0.34)
Balance as at 31st March, 2022	**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**

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 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.

Subsidy Reserve: This Reserve represents subsidies received from government authorities for capital investment and amounts taken over by the Group consequent to business combinations.

Share Options Outstanding Account: This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium 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.

General Reserve: This Reserve has been created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Group and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Debt Instruments through Other Comprehensive Income: This Reserve represents the cumulative 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 Group's accounting policy.

Exchange differences on translating the financial statements of foreign operations: This Reserve contains (a) accumulated balance of foreign exchange differences from translation of the financial statements of the Group's foreign operations arising at the time of consolidation of such entities and (b) accumulated foreign exchange differences arising on monetary items that, in substance, form part of the Group's net investment in a foreign operation. Such foreign exchange differences are recognised in Other Comprehensive Income. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/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

Enduring Value

Enduring Value

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)	
A. Cash Flow from Operating Activities				
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	(20.51)	–	116.54
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	(766.82)	1099.11	(99.55)
CASH GENERATED FROM OPERATIONS		25127.79		20757.46
Income tax paid		(6250.24)		(4981.95)
NET CASH FROM OPERATING ACTIVITIES		**18877.55**		**15775.51**
B. Cash Flow from Investing Activities				
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	
NET CASH USED IN INVESTING ACTIVITIES		**(5732.29)**		**(2238.49)**

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)	
C. Cash Flow from Financing Activities				
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		–	
NET CASH USED IN FINANCING ACTIVITIES		**(13006.03)**		**(13580.50)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**139.23**		**(43.48)**
OPENING CASH AND CASH EQUIVALENTS		**266.68**		**310.16**
CLOSING CASH AND CASH EQUIVALENTS		**405.91**		**266.68**

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".
2. **CASH AND CASH EQUIVALENTS:**

	2023	2022
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)	463.35	271.37

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:

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

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.

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

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.

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.

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.

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.

Enduring Value

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	As at 31st March, 2021	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2022	Additions	Withdrawals and adjustments#	Foreign Currency Translation Reserve adjustments	As at 31st March, 2023
	Gross Block								
3A. Property, Plant and Equipment*									
Land[1]	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
TOTAL	**26536.24**	**2746.84**	**335.44**	**(0.62)**	**28947.02**	**2589.77**	**241.56**	**0.34**	**31295.57**
3B. Capital work-in-progress	**4004.45**	**2128.20**	**2692.74**	**(241.46)**	**3198.45**	**2316.23**	**2517.67**	**(12.30)**	**2984.71**
3C. Investment Property[5]	**410.11**	**–**	**–**	**–**	**410.11**	**–**	**(0.52)**	**–**	**410.63**
3D. Goodwill[2]									
Goodwill on Consolidation	202.53	–	–	–	202.53	–	–	–	202.53
Goodwill acquired through business combinations	577.20	–	–	–	577.20	–	–	–	577.20
TOTAL	**779.73**	**–**	**–**	**–**	**779.73**	**–**	**–**	**–**	**779.73**
3E. Other Intangible assets (acquired)[2]									
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
TOTAL	**2260.15**	**47.15**	**34.48**	**(0.01)**	**2272.81**	**815.46**	**3.36**	**(0.01)**	**3084.90**
3F. Other Intangible assets under development	**6.84**	**64.83**	**44.58**	**–**	**27.09**	**54.43**	**62.93**	**–**	**18.59**
3G. Right of Use Assets ^									
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
TOTAL	**1102.20**	**63.18**	**41.77**	**(97.93)**	**1025.68**	**87.74**	**72.74**	**(3.10)**	**1037.58**

Includes amounts transferred from Property, Plant and Equipment to Investment Property.

^ Also refer Note 28(xi)

(₹ in Crores)

***The above includes following assets given on operating lease:**	As at 31st March, 2022			2022 Depreciation Charge for the year	As at 31st March, 2023			2023 Depreciation Charge for the year
Particulars	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
TOTAL	**225.47**	**142.53**	**82.94**	**20.23**	**243.95**	**164.40**	**79.55**	**17.41**

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#	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022
3A. Property, Plant and Equipment*											
Land[1]	–	–	–	–	–	–	–	–	–	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
TOTAL	**7382.30**	**1604.18**	**246.69**	**(0.20)**	**8739.59**	**1628.43**	**189.75**	**0.22**	**10178.49**	**21117.08**	**20207.43**
3B. Capital work-in-progress	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2984.71**	**3198.45**
3C. Investment Property[5]	**33.55**	**12.36**	**–**	**–**	**45.91**	**12.38**	**(0.08)**	**–**	**58.37**	**352.26**	**364.20**
3D. Goodwill[2]											
Goodwill on Consolidation	–	–	–	–	–	–	–	–	–	202.53	202.53
Goodwill acquired through business combinations	–	–	–	–	–	–	–	–	–	577.20	577.20
TOTAL	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**779.73**	**779.73**
3E. Other Intangible assets (acquired)[2]											
Trademarks	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
TOTAL	**249.09**	**45.07**	**34.44**	**(0.01)**	**259.71**	**98.28**	**0.41**	**–**	**357.58**	**2727.32**	**2013.10**
3F. Other Intangible assets under development	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**18.59**	**27.09**
3G. Right of Use Assets ^											
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	–
TOTAL	**125.01**	**74.14**	**37.94**	**(2.66)**	**158.55**	**72.42**	**68.27**	**–**	**162.70**	**874.88**	**867.13**

Notes:

1. 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.
2. a) Goodwill arising on Business Combination is carried at cost and periodically tested for impairment in line with applicable Accounting Standards. The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (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.
3. The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
4. The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 90.68 Crores (2022 - ₹ 148.81 Crores).
5. 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$	11.42	9.94
Direct Operating Expenses arising from investment property that did not generate rental income during the year	–	–

$As per the contractual arrangements, the Company is responsible for the maintenance of common area at its own cost. The expenses arising out of such arrangements are not material.

Notes to the Consolidated Financial Statements

Capital work-in-progress (CWIP) ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2022 Amount in CWIP for a period of					As at 31st March, 2023 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	–	–	–	–	–	–	–	–	–	–
Total	**933.53**	**849.85**	**521.07**	**894.00**	**3198.45**	**1190.55**	**646.01**	**302.56**	**845.59**	**2984.71**

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 To be completed in				As at 31st March, 2023 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 Amount in IAUD for a period of					As at 31st March, 2023 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	–	–	–	–	–	–	–	–	–	–
Total	**23.84**	**3.25**	**–**	**–**	**27.09**	**15.33**	**0.01**	**3.25**	**–**	**18.59**

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)	
4. Non-current investments							
INVESTMENT IN EQUITY INSTRUMENTS							
In Associates (carrying amount determined using the equity method of accounting)							
Quoted							
International Travel House Limited	10	39,14,233			39,14,233		
Cost of acquisition (including goodwill of ₹ 11.89 Crores)			21.87			21.87	
Add/(Less) : Group Share of Profits/(Losses)			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
Unquoted							
Delectable Technologies Private Limited	10	100			100		
Cost of acquisition (including goodwill of ₹ 0.09 Crore)			0.10			0.10	
Add/(Less) : Group Share of Profits/(Losses)			(0.01)	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 Number	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 Number	As at 31st March, 2022 (₹ in Crores)	
4. Non-current investments (Contd.)							
Brought forward				145.19			123.44
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)							
In Joint Ventures (carrying amount determined using the equity method of accounting)							
Unquoted							
Espirit Hotels Private Limited [Refer Note 28(viii)]	10	4,65,09,200			4,65,09,200		
Cost of acquisition			46.17			46.17	
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			77,66,913		
Cost of acquisition (including goodwill of ₹ 23.84 Crores)			42.07			42.07	
Add/(Less) : Group Share of Profits/(Losses)			(40.65)			(42.07)	
Add/(Less) : Provision for Impairment			(1.42)	–		–	–
ITC Essentra Limited	10	22,50,000			22,50,000		
Cost of acquisition			38.85			38.85	
Add/(Less) : Group Share of Profits/(Losses)			70.16	109.01		55.72	94.57
In Others (at fair value through other comprehensive income unless stated otherwise)							
Quoted							
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
Unquoted							
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)
4. Non-current investments (Contd.)					
Brought forward			2027.89		1880.21
INVESTMENT IN PREFERENCE SHARES					
In Associates (carrying amount determined using the equity method of accounting)					
Unquoted					
Delectable Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	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		– –
In Others (at fair value through profit or loss)					
Unquoted					
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	–	–
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)					
Quoted					
State Development Loans					
7.20% Tamil Nadu - 25-Jan-2027	100	–	–	20,85,500	21.81
7.41% Uttar Pradesh - 09-Nov-2026	100	–	–	20,00,000	21.08
7.51% Maharashtra - 24-May-2027	100	–	–	65,00,000	68.49
7.59% Gujarat - 15-Feb-2027	100	–	–	1,25,00,000	132.61
7.62% Uttar Pradesh - 15-Feb-2027	100	–	–	30,00,000	31.81
7.84% Maharashtra - 13-Jul-2026	100	–	–	2,00,00,000	212.59
7.86% Karnataka - 15-Mar-2027	100	–	–	50,00,000	53.24
7.96% Maharashtra - 29-Jun-2026	100	–	–	25,00,000	26.73
8.03% Uttar Pradesh - 11-May-2026	100	–	–	70,00,000	74.77
Carried over			2100.63		2547.44

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023 Number	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 Number	As at 31st March, 2022 (₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			2100.63		2547.44
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (Contd.)					
8.08% Maharashtra - 15-Jun-2026	100	–	–	5,00,000	5.36
8.36% Maharashtra - 27-Jan-2026	100	–	–	35,00,000	37.76
8.72% Tamil Nadu - 19-Sep-2026	100	–	–	10,00,000	10.99
Government of India Zero Coupon Government Stock					
Zero Coupon Government Stock - 22-Feb-2025	100	34,00,000	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
Unquoted					
Government Securities - cost ₹ 70000.00			0.01		0.01
National Savings Certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)			...		...
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
7.07% - Series B - 01-Oct-2025	10,00,000	4,300	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)
4. Non-current investments (Contd.)					
Brought forward			2950.44		3409.05
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
India Infrastructure Finance Company Limited					
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
Indian Railway Finance Corporation Limited					
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
National Bank for Agriculture and Rural Development					
7.07% - Series 1A - 25-Feb-2026	10,00,000	2,000	204.71	2,000	206.19
National Highways Authority of India					
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
National Housing Bank					
8.46% - Series V - 30-Aug-2028	10,00,000	800	83.65	800	84.20
Power Finance Corporation Limited					
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

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023 Number	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 Number	As at 31st March, 2022 (₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			5143.11		5710.95
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
REC Limited					
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
Taxable Bonds - Secured, Redeemable & Non-Convertible					
Indian Railway Finance Corporation Limited					
7.83% - Series 118 - 21-Mar-2027	10,00,000	–	–	1,750	187.83
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call Option on 04-Mar-2024)	10,00,000	–	–	2,000	200.00
National Bank for Agriculture and Rural Development					
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
Power Finance Corporation Limited					
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
REC Limited					
5.85% - Series 203 B - 20-Dec-2025	10,00,000	–	–	1,100	109.37
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible#					
ICICI Bank					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	–	–	2,647	264.70
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)
4. Non-current investments (Contd.)					
Brought forward			6010.31		8174.62
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
State Bank of India					
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
Zero Coupon Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
Tranche 416 - 25-Apr-2025	10,00,000	11,250	1216.93	11,250	1149.72
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Fixed Maturity Plans (at amortised cost)*					
Aditya Birla Sun Life Mutual Fund	10	2,19,98,900	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
Exchange Traded Funds (at fair value through other comprehensive income) **					
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
Unquoted					
Target Maturity Index Funds (at fair value through other comprehensive income) **					
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 Number	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 Number	As at 31st March, 2022 (₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			12062.91		12489.40
INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (at fair value through profit or loss)					
Unquoted					
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
Aggregate amount of quoted Investments			**8858.57**		**11480.91**
Aggregate amount of unquoted Investments			**3323.59**		**1095.82**
Total			**12182.16**		**12576.73**

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
5. Loans				
Others Loans - Employees				
– Unsecured, considered good	7.12	5.48	6.77	6.61
TOTAL	**7.12**	**5.48**	**6.77**	**6.61**

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
6. Other financial assets				
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	–
TOTAL	**1118.67**	**3739.75**	**2565.41**	**1589.58**

* 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.

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
7. Deferred tax		
Deferred tax liabilities (Net)	1629.00	1673.47
Less: Deferred tax assets (Net)	52.02	63.53
TOTAL	**1576.98**	**1609.94**

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
Deferred tax liabilities/assets in relation to:								
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
Total deferred tax liabilities	**2015.57**	**105.56**	**(44.32)**	**2.62**	**27.72**	**–**	**0.06**	**2107.21**
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
Total deferred tax assets before MAT credit entitlement	**397.74**	**115.44**	**5.72**	**–**	**–**	**–**	**0.82**	**519.72**
Total deferred tax liabilities before MAT credit entitlement (Net)	**1617.83**	**(9.88)**	**(50.04)**	**2.62**	**27.72**	**–**	**(0.76)**	**1587.49**
Less: MAT credit entitlement	7.89	2.62	–	–	–	–	–	10.51
Total deferred tax liabilities (Net)	**1609.94**	**(12.50)**	**(50.04)**	**2.62**	**27.72**	**–**	**(0.76)**	**1576.98**

Notes to the Consolidated Financial Statements

(₹ in Crores)

7. Deferred tax (Contd.)

2021-22	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Acquisitions through business combination	Effect of foreign exchange	Closing Balance
Deferred tax liabilities/assets in relation to:								
On fiscal allowances on property, plant and equipment, investment property etc.	1626.22	13.53	–	–	–	–	–	1639.75
On Excise Duty/National Calamity Contingent Duty on closing stock	72.25	6.96	–	–	–	–	–	79.21
On cash flow hedges	1.66	–	9.05	2.44	(8.33)	–	–	4.82
Other timing differences	326.07	(35.21)	0.93	–	–	–	–	291.79
Total deferred tax liabilities	**2026.20**	**(14.72)**	**9.98**	**2.44**	**(8.33)**	**–**	**–**	**2015.57**
On fiscal allowances on property, plant and equipment etc.	7.44	0.84	–	–	–	–	0.42	8.70
On employees' separation and retirement etc.	76.52	7.42	2.34	–	–	–	–	86.28
On provision for doubtful debts/advances	60.22	0.10	–	–	–	–	–	60.32
On State and Central taxes etc.	64.36	5.26	–	–	–	–	–	69.62
On unabsorbed tax losses and depreciation	6.13	0.34	–	–	–	–	–	6.47
Other timing differences	128.55	37.80	–	–	–	–	–	166.35
Total deferred tax assets before MAT credit entitlement	**343.22**	**51.76**	**2.34**	**–**	**–**	**–**	**0.42**	**397.74**
Total deferred tax liabilities before MAT credit entitlement (Net)	**1682.98**	**(66.48)**	**7.64**	**2.44**	**(8.33)**	**–**	**(0.42)**	**1617.83**
Less: MAT credit entitlement	5.13	2.76	–	–	–	–	–	7.89
Total deferred tax liabilities (Net)	**1677.85**	**(69.24)**	**7.64**	**2.44**	**(8.33)**	**–**	**(0.42)**	**1609.94**

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.

8. Other assets

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
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
TOTAL	**1561.75**	**1311.95**	**1306.08**	**1291.22**

* 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)
9. Inventories*		
(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
TOTAL	**11771.16**	**10864.15**
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
TOTAL	**247.67**	**308.98**

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.

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
10. Biological assets other than bearer plants		
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
Balance at the end of the year	**142.97**	**109.44**

* 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)
11. Current investments (at fair value through profit or loss, unless stated otherwise)					
INVESTMENT IN EQUITY INSTRUMENTS					
In Others					
Quoted					
Ultra Tech Cement Limited	10	3	...	3	...
Unquoted					
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	...
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
India Infrastructure Finance Company Limited					
7.19% - Series I - 22-Jan-2023	1,000	–	–	1,50,000	15.25
Indian Railway Finance Corporation Limited					
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
National Highways Authority of India					
8.50% - Series II A - 05-Feb-2029	1,000	1,04,000	11.05	1,04,000	12.47
National Housing Bank					
6.82% - 26-Mar-2023	10,000	–	–	5,000	5.08
Power Finance Corporation Limited					
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
REC Limited					
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
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
9.15% - Series P16 - 05-Sep-2022	10,00,000	–	–	300	30.59
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible#					
ICICI Bank Limited					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	350	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 Number	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 Number	As at 31st March, 2022 (₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			584.75		1219.52
INVESTMENT IN CERTIFICATE OF DEPOSITS					
Unquoted					
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	–	–
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)					
Unquoted					
National Savings Certificates (pledged with Mandi Samiti) (cost ₹ 2000.00)			...		...
National Savings Certificate (cost ₹ 10000.00)			...		...
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Exchange Traded Funds					
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
Unquoted					
Liquid/ Overnight Funds					
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

Enduring Value

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)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			6015.89		1752.65
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
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
Ultra Short Term Funds					
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
Low Duration Funds					
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
Money Market Funds					
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
Floating Rate Funds					
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

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2023 Number	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 Number	As at 31st March, 2022 (₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			13601.93		7333.65
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
Short Term Funds					
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
Banking & PSU Debt Funds					
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
Corporate Bond Funds					
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
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Taxable Bonds - Secured, Redeemable & Non-Convertible					
National Bank for Agriculture and Rural Development					
6.40% - Series 20K - 31-Jul-2023	10,00,000	2,700	268.84	–	–
Small Industries Development Bank of India					
5.40% - Series IV - 17-Mar-2025 (with Put and Call option on 18-Mar-2024)	10,00,000	250	24.46	–	–
Current Portion of Non-Current Investment					
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
7.34% - Series 1 - 16-Feb-2023	1,000	–	–	3,29,870	33.27
India Infrastructure Finance Company Limited					
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)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			15135.99		9287.31
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
Indian Railway Finance Corporation Limited					
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	–	–
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call option on 04-Mar-2024)	10,00,000	2,000	200.00	–	–
Housing and Urban Development Corporation Limited					
6.99% - Series E - 11-Nov-2022	10,00,000	–	–	700	70.05
7.61% - Series A - 22-Jun-2022	10,00,000	–	–	250	25.02
8.40% - Series C - 11-Apr-2022	10,00,000	–	–	850	85.00
National Bank for Agriculture and Rural Development					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option on 29-Jul-2022)	10,00,000	–	–	5,000	499.95
6.70% - Series 20 H - 11-Nov-2022	10,00,000	–	–	250	25.00
6.98% - Series 20 G - 19-Sep-2022	10,00,000	–	–	2,000	200.00
7.70% - Series 20 D - 13-Jun-2022	10,00,000	–	–	500	50.09
7.85% - Series 20 B - 23-May-2022	10,00,000	–	–	900	90.13
7.90% - Series 20 A - 18-Apr-2022	10,00,000	–	–	600	60.02
Power Finance Corporation Limited					
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)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			15733.16		10988.10
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
REC Limited					
7.09% - Series 152 - 17-Oct-2022	10,00,000	–	–	300	29.95
7.09% - Series 185 - 13-Dec-2022	10,00,000	–	–	2,000	200.00
Zero Coupon Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
Tranche 378 - 04-May-2022	10,00,000	–	–	500	64.78
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible#					
State Bank of India					
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	–	–
ICICI Bank Limited					
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	–	–
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Fixed Maturity Plans					
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
Aggregate amount of quoted investments			**3414.42**		**4694.84**
Aggregate amount of unquoted investments			**13818.44**		**7569.44**
Total			**17232.86**		**12264.28**

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)
12. Trade receivables (Current)		
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
TOTAL	**2956.17**	**2461.90**

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
SUB-TOTAL	**2003.32**	**928.94**	**34.15**	**17.05**	**34.35**	**135.91**	**3153.72**
Less: Allowance for Credit impairment							197.55
TOTAL							**2956.17**

	Outstanding for following periods from due date of payment as at 31st March, 2022						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1564.12	883.51	11.75	5.35	(0.61)	(2.22)	2461.90
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	1.70	11.66	36.73	12.29	16.59	78.97
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	0.02	2.41	5.94	109.53	117.90
SUB-TOTAL	**1564.12**	**885.21**	**23.43**	**44.49**	**17.62**	**123.90**	**2658.77**
Less: Allowance for Credit impairment							196.87
TOTAL							**2461.90**

Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
13. Cash and cash equivalents[@]		
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
TOTAL	**463.35**	**271.37**

@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

14. Other bank balances		
Earmarked balances	239.43	224.49
In deposit accounts*	4177.41	4158.56
TOTAL	**4416.84**	**4383.05**

* 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)
15. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,42,80,17,741	1242.80	12,32,32,55,931	1232.33
A) Reconciliation of number of Ordinary Shares outstanding				
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	**12,42,80,17,741**	**1242.80**	**12,32,32,55,931**	**1232.33**

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

	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

C) Shareholding of Promoters : Nil

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

E) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

F) Shares reserved for issue under Options

	As at 31st March, 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).

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
16. Non-current borrowings		
Unsecured		
Term loans		
– From Others	0.21	0.31
Deferred payment liabilities		
– Sales tax deferment loans	3.28	4.54
TOTAL	**3.49**	**4.85**

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 (2023)	Deferred Payment Liabilities (2023)	Term Loans (2022)	Deferred Payment Liabilities (2022)
In the first year (Refer Note 17B)	0.10	1.26	–	0.74
Current maturities of long-term debt	**0.10**	**1.26**	**–**	**0.74**
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	–
Non-current borrowings	**0.21**	**3.28**	**0.31**	**4.54**

	As at 31st March, 2023 (₹ in Crores)		As at 31st March, 2022 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17A. Lease liabilities*				
Lease liabilities	53.86	213.37	50.18	193.67
TOTAL	**53.86**	**213.37**	**50.18**	**193.67**

* 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	**267.23**	**243.85**

Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
17B. Other financial liabilities		
Non-current		
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
TOTAL	**416.87**	**144.50**
Current		
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
TOTAL	**2407.71**	**1812.85**

* 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
18. Provisions				
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
TOTAL	**100.56**	**259.21**	**79.56**	**221.05**

Notes to the Consolidated Financial Statements

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
19. Other liabilities		
Non-current		
Advances received from customers*	82.84	36.43
TOTAL	**82.84**	**36.43**
Current		
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
TOTAL	**5571.35**	**5116.03**

* Includes revenue received in advance.

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
20. Current borrowings		
Secured		
Loans from Banks		
Cash credit facilities*	33.96	–
Unsecured		
Current maturities of long-term debt (Refer Note 16)	1.36	0.74
TOTAL	**35.32**	**0.74**

* Cash credit facilities are secured by hypothecation of certain property, plant and equipment and current assets, both present and future.

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
21A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	66.16	42.30
TOTAL	**66.16**	**42.30**

	As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
21B. Current Tax liabilities (Net)		
Current taxation (net of advance payment)	911.62	687.09
TOTAL	**911.62**	**687.09**

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
22A. Revenue from operations		
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#	691.63	586.73
TOTAL	**76518.21**	**65204.96**

* Net of sales returns, damaged stocks and estimates of variable consideration such as discounts to customers.

Includes Government grants of ₹ 311.41 Crores (2022 - ₹ 275.87 Crores) on account of Fiscal and Exports incentives, etc.

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
22B. Gross revenue from sale of products and services*		
FMCG		
– 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
Hotels		
– Income from Sale of Services	2672.79	1341.02
Agri Business		
– Unmanufactured Tobacco	2510.93	1647.25
– Other Agri Products and Commodities (Wheat, Rice, Spices, Coffee, Soya etc.)	9850.69	10544.76
Paperboards, Paper and Packaging		
– Paperboards and Paper	6562.04	5576.31
– Printed Materials	671.65	627.48
Others		
– Others	3181.69	2729.98
TOTAL	**75826.58**	**64618.23**

* 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)
23. Other income		
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
TOTAL	**1980.49**	**1836.35**
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
TOTAL	**1534.00**	**1082.63**
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.01	0.01
b) Other investments	0.01	–
TOTAL	**0.02**	**0.01**
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)	–
TOTAL	**293.34**	**622.55**

* Includes ₹ 157.29 Crores (2022 - ₹ 195.72 Crores) being net gain/(loss) on sale of investments.

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
24. Employee benefits expense		
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
	5754.27	**4901.65**
Less: Recoveries made/reimbursements received	18.05	11.10
TOTAL	**5736.22**	**4890.55**

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
25. Finance costs		
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
TOTAL	**43.20**	**39.36**

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
26. Other expenses		
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
TOTAL	**10529.93**	**8734.06**

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2023 (₹ in Crores)	For the year ended 31st March, 2022 (₹ in Crores)
27. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	6449.33	5280.88
Adjustments/(credits) related to previous years - Net	1.57	25.70
Total current tax	**6450.90**	**5306.58**
Deferred tax		
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)
Total deferred tax	**(12.50)**	**(69.24)**
TOTAL	**6438.40**	**5237.34**

B. Amount recognised in other comprehensive income

The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:

On items that will not be reclassified to profit or loss		
Remeasurement gains/(losses) on defined benefit plans	5.72	(8.12)
Related to designated portion of hedging instruments in cash flow hedges	(5.34)	3.00
	0.38	**(5.12)**
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)
	21.94	**(4.65)**
TOTAL	**22.32**	**(9.77)**

C. Amount recognised directly in equity

The income tax (charged)/credited directly to equity during the year is as follows:

Deferred tax		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	2.62	2.44
TOTAL	**2.62**	**2.44**

D. Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax	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
Total	**6442.39**	**5241.02**
Adjustments recognised in the current year in relation to the current tax of prior years	(3.99)	(3.68)
Income tax recognised in profit or loss	**6438.40**	**5237.34**

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:

	2023	2022
Earnings per share has been computed as under:		
(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

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.

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#	27.34#
Mother Sparsh Baby Care Private Limited (w.e.f. 27.10.2022) (Refer Note 28(x))	India	22.00#	–

*associates of Russell Credit Limited

on a fully diluted basis

The financial statements of all Associates, considered in the Consolidated Accounts, are drawn upto 31st March.

(d) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries, associates and joint ventures on the audited financial statements prepared for consolidation in accordance with the requirements of Indian Accounting Standard - 110 (Ind AS 110) on "Consolidated Financial Statements" and Indian Accounting Standard - 28 (Ind AS 28) on "Investments in Associates and Joint Ventures" by each of the included entities other than in respect of a joint venture Logix Developers Private Limited which has been considered on the basis of financial statements as certified by Logix Developers Private Limited's management and provided to the Company.

(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).

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.

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.

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
I	**Components of Employer Expense**								
–	**Recognised in the Statement of Profit and Loss**								
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
4	**Total expense recognised in the Statement of Profit and Loss**	**41.80**	**38.16**	**1.12**	**28.54**	**47.57**	**38.09**	**0.96**	**23.06**
–	**Remeasurements recognised in Other Comprehensive Income**								
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
10	**Total remeasurements included in Other Comprehensive Income**	**(1.00)**	**19.06**	**(0.17)**	**6.17**	**(44.58)**	**2.76**	**(0.28)**	**10.04**
11	**Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)**	**40.80**	**57.22**	**0.95**	**34.71**	**2.99**	**40.85**	**0.68**	**33.10**

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.

		Pension	Gratuity Funded	Gratuity Unfunded	Leave Encashment	Pension	Gratuity Funded	Gratuity Unfunded	Leave Encashment
II	**Actual Returns**	46.39	30.36	–	–	62.68	34.38	–	–
III	**Net Asset/(Liability) recognised in Balance Sheet**								
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	**(42.48)**	**(29.01)**	**(6.96)**	**(176.54)**	**(17.18)**	**(20.99)**	**(6.60)**	**(164.55)**
	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	**5.76**	**–**	**–**	**–**	**4.50**	**–**	**–**	**–**
	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
IV	**Change in Defined Benefit Obligation (DBO)**									
	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	**Present Value of DBO at the end of the year**	**925.28**	**509.40**	**6.96**	**176.54**	**929.62**	**478.30**	**6.60**	**164.55**

			As at 31st March, 2023 (₹ in Crores)	As at 31st March, 2022 (₹ in Crores)
V	**Best Estimate of Employers' Expected Contribution for the next year**			
		– Pension	87.17	72.02
		– Gratuity	75.30	66.02

Enduring Value

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
VI	**Change in Fair Value of Assets**									
	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	**Plan Assets at the end of the year**	**888.56**	**480.39**	–	–	**916.94**	**457.31**	**–**	**–**

			As at 31st March, 2023	As at 31st March, 2022
			Discount Rate (%)	Discount Rate (%)
VII	**Actuarial Assumptions**			
	1	Pension	7.50	6.75
	2	Gratuity	7.50	6.75
	3	Leave Encashment	7.50	6.75

The estimates of future salary increases, 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
VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**			
	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.

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
X	**Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**								
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).

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)
Parent									
	ITC Limited	90.15%	62688.66	93.47%	18205.11	32.16%	29.26	93.19%	18234.37
Subsidiary									
	Indian								
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	...	...	–	–	...	...

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)
	Indian								
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)
	Foreign								
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
Non-Controlling Interest in all subsidiaries		**0.55%**	**383.53**	**1.46%**	**285.06**	**(0.81%)**	**(0.74)**	**1.45%**	**284.32**

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)
Associates									
	Indian								
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)
Joint Ventures									
	Indian								
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
Total		**100.00%**	**69,538.79**	**100.00%**	**19,476.72**	**100.00%**	**91.02**	**100.00%**	**19,567.74**

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.

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
1st year	0.90	16.67
2nd year	0.33	0.57
3rd year	0.17	Nil
4th year	Nil	Nil
5th year	Nil	Nil
Beyond 5 years	Nil	Nil

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: • On completion of 12 months from the date of grant of the Options : 30% vests • On completion of 24 months from the date of grant of the Options : 30% vests • On completion of 36 months from the date of grant of the Options : 40% vests	
4.	Pricing Formula	:	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits 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	

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:

Particulars		As at 31st March, 2023		As at 31st March, 2022	
		No. of Options	Weighted Average Exercise Prices (₹)	No. of Options	Weighted Average Exercise Prices (₹)
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:

Particulars		As at 31st March, 2023			As at 31st March, 2022		
		No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life	No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life
ITC Employee Stock Option Scheme - 2006	:	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

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).

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					
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	44.39	–	–	–	–	**44.39**
Others	632.94	49.68	0.01	–	–	**682.63**
Disputed Dues - MSME	–	–	–	–	–	**–**
Disputed Dues - Others	–	–	–	–	0.28	**0.28**
SUB-TOTAL	**677.33**	**49.68**	**0.01**	**–**	**0.28**	**727.30**
Accrued Payables (not due)						
– MSME						93.49
– Others						3838.20
TOTAL						**4658.99**

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022					
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	33.26	–	–	–	–	**33.26**
Others	867.10	101.18	0.57	0.52	0.31	**969.68**
Disputed Dues - MSME	–	–	–	–	–	**–**
Disputed Dues - Others	–	–	–	–	0.50	**0.50**
SUB-TOTAL	**900.36**	**101.18**	**0.57**	**0.52**	**0.81**	**1003.44**
Accrued Payables (not due)						
– MSME						68.16
– Others						3345.66
TOTAL						**4417.26**

(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

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
Closing Balance as at 31st March, 2023*	**522.74**

*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
1. Segment Revenue - Gross						
FMCG - Cigarettes	31267.46	–	31267.46	26158.31	–	26158.31
FMCG - Others	19109.33	43.76	19153.09	15993.12	30.20	16023.32
FMCG - Total	**50376.79**	**43.76**	**50420.55**	**42151.43**	**30.20**	**42181.63**
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
Segment Total	**75826.58**	**8070.56**	**83897.14**	**64618.23**	**5817.56**	**70435.79**
Eliminations			(8070.56)			(5817.56)
Gross Revenue from sale of products and services			**75826.58**			**64618.23**
2. Segment Results						
FMCG - Cigarettes			18882.59			15768.45
FMCG - Others			1386.49			934.93
FMCG - Total			**20269.08**			**16703.38**
Hotels			557.31			(185.23)
Agri Business			1380.21			1086.22
Paperboards, Paper and Packaging			2293.95			1700.00
Others			534.62			723.73
Segment Total			**25035.17**			**20028.10**
Eliminations			22.19			14.01
Total			**25057.36**			**20042.11**
Unallocated corporate expenses net of unallocated income			1247.27			906.84
Profit before interest etc. and taxation			**23810.09**			**19135.27**
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			–
Profit before tax			**25915.12**			**20740.47**
Tax expense			6438.40			5237.34
Profit for the year			**19476.72**			**15503.13**

3. Other Information	2023		2022	
	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
FMCG - Total	**19972.91**	**7577.42**	**18739.30**	**7113.66**
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
Segment Total	**44991.76**	**12773.60**	**41608.54**	**11434.78**
Unallocated Corporate Assets/Liabilities	40891.22	3570.59	35651.01	3002.90
Total	**85882.98**	**16344.19**	**77259.55**	**14437.68**

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
FMCG - Total	**603.84**	**891.77**	**490.46**	**831.06**
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
Segment Total	**3005.03**	**1695.72**	**2127.45**	**1619.17**
Unallocated	191.04	113.29	130.83	113.24
Total	**3196.07**	**1809.01**	**2258.28**	**1732.41**

	Non Cash expenditure other than depreciation (2023)	Non Cash expenditure other than depreciation (2022)
FMCG - Cigarettes	0.43	6.48
FMCG - Others	5.42	6.56
FMCG - Total	**5.85**	**13.04**
Hotels	7.75	1.42
Agri Business	0.56	3.38
Paperboards, Paper and Packaging	7.73	27.59
Others	7.56	7.35
Segment Total	**29.45**	**52.78**

GEOGRAPHICAL INFORMATION

	2023	2022
1. Revenue from external customers		
– Within India	59900.75	50533.64
– Outside India	15925.83	14084.59
Total	**75826.58**	**64618.23**
2. Non current assets		
– Within India	28661.84	27624.06
– Outside India	1570.84	1166.59
Total	**30232.68**	**28790.65**

NOTES :

(1) The Group's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Group's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

(2) The business groups comprise the following :

FMCG : Cigarettes	–	Cigarettes, Cigars etc.
: Others	–	Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
Hotels	–	Hoteliering.
Paperboards, Paper and Packaging	–	Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business	–	Agri commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.
Others	–	Information Technology services, Branded Residences etc.

(3) The Group companies have been included in segment classification as follows:

FMCG : Cigarettes	–	Surya Nepal Private Limited.
: Others	–	Surya Nepal Private Limited and North East Nutrients Private Limited.
Hotels	–	Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited and Landbase India Limited.
Agri Business	–	Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., Technico Asia Holdings Pty Limited, Technico Horticultural (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.

(4) The geographical information considered for disclosure are :
– Revenue within India.
– Revenue outside India.

(5) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.

(6) As stock options and stock appreciation linked reward units are granted under ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the Group as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.

(7) The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures

1. OTHER RELATED PARTIES WITH WHOM THE COMPANY AND ITS SUBSIDIARIES HAD TRANSACTIONS:

i) Associates & Joint Ventures:

Associates

a) Gujarat Hotels Limited

b) International Travel House Limited

c) 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#	Non-Executive Director
H. Bhargava#	Non-Executive Director
P. R. Chittaranjan	Non-Executive Director (w.e.f. 03.02.2023)
A. Duggal#	Non-Executive Director
M. Gupta	Non-Executive Director
S. Mukherjee#	Non-Executive Director
A. Nayak#	Non-Executive Director
S. Panray	Non-Executive Director
N. Rao#	Non-Executive Director
A. K. Seth#	Non-Executive Director
M. Shankar#	Non-Executive Director
D. R. Simpson	Non-Executive Director
N. Doda	Non-Executive Director (up to 19.01.2023)
R. Tandon	Executive Director (up to 21.07.2022)

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)

	RELATED PARTY TRANSACTIONS SUMMARY	Associates		Joint Ventures		Key Management Personnel (KMP)		Relatives of KMP^		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					0.02	–					0.02	–
20.	Remuneration to KMP [1]												
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 [2]												
21.	**Outstanding Balances#**												
	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

^ 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 '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.

Enduring Value

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
1.	**Sale of Goods/Services**		
	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
2.	**Purchase of Goods/Services**		
	ITC Essentra Limited	438.15	280.43
	International Travel House Limited	87.05	32.92
3.	**Sale of Property, Plant and Equipment**		
	S. K. Singh	0.20	–
	R. K. Singhi	0.12	–
	S. Sivakumar	0.12	–
4.	**Investment in Associate**		
	Delectable Technologies Private Limited	1.88	1.87
5.	**Reimbursement for Share Based Payments**		
	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
6.	**Rent Received**		
	International Travel House Limited	0.87	0.87
7.	**Rent Paid**		
	Gujarat Hotels Limited	4.32	2.51
	A. Rajput	0.43	0.43
8.	**Remuneration of Managers on Deputation reimbursed**		
	Gujarat Hotels Limited	7.06	5.36
9.	**Remuneration of Managers on Deputation recovered**		
	International Travel House Limited	4.06	3.27
	ATC Limited	3.11	2.86
	ITC Essentra Limited	1.14	0.89
10.	**Contribution to Employees' Benefit Plans**		
	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
11.	**Dividend Income**		
	ITC Essentra Limited	18.00	15.75
12.	**Dividend Payments**		
	Tobacco Manufacturers (India) Limited	3648.48	3276.18
	Myddleton Investment Company Limited	595.73	534.94
13.	**Expenses Recovered**		
	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
14.	**Expenses Reimbursed**		
	Gujarat Hotels Limited	0.25	0.23
15.	**Adjustment/Receipt towards Refund of Advances**		
	International Travel House Limited	–	...
16.	**Advances Received during the year**		
	British American Tobacco (GLP) Limited	1152.95	1494.26
	JSC 'British American Tobacco–SPb'	650.55	–
17.	**Adjustment/Payment towards Refund of Advances**		
	British American Tobacco (GLP) Limited	1324.76	967.97
	JSC 'British American Tobacco–SPb'	451.75	–
18.	**Deposits Given during the year**		
	R. Tandon (related party up to 21.07.2022)	–	...
19.	**Adjustment/Receipt towards Refund of Deposit**		
	R. Tandon (related party up to 21.07.2022)	0.02	–
20.	**Remuneration to KMP#**		
20A.	*Short term benefits*		
	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
20B.	*Other long-term incentives*		
	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
20C.	*Other remuneration*		
	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
21.	**Outstanding Balances**		
i)	*Receivables*		
	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
ii)	*Advances Given*		
	Employee Trust - Pension Funds	5.76	4.50
iii)	*Deposits Given*		
	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
iv)	*Advances Taken*		
	British American Tobacco (GLP) Limited	520.52	692.33
	JSC 'British American Tobacco-SPb'	198.80	–
v)	*Deposits Taken*		
	International Travel House Limited	0.60	0.60
vi)	*Payables*		
	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 upto 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. Singhi ₹ 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
A.	**Financial assets**					
a)	**Measured at amortised cost**					
	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
	Sub-total		**21254.11**	**21187.63**	**22677.50**	**22874.96**
b)	**Measured at Fair value through OCI**					
	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
	Sub-total		**5500.32**	**5500.32**	**2853.76**	**2853.76**
c)	**Measured at Fair value through Profit or Loss**					
	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
	Sub-total		**14996.23**	**14996.23**	**10292.48**	**10292.48**
d)	**Derivatives measured at fair value**					
	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
	Sub-total		**34.15**	**34.15**	**32.72**	**32.72**
	Total financial assets		**41784.81**	**41718.33**	**35856.46**	**36053.92**

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.	**Financial liabilities**					
a)	**Measured at amortised cost**					
	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
	Sub-total		**7245.61**	**7213.91**	**6536.71**	**6520.69**
b)	**Measured at fair value**					
	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
	Sub-total		**544.00**	**544.00**	**87.34**	**87.34**
	Total financial liabilities		**7789.61**	**7757.91**	**6624.05**	**6608.03**

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.

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:

(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.

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
At the beginning of the year	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)
At the end of the year	**(1.23)**	**14.33**
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	**(11.20)**	**2.46**

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)	–
Total	**(1.23)**	**14.33**

Foreign Currency Sensitivity

For every percentage point increase/decrease in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, including derivative contracts, holding all other variables constant, the profit before tax for the year ended 31st March, 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.

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)

	Expected Loss Provision	
Particulars	**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)
Closing Balance	**240.86**	**240.91**

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**
A.	**Financial assets**			
a)	**Measured at amortised cost**			
	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
	Sub-total		**12259.63**	**13219.18**
b)	**Measured at Fair value through OCI**			
	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
	Sub-total		**5500.32**	**2853.76**
c)	**Measured at Fair value through Profit or Loss**			
	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
	Sub-total		**14996.23**	**10292.48**
d)	**Derivatives measured at fair value**			
	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
	Sub-total		**34.15**	**32.72**
	Total financial assets		**32790.33**	**26398.14**

31. Financial Instruments and Related Disclosures (Contd.)

	Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2023	As at 31st March, 2022
B.	Financial liabilities			
a)	Measured at amortised cost			
	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
	Sub-total		**388.76**	**327.00**
b)	Measured at fair value			
	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
	Sub-total		**544.00**	**87.34**
	Total financial liabilities		**932.76**	**414.34**

*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)	–
Closing Balance	**39.34**	**2.42**	**535.39**	**20.00**	**4.74**	**76.40**

*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.

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	*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 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
Revenue recognition	
Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Group performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.	Our audit procedures included the following: • Assessed the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof. • Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls over recognition of revenue.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>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.

Refer Note 1 to the Consolidated Ind AS Financial Statements - Significant Accounting Policies and Note 22A/22B.</td><td>• Evaluated the design, implementation and operating effectiveness of Group's controls in respect of revenue recognition.
• Tested the effectiveness of such controls over revenue cut off at year-end.
• On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents.
• Performed an increased level of substantive testing in respect of sales transactions recorded during the period closer to the year end and subsequent to the year end.
• Compared revenue with historical trends and where appropriate, conducted further enquiries and testing.
• Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.</td></tr>
<tr><td colspan="2">Impairment assessment of Capital Work in Progress (Hotel) and valuation of Inventories (Residential Apartments) of WelcomHotels Lanka (Private) Limited ('WLPL'), a wholly owned subsidiary</td></tr>
<tr><td>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.

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.

Refer Note 1 - Significant Accounting Policies and Note 2 - Use of estimates and judgements to the Consolidated Ind AS Financial Statements.</td><td>Our audit procedures included the following:
• Obtained understanding of the Company's policy on assessment of impairment of PPE and determination of net realisable value for inventory and assumptions used by the management including design and implementation of controls.
• Obtained and read the projections/estimated selling price/future cashflows along with sensitivity analysis thereof.
• Discussed and obtained assessment of recoverable value of PPE and inventory from component auditor.
• Evaluated management's methodology, assumptions and estimates used in the calculations.
• Involved valuation specialist to review the appropriateness of methodology and key assumptions considered by management to determine discounted future cash flows.
• Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by management.
• Verified the arithmetical accuracy of the future cash flow model including comparison with approved budgets.
• Assessed the recoverability of PPE with regard to the value in use and net realisable value of inventory.</td></tr>
</table>

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 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

(a) 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

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
UDIN: 23089802BGYPWK1709

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 "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
UDIN: 23089802BGYPWK1709

Place of Signature: Frankfurt
Date: May 18, 2023

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