



ITC Limited

CIN : L16005WB1910PLC001985

Registered Office : Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071

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TO THE MEMBERS OF THE COMPANY

Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and the Circulars issued by the Ministry of Corporate Affairs, Government of India

NOTICE IS HEREBY GIVEN that the Special Resolutions set out hereunder for granting, offering and issuing Equity Settled Stock Appreciation Rights under an Employee Stock Appreciation Rights Scheme are proposed to be passed through Postal Ballot by voting through electronic means ('remote e-voting'). The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Resolutions is annexed.

The Board of Directors of the Company at the meeting held on 6th February, 2025 have appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer for scrutinizing the Postal Ballot through remote e-voting.

In conformity with the regulatory requirements, **Members are advised to cast their votes on the Special Resolutions through remote e-voting**, for which purpose they are requested to read carefully the instructions annexed to the Notice.

Based on the Scrutinizer's Report, the Results of remote e-voting will be declared on **Friday, 11th April, 2025 at 2.30 p.m. (IST)**. The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.itcportal.com under the section 'Investor Relations' and will also be forwarded to the National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited, where the Company's shares are listed. National Securities Depository Limited ('NSDL'), engaged by the Board of Directors of the Company for facilitating remote e-voting, will also display these Results on its website www.evoting.nsdl.com.

1. To consider and, if thought fit, to pass the following resolution as a Special Resolution:-

"Resolved that:

- (a) in accordance with the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('the SBEB Regulations') and other applicable laws and regulations, and the Memorandum and Articles of Association of the Company, and subject to such approval(s), permission(s) or sanction(s) as may be necessary from any authority(ies), the Board of Directors of the Company ('the Board', which term shall be deemed to include the Nomination & Compensation Committee or any other Board Committee) be and is hereby authorised to grant, offer and issue Equity Settled Stock Appreciation Rights under a Scheme viz., 'ITC Employee Stock Appreciation Rights Scheme 2025' ('ITC ESAR Scheme'), salient features of which are set out in the Explanatory Statement annexed to this Notice, to such permanent employees and Directors of the Company, other than Independent Directors (collectively referred to as 'the eligible employees'), as may be decided by the Board, entitling the eligible employees to apply for such number of Ordinary Shares of the Company not exceeding, in the aggregate, two per cent of the issued and subscribed Share Capital of the Company as on 31st December, 2024 i.e., up to a maximum of 25,02,34,207 Ordinary Shares of face value of ₹ 1/- each (such number of shares to be appropriately adjusted for any subsequent bonus issue, consolidation or other re-organisation of the capital structure of the Company), at such price, in such manner, during such period, in one or more tranches, as set out in the Explanatory Statement annexed to this Notice, and on such other terms and conditions as the Board may decide;
- (b) the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required from time to time in pursuance of the ITC ESAR Scheme, and the Ordinary Shares so issued and allotted shall rank *pari passu* with the then existing Ordinary Shares of the Company;
- (c) the Board be and is hereby authorised to take necessary steps for listing of the Ordinary Shares issued and allotted under the ITC ESAR Scheme on the Stock Exchanges where the Ordinary Shares of the Company are listed, in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SBEB Regulations and other applicable laws and regulations;

- (d) the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect the ITC ESAR Scheme and to make any modification, variation or revision thereto or to suspend, withdraw, terminate or revive the ITC ESAR Scheme, and perform and execute all such acts, deeds, matters and things, including delegation of all or any of the powers conferred herein, as may be deemed necessary, proper or expedient, and also to settle any issue, question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem fit or desirable, subject to compliance with the applicable laws and regulations, without the Board being required to seek any further consent / approval of the Members.”

2. To consider and, if thought fit, to pass the following resolution as a Special Resolution:-

“Resolved that, in accordance with the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and other applicable laws and regulations, and the Memorandum and Articles of Association of the Company, and subject to such approval(s), permission(s) or sanction(s) as may be necessary from any authority(ies), the Board of Directors of the Company (‘the Board’, which term shall be deemed to include the Nomination & Compensation Committee or any other Board Committee) be and is hereby authorised to extend the benefits of the ITC Employee Stock Appreciation Rights Scheme 2025, as proposed in the Special Resolution under Item No. 1 of this Notice, to such permanent employees, including Managing / Wholtime Directors, of such subsidiary companies of the Company, as may be determined by the Board.”

By Order of the Board
ITC Limited
R. K. Singhi
Executive Vice President &
Company Secretary

Dated : 6th February, 2025.

NOTES:

- (i) In conformity with the regulatory requirements, this Notice is being sent only through electronic mode to those Members whose names appear in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories on **Friday, 14th February, 2025** and who have registered their e-mail address with the Company or with the Depositories.
- (ii) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners on **Friday, 14th February, 2025 (cut-off date)** will be entitled to cast their votes.
- (iii) There will be one vote for every DP ID & Client ID / folio number irrespective of the number of joint holders.
- (iv) **Remote e-voting will commence at 9.00 a.m. (IST) on Wednesday, 12th March, 2025 and will end at 5.00 p.m. (IST) on Thursday, 10th April, 2025**, when remote e-voting will be blocked by NSDL.
- (v) Corporate and Institutional Members (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorisation to the Scrutinizer through e-mail at **rla.itcscrutinizer@gmail.com** with a copy marked to NSDL at **evoting@nsdl.com**.
- (vi) The Special Resolutions, if passed by requisite majority, will be deemed to have been passed on the last date specified for remote e-voting i.e. **Thursday, 10th April, 2025**.

EXPLANATORY STATEMENT

Annexed to the Notice dated 6th February, 2025

Item Nos. 1 & 2

Equity based long-term incentives by the Company to its employees have aligned their interests with those of shareholders by ensuring a common purpose towards enhancing shareholder value and have also served as an effective tool for attracting & retaining talent which is imperative for the sustained growth of the Company in an environment that increasingly demands global competitiveness. In this connection, it may be recalled that the Members from time to time have approved limits for the purpose of grant of Stock Options under the Employee Stock Option Schemes of the Company; the last such approval was accorded by the Members on 23rd July, 2010 for a limit of five per cent of the issued and subscribed Share Capital of the Company. Options granted so far have largely exhausted such limits.

It is in this context that various equity based long-term incentives for employees were evaluated and introduction of an Equity Settled Stock Appreciation Rights Scheme was considered to be most appropriate. Accordingly, the Board of Directors at the meeting held on 6th February, 2025 decided to seek a limit of two per cent of the issued and subscribed Share Capital of the Company for grant of Equity Settled Stock Appreciation Rights ('SARs') under a Scheme viz., 'ITC Employee Stock Appreciation Rights Scheme 2025' ('ITC ESAR Scheme'), to be formulated in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('the SBEB Regulations'). The ITC ESAR Scheme will be applicable for the employees of the Company and its Directors, other than Independent Directors, and also for the employees, including Managing / Wholetime Directors, of subsidiary companies of the Company (collectively referred to as 'the eligible employees'), as may be determined by the Board of Directors of the Company ('the Board', which term shall be deemed to include the Nomination & Compensation Committee or any other Board Committee). The salient features of the proposed ITC ESAR Scheme are provided below:-

(a) Brief description of the ITC ESAR Scheme

The ITC ESAR Scheme contemplates grant of SARs to the eligible employees as described in (c) below. SARs would entitle an eligible employee to receive appreciation in the value of the shares of the Company at a future date and in a pre-determined manner, where such appreciation would be settled by way of issue and allotment of Ordinary Shares of the Company.

(b) Total number of SARs to be granted and offered

SARs to be granted to the eligible employees under the ITC ESAR Scheme shall not result in issue of Ordinary Shares exceeding, in the aggregate, two per cent of the issued and subscribed Share Capital of the Company as on 31st December, 2024 i.e., up to a maximum of 25,02,34,207 Ordinary Shares of ₹ 1/- each (such number of shares to be appropriately adjusted for any subsequent bonus issue, consolidation or other re-organisation of the capital structure of the Company).

One SAR would entitle the eligible employee to apply for and be allotted, upon payment of ₹ 1/- per share, such number of Ordinary Shares of the Company determined on the basis of difference between the market price of ten Ordinary Shares and SAR Price as described in (e) below, divided by market price of one Ordinary Share; market price for this purpose would be the average of the closing price of the Company's Share on the National Stock Exchange of India Limited ('NSE') during the month preceding the month in which the application for exercise of SARs is made by the eligible employee, or such other price as may be considered appropriate by the Board.

If the appreciation settlement results in fraction of an Ordinary Share, the consideration for such fraction shall be settled in cash in accordance with the provisions of the SBEB Regulations and the ITC ESAR Scheme.

(c) Employees entitled to participate in the ITC ESAR Scheme

- (i) Such permanent employees, including Directors of the Company, other than Independent Directors, as may be determined by the Board, and
- (ii) Such permanent employees, including Managing / Wholetime Directors, of such subsidiary companies of the Company, as may be determined by the Board.

SARs granted to an employee shall not be transferable and cannot be pledged, hypothecated, mortgaged or otherwise alienated in any manner whatsoever.

(d) Requirement of Vesting and Period of Vesting

Vesting shall commence after a period of one year from the date of grant of SARs and may extend up to three years from the date of grant. Vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be determined by the Board.

(e) SAR Price or Pricing Formula

The SAR Price will not be lower than the closing price of the Company's Share on the NSE on the date of grant, or the average price of the Company's Share during the six months preceding the date of grant based on the daily closing price on the NSE, or 'Market Price' as defined under the SBEB Regulations i.e., closing price of the Company's Share on the date immediately prior to the date of the meeting of the Board / Nomination & Compensation Committee in which SARs are granted, as may be determined by the Board, and computed for ten Ordinary Shares of the Company.

(f) Exercise Period and Process of Exercise

The Exercise Period shall commence from the date of vesting and will expire not later than five years from the respective date(s) of vesting of SARs.

SARs will be exercisable by the eligible employees by making applications to the Company in such manner as may be prescribed under the ITC ESAR Scheme.

SARs will lapse if not exercised within the Exercise Period.

(g) Appraisal Process for determining eligibility of employees

The appraisal process for determining the eligibility of employees and the quantum of SARs to be granted to them will include (i) level / grade of the employee, (ii) performance of the employee, the respective business / corporate function and the Company as a whole, and (iii) such other criteria as may be determined from time to time. The Board will have the absolute discretion to determine the eligibility of an employee for grant of SARs under the ITC ESAR Scheme.

(h) Maximum number of SARs per eligible employee and in the aggregate

No single eligible employee shall be granted in any financial year, SARs exceeding 0.005 per cent of the issued and subscribed Share Capital of the Company as on 31st December, 2024.

The aggregate number of SARs that can be granted under the ITC ESAR Scheme shall not result in issue of Ordinary Shares exceeding two per cent of the issued and subscribed Share Capital of the Company, as stated under (b) above.

(i) Maximum quantum of benefit to be provided per eligible employee

As stated under (h) read with (b) above.

(j) Accounting Policies

The Company will conform to the applicable Accounting Policies as prescribed under the SBEB Regulations or any other policy(ies) that may be prescribed under law with respect to accounting for SARs.

(k) Valuation Method for SARs

The Company will adopt fair value method for valuation of SARs to be granted under the ITC ESAR Scheme, as required under the Indian Accounting Standards.

(l) Declaration

The following declaration required under the SBEB Regulations is not applicable since the Company will adopt fair value method for valuation of SARs:

'In case the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used fair value of the Stock Options shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.'

(m) Miscellaneous

- The ITC ESAR Scheme will be implemented and administered directly by the Company and not through a trust and accordingly, no loan is required to be provided for implementation of the said Scheme.
- The ITC ESAR Scheme contemplates issue of new shares by the Company and will not involve any secondary acquisition of shares.
- The Ordinary Shares arising out of exercise of vested SARs will not be subject to any lock-in restrictions, except such restrictions as may apply under the applicable laws from time to time or as per the Company's policies.
- No buy-back of specified securities covered under the SBEB Regulations is envisaged under the ITC ESAR Scheme.

Consent of the Members by way of Special Resolution is required for grant of SARs in terms of the SBEB Regulations read with the provisions of the Companies Act, 2013.

In terms of the SBEB Regulations, a separate resolution is required to be passed if the benefits under the ITC ESAR Scheme are also to be extended to the employees of subsidiary companies. Special Resolution is accordingly proposed under Item No. 2 of this Notice to cover the employees, including Managing / Wholetime Directors, of subsidiary companies of the Company. The aggregate number of SARs to be granted to such employees of subsidiary companies will also be within the overall limit of two per cent of the issued and subscribed Share Capital of the Company, as stated under (b) above.

The Directors, other than Independent Directors, and Key Managerial Personnel ('KMP') of the Company, and their relatives, are interested in the Special Resolution proposed under Item No. 1 of this Notice to the extent that SARs may be granted to the Directors and KMP of the Company. None of the Directors and KMP of the Company, or their relatives, is interested in the Special Resolution proposed under Item No. 2 of this Notice.

The Board of Directors of your Company recommends these Special Resolutions for your approval.

By Order of the Board
ITC Limited
R. K. Singhi
Executive Vice President &
Company Secretary

Dated : 6th February, 2025.

INSTRUCTIONS FOR REMOTE E-VOTING

Step 1: Access to NSDL e-voting website

(A) For Individual Members holding shares in dematerialised form:

For Members holding shares in demat account with NSDL

- **If you are registered for 'IDeAS' facility**, you are required to follow the below-mentioned steps:
 - (a) Launch internet browser by typing the URL: <https://eservices.nSDL.com> and click on '**Beneficial Owner**' tab under the 'IDeAS' section.
 - (b) Insert your existing user ID, password and the verification code as shown on the screen.
 - (c) After OTP based authentication and login, click on '**Access to e-voting**' under value added services and you will be able to see the e-voting page.
 - (d) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- **If you are not registered for 'IDeAS'**, you are required to follow the below-mentioned steps:
 - (a) Launch internet browser by typing the URL: <https://evoting.nSDL.com> and click on '**Login**' tab under the 'Shareholder/Member' section.
 - (b) Insert your existing user ID, password / OTP and the verification code as shown on the screen, and agree to the terms and conditions by clicking the box.
 - (c) After authentication, you will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
 - (d) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- You may also download the NSDL Mobile App '**NSDL Speede**' by scanning the following QR code, for e-voting:

 App Store  Google Play



For Members holding shares in demat account with Central Depository Services (India) Limited ('CDSL')

- **If you are registered for 'Easi / Easiest' facility**, you are required to follow the below-mentioned steps:
 - (a) Login at www.cdslindia.com by clicking on '**My Easi New (Token)**', or launch internet browser by typing the URL: <https://web.cdslindia.com/myeasitoken/home/login> .
 - (b) Insert your existing username and password.
 - (c) After OTP based authentication and login, you will be able to view the e-voting menu.
 - (d) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- You can also directly access the e-voting page by clicking on '**E Voting**' on the home page of www.cdslindia.com with your demat account number and PAN.

After OTP based authentication and login, you will be provided link for '**evoting**' against ITC Limited or '**e-voting service provider - NSDL**'. Click on the link and proceed to Step 2 to cast your vote.

For Members logging in through the websites of their Depository Participants

- (a) Login to your demat account, using the login credentials, through the concerned Depository Participant registered with NSDL / CDSL.
 - (b) Click on the option available for e-voting. You will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
 - (c) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- Members who are unable to retrieve their user ID or password are advised to use 'Forgot User ID' / 'Forgot Password' option(s) available on the websites of the respective Depositories / Depository Participants.

(B) For Non-Individual Members holding shares in dematerialised form and Members holding shares in certificate form:

If you are holding shares in dematerialised form and are registered for NSDL 'IDeAS' facility, you can login at <https://eservices.nSDL.com> with your existing IDeAS login and click on 'Access to e-voting' to proceed to Step 2 to cast your vote.

Other Members, including Members holding shares in certificate form, are required to follow the below-mentioned steps:

- (a) Launch internet browser by typing the URL: <https://evoting.nSDL.com> and click on '**Login**' tab under the 'Shareholder / Member' section.
- (b) Insert your user ID, password and the verification code as shown on the screen.

• **User ID:**

For Members holding shares in demat account with NSDL.	8 character DP ID followed by 8 digit Client ID. <i>For example, if your DP ID is IN300*** and Client ID is 12*****, then your user ID is IN300***12*****.</i>
For Members holding shares in demat account with CDSL.	16 digit Beneficiary ID. <i>For example, if your Beneficiary ID is 12*****, then your user ID is 12*****.</i>
For Members holding shares in certificate form.	Electronic Voting Event Number ('EVEN') followed by your folio number registered with the Company. <i>For example, if the EVEN is 101456 and your folio number is 01/12***, then your user ID is 1014560112***.</i>

• **Password:**

- (i) **If you are already registered with NSDL for remote e-voting, you should use your existing password for login.**
Members may also use OTP based login.
- (ii) If you are using NSDL e-voting system for the first time, you would need to use your '**initial password**' for login, which has been communicated to you by NSDL.
- (iii) If you are unable to retrieve the 'initial password', or have forgotten your password:
 - Click on '**Forgot User Details / Password?**', if holding shares in dematerialised form, or
 - Click on '**Physical User Reset Password?**', if holding shares in certificate form.

You may also send an e-mail requesting for password at evoting@nSDL.com, mentioning your name, PAN, registered address and your DP ID & Client ID / folio number.

- (c) Agree to the terms and conditions by clicking the box.
- (d) Click on '**Login**'. Home page of remote e-voting opens.

Step 2: Cast your vote on NSDL e-voting website

- (a) Select the EVEN of ITC Limited.
- (b) Now you are ready for remote e-voting as '**Cast Vote**' page opens.
- (c) Cast your vote by selecting appropriate option and click on '**Submit**'. Thereafter click on '**Confirm**' when prompted; upon confirmation, your vote is cast and the message '**Vote cast successfully**' will be displayed.

Other Instructions

- (a) Members who have not registered their e-mail address with the Company or with the Depositories and wish to receive the Postal Ballot Notice and / or cast their votes through remote e-voting are required to register their e-mail address with the Company at <https://eform.itcportal.com> . Alternatively, Members may send a letter requesting for registration of their e-mail address, mentioning their name and DP ID & Client ID / folio number, through **e-mail at isc@itc.in** or by **post to the Investor Service Centre** of the Company ('ISC') at 37 Jawaharlal Nehru Road, Kolkata 700 071.
- (b) In case of any query, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website www.evoting.nsdl.com . You may also contact the following persons for any query / grievance:
 - (i) Mr. Amit Vishal, Deputy Vice President, National Securities Depository Limited, 301, Naman Chambers, 3rd Floor, Plot No. C-32, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 at telephone no. **022-4886 7000** or at e-mail ID **AmitV@nsdl.com** ;
 - (ii) Mr. T. K. Ghosal, Head of ISC, at telephone nos. **1800-345-8152 (toll free)** or **033-2288 6426 / 0034** or at e-mail ID **tunal.ghosal@itc.in** . You may also send your queries to the e-mail ID **isc@itc.in** .

Individual Members holding shares in dematerialised form may also reach out for any technical issue related to login through their respective Depositories, i.e. NSDL and CDSL, as follows:

- NSDL - e-mail at **evoting@nsdl.com** or call at telephone no. **022-4886 7000**.
- CDSL - e-mail at **helpdesk.evoting@cdslindia.com** or call at telephone no. **1800-21-09911 (toll free)**.
