



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
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4th August, 2020

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

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

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

Dear Sirs,

Report and Accounts for the financial year ended 31st March, 2020

We enclose, in terms of Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, a copy of the Report and Accounts of the Company for the financial year ended 31st March, 2020 together with the Notice dated 26th June, 2020 convening the 109th Annual General Meeting (AGM) of the Company on 4th September, 2020.

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

Yours faithfully,
ITC Limited


(R. K. Singh)
Executive Vice President &
Company Secretary

Encl. as above.



Enduring Value

NATION FIRST: SAB SAATH BADHEIN

ITC Limited

REPORT AND ACCOUNTS 2020

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The Mnemonic for this year's Annual Report denotes ITC's multiple drivers of growth represented by the diverse coloured petals blooming and growing outward in all directions, signifying ITC's growing contribution across sectors. The interlinked loops in the middle represent the synergies between ITC's diverse businesses contributing to its competitiveness. The use of bright colours in the mnemonic symbolises ITC's resolve to reimagine the future with new ideas and aspirations. The use of saffron, white and green in the top-bottom and left-right sequence in the interlinked loop represent ITC's credo of Nation First.



ITC: Reimagining the Future, Putting Nation First

The COVID-19 pandemic has severely impacted lives and livelihoods across the globe. The long-term implication on societies and economies will be far reaching and are yet unknown. The Government speedily responded to the crisis by announcing a package of measures and reforms aimed at providing relief to the vulnerable as well as to lay the foundations of a stronger economy in the years ahead. The Prime Minister's clarion call for 'Atmanirbhar Bharat' is inspirational and will pave the way to build a stronger and resilient India. This is indeed a time when all sections of society must lend their shoulders to move forward in a journey that calls for agility in adversity and compassion in crisis.

The unprecedented national crisis will no doubt call for a reboot of strategies and a new way of reimagining the future for a progressive and self-reliant India. Such black swan events, devastating as they are, can also be opportune moments to trigger introspection, innovation and ingenuity to chart a new tomorrow that can particularly benefit those who are less fortunate. More than ever before, Indian enterprises in their role as National Champions can play an immensely constructive part in rebuilding a future for our country that will be more secure, fundamentally competitive and yet inclusive.

ITC's larger Vision to put 'Nation First' has guided it in its journey to become an exemplary Indian enterprise that makes societal value creation a bedrock of its corporate strategy. ITC's innovative business models synergise the building of economic, ecological and social capital as a unified Triple Bottom Line strategy.

ITC's diverse portfolio of businesses creates multiple drivers of growth across all the 3 sectors of the Indian economy – agriculture, manufacturing and services.

ITC's commitment to national priorities is today manifest in the expansion of its bouquet of world-class Indian brands that anchor inclusive value chains and provide sustainable livelihoods at scale, whilst retaining larger value in the Indian economy, in its investments in building world-class manufacturing assets and iconic hotels that contribute to India's competitiveness, in the cutting-edge research and innovation focus, in the resolve of its legendary e-Choupal agri ecosystem to empower farmers and in its active journey towards digitalisation of processes, manufacturing, agri value chains, distribution, et al to create even more value for its stakeholders.

These tenets, embodied in ITC's ethos of 'Responsible Competitiveness', have enabled it to respond to the unprecedented disruptions of the pandemic with agility and compassion. In line with its credo of *Sab Saath Badhein*, ITC undertook several initiatives during the pandemic to support communities in distress. Rising to the occasion, ITC also crafted innovative solutions to ensure business continuity and addressed consumers' emerging needs with first-of-its kind speedy innovations in products and processes. The pandemic has also created an opportunity for ITC to reimagine the future and make an ever-growing contribution to the nation and its people – a commitment that lies in its abiding credo of 'Nation First'.



ITC: Creating Value for India

ITC's Leading Businesses span **all 3 sectors of the Indian Economy** creating Multiple Drivers of Growth



Agriculture

Multiplying Farmers' Income

Empowering
4 million farmers



Manufacturing

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

More than **200** factories



Services

Iconic Luxury Hotel properties

109 hotel properties in **73** locations

ITC Infotech: Leading global technology services & solutions provider



ITC Agri Business

- Value-added agriculture
- Pioneering e-Choupal ecosystem



Making in India

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



ITC Hotels

- Iconic hotel properties
- Enriching India's tourism landscape
- **WeAssure**: Ensuring highest health, hygiene and safety protocol

Transforming Indian Agriculture

ITC: Investing in the Future



ITC Life Sciences & Technology Centre

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

ITC's cutting-edge R&D capabilities

ITC's Winning Brands

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

ITC's World-Class Indian Brands



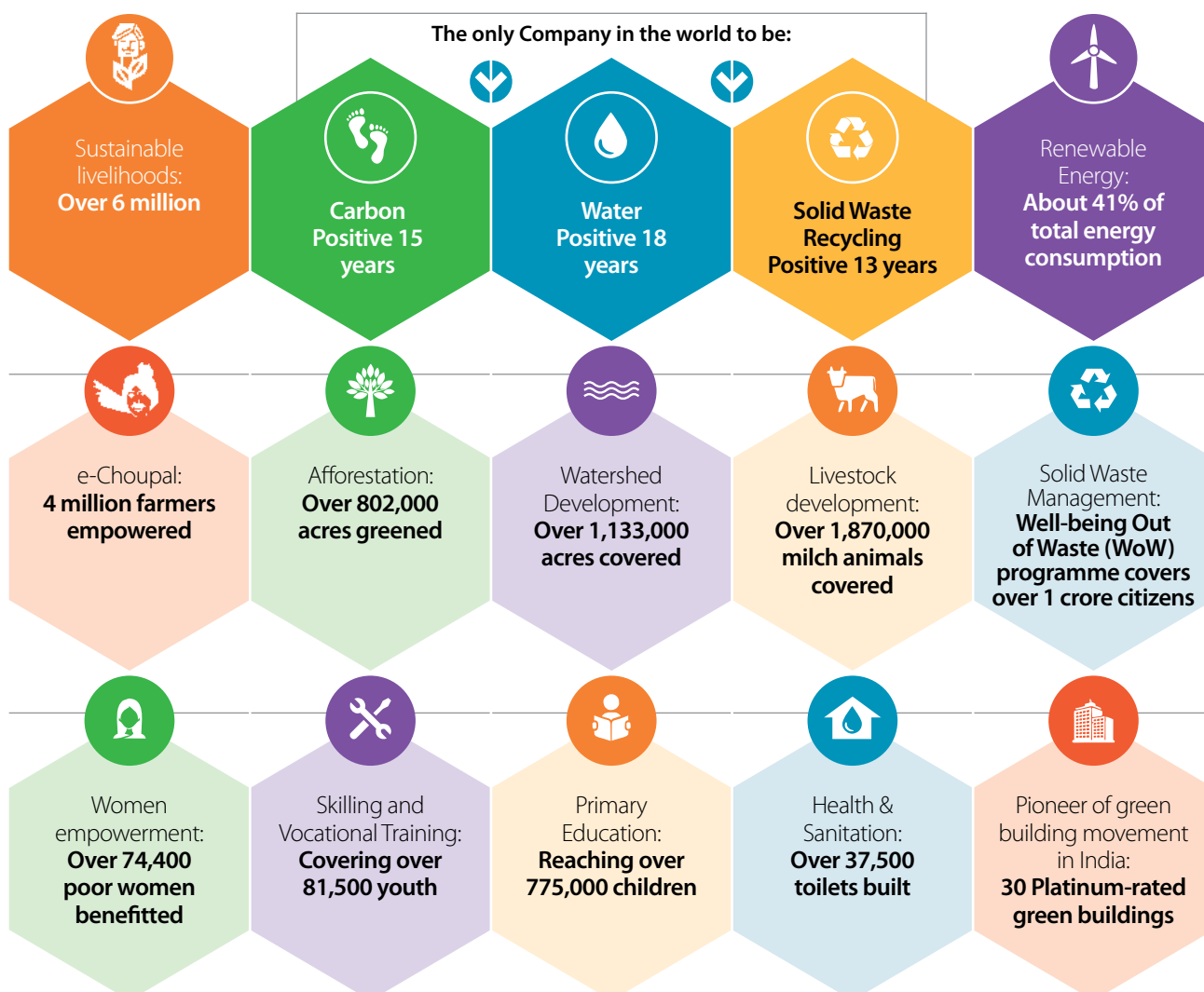
ITC: An Exemplar in Triple Bottom Line Performance



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

ITC Ranked **No.1 globally** amongst peers* and **No.3 overall** on ESG performance in the Foods Products industry by Sustainalytics - a global ESG rating company.

*comprising companies with market capitalization between USD 38 bn and USD 51 bn



ITC Paperboards & Speciality Papers unit at Kovai became the **first facility in India and the second in the world** to be awarded the Alliance for Water Stewardship (AWS) **Platinum-level certification** - the highest recognition for water stewardship in the world.



ITC's Businesses

ITC seeks to be an engine of growth for the Indian economy through a vibrant portfolio of future-ready businesses that are well poised to serve the emerging needs of an evolving market. The synergies between ITC's diverse businesses lend competitive strength to each other. ITC aspires to be a leader in every business segment that it operates in, whilst creating sustained value for all stakeholders.



PUJA AGARBATTI

• Select ITC FMCG Brands



FMCG: One of the fastest growing in the country

- ITC is India's leading FMCG marketer
- Creating a portfolio of 25 mother brands
- ITC Foods is the 3rd largest in India
- Leading portfolio of innovative Personal Care products for emerging needs
- Market leader in Notebooks
- Market leader in Dhoop, 2nd in Agarbatti



Agri Business: Empowering farmers

- ITC is a pioneer in rural transformation
- Largest private procurer of wheat
- One of India's largest exporter of agricultural commodities
- Farm linkages in 22 states
- ITC e-Choupal empowering 4 million farmers in India
- e-Choupal 4.0: Creating digital ecosystem for farmers
- Multiplying farmers' incomes



ITC: A Snapshot

13
businesses in
5
segments

Over
60
new product
launches in
2019-20

90
countries where
ITC exports

4 million
farmers
empowered

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



Paperboards and Packaging: Global icon in Environmental Stewardship

- No.1 in size
- Best-in-class profitability
- World-class environmental performance
- Contributing to Make in India and Import Substitution
- Anchoring local forestry value chains; empowering farmers



Hotels

- ITC Hotels is one of India's pre-eminent and fastest growing hospitality chains
- Over 109 hotel properties in 73 locations
- Trailblazer in 'Responsible Luxury' & Sustainability
- 'Largest Chain of Hotels in the World, with maximum LEED Platinum Certified Properties', as per USGBC
- Iconic Cuisine Brands
- **WeAssure:** Ensuring highest health, hygiene and safety protocol



ITC Infotech

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

ITC: A Snapshot

Over
900
patents filed

More than
28000
employees

Over
200
manufacturing
units

109
Hotels in 73
locations

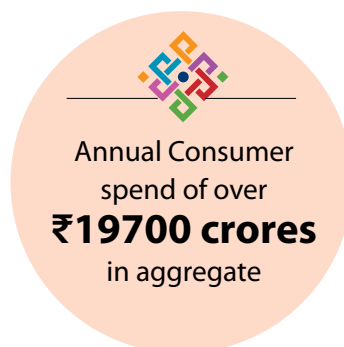
Over
6 million
sustainable
livelihoods
created



ITC's World-Class Indian Brands

Delighting Consumers, Creating & Retaining Value

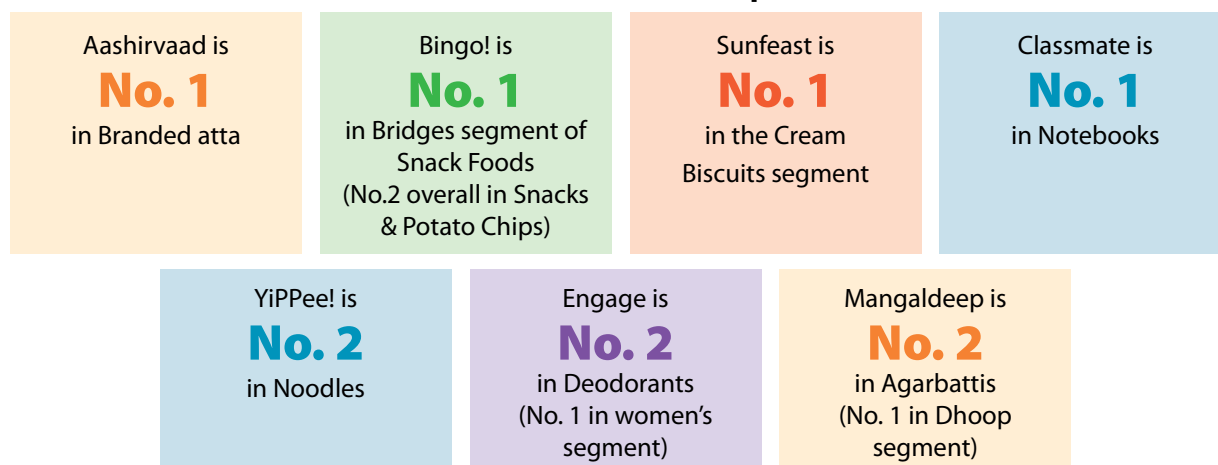
Within a relatively short span of time, ITC has built 25 mother brands, many of which are market leaders in their segments. This vibrant portfolio of brands represents an annual consumer spends of over ₹19,700 crore today. ITC's world-class Indian brands anchor competitive and inclusive value chains that create, capture and retain larger value within the country.



Consumer Spends



Brand Leadership





ITC's Agile and Compassionate Response to COVID-19

Serving Consumer Needs, Innovating Business Solutions, Touching Lives

ITC's strategic response to the evolving pandemic situation has been crafted under three heads – 'Survive, Revive and Reimagine'. ITC responded with agility during the lockdown phase to ramp up operations and enhance capacity of essential products; launched first-of-its-kind new products such as Savlon Disinfectant Spray in record time; initiated direct-to-home collaborative distribution solutions to

cater to surge in consumer demand, and so on. These speedy interventions bear testimony to ITC's resilience and innovative business capabilities.

In line with its credo of Nation First: *Sab Saath Badhein*, ITC also undertook several initiatives to support distressed communities and the needy during the pandemic.

ITC's Multi-Dimensional ways of fighting COVID-19

ITC's Social Initiatives



ITC set up a **₹215 crores** COVID Contingency Fund to provide relief to the vulnerable sections of the society



Distributing **5 lakh cooked meals** to the needy and vulnerable



Collaborating with **NGOs** to reach communities in need



Ensuring liquidity in the hands of farmers by purchasing agri produce



Enabling livelihoods through **Government's MGNREG Scheme**



Providing **food and hygiene products** to the vulnerable across **25 States and Union Territories**

ITC's Business Interventions



Operationalising and ramping up of production



Reaching ITC's essential products across India



Accelerated product innovation to cater to well-being & hygiene needs



Innovative direct-to-home distribution partnerships with Dominos, Swiggy, Zomato, Dunzo, Amway, etc



ITC Store on Wheels reaching out to consumers' homes



Generating hygiene & safety awareness, enhancing consumer connect through **Digital Brands & Business Campaigns**



WeAssure programme with NABH to ensure highest safety at ITC Hotels



Ensuring employee safety, supporting partners & encouraging ITC's frontline warriors



New Launches During the Lockdown



Despite the lockdown, ITC launched a bouquet of specially crafted innovative products with agility and speed to cater to the consumers' urgent needs for health, wellness and hygiene solutions.



Zero contact
effective
clean for
surfaces

Savlon
Disinfectant Spray



Savlon Hexa
Range

Advanced
hygiene
solutions



Savlon Wipes & Savlon
Sanitizer Sachet

Hygiene
innovations



100% Natural
Action
Vegetable &
Fruit Wash

Nimwash



ITC Master Chef Snacks

Unique range
of Frozen
Snacks

ITC
MASTER
CHEF
FROZEN SNACK



With
immunity
offerings

B Natural+
Juices



Aashivaad Svasti Lassi

Value
added Dairy
product



Premium
Ball Pens

Paperkraft



New Delivery Models to Ensure Availability

Complementing Traditional Distribution with Innovative Channels

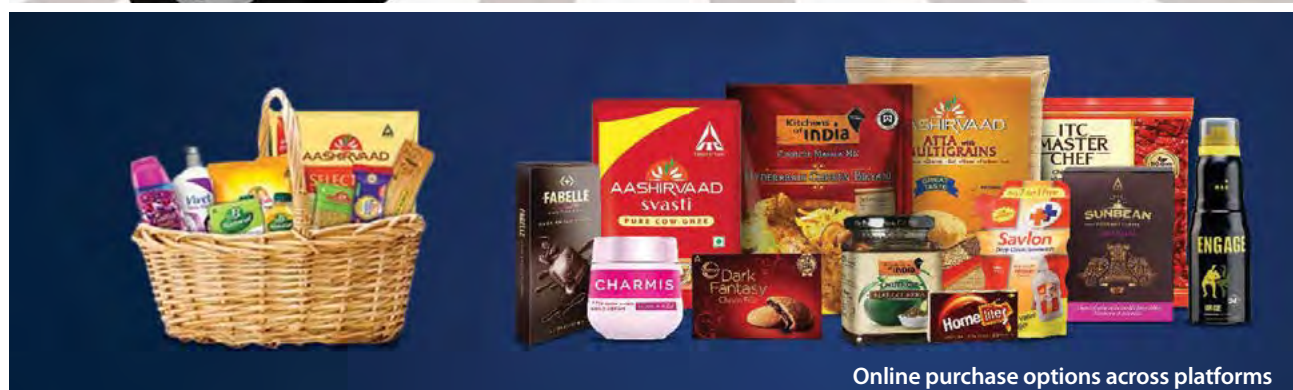
During the lockdown, when people remained confined to their homes, ITC ensured delivery of its products to consumers by tying up with diverse companies such as Dominos, Swiggy, Zomato, Dunzo, Amway and several others. Other innovations included 'ITC Store on Wheels' to ensure direct reach to consumers in residential agglomerations, increased availability in e-Commerce platforms.

Innovative partnerships with Dominos, Swiggy, Zomato, Dunzo, Amway, etc

ITC Store on Wheels reaching out to consumers' homes

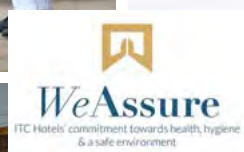
ITC's FMCG products are available in 6 million retail outlets

ITC's distribution value chain provides significant sustainable livelihoods in India





ITC Hotels: Ensuring Highest Levels of Hygiene & Safety of Guests



GOURMET COUCH

Gourmet Couch by ITC Hotels: ITC's iconic cuisines delivered at home



ITC Hotels' drop and collect laundry services

ITC Hotels launched "WeAssure" programme in association with NABH (National Accreditation Board for Hospitals and Healthcare Providers) to reinforce ITC's commitment towards highest levels of health, hygiene and safety



Deepening Digital Consumer Engagements during the pandemic



During the pandemic, ITC's Brands and Businesses generated hygiene & safety awareness and enhanced consumer connect by leveraging Digital Campaigns and Moment Marketing initiatives.



Product Launches

During the year, ITC also **launched over 60 new products** some of which are shown below:

Aashirvaad Svasti Milk



Vitamin A
Fortified milk

Fiama Hand Wash



Mood
fragrance
technology

Aashirvaad Nature's
Superfoods



With Ragi
and Millet
varieties

Sunfeast Veda Marie



Unique
wellness
offering

Sunfeast Bounce
Loops Biscuits



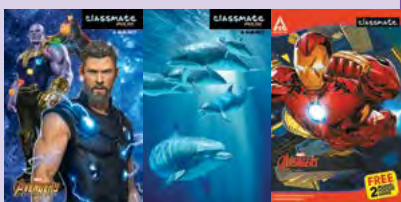
Jam filled
with
sprinkled
crystals



Made of
pulses

Bingo Starter

Classmate 3D Lenticular
Notebooks & Classmate
Poster Notebooks



Category-
first
innovation

Mangaldeep Marigold
& Mangaldeep Temple
Agarbatti Range



Unique
varieties



In line with its pursuit of providing sustainable packaging, ITC introduced the recyclable barrier board 'Filo' series – an innovative substitute for single-use plastics in the food service segment. The biodegradable 'Omega Series', launched as an alternative to plastic coated containers and cups is gaining significant consumer franchise.

ITC's Portfolio of Winning Brands



Branded Packaged Foods



PROUDLY
INDIAN



SOURCED FROM
INDIAN
FARMERS



Atta, Spices, Salt, Instant
mixes, Dairy products

Aashirvaad is India's
No.1 Branded Atta
brand with an annual
consumer spend of
nearly ₹6000 cr



Biscuits, Cookies
& Cakes

Among Top 3
Biscuit Brands
No.1 in Premium
Cream Biscuits





Branded Packaged Foods



PROUDLY
INDIAN



SOURCED FROM
INDIAN
FARMERS



Potato Chips &
Finger Snacks

No.1 in Bridges
segment of Snack
Foods



Juices &
Beverages

All of B Natural
variants are made
from fruit pulp or
juice and are not
from concentrates



Unique Dairy
Beverages

Milkshakes with
natural extracts,
real fruit bits &
nuts





Branded Packaged Foods



PROUDLY
INDIAN



SOURCED FROM
INDIAN
FARMERS



Instant Noodles
& Pasta

YiPpee! is No.2
Instant Noodles
brand in India



ITC
MASTER
CHEF

A Range of Frozen
Snacks and Prawns

Ready-to-cook veg
& non veg frozen
snacks & 'Fresher
than Fresh' frozen
prawns



Fruits and Vegetables

ITC
MASTER
CHEF

Dehydrated onions

Made from select
high quality Red
Onions without
added colour or
preservatives



Potatoes, Apples, Tomato
Puree, Frozen Vegetables

Farmland, ITC's
new brand of safe
& nutritious fruits
and vegetables





Branded Packaged Foods



Luxury chocolates,
Popular range
chocolates

World-class luxury
& popular range
chocolates for
Indian connoisseur



Gourmet coffee – roast
and rounded, Beaten
coffee – instant coffee

Made with
India's best
and world's
finest coffee
beans



Ready to Eat Gourmet
Cuisine, Daily Treat
Masala Mixes,
Chutneys & Conserves

Rich heritage of
authentic Indian
Cuisine



Candies, Toffees,
Gums, Mints

Hard Boiled
Candies, Eclairs,
Toffees, Jellies,
Mints, Gums, Wafer
Creme





Personal Care Products



PROUDLY
INDIAN



Antiseptic Liquid,
Handwash, Hand
Sanitisers, Soaps, Germ
Protection Wipes,
Body Wash

Expert Germ
Protection for
your home



Herbal Floor
Cleaner

100% natural
action floor cleaner
that harnesses the
power of Neem



Soaps, Body Wash

Range of soaps
and body washes
for delightfully
soft & beautiful
skin



Shower Gels, Hand
Washes, Gel Bars,
Bath Essentials

No.2 in Shower Gel
Range of Mood
uplifting products
for soft and happy
skin





Personal Care Products



PROUDLY
INDIAN

ESSENZA DI WILLS

Fine Fragrances,
Deodorants, Hair &
Body Shampoos &
Bathing Bars

Sublimely crafted
to encapsulate the
very essence of
fine living



ENGAGE

Premium Perfumes,
Perfume Sprays, Pocket
Perfumes, Deodorants
and Colognes

No. 2 in Deodorants

Innovative first-
to-market format-
Engage On Pocket
Perfume



DERMAFIQUE

cell by cell

Premium Skin Care
Range

Scientific and
Smart New Derma
Routine made for
the Indian skin



CHARMIS

Cold and Soft
Cream

Enriched with
the nourishing
goodness of
Vitamin A, C and E





Education & Stationery Products



classmate

Notebooks, Pens,
Pencils, Art Stationery,
Geometry Boxes &
Scholastic Products

No.1 notebook
brand in India with
a deep-rooted
commitment to the
environment



Paperkraft

Premium Notebooks,
Notepads and Pens

Aesthetically
designed with
a positive
environmental
footprint



Agarbatti

MANGALDEEP
PUJA AGARBATTIS

No.1 in Dhoop
No.2 in Agarbatti



Safety Matches

AIM

Number 1 in
Safety Matches



ITC's Cutting-Edge Innovation Engine

ITC Life Sciences and Technology Centre

ITC's globally benchmarked R&D Centre in Bengaluru – the state-of-the-art ITC Life Sciences and Technology Centre (LSTC) is continuously at work to churn out game-changing R&D - driving science-led product innovation and innovative business solutions. LSTC has evolved over the years and is presently resourced with over 350 highly qualified scientists, with over 900 patents filed.

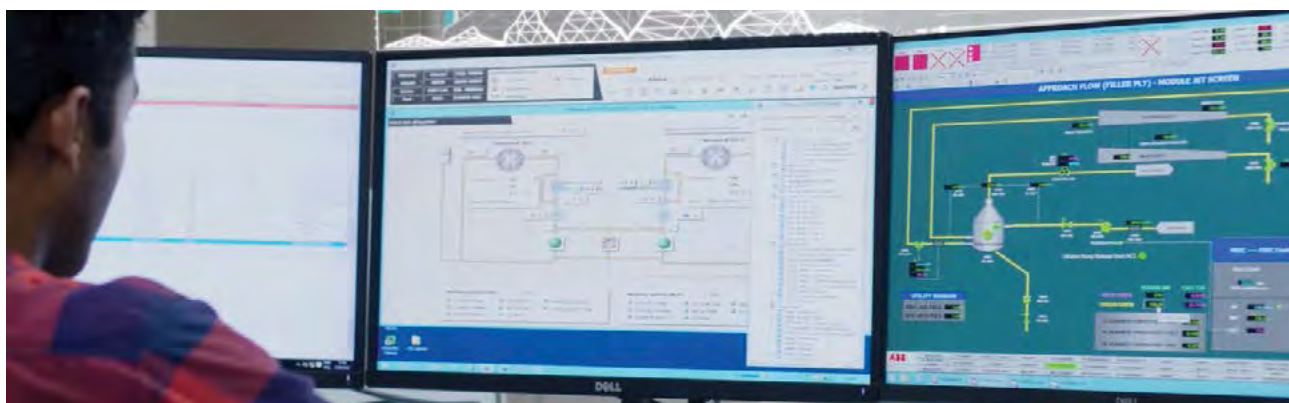
Rigorous systems, processes and industry best practices have enabled ITC LSTC secure global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy. LSTC has enabled ITC become a forerunner in launching first-to-the market innovative products for consumers. Even during the pandemic, LSTC's researchers and product

development teams responded to consumer needs with agility to come up with a range of innovative and superior products in record time such as the Savlon Surface Disinfectant Spray, Nimwash vegetable and fruit cleaner, B Natural+ juices with immunity offerings and so on, to meet consumers' urgent needs for hygiene, health and immunity.



ITC's Journey towards Accelerated Digitalization

ITC's Digital Readiness: Harnessing Emerging Digital Technologies



Digital preparedness has been at the forefront of ITC's future-ready strategy. Deepening of R&D capabilities, focused innovations and the increased use of emerging digital technologies such as Industry 4.0, Artificial Intelligence, Big Data, industrial Internet of Things (IoT) and Machine Learning across areas such as consumer engagement and insight discovery, smart manufacturing, agri value chains, supply chain agility and front-end execution have been instrumental in making ITC's businesses extremely competitive. ITC is leveraging digital technologies including customised mobility solutions and data analytics to boost productivity, operational effectiveness and sharp target market interventions.

ITC e-Choupal 4.0: Leveraging Digital Ecosystem for Farmers



Crop Advisory

Personalized crop advisory services to help improve crop productivity, quality and farmer incomes



Crop Monitoring

Capturing information of stage-wise crop production practices & crop health. Analysing the data for improved efficiency of processes, customized advisory to farmers



Farmer Forums

Information sharing network that facilitates farmer-farmer and farmer-expert interactions on crop production practices and marketing



Marketplace for Agri Inputs

Customized high quality agri-input recommendations based on farm data, weather information, package of practices and alignment to market quality requirements

ITC Baareh Mahine Hariyali



Integrated Agri Interventions to Multiply Farmers' Income



Partnering with NITI Aayog

In 27 backward districts of 8 states

Initiative under Aspirational Districts Programme









Over 15 lakh farmers trained till date



ITC's World-Class Indian Brands Anchoring Inclusive Value Chains



Creating Sustainable Livelihoods for Indian Farmers

 <p>Wheat Value Chain</p> <ul style="list-style-type: none"> ● New varietal development 	 <p>Potato Value Chain</p> <ul style="list-style-type: none"> ● Yield improvement 	 <p>Fruits Value Chain</p> <ul style="list-style-type: none"> ● Sourcing fruits from Indian farmers 	 <p>Spices Value Chain</p> <ul style="list-style-type: none"> ● Sourcing food-safe ingredients 	 <p>Milk Value Chain</p> <ul style="list-style-type: none"> ● Sourcing high quality milk from Indian farmers 
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Empowering Indian farmers – Raising farmer incomes

Ensuring high grade quality and safety to the consumers

ITC's Tree to Textbook Value Chain



- Anchoring ITC's Afforestation Programme

classmate

Paperkraft

ITC's Bamboo to Agarbatti Value Chain



stock image

- Supporting bamboo plantation interventions in North East India

MANGALDEEP

PUJA AGARBATTIS



ITC's Water Stewardship Mission



- ITC is the only company in the world to be water positive for **18 years**
- Bringing Water to over **1.13 million** acres
- Drought proofing agriculture
- ITC's Water Stewardship Programme has benefited over **3.31 lakh** people in 15 states
- ITC's Biodiversity Management Initiatives: to improve forest cover through soil moisture conservation and fringe area development

Watershed Development Projects

- Improving soil fertility and moisture conservation
- **6 million** person days of employment
- Community based participatory approach
- Reviving Traditional structures
- **Rejuvenating River Basins:** ITC is working in Ghod (Krishna river basin), Mureru (Godavari river basin), Bhawani (Kaveri river basin) and Kolans (Bhopal lake catchment) in partnership with the Government, agricultural institutions and the community
- Mobilising Public-Private-People partnerships

Demand Side Water Management

Recognising that reducing water use, especially in agriculture, is essential for conserving the precious resource, ITC works with farmers to achieve 'More crop per Drop' and improve farmer incomes.

- Improving water use efficiency
- Around **2.09 lakh** acres covered till date across 6 states
- Through micro irrigation and crop-specific precision agronomical practices, water consumption has been reduced by as much as 20% to 45%.

Water Efficiency and Rainwater Harvesting

- Total potential water saving in 1 year: **135.76 million** cubic meter
- Water Storage potential created: **38.16 million** cubic meter

Supply Augmentation

- Area treatment
- Groundwater recharge
- Water harvesting
- Biodiversity conservation



ITC's Social and Farm Forestry Initiative



- Greening over **8.02 lakh acres**
- Creating **147 million** person days of sustainable livelihoods for tribal and marginal farmers
- Sustainable source of fibre for ITC's Paperboards and Packaging Business and ITC's Notebook brands Classmate and Paperkraft

Other Environmental Impact

- Carbon sequestration- Making ITC a Carbon positive company for **15 years**
- Augmenting green cover
- Top soil retention
- Water recharge



ITC: Sab Saath Badhein

ITC's Initiatives Empowering Rural Communities



Livestock Development

- Income diversification
- Covering over **1,870,000** milch animals



Skilling & Vocational Training

- Over **81,500** youth trained



Education

- Over **775,000** rural children benefited



Women Empowerment

- Over **74,400** women empowered economically



Integrated Waste Management

- ITC Well-being out of Waste (WoW) programme reaches over **1 crore** citizens
- Livelihood for over **16,200** waste collectors



Sanitation

- Over **37,500** low-cost sanitary units constructed

Board of Directors

Chairman & Managing Director

Sanjiv Puri

Executive Directors

Nakul Anand
Sumant Bhargavan
Rajiv Tandon
(also Chief Financial Officer)

Non-Executive Directors

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

Board Committees

Audit Committee

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

CSR and Sustainability Committee

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

Nomination & Compensation Committee

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

Securityholders Relationship Committee

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

Independent Directors Committee

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

Corporate Management Committee

S Puri	Chairman
N Anand	Member
B Sumant	Member
R Tandon	Member
C Dar	Member
S K Singh	Member
S Sivakumar	Member
R K Singhi	Secretary

Executive Vice President & Company Secretary

Rajendra Kumar Singhi

General Counsel

Angamuthu Shanmuga Sundaram

Investor Service Centre

37 Jawaharlal Nehru Road, Kolkata 700 071, India
Telephone nos. : 1800-345-8152 (toll free)
033 2288 6426 / 0034
Facsimile no. : 033 2288 2358
e-mail : isc@itc.in

Statutory Auditors

S R B C & CO LLP
Chartered Accountants, Mumbai

Registered Office

Virginia House
37 Jawaharlal Nehru Road, Kolkata 700 071, India
Telephone no. : 033 2288 9371

CIN : L16005WB1910PLC001985

ITC Corporate Website : www.itcportal.com

Your Directors

S. Puri

Sanjiv Puri (58), DIN: 00280529, is the Chairman & Managing Director of ITC effective May 13, 2019. He was appointed as a Wholtime Director on the Board of ITC with effect from December 6, 2015 and Chief Executive Officer from February 5, 2017. He was re-designated as the Managing Director of ITC effective May 16, 2018. Puri is an alumnus of the Indian Institute of Technology, Kanpur, and Wharton School of Business. He joined ITC in January 1986.

Puri has also served as Chief Operating Officer of ITC and prior to that as President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, since December 2014. During his career of over three decades at ITC and its subsidiaries, he has held several business leadership positions and also handled a wide range of responsibilities in manufacturing, operations and information & digital technology. Puri became Divisional Chief Executive of the Tobacco Division in 2009, with additional responsibility for the Company's Trade Marketing & Distribution Vertical. He has led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. Puri served between 2001 and 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal. He has also been a Director on the Board of The Tobacco Institute of India and a past Member of the Board of Governors of the Media Research Users Council, and has also served on the Executive Council of The Indian Society of Advertisers.

Presently, Puri serves on the National Executive Committees of CII and FICCI and also on the Steering Committee of FICCI. He is the Chairman of the Advisory Council of the CII-ITC Centre of Excellence for Sustainable Development and a Member of the Advisory Council constituted by the Odisha State Government for promoting manufacturing ecosystem in the State. He is the Chairman of the Expert Group constituted by the Fifteenth Finance Commission for recommending performance based incentives for States to promote agri-exports and a Director on the Board of

US-India Strategic Partnership Forum. He has also been appointed as a Member of the technology discussion group 'Farm to Table - driving India's agriculture sector digitally' constituted by the NITI Aayog and a Member of the Expert Group constituted by the Punjab State Government to recommend short and medium-term action plan to revive the State's economy in the aftermath of COVID-19 crisis. He has recently been appointed as the Chairman of the CII Agriculture Council and a Member of the CII Economic Affairs Council, for the financial year 2020-21.

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

Other Directorships

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

Committee Membership of other companies: Nil

N. Anand

Nakul Anand (63), DIN: 00022279, was appointed as a Wholtime Director on the Board of ITC effective January 3, 2011. In addition to overseeing the Hospitality, Travel & Tourism Businesses of ITC, he took over in December 2014, the responsibility for overseeing the Lifestyle Retailing Business.

An Economics Honours Graduate from the Delhi University with an AMP Degree from the Bond University, Australia, Anand joined ITC Hotels' Management Training Programme in 1978. He has also served as the Managing Director of erstwhile ITC Hotels Limited during the period 2003-05.

In a career that spans more than four decades, Anand has been acknowledged in the hotels and tourism industry for his vision and commitment. Leveraging the significant learning of sustainable excellence within ITC, he led the team at ITC Hotels to pioneer the concept of 'Responsible Luxury' in the hospitality industry, securing LEED® Platinum certifications for all ITC premium luxury hotels. He has formulated value-based strategies to create a unique quality control model. His dynamic leadership and passion for the business is recognised and acknowledged by his peers. He has been a past President of the Hotel Association of India and past Chairman of the CII National Tourism Committee. Anand is presently a Member of the National Tourism Advisory Council constituted by the Ministry of Tourism, Government of India, Chairman of the Federation of Associations in Indian Tourism & Hospitality, and a Member of the Executive Committee of the Hotel Association of India. He is also a Member of the India-Sri Lanka CEOs Forum, Council Member & Executive Committee Member of the National Culture Fund, Ministry of Culture, Government of India, and a Member on the Board of the International Tourism Partnership.

Other Directorships

Name of the company	Position
International Travel House Limited #	Chairman & Non-Executive Director
Gujarat Hotels Limited #	Chairman & Non-Executive Director
Landbase India Limited	Chairman & Non-Executive Director
Fortune Park Hotels Limited	Chairman & Non-Executive Director
WelcomHotels Lanka (Private) Limited *	Chairman & Non-Executive Director
Srinivasa Resorts Limited	Vice-Chairman & Non-Executive Director
Bay Islands Hotels Limited	Non-Executive Director
Maharaja Heritage Resorts Limited	Non-Executive Director

Committee Membership of other companies

Name of the company	Committee	Position
International Travel House Limited	Nominations & Remuneration Committee	Member
Gujarat Hotels Limited	Nominations and Remuneration Committee	Member
Landbase India Limited	Audit Committee	Member
Fortune Park Hotels Limited	Corporate Social Responsibility Committee	Chairman

B. Sumant

Sumant Bhargavan (56), DIN: 01732482, was appointed as a Wholtime Director on the Board of ITC effective November 16, 2018. He is responsible for overseeing the FMCG Businesses of the Company - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis. Sumant, an alumnus of the National Institute of Technology, Durgapur, joined ITC in January 1986, and has handled a wide range of responsibilities across several businesses.

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

Your Directors

subsidiaries in the UK and the USA. He was the Divisional Chief Executive of the Tobacco Division before his elevation as President - FMCG Businesses.

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

Other Directorships

Name of the company	Position
Surya Nepal Private Limited *	Non-Executive Director

Committee Membership of other companies: Nil

R. Tandon

Rajiv Tandon (66), DIN: 00042227, was appointed as a Wholetime Director on the Board of ITC effective January 22, 2016. He is responsible for Finance, Accounting, Internal Audit & IT Functions and also for the Investment Subsidiaries of the Company. Prior to this, he was the Chief Financial Officer of the Company, a position that he continues to hold. A Fellow Member of the Institute of Chartered Accountants of India with over four decades of experience, Tandon has held various positions in ITC including Executive Vice President - Finance & MIS of the Tobacco Division, Executive Vice President - Corporate Finance, Finance Advisor and Member of the Management Committee of Agri Business and Tobacco Divisions. He joined ITC in January 1987.

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

Other Directorships

Name of the company	Position
Russell Credit Limited	Chairman & Non-Executive Director
Greenacre Holdings Limited	Chairman & Non-Executive Director
Gold Flake Corporation Limited	Chairman & Non-Executive Director
ITC Investments & Holdings Limited	Chairman & Non-Executive Director
Wimco Limited	Chairman & Non-Executive Director
Landbase India Limited	Non-Executive Director
ITC Infotech India Limited	Non-Executive Director
ITC Infotech Limited, UK *	Non-Executive Director
ITC Infotech (USA), Inc. *	Non-Executive Director

Committee Membership of other companies

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

S. Banerjee

Shilabhadra Banerjee (71), DIN: 02922331, joined the ITC Board as a Non-Executive Director effective July 24, 2014 and was appointed as an Independent Director effective July 30, 2014.

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

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

Banerjee does not hold directorship of any other company.

H. Bhargava

Hemant Bhargava (60), DIN: 01922717, joined the ITC Board as a Non-Executive Director effective July 28, 2018, representing the Life Insurance Corporation of India ('LIC'). He is a Masters in Economics and has studied Masters in Financial Management from the Jamnalal Bajaj Institute of Management Studies.

Bhargava joined LIC as a Direct Recruit Officer in 1981 and served as its Managing Director ('MD') till July 2019. During his long tenure of 38 years, he worked across diverse set of roles both in India and abroad, building multi-dimensional experience in different capacities, especially in Marketing, International Operations and new ventures. He was the first chief of SBU International Operations and was involved in setting up the micro insurance vertical of LIC, besides being a founder of LIC Cards Services Limited. He had the privilege of heading two prestigious zones of LIC covering more than 15 states of India. His tenure as MD and later as Chairman In-charge of LIC was marked by his creative leadership with new ideas enriched by the extensive experience gained in overseeing several functions including Marketing, Finance, Personnel, Investments, Alternate channels etc.

Other Directorships

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

Committee Membership of other companies

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

A. Duggal

Arun Duggal (73), DIN: 00024262, joined the ITC Board as a Non-Executive Independent Director effective September 15, 2014.

Duggal, a Mechanical Engineer from the Indian Institute of Technology, Delhi ('IIT Delhi'), and an MBA from the Indian Institute of Management, Ahmedabad ('IIM Ahmedabad'), is an international banker with global experience in financial strategy, M&A and capital raising. His professional career includes 26 years with Bank of America ('BoA'), primarily in the USA, Hong Kong and Japan, with his last assignment as Chief Executive with BoA, India, from 1998 to 2001. He was the Chief Financial Officer of HCL Technologies Limited, India, from 2001 to 2003. He has also been the Chairman of the American Chamber of Commerce, India, and on the Board of Governors of the National Institute of Bank Management.

Duggal is involved in several initiatives in social & educational sectors and is founder of FICCI's 'Women on Corporate Boards' Programme and of the 'Centre of Excellence for Research on Clean Air' (CERCA) at IIT Delhi. He has also been appointed as Chairman of the Endowment Fund Board of IIT Delhi and of the 'COVID-19 Healthcare Volunteer Program' established in collaboration between ECHO India and Naukri.com. He is a recipient of Distinguished Alumnus Awards from IIT Delhi and IIM Ahmedabad.

Your Directors

Other Directorships

Name of the company	Position
ICRA Limited #	Chairman & Independent Director
Mangalore Chemicals & Fertilizers Limited #	Chairman & Independent Director
International Asset Reconstruction Company Private Limited	Chairman & Non-Executive Director
Star Health and Allied Insurance Company Limited	Nominee Director
IIT Delhi Endowment Management Foundation	Non-Executive Director
Jubilant Pharma Limited, Singapore *	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
ICRA Limited	Audit Committee	Member
	Stakeholders Relationship Committee	Member
Mangalore Chemicals & Fertilizers Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
International Asset Reconstruction Company Private Limited	Corporate Social Responsibility Committee	Chairman
	Audit Committee	Member
	Nomination & Remuneration Committee	Member
Star Health and Allied Insurance Company Limited	Audit Committee	Member

A. Jerath

Atul Jerath (59), DIN: 07172664, joined the ITC Board as an Additional Non-Executive Director effective January 31, 2020, representing the General Insurers' (Public Sector) Association of India.

Jerath is a Commerce Graduate from the Delhi University and a Fellow of the Insurance Institute of India, with specialised Diploma in Marine and Health Insurance. He also has a Diploma in Business Administration. He is the Chief Underwriting Officer of The Oriental Insurance Company Limited ('Oriental Insurance'), overseeing a wide portfolio including Property, Health and Aviation insurance.

With more than 35 years of industry experience, Jerath joined The New India Assurance Company Limited in 1984 as a Direct Recruit Officer. His rich experience over the years includes responsibilities in administration, marketing and technical positions, covering various facets of core insurance. He joined Oriental Insurance in 2012 and has headed its Marketing and Technical verticals. He has also been responsible for handling reinsurance, information technology and investment functions as Chief Investment Officer and Financial Advisor of Oriental Insurance.

Other Directorships

Name of the company	Position
The Industrial Credit Company Limited	Non-Executive Director

Committee Membership of other companies: Nil

S. B. Mathur

Sunil Behari Mathur (75), DIN: 00013239, has been on the ITC Board since July 29, 2005, first as a representative of LIC and then in his individual capacity as a Non-Executive Independent Director.

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

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

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
DCM Shriram Industries Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
NSE Investments Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member

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

A. Nayak

Anand Nayak (69), DIN: 00973758, joined the ITC Board as a Non-Executive Independent Director effective July 13, 2019.

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

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During his long tenure with the Company, Nayak held various portfolios and worked across several businesses as well as at Corporate Headquarters where he headed the Human Resources Function from 1996 to 2015. He also served on the Corporate Management Committee of ITC for over 18 years from 1997 to 2015. He was responsible for overall superintendence of Social Sector initiatives under the CSR agenda of ITC and mentored the Mission Sunehra Kal team in crafting enduring sustainability solutions for rural India.

Nayak does not hold directorship of any other company.

N. Rao

Nirupama Rao (69), DIN: 06954879, was appointed as a Non-Executive Independent Director on the Board of ITC effective April 8, 2016.

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

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

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
JSW Steel Limited	CSR Committee	Chairperson
	Stakeholders Relationship Committee	Member
	Nomination & Remuneration Committee	Member

A. K. Seth

Ajit Kumar Seth (68), DIN: 08504093, joined the ITC Board as a Non-Executive Independent Director effective July 13, 2019.

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

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

Special Secretary - Industries, Divisional Commissioner of Kumaon Division (Nainital) and District Magistrate Collector, Lucknow.

Seth does not hold directorship of any other company.

M. Shankar

Meera Shankar (69), DIN: 06374957, was appointed as a Non-Executive Independent Director on the Board of ITC effective September 6, 2012.

A Post Graduate in English Literature, she joined the Indian Foreign Service in 1973 and had an illustrious career spanning 38 years. She served in the Prime Minister's Office for six years from 1985 to 1991 working on foreign policy and security matters. Thereafter, she led the Commercial Wing in the Indian Embassy in Washington as Minister (Commerce) till 1995. She returned as Director General of the Indian Council of Cultural Relations overseeing India's cultural diplomacy. She has had extensive experience in South Asia having worked on Bangladesh, Sri Lanka and Maldives as Under Secretary and Deputy Secretary in the Ministry of External Affairs. Later, as Joint Secretary she headed divisions dealing with neighbours, Nepal and Bhutan, and the South Asian Association for Regional Cooperation ('SAARC'). As Additional Secretary, she handled the UN and international security issues. She served as Ambassador of India to Germany from 2005 to 2009 and then to the United States from 2009 to 2011.

Other Directorships

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

* Denotes foreign company

Denotes listed Indian company whose equity shares or preference shares or debt securities are listed on a recognised stock exchange

Notes:

- Other Directorships and Committee Memberships of Directors are as on 26th June, 2020.
- Committee Memberships cover Committees under the Companies Act, 2013 viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee of Indian companies.

Committee Membership of other companies

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

D. R. Simpson

David Robert Simpson (63), DIN: 07717430, was appointed as a Non-Executive Director on the Board of ITC effective January 27, 2017, as a representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. In addition to holding a Masters Degree from the University of Cambridge, he is a qualified lawyer from the Guildford College of Law.

Simpson started his career in 1979 and has held various leadership positions with major corporates including Barclays de Zoete Wedd Limited and KPMG LLP. At present, he is a Director of the British Geological Survey. He has earlier held the position of Global Head of M&A at KPMG LLP. Simpson has a wide range of expertise and understanding of diverse sectors spanning Investment Banking and Private Equity, Infrastructure, Energy, Transport, Healthcare, Education, Investment Risk Assessment etc.

Other Directorships

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

Committee Membership of other companies: Nil

Report on Corporate Governance

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

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

THE COMPANY'S GOVERNANCE PHILOSOPHY

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

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

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

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

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency,

ethical corporate citizenship, empowerment & accountability and control. ITC believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

Trusteeship recognises that large corporations, which represent a coalition of interests, namely those of the shareholders, other providers of capital, business associates and employees, have both an economic and a social purpose, thereby casting the responsibility on the Board of Directors to protect and enhance shareholder value, as well as fulfil obligations to other stakeholders. Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.

Transparency means explaining the Company's policies and actions to those to whom it has responsibilities. Externally, this means maximum appropriate disclosures without jeopardising the Company's strategic interests and internally, this means openness in the Company's relationship with its employees and in the conduct of its business. ITC believes transparency enhances accountability.

Ethical Corporate Citizenship means setting exemplary standards of ethical behaviour, both internally within the organisation, as well as in external relationships. ITC believes that unethical behaviour corrupts organisational culture and undermines stakeholder value. Governance processes in ITC continuously reinforce and help realise the Company's belief in ethical corporate citizenship.

Empowerment is a process of unleashing creativity and innovation throughout the organisation by truly vesting decision-making powers at the most appropriate levels and as close to the scene of action as feasible, thereby helping actualise the potential of its employees. Empowerment is an essential concomitant of ITC's first core principle of governance that management must have the freedom to drive the enterprise forward. ITC believes that empowerment combined with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

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

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

THE GOVERNANCE STRUCTURE

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

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

The three-tier governance structure ensures that:

- Strategic supervision (on behalf of the Shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management;
- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

The core roles of the key entities flow from this structure. These roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Governance Document that sets out the structure, policies and practices of governance within the organisation is available on the Company's corporate website www.itcportal.com.

ROLES OF VARIOUS ENTITIES

Board of Directors ('Board'): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC, its wholly owned subsidiaries and their wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Board Committees.

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

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

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

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

Chairman & Managing Director: The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC. He also presides over General Meetings of Shareholders. His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC Members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board

Report on Corporate Governance

informed on all matters of importance. He is also responsible for balance of membership of the Board, subject to Board and Shareholder approvals.

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

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

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

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

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

BOARD OF DIRECTORS

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

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. At least half of the total strength of the Board is required to comprise Independent Directors.

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

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

Composition of the Board as on 31st March, 2020:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	29
Non-Executive Independent Directors	7	50
Other Non-Executive Directors	3	21
Total	14	100

The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

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Director	Category	No. of other Directorship(s) *	No. of Membership(s) / Chairmanship(s) of Audit Committee / Stakeholders Relationship Committee of other Indian public limited companies
S. Puri	Chairman & Managing Director	5	Nil
N. Anand	Executive Director	8	1
B. Sumant	Executive Director	1	Nil
R. Tandon	Executive Director & Chief Financial Officer	9	3 [also as Chairman]
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	6	4
S. B. Mathur	Independent Director	8	8 [including 3 as Chairman]
A. Nayak	Independent Director	Nil	Nil
N. Rao	Independent Director	3	1
A. K. Seth	Independent Director	Nil	Nil
M. Shankar	Independent Director	4	2
H. Bhargava	Non-Executive Director - Representative of Life Insurance Corporation of India as Investor	3	1
A. Jerath	Non-Executive Director - Representative of General Insurers' (Public Sector) Association of India as Investor	1	Nil
D. R. Simpson	Non-Executive Director - Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. as Investor	2	Nil

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

Meetings and Attendance

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

Board Agenda

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

Information placed before the Board

In addition to matters required to be placed before the Board under the Governance Policy of the Company, the Listing Regulations and other statutes, the following are also tabled for the Board's periodic review / information:

- Annual operating plans & budgets and periodic review of the Company's businesses.
- Quarterly performance including business-wise financials.
- External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Status and effectiveness of risk management plans.
- Succession to senior management (through the Nomination & Compensation Committee).
- Statutory compliance reports from business units / corporate functions.
- Show cause / demand / prosecution / adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.
- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image.
- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals (fixed assets, inventories, receivables, advances etc.) on a half-yearly basis.
- Significant development in Human Resources / Industrial Relations.
- Material non-compliance of any regulatory or listing requirements and in relation to shareholders' services.

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Post-meeting follow-up system

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

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2020, six meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	22nd April, 2019	14	12
2	13th May, 2019	13	13
3	12th July, 2019	13	13
4	2nd August, 2019	15	14
5	24th October, 2019	14	13
6	31st January, 2020	13	13

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

Director	No. of Board Meetings attended	Attendance at last AGM
S. Puri	6	Yes
N. Anand	6	Yes
B. Sumant	6	Yes
R. Tandon	6	Yes
S. Banerjee	6	Yes
H. Bhargava	5	Yes
A. Duggal	5	Yes
A. Jerath ¹	N.A.	N.A.
S. B. Mathur	6	Yes
A. Nayak ²	3	N.A.
N. Rao	5	Yes
A. K. Seth ²	2	N.A.
M. Shankar	6	Yes
D. R. Simpson	6	Yes
Y. C. Deveshwar ³	1	N.A.
J. Pulinthanam ⁴	5	Yes
S. S. H. Rehman ⁵	4	Yes

1. Appointed Non-Executive Director w.e.f. 31st January, 2020.

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

3. Passed away on 11th May, 2019.

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

5. Ceased to be Director w.e.f. 15th September, 2019 upon completion of term as Independent Director.

COMMITTEES OF THE BOARD

Currently, there are five Board Committees – the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee, the CSR and Sustainability Committee and the Independent Directors Committee. The terms of reference of the Board Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law. Meetings of Board Committees are normally convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee Meetings, are placed before the Board with clearance of the Committee Chairman. All the recommendations made by Board Committees during the year were accepted by the Board. Minutes of Board Committee Meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE

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

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

The role of the Committee includes the following:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To recommend the appointment, remuneration and removal of Statutory and Cost Auditors;
- To approve transactions of the Company with related parties;
- To evaluate the Company's internal financial controls and risk management systems;
- To review with the management the following:
 - Annual financial statements and Auditor's Report thereon before submission to the Board for approval;

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

Composition

The Audit Committee presently comprises four Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Committee is an Independent Director. The Executive Director & Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to meetings of the Audit Committee. The Head of Internal Audit is the Coordinator and the Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditors are invited to meetings of the Audit Committee whenever matters relating to cost audit are considered. All members of the

Committee are financially literate; three members, including the Chairman of the Committee, have accounting and financial management expertise.

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

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2020, seven meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	30th April, 2019	4	4
2	13th May, 2019	4	4
3	2nd August, 2019	4	4
4	30th August, 2019	4	3
5	24th October, 2019	4	3
6	19th December, 2019	4	4
7	31st January, 2020	4	4

Attendance at Audit Committee Meetings during the financial year

Member	No. of Meetings attended
S. B. Mathur	7
S. Banerjee ¹	3
H. Bhargava	7
A. Duggal	5
S. S. H. Rehman ²	4

1. Appointed Member w.e.f. 15th September, 2019.

2. Ceased to be Member w.e.f. 15th September, 2019.

II. NOMINATION & COMPENSATION COMMITTEE

The Nomination and Remuneration Committee of the Board, under the nomenclature 'Nomination & Compensation Committee', inter alia, identifies persons qualified to become Directors and formulates criteria for evaluation of performance of the Directors and the Board as a whole. The Committee's role includes

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recommending to the Board the appointment, remuneration and removal of the Directors and senior management. The Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

Composition

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

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

Meetings and Attendance

Details of Nomination & Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2020, six meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	22nd April, 2019	4	4
2	13th May, 2019	3	3
3	12th July, 2019	4	4
4	2nd August, 2019	4	4
5	24th October, 2019	4	4
6	31st January, 2020	4	4

Attendance at Nomination & Compensation Committee Meetings during the financial year

Member	No. of Meetings attended
S. Banerjee	6
A. Nayak ¹	2
S. Puri ²	4
M. Shankar	6
Y. C. Deveshwar ³	1
S. S. H. Rehman ⁴	4

1. Appointed Member w.e.f. 15th September, 2019.

2. Appointed Member w.e.f. 13th May, 2019.

3. Passed away on 11th May, 2019.

4. Ceased to be Member w.e.f. 15th September, 2019.

Remuneration Policy

ITC's Remuneration Policy aims at attracting and retaining high calibre talent. The Remuneration Policy, therefore, is market-led and takes into account the competitive circumstance of each business so as to attract and retain quality talent and leverage performance significantly. The Company adopts a comprehensive approach to remuneration in order to support a superior quality of personal and work life, combining both cash and non-cash components / benefits in a manner which judiciously balances short term and long term priorities.

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees was amended by the Board to include Long Term Incentives as part of remuneration and expand the coverage of senior management. The Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf>.

Remuneration of Directors

Remuneration of the Chairman and the other Executive Directors is determined by the Board, on the recommendation of the Nomination & Compensation Committee, subject to the approval of the Shareholders. The Chairman and the other Executive Directors are entitled to performance bonus for each financial year up to a maximum of 300% and 200% of their basic / consolidated salary, respectively, as may be determined by the Board, on the recommendation of the Nomination & Compensation Committee; such remuneration is linked to the performance of the Company inasmuch as the performance bonus is based on various qualitative and quantitative performance criteria. The Chairman and the other Executive Directors, with effect from 1st October, 2019, are also entitled to Long Term Incentives, annual value of which is limited to 0.10% and 0.05%, respectively, of the net profits of the Company for the immediately preceding financial year, as may be determined by the Board, on the recommendation of the Nomination & Compensation Committee.

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

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

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2020

(₹ in Lakhs)

Director	Basic / Consolidated Salary / Remuneration	Perquisites / other Benefits	Performance Bonus / Commission	Sitting Fees	Total
S. Puri	210.97	43.16	432.00	-	686.13
N. Anand	138.00	79.35	203.74	-	421.09
B. Sumant	131.29	29.06	72.00	-	232.35
R. Tandon	130.65	27.91	192.00	-	350.56
S. Banerjee	-	-	60.00	11.00	71.00
H. Bhargava	-	-	40.60*	9.50 [#]	50.10
A. Duggal	-	-	60.00	8.00	68.00
A. Jerath ¹	-	-	-	-	-
S. B. Mathur	-	-	60.00	10.00	70.00
A. Nayak ²	-	-	-	4.50	4.50
N. Rao	-	-	60.00	6.00	66.00
A. K. Seth ²	-	-	-	2.50	2.50
M. Shankar	-	-	60.00	11.00	71.00
D. R. Simpson	-	-	60.00	7.50	67.50
Y. C. Deveshwar ³	135.48	376.41	60.00 [@]	2.00	573.89
S. B. Mainak ⁴	-	-	18.74*	-	18.74
J. Pulinthan ⁵	-	-	52.60*	7.40*	60.00
S. S. H. Rehman ⁶	-	-	60.00	8.90	68.90

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

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

[#] Includes ₹ 3.50 Lakhs paid to the Public Financial Institution the Director represents.

1. Appointed Non-Executive Director w.e.f. 31st January, 2020; no remuneration was paid to Mr. A. Jerath during the year.

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

3. Passed away on 11th May, 2019.

4. Resigned as Non-Executive Director w.e.f. 24th July, 2018.

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

6. Ceased to be Director w.e.f. 15th September, 2019 upon completion of term as Independent Director.

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

Employee Stock Option Schemes

The Company granted 4,60,950 Options during the financial year to certain eligible employees and Directors of the Company.

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

Options granted vest as per the following schedule:

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

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

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

Shares and Options of Directors

Director	No. of Ordinary Shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2020	No. of Options granted during the financial year
S. Puri	62,500	1,48,500
N. Anand	50,000	74,250
B. Sumant	4,43,457	74,250
R. Tandon	1,51,250	74,250
S. Banerjee	Nil	Nil
H. Bhargava	Nil	Nil
A. Duggal	Nil	Nil
A. Jerath	Nil	Nil
S. B. Mathur	1,70,500	Nil
A. Nayak	9,29,325	Nil
N. Rao	Nil	Nil
A. K. Seth	1,32,480	Nil
M. Shankar	45,000	Nil
D. R. Simpson	Nil	Nil

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

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

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Service Contract, Severance Fee and Notice Period

The appointment of the Chairman and the other Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board from the management cadre, since they already have a Service Contract with the Company. Letters of appointment have been issued by the Company to the Independent Directors, detailing their roles, duties, responsibilities etc., which have been accepted by them.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors who have all been drawn from amongst the management cadre. The statutory provisions will however apply. With respect to notice period of Directors, the statutory provisions will also apply.

Performance Evaluation

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

III. SECURITYHOLDERS RELATIONSHIP COMMITTEE

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

Composition

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

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

Meetings and Attendance

Details of Securityholders Relationship Committee Meetings during the financial year

During the financial year ended 31st March, 2020, eighteen meetings of the Securityholders Relationship Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	15th April, 2019	4	3
2	30th April, 2019	4	4
3	13th May, 2019	4	4
4	24th May, 2019	4	2
5	3rd July, 2019	4	3
6	12th July, 2019	4	4
7	16th July, 2019	4	3
8	2nd August, 2019	4	4
9	21st August, 2019	4	2
10	12th September, 2019	4	2
11	17th September, 2019	4	2
12	11th October, 2019	4	3
13	24th October, 2019	4	4
14	20th November, 2019	4	3
15	19th December, 2019	4	2
16	20th January, 2020	3	2
17	30th January, 2020	3	3
18	18th February, 2020	3	2

Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of Meetings attended
A. Nayak ¹	5
B. Sumant ²	8
R. Tandon	18
J. Pulinthanam ³	9
S. Puri ⁴	8
S. S. H. Rehman ⁵	4

1. Appointed Member w.e.f. 15th September, 2019 and Chairman of the Committee w.e.f. 31st January, 2020.
2. Appointed Member w.e.f. 3rd August, 2019.
3. Appointed Chairman of the Committee w.e.f. 15th September, 2019; ceased to be Member effective 23rd December, 2019.
4. Ceased to be Member w.e.f. 3rd August, 2019.
5. Ceased to be Member w.e.f. 15th September, 2019.

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IV. CSR AND SUSTAINABILITY COMMITTEE

The role of the CSR Committee of the Board, under the nomenclature 'CSR and Sustainability Committee', is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company. The Committee also reviews the Business Responsibility Report of the Company.

Composition

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

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

Meetings and Attendance

Details of CSR and Sustainability Committee Meetings during the financial year

During the financial year ended 31st March, 2020, three meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	22nd April, 2019	6	4
2	13th May, 2019	5	5
3	24th October, 2019	7	7

Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri ¹	1
H. Bhargava	2
A. Jerath ²	N.A.
N. Rao	2
A. K. Seth ³	1
M. Shankar	3
D. R. Simpson	3
Y. C. Deveshwar ⁴	1
J. Pulinthanam ⁵	3

1. Appointed Member and Chairman of the Committee w.e.f. 13th May, 2019.

2. Appointed Member w.e.f. 31st January, 2020.

3. Appointed Member w.e.f. 3rd August, 2019.

4. Passed away on 11th May, 2019.

5. Ceased to be Member w.e.f. 23rd December, 2019.

V. INDEPENDENT DIRECTORS COMMITTEE

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

Composition

The Independent Directors Committee comprises all the Independent Directors of the Company, whose names are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Independent Directors Committee Meeting during the financial year

During the financial year ended 31st March, 2020, one meeting of the Independent Directors Committee was held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	22nd April, 2019	6	5

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

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Attendance at Independent Directors Committee Meeting during the financial year

Member	Attendance at the Meeting
S. Banerjee	Yes
A. Duggal	Yes
S. B. Mathur	Yes
A. Nayak ¹	N.A.
N. Rao	No
A. K. Seth ¹	N.A.
M. Shankar	Yes
S. S. H. Rehman ²	Yes

1. Appointed Member w.e.f. 13th July, 2019.

2. Ceased to be Member w.e.f. 15th September, 2019.

CORPORATE MANAGEMENT COMMITTEE

The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC, inter alia, formulates the Company's business plans and organisational policies, systems & processes, reviews business performance against approved plans and operates under the strategic supervision and control of the Board.

Composition

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

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

Meetings and Attendance

Matters requiring the Board's attention / approval are placed in the form of notes from the relevant Executive Director / CMC Member, backed by comprehensive background information, along with DMC's recommendation / approval, where applicable. Minutes of CMC Meetings are placed before the Board for its information.

Details of Corporate Management Committee Meetings during the financial year

During the financial year ended 31st March, 2020, forty one meetings of the CMC were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	2nd & 3rd April, 2019	8	8
2	15th April, 2019	8	8
3	29th April, 2019	8	8
4	6th May, 2019	8	7
5	27th May, 2019	8	7
6	3rd July, 2019	7	7
7	22nd & 23rd July, 2019	7	7
8	12th & 13th August, 2019	7	7
9	27th August, 2019	7	7
10	20th & 21st September, 2019	7	7
11	24th September, 2019	7	7
12	21st October, 2019	7	7
13	29th, 30th & 31st October, 2019	7	7
14	26th & 27th November, 2019	7	7
15	23rd & 24th December, 2019	7	7
16	14th January, 2020	7	7
17	21st January, 2020	7	7
18	29th January, 2020	7	5
19	6th February, 2020	7	7
20	7th February, 2020	7	7
21	7th February, 2020	7	7
22	13th February, 2020	7	7
23	15th February, 2020	7	7
24	15th February, 2020	7	7
25	17th February, 2020	7	5
26	18th February, 2020	7	7
27	20th February, 2020	7	7
28	20th February, 2020	7	7
29	20th February, 2020	7	7
30	2nd March, 2020	7	7
31	2nd March, 2020	7	7
32	2nd March, 2020	7	7
33	4th March, 2020	7	7
34	4th March, 2020	7	7
35	4th & 5th March, 2020	7	7
36	12th March, 2020	7	7
37	12th, 13th, 14th, 19th & 20th March, 2020	7	7
38	19th March, 2020	7	7
39	27th March, 2020	7	7
40	28th March, 2020	7	7
41	31st March, 2020	7	7

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Attendance at Corporate Management Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri	41
N. Anand	40
B. Sumant	41
R. Tandon	41
C. Dar	41
S. K. Singh	38
S. Sivakumar	40
K. S. Suresh ¹	4

1. Ceased to be Member on retirement w.e.f. 9th June, 2019.

RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee, constituted pursuant to the Listing Regulations is, inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies and results of risk identification, prioritisation & mitigation plans for all business units / corporate functions, as also the measures taken for cyber security.

Composition

The Risk Management Committee presently comprises all the Executive Directors and some senior members of management. The Chairman of the Company is the Chairman of the Committee. The Head of Internal Audit is an Invitee to meetings of the Committee and the Chief Risk Officer is the Secretary to the Committee.

The names of the members of the Risk Management Committee, including its Chairman, are provided below.

Meetings and Attendance

Details of Risk Management Committee Meetings during the financial year

During the financial year ended 31st March, 2020, three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	4th June, 2019	7	6
2	23rd December, 2019	7	7
3	11th March, 2020	7	7

Attendance at Risk Management Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri (Chairman)	3
N. Anand	3
B. Sumant	2
R. Tandon	3
S. K. Singh ¹	3
S. Sivakumar	3
Invitee	No. of Meetings attended
M. Ganesan	3

1. Appointed Member w.e.f. 3rd August, 2019; prior to that was an Invitee to the Committee.

SUBSIDIARY COMPANIES

All subsidiaries of the Company are managed by their respective Board of Directors in the best interest of those companies and their shareholders. Pursuant to the Listing Regulations, the Minutes of Board Meetings of the subsidiary companies and details of significant transactions & arrangements entered into by them are placed before the Board of Directors of the Company. The financial statements of the subsidiary companies are reviewed by the Audit Committee of the Company. Performance review reports of wholly owned subsidiaries are also placed before the Board of Directors of the Company on a half-yearly basis.

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

FAMILIARISATION PROGRAMME FOR DIRECTORS

ITC believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on

Report on Corporate Governance

changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. Visits to Company facilities are also organised for the Directors. Further details may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/leadership/images/directors-familiarisation-programme.pdf>.

MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end -

- The quarterly financial results of the Company were generally announced within a month from the end of the quarter. Audited annual results for the financial year ended 31st March, 2019 along with the results for the fourth quarter were announced within sixty days from the end of the financial year. Extract of these results were published, inter alia, in 'The Times of India' and 'Aajkal' / 'Bartaman' from Kolkata, and on an all India basis in major newspapers, and also in 'Luxemburger Wort', Luxembourg; annual results were also published in 'Financial Times', London. Further, quarterly results, shareholding pattern and other material events & important information relating to the Company were submitted to the Stock Exchanges through NSE Electronic Application Processing System ('NEAPS') and BSE Listing Centre for dissemination on their respective websites.
- The Company's corporate website www.itcportal.com provides comprehensive information on ITC's portfolio of businesses, CSR & sustainability initiatives, EHS performance, shareholding pattern, key Company Policies, and contact details of the Company's employees responsible for assisting investors & handling investor grievances. The website has entire sections dedicated to ITC's profile, history and evolution, its core values,

corporate governance and leadership. An exclusive section on 'Shareholder Value' serves to inform and service Shareholders, enabling them to access information at their convenience. The entire Report and Accounts as well as the quarterly, half-yearly and annual financial results, along with the presentations and FAQs on such results, are available in downloadable formats under the said section as a measure of added convenience to the investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports.

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

ITC CODE OF CONDUCT

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

Declaration as required under the Listing Regulations

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2020.

Kolkata, 26th June, 2020.

S. Puri
Chairman &
Managing Director

WHISTLEBLOWER POLICY

Synopsis of the Whistleblower Policy of the Company is provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts. The Whistleblower Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>.

POLICY ON RELATED PARTY TRANSACTIONS

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

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2019

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

OTHER DISCLOSURES

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

None

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

None

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

None

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

None

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

Not Applicable

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

None

- None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities, which has also been confirmed by Messrs. Vinod Kothari & Company, Practising Company Secretaries.

- Details with respect to secretarial audit of the Company and confirmation by the Board with respect to the Independent Directors are provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.

- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility Report', forming part of the Report and Accounts.

- Information with respect to 'Commodity Price Risk or Foreign Exchange Risk and Hedging Activities' is provided in the 'Report of the Board of Directors & Management Discussion and Analysis' and in the 'Notes to the Financial Statements', forming part of the Report and Accounts.

In view of the diversified business portfolio of the Company, its exposure in none of the individual commodities which are sourced either for use as inputs in its businesses or for agri-commodity trading, is material in the context of its overall operations, and also in terms of the 'Policy for determination of materiality of events and information for disclosure to the Stock Exchanges', as approved by the Board.

Report on Corporate Governance

Accordingly, the disclosure requirements prescribed under the SEBI Circular dated 15th November, 2018 are not applicable for the Company.

- The total fees paid during the year by the Company and its subsidiaries to the Statutory Auditors and all entities in the network firm / network entity of which the Statutory Auditors are a part, aggregate ₹ 2.54 Crores for Messrs. S R B C & CO LLP (present Auditors) and ₹ 4.28 Crores for Messrs. Deloitte Haskins & Sells (erstwhile Auditors).

- Compliance Officer under the Listing Regulations:

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

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS

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

1. **Non-Executive Chairman's Office:** The Chairman of the Company is an Executive Chairman.
2. **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are posted on the Company's corporate website and extract of these results are published in newspapers

on an all India basis. Significant events are also posted on the Company's website under the 'Media Centre' section. The complete Annual Report is sent to the Shareholders of the Company.

3. **Audit Opinion:** It has always been the Company's endeavour to present financial statements with unmodified audit opinion i.e. without any qualification. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2020.
4. **Internal Audit:** The Head of Internal Audit reports to the Audit Committee of the Board.

GENERAL SHAREHOLDER INFORMATION

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

CONFIRMATION OF COMPLIANCE

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

Notes:

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

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

ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE

SKILLS, EXPERTISE AND COMPETENCIES OF DIRECTORS

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

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

1. Organisational Purpose

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

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

2. Strategic Insight

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

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

3. Organisational Capacity Building

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

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

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

4. Stakeholder Value Creation

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

5. Commercial Acumen

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

6. Risk Management and Compliance

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

7. Policy Evaluation

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

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

8. Culture Building

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

9. Board Cohesion

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

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

The Directors of the Company possess the skills, expertise and competencies, as stated above.

Shareholder Information

Details of Annual General Meeting ('AGM')

Date	Friday, 4th September, 2020
Venue	Not applicable as the AGM will be held on electronic platform
Time	10.30 a.m.
Book Closure Dates	Wednesday, 8th July, 2020 to Thursday, 9th July, 2020
Dividend Payment Date	Tuesday, 8th September, 2020

Share Transfer Agent (in-house)

The Investor Service Centre of the Company ('ISC'), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India ('SEBI') as Category II Share Transfer Agent for providing in-house share registration and related services to the Shareholders and Investors. ISC continues to provide contemporary and efficient services to the Shareholders and Investors, in compliance with the applicable statutory requirements.

Shareholder / Investor complaints

The Company attends to Shareholder / Investor complaints within five working days except where constrained by disputes or legal impediments. Pending cases relating to disputes over title to shares in which the Company has been made a party, are not material in nature.

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

National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited have confirmed that there were no investor complaints pending against the Company at the end of each quarter as also on 31st March, 2020; the same position was also reflected on SCORES, the web based complaint redressal system of SEBI.

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

Share and Debenture Transfer Committee

The Share and Debenture Transfer Committee of the Company met nine times during the financial year to approve share transfers, requests in respect of which were received by the Company on or before 31st March, 2019 but were returned due to deficiency(ies).

The processing activities with respect to requests received for share transfers were generally completed within five working days. There were no share transfers pending as on 31st March, 2020.

The Committee presently comprises the following:

R. Tandon, Executive Director & Chief Financial Officer - Chairman

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

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

Dematerialisation of Shares and Liquidity

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

During the financial year, 1,72,03,505 shares of the Company, covered in 2,698 requests and constituting 0.14% of the Issued and Subscribed Share Capital of the Company, were dematerialised. The processing activities with respect to requests received for dematerialisation were generally completed within five working days.

The Company's shares are amongst the most liquid and actively traded shares on the Indian Stock Exchanges and consistently rank among the top frequently traded shares, both in terms of number of shares traded as well as in terms of value. The Company's market capitalisation stood at ₹ 2,11,058 Crores (US\$ 27.89 Billion) as on 31st March, 2020.

Shareholder Information

Distribution of Shareholding as on 31st March, 2020

No. of Shares Slab	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 – 5000	25,107	12,32,367	12,57,474	96.56	1,67,08,895	34,14,99,909	35,82,08,804	2.91
5001 – 10000	1,811	17,041	18,852	1.45	1,35,29,501	12,51,78,052	13,87,07,553	1.13
10001 – 20000	1,160	10,739	11,899	0.91	1,57,44,895	15,15,46,664	16,72,91,559	1.36
20001 – 30000	513	4,639	5,152	0.40	1,26,76,764	11,47,17,063	12,73,93,827	1.04
30001 – 40000	165	1,990	2,155	0.17	56,12,270	6,87,90,505	7,44,02,775	0.60
40001 – 50000	109	1,364	1,473	0.11	48,82,965	6,12,74,822	6,61,57,787	0.54
50001 – 100000	218	2,471	2,689	0.21	1,52,92,290	17,11,25,604	18,64,17,894	1.52
100001 and above	87	2,433	2,520	0.19	3,63,79,39,415	7,53,57,11,627	11,17,36,51,042	90.90
Total	29,170	12,73,044	13,02,214	100.00	3,72,23,86,995	8,56,98,44,246	12,29,22,31,241	100.00

Categories of Shareholders as on 31st March, 2020

Category	No. of Shares held	%
(A) Institutional Shareholding		
Financial Institutions, Insurance Companies, Mutual Funds, Banks and Others	5,21,33,21,342	42.41
Foreign Portfolio Investors and Foreign Institutional Investors	1,79,80,04,090	14.63
Sub-Total (A)	7,01,13,25,432	57.04
(B) Non-Institutional Shareholding		
Foreign Companies	3,62,23,88,696	29.47
NRIs, OCIs and Foreign Nationals	8,53,90,919	0.69
Bodies Corporate	12,63,67,915	1.03
Public and Others	1,43,15,36,420	11.65
Sub-Total (B)	5,26,56,83,950	42.84
Public Shareholding (A+B)	12,27,70,09,382	99.88
Shares underlying Global Depository Receipts	1,52,21,859	0.12
Total	12,29,22,31,241	100.00

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts ('GDRs') made in 1993 by the Company, 1,52,21,859 GDRs, representing 1,52,21,859 underlying shares i.e. 0.12% of the Issued and Subscribed Share Capital of the Company, were outstanding as on 31st March, 2020.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919) at Societe de la Bourse de Luxembourg S.A., 35A Boulevard Joseph II, L-1840, Luxembourg. The Listing Fee for the calendar year 2020 has been paid to the said Exchange.

Shareholder Information

Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
National Stock Exchange of India Limited ('NSE') Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100/14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in Website : www.nseindia.com	ITC
BSE Limited ('BSE') Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233/34 Facsimile no. : 022-2272 1919 e-mail : is@bseindia.com Website : www.bseindia.com	500875
The Calcutta Stock Exchange Limited ('CSE') 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : cseadm@nse-india.com Website : www.cse-india.com	10000018

The Listing Fees for the financial year 2020-21 have been paid to the Stock Exchanges.

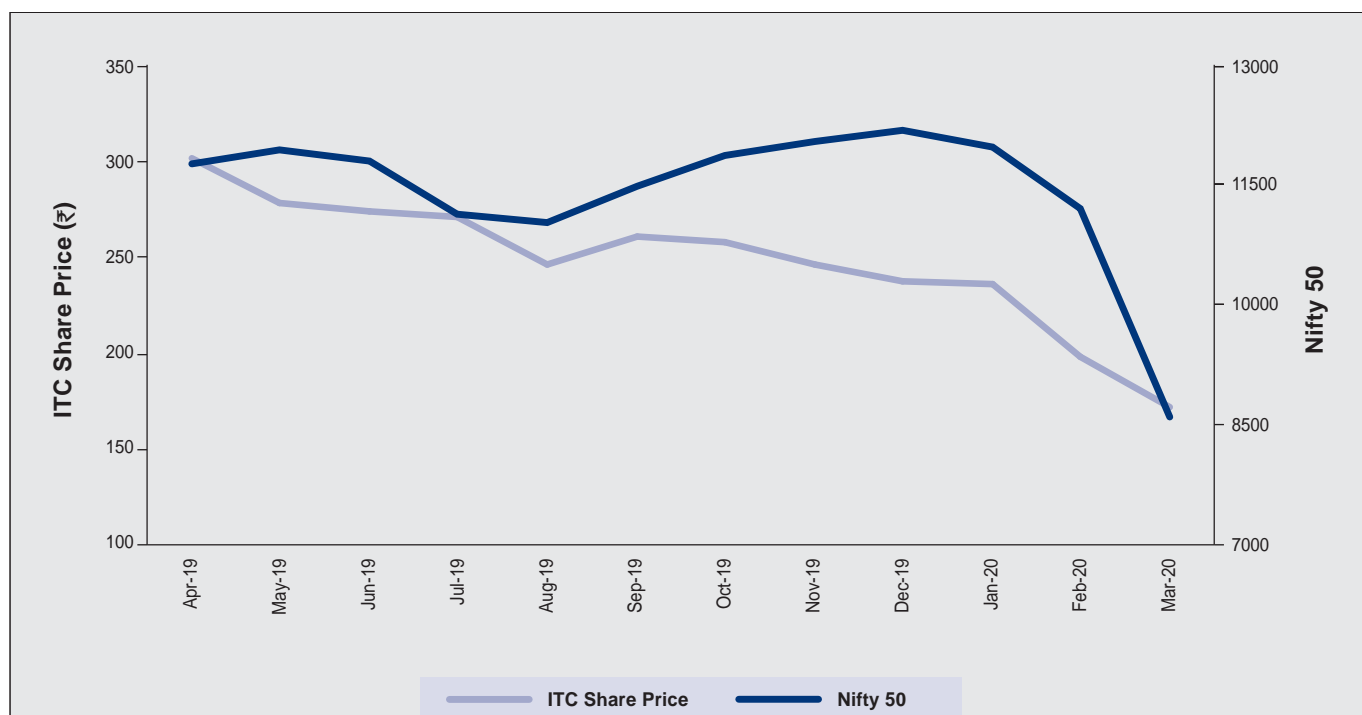
Stock Exchange	Reuters Code	Bloomberg
NSE	ITC.NS	ITC IS
BSE	ITC.BO	ITC IB

Monthly High and Low Quotes and Volume of Shares traded on NSE & BSE and GDRs on Luxembourg Stock Exchange ('LSE')

Year & Month	NSE			BSE			LSE		
	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (US\$)	Low (US\$)	Volume in 000's (Nos.)
2019 APRIL	310.00	291.70	1,85,144	310.00	291.70	14,577	N.A.	N.A.	Nil
MAY	310.00	277.45	2,91,593	309.85	277.90	15,174	4.42	3.90	54
JUNE	282.15	272.50	2,14,773	282.15	272.65	12,097	N.A.	N.A.	Nil
JULY	282.90	264.00	2,59,921	282.95	264.05	14,442	N.A.	N.A.	Nil
AUGUST	270.70	234.65	2,34,082	270.95	234.70	9,563	N.A.	N.A.	Nil
SEPTEMBER	260.80	234.05	3,29,445	260.75	234.10	14,426	N.A.	N.A.	Nil
OCTOBER	264.00	241.10	3,51,772	264.00	241.25	12,124	N.A.	N.A.	Nil
NOVEMBER	266.30	245.00	2,26,188	266.20	245.05	8,044	N.A.	N.A.	Nil
DECEMBER	247.90	235.00	2,44,939	247.90	235.00	8,850	3.46	3.32	...
2020 JANUARY	243.90	230.50	2,19,655	243.80	230.50	7,463	N.A.	N.A.	Nil
FEBRUARY	239.25	192.05	4,56,631	239.25	190.60	15,959	N.A.	N.A.	Nil
MARCH	203.45	134.60	8,85,524	203.35	134.95	32,695	N.A.	N.A.	Nil

There was no trading in the Company's shares on CSE during the financial year 2019-20.

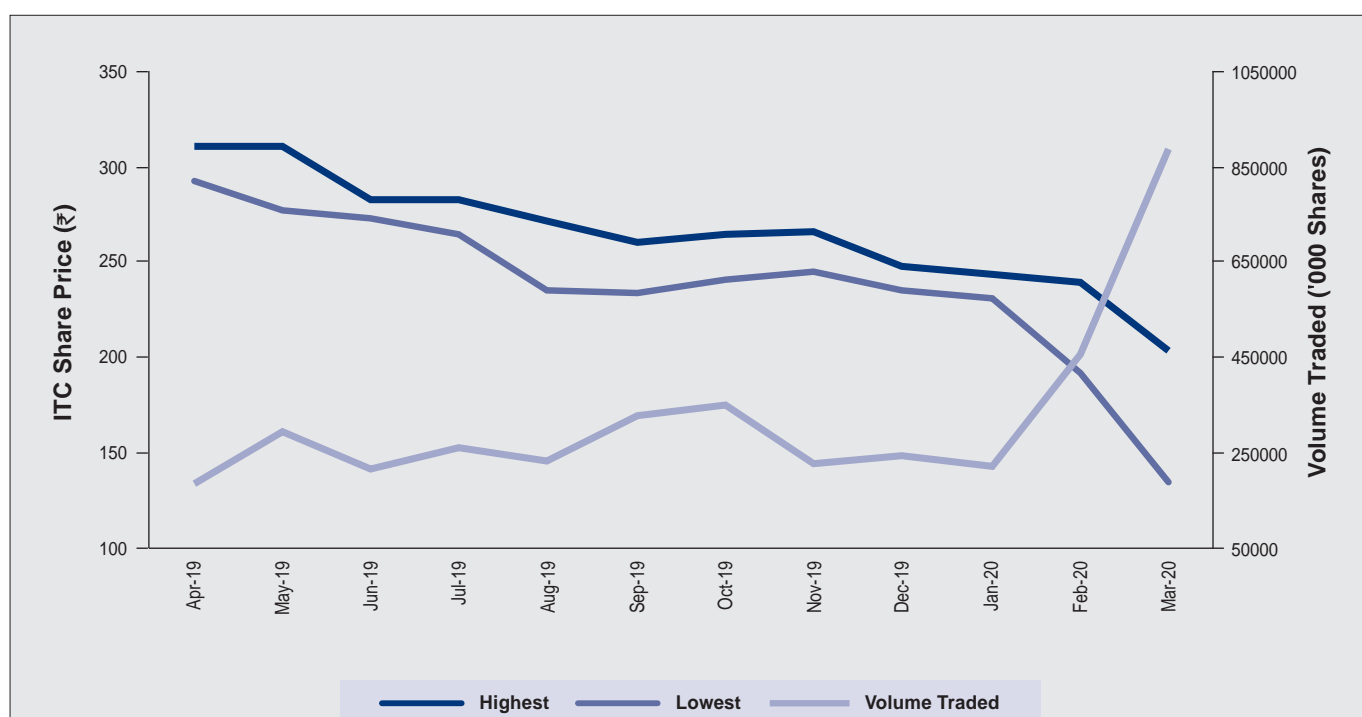
ITC Share Price vis-à-vis Nifty 50



Note: Indicates monthly closing positions.

During the financial year, the performance of the Company's share price remained subdued relative to Nifty 50 reflecting, inter alia, concerns around increased taxation on cigarettes and correction in valuation of global tobacco majors.

ITC Share Price and Volume traded on NSE



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

Shareholder Information

Dividend History (Last 10 years)

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

Financial Year	Dividend per Share (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax, where applicable (₹ in Crores)
2019-20	10.15 *	12,476.61	N.A.	12,476.61
2018-19	5.75	7,048.71	1,448.88	8,497.59
2017-18	5.15	6,285.21	1,291.94	7,577.15
2016-17	4.75 \$	5,770.01	1,174.64	6,944.65
2015-16	8.50 ^	6,840.13	1,392.48	8,232.61
2014-15	6.25	5,009.71	1,019.86	6,029.57
2013-14	6.00	4,771.91	810.99	5,582.90
2012-13	5.25	4,148.46	705.03	4,853.49
2011-12	4.50	3,518.29	570.75	4,089.04
2010-11	4.45 @	3,443.48	558.62	4,002.10

* Subject to the approval of the Shareholders.

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

^ Includes special dividend of ₹ 2.00 per share.

@ On expanded Share Capital arising out of Bonus Shares issued in the ratio of 1:1 and includes special dividend of ₹ 1.65 per share.

Financial Calendar

Financial Year 2020-21 (1st April - 31st March)		
1	First Quarter Results	July 2020
2	Second Quarter and Half-Year Results	October / November 2020
3	Third Quarter Results	January / February 2021
4	Fourth Quarter and Annual Results	May 2021

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
108th	2018-19	Science City JBS Haldane Avenue Kolkata 700 046	12/07/2019	10.00 a.m.	<ul style="list-style-type: none"> Re-appointment of Mr. A. Duggal, Mr. S. B. Mathur and Ms. M. Shankar as Independent Directors with effect from 15th September, 2019.
107th	2017-18		27/07/2018		<ul style="list-style-type: none"> Approval to remuneration of Late Y. C. Deveshwar* for the period from 1st April, 2019 to 4th February, 2020. Approval to continuation of Mr. S. S. H. Rehman as Independent Director for the period from 20th March, 2019 to 14th September, 2019. Re-appointment of Mr. S. Banerjee as Independent Director with effect from 30th July, 2019.
106th	2016-17		28/07/2017		—

* Passed away on 11th May, 2019.

Shareholder Information

Postal Ballot and E-voting

- During the financial year, the resolutions for (a) appointment of Independent Directors of the Company, and (b) variation in the terms of remuneration payable to the Chairman & Managing Director and the Wholetime Directors of the Company, were passed by the Shareholders by requisite majority through postal ballot and e-voting. Brief particulars of the postal ballot and e-voting are provided below:
 - The Board of Directors of the Company appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer for scrutinizing the postal ballot and e-voting process;
 - Despatch of the Postal Ballot Notice dated 2nd August, 2019, along with the Explanatory Statement and Postal Ballot Form, to the Shareholders of the Company was completed on 24th August, 2019;
 - Voting through postal ballot and e-voting commenced on 25th August, 2019 and ended on 23rd September, 2019;
 - Based on the Scrutinizer's Report, the results of the postal ballot and e-voting were declared on 24th September, 2019 at the Registered Office of the Company.

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

Ordinary Resolution	Votes in favour of the Resolution		Votes against the Resolution	
	No. of Shares for which valid votes cast	% of votes to total number of valid votes cast	No. of Shares for which valid votes cast	% of votes to total number of valid votes cast
Appointment of Mr. A. K. Seth as a Director and also as an Independent Director of the Company for a period of five years with effect from 13th July, 2019	10,32,40,66,044	99.99	12,68,863	0.01
Appointment of Mr. A. Nayak as a Director and also as an Independent Director of the Company for a period of five years with effect from 13th July, 2019	10,29,44,62,287	99.70	3,08,73,176	0.30
Variation in the terms of remuneration payable to the Chairman & Managing Director and the Wholetime Directors of the Company with effect from 1st October, 2019	10,31,19,81,482	99.88	1,27,85,110	0.12

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

Plant Locations

CIGARETTE FACTORIES

Bengaluru

- Meenakunte Village
Jala Hobli
Bengaluru North Taluk
Karnataka 562 157

Kolkata

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

Munger

- Basdeopur P.O.
District Munger
Bihar 811 202

Pune

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

Saharanpur

- Sardar Patel Marg
Saharanpur
Uttar Pradesh 247 001

GREEN LEAF THRESHING PLANTS

Anaparti

- Anaparti
District East Godavari
Andhra Pradesh 533 342

Chirala

- Chirala
District Prakasam
Andhra Pradesh 523 157

Nanjangud

- Thandya Industrial Area
Imnavu & Adakanahalli Villages
Nanjangud Taluk, District Mysuru
Karnataka 571 302

PACKAGING & PRINTING FACTORIES

Chennai

- Tiruvottiyur
Chennai
Tamil Nadu 600 019

Haridwar

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

Munger

- Basdeopur P.O.
District Munger
Bihar 811 202

PAPER & PAPERBOARD MILLS

Bollaram

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

Sarapaka

- Sarapaka Village
Burgampahad Mandal
District Bhadradi Kothagudem
Telangana 507 128

Thekkampatty

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

Tribeni

- Village & Post Chandrahathi
District Hooghly
West Bengal 712 504

Shareholder Information

FOODS FACTORIES

Haridwar

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

Kamrup

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

Kapurthala

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

Malur

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

Munger

5. Sitakund Industrial Area
Village Nandlalpur, District Munger
Bihar 811 202

Nanjangud

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

Panchla

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

Pudukkottai

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

Pune

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

Uluberia

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

PERSONAL CARE PRODUCTS FACTORIES

Haridwar

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

Kamrup

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

Manpura

3. Village Manpura
Tehsil Baddi, District Solan
Himachal Pradesh 174 101

PLANTS UNDER CONSTRUCTION

Ambarnath

1. Integrated Consumer Goods
Manufacturing Facility
Off Kalyan Badlapur Road
Ambarnath, District Thane
Maharashtra 421 505

Khordha

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

Medak

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

HOTELS

Owned Hotels

Agra

1. ITC Mughal
Taj Ganj
Agra
Uttar Pradesh 282 001

Amritsar

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

Bengaluru

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

Chennai

6. ITC Grand Chola
63, Mount Road, Guindy
Chennai
Tamil Nadu 600 032
7. WelcomHotel Chennai
Cathedral Road, Chennai
Tamil Nadu 600 086

Coimbatore

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

Goa

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

Hyderabad

10. ITC Kohenuur
Plot No. 5, Hyderabad Knowledge City
Madhapur, Hyderabad
Telangana 500 081

Jaipur

11. ITC Rajputana
Palace Road, Jaipur
Rajasthan 302 006

Kolkata

12. ITC Sonar
1, JBS Haldane Avenue
Kolkata
West Bengal 700 046
13. ITC Royal Bengal
1, JBS Haldane Avenue
Kolkata
West Bengal 700 046

Mumbai

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

New Delhi

16. ITC Maurya
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021
17. Sheraton New Delhi Hotel
District Centre, Saket
New Delhi 110 017

Licensed Hotels

Ahmedabad

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

Gurugram

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

Kota

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

Port Blair

21. Fortune Resort Bay Island
Marine Hill, Port Blair
Andaman & Nicobar Islands 744 101

Vadodra

22. WelcomHotel Vadodra
R. C. Dutt Road, Alkapuri
Vadodra
Gujarat 390 007

Hotels under Operating Services

Aurangabad

23. WelcomHotel Rama International
R - 3, Chikalthana, Jalna Road
Aurangabad
Maharashtra 431 003

Chennai

24. WelcomHotel GST Road Chennai
1, GST Road, SP Koil
Maraimalai Nagar
Tamil Nadu 603 204

Hyderabad

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

Jodhpur

26. WelcomHotel Jodhpur
Khasra No. 53
Uchiyada Village, Jodhpur
Rajasthan 342 027

Khimsar

27. WelcomHotel Khimsar Fort & Dunes
P.O. Khimsar, District Nagaur
Rajasthan 341 025

Mamallapuram

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

Shareholder Information

Mussoorie

29. WelcomHotel The Savoy
Library Bazar, Gandhi Chowk
P.O. Savoy, Mussoorie
Uttarakhand 248 179

New Delhi

30. WelcomHotel Dwarka
Plot No. 3, Sector - 10
District Centre, Dwarka
New Delhi 110 075

Pahalgam

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

Panchkula

32. WelcomHotel Bella Vista
SM - 8, City Center, Sector - 5
Panchkula
Haryana 134 109

Visakhapatnam

33. WelcomHotel Grand Bay
Beach Road, Visakhapatnam
Andhra Pradesh 530 002

HOTELS UNDER CONSTRUCTION

Ahmedabad

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

Bhubaneswar

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

Guntur

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

CHOUPAL SAAGARS – RURAL SERVICES CENTRES

Amravati

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

Badaun

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

Bahraich

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

Chandouli

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

Chindwara

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

Dewas

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

Dhar

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

Gonda

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

Hardoi

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

Hathras

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

Itarsi

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

Jagdishpur

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

Mandsaur

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

Mhow

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

Nagda

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

Parbhani

16. Gat No. 803
Village Asola
Tehsil & District Parbhani
Maharashtra 431 401

Pilibhit

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

Ratlam

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

Sehore

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

Ujjain

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

Vidisha

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

Wardha

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

Washim

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

Yavatmal

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

Shareholder Referencer

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

During the financial year 2019-20, unclaimed dividend for the financial year 2011-12 aggregating ₹ 12,75,14,480/- and 44,01,331 shares in respect of which dividend entitlements remained unclaimed for seven consecutive years or more, were transferred by the Company to the Investor Education and Protection Fund established by the Central Government ('IEPF'), pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Shareholder Referencer

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

Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2011-12 and the shares from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority at <http://www.iepf.gov.in/IEPF/corporates.html>.

The due dates for transfer of unclaimed dividend and the shares to the IEPF for the subsequent financial years are given in the table below. Attention in particular is drawn that the unclaimed dividend for the financial year 2012-13 and the shares in respect of which dividend entitlements remain unclaimed for seven consecutive years will be due for transfer to the IEPF on 1st September, 2020, for which purpose communication has been sent to the concerned Shareholders advising them to write to the Investor Service Centre of the Company ('ISC') to claim their dividend. Notices in this regard have also been published in newspapers. Details of such unclaimed dividend and shares are available on the Company's corporate website www.itcportal.com under the section 'Investor Relations'.

Financial Year	Dividend Identification No.	Date of declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2020		Due date for transfer to IEPF
				(₹)	%	
2012-13	83rd	26th July, 2013	41,48,46,73,429	15,27,65,508	0.37	1st September, 2020*
2013-14	84th	30th July, 2014	47,71,90,97,700	18,39,15,714	0.39	5th September, 2021
2014-15	85th	31st July, 2015	50,09,70,66,528	19,23,70,610	0.38	5th September, 2022
2015-16	86th	22nd July, 2016	68,40,13,10,170	30,39,61,425	0.44	27th August, 2023
2016-17	87th	28th July, 2017	57,70,01,46,310	27,97,83,275	0.48	2nd September, 2024
2017-18	88th	27th July, 2018	62,85,22,11,487	28,83,47,995	0.46	27th August, 2025
2018-19	89th	12th July, 2019	70,48,72,63,716	26,17,63,954	0.37	12th August, 2026

* ISC will not be able to entertain any claim received after 31st August, 2020.

Unclaimed Shares

The status of unclaimed shares of the Company transferred to the demat account, 'ITC Limited - Unclaimed Suspense Account', in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as follows:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 1st April, 2019	6,896	74,49,284
Number of Shareholders who approached the Company during the year for transfer of shares from the Unclaimed Suspense Account	154	3,97,153
Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	141	5,18,766
Number of shares in respect of which dividend entitlements remained unclaimed for seven consecutive years and transferred from the Unclaimed Suspense Account to the IEPF	52	84,825
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2020	6,703	68,45,693 *

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

Service of Documents

The Company generally sends Notices, Report and Accounts and other communications in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders.

In view of the prevailing circumstances and also in conformity with the regulatory requirements, the Notice of the 109th Annual General Meeting of the Company and the Report and Accounts 2020 are being sent this year only through electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories.

Dividend

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

Shareholders who have not opted for remittance of dividend through electronic mode and wish to avail the same, are required to provide their bank details, including IFSC ('Indian Financial System Code') and MICR ('Magnetic Ink Character Recognition'), to their respective Depository Participants ('DPs'), in case shares are held in the dematerialised form, or to ISC, where shares are held in the certificate form.

Shareholders holding shares in the certificate form may use the Mandate Form for this purpose, which can be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

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

Address and Bank Details

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

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

Permanent Account Number ('PAN')

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

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

Nomination Facility

Shareholders who hold shares in the certificate form and wish to make any nomination / change nomination made earlier in respect of their shareholding in the Company, should submit to ISC the prescribed Form; this Form can be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

Depository Services

Shareholders may write to the respective Depository or to ISC for guidance on depository services. The contact details of the Depositories are given below:

National Securities Depository Limited

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

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

Central Depository Services (India) Limited

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

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

Address for Correspondence with ISC

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

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

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

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

Report of the Board of Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2020

SOCIO-ECONOMIC ENVIRONMENT

The global economy witnessed a marked slowdown in 2019 with growth softening to 2.9% in 2019 from 3.6% in 2018 and 3.9% in 2017. Growth in the US economy decelerated to 2.3% during the year as against 2.9% in 2018, while expansion in the Euro area slowed down to 1.2% in 2019 from 1.9% in 2018. Emerging Markets were under pressure as well – with growth decelerating to 3.7% in 2019 against 4.5% in 2018.

The COVID-19 pandemic has unleashed unprecedented disruption to human life and economic activity the world over, and has sent the already slowing global economy into a massive recessionary shock. With world output estimated to contract by 5% to 7% in 2020 (as per latest estimates of international agencies) the anticipated recession would be the deepest since the Great Depression of the 1930s and the first one since 1870 to be triggered solely by a pandemic. In emerging economies, the pandemic is likely to cause the first output contraction in the past six decades. The pandemic will result in significant contractions across the vast majority of advanced economies, emerging markets and developing economies; the ultimate outcomes, however, remain uncertain. While the immediate priorities are to alleviate human costs, protect vulnerable sections of population and mitigate the near-term economic losses, a credible commitment to sustainable policies and structural reforms would be necessary to buttress long-term prospects, once the crisis abates. Building capacity to deal with similar future events and appropriate

safety nets to support the weaker sections of society will take centre stage in policy formulation going forward. Coordination and cooperation on a global scale will be of paramount importance to revive the world economy.

A significant global recession looms on the horizon for all major world economies. As per IMF estimates for 2020, advanced economies are projected to contract by a staggering 6% to 7%, with all major economies such as USA, Euro Area, UK and Japan set to contract substantially. China is expected to report a flat growth in 2020 while latest estimates for the Indian economy indicate a contraction in the range of 3.5% to 7% in 2020-21. The rapidly worsening economic outlook and deterioration of the risk sentiment have prompted a series of government initiatives across the world. Further, central banks across the world have responded synchronously effecting sharp cuts in policy interest rates, boosting liquidity and undertaking large asset purchase programs to help stimulate economic activity and alleviate tight financial conditions. Major economies across the world have announced stimulus packages in the range of 10% to 15% of their respective GDPs.

The Government of India responded proactively by announcing a lockdown towards the end of March 2020 to flatten the pandemic curve. While this was required to protect lives at that stage, the Government has thereafter taken steps to support livelihoods. The Government has also responded swiftly in announcing an overall package of over ₹ 20 lakh crores largely in the form of liquidity boosting measures, with about

The COVID-19 pandemic has unleashed unprecedented disruption to human life and economic activity. The Government has responded swiftly to the pandemic in announcing a package of over ₹ 20 lakh crores largely in the form of liquidity boosting measures.

Report of the Board of Directors

₹ 1.5 lakh crores representing direct cash transfers and subsidies. Several initiatives to support the Micro, Small and Medium Enterprises (MSME) sector and a slew of agri-reforms have also been announced recently which augur well for the long-term prospects of the Indian economy. Further to the 'Make in India' programme announced earlier, the Hon'ble Prime Minister has made a clarion call to achieve self-reliance through the 'Atmanirbhar Bharat' programme, which seeks to make India an even stronger, more competitive and resilient economy.

In retrospect, 2019-20 turned out to be one of the most challenging years for the Indian economy with GDP growth at an 11-year low (estimated at 4.2% Vs. 6.1% in 2018-19) despite a low base. On the supply side, growth in the Agriculture sector improved (4.0% in 2019-20 Vs. 2.4% in 2018-19) while Industry (0.9% Vs. 4.9%) and Services (5.5% Vs. 7.7%) sectors came under severe stress. Persistent weakness in capital formation, manifest in the decline in new project announcements, transmitted to private consumption (PFCE), which slowed down considerably to register a growth of 5.3% in 2019-20 Vs. 7.2% in 2018-19. The slowdown in consumption expenditure was attributable largely to subdued consumer sentiment, agrarian distress and low rate of rural wage growth, and tight liquidity conditions. PFCE growth, in the fourth quarter of 2019-20 was reported at a mere 2.7% - the lowest in decades - reflecting inter alia the impact of nationwide lockdowns in late March 2020.

While inflation remained benign during the first half of 2019-20 prompting consecutive policy rate cuts by the Reserve Bank of India (RBI), a surge in food prices in the second half caused a spike in retail inflation

resulting in CPI touching 4.8% in 2019-20 versus 3.4% in 2018-19. Forecast of a normal monsoon along with soft global prices of oil, metals and other industrial raw materials are likely to keep input costs low. These factors, combined with favourable base effect, are expected to pull down headline inflation below the 4% target in the latter half of 2020-21.

As per latest estimates, Fiscal Deficit for 2019-20 widened to 4.6%, overshooting the Government's revised target of 3.8% and original target of 3.3%. Slowdown in economic activity, exacerbated by the lockdown in March 2020, and lower tax collections contributed to the higher than planned deficit. In view of the prevailing recessionary situation, a combination of low tax collections and stimulus measures by the Government could result in significant increase in the Fiscal Deficit in 2020-21. Estimates currently range from 7% - 10% of the GDP, with an upward bias on account of additional measures that may be needed to support the economy.

Going forward, there is heightened uncertainty around the timing and shape of the recovery trajectory as the Indian economy is expected to face multi-dimensional challenges in the form of health crises, job losses, labour force displacement, lower productivity, lack of export opportunities and volatility in capital flows. Studies indicate that the pandemic has put as much as 40% of Indian household expenditure at grave risk, which would weigh on consumption expenditure in the short to medium-term. Even as the pace of re-opening of the economy accelerates and alignment to the new normal becomes a key imperative across sectors, it is clear that the economic impact on certain industries is likely to be more severe. This will be a key monitorable and requisite support would need to be extended to nurture them back to health.

Going forward, there is heightened uncertainty around the timing and shape of the recovery trajectory as the Indian economy is expected to face multi-dimensional challenges in the form of health crises, job losses, labour force displacement, lower productivity, lack of export opportunities and volatility in capital flows.

Report of the Board of Directors

Even in the face of such tumultuous and challenging global upheavals, India remains one of the most dynamic major economies in the world. With structural drivers of growth firmly in place, the pace of economic growth is expected to pick up over time. The significant actions of the Government as well as the Reserve Bank of India in recent months, including monetary stimulus and liquidity facilities to reduce systemic stress, have supported confidence building measures and contributed to limiting the amplification of the shock. Further measures may be warranted going forward to improve demand, drive consumption and revive the Indian economy.

During the year, India has moved up 14 places to the 63rd position globally in the 'Ease of Doing Business' rankings on the back of reforms in areas such as starting a business, dealing with construction permits, trading across borders and resolving insolvency. The successful implementation of further structural initiatives identified by the Government towards improving the ease of doing business and fostering greater levels of value addition within the country would be crucial to boost the performance of the Indian economy and realise its full potential.

Enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical for the growth of the agricultural sector and significantly increasing farmers' income. It is pertinent to note that substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher level of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This calls for investment in

product-specific climate-controlled infrastructure as well as in branded products that benefit large agri value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers.

The slew of reforms announced recently by the Government of India including amendment of certain provisions of the Essential Commodities Act, 1955, reforms in agricultural marketing and risk mitigation through predictable prices are commendable and will go a long way in stimulating growth in the Agriculture sector in the country. These powerful reforms will empower farmers, strengthen agri-food processing linkages and enable demand-driven value-added agriculture.

A big thrust on India's Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only prevent job creation in India but also promote avoidable imports. By providing crucial policy support, the entire wood-based value chain can substantially support rural livelihoods and create new opportunities for farmers and skilled artisans that add value to wood. Supportive policies in the area of agro-forestry would go a long way in creating sustainable livelihoods while simultaneously augmenting the nation's environmental capital. In a welcome move, the Government imposed restrictions on imports of raw batis to pave the way for large scale employment generation and creation of a competitive indigenous raw batti industry through import substitution.

Your Company's interventions across its operating segments are aligned to the national priorities of

Even in the face of global upheavals, India remains one of the most dynamic major economies in the world. With structural drivers of growth firmly in place, the pace of growth is expected to pick up over time.

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enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and sustainable livelihoods, driving import substitution by enhancing the competitiveness of domestic agri-value chains and industry, creating national brands to maximise value capture in India and promoting sustainable business practices. Investments made by your Company continue to be guided by the Government of India's 'Make in India', 'Doubling Farmers Income' and the recently announced 'Atmanirbhar Bharat' programmes.

In line with the Hon'ble Prime Minister's vision of significantly enhancing farmer income, your Company piloted an integrated 'Baareh Mahine Hariyali' programme, in four districts of Uttar Pradesh (Prayagraj, Chandauli, Ghazipur and Varanasi), to give a new dimension to the complex task of multiplying farmer incomes. Several initiatives have been implemented under the programme in an integrated manner including introduction of new high yielding varieties of wheat and short duration paddy to enable improved productivity, quality and price realisation. To facilitate additional income for farmers, cropping intensity has been increased with the introduction of a third summer crop, which also helps in soil fertility management. Practices like zero tillage and sowing through mechanised transplanters have not only improved productivity but have also enabled timely sowing.

Over 2,00,000 farmers in UP have already been covered and the programme is planned to be rolled out to over 10 lakh farmers, progressively. Around 30,000 farmers who adopted all initiatives reported doubling of incomes, while those who implemented the programme partially have reported 30% to 75% growth in income.

Your Company supports farmers in the management of risks arising from erratic and extreme weather events through the promotion of climate smart agricultural practices. In this regard, your Company has recently begun work in collaboration with CGIAR's Climate Change and Food Security Programme to build climate smart villages.

Your Company is also working towards developing village level institutions and fostering micro-entrepreneurship by promoting custom hiring centres for farm mechanisation, post-harvest product management infrastructure and community managed seed banks for self-reliance in quality seed material. Your Company promotes environmentally sustainable farm practices including zero till sowing, micro-irrigation and watershed development. Demand side management is another critical component of your Company's Water Stewardship Programme. Recognising that reducing water use, especially in agriculture, is essential for conserving this precious resource, your Company works with farmers to achieve 'more crop per drop' and improve farmer incomes. Around 2.09 lakh acres have been covered till date across 6 states. Through micro irrigation and crop-specific precision agronomical practices, water consumption has been reduced by as much as 20% to 45%.

The collaboration with NITI Aayog, aimed at boosting agricultural and allied activities in 27 backward districts of 8 states under the Aspirational Districts programme, enhanced its scale of operation. Over 15 lakh farmers have so far been trained in package of practices appropriate for the dominant crop of the region.

These interventions have led to a significantly higher level of productivity of major crops compared to state

The slew of reforms announced recently, including amendment of provisions of the Essential Commodities Act, reforms in agricultural marketing and risk mitigation through predictable prices will go a long way in stimulating growth in the Agriculture sector.

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averages, reducing cultivation cost per acre by 20% compared to others and increase in net incomes ranging between 33% and 100% for different crops.

Although India has 17% of the world population, its share of natural resources is disproportionately low with only 2.4% of global land mass, 4% of freshwater resources and 1% of forest resources. As millions continue to live in abject poverty, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth. Differentiated and preferential incentives, in the form of fiscal or financial benefits to companies that adopt sustainable business practices would act as a force multiplier in achieving this critical national goal. It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 18 years), 'carbon positive' (for 15 years), and 'solid waste recycling positive' (for 13 years). The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting over

six million sustainable livelihoods, many of whom belong to the weaker sections of society.

Your Company has been ranked #1 globally amongst peers (comprising companies with market capitalisation between USD 38 Bln. and USD 51 Bln.) and overall #3 globally on ESG performance in the Food Products industry by Sustainalytics – a renowned global ESG ratings company. Your Company has also been rated 'AA' by MSCI-ESG - the highest among global tobacco companies.

The following sections outline your Company's progress in pursuit of the 'Triple Bottom Line'.

FINANCIAL PERFORMANCE

The macro-economic environment for the year under review was particularly challenging, marked by deceleration in economic activity accentuated by a sharp decline in consumption, especially in rural areas. Severe crunch in market liquidity conditions and disruptions caused by spatial variations in monsoons in several parts of the country added to the pressure. Just as the business environment was showing signs of an incipient recovery in the beginning of the fourth quarter, the onset of COVID-19 pandemic, changed the situation dramatically. In the initial stages, the contagion had a significant impact on the Hotels and Education and Stationery Products businesses as it coincided with the peak season and the onset of the school session, respectively. Operations of all businesses were impacted towards the close of the year as the pandemic gained momentum.

The Cigarettes Business consolidated its market standing during the year through continued focus on delivering world-class products along with best-in-class execution. However, persistent weakness in the demand

Investments made by ITC continue to be guided by the Government of India's 'Make in India', 'Doubling Farmers Income' and the recently announced 'Atmanirbhar Bharat' programmes.

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environment coupled with growth in illicit cigarette trade weighed on performance. Steep increase in taxes w.e.f. 1st February 2020 and disruptions in operations in March 2020 exacerbated the situation. In the FMCG-Others Segment, comparable revenue grew ahead of the industry, amidst subdued demand conditions, while profitability improved significantly. Segment EBITDA margins improved by appx. 160 bps to 7.1% during the year despite heightened competitive intensity, early closure of educational institutions that impacted the Education and Stationery Products Business, elevated input costs and gestation costs of new products/categories and manufacturing facilities and impact due to disruptions following the outbreak of the pandemic. In the Hotels Business, while the first three quarters witnessed strong performance, driven largely by excellent response to the Company's new iconic properties, the outbreak of COVID-19 pandemic severely impacted performance in the fourth quarter. Sluggish growth in end-user industries such as FMCG, Pharma and Liquor resulted in muted customer offtake in the Paperboards, Paper and Packaging segment; margin expansion was driven by higher in-house pulp production, enhanced operating efficiencies and benign input costs. While trading opportunities in oilseeds & pulses and scale-up of the value-added portfolio were the key drivers of revenue growth in the Agri Business segment, subdued demand for leaf tobacco in international markets accentuated by relatively steeper depreciation in currencies of competing origins and adverse business mix weighed on Segment Results.

For the nine months ended 31st December, 2019, Gross Revenue at ₹ 35023.67 crores grew by 5.6% while PBT (before exceptional items) increased by 9.6%. Disruptions in business operations in the wake of the

COVID-19 pandemic, resulted in decline in revenue and profits during the fourth quarter.

Overall for FY 2019-20, Gross Revenue at ₹ 46323.72 crores increased by 2.4%, while PBT (before exceptional items) at ₹ 19298.92 crores grew by 4.6% over FY 2018-19. Profit after Tax grew at a faster pace of 21.4% to ₹ 15136.05 crores, aided by reduction in corporate income tax rates during the year (net of calibration in pricing).

Exceptional items during the year represent cost of leaf tobacco stocks (including taxes) destroyed at a third party owned warehouse due to fire, for which insurance claim has been filed and is under process.

Total Comprehensive Income for the year stood at ₹ 13754.24 crores (previous year ₹ 12826.88 crores). Earnings Per Share for the year stood at ₹ 12.33 (previous year ₹ 10.19).

Free Cash Flow Generation (net of taxes and capital expenditure) during the year stood at ₹ 11693 crores, representing a robust growth of 30% over the previous year. Your Company remains the clear leader in the FMCG industry in terms of annual Free Cash Flow generation.

The Directors are pleased to recommend an Ordinary Dividend of ₹ 10.15 per share (previous year Ordinary Dividend of ₹ 5.75 per share) for the year ended 31st March, 2020. Total cash outflow in this regard will be ₹ 12476.61 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees,

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aggregated around ₹ 232000 crores of which over ₹ 166000 crores accrued to the Exchequer.

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented about 74% of its Value-Added during the year.

Your Company remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in the ITC portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 7.2 billion, of which agri exports constituted 55%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

During the financial year 2019-20, your Company and its subsidiaries earned ₹ 4597 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 3506 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1885 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1503 crores and import of capital goods of ₹ 382 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in Crores)

PROFITS	2020	2019
a) Profit Before Tax [@]	19166.81	18444.16
b) Tax Expense		
– Current Tax	4441.97	5849.24
– Deferred Tax	(411.21)	130.60
c) Profit for the year [@]	15136.05	12464.32
d) Other Comprehensive Income	(1381.81)	362.56
e) Total Comprehensive Income	13754.24	12826.88
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	26978.13	21991.24
b) Add: Profit for the year	15136.05	12464.32
c) Add: Other Comprehensive Income (net of tax)	(113.54)	5.59
d) Add: Transfer from share option on exercise and lapse	17.73	3.88
e) Less : Dividends		
– Ordinary Dividend of ₹ 5.75 (2019: ₹ 5.15) per share.	7048.71	6285.21
– Income Tax on Dividend paid	1373.52	1201.69
f) At the end of the year	33596.14	26978.13

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

FMCG Cigarettes

A punitive and discriminatory taxation and regulatory regime along with a sharp increase in illegal trade in recent years, especially at the premium end, continue to pose significant challenges to the legal cigarette industry in the country. Performance during the year

Over the last five years, the Value-Added by ITC, i.e. the value created by the economic activities of the Company and its employees, aggregated around ₹ 2,32,000 crores of which over ₹ 1,66,000 crores accrued to the Exchequer.

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under review was additionally impacted by persistent weakness in overall demand environment, especially in rural markets and wholesale channel, and tight market liquidity conditions. Towards the end of the year, the COVID-19 pandemic caused significant operational disturbances even before the nation-wide lockdown. During the initial phase of the lockdown, unprecedented disruption was witnessed across the value chain. However, all factories are currently operational and sales & distribution operations are progressively normalising.

It is deeply satisfying to report that notwithstanding the extremely challenging operating landscape and the headwinds faced during the year under review, your Company sustained its leadership position in the cigarette industry, including modern variants through its unwavering focus on nurturing a portfolio of world-class products, superior consumer insights, a strategy of continuous innovation and superior product development capabilities. Several new variants were introduced during the year to cater to the continuously evolving consumer preference and to ensure the future readiness of your Company's product portfolio. Key market interventions during the year include the launch of innovative and differentiated offerings at the premium end such as Gold Flake Indie Mint & Gold Flake Luxury and the extension of Gold Flake Neo and Classic Rich & Smooth to other markets. The Business also deployed focused offers under the 'American Club', 'Wave', 'Player's Gold Leaf', 'Pall Mall', 'Navy Cut', and 'Flake' trademarks in strategic markets towards bolstering and strengthening its market standing.

As stated earlier, the Cigarettes category remains heavily impacted by punitive and discriminatory taxation. In the period between 2011-12 and 2017-18 taxes on cigarettes almost trebled (on a comparable basis). In July 2017, the industry was further impacted by a sharp increase

of 13% in tax incidence under the GST regime. Coupled with the increase in Excise Duty rates announced in the Union Budget 2017, this resulted in an incremental tax incidence of over 20% on cigarettes, post implementation of GST. Thereafter, relative stability in taxation up to January 2020 provided some relief to the legal cigarette industry and lent buoyancy to tax collections. However, legal industry volumes continued to remain significantly below June 2014 levels. The short period of relative stability in taxes was halted in February 2020 with a sharp increase of 13% in tax incidence consequent to significant increases in the rates of National Calamity Contingent Duty announced in the Union Budget.

Cigarette taxes have hit the threshold of diminishing returns. As amply demonstrated over the last decade, whilst rates of Central Excise Duty were increased by a CAGR of 15.7% between 2012-13 and 2016-17, tax revenue from cigarettes grew at merely 4.7% CAGR during the same period. A moderate and stable tax environment for highly taxed products like cigarettes, on the other hand, nurtures commensurate growth in tax revenue. This would be evident from the fact that due to unchanged rates of tax on cigarettes up to January 2020 after the steep hike in rates under GST in July 2017, the growth in tax revenue from cigarettes has been in excess of 10%. In addition to growth in tax revenue, stability and moderation in cigarette taxes also enables the legal cigarette industry to combat illicit cigarette trade and claw back volumes that would have, otherwise, been wrested by the illicit cigarette trade.

Discriminatory taxation on cigarettes has caused progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax-evaded forms of tobacco products, comprising illegal cigarettes, bidi, chewing tobacco, gutkha, zarda, snuff, etc. Consequently, while the share of legal cigarettes in

A punitive and discriminatory taxation and regulatory regime along with a sharp increase in illegal trade in recent years, especially at the premium end, continue to pose significant challenges to the legal cigarette industry in the country.

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total tobacco consumption in the country has declined considerably from 21% in 1981-82 to a mere 9% (against global average of 90%), aggregate tobacco consumption in the country has increased over the same period. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector. It is estimated that on account of illegal cigarettes alone, revenue loss to the Government is almost ₹ 15000¹ crores per annum. In respect of the other tobacco products also, the revenue losses are significant since about 68%² of the total tobacco consumed in the country remains outside the tax net.

The punitive taxes on the legal cigarette industry have resulted in an alarming rate of growth in the illicit cigarette trade in the country. Euromonitor International ranks India as the 4th largest illicit cigarette market globally – a dubious distinction arising due to the punitive taxation of cigarettes which has created an enormously attractive tax arbitrage and extremely lucrative opportunities for unscrupulous players. While legal cigarette industry volumes have declined by about 20% between 2010-11 and 2019-20, the illicit duty-evaded cigarette segment has grown by 36% during the same period, accounting for about one-fourth of the domestic industry and making India one of the fastest growing illicit cigarette markets in the world. Within this, the wide expansion of the already lucrative tax arbitrage for the king-size cigarette segment, consequent to the sharp tax increase of 19% for this segment under GST has only served to open the floodgates of smuggled king-size cigarettes into the country. Since these smuggled international brands of cigarettes do not have

any embedded tax cost, they are offered to consumers at prices that are, at times, less than half the price of duty-paid cigarettes. Moreover, the trade chain is provided with incentives that are significantly higher than what duty-paid cigarettes can afford to offer. The 13% increase in cigarette taxes with effect from 1st February 2020 as aforementioned will, thus, provide further fillip to this large and rapidly growing illicit cigarette trade in the country.

The regulatory framework for cigarettes in the country is one of the strictest in the world. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) requires cigarette packages to bear the statutorily mandated pictorial and textual warnings covering 85% of the surface area of the packet (one of the largest in the world). As reported in earlier years, your Company and several other stakeholders had challenged the validity of the pictorial warnings. The Karnataka High Court, by its judgement in December 2017 held the 85% pictorial warnings with extremely gruesome imagery to be factually incorrect and unconstitutional. Upon a Special Leave Petition filed by the Government, the Honourable Supreme Court has stayed the Order of the High Court. Pending the final hearing of this matter, the regime of the extremely repugnant 85% pictorial warnings continues. In fact, new pictorial warnings with even more gruesome images have been introduced from 1st September 2018. In this respect your Company's writ petition challenging the introduction of these pictorial warnings with even more gruesome images is also pending before the Karnataka High Court. Notwithstanding this, similar gruesome and factually incorrect pictorial warnings were put into effect from September 2019.

In addition to the substantial cost advantages in the value chain due to the tax arbitrage, smuggled

¹ As per industry estimates

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

It is estimated that on account of illegal cigarettes alone, revenue loss to the Government is almost ₹ 15,000 crores per annum. About 68% of the total tobacco consumed in the country remains outside the tax net.

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

The large and rapidly growing illicit cigarette trade also has a deleterious impact on the millions of farmers and farm workers engaged in the tobacco value chain. In India, cigarettes are manufactured largely using Flue Cured Virginia Tobacco (FCV) grown in the states of Andhra Pradesh, Telangana and Karnataka. FCV tobaccos are also traded internationally and India is an exporter of this commodity. Since smuggled international brands of cigarettes do not use Indian tobaccos, in addition to revenue losses, the growth of the illegal cigarette trade has also resulted in a severe drop in demand for Indian FCV tobaccos in the domestic market. Along with decline in leaf exports (due to lower availability of Indian crop, favourable prices of competing origins and lower export incentives), this has had an extremely adverse impact on earnings of the tobacco farmers and farm workers in India – the second largest tobacco producing country in the world.

It is pertinent to note that several other major tobacco producing countries, including the USA, have framed regulatory frameworks for tobacco taking into

consideration the economic interests of their tobacco farmers. The inadvertent and unforeseen consequences of the stringent Indian tobacco regulations and discriminatory and punitive taxation on cigarettes continues to drive down the livelihood of Indian tobacco farmers with corresponding gains to tobacco farmers in the countries that have opted for moderate and equitable tobacco regulations. These developments have had a devastating impact on 46 million livelihoods including tobacco farmers, farm workers, tribals etc. who are dependent on the Tobacco Value Chain. It is estimated that since 2013-14 Indian tobacco farmers have suffered a cumulative drop in earnings of appx. ₹ 5175³ crores. Stability in taxes on cigarettes will have the salutary effect of enabling the legal cigarette industry to combat illicit trade and claw back volumes, thereby engendering domestic demand for Indian tobaccos. This will also help cushion the impact of volatility in international markets.

India is the 2nd largest tobacco grower in the world. Tobacco occupies a prime place in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors⁴. However, the extremely stringent regulations along with the discriminatory and steep taxation on cigarettes have had numerous negative, albeit unintended repercussions. These include:

- rapid growth in illicit cigarette volumes, resulted in sub-optimisation of the revenue potential of the tobacco sector and significant loss to the Exchequer. It is estimated that on account of illegal cigarettes alone, the revenue loss to the Government is almost ₹ 15000 crores per annum.

³ Based on statistics published by the Tobacco Board, Ministry of Commerce & Industry, Govt.

⁴ Report on Tobacco Control in India, Ministry of Health & Family Welfare, Govt., 2004 (Jointly supported by Centers for Disease Control and Prevention, USA and the World Health Organisation).

The large and rapidly growing illicit cigarette trade also has a deleterious impact on the millions of farmers and farm workers engaged in the tobacco value chain.

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- widespread availability of illegal cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5ths of the revenue generated from the tobacco sector.
- a large component of tobacco consumption in the country, aggregating around 68% remaining outside the tax net.
- persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTRI) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

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

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

On the manufacturing and supply chain front, the Business continued to build future ready capabilities. Manufacturing facilities continue to be modernised by

inducting contemporary technologies towards securing higher levels of productivity and product excellence. Strategic capacity gearing for new developments in multiple areas were taken up during the year to provide competitive long-term business advantage. New benchmarks were set in areas of quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Science were leveraged to build a 'smart manufacturing' environment of interconnected systems. Focus continued on using IT enablement and advanced analytics for enhancing responsiveness and automation of in-process quality control. These initiatives, coupled with in-house design and development expertise and innovation capabilities have further improved the speed-to-market for new launches and augmented the innovation pipeline of the Business.

Your Company continued to be recognised for its commitment towards HR practices and operational excellence. The Business was conferred with the 2019 Association of Talent Development (ATD) USA, Excellence in Practice Award for the Gurukul initiative, in the Learning and Development category for enhancing learning effectiveness by leveraging technology. The Business was also awarded the 'Significant Achievement in HR Excellence' in the CII National HR Excellence Awards, and in addition, a niche award for excellence in wellness practices, the 'National Award for Exemplary HR Practices - Re-Imagineers Award' was conferred on the Business for 2019 by the National HRD Network, the national apex body of HR professionals in India. The Bengaluru unit was adjudged 'Winner' in Frost & Sullivan 2019 Project Evaluation and Recognition Program (PERP) in Automation & Robotics Category in the Manufacturing Sector.

In line with your Company's commitment to the 'Triple Bottom Line', the Business has ramped up usage

Your Company sustained its leadership position in the industry through its unwavering focus on nurturing a portfolio of world-class products, superior consumer insights, a strategy of continuous innovation and superior product development capabilities.

of renewable energy to a record high of 58% of the total energy consumed. Sustainability initiatives of your Company continued to be recognised during the year. The Saharanpur unit was awarded 'Excellent Energy Efficient Unit' and the Kidderpore & Munger units were awarded 'Energy Efficient Unit' in CII National Award for Excellence in Energy Management – 2019. The Munger unit also received the 'Winner' award for Environment Excellence in Large scale category by Indian Chamber of Commerce (ICC). The Ranjangaon unit was recognised with the 'Golden Trophy-Sarvashreshtha Suraksha Puraskar Safety Awards 2019' by National Safety Council of India (NSCI).

The outbreak of COVID-19 pandemic has caused unprecedented disruption to operations. All cigarette manufacturing facilities of your Company as well as the contract-manufacturers of cigarettes had to shut down operations during the last week of March 2020. Coupled with widespread closure of markets and outlets across the country, this led to considerable disruptions in servicing consumer demand. However, immediately upon receipt of permissions, your Company was able to resume operations quickly and swiftly ramp up production and availability of its brands across markets. The rapidity with which this was achieved is a testimony to the extraordinary resilience and deep commitment of your Company's workforce and business partners.

Notwithstanding the challenges as enumerated above, your Company remains confident of fortifying its market standing in the legal cigarette industry by leveraging its superior strategies, execution excellence, investments in cutting-edge technology and a future ready product portfolio. Being the market leader, your Company is well placed to capture all opportunities and emerge stronger with the continuing support of consumers.

FMCG - Others

FMCG industry growth decelerated sharply during the year due to sluggish demand conditions, tight market liquidity and delayed monsoons followed by excessive rainfall in certain parts of the country. Overall, industry growth rates halved to ~7% in Q3 FY20 compared to same period last year, with the situation getting worse in Q4 FY20 due to the COVID-19 pandemic induced lockdowns across the country. Rural markets, which account for around one-third of the industry and have been the key driver of growth in recent years, witnessed a steep fall in growth rates. Rural growth stood at 0.8x of urban markets in FY20 compared to 1.4x in FY19.

Despite the challenging conditions prevailing during the year and the significant slowdown following the outbreak of the pandemic, your Company's FMCG-Others businesses recorded Segment Revenue of ₹ 12844.23 crores representing an increase of 5% over the previous year (on comparable basis, excluding the Lifestyle Retailing Business). Most major categories enhanced their market standing during the year. Prior to the outbreak of the pandemic, the FMCG-Others segment was on track to register double-digit revenue growth for the fourth quarter, on a comparable basis. The Education and Stationery Products Business, which reported strong growth till February 2020, was severely impacted due to the outbreak of COVID-19 pandemic towards the end of the year which coincided with the commencement of the new academic session. While 'Aashirvaad' atta, spices and salt, 'Dark Fantasy Choco Fills', 'Dark Fantasy Bourbon', 'Bounce Layered Cakes', 'Bingo! Tedhe Medhe and Potato chips', 'Yippee! Noodles', 'Aashirvaad Svasti' fresh dairy products and 'Candyman Fantastik' wafer sticks were the key drivers of growth in the Branded Packaged Foods Businesses,

Despite the challenging conditions prevailing during the year and the significant slowdown following the outbreak of the pandemic, your Company's FMCG-Others businesses recorded Segment Revenue of ₹ 12,844 crores.

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'Vivel'/'Fiama' shower gels & bodywash, 'Savlon'/'Fiama' handwash, 'Savlon' sanitizers & antiseptic liquids and 'Nimyle' herbal floor cleaner witnessed good traction in Personal Care Products Business. However, relatively subdued performance of 'Engage' deodorants and 'Vivel' Soaps, in line with industry trends, weighed on overall revenue growth. During the year, the Lifestyle Retailing Business was scaled down significantly pursuant to the divestiture of 'John Players' trademark/copyright and its variants in the apparel category in March 2019.

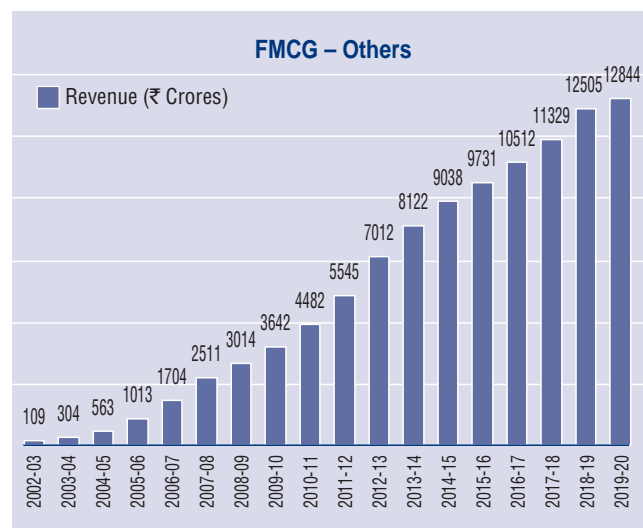
Segment EBITDA for the year registered robust growth of 32.8% to ₹ 914 crores with significant margin expansion of ~160 bps to 7.1%. This was driven by enhanced scale, product mix enrichment, reduced distance-to-market and other strategic cost management initiatives after absorbing the impact of sustained investment in brand building, gestation costs of new categories & facilities and the impact due to disruptions following the outbreak of the pandemic.

The Businesses continue to reinforce a consumer-centric digital strategy, enabling intimate engagement with your Company's brands. The Marketing Command Centre and Consumer Data Hub, christened 'Sixth Sense', leverages cloud-technology, cutting-edge social-media engagement tools and a digital marketing & analytics platform, to gain insights on market trends and consumer behaviour. These insights are then synthesised to craft contextual brand communication, thereby deepening consumer connect.

The Businesses continue to deploy 'Industry 4.0' technologies including advanced analytics, big data and industrial Internet of Things (IoT) in areas spanning equipment efficiency, energy management, product quality and traceability. Your Company is leveraging emerging digital technologies such as mobility solutions, analytics and social media to reduce cycle time &

enhance operational efficiency, and deepen engagement with consumers.

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



Your Company's vibrant portfolio of over 25 world-class Indian brands, largely built through an organic growth strategy in a relatively short period of time, represents an annual consumer spend of over ₹ 19700 crores in aggregate. 'Aashirvaad' is today nearly ₹ 6000 crores in terms of annual consumer spend; 'Sunfeast' over ₹ 4000 crores; 'Bingo!' nearly ₹ 2700 crores; 'Classmate' nearly ₹ 1400 crores; 'YiPPee!' nearly ₹ 1300 crores; 'Mangaldeep' over ₹ 800 crores and 'Vivel' ₹ 500 crores. These home-grown Indian brands support the competitiveness of domestic value chains, especially in the agri space, thereby ensuring creation and retention of value within the country.

Your Company's FMCG brands have achieved impressive market standing in a relatively short span

ITC's vibrant portfolio of over 25 world-class Indian brands represents an annual consumer spend of over ₹ 19,700 crores in aggregate and supports the competitiveness of domestic value chains, especially in the agri space.

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of time. Today, Aashirvaad is No. 1 in Branded atta, Bingo! is No. 1 in Bridges segment of Snack Foods (No. 2 overall in Snacks & Potato Chips), Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, YiPPee! is No. 2 in Noodles, Engage is No. 2 in Deodorants (No. 1 in women's segment) and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment).

The revival of growth momentum in the FMCG industry is largely dependent on restoration of normalcy and improvement in consumer sentiment in the aftermath of the still unfolding impact of the COVID-19 pandemic. While essential items, health and hygiene related products are expected to sustain the recent buoyancy in demand, discretionary categories and those with higher salience of out-of-home consumption are likely to experience a more gradual recovery. Notwithstanding the short-term pressures, the structural drivers of long-term growth such as rising disposable incomes and consumer awareness, low levels of penetration of consumer goods, favourable demographics, increasing urbanisation and growing preference for trusted brands are firmly in place. Your Company remains agile and responsive and continues to fashion strategies to service existing and emergent consumer needs. Some of the noteworthy consumer trends include increasing preference for health, hygiene and wellness products; growing affinity towards trusted Indian brands and products rooted to 'Indianness'; rising influence of social media and growing consumer preference for online shopping; increasing need for customised products & experiences and emergence of hyperlocal & direct-to-consumer delivery models.

Your Company is uniquely positioned to leverage its significant investments in product development, R&D and innovation to effectively address these emerging

need spaces. The agility demonstrated during the lockdown phase including expeditious ramp-up of operations and enhancement of capacity, launch of new products such as Savlon disinfectant spray in record time, deployment of ITC Store-on-Wheels and ITC e-Store, collaboration with third parties for last mile delivery to cater to surge in consumer demand, bears testimony to your Company's resilience and capabilities.

Your Company seeks to significantly scale up the FMCG Businesses leveraging its institutional strengths viz. deep consumer insight, proven brand building capability, agri-commodity sourcing expertise, cuisine knowledge, strong rural linkages, a deep and wide channel-tailored distribution network and packaging know-how. In addition, your Company continues to make significant investments in R&D, strengthen supply chain capability, focus on consumer insight discovery and harness digital technology to develop and launch disruptive and breakthrough products in the market place. With these interventions, your Company is well poised to strengthen its market standing and seize growth opportunities in the FMCG space in the new normal.

Highlights of progress in each category are set out below.

Branded Packaged Foods

Against the backdrop of an extremely challenging operating environment as aforesaid, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive products customised to address regional tastes and preferences, along with an efficient supply chain and distribution network. Whilst the Business was on track to register

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a double-digit revenue growth in the last quarter of the financial year, the momentum was severely disrupted by the onset of COVID-19 pandemic.

Your Company's Branded Packaged Foods Businesses continued to make significant investments towards brand building and supporting the scaling up of nascent categories. Cut-through advertising and brand engagement platforms touching millions of consumers through market development efforts strengthened the market standing of brands across categories. With consumer spends of nearly ₹ 15000 crores anchored on robust brands that reach one out of every two Indian households, your Company sustained its market standing as the 3rd largest food company in the country (publicly listed). During the year, your Company's brands have been successful in entering an additional 10.5 million households (source: HHP, Kantar World Panel, MAT Dec'19).

Your Company's brands and consumer engagement initiatives continue to win wide acclaim and industry recognition. During the year, Bingo! No Rulz won the Nielsen Breakthrough Innovations 2019 Award under the 'Crowd Pleaser' category while Aashirvaad won the Silver Effie award for integrated marketing. ESOMAR, the apex global forum on consumer insights, recognised your Company for initiatives leveraging technology to understand real time consumption behaviour.

The Businesses continue to leverage the unique competitive advantage of deep rural linkages and agri-commodity sourcing expertise resident in your Company's Agri Business to procure high quality raw materials thereby ensuring the highest levels of quality, consistency and safety of its products. In addition, each of your Company's branded packaged food products is manufactured in HACCP/ISO-certified manufacturing

locations ensuring compliance with all applicable laws and adherence to the highest quality norms.

The Business launched several innovative, distinctive and first-to-market products during the year leveraging robust product development processes, the capabilities of your Company's Life Sciences and Technology Centre and the cuisine expertise resident in your Company's Hotels Business. While strengthening its core portfolio, your Company continues to explore opportunities to exploit adjacent spaces with a special focus on augmenting the health and nutrition portfolio within the chosen categories.

- The Staples Business posted yet another year of robust performance growing well ahead of the industry. Several innovative and value-added offerings catering to region-specific preferences and consumer health needs continue to be added to the pipeline to propel growth. Aashirvaad atta fortified its market standing across geographies leveraging a robust product portfolio anchored on your Company's agri-sourcing expertise. The Business continued to focus on growing the value-added portfolio, consisting of Multigrain, Select and Sugar Release Control atta, which posted robust growth driven by higher salience in Modern Trade and e-Commerce channels. The range of value-added products was augmented with the launch of Aashirvaad Nature's Super Foods, a differentiated range of products comprising Gluten Free Flour, Ragi Flour and Multi-Millet Mix which are naturally gluten free, rich in dietary fibre and a source of protein. These products are available across select general and modern trade outlets as well as leading e-Commerce platforms.

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

ITC sustained its position as one of the fastest growing Branded Packaged Foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive products customised to address regional tastes and preferences, along with an efficient supply chain and distribution network.

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by media investments, especially in the digital media, enabled further improvement in Aashirvaad's brand health metrics. Powered by trust reposed by over 3.6 crore households (source: HHP, MAT Feb'20), your Company is confident of sustaining Aashirvaad's position as India's No.1 atta brand going forward.

The Business, however, continues to contend with increased competitive intensity post the implementation of 5% GST on branded atta. While it has been the Government's intention to provide relief of nil rate of GST only to small and local manufacturers thereby benefiting consumers with lower priced staple products, many unscrupulous players have used this distinction in rates as an attractive tax-evasion/avoidance opportunity, by classifying their products as unbranded or with a declaration that all actionable claims or rights associated with brand identity have been foregone, while continuing to market the product with brand names and distinct trademarks. This inequitable GST differential between branded and unbranded players has resulted in market distortion, widening the price gap between national registered brands and local unregistered brands, and acts as a disincentive to invest in value creation for the agri sector.

Supported by its new positioning, 'Created by Sun and Sea - pure just like nature intended it to be', Aashirvaad Salt gained traction in key focus geographies and posted a healthy performance during the year.

In the Spices category, during the year, your Company expanded its geographical footprint to 17 states and recorded healthy volume growth. The industry offers significant opportunity for migration from unbranded to branded spices, salience of which is low.

On 23rd May, 2020, your Company entered into a Share Purchase Agreement ('SPA') to acquire

100% of the equity share capital of Messrs. Sunrise Foods Private Limited (SFPL), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise', subject to fulfilment of various terms and conditions as specified in the SPA.

Sunrise is a clear market leader in eastern India in the fast-growing Spices category with a rich heritage and brand legacy of over 70 years. Over the years, the brand has built a loyal consumer franchise, anchored on a differentiated product portfolio tailored to regional tastes and preferences, both in the basic and blended spice segments.

Upon consummation of the transaction, the proposed acquisition will augment your Company's product portfolio and will also align with your Company's aspiration to significantly scale up its Spices business and expand its footprint across the country. The deep consumer connect of SFPL in the focus markets, together with synergies arising out of the sourcing and supply chain capabilities of your Company's Agri Business and its pan-India distribution network, will provide significant value creation opportunities for your Company.

The proposed transaction is also in line with your Company's philosophy of enhancing the competitiveness of Agri value chains in India whilst making a meaningful contribution to enhancing farmer incomes.

- Increasing consumer traction for 'Bingo!' Potato Chips and Tedhe Medhe continued to drive growth in the Snacks Business. Tedhe Medhe continues to be the most widely distributed snack brand in the country. The Tedhe Medhe range was augmented with the launch of two innovative variants – 'Herby Spin' and 'Chatpata Swing'. 'Starters', a baked and protein rich snack, launched during the year, is being scaled up

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on the back of encouraging response from discerning consumers. The 'Bingo! No Rulz' range was also augmented with the launch of No Rulz Curlz, a corn-based baked snack in two exciting flavours of Masala and Cheese. The Business continues to be the market leader in the bridges sub-segment and improved its market standing in potato chips.

- In the Instant Noodles category, YiPPee! noodles sustained its overall market standing as a strong, competitive No. 2 brand in the noodles space. YiPPee! led the industry in terms of packaging innovation in family packs, enabling impactful visibility, reducing breakages and driving growth in Modern Trade. With innovative media campaigns and celebrity endorsements, the Business created buzz around its brands and continued to strengthen its presence across the country.
- In the Biscuits category, Dark Fantasy Choco Fills sustained its high growth trajectory driven by superior product attributes, focused communication, efficient distribution and consumer activation. The recently launched Bounce Cake variants continue to receive excellent response from consumers and are now available in all target markets. The Business augmented its portfolio with 'Sunfeast' Veda Marie Light, a healthy offering infused with 5 natural ingredients, strengthening the brand's 'chai ka perfect partner' value proposition. Another innovative offering, Bounce Loops, was introduced during the year in three exciting flavours – Vanilla, Chocolate and Jam, with a delicious open cream layer sprinkled with sparkles on the top. The Business consolidated its leadership position in the super-premium segment with continued focus on enhancing brand affinity and increasing penetration in emerging channels of Modern Trade & e-Commerce platforms.

- In the Confectionery Business, multi-unit packs and higher salience of 'Re. 1 and above' products contributed to portfolio premiumisation. 'Candyman' Fantastik, a crispy wafer roll filled with luscious choco crème, continues to make rapid strides and garner increasing consumer traction across markets. The range was augmented with the introduction of 'Candyman' Fantastik Choco Mocha, a limited edition variant for the gifting space.
- 'Fabelle' chocolates continue to receive excellent response from discerning consumers setting new benchmarks in the luxury and FMCG chocolate segments. The range was augmented with the launch of Fabelle Choco Deck Milk & Ruby Chocolate in the FMCG range. During the year, the Business adopted a focused geography approach, backed by innovative brand campaigns on digital platforms, increasing its presence in stores across Bengaluru, in Modern Trade & Independent Service Stores in select metro cities and by adding Fabelle kiosks in Welcomhotels at Amritsar, Chennai & Bengaluru. The brand created a buzz for achieving the Guinness World Record for the most expensive chocolate, Fabelle Trinity – Truffles Extraordinaire, which was covered widely by both print and visual media globally.
- 'Sunbean' gourmet coffee, which is available across all ITC Hotels and select e-Commerce platforms, continues to receive excellent response from discerning consumers. 'Sunbean Beaten Caffè', a unique ready-to-use beaten coffee paste that produces a rich, creamy, frothy cup of coffee, is being piloted in select markets in Delhi/NCR and has been well received by consumers. Encouraged by the positive response, the Business has introduced the product in large jars and in single serve/multi use sachets.

The Foods Business implemented several initiatives to improve profitability encompassing strategic cost management, supply chain optimisation, smart procurement and productivity improvement through automation.

- In the Dairy & Beverages Business, the ‘B Natural’ range of juices anchored on the proposition of ‘100% Indian Fruit, 0% concentrate’ with the added ‘goodness of fibre’, continues to deepen consumer connect by providing a more nutritive and ‘natural’ tasting experience. The premium range of juices with fruit inclusions, in an appealing transparent bottle format, comprising unique region-specific fruits viz. Ratnagiri Alphonso, Himalayan Mixed Fruit and Dakshin Guava, continued to receive excellent response from consumers and is now available in all target markets.

The ‘Aashirvaad Svasti’ fresh dairy portfolio comprising pouch milk, pouch curd and paneer, gained strong consumer traction on the back of high quality standards and superior taste profile, in Bihar and West Bengal where the portfolio is currently available. Aashirvaad Svasti Ghee continues to gain excellent product feedback and is witnessing good traction, especially in Modern Trade and e-Commerce channels. Similarly, the ‘Sunfeast Wonderz Milk’ range of milk shakes has received encouraging response and is being extended to other markets.

Over the years, your Company has invested in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) towards augmenting its manufacturing and sourcing footprint across categories with a view to providing structural advantages such as ensuring product freshness, improving market responsiveness, reducing the cost of servicing proximal markets and providing heightened focus on product hygiene, safety and quality. The ICMLs also enable scalability, besides setting new benchmarks in quality, safety, productivity and process excellence. During the year, the Business ramped up capacity utilisation at the recently commissioned facilities at Trichy, Guwahati, Panchla, Haridwar & Pune.

Several manufacturing units of your Company’s Branded Packaged Foods Businesses, competing with the best within and outside the industry, received several awards and accolades during the year bearing testimony to your Company’s focus on manufacturing excellence, safety and quality. The Biscuits plants in Haridwar and Guwahati won the CII award for Outstanding performance in Food Safety Excellence (in the large manufacturing and rising star category respectively); Panchla and Haridwar (Snacks) factories won ‘Gold’ awards at the National Awards for Manufacturing Competitiveness (NAMC) instituted by the International Research Institute for Manufacturing (IRIM); the Haridwar plant won the Best Environment Award from CII and the National Safety Award from the Ministry of Labour and Employment, New Delhi. The procurement and supply chain functions also won several awards during the year. Your Company was awarded the prestigious ‘Fastest Growing FMCG Company for 2019’ award by Globoil India, one of the world’s largest trade events in the agri space.

The Business implemented several initiatives to improve profitability encompassing strategic cost management, supply chain optimisation, smart procurement and productivity improvement through automation leveraging new-age tools such as Industry 4.0 and Smart Utilities which helped in mitigating escalation in input costs and absorbing start-up costs of new Integrated Consumer goods Manufacturing and Logistics (ICML) facilities and strategic investments in brand building for new categories viz. Dairy, Juices, Chocolates and Coffee.

Business operations were severely impacted with the outbreak of COVID-19 pandemic and the consequent nationwide lockdown. However, your Company was able to successfully overcome these challenges and resume operations within a very short time frame.

ITC has invested in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities towards augmenting its manufacturing and sourcing footprint across categories with a view to providing structural advantages.

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Following the outbreak of the pandemic, there is heightened awareness of quality products anchored on vectors of health, wellness and immunity. There is a rising trend of 'at-home' as opposed to 'out-of-home' consumption. Apart from a thrift mindset, consumers are also preferring larger pack formats as they seek to reduce frequency of purchase. Growing concerns on hygiene and safety are also reflecting in the consumers' preference for trusted brands. The categories which address these needs spaces, viz. staples, noodles, biscuits, dairy etc. witnessed robust demand, while demand for discretionary categories was relatively soft. The Business significantly ramped up capacity in certain categories to cater to surge in demand. The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs and are anchoring innovations on the vectors of health, wellness, immunity and naturals to address heightened concerns in these areas in the aftermath of the COVID-19 pandemic.

A big thrust on India's Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. In view of the immense potential of this industry, your Company has made significant investments in food processing and remains focused on establishing itself as the premier supplier of food products. Your Company will continue to drive cost efficiencies in a structured manner and focus on supply chain optimisation to support the rapid and profitable growth in the years ahead. The Business with its robust portfolio of world-class brands and a steady pipeline of innovative offerings will continue to leverage its key competitive strengths of institutional synergies with the Agri Business, Hotels, the Trade Marketing & Distribution vertical and Life Sciences and Technology Centre to scale up rapidly, to build on its position as one of the fastest growing foods companies in India and the 'most trusted provider of food products in the Indian market'.

Personal Care Products

Your Company's Personal Care Products Business consolidated its market standing across categories driven by sustained focus on innovation, portfolio premiumisation and expansion of distribution reach, both in traditional trade as well as e-Commerce. While 'Fiama' handwash, 'Vivel' bodywash, 'Savlon' handwash and antiseptic liquid and 'Nimyle' floor cleaner witnessed robust growth, performance in the bar soaps and fragancing products categories was relatively subdued in line with the slowdown in consumer demand in the industry witnessed during the year.

In the Personal Wash & Hygiene category, the Business augmented the 'Fiama' bodywash range with the launch of 'Fiama' Scents in two exciting variants, thereby strengthening the brand's 'mood upliftment' value proposition. Fiama Scents, a first-to-market product in India, is crafted with fragrance encapsulation technology which enables long lasting fragrance delivery through skin friendly micro fragrance capsules, which burst on touch or a slight rub. The Business also introduced a first-of-its-kind Fiama 'mood uplifting' handwash in the premium segment with three refreshing variants. Crafted based on deep consumer insights, these products have been developed leveraging the state-of-the-art technological capabilities of your Company's Life Sciences and Technology Centre. Towards the end of the financial year, heightened awareness for personal hygiene in the wake of the COVID-19 pandemic led to a surge in demand for products in the 'Health and Hygiene' portfolio such as hand sanitizers, handwash, antiseptic liquids and floor cleaners. Demonstrating a high degree of agility and responsiveness to the market dynamics at play, the Business rapidly expanded manufacturing capacity manifold and enhanced availability of the 'Savlon' antiseptic liquid, soap,

Growing concerns on hygiene and safety during the pandemic are reflecting in the consumers' preference for trusted Foods brands. The categories which address these needs, viz. staples, noodles, biscuits, dairy, etc. witnessed robust demand.

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handwash, hand sanitizer and 'Fiama' handwash products in the market. The newly setup perfume manufacturing plant at Manpura, Himachal Pradesh was re-purposed in quick time to manufacture hand sanitizers and service increased demand. The Business also launched two innovative products in record time - 'Savlon Surface Disinfectant Spray' and 'Savlon Hexa' hand sanitizing liquid for quick and persistent action. The development and the subsequent launch of these products across India in a short span of time, is a testament to innovative and passionate teams working round the clock to fight against the virus and keep India safe.

In the Fragrances category, 'Engage' consolidated its position as the second largest brand in the category. Over the years, the brand has been built on disruptive innovations anchored on 'affordability' and 'convenience' thereby driving category expansion. During the year, the Business introduced 'Engage L'amante', a world-class range of masstige perfumes and received encouraging response from the consumers. The Business also launched a range of innovative 2-in-1 pocket perfume variants providing the consumer a choice of two fragrances in a single pack to cater to different engagement occasions during the day. 'Engage' sustained its clear market leadership position in the Pocket Perfume segment despite intense competition.

The Business continued to expand its presence in the Floor Cleaner category leveraging the recently acquired 'Nimyle' brand. Nimyle is a 100% natural action floor cleaner which derives its efficacy from neem extracts making it an ideal product for daily household use for providing a clean and hygienic environment. During the year, Nimyle witnessed strong growth in the East and also expanded its geographical footprint to the South, to become the 3rd largest brand nationally in a relatively

short span of time. The brand's unique natural action proposition offers immense potential to build on the values of authenticity and trust which have assumed critical significance in the wake of COVID-19 pandemic.

The Business continued to strengthen its presence in the premium skincare space through its 'Dermafique' brand and in the popular space through 'Charmis'. Designed and validated for Indian consumers, the Dermafique range is powered by cutting-edge skincare technology and extensive research. The formulations of the 'Dermafique' range have been developed at the Company's state-of-the-art Life Sciences and Technology Centre. During the year, Dermafique's Hydration range was extended with launch of 2 new variants tailor-made for summer skincare needs. The brand is now available on all key e-Commerce platforms and continues to receive encouraging consumer response.

The Business continued to leverage creative brand campaigns and social media platforms towards deepening consumer engagement. 'Savlon' won Gold at EMVIE for best integrated campaign for turning mass media into Braille. 'Dermafique' won the coveted top slot at the prestigious Cosmopolitan Beauty Awards for Best Body Lotion and BB Cream (Anti-Ageing).

The Business continues to accord the highest priority to manufacturing excellence. The Haridwar and Manpura facility received the prestigious Five-S certification by JUSE (Union of Japanese Scientists and Engineers) bearing testimony to your Company's focus on manufacturing excellence, safety and quality. With this, all three manufacturing facilities of the Business are Five-S certified.

Your Company continues to strengthen its presence in the Personal Care and Health & Hygiene spaces in

Your Company's Personal Care Products Business consolidated its market standing across categories driven by sustained focus on innovation, portfolio premiumisation and expansion of distribution reach, both in traditional trade as well as e-Commerce.

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view of the robust long term prospects of the industry given the low levels of per capita consumption currently, rising disposable incomes, and increasing urbanisation. Focused investments continue to be made in creation of vibrant brands, clutter-breaking communication, innovative consumer-centric products and a robust supply chain. With heightened consciousness, demand for products addressing the hygiene needs of consumers is on the rise. Your Company, with the right mix of products and a portfolio of trusted brands, is well-positioned to seize the emerging opportunities and emerge as a significant player in this space.

Education and Stationery Products

The Education and Stationery products industry was adversely impacted during the year due to sluggish demand and tight liquidity conditions. The situation was exacerbated by the onset of the COVID-19 pandemic towards the close of the year which led to postponement of the academic session across the country. This also coincided with the peak season for sales.

Notwithstanding the challenging business environment, the Business was on track to deliver a double-digit revenue growth prior to the outbreak of the pandemic. The Business sustained its clear market leadership position in the industry leveraging a portfolio of world-class brands and products, continued strategic interventions towards strengthening supply chain efficiencies and a deep and wide distribution network. While operations remained impacted due to continued closure of educational institutions, the Business expects to bounce back strongly once the academic session resumes.

The Business continued to develop and launch several innovative and superior quality products in the market leveraging its product development cell, recently

commissioned dedicated manufacturing facility and your Company's Life Sciences and Technology Centre. During the year, the 'Classmate' product portfolio was augmented with the launch of innovative variants while the premium 'Paperkraft' portfolio was enriched with the launch of super premium pens with world-class technology and leather-bound notebook organiser. With a view to consolidating its leadership position, the Business also scaled up presence in the college and value segments of the notebook industry through the 'Classmate Pulse' and 'Saathi' brands respectively.

The Business continued to deepen consumer engagement through the unique 'MyClassmate' app - a 'perfect buddy' to students offering a range of innovative features and enabling them traverse their learning journey. 'Classmateshop.com', a first-to-market e-Commerce initiative in the Stationery industry, that offers consumers the option to personalise the images to be printed on notebook covers, continues to receive excellent response. The robust brand salience of Classmate was further strengthened with the purposeful 'Be Better Than Yourself' campaign that encourages students to strive for continuous self-improvement instead of being trapped in the constant pressure of performing better than others.

'Classmate Spellbee', a highly popular spelling competition open to students of Classes 5 to 9, continues to grow its franchise and has now completed eleven successful seasons. This platform along with other activation programmes, such as handwriting and sit-and-draw competitions conducted in key cities and towns, reaches out to over a million children across appx. 2000 schools and continues to strengthen brand engagement with the institutional channel.

Concerted efforts to enhance brand affinity and consumer connect along with focus on product quality and

Increasing awareness about personal hygiene in the wake of the pandemic led to a surge in demand for products in the 'Health and Hygiene' portfolio. ITC rapidly expanded manufacturing capacity manifold and enhanced availability of the 'Savlon' antiseptic liquid, soap, handwash, hand sanitizer and 'Fiama' handwash products in the market.

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innovation have enabled Classmate to earn the 'Superbrand' status in 2019. Leveraging its strong equity over the years, the Classmate brand has established itself as the most trusted brand for all stationery needs of the consumer.

Strategic interventions such as extension of lean inventory model, sharper focus on network optimisation, process improvements in operations planning and control, continue to be rolled out resulting in enhanced supply chain efficiencies. The thrust on expanding distribution continued with specific focus on institutional channel, enhancing market penetration and outlet coverage. Sales and distribution systems were strengthened further through innovative processes to assist the dealers in better working capital management and superior technology interventions to enable faster stock replenishment and targeted sell outs.

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

During the year, the Business commissioned a dedicated facility for manufacturing notebooks. Equipped with state-of-the-art machinery, the facility provides the Business with the capability to develop innovative and highly differentiated notebook formats, drive cost reduction through process automation and higher operational efficiencies, and exploit opportunities in the overseas markets.

The Indian Education and Stationery Products industry holds immense growth potential driven by growing

literacy, increasing enrolment ratios, Government's thrust on the education sector and a favourable demographic profile of the country's population.

The scenario in the short-term remains challenging with uncertainty around the resumption timelines of the academic session across various states. Notwithstanding this uncertainty, your Company, with its strong brands, superior quality and environment-friendly paper, robust product portfolio, collaborative linkages with small & medium enterprises and superior distribution is well poised to strengthen its leadership position in the industry.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti industry witnessed a marked deceleration in growth rates during the year in line with the slowdown in consumption in the broader economy. The trend of premiumisation that had gathered pace in recent years, saw some moderation during the year with affordability considerations amidst the economic slowdown resulting in higher demand for 'value for money' packs.

Notwithstanding the challenging business environment, the Mangaldeep brand sustained its leadership position in the Dhoop category and consolidated its position as the second largest brand in the Agarbatti category with all-round improvement in brand measures.

Market standing was strengthened by focusing on driving brand salience through sharply targeted marketing investments, on-ground consumer activations and a differentiated, superior product experience.

The Business continued to deepen consumer engagement through digital media and the unique Mangaldeep app continues to play a key role in the devotional journey of consumers. The app has garnered nearly eight lakh downloads - the content has been enriched to include 'Mangaldeep Naivedyam', a set of

The perfume manufacturing plant at Manpura, Himachal Pradesh was quickly re-purposed to manufacture hand sanitizers. The Business also launched two innovative products in record time - 'Savlon Surface Disinfectant Spray' and 'Savlon Hexa' hand sanitizing liquid.

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guided videos on preparation of offerings for worship with recipes crafted by master chefs from your Company's Hotels Business. Further the app also features a video series, 'Mangal Darshan', created in association with the renowned archaeologist Dr. Chitra Madhavan, highlighting the archaeological significance of famous temples in India. The Mangaldeep app is now available in four more countries - Australia, Singapore, United Kingdom & South Africa, connecting the Indian diaspora with their rich culture and heritage. The app won the 'Best Mobile App award' at the Campaign India Digital Crest Awards.

During the year, the Business launched the Mangaldeep Temple 'Fragrance of God' range of products anchored on the core proposition of 'bringing home the divinity of the temple'. A unique and differentiated offer in the category, the 'Fragrance of God' agarbattis under each series constitute fragrances derived from the favourite offerings of the presiding deity. The Business also introduced an innovative 'Lo smoke' variant which emits 80% lesser smoke than regular agarbattis. The Business continually invests in sustaining product superiority and delivering best-in-class products. Towards this, the Business further upgraded the sensory appeal of its products – both at the purchase and in-use stages. Consumer response to these interventions have been very encouraging.

Over the years, the Business has implemented several measures to enhance the competitiveness of the Agarbatti value chain in India. These include facilitating the mechanisation of agarbatti manufacturing and backward integration into sourcing raw battis manufactured using indigenous inputs at small scale vendor locations. The Business has also started sourcing Mangaldeep incense sticks manufactured from indigenous bamboo grown in the North-East region of

the country. The Business has been working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies at the state level. It is pertinent to note that during the year, the Government of India imposed restrictions on import of raw battis with a view to generating large-scale employment opportunities in the country through import substitution. The proactive measures implemented by your Company as highlighted above, will sub-serve national priorities and also provide a source of competitive advantage to the Business.

The Agarbatti industry was confronted with significant challenges in the wake of COVID-19 pandemic, especially in the initial lockdown phase, mainly due to higher focus of consumers and trade channels on essential products. Proactive steps taken by the Business since then have enabled it to stage a smart recovery. The Business continues to focus on scaling up the availability of recently launched innovative products, sustaining product superiority and enhancing supply chain efficiency to drive growth across all key segments.

While demand conditions in the Safety Matches industry remained sluggish, the Business sustained its market leadership position through portfolio premiumisation and by leveraging a robust portfolio of offerings across market segments.

With effect from 1st April, 2020, GST rates for all safety matches irrespective of process of manufacture (mechanised/semi-mechanised units and 'handmade' safety matches) have been harmonised at 12% compared to 18% for mechanised/semi-mechanised and 5% for handmade matches earlier. The harmonised rates offer a level playing field for all players.

Notwithstanding the challenging business environment, the Education and Stationery Products Business was on track to deliver a double-digit revenue growth prior to the outbreak of the pandemic.

Trade Marketing & Distribution

FMCG companies, in the current environment, face a multitude of challenges owing to the complex interplay of multiple channels, diverse demographic profile and consumer preferences across geographies. Each channel has its own set of needs and challenges, and hence your Company's Trade Marketing & Distribution (TM&D) vertical takes a channel focused approach for efficient servicing, enabling sustainable growth for varied FMCG businesses across diverse outlets. TM&D has, over the years, developed critical insights into customer behaviour and channel-specific trends in the FMCG industry. The emergence of Modern Trade, e-Com and the 'on-the-go' consumption channel as well as the growing importance of chemists and speciality outlets has warranted crafting of a differentiated and comprehensive market/outlet specific strategy to address the opportunities in the FMCG industry.

Your Company's formidable distribution network, which facilitates availability of its products in over six million retail outlets across various trade channels was further strengthened during the year with the addition of more markets and outlets to its servicing base. Initiatives to enhance and strengthen the distribution network in rural markets coupled with a 'focus market' approach aided faster growth of your Company's FMCG products compared to industry. Salience of your Company's products also improved in urban markets on the back of customised servicing and engagement programmes for the top outlets. Complemented by digital tools and technology-aided routing solutions, your Company continued its thrust on enhancing availability in markets proximal to its ICMLs.

The FMCG industry is witnessing rapid evolution of distribution channels with traditional trade co-existing

with emerging channels that are changing the way consumers shop. Your Company continues to reformulate its distribution model as consumers increasingly move to an 'Omni' mode of shopping across formats, expecting the products to be available 'when' and 'where' they shop.

Your Company sustained its strong growth momentum in the Modern Trade channel. The performance was driven through focused joint business planning with channel partners, drawing insights from Big Data analytics, customised packs and assortment, higher level of category engagement, improved operational excellence and continued focus on in-store sell-out activities.

The e-Commerce channel in the FMCG industry continues to grow at a healthy pace. Your Company sustained its robust growth trajectory in this emerging space driven by customised product portfolio, catalogue & content management and impactful visibility of the products & offers across various platforms through superior sell-out solutions.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable consumer/trade insights, understand the changing trade/consumer behaviour and provide speed of execution for new launches. During the year, your Company executed more than 60 new product launches across geographies besides ramping up distribution reach of several existing products in the portfolio.

Your Company's robust supply chain and logistics capabilities continue to play a vital role in enabling superior market servicing while continuously reducing costs. During the year, several initiatives were undertaken to enhance supply chain responsiveness

The Agarbatti Business has been working closely with the Government to domestically source raw battis with a view to generating large-scale employment opportunities in the country through import substitution. This also provides a source of competitive advantage to the Business.

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and cost competitiveness. These include reducing distance to market, enhancing flexibility to support new launches and contingencies, leveraging technology to enhance efficiencies and reconfiguring market servicing infrastructure. Your Company has strengthened its end-to-end cold chain network in line with the growing requirements of the frozen foods and chocolate categories. In addition, innovative distribution models were implemented to optimise inventory holding, improve distribution efficiency of trade channel partners and reduce transit time by increasing direct market servicing. During the year, your Company made considerable progress in setting up state-of-the-art warehouses co-located with the ICMLs. The agility, flexibility and efficiency of this extensive supply chain network have been the key determinants of success on performance parameters like fill rate, freshness, inventory holding, stock availability and cost.

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

Your Company continues to work closely with its customers in deploying technology solutions towards sharpening sales execution capabilities. These include salesforce automation solutions on mobiles for the frontline field-force, B2B digital solutions for retailers for online ordering & trade engagement at scale, etc. Data visualisation applications, which provide actionable dashboards and timely role-based alerts on mobile applications, continue to drive excellence in execution. Artificial Intelligence (AI) & Machine Learning (ML) technologies, backed by advanced analytics, are

being deployed for analysing demand patterns, providing store-level product recommendations and optimising operational efficiency of the sales force.

Towards the end of the financial year, your Company's operations were impacted by the nation-wide lockdown enforced by the Government due to COVID-19 pandemic. Your Company was one of the fastest off the blocks to resume operations in essential goods by obtaining approvals from local authorities in accordance with guidelines of the Central and State Governments. Your Company extended support to its trade partners by providing them necessary guidance and training in conducting business operations under the new scenario while following the norms for social distancing, personal protection, safety and hygiene. This was supplemented with supply of essentials like hand sanitizers, gloves and masks. Supporting the trade partners in the hour of need, your Company facilitated the process of obtaining insurance against COVID-19 for their associates and also rendered financial assistance in this regard, thereby forging stronger ties with them. Under the 'Suraksha Store' initiative of the Department of Consumer Affairs, Government of India, your Company has also supported the implementation of safety measures in grocery stores in the country where consumers can purchase their needs in a safe and hygienic environment.

Your Company continues to explore new opportunities to engage with consumers and enhance visibility & reach. Within the first few days of the lockdown, the 'Direct-to-Consumer' delivery model was enabled through the activation of 'ITC Store-On-Wheels' and 'ITC e-store', to facilitate availability of your Company's FMCG products and provide consumers with rich brand experience with online purchase options. These initiatives

The scale and diversity of ITC's distribution network continues to be a critical lever to enhance market presence, gain valuable consumer/trade insights, understand the changing trade/consumer behaviour and provide speed of execution for new launches. During the year, more than 60 new products were launched.

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received excellent response and reinforced the trust in your Company's brands. Partnerships with new-age delivery platforms have also been forged to enable digital purchase and home-deliveries of your Company's products. Several other innovative models, including tie-ups with QSR chains and food delivery companies, were deployed expeditiously to serve consumer demand for essentials.

While the pandemic poses formidable challenges in the short to medium-term as it severely constrains the economy, your Company is confident of benefiting from a higher trajectory of growth, both on the bounce-back of the economy and the new opportunities in the post-COVID world.

Your Company continues to invest in augmenting the depth and width of its distribution network while adopting a differentiated approach to address the unique needs of its diverse FMCG product portfolio, market segments and trade channels. With one of the largest distributed workforce in the FMCG industry, your Company continues its focus on human resource competency development, productivity enhancement and sustained engagement.

With its robust systems and processes, an agile and responsive supply chain and a synergistic relationship with its channel partners, the distribution highway is a source of sustainable competitive advantage for your Company and is well poised to support the rapid scale up of operations in the ensuing years.

HOTELS

2019-20 turned out to be a mixed bag for the domestic Hospitality industry. While General Elections and sluggish economic activity weighed on the occupancy and room rates during the first half of the year, the second half

witnessed a pick-up in growth momentum driven by increase in inbound & domestic tourism, meetings & conventions and retail segments. Reduction in GST rates announced in September 2019 also contributed to the recovery. However, the revival in demand was short-lived with the onset of the COVID-19 pandemic, the impact of which was felt as early as February 2020, severely disrupting operations.

Segment Revenue for the nine months ended 31st December, 2019 recorded robust growth of 19% appx. driven mainly by the newer properties in the portfolio. Segment EBITDA grew faster at 34% appx. on the back of higher RevPar and operational leverage, notwithstanding gestation costs of the new properties. The impact of COVID-19 pandemic weighed on performance for the fourth quarter leading to full year Segment Revenue growth of appx. 10% to ₹ 1837 crores and Segment EBITDA growth of appx. 12% to ₹ 420 crores.

Your Company's Hotels Business remains amongst the fastest growing hospitality chains in the country with 109 properties and over 10250 rooms under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the Upper-Upscale segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.

The Business continues to focus on strengthening the equity of the ITC Hotels brand anchored on unique and path breaking 'Responsible Luxury' initiatives, culinary excellence and personalisation of guest services through hotels that are the truest representation of the region's culture and ethos.

Recently commissioned hotels - ITC Kohenur, Hyderabad and ITC Grand Goa Resort & Spa, Goa - scaled up operations rapidly and strengthened customer

Your Company continues to invest in augmenting the depth and width of its distribution network while adopting a differentiated approach to address the unique needs of its diverse FMCG product portfolio, market segments and trade channels.

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franchise to establish themselves as leading hotels in their respective markets.

During the year, the Business commissioned ITC Royal Bengal, Kolkata. Located adjacent to ITC Sonar and in close proximity to the new business districts of Kolkata, this 'One of a Kind' luxury hotel is an ode to the region's cultural heritage and lineage. Together, the two hotels offer one of the largest meetings and conventions spaces in eastern India comprising 693 rooms & suites (including 82 serviced apartments), appx. 1 lakh square feet of banqueting space, a range of dining destinations and Kaya Kalp - The Royal Spa. Within a short span of time, the Kolkata complex has become one of the most sought after F&B and banquets destination in the city. In its first year of operations, the hotel has been able to establish a pre-eminent position in the luxury hospitality & Meetings, Incentives, Conferences and Exhibitions (MICE) landscape of the region. The hotel was acknowledged by the Travel+Leisure magazine as the 'Best New Hotel (Domestic)' at India's Best Awards 2019 and also received the LEED Platinum Certification by the U.S. Green Building Council.

The Business also made steady progress during the year in the construction of ITC Narmada, a Luxury Collection hotel in Ahmedabad.

The Food & Beverage segment continues to be a major strength of your Company's Hotels Business with some of the most iconic brands in the country. Bukhara at ITC Maurya regained its coveted place in Asia's 50 Best Restaurants 2020. EDO at ITC Gardenia was rated the No.1 restaurant at The Condé Nast Traveller & Himalayan Top Restaurant Awards 2019. Travel+Leisure Delicious Food Awards 2019 acknowledged Yi Jing at ITC Kohenur for 'Best Ambience', Royal Vega at ITC Grand Chola for 'Best Veg Cuisine' and Dum Pukht

at ITC Maurya for 'Best Mughlai cuisine'. India's Top 50 restaurants at the Condé Nast Traveller & Himalayan Awards 2019 featured Dum Pukht & Bukhara at ITC Maurya and Avartana at ITC Grand Chola. The Food & Beverage offerings at ITC Royal Bengal is already much sought after - The Grand Market Pavilion, acknowledged as the 'Noteworthy Newcomer All Day Dining' at the Times Food and Night-life Awards 2020 and 12 other Food & Beverage outlets at the integrated complex bear testimony to the wide range of popular culinary offerings.

The world-class ambience of your Company's luxury hotels continues to be leveraged for the gourmet luxury chocolates range under the Fabelle brand with exclusive boutiques across 8 ITC Hotels and kiosks at 3 Welcomhotels. The Fabelle chocolate boutiques offer a range of exquisitely crafted desserts and cocoa beverages, created live by Fabelle Master Chocolatiers, thereby establishing the brand at the luxury end of the market. During the year, 'Fabelle' received the Times Food Award as the 'Best Confectionery Destination in the Premium Dining category' in Mumbai, New Delhi, Bengaluru and Chennai & the 'Best Chocolatier' in Kolkata and Hyderabad.

Sunbean gourmet coffee has established itself as the beverage of choice in your Company's luxury hotels. 'Sunbean Ambassadors' – the specially trained in-house master baristas continue to bring alive the brand story with their delightful creations.

In the wellness space, Kaya Kalp-The Royal Spa at ITC Hotels, received multiple accolades at the AsiaSpa Awards 2019 - 'Best Indigenous Luxury Spa Chain'; Kaya Kalp at ITC Grand Bharat was adjudged the 'Best Destination Spa (India)' and Kaya Kalp at ITC Mughal was acknowledged as the 'Best Hotel Spa (India)'.

Your Company's robust supply chain and logistics capabilities continue to play a vital role in enabling superior market servicing while continuously reducing costs. Several initiatives were undertaken to enhance supply chain responsiveness.

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‘Club ITC’, your Company’s unique loyalty programme continues to gain franchise amongst the premium clientele of ITC hotels and was acknowledged for ‘Best Customer Service’ and ‘Best Redemption Ability’ in the Middle East and Asia/Oceania region at the globally renowned Freddie Awards 2020. The programme continues to strengthen its strategic partnership with Marriott Bonvoy, the combined loyalty programme of Marriott International. The dining loyalty programme, ‘Club ITC Culinaire’, registered a healthy growth in membership base.

In the Upper-Upscale segment, the ‘Welcomhotel’ brand continues to strengthen its equity with refreshed and distinctive positioning of ‘Enriching Experiences’. During the year, the Welcomhotel portfolio was augmented with the addition of Welcomhotel Amritsar. Spread across eight acres of manicured greens, the hotel is centred around a mansion which traces its origin to the early 1900s and has been lovingly restored with all modern comforts while preserving the cultural, architectural and culinary nuances. The brand continues to successfully build on the ‘asset-right’ strategy and during the year opened a Welcomhotel conveniently located close to the business districts at GST Road, Chennai. The ‘Welcomhotel’ brand, which currently comprises 16 operating hotels and over 2000 keys, is well poised to scale up rapidly with the addition of owned hotels under construction at Bhubaneswar & Guntur, and a healthy pipeline of managed properties.

The ‘Fortune’ brand maintained its prominent position in the Mid-market to Upscale segment, with the sharpened brand positioning of *‘First class, full service hotels - an affordable alternative’*. The Fortune brand presently comprises 43 hotels and nearly 3200 rooms across 37 cities. The ‘WelcomHeritage’ brand retains its leadership as the country’s most successful and

largest chain of heritage hotels with 36 operational hotels and over 900 rooms.

During the year, the Business fortified its ‘Book Direct’ proposition across all owned and affiliated digital channels with a concerted focus on mobile first initiatives recognising the shift in guest preference, leading to enhanced reach and engagement in key markets. The Business leveraged immersive content marketing and targeted social media communication for amplifying brand messaging and augmenting guest engagement. Key campaigns for the year included those for the launch of ITC Royal Bengal, Welcomhotel Amritsar and several Responsible Luxury initiatives, leading to over 187 million impressions and over 4 million engagements.

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

As an integral part of its ‘Responsible Luxury’ initiatives, ITC Hotels was amongst the first luxury hotel chains in the world to mitigate single-use plastic usage in operations. The Business also implemented radiation harmonisers across all Luxury Hotels to mitigate the harmful effects of electromagnetic radiations apart from continuing to maintain heightened focus on indoor air quality.

Your Company’s Hotels Business sustained its pre-eminent position in the hospitality industry receiving several coveted accolades and recognition during the year. The Travel+Leisure magazine accredited

Your Company’s Hotels Business remains amongst the fastest growing hospitality chains in the country with 109 properties under four distinct brands – ‘ITC Hotels’ in the Luxury segment, ‘Welcomhotel’ in the Upper-Upscale segment, ‘Fortune’ in the Mid-market to Upscale segment and ‘WelcomHeritage’ in the Leisure & Heritage segment.

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ITC Hotels as the 'Best Luxury Hotel Chain', ITC Grand Goa as the 'Best Wedding Venue (Domestic)' and Club ITC as the 'Best Hotel Loyalty Programme' at the India's Best Awards 2019. The Conde Nast Traveller Readers' Travel Awards 2019 recognised ITC Grand Goa as the 'Favourite Destination Wedding Hotel in India'.

Around the early 2000s, your Company had embarked upon an aggressive investment-led growth strategy to rapidly expand its footprints in the luxury and Upper Upscale segments of the Indian hospitality industry. Since then, your Company has added 13 iconic properties comprising nearly 3400 rooms; construction of another 3 properties with around 500 rooms is fast nearing completion. As reported earlier, your Company's asset-right strategy envisages a large part of incremental room additions going forward to accrue through management contracts. Towards engendering enhanced value creation, your Company will continue to aggressively pursue the 'asset-right' strategy, focus on sweating existing assets, create additional revenue streams and examine alternative structures.

The Travel & Hospitality sector is amongst the most severely impacted ones in the wake of the COVID-19 pandemic. With severe cutbacks in travel for leisure as well as business, and heightened sensitivity around hygiene and social distancing, revenue streams across all segments of operations have been significantly impacted. The revival of the sector is dependent not only on the timing and degree of relaxation of lockdown measures but also on pick-up in business and leisure travel and consumers gaining assurance of the hygiene and safety standards at hotel properties. To reassure guests at your Company's iconic Hotels, the 'WeAssure' programme has been launched to reinforce ITC Hotels' commitment towards health, hygiene and safety. The programme has been designed in collaboration

with medical professionals and disinfection experts to further enhance the existing hygiene and cleaning protocols. ITC Hotels is also progressing towards an accreditation by National Accreditation Board for Hospitals & Healthcare Providers (NABH) for its procedures, and is working on assurance of higher levels of hotel operating standards by DNV GL Business Assurance by building on the pillars of health, hygiene, safety and pathogen control.

Several interventions have also been implemented by the Business to mitigate the impact of the challenging business environment and help bounce back stronger. These include specially customised packages for short getaways/staycations, revamped packages with curated offers for the MICE segment, launch of specially crafted takeaway/delivery dining service in major cities - 'Flavours' curated by ITC Hotels & Welcomhotels and 'Gourmet Couch' - a collection of acknowledged signature menus, extension of additional benefits to members of the Club ITC loyalty programme and enhanced guest connect through sharing of contextual content in social media. 'Food for Thought' - a new series outlining activities that are easy to do in the comfort of homes and are both constructive & beneficial was introduced on social media platforms. Adjacencies such as premium laundry services in select cities are also being actively explored.

While there are significant near-term challenges on account of the outbreak of the COVID-19 pandemic, the sector continues to hold immense potential in view of the robust long-term economic and tourism prospects of the country. With its portfolio of world-class properties, iconic cuisine brands and best-in-class levels of service excellence anchored on the ethos of 'Responsible Luxury' as well as the highest standards of hygiene at all touchpoints, your Company is well-positioned to sustain

The 'WeAssure' programme has been launched to reinforce ITC Hotels' commitment towards health, hygiene and safety. The Business is also progressing towards an accreditation by National Accreditation Board for Hospitals & Healthcare Providers (NABH) for its procedures, and is working on assurance of higher levels of hotel operating standards by DNV GL Business Assurance.

its pre-eminent position in the Indian Hospitality industry and to successfully overcome these challenges.

PAPERBOARDS, PAPER AND PACKAGING

After witnessing a robust 2018-19 in terms of strong end-user demand and higher realisations on the back of higher pulp prices, the Paper and Paperboard industry remained relatively muted in 2019-20. General economic slowdown, sharp fall in rural demand and tight liquidity conditions impacted end-user demand across segments. Pulp prices which started correcting towards the end of 2018-19, declined sharply during the year due to contraction in global demand and higher inventory levels. The fall in pulp prices not only resulted in lower price realisation, but also led to a surge in imports of paper into the country. This, along with subdued demand conditions which have been exacerbated by the COVID-19 pandemic, is likely to render the business environment challenging in the short-term.

Against the backdrop of a challenging environment as aforesaid, your Company delivered a competitively superior performance in the Paperboards, Paper & Packaging segment. Strategic investments in pulp import substitution, proactive capacity addition in Value Added Paperboard (VAP) segment, process improvements and a cost-competitive fibre chain supported by effective go-to-market strategies helped your Company deliver robust growth in revenue and substantial improvement in profitability in paperboards and paper. The packaging business, however, witnessed a marked slowdown in demand especially in the FMCG and Liquor industries, which weighed on its performance.

Paperboards & Specialty Papers

Global demand for Paper & Paperboard in 2019 witnessed degrowth of 2% on the back of weak demand

mainly in Asia and North America. Going forward, demand recovery is expected to be led by the packaging segment while demand for writing & printing and newsprint segments is expected to decline. The growth in the packaging segment is expected to be driven by essential consumer goods, pharmaceuticals, food service and e-Commerce. Writing & Printing and Newsprint segments, on the other hand, are expected to remain under pressure largely due to increasing adoption of digitisation and proliferation of smartphone usage.

Domestic demand for Paper & Paperboard which remained subdued for the first nine months of the year, started witnessing a marginal pick-up in growth trajectory in the fourth quarter. However, nation-wide lockdown amidst the COVID-19 pandemic halted the recovery momentum, and led to demand contraction in the ensuing months. Beyond the short-term, demand is expected to be primarily driven by essential consumer goods in the FMCG industry, Pharma and Food delivery sectors. Recovery in other major sectors such as Garments, Footwear, Publishing, Toys and certain discretionary segments of FMCG is expected to be more gradual while longer term demand is expected to be driven by the move towards higher levels of indigenous manufacturing. Emerging consumer trends in these end-user industries are likely to provide significant opportunities to the Business going forward.

While growth in the domestic paper and paperboard industry was subdued during the year, cheap imports of paper and paperboard continued to flood the domestic market. Imports from China, ASEAN and South Korea rose sharply by 27% during the year. The current import policy and extant regulations governing commercial and social forestry in the country have put the Indian Paper and Paperboard industry at a significant disadvantage vis-à-vis imports. There is clearly a need to review the

With its world-class properties, iconic cuisine brands and best-in-class service excellence anchored on 'Responsible Luxury' and the highest standards of hygiene, ITC Hotels is well-positioned to sustain its pre-eminent position and successfully overcome near-term challenges.

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current import duty structure and re-examine the existing Free Trade Agreements (FTAs) as well as the new ones under formulation, towards providing a level playing field to the domestic industry and encouraging commercial farming of wood in India. Legislative changes along with appropriate environmental safeguards need to be implemented to enable private sector participation in commercial forestry on drylands and wastelands.

Despite a subdued operating environment and sluggish demand conditions, the Business achieved its highest ever volume of production and sales, crossing 8 lakh tonnes, driven by strategic investments in augmenting VAP manufacturing capacity, continuous focus on enhancing operational efficiency and innovations across the value chain. Your Company remains the clear leader in the VAP segment and continues to consolidate its preferred supplier position amongst leading end-use customers and brands. It is also a leading player in the eco-labelled products segment and premium recycled fibre based boards space.

Recent capacity augmentation in the VAP segment at Bhadrachalam mill has been fully absorbed and the line is operating at full capacity, delivering superior quality board which has been well accepted in the market. In line with its pursuit of providing sustainable packaging, your Company introduced recyclable barrier board 'Filo' series – a substitute for single-use plastics in the food service segment. The biodegradable 'Omega Series', launched as an alternative to plastic coated containers and cups is gaining significant customer franchise. The Business continues to augment capacity through efficiency improvements of existing machines to support future growth in VAP segment.

The Business continues to be a leading quality player in the Writing & Printing paper segment, leveraging strong forward linkages with your Company's Education and Stationery Products Business. In the Specialty

Papers segment, the Business enhanced its presence in the Pharma leaflets and publishing segments.

The recently commissioned Décor Papers machine at the Tribeni unit caters to a diverse range of world-class products and continues to be well accepted by discerning customers. During the year, the décor papers portfolio came under pressure from cheap imports, especially from China. Appropriate policy interventions to encourage higher level of import substitution will help realise the full potential of this sector.

The Business continues to make structural interventions to reduce operating costs and dependence on imported pulp. Significant increase in in-house pulp production was achieved during the year through strategic interventions, Industry 4.0 initiatives and improved wood mix. Capacity utilisation of Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at the Bhadrachalam unit was further scaled up during the year. Innovations in the pulp mill have resulted in higher pulp production and improvement in pulp quality and yield. Initiatives such as bund plantation and plantation in core catchment area in Odisha (Malkangiri) will help in further reducing delivered cost of wood at the Bhadrachalam mill.

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

Last year, a pioneering initiative was taken by the Business to introduce a system of direct purchases of wood from farmers with online payment enablement.

Strategic investments in pulp import substitution, proactive capacity addition in Value Added Paperboard segment, process improvements and a cost-competitive fibre chain supported by effective go-to-market strategies helped deliver revenue growth and increased profitability in the Paperboards and Paper business.

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Currently, approximately 15% of the total wood procurement is being sourced through this system, which facilitates transparent price discovery and enhances transactional efficiencies. Further, a digital platform has been created for online sale of saplings to farmers, seamlessly integrated with payment engines, making the process more efficient and transparent. This mobile-enabled application provides real time visibility to the farmers from order to delivery, makes available best practices for plantations and reduces procurement lead time.

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC-FM) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. Till date, your Company has received FSC-FM certification for over 101,000 acres of plantations involving over 33,500 farmers. During the year, over 86,000 tonnes of FSC-certified wood were procured from these certified plantations. All four manufacturing units of the Business have obtained the FSC Chain of Custody certification and have complied with all the requirements during the year, thereby sustaining your Company's position as the leading supplier of FSC-certified paper and paperboard in India.

All manufacturing units of the Business continue to recycle nearly 100% of the solid waste generated during operations by converting the same into lime, fly ash bricks, grey boards, egg trays, etc. In addition, the Business procured and recycled 1,09,000 tonnes of waste paper during the year, thereby sustaining your Company's overall positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry

recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. The Kovai unit is the first site in India and the first paper mill in the world to achieve platinum rating - the highest rating under the Alliance for Water Stewardship Standards. Bhadrachalam unit won the national award for Excellence in Water Management from Confederation of Indian Industry (CII). Bhadrachalam and Kovai mills won awards for Excellence in Energy Management at '20th National Award for Excellence in Energy Management' in the Pulp & Paper sector category. Tribeni unit received 5-Star Certificate, in the Large Scale category at the Energy Conservation Awards, CII Eastern region. The Business continues to strengthen its safety processes, adopting globally recognised best practices. These interventions, which inter alia incorporate Design Thinking methodologies, ensure facilities are designed, constructed, operated and maintained in an inherently safe manner.

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented several initiatives including investments in a green boiler, soda recovery boilers, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable sources presently account for 43% of total energy consumed at the Bhadrachalam, Bollaram, Tribeni and Kovai units. Your Company has embarked upon a pioneering initiative at the Bhadrachalam mill that seeks to replace conventional soda recovery boilers with a state-of-the-art and future-ready high pressure recovery boiler along with pulp capacity augmentation. This intervention will reduce the carbon footprint of operations through lower coal consumption and enable significant value capture in

Your Company remains the clear leader in the Value Added Paperboards segment and continues to consolidate its preferred supplier position amongst leading end-use customers and brands. It is also a leading player in the eco-labelled products segment.

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the system by enhancing in-house pulp production. The project is expected to be commissioned by 2022.

The 46 MW wind mill in Andhra Pradesh, set up in 2014, is wheeling power to various Business units of your Company located in Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Uttarakhand, Bihar and NCR. Usage of wind energy has led to a reduction of Greenhouse Gas emission by appx. 1.05 lakh tonnes of CO₂ equivalent during the year, primarily at the Bhadrachalam Mill. The regulatory framework for levy of charges and banking of power on inter-state wheeling of renewable energy is still evolving. Consequently, your Company continues to bear charges/levies at multiple points which have weighed on the returns on this investment. Your Company continues to engage with State and Central regulatory authorities towards seeking relief from such additional levies/charges.

The Business has been practising principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade now and has reaped substantial benefits through its Business Excellence initiative. Implementation of several Industry 4.0 initiatives is underway focusing on areas such as Internet of Things (IoT), Artificial Intelligence and Advanced Analytics. Several projects using Industry 4.0 levers have been successfully completed during the year resulting in significant savings. The Business has launched an Industry 4.0 Centre of Excellence (CoE) to build in-house capability in new technologies. These interventions will further help in sustaining and enhancing your Company's competitive advantage.

The integrated nature of the business model comprising access to high-quality fibre, in-house pulp capacity, state-of-the-art manufacturing facilities and processes anchored on TPM, Lean and Six Sigma systems along

with world-class product quality and robust forward linkage with the Education and Stationery Products Business equip your Company to further consolidate and enhance its leadership status in the Indian Paper and Paperboard industry.

Packaging and Printing

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

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

The year under review was particularly challenging for the Business in view of the slowdown in demand across major end-user industries, especially in the FMCG and Liquor segments. Exports grew at a healthy pace partially offsetting the subdued performance in the domestic segment owing to the aforementioned factors. Amidst intense competition in the marketplace and sluggish economic conditions, the Business continued to aggressively pursue new business development across segments and focused on new product development to

The Kovai unit is the first site in India and the first paper mill in the world to achieve platinum rating - the highest rating under the Alliance for Water Stewardship Standards.

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drive growth. Over the last two years, the Business has acquired several new customers across the cartons and flexibles packaging platforms, thereby substantially diversifying its customer base.

The Business continues to craft innovative packaging solutions, based on deep understanding of end-user needs on the one hand, and drawing on the institutional synergies including the capabilities of your Company's Life Sciences and Technology Centre, on the other. These include development of a pipeline of pioneering products with focus on sustainability, such as barrier coating and bio-compostable offerings which are in various stages of validation and commercialisation. The Business continues to be acknowledged as a key associate by several reputed FMCG companies in the country for providing superior packaging solutions. The focus is to continuously work with customers to provide cost-effective solutions across areas such as sustainable packaging, superior structural design and enhanced security features thereby further strengthening its positioning as a 'first choice packaging partner'.

The Business continues to win several awards for operational excellence and creative packaging solutions. During the year, the Business won the prestigious Dow Innovative Packaging award and was recognised as the 'Printing Company of the Year', by PrintWeek India. The manufacturing facilities at Tiruvottiyur, Haridwar and Munger maintained the highest standards in Quality and Environment, Health & Safety (EHS). All the three units are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and have also received Social Accountability Certification (SA 8000:2014). Both the Tiruvottiyur and Haridwar units received the highest 'Grade A' BRC/IOP certification (British Retail Consortium/Institute of Packaging),

for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. The Tiruvottiyur unit also ranked No.1 in the CII-Southern Region EHS Excellence Awards for FMCG packaging.

Despite the unprecedented challenges faced amidst the COVID-19 pandemic, the Business continued to support your Company's Branded Packaged Foods and Personal Care Products Businesses as well as other FMCG companies engaged in the manufacture of essential commodities enabling continuity of their critical supply chain during the crisis.

The Packaging and Printing Business has established itself as a one-stop shop, offering a wide range of superior and innovative packaging solutions that will serve as the foundation for sustainable growth. With world-class technology across a diverse range of packaging platforms, best-in-class quality management systems, focused investment in skill development and a distributed manufacturing footprint, the Business is well positioned to grow its marquee customer base while continuing to service the requirements of your Company's FMCG Businesses.

AGRI BUSINESS

Leaf Tobacco

After declining for 6 years in a row, global production of Flue Cured tobacco in 2019 remained stable at around 3470 million kgs. Crop production in major producing countries like China, Brazil, Zimbabwe and India, being largely similar to 2018 levels, contributed to 80 percent of global flue cured supplies. In line with demand requirements, Indian Flue Cured tobacco supplies are stabilising at around 220-230 million kgs. However, it still remains far below the levels of 2014 representing a drop of over 30%. The disruptions caused by

The Packaging and Printing Business is a leading provider of superior value-added packaging for the consumer packaged goods industry.

The Business also provides strategic support to your Company's FMCG Businesses.

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the COVID-19 pandemic are likely to weigh on global cigarette industry volumes and consequently on leaf tobacco trade.

A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from severely impacting the domestic legal Cigarette industry, has also resulted in significant pressure on the leaf tobacco crop grown in India. This, together with declining trend of global cigarette demand, excess production in certain geographies, relative strength of the Indian Rupee compared to currencies of competing origins, lower export incentives and heightened illicit trade in cigarettes has culminated in reduced demand for Indian tobacco. Consequently, leaf tobacco exports have declined by around 24% over the last six years - from 236 million kgs. in 2013-14 to 180 million kgs. in 2019-20. Analysis of Indian exports between 2016-17 and 2019-20 reveals a sharp drop in offtake by global tobacco majors due to decline in cigarette volumes and increased sourcing from cheaper origins.

The COVID-19 pandemic could potentially aggravate the already challenging situation facing the Indian leaf tobacco industry. A stable domestic base would be critical in enabling the Indian farmer to weather the volatility associated with international markets.

Despite such challenging market conditions, your Company consolidated its leadership position as the largest Indian exporter of unmanufactured tobacco. This was achieved through new customer development and enhanced value delivery to existing customers by leveraging the Business's expertise in crop development, superior product integrity and sourcing, and world-class processing facilities. To offset the declining offtake by global majors, the Business has acquired several new customers in recent years, generating substantial revenue during the year. Further, the Business is

exploring export opportunities in the nicotine derivatives space in view of the increasing demand for nicotine salts, liquid nicotine etc. in certain international markets.

The Business continued to provide strategic sourcing support to your Company's Cigarettes Business, meeting all requirements at competitive prices. The Business undertook crop-specific agronomic practices to cater to the emerging preferences of customers. In addition, synergistic R&D with focus on varietal development and climate smart farming techniques are being actively implemented.

Strategic cost management across the value chain continues to be a key focus area for the Business. Several initiatives were implemented during the year including digitally enabled tobacco procurement decisions for better efficiency, IoT interventions at the processing facilities, yield improvement and logistics cost optimisation to drive down costs in a structural manner.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological solutions. Initiatives continue to be pursued in your Company's Green Leaf Threshing (GLT) plants at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. The energy needs of all three units at Chirala, Anaparti and Mysuru are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path. The Business has successfully deployed integrated energy management initiatives spanning energy conservation, promotion of alternative fuel usage and energy plantations, towards achieving wood fuel self-sufficiency in the curing of Flue Cured Virginia (FCV) tobacco. These initiatives will be scaled up further, going forward.

Analysis of Indian exports between 2016-17 and 2019-20 reveals a sharp drop in offtake by global tobacco majors due to decline in cigarette volumes and increased sourcing from cheaper origins.

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The Business remains committed to the highest standards of EHS and quality and continues to win recognition in these areas. During the year, the Business received an award from the All India Organisation of Employers (AIOE) for its outstanding contributions in the field of Industry Relations. Mysuru GLT was awarded 'Uttama Suraksha Puraskara Award 2019' by National Safety Council, Karnataka recognising its performance in Safety Management. Chirala GLT won an award under the category 'Systematic and Sustainable Energy Performance' for the second consecutive year from Society of Energy Engineers & Managers. The three GLTs also won various awards at events organised by the Quality Circle Forum of India & CII for technological improvements and quality control.

A decline in leaf tobacco exports as aforesaid along with sustained pressure on domestic legal cigarette volumes due to steep escalation in tax incidence and stringent regulations have led to severe stress on farmer earnings which have declined by over ₹ 5000 crores in the last five years since 2013-14. Illicit cigarettes as well as smuggled Electronic Nicotine Delivery Systems (ENDS) in the country also impact leaf tobacco trade as these products do not use Indian tobacco. Accordingly, a more balanced regulatory and taxation regime that cognises for the unique tobacco consumption pattern prevalent in India and the economic realities of the country is the need of the hour to support the Indian tobacco farmer and the 46 million livelihoods dependent on tobacco. Restoring export incentives to earlier levels would also go a long way in enhancing the competitiveness of Indian tobacco exports and contribute to increasing farmer earnings.

The Business will continue to provide strategic sourcing support to your Company's Cigarette Business even as it sustains its leadership position as a major exporter of quality Indian tobacco thereby catalysing the multiplier

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

Other Agri Commodities

The Kharif and Rabi crops were adversely impacted during the year – initially by delayed monsoon followed by heavy rains and widespread flooding across multiple states. This resulted in relatively inferior quality of crop, higher premium for quality produce and considerable volatility in prices. India's competitiveness in global agri-commodity markets came under pressure owing to increase in procurement prices, reduction/withdrawal of export incentives, increase in supply from other origins and relatively higher currency depreciation in competing origins.

Overall domestic food grain production for 2019 crop year stood at 285 million tonnes, at par with previous year. Production of wheat grew by 2.3% to 102.2 million tonnes, rice production increased by 3% to 116 million tonnes while coarse cereals production dropped by 9% to 43 million tonnes. Oilseed production increased by 2.5% to 32.3 million tonnes mainly due to higher soybean output, which increased by 26% to 13.8 million tonnes. Going forward, food grain production for crop year 2020 is estimated to increase to 291 million tonnes.

In 2019-20, world wheat output increased by 33 million tonnes to about 764 million tonnes mainly due to higher production in European Union, Russia and Ukraine. Exports from India were negligible owing to uncompetitive prices compared to competing origins such as Russia and Ukraine. India witnessed a higher

A decline in leaf tobacco exports with sustained pressure on domestic legal cigarette volumes due to steep escalation in tax incidence and stringent regulations have led to severe stress on farmer earnings which have declined by over ₹ 5000 crores in the last five years.

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production by 2.3 million tonnes which led to increase in the surplus available for domestic trade. The Business leveraged its strong geographical presence to supply high quality wheat at competitive prices to flour mills, largely located in South and East India besides servicing the internal requirements for Aashirvaad atta.

Exports of rice from India at 7.5 million tonnes witnessed a significant decline against 12 million tonnes last year. Exports to destination markets dwindled due to protective import tariffs and surplus production in other competing origins. The Business continued to service orders from customers in both domestic and export trade in selected varieties.

Soymeal exports from India remained low as Indian meal continued to be uncompetitive due to cheaper supplies from South America and USA. The Business leveraged its geographical presence and risk management capabilities to capture opportunities during the season in domestic trade of soya bean.

Deep rural linkages and agri-commodity sourcing expertise resident in your Company's Agri Business coupled with the ability to offer differentiated value-added services of identity preservation, traceability and certification continue to be critical sources of competitive advantage for the Branded Packaged Foods Businesses. Over the years, the Business has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure to mitigate the impact of uncertainties arising out of climatic variations, changes in Government policies and global demand-supply dynamics. These capabilities and infrastructure have created structural advantages that facilitate competitive sourcing of agri raw materials for your Company's

Branded Packaged Foods Businesses. The Business continues to focus on developing capabilities and vectors of differentiation for potential foray into branded consumer and institutional segments while increasing the overall efficiency of procurement and logistics operations through targeted cost optimisation initiatives and by eliminating non value-adding activities.

The Business continued to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat with benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta with a view to providing consumers best-in-class product quality and experience, use of multi-modal transportation comprising rail, road & coastal routes and blend/cost optimisation through geographical and varietal arbitrage. The Business also ramped up direct buying at the recently commissioned ITC Kapurthala ICML plant. This initiative offers substantial benefits to farmers including transparency in grading, weighment and pricing, besides reducing transaction costs due to minimisation of handling and transportation. Plans are on the anvil to scale this up even further going forward along with focused crop development initiatives in the area. In recognition of the various initiatives undertaken by the Business, your Company has been recognised as 'Industry Leaders in Grains and Cereals', for 'Efficient Wheat Supply Chain Management' and for 'Implementation of Information Technology in Agri Value Chain' at the Indian Agri-Business Excellence Awards.

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

Deep rural linkages and agri-commodity sourcing expertise coupled with the ability to offer differentiated value added services of identity preservation, traceability and certification are critical sources of competitive advantage.

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Punjab Agricultural University and Agharkar Research Institute continue to aid the Business in building an efficient and cost competitive agri-value chain. During the year, the Business further scaled up its wheat crop development programme and introduced location-specific new and superior seed varieties along with appropriate package of practices in nearly 1,68,000 acres across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Punjab, Jharkhand, Madhya Pradesh and Maharashtra. Sharp focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing & delivery network and developing customised blends will support your Company's Branded Food Packaged Businesses in the years to come.

The Business leveraged its extensive sourcing network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages to source high quality fruit pulp for your Company's 'B Natural' juices brand. New products such as strawberry puree, IQF mango dices etc. are being sourced to support the premium juices and milk shakes under your Company's 'B Natural' and 'Sunfeast Wonderz' brands. In the processed fruits category, the Business sustained its leadership position in certified mango pulp exports. The Business also leveraged its sourcing capabilities to commence supply of organic and certified mango pulp with end-to-end traceability to the manufacturers of branded baby food products in US and European markets. The scale and scope of the projects involving supply of certified products have been expanded by collaborating with more than 3000 small and marginal farmers spanning over 4700 acres in four states in India.

During the year, the Business also strengthened its milk procurement network for 'Aashirvaad Svasti' dairy products with significant increase in daily milk collection. The Business expanded its network in West Bengal and Bihar to support the growing requirement for

fresh dairy products and in Punjab towards supporting the increasing requirements of 'Sunfeast Wonderz' dairy beverages. In this regard, the Business provided farmers with the requisite infrastructure (such as milking machines, automatic milk testing equipment and chilling units) and package of practices to improve operational efficiency and maintain high quality along with identity preservation and traceability.

The Spices business continued to expand in 'Food Safe Markets' viz. US, EU and Japan, leveraging its strong backward integration and customer focused strategies. Exports of spices grew at a healthy pace driven by the addition of new customers and foray into new markets. During the year, the Business scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with various state governments for production of food safe spices and has maintained an unblemished track record on food safety parameters leveraging its superior processes and custody of supply chain, thereby consolidating its position as a preferred supplier to food safe customers.

The Business also leveraged its strong backward integration linkages to foray into the organic spices segment, with the entire value-chain certified by Control Union, Switzerland, ensuring product authenticity and full compliance with stringent norms in the US, EU and Indian markets. The organic range comprises over 35 products in whole, powder and sterilised form. The Business also ventured into its own organic crop development programme covering around 200 farmers in 4 states spread over 1300 hectares producing over 600 tonnes during the year.

The Spices business was awarded 'CII Outstanding Performance in Food Safety' for its state-of-the-art Integrated Sterilisation and Grinding plant in Guntur.

The Business remains focused on its strategy to build a robust and future-ready Value-Added Agri Products portfolio catering to both the B2B and B2C channels, by leveraging its deep expertise in sourcing a vast range of agri-commodities and a widespread network spanning multiple regions in the country.

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The Business continues to pursue sustainable farm management practices and is accredited with Rainforest Alliance and Global GAP.

The Coffee Business continued to augment its product portfolio with value-added offerings including coffee certified by Rainforest Alliance, Specialty and Monsooned coffee. Exports of premium grades to the Middle East markets increased significantly during the year. Strategic presence in key coffee producing geographies, knowledge of estate and region-specific characteristics and supply chain linkages, is enabling the Business source the right coffee grades for your Company's gourmet coffee brand 'Sunbean'. Specialty coffee grades for 'Sunbean' were identified and sourced from Panama and Nicaragua along with estate-specific supplies from Annamalai and Baba Budangiri in India.

The Agri Business remains focused on enhancing its presence in identified high value-added segments viz. spices for 'food-safe' markets, processed fruits, frozen marine products, frozen vegetables, etc. This includes the 'ITC Master Chef' range of 'Super Safe' frozen prawns, which adhere to stringent standards prevalent in USA, EU and Japan. These products go through rigorous testing (240+ tests) and are 'individually quick frozen' to ensure freshness and highest standards of safety and hygiene. Launched in eight cities, leveraging your Company's experience of catering to customers in international markets, the range has been well appreciated for its taste and quality.

The Business remains focused on its strategy to build a robust and future-ready Value-Added Agri Products portfolio catering to both the B2B and B2C channels, by leveraging its deep expertise in sourcing a vast range of agri-commodities and a widespread network spanning multiple regions in the country. Simultaneously,

the Business continues to move up the value chain in existing categories such as aqua, coffee, spices and staples. During the year, the Business forayed into bulk staples comprising maida, sooji, pulses & besan, and bulk spices catering to the food services channel, leveraging institutional capabilities of sourcing, product development and application sciences. Market specific and customised products, tailored for end-users, were launched across six major metro markets by developing an ecosystem of custom manufacturing units and a network of channel partners. Plans are on the anvil to rapidly scale up the business.

During the year, the 'ITC Master Chef' range of frozen snacks was augmented with the launch of a unique range of kebabs for the retail segment. The frozen snacks range, currently comprising 11 vegetarian and 6 non-vegetarian delicacies, is available in over 50 cities and is gaining good consumer traction. The accessibility of the range is being scaled up in the retail and 'Direct-to-Home' delivery channels. In the Fresh Fruits & Vegetables segment, the Business continues to expand its footprint in branded potatoes under the 'Farmland' brand.

More than two decades ago, your Company conceptualised and rolled out the e-Choupal network as a unique delivery mechanism towards enhancing agricultural growth and productivity, and fostering sustainable rural development. Leveraging this robust platform, your Company continues to focus on providing a range of value-added services in rural areas towards enhancing the competitiveness of Indian agriculture and playing a critical enabling role in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages. Integrated rural service hubs, christened 'Choupal Saagar', continue to serve farmers through their procurement and storage

ITC continues to focus on enhancing the competitiveness of Indian agriculture. Leveraging emerging digital technologies and deep domain knowledge, ITC has initiated Project e-Choupal 4.0 - a digitally-enabled platform to augment rural engagement programmes with customised end-to-end services for the farmers.

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infrastructure, and front end retail stores. They facilitate efficient sourcing of a wide range of agri commodities while making available assorted brands and merchandise from categories such as apparel, footwear, consumer durables, electronics and fuel, tailored to farmers' needs. The Choupal Saagars also serve as an ideal platform for your Company's FMCG brands to deepen their engagement with rural markets. Choupal Haat is another unique platform that provides an opportunity for companies/brands to closely interact with and understand the needs of the rural community. These platforms along with interventions such as Choupal Pradarshan Khet, Choupal Mahotsav, etc. enhance the vitality of your Company's e-Choupal network.

Leveraging emerging digital technologies and deep domain knowledge built over decades of intense engagement with the rural community, the Business has initiated Project e-Choupal 4.0 - a digitally-enabled platform to augment rural engagement programmes with customised end-to-end services for the farmers. Key features include real time information on weather and markets, on-farm diagnostics, continuous crop monitoring for building weather resilience, agronomic advisory for improving productivity & quality and farm inputs to make agriculture a viable enterprise, besides forward linkages to remunerative output markets.

The outbreak of COVID-19 pandemic has disrupted market dynamics across several agri business segments. While some segments were relatively subdued due to lockdown and will recover with time, wheat sourcing for Aashirvaad atta, rice exports, spices and retail demand for packaged frozen snacks witnessed buoyancy in recent months.

The agricultural sector accounts for nearly 50% of India's livelihoods. Your Company strongly believes that domestic agri value chains need to be more competitive

and there is ample headroom to enhance productivity. There is a need for a 'phygital' system that transforms each element of the agricultural ecosystem through digitalisation, thereby empowering farmers and enhancing market linkages. This will also set the foundation for India to garner a larger share of global trade in food processing and agriculture, duly supported through a joint participatory approach involving all stakeholders - farmers, input vendors, traders, processors and government agencies. The slew of reforms announced recently by the Government of India including amendments to certain provisions of the Essential Commodities Act, reforms in agricultural marketing and risk mitigation through predictable prices are commendable and will go a long way in stimulating agricultural growth in the country. These powerful reforms will empower farmers, strengthen agri-food processing linkages and enable demand-driven value-added agriculture.

Performance in the fourth quarter was impacted due to supply chain disruptions amidst the COVID-19 pandemic. This led to lower exports and domestic sales towards the end of the year. To ensure steady support to the Branded Packaged Foods Businesses as also to support the agri sector during this critical time, the Business was able to secure necessary permissions expeditiously to ramp up agri operations including direct buying from farmers, leveraging its e-Choupal network to expand the buying locations at the village level to overcome labour and transport challenges from the market yards which were non-operational during March and April. The Business also leveraged its supply chain network and ensured transportation through multiple modes, with due adherence to necessary safety protocols and with necessary support both from the administration and supply chain partners.

There is a need for a 'phygital' system that transforms each element of the agricultural ecosystem through digitalisation, thereby empowering farmers and enhancing market linkages.

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Your Company's Agri Business, with its deep rural linkages and agri-commodity sourcing expertise, is well positioned to scale up in identified areas that lend to higher value addition while continuing to provide strategic sourcing support to your Company's Branded Packaged Foods Businesses.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements of the Company prepared in accordance with Indian Accounting Standard 110. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request. Further, the report and accounts of the subsidiary companies is also available under the 'Shareholder Value' section of your Company's website, www.itcportal.com, in a downloadable format. During the year, no new subsidiary has been incorporated/acquired. The Company's Policy for determination of a material subsidiary, as adopted by your Board, in conformity with Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, can be accessed on your Company's corporate website at <https://www.itcportal.com/about-itc/policies/policy-on-material-subsiidiaries.aspx>. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

Gross Domestic Product (GDP) of Nepal grew by 7.0% for the year ended 16th July, 2019, as against 6.7% in the previous year. Improvement in GDP growth was aided by enhanced agricultural output on the back of good monsoons, increase in tourist arrivals, higher inward remittances fuelling consumption and higher industrial output due to increased availability of power. On the policy front, the Government of Nepal introduced several industry-friendly regulations including the new Industrial Enterprises Act, Environment Protection Act and amendment to the existing Land Act. These reforms are steps in the right direction and are expected to go a long way in enhancing the ease of doing business in Nepal.

After a prolonged period of sluggish growth, Nepal's economy had been on a healthy growth trajectory over the last three years, clocking an average

Real GDP growth of over 7% per annum. Unfortunately, this growth momentum suffered a severe setback with the onset of the COVID-19 pandemic and consequent imposition of nation-wide lockdowns to combat its spread. As per latest estimates released by the Government of Nepal, growth for the fiscal year ending 15th July, 2020 is expected to decelerate sharply to 2.3%, with further downside bias. The Government of Nepal has taken a number of initiatives, including various fiscal and monetary measures, to alleviate the stress in the economy. However, lower inward remittances on account of job losses suffered by Nepalese expatriates, significant drop in tourism and substantial supply chain disruptions are expected to weigh on economic growth in the near term. Going forward, on-ground implementation of the reforms and industry-friendly policies promulgated to promote investments will be crucial to effect a progressive economic recovery.

The legal cigarette industry occupies an important place in Nepal's economy and is a major contributor to the manufacturing sector of the country. However, the discriminatory taxation regime has posed significant challenges to the industry over the years.

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

Despite the extremely challenging operating environment, the company reinforced its market standing by leveraging its strong portfolio of offerings, superior product quality and a deep and wide distribution network. Relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards continues to be a key source of sustainable competitive advantage for the company. During the year, the product portfolio was further augmented with the launch of Singha King size Filter in select markets. The manufacturing systems of the company continued to set benchmarks in responsiveness, quality and productivity. Quality processes and hygiene standards were further strengthened. The company continues to digitalise and automate business processes across multiple areas of

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operations, including human resource management, order to cash cycle and market related data analytics.

During the year, the company enhanced its market standing in the Agarbatti segment through focused investments in brand building, effective consumer activation initiatives and enhanced availability in target markets across the country. The portfolio currently straddles all segments, offering consumers a wide choice of fragrances, price points and packaging formats.

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

In the Confectionery segment, the company's manufacturing facility at Biratnagar in eastern Nepal, commenced commercial operations during the year. The facility will enable the company to achieve scale, and offer consumers a wide range of high quality confectionery products manufactured within the country.

The company continues to support and invest in initiatives aimed at enhancing the social and economic capital of the nation covering areas relating to environmental preservation, social empowerment and promoting and improving education in public schools. As part of the ongoing interventions in this area, the company continues to:

- provide assistance to farmers in agri-infrastructure and vermicomposting in areas proximate to operating locations
- provide training and development to farmers towards improvement in productivity and other income generating activities
- support the animal husbandry sector by providing extension services covering animal breeding, health and nutrition in order to drive yield improvement and higher returns for underprivileged farmers
- contribute towards improvement in quality of education in public schools in the economic vicinity of its operating locations
- provide assistance towards relief activities to the people impacted by natural calamities.

During the year, the company's Revenue from Operations stood at Nepalese Rupees (NRs.) 4018 crores (previous year NRs. 3576 crores) and Profit After Tax stood at NRs. 1110 crores (previous year NRs. 945 crores), recording a growth of 12% and 17% respectively.

The company continues to be one of the largest contributors to the exchequer, accounting for about 3% of the total revenue of the Government of Nepal.

The Company declared a dividend of NRs. 489/- per equity share of NRs. 100/- each for the year ended 16th July, 2019 (31st Asadh, 2076) amounting to NRs. 985.82 crores.

The company is well positioned to deliver superior performance over the long-term by leveraging the significant investments made by it over the years.

ITC Infotech India Limited and its subsidiaries

The IT services industry continues to witness the mainstream adoption of digital technologies such as Data Analytics, Artificial Intelligence and Cloud-based application platforms and infrastructure. Accelerated adoption of these emerging technologies is driven by the need for enterprises to deliver impactful business solutions along the dimensions of augmenting revenue streams, increasing operational agility and enhancing customer experience. Intelligent technologies are enabling a paradigm shift in the way consumer needs are served. Clients are also accelerating the use of Automation to optimise resources in technology areas that are involved in providing 'business as usual' services such as Application Maintenance and Support.

According to NASSCOM estimates, the Indian IT-BPM industry grew by 7.7% in dollar terms in 2019-20, driven by strong growth in digital technologies. Responding to the shift in spending towards digital technologies, IT service providers continue to strengthen their capabilities in these areas through a combination of direct investments and partnerships with Independent Software Vendors (ISVs) and startups. Increasing on-site and near-shore presence and investments in re-skilling employees in digital technologies have also been key areas of focus of IT Service providers in recent times.

The critical role of technology to deliver business impact is providing IT Services providers an opportunity to engage in increasingly strategic conversations with clients. IT Services providers are differentiating

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themselves by providing business solutions that lie at the intersection of industry, domain and technology. A deep understanding of the clients' industry domain along with cutting-edge competency in relevant digital technologies will be critical in gaining sustainable competitive advantage going forward.

In this context, the company remains focused on providing domain-led digital services and solutions to customers in identified industry verticals. During the year, the Business grew across all operative markets. Global In-house Centers (GIC) Services, Data and Analytics, Application Development & Maintenance and Infrastructure services were some of the key drivers of growth during the year. The company also forged new alliances and strengthened existing relationships with Independent Software Vendors (ISVs) and start-ups in areas such as Automation, Data and Analytics and Loyalty.

During the year, the company posted robust growth with consolidated Total Income growing by 12% to ₹ 2268.63 crores (previous year ₹ 2019.91 crores) driven by increasing traction with existing customers as well as new client additions, especially in digital technologies across the company's operating geographies.

Profit Before Tax stood at ₹ 288.34 crores (previous year ₹ 155.40 crores) and Net Profit doubled to ₹ 209.47 crores (previous year ₹ 103.90 crores).

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 1529.87 crores (previous year ₹ 1212.68 crores) and Net Profit of ₹ 194.69 crores (previous year ₹ 76.46 crores). For the year under review, the company paid a dividend of ₹ 11.75 per Equity Share of ₹ 10/- each aggregating ₹ 100.11 crores (previous year: ₹ 8.25 per Equity Share of ₹ 10/- each aggregating ₹ 70.29 crores).
- b. ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Revenue of GBP 49.82 million (previous year GBP 49.11 million) and Net Profit of GBP 1.23 million (previous year GBP 1.57 million).
- c. ITC Infotech (USA), Inc., (ITC Infotech USA), a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 105.12 million (previous

year US\$ 96.46 million) and Net Profit of US\$ 3.28 million (previous year US\$ 3.65 million). For the year under review, the company paid a dividend of US\$ 11 per share on 1,82,000 Common Shares (without par value) aggregating US\$ 2.0 million (previous year: US\$ 10 per share aggregating US\$ 1.82 million).

The company's superior service delivery and technology capabilities continue to earn global recognition.

During the year, the company was recognised in the 'Disruptors' category in Avasant's Intelligent Automation RadarView 2019 report which ranked it amongst the Top 24 service providers globally. The company was also awarded 'Best of The Global Outsourcing 100' service providers by International Association of Outsourcing Professionals (IAOP) and was featured as a 'Leader' in their 'Global Outsourcing 100' report.

The outbreak of the COVID-19 pandemic has resulted in heightened uncertainty globally across industry segments, including information technology. The lockdown and other restrictions imposed by governments across the globe have had significant impact on the operations of some of the company's clients in sectors such as Travel and Hospitality. The company continues to take proactive steps to ensure the safety of its employees, provide uninterrupted delivery of services to its clients and minimise the impact of the global pandemic on the company's performance in the near term.

The company remains committed to its transformation journey with a sharper focus on providing differentiated, business-friendly offerings to select industry verticals and technology areas. The company will continue to focus on building domain-specific digital solutions across identified areas and driving efficiencies through automation in delivery, investments in developing employees in emergent technologies and other internal processes.

Technico Agri Sciences Limited

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

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Due to a bumper crop during the year, potato prices remained subdued till September 2019. However, prices started to rise sharply in the second half of the year on account of lower Kharif crop output as well as delay in arrival of the early Rabi crop due to heavy rains and an extended monsoon. The company leveraged the strength of its brand, superior product quality, better on-field performance and strong trade and customer relationships to increase its market standing. During the year, Revenue from Operations posted robust growth of 26% to ₹ 202.26 crores (previous year ₹ 160.26 crores) while Net Profit stood at ₹ 20.34 crores (previous year ₹ 8.20 crores). Total Comprehensive Income for the year stood at ₹ 20.26 crores (previous year ₹ 8.23 crores). During the year, the company declared interim dividend ₹ 4/- per Equity Share of ₹ 10/- each, aggregating ₹ 15.19 crores.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of its TECHNITUBER® Seed Technology and customising its application across various geographies. Besides, the company is engaged in the marketing of TECHNITUBER® Seed to global customers produced at the facilities of its subsidiaries in China and Canada and Technico Agri Sciences Limited, India (TASL), a wholly-owned subsidiary of your Company.

For the year under review:

- Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 2.49 million (previous year A\$ 2.41 million) and a Net Profit of A\$ 1.56 million (previous year A\$ 1.25 million).
- Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China – There were no significant events to report with respect to the above companies.

WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company was incorporated in Sri Lanka with the objective of developing and operating a mixed-use development project ('Project') comprising a luxury hotel and a super-premium

residential apartment complex situated on 5.86 acres of prime sea-facing land in Colombo.

The Project has been accorded 'Strategic Development Project' status entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

After slowing down on account of the terror incidents in Sri Lanka in April 2019, construction activity picked up pace and made steady progress during the year. However, outbreak of the COVID-19 pandemic and consequent restrictions disrupted construction activity towards the end of the year. Sales of 'The Sapphire Residences' luxury apartments, which were gathering momentum, were also impacted by the pandemic and the muted business environment in the country. Project activities have since resumed and are being progressively ramped up while ensuring highest standards of health and safety protocols.

Your Company's investment in WLPL stood at US\$ 236 million as at 31st March, 2020.

Landbase India Limited

The company owns 'ITC Grand Bharat' – a 104-key all-suite luxury Retreat at Gurugram, which has been licensed to your Company. The Retreat, an oasis of unhurried luxury, is co-located with the company's prestigious Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. During the year, the property was listed amongst the 'Top 50 Resorts in Asia' by Conde Nast Traveller, USA, the Editor's Choice Award by Travel+Leisure magazine for being the 'Best Luxury Resort – Domestic' and the 'Best Venue for Intimate Weddings and Celebrations' in the Wow Awards, Asia by EventFaqs. The property's spa - Kaya Kalp - The Royal Spa was awarded 'Favorite Spa in an Indian Hotel' by Conde Nast Traveller, India as well as the 'Best Destination Spa (India)' for 2019 by AsiaSpa India.

During the year, the Classic Golf & Country Club sustained its leadership position in the corporate tournament segment and hosted various prestigious tournaments including 'Classic Golf & Country Club

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International Championship 2019' and the 'Panasonic India Open' in association with the Asian Tour. The Club enjoys strong brand equity with its members, guests and the golfing fraternity and continues to receive patronage of professional and amateur golfers in the country.

In view of the ongoing COVID-19 pandemic, the operations at the Club had been suspended in March 2020. After due approvals, the company has re-opened the Club in the month of May 2020, with the implementation of highest levels of safety and hygiene standards, social distancing norms and full compliance with all Environmental, Health and Safety (EHS) protocols.

During the year ended 31st March, 2020, the Company recorded Total Income of ₹ 28.37 crores (previous year ₹ 26.57 crores) and Net Profit of ₹ 2.85 crores (previous year ₹ 3.11 crores). Total Comprehensive Income for the year stood at ₹ 2.82 Crores (previous year ₹ 3.13 crores).

Srinivasa Resorts Limited

The company's hotel 'ITC Kakatiya' in Hyderabad continued to face sluggish demand conditions during the year - with revenues from sale of rooms as well as from Food & Beverages remaining flattish.

The company received the Gold Award under 'Commercial Buildings' category for promoting energy conservation practices by Telangana State Renewable Energy Development Corporation Ltd. 'Dakshin', the fine dining restaurant at the hotel, was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Awards 2020 for the 10th consecutive year.

The company recorded Total Income of ₹ 62.48 crores (previous year ₹ 60.49 crores) for the year ended 31st March, 2020 with Net Profit of ₹ 3.24 crores (previous year Net Loss of ₹ 2.12 crore). Total Comprehensive Income for the year stood at ₹ 3.16 crores (previous year (-) ₹ 2.13 crore).

Fortune Park Hotels Limited

The company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the company has an aggregate inventory of

nearly 4,000 rooms spread over 52 properties of which 43 are operating hotels. Of the balance nine properties, two are slated to be commissioned in the ensuing year while seven are in various stages of development.

The company has established 'Fortune' as the premier 'value' brand in the Indian hospitality sector. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

During the year, the company was awarded the 'Versatile Excellence Travel Award 2020 for Best Business Hotel Chain of the Year' and the 'Today's Traveller Award for Best Upscale Hotel Chain 2019'.

The outbreak of COVID-19 has significantly impacted the travel & tourism industry across all markets. Consequently, most of the properties under the brand were not operational until relaxations were announced in May 2020. The company has taken appropriate measures to ensure safety of all its employees. After redesigning and implementing operating procedures with enhanced focus on safety, health and hygiene, about half of the properties have since re-commenced operations.

During the year ended 31st March, 2020, the company recorded Total Income of ₹ 39.68 crores (previous year ₹ 42.23 crores) and Net Profit of ₹ 2.69 crores (previous year ₹ 6.61 crores). Total Comprehensive Income for the year stood at ₹ 2.76 crores (previous year ₹ 6.63 crores). During the year, the company declared an interim dividend of ₹ 167.00 Per Equity Share of ₹ 10/- each for the year ended at 31st March, 2020 (previous year ₹ 12.50 per Equity Share) aggregating ₹ 7.52 crores.

Bay Islands Hotels Limited

Fortune Resort Bay Island, the company's hotel in Port Blair, with its strategic location, excellent architectural design and superior service quality, continues to offer a unique gateway to the Andamans. A comprehensive renovation and expansion programme towards enhancing the market standing of the hotel is expected to be completed over the next year.

The hotel was temporarily shut due to the outbreak of COVID-19 up to mid-May 2020. The company has taken appropriate measures to ensure safety of all its stakeholders and has since re-commenced hotel

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operations with strong focus on safety, health and hygiene protocols.

During the year ended 31st March, 2020, the company recorded Total Income of ₹ 1.69 crores (previous year ₹ 1.61 crores) and Net Profit of ₹ 1.23 crores (previous year ₹ 1.10 crores). Total Comprehensive Income for the year stood at ₹ 1.23 crores (previous year ₹ 1.10 crores).

The Board of Directors of the company has recommended a dividend of ₹ 70.00 per Equity Share of ₹ 100/- each for the year ended 31st March, 2020 (previous year ₹ 70.00 per Equity Share).

Wimco Limited

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

The company's order book for machines, during the year, remained muted due to sluggish demand for capital investments arising out of subdued consumer sentiments, excess capacity in FMCG and Pharmaceutical industries and stiff competition from national and regional players. Performance for the fourth quarter of 2019-20 was also impacted due to uncertainties arising out of the COVID-19 pandemic. The company's Revenue from Operations for the year stood at ₹ 12.33 crores (previous year: ₹ 9.68 crores) with a Net Profit of ₹ 0.07 crore (previous year ₹ 0.04 crore). Total Comprehensive Income for the year stood at ₹ 0.06 crore (previous year ₹ 0.06 crore).

During the year, the company issued 5,00,000, 9% Cumulative Preference Shares of ₹ 100/- each, aggregating ₹ 5 crores, to your Company to meet its working capital requirements and other business needs.

On 21st March, 2020, the equity shareholders of the company approved reduction of the equity share capital of the company from ₹ 18,84,60,000/- comprising 18,84,60,000 Equity Shares of ₹ 1/- each to ₹ 18,50,81,193/- comprising 18,50,81,193 Equity Shares of ₹ 1/- each, by way of cancelling and extinguishing, in aggregate, 33,78,807 Equity Shares of ₹ 1/- each held by shareholders other than your Company, in lieu

of payment not exceeding ₹ 1/- to such shareholders. The application for reduction of equity share capital has since been filed with the National Company Law Tribunal, Mumbai Bench, for its confirmation.

The company continues to focus on developing superior solutions towards addressing customer requirements.

North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited (NENPL), a company formed with the objective of setting up a food processing facility in Mangaldoi, Assam to cater to the fast-growing biscuits market in Assam and other north-eastern States. In August 2015, the company commissioned a state-of-the-art facility comprising three biscuit manufacturing lines in Mangaldoi, Assam.

During the year, the company's performance was impacted by decline in demand in the second half of the year due to disturbances in the North East region. This was further exacerbated by the lockdown in March 2020. The company's Revenue from Operations for the year stood at ₹ 147.85 crores (previous year ₹ 161.69 crores) while Net Profit stood at ₹ 4.79 crores (previous year ₹ 9.05 crores) and Total Comprehensive Income for the year stood at ₹ 4.73 crores (previous year ₹ 9.12 crores). The performance was also impacted by certain one-time expenditures relating to re-alignment of manufacturing lines to facilitate manufacturing of new product variants.

The company declared a dividend of ₹ 26.95 per Preference Share of ₹ 100/- each and an interim dividend of ₹ 0.14 per Equity Share of ₹ 10/- each for the year ended 31st March 2020.

Russell Credit Limited

During the year, the company recorded Total Income of ₹ 64.99 crores (previous year ₹ 61.35 crores) and Net Profit of ₹ 41.75 crores (previous year ₹ 37.84 crores). Total Comprehensive Income for the year stood at (-) ₹ 68.86 crores (previous year ₹ 65.42 crores) reflecting, inter alia, the adverse movement in market value of certain long term strategic investments. The company continues to monitor all its investments closely in view of the volatile market conditions. The company also continues to explore opportunities to make investments in areas of strategic

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importance to the ITC Group. Temporary surplus liquidity is mainly deployed in bonds, debt mutual funds, bank certificate of deposits and bank fixed deposits. During the year, the company declared interim dividend ₹ 0.85 per Equity Share of ₹ 10/- each, aggregating ₹ 54.95 crores.

Gold Flake Corporation Limited

During the year, the company recorded Total Income of ₹ 8.48 crores (previous year ₹ 4.01 crores) and Net Profit of ₹ 7.30 crores (previous year ₹ 2.86 crores), due to increase in dividend income. The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Group, UK.

Greenacre Holdings Limited

During the year, the company recorded Total Income of ₹ 5.70 crores (previous year ₹ 5.33 crores) and Net Profit of ₹ 1.33 crores (previous year ₹ 1.78 crores). The company continues to provide maintenance services for commercial office buildings. During the year, the company also entered into the business of providing engineering, procurement and construction management services and project management consultancy services.

ITC Investments & Holdings Limited

The company, a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016, recorded Total Revenue of ₹ 0.07 crore during the year (previous year ₹ 0.06 crore) and Net Profit of ₹ 0.02 crore (previous year ₹ 0.02 crore).

MRR Trading & Investment Company Limited

The company, a wholly-owned subsidiary of ITC Investments & Holdings Limited, holds tenancy rights in a commercial building located in Mumbai and also provides estate maintenance services. During the year, the company recorded Total Income of ₹ 0.07 crore (previous year ₹ 0.07 crore).

Pavan Poplar Limited

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

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

During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.10 crore) and Net Loss of ₹ 0.14 crore (previous year loss of ₹ 0.55 crore).

Prag Agro Farm Limited

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

During the year, the company recorded Total Revenue of ₹ 0.08 crore (previous year ₹ 0.05 crore) and Net Profit of ₹ 0.0003 crore (previous year (-) ₹ 0.007 crore).

NOTES ON JOINT VENTURES

ITC Essentra Limited

The relentless pressure on volumes of the legal cigarette industry on account of the punitive taxation regime and intense regulatory burden, with consequent growth in illicit cigarette trade, continues to exert pressure on the demand for cigarette filters from the legal industry.

Despite such challenging business conditions, the company was able to increase its revenue and profits on the back of improved sales mix and strategic cost management initiatives. The company retained its leadership position of being the preferred supply chain partner for several well-known national and international brands leveraging its core strengths – strong customer relationships, world-class innovation, superior execution, consistent delivery and best-in-class quality.

During the year ended 31st March, 2020, on a comparable basis, the company's revenue from operations stood at ₹ 381.19 crores (previous year ₹ 357.47 crores). Net Profit during the year stood at ₹ 42.09 crores (previous year ₹ 32.79 crores).

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The company continues to make investments in technology induction and capability building towards sustaining its position as the innovation and quality benchmark in the Indian cigarette filter industry.

The Board of Directors has recommended a dividend of ₹ 30.00 per Ordinary Share of ₹ 10/- each (previous year total dividend of ₹ 30.00 per Ordinary Share of ₹ 10/- each) for the year ended 31st March, 2020.

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 36 heritage properties across 15 states in India. The company, with its WelcomHeritage brand portfolio comprising 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts', provides uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

The WelcomHeritage hotels brand was awarded 'The Best Heritage Hotel Chain' by Today's Traveller and 'Most Preferred Heritage Hotel Chain & Pioneers of Heritage hospitality' by VETA.

During the year ended 31st March, 2020, the company recorded Total Income of ₹ 3.69 crores (previous year ₹ 3.82 crores) and Net profit of ₹ 0.39 crore (previous year (-) ₹ 0.14 crore). Total Comprehensive Income for the year stood at ₹ 0.35 crore (previous year (-) ₹ 0.15 crore).

Espirit Hotels Private Limited

Espirit Hotels Private Limited (EHPL) is a joint venture between your Company and the Ambience Group, Hyderabad, for developing a luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in EHPL and will, inter alia, provide hotel operating services upon commissioning of the hotel.

As reported in the previous year, the Ambience Group has expressed its desire to review the timing of further investments in EHPL, citing concerns about the viability of the project in view of the challenging economic

environment and the sluggish demand conditions currently prevailing in the relevant market.

Your Company continues to explore its options in this regard.

Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2020.

Logix Developers Private Limited

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited for developing a luxury hotel-cum-service apartment complex at the company's site located at Sector 105 in NOIDA. Under the terms of the Joint Venture Agreement, your Company holds 27.9% equity stake in LDPL and will, inter alia, provide hotel operating services, upon commissioning of the hotel by LDPL.

As reported in the previous year, your Company reiterated its position with the JV partner that it was committed to developing a luxury hotel-cum-service apartment complex as envisaged under the JV Agreement and that it was not interested in progressing with any alternative project plans proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

Subsequently, the JV partner proposed that both parties should find a third party to sell the entire shareholding in LDPL. In view of these developments, your Company had filed a petition before the erstwhile Company Law Board submitting that the affairs of the JV entity were being conducted in a manner that was prejudicial to the interest of your Company and the JV entity. The matter is currently before the National Company Law Tribunal (NCLT). The JV partner had also filed a petition before the Honourable Delhi High Court for winding up the JV company, which was transferred to the NCLT by the Honourable Delhi High Court. The matter was heard before the NCLT on several occasions during the year. On 21st January, 2020, the matter was assigned to a new bench which is expected to initiate hearings soon.

During the year ended 31st March, 2020, the company recorded a Net Loss of ₹ 36.77 crores (previous year ₹ 30.09 crores). The Net Worth of the company stood

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at (-) ₹ 68.74 crores as at 31st March, 2020 (previous year (-) ₹ 31.98 crores). Your Company's total investment in LDPL was ₹ 41.95 crores. In view of the aforesaid developments, your Company had earlier made a provision of ₹ 23.45 crores towards diminution in the carrying value of investment in LDPL in the previous year. A further provision of ₹ 10 crores has been made during the year bringing the carrying value of the company's investment in LDPL as at 31st March, 2020 to ₹ 8.5 crores.

The financial statements of LDPL for the year ended 31st March, 2020 are yet to be approved by its Board of Directors. In the absence of audited financial statements of LDPL, the Consolidated Financial Statements of your Company for the year ended 31st March, 2020 have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited

The company is engaged in the business of providing travel related services to corporate travellers in India and abroad. The services include car rentals, business travel, leisure, meetings, incentives, conferencing, exhibitions (MICE), foreign exchange and hotel travel services.

During the financial year ended 31st March, 2020, the company recorded a Total Income of ₹ 210.52 crores (previous year ₹ 210.64 crores) and Profit/(Loss) for the year of (-) ₹ 7.41 crores (previous year ₹ 2.68 crores). Total Comprehensive Income for the year stood at (-) ₹ 8.99 crores (previous year ₹ 1.98 crores).

Gujarat Hotels Limited

The company's hotel, 'Welcomhotel Vadodara', at Vadodara is operated by your Company under an Operating License Agreement.

During the year ended 31st March, 2020, the company recorded Total Income of ₹ 5.92 crores (previous year ₹ 5.66 crores), Net Profit and Total Comprehensive Income of ₹ 4.30 crores (previous year ₹ 4.08 crores).

The Board of Directors of the company has recommended a dividend of ₹ 2.50 per Equity Share of ₹ 10/- each for the year ended 31st March, 2020 (previous year ₹ 3.50 per Equity Share).

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. During the year, the company recorded Total Revenue of ₹ 25.32 crores (previous year ₹ 23.67 crores) and Net Profit of ₹ 0.10 crore (previous year ₹ 0.31 crore).

The company continued to maintain high levels of operational responsiveness, benchmark quality in its manufacturing operations and strict compliance and adherence to safety protocols. During the year, the company was conferred the Platinum Award for Safety Systems Excellence by the Federation of Indian Chambers of Commerce & Industry, Longest Nil Loss Time Accident award by the Govt. of Tamil Nadu, Prashansa Patra Award for Safety by the National Safety Council of India and Energy Efficient Unit award by the Confederation of Indian Industry.

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 4.73 crores (previous year ₹ 6.01 crores) and Net Profit of ₹ 2.50 crores (previous year ₹ 4.80 crores). Total Comprehensive Income for the year stood at (-) ₹ 43.01 crores (previous year (-) ₹ 11.82 crores) reflecting inter alia the adverse movement in market value of certain long term strategic investments. The company continues to explore opportunities for strategic investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.53 crore (previous year ₹ 0.57 crore) and Net Profit of ₹ 0.16 crore (previous year ₹ 0.24 crore). Total Comprehensive Income for the year stood at ₹ 0.16 crore (previous year ₹ 0.24 crore). The company continues to explore opportunities for strategic investments.

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Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.31 crore (previous year ₹ 0.28 crore) and Net Profit of ₹ 0.06 crore (previous year ₹ 0.05 crore). Total Comprehensive Income for the year stood at ₹ 0.06 crore (previous year ₹ 0.05 crore). The company continues to explore opportunities for strategic investments.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy guides the conduct of affairs of your Company and clearly delineates the roles, responsibilities and authorities at each level of its three-tiered governance structure and key functionaries involved in governance. The ITC Code of Conduct commits management to financial and accounting policies, systems and processes. The Corporate Governance Policy and the ITC Code of Conduct stand widely communicated across the enterprise at all times and together with the 'Strategy of Organisation', Planning & Review Processes and the Risk Management Framework provide the foundation for Internal Financial Controls with reference to your Company's Financial Statements.

Such Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by management and approved by the Audit Committee and the Board. These Policies are supported by the Corporate Accounting and Systems Policies that apply to the entity as a whole to implement the tenets of Corporate Governance and the Significant Accounting Policies uniformly across the Company. The Accounting Policies are reviewed and updated from time to time. These, in turn, are supported by a set of divisional policies and Standard Operating Procedures (SOPs) that have been established for individual businesses.

Your Company uses Enterprise Resource Planning (ERP) systems as a business enabler and also to maintain its books of accounts. The SOPs, in tandem with transactional controls built into the ERP systems, ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records. The Information Management Policy reinforces the control environment. The systems, SOPs and controls are reviewed by divisional management and audited by

Internal Audit whose findings and recommendations are reviewed by the Audit Committee and tracked through to implementation.

Your Company has in place adequate internal financial controls with reference to the Financial Statements. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial information; complying with applicable statutes; safeguarding assets from unauthorised use; ensuring that transactions are carried out with proper authorisation and complying with Corporate Policies and Processes. Such controls have been assessed during the year, after taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes and systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

- The Corporate Governance Policy approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic

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to the operational. These role definitions, inter alia, provide the foundation for appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.

- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of your Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique / relatively high risk profiles.
- A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of internal audit findings.
- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures and help plug control gaps by assisting operating management in the formulation of control procedures.
- A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all businesses to clearly identify their top

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

Your Company endeavours to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key businesses of your Company have adopted the ISO 31000 Standard and accordingly, the Risk Management systems and processes prevalent in these businesses have been independently assessed to be compliant with the said global Standard on Risk Management. This year ESPB was assessed for compliance to ISO 31000 Standard. This intervention provides further assurance on the robust nature of risk management practices prevalent in your Company.

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

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and provide suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information Officer, is invited to all the Risk Management Committee meetings and is responsible for ensuring that the Cyber Security systems of your Company remain effective and contemporary.

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

In respect of commodities sourced for use as inputs in its businesses, your Company has well laid out policies to manage the risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics

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towards making informed sourcing decisions; well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned; entering into long-term contracts with suppliers to secure supply of critical items at competitive cost and continuous diversification of supplier base. Multiple sourcing models, wide geographical spread, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages ensure sourcing of high quality agri-commodities at competitive cost.

Your Company's strategy of backward integration in sourcing of agri-commodities such as wheat, potato, fruit pulp, spices and leaf tobacco; in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies. Further, each of your Company's businesses continuously focuses on product mix enrichment towards protecting margins and insulating operations from spikes in input price.

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

- segregation of duties and robust internal controls through a system of checks and balances embedded in the organisation and governance structure;
- clearly defined limits for trading position (long and short) and net cash loss for specific commodities/commodity groups;
- mitigation of price, liquidity and counter party risks in respect of commodities such as soya, mustard and chana through hedging on commodity exchanges (mainly NCDEX). Correlation between prices prevailing in the physical market and those on the commodity exchange is analysed regularly to ensure effectiveness of hedging;
- robust monitoring and review mechanisms of net open positions and 'value at risk'.

The combination of policies and processes as outlined above adequately addresses the various risks associated with sourcing of commodities for your Company's businesses.

The COVID-19 pandemic has triggered new risks in business operations. While the gravity of the pandemic is still unfolding, your Company pro-actively put in place Crisis/Contingency Management Teams, both at the Business as well as at the Corporate levels. These cross-functional teams, represented by senior management, continually review strategic, operational, financial matters as well as measures relating to employee well-being health and safety.

Each of the Businesses, guided by the Risk Management Framework, has reviewed their approach to risk mitigation. Some of the key risk areas and mitigation plans are outlined below:

Employee Well-being and Safety: Detailed advisories have been issued to employees on how to safeguard themselves, their colleagues and associates, and their families both at the workplace as well as at their homes. These guidelines also provide details on social distancing norms, how they should seek help on any aspect concerning their health from within the organisational support system.

Heightened **safety protocols** were implemented at all units that resumed operations, with end-to-end solutions from transportation of workmen, screening, regular deep cleaning and sanitisation, innovations to ensure safe distancing and strict adherence to hygiene standards and use of personal protective equipment where required. Your Company's Employees, Trade Partners, Transporters and their associates were provided extensive training – both online and at the place of work - in Social Distancing and Personal Protection. Standard Operating Processes (SOPs) were developed to ensure safe and hygienic conditions both at the work place as well as in the market. This was supplemented with training materials like posters, pamphlets and guidelines. All employees and associates were encouraged to download and use the Aarogya Setu app as advised by the Government. Prior to entry into any ITC location and facility, the status in the Aarogya Setu App is mandatorily checked.

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

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Supply chain: As an immediate step, multi-functional teams liaised with authorities across all Unit locations to obtain necessary permissions to commence and thereafter ensure uninterrupted operations, with suitable safeguards. Business continuity plans have been activated by the various Business Teams to secure key material supplies including usage of substitute materials, identification of alternate/domestic vendors, identification and activation of potential alternative manufacturing capacities to supplement existing facilities.

Distribution: Measures have been taken to strengthen the system including identification of multiple/new transporters and service providers with necessary permissions to operate, evaluating alternative outbound logistics options and securing capacity.

Realignment of distribution infrastructure was speedily executed to reach consumers more efficiently as they remained confined at home, by being a first mover in speedily entering into collaborations with service delivery partners leveraging the synergy of the availability of your Company's trusted brands with the reach of some of the partners direct to homes. Your Company's tie-ups for delivery of its products to consumers include diverse companies such as Dominos, Swiggy, Zomato, Dunzo, Amway etc.

Innovations including 'ITC Store-on-Wheels' to ensure direct reach to consumers in residential agglomerations, increased availability in e-Commerce platforms including the 'ITC eStore', direct store deliveries to Modern Trade and substantially expanding presence of its product portfolio in alternative outlets, were some of the measures deployed to ensure easier access to your Company's products.

Operations: Provision of basic infrastructure such as sanitisers, personal protection equipment, scanners along with protocols for disinfection has been made available at all operating locations. Appropriate training on safety and hygiene practices has been provided to own employees as well as to employees of associates. In respect of Hotels, Business is benchmarking clinically clean standards by working towards getting accreditation by the National Accreditation Board for Hospitals & Healthcare providers (NABH) to enhance existing procedures and controls, thereby conforming to hospital-level hygiene standards.

Regulatory compliance: Considering the issuance of multiple directives from central, state and local authorities which have a bearing on operations, there is a need to institute a close watch on compliance requirements. Your Company has put in place requisite systems and processes to ensure that the compliance requirements are well understood and comprehensively implemented.

IT Systems & cyber security: Advisories and Guidelines have been sent to all concerned employees to facilitate secure and uninterrupted access to the Company's IT systems and information. Proactive identification and monitoring of threat vectors is done by the Company's Central IT Security Teams headed by the Chief Information Security Officer (CISO).

Access to secure and contemporary platforms has been provided to facilitate working through remote access. In order to ensure business continuity, certain redundancy of critical IT resources has been built-in. Systems are also in place to ensure continuity in IT support both from within the organisation and external service providers.

With the implementation of Work From Home (WFH), safeguards against cyber-security risks have been strengthened. Employees have been provided with devices and secure remote connectivity to facilitate WFH. A 24x7 service desk has been setup to assist in WFH. Cyber Security related WFH guidelines have been circulated to key stakeholders and antivirus updates on all Company provided equipment is being ensured.

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

AUDIT AND SYSTEMS

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

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

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

Your Company's independent and robust Internal Audit processes, both at the Business and Corporate levels, provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements.

Independent consultants have confirmed compliance of Internal Audit systems and processes with the Standards on Internal Audit (SIA) issued by the Institute of Chartered Accountants of India (ICAI). Although the Standards continue to be recommendatory in nature, such external validation evidences the contemporariness of the Internal Audit function.

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

In the context of the IT environment of your Company, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receive focused attention of the Internal Audit team. Information Technology systems undergo pre-implementation audit before being deployed for usage in businesses, thereby delivering an independent assurance with respect to the rigour of implementation. The usage of data analytics in audits has been augmented across the organisation.

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

Processes in the Internal Audit function have been continuously strengthened for enhanced effectiveness and productivity including the deployment of best-in-class tools for analytics in the Audit domain, certification as complying with ISO 9001:2015 Quality Standards in its processes, ongoing knowledge improvement programmes for staff, etc. The Audit methodology is also designed to validate effectiveness

of critical IT controls that are embedded in the business systems, leading to greater alignment with the business process environment.

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

HUMAN RESOURCE DEVELOPMENT

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

Your Company's 'Strategy of Organisation' is based on the approach of distributed leadership enabled through a three-tier governance structure. Such an approach allows businesses, through their management committees, focus, develop and execute business plans relevant to their product-market spaces while leveraging the institutional strengths of your Company and the opportunities for synergy between businesses.

Your Company's Human Resources approach is founded on the guiding principles of Vision, Values and Vitality. It is your Company's belief that finding meaning and a larger purpose to human endeavour form the foundation of a high commitment workplace. Your Company's vision of creating value for its stakeholders through world class performance that serves a larger societal purpose is a powerful binding force for the employees of your Company. In achieving this Vision, your Company's Values of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation

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serve as the bedrock of all thought and action. All of this coalesces through the collective vitality of your Company as evidenced in excellence in strategy formulation and execution. Human Resource systems and processes governing talent selection, performance management, capability building, employee relations, recognition, rewards and employee well-being, all play a critical role in enhancing vitality. Your Company's employees frequently engage directly with the Chairman and the members of the leadership team, through various forums which serve as a vital means of inspiring and communicating your Company's core purpose, reinforcing values and sharing the demonstrated successes of vitality.

Your Company's strong employer equity has enabled the attraction and retention of high quality talent. The management trainee programme augmented with recruitment of experienced talent from the market, is an integral part of our leadership pipeline development process. We continue to draw the finest management, technical and commercial talent from premier institutions in the country and are ranked amongst the leading companies in these institutions. Your Company's intensive engagement with campuses over decades to communicate ITC's talent proposition through case study competitions, knowledge sharing programmes by senior managers and the annual internship programmes have all contributed to create a compelling proposition for the best candidates to aspire for a career with ITC. Your Company continues to enthuse talent with challenging work, market driven remuneration, learning avenues and quality of life to further strengthen the employment relationship.

Your Company's approach to management development is founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes.

Towards this end, your Company has assiduously built a culture of continuous learning, innovation and collaboration across the organisation by providing cutting-edge learning and development support. The emphasis is on providing experiential learning, an enabling and supportive environment and promoting learning agility. Deep functional expertise is fostered early in one's career through immersion in complex problem-solving assignments requiring the application

of domain expertise. Managers are assessed on your Company's behavioural competency framework and provided with learning and development support to address areas identified for improvement. Key talent is provided critical experiences in high impact roles and mentored by senior managers. This promotes the development of a pool of high-quality talent through mentorship, coaching and learning opportunities.

Your Company has identified three capability platforms relevant to making businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity & Pride. Employees are offered best in class learning and development support comprising a blend of classroom, online, and on-the-job training. In each of these areas globally benchmarked learning curriculums are designed, supplemented with business-critical application projects. This approach ensures that the application of learning fructifies in a manner which benefits your Company's business results.

The state-of-the-art technical training facility in Ranjangaon, Maharashtra – ITC Gurukul, the first integrated facility catering to your Company's skilling journey for manufacturing excellence in the FMCG Businesses, won Excellence in Practice Award from prestigious Association for Talent Development, USA. The award recognised ITC Gurukul's efforts in the area of leveraging technology to enhance training effectiveness.

Your Company continues to strengthen its performance management system and its culture of accountability through the widespread adoption of the system of Management By Objectives. Performance planning through clearly defined goals, outcomes based assessment and alignment of rewards to achievement of results have all contributed to a robust culture of ownership and accountability. 'Career Conversations' and succession planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development and ensure a sound workforce planning system.

In 2020, your Company completed the third edition of its Employee Engagement Survey - iEngage, capturing employee perceptions and views on various workplace

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dimensions, with 97% of employees responding to the survey. Survey results indicate that 95% of employees are proud to work at ITC, a score that is amongst the highest globally. The results on dimensions such as Employee Engagement, Performance Enablement and Managerial Effectiveness indicated substantial progress over the last survey undertaken in 2018, bearing testimony to the various initiatives launched and strengthened by your Company. Your Company undertook various initiatives, in the spheres of enabling processes, employee well-being, work-life balance and growth & development during the year. Employee recognition through introduction of recognition platforms across businesses, communication through Town Halls, skip level meetings of young managers with senior leaders, reinforcement of career dialogues and improving goal clarity through the performance management system have all contributed to improving the levels of engagement across the Company. The results of the 2020 survey have also set the agenda for action plans to continue to strengthen your Company's value proposition.

Your Company strengthened its communication platform for employees this year through 'Studio One', which created an avenue for employees to hear from and engage directly with leaders. The Chairman's periodic address to employees and sharing of your Company's vision, strategy and milestones were cascaded throughout the ITC community leveraging the Studio One platform. Through the IRIS application, employees and stakeholders continue to share content related to the Company across social media platforms, building awareness about brands, services and initiatives.

Driven by an ambitious growth agenda, your Company has commissioned several world-class Integrated Consumer Goods Manufacturing and Logistics facilities across the country and the footprint is in the process of being expanded further. Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the marketplace. It also recognises the mutuality of interests with key stakeholders and is committed to building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are cost competitive, flexible and responsive. The Employee Relations

philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed to building a robust platform which has aided the conclusion of long-term agreements at several of its manufacturing units and hotel properties. Smooth commencement of operations at greenfield locations and the execution of productivity improvement practices was ensured. Several initiatives have been taken to foster a culture of commitment amongst the demographically diverse workforce in these new facilities.

The COVID-19 pandemic and the consequent lockdown posed a formidable challenge to the Company's operations and its stakeholders. Recognising early, the potential impact of the pandemic, your Company operationalised the Central and Business specific Contingency Teams which initiated several preventive actions under the supervision of the Corporate Management Committee. With several of our units engaged in the supply of essential products and therefore remaining operational, ensuring a safe working environment in the new context was the highest priority.

The highest standards of safety and precautionary measures were established in every Unit, extensive distribution of personal protective equipment undertaken, and working from home adopted wherever the nature of work permitted such arrangements. Extensive communication and training on safety protocols – for the work place and for employee homes and communities, adoption of technology enabled solutions to ensure compliance and prevention and periodic updation of such measures reflecting the changing scenario, formed the cornerstone of providing a safe and secure workplace. As an illustration, your Company introduced a mobile phone based application for employees that serves as a single point of information on all COVID-19 related Company advisories, various employee led initiatives in the context of the pandemic and the technology enablement to contact trace when required.

During these difficult times, your Company reached out to the disadvantaged and weaker sections of society, and with the active participation of employees, provided support and assistance across a large number of locations. Under such challenging circumstances, your Company's employees and business associates

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continued to ensure that the manufacture and supply of essential products remained largely undisturbed. The changed circumstances witnessed a surge in the utilisation of on-line training content, which witnessed eleven-fold increase, having been curated and extensively communicated to employees. This was supplemented with the provision of counselling services and other employee wellness programmes, internal communication drives across a spectrum of platforms recognising the role of employees in reaching essential products to consumers and direct communication by leaders across the Company with employees, addressing queries and engaging with them. The response to the pandemic, saw your Company's employees scale new heights in collaboration and nation orientation, and go beyond the call of duty in supporting those in distress and reinforcing your Company's trust with consumers.

Your Company believes that the drive for progress is in never being satisfied with the status quo. We are confident that each and every one of your Company's over 28,000 employees will relentlessly strive to meet the bold growth agenda, deliver world-class performance, innovate newer and better ways of doing things, uphold human dignity, foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance.

Your Company is committed to perpetuate this vitality of ITC – its growth as a value generating engine and also as an exemplary institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

Details of constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility Report', forming part of Report and Accounts.

WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to bring to the Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information, that could adversely impact your Company's operations, business performance and/or reputation.

The Policy provides that your Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of the Company. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year. The Whistleblower Policy of the Company, originally approved in the year 2014, was comprehensively reviewed recently. The revised Policy, which was approved by the Audit Committee and endorsed by the Board, is available on your Company's corporate website 'www.itcportal.com'.

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Inspired by the opportunity to sub-serve larger national priorities, your Company redefined its Vision to not only reposition the organisation for extreme competitiveness but also make societal value creation and environmental replenishment the bedrock of its corporate strategy. This super-ordinate Vision spurred innovative strategies to address some of the most challenging societal issues including widespread poverty, unemployment and environmental degradation. The sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

Your Company is today a global exemplar in sustainability. It is a matter of immense satisfaction that your Company's models of sustainable development have led to the creation of sustainable livelihoods for over six million people, many of whom belong to the marginalised sections of society. Your Company has also sustained its position of being the only Company in the world of comparable dimensions to have achieved the global environmental distinction of being carbon positive (for 15 consecutive years), water positive (for 18 years in a row) and solid waste recycling positive (for 13 years in succession).

To contribute to the nation's efforts in combating climate change, your Company's strategy of adopting

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a low-carbon growth path is manifest in its growing renewable energy portfolio, establishment of green buildings, large-scale afforestation programme and achievement of international benchmarks in energy and water consumption. During the year, over 41% of your Company's total energy requirements were met from renewable energy sources - a creditable performance given its expanding hotels and manufacturing footprint.

Your Company has adopted a comprehensive set of sustainability policies that are being implemented across the organisation in pursuit of its Triple Bottom Line agenda. These policies are aimed at strengthening the mechanisms of engagement with key stakeholders, identifying material sustainability issues and progressively monitoring and mitigating the impact along the value chain of each Business.

Your Company's 16th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for the year 2018-19. This report is in conformance with the Global Reporting Initiative (GRI) standards under 'In Accordance – Comprehensive' category and is third-party assured at the highest criteria of 'reasonable assurance' as per International Standard on Assurance Engagements (ISAE) 3000. The 17th Sustainability Report, covering the sustainability performance of your Company for the year 2019-20, is being prepared in accordance with the GRI Standards and will be made available shortly.

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

Corporate Social Responsibility (CSR)

In addition to the regular Social Investments Programme (SIP) of your Company, in these extraordinary times of COVID-19, the immediate and most pressing need was to provide assistance and relief to the poor and vulnerable in the short run and ensure their economic rehabilitation in the long run. Your Company has always risen to the challenge of mitigating the worst impacts of major natural disasters that threaten the well-being and livelihoods of its stakeholders. Your Company

along with ITC Education and Healthcare Trust and ITC Rural Development Trust has set up a COVID Contingency Fund of ₹ 215 crores to help the victims of the COVID-19 pandemic and in controlling its spread. A large part of the fund has been utilised towards providing relief to the poor and vulnerable sections of society who are facing severe disruptions to their livelihoods. The actions include (a) providing food and personal hygiene products to District Authorities and other government bodies whose eco-system reaches out to the weakest sections of society; (b) supply of dry ration kits or cooked food to migrant labour camps and for doctors in government hospitals; (c) supply of PPEs to district hospitals and to the frontline staff of the health department; and (d) contribution to the PM CARES Fund.

In addition to the Company's CSR funds being partly redeployed towards COVID-19 relief and assistance:

- The ITC Education and Healthcare Trust has provided financial assistance to Chief Minister's Relief Funds of states which have witnessed the worst outbreak of the pandemic and are engaged in minimising its spread.
- The ITC Rural Development Trust has provided funds with the aim of (a) distributing hampers containing essential food products and personal hygiene products amongst beneficiaries in identified geographies across India; (b) providing assistance to appropriate entities engaged in combating and controlling the spread of the COVID-19 pandemic; and (c) contributions to identified Civil Society Organisations engaged in providing relief to the poor and vulnerable groups suffering economic privations brought upon by the COVID-19 pandemic.

Your Company's overarching commitment to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, your Company adopted a Comprehensive CSR policy in 2014-15 outlining programmes, projects and activities that it plans to undertake to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII read with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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The key elements of your Company's CSR interventions are to:

- deepen engagement in identified core operational geographies to promote holistic development and design interventions in order to respond to the most significant development challenges of your Company's stakeholder groups.
- strengthen capabilities of Non-Government Organisations (NGOs)/Community Based Organisations (CBOs) in all the project catchments for participatory planning, ownership and sustainability of interventions.
- drive the development agenda in a manner that benefits the poor and marginalised communities in your Company's factory and agri-catchments, thereby significantly improving Human Development Indices (HDI).
- ensure behavioural change through focus on demand generation for all interventions, thereby enabling participation, contribution and asset creation for the community.
- continue to strive for scale by leveraging government partnerships and accessing the most contemporary knowledge/technical know-how.

Your Company's stakeholders are confronted with multi-dimensional and inter-related concerns, at the core of which is the challenge of securing sustainable livelihoods. Accordingly, interventions under your Company's SIP are appropriately designed to build their capacities and promote sustainable livelihoods.

The footprint of your Company's projects is spread over 27 states/union territories covering 254 districts.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme, the largest of its kind in the private sector, greened 35,193 acres during the year. It is currently spread across 18 districts in 8 states covering 3.64 lakh acres in 5,292 villages. Together with your Company's Farm Forestry programme, this initiative has greened over 8.02 lakh acres till date and has generated about 147 million person days of employment for rural households, including poor tribal and marginal farmers. Integral

to the Social Forestry programme is the Agro-Forestry initiative, which cumulatively extends to over 1.16 lakh acres and ensures food, fodder and wood security.

Besides enhancing farm level employment, generating incomes and increasing green cover, this large-scale initiative also contributes meaningfully to the nation's endeavour to create additional carbon sinks for tackling climate change.

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka, Chhattisgarh and Odisha. In the states of Tripura, Assam and Maharashtra this initiative is also creating bamboo wood source that is suitable for agarbatti manufacturing.

Soil and Moisture Conservation

The Soil and Moisture Conservation programme aims to ensure water security for all stakeholders in the factory catchments and to drought-proof the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. The programme promotes development and management of local water resources in moisture-stressed areas by facilitating community participation in planning and implementing such measures as well as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 37 districts in 15 states. During the year, the area under watershed management increased by 1.22 lakh acres, taking the cumulative coverage area till 2019-20 to over 11.33 lakh acres. 2,946 water-harvesting structures were built during the year, creating 3.68 million kilolitres of rainwater harvesting potential, taking the total number of water harvesting structures to 18,985 and the net water storage to 38.16 million kilolitres.

Biodiversity

The focus of the programme is on reviving the ecosystem services provided to agriculture by nature such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered 9,280 acres, taking the

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cumulative area under biodiversity conservation to 30,919 acres in 13 districts and 7 states. While the conservation work is being carried out in select plots of village commons, this intervention significantly benefits agricultural activity in the vicinity of these plots through soil moisture retention, carbon sequestration and by acting as hosts to insects and birds.

Sustainable Agriculture

The Sustainable Agriculture programme attempts to de-risk farmers from erratic weather events through promotion of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services. Currently, 6.54 lakh acres are covered under the programme, which has a significant multiplier effect in terms of adoption by the farming community. During the year, knowledge was disseminated through 4,786 Farmer Field Schools and 2079 Choupal Pradarshan Khets benefiting 2.72 lakh farmers. 353 Agri Business Centres delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, a total of 5,572 compost units were constructed during the year taking the total number till date to over 45,966 units.

The 'Village Adoption Programme' pioneered by your Company's Agri Business presently covers 223 model villages in the states of Andhra Pradesh, Karnataka, Telangana and Rajasthan. This initiative is aligned to the Prime Minister's Sansad Adarsh Gram Yojana (SAGY), an initiative to promote holistic rural development. Your Company had entered into a partnership with NITI Aayog in April, 2018 to improve agriculture and other allied services in 27 aspirational districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh). The plan is to train government officers who, in turn, would cascade the methodology to farmers. During the year, 864 agricultural department staff were trained as Master Trainers and 5,147 village level staff as Village Resource Persons who have trained 9.73 lakh farmers. Additionally, 2.43 lakh farmers were trained by your Company directly during the year. The total number of farmers trained in 3 seasons including

Rabi 2018-19 is 15.58 lakh and 15 crops were covered in training. The results of the programme show that productivity has increased significantly by 53%, cost of cultivation has dropped by up to 15% and net farmer incomes have increased in the range of 33% to 100%.

The 'Baareh Mahine Hariyali' programme in certain districts of Uttar Pradesh (Chandauli, Ghazipur, Prayagraj, Varanasi) is a pioneering initiative to facilitate farmers to enhance their incomes. This programme is founded on a 360-degree, multipronged approach with interventions such as increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, prices and weightment. In some regions, taking a holistic approach to income diversification as an adjacency, livestock development, women empowerment and agro forestry are also included. Over 2 lakh farmers have already benefited from the interventions under the 'Baareh Mahine Hariyali' programme – over 30000 farmers who have adopted the package of practices reported doubling of income and those who have implemented the programme partially reported increase in their incomes by 30% to 75%.

Livestock Development

The programme provides an opportunity for farmers to improve their livestock based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices. The programme provided extension services, including breeding, fodder propagation and training of farmers in 5 states and 19 districts. During the year, 1.38 lakh artificial inseminations were carried out which led to the birth of 0.56 lakh high yielding progeny. Cumulatively, the figures for artificial inseminations and calving stand at 25.05 lakh and 8.69 lakh respectively.

Your Company is also working with dairy farmers in Bihar and Punjab to improve farm productivity through several extension services and to facilitate higher milk production. Qualified teams comprising veterinarians and para-veterinarians have been deployed to facilitate animal breeding, animal nutrition and animal health

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services towards improving farm productivity and promoting commercial dairy farming among farmers. During the year, 70,032 cattle of 40,989 dairy farmers across 484 villages in 8 districts of Bihar and 2 districts of West Bengal were supported through training programmes on clean milk production, mastitis control and animal husbandry services like deworming, ectoparasite control, etc.

Women Empowerment

This initiative provided a range of gainful employment opportunities to over 74,000 poor women cumulatively, supported with capacity building and financial assistance by way of loans and grants. Included in the total are 29,184 ultra-poor women in the Company's core catchments, who have access to sustainable sources of income through non-farm livelihood opportunities. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was rolled out in 15 districts during the year, taking the total districts covered till date to 26. 1,062 Super Trainers were trained directly and they in turn trained 2,592 Master Trainers who cascaded the training to 19,267 Self Help Groups (SHGs) covering 1,94,433 women across 1,703 villages. 98,441 women of those trained have been linked to Government social security schemes.

Education

The Primary Education programme aims to provide children from weaker sections of society in your Company's factory catchments access to education with focus on learning outcomes and retention. Operational in 26 districts of 13 states, the programme covered 0.84 lakh children during the year, thus taking the total coverage to over 7.75 lakh children. 273 government primary schools were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units and furniture, taking the total number of government primary schools covered till date to 1,842. To ensure sustainable operations and maintenance of infrastructure provided, 680 School Management Committees were strengthened and 644 Child Cabinets and Water and Sanitation (WATSAN) Committees cumulatively were formed in various schools with the active involvement of students and teachers.

Skilling & Vocational Training

This programme provides training in market linked skills to the youth to enable them to compete in the job market. 14,014 youth were enrolled under different courses during the year of which 44% were female and 34% belonged to the SC/ST communities. Cumulatively, 81,510 youth have been enrolled under this programme. The programme is operational in 34 districts of 17 states.

In addition, 13 trainees have graduated in 2019-20 and 27 trainees are currently enrolled in the ITC Basic Kitchen Skills Foundation Programme of ITC Hospitality Management Institute, which is a comprehensive undergraduate programme on kitchen services. Since the inception of ITC Culinary Skills Training Centre in Chhindwara in 2014, 143 trainee chefs have successfully completed the six-month programme wherein cooking skills are imparted to youth from economically marginalised communities.

Health & Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene. To promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases, 1,597 Individual Household Toilets (IHHTs) were constructed in 28 districts of 15 states in collaboration with the respective State Governments/ District sanitation departments. With this, a total of 37,513 IHHTs have been constructed so far in your Company's catchment areas. In addition, 19 community toilets were constructed/renovated in Bihar and West Bengal during the year, taking the total to 81. Along with sanitation infrastructure development, special focus was given to awareness campaigns to create demand and drive behavioural change.

To make potable water available to local communities in three districts of Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in certain villages. 15 new RO plants were established in 2019-20 taking the total to 142, which provide safe drinking water to over 1.75 lakh rural people.

Your Company continued to enhance awareness on various health related issues through a network of 430 women Village Health Champions (VHCs) who covered nearly 3.04 lakh women, adolescent girls and

school children during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. Apart from making door-to-door visits focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition, VHCs conduct group meetings with the women and adolescent girls, school activities, and door to door activation in the villages.

Through your Company's 'Swasth India Mission', a combination of audio-visual aids, games and practical training was leveraged to encourage healthy hygiene habits. Nearly 14.86 lakh children from around 5,124 schools in 49 cities in 11 states were covered during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to all the students covered in these 5,124 schools.

Your Company's Swasth India Mission programme has been a front runner in driving behavioural change towards good hand hygiene habits since its inception in 2016. The programme has delivered demonstrated success in terms of seeding hygiene habits in primary school children.

In 2019-20, the programme covered 5154 schools in 11 states reaching out to 14.96 lakh children and has cumulatively covered over 15,000 schools in 82 towns and nearly 56 lakh children. The programme was supported by awareness building communication such as 'germ-fu' and 'hidden monsters' to engage children and parents through social media. With the outbreak of COVID-19, the need to accelerate awareness on hand hygiene became even more critical. To address this, the programme utilised known public figures to spread the message on staying safe from COVID-19. These campaigns were put out in TV, print and digital media. During the year, schools and students were also enabled with access to hygiene products as a continuing feature of the programme.

Over 72,000 beneficiaries were covered under Mother and Child Health initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. This was achieved by strengthening institutional capacity, promoting greater convergence with existing government schemes and increasing access to basic services on

maternal, child & adolescent health and nutrition, and child protection.

Solid Waste Management

Your Company's waste recycling programme, 'WOW – Well-Being Out of Waste', enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. The programme continued to be executed in Coimbatore, Chennai, Bengaluru, Mysuru, Chikmagalur, Delhi, Muzaffarpur (Bihar) and several districts of Telangana & Andhra Pradesh besides being expanded to Kochi and Tiruppur during the year. The quantum of dry waste collected during the year was 74,300 tonnes from 786 wards. The programme has covered 125 lakh citizens, 52 lakh school children and 2,000 corporates since its inception. It has created sustainable livelihoods for 16,205 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. The intervention has also created over 189 social entrepreneurs who are involved in maximising value capture from dry waste collected. In Pune, your Company is spearheading a circular economy based first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme. As a part of this initiative, your Company has created viable recycling options for post-consumer multi-layered plastic packaging, using the expertise resident within the ITC Life Sciences and Technology Centre for converting multi-layered plastics into useful items of consumption. In 2019-20, this 360-degree model for sustainable management of MLP packaging waste channelised around 500 MT of Multi-Layer Plastic (MLP)/Low Value Plastic (LVP) waste for recycling.

The 'Mangaldeep Green Temple' initiative, powered by your Company's Social Investments programme 'Mission Sunehra Kal', aims to manage waste close to the temple, thereby minimising associated costs and waste to landfill. This initiative involves deployment of technologies and community involvement to foster a self-sustainable, scalable and replicable model for management of offerings in temples. The initiative has reached out to 76 temples in 3 districts of Tamil Nadu till date.

In addition to WOW, a separate programme on solid waste management which deals with both wet and dry waste is operational in 16 districts of 11 states

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covering 3,13,228 households and collected 22,757 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by 20,635 households. In 2019-20, 14,776 MT of wet waste was composted, 4,537 MT of dry waste recycled and only 15% of the total waste was sent to landfills.

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA/Academy), established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. The Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani classical music based on the age-old principle of 'Guru-Shishya Parampara'. The eminent Gurus of the academy, impart intensive training and quality education in Hindustani classical music to the scholars. The present Gurus of the Academy are Padma Bhushan Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar. The Academy's focus continues to be on nurturing exceptionally gifted students selected from across the country through a system of multi-level audition. Full scholarship is provided to them to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. Creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy continues to be the Academy's objective.

Forging Partnerships with NGOs

The meaningful contribution made by your Company's Social Investments Programme to address some of the country's key development challenges, has been possible in significant measure, due to your Company's partnerships with globally renowned NGOs such as BAIF, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, WASH Institute and Water for People, amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to

provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

CSR Expenditure

The annual report on Corporate Social Responsibility activities as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in the Annexure forming part of this Report.

Environment, Health & Safety

Your Company's Environment, Health & Safety (EHS) strategies are directed towards achieving the greenest and safest operations across all your Company's units by optimising natural resource usage and providing a safe and healthy workplace. Systemic efforts continue to be made towards natural resource conservation by continuously improving resource-use efficiencies and enhancing the positive environmental footprint following a life-cycle based approach.

Your Company believes that a safe and healthy work environment is a prerequisite for ensuring employee well-being, and adopting best practices in occupational health & safety bears a direct impact on its overall performance. With an aim to percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, your Company has developed a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

Your Company is addressing the critical area of climate change mitigation through several innovative and pioneering initiatives. These include continuous improvement in energy efficiency, enhancing the renewable energy portfolio, integrating green attributes into the built environment, better efficiency in material utilisation, maximising water-use efficiencies and rainwater harvesting, maximising reuse and recycling of waste and utilising post-consumer waste as raw material.

Energy Conservation and Renewable Energy

As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy

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from fossil fuels. Accordingly, all factories incorporate appropriate green features and premium luxury hotels & office complexes continue to be certified at the highest level by either the US Green Building Council, *Indian Green Building Council* or the *Bureau of Energy Efficiency (BEE)*. Despite the addition of several Integrated Consumer goods Manufacturing and Logistics (ICMLs) facilities, expansion in the manufacturing capacity of Value Added Paperboards and Hotels during the year, over 41% of your Company's total energy requirements were met from renewable sources such as biomass, wind and solar.

Your Company is well positioned to benefit from energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. Your Company continues its efforts to achieve a 50% renewable energy share in its total energy consumption through a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

Water Security

With water scarcity increasingly becoming an area of serious concern, your Company continues to focus on an integrated water management approach that includes water conservation and harvesting initiatives at its units while at the same time working towards meeting the water security needs of all stakeholders at the local watershed level. Interventions have been rolled out to improve water-use efficiencies by adopting latest technologies and increasing reuse & recycling practices within the fence while also working with farmers and other community members towards improving their water-use efficiencies. The supply side interventions include enhancing capture & storage of rainwater (in soil and storage ponds) and recharging aquifers. Additionally, efficacy studies are also being carried out across sites in order to verify effectiveness of the interventions. As on March 31, 2020, your Company's integrated watershed development projects covered over 1.13 million acres and have created a net water storage of 38.16 million kilolitres, which is over 3 times the net water consumed by ITC's operations in 2019-20.

In 2019-20, Paperboards & Speciality Papers unit at Kovai earned a unique distinction of being only the second facility in the world and first in India to be awarded the Alliance for Water Stewardship (AWS) Platinum-level certification – the highest recognition for water stewardship in the world.

Greenhouse Gases and Carbon Sequestration

The greenhouse gas (GHG) inventory of your Company for the year 2019-20 compiled as per the ISO 14064 Standard has been assured, as in the earlier years, at the highest 'Reasonable Level' by an independent third party. The GHG inventory covers emissions from ITC's operations and GHG removals from ITC's large-scale forestry programmes.

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

ITC Grand Chola, the 600-key super-premium luxury hotel in Chennai, is amongst the world's largest LEED® Platinum certified green hotels, besides holding a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC.

Several of your Company's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE). Large infrastructure investments, such as the ITC Green Centre at Manesar and the ITC Green Centre at Bengaluru (both are LEED® Platinum certified) continue to demonstrate your Company's commitment to green buildings. Virginia House and ITC Centre, Kolkata – the headquarters of your Company, are also now USGBC

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certified at the highest 'LEED Platinum' rating. To date, 30 buildings of your Company have achieved Platinum certification by USGBC/IGBC. In order to continually reduce your Company's energy footprint, green features are integrated in all new constructions and also incorporated in existing hotels, manufacturing units, warehouses and office complexes.

Over twice the amount of carbon-dioxide emissions from your Company's operations, are being sequestered through its Social and Farm Forestry initiatives. Besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, these initiatives help greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and enhance ground water recharge.

Towards a Circular Economy

Your Company continues to make significant progress in reducing specific waste generation through constant monitoring and improvement of efficiencies in material utilisation and also in achieving almost total recycling of waste generated in operations. In this way, your Company has prevented waste reaching landfills and the associated problems of soil and groundwater contamination and GHG emissions, all of which can adversely impact public health. In the current year, your Company has achieved over 99% waste recycling, with the Paperboards and Specialty Papers Business, which accounts for 87% of the total waste generated in your Company, recycling 99.9% of the total waste generated by its operations. During the year, this Business also recycled over 85,000 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Your Company aims to go beyond the requirements of Plastic Waste Management Rules, 2016 to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable. Your Company is working towards optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting the integrity of the product. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste. Your Company is also working towards establishing scalable, replicable

and sustainable models of municipal solid waste management based on circular economy principles. The approach is centred around treating waste as a resource and ensuring that zero waste goes to landfill, which can be achieved only when waste is segregated at source. The initiatives focus on educating citizens on segregating waste at source into dry and wet waste streams and ensuring that value is derived from these resources and in the process create sustainable livelihood for waste collectors and rag-pickers. These models operate on a public-private partnership basis with active involvement of Urban Local Bodies, Civil Society and the informal sector of waste collectors.

Under its flagship 'Wellbeing Out of Waste' (WOW) programme running across various cities in Karnataka, Bihar, Delhi, Tamil Nadu, Andhra Pradesh, Telangana and Kerala, over 20,000 MT of post-consumer plastic waste including around 10,650 MT of LVP, comprising of multi-layered plastic and thin films, is being collected annually. The LVP waste collection programme at Pune in collaboration with SWaCH, a cooperative of waste pickers continued to scale up covering 13 wards across the city with over 1000 waste collectors participating in the programme. During the year, the programme successfully channelised around 500 MT of post-consumer LVP waste to an authorised recycler.

Safety

'Safety by Design' and 'Safety by Culture' are the two pillars of your Company's safety strategy.

Your Company follows 'Safety by Design' by continuously striving to improve on safety performance by incorporating best-in-class engineering standards in the design and project execution for all investments in the built environment. This helps reduce potential hazards as well as optimise operational costs. In addition, Environment, Health & Safety audits are being carried out to verify compliance with standards.

'Safety by Culture' looks at driving behavioural changes so that safety is ingrained in the culture of the organisation across operating units. Your Company has also pioneered the usage of Design Thinking principles for seamless integration of safety in business operations. This initiative has resulted in significant positive behavioural changes.

Several national awards and certifications received by various units reaffirm your Company's commitment to provide safe and healthy workplace for all.

Promoting Thought Leadership in Sustainability

The 'CII-ITC Centre of Excellence for Sustainable Development', established by your Company in 2006 in collaboration with the Confederation of Indian Industry (CII), continues to focus on its endeavour to promote sustainable business practices amongst Indian enterprises. The major highlights for the year include the following:

- The Climate Leadership Conference was organised on 1st August, 2019 in New Delhi to showcase India's leadership on climate action and brought together thought leaders, scholars and corporate professionals to position ideas and implement actions. The conference hosted four sessions on topics including building disaster resilient infrastructure; start-up eco-system on innovation; supply chain greenhouse gas emission challenges; and new government's agenda on climate change.
- 14th Sustainability Summit - Science, Systems and Sustainability held on 28th-29th August, 2019 in New Delhi was attended by 200 participants and 80 speakers. Key dignitaries included Mr Piyush Goyal, Hon'ble Minister of Railways, Commerce and Industry, Government of India, Mr. Amitabh Kant, CEO, NITI Aayog, and Mr Sanjiv Puri, Chairman and Managing Director, ITC Limited.
- A report titled 'The Un-Plastic Strategy' that summarises the challenges relating to management of plastic waste and provides businesses a strategy to combat the issue, was released. In addition, the 'Un-Plastic Collective (UPC)', a voluntary multi-stakeholder initiative was launched by UN-Environment Programme India, the Centre and WWF-India, with the objective to eliminate plastic pollution and move towards a circular economy.
- CII Sustainability Awards: 75 applications were received across industry sectors, of which 29 qualified for recognition.
- Plastic Waste Management: Consultative sessions were organised along with the Ministry of Environment, Forest and Climate Change (MoEFCC) and relevant

stakeholders to draft a National Framework on Extended Producer Responsibility (EPR) for plastic waste management. Recommendations shared with MoEFCC, included e-Governance of Registration under Plastic Waste Management Rules, 2016, EPR Return Filing System, EPR Credit pricing mechanism and online registration of producer responsibility organisation (PROs) at the state level.

- India Business and Biodiversity Initiative (IBBI):
 - The Centre participated in a two-day workshop on Access and Benefit Sharing (ABS) organised on 20th and 21st May 2019 as a part of the Union Ethical Bio Trade (UEBT) Conference 'Beauty of Sourcing with Respect', in Paris, France. The workshop focused on the ABS regulations under the Nagoya Protocol, Convention on Biological Diversity (CBD).
 - The Centre participated in the UNCCD COP 14, side event on 'Sustainable Land Management Practices by Indian Business' on 4th September, 2019 at India Expo Mart, Greater Noida. On 7th September, 2019, in collaboration with the World Business Council for Sustainable Development (WBCSD), the Centre organised a Business Day at the Expo Mart on combating land degradation and desertification.
- India CEO Forum on Air Pollution: The Centre organised a forum on Air Pollution on 23rd July, 2019 in New Delhi where eighteen CEOs across industries came together to form a core group for 3 years (2019-2022) under the 'National Initiative: Cleaner Air- Better Life', with a mission to accelerate clean air action in India. The objectives of this forum are to formulate sectoral roadmaps to reduce emissions, get voluntary commitments from companies and enable peer-learning for reducing air pollution.
- The Clean Industry Report was released in partnership with NITI Aayog On 16th November, 2019, which presents recommendations of the Task Force on Clean Industry for reducing air pollution from major industrial sources in the airshed of Delhi/NCR. The major recommendations include i) new policy mandates and incentives for prioritising clean fuels in electricity generation; ii) system-wide changes for leapfrogging to higher co-firing ranges for locally

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available farm biomass in existing thermal power plants; and iii) more stringent environmental norms for diesel generators, as per global benchmarks.

- UNFCCC Conference of Parties (COP 25): The Centre organised a session on 'Practices from Indian Railways and Auto Sector Towards Climate Mitigation' as part of the UNFCCC COP 25, at the India Pavilion, IFEMA, Madrid on 13th December, 2019. The objective of the session was to understand how to bring low carbon transition to the sector.
- Circular Economy and Resource Efficiency: On 17th February, 2020 the Centre certified Delhi International Airport Limited (DIAL) for successful implementation of 'Single Use Plastic Free Airport' measures within IGI Airport's operation, voluntarily.

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

Your Company's pursuit of the triple bottom-line approach has allowed it to develop unique, sustainable and industry-leading solutions to some of the most pressing sustainable development challenges being faced by our country. Combining deep-rooted insights, perspectives and on-ground managerial expertise with meaningful collaborations and partnerships, your Company has created sustainable, scalable and replicable business models in response to these challenges. Some of these include the revolutionary ITC e-Choupal ecosystem which has empowered over 4 million farmers, the Social and Farm Forestry Initiative which has created over 147 million person-days of employment, the Integrated Watershed Development that brings soil and moisture conservation to over 1 million acres, and the circular economy based waste management models which enabled recycling of around 80,000 MT of dry waste in 2019-20.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company's strong portfolio of world-class brands and products continues to be supported by cutting-edge R&D by the globally benchmarked, state-of-the-art ITC Life Sciences and Technology Centre (LSTC)

in Bengaluru. LSTC's mandate is to drive science-led product innovation with a world-class team of over 350 highly qualified scientists. Their focus is on designing differentiated products to address unique needs and deliver superior benefits to Indian consumers.

Your Company's LSTC is working on game-changing R&D - driving science-led product innovation. LSTC harnesses contemporary advances in relevant core areas of science and technology whilst seamlessly integrating classical concepts of product development and cross-business synergies. This challenging task of driving science-led product innovation is being crafted by building relevant contemporary set of core competency areas in science and product development.

LSTC has evolved over the years and is presently resourced with highly qualified scientists, with over 900 patents filed, world-class scientific infrastructure and state-of-the-art facilities to conduct experimental research, rapid prototyping and process development. Centres of Excellence in Biosciences, Agrisciences and Materials have been established over the past few years. In addition, rigorous systems, processes and industry best practices have enabled securing global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumers.

Your Company has been a forerunner in introducing first-to-the-market innovative products for Indian consumers. In the context of the COVID-19 pandemic, LSTC researchers and product development teams have developed and delivered a range of innovative and superior products to meet consumer needs in Foods and Personal Care businesses. The future ready scientific platforms in hygiene, health and immunity ensured speedy intervention and response to the COVID-19 pandemic, with a number of hygiene, health and immunity products to serve the nation's needs. Your Company's unique competencies in Materials and Packaging have focused on delivering innovative recyclable and bio-compostable packaging solutions in line with the environmental sustainability agenda. LSTC has created long term research platforms to evolve multi-generation product concepts.

LSTC has been working on a strategy of building new synergistic value chains in hygiene and nutrition targeted

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for the Indian consumer. Innovative science-based programmes have been initiated to reduce salt, sugar and fat from the recipes of packaged food products without compromising on sensory attributes. Multiple value propositions have been identified in areas of functional foods and personal hygiene where progress is being made towards developing products to propel future growth. Similar advances in materials chemistry, paper sciences and agronomy have been established to develop compelling propositions to deliver value-added environmentally friendly solutions to our customers and consumers.

In the Agrisciences domain, LSTC is engaged in an ambitious R&D programme to address future demand of food security, improving yields & quality and developing new varieties. LSTC, in collaboration with the Agri Business Division endeavours to ensure contemporary science outcomes are fully integrated across the value chain from farm to factory. Scientific platforms in silviculture continue to deliver new clones in tandem with Paperboards and Specialty Papers Division (PSPD) to enhance wood productivity and pulp quality for sustainable agroforestry and farmer profitability.

In line with your Company's relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on materials, training, processes and systems to enhance their quality competitiveness. During the year, your Company's Hotels Business leveraged its 'Lean' and 'Six Sigma' programmes to improve business process efficiencies. This will further enhance capability to create superior customer value through a service excellence framework. The Paperboards, Paper & Packaging Businesses continued to pursue 'Total Productive Maintenance' (TPM) programmes with focus on customer delivered quality.

All manufacturing units of your Company have ISO quality certification. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and Hotels operate in compliance with stringent food safety and quality standards. Almost all Company owned units/hotels and contract manufacturing units of the Branded Packaged Foods Businesses are certified by an accredited third party in accordance with 'Hazard Analysis Critical Control Points'

(HACCP)/ISO 22000 standards. Additionally, the quality of all FMCG products of your Company is regularly monitored through 'Product Quality Ratings Systems' (PQRS) which measure competitive superiority of your Company's product offerings.

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, in respect of some of the show cause memoranda issued by the Directorate, after hearing arguments on behalf of your Company, the appropriate authority has passed orders in favour of your Company, and dropped those memoranda.

In respect of some of the remaining memoranda, your Company filed writ petitions challenging their validity. The Hon'ble Calcutta High Court, by its orders, allowed these writ petitions, and the proceedings in respect of these memoranda were quashed. The Enforcement Directorate filed appeals against these orders before the Division Bench of the Calcutta High Court, which are pending.

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

TREASURY OPERATIONS

During the year, your Company's treasury operations continued to focus on deployment of surplus liquidity and management of foreign exchange exposures within a well-defined risk management framework.

In a bid to revive the Indian economy, which witnessed a sharp slowdown during the year, the Government introduced several measures to support the banking, housing and MSME sectors and announced a sharp reduction in corporate Income Tax rates in September 2019. The Reserve Bank of India (RBI) also adopted an accommodative monetary stance, cutting the repo rate by a cumulative 185 basis points since April 2019, besides deploying several liquidity management tools which pushed the banking system liquidity into surplus from a deficit position at the beginning of the year. This led to a sharp decline in market interest rates during the year. The decline was more pronounced in short maturity securities as compared to those with longer

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maturities due to market apprehension of higher borrowing by the Government to offset shortfall in revenue collections. Borrowing cost for private sector entities also remained elevated due to market concerns over liquidity profile of NBFCs and highly leveraged corporate groups, arising out of default by some large corporates in servicing their market borrowings and RBI placing a large private bank under moratorium.

Subsequently, the onset of COVID-19 pandemic triggered a risk-off sentiment in financial markets and Foreign Institutional Investors (FII) pulled out of emerging market assets including Indian debt/equity markets. The resultant volatility pushed market interest rates higher. Towards the end of March 2020, the RBI, in tandem with concerted action by other global Central Banks, announced a 75 basis points cut in repo rate along with several other measures to enhance liquidity and ease stress in the financial sector. This improved market sentiment and reduced volatility in interest rate movements.

All investment decisions relating to deployment of surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Treasury operations focused on proactive rebalancing of portfolio duration and mix in line with the evolving interest rate environment. Further, in an environment of heightened stress in corporate bond markets, your Company's risk management processes ensured that investment of surplus liquidity was made after careful evaluation of underlying risk while remaining focused on capturing market opportunities. The ongoing practice of continuous review and monitoring of credit worthiness, including engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

The key themes that influenced currency markets during the year were US-China trade negotiations and Brexit. To insulate their economies from the slowdown in global economy due to the trade war, central banks across the world adopted expansionary monetary policies and resorted to rate cuts and asset purchase programs. On the domestic front, whilst strong FII inflows on the back of a decisive mandate in the General Elections led to Rupee appreciation initially, global risk aversion arising out of US-China trade developments induced volatility and caused sharp depreciation of the Rupee.

Slowdown in domestic growth and manufacturing activity exacerbated the situation. Rupee pared some of the losses by end December 2019, due to positive sentiments arising out of reduction in corporate Income Tax rate and expectation of positive Balance of Payments for the year as a result of capital inflows and lower crude oil prices. However, the spread of COVID-19 led to extreme risk aversion across the globe leading to heavy sell-off in the Indian capital markets and a sharp depreciation of the Rupee by nearly 7% during Q4 FY20.

Given the high volatility in the currency markets, your Company adopted a proactive risk management strategy and actively managed the foreign currency exposures by use of appropriate hedging strategies and instruments.

As in earlier years, commensurate with the size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including independent check of 100% of transactions by your Company's Internal Audit department.

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2020, there were no deposits due for repayment except in respect of two deposit holders with aggregate outstanding of ₹ 20,000/- which have been withheld on the directives received from the government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Schemes.

Your Company has not accepted any deposit from the public/members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

DIRECTORS

Changes in Directors

Mr. Sanjiv Puri was appointed by the Board of Directors of your Company ('the Board') as the Chairman with effect from 13th May, 2019, consequent to the demise of Mr. Yogesh Chander Deveshwar. With effect from the said date, Mr. Puri is the Chairman & Managing Director of the Company.

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Mr. Hemant Bhargava was appointed, with your approval, as a Non-Executive Director of the Company for a period of three years with effect from 12th July, 2019, representing the Life Insurance Corporation of India. Further, Mr. Sumant Bhargavan was also appointed, with your approval, as a Wholetime Director of the Company for a period of three years with effect from the aforesaid date.

Messrs. Ajit Kumar Seth and Anand Nayak, who have the required integrity, expertise and experience, were appointed by the Members as Directors and also as Independent Directors of the Company for a period of five years with effect from 13th July, 2019.

The Board, on the recommendation of the Nomination & Compensation Committee ('the Committee'), at the meeting held on 31st January, 2020, appointed Mr. Atul Jerath as an Additional Non-Executive Director of your Company with effect from the said date, representing the General Insurers' (Public Sector) Association of India ('GIPSA'). Further, the Board at the meeting held on 26th June, 2020, on the recommendation of the Committee, appointed Mr. David Robert Simpson [representing Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c.] as an Additional Non-Executive Director of your Company with effect from 28th July, 2020, upon completion of his present term on 27th July, 2020.

By virtue of the provisions of Article 96 of the Articles of Association of your Company and Section 161 of the Companies Act, 2013 ('the Act'), Messrs. Jerath and Simpson will vacate office at the ensuing Annual General Meeting ('AGM') of your Company.

On the recommendation of the Committee, the Board on 26th June, 2020, recommended for the approval of the Members, appointment of Messrs. Jerath and Simpson as Non-Executive Directors of your Company, liable to retire by rotation, for a period of three years from the date of the ensuing AGM and for a period of five years with effect from 28th July, 2020, respectively.

Ms. Nirupama Rao will complete her present term as an Independent Director of your Company on 7th April, 2021. The Board on 26th June, 2020, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of

Ms. Rao as a Director and also as an Independent Director of your Company for a period of five years with effect from 8th April, 2021, in terms of Section 149 of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Messrs. Nakul Anand and Rajiv Tandon will complete their present terms as Wholetime Directors of your Company on 2nd January, 2021 and 21st July, 2021, respectively. The Board on 26th June, 2020, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of Mr. Anand from 3rd January, 2021 and Mr. Tandon from 22nd July, 2021 as Directors, liable to retire by rotation, and also as Wholetime Directors of your Company for a period of two years and one year, respectively.

Requisite Notices under Section 160 of the Act have been received in respect of Mr. Jerath, Mr. Simpson, Ms. Rao, Mr. Anand and Mr. Tandon, who have filed their consents to act as Directors of the Company, if appointed.

Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 109th AGM of your Company.

Mr. Sahibzada Syed Habib-ur-Rehman ceased to be a Director of your Company upon completion of his term on 15th September, 2019. Further, Mr. John Pulinthanam, representing the GIPSA, stepped down from the Board with effect from 23rd December, 2019. Your Directors place on record their appreciation for the services rendered by Messrs. Rehman and Pulinthanam.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 91 of the Articles of Association of the Company, Messrs. Nakul Anand and Rajiv Tandon will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-election. The Board has recommended their re-election.

Number of Board Meetings

Six meetings of the Board were held during the year ended 31st March, 2020.

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Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your Company, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Nomination & Compensation Committee have stipulated the criteria for determining qualifications, positive attributes and independence of Directors, including Independent Directors. The Board Diversity Policy of your Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of the Company, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

The Articles of Association of your Company provide that the strength of the Board shall not be fewer than five nor more than eighteen. Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

The Independent Directors of your Company have, inter alia, confirmed that (a) they meet the criteria of independence prescribed under Section 149 of the Act and Regulation 16 of the Listing Regulations, and (b) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective, independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Act and the Listing Regulations, and are independent of the management of the Company.

Details of the Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

Board Evaluation

The Nomination & Compensation Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board, pursuant to the Act & the Rules thereunder and the Listing Regulations.

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Listing Regulations, read with the Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out against the laid down parameters, anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before the Board by the respective Committee Chairmen after discussions with their Committee members. The Independent Directors Committee of the Board also reviewed the performance of the Chairman, other non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations.

KEY MANAGERIAL PERSONNEL

During the year, Mr. Sumant Bhargavan was appointed, with your approval, as a Wholetime Director of the Company, as stated above. There were no other

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changes in the Key Managerial Personnel of your Company.

AUDIT COMMITTEE & AUDITORS

The composition of the Audit Committee is provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed with your approval as the Auditors of the Company for a period of five years till the conclusion of the 113th AGM. The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the remuneration of SRBC for the financial year 2020-21. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 109th AGM of the Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2020-21:

- (i) Mr. P. Raju Iyer, Cost Accountant, for audit of Cost Records maintained by the Company in respect of 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of the Company, other than 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products.

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 109th AGM of the Company.

The Company maintains necessary cost records as specified by the Central Government under Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

Secretarial Auditors

Your Board appointed Messrs. Vinod Kothari & Company, Practising Company Secretaries, as the Secretarial Auditors of the Company for the financial

year ended 31st March, 2020. The Report of the Secretarial Auditors pursuant to Section 204 of the Act, is provided in the Annexure forming part of this Report.

CHANGES IN SHARE CAPITAL

During the year, 3,35,99,640 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 33,59,964 Options under the Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2020, stands increased to ₹ 1229,22,31,241/- divided into 1229,22,31,241 Ordinary Shares of ₹ 1/- each. The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

EMPLOYEE STOCK OPTION SCHEMES

Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the Regulations'), are available in the Notes to the Financial Statements and can also be accessed on the Company's corporate website 'www.itcportal.com' under the section 'Shareholder Value'. During the year, there has not been any material change in the Company's Employee Stock Option Schemes.

Your Company's Auditors, Messrs. S R B C & CO LLP, have certified that the Employee Stock Option Schemes of the Company have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), accredited with the coveted ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services. ISC continues to focus on upgrading its infrastructure, systems and processes for providing contemporary and efficient services to the shareholders and investors of your Company, in compliance with the applicable statutory requirements.

Further, the 'Investor Relations' section on the Company's corporate website 'www.itcportal.com' serves

Report of the Board of Directors

as a user friendly online referencer for the shareholders and investors in respect of share related matters.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, the disclosure of Related Party Transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 is not applicable for this year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act, 2013, your Directors confirm having:

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- prepared the Annual Accounts on a going concern basis;
- laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and were operating effectively; and
- devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company's Board of Directors is responsible for the preparation of the consolidated financial statements of your Company and its Subsidiaries ('the Group'), Associates and Joint Venture entities, in terms of the requirements of the Companies Act, 2013 (Act) and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

The respective Boards of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 your Company, as aforesaid.

OTHER INFORMATION

Compliance with the conditions of Corporate Governance

The certificate from your Company's Auditors, Messrs. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed.

Integrated Report

The Company has voluntarily prepared its Integrated Report for the financial year 2019-20. As a green initiative, the Report has been hosted on the Company's corporate website at <https://www.itcportal.com/about-itc/shareholder-value/itc-integrated-report-2020.pdf>

Going Concern status

There is no significant or material order passed during the year by any regulator, court or tribunal impacting

Report of the Board of Directors

the going concern status of the Company or its future operations.

Extract of Annual Return

The information required under Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is provided in the Annexure forming part of this Report.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 4, 5, 6 and 9 to the Financial Statements.

Particulars relating to Conservation of Energy and Technology Absorption

Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy and Technology Absorption are also provided in the Annexure to this Report.

Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

Employees

The total number of employees as on 31st March, 2020 stood at 28,115.

There were 114 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 102 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 8.5 lakhs per month or more during the financial year ended 31st March, 2020. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

Dividend Distribution Policy

The Company's Dividend Distribution Policy is provided in the Annexure forming part of this Report and is also available on the Company's corporate website

'www.itcportal.com'. During the year, the Policy was amended to, inter alia, provide that effective financial year 2019-20, in the medium term, the dividend pay-out ratio of the Company is expected to be around 80% to 85% of its profits after tax.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2020, are provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its Businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

Inspired by the superordinate purpose to serve larger national priorities, your Company redefined its Vision about two decades ago to transform itself into a vibrant engine of growth that would make a substantial contribution to the Indian economy, whilst rewarding shareholders by creating growing value for the Indian society.

Over the last two decades, your Company has created multiple drivers of growth by developing a portfolio of world-class businesses across several sectors of the national economy spanning agriculture, manufacturing and services. Your Company ranks amongst the Top 3 in the private sector in terms of Contribution to the Exchequer. Over the last 20 years, your Company's Value Addition aggregated ₹ 4.9 lakh crores of which nearly 75% accrued to the Exchequer at the Central

Report of the Board of Directors

and State levels. During this period, your Company's net revenue and post-tax profit have recorded an impressive compound annual growth of 13.2% and 15.9% respectively. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 16% per annum during this period, placing your Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

In the last two decades, non-cigarette businesses have grown over 25-fold and presently constitute over 60% of net segment revenue. In aggregate, the non-cigarette businesses account for over 85% of your Company's operating capital employed, about 90% of the employee base and over 90% of annual investments.

Your Company today, is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboard and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices.

Aligned with the Government's 'Make in India' and 'Atmanirbhar Bharat' missions, your Company is building national assets in the manufacturing and tourism sector. Over the years, several world-class Integrated Consumer Manufacturing & Logistics facilities have been built and others are in various stages of implementation/planning across the length and breadth of the country facilitating regional and national economic development besides delivering sustainable competitive advantage to your Company's FMCG businesses. Recognising that tomorrow's world will belong to those who create, own and nurture intellectual capital, your Company continues to invest in augmenting the capability of its globally benchmarked Life Sciences and Technology Centre to ensure that its Businesses are future-ready and contribute to building intellectual property assets for the nation. Robust analytical models using AI/ML and

emerging digital technologies are being harnessed to obtain real-time predictive and prescriptive actionable insights and drive sustainable competitive advantage.

Your Company's diverse talent pool of professional entrepreneurs, 'proneurs', have the unique opportunity to create categories, products and brands right from scratch. This talent pool is being nurtured not only to create winning products and services for today, but also to seize larger opportunities as they emerge from the expanding horizons of your Company's businesses. This model of distributed leadership together with institutional strengths and cross-business synergies have together built over 25 world-class Indian brands in a relatively short span of time – a feat unparalleled in the Indian FMCG industry.

Your Company's commitment to sustainable and inclusive growth provides inspiration to pursue the triple bottom line philosophy of 'Sab Saath Badhein'. This finds expression in the innovative business models pursued by your Company to enable competitive growth whilst simultaneously generating sustainable livelihoods and enriching the environment - the paradigm of 'Responsible Competitiveness'.

Your Company's Board and employees are inspired by the Vision of sustaining ITC's position as one of India's most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. The vision of enlarging your Company's contribution to the Indian economy is driven by its 'Nation First: Sab Saath Badhein' credo anchored on the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of ITC's Corporate Governance philosophy.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

On behalf of the Board

Kolkata
26th June, 2020

S. PURI *Chairman & Managing Director*
R. TANDON *Director & Chief Financial Officer*

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2020

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY

1. CSR Policy – Brief Outline and Overview

a. Brief outline of CSR Policy:

To direct ITC's CSR Programmes, inter alia, towards achieving one or more of the following: enhancing environmental and natural capital; supporting rural development; promoting education and vocational skills; providing preventive healthcare; providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting traditional art and culture and promoting sports. The CSR Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is, inter alia, to formulate, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates, reviews and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company. The Committee also reviews the Business Responsibility Report of the Company.

c. Programmes/Projects:

The two most important stakeholders for ITC's CSR programmes/projects are:

- Rural communities primarily in the Company's Agri Business areas.
- The communities residing in close proximity to our production units

The Company's stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below:

i. Promoting Preventive Healthcare, Sanitation & Poverty Alleviation (Schedule VII – i):

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases. The focus of the interventions is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH).
- **Health:** Emphasis on maternal and child care (MCH) through a network of women Village Health Champions (VHC) and by generation of demand by at-risk women and children for institutional support in MCH.
- **Health Infrastructure:** Undertake various social and civic infrastructure initiatives to improve sanitation and hygiene in the neighbourhood of our factories comprising potable drinking water, drainage systems, etc.
- **Solid Waste Management:** Create a clean and green environment through source segregation and recycling of dry waste, and create sustainable livelihoods for rag pickers and waste collectors.
- **Poverty Alleviation:** These programmes are targeted at the needy and poor who are provided with basic needs like clothing and food as a part of the implementation agency's goal of poverty alleviation.

ii. Livelihood Enhancement (Schedule VII – ii):

- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers by increasing productivity of milch animals through a comprehensive package of extension services and training to dairy farmers.
- **Education:** Provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
- **Vocational Training:** Build and upgrade skills of youth with the emerging needs of the job market across different sectors.

iii. Economic Empowerment of Women (Schedule VII – iii):

Provide a range of gainful employment and entrepreneurial opportunities to poor women supported with financial assistance by way of loans and grants.

iv. Ensuring Environmental Sustainability (Schedule VII – iv):

- **Social Forestry:** Provide food, fuel and fodder security to small farmers through social forestry.
- **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning and executing watershed projects.
- **CII-ITC Centre of Excellence for Sustainable Development:** Enable businesses to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies and processes.

v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**

Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians of the time through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977.

vi. **Rural Development (Schedule VII – x):**

- **Sustainable Agriculture:** Introduce advanced knowledge and technology through package of practices and increase awareness of farmers on optimum use of natural resources in order to increase farm productivity and minimise cost of cultivation.
- **Knowledge Empowerment:** Leverage knowledge based interventions to empower farmers to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge on farm management, risk management and scientific farming.
- **Agri-extension/services:** Encourage sustainable agricultural practices through Choupal Pradarshan Khets to enable access to relevant farm mechanisation technologies and implements, especially for small farm holdings.
- **Farm Productivity Enhancement:** Improve the technical know-how of farmers, increase access to best practices and agricultural technologies and, thereby, enhance farm productivity.

vii. **Disaster Assistance (Schedule VII – xii):**

ITC has been at the forefront of providing help to people struck by the Covid 19 pandemic. The focus is providing relief to the poor and vulnerable sections of society who are facing severe disruption to their livelihoods. In addition, the Company is also providing assistance to District Authorities and other government bodies whose eco-system reaches out to the weakest sections of society.

2. Composition of the CSR and Sustainability Committee as on 31st March, 2020:

Mr. S. Puri	Chairman
Mr. H. Bhargava	Member
Mr. A. Jerath	Member
Ms. N. Rao	Member
Mr. A. K. Seth	Member
Ms. M. Shankar	Member
Mr. D. R. Simpson	Member
Mr. R. K. Singhi	Secretary to the Committee

3. Average Net Profit of the company for last three financial years: ₹ 16,308.59 crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 326.17 crores for FY 2019-20

5. Details of CSR Spent during the financial year:

The total CSR expenditure for the financial year 2019-20 stood at ₹ 326.49 crores. Please refer attached statement for details.

6. Details of implementing agencies:

Your Company's CSR projects are implemented through partner implementing agencies which were identified and selected through a comprehensive due diligence process. Your Company partnered with:

- Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;
- ITC Sangeet Research Academy (ITC SRA), a true embodiment of your Company's sustained commitment to a priceless national heritage;
- ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;
- 'CII-ITC Centre of Excellence for Sustainable Development', established by your Company in collaboration with the Confederation of Indian Industry (CII).

7. Responsibility Statement of the CSR Committee:

The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with CSR Policy and Objectives of the Company.

On behalf of the Board

Kolkata
26th June, 2020

S. PURI
R. TANDON

Chairman – CSR Committee
Director & Chief Financial Officer

Statement of details of CSR spends during the financial year 2019-20

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) State and district where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes			Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
					1. Direct expenditure on projects or programmes	2. Overheads			
1	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water, Eradication of Poverty	*Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Jammu & Kashmir, Himachal Pradesh, Madhya Pradesh, Maharashtra, Kerala, Assam, Chhattisgarh, Gujarat, Meghalaya, Odisha, Rajasthan, Punjab, Delhi, Jharkhand, Arunachal Pradesh, Tripura, Manipur, Nagaland	15235	11061	441		11502	**Through Project Implementing Agencies, Govt. & Direct
2	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education Vocational Training Livestock Development Livelihood Promotion	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Rajasthan, Himachal Pradesh, Madhya Pradesh, Maharashtra, Assam, Odisha, Punjab, Delhi, Chhattisgarh, Jammu & Kashmir, Kerala	4936	2225 1691 184 202	143 157 19 -		2368 1848 203 202	**Through Project Implementing Agencies & Direct
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Madhya Pradesh, Uttar Pradesh, Assam, Rajasthan, West Bengal, Uttarakhand, Himachal Pradesh, Punjab, Delhi	1670	1672	169		1841	**Through Project Implementing Agencies & Direct
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Environment Sustainability, Soil & Moisture Conservation Social Forestry	Local & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Rajasthan, Maharashtra, Madhya Pradesh, Delhi, Punjab, Uttar Pradesh, Tripura, Odisha, Uttarakhand, Assam, Haryana, Himachal Pradesh, West Bengal	6582	5762 279	391 29		6153 308	**Through Project Implementing Agencies & Direct
5	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture	Local *West Bengal, Punjab	614	333	-		333	**Through Project Implementing Agencies & Direct
6	Rural Development projects.	Agri Development	Local *Bihar, West Bengal, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Madhya Pradesh, Maharashtra, Uttar Pradesh, Rajasthan, Gujarat, Punjab, Assam, Uttarakhand, Jharkhand, Haryana, Himachal Pradesh	4363	4351	226		4577	**Through Project Implementing Agencies & Direct
7	Disaster Management, including relief, rehabilitation and reconstruction activities	Disaster Relief	Local *Bihar, Odisha, Uttar Pradesh, Gujarat, Maharashtra, West Bengal, Karnataka	-	3314	-		3314	**Through Project Implementing Agencies & Direct
TOTAL					31074	1575		32649	

* The CSR programmes are carried out primarily in the following district of the States / Union Territories as mentioned below:
 Andhra Pradesh- East Godavari, Guntur, Krishna, Nellore, Prakasam, Srikakulam, Visakhapatnam, West Godavari, Chittoor, Anaparthi, Karimnagar, Koppal, Kodagu
 Assam- Baksa, Bongaigaon, Dibrugarh, Goalpara, Kamrup, Cachar, Karimganj, Dibrugarh, Guwahati
 Bihar- Araria, Begusarai, Buxar, Kailash, Lakhisarai, Muzaffarpur, Samastipur, Sheikhpura, Siwan, Patna, Muzaffarpur, Rohas, Nalanda, Kaimur (Bhabua), Khagaria, Bhagalpur, Gaya, Chapra
 Chhattisgarh- Sukma, Narayanpur, Raipur
 Himachal Pradesh- Solan, Shimla
 Jammu & Kashmir- Srinagar, Jammu
 Jharkhand- Pakur, Sahibganj, East Singhbhum, Deoghar, Ranchi, Hazaribag, Dhanbad, Bokaro
 Karnataka- Bangalore, Chikkaballapur, Hassan, Kolar, Mandya, Mysuru, Dakshina Kannada, Bengaluru Urban, Kodagu, Ballari (Bellary), Bagalkot, Udupi, Chikmagalur (Chikmagalur)
 Madhya Pradesh- Agar Malwa, Barwani, Bhopal, Chhatarpur, Chhindwara, Damoh, Dewas, Guna, Hoshangabad, Indore, Khandwa, Mandla, Raisen, Raghurajprasad, Ratlam, Sagor, Sehore, Shivpuri, Sagar, Ujjain, Vidisha, Jabalpur, Ashok Nagar, Anuppur, Balaghat, Datta, Morena, Panna, Rewa, Satna, Sidhi
 Maharashtra- Ahmednagar, Anavadi, Nandurbar, Patbhari, Pune, Ratnagiri, Satara, Wardha, Aurangabad, Nagpur, Chandrapur, Sangli, Mumbai City, Akola, Nanded, Nashik, Washin
 Delhi - South Delhi, New Delhi, North Delhi
 Odisha- Ganjam, Kalahandi, Khordha, Malkangiri, Rayagada, Puri, Cuttack, Sundargarh
 Punjab- Kapurthala, Amritsar, Ludhiana, Jalandhar, Bhindrala, Patiala
 Rajasthan- Baran, Bundi, Jaisalmer, Jaipur, Kota, Pali, Jhunjhunu, Barmer, Jalore, Jaipur, Bikaner, Ajmer
 Tamil Nadu- Chennai, Coimbatore, Krishnagiri, Madurai, Pudukkottai, Theni, Tirunelveli, Tiruchirappalli, Tiruchukkudi (Tutukudi), Virudhunagar, Nilgiris, Vellore, Ramanathapuram, Sivaganga, Erode, Thanjavur, Tirupur, Salem
 Telangana- Bhadrachalam, Hyderabad, Mahabubabad, Suryapet, Warangal, Siddipet, Rajanna Sircilla, Medak, Manchubabu, Karimnagar, Rang Reddy, Khammam, Mancherial, Sangareddy, Vikarabad, Yadadri Bhuvanagiri, Nalgonda, Medchal Malkajgiri
 Tripura- West Tripura, Unakoti
 Uttar Pradesh- Bahraich, Balrampur, Chandauli, Chitrakoot, Gorakhpur, Hathras, Kaushambi, Lucknow, Saharanpur, Shrawasti, Sonbhadra, Kanpur, Mathura, Varanasi, Allahabad, Ghaziabad, Gautam Buddha Nagar, Lucknow, Agra, Bareilly, Meerut, Jhansi, Shahjahanpur, Moradabad, Aligarh, Azamgarh, Pilibhit, Badaun, Haridwar, Gonda, Balla

** The CSR programmes are carried out both directly and through the project implementing agencies the details of which are stated in the Report

Annexure to the Report of the Board of Directors

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITC Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2019 to March 31, 2020 (hereinafter referred to as 'Audit Period' or 'Period under Review'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company till March 31, 2020, according to the provisions of:

1. The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - **The in-house Investor Service Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services.**
6. Specific laws applicable as mentioned hereunder:
 - a. The Tobacco Board Act, 1975 and the Rules made thereunder;
 - b. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the Rules made thereunder and other laws relating to manufacture and sale of Tobacco;
 - c. The Food Safety and Standards Act, 2006 and the Rules made thereunder;
 - d. The Drugs and Cosmetics Act, 1940 and the Rules made thereunder.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

We report that during the Period under Review, the Company has complied with the provisions of the Laws, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Period under Review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Dissenting members' views were not required to be captured and recorded as part of the minutes as there was no such instance.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events / actions that can have a bearing on the Company's compliance responsibility in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., except as follows:

1. Issue and allotment of 3,35,99,640 Ordinary Shares of ₹ 1/- each, fully paid-up, upon exercise of Stock Options under the Employee Stock Option Schemes of the Company, from time to time; and
2. Execution of a Share Subscription Agreement and Shareholders' Agreement to acquire up to 33.42% of the share capital of Delectable Technologies Private Limited, of which the Company had acquired 11.15% (on a fully diluted basis), during the Period under Review.

**For Vinod Kothari & Company
Practising Company Secretaries**

**Vinod Kothari
Managing Partner**

Membership No.: F10564

CP No.: 1391

UDIN: F010564B000344040

Kolkata

15-06-2020

Encl: Annexure 'A' forming an integral part of this Report

Annexure 'A'

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Our Audit was based on examination, in physical or electronic form, as feasible under the prevailing circumstances, of books and records maintained by the Company.
4. We have not verified the correctness and appropriateness of financial records and books of account of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
5. Wherever required, we have obtained Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.
6. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards etc. is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Vinod Kothari & Company
Practising Company Secretaries**

**Vinod Kothari
Managing Partner**

Membership No.: F10564

CP No.: 1391

UDIN: F010564B000344040

Kolkata

15-06-2020

Annexure to the Report of the Board of Directors

EXTRACT OF ANNUAL RETURN (FORM NO. MGT-9)

as on the Financial Year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L16005WB1910PLC001985
ii)	Registration Date	:	24th August, 1910
iii)	Name of the Company	:	ITC Limited
iv)	Category / Sub-Category of the Company	:	Public company - Limited by shares
v)	Address of the Registered office and contact details	:	Virginia House 37 Jawaharlal Nehru Road Kolkata 700 071 India Telephone no. : 033-2288 9371 Facsimile no. : 033-2288 2358 e-mail : enduringvalue@itc.in
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company provides share registration and related services in-house through its Investor Service Centre.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sl. No.	Name and Description of main Products / Services	NIC Code of the Products / Services	% to total Turnover of the Company	
			Gross Turnover	Net Turnover
1	FMCG			
	- Cigarettes etc.	12003, 21002, 46307, 46909	45.77%	44.50%
	- Branded Packaged Food Products	10304, 10308, 10501, 10502, 10504, 10509, 10611, 10612, 10712, 10732, 10733, 10735, 10740, 10750, 10792, 10795, 10798	22.40%	22.93%
	- Others (Personal Care Products, Apparel, Education and Stationery Products, Safety Matches, Agarbattis etc.)	20231, 20234, 20236, 20237, 20293, 46491, 46496, 46497, 46909, 47711	5.26%	5.38%
2	Hotels			
	- Hotels Sales / Income from Hotel Services	55101, 56101, 56210, 56301, 74909	3.94%	4.03%
3	Agri Business			
	- Wheat, Soya, Spices, Coffee, Unmanufactured Tobacco, Aqua etc.	12001, 10202, 10302, 10304, 10795, 20213, 10209, 10309, 10406, 10611, 10792, 46201, 46207, 46301, 46305, 46306, 47300, 47737	12.75%	13.04%
4	Paperboards, Paper & Packaging			
	- Paperboards and Paper	17016	8.68%	8.89%
	- Printed Material	17022, 17029, 22203	1.20%	1.23%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
1	Russell Credit Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65993WB1994PLC061684	Subsidiary	100%	2(87)
2	Greenacre Holdings Limited ITC Centre 37 J. L. Nehru Road Kolkata 700 071	U55202WB1986PLC049467	Wholly owned subsidiary of Russell Credit Limited, referred to in Sl. No. 1	—	2(87)
3	Technico Agri Sciences Limited 25 Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U01111DL1999PLC098646	Subsidiary	100%	2(87)
4	Technico Pty Limited 49 Bowral Street Bowral, NSW 2576 Australia	N.A.	Subsidiary	100%	2(87)
5	Technico Technologies Inc. c/o Stewart McKelvey Stirling Scales Suite 600, Frederick Square 77 Westmoreland, Fredericton New Brunswick E3B 5B4 Canada	N.A.	Wholly owned subsidiary of Technico Pty Limited, referred to in Sl. No. 4	—	2(87)
6	Technico Asia Holdings Pty Limited 49 Bowral Street Bowral, NSW 2576 Australia	N.A.	Wholly owned subsidiary of Technico Pty Limited, referred to in Sl. No. 4	—	2(87)
7	Technico Horticultural (Kunming) Co. Limited A-38, Yanglin Industrial Development Zone Songming, Yunnan Province People's Republic of China	N.A.	Wholly owned subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 6	—	2(87)
8	Srinivasa Resorts Limited 6-3-1187, Begumpet Hyderabad 500 016	U74999TG1984PLC005192	Subsidiary	68%	2(87)
9	Fortune Park Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U55101HR1995PLC052281	Subsidiary	100%	2(87)
10	Bay Islands Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U74899HR1976PLC052282	Subsidiary	100%	2(87)
11	ITC Infotech India Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65991WB1996PLC077341	Subsidiary	100%	2(87)
12	ITC Infotech Limited Building 5, Caldecotte Lake Drive Caldecotte, Milton Keynes Buckinghamshire England, MK7 8LF	N.A.	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	—	2(87)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
13	ITC Infotech (USA), Inc. 12 Route, 17 North Suite 303, Paramus New Jersey 07652 United States of America	N.A.	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	–	2(87)
14	Indivate Inc. 820 Bear Tavern Road West Trenton New Jersey 08628 United States of America	N.A.	Wholly owned subsidiary of ITC Infotech (USA), Inc., referred to in Sl. No. 13	–	2(87)
15	Gold Flake Corporation Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U16003WB1935PLC008314	Subsidiary	100%	2(87)
16	Landbase India Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U74899HR1992PLC052412	Subsidiary	100%	2(87)
17	Wimco Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U24291MH1923PLC001082	Subsidiary	98.21%	2(87)
18	Pavan Poplar Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1995PLC128849	Subsidiary	100%	2(87)
19	Prag Agro Farm Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1997PLC128846	Subsidiary	100%	2(87)
20	ITC Investments & Holdings Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65923WB2012PLC176166	Subsidiary	100%	2(87)
21	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1 5 Convent Street Mumbai 400 039	U65990MH1980PLC023259	Wholly owned subsidiary of ITC Investments & Holdings Limited, referred to in Sl. No. 20	–	2(87)
22	Surya Nepal Private Limited Shree Bal Sadan Gha-2-513, Kantipath Kathmandu Nepal	N.A.	Subsidiary	59%	2(87)
23	WelcomHotels Lanka (Private) Limited 216 De Saram Place, Colombo 10 Sri Lanka	N.A.	Subsidiary	100%	2(87)
24	North East Nutrients Private Limited Kanak Towers 7A Anandilal Poddar Sarani Kolkata 700 071	U15122WB2013PTC196135	Subsidiary	76%	2(87)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
25	Gujarat Hotels Limited WelcomHotel Vadodara R. C. Dutt Road, Alkapuri Vadodara 390 007	L55100GJ1982PLC005408	Associate	45.78%	2(6)
26	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase I New Delhi 110 017	L63040DL1981PLC011941	Associate	3.60%	2(6)
27	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata 700 072	U65993WB1987PLC043324	Associate of Russell Credit Limited, referred to in Sl. No. 1	—	2(6)
28	Divya Management Limited Room No. 28 8/2 Kiron Sankar Roy Road Kolkata 700 001	U51109WB1995PLC069518	Associate of Russell Credit Limited, referred to in Sl. No. 1	—	2(6)
29	Antrang Finance Limited 4 Ripon Street Kolkata 700 016	U65993WB1993PLC060271	Associate of Russell Credit Limited, referred to in Sl. No. 1	—	2(6)
30	ATC Limited 35 Rajaji Nagar Hosur 635 126	U16000TZ1973PLC018100	Associate of Gold Flake Corporation Limited, referred to in Sl. No. 15	—	2(6)
31	Maharaja Heritage Resorts Limited 25 Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U74899DL1995PLC099649	Joint Venture	25%	2(6)
32	Espirit Hotels Private Limited 810-818 Swapnalok Complex 92/93 S. D. Road Secunderabad 500 003	U55101TG2009PTC063757	Joint Venture	26%	2(6)
33	Logix Developers Private Limited 301-A World Trade Tower Barakhamba Lane, Connaught Place New Delhi 110 001	U70101DL2010PTC207640	Joint Venture	27.90%	2(6)
34	ITC Essentra Limited Survey No. 139/140, Veerapura Village Kasaba Hobli Doddaballapur Taluk Bengaluru 561 203	U85110KA1993PLC014278	Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 15	—	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as Percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt.(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	0	0	0	0	0	0	0	0	0
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	1,04,47,97,853	68,749	1,04,48,66,602	8.52	1,21,98,16,719	51,589	1,21,98,68,308	9.92	1.40
(b) Banks / FI	98,91,39,938	11,57,460	99,02,97,398	8.08	98,60,92,385	11,40,110	98,72,32,495	8.03	(0.05)
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	2,63,59,40,676	53,067	2,63,59,93,743	21.50	2,66,70,87,494	52,747	2,66,71,40,241	21.70	0.20
(g) FPIs / FIIs	2,08,50,60,614	2,87,595	2,08,53,48,209	17.01	1,79,78,21,960	1,82,130	1,79,80,04,090	14.63	(2.38)
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others:									
(i) Alternative Investment Funds	33,23,424	0	33,23,424	0.03	50,80,507	0	50,80,507	0.04	0.01
(ii) Qualified Institutional Buyers	3,583	0	3,583	...	33,39,99,791	0	33,39,99,791	2.72	2.72
Sub-total (B)(1):-	6,75,82,66,088	15,66,871	6,75,98,32,959	55.14	7,00,98,98,856	14,26,576	7,01,13,25,432	57.04	1.90
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	50,31,26,437	10,84,319	50,42,10,756	4.11	12,53,46,619	10,21,296	12,63,67,915	1.03	(3.08)
(ii) Overseas	5,20,558	3,61,96,14,150	3,62,01,34,708	29.53	27,74,546	3,61,96,14,150	3,62,23,88,696	29.47	(0.06)
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	80,18,04,708	9,08,32,452	89,26,37,160	7.28	93,11,86,119	7,39,91,671	1,00,51,77,790	8.18	0.90
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	24,76,29,005	1,93,30,195	26,69,59,200	2.18	25,44,50,342	1,65,29,705	27,09,80,047	2.21	0.03
(c) Others:									
(i) NRIs / OCIs	6,42,59,664	1,07,63,727	7,50,23,391	0.61	7,56,27,822	95,40,977	8,51,68,799	0.69	0.08
(ii) Foreign Nationals	0	2,22,120	2,22,120	...	0	2,22,120	2,22,120	...	0
(iii) Trusts	8,50,03,142	0	8,50,03,142	0.70	11,42,92,961	0	11,42,92,961	0.93	0.23
(iv) Clearing Members / Clearing House	1,30,37,275	0	1,30,37,275	0.11	1,62,91,086	0	1,62,91,086	0.13	0.02
(v) Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	2,08,51,960	0	2,08,51,960	0.17	2,47,94,536	0	2,47,94,536	0.20	0.03
Sub-total (B)(2):-	1,73,62,32,749	3,74,18,46,963	5,47,80,79,712	44.69	1,54,47,64,031	3,72,09,19,919	5,26,56,83,950	42.84	(1.85)
Total Public Shareholding (B) = (B)(1)+(B)(2)	8,49,44,98,837	3,74,34,13,834	12,23,79,12,671	99.83	8,55,46,62,887	3,72,23,46,495	12,27,70,09,382	99.88	0.05
C. Shares held by Custodian for GDRs & ADRs	2,06,78,430	40,500	2,07,18,930	0.17	1,51,81,359	40,500	1,52,21,859	0.12	(0.05)
Grand Total (A+B+C)	8,51,51,77,267	3,74,34,54,334	12,25,86,31,601	100.00	8,56,98,44,246	3,72,23,86,995	12,29,22,31,241	100.00	0

(ii) Shareholding of Promoters: NOT APPLICABLE

(iii) Change in Promoters' Shareholding: NOT APPLICABLE

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Tobacco Manufacturers (India) Limited				
	At the beginning of the year	2,97,83,47,320	24.30		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			2,97,83,47,320	24.23 @
2	Life Insurance Corporation of India				
	At the beginning of the year	1,98,15,49,720	16.16		
	Increase / Decrease in Shareholding during the year:				
	05/04/2019	16,91,347	0.01	1,98,32,41,067	16.18
	12/04/2019	34,01,461	0.03	1,98,66,42,528	16.21
	19/04/2019	16,01,425	0.01	1,98,82,43,953	16.22
	26/04/2019	33,07,979	0.03	1,99,15,51,932	16.25
	03/05/2019	12,14,135	0.01	1,99,27,66,067	16.26
	10/05/2019	19,25,728	0.02	1,99,46,91,795	16.27
	17/05/2019	24,48,862	0.02	1,99,71,40,657	16.29
	23/05/2019	4,25,410	0.00	1,99,75,66,067	16.30
	13/03/2020	(26,000)	0.00	1,99,75,40,067	16.25
	At the end of the year			1,99,75,40,067	16.25
3	Specified Undertaking of the Unit Trust of India				
	At the beginning of the year	97,45,31,427	7.95		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			97,45,31,427	7.93 @
4	Myddleton Investment Company Limited				
	At the beginning of the year	48,63,11,940	3.97		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			48,63,11,940	3.96 @
5	General Insurance Corporation of India				
	At the beginning of the year	20,89,57,830	1.70		
	Increase / Decrease in Shareholding during the year:				
	31/05/2019	5,80,000	0.00	20,95,37,830	1.71
	07/06/2019	5,70,000	0.00	21,01,07,830	1.71
	14/06/2019	4,79,616	0.00	21,05,87,446	1.72
	21/06/2019	6,25,300	0.01	21,12,12,746	1.72
	30/06/2019	4,45,084	0.00	21,16,57,830	1.73
	05/07/2019	3,00,000	0.00	21,19,57,830	1.73
	12/07/2019	12,00,000	0.01	21,31,57,830	1.74
	19/07/2019	5,00,000	0.00	21,36,57,830	1.74
	26/07/2019	2,00,000	0.00	21,38,57,830	1.74
	09/08/2019	20,000	0.00	21,38,77,830	1.74
	16/08/2019	1,80,000	0.00	21,40,57,830	1.74
	23/08/2019	2,50,000	0.00	21,43,07,830	1.74
	30/08/2019	50,000	0.00	21,43,57,830	1.74
	13/09/2019	2,60,000	0.00	21,46,17,830	1.75
	20/09/2019	6,10,000	0.00	21,52,27,830	1.75
	30/09/2019	2,46,742	0.00	21,54,74,572	1.75
	18/10/2019	2,00,000	0.00	21,56,74,572	1.76
	25/10/2019	28,336	0.00	21,57,02,908	1.76
	06/12/2019	60,000	0.00	21,57,62,908	1.76
	13/12/2019	1,60,000	0.00	21,59,22,908	1.76
	20/12/2019	20,000	0.00	21,59,42,908	1.76
	07/02/2020	22,600	0.00	21,59,65,508	1.76
	14/02/2020	1,30,000	0.00	21,60,95,508	1.76
	21/02/2020	80,000	0.00	21,61,75,508	1.76
	28/02/2020	1,40,000	0.00	21,63,15,508	1.76
	06/03/2020	30,000	0.00	21,63,45,508	1.76
	At the end of the year			21,63,45,508	1.76

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
6	The New India Assurance Company Limited				
	At the beginning of the year	18,83,29,806	1.54		
	Increase / Decrease in Shareholding during the year:				
	17/05/2019	(3,45,000)	0.00	18,79,84,806	1.53
	23/05/2019	(5,20,000)	0.00	18,74,64,806	1.53
	31/05/2019	(5,23,180)	0.00	18,69,41,626	1.52
	14/06/2019	(1,60,000)	0.00	18,67,81,626	1.52
	21/06/2019	(1,25,000)	0.00	18,66,56,626	1.52
	30/06/2019	(2,99,976)	0.00	18,63,56,650	1.52
	05/07/2019	(5,40,000)	0.00	18,58,16,650	1.51
	12/07/2019	(3,40,000)	0.00	18,54,76,650	1.51
	19/07/2019	(4,20,000)	0.00	18,50,56,650	1.51
	13/09/2019	(1,25,000)	0.00	18,49,31,650	1.51
	20/09/2019	(1,00,000)	0.00	18,48,31,650	1.50
	30/09/2019	(7,75,000)	0.01	18,40,56,650	1.50
	25/10/2019	(2,80,354)	0.00	18,37,76,296	1.50
	01/11/2019	(6,19,646)	0.01	18,31,56,650	1.49
	08/11/2019	(8,00,000)	0.01	18,23,56,650	1.48
	15/11/2019	(4,50,000)	0.00	18,19,06,650	1.48
	22/11/2019	(3,80,000)	0.00	18,15,26,650	1.48
	07/02/2020	5,21,758	0.00	18,20,48,408	1.48
	14/02/2020	12,78,242	0.01	18,33,26,650	1.49
	At the end of the year			18,33,26,650	1.49
7	Rothmans International Enterprises Limited				
	At the beginning of the year	15,49,54,890	1.26		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			15,49,54,890	1.26
8	Government of Singapore				
	At the beginning of the year	18,37,71,739	1.50		
	Increase / Decrease in Shareholding during the year:				
	05/04/2019	5,91,087	0.00	18,43,62,826	1.50
	12/04/2019	(1,043)	0.00	18,43,61,783	1.50
	19/04/2019	2,00,874	0.00	18,45,62,657	1.51
	03/05/2019	(19,86,868)	0.02	18,25,75,789	1.49
	10/05/2019	(5,38,096)	0.00	18,20,37,693	1.48
	17/05/2019	(47,539)	0.00	18,19,90,154	1.48
	23/05/2019	7,89,831	0.01	18,27,79,985	1.49
	31/05/2019	(2,63,087)	0.00	18,25,16,898	1.49
	07/06/2019	47,18,897	0.04	18,72,35,795	1.53
	14/06/2019	31,91,663	0.03	19,04,27,458	1.55
	21/06/2019	46,88,611	0.04	19,51,16,069	1.59
	30/06/2019	(94,918)	0.00	19,50,21,151	1.59
	05/07/2019	8,118	0.00	19,50,29,269	1.59
	12/07/2019	(1,09,362)	0.00	19,49,19,907	1.59
	19/07/2019	4,97,678	0.00	19,54,17,585	1.59
	26/07/2019	11,10,740	0.01	19,65,28,325	1.60
	02/08/2019	9,13,997	0.01	19,74,42,322	1.61
	09/08/2019	(2,01,548)	0.00	19,72,40,774	1.61
	16/08/2019	(1,52,898)	0.00	19,70,87,876	1.61
	23/08/2019	1,67,409	0.00	19,72,55,285	1.61
	30/08/2019	(8,66,523)	0.01	19,63,88,762	1.60
	06/09/2019	14,41,371	0.01	19,78,30,133	1.61
	13/09/2019	4,05,226	0.00	19,82,35,359	1.61
	20/09/2019	(1,83,247)	0.00	19,80,52,112	1.61

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	30/09/2019	(44,63,885)	0.04	19,35,88,227	1.58
	04/10/2019	(14,43,992)	0.01	19,21,44,235	1.56
	11/10/2019	(6,85,480)	0.01	19,14,58,755	1.56
	18/10/2019	(12,21,733)	0.01	19,02,37,022	1.55
	25/10/2019	(7,65,599)	0.01	18,94,71,423	1.54
	01/11/2019	(66,888)	0.00	18,94,04,535	1.54
	08/11/2019	58,850	0.00	18,94,63,385	1.54
	15/11/2019	(12,26,359)	0.01	18,82,37,026	1.53
	22/11/2019	(7,10,197)	0.01	18,75,26,829	1.53
	29/11/2019	(20,75,425)	0.02	18,54,51,404	1.51
	06/12/2019	(20,54,647)	0.02	18,33,96,757	1.49
	13/12/2019	(16,11,598)	0.01	18,17,85,159	1.48
	20/12/2019	4,69,708	0.00	18,22,54,867	1.48
	27/12/2019	(9,90,823)	0.01	18,12,64,044	1.47
	31/12/2019	(15,82,481)	0.01	17,96,81,563	1.46
	10/01/2020	(15,69,189)	0.01	17,81,12,374	1.45
	17/01/2020	(3,29,043)	0.00	17,77,83,331	1.45
	24/01/2020	(65,454)	0.00	17,77,17,877	1.45
	31/01/2020	(1,65,799)	0.00	17,75,52,078	1.44
	07/02/2020	(36,05,195)	0.03	17,39,46,883	1.42
	14/02/2020	(41,83,305)	0.03	16,97,63,578	1.38
	21/02/2020	(40,78,277)	0.03	16,56,85,301	1.35
	28/02/2020	(21,72,020)	0.02	16,35,13,281	1.33
	06/03/2020	(5,97,903)	0.00	16,29,15,378	1.33
	13/03/2020	(25,97,140)	0.02	16,03,18,238	1.30
	20/03/2020	(39,76,260)	0.03	15,63,41,978	1.27
	31/03/2020	(35,28,904)	0.03	15,28,13,074	1.24
	At the end of the year			15,28,13,074	1.24
9	The Oriental Insurance Company Limited				
	At the beginning of the year	13,63,25,492	1.11		
	Increase / Decrease in Shareholding during the year:				
	19/04/2019	(2,00,000)	0.00	13,61,25,492	1.11
	26/04/2019	(2,33,171)	0.00	13,58,92,321	1.11
	03/05/2019	(1,16,829)	0.00	13,57,75,492	1.11
	23/05/2019	(1,45,220)	0.00	13,56,30,272	1.11
	31/05/2019	(17,438)	0.00	13,56,12,834	1.11
	07/06/2019	20,000	0.00	13,56,32,834	1.11
	14/06/2019	1,80,000	0.00	13,58,12,834	1.11
	21/06/2019	1,03,750	0.00	13,59,16,584	1.11
	30/06/2019	1,35,000	0.00	13,60,51,584	1.11
	05/07/2019	61,250	0.00	13,61,12,834	1.11
	09/08/2019	90,000	0.00	13,62,02,834	1.11
	16/08/2019	90,000	0.00	13,62,92,834	1.11
	23/08/2019	70,000	0.00	13,63,62,834	1.11
	At the end of the year			13,63,62,834	1.11
10	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	15,37,94,527	1.25		
	Increase / Decrease in Shareholding during the year:				
	05/04/2019	9,99,682	0.01	15,47,94,209	1.26
	12/04/2019	17,16,395	0.01	15,65,10,604	1.28
	19/04/2019	45,97,908	0.04	16,11,08,512	1.31
	26/04/2019	3,72,894	0.00	16,14,81,406	1.32
	03/05/2019	6,26,568	0.01	16,21,07,974	1.32
	10/05/2019	1,96,182	0.00	16,23,04,156	1.32

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	17/05/2019	15,31,383	0.01	16,38,35,539	1.34
	23/05/2019	2,02,027	0.00	16,40,37,566	1.34
	31/05/2019	2,97,175	0.00	16,43,34,741	1.34
	07/06/2019	(12,67,804)	0.01	16,30,66,937	1.33
	14/06/2019	3,75,340	0.00	16,34,42,277	1.33
	21/06/2019	3,89,287	0.00	16,38,31,564	1.34
	30/06/2019	12,70,083	0.01	16,51,01,647	1.35
	05/07/2019	12,23,349	0.01	16,63,24,996	1.36
	12/07/2019	10,90,071	0.01	16,74,15,067	1.36
	19/07/2019	4,961	0.00	16,74,20,028	1.36
	26/07/2019	(5,98,577)	0.00	16,68,21,451	1.36
	02/08/2019	5,75,192	0.00	16,73,96,643	1.36
	09/08/2019	(88,966)	0.00	16,73,07,677	1.36
	16/08/2019	(9,67,528)	0.01	16,63,40,149	1.35
	23/08/2019	(10,41,332)	0.01	16,52,98,817	1.35
	30/08/2019	(11,79,081)	0.01	16,41,19,736	1.34
	06/09/2019	(3,022)	0.00	16,41,16,714	1.34
	13/09/2019	8,510	0.00	16,41,25,224	1.34
	20/09/2019	(16,47,175)	0.01	16,24,78,049	1.32
	30/09/2019	32,73,764	0.03	16,57,51,813	1.35
	04/10/2019	5,53,906	0.00	16,63,05,719	1.35
	11/10/2019	7,99,207	0.01	16,71,04,926	1.36
	18/10/2019	(9,82,468)	0.01	16,61,22,458	1.35
	25/10/2019	(10,06,046)	0.01	16,51,16,412	1.34
	01/11/2019	(8,02,124)	0.01	16,43,14,288	1.34
	08/11/2019	(2,31,874)	0.00	16,40,82,414	1.34
	15/11/2019	26,64,542	0.02	16,67,46,956	1.36
	22/11/2019	3,30,801	0.00	16,70,77,757	1.36
	29/11/2019	6,67,495	0.01	16,77,45,252	1.36
	06/12/2019	10,35,450	0.01	16,87,80,702	1.37
	13/12/2019	(7,23,341)	0.01	16,80,57,361	1.37
	20/12/2019	26,31,030	0.02	17,06,88,391	1.39
	27/12/2019	(20,99,574)	0.02	16,85,88,817	1.37
	31/12/2019	(9,127)	0.00	16,85,79,690	1.37
	10/01/2020	(27,39,897)	0.02	16,58,39,793	1.35
	17/01/2020	(4,10,265)	0.00	16,54,29,528	1.35
	24/01/2020	(4,18,401)	0.00	16,50,11,127	1.34
	31/01/2020	(16,01,947)	0.01	16,34,09,180	1.33
	07/02/2020	(14,30,066)	0.01	16,19,79,114	1.32
	14/02/2020	(61,05,355)	0.05	15,58,73,759	1.27
	21/02/2020	(37,59,580)	0.03	15,21,14,179	1.24
	28/02/2020	(20,47,964)	0.02	15,00,66,215	1.22
	06/03/2020	(9,44,576)	0.01	14,91,21,639	1.21
	13/03/2020	(11,93,528)	0.01	14,79,28,111	1.20
	20/03/2020	(1,08,18,621)	0.09	13,71,09,490	1.12
	31/03/2020	(22,89,507)	0.02	13,48,19,983	1.10
	At the end of the year			13,48,19,983	1.10

@ Change in shareholding percentage was consequent to increase in Share Capital on account of allotment of shares under the ITC Employee Stock Option Schemes (ITC ESOS).

Note: Increase / decrease in shareholding, as indicated above, are based on downloads of beneficial ownership provided by the Depositories, generally every Friday.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares@	% of total Shares of the Company	No. of Shares@	% of total Shares of the Company
1	S. Puri, Chairman & Managing Director				
	At the beginning of the year	87,500	0.00		
	Increase / Decrease in Shareholding during the year:				
	31/05/2019**	(25,000)	0.00	62,500	0.00
	30/12/2019**	(25,000)	0.00	37,500	0.00
	31/12/2019**	(25,000)	0.00	12,500	0.00
	20/01/2020*	50,000	0.00	62,500	0.00
	At the end of the year			62,500	0.00
2	N. Anand, Executive Director				
	At the beginning of the year	0	N.A.		
	Increase / Decrease in Shareholding during the year:				
	17/09/2019*	2,00,000	0.00	2,00,000	0.00
	05/11/2019**	(1,00,000)	0.00	1,00,000	0.00
	20/12/2019**	(50,000)	0.00	50,000	0.00
	At the end of the year			50,000	0.00
3	B. Sumant, Executive Director				
	At the beginning of the year	2,08,057	0.00		
	Increase / Decrease in Shareholding during the year:				
	03/07/2019*	2,75,400	0.00	4,83,457	0.00
	23/09/2019**	(5,000)	0.00	4,78,457	0.00
	24/09/2019**	(15,000)	0.00	4,63,457	0.00
	27/09/2019**	(15,000)	0.00	4,48,457	0.00
	30/09/2019**	(5,000)	0.00	4,43,457	0.00
	At the end of the year			4,43,457	0.00
4	R. Tandon, Executive Director & Chief Financial Officer				
	At the beginning of the year	1,83,750	0.00		
	Increase / Decrease in Shareholding during the year:				
	30/12/2019**	(22,500)	0.00	1,61,250	0.00
	31/12/2019**	(10,000)	0.00	1,51,250	0.00
	At the end of the year			1,51,250	0.00
5	S. B. Mathur, Non-Executive Independent Director				
	At the beginning of the year	1,70,500	0.00		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			1,70,500	0.00
6	A. Nayak, Non-Executive Independent Director				
	At the time of being appointed as a Director on 13/07/2019	6,38,075	0.01		
	Increase / Decrease in Shareholding during the year				
	i.e. w.e.f. 13/07/2019:				
	16/07/2019*	1,03,130	0.00	7,41,205	0.01
	21/08/2019*	3,88,120	0.00	11,29,325	0.01
	30/12/2019**	(2,00,000)	0.00	9,29,325	0.01
	At the end of the year			9,29,325	0.01
7	A. K. Seth, Non-Executive Independent Director				
	At the time of being appointed as a Director on 13/07/2019	1,32,480	0.00		
	Increase / Decrease in Shareholding during the year				
	i.e. w.e.f. 13/07/2019:	0	N.A.	0	N.A.
	At the end of the year			1,32,480	0.00

(v) Shareholding of Directors and Key Managerial Personnel (Contd.):

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares@	% of total Shares of the Company	No. of Shares@	% of total Shares of the Company
8	M. Shankar, Non-Executive Independent Director				
	At the beginning of the year	0	N.A.		
	Increase / Decrease in Shareholding during the year:				
	21/08/2019*	45,000	0.00	45,000	0.00
	At the end of the year			45,000	0.00
9	R. K. Singhi, Executive Vice President & Company Secretary				
	At the beginning of the year	1,24,200	0.00		
	Increase / Decrease in Shareholding during the year:				
	25/06/2019**	(6,500)	0.00	1,17,700	0.00
	28/06/2019**	(3,500)	0.00	1,14,200	0.00
	03/07/2019*	10,000	0.00	1,24,200	0.00
	02/08/2019*	18,000	0.00	1,42,200	0.00
	21/08/2019*	16,000	0.00	1,58,200	0.00
	23/09/2019**	(5,000)	0.00	1,53,200	0.00
	27/09/2019**	(2,200)	0.00	1,51,000	0.00
	30/09/2019**	(4,000)	0.00	1,47,000	0.00
	05/12/2019**	(25,000)	0.00	1,22,000	0.00
	19/12/2019*	31,000	0.00	1,53,000	0.00
	At the end of the year			1,53,000	0.00

Mr. S. Banerjee, Mr. H. Bhargava, Mr. A. Duggal, Ms. N. Rao and Mr. D. R. Simpson, Directors, did not hold any Shares of the Company, either at the beginning or at the end of the year or at any time during the year.

Mr. A. Jerath, Director, also did not hold any Shares of the Company, either at the time of appointment as a Director or at the end of the year or at any time during the year.

@ Shares held singly / jointly.

* Allotment of Shares under ITC ESOS; Options were granted to Non-Executive Independent Directors prior to their current tenure.

** Sale of Shares allotted under ITC ESOS.

Note: Increase / decrease in shareholding, as indicated above, are based on disclosures received from the Directors and KMP.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans*	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	0.00	1,112.72	0.20	1,112.92
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	0.00	1,112.72	0.20	1,112.92
Change in Indebtedness during the financial year				
– Addition	0.00	0.00	0.00	0.00
– Reduction	0.00	324.26	0.00	324.26
Net Change	0.00	(324.26)	0.00	(324.26)
Indebtedness at the end of the financial year				
(i) Principal Amount	0.00	788.46	0.20	788.66
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	0.00	788.46	0.20	788.66

* Includes amounts disclosed under 'Note 14 - Deferred payment liabilities' and 'Note 16 - Current maturities of long-term debt', to the Financial Statements forming part of the Report and Accounts.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD				Total Amount
		S. Puri, Chairman & Managing Director	N. Anand, Executive Director	B. Sumant, Executive Director	R. Tandon, Executive Director & Chief Financial Officer	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	644.47	343.24	204.79	324.15	1,516.65
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 ¹	113.86	60.54	48.76	59.86	283.02
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option ²	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission					
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	758.33	403.78	253.55	384.01	1,799.67
	Ceiling as per the Act	1,91,090				
	(Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)					

B. Remuneration to the other Directors:

(₹ in Lakhs)

Sl. No.	Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / Board Committee Meetings	Commission	Others	
1	Independent Directors				
	S. Banerjee	11.00	60.00	0.00	71.00
	A. Duggal	8.00	60.00	0.00	68.00
	S. B. Mathur	10.00	60.00	0.00	70.00
	A. Nayak #	4.50	0.00	0.00	4.50
	N. Rao	6.00	60.00	0.00	66.00
	A. K. Seth #	2.50	0.00	0.00	2.50
	M. Shankar	11.00	60.00	0.00	71.00
	Total (B)(1)	53.00	300.00	0.00	353.00
2	Other Non-Executive Directors				
	H. Bhargava	9.50 \$	40.60 *	0.00	50.10
	A. Jerath @	0.00	0.00	0.00	0.00
	D. R. Simpson	7.50	60.00	0.00	67.50
	Total (B)(2)	17.00	100.60	0.00	117.60
	Total (B) = (B)(1) + (B)(2)				470.60
	Total Managerial Remuneration (A+B)				2,270.27
	Overall Ceiling as per the Act	2,10,199 (Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

Independent Director since 13th July, 2019.

@ Non-Executive Director since 31st January, 2020; no remuneration was paid to Mr. A. Jerath during the year.

\$ Includes ₹ 3.50 Lakhs paid to the Public Financial Institution the Director represents.

* Paid to the Public Financial Institution the Director represents.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	R. K. Singhi, Executive Vice President & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	136.26
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 ¹	12.51
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00
2	Stock Option ²	0.00
3	Sweat Equity	0.00
4	Commission	
	- as % of profit	0.00
	- others, specify	0.00
5	Others, please specify	0.00
	Total Amount	148.77

Notes:

- Does not include contribution to the approved Pension Fund under the defined benefit scheme which is actuarially determined on an overall Company basis.
- During the year, the Company granted Stock Options to the Executive Directors and the Company Secretary under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan. Since such Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / ESAR Units, and accordingly the said grants have not been considered as remuneration.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

against the Company, Directors and other Officers in Default under the Companies Act, 2013: NONE

On behalf of the Board

Kolkata
26th June, 2020

S. PURI

R. TANDON

Chairman & Managing Director

Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS

CONSERVATION OF ENERGY:

All business units continued their efforts to improve energy usage efficiencies and increase the share of renewable energy. Various key performance indicators like specific energy consumption (energy consumed per unit of product), energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company's overall sustainability approach. The Company has a process to identify and evaluate energy risks and opportunities, taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects. Accordingly, phased implementation of energy conservation and renewable energy generation projects are carried out and innovative ways and new technologies are constantly explored to bring about alignment between organizational interests and the larger social purpose.

a) Steps taken or impact on conservation of energy:

Some of the energy conservation measures adopted across the Company are outlined below:

- I. Installation of advanced process controller at cogeneration plant for higher efficiency.
- II. Installation of new energy efficient electric boilers.
- III. Installation of new energy efficient pulper for trim waste.
- IV. Installation of energy efficient baking ovens.
- V. Automation in tube cleaning systems in Heating, Ventilation and Air Conditioning (HVAC) chillers resulting in higher efficiency.
- VI. Installation of Variable Frequency Drives (VFDs) for ventilation units, blowers, pumps, fans etc.
- VII. Replacement of cooling tower, chillers, compressors, pumps and impeller with higher efficiency ones.
- VIII. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs).
- IX. Process improvements to enhance productivity and reduce specific energy consumption across Businesses.

b) Steps taken for utilising alternate sources of energy:

Some of the renewable energy initiatives undertaken during the year are as follows:

- I. Commissioning of additional solar photovoltaic power plants.
- II. Generation of biogas from food waste and using it in the canteen to partially displace fossil fuels.
- III. Continued use of biomass-based fuels for thermal energy generation to reduce dependency on fossil fuels across Businesses.

- c) Capital investment on energy conservation equipment: 3,140.76 lakhs INR.

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. Advanced data capture and analytics installed for both manufacturing line and utilities as part of Industry 4.0 initiative in our Paperboard & Speciality Papers and Branded Packaged Foods factories.
- II. Modification of existing biscuits manufacturing machines to produce different sized biscuits simultaneously along with segregated collection and packing.
- III. Mechanisation of material handling systems such as palletiser machine, automation in carton filling machine, bulk bagging etc. to improve productivity.
- IV. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in our Personal Care Products Business.
- V. Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability across Businesses.

b) Benefits derived:

- I. Cycle time reduction and productivity enhancement
- II. World-class quality and differentiated products
- III. Addressing market specific end-use applications
- IV. Conservation of resources and improved efficiencies

c) The expenditure incurred on Research and Development:

	For the year ended 31st March, 2020
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	1,384
ii) Revenue	14,155
Total	15,539
Total R&D Expenditure (as a % of Gross Revenue)	0.34%

On behalf of the Board

Kolkata S. PURI Chairman & Managing Director
26th June, 2020 R. TANDON Director & Chief Financial Officer

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2020

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of Directors & Key Managerial Personnel	Designation	Ratio of Remuneration to Median Remuneration of all Employees	Increase in Remuneration over LY (%)
		Based on Remuneration Paid	
S Puri	Chairman & Managing Director	168 : 1	11
N Anand	Executive Director	91 : 1	16
B Sumant ¹	Executive Director	58 : 1	433*
R Tandon	Executive Director & Chief Financial Officer	86 : 1	10
S Banerjee	Independent Director	15 : 1	(1)
H Bhargava ²	Non-Executive Director	11 : 1	616*
A Duggal	Independent Director	15 : 1	(6)
A Jerath ³	Non-Executive Director	–	–
S B Mathur	Independent Director	15 : 1	(3)
A Nayak ⁴	Independent Director	1 : 1	–
N Rao	Independent Director	14 : 1	(2)
A K Seth ⁴	Independent Director	1 : 1	–
M Shankar	Independent Director	15 : 1	(3)
D R Simpson	Non-Executive Director	14 : 1	(3)
R K Singhi	Executive Vice President & Company Secretary	33 : 1	33
Y C Deveshwar ⁵	Chairman & Non-Executive Director	123 : 1	(65)
J Pulinthanam ⁶	Non-Executive Director	13 : 1	2208*
S S H Rehman ⁷	Independent Director	15 : 1	(10)

* Remuneration paid during the financial year 2019-20 is not comparable since the concerned Directors were there only for part of the financial year 2018-19

¹ Appointed with effect from 16.11.2018

² Appointed with effect from 28.07.2018

³ Appointed with effect from 31.01.2020 - no remuneration was paid during the year

⁴ Appointed with effect from 13.07.2019

⁵ Passed away on 11.05.2019

⁶ Appointed with effect from 16.05.2018 and resigned with effect from 23.12.2019

⁷ Ceased to be Director upon completion of term with effect from 15.09.2019

Notes

- The number of permanent employees as on 31st March, 2020 was 28,115
- Compared to the financial year 2018-19, the figures for the financial year 2019-20 reflect that:
 - Median remuneration of employees - Increased by 11%
 - Average remuneration of employees - Increased by 12%
 - Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 12%
 - Remuneration paid to KMPs increased by 14%; such increase does not take into account remuneration of one KMP who was appointed during the previous year.
- Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Top ten employees in terms of remuneration drawn.								
Puri S	57	Chairman & Managing Director	7,83,64,187	2,98,32,567	B.Tech.	35	20.01.1986	TELCO Ltd., Trainee
Anand N	63	Executive Director	4,21,59,463	1,71,99,025	B.A. (Hons.)	40	01.12.1979	@
Tandon R	66	Executive Director & Chief Financial Officer	3,99,68,715	1,61,81,700	B.Sc., F.C.A.	42	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Sumant B	56	Executive Director	3,21,88,339	1,11,50,206	B.E.	34	20.01.1986	Nil
Sivakumar S	59	Group Head - Agri Business	2,94,56,452	1,46,60,914	B.Sc., P.G. Dip. in Rural Mgmt.	37	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Rajput A K	64	Senior V.P. - Corporate Affairs	2,67,33,695	1,01,28,577	B.Com., M.B.A.	43	10.04.1976	Nil
Dar C	64	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,56,12,388	1,05,71,471	B.Tech. (Hons.), P.G.D.M.	41	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Satpathy S	47	Divisional Chief Executive (PCPBD)	2,53,41,661	1,02,12,131	B.Com., P.G.D.M.	24	01.12.2015	Marico Ltd., Chief Marketing Officer
Malik H	54	Divisional Chief Executive (FBD)	2,33,63,133	98,98,630	B.A., M.B.A.	30	01.06.1989	Nil
Abraham C	56	Chief Executive - Healthcare	2,29,36,376	1,21,82,244	M.B.B.S., Adv. Dip. in Healthcare Administration	26	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.								
Ambasta A (Dr.)	61	Executive V.P. & Head - Social Investments	1,55,09,496	67,90,970	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	33	01.04.2002	Action Aid (India), Sr. Programme Analyst
Anandan M	49	National Sales & Category Development Manager - Personal Care, Matches & Agarbatti (TM & D)	1,16,40,875	56,23,903	P.G.D.M.	27	01.02.1994	Threads India Limited, Sales Representative
Arif N	58	Executive V.P. & Head - Corporate Communications	2,05,99,980	84,86,494	B.A. (Hons.), M.A.	34	01.09.2006	Indian Chamber of Commerce, Secretary General
Arora B	46	Divisional Head - Finance (PSPD)	1,11,06,956	59,75,870	B.Com. (Hons.), A.C.A.	23	06.09.1999	Maruti Udyog Ltd., Finance Executive
Ashok D	56	Executive V.P. - Strategic Planning	1,49,92,547	66,76,891	B.Com., A.C.S., F.C.M.A.	35	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Bajaj K	47	General Manager - Marketing (ITD)	1,32,99,888	63,78,509	B.A. (Hons.), M.B.A.	25	16.03.2011	Bharti Retail Ltd., Head - Brands
Balakrishnan S	53	Head - Manufacturing Operations (PCPBD)	1,26,95,148	60,36,700	B.E.	32	01.09.1987	Nil
Balar S	45	Brand Group Head - Personal Wash (PCPBD)	1,29,63,681	62,05,872	B.Tech., P.G.D.M.	19	01.06.2000	Nil
Bandyopadhyay S S	50	Divisional Head - HR & CSR (PSPD)	1,22,23,153	60,34,441	B.Com., P.G.D.P.M., I.R. & L.W., M.B.A., Dip. in T&D	24	12.12.2006	Pepsico India Holdings Pvt. Ltd., Asst. Manager-HR
Banerjee S	43	V.P. - Marketing Services (FBD)	1,18,51,772	69,88,723	B.E., M.B.A.	20	01.06.2009	IMRB International, Insights Director
Bansal R K	47	Head - Corporate Treasury	1,28,71,366	61,29,631	B.Com. (Hons.), C.W.A., A.C.A.	24	01.11.1995	Nil
Barve M M	49	Head - Product Development, Chocolates (FBD)	1,17,58,717	67,91,142	B.Sc., M.Sc.(Food Tech.), E.M.B.A.	24	27.07.2015	Pepsico India Holdings Pvt. Ltd., Associate Director
Bezbaroa S K	57	Executive V.P. - Corporate EHS	1,37,77,673	64,45,603	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	37	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bose S	51	Executive V.P. - HR & Learning & Development (HD)	1,75,55,684	92,37,959	B.A., P.G. Dip. in P.M.	25	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Chadha A	50	Chief Operating Officer (HD)	1,23,12,792	64,17,252	Dip. in Hotel Mgmt., Catering & Nutrition	30	01.05.2001	@
Chatterjee K	59	Head - Packaging Development (FBD)	1,05,98,857	50,14,538	Dip. in Mech. Engg.	34	15.10.2001	Agrotech Foods Ltd., Manager - Packaging & Development
Chatterjee S	51	General Manager - Procurement (FBD)	1,18,33,756	69,55,589	B.A.	32	05.06.2006	Nestle India Ltd., Purchase Manager
Chaturvedi K	42	Chief Operating Officer - Snacks (FBD)	1,38,22,717	65,93,963	B.A. (Hons.), P.G. Dip. in Communication	18	19.05.2003	Mindshare Fulcrum, Planning Executive
Chhaproo J T	46	Head of Media (PCPBD)	1,03,37,266	50,69,800	B.Tech., P.G.D.M.	11	08.08.2016	Snapdeal, Head - Media
Dixit P K	59	General Manager - T & RA (ITD)	1,45,51,418	68,58,175	B.Sc. (Hons.)	36	17.10.1983	Nil
Dogra R	45	Head of Modern Trade (TM & D)	1,16,12,597	56,67,524	B.Tech., M.I.B.	20	01.06.2001	J.C.T. Electronics Ltd., Engg. Executive
Dutta Saradindu	60	Head - Corporate Accounts	1,52,15,053	58,43,335	B.Com. (Hons.), M.Com., A.C.A.	38	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	53	Corporate Financial Controller	2,06,40,396	86,04,208	B.Com. (Hons.), C.W.A., A.C.A.	29	01.11.1990	Nil
Ganesan M	57	Head - Corporate Internal Audit	2,05,41,350	92,91,355	B.Com., A.C.A., A.C.S.	34	01.03.1986	Nil
Ganesh Kumar S	52	SBU Chief Executive - Staples, Snacks & Meals (FBD)	2,05,01,984	89,39,736	B.E.	29	14.12.1991	Mather and Platt (I) Limited, Engg. Trainee
Garg A K	59	Head - Finance & IT (PCPBD)	1,24,65,962	72,52,967	B.A. (Hons.), M.B.A. (U.S.A.)	37	01.08.1985	International Travel House Ltd., Regional Financial Controller
Guha S	58	Executive V.P. - Technical (ITD)	1,49,10,469	67,22,321	B.Tech.	36	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta V	55	SBU Chief Executive (ESPB - SBU)	1,76,54,186	97,67,154	B.E., P.G.D.M.	29	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Janardanan Anand P	54	Executive V.P. - HR (FBD)	1,32,59,092	62,37,887	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	29	01.06.1990	Nil
Jasper N K	50	Executive V.P. - Finance & IT (FBD)	1,38,44,433	67,06,534	B.Com. (Hons.), A.C.M.A., A.C.A.	27	25.06.1993	A.F. Ferguson, Asst. Consultant
John R	51	Chief Engineer - Operations (ITD)	1,27,32,653	58,75,298	B.Tech.	28	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Karthik B	47	Head - Corporate Planning	1,17,59,190	54,44,560	B.Com. (Hons.), C.W.A., Advanced Dip. in Systems Mgmt., A.C.S., A.C.A., C.P.A.	24	07.05.2007	Tionale Pte Ltd., G.M. - Business Development
Kaul S	53	Divisional Chief Executive (ITD)	2,19,32,090	93,16,020	B.E., P.G.D.M.	29	01.06.1990	Nil

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Khosla V	53	District Manager - South (TM & D)	1,16,24,850	57,52,210	B.A. (Hons.), M.B.A	29	01.07.2001	Indian Army, Captain
Kishore A	45	Trade Marketing Information Manager (TM & D)	1,06,89,055	52,06,817	B.Tech., P.G.D.M.	24	15.05.2006	Gillete India Ltd., Regional Value Chain Manager
Kulkarni V	45	Chief Operating Officer (PSPD)	1,60,13,859	82,75,395	B.Tech.	23	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar Ashit	54	Executive V.P. - Finance & MIS (ABD)	1,16,60,885	63,00,536	B.Com., A.C.A.	31	01.12.1988	Nil
Kumar Ashwani	56	Chief Technologist - Packaging & Graphics Design (ITD)	1,20,06,885	51,21,825	B.Sc., M.B.A.	34	01.07.1990	Uptron India Ltd., Planning Officer
Kumar G K	54	V.P. - Leaf Operations, Tobacco SBU (ABD)	1,22,14,385	63,10,535	B.Sc. (Agriculture)	32	01.08.1987	Nil
Kumar T S	49	National Sales & Category Development Manager - Foods (TM & D)	1,09,24,266	52,63,280	B.Sc.	27	01.04.1995	E.I.D. Parry (I) Ltd., Sales Representative
Kunchey J K	45	General Manager - Supply Chain & Logistics (TM & D)	1,45,28,870	66,66,003	B.Tech., P.G. Dip. in I.E.	22	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Mathew T	45	Head - HR (PCPBD)	1,05,26,855	51,79,977	Dip. in H.M.C.T. & A.N., B.B.A., M.A.	22	25.06.2001	Marico Industries Ltd., Mgmt. Trainee
Mehta R R	59	Senior Associate General Counsel	1,03,16,793	50,04,887	B.Com. (Hons.), LL.B., LL.M., LL.M. (Criminal Law), M.S.(Wis.), Ph.D.	35	10.06.1994	Legal Practitioner
Mitra S	57	Head - Finance Operations (ITD)	1,05,17,453	45,58,218	B.Com. (Hons.), A.C.A.	32	01.06.1988	Nil
Mukherjee P	58	V.P. - Finance & MIS (PPB - SBU)	1,26,13,811	58,23,511	B.Com. (Hons.), A.C.S., A.C.A.	34	01.09.1987	Khanna & Annadhanam, Chartered Accountants, Asst. Audit
Mukherjee S (Dr.)	54	Chief Scientist and Head R&D (ITD)	1,41,22,923	82,65,139	B.Sc., M.Sc., Ph.D.	24	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	47	Head - Corporate Human Resources	1,57,02,578	84,76,748	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	24	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Narayanan R R	54	Head - Sales & Marketing (ESPB - SBU)	1,23,50,938	59,80,011	B.A., P.G.D.M.	33	01.01.1990	Godrej & Boyce Mfg. Co. Ltd., Sales Representative
Ohri R	53	V.P. - Corporate Affairs	1,10,95,047	58,91,601	B.Com. (Hons.), A.C.A.	29	01.09.1991	Nil
Panda Shatanshu	47	Deputy General Counsel	1,18,53,060	69,98,079	B.A., LL.B. (Hons.)	24	15.07.1996	Nil
Panda Swarup	53	Executive V.P. - HR (ITD)	1,30,66,346	79,09,719	B.Sc. (Hons.), P.G.D.	30	01.09.2003	J K Papers Ltd., Mgmt. Trainee
Phakey A	50	V.P. - Frozen Snacks and Fresh F & V (ABD)	1,65,06,860	96,82,051	B.Com., M.B.A.	27	25.03.2019	H.T. Media Ltd., C.O.O.
Prabhakar L	54	Executive V.P. - HR (ABD)	1,33,55,124	68,33,776	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	32	01.05.2006	ITC Infotech India Ltd., G.M.- HR
Puri Sudhir	43	Category Manager - Chocolates, Coffee & Confectionery (FBD)	1,30,16,759	62,62,680	B.Tech.	21	01.06.1998	Nil
Rai R K	57	Divisional Chief Operating Officer (ABD)	1,93,08,319	1,02,01,188	B.A. (Mktg.), P.G.D. in Exports & Imports	37	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajiv Mohan D V R	54	V.P. - Value Added Agri Products, Agri Business SBU (ABD)	1,15,37,371	52,99,155	B.Com. (Hons.), M.B.A.	31	22.08.1988	Nil
Rama Prasad H N	54	V.P. - Exports & Supply Chain, Tobacco SBU (ABD)	1,23,98,077	59,52,762	B.Sc. (Agriculture), M.Sc. (Agriculture)	31	26.09.1988	Nil
Ramamurthi S (Dr.)	55	Chief Scientist - Biosciences (LS & T)	1,32,54,991	61,29,584	B.Sc., M.Sc. (Tech.), Ph.D.	26	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Rangrass S	59	Divisional Chief Executive (ABD)	2,05,28,368	94,74,265	B.Tech.	37	01.07.1982	Nil
Rasquinha P C	55	V.P. - Finance, Logistics & MIS (LRBD)	1,06,58,428	59,34,492	B.Com. (Hons.), A.C.A., C.W.A.	32	15.07.1991	A.F. Ferguson & Co., Asst. Consultant
Rastogi M	52	V.P. - Social Investments	1,05,90,417	55,87,148	B.A., M.A.	31	01.06.1989	Nil
Rayavaram R K	47	SBU Chief Executive - Matches & Agarbatti SBU	1,29,55,210	61,18,845	B.E., P.G.P.M.	24	01.06.2003	3M India Ltd., Marketing Analyst
Reddy K V	54	Head - Product Development - Atta, Spices & Noodles (FBD)	1,15,98,001	68,37,890	B.Tech.	30	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy A	54	Executive V.P. - Corporate Finance	1,39,41,603	64,09,837	B.Com. (Hons.), A.C.A.	31	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Rustagi A K	45	Chief Operating Officer - Chocolates, Coffee, Confectionery & New Category Development (FBD)	2,09,82,976	98,06,394	B.Tech., P.G.P.M.	23	01.10.2017	Unilever Inc. (London), Global Brand Director
Sahay S	49	Head of Sales Operations & Development (TM & D)	1,23,12,500	59,47,862	B.A., P.G.D.B.A.	25	05.09.2002	Luxor Writing Instruments Ltd., Brand Manager
Sandeep C	49	Head of Projects - Central Projects Organisation	1,05,05,391	60,80,112	B.E.	28	24.05.1999	Kar Mobiles Ltd., Production Engineer
Sarma C V	58	Executive V.P. - Finance & MIS (PSPD)	1,51,36,340	66,75,570	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	33	03.05.1993	J. Loyalka & Co., Sr. Asst.
Senguttuvan R	58	Chief Executive (PPB - SBU)	1,79,97,222	1,03,53,540	B.E., P.G.D.M.	34	27.05.1991	Asian Paints, Purchase Executive
Shanmuga Sundaram A	53	General Counsel and Head of Corporate Legal	1,81,83,835	82,50,522	B.L., M.L.	31	20.10.1997	Maxworth Home Ltd., Manager, Legal
Shenoy T S M	52	Head of Finance (TM & D)	1,30,60,725	62,00,429	B.Com. (Hons.), A.C.A.	32	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Singal S	49	Chief Operating Officer - Dairy & Beverages (FBD)	1,56,77,275	72,75,744	B.Sc., P.G.D.M.	24	01.07.2016	Dabur India Ltd., Head of Marketing
Singh J	54	Executive V.P. - Finance, IT & Procurement (HD)	1,47,68,989	72,34,909	B.Com. (Hons.), A.C.A.	32	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh S K	63	Group Head - Paper & Packaging and Divisional Chief Executive (PSPD)	2,28,29,349	1,15,05,801	B.Tech. (Chem.)	43	21.06.1977	#
Singhi R K	55	Executive V.P. and Company Secretary	1,53,05,069	79,70,839	B.Com. (Hons.), LL.B., F.C.S.	35	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Srinivas K	55	Chief Technologist - Blending & Cigarette Design (ITD)	1,10,23,028	53,00,832	B.Sc., M.Sc.	32	22.08.1988	Nil
Stephanos K G	55	Executive V.P. - Finance, MIS & T&RA (ITD)	1,45,92,717	63,67,781	B.Com. (Hons.), A.C.A.	32	01.07.1988	PricewaterhouseCoopers & Co., Jr. Officer
Sule S	54	Chief Executive Officer (TM & D)	1,97,14,965	93,58,868	B.Com., M.I.B.	30	16.07.1990	Bayer India Ltd., Management Trainee
Tandan S	60	On deputation	1,31,69,646	59,40,212	B.A. (Hons.), A.C.A.	34	01.10.1985	Nil
Tayal G	39	Head - Manufacturing, Biscuits & Cakes (FBD)	1,17,00,617	57,70,837	B.Tech.	17	09.06.2003	Nil

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Thakar A	53	V.P. Finance - Dairy, Beverages & New Category Development (FBD)	1,24,89,357	59,72,223	B.Com. (Hons.), A.C.A., M.B.A.	27	30.06.1992	Nil
Thakur N N	56	National Sales & Category Development Manager - Cigarettes (TM & D)	1,07,21,350	53,51,173	B.Sc., P.G.D.M.	33	01.09.1987	Nil
Venkataraman S N	56	Divisional Head - Marketing (PSPD)	1,14,66,806	64,08,784	B.Sc., M.B.A.	35	29.06.1985	NIL
Venkateswaran K (Dr.)	60	Chief Scientist - Research & Technology Innovation (LS & T)	1,35,08,764	76,72,386	B.Sc., M.Sc., Ph.D.	35	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Vijaykrishnan V (Dr.)	53	Chief Scientist & Head - Product Development and R&D (PCPBD)	1,64,65,188	75,27,922	B.Sc., M.Sc., Ph.D.	24	02.05.2017	Unilever Inc., Global R & D - Design Director
Viswanathan K I	59	Executive V.P. - Marketing & Commercial (PSPD)	1,41,83,358	72,26,778	M.B.A.	37	06.09.1982	Nil
Wali P	50	Executive V.P. - New Business Development	1,24,53,211	54,64,144	B.Tech., Ph.D. Fellowship in Management	29	16.08.1991	Nil
Wanchoo S	59	Executive V.P. - Marketing (ITD)	1,42,56,621	65,58,839	B.Com. (Hons.)	38	19.10.1981	Nil
Wariah D S	53	Head - Product Development - Snacks (FBD)	1,17,23,449	68,54,008	B.E.	30	05.04.2005	Pepsico India Holdings Pvt. Ltd., G.M.
Yadav S M	50	V.P. - Technology & Manufacturing (FBD)	1,56,16,559	71,66,544	B.E., Dip. in International Business	29	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.								
Ahmad S M	66	On deputation	1,45,86,224	57,48,450	B.A., M.A.	43	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Balaji L N	58	Executive V.P. - Shared Services	39,32,770	24,00,861	B.Com., F.C.A.	35	17.06.1985	%
Chandrasekharan L C (Dr.)	65	Chief Scientist - Research & Technology Innovation (LS & T)	91,69,826	52,70,783	Ph.D.	38	01.10.2005	G.E. India, Director, Mfg.
Dasgupta K	43	Head of Marketing - Dairy & Juices (FBD)	57,42,797	33,70,385	B.Sc. (Hons.), P.G.D.C., P.G.D.M.	18	03.01.2020	Hindustan Unilever Ltd., G.M. Foods
Degan S	51	V.P. - Skin Care & New Product Development (PCPBD)	1,21,09,819	74,15,944	M.B.A.	20	15.07.2014	Britannia Industries Ltd., Category Director - Delight & Lifestyle
Dharmendra V B (Dr.)	44	Head - Food Sciences (FBD)	35,20,437	25,46,773	B.Tech., M.Tech., M.S., Ph.D.	22	05.03.2020	E & J Gallo Winery, Applied Technology Director
Haksar D	62	Chief Executive - ITC Hotels / WelcomHotels (HD)	1,38,27,287	63,13,926	B.Com. (Hons.)	42	01.09.1977	@
Kar N	46	District Manager - West (TM & D)	52,32,578	27,07,882	B.Tech., P.G.D.M.	22	01.06.2003	TELCO Ltd., Sales Manager
Noronha A R	66	Executive V.P. - Projects (HD)	1,06,22,102	53,77,201	B.E. (Elec.)	42	01.05.1978	@
Raghuraman R	52	Head of Supply Chain Strategy (FMCG)	43,72,507	27,47,961	B.E.	31	13.01.2020	Hindustan Unilever Ltd., V.P. Logistics
Shah A	52	Head of Marketing (PPB - SBU)	88,96,303	49,20,913	B.Sc., M.B.A.	25	10.03.2008	Paper Products Ltd., Head of Business - SCD
Shere A H	43	Chief Operating Officer - Biscuits & Cakes (FBD)	1,54,75,516	96,74,485	B.A., M.B.A.	22	21.08.2019	Britannia Industries Ltd., Director Marketing
Suresh K S	60	General Counsel	2,17,94,428	92,97,997	B.A., B.L., P.G.D.P.M., I.R. & L.W.	38	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tyagi S	61	SBU Chief Executive (ESPB - SBU)	1,93,57,346	84,97,805	M.Sc., P.G.D.M.	38	01.02.1982	Nil

Abbreviations denote :

ITD	: India Tobacco Division	PCPBD	: Personal Care Products Business Division
PSPD	: Paperboards & Specialty Papers Division	ESPB	: Education & Stationery Products Business
LRBD	: Lifestyle Retailing Business Division	PPB	: Printing & Packaging Business
ABD	: Agri Business Division	LS&T	: Life Sciences & Technology
HD	: Hotels Division	TM & D	: Trade Marketing & Distribution
FBD	: Foods Business Division	SBU	: Strategic Business Unit

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005

Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

% Was on deputation to the Company's Subsidiary and reverted to Company on November 20, 2019

Notes :

- Remuneration includes salary, performance bonus, allowances & other benefits/applicable perquisites except contribution to the approved Pension Funds under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
- During the year, the Company granted Stock Options to the Executive Directors, the Company Secretary and certain other eligible employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan. Since such Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / ESAR Units, and accordingly the said grants have not been considered as remuneration.
- Net remuneration comprises cash income less : a) income tax, surcharge (as applicable) & education cess deducted at source.
b) employees' own contribution to Provident Fund.
- All appointments are/were contractual in accordance with terms and conditions as per Company rules.
- None of the above employees is a relative of any Director of the Company.
- The above list does not include employees who are on deputation and whose cost is not borne by the Company.

On behalf of the Board

Kolkata
26th June, 2020

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

DIVIDEND DISTRIBUTION POLICY

This Dividend Distribution Policy is framed in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sets out the parameters that will be taken into account by the Board of Directors of the Company (hereinafter referred to as 'the Board') in determining the distribution of surplus to its shareholders and/or retaining profits earned by the Company.

The Company will strive to maintain a steady stream of dividend to its shareholders. Dividend distribution shall take into account the financial performance, cash flow and liquidity position of the Company and the distributable surplus available under law. It will also take into account the need to retain earnings to meet foreseeable funding requirements of the Company's businesses, including their growth plans (organic and inorganic), prevailing economic and market conditions, and the financial capacity that needs to be conserved to address any contingencies that may arise. Dividend distribution will also cognise for foreseeable opportunities and threats in the globalised competitive context.

Consistent with the above, effective financial year 2019-20, in the medium term, the dividend pay-out ratio is expected to be around 80% to 85% of the Profit After Tax of the Company.

The Board may declare interim dividend(s) at its discretion. The Board's recommendation to the shareholders on the final dividend may include special dividend(s) as considered appropriate.

This Policy will be reviewed and amended as and when required by the Board.

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2020

KEY FINANCIAL RATIOS

[Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Key Financial Ratios for the Company:

		FY20	FY19
(i)	Operating Profit Margin (%)	41.8	40.9
(ii)	Net Profit Margin (%) ¹	32.9	27.6
(iii)	Debtors Turnover ²	22.1	12.4
(iv)	Inventory Turnover	5.8	6.0
(v)	Current Ratio ³	4.0	3.1
(vi)	Return on Net worth ¹	23.8	21.5

Notes:

1. **Net Profit Margin** and **Return on Net worth ratios** have been computed based on **Profit After Tax (before exceptional items)**.
2. The relatively higher **Debtors Turnover ratio** for the year ended 31st March, 2020 is largely attributable to lower year-end credit sales.
3. The relatively higher **Current ratio** for the year ended 31st March, 2020 is largely attributable to higher financial assets reflecting higher cash generation for the year.
4. **Interest Coverage Ratio** and **Debt-Equity ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

Kolkata
26th June, 2020

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of ITC Limited

1. The Corporate Governance Report prepared by ITC Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020, and the said Report will be submitted by the Company to the Stock Exchanges as part of the Annual Report.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2019 to March 31, 2020:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting wherein such related party transactions have been pre-approved by the audit committee.
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 20041870AAAAW7268

Place of Signature: Mumbai
Date: June 26, 2020

CEO and CFO Compliance Certificate

We, S. Puri, Chairman & Managing Director and R. Tandon, Director & Chief Financial Officer certify that :

- a) We have reviewed the financial statements including the cash flow statement for the year ended 31st March, 2020 and to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with Indian Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2020 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) Changes in accounting policies consequent to the implementation of new Indian Accounting Standards (Ind AS) have been appropriately disclosed in the financial statements. The impact of the new Ind AS on the Company's financials is not material; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Kolkata
25th June, 2020

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Balance Sheet as at 31st March, 2020

	Note	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3A	18932.57		17945.65	
(b) Capital work-in-progress	3B	2776.31		3391.47	
(c) Investment Property	3E	385.36		—	
(d) Intangible assets	3C	519.45		540.75	
(e) Intangible assets under development	3D	3.89		9.89	
(f) Right of Use Assets	3F	680.17		—	
(g) Financial Assets					
(i) Investments	4	13455.59		14071.45	
(ii) Loans	5	3.31		6.21	
(iii) Others	6	607.09	14065.99	2380.49	16458.15
(h) Other non-current assets	7	1364.71	38728.45	1883.05	40228.96
Current assets					
(a) Inventories	8	8038.07		7587.24	
(b) Financial Assets					
(i) Investments	9	17175.02		12506.55	
(ii) Trade receivables	10	2092.00		3646.22	
(iii) Cash and cash equivalents	11	561.84		162.71	
(iv) Other Bank Balances	12	6281.43		3606.02	
(v) Loans	5	4.87		5.02	
(vi) Others	6	1505.94	27621.10	1360.29	21286.81
(c) Other current assets	7	847.74	36506.91	694.91	29568.96
TOTAL ASSETS		75235.36		69797.92	
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	13	1229.22		1225.86	
(b) Other Equity		62799.94	64029.16	56723.93	57949.79
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	14	5.63		7.89	
(ii) Lease Liabilities	15	259.25		—	
(iii) Other financial liabilities	16	90.47	355.35	41.90	49.79
(b) Provisions	17	143.79		132.64	
(c) Deferred tax liabilities (Net)	18	1617.65	2116.79	2044.14	2226.57
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		34.67		54.32	
Total outstanding dues of creditors other than micro enterprises and small enterprises		3412.07		3313.96	
(ii) Lease Liabilities	15	64.87		—	
(iii) Other financial liabilities	16	1147.24	4658.85	972.94	4341.22
(b) Other current liabilities	19	4175.91		4910.40	
(c) Provisions	17	117.94		25.24	
(d) Current Tax Liabilities (Net)	20	136.71	9089.41	344.70	9621.56
TOTAL EQUITY AND LIABILITIES		75235.36		69797.92	

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003
Sudhir Soni
Partner
Mumbai, June 26, 2020

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary
Kolkata, June 26, 2020

Statement of Profit and Loss for the year ended 31st March, 2020

	Note	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
I Revenue From Operations	21A, 21B	46807.34	45784.39
II Other Income	22	3013.66	2484.54
III Total Income (I+II)		49821.00	48268.93
IV EXPENSES			
Cost of materials consumed		13121.76	13184.97
Purchases of Stock-in-Trade		4289.71	4300.32
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(176.34)	(180.14)
Excise duty		1187.64	788.74
Employee benefits expense	23	2658.21	2728.44
Finance costs	24	55.72	34.19
Depreciation and amortization expense		1563.27	1311.70
Other expenses	25	7822.11	7656.55
Total expenses (IV)		30522.08	29824.77
V Profit before exceptional items and tax (III-IV)		19298.92	18444.16
VI Exceptional Items	27(i)	(132.11)	–
VII Profit before tax (V+VI)		19166.81	18444.16
VIII Tax expense:			
Current Tax	26	4441.97	5849.24
Deferred Tax	26	(411.21)	130.60
IX Profit for the year (VII-VIII)		15136.05	12464.32
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	27(vi)(a)	(125.09)	9.26
– Equity instruments through other comprehensive income		(1238.94)	370.11
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(1.29)	(21.05)
(ii) Income tax relating to items that will not be reclassified to profit or loss	26	9.62	3.69
B (i) Items that will be reclassified to profit or loss:			
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(36.24)	0.85
(ii) Income tax relating to items that will be reclassified to profit or loss	26	10.13	(0.30)
X Other Comprehensive Income [A (i-ii)+B (i-ii)]		(1381.81)	362.56
XI Total Comprehensive Income for the year (IX+X)		13754.24	12826.88
XII Earnings per equity share (Face Value ₹ 1.00 each):	27(ii)		
(1) Basic (in ₹)		12.33	10.19
(2) Diluted (in ₹)		12.31	10.13

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003
Sudhir Soni
Partner
Mumbai, June 26, 2020

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary
Kolkata, June 26, 2020

Statement of changes in equity for the year ended 31st March, 2020

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, 2019	1220.43	5.43	1225.86
For the year ended 31st March, 2020	1225.86	3.36	1229.22

B. Other Equity

(₹ in Crores)

	Reserves and Surplus							Items of other comprehensive income				Total
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve		
Balance as at 31st March, 2018	2.48	7444.41	1873.97	0.30	363.05	17585.31	21991.24	871.60	6.73	40.55	50179.64	
Profit for the year	-	-	-	-	-	-	12464.32	-	-	-	12464.32	
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	5.59	370.11	(13.14)	-	362.56	
Total Comprehensive Income for the year	-	-	-	-	-	-	12469.91	370.11	(13.14)	-	12826.88	
Issue of equity shares under ITC Employee Stock Option Scheme	-	963.70	-	-	-	-	-	-	-	-	963.70	
Dividends												
- Ordinary Dividend (2017-18 – ₹ 5.15 per share)	-	-	-	-	-	-	(6285.21)	-	-	-	(6285.21)	
Income tax on Dividend paid	-	-	-	-	-	-	(1201.69)	-	-	-	(1201.69)	
Transfer from share option reserve on exercise and lapse	-	114.65	(119.08)	-	-	-	3.88	-	-	-	(0.55)	
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	(1.89)	-	(1.89)	
Recognition of share based payment	-	-	243.05	-	-	-	-	-	-	-	243.05	
Balance as at 31st March, 2019	2.48	8522.76	1997.94	0.30	363.05	17585.31	26978.13	1241.71	(8.30)	40.55	56723.93	
Profit for the year	-	-	-	-	-	-	15136.05	-	-	-	15136.05	
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(113.54)	(1238.94)	(29.33)	-	(1381.81)	
Total Comprehensive Income for the year	-	-	-	-	-	-	15022.51	(1238.94)	(29.33)	-	13754.24	
Issue of equity shares under ITC Employee Stock Option Scheme	-	621.94	-	-	-	-	-	-	-	-	621.94	

Statement of changes in equity for the year ended 31st March, 2020

B. Other Equity (Contd.)

(₹ in Crores)

	Reserves and Surplus							Items of other comprehensive income			Total
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Dividends											
– Ordinary Dividend (2018-19 – ₹ 5.75 per share)	–	–	–	–	–	–	(7048.71)	–	–	–	(7048.71)
Income tax on Dividend paid	–	–	–	–	–	–	(1373.52)	–	–	–	(1373.52)
Transfer from share option reserve on exercise and lapse	–	66.79	(89.80)	–	–	–	17.73	–	–	–	(5.28)
Transferred to initial carrying amount of hedged items (net of tax)	–	–	–	–	–	–	–	–	13.30	–	13.30
Recognition of share based payment	–	–	114.04	–	–	–	–	–	–	–	114.04
Balance as at 31st March, 2020	2.48	9211.49	2022.18	0.30	363.05	17585.31	33596.14	2.77	(24.33)	40.55	62799.94

The Board of Directors of the Company recommended a dividend of ₹ 10.15 per share (for the year ended 31st March, 2019 - ordinary dividend ₹ 5.75 per share) to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 12476.61 Crores (for the year ended 31st March, 2019 - ₹ 7048.71 Crores). Dividend for the year ended 31st March, 2020 is subject to deduction of income tax.

Capital Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

Securities Premium: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Share Options Outstanding Account: This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or cancellation of vested options.

Capital Redemption Reserve: This Reserve has been transferred to the Company in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

Contingency Reserve: This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes.

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

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

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.

Foreign Currency Translation Reserve: This Reserve contains the accumulated balance of foreign exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation whose functional currency is other than Indian Rupee. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached For S R B C & CO LLP

Chartered Accountants Firm Registration Number: 324982E/E3000003

Sudhir Soni Partner Mumbai, June 26, 2020

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI
Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary
Kolkata, June 26, 2020

Cash Flow Statement for the year ended 31st March, 2020

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	19166.81	18444.16
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1563.27	1311.70
Share based payments to employees	105.77	215.00
Finance costs	55.72	34.19
Interest Income	(1438.87)	(1242.62)
Dividend Income	(551.11)	(415.90)
Loss on sale of property, plant and equipment - Net	56.08	102.11
Doubtful and bad debts	16.17	21.65
Doubtful and bad advances, loans and deposits	(1.71)	5.30
Impairment of investment in joint venture	10.00	—
Net gain recognised on disposal of subsidiary	—	(9.40)
Net (gain)/loss arising on investments mandatorily measured at fair value through profit or loss	(944.25)	(751.79)
Foreign currency translations and transactions - Net	0.44 (1128.49)	2.30 (727.46)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	18038.32	17716.70
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	1527.33	(699.48)
Inventories	(450.83)	(350.09)
Trade payables, other liabilities and provisions	(658.50) 418.00	567.80 (481.77)
CASH GENERATED FROM OPERATIONS	18456.32	17234.93
Income tax paid	(4650.14)	(5485.88)
NET CASH FROM OPERATING ACTIVITIES	13806.18	11749.05
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles etc.	(2140.35)	(2768.64)
Sale of property, plant and equipment	26.75	9.16
Purchase of current investments	(74803.59)	(86963.22)
Sale/redemption of current investments	69214.00	88535.08
Investment in subsidiaries	(202.39)	(426.48)
Purchase of non-current investments	(1987.78)	(3404.69)
Redemption proceeds of non-current investments	3429.63	300.29
Proceeds on disposal of subsidiary	—	17.75
Dividend Income	551.11	415.90
Interest received	1437.26	1112.91
Investment in bank deposits (original maturity more than 3 months)	(4666.57)	(4527.30)
Redemption/maturity of bank deposits (original maturity more than 3 months)	3508.18	2928.78
Investment in deposit with housing finance companies	(585.16)	(848.03)
Redemption/maturity of deposit with housing finance companies	699.15	536.42
Loans given	(3.22)	(5.35)
Loans realised	6.27	5.67
NET CASH USED IN INVESTING ACTIVITIES	(5516.71)	(5081.75)

Cash Flow Statement for the year ended 31st March, 2020

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	625.30	969.13
Repayment of non-current borrowings	(3.23)	(6.87)
Payment of lease liabilities	(44.03)	—
Interest paid	(45.54)	(86.68)
Net increase/(decrease) in statutory restricted accounts balances	(1.14)	10.75
Dividend paid	(7048.71)	(6285.21)
Income tax on dividend paid	(1373.52)	(1201.69)
NET CASH USED IN FINANCING ACTIVITIES	(7890.87)	(6600.57)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	398.60	66.73
OPENING CASH AND CASH EQUIVALENTS	162.75	96.02
CLOSING CASH AND CASH EQUIVALENTS	561.35	162.75

Notes:

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

Cash and cash equivalents as above	561.35	162.75
Unrealised gain/(loss) on foreign currency cash and cash equivalents	0.49	(0.04)
Cash and cash equivalents (Note 11)	<u>561.84</u>	<u>162.71</u>
- Net Cash Flow from Operating Activities includes an amount of ₹ 322.06 Crores (2019 - ₹ 299.14 Crores) spent towards Corporate Social Responsibility.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, June 26, 2020

On behalf of the Board

S. PURI

R. TANDON

R. K. SINGHI

Chairman & Managing Director

Director & Chief Financial Officer

Company Secretary

Kolkata, June 26, 2020

Notes to the Financial Statements

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the

Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous Generally Accepted Accounting Principles (GAAP).

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation/enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30-60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	7-25 Years
Furniture and Fixtures	8-10 Years
Vehicles	8-10 Years
Office Equipment	5 Years

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

- for assets acquired in a business combination, at fair value on the date of acquisition.
- for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g. patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g. computer software, design, prototypes) or commercial obsolescence (e.g. lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite. Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and

Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Investment Property

Properties that are held for long-term rental yields and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Depreciation is recognised using the straight line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act, 2013. Freehold land and properties under construction are not depreciated.

Transfers to, or from, investment properties are made at the carrying amount when and only when there is a change in use.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

Income received from investment property is recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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.

Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in Foreign Currency Translation Reserve.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss/inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with the risk

management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains/losses relating to the ineffective portion are recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non – financial asset, such gains/losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity are recognised immediately in the Statement of Profit and Loss.

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

Derecognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment, in which case the cumulative fair value adjustments previously taken to reserves are reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

Government Grant

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received upon the Company complying with the conditions attached to the grant. Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognised as expense.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Actual disbursements made under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

Employee Share Based Compensation

Stock Options

Stock Options are granted to eligible employees under the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee/Board. Eligible employees for this purpose include employees of the Company including Directors and those on deputation and employees of the Company's subsidiary companies including Managing Director/Wholetime Director of a subsidiary.

Under Ind AS, the cost of ITC Stock Options (Stock Options) is recognised based on the fair value of Stock Options as on the grant date.

While the fair value of Stock Options granted is recognised in the Statement of Profit and Loss for employees of the Company (other than those out on deputation), the value of Stock Options, net of reimbursements, granted to employees on deputation and to employees of the wholly owned and other subsidiary companies is considered as capital contribution/investment.

The Company generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements from:

- (a) Wholly owned subsidiaries who need to conserve financial capacity to sustain their business and growth plans and to address contingencies that may arise, taking into account the economic and market conditions then prevailing and opportunities and threats in the competitive context.
- (b) Other companies not covered under (a) above, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently remeasured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Company. In case of employees on deputation to group companies, the Company generally seeks reimbursements from the concerned group company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

Taxes on Income

Taxes on income comprise current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, insofar as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on businesses which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

"Unallocated Corporate Expenses" include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole.

Financial and Management Information Systems

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

Notes to the Financial Statements

2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note B below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to useful life of intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortised over their useful economic life. Refer notes to the financial statements.

B. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

2. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable

data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

3. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

4. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

5. COVID-19:

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block					
	As at 31st March, 2018	Additions	Withdrawals and adjustments	As at 31st March, 2019	Additions	As at 31st March, 2020
3A. Property, Plant and Equipment*						
Land ¹	1604.38	331.40	0.40	1935.38	4.78	1933.90
Buildings	4949.81	1666.26	1.64	6614.43	1285.59	7549.49
Leasehold Improvements	25.44	0.64	2.17	23.91	1.46	12.47
Plant and Equipment	10946.20	2055.71	186.59	12815.32	1385.35	14023.76
Furniture and Fixtures	474.89	160.26	14.34	620.81	197.90	788.08
Vehicles	126.09	28.97	12.29	142.77	35.56	162.67
Office Equipment	20.47	2.75	1.06	22.16	4.42	25.76
Railway Sidings	1.73	–	–	1.73	–	1.73
TOTAL	18149.01	4245.99	218.49	22176.51	2915.06	24497.86
3B. Capital work-in-progress	5016.85	2588.13	4213.51	3391.47	2250.02	2776.31
3C. Intangible assets (acquired)²						
Trademarks	340.30	107.00	–	447.30	–	447.30
Computer Software	174.09	20.94	–	195.03	20.63	213.96
Know How, Business and Commercial Rights	26.68	7.17	–	33.85	–	33.85
TOTAL	541.07	135.11	–	676.18	20.63	695.11
3D. Intangible assets under development	8.73	123.08	121.92	9.89	13.57	3.89

(₹ in Crores)

Particulars	As at 31st March, 2020	As at 31st March, 2019
3E. Investment Property		
Gross Block		
Opening Gross Block	–	–
Transferred from Property, Plant and Equipment	406.71	–
Additions during the year	–	–
Withdrawals and adjustments	–	–
Closing Gross Block	406.71	–
Accumulated Depreciation		
Opening Accumulated Depreciation	–	–
Transferred from Property, Plant and Equipment	15.29	–
Depreciation for the year	6.06	–
Depreciation on Withdrawals and adjustments	–	–
Closing Accumulated Depreciation	21.35	–
Net Block	385.36	–

1. The fair value of the investment property is ₹ 849.41 Crores (2019 - ₹ Nil), which has been determined on the basis of valuation carried out at the reporting date by independent valuer. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, market trend, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.

2. Amounts recognised in the statement of profit or loss in respect of the investment property is as under:

Particulars	(₹ in Crores)
Rental Income from investment property	49.69
Direct Operating Expenses arising from investment property that generated rental income during the year*	15.43
Direct Operating Expenses arising from investment property that did not generate rental income during the year	–

* As per the contractual arrangements, the Company is responsible for the maintenance of common area/bears maintenance costs. The expenses arising out of such arrangements are not material.

Includes amounts transferred to Investment Property on its initial recognition. Refer Note 3E.

@ Also refer Note 27 (viii) and 27(ix)

(₹ in Crores)

Particulars	Gross Block					
	As at 1st April, 2018	Additions	Withdrawals and adjustments	As at 1st April, 2019	Additions	As at 31st March, 2020
3F. Right of Use Assets[@]						
Land	–	–	–	440.49	–	440.49
Buildings	–	–	–	229.30	26.80	252.58
Plant and Equipment	–	–	–	48.63	–	48.63
TOTAL	–	–	–	718.42	26.80	741.70

Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization							Net Book Value	
	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Upto 31st March, 2019	For the year	On Withdrawals and adjustments [#]	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
3A. Property, Plant and Equipment*									
Land ¹	–	–	–	–	–	–	–	1933.90	1935.38
Buildings	356.16	165.11	0.19	521.08	207.40	11.16	717.32	6832.17	6093.35
Leasehold Improvements	11.52	3.20	1.71	13.01	1.92	9.57	5.36	7.11	10.90
Plant and Equipment	2425.23	1006.51	50.98	3380.76	1139.30	71.13	4448.93	9574.83	9434.56
Furniture and Fixtures	188.16	76.07	9.59	254.64	82.83	17.23	320.24	467.84	366.17
Vehicles	36.87	17.14	6.22	47.79	19.04	9.01	57.82	104.85	94.98
Office Equipment	10.68	3.19	0.81	13.06	3.25	1.34	14.97	10.79	9.10
Railway Sidings	0.39	0.13	–	0.52	0.13	–	0.65	1.08	1.21
TOTAL	3029.01	1271.35	69.50	4230.86	1453.87	119.44	5565.29	18932.57	17945.65
3B. Capital work-in-progress	–	–	–	–	–	–	–	2776.31	3391.47
3C. Intangible assets (acquired) ²									
Trademarks	7.87	3.15	–	11.02	3.14	–	14.16	433.14	436.28
Computer Software	78.72	33.98	–	112.70	34.96	1.39	146.27	67.69	82.33
Know How, Business and Commercial Rights	8.49	3.22	–	11.71	3.52	–	15.23	18.62	22.14
TOTAL	95.08	40.35	–	135.43	41.62	1.39	175.66	519.45	540.75
3D. Intangible assets under development	–	–	–	–	–	–	–	3.89	9.89

(₹ in Crores)

*The above includes following assets given on operating lease:	As at 31st March, 2020			2020	As at 31st March, 2019			2019
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Particulars								
Buildings	5.10	1.16	3.94	0.54	3.16	0.62	2.54	0.02
Plant and Equipment	210.53	103.87	106.66	22.80	205.50	81.07	124.43	25.35
TOTAL	215.63	105.03	110.60	23.34	208.66	81.69	126.97	25.37

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2019 - ₹ 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.
- Certain trademarks pertaining to 'FMCG - Others' with a carrying value of ₹ 416.73 Crores (2019 - ₹ 416.73 Crores) 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. 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. Computer software is amortized over a period of 5 years.
- The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
- The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 115.95 Crores (2019 - ₹ 208.33 Crores).

(₹ in Crores)

Particulars	Depreciation and Amortization							Net Book Value	
	Upto 1st April, 2018	For the year	On Withdrawals and adjustments	Upto 1st April, 2019	For the year	On Withdrawals and adjustments	Upto 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
3F. Right of Use Assets [@]									
Land	–	–	–	–	6.73	–	6.73	433.76	440.49
Buildings	–	–	–	–	49.51	0.24	49.27	203.31	229.30
Plant and Equipment	–	–	–	–	5.53	–	5.53	43.10	48.63
TOTAL	–	–	–	–	61.77	0.24	61.53	680.17	718.42

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries (at cost unless stated otherwise)				
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00
Russell Credit Limited 59,74,54,177 Equity Shares of ₹ 10.00 each, fully paid 7,54,22,400 Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid		619.29 39.22		619.29 39.22
ITC Infotech India Limited 8,52,00,000 Equity Shares of ₹ 10.00 each, fully paid		204.85		205.22
Landbase India Limited 31,70,00,000 Equity Shares of ₹ 10.00 each, fully paid		325.57		325.57
Surya Nepal Private Limited 1,18,94,400 Ordinary Shares of Nepalese Rupees 100.00 each, fully paid		10.15		10.15
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of ₹ 10.00 each, fully paid		18.53		18.53
Fortune Park Hotels Limited 4,50,008 Equity Shares of ₹ 10.00 each, fully paid		0.45		0.45
Bay Islands Hotels Limited 11,875 Equity Shares of ₹ 100.00 each, fully paid		0.12		0.12
WelcomHotels Lanka (Private) Limited 13,96,42,260 Shares with no par value		641.85		641.85
Wimco Limited 18,50,81,193 Equity Shares of ₹ 1.00 each, fully paid		3.61		3.57
Technico Pty Limited 1,00,15,502 Ordinary Shares with no par value (₹ 16.29 Crores impaired)		31.88		31.88
Technico Agri Sciences Limited 3,79,62,800 Equity Shares of ₹ 10.00 each, fully paid		121.00		121.00
ITC Investments & Holdings Limited 45,00,000 Equity Shares of ₹ 10.00 each, fully paid		4.50		4.50
North East Nutrients Private Limited 5,54,80,000 Equity Shares of ₹ 10.00 each, fully paid		55.48		55.48
Pavan Poplar Limited 55,10,004 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 5.99 Crores, fully impaired)		—		—
Prag Agro Farm Limited 1,28,00,020 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 12.82 Crores, fully impaired)		—		—
In Associates (at cost unless stated otherwise)				
International Travel House Limited 2,87,600 Equity Shares of ₹ 10.00 each, fully paid	0.65		0.65	
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid	1.94		1.94	
Carried over	2.59	2092.50	2.59	2092.83

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2.59	2092.50	2.59	2092.83
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
In Joint Ventures (at cost unless stated otherwise)				
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid		46.51		46.51
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90
Logix Developers Private Limited 77,66,913 Equity Shares of ₹ 10.00 each, fully paid [₹ 33.45 Crores (2019 - ₹ 23.45 Crores) impaired]		8.50		18.50
In Others (at fair value through other comprehensive income unless stated otherwise)				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid	0.13		0.16	
HLV Limited (Formerly Hotel Leelaventure Limited) 4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid	15.74		54.45	
ElH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	563.39		1763.37	
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.08		0.30	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Woodlands Multispeciality Hospital Limited 13,605 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid		—		—
Delectable Technologies Private Limited (at fair value through profit or loss) 100 (2019 - Nil) Equity Shares of ₹ 10.00 each, fully paid		0.10		—
INVESTMENT IN PREFERENCE SHARES				
In Subsidiaries (at cost unless stated otherwise)				
North East Nutrients Private Limited (at amortised cost) 18,00,000 Redeemable Preference Shares of ₹ 100.00 each, fully paid		18.00		18.00
WelcomHotels Lanka (Private) Limited 21,67,90,940 (2019 - 16,64,54,140) Redeemable Preference Shares of Sri Lankan Rupee 100.00 each, fully paid		888.61		691.22
Wimco Limited (at amortised cost) 5,00,000 (2019 - Nil) Cumulative Redeemable Preference Shares of ₹ 100.00 each, fully paid		5.00		—
In Others (at fair value through profit or loss)				
Delectable Technologies Private Limited 1,864 (2019 - Nil) Compulsorily Convertible Cumulative Preference Shares of ₹ 10.00 each, fully paid		1.78		—
Carried over	581.93	3064.27	1820.87	2870.33

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	581.93	3064.27	1820.87	2870.33
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National savings certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)		...		...
INVESTMENT IN BONDS/DEBENTURES				
In Others (at amortised cost)				
Housing Development Finance Corporation Limited				
Nil (2019 - 90) 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	—		90.93	
Nil (2019 - 800) 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	—		40.39	
Nil (2019 - 50) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid	—		51.07	
Nil (2019 - 150) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid	—		154.07	
Housing and Urban Development Corporation Limited				
4,300 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid	437.76		439.01	
150 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.65		15.76	
3,29,870 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	33.88		34.16	
7,00,696 7.39% (For Category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid	70.07		70.07	
3,50,000 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	36.06		36.55	
5,00,000 8.20% For Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche 1 Series - 2 (05 March 2027) of ₹ 1000.00 each, fully paid	55.54		56.16	
850 8.40% Unsecured Rated Listed Taxable Redeemable Non-Convertible Bonds Series C 2018 (11 April 2022) of ₹ 1000000.00 each, fully paid	85.00		85.00	
250 (2019 - Nil) 7.61% Rated Listed Taxable Bonds in the nature of Unsecured Debentures Series A 2019 (22 June 2022), of ₹ 1000000.00 each, fully paid	25.24		—	
Carried over	1341.13	3064.28	2894.04	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	1341.13	3064.28	2894.04	2870.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
700 (2019 - Nil) 6.99% Unsecured Listed Rated Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debenture Series E (11 Nov 2022) of ₹ 1000000.00 each, fully paid	70.26		—	
ICICI Bank Limited [#]				
2,647 9.15% Unsecured Rated Listed Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		264.70	
2,000 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.14		200.17	
3,000 9.90% Unsecured Rated Listed Subordinated Perpetual Additional Tier 1 Basel III Compliant Non-Convertible Bonds in the nature of Debentures (with first Call Option on 28 December 2023) of ₹ 1000000.00 each, fully paid	300.00		300.00	
India Infrastructure Finance Company Limited				
5,00,000 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	51.15		51.58	
3,00,000 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	32.55		32.80	
50,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.28		5.35	
1,175 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid	125.06		125.71	
1,300 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid	142.31		143.38	
1,780 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid	191.18		192.36	
Indian Railway Finance Corporation Limited				
70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.30		7.34	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	25.83		26.01	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	51.15		51.51	
Carried over	2808.04	3064.28	4294.95	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2808.04	3064.28	4294.95	2870.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
2,250 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid	225.86		226.05	
1,00,000 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	10.93		11.03	
3,31,819 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	34.21		34.70	
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	85.42		86.62	
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.63		10.78	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	133.40		134.08	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	13.95		14.02	
LIC Housing Finance Limited				
400 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.18		40.29	
100 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.11		10.18	
Nil (2019 - 800) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	—		80.66	
550 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	55.58		56.07	
Nil (2019 - 750) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	—		75.85	
Nil (2019 - 250) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	—		24.94	
Nil (2019 - 350) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	—		35.57	
Nil (2019 - 850) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	—		86.19	
Nil (2019 - 50) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	—		5.07	
Carried over	3428.31	3064.28	5227.05	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	3428.31	3064.28	5227.05	2870.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2019 - 100) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	—		10.17	
Nil (2019 - 700) 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	—		70.27	
Nil (2019 - 1,250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	—		126.81	
Nil (2019 - 239) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	—		23.93	
500 Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 378 (04 May 2022) of ₹ 1000000.00 each, fully paid	54.82		50.42	
National Bank for Agriculture and Rural Development				
Nil (2019 - 3,200) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18G (30 September 2020) of ₹ 1000000.00 each, fully paid	—		316.15	
2,000 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	208.97		210.24	
2,000 (2019 - Nil) 6.98% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20G (19 September 2022) of ₹ 1000000.00 each, fully paid	200.00		—	
1,000 (2019 - Nil) 8.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19B (31 January 2022) of ₹ 1000000.00 each, fully paid	102.59		—	
500 (2019 - Nil) 7.70% Unsecured Listed Redeemable Taxable Non-Convertible Bonds Series 20D (13 June 2022) of ₹ 1000000.00 each, fully paid	51.06		—	
900 (2019 - Nil) 7.85% Unsecured Listed Taxable Redeemable Non-Convertible Bond Series 20B (23 May 2022) of ₹ 1000000.00 each, fully paid	92.07		—	
600 (2019 - Nil) 7.90% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series 20A (18 April 2022) of ₹ 1000000.00 each, fully paid	61.39		—	
250 (2019 - Nil) 6.70% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20H (11 November 2022) of ₹ 1000000.00 each, fully paid	25.00		—	
National Highways Authority of India				
2,600 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIA (18 September 2025) of ₹ 1000000.00 each, fully paid	260.37		260.40	
8,06,381 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026) of ₹ 1000.00 each, fully paid	82.14		82.35	
Carried over	4566.72	3064.28	6377.79	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	4566.72	3064.28	6377.79	2870.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
2,500 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030) of ₹ 1000000.00 each, fully paid	250.00		250.00	
17,49,943 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid	184.01		184.60	
5,00,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	57.72		58.36	
2,50,000 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	29.54		29.91	
National Housing Bank 800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	85.17		85.60	
Power Finance Corporation Limited Nil (2019 - 250) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	—		24.80	
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	62.37		62.74	
Nil (2019 - 250) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	—		24.92	
Nil (2019 - 250) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	—		24.87	
Nil (2019 - 500) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	—		50.04	
500 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid	53.23		53.50	
Nil (2019 - 2,800) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	—		282.64	
3,50,000 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	41.27		41.79	
Nil (2019 - 400) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	—		40.75	
150 (2019 - Nil) 7.47% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 151 A (16 September 2021) of ₹ 1000000.00 each, fully paid	15.02		—	
Carried over	5345.05	3064.28	7592.31	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	5345.05	3064.28	7592.31	2870.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
150 (2019 - Nil) 8.66% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series C (27 November 2021) of ₹ 1000000.00 each, fully paid	15.29		—	
4,500 (2019 - Nil) 7.35% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 191 (15 October 2022) of ₹ 1000000.00 each, fully paid	450.00		—	
700 (2019 - Nil) 7.10% Unsecured Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 169 A (08 August 2022) of ₹ 1000000.00 each, fully paid	70.20		—	
250 (2019 - Nil) 8.45% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 181 (11 August 2022) of ₹ 1000000.00 each, fully paid	25.83		—	
REC Limited (Formerly Rural Electrification Corporation Limited)				
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	88.22		88.72	
1,190 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid	130.82		131.85	
3,50,000 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	41.01		41.51	
50 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid	5.35		5.38	
1,700 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	170.57		170.85	
Nil (2019 - 500) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	—		48.77	
2,880 (2019 - Nil) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 177 (20 December 2021) of ₹ 1000000.00 each, fully paid	288.00		—	
300 (2019 - Nil) 7.09% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 152 (17 October 2022) of ₹ 1000000.00 each, fully paid	29.81		—	
2,000 (2019 - Nil) 7.09% Unsecured Rated Listed Non-Cumulative Non-Convertible Redeemable Taxable Bonds Series 185 (13 December 2022) of ₹ 1000000.00 each, fully paid	200.00		—	
Small Industries Development Bank of India				
2,500 (2019 - Nil) 7.89% Unsecured Listed Redeemable Non-Convertible Bond Series III of 2019-20 (15 November 2022 with Call and Put Option 14 May 2021) of ₹ 1000000.00 each, fully paid	250.48		—	
Carried over	7110.63	3064.28	8079.39	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7110.63	3064.28	8079.39	2870.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
State Bank of India [#]				
3,250 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.40		325.64	
1,550 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	154.04		153.50	
2,350 9.37% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series II (with first Call Option 21 December 2023) of ₹ 1000000.00 each, fully paid	235.00		235.00	
7,000 9.56% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 04 December 2023) of ₹ 1000000.00 each, fully paid	700.00		700.00	
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) 4,00,00,000 Units of ₹ 10.00 each	47.71		43.75	
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 Units of ₹ 10.00 each	11.91		10.94	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 Units of ₹ 10.00 each	23.79		21.83	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 Units of ₹ 10.00 each	17.88		16.40	
Aditya Birla Sun Life Fixed Term Plan - Series RP (1239 Days) 5,50,00,000 Units of ₹ 10.00 each	63.38		57.64	
Aditya Birla Sun Life Fixed Term Plan - Series SF (1161 Days) 40,00,000 Units of ₹ 10.00 each	4.47		4.08	
Aditya Birla Sun Life Fixed Term Plan - Series SG (1155 Days) 1,80,00,000 Units of ₹ 10.00 each	20.14		18.33	
Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 Days) 3,00,00,000 Units of ₹ 10.00 each	33.29		30.27	
Aditya Birla Sun Life Fixed Term Plan - Series SI (1141 Days) 1,00,00,000 Units of ₹ 10.00 each	11.13		10.13	
DSP Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 Units of ₹ 10.00 each	11.91		10.93	
DSP Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 Units of ₹ 10.00 each	22.54		20.67	
DSP Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 Units of ₹ 10.00 each	23.66		21.75	
Franklin India Fixed Maturity Plans - Series 2 - Plan A 1,40,00,000 Units of ₹ 10.00 each	16.64		15.26	
Carried over	8833.52	3064.28	9775.51	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	8833.52	3064.28	9775.51	2870.34
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 6,50,00,000 Units of ₹ 10.00 each	77.26		70.80	
HDFC Fixed Maturity Plan 1232D November 2018 (1) - Series-43 4,00,00,000 Units of ₹ 10.00 each	46.11		41.89	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J Nil (2019 - 50,00,000) Units of ₹ 10.00 each	—		5.64	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 Units of ₹ 10.00 each	15.50		14.23	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 Units of ₹ 10.00 each	41.51		38.03	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 Units of ₹ 10.00 each	22.69		20.82	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 Units of ₹ 10.00 each	53.61		49.18	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 Units of ₹ 10.00 each	11.94		10.96	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 Units of ₹ 10.00 each	59.50		54.51	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 Units of ₹ 10.00 each	59.41		54.50	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 Units of ₹ 10.00 each	53.54		49.11	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 Units of ₹ 10.00 each	44.23		40.59	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 Units of ₹ 10.00 each	8.36		7.67	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1272 Days - Plan Q 1,40,00,000 Units of ₹ 10.00 each	16.02		14.55	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1279 Days - Plan P 5,00,00,000 Units of ₹ 10.00 each	57.43		52.11	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1168 Days - Plan E 50,00,000 Units of ₹ 10.00 each	5.58		5.07	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1175 Days - Plan D 40,00,000 Units of ₹ 10.00 each	4.48		4.07	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1127 Days - Plan O 30,00,000 Units of ₹ 10.00 each	3.30		3.00	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days - Plan P 2,00,00,000 Units of ₹ 10.00 each	21.98		20.01	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1156 Days - Plan G 60,00,000 Units of ₹ 10.00 each	6.68		6.06	
IDFC Fixed Term Plan - Series 176 - 1170 Days 1,00,00,000 Units of ₹ 10.00 each	11.21		10.18	
Carried over	9453.86	3064.28	10348.49	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9453.86	3064.28	10348.49	2870.34
INVESTMENT IN MUTUAL FUNDS (Contd.)				
IDFC Fixed Term Plan - Series 177 - 1160 Days 60,00,000 Units of ₹ 10.00 each	6.67		6.06	
IDFC Fixed Term Plan - Series 178 - 1154 Days 60,00,000 Units of ₹ 10.00 each	6.63		6.02	
Kotak Fixed Maturity Plan - Series 210 Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		11.03	
Kotak Fixed Maturity Plan - Series 212 60,00,000 Units of ₹ 10.00 each	7.15		6.56	
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 Units of ₹ 10.00 each	13.12		12.03	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 Units of ₹ 10.00 each	11.94		10.94	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 Units of ₹ 10.00 each	11.94		10.93	
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 Units of ₹ 10.00 each	41.22		37.77	
Kotak Fixed Maturity Plan - Series 252 10,00,00,000 Units of ₹ 10.00 each	115.00		104.38	
Kotak Fixed Maturity Plan - Series 253 2,20,00,000 Units of ₹ 10.00 each	25.18		22.87	
Kotak Fixed Maturity Plan - Series 254 2,40,00,000 Units of ₹ 10.00 each	27.43		24.90	
Kotak Fixed Maturity Plan - Series 255 90,00,000 Units of ₹ 10.00 each	10.23		9.28	
Kotak Fixed Maturity Plan - Series 259 1,40,00,000 Units of ₹ 10.00 each	15.81		14.35	
Kotak Fixed Maturity Plan - Series 265 1,80,00,000 Units of ₹ 10.00 each	19.95		18.12	
Kotak Fixed Maturity Plan - Series 267 1,00,00,000 Units of ₹ 10.00 each	11.03		10.00	
Nippon India Fixed Horizon Fund - XXXV - Series 6 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 6) 50,00,000 Units of ₹ 10.00 each	5.99		5.49	
Nippon India Fixed Horizon Fund - XXXV - Series 11 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 11) 50,00,000 Units of ₹ 10.00 each	5.98		5.48	
Nippon India Fixed Horizon Fund - XXXV - Series 12 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 12) 1,50,00,000 Units of ₹ 10.00 each	17.93		16.43	
Nippon India Fixed Horizon Fund - XXXV - Series 13 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 13) 80,00,000 Units of ₹ 10.00 each	9.54		8.74	
Carried over	9816.60	3064.28	10689.87	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9816.60	3064.28	10689.87	2870.34
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Nippon India Fixed Horizon Fund - XXXV - Series 14 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 14) 1,20,00,000 Units of ₹ 10.00 each	14.29		13.11	
Nippon India Fixed Horizon Fund - XXXV - Series 15 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 15) 1,70,00,000 Units of ₹ 10.00 each	20.26		18.56	
Nippon India Fixed Horizon Fund - XXXVI - Series 1 (Formerly known as Reliance Fixed Horizon Fund - XXXVI - Series 1) 1,20,00,000 Units of ₹ 10.00 each	14.27		13.06	
Nippon India Fixed Horizon Fund - XXXVI - Series 3 (Formerly known as Reliance Fixed Horizon Fund - XXXVI - Series 3) 50,00,000 Units of ₹ 10.00 each	5.93		5.44	
Nippon India Fixed Horizon Fund - XXXVI - Series 9 (Formerly known as Reliance Fixed Horizon Fund - XXXVI - Series 9) 2,00,00,000 Units of ₹ 10.00 each	23.48		21.52	
Nippon India Fixed Horizon Fund - XXXVII - Series 4 (Formerly known as Reliance Fixed Horizon Fund - XXXVII - Series 4) 4,50,00,000 Units of ₹ 10.00 each	54.27		49.23	
Nippon India Fixed Horizon Fund - XXXIX - Series 15 (Formerly known as Reliance Fixed Horizon Fund - XXXIX - Series 15) 3,00,00,000 Units of ₹ 10.00 each	34.81		31.61	
Nippon India Fixed Horizon Fund - XXXX - Series 1 (Formerly known as Reliance Fixed Horizon Fund - XXXX - Series 1) 1,00,00,000 Units of ₹ 10.00 each	11.57		10.50	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 Units of ₹ 10.00 each	23.69		21.77	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 Units of ₹ 10.00 each	23.73		21.78	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 Units of ₹ 10.00 each	17.76		16.30	
SBI Debt Fund Series C-48 (1177 Days) 3,00,00,000 Units of ₹ 10.00 each	33.15		30.18	
SBI Debt Fund Series C-50 (1177 Days) 2,00,00,000 Units of ₹ 10.00 each	21.98		20.03	
SBI Debt Fund Series C-32 (1223 Days) 4,50,00,000 Units of ₹ 10.00 each	51.23		46.62	
SBI Debt Fund Series C-33 (1216 Days) 3,00,00,000 Units of ₹ 10.00 each	34.04		30.99	
SBI Debt Fund Series C-34 (1211 Days) 1,00,00,000 Units of ₹ 10.00 each	11.30		10.29	
SBI Debt Fund Series C-35 (1235 Days) 1,70,00,000 Units of ₹ 10.00 each	19.19		17.50	
Carried over	10231.55	3064.28	11068.36	2870.34

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10231.55	3064.28	11068.36	2870.34
INVESTMENT IN MUTUAL FUNDS (Contd.)				
SBI Debt Fund Series C-43 (1176 Days) 3,00,00,000 Units of ₹ 10.00 each	33.59		30.57	
SBI Debt Fund Series C-44 (1175 Days) 1,50,00,000 Units of ₹ 10.00 each	16.75		15.23	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 Units of ₹ 10.00 each	17.85		16.37	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 Units of ₹ 10.00 each	22.59		20.71	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) 1,50,00,000 Units of ₹ 10.00 each	17.83		16.34	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) 2,00,00,000 Units of ₹ 10.00 each	23.74		21.74	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 1,307 (2019 - 1,105) Units of ₹ 100000.00 each		18.89		11.79
Fireside Ventures Investments Fund II 50,000 (2019 - Nil) Units of ₹ 1000.00 each		4.28		—
Chiratae Ventures India Fund IV 465 (2019 - Nil) Units of ₹ 100000.00 each		4.24		—
Aggregate amount of quoted and unquoted Investments	10363.90	3091.69	11189.32	2882.13
TOTAL		13455.59		14071.45

Aggregate market value of quoted investments ₹ 10592.71 Crores (2019 - ₹ 11218.74 Crores).

Aggregate amount of impairment in value of investments ₹ 68.55 Crores (2019 - ₹ 58.55 Crores).

Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good*	4.87	3.31	5.02	6.21
TOTAL	4.87	3.31	5.02	6.21

* Includes interest bearing loan to a supplier, M/s MD Fresh Vegetable Private Limited ₹ 0.50 Crore (2019 - ₹ 1.00 Crore) carrying interest @ 12% p.a. for upgrading its infrastructure and enhancement of its factory capacity. Out of the above, current portion of the loan being ₹ 0.50 Crore (2019 - ₹ 0.50 Crore).

6. Other Financial assets				
Bank deposits with more than 12 months maturity	–	–	–	1517.98
Other Financial assets				
Advances	10.85	–	4.85	–
Deposits*	835.75	607.09	706.29	862.51
Interest accrued on Loans, Deposits, Investments, etc.	534.24	–	540.29	–
Other Receivables**	125.10	–	108.86	–
TOTAL	1505.94	607.09	1360.29	2380.49

* Deposits include deposits to Directors ₹ 0.07 Crore (2019 - ₹ 0.08 Crore) (Refer Note 29).

** Others comprise receivables on account of claims, interest, rentals, derivatives designated as hedging instrument, etc.

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
7. Other Assets				
Capital Advances	—	368.50	—	352.31
Advances other than capital advances				
Security Deposits				
— With Statutory Authorities	0.21	789.42	3.99	773.03
— Others	2.24	106.71	2.08	102.39
Advances to related parties (Refer Note 29)	0.05	—	60.03	—
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	739.93	100.08	537.51	655.32
Other Receivables*	105.31	—	91.30	—
TOTAL	847.74	1364.71	694.91	1883.05

* Includes receivables on account of export incentives.

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
8. Inventories*				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)		5683.46		5423.39
Work-in-progress		178.55		245.37
Finished goods (manufactured)		1301.68		1022.63
Stock-in-trade (goods purchased for resale)		473.15		503.92
Stores and Spares		345.44		331.05
Intermediates - Tissue paper and Paperboards		55.79		60.88
TOTAL		8038.07		7587.24

The above includes goods in transit as under:

Raw materials (including packing materials)	141.73	194.34
Stock-in-trade (goods purchased for resale)	0.86	0.69
Stores and spares	2.31	1.91
TOTAL	144.90	196.94

The cost of inventories recognised as an expense includes ₹ 19.08 Crores (2019 - ₹ 29.02 Crores) in respect of write-downs of inventory to net realisable value. During the year, reversal of previous write-downs of ₹ 1.25 Crores (2019 - ₹ 1.70 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 623.01 Crores (2019 - ₹ 574.91 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Company is twelve months.

* Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future.

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN BONDS/DEBENTURES				
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid	32.04		31.26	
Indian Railway Finance Corporation Limited 10,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid	101.05		101.37	
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid	209.50		202.57	
4,35,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid	44.42		44.87	
National Highways Authority of India 4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid	50.60		50.28	
Power Finance Corporation Limited Nil (2019 - 450) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	–		45.26	
1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 80-A (25 November 2021) of ₹ 100000.00 each, fully paid	15.29		15.04	
1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid	103.55		100.11	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid	10.23		10.06	
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	135.10		130.56	
REC Limited (Formerly Rural Electrification Corporation Limited) 30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1 (19 December 2022) of ₹ 1000.00 each, fully paid	302.84		292.95	
1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid	103.42		100.12	
INVESTMENT IN CERTIFICATE OF DEPOSIT				
Axis Bank Limited 50,000 (2019 - Nil) Certificate of Deposit (18 December 2020) of ₹ 100000.00 each, fully paid		479.76		–
Kotak Mahindra Bank Limited Nil (2019 - 25,000) Certificate of Deposit (27 December 2019) of ₹ 100000.00 each, fully paid		–		237.08
50,000 (2019 - Nil) Certificate of Deposit (11 December 2020) of ₹ 100000.00 each, fully paid		480.76		–
Carried over	1108.04	960.52	1124.45	237.08

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1108.04	960.52	1124.45	237.08
INVESTMENT IN CERTIFICATE OF DEPOSIT (Contd.)				
National Bank for Agriculture and Rural Development 15,000 (2019 - Nil) Certificate of Deposit (14 January 2021) of ₹ 100000.00 each, fully paid		143.49		—
45,000 (2019 - Nil) Certificate of Deposit (21 January 2021) of ₹ 100000.00 each, fully paid		430.02		—
10,000 (2019 - Nil) Certificate of Deposit (03 February 2021) of ₹ 100000.00 each, fully paid		95.37		—
25,000 (2019 - Nil) Certificate of Deposit (05 March 2021) of ₹ 100000.00 each, fully paid		237.36		—
Small Industries Development Bank of India Nil (2019 - 50,000) Certificate of Deposit (20 November 2019) of ₹ 100000.00 each, fully paid		—		477.53
Nil (2019 - 15,000) Certificate of Deposit (05 December 2019) of ₹ 100000.00 each, fully paid		—		142.84
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Floating Rate Fund 1,94,01,569 Units of ₹ 100.00 each		489.49		452.11
Aditya Birla Sun Life Savings Fund 1,86,63,673 Units of ₹ 100.00 each		746.57		692.63
Aditya Birla Sun Life Corporate Bond Fund 6,05,10,758 (2019 - 3,38,43,771) Units of ₹ 10.00 each		475.21		243.89
Aditya Birla Sun Life Money Manager Fund 40,95,539 Units of ₹ 100.00 each		110.96		103.08
Axis Short Term Fund 4,31,15,900 (2019 - 8,89,51,089) Units of ₹ 10.00 each		100.79		188.81
Axis Banking & PSU Debt Fund 31,86,227 (2019 - Nil) Units of ₹ 1000.00 each		613.69		—
Axis Liquid Fund 13,67,777 (2019 - Nil) Units of ₹ 1000.00 each		300.12		—
Axis Treasury Advantage Fund 14,17,525 (2019 - 5,46,967) Units of ₹ 1000.00 each		329.60		117.36
Bharat Bond ETF – April 2023 30,00,000 (2019 - Nil) Units of ₹ 1000.00 each	307.06		—	
DSP Banking and PSU Debt Fund 8,62,88,433 (2019 - Nil) Units of ₹ 10.00 each		151.22		—
DSP Low Duration Fund 22,32,41,558 (2019 - 26,30,57,340) Units of ₹ 10.00 each		328.55		359.25
DSP Overnight Fund 23,43,641 (2019 - Nil) Units of ₹ 1000.00 each		250.16		—
DSP Short Term Fund 6,67,71,463 (2019 - 3,12,12,253) Units of ₹ 10.00 each		239.95		102.60
HDFC Corporate Bond Fund Nil (2019 - 13,70,31,285) Units of ₹ 10.00 each		—		286.88
Carried over	1415.10	6003.07	1124.45	3404.06

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1415.10	6003.07	1124.45	3404.06
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Floating Rate Debt Fund 10,07,90,662 (2019 - 10,23,22,267) Units of ₹ 10.00 each		356.62		334.63
HDFC Liquid Fund 5,17,089 (2019 - Nil) Units of ₹ 1000.00 each		200.82		—
HDFC Money Market Fund 2,39,118 (2019 - Nil) Units of ₹ 1000.00 each		100.90		—
HDFC Short Term Debt Fund 14,47,53,251 Units of ₹ 10.00 each		327.72		298.76
HDFC Ultra Short Term Fund 27,49,00,837 (2019 - 9,57,80,853) Units of ₹ 10.00 each		309.50		100.32
ICICI Prudential Corporate Bond Fund 50,98,14,396 (2019 - 22,03,55,476) Units of ₹ 10.00 each		1055.87		402.24
ICICI Prudential Savings Fund 53,44,324 Units of ₹ 100.00 each		208.63		193.02
ICICI Prudential Bond Fund 2,11,18,618 Units of ₹ 10.00 each		62.30		55.80
ICICI Prudential Short Term 2,70,17,352 Units of ₹ 10.00 each		119.87		109.00
IDFC Banking & PSU Debt Fund 14,17,61,931 (2019 - Nil) Units of ₹ 10.00 each		251.53		—
IDFC Bond Fund - Short Term Plan 10,23,94,458 Units of ₹ 10.00 each		414.04		377.59
IDFC Corporate Bond Fund Nil (2019 - 15,62,58,545) Units of ₹ 10.00 each		—		200.95
IDFC Low Duration Fund 7,34,11,386 (2019 - 3,85,46,192) Units of ₹ 10.00 each		212.12		103.10
IDFC Money Manager Fund 4,22,87,680 Units of ₹ 10.00 each		135.17		126.57
Kotak Bond Fund (Short Term) 7,68,78,681 Units of ₹ 10.00 each		243.74		221.63
Kotak Corporate Bond Fund 6,68,442 (2019 - Nil) Units of ₹ 1000.00 each		182.23		—
Kotak Liquid Plan Nil (2019 - 1,32,640) Units of ₹ 1000.00 each		—		50.04
Kotak Savings Fund 31,65,06,578 (2019 - 20,43,75,005) Units of ₹ 10.00 each		1033.24		623.62
Nippon India Banking & PSU Debt Fund 20,50,51,796 (2019 - Nil) Units of ₹ 10.00 each		306.09		—
Nippon India Floating Rate Fund (Formerly known as Reliance Floating Rate Fund - Short Term Plan) 6,22,64,756 (2019 - 38,18,89,185) Units of ₹ 10.00 each		204.74		512.80
Nippon India Money Market Fund 6,60,345 (2019 - Nil) Units of ₹ 1000.00 each		201.58		—
Carried over	1415.10	11929.78	1124.45	7114.13

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1415.10	11929.78	1124.45	7114.13
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Nippon India Overnight Fund 2,33,60,862 (2019 - Nil) Units of ₹ 100.00 each		250.08		—
Nippon India Short Term Fund (Formerly known as Reliance Short Term Fund) 8,93,74,937 (2019 - 2,07,06,236) Units of ₹ 10.00 each		353.38		74.70
Nippon India Low Duration Fund (Formerly known as Reliance Low Duration Fund) Nil (2019 - 6,71,878) Units of ₹ 1000.00 each		—		177.40
Nippon India Prime Debt Fund (Formerly known as Reliance Prime Debt Fund) Nil (2019 - 4,84,63,633) Units of ₹ 10.00 each		—		194.41
SBI Liquid Fund Nil (2019 - 68,665) Units of ₹ 1000.00 each		—		20.02
SBI Magnum Low Duration Fund 8,30,697 Units of ₹ 1000.00 each		218.47		202.05
SBI Magnum Ultra Short Duration Fund 2,47,159 Units of ₹ 1000.00 each		110.71		103.05
SBI Savings Fund 15,67,64,566 (2019 - Nil) Units of ₹ 10.00 each		507.39		—
SBI Short Term Debt Fund 28,79,35,474 (2019 - Nil) Units of ₹ 10.00 each		691.30		—
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2019 - 30) 7.85% Secured Listed Redeemable Non-Convertible Debentures, Series T - 002 (21 June 2019) of ₹ 10000000.00 each, fully paid	—		29.93	
Nil (2019 - 10) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	—		9.98	
Power Finance Corporation Limited Nil (2019 - 250) 7.85% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures, Series 145 (15 April 2019) of ₹ 1000000.00 each, fully paid	—		24.99	
Current Portion of Non-Current Investment				
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2019 - 30) 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid	—		30.03	
Nil (2019 - 170) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	—		170.33	
Nil (2019 - 255) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	—		255.57	
Carried over	1415.10	14061.11	1645.28	7885.76

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1415.10	14061.11	1645.28	7885.76
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2019 - 1,700) 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	—		85.69	
Nil (2019 - 2,500) 9.11% Secured Listed Redeemable Non-Convertible Debentures Series U - 002 (13 December 2019) of ₹ 1000000.00 each, fully paid	—		250.00	
Nil (2019 - 600) 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	—		60.45	
Nil (2019 - 2,100) 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	—		211.39	
90 (2019 - Nil) 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	90.28		—	
800 (2019 - Nil) 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	40.04		—	
50 (2019 - Nil) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid	50.24		—	
150 (2019 - Nil) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid	150.75		—	
Housing and Urban Development Corporation Limited				
Nil (2019 - 1,850) 7.70% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	—		184.17	
LIC Housing Finance Limited				
Nil (2019 - 750) 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	—		75.00	
Nil (2019 - 750) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	—		75.23	
Nil (2019 - 250) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	—		25.08	
Nil (2019 - 100) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	—		10.11	
Nil (2019 - 250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	—		25.26	
Nil (2019 - 450) 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	—		45.28	
Carried over	1746.41	14061.11	2692.94	7885.76

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1746.41	14061.11	2692.94	7885.76
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2019 - 700) 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	—		70.40	
Nil (2019 - 350) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	—		35.27	
800 (2019 - Nil) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	80.24		—	
750 (2019 - Nil) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	75.18		—	
250 (2019 - Nil) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	25.00		—	
350 (2019 - Nil) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	35.19		—	
850 (2019 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	85.29		—	
50 (2019 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	5.02		—	
100 (2019 - Nil) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	10.06		—	
700 (2019 - Nil) 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	69.45		—	
1,250 (2019 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	126.08		—	
239 (2019 - Nil) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	23.92		—	
National Bank for Agriculture and Rural Development Nil (2019 - 4,370) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19 C (31 January 2022 with Call and Put Option 31 January 2020) of ₹ 1000000.00 each, fully paid	—		436.27	
3,200 (2019 - Nil) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	318.69		—	
Carried over	2600.53	14061.11	3234.88	7885.76

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2600.53	14061.11	3234.88	7885.76
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Power Finance Corporation Limited				
Nil (2019 - 250) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	—		25.04	
Nil (2019 - 250) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	—		25.13	
Nil (2019 - 200) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	—		20.10	
Nil (2019 - 50) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	—		5.03	
Nil (2019 - 750) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	—		75.46	
Nil (2019 - 850) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	—		85.56	
Nil (2019 - 200) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	—		20.11	
250 (2019 - Nil) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	24.97		—	
250 (2019 - Nil) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	24.96		—	
250 (2019 - Nil) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	24.94		—	
500 (2019 - Nil) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	50.00		—	
2,800 (2019 - Nil) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	280.66		—	
400 (2019 - Nil) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	40.22		—	
PNB Housing Finance Limited				
Nil (2019 - 1,000) 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	—		100.07	
Carried over	3046.28	14061.11	3591.38	7885.76

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3046.28	14061.11	3591.38	7885.76
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2019 - 100) 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	—		10.00	
Nil (2019 - 600) 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid	—		60.02	
Nil (2019 - 400) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	—		40.09	
REC Limited (Formerly Rural Electrification Corporation Limited)				
Nil (2019 - 2,250) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	—		226.34	
Nil (2019 - 250) 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 113th Series (08 March 2020) of ₹ 1000000.00 each, fully paid	—		25.12	
500 (2019 - Nil) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	49.58		—	
Small Industries Development Bank of India				
Nil (2019 - 500) 7.00% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020 with Call and Put Option dated 21 November 2019) of ₹ 1000000.00 each, fully paid	—		49.81	
Nil (2019 - 750) 7.50% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series I of 2018-19 (16 July 2021 with Call and Put Option dated 16 July 2019) of ₹ 1000000.00 each, fully paid	—		74.82	
INVESTMENT IN MUTUAL FUNDS				
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36 Nil (2019 - 4,00,00,000) Units of ₹ 10.00 each	—		50.38	
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35 Nil (2019 - 12,80,00,000) Units of ₹ 10.00 each	—		161.93	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 Nil (2019 - 4,30,00,000) Units of ₹ 10.00 each	—		54.55	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		19.19	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.76	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		19.08	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.64	
Carried over	3095.86	14061.11	4408.11	7885.76

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3095.86	14061.11	4408.11	7885.76
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days Nil (2019 - 1,20,00,000) Units of ₹ 10.00 each	—		15.15	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days Nil (2019 - 40,00,000) Units of ₹ 10.00 each	—		4.80	
ICICI Prudential Fixed Maturity Plan - Series 81 - Plan J - 1154 Days 50,00,000 (2019 - Nil) Units of ₹ 10.00 each	6.10		—	
Kotak Fixed Maturity Plan - Series 190 Nil (2019 - 50,00,000) Units of ₹ 10.00 each	—		6.40	
Kotak Fixed Maturity Plan - Series 191 Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		18.96	
Kotak Fixed Maturity Plan - Series 210 1,00,00,000 (2019 - Nil) Units of ₹ 10.00 each	11.95		—	
Reliance Fixed Horizon Fund - XXX - Series 5 Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		19.06	
Reliance Fixed Horizon Fund - XXX - Series 12 Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.69	
Reliance Fixed Horizon Fund - XXX - Series 13 Nil (2019 - 2,00,00,000) Units of ₹ 10.00 each	—		25.39	
Reliance Fixed Horizon Fund - XXX - Series 17 Nil (2019 - 3,50,00,000) Units of ₹ 10.00 each	—		44.23	
Reliance Fixed Horizon Fund - XXX - Series 6 Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.71	
Nippon India Fixed Horizon Fund - XXXI - Series 9 (Formerly known as Reliance Fixed Horizon Fund - XXXI - Series 9) Nil (2019 - 1,80,00,000) Units of ₹ 10.00 each	—		21.78	
UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days Nil (2019 - 1,20,00,000) Units of ₹ 10.00 each	—		15.32	
UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days Nil (2019 - 80,00,000) Units of ₹ 10.00 each	—		10.15	
UTI Fixed Term Income Fund Series XXV - V - 1100 Days Nil (2019 - 50,00,000) Units of ₹ 10.00 each	—		6.04	
Aggregate amount of quoted and unquoted Investments	3113.91	14061.11	4620.79	7885.76
TOTAL		17175.02		12506.55

Aggregate market value of quoted investments ₹ 3122.85 Crores (2019 - ₹ 4624.25 Crores).

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
10. Trade Receivables (Current)		
Secured, considered good	31.65	38.37
Unsecured, considered good	2060.35	3607.85
Doubtful	137.29	130.24
Less: Allowance for doubtful receivables	137.29	130.24
TOTAL	2092.00	3646.22

11. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	553.88	157.07
Cheques, drafts on hand	5.72	2.30
Cash on hand	2.24	3.34
TOTAL	561.84	162.71

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

12. Other bank balances		
Earmarked balances	168.06	169.20
In deposit accounts*	6113.37	3436.82
TOTAL	6281.43	3606.02

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

Notes to the Financial Statements

	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in Crores)
13. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,29,22,31,241	1229.22	12,25,86,31,601	1225.86
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,25,86,31,601	1225.86	12,20,42,94,911	1220.43
Add: Issue of Shares on exercise of Options	3,35,99,640	3.36	5,43,36,690	5.43
As at end of the year	12,29,22,31,241	1229.22	12,25,86,31,601	1225.86
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.23	2,97,83,47,320	24.30
Life Insurance Corporation of India	1,99,75,40,067	16.25	1,98,15,49,720	16.16
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.93	97,45,31,427	7.95
C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March				
	2020 (No. of Shares)		2019 (No. of Shares)	
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761		87,761	
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2020 (No. of Shares)		2019 (No. of Shares)	
Bonus Shares issued in 2016-17	4,02,66,57,100		4,02,66,57,100	
E) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
	As at 31st March, 2020 (No. of Shares)		As at 31st March, 2019 (No. of Shares)	
Ordinary Shares of ₹ 1.00 each	34,58,05,430		38,19,09,060	

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

The vesting period for conversion of Options is as follows:

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

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

Further details of ITC Employee Stock Option Schemes are provided in Note 27(xii).

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
14. Non-current borrowings		
Unsecured		
Deferred payment liabilities		
Sales tax deferment loans	5.63	7.89
TOTAL	5.63	7.89

Sales tax deferment loans

Interest free deferral period of 14 years and repayable by 2025-26.

The scheduled maturity of the Non-current borrowings are summarised as under:

	Deferred Payment Liabilities	Deferred Payment Liabilities
Borrowings repayable		
In the first year (Refer Note 16)	2.26	3.24
Current maturities of long-term debt	2.26	3.24
In the second year	0.35	2.26
In the third to fifth year	3.51	2.34
After five years	1.77	3.29
Non-current borrowings	5.63	7.89

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
15. Lease Liabilities *				
Lease Liabilities	64.87	259.25	—	—
TOTAL	<u>64.87</u>	<u>259.25</u>	<u>—</u>	<u>—</u>

* Refer Note 27(viii) and 27(ix)

Movement of Lease Liabilities during the year

Particulars	31st March, 2020	31st March, 2019
Opening Lease Liabilities recognised on transition to Ind AS 116	344.69	—
New Leases recognised	26.80	—
Remeasurements and withdrawals	(3.34)	—
Interest expense on Lease Liabilities	28.92	—
Payment of Lease Liabilities	(72.95)	—
Closing Lease Liabilities	324.12	—

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
16. Other financial liabilities		
Non-current		
Others (Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, etc.)	90.47	41.90
TOTAL	90.47	41.90
Current		
Current maturities of long-term debt (Refer Note 14)	2.26	3.24
Interest accrued	1.90	1.97
Unpaid dividend*	167.83	168.97
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon**	0.30	0.30
Others (Includes liability in respect of cash-settled share based payments, payable for property, plant and equipment, derivatives designated as hedging instruments etc.)	974.95	798.46
TOTAL	1147.24	972.94

* 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, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17. Provisions				
Provision for employee benefits [Refer Note 27(vi)]				
Retirement benefits	104.88	99.69	12.14	91.84
Other benefits	13.06	44.10	13.10	40.80
TOTAL	117.94	143.79	25.24	132.64

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
18. Deferred tax liabilities (Net)		
Deferred tax liabilities	1914.09	2441.18
Less: Deferred tax assets	296.44	397.04
TOTAL	1617.65	2044.14

(₹ in Crores)

Movement in deferred tax liabilities/assets balances	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Closing Balance
2019-20						
Deferred Tax liabilities/assets in relation to:						
On fiscal allowances on property, plant and equipment, investment properties etc.	2204.25	(586.92)	—	—	—	1617.33
On Excise Duty/ National Calamity Contingent Duty on closing stock	18.62	27.47	—	—	—	46.09
On cash flow hedges	(4.46)	—	(8.16)	4.47	(0.04)	(8.19)
Other timing differences	222.77	36.09	—	—	—	258.86
Total deferred tax liabilities	2441.18	(523.36)	(8.16)	4.47	(0.04)	1914.09
On employees' separation and retirement etc.	68.13	(26.36)	11.55	—	—	53.32
On provision for doubtful debts/advances	49.81	(13.17)	—	—	—	36.64
On State and Central taxes etc.	140.27	(36.85)	—	—	—	103.42
Other timing differences	138.83	(35.77)	—	—	—	103.06
Total deferred tax assets	397.04	(112.15)	11.55	—	—	296.44
Deferred tax liabilities (Net)	2044.14	(411.21)	(19.71)	4.47	(0.04)	1617.65
2018-19						
Deferred Tax liabilities/assets in relation to:						
On fiscal allowances on property, plant and equipment, investment properties etc.	2012.46	191.79	—	—	—	2204.25
On Excise Duty/National Calamity Contingent Duty on closing stock	24.57	(5.95)	—	—	—	18.62
On cash flow hedges	3.61	—	(18.81)	(1.01)	11.75	(4.46)
Other timing differences	289.06	(66.29)	—	—	—	222.77
Total deferred tax liabilities	2329.70	119.55	(18.81)	(1.01)	11.75	2441.18
On employees' separation and retirement etc.	69.20	2.60	(3.67)	—	—	68.13
On provision for doubtful debts/advances	43.97	5.84	—	—	—	49.81
On State and Central taxes etc.	188.89	(48.62)	—	—	—	140.27
Other timing differences	109.70	29.13	—	—	—	138.83
Total deferred tax assets	411.76	(11.05)	(3.67)	—	—	397.04
Deferred tax liabilities (Net)	1917.94	130.60	(15.14)	(1.01)	11.75	2044.14

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
19. Other liabilities		
Current		
Statutory Liabilities	3184.49	4228.01
Advances received from customers	885.06	580.63
Others (includes deferred revenue, accruals, customer deposits etc.)	106.36	101.76
TOTAL	4175.91	4910.40

Notes to the Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
20. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	136.71	344.70
TOTAL	136.71	344.70

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
21A. Revenue from operations		
Sale of Products	44497.50	43572.06
Sale of Services	1826.22	1649.35
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty of ₹ 1057.82 Crores (2019 - ₹ 806.08 Crores)]	46323.72	45221.41
Other Operating Revenues#	483.62	562.98
TOTAL	46807.34	45784.39

* Net of sales returns and damaged stocks.

Includes Government grants received of ₹ 119.66 Crores (2019 - ₹ 100.46 Crores) on account of Service Exports from India Scheme, Merchandise Exports from India Scheme, Duty Drawback etc.

21B. Gross Revenue from sale of products and services*		
FMCG		
– Cigarettes etc.	21201.74	20712.95
– Branded Packaged Food Products	10377.73	9668.71
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel etc.)	2436.00	2819.13
Hotels		
– Hotels Sales/Income from Hotel Services	1823.41	1648.20
Agri Business		
– Unmanufactured Tobacco	1464.71	1721.15
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)	4439.68	4345.84
Paperboards, Paper and Packaging		
– Paperboards and Paper	4022.47	3718.79
– Printed Materials	557.98	586.64
TOTAL	46323.72	45221.41

* Net of sales returns and damaged stocks.

Notes to the Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
22. Other income		
Interest income	1438.87	1242.62
Dividend income	551.11	415.90
Other non-operating income	90.11	28.50
Other gains and losses	933.57	797.52
TOTAL	3013.66	2484.54
Interest income comprises interest from:		
a) Deposits with banks etc. - carried at amortised cost	460.94	261.26
b) Financial assets mandatorily measured at FVTPL	121.61	208.90
c) Other financial assets measured at amortised cost	842.38	738.07
d) Others (from statutory authorities etc.)	13.94	34.39
TOTAL	1438.87	1242.62
Dividend income comprises dividend from:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	7.72	7.73
b) Other investments	543.39	408.17
TOTAL	551.11	415.90
Other gains and losses:		
Net foreign exchange gain/(loss)	23.77	(9.32)
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*	919.80	726.97
Net gain recognised on disposal of subsidiary	—	9.40
Impairment of investment in joint venture	(10.00)	—
Restructuring of Lifestyle Retailing Business (Net)	—	70.47
TOTAL	933.57	797.52
* Includes ₹ 211.24 Crores (2019 - ₹ 190.16 Crores) being net gain/(loss) on sale of investments.		
23. Employee benefits expense		
Salaries and wages	2176.01	2128.14
Contribution to Provident and other funds	181.99	174.35
Share based payments to employees [Includes cash-settled share based payments ₹ (10.19) Crores {2019 - ₹ 17.89 Crores}]	95.58	232.89
Staff welfare expenses	239.91	225.22
	2693.49	2760.60
Less: Recoveries made/reimbursements received	35.28	32.16
TOTAL	2658.21	2728.44
24. Finance costs		
Interest expense:		
— On Lease Liabilities	28.92	—
— On other financial liabilities measured at amortised cost	2.76	8.22
— Others	24.04	25.97
TOTAL	55.72	34.19

Notes to the Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
25. Other Expenses		
Power and fuel	744.55	714.88
Consumption of stores and spare parts	302.00	293.00
Contract processing charges	834.51	864.52
Rent	247.06	318.39
Rates and taxes	137.73	244.26
Insurance	93.06	49.78
Repairs		
– Buildings	70.99	60.23
– Machinery	248.95	222.83
– Others	67.92	76.61
Maintenance and upkeep	278.09	254.30
Outward freight and handling charges	1220.15	1153.71
Warehousing charges	159.77	147.03
Advertising/Sales promotion	979.71	976.53
Market research	143.43	133.56
Design and product development	47.71	56.93
Hotel reservation/Marketing expenses	42.11	40.64
Retail accessories	128.21	153.41
Brokerage and discount - sales	16.35	13.10
Commission to selling agents	8.03	13.40
Doubtful and bad debts	16.17	21.65
Doubtful and bad advances, loans and deposits	(1.71)	5.30
Bank and credit card charges	24.72	23.85
Information technology services	267.06	254.08
Travelling and conveyance	267.87	267.84
Training and development	24.03	24.96
Legal expenses	44.04	47.72
Consultancy/Professional fees	163.24	103.77
Postage, telephone etc.	19.08	22.26
Printing and stationery	17.33	18.07
Loss on sale of property, plant and equipment - Net	56.08	102.11
Loss on sale of stores and spare parts - Net	2.88	16.79
Miscellaneous expenses [@]	1150.99	961.04
TOTAL	7822.11	7656.55
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses [*]		
Audit fees	2.95	2.95
Tax audit fees	0.60	0.60
Fees for limited review	1.17	1.02
Fees for other services [#]	0.57	1.29
Reimbursement of expenses	0.57	0.36
(2) Cost auditors' fees	0.10	0.10

* Excluding taxes.

Auditors' remuneration for current year excludes remuneration for professional services of ₹ 1.21 Crores (2019 - N.A.) rendered by network firms of which auditor is a member firm and includes remuneration of ₹ 0.47 Crore (2019 - ₹ 1.29 Crores) paid to erstwhile auditor. Figures for previous year includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners ₹ 0.32 Crore.

@ Includes Contributions amounting ₹ 73.81 Crores (2019 - ₹ 24.83 Crores) made under Section 182 of the Companies Act, 2013.

Notes to the Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
26. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	4581.16	5982.79
Adjustments/(credits) related to previous years - Net	(139.19)	(133.55)
Total current tax	4441.97	5849.24
Deferred tax		
Deferred tax for the year	(429.88)	98.97
Adjustments/(credits) related to previous years - Net	18.67	31.63
Total deferred tax	(411.21)	130.60
TOTAL	4030.76	5979.84
B. Amount recognised in other comprehensive income		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurements gains/(losses) on defined benefit plans	11.55	(3.67)
Related to designated portion of hedging instruments in cash flow hedges	(1.93)	7.36
	9.62	3.69
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	10.13	(0.30)
TOTAL	19.75	3.39
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	4.47	(1.01)
TOTAL	4.47	(1.01)
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	19166.81	18444.16
Income Tax expense calculated @ 25.168% (2019- 34.944%)	4823.90	6445.13
Effect of tax relating to uncertain tax positions	46.25	32.18
Effect of different tax rate on certain items	(131.56)	(240.67)
Effect of Income not taxable	(131.01)	(142.28)
Effect of remeasurement of Deferred Tax Liabilities (net) as on 31st March, 2019*	(563.93)	—
Other differences	107.63	108.40
Benefit of previously unrecognised tax loss to reduce current tax expense	—	(63.05)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	—	(57.95)
Total	4151.28	6081.76
Adjustments recognised in the current year in relation to the current tax of prior years	(120.52)	(101.92)
Income Tax recognised in profit or loss	4030.76	5979.84

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2019-20 and 34.944% (30% + surcharge @12% and cess @4%) used for the year 2018-19 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

* On exercising the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements

- (i) Exceptional items represent cost of leaf tobacco stocks (including taxes) destroyed at a third party owned warehouse due to fire, for which insurance claim has been filed and is under process.

		2020	2019
(ii) Earnings per share:			
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in Crores)	15136.05	12464.32
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,27,93,39,192	12,23,11,13,530
(c)	Effect of potential Ordinary shares on Employee Stock Options outstanding	1,31,85,149	6,93,50,255
(d)	Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,29,25,24,341	12,30,04,63,785
(e)	Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
	– Basic [(a)/(b)]	12.33	10.19
	– Diluted [(a)/(d)]	12.31	10.13

- (iii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 326.49 Crores (2019 - ₹ 306.95 Crores) comprising employee benefits expense of ₹ 9.69 Crores (2019 - ₹ 8.69 Crores) and other expenses of ₹ 316.80 Crores (2019 - ₹ 298.26 Crores), of which ₹ 26.66 Crores (2019 - ₹ 22.23 Crores) is accrued for payment as on 31st March, 2020. Such CSR expenditure of ₹ 326.49 Crores (2019 - ₹ 306.95 Crores) excludes ₹ 11.83 Crores (2019 - ₹ 10.34 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 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

- (iv) Research and Development expenses for the year amount to ₹ 141.55 Crores (2019 - ₹ 145.33 Crores).

- (v) Contingent liabilities and commitments:

(a) Contingent liabilities

- (i) Claims against the Company not acknowledged as debts ₹ 735.31 Crores (2019 - ₹ 770.67 Crores), including interest on claims, where applicable, estimated to be ₹ 233.50 Crores (2019 - ₹ 215.28 Crores). These comprise:

- Excise duty, VAT/sales taxes, GST and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 573.99 Crores (2019 - ₹ 618.84 Crores), including interest on claims, where applicable, estimated to be ₹ 222.46 Crores (2019 - ₹ 204.93 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 117.72 Crores (2019 - ₹ 104.98 Crores), including interest on claims, where applicable, estimated to be ₹ 5.29 Crores (2019 - ₹ 5.14 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 32.28 Crores (2019 - ₹ 39.29 Crores), including interest on claims, where applicable, estimated to be ₹ 0.75 Crore (2019 - ₹ 0.60 Crore).
- Other matters ₹ 11.32 Crores (2019 - ₹ 7.56 Crores), including interest on other matters, where applicable, estimated to be ₹ 5.00 Crores (2019 - ₹ 4.61 Crores).

It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

- (ii) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding – Nil (2019 - ₹ 1.30 Crores).

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 1563.33 Crores (2019 - ₹ 1689.19 Crores).
- Uncalled liability on investments partly paid is ₹ 59.10 Crores (2019 - ₹ 30.15 Crores).

(vi) (a) Defined Benefit Plans/Long Term Compensated Absences:

Description of Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable Statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund, Pension and Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature. The Defined Benefit Pension Plans are based on employees' pensionable remuneration and length of service. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. Some Group companies also participate in these Plans. These participating Group companies make contributions to the Plans for their respective employees on a uniform basis and each entity ascertains their obligation through actuarial valuation. The net Defined benefit cost is recognised by these companies in their respective Financial Statements.

Risk Management

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risks: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary might lead to higher liabilities.

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various statutes.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls. Pension obligation of the employees is secured by purchasing annuities thereby de-risking the Plans from future payment obligation.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2020 (₹ in Crores)			For the year ended 31st March, 2019 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
I	Components of Employer Expense						
	– Recognised in the Statement of Profit and Loss						
1	Current Service Cost	45.71	30.71	8.95	46.60	27.46	8.50
2	Past Service Cost	–	–	–	13.61	–	–
3	Net Interest Cost	(5.87)	(2.86)	7.39	(8.57)	(2.57)	6.89
4	Total expense recognised in the Statement of Profit and Loss	39.84	27.85	16.34	51.64	24.89	15.39
	– Re-measurements recognised in Other Comprehensive Income						
5	Return on plan assets (excluding amounts included in Net interest cost)	9.17	(0.92)	–	(2.23)	0.02	–
6	Effect of changes in demographic assumptions	10.74	0.68	0.56	(1.38)	(0.18)	(0.05)
7	Effect of changes in financial assumptions	69.62	35.65	11.70	–	–	–
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
9	Effect of experience adjustments	(10.34)	(2.84)	1.07	4.85	(13.15)	2.86
10	Total re-measurements included in Other Comprehensive Income	79.19	32.57	13.33	1.24	(13.31)	2.81
11	Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	119.03	60.42	29.67	52.88	11.58	18.20
The current service cost, past service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.							
(₹ in Crores)							
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	49.32	26.69	–	60.38	24.98	–
III	Net Asset/(Liability) recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	838.37	377.93	122.67	733.03	320.10	103.98
2	Fair Value of Plan Assets	784.83	349.57	–	775.01	337.63	–
3	Status [Surplus/(Deficit)]	(53.54)	(28.36)	(122.67)	41.98	17.53	(103.98)
4	Restrictions on Asset Recognised	–	–	–	–	–	–

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(₹ in Crores)

5	Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2020		As at 31st March, 2019	
		Current	Non-current	Current	Non-current
	– Pension	(53.54)	–	41.98	–
	– Gratuity	(28.36)	–	17.53	–
	– Leave Encashment	(22.98)	(99.69)	(12.14)	(91.84)

		For the year ended 31st March, 2020 (₹ in Crores)			For the year ended 31st March, 2019 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
IV	Change in Defined Benefit Obligation (DBO)						
1	Present Value of DBO at the beginning of the year	733.03	320.10	103.98	702.21	314.68	98.05
2	Current Service Cost	45.71	30.71	8.95	46.60	27.46	8.50
3	Past Service Cost	–	–	–	13.61	–	–
4	Interest Cost	52.62	22.91	7.39	49.58	22.43	6.89
5	Remeasurement gains/(losses):						
a.	Effect of changes in demographic assumptions	10.74	0.68	0.56	(1.38)	(0.18)	(0.05)
b.	Effect of changes in financial assumptions	69.62	35.65	11.70	–	–	–
c.	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
d.	Effect of experience adjustments	(10.34)	(2.84)	1.07	4.85	(13.15)	2.86
6	Curtailment Cost/(Credits)	–	–	–	–	–	–
7	Settlement Cost/(Credits)	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	–	–
9	Effects of transfer In/(Out)	(0.29)	–	–	(0.06)	–	–
10	Benefits Paid	(62.72)	(29.28)	(10.98)	(82.38)	(31.14)	(12.27)
11	Present Value of DBO at the end of the year	838.37	377.93	122.67	733.03	320.10	103.98

(₹ in Crores)

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2020	As at 31st March, 2019
	– Pension	135.40	75.74
	– Gratuity	51.40	20.26

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2020 (₹ in Crores)			For the year ended 31st March, 2019 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
VI	Change in Fair Value of Assets						
1	Plan Assets at the beginning of the year	775.01	337.63	—	775.53	329.09	—
2	Asset acquired in Business Combination	—	—	—	—	—	—
3	Interest Income	58.49	25.77	—	58.15	25.00	—
4	Remeasurement Gains/(Losses) on plan assets	(9.17)	0.92	—	2.23	(0.02)	—
5	Actual Company Contributions	23.51	14.53	—	21.54	14.70	—
6	Benefits Paid	(62.72)	(29.28)	—	(82.38)	(31.14)	—
7	Effects of transfer In/(Out)	(0.29)	—	—	(0.06)	—	—
8	Plan Assets at the end of the year	784.83	349.57	—	775.01	337.63	—

VII	Actuarial Assumptions	As at 31st March, 2020	As at 31st March, 2019
		Discount Rate (%)	Discount Rate (%)
1	Pension	6.25	7.50
2	Gratuity	6.25	7.50
3	Leave Encashment	6.25	7.50
	The estimates of future salary increases, generally between 4% to 5%, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		

VIII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2020	As at 31st March, 2019
1	Government Securities/Special Deposit with RBI	25.80%	25.95%
2	High Quality Corporate Bonds	15.00%	15.48%
3	Insurer Managed Funds*	46.79%	46.46%
4	Mutual Funds	2.21%	2.86%
5	Cash and Cash Equivalents	7.63%	6.63%
6	Term Deposits	2.57%	2.62%

* In the absence of detailed information regarding plan assets, which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The fair value of Government securities, corporate bonds and mutual funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

IX	Basis used to determine the Expected Rate of Return on Plan Assets
	The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

X	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2020 (₹ in Crores)			For the year ended 31st March, 2019 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of Defined Benefit Obligation	838.37	377.93	122.67	733.03	320.10	103.98
2	Fair Value of Plan Assets	784.83	349.57	—	775.01	337.63	—
3	Status [Surplus/(Deficit)]	(53.54)	(28.36)	(122.67)	41.98	17.53	(103.98)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(9.17)	0.92	—	2.23	(0.02)	—
5	Experience Adjustment of obligation [(Gain)/Loss]	(10.34)	(2.84)	1.07	4.85	(13.15)	2.86

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, 2020	DBO as at 31st March, 2019
1	Discount Rate + 100 basis points	1258.30	1096.42
2	Discount Rate – 100 basis points	1430.79	1226.48
3	Salary Increase Rate + 1%	1420.95	1218.68
4	Salary Increase Rate – 1%	1265.43	1101.61

Maturity Analysis of the Benefit Payments

		As at 31st March, 2020	As at 31st March, 2019
1	Year 1	201.87	165.11
2	Year 2	181.39	155.03
3	Year 3	125.52	124.00
4	Year 4	102.66	134.16
5	Year 5	107.86	90.44
6	Next 5 Years	449.17	504.69

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 23: ₹ 114.30 Crores (2019 - ₹ 97.82 Crores).

(vii) Transactions with subsidiaries of TMI's [Tobacco Manufacturers (India) Limited] ultimate parent company comprise Sale of goods/services ₹ 696.30 Crores (2019 - ₹ 989.66 Crores), Dividend payments ₹ 368.73 Crores (2019 - ₹ 330.25 Crores), Others ₹ 27.33 Crores (2019 - ₹ 19.21 Crores).

(viii) Leases:

As a Lessee

The Company's significant leasing arrangements are in respect of operating leases for land, buildings, (comprising licensed properties, residential premises, office premises, stores, warehouses etc.) and plant & equipment. These arrangements generally range between 2 years and 10 years, except for certain land and building leases where the lease term ranges up to 99 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

The amount of ROU Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3F and Note 15 respectively. The total cash outflow for leases for the year is ₹ 424.06 Crores (including payments of ₹ 346.79 Crores in respect of short-term/low-value leases and variable lease payments of ₹ 4.32 Crores).

The sensitivity of variable lease payments and effect of extension/termination options not included in measurement of lease liabilities is not material.

The undiscounted maturities of lease liabilities, including interest thereon over the remaining lease term is as follows:

(₹ in Crores)

Term	Undiscounted Lease Liabilities
Not later than three years	187.26
Later than three years and not later than ten years	159.54
Later than ten years and not later than twenty five years	223.44
Later than twenty five years and not later than fifty years	218.28
Later than fifty years	195.28

As a Lessor

The Company has leased out its investment properties 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 3E. The Company does not have any risk relating to recovery of residual value of investment property at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in Crores)

Term	Lease Payments
1 st year	98.94
2 nd year	90.23
3 rd year	17.69
4 th year	0.57
5 th year	Nil

(ix) Impact of implementation of new standards/amendments:

The Company has adopted Ind AS 116 "Leases" effective 1st April 2019, as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standards), Amendment Rules, 2019, using the modified retrospective method. Under this simplified approach, the Company recognised equal amount of right of use asset and lease liability on the transition date, adjusted by the amount of prepayments pertaining to such leases, carried in the Balance Sheet on such transition date. Figures for previous year have not been restated as permitted under the transition provisions in Ind AS 116. Further, following practical expedients permitted on initial application have been applied by the Company:

- The Company has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- The Company has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The weighted average of Company's incremental borrowing rate applied to lease liabilities at the date of initial application was 8.44%.

Accordingly, the Company recognised an amount of ₹ 718.42 Crores as ROU Asset (including reclassification of prepayments amounting to ₹ 373.73 Crores from Other Assets) and ₹ 344.69 Crores as Lease Liabilities on initial application. It also resulted in decrease in other expenses amounting to ₹ 72.95 Crores (Refer Note 25) and an increase in depreciation of ₹ 61.77 Crores (Refer Note 3F) and finance costs of ₹ 28.92 Crores (Refer Note 24) for the year ended 31st March, 2020. Impact on cash flow statement is not material.

- (x) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the JVA. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company's petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity, as also a petition for winding up of LDPL filed by Logix Estates, are currently before the National Company Law Tribunal. The financial statements of LDPL for the year ended 31st March, 2020 are yet to be approved by its Board of Directors.
- (xi) The Company, on 23rd May, 2020, entered into a Share Purchase Agreement (SPA) to acquire 100% of the equity share capital of Messrs. Sunrise Foods Private Limited, an Indian company primarily engaged in the business of spices under the trademark 'Sunrise', subject to fulfilment of various terms and conditions as specified in the SPA.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(xii) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (Adjusted for Bonus Shares issued in terms of Shareholders approval)	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule	<p>The vesting period for conversion of Options is as follows:</p> <ul style="list-style-type: none"> On completion of 12 months from the date of grant of the Options : 30% vests On completion of 24 months from the date of grant of the Options : 30% vests On completion of 36 months from the date of grant of the Options : 40% vests 	
4.	Pricing Formula	<p>The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.</p> <p>The Options have been granted at 'market price' as defined from time to time under the aforesaid Regulations.</p>	
5.	Maximum term of Options granted	5 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	<p>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 2019-20 is ₹ 105.77 Crores (2019 - ₹ 215.00 Crores) and ₹ 8.27 Crores (2019 - ₹ 28.05 Crores) for group entities.</p>	
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	<p>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 granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010. The above is in addition to the other terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore.</p>	
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	<p>Weighted average exercise price per Option : ₹ 2,510.50</p> <p>Weighted average fair value per Option : ₹ 622.69</p>	

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

Sl. No.			ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme – 2010		
11.	Option movements during the year	:				
	a) Options outstanding at the beginning of the year	:	4,75,293	3,77,15,613		
	b) Options granted during the year	:	–	4,60,950		
	c) Options cancelled and lapsed during the year	:	–	7,11,349		
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	:	43,597	40,29,875		
	e) Options exercised during the year	:	89,413	32,70,551		
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	:	8,94,130	3,27,05,510		
	g) Options outstanding at the end of the year	:	3,85,880	3,41,94,663		
	h) Options exercisable at the end of the year	:	3,45,233	3,09,30,449		
	i) Money realised by exercise of the Options during the year (₹ in Crores)	:	14.92	610.38		
12.	Summary of the status of Options	:				
	Particulars		As at 31st March, 2020		As at 31st March, 2019	
			No. of Options	Weighted average Exercise Prices (₹)	No. of Options	Weighted average Exercise Prices (₹)
	Outstanding at the beginning of the year	:	3,81,90,906	2321.75	4,33,06,092	2248.01
	Add: Granted during the year	:	4,60,950	2510.50	6,88,425	2764.50
	Less: Lapsed during the year	:	7,11,349	2540.29	3,69,942	2418.44
	Less: Exercised during the year	:	33,59,964	1861.02	54,33,669	1783.57
	Outstanding at the end of the year	:	3,45,80,543	2364.54	3,81,90,906	2321.75
	Options exercisable at the end of the year	:	3,12,75,682	2316.88	3,07,31,213	2217.40

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

13.	Weighted average share price of Shares arising upon exercise of Options	:	The Options were exercised during the periods permitted under the Schemes, and weighted average share price of Shares arising upon exercise of Options, 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) for the year ended 31st March, 2020 was ₹ 258.84 (2019 - ₹ 289.39).					
14.	Summary of Options outstanding, scheme-wise:							
	Particulars		As at 31st March, 2020			As at 31st March, 2019		
			No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life	No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life
	ITC Employee Stock Option Scheme - 2006	:	3,85,880	1663.00 – 2885.50	2.45	4,75,293	1349.00 – 2885.50	2.98
	ITC Employee Stock Option Scheme - 2010	:	3,41,94,663	1663.00 – 2885.50	2.59	3,77,15,613	1349.00 – 2885.50	3.34
15.	A description of the method used during the year to estimate the fair values of Options, the weighted average exercise prices and weighted average fair values of Options granted	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model. Weighted average exercise price per Option : ₹ 2,510.50 Weighted average fair value per Option : ₹ 622.69					
	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 6.14% (ii) Expected life 4.61 years (iii) Expected volatility 23.71% (iv) Expected dividends 2.29% (v) The price of the underlying shares in market at the time of Option grant ₹ 2,510.50 (One Option = 10 Ordinary Shares)					
16.	Methodology for determination of expected volatility	:	The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.					

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

17.	Options granted to	:	As provided below:-		
	(a) Senior managerial personnel		Name	Designation	No. of Options granted during the financial year 2019-20
		1	S. Puri	Chairman & Managing Director	1,48,500
		2	N. Anand	Executive Director	74,250
		3	B. Sumant	Executive Director	74,250
		4	R. Tandon	Executive Director & Chief Financial Officer	74,250
		5	C. Dar	Group Head - LS&T, Central Projects, EHS & Quality Assurance	25,300
		6	S. K. Singh	Group Head - Paper & Packaging and Divisional Chief Executive (PSPD)	25,300
		7	S. Sivakumar	Group Head - Agri Business & IT	25,300
		8	R. K. Singhi	Executive Vice President & Company Secretary	13,800
	<i>The Optionees were granted Options on 24th October, 2019 at the exercise price of ₹ 2,510.50 per Option.</i>				
	(b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year.	:	None		
	(c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None		

Abbreviations denote:

LS&T	Life Sciences & Technology
EHS	Environment, Health & Safety
PSPD	Paperboards & Specialty Papers Division

(xiii) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	:	Details
1.	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	:	ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan). Under the ITC ESAR Plan, the eligible employees receives 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, 2020 is 55,33,730 (2019 - 31,62,350) and the weighted average fair value at measurement date is ₹ 67.08 (2019 - ₹ 743.98) per SAR unit.
5.	Total cost recognised in the profit or loss	:	The cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee benefits expense/(reversal) as per fair value method for the financial year 2019-20 is ₹ (10.19) Crores (2019 - ₹ 17.89 Crores) and ₹ (0.41) Crore (2019 - ₹ 0.78 Crore) for group entities (Refer Note 23). The amount carried in the Balance Sheet as a non-current financial liability is ₹ 8.01 Crores (2019 - ₹ 18.67 Crores) and as current financial liability is ₹ 0.06 Crore (2019 - Nil) (Refer Note 16).

(xiv) Micro, Small and Medium scale business entities:

A sum of ₹ 51.35 Crores is payable to Micro and Small Enterprises as at 31st March, 2020 (2019 - ₹ 64.91 Crores). The above amount comprises ₹ 34.67 Crores (2019 - ₹ 54.32 Crores) on account of trade payables and ₹ 16.68 Crores (2019 - ₹ 10.59 Crores) on account of liabilities other than trade payables. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(xv) The financial statements were approved for issue by the Board of Directors on 26th June, 2020.

Notes to the Financial Statements

28. Segment Reporting

(₹ in Crores)

	2020			2019		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	21201.74	–	21201.74	20712.95	–	20712.95
FMCG - Others	12813.73	30.50	12844.23	12487.84	17.44	12505.28
FMCG - Total	34015.47	30.50	34045.97	33200.79	17.44	33218.23
Hotels	1823.41	13.87	1837.28	1648.20	17.25	1665.45
Agri Business	5904.39	4336.33	10240.72	6066.99	3329.55	9396.54
Paperboards, Paper and Packaging	4580.45	1526.73	6107.18	4305.43	1554.73	5860.16
Segment Total	46323.72	5907.43	52231.15	45221.41	4918.97	50140.38
Eliminations			(5907.43)			(4918.97)
Gross Revenue from sale of products and services			46323.72			45221.41
2. Segment Results						
FMCG - Cigarettes			14852.55			14551.07
FMCG - Others			423.05			315.72
- Restructuring of Lifestyle Retailing Business			–			70.47
FMCG - Total			15275.60			14937.26
Hotels			157.75			177.74
Agri Business			788.92			776.63
Paperboards, Paper and Packaging			1305.33			1239.23
Segment Total			17527.60			17130.86
Eliminations			(37.54)			(13.80)
Total			17490.06			17117.06
Unallocated corporate expenses net of unallocated income			1059.66			1058.42
Profit before interest etc. and taxation			16430.40			16058.64
Finance Costs			55.72			34.19
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			2924.24			2419.71
Exceptional items [Refer Note 27(i)]			(132.11)			–
Profit before tax			19166.81			18444.16
Tax expense			4030.76			5979.84
Profit for the year			15136.05			12464.32

	2020		2019	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
FMCG - Cigarettes	6903.91	3991.11	8315.15	4720.75
FMCG - Others	8694.53	2133.61	8093.09	2017.30
FMCG - Total	15598.44	6124.72	16408.24	6738.05
Hotels	6646.08	858.06	6016.28	608.42
Agri Business	4030.59	1098.29	3901.03	907.32
Paperboards, Paper and Packaging	6823.85	764.73	6966.69	755.90
Segment Total	33098.96	8845.80	33292.24	9009.69
Unallocated Corporate Assets/Liabilities	42136.40	2360.40	36505.68	2838.44
Total	75235.36	11206.20	69797.92	11848.13

Notes to the Financial Statements

28. Segment Reporting (Contd.)

(₹ in Crores)

	2020		2019	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	129.92	272.57	140.83	245.44
FMCG - Others	838.64	490.96	1321.10	372.51
FMCG - Total	968.56	763.53	1461.93	617.95
Hotels	721.25	262.13	668.97	196.57
Agri Business	54.79	72.80	53.85	71.11
Paperboards, Paper and Packaging	247.86	357.51	258.74	326.24
Segment Total	1992.46	1455.97	2443.49	1211.87
Unallocated	322.45	107.30	313.39	99.83
Total	2314.91	1563.27	2756.88	1311.70

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	10.96	1.30
FMCG - Others	52.12	66.95
FMCG - Total	63.08	68.25
Hotels	10.18	12.18
Agri Business	0.01	1.23
Paperboards, Paper and Packaging	13.40	62.13
Segment Total	86.67	143.79

GEOGRAPHICAL INFORMATION

	2020	2019
1. Revenue from external customers		
– Within India	43261.67	41775.46
– Outside India	3062.05	3445.95
Total	46323.72	45221.41
2. Non-current assets		
– Within India	24662.45	23770.80
– Outside India	0.01	0.01
Total	24662.46	23770.81

NOTES:

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

FMCG :	Cigarettes	– Cigarettes, Cigars, etc.
:	Others	– Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Apparel.
Hotels		– Hoteliering.
Paperboards, Paper and Packaging		– Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business		– Agri commodities such as soya, spices, coffee and leaf tobacco.
- The geographical information considered for disclosure are:

	– Sales within India.
	– Sales outside India.
- Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- As stock options and stock appreciation linked reward units are granted under the ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.
- The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes to the Financial Statements

29. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

Subsidiaries:

- a) Srinivasa Resorts Limited
- b) Fortune Park Hotels Limited
- c) Bay Islands Hotels Limited
- d) WelcomHotels Lanka (Private) Limited, Sri Lanka
- e) Landbase India Limited
- f) Russell Credit Limited and its subsidiary
Greenacre Holdings Limited
- g) Technico Pty Limited, Australia and its subsidiaries
Technico Technologies Inc., Canada
Technico Asia Holdings Pty Limited, Australia and its subsidiary
Technico Horticultural (Kunming) Co. Limited, China
- h) Technico Agri Sciences Limited
- i) Wimco Limited
- j) Pavan Poplar Limited
- k) Prag Agro Farm Limited
- l) ITC Infotech India Limited and its subsidiaries
ITC Infotech Limited, UK
ITC Infotech (USA), Inc. and its subsidiary
Indivate Inc., USA
- m) Gold Flake Corporation Limited
- n) ITC Investments & Holdings Limited and its subsidiary
MRR Trading & Investment Company Limited
- o) Surya Nepal Private Limited
- p) North East Nutrients Private Limited

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited
– being associates of the Company, and
- c) Tobacco Manufacturers (India) Limited, UK
– of which the Company is an associate

Associates of the Company's subsidiaries

- a) ATC Limited
– being associate of Gold Flake Corporation Limited
- b) Divya Management Limited, and
- c) Antrang Finance Limited
– being associates of Russell Credit Limited

Joint Venture

Maharaja Heritage Resorts Limited

Joint Venture of the Company's subsidiary

ITC Essentra Limited
– being joint venture of Gold Flake Corporation Limited

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

ii) a) Key Management Personnel:

S. Puri*	Chairman & Managing Director
N. Anand	Executive Director
B. Sumant	Executive Director
R. Tandon	Executive Director & Chief Financial Officer
S. Banerjee #	Non-Executive Director
H. Bhargava	Non-Executive Director
A. Duggal #	Non-Executive Director
A. Jerath	Non-Executive Director (w.e.f. 31.01.2020)
S. B. Mathur #	Non-Executive Director
A. Nayak #	Non-Executive Director (w.e.f. 13.07.2019)
N. Rao #	Non-Executive Director
A. K. Seth #	Non-Executive Director (w.e.f. 13.07.2019)
M. Shankar #	Non-Executive Director
D. R. Simpson	Non-Executive Director
Y. C. Deveshwar	Chairman & Non-Executive Director (passed away on 11.05.2019)
J. Pulinthanam	Non-Executive Director (up to 22.12.2019)
S. S. H. Rehman #	Non-Executive Director (up to 14.09.2019)

*appointed as the Chairman of the Company w.e.f. 13.05.2019

Independent Director

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

B. Sumant

R. Tandon

C. Dar

S. K. Singh

S. Sivakumar

K. S. Suresh (up to 08.06.2019)

b) Relatives of Key Management Personnel:

B. Deveshwar (wife of Late Y. C. Deveshwar)

T. Anand (wife of N. Anand)

R. Tandon (wife of R. Tandon)

N. Singhi (wife of R. K. Singhi)

iii) Employee Trusts:

- IATC Provident Fund
- ITC Defined Contribution Pension Fund
- ITC Management Staff Gratuity Fund
- ITC Employees Gratuity Fund
- ITC Gratuity Fund 'C'
- ITC Pension Fund
- ILTD Seasonal Employees Pension Fund
- ITC Platinum Jubilee Pension Fund
- ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- ITC Hotels Limited Employees Superannuation Scheme

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2020

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1. Sale of Goods/Services	329.45	280.53	0.26	0.70	25.70	41.97							355.41	323.20
2. Purchase of Goods/Services	383.02	386.08	114.63	92.50	242.95	272.29							740.60	750.87
3. Acquisition cost of Property, Plant and Equipment	5.10	73.24					0.18	–					5.10	73.24
4. Sale of Property, Plant and Equipment													0.18	–
5. Investment in Subsidiaries	202.39	426.48											202.39	426.48
6. Value of share based payment	(0.33)	18.72											(0.33)	18.72
6A. Capital Contribution for Share Based Payments	2.53	7.69	0.29	1.47	0.09	0.41							2.91	9.57
6B. Reimbursement for Share Based Payments	21.33	16.72	0.93	0.90									22.26	17.62
7. Rent Received	8.56	8.58	4.42	4.36			0.31	0.21	0.32	0.80			13.61	13.95
8. Rent Paid *	3.05	3.02	6.28	5.35									9.33	8.37
9. Remuneration of Managers on Deputation reimbursed	26.11	22.42	5.56	5.62	1.06	1.16							32.73	29.20
10. Remuneration of Managers on Deputation recovered														
11. Contribution to Employees' Benefit Plans	541.93	407.38	0.68	0.73			0.69	1.61			88.73	87.54	88.73	87.54
12. Dividend Income			1712.55	1533.85									542.61	408.11
13. Dividend Payments													1713.24	1535.46
14. Interest Income	5.78	–											5.78	–
15. Expenses Recovered	23.17	19.38	0.22	0.23	0.21	0.31	...	...					23.60	19.92
16. Expenses Reimbursed	4.82	12.30	0.25	0.22	0.01	0.01	0.04	0.05					5.12	12.58
17. Advances Given during the year	0.30	0.03	0.68	0.26									0.98	0.29
18. Adjustment/ Receipt towards Refund of Advances	0.33	–	1.12	–									1.45	–
19. Advance Received during the year	184.65	175.46											184.65	175.46
20. Adjustment/ Payment towards Refund of Advance	166.34	127.76					0.05	–	0.05	–			166.34	127.76
21. Deposits Given during the year													0.10	–
22. Remuneration to Key Management Personnel (KMP) ¹														
22A. – Short term benefits							42.28	44.09					42.28	44.09
22B. – Other remuneration							7.82	6.99					7.82	6.99
22C. – Share based payment granted ²														
23. Outstanding Balances [*]														
i) Receivables	49.22	32.73	2.65	1.75	7.98	3.53							59.85	38.01
ii) Advances Given	–	0.03	0.05	0.49								59.51	0.05	60.03
iii) Deposits Given ³	0.60	0.60			0.07	0.08	0.07	0.08	0.07	0.40			0.74	1.08
iv) Advance Taken	195.37	177.06											195.37	177.06
v) Deposits Taken			0.06	0.06									0.06	0.06
vi) Payables	9.04	7.37	7.27	8.35	8.49	16.20					81.90	–	106.70	31.92
24. Impairment of investment in Subsidiaries/ Joint Venture as at the year end	25.29	25.29			33.45	23.45							58.74	48.74
25. Commitments	1.46	2.20											1.46	2.20

* Includes rent pertaining to leases classified as Right of Use Assets.

The amounts outstanding are unsecured and will be settled in cash.

1 Post employment benefits are actuarially determined on overall basis and hence not separately provided.

2 During the year, the Company granted Stock Options to the Executive Directors and KMP under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. The Company also granted Employee Stock Appreciation Linked Reward 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 ₹ 95.58 Crores for the year ended 31st March, 2020 (2019 - ₹ 232.89 Crores), of which ₹ 45.33 Crores (2019 - ₹ 43.73 Crores) is attributable to Executive Directors and KMP.

3 Outstanding deposit balance excludes deposit with KMP and Relative of KMP which were existing on the date of cessation of being designated as KMP.

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

(Generally in excess of 10% of the total transaction value of the same type)

RELATED PARTY TRANSACTIONS SUMMARY		2020	2019
1.	Sale of Goods/Services		
	Surya Nepal Private Limited	322.51	273.47
	ITC Essentra Limited	25.68	41.97
2.	Purchase of Goods/Services		
	ITC Infotech India Limited	173.53	161.15
	North East Nutrients Private Limited	158.21	175.10
	ITC Essentra Limited	242.81	272.04
	International Travel House Limited	85.28	65.97
3.	Acquisition cost of Property, Plant and Equipment		
	Srinivasa Resorts Limited	—	69.06
	ITC Infotech India Limited	3.20	3.34
	Wimco Limited	1.91	0.84
4.	Sale of Property, Plant and Equipment		
	Landbase India Limited	1.00	—
5.	Investment in Subsidiaries		
	WelcomHotels Lanka (Private) Limited	197.39	426.48
6.	Value of share based payment		
6A.	<i>Capital Contribution for Share Based Payments</i>		
	ITC Infotech India Limited	(0.38)	18.61
	Wimco Limited	0.04	0.11
6B.	<i>Reimbursement for Share Based Payments</i>		
	International Travel House Limited	0.12	0.99
	Surya Nepal Private Limited	1.02	2.34
	Technico Agri Sciences Limited	0.45	1.30
	WelcomHotels Lanka (Private) Limited	0.58	1.61
7.	Rent Received		
	ITC Infotech India Limited	18.06	13.03
	Surya Nepal Private Limited	2.86	3.42
8.	Rent Paid		
	Landbase India Limited	5.31	5.31
	Technico Agri Sciences Limited	1.32	1.32
	Gujarat Hotels Limited	4.42	4.36
9.	Remuneration of Managers on Deputation reimbursed		
	Fortune Park Hotels Limited	1.11	0.91
	Bay Islands Hotels Limited	1.71	1.58
	Gujarat Hotels Limited	6.28	5.35
10.	Remuneration of Managers on Deputation recovered		
	Srinivasa Resorts Limited	5.78	5.83
	Fortune Park Hotels Limited	4.90	3.88
	ITC Infotech India Limited	5.73	4.49

RELATED PARTY TRANSACTIONS SUMMARY		2020	2019
11.	Contribution to Employees' Benefit Plans		
	IATC Provident Fund	36.14	30.03
	ITC Defined Contribution Pension Fund	15.96	21.98
	ITC Pension Fund	20.56	20.07
	ITC Employees Gratuity Fund	12.58	10.00
12.	Dividend Income		
	Russell Credit Limited	54.95	—
	ITC Infotech India Limited	100.11	70.29
	Surya Nepal Private Limited	363.52	336.44
13.	Dividend Payments		
	Tobacco Manufacturers (India) Limited, UK	1712.55	1533.85
14.	Interest Income		
	North East Nutrients Private Limited	5.63	—
15.	Expenses Recovered		
	Srinivasa Resorts Limited	2.49	3.40
	Fortune Park Hotels Limited	3.04	3.49
	ITC Infotech India Limited	8.57	7.60
	Surya Nepal Private Limited	5.08	2.87
16.	Expenses Reimbursed		
	Srinivasa Resorts Limited	1.12	2.41
	Landbase India Limited	0.94	4.02
	Wimco Limited	2.11	2.31
	ITC Infotech (USA), Inc.	0.06	2.85
17.	Advances Given during the year		
	Wimco Limited	0.30	0.03
	International Travel House Limited	0.68	0.26
18.	Adjustment/Receipt towards Refund of Advances		
	Wimco Limited	0.33	—
19.	Advance Received during the year		
	International Travel House Limited	1.12	—
20.	Adjustment/Payment towards Refund of Advance		
	Surya Nepal Private Limited	184.65	175.45
21.	Deposits Given during the year		
	N. Anand	0.05	—
	T. Anand	0.05	—
22.	Remuneration to Key Management Personnel (KMP) #		
22A.	<i>Short term benefits</i>		
	Y.C. Deveshwar	5.12	15.90
	S. Puri	10.29	6.16
	N. Anand	5.65	3.74
	R. Tandon	4.92	3.20
	B. Sumant	4.95	1.17

RELATED PARTY TRANSACTIONS SUMMARY		2020	2019
22B.	Other Remuneration		
	Y.C. Deveshwar	0.10	0.73
	S. Banerjee	0.81	0.72
	H. Bhargava	0.80	0.48
	A. Duggal	0.78	0.73
	S. B. Mathur	0.80	0.73
	S. S. H. Rehman	0.41	0.78
	M. Shankar	0.81	0.73
23.	Outstanding Balances		
(i)	<i>Receivables</i>		
	Surya Nepal Private Limited	40.28	28.69
(ii)	<i>Advances Given</i>		
	Employee Trust - Pension Funds	—	41.98
	Employee Trust - Gratuity Funds	—	17.53
(iii)	<i>Deposits Given</i>		
	Russell Credit Limited ¹	0.36	0.36
	Greenacre Holdings Limited ²	0.24	0.24
	B. Deveshwar (Related Party upto 11.05.2019)	—	0.38
(iv)	<i>Advance Taken</i>		
	Surya Nepal Private Limited	195.37	177.05
(v)	<i>Deposits Taken</i>		
	International Travel House Limited	0.06	0.06
(vi)	<i>Payables</i>		
	North East Nutrients Private Limited	5.36	5.13
	ITC Essentra Limited	8.49	16.20
	International Travel House Limited	2.87	3.10
	Employee Trust - Pension Funds	53.54	—
	Employee Trust - Gratuity Funds	28.36	—
24.	Venture as at the year end		
	Impairment of investment in Subsidiaries/Joint Venture		
	Prag Agro Farm Limited	9.00	9.00
	Technico Pty Limited	16.29	16.29
	Logix Developers Private Limited	33.45	23.45
25.	Commitments		
	ITC Infotech India Limited	1.46	2.10

In accordance with Ind AS - 102, the Company has recognised employee benefits expense by way of share based payments [refer Note 29.3], of which ₹ 45.33 Crores (2019 - ₹ 43.73 Crores) is attributable to Executive Directors and KMP.

S. Puri ₹ 13.60 Crores (2019 - ₹ 11.84 Crores), N. Anand ₹ 6.14 Crores (2019 - ₹ 5.62 Crores), B. Sumant ₹ 3.49 Crores (2019 - ₹ 2.68 Crores), R. Tandon ₹ 7.40 Crores (2019 - ₹ 6.50 Crores), R. K. Singh ₹ 1.20 Crores (2019 - ₹ 1.06 Crores) and Y.C. Deveshwar ₹ 0.62 Crore (2019 - ₹ 0.51 Crore).

¹ The maximum indebtedness during the year was ₹ 0.36 Crore (2019 - ₹ 0.36 Crore).

² The maximum indebtedness during the year was ₹ 0.24 Crore (2019 - ₹ 0.24 Crore).

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures

1. Capital Management

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals and aims at maintaining a strong capital base to support the future growth of its businesses.

During the year, the Company issued 3,35,99,640 equity shares of ₹ 1.00 each amounting to ₹ 3.36 Crores (2019 – ₹ 5.43 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 9211.49 Crores as at 31st March, 2020 (2019 - ₹ 8522.76 Crores).

2. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	11	561.84	561.84	162.71	162.71
ii) Other bank balances	12	6281.43	6281.43	3606.02	3606.02
iii) Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	9646.93	9871.42	10643.80	10656.93
iv) Loans	5	8.18	7.66	11.23	10.07
v) Trade receivables	10	2092.00	2092.00	3646.22	3646.22
vi) Other financial assets	6	2099.90	2072.55	3719.64	3693.06
Sub-total		20690.28	20886.90	21789.62	21775.01
b) Measured at Fair value through OCI					
i) Equity shares	4	581.71	581.71	1820.65	1820.65
Sub-total		581.71	581.71	1820.65	1820.65
c) Measured at Fair value through Profit or Loss					
i) Investment in Mutual Funds	4, 9	14358.29	14358.29	9267.31	9267.31
ii) Investment in Bonds/Debentures, Certificate of Deposits	9	2974.79	2974.79	1981.90	1981.90
iii) Investment in Venture Capital Fund	4	27.41	27.41	11.79	11.79
iv) Investment in Equity & Preference shares	4	1.88	1.88	—	—
Sub-total		17362.37	17362.37	11261.00	11261.00
d) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	6	0.97	0.97	3.34	3.34
ii) Derivative instruments designated as hedging instruments	6	12.16	12.16	17.80	17.80
Sub-total		13.13	13.13	21.14	21.14
Total financial assets		38647.49	38844.11	34892.41	34877.80

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
B. Financial liabilities					
a) Measured at amortised cost					
i) Sales tax deferment loans	14, 16	7.89	5.49	11.13	7.87
ii) Trade payables		3446.74	3446.74	3368.28	3368.28
iii) Lease Liabilities	15	324.12	324.12	—	—
iv) Other financial liabilities	16	1187.09	1169.00	991.17	979.07
Sub-total		4965.84	4945.35	4370.58	4355.22
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	16	12.61	12.61	1.48	1.48
ii) Derivative instruments designated as hedging instruments	16	35.75	35.75	18.95	18.95
Sub-total		48.36	48.36	20.43	20.43
Total financial liabilities		5014.20	4993.71	4391.01	4375.65

3. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with the applicable regulation. It also seeks to drive accountability in this regard.

Liquidity Risk

The Company's Current assets aggregate ₹ 36506.91 Crores (2019 - ₹ 29568.96 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 24018.29 Crores (2019 - ₹ 16275.28 Crores) against an aggregate Current liability of ₹ 9089.41 Crores (2019 - ₹ 9621.56 Crores). Other Non-current liabilities, other than lease liabilities, due between one year to three years amounted to ₹ 16.38 Crores (2019 - ₹ 17.83 Crores) and Other Non-current liabilities due after three years amounted to ₹ 79.72 Crores (2019 - ₹ 31.96 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 27 (viii).

Further, while the Company's total equity stands at ₹ 64029.16 Crores (2019 - ₹ 57949.79 Crores), it has non-current borrowings of ₹ 5.63 Crores (2019 - ₹ 7.89 Crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Company is not an active investor in equity markets; it continues to hold 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, 2020 is ₹ 581.71 Crores (2019 - ₹ 1820.65 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Further, treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of safety, liquidity and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market movements in respect of the Company's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. Such activities are managed by the business team within an approved policy framework. The carrying value of inventories is adjusted to the extent of fair value movement of the risk being hedged. Such hedges are generally for short time horizons and recognised in profit or loss within the crop cycle and are managed by the business within the approved policy framework. Accordingly, the Company's net exposure to commodity price risk is considered to be insignificant.

Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Pound Sterling, Euro and Japanese Yen) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, including the Company's net investments in foreign operations (with a functional currency other than Indian Rupee), are also subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows:

(₹ in Crores)

As at 31st March, 2020	USD	Euro	GBP	JPY	Others	Total
Financial Assets	377.43	26.68	10.41	1.05	20.91	436.48
Financial Liabilities	102.95	19.67	4.69	75.21	8.13	210.65

As at 31st March, 2019	USD	Euro	GBP	JPY	Others	Total
Financial Assets	421.26	18.51	23.84	0.21	3.75	467.57
Financial Liabilities	84.86	37.59	2.11	10.90	5.18	140.64

The Company uses forward exchange contracts and currency options to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. Accordingly,

a. Forward exchange contracts that were outstanding on respective reporting dates:

(in Million)

Designated under Hedge Accounting		As at 31st March, 2020		As at 31st March, 2019	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	38.98	119.14	53.98	88.45
Euro	US Dollar	21.93	—	21.51	—
AUD	US Dollar	0.08	—	0.16	—
CHF	US Dollar	0.03	—	0.09	—
GBP	US Dollar	0.01	—	0.15	—
SEK	US Dollar	4.09	—	13.64	—
SGD	US Dollar	0.04	—	0.04	—
JPY	US Dollar	1182.41	—	2220.96	—

The aforesaid hedges have a maturity of less than 1 year from the year end.

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(in Million)

Not designated under Hedge Accounting		As at 31st March, 2020		As at 31st March, 2019	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	2.61	60.63	10.65	47.40
Euro	US Dollar	2.51	1.14	5.87	0.74
AUD	US Dollar	0.07	–	0.10	–
CAD	US Dollar	–	1.57	–	0.74
CHF	US Dollar	0.50	–	0.55	–
GBP	US Dollar	–	2.18	–	5.29
SEK	US Dollar	–	–	1.09	–
SGD	US Dollar	0.10	–	–	–
KWD	US Dollar	–	0.71	–	–
JPY	US Dollar	39.60	–	236.84	–
HKD	US Dollar	0.65	–	–	–

b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	3.00	–	3.00

Hedges of foreign currency risk and derivative financial instruments

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

The Company may also designate certain hedges, usually for large transactions, as a cash flow hedge under hedge accounting, with the objective of shielding the exposure from variability in cash flows. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

(₹ in Crores)

Particulars	2020	2019
At the beginning of the year	(8.30)	6.73
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(14.08)	(48.46)
Add: Changes in fair value of effective portion of outstanding cash flow hedges	(23.32)	(5.37)
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	...	(32.97)
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	0.14	(0.66)
Less: Amounts transferred to initial cost of non-financial assets	(17.77)	2.90
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on Ineffectiveness	—	—
(Less)/Add: Deferred tax	3.73	8.07
At the end of the year	(24.33)	(8.30)
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	(1.36)	(5.36)

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be included in the initial cost of the non-financial hedged item on its initial recognition or reclassified to profit or loss, as applicable, in the anticipated timeframes given below:

(₹ in Crores)

Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2020	As at 31st March, 2019
Within one year	(20.81)	(4.46)
Between one and three years	(3.52)	(3.84)
Total	(24.33)	(8.30)

Foreign Currency Sensitivity

For every percentage point change 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, 2020 would change by ₹ (2.51) Crores [2019 - ₹ (0.34) Crore] and pre-tax total equity as at 31st March, 2020 would change by ₹ (6.93) Crores [2019 - ₹ (1.78) Crores].

Credit Risk

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies, bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 17093.80 Crores (2019 - ₹ 17046.07 Crores). With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2092.00 Crores (2019 - ₹ 3646.22 Crores).

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	146.09	126.89
Add: Provisions made (net)	13.89	24.34
Less: Utilisation for impairment/de-recognition	10.90	5.14
Effects of foreign exchange fluctuation	—	—
Closing Balance	149.08	146.09

4. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ in Crores)

Particulars		Fair Value	
		As at 31st March, 2020	As at 31st March, 2019
A. Financial assets			
a) Measured at amortised cost			
i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities	2	9871.42	10656.93
ii) Loans*	3	2.64	5.05
iii) Other Financial assets*	3	579.74	2353.91
Sub-total		10453.80	13015.89
b) Measured at Fair value through OCI			
i) Equity shares – Quoted	1	579.34	1818.28
Sub-total		579.34	1818.28
c) Measured at Fair value through Profit or Loss			
i) Investment in Mutual Funds	1	14358.29	9267.31
ii) Investment in Bonds/Debentures, Certificate of Deposits	2	2974.79	1981.90
iii) Investment in Venture Capital Fund	2	27.41	11.79
iv) Investment in Equity & Preference shares	3	1.88	—
Sub-total		17362.37	11261.00
d) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	0.97	3.34
ii) Derivative instruments designated as hedging instruments	2	12.16	17.80
Sub-total		13.13	21.14
Total financial assets		28408.64	26116.31

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2020	As at 31st March, 2019
B. Financial Liabilities			
a) Measured at amortised cost			
i) Sales tax deferment loans*	3	3.23	4.63
ii) Lease liabilities*	3	259.25	—
iii) Other Financial liabilities*	3	72.38	29.80
Sub-total		334.86	34.43
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	12.61	1.48
ii) Derivative instruments designated as hedging instruments	2	35.75	18.95
Sub-total		48.36	20.43
Total financial liabilities		383.22	54.86

* Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as best estimate of fair value and has been excluded in the fair value measurement disclosed above.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

On behalf of the Board

S. PURI

R. TANDON

R. K. SINGHI

Chairman & Managing Director

Director & Chief Financial Officer

Company Secretary

Independent Auditor's Report

to the Members of ITC Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **ITC LIMITED** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered

Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	Auditor's Response
Revenue recognition	
Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of	Our audit procedures included the following: <ul style="list-style-type: none"> Assessed the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof. Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls over recognition of revenue. Evaluated the design, implementation and operating effectiveness of Company's controls in respect of revenue recognition.

Independent Auditor's Report

Key audit matters	Auditor's Response
<p>performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Standalone Financial Statements - Significant Accounting Policies and Note 21A/21B.</p>	<ul style="list-style-type: none"> ● Tested the effectiveness of such controls over revenue cut off at year-end. ● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents. ● Tested the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end. ● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing. ● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.
<i>Litigations - Contingencies</i>	
<p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 27(v)(a) to the Standalone Financial Statements.</p>	<p>Our audit procedures included the following –</p> <ul style="list-style-type: none"> ● Obtained and read the Company's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards. ● Assessed the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls. ● Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. ● Additionally, considered the effect of new information in respect of contingencies as at 1st April 2019 to evaluate whether any change was required in the management's position on these contingencies as at 31st March 2020. ● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.
<i>First year audit transition</i>	
<p>Initial audit engagements include a number of elements not performed in recurrent audits. This includes understanding Company specific risks, controls, policies and processes in order to establish an appropriate audit strategy and audit plan. We have to establish the</p>	<p>We prepared a detailed transition plan to enable us to analyse the strategy, risks, internal control measures and their impact on the company's accounting policies. We performed the following procedures:</p> <ul style="list-style-type: none"> ● Engaged with management at a Company and division

Independent Auditor's Report

Key audit matters	Auditor's Response
<p>appropriateness of the account balances at the beginning of the period being audited and understand the accounting policies applied by company to ensure that these are consistently applied between periods and hence it has been considered as a key audit matter.</p>	<p>level in order to obtain a detailed understanding of the business, its processes and internal controls, identified risks and significant accounting matters.</p> <ul style="list-style-type: none"> ● Evaluated key accounting positions, audit matters from prior years, internal control system and IT systems. ● Understood accounting policies by reviewing accounting policy manuals. ● Performed initial audit procedures to obtain sufficient appropriate evidence regarding opening balances and the appropriate selection and consistent application of accounting policies. ● Held audit planning meetings at which Company management briefed senior members of our audit team on Company's organisation and processes. ● Held discussion with incumbent auditor on their assessment of key accounting and auditing matters. ● Discussed transition plan and the progress with management. <p>We built upon the knowledge gained through these procedures as we undertook our audit work and refined our views on risks and scope accordingly.</p>
Impairment assessment of property, plant & equipment (PPE) of Hotel business	
<p>The spread of COVID-19 pandemic is expected to slow down business and leisure travel globally for the next few years. Consequently, management has performed an impairment assessment for several hotels in its hotel business by calculating their value in use.</p> <p>The processes and methodologies for assessing and determining the value in use are based on assumptions, that by their nature imply the use of the management's judgment, in particular with reference to forecast of future cash flows, basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Considering the judgment required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 2B (5) to the Standalone Financial Statements – Use of estimates and judgements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Obtained an understanding of the Company's policy on assessment of impairment of PPE and assumptions used by the management including design and implementation of controls. Tested the operating effectiveness of these controls. ● Obtained and read the projections/future cashflows along with sensitivity analysis thereof. ● Evaluated management's methodology, assumptions and estimates used in the calculations of 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 on sample basis. ● Assessed the recoverability of PPE with regard to the value in use.

Independent Auditor's Report

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most

significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 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

The Ind AS financial statements of the Company for the year ended March 31, 2019, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 13, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act,

Independent Auditor's Report

read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27(v)(a) to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place of Signature: Mumbai
Date: June 26, 2020

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 20041870AAAAAS5919

Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have substantially been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of Sections 73 and 76 of the Companies Act, 2013. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Companies Act, 2013. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of specified products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of custom, duty of excise, goods and service tax, cess and other statutory dues applicable to it. The Goods and Services Tax of ₹ 1,968.83 crores payable for the month of March 2020 has been paid subsequent to due date without any interest in accordance with Notification Nos. 31/2020 and 32/2020 dated 03.04.2020 issued by the Government of India, Ministry of Revenue (Department of Revenue), Central Board of Indirect Taxes and Customs.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Sales Tax and Value Added Tax Laws	Sales tax & VAT	35.63	1987-2018	Appellate Authority – upto Commissioners'/ Revisional authorities level
		20.79	1994-2019	Appellate Authority – Tribunal level
		179.06	2005-2015	High Court
Customs Act, 1962	Customs duty	6.74	2011-2017	Appellate Authority – upto Commissioners'/ Revisional authorities level
		0.43	2005-2016	Appellate Authority – Tribunal level
		40.70	2011-2012	High Court
Central Excise Act, 1944	Excise duty	8.86	1996-2017	Appellate Authority – upto Commissioners'/ Revisional authorities level
		80.87	1973-2017	Appellate Authority – Tribunal level
		8.57	2005-2009	High Court
Finance Act, 1994	Service tax	6.76	2006-2017	Appellate Authority – upto Commissioners'/ Revisional authorities level
		65.25	2003-2015	Appellate Authority – Tribunal level

Out of the total disputed dues aggregating ₹ 453.66 Crores as above, ₹ 306.44 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer/debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Membership Number: 41870

UDIN: 20041870AAAAAS5919

Place of Signature: Mumbai

Date: June 26, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of ITC Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **ITC Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Membership Number: 41870

UDIN: 20041870AAAAAS5919

Place of Signature: Mumbai

Date: June 26, 2020

Guide to Subsidiaries/Joint Ventures/Associates

Subsidiaries of ITC Limited

Russell Credit Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company. Its activities are primarily confined to making long term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards & Packaging, Agri Business and Information Technology.

Subsidiary

Greenacre Holdings Limited, a wholly owned subsidiary, is engaged in property infrastructure maintenance.

Gold Flake Corporation Limited

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Essentra Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Essentra Filter Products International Limited, UK.

Nature of Business

Manufacture and sale of cigarette filter rods.

ITC Investments & Holdings Limited (IIHL)

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company.

Subsidiary

IIHL owns 100% of the shareholding of MRR Trading & Investment Company Limited, which provides estate maintenance services.

Landbase India Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Hospitality, management and operation of golf course and real estate development.

The Company owns the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. It also owns a 104 key all suite luxury retreat "ITC Grand Bharat" which is licensed to and operated by ITC Limited.

ITC Infotech India Limited (I3L)

Shareholding

100% held by ITC Limited.

Nature of Business

Information technology services and solutions.

Subsidiaries

I3L owns 100% of the shareholding of :

ITC Infotech Limited, UK (I2B) and

ITC Infotech (USA), Inc. (I2A)

ITC Infotech (USA), Inc. owns 100% of the shareholding of Indivate Inc. incorporated as a New Jersey Corporation.

I3L, I2A and I2B are engaged in the information technology services business. Indivate Inc. is principally engaged in providing business consulting services and opportunity based trading of fast moving consumer goods products.

Surya Nepal Private Limited, Nepal

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes & branded packaged food products and in the business of matches and agarbatti.

Srinivasa Resorts Limited

Shareholding

68% held by ITC Limited.

Nature of Business

The Company owns the hotel "ITC Kakatiya" at Hyderabad, for which operating services are rendered by ITC Limited.

Fortune Park Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is in the business of operating hotels in the mid-market to upscale segment under its hospitality brands for the same. It currently operates 43 properties.

Bay Islands Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company owns the hotel "Fortune Resort Bay Island" at Port Blair, which is licensed to ITC Limited and is operated by Fortune Park Hotels Limited under an Operating and Marketing Services Agreement.

WelcomHotels Lanka (Private) Limited, Sri Lanka

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is developing a plot of land in Colombo for a mixed use development project including a luxury hotel.

Wimco Limited

Shareholding

98.21% held by ITC Limited.

Nature of Business

Wimco Limited is engaged in fabrication and assembly of machinery for tube filling, cartoning, wrapping, conveyor solutions and engineering services.

Technico Pty Limited, Australia (Technico)

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.

Subsidiaries

Technico has two wholly owned subsidiaries, namely Technico Technologies Inc., Canada and Technico Asia Holdings Pty Limited, Australia.

Technico Asia Holdings Pty Limited, Australia, has a wholly owned subsidiary, Technico Horticultural (Kunming) Company Limited, China.

These companies support Technico in the production and commercialisation of seed potato technology in different geographies.

Technico Agri Sciences Limited

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® Technology & sourcing/supply of fruits and vegetables.

North East Nutrients Private Limited

Shareholding

76% held by ITC Limited.

Nature of Business

The Company is in the business of manufacture and sale of packaged food products from its food processing facility based in Assam.

Pavan Poplar Limited & Prag Agro Farm Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Companies are engaged in the business of agro-forestry and other related activities.

Joint Ventures of ITC Limited

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company), is a joint venture with Jodhana Heritage Resorts Private Limited.

Nature of Business

The joint venture company currently provides Franchise & Marketing Services to 36 operational hotel properties spread across 15 states with its WelcomHeritage brand portfolio comprising of "Legend Hotels", "Heritage Hotels" and "Nature Resorts" provides uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

Espirit Hotels Private Limited

ITC Limited holds 26% in Espirit Hotels Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel complex at Begumpet, Hyderabad.

Logix Developers Private Limited

ITC Limited holds 27.90% in Logix Developers Private Limited.

Nature of Business

The joint venture company is intended for the purpose of developing a luxury hotel-cum-serviced apartment complex at Noida, Uttar Pradesh.

Major Associates of the Group

Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

The Company owns the “Welcomhotel Vadodara” at Vadodara which is operated by ITC Limited under an Operating Licence Agreement.

International Travel House Limited

ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business

Air ticketing, car rentals, inbound outbound tourism, domestic holidays, conferences, events & exhibition management and foreign exchange services for travellers.

Note: The full list of the Group’s Associates appears on page 284.

Principles of Consolidation

The Group’s interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013.

Subsidiaries (Ind AS 110)

Line by line consolidation of the Statement of Profit and Loss and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses.

The excess/deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill/capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the Consolidated Balance Sheet.

Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interest; likewise the non-controlling interests in the net assets of the consolidated subsidiaries is identified and presented separately within Equity in the Consolidated Balance Sheet.

Inter-Company transactions within the Group (both Profit & Loss and Balance Sheet items) are eliminated for arriving at the Group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the Group companies.

Associates and Joint Ventures (Ind AS 28)

An investment in associate and joint venture is initially recognised at cost on the date of the investment, and is inclusive of any goodwill/capital reserve embedded in the cost.

Only share of net profits/losses of associates/joint ventures is considered in Consolidated Statement of Profit and Loss. The carrying amount of the investment in associates/joint ventures is adjusted by the share of net profits/losses in the Consolidated Balance Sheet.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries / Associate companies / Joint Ventures

Part A: Subsidiaries

Sl. No.	1	2	3	4	5	6
Name of the Subsidiary Company	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Indivate Inc.	Surya Nepal Private Limited	Technico Pty Limited
The date since when subsidiary was acquired	21-Aug-2000	17-Jun-1993	26-Jan-1993	18-Nov-2016	20-Aug-2002	17-Aug-2007
Financial Year ending on	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	13-Mar-2020	31-Mar-2020
Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Nepalese Rupee	Australian Dollar
Exchange Rate on the last day of the financial year	–	75.6650	93.5025	75.6650	0.6250	46.0750
Share Capital	85.20	137.72	6.41	0.76	126.00	89.80
Reserves & Surplus	450.12	39.46	54.65	(0.06)	674.39	(53.07)
Total Assets	740.58	280.42	148.53	2.30	1122.09	41.76
Total Liabilities	740.58	280.42	148.53	2.30	1122.09	41.76
Investments (excluding Investments made in subsidiaries)	151.01	–	–	–	–	–
Turnover	1560.77	795.42	465.92	3.80	2556.57	13.84
Profit/(Loss) before tax	266.33	31.01	12.98	0.22	1001.42	7.80
Provision for tax	(71.64)	(6.18)	(1.48)	–	(307.85)	(0.39)
Profit/(Loss) after tax	194.69	24.83	11.50	0.22	693.57	7.41
Proposed Dividend [@]	100.11	15.15	–	–	616.14	–
% of shareholding	100.00	100.00	100.00	100.00	59.00	100.00

[@] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	7	8	9	10	11	12
Name of the Subsidiary Company	Technico Agri Sciences Limited	Technico Technologies Inc.	Technico Asia Holdings Pty Limited	Technico Horticultural (Kunming) Co. Limited	Srinivasa Resorts Limited	Fortune Park Hotels Limited
The date since when subsidiary was acquired	17-Aug-2007	17-Aug-2007	17-Aug-2007	17-Aug-2007	06-Feb-1995	06-Mar-1996
Financial Year ending on	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020
Reporting Currency	Indian Rupee	Canadian Dollar	Australian Dollar	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	53.0825	46.0750	10.6728	–	–
Share Capital	37.96	6.05	16.98	20.29	24.00	0.45
Reserves & Surplus	39.72	(4.15)	(12.51)	(4.33)	74.18	24.78
Total Assets	158.16	2.15	4.47	16.30	114.53	32.45
Total Liabilities	158.16	2.15	4.47	16.30	114.53	32.45
Investments (excluding Investments made in subsidiaries)	27.50	–	–	–	47.54	5.70
Turnover	205.03	0.51	–	5.90	62.48	39.68
Profit/(Loss) before tax	32.46	0.01	–	0.94	3.01	4.12
Provision for tax	(12.12)	–	–	–	0.23	(1.43)
Profit/(Loss) after tax	20.34	0.01	–	0.94	3.24	2.69
Proposed Dividend [@]	15.19	–	–	–	–	8.08
% of shareholding	100.00	100.00	100.00	100.00	68.00	100.00

[@] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	13	14	15	16	17	18
Name of the Subsidiary Company	Landbase India Limited	Bay Islands Hotels Limited	WelcomHotels Lanka (Private) Limited	Russell Credit Limited	Greenacre Holdings Limited	Wimco Limited
The date since when subsidiary was acquired	09-Sept-2000	08-Mar-1999	04-May-2012	26-Sept-1997	09-Nov-1994	01-Jul-2005
Financial Year ending on	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020
Reporting Currency	Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	–	0.3993	–	–	–
Share Capital	317.00	0.12	1420.91	646.48	42.06	18.85
Reserves & Surplus	(80.27)	18.10	(17.26)	146.08	5.13	(18.99)
Total Assets	279.35	18.69	1433.33	798.29	50.07	10.17
Total Liabilities	279.35	18.69	1433.33	798.29	50.07	10.17
Investments (excluding Investments made in subsidiaries)	–	2.98	–	595.74	29.55	3.43
Turnover	28.37	1.69	–	64.99	5.70	12.49
Profit/(Loss) before tax	2.85	1.61	(1.59)	50.65	2.48	0.07
Provision for tax	–	(0.38)	–	(8.90)	(1.15)	–
Profit/(Loss) after tax	2.85	1.23	(1.59)	41.75	1.33	0.07
Proposed Dividend [@]	–	0.08	–	54.95	–	–
% of shareholding	100.00	100.00	100.00	100.00	100.00	98.21

[@] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	19	20	21	22	23	24
Name of the Subsidiary Company	Gold Flake Corporation Limited	ITC Investments & Holdings Limited	MRR Trading & Investment Company Limited	North East Nutrients Private Limited	Prag Agro Farm Limited	Pavan Poplar Limited
The date since when subsidiary was acquired	29-Jan-1982	17-May-2012	23-Dec-1998	06-Feb-2014	01-Jul-2005	01-Jul-2005
Financial Year ending on	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020
Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	–	–	–	–	–
Share Capital	16.00	4.50	0.05	73.00	1.28	5.51
Reserves & Surplus	16.81	0.96	(0.04)	1.64	(0.22)	(5.23)
Total Assets	32.96	5.47	0.05	114.07	1.07	0.52
Total Liabilities	32.96	5.47	0.05	114.07	1.07	0.52
Investments (excluding Investments made in subsidiaries)	9.04	–	–	–	–	–
Turnover	8.48	0.07	0.07	148.20	0.08	0.07
Profit/(Loss) before tax	7.45	0.03	...	4.79	0.01	(0.14)
Provision for tax	(0.15)	(0.01)	...	–	(0.01)	...
Profit/(Loss) after tax	7.30	0.02	...	4.79	...	(0.14)
Proposed Dividend [@]	–	–	–	5.87	–	–
% of shareholding	100.00	100.00	100.00	76.00	100.00	100.00

[@] includes dividend paid during the year

Notes:

- WelcomHotels Lanka (Private) Limited is yet to commence commercial operations.
- No subsidiary was liquidated or sold during the year.
- Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

Name of Associates/ Joint Ventures	Espirit Hotels Private Limited	Logix Developers Private Limited#	ITC Essentra Limited	Maharaja Heritage Resorts Limited	International Travel House Limited	Russell Investments Limited	Gujarat Hotels Limited	Divya Management Limited	ATC Limited	Antrang Finance Limited
1. Latest audited Balance Sheet Date	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020	31-Mar-2020
2. Date on which the Associate or Joint Venture was associated or acquired	24-Sept-2010	27-Sept-2011	30-Jun-1994	02-Jul-1997	21-Mar-1982	14-May-1988	12-Sept-1986	23-Nov-2007	18-Jan-1995	21-Jan-2008
3. Shares of Associate/Joint Venture held by the Company on the year end										
Number	4,65,09,200	77,66,913	22,50,000	1,80,000	39,14,233	42,75,435	17,33,907	41,82,915	1,94,775*	43,24,634
Amount of Investment in Associate/ Joint Venture (₹ in Crores)	46.17	-	78.29	...	86.23	20.23	16.41	7.42	6.92	4.89
Extent of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33
4. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate	Associate	Associate	Associate	Associate	Associate
5. Reason why the Associate/Joint Venture is not consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	46.17	(19.18)	77.87	(0.81)	73.65	20.84	15.25	6.34	6.72	4.80
7. Profit/(Loss) for the year (₹ in Crores)	...	(36.77)	42.08	0.39	(7.41)	2.70	4.30	0.16	0.10	0.06
i. Considered in Consolidation (₹ in Crores)	...	(10.25)	21.04	- \$	(3.63)	0.69	1.97	0.05	0.05	0.02
ii. Not considered in Consolidation (₹ in Crores)	...	(26.52)	21.04	0.39	(3.78)	2.01	2.33	0.11	0.05	0.04

* Comprises 55,650 shares fully paid up and 1,39,125 shares partly paid up [Refer Note 4 to the Consolidated Financial Statements].

Financial Statements are as certified by the management of Logix Developers Private Limited. [Refer Note 28 (iii) (d) to the Consolidated Financial Statements].

\$ Share of profit/(loss) has not been considered in accordance with Ind AS 28 - Investments in Associates and Joint Ventures.

Notes:

i) Espirit Hotels Private Limited and Logix Developers Private Limited are yet to commence commercial operations.

ii) No Associate or Joint Venture was liquidated or sold during the year.

On behalf of the Board

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

S. PURI
R. TANDON
R. K. SINGHI

Kolkata, 26th June, 2020



Consolidated Financial Statements

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Consolidated Balance Sheet as at 31st March, 2020

	Note	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3A	19632.92		18625.74	
(b) Capital work-in-progress	3B	3251.61		4126.18	
(c) Investment Property	3E	385.36		—	
(d) Goodwill on consolidation		202.53		202.53	
(e) Other Intangible assets	3C	525.37		545.92	
(f) Intangible assets under development	3D	4.85		10.24	
(g) Right of Use Assets	3F	967.16		—	
		24969.80		23510.61	
(h) Financial Assets					
(i) Investments	4				
(a) Investment in Associates		142.10		157.26	
(b) Investment in Joint Ventures		124.46		121.86	
(c) Others		10448.46		11416.87	
		10715.02		11695.99	
(ii) Loans	5	5.27		8.34	
(iii) Others	6	615.65	11335.94	2385.17	14089.50
(i) Deferred tax assets (Net)	7	56.29		59.37	
(j) Income Tax Assets (Net)	21A	38.42		28.53	
(k) Other non-current assets	8	1461.24	37861.69	2363.13	40051.14
Current assets					
(a) Inventories	9	8879.33		7859.56	
(b) Biological assets other than bearer plants	10	86.20		84.41	
(c) Financial Assets					
(i) Investments	11	17948.33		13347.50	
(ii) Trade receivables	12	2562.48		4035.28	
(iii) Cash and cash equivalents	13	650.35		317.81	
(iv) Other Bank Balances	14	6626.99		3834.22	
(v) Loans	5	6.33		6.75	
(vi) Others	6	1818.54	29613.02	1499.68	23041.24
(d) Other current assets	8	926.80	39505.35	762.06	31747.27
TOTAL ASSETS			77367.04		71798.41
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	15	1229.22		1225.86	
(b) Other Equity		64044.04		57915.01	
Attributable to owners of the parent		65273.26		59140.87	
Non-controlling interests		377.47	65650.73	343.47	59484.34
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	16	5.90		8.15	
(ii) Lease Liabilities	17A	204.00		—	
(iii) Other financial liabilities	17B	127.87	337.77	73.41	81.56
(b) Provisions	18	175.37		161.95	
(c) Deferred tax liabilities (Net)	7	1627.20		2052.06	
(d) Other non-current liabilities	19	16.20	2156.54	6.51	2302.08
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	20	1.42		1.86	
(ii) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		37.93		55.41	
Total outstanding dues of creditors other than micro enterprises and small enterprises		3591.90	3629.83	3454.17	3509.58
(iii) Lease Liabilities	17A	63.87		—	
(iv) Other financial liabilities	17B	1394.88		1187.16	
(b) Other current liabilities	19	4072.72		4838.32	
(c) Provisions	18	148.18		51.38	
(d) Current Tax Liabilities (Net)	21B	248.87	9559.77	423.69	10011.99
TOTAL EQUITY AND LIABILITIES			77367.04		71798.41

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

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, June 26, 2020

On behalf of the Board

S. PURI

R. TANDON

R. K. SINGHI

Chairman & Managing Director

Director & Chief Financial Officer

Company Secretary

Kolkata, June 26, 2020

Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

	Note	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
I Revenue From Operations	22A, 22B	51393.47	49862.11
II Other Income	23	2597.89	2173.79
III Total Income (I+II)		53991.36	52035.90
IV EXPENSES			
Cost of materials consumed		13810.70	13403.01
Purchases of Stock-in-Trade		4237.90	4220.51
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(703.13)	(203.19)
Excise duty		1989.42	1509.43
Employee benefits expense	24	4295.79	4177.88
Finance costs	25	54.68	45.42
Depreciation and amortization expense		1644.91	1396.61
Other expenses	26	8502.63	8348.11
Total expenses (IV)		33832.90	32897.78
V Share of profit/(loss) of Associates and Joint Ventures		8.22	11.70
VI Profit before exceptional items and tax (III-IV+V)		20166.68	19149.82
VII Exceptional Items	28(i)	(132.11)	–
VIII Profit before tax (VI+VII)		20034.57	19149.82
IX Tax expense:			
Current Tax	27	4846.15	6191.62
Deferred Tax	27	(404.36)	122.30
X Profit for the year (VIII-IX)		15592.78	12835.90
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	28(vii)	(127.57)	10.92
– Equity instruments through other comprehensive income		(1349.52)	397.71
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(1.29)	(21.05)
– Share of OCI in Associates and Joint Ventures		(12.60)	(4.54)
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	10.14	3.04
B (i) Items that will be reclassified to profit or loss:			
– Exchange differences in translating the financial statements of foreign operations		36.98	(60.23)
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(36.24)	0.85
(ii) Income tax relating to items that will be reclassified to profit or loss	27	10.13	(0.30)
XI Other Comprehensive Income [A(i+ii)+B(i+ii)]		(1469.97)	326.40
XII Total Comprehensive Income for the year (X+XI)		14122.81	13162.30
Profit for the year			
Attributable to:			
Owners of the parent		15306.23	12592.33
Non-controlling interests		286.55	243.57
Total Comprehensive Income for the year			
Attributable to:			
Owners of the parent		13835.90	12919.28
Non-controlling interests		286.91	243.02
XIII Earnings per equity share (Face Value ₹ 1.00 each):	28(ii)		
(1) Basic (in ₹)		12.47	10.30
(2) Diluted (in ₹)		12.45	10.24

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

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003
Sudhir Soni
Partner
Mumbai, June 26, 2020

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary
Kolkata, June 26, 2020

Consolidated Statement of changes in equity for the year ended 31st March, 2020

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, 2019	1220.43	5.43	1225.86
For the year ended 31st March, 2020	1225.86	3.36	1229.22

B. Other Equity

(₹ in Crores)

	Reserves and Surplus										Items of other comprehensive income				Attributable to owners of the parent	Non-controlling interests	Total
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidy Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of foreign operations			
Balance as at 31st March, 2018	5.46	7415.58	72.67	127.68	110.68	0.23	1873.97	0.22	363.05	17672.57	22619.46	939.53	6.73	81.85	51289.68	334.47	51624.15
Profit for the year	-	-	-	-	-	-	-	-	-	-	12592.33	-	-	-	12592.33	243.57	12835.90
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-	6.84	393.48	(13.14)	(60.23)	326.95	(0.55)	326.40
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	12599.17	393.48	(13.14)	(60.23)	12919.28	243.02	13162.30
Issue of equity shares under ITC Employee Stock Option Scheme	-	963.70	-	-	-	-	-	-	-	-	-	-	-	-	963.70	-	963.70
Dividend																	
- Ordinary Dividend (2017-18 – ₹ 5.15 per share)	-	-	-	-	-	-	-	-	-	-	(6285.21)	-	-	-	(6285.21)	(234.02)	(6519.23)
Income tax on Dividend paid	-	-	-	-	-	-	-	-	-	-	(1213.60)	-	-	-	(1213.60)	-	(1213.60)
Transfer from retained earnings	-	-	-	7.57	-	-	-	-	-	-	(7.57)	-	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	243.05	-	-	-	-	-	-	-	243.05	-	243.05
Transfer from share option reserve on exercise and lapse	-	114.65	-	-	-	-	(119.08)	-	-	-	4.43	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	(1.89)	-	(1.89)	-	(1.89)
Balance as at 31st March, 2019	5.46	8493.93	72.67	135.25	110.68	0.23	1997.94	0.22	363.05	17672.57	27716.68	1333.01	(8.30)	21.62	57915.01	343.47	58258.48
Profit for the year	-	-	-	-	-	-	-	-	-	-	15306.23	-	-	-	15306.23	286.55	15592.78
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-	(116.89)	(1361.09)	(29.33)	36.98	(1470.33)	0.36	(1469.97)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	15189.34	(1361.09)	(29.33)	36.98	13835.90	286.91	14122.81

Consolidated Statement of changes in equity for the year ended 31st March, 2020

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	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 Scheme	-	621.94	-	-	-	-	-	-	-	-	-	-	-	-	621.94	-
Dividend																
- Ordinary Dividend (2018-19 - ₹ 5.75 per share)	-	-	-	-	-	-	-	-	-	-	(7048.71)	-	-	-	(7048.71)	(252.86)
Income tax on Dividend paid	-	-	-	-	-	-	-	-	-	-	(1407.44)	-	-	-	(1407.44)	(0.05)
Transfer from retained earnings	-	-	-	8.35	-	-	-	-	-	-	(8.35)	-	-	-	-	-
Transfer from Employee Housing Reserve	-	-	-	-	(16.42)	-	-	-	-	-	16.42	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	114.04	-	-	-	-	-	-	-	-	-
Transfer from share option reserve on exercise and lapse	-	66.79	-	-	-	-	(89.80)	-	-	-	23.01	-	-	-	114.04	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	13.30	-	-	13.30
Balance as at 31st March, 2020	5.46	9182.66	72.87	143.60	94.26	0.23	2022.18	0.22	363.05	17672.57	34480.95	(28.08)	(24.33)	58.60	64044.04	377.47
																64421.51

The Board of Directors of the Company recommended an ordinary dividend of ₹ 10.15 per share (for the year ended 31st March, 2019 - ordinary dividend ₹ 5.75 per share) to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 12476.61 Crores (for the year ended 31st March, 2019 - ordinary dividend ₹ 7048.71 Crores). Dividend for the year ended 31st March, 2020 is subject to deduction of income tax.

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, 2043. 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 cancellation of vested options.

Capital Redemption Reserve: This Reserve has been transferred to the Group in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

Contingency Reserve: This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes.

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

In terms of our report attached
For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, June 26, 2020

On behalf of the Board

S. PURI

R. TANDON

R. K. SINGHI

Chairman & Managing Director

Director & Chief Financial Officer

Company Secretary

Kolkata, June 26, 2020

Consolidated Cash Flow Statement for the year ended 31st March, 2020

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	20034.57	19149.82
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1644.91	1396.61
Share based payments to employees	112.99	239.70
Finance costs	54.68	45.42
Interest Income	(1522.13)	(1312.79)
Dividend Income	(8.31)	(8.38)
Loss on sale of property, plant and equipment - Net	56.68	105.05
Net gain recognised on disposal of subsidiary	—	(9.40)
Doubtful and bad debts	37.59	32.56
Doubtful and bad advances, loans and deposits	(2.68)	6.01
Share of (profit)/loss of associates and joint ventures	(8.22)	(11.70)
Net (gain)/loss arising on investments mandatorily measured at Fair Value through profit or loss	(974.03)	(777.35)
Foreign currency translations and transactions - Net	(9.49)	6.85
Impairment of investment in joint venture	(0.15)	(287.42)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	19416.41	18862.40
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	1411.00	(754.69)
Inventories and biological assets other than bearer plants	(507.99)	(359.44)
Trade payables, other liabilities and provisions	(606.87)	638.60
CASH GENERATED FROM OPERATIONS	19712.55	18386.87
Income tax paid	(5022.89)	(5803.46)
NET CASH FROM OPERATING ACTIVITIES	14689.66	12583.41
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles etc.	(2441.15)	(3169.12)
Sale of property, plant and equipment	27.02	27.82
Purchase of current investments	(77847.64)	(90732.22)
Sale/redemption of current investments	72405.47	92154.09
Purchase of non-current investments	(1987.78)	(3454.56)
Redemption proceeds of non-current investments	3429.63	300.29
Proceeds on disposal of subsidiary	—	17.75
Dividend from associates and joint ventures	8.34	4.97
Dividend from others	8.31	8.38
Interest received	1513.35	1183.95
Investment in bank deposits (original maturity more than 3 months)	(5602.32)	(5053.76)
Redemption/maturity of bank deposits (original maturity more than 3 months)	4321.20	3477.97
Investment in deposit with housing finance companies	(712.16)	(849.17)
Redemption/maturity of deposit with housing finance companies	700.22	537.49
Loans given	(3.61)	(9.60)
Loans realised	7.10	10.04
NET CASH USED IN INVESTING ACTIVITIES	(6174.02)	(5545.68)

Consolidated Cash Flow Statement for the year ended 31st March, 2020

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	625.30	969.13
Repayment of current borrowings	—	(10.56)
Repayment of non-current borrowings	(3.42)	(7.07)
Payment of lease liabilities	(49.35)	—
Interest paid	(43.84)	(98.06)
Net increase/(decrease) in statutory restricted accounts balances	(1.13)	10.75
Dividend paid	(7301.62)	(6519.23)
Income tax on dividend paid	(1407.42)	(1213.60)
NET CASH USED IN FINANCING ACTIVITIES	(8181.48)	(6868.64)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	334.16	169.09
OPENING CASH AND CASH EQUIVALENTS	342.88	173.79
CLOSING CASH AND CASH EQUIVALENTS	677.04	342.88
Notes:		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS – 7 "Statement of Cash Flows".		
2. CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as above	677.04	342.88
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(28.11)	(26.93)
Cash credit facilities (Note 20)	1.42	1.86
Cash and cash equivalents (Note 13)	<u>650.35</u>	<u>317.81</u>
3. Net Cash Flow from Operating Activities includes an amount of ₹ 324.68 Crores (2019 - ₹ 301.91 Crores) spent towards Corporate Social Responsibility.		

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

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003
Sudhir Soni
Partner
Mumbai, June 26, 2020

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary
Kolkata, June 26, 2020

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.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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 Balance Sheet. The proportionate share of the Group in the net profits / losses as also in the other comprehensive income is recognised in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount (referred as 'equity method').

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous Generally Accepted Accounting Principles (GAAP).

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation/enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in

Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Group are as follows:

Buildings	30-60 Years
Leasehold Improvement	Shorter of lease period or estimated useful lives
Plant and Equipment	7-25 Years
Furniture and Fixtures	8-10 Years
Vehicles	8-10 Years
Office Equipment	5 Years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Goodwill on Consolidation

Goodwill arising on consolidation is stated at cost less impairment losses, where applicable. On disposal of a subsidiary, attributable amount of goodwill is included in the determination of the profit or loss recognised in the Statement of Profit and Loss. On acquisition of an associate or joint venture, the goodwill / capital reserve arising from such acquisition is included in the carrying amount of the investment and also disclosed separately.

Impairment loss, if any, to the extent the carrying amount exceed the recoverable amount is charged off to the Statement of Profit and Loss as it arises and is not reversed. For impairment testing, goodwill is allocated to Cash Generating Unit (CGU) or group of CGUs to which it relates, which is not larger than an operating segment, and is monitored for internal management purposes.

Intangible Assets

Intangible Assets that the Group controls and from which it expects future economic benefits, are capitalised upon acquisition and measured initially:

- for assets acquired in a business combination, at fair value on the date of acquisition;
- for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets. The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g. patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g. computer software, design, prototypes) or commercial obsolescence (e.g. lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite. Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

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.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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.

Exchange differences arising on monetary items that, in substance, form part of the Group's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in foreign currency translation reserve.

For the preparation of the consolidated financial statements:

- (a) assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end;
- (b) income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead.

Differences arising on such translation are accumulated in foreign currency translation reserve and attributed to non-controlling interests proportionately.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses are recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss/inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Group complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Group documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking

hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains/losses relating to the ineffective portion are recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains/losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity are recognised immediately in the Statement of Profit and Loss.

Investment in Associate and Joint Venture

Investment in associate and joint venture is accounted for using the 'equity method' less accumulated impairment, if any.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Financial Instrument, Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Group commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- 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.
- 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:

- amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment, in which case the cumulative fair value adjustments previously taken to reserves are reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include excise duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Group performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

Government Grant

Group entities may receive government grants that require compliance with certain conditions related to the entity's operating activities or are provided to the entity by way of financial assistance on the basis of certain qualifying criteria. Government grants are recognised when there is reasonable assurance that the grant will be received upon the Group entity complying with the conditions attached to the grant. Accordingly, government grants:

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Group makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Group recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognised as expense.

The Group makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

The Group also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Group are entitled to compensated leave for which the Group records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Employee Share Based Compensation

Stock Options

Stock Options are granted to eligible employees under the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee / Board. Eligible employees for this purpose include employees of the Group entities, their Directors and those on deputation to joint ventures and associates.

Under Ind AS, the cost of ITC Stock Options (Stock Options) is recognised based on the fair value of Stock Options as on the grant date.

While the fair values of Stock Options granted is recognised in the Statement of Profit and Loss for employees of the Group (other than those out on deputation), the value of Stock Options, net of reimbursements, granted to employees on deputation is considered as capital contribution / investment.

The Group generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements in respect of value of Stock Options from such companies, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently re-measured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Group. In case of employees on deputation to group companies, the Company generally seeks reimbursements from the concerned group company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Group recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Taxes on Income

Taxes on income comprise current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, insofar as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Claims

Claims against the Group not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the

obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on businesses which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

“Unallocated Corporate Expenses” include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole.

Financial and Management Information Systems

The Group's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. Judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see note B below), that the Group have made in the process of applying the accounting policies and that have a significant effect on the amounts recognised in the consolidated financial statements:

1. Control:

The Group assessed whether or not it has control on its investees based on whether, as an investor, it has the power/rights and consequently the practical ability to direct the relevant activities of its investees unilaterally. In making this judgement, the Group considered the absolute size of its holding, the relative size of and dispersion of other shareholders, and whether any contractual arrangements exist between the Company (and its subsidiaries) and other shareholders of the investees. Based on this, and in accordance with its Accounting Policy, the Group has determined that the entities listed in the notes to the financial statements are the only entities over which Group has control.

The Company is a settlor for certain trusts, i.e., ITC Sangeet Research Academy, ITC Education Trust and ITC Rural Development Trust. The Group while considering the nature and insignificant variability of its return has concluded that it does not 'control' these trusts.

2. Significant influence:

The Group assessed whether or not it has significant influence on its investees based on its practical ability to participate in the financial and operating policy decisions of the investee, though it is not in control or in joint control of these policies. Based on such assessment, the Group

determined that the entities listed in the notes to the financial statements are the only entities over which the Group has significant influence, and accordingly associates.

3. Joint Control:

- (i) The Group holds 50% of the equity share capital of Maharaja Heritage Resorts Limited, a company involved in operation of hotel properties. The Group do not consider that it is able to exercise control over the company as the decisions about relevant activities of the company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (ii) The Group holds 26% of the equity share capital of Espirit Hotels Private Limited, a company involved in development of a luxury hotel complex. The Group has considered that in view of the shareholder agreement, key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 74% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (iii) The Group holds 27.90% of the equity share capital of Logix Developers Private Limited, a company intended for the purpose of developing a luxury hotel-cum-service apartment complex. The Group has concluded that the key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 72.10% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (iv) The Group holds 50% of the equity share capital of ITC Essentra Limited, a company involved in manufacture and sale of filter rods. The Group has concluded that the key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

4. Useful life of Intangible Assets:

The Group is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements (Contd.)

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.

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 and intangible assets:

As described in the significant accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

2. Fair value measurements and valuation processes:

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

3. Actuarial Valuation:

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit

and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

4. Claims, Provisions and Contingent Liabilities:

The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

5. COVID-19:

The Group has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Group has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Group does not expect any significant impact on such carrying values. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Gross Block							
	As at 31st March, 2018	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2019	Additions	Withdrawals and adjustments [#]	Foreign Currency Translation Reserve adjustments
3A. Property, Plant and Equipment*								
Land ¹	1684.73	336.43	0.40	—	2020.76	9.81	6.26	0.01
Buildings	5296.08	1667.82	1.98	—	6961.92	1311.07	350.53	—
Leasehold Improvements	34.48	1.96	2.86	—	33.58	2.66	12.90	0.06
Plant and Equipment	11452.62	2075.53	212.87	0.22	13315.50	1442.20	181.79	0.33
Furniture and Fixtures	497.05	161.48	14.74	0.09	643.88	199.21	32.86	0.14
Vehicles	139.60	33.72	12.61	(0.07)	160.64	39.29	16.40	0.03
Office Equipment	31.90	3.84	1.54	0.03	34.23	6.37	0.99	0.09
Railway Sidings	1.73	—	—	—	1.73	—	—	—
TOTAL	19138.19	4280.78	247.00	0.27	23172.24	3010.61	601.73	0.66
3B. Capital work-in-progress	5499.60	2891.25	4228.83	(35.84)	4126.18	2523.11	3405.98	8.30
3C. Other Intangible assets (acquired)								
Trademarks ²	340.46	107.02	—	—	447.48	—	—	—
Computer Software	211.87	22.53	—	—	234.40	24.01	1.69	—
Know How, Business and Commercial Rights	26.65	7.17	—	—	33.82	—	—	—
TOTAL	578.98	136.72	—	—	715.70	24.01	1.69	—
3D. Intangible assets under development	8.73	123.43	121.92	—	10.24	14.20	19.59	—

Includes amounts transferred to Investment Property on its initial recognition. Refer Note 3E.

@ Also refer Note 27 (viii) and 27(ix)

(₹ in Crores)

Particulars	As at 31st March, 2020	As at 31st March, 2019
3E. Investment Property		
Gross Block		
Opening Gross Block	—	—
Transferred from Property, Plant and Equipment	406.71	—
Additions during the year	—	—
Withdrawals and adjustments	—	—
Closing Gross Block	406.71	—
Accumulated Depreciation		
Opening Accumulated Depreciation	—	—
Transferred from Property, Plant and Equipment	15.29	—
Depreciation for the year	6.06	—
Depreciation on Withdrawals and adjustments	—	—
Closing Accumulated Depreciation	21.35	—
Net Block	385.36	—

- The fair value of the investment property is ₹ 849.41 Crores (2019 - ₹ Nil), which has been determined on the basis of valuation carried out at the reporting date by independent valuer. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, market trend, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.
- Amounts recognised in the statement of profit or loss in respect of the investment property is as under:

(₹ in Crores)

Particulars	For the year ended 31st March, 2020
Rental Income from investment property	49.69
Direct Operating Expenses arising from investment property that generated rental income during the year*	15.43
Direct Operating Expenses arising from investment property that did not generate rental income during the year	—

* As per the contractual arrangements, the Company is responsible for the maintenance of common area/ bears maintenance costs. The expenses arising out of such arrangements are not material.

(₹ in Crores)

Particulars	Gross Block							
	As at 31st March, 2018	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 1st April, 2019	Additions	Withdrawals and adjustments [#]	Foreign Currency Translation Reserve adjustments
3F. Right of Use Assets[@]								
Land	—	—	—	—	767.50	—	—	4.74
Buildings	—	—	—	—	193.88	27.48	7.01	0.70
Plant and Equipment	—	—	—	—	48.63	—	—	—
TOTAL	—	—	—	—	1010.01	27.48	7.01	5.44

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization								Net Book Value		
	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2019	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
3A. Property, Plant and Equipment*											
Land ¹	–	–	–	–	–	–	–	–	–	2024.32	2020.76
Buildings	402.61	175.51	0.21	–	577.91	217.17	11.16	–	783.92	7138.54	6384.01
Leasehold Improvements	17.91	5.34	2.40	–	20.85	2.12	9.57	0.01	13.41	9.99	12.73
Plant and Equipment	2598.62	1064.32	56.18	0.23	3606.99	1197.48	75.86	0.27	4728.88	9847.36	9708.51
Furniture and Fixtures	195.42	78.50	9.90	0.09	264.11	85.34	18.74	0.13	330.84	479.53	379.77
Vehicles	42.78	19.35	6.51	–	55.62	21.54	9.67	0.02	67.51	116.05	105.02
Office Equipment	16.78	4.91	1.22	0.03	20.50	4.67	1.57	0.05	23.65	16.05	13.73
Railway Sidings	0.39	0.13	–	–	0.52	0.13	–	–	0.65	1.08	1.21
TOTAL	3274.51	1348.06	76.42	0.35	4546.50	1528.45	126.57	0.48	5948.86	19632.92	18625.74
3B. Capital work-in-progress	–	–	–	–	–	–	–	–	–	3251.61	4126.18
3C. Other Intangible assets (acquired)											
Trademarks ²	7.93	3.16	–	–	11.09	3.16	–	–	14.25	433.23	436.39
Computer Software	104.81	42.17	–	–	146.98	37.60	1.39	(0.02)	183.17	73.55	87.42
Know How, Business and Commercial Rights	8.49	3.22	–	–	11.71	3.52	–	–	15.23	18.59	22.11
TOTAL	121.23	48.55	–	–	169.78	44.28	1.39	(0.02)	212.65	525.37	545.92
3D. Intangible assets under development	–	–	–	–	–	–	–	–	–	4.85	10.24

(₹ in Crores)

Particulars	As at 31st March, 2020			2020	As at 31st March, 2019			2019
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings	0.68	0.03	0.65	0.02	0.57	0.01	0.56	0.01
Plant and Equipment	205.35	102.12	103.23	18.32	207.25	83.80	123.45	26.10
TOTAL	206.03	102.15	103.88	18.34	207.82	83.81	124.01	26.11

1. Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2019 - ₹ 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. Certain trademarks with a carrying value of ₹ 416.73 Crores (2019 - ₹ 416.73 Crores) 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. 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. Computer software is amortized over a period of 5 years.
3. The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 119.85 Crores (2019 - ₹ 208.40 Crores).
4. The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.

(₹ in Crores)

Particulars	Depreciation and Amortization								Net Book Value		
	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 1st April, 2019	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
3F. Right of Use Assets[@]											
Land	–	–	–	–	–	9.97	–	0.02	9.99	762.25	767.50
Buildings	–	–	–	–	–	54.40	1.27	0.11	53.24	161.81	193.88
Plant and Equipment	–	–	–	–	–	5.53	–	–	5.53	43.10	48.63
TOTAL	–	–	–	–	–	69.90	1.27	0.13	68.76	967.16	1010.01

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Associates (carrying amount determined using the equity method of accounting)				
International Travel House Limited				
39,14,233 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 11.89 Crores)	21.87		21.87	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020	64.36	86.23	69.94	91.81
Gujarat Hotels Limited				
17,33,907 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 1.16 Crores)	1.94		1.94	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020	14.47	16.41	13.23	15.17
ATC Limited				
55,650 Equity Shares of ₹ 100.00 each, fully paid				
Cost of acquisition (net of capital reserve of ₹ 0.16 Crore)		0.83		0.83
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		1.54		1.54
1,39,125 Equity Shares of ₹ 100.00 each, partly paid				
Cost of acquisition (including goodwill of ₹ 0.30 Crore)		2.92		2.92
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		1.63		1.63
Russell Investments Limited				
42,75,435 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (net of capital reserve of ₹ 0.30 Crore)		4.27		4.27
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		15.96		26.85
Divya Management Limited				
41,82,915 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 1.09 Crores)		6.93		6.93
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		0.49		0.44
Antrang Finance Limited				
43,24,634 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 0.10 Crore)		4.40		4.40
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		0.49		0.47
In Joint Ventures (carrying amount determined using the equity method of accounting)				
Espirit Hotels Private Limited				
4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition		46.17		46.17
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		...		...
Maharaja Heritage Resorts Limited				
1,80,000 Equity Shares of ₹ 100.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 0.13 Crore)		...		...
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		-		-
Logix Developers Private Limited				
77,66,913 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 23.84 Crores)		42.07		42.07
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		(37.40)		(27.15)
Add/(Less): Provision for Impairment		(4.67)		(4.82)
ITC Essentra Limited				
22,50,000 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition		38.85		38.85
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2020		39.44		26.74
In Others (at fair value through other comprehensive income unless stated otherwise)				
VST Industries Limited				
476 Equity Shares of ₹ 10.00 each, fully paid		0.13		0.16
Carried over	102.77	163.92	107.14	172.14

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	102.77	163.92	107.14	172.14
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
HLV Limited (Formerly Hotel Leelaventure Limited) 5,49,80,620 Equity Shares of ₹ 2.00 each, fully paid	17.33		59.93	
EIH Limited 9,21,78,024 Equity Shares of ₹ 2.00 each, fully paid	606.54		1898.42	
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.08		0.30	
Lotus Court Private Limited 2 Class G Shares of ₹ 48000.00 each, fully paid		2.34		2.34
Adyar Property Holding Company Limited 311 Equity Shares of ₹ 100.00 each, partly paid		8.40		23.19
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid		—		—
Jupiter Township Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)		...		...
Woodlands Multispeciality Hospital Limited 13,605 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Delectable Technologies Private Limited (at fair value through profit or loss) 100 (2019 - Nil) Equity Shares of ₹ 10.00 each, fully paid		0.10		—
INVESTMENT IN PREFERENCE SHARES				
In Others (at fair value through profit or loss)				
Delectable Technologies Private Limited 1,864 (2019 - Nil) Compulsorily Convertible Cumulative Preference Shares of ₹ 10.00 each, fully paid		1.78		—
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National Savings Certificate (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		—		—
Kisan Vikas Patra (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		—		—
National Savings Certificate (pledged with various Mandi Samitis) (cost ₹ 6000.00)		...		...
INVESTMENT IN BONDS/DEBENTURES				
In Others (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2019 - 90) 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	—		90.93	
Carried over	726.72	178.92	2156.72	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	726.72	178.92	2156.72	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2019 - 800) 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	—		40.39	
Nil (2019 - 50) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 1000000.00 each, fully paid	—		51.07	
Nil (2019 - 150) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 1000000.00 each, fully paid	—		154.07	
Housing and Urban Development Corporation Limited				
4,300 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid	437.76		439.01	
150 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.65		15.76	
3,29,870 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	33.88		34.16	
7,00,696 7.39% (For Category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid	70.07		70.07	
3,50,000 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	36.06		36.55	
5,00,000 8.20% For Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche 1 Series - 2 (05 March 2027) of ₹ 1000.00 each, fully paid	55.54		56.16	
850 8.40% Unsecured Rated Listed Taxable Redeemable Non-Convertible Bonds Series C 2018 (11 April 2022) of ₹ 1000000.00 each, fully paid	85.00		85.00	
250 (2019 - Nil) 7.61% Rated Listed Taxable Bonds in the nature of Unsecured Debentures Series A 2019 (22 June 2022) of ₹ 1000000.00 each, fully paid	25.24		—	
700 (2019 - Nil) 6.99% Unsecured Listed Rated Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debenture Series E (11 Nov 2022) of ₹ 1000000.00 each, fully paid	70.26		—	
ICICI Bank Limited [#]				
2,647 9.15% Unsecured Rated Listed Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		264.70	
2,000 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.14		200.17	
Carried over	2021.02	178.92	3603.83	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2021.02	178.92	3603.83	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
3,000 9.90% Unsecured Rated Listed Subordinated Perpetual Additional Tier 1 Basel III Compliant Non-Convertible Bonds in the nature of Debentures (with first Call Option on 28 December 2023) of ₹ 1000000.00 each, fully paid	300.00		300.00	
India Infrastructure Finance Company Limited				
5,00,000 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	51.15		51.58	
3,00,000 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	32.55		32.80	
50,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.28		5.35	
1,175 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid	125.06		125.71	
1,300 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid	142.31		143.38	
1,780 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid	191.18		192.36	
Indian Railway Finance Corporation Limited				
70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.30		7.34	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	25.83		26.01	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	51.15		51.51	
2,250 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid	225.86		226.05	
1,00,000 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	10.93		11.03	
3,31,819 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	34.21		34.70	
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	85.42		86.62	
Carried over	3309.25	178.92	4898.27	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	3309.25	178.92	4898.27	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.63		10.78	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	133.40		134.08	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	13.95		14.02	
LIC Housing Finance Limited				
400 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.18		40.29	
100 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.11		10.18	
Nil (2019 - 800) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	—		80.66	
550 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	55.58		56.07	
Nil (2019 - 750) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	—		75.85	
Nil (2019 - 250) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	—		24.94	
Nil (2019 - 350) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	—		35.57	
Nil (2019 - 850) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	—		86.19	
Nil (2019 - 50) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	—		5.07	
Nil (2019 - 100) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	—		10.17	
Nil (2019 - 700) 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	—		70.27	
Nil (2019 - 1,250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	—		126.81	
Nil (2019 - 239) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	—		23.93	
Carried over	3573.10	178.92	5703.15	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	3573.10	178.92	5703.15	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
500 Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 378 (04 May 2022) of ₹ 1000000.00 each, fully paid	54.82		50.42	
National Bank for Agriculture and Rural Development Nil (2019 - 3,200) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18G (30 September 2020) of ₹ 1000000.00 each, fully paid	—		316.15	
2,000 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	208.97		210.24	
2,000 (2019 - Nil) 6.98% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20G (19 September, 2022) of ₹ 1000000.00 each, fully paid	200.00		—	
1,000 (2019 - Nil) 8.60% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19B (31 January 2022) of ₹ 1000000.00 each, fully paid	102.59		—	
500 (2019 - Nil) 7.70% Unsecured Listed Redeemable Taxable Non-Convertible Bonds Series 20D (13 June 2022) of ₹ 1000000.00 each, fully paid	51.06		—	
900 (2019 - Nil) 7.85% Unsecured Listed Taxable Redeemable Non-Convertible Bond Series 20B (23 May 2022) of ₹ 1000000.00 each, fully paid	92.07		—	
600 (2019 - Nil) 7.90% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series 20A (18 April 2022) of ₹ 1000000.00 each, fully paid	61.39		—	
250 (2019 - Nil) 6.70% Unsecured Listed Rated Redeemable Taxable Non-Convertible Bonds Series 20H (11 November 2022) of ₹ 1000000.00 each, fully paid	25.00		—	
National Highways Authority of India 2,600 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIA (18 September 2025) of ₹ 1000000.00 each, fully paid	260.37		260.40	
8,06,381 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026) of ₹ 1000.00 each, fully paid	82.14		82.35	
2,500 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030) of ₹ 1000000.00 each, fully paid	250.00		250.00	
17,49,943 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid	184.01		184.60	
5,00,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	57.72		58.36	
2,50,000 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	29.54		29.91	
Carried over	5232.78	178.92	7145.58	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2020 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	5232.78	178.92	7145.58	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
National Housing Bank 800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	85.17		85.60	
Power Finance Corporation Limited Nil (2019 - 250) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	—		24.80	
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	62.37		62.74	
Nil (2019 - 250) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	—		24.92	
Nil (2019 - 250) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	—		24.87	
Nil (2019 - 500) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	—		50.04	
500 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid	53.23		53.50	
Nil (2019 - 2,800) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	—		282.64	
3,50,000 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	41.27		41.79	
Nil (2019 - 400) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	—		40.75	
150 (2019 - Nil) 7.47% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 151 A (16 September 2021) of ₹ 1000000.00 each, fully paid	15.02		—	
150 (2019 - Nil) 8.66% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series C (27 November 2021) of ₹ 1000000.00 each, fully paid	15.29		—	
4,500 (2019 - Nil) 7.35% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 191 (15 October 2022) of ₹ 1000000.00 each, fully paid	450.00		—	
700 (2019 - Nil) 7.10% Unsecured Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 169 A (08 August 2022) of ₹ 1000000.00 each, fully paid	70.20		—	
250 (2019 - Nil) 8.45% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 181 (11 August 2022) of ₹ 1000000.00 each, fully paid	25.83		—	
Carried over	6051.16	178.92	7837.23	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	6051.16	178.92	7837.23	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
REC Limited (Formerly Rural Electrification Corporation Limited)				
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	88.22		88.72	
Nil (2019 - 500) 8.37% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 134 (14 August 2020) of ₹ 1000000.00 each, fully paid	—		49.91	
1,190 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid	130.82		131.85	
3,50,000 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	41.01		41.51	
50 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid	5.35		5.38	
1,700 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	170.57		170.85	
Nil (2019 - 500) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	—		48.77	
2,880 (2019 - Nil) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bond Series 177 (20 December 2021) of ₹ 1000000.00 each, fully paid	288.00		—	
300 (2019 - Nil) 7.09% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 152 (17 October 2022) of ₹ 1000000.00 each, fully paid	29.81		—	
2,000 (2019 - Nil) 7.09% Unsecured Rated Listed Non-Cumulative Non-Convertible Redeemable Taxable Bonds Series 185 (13 December 2022) of ₹ 1000000.00 each, fully paid	200.00		—	
Small Industries Development Bank of India				
2,500 (2019 - Nil) 7.89% Unsecured Listed Redeemable Non-Convertible Bond Series III of 2019-20 (15 November 2022 with Call and Put Option 14 May 2021) of ₹ 1000000.00 each, fully paid	250.48		—	
State Bank of India [#]				
3,250 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.40		325.64	
1,550 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	154.04		153.50	
2,350 9.37% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series II (with first Call Option 21 December 2023) of ₹ 1000000.00 each, fully paid	235.00		235.00	
Carried over	7969.86	178.92	9088.36	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7969.86	178.92	9088.36	200.05
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
7,000 9.56% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 04 December 2023) of ₹ 1000000.00 each, fully paid	700.00		700.00	
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) 4,00,00,000 Units of ₹ 10.00 each	47.71		43.75	
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 Units of ₹ 10.00 each	11.91		10.94	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 Units of ₹ 10.00 each	23.79		21.83	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 Units of ₹ 10.00 each	17.88		16.40	
Aditya Birla Sun Life Fixed Term Plan - Series RP (1239 Days) 5,50,00,000 Units of ₹ 10.00 each	63.38		57.64	
Aditya Birla Sun Life Fixed Term Plan - Series SF (1161 Days) 40,00,000 Units of ₹ 10.00 each	4.47		4.08	
Aditya Birla Sun Life Fixed Term Plan - Series SG (1155 Days) 1,80,00,000 Units of ₹ 10.00 each	20.14		18.33	
Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 Days) 3,00,00,000 Units of ₹ 10.00 each	33.29		30.27	
Aditya Birla Sun Life Fixed Term Plan - Series SI (1141 Days) 1,00,00,000 Units of ₹ 10.00 each	11.13		10.13	
DSP Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 Units of ₹ 10.00 each	11.91		10.93	
DSP Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 Units of ₹ 10.00 each	22.54		20.67	
DSP Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 Units of ₹ 10.00 each	23.66		21.75	
Franklin India Fixed Maturity Plans - Series 2 - Plan A 1,40,00,000 Units of ₹ 10.00 each	16.64		15.26	
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 6,50,00,000 Units of ₹ 10.00 each	77.26		70.80	
HDFC Fixed Maturity Plan 1232D November 2018 (1) - Series-43 4,00,00,000 Units of ₹ 10.00 each	46.11		41.89	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J Nil (2019 - 50,00,000) Units of ₹ 10.00 each	–		5.64	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 Units of ₹ 10.00 each	15.50		14.23	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 Units of ₹ 10.00 each	41.51		38.03	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 Units of ₹ 10.00 each	22.69		20.82	
Carried over	9181.38	178.92	10261.75	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9181.38	178.92	10261.75	200.05
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 Units of ₹ 10.00 each	53.61		49.18	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 Units of ₹ 10.00 each	11.94		10.96	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 Units of ₹ 10.00 each	59.50		54.51	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 Units of ₹ 10.00 each	59.41		54.50	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 Units of ₹ 10.00 each	53.54		49.11	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 Units of ₹ 10.00 each	44.23		40.59	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 Units of ₹ 10.00 each	8.36		7.67	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1272 Days - Plan Q 1,40,00,000 Units of ₹ 10.00 each	16.02		14.55	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1279 Days - Plan P 5,00,00,000 Units of ₹ 10.00 each	57.43		52.11	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1168 Days - Plan E 50,00,000 Units of ₹ 10.00 each	5.58		5.07	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1175 Days - Plan D 40,00,000 Units of ₹ 10.00 each	4.48		4.07	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1127 Days - Plan O 30,00,000 Units of ₹ 10.00 each	3.30		3.00	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days - Plan P 2,00,00,000 Units of ₹ 10.00 each	21.98		20.01	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1156 Days - Plan G 60,00,000 Units of ₹ 10.00 each	6.68		6.06	
IDFC Fixed Term Plan - Series 176 - 1170 Days 1,00,00,000 Units of ₹ 10.00 each	11.21		10.18	
IDFC Fixed Term Plan - Series 177 - 1160 Days 60,00,000 Units of ₹ 10.00 each	6.67		6.06	
IDFC Fixed Term Plan - Series 178 - 1154 Days 60,00,000 Units of ₹ 10.00 each	6.63		6.02	
Kotak Fixed Maturity Plan - Series 210 Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		11.03	
Kotak Fixed Maturity Plan - Series 212 60,00,000 Units of ₹ 10.00 each	7.15		6.56	
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 Units of ₹ 10.00 each	13.12		12.03	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 Units of ₹ 10.00 each	11.94		10.94	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 Units of ₹ 10.00 each	11.94		10.93	
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 Units of ₹ 10.00 each	41.22		37.77	
Carried over	9697.32	178.92	10744.66	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9697.32	178.92	10744.66	200.05
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Kotak Fixed Maturity Plan - Series 252 10,00,00,000 Units of ₹ 10.00 each	115.00		104.38	
Kotak Fixed Maturity Plan - Series 253 2,20,00,000 Units of ₹ 10.00 each	25.18		22.87	
Kotak Fixed Maturity Plan - Series 254 2,40,00,000 Units of ₹ 10.00 each	27.43		24.90	
Kotak Fixed Maturity Plan - Series 255 90,00,000 Units of ₹ 10.00 each	10.23		9.28	
Kotak Fixed Maturity Plan - Series 259 1,40,00,000 Units of ₹ 10.00 each	15.81		14.35	
Kotak Fixed Maturity Plan - Series 265 1,80,00,000 Units of ₹ 10.00 each	19.95		18.12	
Kotak Fixed Maturity Plan - Series 267 1,00,00,000 Units of ₹ 10.00 each	11.03		10.00	
Nippon India Fixed Horizon Fund - XXXV - Series 6 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 6) 50,00,000 Units of ₹ 10.00 each	5.99		5.49	
Nippon India Fixed Horizon Fund - XXXV - Series 11 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 11) 50,00,000 Units of ₹ 10.00 each	5.98		5.48	
Nippon India Fixed Horizon Fund - XXXV - Series 12 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 12) 1,50,00,000 Units of ₹ 10.00 each	17.93		16.43	
Nippon India Fixed Horizon Fund - XXXV - Series 13 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 13) 80,00,000 Units of ₹ 10.00 each	9.54		8.74	
Nippon India Fixed Horizon Fund - XXXV - Series 14 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 14) 1,20,00,000 Units of ₹ 10.00 each	14.29		13.11	
Nippon India Fixed Horizon Fund - XXXV - Series 15 (Formerly known as Reliance Fixed Horizon Fund - XXXV - Series 15) 1,70,00,000 Units of ₹ 10.00 each	20.26		18.56	
Nippon India Fixed Horizon Fund - XXXVI - Series 1 (Formerly known as Reliance Fixed Horizon Fund - XXXVI - Series 1) 1,20,00,000 Units of ₹ 10.00 each	14.27		13.06	
Nippon India Fixed Horizon Fund - XXXVI - Series 3 (Formerly known as Reliance Fixed Horizon Fund - XXXVI - Series 3) 50,00,000 Units of ₹ 10.00 each	5.93		5.44	
Nippon India Fixed Horizon Fund - XXXVI - Series 9 (Formerly known as Reliance Fixed Horizon Fund - XXXVI - Series 9) 2,00,00,000 Units of ₹ 10.00 each	23.48		21.52	
Nippon India Fixed Horizon Fund - XXXVII - Series 4 (Formerly known as Reliance Fixed Horizon Fund - XXXVII - Series 4) 4,50,00,000 Units of ₹ 10.00 each	54.27		49.23	
Nippon India Fixed Horizon Fund - XXXIX - Series 15 (Formerly known as Reliance Fixed Horizon Fund - XXXIX - Series 15) 3,00,00,000 Units of ₹ 10.00 each	34.81		31.61	
Carried over	10128.70	178.92	11137.23	200.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10128.70	178.92	11137.23	200.05
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Nippon India Fixed Horizon Fund - XXXX - Series 1 (Formerly known as Reliance Fixed Horizon Fund - XXXX - Series 1) 1,00,00,000 Units of ₹ 10.00 each	11.57		10.50	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 Units of ₹ 10.00 each	23.69		21.77	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 Units of ₹ 10.00 each	23.73		21.78	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 Units of ₹ 10.00 each	17.76		16.30	
SBI Debt Fund Series C-48 (1177 Days) 3,00,00,000 Units of ₹ 10.00 each	33.15		30.18	
SBI Debt Fund Series C-50 (1177 Days) 2,00,00,000 Units of ₹ 10.00 each	21.98		20.03	
SBI Debt Fund Series C-32 (1223 Days) 4,50,00,000 Units of ₹ 10.00 each	51.23		46.62	
SBI Debt Fund Series C-33 (1216 Days) 3,00,00,000 Units of ₹ 10.00 each	34.04		30.99	
SBI Debt Fund Series C-34 (1211 Days) 1,00,00,000 Units of ₹ 10.00 each	11.30		10.29	
SBI Debt Fund Series C-35 (1235 Days) 1,70,00,000 Units of ₹ 10.00 each	19.19		17.50	
SBI Debt Fund Series C-43 (1176 Days) 3,00,00,000 Units of ₹ 10.00 each	33.59		30.57	
SBI Debt Fund Series C-44 (1175 Days) 1,50,00,000 Units of ₹ 10.00 each	16.75		15.23	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 Units of ₹ 10.00 each	17.85		16.37	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 Units of ₹ 10.00 each	22.59		20.71	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) 1,50,00,000 Units of ₹ 10.00 each	17.83		16.34	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) 2,00,00,000 Units of ₹ 10.00 each	23.74		21.74	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 1,307 (2019 - 1,105) Units of ₹ 100000.00 each		18.89		11.79
Fireside Ventures Investments Fund II 50,000 (2019 - Nil) Units of ₹ 1000.00 each		4.28		—
Chiratae Ventures India Fund IV 465 (2019 - Nil) Units of ₹ 100000.00 each		4.24		—
Aggregate amount of quoted and unquoted Investments	10508.69	206.33	11484.15	211.84
TOTAL		10715.02		11695.99

Aggregate market value of quoted investments ₹ 10653.86 Crores (2019 - ₹ 11459.86 Crores).

Aggregate amount of impairment in value of investments ₹ 4.67 Crores (2019 - ₹ 4.82 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, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good	6.33	5.27	6.75	8.34
TOTAL	6.33	5.27	6.75	8.34

6. Other financial assets				
Bank deposits with more than 12 months maturity	–	6.10	–	1520.33
Other financial assets				
Advances	12.62	–	6.70	–
Deposits*	963.68	609.42	708.34	864.84
Interest accrued on Loans, Deposits, Investments, etc.	554.92	0.13	553.85	–
Other Receivables**	287.32	–	230.79	–
TOTAL	1818.54	615.65	1499.68	2385.17

* Deposits include deposits to Directors ₹ 0.07 Crore (2019 - ₹ 0.08 Crore) (Refer Note 30).

** Others comprise receivables on account of claims, interest, rentals, derivatives designated as hedging instruments, etc.

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
7. Deferred tax		
Deferred tax liabilities (Net)	1627.20	2052.06
Deferred tax assets (Net)	56.29	59.37
TOTAL	1570.91	1992.69

Movement in deferred tax liabilities/assets balances

(₹ in Crores)

2019-20	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Effect of foreign exchange	Closing Balance
Deferred tax liabilities/assets in relation to:							
On fiscal allowances on property, plant and equipment, investment property etc.	2206.11	(589.04)	–	–	–	–	1617.07
On Excise Duty/National Calamity Contingent Duty on closing stock	18.62	27.47	–	–	–	–	46.09
On cash flow hedges	(4.46)	–	(8.16)	4.47	(0.04)	–	(8.19)
Other timing differences	229.46	37.48	–	–	–	0.03	266.97
Total deferred tax liabilities	2449.73	(524.09)	(8.16)	4.47	(0.04)	0.03	1921.94
On fiscal allowances on property, plant and equipment etc.	9.00	(2.65)	–	–	–	–	6.35
On employees' separation and retirement etc.	88.42	(33.35)	12.07	–	–	0.25	67.39
On provision for doubtful debts/advances	58.07	(11.79)	–	–	–	0.33	46.61
On State and Central taxes etc.	140.27	(36.85)	–	–	–	–	103.42
On unabsorbed tax losses and depreciation	1.11	4.19	–	–	–	–	5.30
Other timing differences	154.47	(36.13)	–	–	–	1.07	119.41
Total deferred tax assets before MAT credit entitlement	451.34	(116.58)	12.07	–	–	1.65	348.48
Total deferred tax liabilities before MAT credit entitlement (Net)	1998.39	(407.51)	(20.23)	4.47	(0.04)	(1.62)	1573.46
Less: MAT credit entitlement	5.70	(3.15)	–	–	–	–	2.55
Total deferred tax liabilities (Net)	1992.69	(404.36)	(20.23)	4.47	(0.04)	(1.62)	1570.91

Notes to the Consolidated Financial Statements

(₹ in Crores)

7. Deferred tax (Contd.)

2018-19	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Effect of foreign exchange	Closing Balance
Deferred tax liabilities /assets in relation to:							
On fiscal allowances on property, plant and equipment etc.	2016.43	189.68	—	—	—	—	2206.11
On Excise Duty/National Calamity Contingent Duty on closing stock	24.57	(5.95)	—	—	—	—	18.62
On cash flow hedges	3.61	—	(18.81)	(1.01)	11.75	—	(4.46)
On employees' separation and retirement etc.	—	—	—	—	—	—	—
Other timing differences	295.45	(61.96)	—	—	—	(4.03)	229.46
Total deferred tax liabilities	2340.06	121.77	(18.81)	(1.01)	11.75	(4.03)	2449.73
On fiscal allowances on property, plant and equipment etc.	18.25	1.48	—	—	—	(10.73)	9.00
On employees' separation and retirement etc.	90.25	7.11	(4.32)	—	—	(4.62)	88.42
On provision for doubtful debts/advances	50.34	7.60	—	—	—	0.13	58.07
On State and Central taxes etc.	188.89	(48.62)	—	—	—	—	140.27
On unabsorbed tax losses and depreciation	1.03	0.08	—	—	—	—	1.11
Other timing differences	112.50	29.88	—	—	—	12.09	154.47
Total deferred tax assets before MAT credit entitlement	461.26	(2.47)	(4.32)	—	—	(3.13)	451.34
Total deferred tax liabilities before MAT credit entitlement (Net)	1878.80	124.24	(14.49)	(1.01)	11.75	(0.90)	1998.39
Less: MAT credit entitlement	3.76	1.94	—	—	—	—	5.70
Total deferred tax liabilities (Net)	1875.04	122.30	(14.49)	(1.01)	11.75	(0.90)	1992.69

The Group has losses of ₹ 158.35 Crores (2019 - ₹ 175.62 Crores) for which no deferred tax assets have been recognised. A part of these losses will expire between financial year 2020-21 to 2039-40.

8. Other assets

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
Capital Advances	—	448.54	—	437.22
Advances other than capital advances				
Security Deposits				
— With Statutory Authorities	0.22	795.28	4.00	777.50
— Others	2.24	107.56	2.08	103.77
Advances to related parties (Refer Note 30)	0.05	—	60.00	—
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	796.52	105.33	593.14	1040.12
Other Receivables*	127.77	4.53	102.84	4.52
TOTAL	926.80	1461.24	762.06	2363.13

* Includes receivables on account of export incentives.

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
9. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	5833.34	5528.05
Work-in-progress	703.07	249.88
Finished goods (manufactured)	1426.76	1153.56
Stock-in-trade (goods purchased for resale)	495.42	515.36
Stores and spares	364.95	351.81
Intermediates - Tissue paper and Paperboards	55.79	60.90
TOTAL	8879.33	7859.56

The above includes goods in transit as under:

Raw materials (including packing materials)	141.99	191.08
Stock-in-trade (goods purchased for resale)	0.15	—
Stores and spares	2.35	2.31
TOTAL	144.49	193.39

The cost of inventories recognised as an expense includes ₹ 19.17 Crores (2019 - ₹ 29.05 Crores) in respect of write-downs of inventory to net realisable value. During the year reversal of previous write-downs of ₹ 1.90 Crores (2019 - ₹ 1.70 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 1136.59 Crores (2019 - ₹ 574.91 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Group is twelve months.

* Also Refer Note 20.

10. Biological assets other than bearer plants		
Balance at the beginning of the year	84.41	89.44
Biological assets acquired during the year	0.83	0.82
Cost incurred during the year	102.28	87.62
Changes in fair value*	46.81	22.30
Transfer of Biological assets to Inventories	(6.33)	(9.67)
Biological assets sold during the year	(141.89)	(106.09)
Effect of foreign exchange translation	0.09	(0.01)
Balance at the end of the year	86.20	84.41

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

The Group had 1,41,83,585 numbers of TECHNITUBER® seed potatoes (2019 - 1,52,27,008 numbers).

There were 70407 MT of field generated seed potatoes (2019 - 71567 MT). During the year, output of agricultural produce (potatoes) is 4897 MT (2019 - 8241 MT).

In October 2019 - 13589 MT (October 2018 - 13100 MT) of seed potatoes were planted and in February/March 2020 - 75051 MT (February/March 2019 - 79440 MT) of seed potatoes were harvested as a result of quantitative biological transformation.

Estimated amount of contracts remaining to be executed for acquisition/development of biological assets are ₹ 1.08 Crores (2019 - ₹ 2.43 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN BONDS/DEBENTURES				
Canfin Homes Limited 500 7.57% Secured Redeemable Non-Convertible Debentures (12 April 2020) of ₹ 1000000.00 each, fully paid	50.02		49.60	
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid	32.04		31.26	
Housing & Urban Development Corporation Limited Nil (2019 - 500) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	—		50.10	
ICICI Bank Limited 350 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first call option on 20 June 2023) of ₹ 1000000.00 each, fully paid	34.19		34.42	
India Infrastructure Finance Company Limited 1,50,000 7.19% For Category I, II, III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	15.33		15.43	
Indian Railway Finance Corporation Limited 25,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid	252.62		253.42	
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid	209.50		202.57	
5,25,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid	53.61		54.15	
National Highways Authority of India 4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid	50.60		50.28	
1,04,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (15 February 2029) of ₹ 1000.00 each, fully paid	11.76		11.88	
National Housing Bank 5,000 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 2012-13 (26 March 2023) of ₹ 10000.00 each, fully paid	5.07		5.09	
PNB Housing Finance Limited Nil (2019 - 150) 7.46% Non-Convertible Non-Cumulative Taxable Bonds in the nature of Promissory Note Series XXXI (30 April 2020) of ₹ 1000000.00 each, fully paid	—		14.66	
Power Finance Corporation Limited Nil (2019 - 450) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	—		45.26	
1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 80-A (25 November 2021) of ₹ 100000.00 each, fully paid	15.29		15.04	
1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid	103.55		100.11	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid	10.23		10.06	
Carried over	843.81		943.33	

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	843.81		943.33	
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	135.10		130.56	
REC Limited (Formerly Rural Electrification Corporation Limited)				
30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1 (19 December 2022) of ₹ 1000.00 each, fully paid	302.84		292.95	
1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid	103.42		100.12	
60,000 8.12% For Category I & II Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹ 1000.00 each, fully paid	6.53		6.59	
INVESTMENT IN CERTIFICATE OF DEPOSIT				
Axis Bank Limited				
50,000 (2019 - Nil) Certificate of Deposit (18 December 2020) of ₹ 100000.00 each, fully paid		479.76		—
Kotak Mahindra Bank Limited				
Nil (2019 - 33,997) Certificate of Deposit (27 December 2019) of ₹ 100000.00 each, fully paid		—		322.40
50,000 (2019 - Nil) Certificate of Deposit (11 December 2020) of ₹ 100000.00 each, fully paid		480.76		—
National Bank for Agriculture and Rural Development				
15,000 (2019 - Nil) Certificate of Deposit (14 January 2021) of ₹ 100000.00 each, fully paid		143.49		—
45,000 (2019 - Nil) Certificate of Deposit (21 January 2021) of ₹ 100000.00 each, fully paid		430.02		—
10,000 (2019 - Nil) Certificate of Deposit (03 February 2021) of ₹ 100000.00 each, fully paid		95.37		—
25,000 (2019 - Nil) Certificate of Deposit (05 March 2021) of ₹ 100000.00 each, fully paid		237.36		—
Small Industries Development Bank of India				
Nil (2019 - 50,000) Certificate of Deposit (20 November 2019) of ₹ 100000.00 each, fully paid		—		477.53
Nil (2019 - 15,000) Certificate of Deposit (05 December 2019) of ₹ 100000.00 each, fully paid		—		142.84
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
National Savings Certificate pledged at Mandi Samiti (cost ₹ 2000.00)		...		...
National Savings Certificate (cost ₹ 10000.00)		...		...
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Floating Rate Fund				
1,96,03,366 Units of ₹ 100.00 each		494.50		456.75
Aditya Birla Sun Life Savings Fund				
2,04,86,447 (2019 - 2,04,90,928) Units of ₹ 100.00 each		819.64		760.56
Aditya Birla Sun Life Cash Plus				
Nil (2019 - 9,80,827) Units of ₹ 100.00 each		—		29.32
Aditya Birla Sun Life Corporate Bond Fund				
6,05,10,758 (2019 - 3,38,43,771) Units of ₹ 10.00 each		475.21		243.89
Carried over	1391.70	3656.11	1473.55	2433.29

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1391.70	3656.11	1473.55	2433.29
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Aditya Birla Sun Life Money Manager Fund 40,95,539 Units of ₹ 100.00 each		110.96		103.08
Aditya Birla Sun Life Liquid Fund 3,10,777 (2019 - 14,40,478) Units of ₹ 100.00 each		12.20		43.08
Aditya Birla Sun Life Cash Plus Nil (2019 - 66,774) Units of ₹ 100.00 each		—		2.01
Axis Short Term Fund 4,31,15,900 (2019 - 8,89,51,089) Units of ₹ 10.00 each		100.79		188.81
Axis Banking & PSU Debt Fund 31,86,227 (2019 - Nil) Units of ₹ 1000.00 each		613.69		—
Axis Liquid Fund 14,71,847 (2019 - Nil) Units of ₹ 1000.00 each		322.96		—
Axis Treasury Advantage Fund 14,61,916 (2019 - 5,46,967) Units of ₹ 1000.00 each		339.92		117.36
Bharat Bond ETF - April 2023 30,00,000 (2019 - Nil) Units of ₹ 1000.00 each	307.06		—	
DSP Banking and PSU Debt Fund 8,62,88,433 (2019 - Nil) Units of ₹ 10.00 each		151.22		—
DSP Low Duration Fund 22,32,41,558 (2019 - 26,30,57,340) Units of ₹ 10.00 each		328.55		359.25
DSP Overnight Fund 30,83,707 (2019 - Nil) Units of ₹ 1000.00 each		329.16		—
DSP Short Term Fund 6,67,71,463 (2019 - 3,12,12,253) Units of ₹ 10.00 each		239.95		102.60
HDFC Corporate Bond Fund Nil (2019 - 13,70,31,285) Units of ₹ 10.00 each		—		286.88
HDFC Floating Rate Debt Fund 10,07,90,662 (2019 - 10,23,22,267) Units of ₹ 10.00 each		356.62		334.63
HDFC Liquid Fund 5,17,089 (2019 - Nil) Units of ₹ 1000.00 each		200.82		—
HDFC Money Market Fund 2,39,118 (2019 - Nil) Units of ₹ 1000.00 each		100.90		—
HDFC Short Term Debt Fund 14,47,53,251 Units of ₹ 10.00 each		327.72		298.76
HDFC Ultra Short Term Fund 27,49,00,837 (2019 - 9,57,80,853) Units of ₹ 10.00 each		309.50		100.32
ICICI Prudential Corporate Bond Fund 51,14,23,698 (2019 - 22,03,55,476) Units of ₹ 10.00 each		1059.33		402.24
ICICI Prudential Savings Fund 60,84,787 (2019 - 57,85,519) Units of ₹ 100.00 each		237.45		208.95
ICICI Prudential Bond Fund 2,11,18,618 Units of ₹ 10.00 each		62.30		55.80
ICICI Prudential Short Term 2,70,17,352 Units of ₹ 10.00 each		119.87		109.00
ICICI Prudential Liquid Fund Nil (2019 - 27,03,484) Units of ₹ 100.00 each		—		74.55
ICICI Prudential - Money Market Fund Nil (2019 - 9,81,551) Units of ₹ 100.00 each		—		27.03
Carried over	1698.76	8980.02	1473.55	5247.64

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1698.76	8980.02	1473.55	5247.64
INVESTMENT IN MUTUAL FUNDS (Contd.)				
IDFC Banking & PSU Debt Fund 14,17,61,931 (2019 - Nil) Units of ₹ 10.00 each		251.53		—
IDFC Bond Fund - Short Term Plan 10,23,94,458 Units of ₹ 10.00 each		414.04		377.59
IDFC Corporate Bond Fund Nil (2019 - 15,62,58,545) Units of ₹ 10.00 each		—		200.95
IDFC Low Duration Fund 7,34,11,386 (2019 - 3,85,46,192) Units of ₹ 10.00 each		212.12		103.10
IDFC Money Manager Fund 4,22,87,680 Units of ₹ 10.00 each		135.17		126.57
Kotak Bond Fund (Short Term) 7,68,78,681 Units of ₹ 10.00 each		243.74		221.63
Kotak Corporate Bond Fund 6,74,130 (2019 - Nil) Units of ₹ 1000.00 each		183.80		—
Kotak Liquid Plan 4,373 (2019 - 1,91,002) Units of ₹ 1000.00 each		1.76		72.06
Kotak Savings Fund 34,27,71,778 (2019 - 22,43,93,543) Units of ₹ 10.00 each		1119.53		684.79
Nippon India Banking & PSU Debt Fund 20,50,51,796 (2019 - Nil) Units of ₹ 10.00 each		306.09		—
Nippon India Floating Rate Fund (Formerly known as Reliance Floating Rate Fund - Short Term Plan) 6,22,64,756 (2019 - 38,18,89,185) Units of ₹ 10.00 each		204.74		512.80
Nippon India Money Market Fund 6,60,345 (2019 - Nil) Units of ₹ 1000.00 each		201.58		—
Nippon India Overnight Fund 3,14,39,459 (2019 - Nil) Units of ₹ 100.00 each		336.58		—
Nippon India Short Term Fund (Formerly known as Reliance Short Term Fund) 8,93,74,937 (2019 - 2,07,06,236) Units of ₹ 10.00 each		353.38		74.70
Nippon India Low Duration Fund (Formerly known as Reliance Low Duration Fund) Nil (2019 - 6,71,878) Units of ₹ 1000.00 each		—		177.40
Nippon India Prime Debt Fund (Formerly known as Reliance Prime Debt Fund) Nil (2019 - 4,84,63,633) Units of ₹ 10.00 each		—		194.41
Nippon India Liquid Fund (Formerly known as Reliance Liquid Fund) 10,356 (2019 - Nil) Units of ₹ 10.00 each		5.02		—
SBI Liquid Fund 1,549 (2019 - 2,70,300) Units of ₹ 1000.00 each		0.48		78.87
SBI Magnum Low Duration Fund 8,30,697 Units of ₹ 1000.00 each		218.47		202.05
SBI Magnum Ultra Short Duration Fund 2,47,159 Units of ₹ 1000.00 each		110.71		103.05
SBI Savings Fund 15,99,53,181 (2019 - Nil) Units of ₹ 10.00 each		517.71		—
SBI Short Term Debt Fund 28,79,35,474 (2019 - Nil) Units of ₹ 10.00 each		691.30		—
Carried over	1698.76	14487.77	1473.55	8377.61

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1698.76	14487.77	1473.55	8377.61
INVESTMENT IN MUTUAL FUNDS (Contd.)				
UTI Overnight Fund 47,928 (2019 - Nil) Units of ₹ 10.00 each		13.01		—
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2019 - 30) 7.85% Secured Listed Redeemable Non-Convertible Debentures Series T - 002 (21 June 2019) of ₹ 10000000.00 each, fully paid	—		29.93	
Nil (2019 - 10) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	—		9.98	
Power Finance Corporation Limited Nil (2019 - 250) 7.85% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 145 (15 April 2019) of ₹ 1000000.00 each, fully paid	—		24.99	
Current Portion of Non-Current Investment				
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2019 - 30) 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid	—		30.03	
Nil (2019 - 170) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	—		170.33	
Nil (2019 - 255) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	—		255.57	
Nil (2019 - 1,700) 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	—		85.69	
Nil (2019 - 2,500) 9.11% Secured Listed Redeemable Non-Convertible Debentures Series U - 002 (13 December 2019) of ₹ 1000000.00 each, fully paid	—		250.00	
Nil (2019 - 600) 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	—		60.45	
Nil (2019 - 2,100) 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	—		211.39	
90 (2019 - Nil) 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	90.28		—	
800 (2019 - Nil) 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	40.04		—	
50 (2019 - Nil) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid	50.24		—	
150 (2019 - Nil) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid	150.75		—	
Carried over	2030.07	14500.78	2601.91	8377.61

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2030.07	14500.78	2601.91	8377.61
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Housing and Urban Development Corporation Limited Nil (2019 - 1,850) 7.70% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	—		184.17	
LIC Housing Finance Limited				
Nil (2019 - 750) 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	—		75.00	
Nil (2019 - 750) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	—		75.23	
Nil (2019 - 250) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	—		25.08	
Nil (2019 - 100) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	—		10.11	
Nil (2019 - 250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	—		25.26	
Nil (2019 - 450) 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	—		45.28	
Nil (2019 - 700) 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	—		70.40	
Nil (2019 - 350) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	—		35.27	
800 (2019 - Nil) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	80.24		—	
750 (2019 - Nil) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	75.18		—	
250 (2019 - Nil) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	25.00		—	
350 (2019 - Nil) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	35.19		—	
850 (2019 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	85.29		—	
50 (2019 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	5.02		—	
100 (2019 - Nil) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	10.06		—	
Carried over	2346.05	14500.78	3147.71	8377.61

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2346.05	14500.78	3147.71	8377.61
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
700 (2019 - Nil) 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	69.45		—	
1,250 (2019 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	126.08		—	
239 (2019 - Nil) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	23.92		—	
National Bank for Agriculture and Rural Development Nil (2019 - 4,370) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19 C (31 January 2022 with Call and Put Option 31 January 2020) of ₹ 1000000.00 each, fully paid	—		436.27	
3,200 (2019 - Nil) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	318.69		—	
Power Finance Corporation Limited Nil (2019 - 250) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	—		25.04	
Nil (2019 - 250) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	—		25.13	
Nil (2019 - 200) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	—		20.10	
Nil (2019 - 50) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	—		5.03	
Nil (2019 - 750) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	—		75.46	
Nil (2019 - 850) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	—		85.56	
Nil (2019 - 200) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	—		20.11	
250 (2019 - Nil) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	24.97		—	
250 (2019 - Nil) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	24.96		—	
250 (2019 - Nil) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	24.94		—	
Carried over	2959.06	14500.78	3840.41	8377.61

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2959.06	14500.78	3840.41	8377.61
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
500 (2019 - Nil) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	50.00		—	
2,800 (2019 - Nil) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	280.66		—	
400 (2019 - Nil) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	40.22		—	
PNB Housing Finance Limited				
Nil (2019 - 1,000) 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	—		100.07	
Nil (2019 - 100) 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	—		10.00	
Nil (2019 - 600) 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid	—		60.02	
Nil (2019 - 400) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	—		40.09	
REC Limited (Formerly Rural Electrification Corporation Limited)				
500 (2019 - Nil) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	49.58		—	
500 (2019 - Nil) 8.37% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 134 (14 August 2020) of ₹ 1000000.00 each, fully paid	49.98		—	
Nil (2019 - 250) 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 113th Series (08 March 2020) of ₹ 1000000.00 each, fully paid	—		25.12	
Nil (2019 - 2,250) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	—		226.34	
Small Industries Development Bank of India				
Nil (2019 - 500) 7.00% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020 with Call and Put Option dated 21 November 2019) of ₹ 1000000.00 each, fully paid	—		49.81	
Nil (2019 - 750) 7.50% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series I of 2018-19 (16 July 2021 with Call and Put Option dated 16 July 2019) of ₹ 1000000.00 each, fully paid	—		74.82	
INVESTMENT IN MUTUAL FUNDS				
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36				
Nil (2019 - 4,00,00,000) Units of ₹ 10.00 each	—		50.38	
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35				
Nil (2019 - 12,80,00,000) Units of ₹ 10.00 each	—		161.93	
Carried over	3429.50	14500.78	4638.99	8377.61

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3429.50	14500.78	4638.99	8377.61
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 Nil (2019 - 4,30,00,000) Units of ₹ 10.00 each	—		54.55	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		19.19	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.76	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		19.08	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.64	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days Nil (2019 - 1,20,00,000) Units of ₹ 10.00 each	—		15.15	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days Nil (2019 - 40,00,000) Units of ₹ 10.00 each	—		4.80	
ICICI Prudential Fixed Maturity Plan - Series 81 - Plan J - 1154 Days 50,00,000 (2019 - Nil) Units of ₹ 10.00 each	6.10		—	
Kotak Fixed Maturity Plan - Series 190 Nil (2019 - 50,00,000) Units of ₹ 10.00 each	—		6.40	
Kotak Fixed Maturity Plan - Series 191 Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		18.96	
Kotak Fixed Maturity Plan - Series 210 1,00,00,000 (2019 - Nil) Units of ₹ 10.00 each	11.95		—	
Reliance Fixed Horizon Fund - XXX - Series 5 Nil (2019 - 1,50,00,000) Units of ₹ 10.00 each	—		19.06	
Reliance Fixed Horizon Fund - XXX - Series 12 Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.69	
Reliance Fixed Horizon Fund - XXX - Series 13 Nil (2019 - 2,00,00,000) Units of ₹ 10.00 each	—		25.39	
Reliance Fixed Horizon Fund - XXX - Series 17 Nil (2019 - 3,50,00,000) Units of ₹ 10.00 each	—		44.23	
Reliance Fixed Horizon Fund - XXX - Series 6 Nil (2019 - 1,00,00,000) Units of ₹ 10.00 each	—		12.71	
Nippon Fixed Horizon Fund - XXXI - Series 9 (Formerly known as Reliance Fixed Horizon Fund - XXXI - Series 9) Nil (2019 - 1,80,00,000) Units of ₹ 10.00 each	—		21.78	
UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days Nil (2019 - 1,20,00,000) Units of ₹ 10.00 each	—		15.32	
UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days Nil (2019 - 80,00,000) Units of ₹ 10.00 each	—		10.15	
UTI Fixed Term Income Fund Series XXV - V - 1100 Days Nil (2019 - 50,00,000) Units of ₹ 10.00 each	—		6.04	
Aggregate amount of quoted and unquoted Investments	3447.55	14500.78	4969.89	8377.61
TOTAL		17948.33		13347.50

Aggregate market value of quoted investments ₹ 3456.49 Crores (2019 - ₹ 4973.37 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
12. Trade receivables (Current)		
Secured, considered good	31.88	38.10
Unsecured, considered good	2530.60	3997.18
Doubtful	174.89	153.11
Less: Allowance for doubtful receivables	174.89	153.11
TOTAL	2562.48	4035.28

13. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	630.42	252.63
Deposit accounts	10.78	59.13
Cheques, drafts on hand	5.85	2.53
Cash on hand	3.30	3.52
TOTAL	650.35	317.81

[@] 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	168.07	169.20
In deposit accounts*	6458.92	3665.02
TOTAL	6626.99	3834.22

* 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, 2020 (No. of Shares)	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ 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	12,29,22,31,241	1229.22	12,25,86,31,601	1225.86
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,25,86,31,601	1225.86	12,20,42,94,911	1220.43
Add: Issue of Shares on exercise of Options	3,35,99,640	3.36	5,43,36,690	5.43
As at end of the year	12,29,22,31,241	1229.22	12,25,86,31,601	1225.86
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2020 (No. of Shares)	As at 31st March, 2020 %	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.23	2,97,83,47,320	24.30
Life Insurance Corporation of India	1,99,75,40,067	16.25	1,98,15,49,720	16.16
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.93	97,45,31,427	7.95
C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March				
	2020 (No. of Shares)		2019 (No. of Shares)	
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761		87,761	
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2020 (No. of Shares)		2019 (No. of Shares)	
Bonus Shares issued in 2016-17	4,02,66,57,100		4,02,66,57,100	
E) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
	As at 31st March, 2020 (No. of Shares)		As at 31st March, 2019 (No. of Shares)	
Ordinary Shares of ₹ 1.00 each	34,58,05,430		38,19,09,060	

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

The vesting period for conversion of Options is as follows:

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

The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Further details of ITC Employee Stock Option Schemes are provided in Note 28(xii).

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
16. Non-current borrowings		
Unsecured		
Term loans		
– From Others	0.27	0.26
Deferred payment liabilities		
– Sales tax deferment loans	5.63	7.89
TOTAL	5.90	8.15

Terms of borrowings are as under:

Term Loans from Others

Comprise two interest free loans. One of the loans has been fully repaid in 2019-20 and the other loan stipulates repayment on the basis of 33% (2019 - 33%) of the net profits earned by a subsidiary or the residual balance, whichever is less.

Sales tax deferment loans

Interest free deferral period of 14 years and repayable by 2025-26.

The scheduled maturity of the Non-current borrowings are summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Refer Note 17B)	...	2.26	0.19	3.24
Current maturities of long-term debt	...	2.26	0.19	3.24
In the second year	–	0.35	0.02	2.26
In the third to fifth year	0.07	3.51	0.24	2.34
After five years	0.20	1.77	–	3.29
Non-current borrowings	0.27	5.63	0.26	7.89

	As at 31st March, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17A. Lease Liabilities*				
Lease Liabilities	63.87	204.00	–	–
TOTAL	63.87	204.00	–	–

* Refer Note 28(x) and 28(xi)

Movement of Lease Liabilities during the year

Particulars	31st March, 2020	31st March, 2019
Opening Lease Liability recognised on transition to Ind AS 116	294.95	–
New Leases recognised	27.48	–
Remeasurements and withdrawals	(5.83)	–
Interest expense on Lease Liabilities	23.61	–
Payment of Lease Liabilities made	(72.95)	–
Foreign Currency Translation Reserve adjustment	0.61	–
Closing balance of Lease Liability	267.87	–

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
17B. Other financial liabilities		
Non-current		
Others (Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, deposits, etc.)	127.87	73.41
TOTAL	127.87	73.41
Current		
Current maturities of long-term debt (Refer Note 16)	2.26	3.43
Interest accrued	1.92	1.97
Unpaid dividend*	167.83	168.97
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon**	0.30	0.30
Others (Includes payable for property, plant and equipment, derivatives designated as hedging instruments, etc.)	1222.57	1012.49
TOTAL	1394.88	1187.16

* 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, 2020 (₹ in Crores)		As at 31st March, 2019 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
18. Provisions				
Provision for employee benefits [Refer Note 28 (vii)]				
Retirement benefits	119.69	123.74	22.66	114.50
Other benefits	28.49	51.34	28.72	47.16
Provision for standard assets	—	0.29	—	0.29
TOTAL	148.18	175.37	51.38	161.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
19. Other liabilities		
Non-current		
Revenue received in advance	16.20	6.51
TOTAL	16.20	6.51
Current		
Statutory liabilities	3250.51	4303.87
Advances received from customers	703.07	422.95
Revenue received in advance	9.53	7.28
Others		
– Others (includes deferred revenue, accruals, customer deposits, etc.)	109.61	104.22
TOTAL	4072.72	4838.32
20. Current borrowings		
Secured		
Loans from Banks		
Cash credit facilities*	1.42	1.86
TOTAL	1.42	1.86
* Cash credit facilities are secured by hypothecation of certain property, plant and equipment, investments and current assets, both present and future.		
21A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	38.42	28.53
TOTAL	38.42	28.53
21B. Current Tax liabilities (Net)		
Current taxation (net of advance payment)	248.87	423.69
TOTAL	248.87	423.69

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
22A. Revenue from operations		
Sale of Products	46950.03	45758.57
Sale of Services	4018.47	3589.86
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty/Health Risk Tax of ₹ 1864.34 Crores (2019 - ₹ 1503.00 Crores)]	50968.50	49348.43
Other Operating Revenues#	424.97	513.68
TOTAL	51393.47	49862.11

* Net of sales returns and damaged stocks.

Includes Government grants received of ₹ 130.74 Crores (2019 - ₹ 112.23 Crores) on account of Export Promotion Capital Goods, Service Exports from India Scheme, Merchandise Exports from India Scheme, Duty Drawback etc.

22B. Gross revenue from sale of products and services*		
FMCG		
– Cigarettes etc.	23679.13	22913.27
– Branded Packaged Food Products	10379.48	9670.99
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel, etc.)	2464.51	2846.08
Hotels		
– Hotels Sales/Income from Hotel Services	1911.59	1728.15
Agri Business		
– Unmanufactured Tobacco	1300.29	1593.61
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua, etc.)	4612.25	4481.69
Paperboards, Paper and Packaging		
– Paperboards and Paper	4013.72	3710.32
– Printed Materials	485.26	520.08
Others		
– Others	2122.27	1884.24
TOTAL	50968.50	49348.43

* Net of sales returns and damaged stocks.

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
23. Other income		
Interest income	1522.13	1312.79
Dividend income	8.31	8.38
Other non-operating income	87.08	25.90
Other gains and losses	980.37	826.72
TOTAL	2597.89	2173.79
Interest income comprises interest from:		
a) Deposits with Banks etc. – carried at amortised cost	516.17	298.59
b) Financial assets mandatorily measured at FVTPL	148.32	239.42
c) Other financial assets measured at amortised cost	842.74	740.27
d) Others (from statutory authorities etc.)	14.90	34.51
TOTAL	1522.13	1312.79
Dividend income comprises dividend from:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	8.31	8.32
b) Other investments	0.01	0.06
TOTAL	8.32	8.38
Other gains and losses:		
Net foreign exchange gain/(loss)	34.38	(6.95)
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*	945.84	753.80
Gain recognised on disposal of subsidiary	–	9.40
Impairment of investment in joint venture company	0.15	–
Restructuring of Lifestyle Retailing Business (Net)	–	70.47
TOTAL	980.37	826.72

* Includes ₹ 227.77 Crores (2019 - ₹ 205.16 Crores) being net gain/(loss) on sale of investments.

24. Employee benefits expense		
Salaries and wages	3676.20	3451.87
Contribution to Provident and other funds	267.10	246.93
Share based payments to employees [Includes cash-settled share based payments ₹ (10.52) Crores (2019 - ₹ 18.53 Crores)]	102.48	258.23
Staff welfare expenses	262.96	246.31
	4308.74	4203.34
Less: Recoveries made/reimbursements received	12.95	25.46
TOTAL	4295.79	4177.88

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
25. Finance costs		
Interest expense:		
– On Lease Liabilities	23.61	–
– On financial liabilities measured at amortised cost	4.81	10.02
– Others	26.26	35.40
TOTAL	54.68	45.42
26. Other expenses		
Power and fuel	780.85	746.73
Consumption of stores and spare parts	312.49	301.34
Contract processing charges	885.01	902.55
Rent	267.50	337.84
Rates and taxes	151.52	263.56
Insurance	129.93	84.35
Repairs		
– Buildings	77.79	64.25
– Machinery	261.80	235.44
– Others	72.18	80.55
Maintenance and upkeep	296.14	270.09
Outward freight and handling charges	1244.08	1176.49
Warehousing charges	182.81	166.85
Advertising/Sales promotion	1000.68	994.63
Market research	145.02	135.20
Design and product development	48.00	57.15
Hotel reservation/Marketing expenses	44.09	42.76
Retail accessories	128.87	155.37
Brokerage and discount - sales	16.35	13.10
Commission to selling agents	9.39	14.43
Doubtful and bad debts	37.59	32.56
Doubtful and bad advances, loans and deposits	(2.68)	6.01
Bank and credit card charges	26.70	25.98
Information technology services	172.84	171.48
Travelling and conveyance	406.87	400.81
Training and development	29.71	24.71
Legal expenses	45.59	50.00
Consultancy/Professional fees	417.01	405.47
Postage, telephone, etc.	29.44	32.82
Printing and stationery	18.93	19.37
Loss on sale of property, plant and equipment - Net	56.68	105.05
Loss on sale of stores and spare parts - Net	2.88	16.79
Miscellaneous expenses	1206.57	1014.38
TOTAL	8502.63	8348.11

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2020 (₹ in Crores)	For the year ended 31st March, 2019 (₹ in Crores)
27. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	4977.63	6322.55
Adjustments/(credits) related to previous years - Net	(131.48)	(130.93)
Total current tax	4846.15	6191.62
Deferred tax		
Deferred tax for the year	(432.06)	92.61
Adjustments/(credits) related to previous years - Net	24.55	31.63
MAT credit entitlement	3.15	(1.94)
Total deferred tax	(404.36)	122.30
TOTAL	4441.79	6313.92
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	12.07	(4.32)
Related to designated portion of hedging instruments in cash flow hedges	(1.93)	7.36
	10.14	3.04
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	10.13	(0.30)
	10.13	(0.30)
TOTAL	20.27	2.74
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	4.47	(1.01)
TOTAL	4.47	(1.01)
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	20034.57	19149.82
Income tax expense calculated @ 25.168% (2019: 34.944%)	5042.31	6691.72
Effect of tax relating to uncertain tax positions	48.01	38.47
Effect of different tax rate on certain items	(103.59)	(182.14)
Difference in tax rates of subsidiary companies	47.89	(52.19)
Effect of income not taxable	(93.65)	(124.26)
Effect of remeasurement of Deferred Tax Liabilities (Net) as on 31st March 2019*	(559.12)	—
Other differences	166.87	169.03
Benefit of previously unrecognised tax loss to reduce current tax expense	—	(68.29)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	—	(59.12)
Total	4548.72	6413.22
Adjustments recognised in the current year in relation to the current tax of prior years	(106.93)	(99.30)
Income tax recognised in profit or loss	4441.79	6313.92

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2019-20 and 34.944% (30% + surcharge @12% and cess @4%) used for the year 2018-19 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

* On exercising the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements

- (i) Exceptional items represent cost of leaf tobacco stocks (including taxes) destroyed at a third party owned warehouse due to fire, for which insurance claim has been filed and is under process.

(ii) Earnings per share:	2020	2019
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in Crores)	15,306.23	12,592.33
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,27,93,39,192	12,23,11,13,530
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	1,31,85,149	6,93,50,255
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,29,25,24,341	12,30,04,63,785
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 12.47	₹ 10.30
– Diluted [(a)/(d)]	₹ 12.45	₹ 10.24

- (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, 2020	Percentage of ownership interest as at 31st March, 2019
ITC Infotech India Limited	India	100	100
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	UK	100	100
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	USA	100	100
Indivate Inc. (a 100% subsidiary of ITC Infotech (USA), Inc.)	USA	100	100
Surya Nepal Private Limited	Nepal	59	59
Technico Agri Sciences Limited	India	100	100
Technico Pty Limited	Australia	100	100
Technico Technologies Inc. (a 100% subsidiary of Technico Pty Limited)	Canada	100	100
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	Australia	100	100
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	China	100	100
Srinivasa Resorts Limited	India	68	68
Fortune Park Hotels Limited	India	100	100

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2020	Percentage of ownership interest as at 31st March, 2019
Landbase India Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
WelcomHotels Lanka (Private) Limited	Sri Lanka	100	100
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited	India	98.21	98.21
Gold Flake Corporation Limited	India	100	100
ITC Investments & Holdings Limited	India	100	100
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Investments & Holdings Limited)	India	100	100
North East Nutrients Private Limited	India	76	76
Prag Agro Farm Limited	India	100	100
Pavan Poplar Limited	India	100	100

The financial statements of all subsidiaries, considered in the Consolidated Accounts, are drawn upto 31st March other than for Surya Nepal Private Limited where it is upto 13th March, based on the local laws of Nepal where the company is incorporated.

(b) Interests in Joint Ventures:

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2020	Percentage of ownership interest as at 31st March, 2019
Espirit Hotels Private Limited	India	26	26
Logix Developers Private Limited	India	27.90	27.90
ITC Essentra Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50
Maharaja Heritage Resorts Limited	India	50	50

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

The Group's interests in jointly controlled operations:

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

(c) Investments in Associates:

The Group's Associates are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2020	Percentage of ownership interest as at 31st March, 2019
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	India	47.50	47.50

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", Indian Accounting Standard – 28 (Ind AS 28) on "Investments in Associates and Joint Ventures" and Indian Accounting Standard – 111 (Ind AS 111) on "Joint Arrangements" 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) Transactions with subsidiaries of TMI's [Tobacco Manufacturers (India) Limited] ultimate parent company comprise Sale of goods/services ₹ 813.24 Crores (2019 - ₹ 1096.88 Crores), Dividend payments ₹ 381.05 Crores (2019 - ₹ 162.97 Crores), Others ₹ 27.33 Crores (2019 - ₹ 19.21 Crores).

(v) Contingent liabilities and commitments:

(a) Contingent liabilities:

Claims against the Group not acknowledged as debts, are ₹ 766.10 Crores (2019 - ₹ 847.13 Crores), including interest on claims, where applicable, estimated to be ₹ 239.52 Crores (2019 - ₹ 221.14 Crores), including share of associates ₹ 0.15 Crore (2019 - ₹ 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 ₹ 588.28 Crores (2019 - ₹ 632.56 Crores), including interest on claims, where applicable, estimated to be ₹ 224.10 Crores (2019 - ₹ 206.42 Crores), including share of associates ₹ 0.12 Crore (2019 - ₹ 0.12 Crore).

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 119.55 Crores (2019 - ₹ 106.81 Crores), including interest on claims, where applicable, estimated to be ₹ 5.29 Crores (2019 - ₹ 5.14 Crores) including share of associates ₹ 0.03 Crore (2019 - ₹ 0.03 Crore).
- Third party claims arising from disputes relating to contracts aggregating ₹ 32.40 Crores (2019 - ₹ 39.40 Crores), including interest on claims, where applicable, estimated to be ₹ 0.75 Crore (2019 - ₹ 0.60 Crore).
- Other matters aggregating ₹ 25.87 Crores (2019 - ₹ 68.36 Crores), including interest on other matters, where applicable, estimated to be ₹ 9.38 Crores (2019 - ₹ 8.98 Crores).
- In respect of Surya Nepal Private Limited (SNPL), Excise, Income Tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that SNPL could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by SNPL in the year 1990-91 and, that, SNPL is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that SNPL's cigarette factory was under 'physical control' of the Excise authorities and cigarettes produced were duly accounted for and certified as such by the Excise authorities.

As reported in earlier years, the above basis of theoretical production has been rejected by the Hon'ble Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010. In the said order of the Hon'ble Supreme Court of Nepal dated 1st April, 2010, the Excise demands for the financial years 1998-99 to 2002-03 and Income Tax demands for the financial year 2001-02 were set aside. Citing the aforesaid decisions of the Hon'ble Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 and 12th August, 2013 decided administrative review petitions in favour of SNPL setting aside Value Added Tax demands for the financial years 2001-02 and 2007-08 and Income Tax demand for the financial year 2005-06.

Various demands and a Show Cause Notice on theoretical production for different years (as listed below) have been challenged by SNPL by way of writ petitions in the Hon'ble Supreme Court of Nepal, which are pending:

1. Excise demand letters and Show Cause Notice for ₹ 29.66 Crores [Nepalese Rupee (NRs.) 47.45 Crores] relating to the financial years 2003-04 to 2007-08.
2. Value Added Tax (VAT) demand letters for ₹ 10.93 Crores (NRs. 17.49 Crores) relating to financial years 2002-03 to 2006-07.
3. Income Tax demand letters for ₹ 13.45 Crores (NRs. 21.52 Crores) relating to financial years 2002-03 and 2003-04.

These petitions have been admitted by the Hon'ble Supreme Court of Nepal and notices have been issued to the Inland Revenue Department. In one of the writ petitions, the Hon'ble Supreme Court of Nepal has issued interim order on 7th March, 2010, in relation to a Show Cause Notice for the financial year 2007-08, directing the Inland Revenue Department not to raise excise demand, pending final disposal of the writ petition.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

SNPL's counsel has opined that the verdict of the Hon'ble Supreme Court of Nepal dated 29th October, 2009 will add substantial strength to the SNPL's pending cases relating to theoretical production.

SNPL also considers that all the demands and show cause notice listed above have no legal or factual basis. Accordingly, SNPL is of the view that there is no liability that is likely to arise, particularly in the light of the decisions in favour of SNPL by the Hon'ble Supreme Court of Nepal and the Inland Revenue Department.

It is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

(b) Uncalled liability on investments partly paid is ₹ 33.95 Crores (2019 - ₹ 5.00 Crores).

(c) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding ₹ Nil (2019 - ₹ 1.30 Crores).

(d) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint ventures ₹ 11.94 Crores (2019 - ₹ 11.18 Crores), are ₹ 2983.97 Crores (2019 - ₹ 2709.10 Crores).

(vi) Research and Development expenses for the year amount to ₹ 141.78 Crores (2019 - ₹ 145.51 Crores).

(vii) The Group has adopted Indian Accounting Standard – 19 (Ind AS 19) on 'Employee Benefits'. These Consolidated Financial Statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation / provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.

(a) Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on 31st March, 2020 and recognised in the financial statements in respect of Employee Benefit Schemes:

Description of Plans

The Group makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable Statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund and Pension Benefits are funded, Gratuity Benefits are both funded as well unfunded; and Leave Encashment Benefits are unfunded in nature. The Defined Benefit Pension Plans are based on employees' pensionable remuneration and length of service. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method as at year end. The Group makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Risk Management

The Defined Benefit Plans expose the Group to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risks: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary might lead to higher liabilities.

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various Statutes.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls. Pension obligation of the employees is secured by purchasing annuities thereby de-risking the Plans from future payment obligation.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

		For the year ended 31st March, 2020 (₹ in Crores)				For the year ended 31st March, 2019 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
I	Components of Employer Expense								
	– Recognised in Profit or Loss								
1	Current Service Cost	47.81	40.02	0.90	14.33	48.50	35.43	0.68	12.70
2	Past Service Cost	–	–	–	–	13.62	(4.73)	0.05	–
3	Net Interest Cost	(5.69)	(2.90)	0.43	8.46	(8.41)	(2.86)	0.36	7.90
4	Total expense recognised in the Statement of Profit and Loss	42.12	37.12	1.33	22.79	53.71	27.84	1.09	20.60
	– Re-measurements recognised in Other Comprehensive Income								
5	Return on plan assets (excluding amounts included in net interest cost)	9.78	(0.94)	–	–	(2.37)	(0.06)	–	–
6	Effect of changes in demographic assumptions	10.74	0.51	0.01	0.53	(1.40)	(0.18)	0.01	(0.01)
7	Effect of changes in financial assumptions	74.72	36.83	(0.17)	12.33	(1.06)	(0.78)	(0.23)	(0.04)
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
9	Effect of experience adjustments	(9.99)	(5.76)	(0.68)	(0.34)	5.54	(12.03)	(0.43)	2.12
10	Total re-measurements included in Other Comprehensive Income	85.25	30.64	(0.84)	12.52	0.71	(13.05)	(0.65)	2.07
11	Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	127.37	67.76	0.49	35.31	54.42	14.79	0.44	22.67
The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 24. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.									

II	Actual Returns	51.16	30.19	–	–	63.04	28.20	–	–
III	Net Asset/(Liability) recognised in Balance Sheet								
1	Present Value of Defined Benefit Obligation	880.50	432.79	6.56	140.56	771.20	369.26	6.11	120.27
2	Fair Value of Plan Assets	816.49	400.49	–	–	808.56	380.63	–	–
3	Status [Surplus/(Deficit)]	(64.01)	(32.30)	(6.56)	(140.56)	37.36	11.37	(6.11)	(120.27)
4	Restrictions on Asset Recognised	–	–	–	–	–	–	–	–
5	Net (Liability) recognised in Balance Sheet	(64.01)	(32.30)	(6.56)	(140.56)	(4.62)	(6.16)	(6.11)	(120.27)
a.	Current	(60.69)	(30.74)	(0.33)	(27.93)	(0.91)	(4.60)	(0.36)	(16.79)
b.	Non-Current	(3.32)	(1.56)	(6.23)	(112.63)	(3.71)	(1.56)	(5.75)	(103.48)
6	Net Asset recognised in Balance Sheet	–	–	–	–	41.98	17.53	–	–
a.	Current	–	–	–	–	41.98	17.53	–	–
b.	Non-Current	–	–	–	–	–	–	–	–

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2020 (₹ in Crores)				For the year ended 31st March, 2019 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Present Value of DBO at the beginning of the year	771.20	369.26	6.11	120.27	739.61	365.29	5.85	113.23
2	Current Service Cost	47.81	40.02	0.90	14.33	48.50	35.43	0.68	12.70
3	Past Service Cost	—	—	—	—	13.62	(4.73)	0.05	—
4	Interest Cost	55.25	26.35	0.43	8.46	52.26	25.28	0.36	7.90
5	Re-measurement Gains/(Losses):								
a.	Effect of changes in demographic assumptions	10.74	0.51	0.01	0.53	(1.40)	(0.18)	0.01	(0.01)
b.	Effect of changes in financial assumptions	74.72	36.83	(0.17)	12.33	(1.06)	(0.78)	(0.23)	(0.04)
c.	Changes in asset ceiling (excluding interest income)	—	—	—	—	—	—	—	—
d.	Effect of experience adjustments	(9.99)	(5.76)	(0.68)	(0.34)	5.54	(12.03)	(0.43)	2.12
6	Curtailment Cost/(Credit)	—	—	—	—	—	—	—	—
7	Settlement Cost/(Credit)	—	—	—	—	—	—	—	—
8	Liabilities assumed in business combination	—	—	—	—	—	—	—	—
9	Effects of transfer in/(out)	(0.29)	—	—	—	(0.06)	—	—	—
10	Benefits Paid	(68.94)	(34.42)	(0.04)	(15.02)	(85.81)	(39.02)	(0.18)	(15.63)
11	Present Value of DBO at the end of the year	880.50	432.79	6.56	140.56	771.20	369.26	6.11	120.27

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2020 (₹ in Crores)	As at 31st March, 2019 (₹ in Crores)
	— Pension	136.51	78.79
	— Gratuity	65.99	32.82

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

		For the year ended 31st March, 2020 (₹ in Crores)				For the year ended 31st March, 2019 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
VI	Change in Fair Value of Assets								
1	Plan Assets at the beginning of the year	808.56	380.63	—	—	809.14	374.48	—	—
2	Asset acquired in Business Combination	—	—	—	—	—	—	—	—
3	Interest Income	60.94	29.25	—	—	60.67	28.14	—	—
4	Re-measurement Gains/(Losses) on plan assets	(9.78)	0.94	—	—	2.37	0.06	—	—
5	Actual Group Contributions	26.00	24.06	—	—	22.25	16.97	—	—
6	Benefits Paid	(68.94)	(34.39)	—	—	(85.81)	(39.02)	—	—
7	Effects of transfer in/(out)	(0.29)	—	—	—	(0.06)	—	—	—
8	Plan Assets at the end of the year	816.49	400.49	—	—	808.56	380.63	—	—

		As at 31st March, 2020	As at 31st March, 2019
		Discount Rate (%)	Discount Rate (%)
VII	Actuarial Assumptions		
1	Pension	6.25	7.50
2	Gratuity	6.25	7.50
3	Leave Encashment	6.25	7.50
The estimates of future salary increases, generally between 4% to 5% for the Company (being the largest component of the Group), considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.			

		As at 31st March, 2020	As at 31st March, 2019
VIII	Major Category of Plan Assets as a % of the Total Plan Assets		
1	Government Securities/Special Deposit with RBI	25.44%	25.74%
2	High Quality Corporate Bonds	14.80%	15.32%
3	Insurer/Citizen Investment Trust Managed Funds*	47.45%	46.99%
4	Mutual Funds	2.19%	2.83%
5	Cash and Cash Equivalents	7.60%	6.52%
6	Term Deposits	2.52%	2.60%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The fair value of Government Securities, Corporate Bonds and Mutual Funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the participating companies.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2020 (₹ in Crores)				For the year ended 31st March, 2019 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Present Value of Defined Benefit Obligation	880.50	432.79	6.56	140.56	771.20	369.26	6.11	120.27
2	Fair Value of Plan Assets	816.49	400.49	–	–	808.56	380.63	–	–
3	Status [Surplus/(Deficit)]	(64.01)	(32.30)	(6.56)	(140.56)	37.36	11.37	(6.11)	(120.27)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(9.78)	0.94	–	–	2.37	0.06	–	–
5	Experience Adjustment of obligation [(Gain)/Loss]	(9.99)	(5.76)	(0.68)	(0.34)	5.54	(12.03)	(0.43)	2.12

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, 2020	DBO as at 31st March, 2019
1 Discount Rate + 100 basis points	1373.77	1201.36
2 Discount Rate - 100 basis points	1558.76	1341.45
3 Salary Increase Rate + 1%	1547.94	1332.83
4 Salary Increase Rate – 1%	1381.68	1207.21

Maturity Analysis of the Benefit Payments

1	Year 1	215.38	183.40
2	Year 2	198.67	171.10
3	Year 3	139.39	139.89
4	Year 4	115.94	147.57
5	Year 5	115.52	103.22
6	Next 5 Years	499.77	546.82

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 24: ₹ 187.86 Crores (2019 - ₹ 165.38 Crores).

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(viii) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the Entity		Net Assets		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)
Parent									
ITC Limited		93.28%	61239.99	93.64%	14600.99	94.00%	(1381.81)	93.60%	13219.18
Subsidiaries									
Indian									
1	Russell Credit Limited	1.08%	710.61	0.26%	40.85	7.52%	(110.61)	(0.49%)	(69.76)
2	Greenacre Holdings Limited	0.07%	47.43	0.01%	1.33	...	(0.02)	0.01%	1.31
3	Wimco Limited	0.01%	4.48	...	0.07	...	(0.01)	...	0.06
4	Prag Agro Farm Limited	...	1.06	...	...	—	—	...	...
5	Pavan Poplar Limited	...	0.28	...	(0.14)	—	—	...	(0.14)
6	Technico Agri Sciences Limited	0.12%	77.78	0.13%	20.34	0.01%	(0.08)	0.14%	20.26
7	Srinivasa Resorts Limited	0.10%	67.73	0.01%	2.20	...	(0.05)	0.02%	2.15
8	Fortune Park Hotels Limited	0.04%	26.92	0.02%	2.69	...	0.06	0.02%	2.75
9	Bay Islands Hotels Limited	0.03%	17.58	0.01%	1.23	—	—	0.01%	1.23
10	ITC Infotech India Limited	0.57%	374.46	1.12%	174.87	(1.30%)	19.13	1.37%	194.00
11	Gold Flake Corporation Limited	0.04%	26.85	...	0.55	...	0.01	...	0.56
12	ITC Investments & Holdings Limited	0.01%	5.20	...	0.02	—	—	...	0.02
13	MRR Trading & Investment Company Limited	...	0.01	...	...	—	—	...	...

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Name of the Entity		Net Assets		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)
	Indian								
14	Landbase India Limited	0.36%	237.04	0.02%	2.85	...	(0.03)	0.02%	2.82
15	North East Nutrients Private Limited	0.13%	84.49	0.03%	4.09	...	(0.05)	0.03%	4.04
	Foreign								
1	Technico Pty Limited	0.05%	32.26	0.05%	7.41	0.10%	(1.47)	0.04%	5.94
2	Technico Technologies Inc.	...	1.62	...	0.18	—	—	...	0.18
3	Technico Asia Holdings Pty Limited	—	—	—	—	—	—	—	—
4	Technico Horticultural (Kunming) Co. Limited	0.02%	12.11	...	0.74	—	—	0.01%	0.74
5	WelcomHotels Lanka (Private) Limited	2.14%	1404.38	(0.04%)	(6.07)	(1.13%)	16.62	0.07%	10.55
6	ITC Infotech Limited	0.17%	109.36	0.07%	11.09	—	—	0.08%	11.09
7	ITC Infotech (USA), Inc.	0.31%	205.02	0.15%	23.31	—	—	0.17%	23.31
8	Indivate Inc.	...	0.70	...	0.20	—	—	...	0.20
9	Surya Nepal Private Limited	0.50%	319.34	2.63%	409.20	(0.04%)	0.57	2.90%	409.77
Non-Controlling Interest in all subsidiaries		0.57%	377.47	1.84%	286.55	(0.02%)	0.36	2.03%	286.91

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Name of the Entity		Net Assets		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)
Associates									
Indian									
1	International Travel House Limited	0.13%	86.23	(0.02%)	(3.83)	0.05%	(0.77)	(0.03%)	(4.60)
2	Gujarat Hotels Limited	0.02%	16.41	0.01%	1.84	—	—	0.01%	1.84
3	Russell Investments Limited	0.03%	20.23	...	0.69	0.80%	(11.58)	(0.08%)	(10.89)
4	Divya Management Limited	0.01%	7.42	...	0.05	...	...	...	0.05
5	Antrang Finance Limited	0.01%	4.89	...	0.02	...	...	...	0.02
6	ATC Limited	0.01%	6.92	...	0.05	...	(0.04)	...	0.01
Joint Ventures									
Indian									
1	ITC Essentra Limited	0.12%	78.29	0.13%	19.66	0.01%	(0.20)	0.14%	19.46
2	Maharaja Heritage Resorts Limited	—	—	—	—	—	—	—	—
3	Espirit Hotels Private Limited	0.07%	46.17	...	...	—	—	...	...
4	Logix Developers Private Limited	—	—	(0.07%)	(10.25)	—	—	(0.07%)	(10.25)
Total		100.00%	65650.73	100.00%	15592.78	100.00%	(1469.97)	100.00%	14122.81

(ix) The Company, on 23rd May, 2020, entered into a Share Purchase Agreement (SPA) to acquire 100% of the equity share capital of Messrs. Sunrise Foods Private Limited, an Indian company primarily engaged in the business of spices under the trademark 'Sunrise', subject to fulfilment of various terms and conditions as specified in the SPA.

(x) Leases:

As a Lessee

The Group's significant leasing arrangements are in respect of operating leases for land, buildings, (comprising licensed properties, residential premises, office premises, stores, warehouses etc.) and plant & equipment. These arrangements generally range between 2 years and 10 years, except for certain land and building leases where the lease term ranges up to 99 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, the Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

The amount of ROU Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3F and Note 17A respectively. The total cash outflow for leases for the year is ₹ 444.50 Crores (including payments of ₹ 367.23 Crores in respect of short-term/low-value leases and variable lease payments of ₹ 4.32 Crores).

The sensitivity of variable lease payments and effect of extension/termination options not included in measurement of lease liabilities is not material.

The undiscounted maturities of lease liabilities including interest thereon over the remaining lease term is as follows:

(₹ in crores)

Term	Undiscounted Lease Liabilities
Not later than three years	178.88
Later than three years and not later than ten years	118.88
Later than ten years and not later than twenty five years	125.18
Later than twenty five years and not later than fifty years	105.80
Later than fifty years	15.32

As a Lessor

The Group has leased out its investment properties 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 3E. The Group does not have any risk relating to recovery of residual value of investment property at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in crores)

Term	Lease Payments*
1 st year	98.94
2 nd year	90.23
3 rd year	17.69
4 th year	0.57
5 th year	Nil

(xi) Impact of implementation of new standards/amendments:

The Group has adopted Ind AS 116 “Leases” effective 1st April 2019, as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standards), Amendment Rules, 2019, using the modified retrospective method. Under this simplified approach, the Group recognised equal amount of right of use asset and lease liability on the transition date, adjusted by the amount of prepayments pertaining to such leases, carried in the Balance Sheet on such transition date. Figures for previous year have not been restated as permitted under the transition provisions in Ind AS 116. Further, following practical expedients permitted on initial application have been applied by the Group:

- The Group has utilised the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- The Group has utilised hindsight in determining the lease terms where contracts contained options to extend or terminate the lease.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The weighted average of Group’s incremental borrowing rate applied to lease liabilities at the date of initial application was 8.17%.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Accordingly, the Group recognised an amount of ₹ 1010.01 Crores as ROU Asset (including reclassification of prepayments amounting to ₹ 715.06 Crores from Other Assets) and ₹ 294.95 Crores as Lease Liabilities on initial application. It also resulted in decrease in other expenses amounting to ₹ 72.95 Crores (Refer Note 26) and an increase in depreciation of ₹ 69.90 Crores (Refer Note 3F) and finance costs of ₹ 23.61 Crores (Refer Note 25) for the year ended 31st March, 2020. Impact on cash flow statement is not material.

(xii) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval :	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (Adjusted for Bonus Shares issued in terms of Shareholders approval) :	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule :	The vesting period for conversion of Options is as follows: <ul style="list-style-type: none"> On completion of 12 months from the date of grant of the Options: 30% vests On completion of 24 months from the date of grant of the Options: 30% vests On completion of 36 months from the date of grant of the Options: 40% vests 	
4.	Pricing Formula :	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Regulations.	
5.	Maximum term of Options granted :	5 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 2019-20 is ₹ 114.04 Crores (2019 - ₹ 243.05 Crores), out of which, ₹ 113.00 Crores (2019 - ₹ 239.70 Crores) relate to employee benefits expense, ₹ 0.58 Crore (2019 - ₹ 1.61 Crores) to property, plant and equipment and ₹ 0.46 Crore (2019 - ₹ 1.74 Crores) to 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 :	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 granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010. The above is in addition to the other terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore.	
10.	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock :	Weighted average exercise price per Option : ₹ 2,510.50 Weighted average fair value per Option : ₹ 622.69	

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Sl. No.			ITC Employee Stock Option Scheme - 2006		ITC Employee Stock Option Scheme - 2010			
11.	Option movements during the year	:						
	a) Options outstanding at the beginning of the year	:	4,75,293		3,77,15,613			
	b) Options granted during the year	:	–		4,60,950			
	c) Options cancelled and lapsed during the year	:	–		7,11,349			
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	:	43,597		40,29,875			
	e) Options exercised during the year	:	89,413		32,70,551			
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	:	8,94,130		3,27,05,510			
	g) Options outstanding at the end of the year	:	3,85,880		3,41,94,663			
	h) Options exercisable at the end of the year	:	3,45,233		3,09,30,449			
	i) Money realised by exercise of the Options during the year (₹ in Crores)	:	14.92		610.38			
12.	Summary of the status of Options	:						
	Particulars		As at 31st March, 2020		As at 31st March, 2019			
			No. of Options	Weighted Average Exercise Prices (₹)	No. of Options	Weighted Average Exercise Prices (₹)		
	Outstanding at the beginning of the year	:	3,81,90,906	2321.75	4,33,06,092	2248.01		
	Add: Granted during the year	:	4,60,950	2510.50	6,88,425	2764.50		
	Less: Lapsed during the year	:	7,11,349	2540.29	3,69,942	2418.44		
	Less: Exercised during the year	:	33,59,964	1861.02	54,33,669	1783.57		
	Outstanding at the end of the year	:	3,45,80,543	2364.54	3,81,90,906	2321.75		
	Options exercisable at the end of the year	:	3,12,75,682	2316.88	3,07,31,213	2217.40		
13.	Weighted average share price of Shares arising upon exercise of Options	:	The Options were exercised during the periods permitted under the Schemes, and weighted average share price of Shares arising upon exercise of Options, 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) for the year ended 31st March, 2020 was ₹ 258.84 (2019 - ₹ 289.39).					
14.	Summary of Options outstanding, scheme-wise:							
	Particulars		As at 31st March, 2020			As at 31st March, 2019		
			No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life	No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life
	ITC Employee Stock Option Scheme - 2006	:	3,85,880	1663.00 – 2885.50	2.45	4,75,293	1349.00 – 2885.50	2.98
	ITC Employee Stock Option Scheme - 2010	:	3,41,94,663	1663.00 – 2885.50	2.59	3,77,15,613	1349.00 – 2885.50	3.34

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 : ₹ 2,510.50 Weighted average fair value per Option : ₹ 622.69	
	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 6.14% (ii) Expected life 4.61 years (iii) Expected volatility 23.71% (iv) Expected dividends 2.29% (v) The price of the underlying shares in market at the time of Option grant ₹ 2,510.50 (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.	

(xiii) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	Details
1	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan). Under the ITC ESAR Plan, the eligible employees receive cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting of SAR units subject to the terms and conditions specified in the Plan.
2	Settlement Method	Cash Settled
3	Vesting period and maximum term of SAR granted	Over a period of five years from the date of grant in accordance with the Plan.
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, 2020 is 55,33,730 (2019 - 31,62,350) and the weighted average fair value at measurement date is ₹ 67.08 (2019 - ₹ 743.98) per SAR unit.
5	Total cost recognised in the profit or loss	The cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee benefits expense/(reversal) as per fair value method for the financial year 2019-20 is ₹ (10.52) Crores (2019 - ₹ 18.53 Crores) and ₹ (0.08) Crore (2019 - ₹ 0.14 Crore) for group entities (Refer Note 24). The amount carried in the Balance Sheet as a non-current financial liability is ₹ 8.01 Crores (2019 - ₹ 18.67 Crores) and as current financial liability is ₹ 0.06 crore (2019 - Nil) (Refer Note 17B).

(xiv) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 329.11 Crores (2019 - ₹ 309.72 Crores) comprising employee benefits expenses of ₹ 9.69 Crores (2019 - ₹ 8.69 Crores) and other expenses of ₹ 319.42 Crores (2019 - ₹ 301.03 Crores), of which ₹ 26.66 Crores (2019 - ₹ 22.23 Crores) is accrued for payment as on 31st March, 2020. Such CSR expenditure of ₹ 329.11 Crores (2019 - ₹ 309.72 Crores) excludes ₹ 11.83 Crores (2019 - ₹ 10.34 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 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as applicable to individual entities.

(xv) The financial statements were approved for issue by the Board of Directors on 26th June, 2020.

Notes to the Consolidated Financial Statements

29. Segment reporting

(₹ in Crores)

	External	2020 Inter Segment	Total	External	2019 Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	23679.13	–	23679.13	22913.27	–	22913.27
FMCG - Others	12843.99	31.09	12875.08	12517.07	17.97	12535.04
FMCG - Total	36523.12	31.09	36554.21	35430.34	17.97	35448.31
Hotels	1911.59	14.85	1926.44	1728.15	18.59	1746.74
Agri Business	5912.54	4541.33	10453.87	6075.30	3490.09	9565.39
Paperboards, Paper and Packaging	4498.98	1608.20	6107.18	4230.40	1629.76	5860.16
Others	2122.27	80.50	2202.77	1884.24	82.38	1966.62
Segment Total	50968.50	6275.97	57244.47	49348.43	5238.79	54587.22
Eliminations			(6275.97)			(5238.79)
Gross Revenue from sale of products and services			50968.50			49348.43
2. Segment Results						
FMCG - Cigarettes			15838.46			15411.77
FMCG - Others			424.94			325.55
– Restructuring of Lifestyle Retailing Business			–			70.47
FMCG - Total			16263.40			15807.79
Hotels			154.00			185.69
Agri Business			829.74			793.38
Paperboards, Paper and Packaging			1305.33			1239.23
Others			290.95			172.45
Segment Total			18843.42			18198.54
Eliminations			(37.54)			(13.80)
Consolidated Total			18805.88			18184.74
Unallocated corporate expenses net of unallocated income			1097.36			1109.10
Profit before interest etc. and taxation			17708.52			17075.64
Finance Costs			54.68			45.42
Interest earned on loans and deposits, income from current and non current investments, profit and loss on sale of investments etc. - Net			2504.62			2107.90
Share of net profit of associates & joint ventures			8.22			11.70
Exceptional items [(Refer Note 28(i))]			(132.11)			–
Profit before tax			20034.57			19149.82
Tax expense			4441.79			6313.92
Profit for the year			15592.78			12835.90
3. Other Information						
	Segment Assets	2020 Segment Liabilities		Segment Assets	2019 Segment Liabilities	
FMCG - Cigarettes	7483.78	4148.85		8863.69	4888.65	
FMCG - Others	8809.78	2122.96		8224.57	2020.85	
FMCG - Total	16293.56	6271.81		17088.26	6909.50	
Hotels	7563.12	830.17		7302.46	637.39	
Agri Business	4333.55	972.06		4191.18	785.36	
Paperboards, Paper and Packaging	6816.90	764.12		6960.54	755.48	
Others	1601.91	375.72		901.55	296.42	
Segment Total	36609.04	9213.88		36443.99	9384.15	
Unallocated Corporate Assets/Liabilities	40758.00	2502.43		35354.42	2929.92	
Total	77367.04	11716.31		71798.41	12314.07	

Notes to the Consolidated Financial Statements

29. Segment reporting (Contd.)

(₹ in Crores)

	2020		2019	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	138.91	312.37	171.38	285.61
FMCG - Others	859.85	497.68	1324.87	383.81
FMCG - Total	998.76	810.05	1496.25	669.42
Hotels	857.36	267.17	936.48	199.70
Agri Business	57.74	74.35	54.10	72.36
Paperboards, Paper and Packaging	247.86	357.51	258.74	326.24
Others	142.94	26.80	22.09	24.43
Segment Total	2304.66	1535.88	2767.66	1292.15
Unallocated	326.27	109.03	316.36	104.46
Total	2630.93	1644.91	3084.02	1396.61

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	10.97	1.30
FMCG - Others	47.54	66.95
FMCG - Total	58.51	68.25
Hotels	12.28	15.96
Agri Business	0.03	1.23
Paperboards, Paper and Packaging	13.40	62.13
Others	19.24	11.56
Segment Total	103.46	159.13

GEOGRAPHICAL INFORMATION

1. Revenue from external customers

- Within India
- Outside India
- Total**

	2020	2019
	43867.67	42259.87
	7100.83	7088.56
Total	50968.50	49348.43

2. Non-current assets

- Within India
- Outside India
- Total**

	2020	2019
	25244.45	24339.84
	1225.01	1562.43
Total	26469.46	25902.27

NOTES:

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

FMCG	: Cigarettes	— Cigarettes, Cigars etc.
	: Others	— Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Apparel.
Hotels		— Hoteliering.
Paperboards, Paper and Packaging		— Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business		— Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited.
Others		— Information Technology services, Branded Residences etc.
- The Group companies have been included in segment classification as follows:

FMCG	: Cigarettes	— Surya Nepal Private Limited.
	: Others	— Surya Nepal Private Limited and North East Nutrients Private Limited.
Hotels		— Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited and Landbase India Limited.
Agri Business		— Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited.
Others		— ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Indivate Inc., Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, ITC Investments & Holdings Limited and its subsidiary MRR Trading & Investment Company Limited, Landbase India Limited, Gold Flake Corporation Limited and WelcomHotels Lanka (Private) Limited.
- The geographical information considered for disclosure are:
 - Sales within India.
 - Sales outside India.
- Segment results of 'FMCG: Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- As stock options and stock appreciation linked reward units are granted under ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the Group as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.
- The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures

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

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) Divya Management Limited
- c) Antrang Finance Limited
- d) ATC Limited
- e) International Travel House Limited
 - being associates of the Group
- f) Tobacco Manufacturers (India) Limited, UK
 - of which the Company is an associate

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) ITC Essentra Limited

ii) a) Key Management Personnel:

S. Puri*	Chairman & Managing Director
N. Anand	Executive Director
B. Sumant	Executive Director
R. Tandon	Executive Director & Chief Financial Officer
S. Banerjee#	Non-Executive Director
H. Bhargava	Non-Executive Director
A. Duggal#	Non-Executive Director
A. Jerath	Non-Executive Director (w.e.f. 31.01.2020)
S. B. Mathur#	Non-Executive Director
A. Nayak#	Non-Executive Director (w.e.f. 13.07.2019)
N. Rao#	Non-Executive Director
A. K. Seth#	Non-Executive Director (w.e.f. 13.07.2019)
M. Shankar#	Non-Executive Director
D. R. Simpson	Non-Executive Director
Y. C. Deveshwar	Chairman & Non-Executive Director (passed away on 11.05.2019)
J. Pulinthanam	Non-Executive Director (up to 22.12.2019)
S. S. H. Rehman#	Non-Executive Director (up to 14.09.2019)

*Appointed as the Chairman of the Company w.e.f. 13.05.2019

Independent Director

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

B. Sumant

R. Tandon

C. Dar

S. K. Singh

S. Sivakumar

K. S. Suresh (up to 08.06.2019)

b) Relatives of Key Management Personnel:

B. Deveshwar (wife of Late Y. C. Deveshwar)

T. Anand (wife of N. Anand)

R. Tandon (wife of R. Tandon)

N. Singhi (wife of R. K. Singhi)

iii) Employee Trusts:

- a) IATC Provident Fund
- b) ITC Defined Contribution Pension Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Employees Gratuity Fund
- e) ITC Gratuity Fund 'C'
- f) ITC Pension Fund
- g) ILTD Seasonal Employees Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- j) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- l) ITC Hotels Limited Employees Superannuation Scheme
- m) Greenacre Holdings Limited Provident Fund
- n) Greenacre Holdings Limited Gratuity Fund

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

2. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2020

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1.	Sale of Goods/Services	3.14	3.56	25.70	41.97							28.84	45.53
2.	Purchase of Goods/Services	139.41	125.16	242.98	272.34							382.39	397.50
3.	Sale of Property, Plant and Equipment											0.18	—
4.	Value of share based payment					0.18	—						
	Reimbursement for Share Based Payments												
5.	Rent Received	0.29	1.47	0.09	0.41							0.38	1.88
6.	Rent Paid*	1.08	1.06									1.08	1.06
7.	Remuneration of Managers on Deputation reimbursed	4.42	4.36			0.31	0.21	0.32	0.80			5.05	5.37
8.	Remuneration of Managers on Deputation recovered	6.28	5.35									6.28	5.35
9.	Contribution to Employees' Benefit Plans	5.56	5.62	1.06	1.16					98.34	90.44	6.62	6.78
10.	Dividend Income	1.59	2.27	6.75	2.70							98.34	90.44
11.	Dividend Payments	1712.55	1533.85			0.69	1.61					8.34	4.97
12.	Expenses Recovered	0.22	0.23	0.21	0.31	...	...					1713.24	1535.46
13.	Expenses Reimbursed	0.27	0.24	0.01	0.01	0.04	0.05					0.43	0.54
14.	Advances Given during the year	0.68	0.26									0.32	0.30
15.	Adjustment/Receipt towards Refund of Advances	1.12	—									0.68	0.26
16.	Deposits Given during the year					0.05	—	0.05	—			1.12	—
17.	Deposits Received during the year	—	0.01									0.10	—
18.	Remuneration to Key Management Personnel ¹											—	0.01
18A.	— Short term benefits												
18B.	— Other remuneration					42.28	44.09					42.28	44.09
18C.	— Share based payment granted ²					7.82	6.99					7.82	6.99
19.	Outstanding Balances [#]												
i)	Receivables	3.35	1.76	7.98	3.53							11.33	5.29
ii)	Advances Given	0.05	0.49							—	59.51	0.05	60.00
iii)	Deposits Given ³					0.07	0.08	0.07	0.40			0.14	0.48
iv)	Deposits Taken	0.63	0.63									0.63	0.63
v)	Payables	7.73	9.99	8.49	16.21					90.67	—	106.89	26.20
20.	Impairment of investment in Joint Venture as at the year end			4.67	4.82							4.67	4.82

* Includes rent pertaining to leases classified as Right of Use Assets.

The amounts outstanding are unsecured and will be settled in cash.

1 Post employment benefits are actuarially determined on overall basis and hence not separately provided.

2 During the year, the Company granted Stock Options to the Executive Directors and KMP under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since such Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Stock Options/ESAR Units, and accordingly the said grants have not been considered as remuneration. However, in accordance with Ind AS - 102, the Group has recorded employee benefits expense by way of share based payments to employees at ₹ 102.48 Crores for the year ended 31st March, 2020 (2019 - ₹ 258.23 Crores), of which ₹ 45.33 Crores (2019 - ₹ 43.73 Crores) is attributable to the Executive Directors and KMP.

3 Outstanding deposit balance excludes deposit with KMP and Relative of KMP which were existing on the date of cessation of being designated as KMP.

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)

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY		2020	2019
1. Sale of Goods/Services			
International Travel House Limited		3.02	3.45
ITC Essentra Limited		25.68	41.97
2. Purchase of Goods/Services			
International Travel House Limited		110.07	98.63
ITC Essentra Limited		242.84	272.10
3. Sale of Property, Plant and Equipment			
K.S. Suresh		0.11	—
R. K. Singhi		0.07	—
4. Value of share based payment			
Reimbursement for Share Based Payments			
Maharaja Heritage Resorts Limited		0.03	0.23
International Travel House Limited		0.12	0.99
ITC Essentra Limited		0.06	0.18
ATC Limited		0.17	0.48
5. Rent Received			
International Travel House Limited		1.08	1.05
6. Rent Paid			
Gujarat Hotels Limited		4.42	4.36
B. Deveshwar (Related Party upto 11.05.2019)		0.13	0.75
7. Remuneration of Managers on Deputation reimbursed			
Gujarat Hotels Limited		6.28	5.35
8. Remuneration of Managers on Deputation recovered			
International Travel House Limited		2.59	2.84
ATC Limited		2.30	2.19
Gujarat Hotels Limited		0.67	0.59
ITC Essentra Limited		0.73	0.55
9. Contribution to Employees' Benefit Plans			
IATC Provident Fund		36.14	30.03
ITC Defined Contribution Pension Fund		15.96	21.98
ITC Pension Fund		22.14	20.79
ITC Employees Gratuity Fund		12.58	10.00

RELATED PARTY TRANSACTIONS SUMMARY		2020	2019
10. Dividend Income			
Gujarat Hotels Limited		0.61	0.61
International Travel House Limited		0.98	1.66
ITC Essentra Limited		6.75	2.70
11. Dividend Payments			
Tobacco Manufacturers (India) Limited, UK		1712.55	1533.85
12. Expenses Recovered			
International Travel House Limited		0.22	0.23
Maharaja Heritage Resorts Limited		0.20	0.31
13. Expenses Reimbursed			
Gujarat Hotels Limited		0.25	0.22
14. Advances Given during the year			
International Travel House Limited		0.68	0.26
15. Adjustment/Receipt towards Refund of Advances			
International Travel House Limited		1.12	—
16. Deposits Given during the year			
N. Anand		0.05	—
T. Anand		0.05	—
17. Deposit Received during the year			
International Travel House Limited		—	0.01
18. Remuneration to Key Management Personnel (KMP)*			
Short term benefits			
Y.C. Deveshwar		5.12	15.90
S. Puri		10.29	6.16
N. Anand		5.65	3.74
R. Tandon		4.92	3.20
B. Sumant		4.95	1.17
Other Remuneration			
Y.C. Deveshwar		0.10	0.73
S. Banerjee		0.81	0.72
H. Bhargava		0.80	0.48
A. Duggal		0.78	0.73
S. B. Mathur		0.80	0.73
S. S. H. Rehman		0.41	0.78
M. Shankar		0.81	0.73

* In accordance with Ind AS – 102, the Group has recognised employee benefits expense by way of share based payments [refer Note 30.2], of which ₹ 45.33 Crores (2019 – ₹ 43.73 Crores) is attributable to Executive Directors and KMP: S. Puri ₹ 13.60 Crores (2019 – ₹ 11.84 Crores), N. Anand ₹ 8.14 Crores (2019 – ₹ 5.62 Crores), B. Sumant ₹ 3.49 Crores (2019 – ₹ 2.68 Crores), R. Tandon ₹ 7.40 Crores (2019 – ₹ 6.50 Crores), R. K. Singhi ₹ 1.20 Crores (2019 – ₹ 1.06 Crores) and Y.C. Deveshwar ₹ 0.62 Crore (2019 – ₹ 0.51 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 3,35,99,640 equity shares of ₹ 1.00 each amounting to ₹ 3.36 Crores (2019 - ₹ 5.43 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 9182.66 Crores as at 31st March, 2020 (2019 - ₹ 8493.93 Crores).

B. Categories of Financial Instruments

(₹ in Crores)

Particulars		Note	As at 31st March, 2020		As at 31st March, 2019	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A.	Financial assets					
a)	Measured at amortised cost					
	i) Cash and cash equivalents	13	650.35	650.35	317.81	317.81
	ii) Other bank balances	14	6626.99	6626.99	3834.22	3834.22
	iii) Investment in Bonds/ Debentures & Government or Trust Securities	4,11	9673.89	9898.82	10675.71	10689.21
	iv) Loans	5	11.60	10.24	15.09	13.24
	v) Trade receivables	12	2562.48	2562.48	4035.28	4035.28
	vi) Other financial assets	6	2418.84	2391.01	3861.34	3834.81
	Sub-total		21944.15	22139.89	22739.45	22724.57
b)	Measured at Fair value through OCI					
	i) Equity shares	4	637.19	637.19	1986.71	1986.71
	Sub-total		637.19	637.19	1986.71	1986.71
c)	Measured at Fair value through Profit or Loss					
	i) Investment in Mutual Funds	4,11	14797.96	14797.96	9673.84	9673.84
	ii) Investment in Bonds/ Debentures, Certificate of Deposits	11	3258.46	3258.46	2416.32	2416.32
	iii) Investment in Venture Capital Fund	4	27.41	27.41	11.79	11.79
	iv) Investment in Equity & Preference Shares	4	1.88	1.88	—	—
	Sub-total		18085.71	18085.71	12101.95	12101.95
d)	Derivatives measured at fair value					
	i) Derivative instruments not designated as hedging instruments	6	3.19	3.19	5.69	5.69
	ii) Derivative instruments designated as hedging instruments	6	12.16	12.16	17.82	17.82
	Sub-total		15.35	15.35	23.51	23.51
	Total financial assets		40682.40	40878.14	36851.62	36836.74

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars		Note	As at 31st March, 2020		As at 31st March, 2019	
			Carrying Value	Fair Value	Carrying Value	Fair Value
B.	Financial liabilities					
a)	Measured at amortised cost					
i)	Cash credit facilities & loans	16,17B,20	1.69	1.65	2.31	2.28
ii)	Sales tax deferment loans	16,17B	7.89	5.49	11.13	7.87
iii)	Trade payables		3629.83	3629.83	3509.58	3509.58
iv)	Lease Liabilities	17A	267.87	267.87	—	—
v)	Other financial liabilities	17B	1467.76	1449.06	1236.29	1224.19
	Sub-total		5375.04	5353.90	4759.31	4743.92
b)	Derivatives measured at fair value					
i)	Derivative instruments not designated as hedging instruments	17B	16.98	16.98	1.90	1.90
ii)	Derivative instruments designated as hedging instruments	17B	35.75	35.75	18.95	18.95
	Sub-total		52.73	52.73	20.85	20.85
	Total financial liabilities		5427.77	5406.63	4780.16	4764.77

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 the applicable regulation. It also seeks to drive accountability in this regard.

Liquidity Risk

The Group's Current assets aggregate ₹ 39505.35 Crores (2019 - ₹ 31747.27 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 25225.67 Crores (2019 - ₹ 17499.53 Crores) against an aggregate Current liabilities of ₹ 9559.77 Crores (2019 - ₹ 10011.99 Crores). Other Non-current liabilities, other than lease liabilities, due between one year to three years amounted to ₹ 23.40 Crores (2019 - ₹ 19.26 Crores) and Other Non-current liabilities due after three years amounted to ₹ 110.37 Crores (2019 - ₹ 62.30 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 28 (x).

Further, while the Group's total equity stands at ₹ 65650.73 Crores (2019 - ₹ 59484.34 Crores), it has non-current borrowings of ₹ 5.90 Crores (2019 - ₹ 8.15 Crores). In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Group is not an active investor in equity markets; it continues to hold 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, 2020 is ₹ 637.19 Crores (2019 - ₹ 1986.71 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

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.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

The Group's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market movements in respect of the Group's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Group also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Group has invested, such price risk is not significant.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. The carrying value of inventories is adjusted to the extent of fair value movement of the risk being hedged. Such hedges are generally for short time horizons and recognised in profit or loss within the crop cycle and are managed by the business within the approved policy framework. Accordingly, the Group's net exposure to commodity price risk is considered to be insignificant.

Foreign currency risk

The Group undertakes transactions denominated in foreign currency (mainly US Dollar, Pound Sterling, Euro and Japanese Yen) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, including the Group's net investments in foreign operations (with a functional currency other than Indian Rupee), are also subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows: (₹ in Crores)

As at 31st March, 2020	USD	Euro	GBP	JPY	Others	Total
Financial Assets	777.28	79.16	108.28	1.05	78.21	1043.98
Financial Liabilities	177.68	24.97	29.44	75.21	30.48	337.78
As at 31st March, 2019	USD	Euro	GBP	JPY	Others	Total
Financial Assets	827.70	49.47	138.87	0.21	62.43	1078.68
Financial Liabilities	150.74	39.97	56.98	10.90	8.78	267.37

The Group uses forward exchange contracts and currency options to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. Accordingly,

- a. Forward exchange contracts that were outstanding on respective reporting dates:

(in Million)

Designated under Hedge Accounting		As at 31st March, 2020		As at 31st March, 2019	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	38.98	119.14	53.98	88.45
Euro	US Dollar	21.93	—	21.51	—
AUD	US Dollar	0.08	—	0.16	—
CHF	US Dollar	0.03	—	0.09	—
GBP	US Dollar	0.01	—	0.15	—
SEK	US Dollar	4.09	—	13.64	—
SGD	US Dollar	0.04	—	0.04	—
JPY	US Dollar	1182.41	—	2220.96	—

The aforesaid hedges have a maturity of less than 1 year from the year end.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(in Million)

Not designated under Hedge Accounting		As at 31st March, 2020		As at 31st March, 2019	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	2.61	78.13	10.65	62.40
Euro	US Dollar	2.51	3.24	5.87	1.54
AUD	US Dollar	0.07	0.30	0.10	–
CAD	US Dollar	–	1.57	–	0.74
SGD	US Dollar	0.10	–	–	–
CHF	US Dollar	0.50	–	0.55	–
GBP	US Dollar	–	5.08	–	8.49
SEK	US Dollar	–	–	1.09	–
KWD	US Dollar	–	0.71	–	–
JPY	US Dollar	39.60	–	236.84	–
ZAR	US Dollar	–	–	–	13.00
HKD	US Dollar	0.65	–	–	–
USD	Nepalese Rupee	1.83	0.19	0.99	–
Euro	Nepalese Rupee	1.36	–	–	–

b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

(in Million)

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	3.00	–	3.00

Hedges of foreign currency risk and derivative financial instruments

Each entity comprising the Group manages its own currency risk. Within the Group, derivative instruments are largely entered into by the Company. The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant. The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

The Company may also designate certain hedges, usually for large transactions, as a cash flow hedge under hedge accounting, with the objective of shielding the exposure from variability in cash flows. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

(₹ in Crores)

Particulars	2020	2019
At the beginning of the year	(8.30)	6.73
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(14.08)	(48.46)
Add: Changes in fair value of effective portion of outstanding cash flow hedges	(23.32)	(5.37)
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	...	(32.97)
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	0.14	(0.66)
Less: Amounts transferred to initial cost of non-financial assets	(17.77)	2.90
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on ineffectiveness	—	—
(Less)/Add: Deferred tax	3.73	8.07
At the end of the year	(24.33)	(8.30)
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	(1.36)	(5.36)

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be included in the initial cost of the non-financial hedged item on its initial recognition or reclassified to profit or loss, as applicable, in the anticipated timeframes given below:

(₹ in Crores)

Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2020	As at 31st March, 2019
Within one year	(20.81)	(4.46)
Between one and three years	(3.52)	(3.84)
Total	(24.33)	(8.30)

Foreign Currency Sensitivity

For every percentage point change 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, 2020 would change by ₹ 1.97 Crores (2019 - ₹ 4.16 Crores) and pre-tax total equity as at 31st March, 2020 would change by ₹ (2.45) Crores (2019 - ₹ 2.72 Crores).

Credit Risk

Each entity comprising the Group manages its own credit risk. The following explains the processes followed by the Company, being the largest component of the Group, to manage its credit risk: Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies, bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Group's investments that are held at amortised cost stood at ₹ 17599.41 Crores (2019 - ₹ 17309.62 Crores).

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

The Group's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2562.48 Crores (2019 - ₹ 4035.28 Crores).

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Group are as under:

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	171.04	146.06
Add: Provisions made (net)	34.30	35.36
Less: Utilisation for impairment/de-recognition	18.70	10.50
Effects of foreign exchange fluctuation	1.13	0.12
Closing Balance	187.77	171.04

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)	Fair Value	
			As at 31st March, 2020	As at 31st March, 2019
A. Financial assets				
a) Measured at amortised cost				
i) Investment in Bonds/Debentures & Government or Trust Securities		2	9898.82	10689.21
ii) Loans*		3	3.91	6.49
iii) Other Financial assets*		3	587.81	2358.64
Sub-total			10490.54	13054.34
b) Measured at Fair value through OCI				
i) Equity shares – Quoted		1	624.08	1958.81
Sub-total			624.08	1958.81
c) Measured at Fair value through Profit or Loss				
i) Investment in Mutual Funds		1	14797.96	9673.84
ii) Investment in Bonds/ Debentures, Certificate of Deposits		2	3258.46	2416.32
iii) Investment in Venture Capital Fund		2	27.41	11.79
iv) Investment in Equity & Preference shares		3	1.88	—
Sub-total			18085.71	12101.95
d) Derivatives measured at fair value				
i) Derivative instruments not designated as hedging instruments		2	3.19	5.69
ii) Derivative instruments designated as hedging instruments		2	12.16	17.82
Sub-total			15.35	23.51
Total financial assets			29215.68	27138.61

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2020	As at 31st March, 2019
B. Financial liabilities			
a) Measured at amortised cost			
i) Sales tax deferment loans*	3	3.23	4.63
ii) Other Financial liabilities*	3	109.16	61.31
iii) Lease Liabilities*	3	204.00	—
iv) Loans*	3	0.23	0.23
Sub-total		316.62	66.17
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	16.98	1.90
ii) Derivative instruments designated as hedging instruments	2	35.75	18.95
Sub-total		52.73	20.85
Total financial liabilities		369.35	87.02

*Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as best estimate of fair value and has been excluded in the fair value measurement disclosed above.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

On behalf of the Board

S. PURI	Chairman & Managing Director
R. TANDON	Director & 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 2020, 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, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described

in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, associates, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Group performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof. Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls over recognition of revenue.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<p>The timing of revenue recognition is relevant to the reported performance of the Group. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Consolidated Financial Statements - Significant Accounting Policies and Note 22A/22B.</p>	<ul style="list-style-type: none"> ● Evaluated the design, implementation and operating effectiveness of Group's controls in respect of revenue recognition. ● Tested the effectiveness of such controls over revenue cut off at year-end. ● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents. ● Tested the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end. ● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing. ● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.
Litigations – Contingencies	
<p>The Group has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Group not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 28(v)(a) to the Consolidated Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Obtained and read the Group's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards. ● Assessed the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls. ● Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. ● Additionally, considered the effect of new information in respect of contingencies as at 1st April 2019 to evaluate whether any change was required in the management's position on these contingencies as at 31st March 2020. ● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.
First year audit transition	
<p>Initial audit engagements include a number of elements not performed in recurrent audits. This includes understanding Holding Company specific risks, controls, policies and processes in order to establish an appropriate audit strategy and audit plan. We have to establish the</p>	<p>We prepared a detailed transition plan to enable us to analyse the strategy, risks, internal control measures and their impact on the Holding company's accounting policies. We performed the following procedures:</p> <ul style="list-style-type: none"> ● Engaged with management at a Holding Company and

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<p>appropriateness of the account balances at the beginning of the period being audited and understand the accounting policies applied by company to ensure that these are consistently applied between periods and hence it has been considered as a key audit matter.</p>	<p>division level in order to obtain a detailed understanding of the business, its processes and internal controls, identified risks and significant accounting matters.</p> <ul style="list-style-type: none"> ● Evaluated key accounting positions, audit matters from prior years, internal control system and IT systems. ● Understood accounting policies by reviewing accounting policy manuals. ● Performed initial audit procedures to obtain sufficient appropriate evidence regarding opening balances and the appropriate selection and consistent application of accounting policies. ● Held audit planning meeting at which Holding Company management briefed senior members of our audit team on Holding Company's organisation and processes. ● Held discussion with incumbent auditor on their assessment of key accounting and auditing matters. ● Discussed transition plan and the progress with management. <p>We built upon the knowledge gained through these procedures as we undertook our audit work and refined our views on risks and scope accordingly.</p>
Impairment assessment of property, plant & equipment (PPE) of Hotel business	
<p>The spread of COVID-19 pandemic is expected to slow down business and leisure travel globally for the next few years. Consequently, management has performed an impairment assessment for several hotels in its hotel business of Holding Company by calculating their value in use.</p> <p>The processes and methodologies for assessing and determining the value in use are based on assumptions, that by their nature imply the use of the management's judgment, in particular with reference to forecast of future cash flows, basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Considering the judgment required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 2B (5) to the Consolidated Financial Statements – Use of estimates and judgements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Obtained an understanding of the Holding Company's policy on assessment of impairment of PPE and assumptions used by the management including design and implementation of controls. Tested the operating effectiveness of these controls. ● Obtained and read the projections/future cashflows along with sensitivity analysis thereof. ● Evaluated management's methodology, assumptions and estimates used in the calculations of 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 on sample basis. ● Assessed the recoverability of PPE with regard to the value in use.

Independent Auditor's Report

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of

adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures

Independent Auditor's Report

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated 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, 2020 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 seventeen subsidiaries, whose Ind AS financial statements include total assets of ₹ 3,011.01 crores as at March 31, 2020, and total revenues of ₹ 2,205.81 crores and net cash outflows of ₹ 10.98 crores for the year ended on that date included in these consolidated Ind AS financial statements. These Ind AS financial statement and other financial information

Independent Auditor's Report

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 ₹ 8.37 crores for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of six associates and four joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- (b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 13, 2019.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal

and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 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

Independent Auditor's Report

in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, refer to our separate Report in "Annexure" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries,

associates and joint ventures, as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer Note 28(v)(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, 2020;
- 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, 2020.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Place of Signature: Mumbai
Date: June 26, 2020

Membership Number: 41870
UDIN: 20041870AAAAAT5839

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of ITC Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of **ITC Limited** as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of ITC Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies 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 Holding Company, its subsidiary companies, its associate companies 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. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these nine subsidiary companies, six associate companies and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and joint ventures incorporated in India.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Membership Number: 41870

UDIN: 20041870AAAAAT5839

Place of Signature: Mumbai

Date: June 26, 2020

Ten Years at a Glance

Standalone Operating Results 2011 - 2020

(₹ in Crores)

Year ended 31st March	2011	2012	2013	2014	2015	2016 [§]	2017 [§]	2018 [§]	2019 [§]	2020 [§]
Gross Sales Value (net of rebates & discounts) #	33918	39353	47755	53889	57799	60196	64174	67082	75309	76097
Gross Revenue from sale of products & services #	30528	34872	41810	46713	49965	51582	55002	43957	45221	46324
Total Income #	31399	36046	43044	48176	51932	53714	57434	46460	48269	49821
PBDIT	7993	9674	11566	13562	15017	15484	16564	17671	19790	20918
Depreciation & amortization	656	699	795	900	962	1001	1038	1145	1312	1563
PBIT	7337	8975	10771	12662	14055	14483	15526	16526	18478	19355
PBT	7268	8898	10684	12659	13998	14434	15503	16439	18444	19299
Exceptional items							413			(132)
PBT after Exceptional Items	7268	8898	10684	12659	13998	14434	15503	16852	18444	19167
Tax	2280	2736	3266	3874	4390	5106	5302	5628	5980	4031
PAT	4988	6162	7418	8785	9608	9328	10201	11223	12464	15136
Proposed Dividends *	4002	4089	4853	5583	6030	8233	6945	7577	8498	12477
- Ordinary Dividend	2518	4089	4853	5583	6030	6296	6945	7577	8498	12477
- Special Dividend	1484					1937				
Earnings Per Share **										
Actual (₹)	6.45	7.88	9.39	11.05	11.99	11.59	8.40	9.20	10.17	12.31
Adjusted (₹) @	4.30	5.25	6.26	7.36	7.99	7.73	8.40	9.20	10.17	12.31
Dividend Per Share **										
Actual - Ordinary (₹)	2.80	4.50	5.25	6.00	6.25	6.50	4.75	5.15	5.75	10.15
Actual - Special (₹)	1.65					2.00				
Adjusted - Ordinary (₹) @	1.87	3.00	3.50	4.00	4.17	4.33	4.75	5.15	5.75	10.15
Adjusted - Special (₹) @	1.10					1.33				

§ 2016 to 2020 as per Indian Accounting Standards (Ind AS); previous GAAP for earlier years.

Gross Sales Value (net of rebates & discounts) has been provided to facilitate comparison as the figures of Gross Revenue from sale of products & services and Total Income are not comparable consequent to the introduction of Goods & Services Tax with effect from 1st July 2017, which replaced Central Excise (other than National Calamity Contingent Duty on cigarettes), Value Added Tax etc.

* Including Dividend Distribution Tax.

** Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.

@ To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

Standalone Equity, Liabilities and Assets 2011 - 2020

(₹ in Crores)

As at 31st March	2011	2012	2013	2014	2015	2016 [§]	2017 [§]	2018 [§]	2019 [§]	2020 [§]
Equity										
Share capital	774	782	790	795	802	805	1215	1220	1226	1229
Other equity	15179	18010	21498	25467	29934	40851	44126	50180	56724	62800
Shareholders' funds (Net Worth)	15953	18792	22288	26262	30736	41656	45341	51400	57950	64029
Non-current liabilities										
Borrowings	87	77	66	51	39	26	18	11	8	6
Deferred tax liabilities (Net)	802	873	1204	1297	1632	1867	1872	1918	2044	1618
Non-current liabilities (others) [^]	115	120	129	115	108	127	155	195	174	493
Current liabilities										
Borrowings	2	2	...	...	...	4	...	...	...	...
Proposed dividend (including tax)	4002	4089	4853	5583	6030					
Current liabilities (others) ^	4473	5035	5477	5921	5651	6351	6830	8857	9622	9089
Total Equity and Liabilities	25434	28988	34017	39229	44196	50031	54216	62381	69798	75235
Non-current assets										
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use asset ^	9678	11376	12697	14309	16293	16430	18417	20592	21888	23298
Non-current investments	1563	1953	2001	2512	2442	6853	8486	13494	14071	13456
Non-current assets (others)	1146	1196	1728	1480	1506	3515	2776	3792	4269	1974
Current assets										
Current investments	3991	4363	5059	6311	5964	6471	10100	9903	12507	17175
Cash and cash equivalents and Other bank balances	2243	2819	3615	3289	7589	5639	2747	2595	3769	6843
Current assets (others)	6813	7281	8917	11328	10402	11123	11690	12005	13294	12489
Total Assets	25434	28988	34017	39229	44196	50031	54216	62381	69798	75235
Net Worth Per Share (₹) *	13.74	16.02	18.80	22.01	25.56	34.51	37.33	42.12	47.27	52.09

§ 2016 to 2020 as per Ind AS; previous GAAP for earlier years.

* To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

Equity includes impact of:

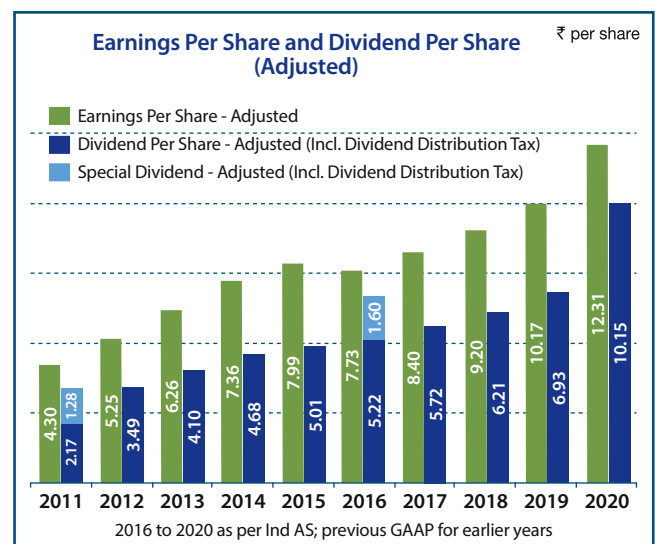
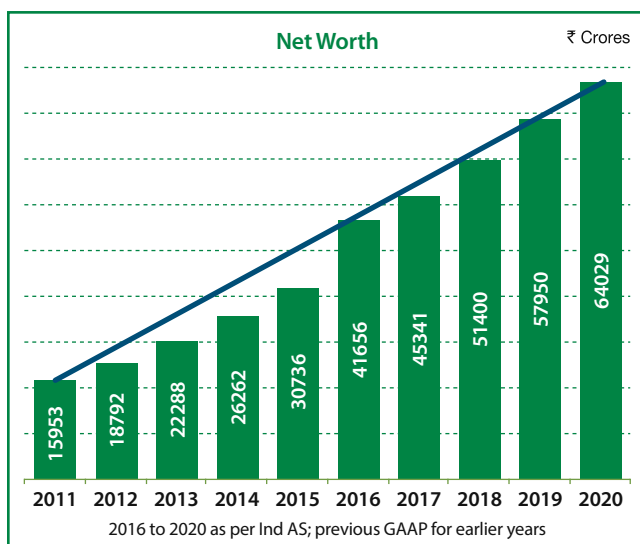
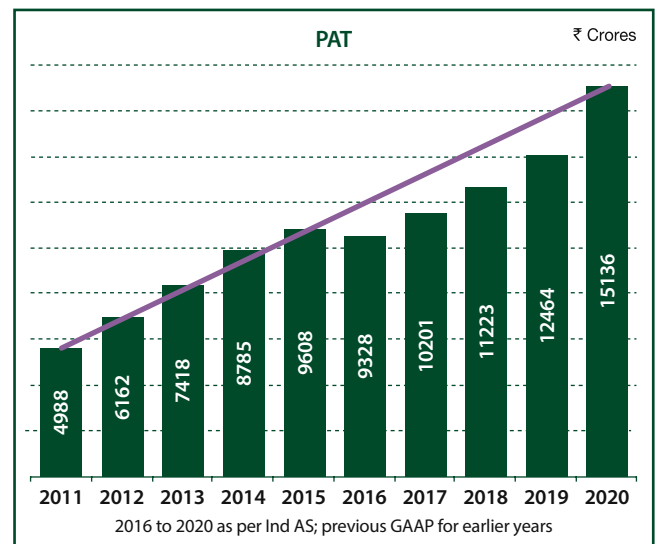
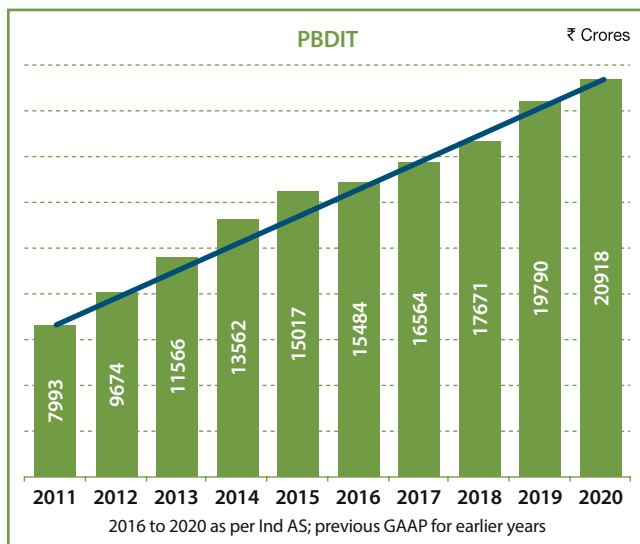
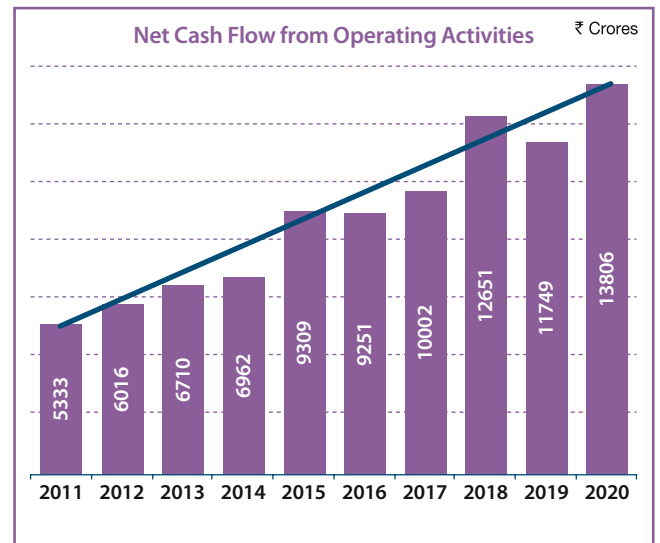
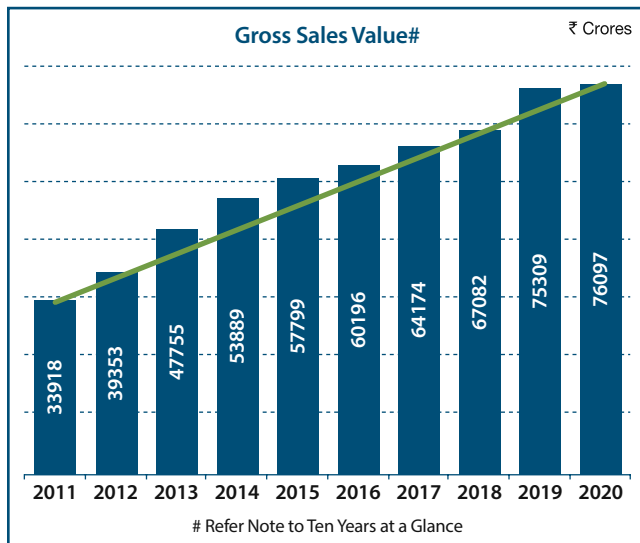
2011 - 1:1 Bonus Issue (₹ 383 Crores) and 2017 - 1:2 Bonus Issue (₹ 403 Crores).

2015 - 87,761 Ordinary Shares of ₹ 1.00 each issued pursuant to Scheme of Amalgamation of Non-Engineering Business of WIMCO Limited with the Company.

[^] Includes Right of Use assets and Lease liabilities in 2020 upon transition to Ind AS-116, "Leases".



Financial Highlights



These graphs depict the standalone financial position.

Note 1 : EPS and DPS have been adjusted for impact of Corporate Actions to facilitate like to like comparison.



Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2020, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company also publishes annually, a comprehensive Sustainability Report based on the Global Reporting Initiative (GRI) Standards, and an Integrated Report based on the International <IR> Framework developed by the International Integrated Reporting Council (IIRC).

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies, ITC Code of Conduct and the Sustainability Report are available on the Company's website — www.itcportal.com.

General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071
4.	Website:	www.itcportal.com
5.	E-mail ID:	enduringvalue@itc.in
6.	Financial Year reported:	2019-20
7.	Key products / services:	
	Businesses	Products / Services
	FMCG:	Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy and Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Personal Care Products; Education and Stationery Products; Safety Matches and Agarbattis; Apparel; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging including flexibles.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities undertaken by the Company:	The Company's businesses and operations are spread across the country. Details of plant locations, including hotels owned / operated by the Company, are provided in the section 'Shareholder Information' in the Report and Accounts.
9.	Markets served by the Company:	The Company's products and services are available nationally and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 24 subsidiaries, including 9 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to the information and expertise residing with the parent company.

Financial Details

1.	Paid up Capital (As on 31.03.2020):	₹ 1,229.22 crores
2.	Total Turnover	₹ 46,323.72 crores
3.	Total profit after taxes:	₹ 15,136.05 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 326.49 crores
	As percentage of Profit after taxes:	2.16%

List of CSR activities in which expenditure has been incurred:

Areas listed under Schedule VII to the Companies Act, 2013		ITC's interventions (including through Trusts established by the Company)
(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water and Eradication of Poverty
(ii)	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education, Vocational Training, Livestock Development and Livelihood Promotion
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of River Ganga.	Environment Sustainability, Soil & Moisture Conservation and Social Forestry
(v)	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture
(vi)	Rural Development Projects.	Agri Development
(vi)	Disaster Management, including relief, rehabilitation and reconstruction activities.	Disaster Relief



Commitment to Sustainable and Inclusive Growth

ITC's sustainability initiatives are driven by the belief that an organisation needs to serve a larger societal purpose keeping national priorities in focus. The Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has orchestrated a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. The Triple Bottom Line approach is driven by the Company's deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. Concerted efforts, over several years, have led to the creation of sustainable livelihoods for over 6 million people, many of whom represent the most disadvantaged in society. The broad based execution of the triple bottom line approach has helped build a responsible business ecosystem, that from an environmental resource perspective, seeks to replenish more than what it consumes.

The Company's pioneering work in empowering rural India is a global exemplar. The Company has also spearheaded several initiatives towards achieving new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy that encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across its operations. ITC is the only company of comparable dimensions in the world to be carbon positive for 15 years, water positive for 18 years and solid waste recycling positive for 13 years. The Company's commitment to environmental

stewardship is reflected in its role of pioneering the Green Building movement in India. 30 ITC buildings are LEED® Platinum Certified. All of ITC's premium luxury hotels, are also LEED Platinum Certified thereby giving meaning and impetus to ITC Hotel Business' credo of 'Responsible Luxury'. Despite an expanding footprint of operations across the country, over 41% of ITC's energy requirements were met from renewable energy – biomass, wind and solar being the sources.

ITC along with ITC Education and Healthcare Trust and ITC Rural Development Trust has set up a ₹ 215 crore COVID-19 contingency fund which is being used to provide relief and assistance to the most vulnerable sections of society. ITC took several initiatives to provide packaged and cooked food to the economically deprived besides distributing products for sanitising and hygiene requirements. Several items of personal protective equipment have also been distributed to medical and paramedical workers.

Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting (BRR) framework. The context of the BRR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.

Reporting on Sustainability Initiatives

For the past 16 years, the Company has been publishing Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2019 was prepared meeting the criteria of "In Accordance – Comprehensive" level of the Global Reporting Initiative (GRI) Standards and was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 17th Sustainability Report covering the sustainability performance of the Company for the financial year ended 31st March 2020 and prepared in accordance with the GRI Standards, will be available shortly. In addition, the Report and Accounts 2020 of the Company provides a review of the Company's Triple Bottom Line performance.





Business Responsibility Report (BRR) Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BRR	Page	Details in ITC Sustainability Report
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	V	√
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Sustainability of Products & Services across Life-cycle	VI	√
3	Businesses should promote the well-being of all employees	Employee Well-being	VIII	√
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	XI	√
5	Businesses should respect and promote human rights	Human Rights	XI	√
6	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	XII	√
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Responsible Advocacy	XIII	√
8	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIV	√
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	XVI	√



Core Values and Policies & Guidelines

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders. ITC's Core Values encompass the principles of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation. Please check the following link for details:

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb2>

Corporate Governance at ITC

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb4>

ITC Code of Conduct and Policies are available on the Company's corporate website www.itcportal.com. Please check the following links for details:

ITC's Code of Conduct

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

ITC's Sustainability Policies

<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>

ITC's CSR Policy

<https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

ITC's Food Products Policy

<https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx>

ITC's E-Waste Policy

<https://www.itcportal.com/about-itc/policies/itc-it-e-waste-policy.aspx>



Principle 1: Corporate Governance for Ethics, Transparency and Accountability

A Board approved policy provides the framework for ITC's corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

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

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

Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services.

The three-tier governance structure ensures that:

- Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors (the Board) with objectivity, thereby sharpening accountability of management;
- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

For more details on ITC's governance structure, please refer to the 'Report on Corporate Governance', forming part of the Report and Accounts.

Strategic Supervision of Business Responsibility Practices

The role of the CSR and Sustainability Committee is inter alia to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and six Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee (CMC), presently comprises seven senior members of management, with its Chairman being a member of the CMC. The role of the Committee, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC.

During the year, four meetings of the SCRC were held to review the sustainability performance of the Company.



Principle 2: Sustainability of Products & Services across Life-cycle

The Company's strategic intent to create enduring value was initiated by investing in new engines of growth. This initiative was powered by ITC's proven capabilities in R&D, innovation and technology. An array of institutional strengths, such as, garnering of deep consumer insights, building strong and sustainable consumer brands, deployment of trade marketing and distribution infrastructure, expertise in quality and world-class manufacturing processes have driven ITC's diversification engine. Besides this, strong rural linkage and agri sourcing, culinary expertise of hotels, in-house packaging excellence and focus on human resource development and deployment have imparted unique advantages to the new businesses.

The Company endeavours to embed the principles of sustainability, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and management of post-consumer packaging waste. The Board approved Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' provide further details on the Company's approach in this respect. The Company has also embedded 'Distance to Market' as a key business metric in order to encourage an increasingly sustainable business footprint.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been improving its resource use efficiencies, especially that of natural resources such as water and fossil fuels. Life-cycle Assessment studies have been carried out for some of the Company's products for identifying additional opportunities to reduce environmental impact across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company's concerted efforts in optimising resource use efficiency, for instance, are evident across businesses. The Paperboards and Specialty Papers Division (PSPD), which is the most resource-intensive business within the Company has achieved continuous improvements in energy and water usage. Today PSPD is considered the most efficient in the sector. Similarly, the Company's Hotels Division has



also demonstrated high levels of resource efficiency by achieving the LEED® certification at the highest Platinum level for its premium luxury hotels. Several of the Company's factories and office complexes have received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from US Green Building Council (USGBC) and Bureau of Energy Efficiency's (BEE) star ratings. In order to continually reduce the Company's environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.

Sustainable Consumption

The Company has crafted extensive strategies towards ensuring sustainable consumption of energy, water and other resources in its businesses. The Company is an acknowledged leader in low-carbon operations as well as in resource usage efficiency which has been achieved by continuously reducing specific energy consumption, investing in additional renewable energy sources, afforestation and recycling internal and post-consumer waste. In 2019-20, the specific water intake (water withdrawn per unit of paper) at Bhadrachalam, which is the largest manufacturing unit of the Company's Paperboards and Specialty Papers Division, was 43% better than the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions which have enabled optimisation of energy and water usage. Besides this, the LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' a trailblazer in green hoteliering.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste. Performance monitoring of each unit is carried out at regular intervals. The Company is also working towards establishing scalable, replicable and sustainable models for post-consumer solid waste management based on circular economy principles. The Company advocates segregation of waste at source. This enables economically beneficial conversion of waste to energy or products whilst reducing the load on landfills. If this model is replicated across the country, it could transform the lives of millions of rag pickers and waste handlers who eke out a living mining waste at landfills.

Beyond Boundaries

Vendors and service providers including outsourced manufacturing establishments are encouraged to adopt management practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Most of the outsourced manufacturing units of the Foods Business are Hazard Analysis and Critical Control Point (HACCP) certified. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, the Board approved Policies on 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches, and Education and Stationery Products. These partnerships have significantly enhanced survival and competitiveness of a number of units in these sectors.

Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services across its diversified business portfolio. For example, factories are located to optimise logistics. Besides this, ITC has made significant investments in implementing integrated soil and moisture conservation programme in catchment areas of locations from where wheat is sourced to ensure sustained water availability to the farmers. The Board approved Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain, together with the 'Code of Conduct for Vendors and Service Providers', which provides guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India is accentuated by inadequate access to knowledge and information, especially that involving price discovery, quality agricultural inputs and markets, the Company has devised unique models for farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company promotes large-scale afforestation through its Social Forestry Programmes. Customised extension services, knowledge of silvicultural practices and biodiversity conservation enrich the farmers' capacity whilst augmenting natural capital. Though the Company stands as a willing buyer of the wood from the plantations under its Social Forestry programme, the farmers are free to transact at will and sell to whoever they choose.





Principle 3: Employee Well-being

ITC's approach to Human Resources is based on the premise that committed and capable employees are the foundation of vitality in a business enterprise. At ITC, employee well-being is approached holistically to include health and safety, skills and capabilities, learning and growth opportunities, an engaging work environment and a sense of community.

Specific elements of the Company's Human Resource policies and systems are directed by the management approach articulated in the Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', amongst others.

These Policies provide a strong framework to Human Resources systems and practices, and are supplemented by ITC's relational contract which is founded on trust, empowerment and accountability.

Diversity and Equal Opportunity

ITC believes that diversity at the workplace fosters and enhances the overall quality of decision making and problem solving, helps bring different perspectives to issues at work and therefore enhances the quality of discourse within the Company. The Company's Policy in this regard provides for equal opportunities to all employees based on merit. It ensures a work environment free from any form of discrimination amongst employees – whether based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. The policy has been communicated to all employees appropriately. In FY 2019-20, the Company employed 28,115 number of employees, out of which 2,973 were female employees. ITC continues to employ differently-abled employees in its Hotels Division. It continues to create awareness in this area through comprehensive systems and processes to guide industry action. Last year, ITC employed 69 differently-abled employees.

A Grievance Redressal system to facilitate open and structured discussions is available at all units and locations to ensure that grievances related to labour practices and human rights are addressed and resolved in a fair and just manner. We have received 376 grievances under the system, of which 331 have been resolved and the rest are in the process of resolution. In FY 2019-20, there were no complaints of cases of discriminatory employment.

Enabling a Gender Friendly Workplace

ITC is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent, stop and redress sexual harassment at the workplace and institute good employment practices. Mechanisms are in

place to ensure that issues such as sexual harassment at work place, if any, are effectively addressed. ITC encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. Internal Committees have been constituted, in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in all ITC units to enquire into complaints and recommend appropriate action, wherever required. Members of the Internal Committees are encouraged to undergo a program to comprehend the provisions and intent of the Act and their role as Committee Members. ITC demands, demonstrates and promotes professional behaviour and respectful treatment of all employees. To sensitise employees and enhance awareness, it has ensured that all employees undergo training through a specially designed module on prevention of sexual harassment at the work place. During the year, 9 complaints of sexual harassment were received out of which 6 have been resolved and 3 are in the process of resolution.

Good Labour Practices

10 Board-approved Sustainability Policies continue to guide the Company's strong commitment to good labour practices across its business operations. No person below the age of 18 years is employed by ITC. Forced or compulsory labour is prohibited in all units. ITC does not engage vendors and suppliers who resort to using child and/or forced labour. In 2019-20, approximately 23,000 employees from 1,474 service providers were engaged across ITC. All service providers have signed in and committed themselves to ITC's Code of Conduct for Vendors and Service Providers, which details labour practices expected of them. The Company had no cases of child or forced labour in 2019-20.

The Company believes in Freedom of Association and in its Policy outlines the intent to respect the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by Management. The said policy ensures that employees are not discriminated against when exercising this freedom in a manner, which is lawful and consistent with ITC's core values. During the year, 11,147 employees of the Company were members of unions. There were no cases of violation of norms related to freedom of association during the year.

The Company has been recipient of awards demonstrating its ethos to encourage good labour practices. The ITC-ABD team was awarded the prestigious All India Organisation of Employers National Award for Outstanding Industrial Relations. The ABD-Tobacco (SBU) was awarded Significant

Achievement in Employee Relations for a Single Unit / Business by the Employer Federation of India.

Employee Engagement

In 2020, ITC completed the third edition of its Employee Engagement Survey - iEngage, capturing employee perceptions and views on various workplace dimensions. 95% of the employees said that they were proud to work at ITC, a score that is amongst the highest globally. Dimensions such as Image of the Organisation, Learning and Development, Goals & Objectives and Satisfaction have shown significant improvement and compare with the India norm. Further, all the three segments of components of overall engagement i.e. Employee Engagement, Performance Enablement and Managerial Effectiveness have shown a significant uptrend over the previous survey.

IRIS, the mobile enabled application, continues to be leveraged to enhance the salience of ITC's products, services and share milestones. Through IRIS, employees and stakeholders may share content related to ITC across their social media platforms, thus creating a sense of pride in ITC's brands, services and initiatives.

During the year, Business Units launched and strengthened various engagement initiatives to promote alignment, involvement and belongingness of employees. The focus areas to drive employee engagement have been Communication, Recognition, and Employee Wellbeing amongst others. The Chairman addressed and interacted with employees across the Company on a range of issues through 'Studio One' which is ITC's engagement platform for employees to interact with leaders and is a means to communicate ITC's vision, strategy, milestones and expectations, creating a unity of purpose. Leadership

teams in each Business communicate through 'Town Hall' meetings, internal journals and e-enabled platforms. To recognise exceptional performance, various platforms and forums have been institutionalised and these encourage teams and individuals to make discretionary efforts. IRIS, the mobile enabled application, continues to be leveraged to enhance the salience of ITC's products, services and share milestones. Through IRIS, employees and stakeholders may share content related to ITC across their social media platforms, thus creating a sense of pride in ITC's brands, services and initiatives. Recreational events involving employees and their family members and awarding of scholarships to meritorious children of employees continue to be conducted throughout the year. By leveraging technology and strengthening digital capability, various employee related transactions were simplified and processes improved.

Enabling Employee Well-being

ITC's full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees, retirement benefits, and employee counselling programmes among others. As part of our commitment to prevent occupational diseases and accidents, the Company enhances awareness through various initiatives, ensures good ergonomics and safe practices at all ITC workspaces. Most of ITC units have a health centre and resident Doctor. Regular sports and recreational activities are organised at all units to promote physical wellness among employees and their families.

In our endeavour to create awareness and guide employees



to a healthy lifestyle, sessions on stress management and wellness plans, preventive healthcare, diet and nutrition and parenting were organised across locations. Businesses are increasingly deploying initiatives to meet specific life stage needs of employees by generating awareness and providing assistance to help them navigate these changes and challenges and include initiatives on effective parenting, elder care support. For excellence in wellness practices, ITD received the “National Award for Exemplary HR Practices - Re-Imagineers Award” from National HRD Network, the national apex body of HR professionals in India for 2019.

ITC employees invest time and are engaged with ITC’s Social Investments Programmes in the catchment areas of their Business Unit. These avenues help the individual to achieve their wellbeing and life purpose goals.

Learning and Development

ITC believes that employee capability building is a vital part of strengthening competitive advantage and helping employees realise their full potential by providing developmental opportunities and challenges. Any apparent limitation in a person is the result of a variety of circumstances and factors. An individual can transcend any such limitation with support, awareness and correction. The Company has a well laid-out Developmental Planning System that closely dovetails with the guiding principle of ensuring equal opportunity for everyone at the workplace.

Towards this end, we have assiduously built a culture of continuous learning, innovation and collaboration across the Company by providing cutting-edge learning and development support. We have identified three capability platforms relevant to making businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity and Pride. Employees are offered best in class learning and development support comprising a blend of classroom, online, coaching, mentoring and on- the- job training. In each of these areas detailed and globally benchmarked learning curriculums were designed, supplemented with business-critical application projects. This approach ensures that the investments in learning and development are applied and practised to deliver better business outcomes. Digital marketing, Business Strategy and Data Science were areas of focus in building organisational capability.

The Company invests in collaborating with leading global Institutes and experts to design and customise development programmes to build leadership and strategic capability. Adopting to the ethos of learning anytime and anywhere, ITC encourages employees to make use of our subscription with various online course curators, providing a rich array of content and expanding the learning opportunities well beyond classroom- based delivery. These resources encourage employees to re-skill and upskill themselves, at their convenience. Based on Career Conversations with Managers and their development needs,

every Business puts together a development plan and a training calendar to address the desired capability building objectives of the Business.

In FY 2019-20, there were 79,899 person-days of formal training provided to employees across the Company.

The state-of-the-art technical training facility in Ranjangaon, Maharashtra – ITC Gurukul, the first integrated facility catering to the FMCG Businesses and an important milestone in our skilling journey for manufacturing excellence, won Excellence in Practice Award from prestigious Association for Talent Development, USA. The award recognised ITC Gurukul’s efforts in the area of Leveraging technology to enhance training effectiveness. ITD was awarded the CII HR Excellence Award for Significant Achievement in HR Excellence and the TISS LEAPVAULT CLO Award for Best Quality Management/Improvement Training Programs. ITC-ABD won the Most Innovative Employee Engagement Initiative and Best Leadership Development Program by Transformance Forum. Transformance Forum is a think-tank company that helps organisations with their journey of transformation by providing valuable insights and best practices focused in the area of Learning and Development.

The ITC Hospitality Management Institute (HMI) continues to play a pivotal role in skill upgradation and enhancing employability of ITC employees by imparting them with contemporary skills in the hospitality sector. ITC Hotels was awarded the prestigious Golden Peacock Award for the year 2019 in the category of HR Excellence.

COVID Response

The COVID pandemic and the consequent lockdown posed a formidable challenge to the Company’s operations and the well-being of its employees. In recognition of the seriousness of the threat, the Company put in place stringent safety protocols at the beginning of the crisis and established Central and Business Contingency management teams tasked with ensuring that ITC’s employees and business associates, where permitted to operate in view of their essential nature, did so with all risk mitigation measures in place.

Extensive communication and training on safety protocols – for the work place and for employees’ homes and communities, provision of protective equipment and the rapid adoption of working from home, where feasible, were undertaken. This was supplemented with the provision of counselling services and other employee wellness programmes, internal communication drives across a spectrum of platforms recognising the role of employees in reaching essential products to consumers and direct communication by leaders with employees, addressing queries and engaging with them. The IT infrastructure was ramped up to ensure, where feasible, employees could continue to operate from home.



Principle 4: Stakeholder Engagement

The Board approved Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, consumers, farmers, employees, local communities, suppliers, Central and State Governments, regulatory bodies and the media.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors stakeholder engagement on the following principles:

- a) **Materiality** – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- b) **Completeness** – Understanding key concerns of stakeholders and their expectations.
- c) **Responsiveness** – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented



mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have stood the test of time.

The Company, for its social development projects, organises meetings with the local administration and State Governments to seek their participation and involvement. Their expert advice and counsel are also sought for the planned interventions.



Principle 5: Human Rights

The Company has Policies on Human Rights which are applicable to all its employees and value chain partners. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's Policies on human rights and decent work place.

The Company has in place a 'Code of Conduct for Vendors and Service Providers' across Businesses. They have voluntarily accepted and adopted the Company's 'Code of Conduct for Vendors and Service Providers', which requires compliance with applicable laws relating to, inter alia,

human rights, environmental conservation, and quality of products and services. The Company has facilitated training workshops for close to 100 supply chain partners till date to educate, and create shared awareness on human rights and decent labour practices. The Company will continue to support more such workshops in its efforts towards dissemination of knowledge and creating an environment conducive to adoption of contemporary practices.

The Company has instituted a Grievance Redressal Procedure to address concerns, if any, pertaining to human rights and decent labour practices for its employees. With a view to building awareness and educating employees on the Company's Sustainability Policies including Policies on human rights and ITC's Code of Conduct, IT enabled training programmes continue to be rolled out across Businesses.



Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive since many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Board approved Policies on 'Life-cycle Sustainability', 'Environment, Health and Safety' and 'Responsible Sourcing' provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across our businesses, integrated soil and water conservation programmes and creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

As a signatory to the Paris climate treaty, India has committed to deliver on its nationally determined targets of reducing emission intensity by 33-35%, increasing the share of non-fossil based electricity to 40%, and creating additional carbon sinks of 2.5-3 billion tonnes of CO₂ by 2030. ITC's strategic efforts to manage its carbon footprint contribute to the above national objectives. ITC remains committed to continue reducing its emission intensity, achieving a 50% share of renewable energy in its total energy mix and to enhancing its carbon sequestering potential through social and farm forestry initiatives.

The Company publicly reports on its Greenhouse Gas inventory in line with the ISO 14064 Standard, assured at the highest 'Reasonable Level' as per the ISAE 3410 Standard, by a third-party assurance provider.

Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 13 years, the Company has been consistently recycling over 98% of solid waste generated by its units and during the year, the recycling level reached 99.7%. In addition, over 85,000 MT of externally sourced post-consumer waste paper was used as raw material during the year, thereby enabling the Company to achieve a positive solid waste recycling footprint.

The Company has developed and implemented models for sustainable management of post-consumer Multi-



Layered Plastic (MLP) packaging waste. ITC aims to go beyond the requirements of Plastic Waste Management Rules, 2016 to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable. The Company is working towards optimising packaging and reduce packaging intensity in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product.

Water Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices and rainwater harvesting both within the Company's premises and in the catchment areas of its operations. These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company's units have achieved reduction in their specific water intake and maximised reuse of treated effluents.

Carrying forward the Company's extensive work on integrated watershed management, programmes are underway to achieve water security for all stakeholders within the defined catchment areas of units located in high water stress areas. Interventions are based on comprehensive studies of water use at the catchment level and hydro-geological studies. Specific interventions to help improve both water usage efficiency and enhance water supply through holistic run-off management programs are then implemented at the catchment level. The Company will progressively cover more units under this initiative in the years to come. In 2019-20, PSPD Kovai earned a unique distinction of being the only facility in India to be awarded

the Alliance for Water Stewardship (AWS) Platinum-level certification – the highest global recognition for water stewardship. It therefore, becomes the second facility worldwide to receive the Platinum level certification but more importantly, the only facility worldwide to receive such a recognition for water stewardship activities carried out at the catchment level.

Cleaner Production Methods, Use of Energy Efficient and Environment friendly Technologies

The Company is a pioneer in the Green Buildings movement. In 2004, the ITC Green Centre at Gurugram was awarded the Platinum Green Building rating by USGBC-LEED, making it the largest Platinum rated building in the world at that point in time. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (LEED® Platinum certified) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC. 30 buildings of the Company have achieved Platinum certification by USGBC/IGBC.

The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/ paperboards in India and taken further steps towards cleaner production by introducing 'Ozone bleaching' technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control

equipment, such as plasma filters, electrostatic precipitators etc. Its units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO_x) and Sulphur Dioxide (SO₂), to ensure compliance with the applicable standards.

The Company has set up a task force to exploit digital technologies and Big Data to increase efficiencies and reduce the material intensity of its manufacturing and supply chain processes. Pilots have commenced and the early results seem promising. This effort is expected to gain significant momentum in the ensuing years.

Implementation of Environment, Health & Safety Management Systems

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. Contingency plans have been developed and implemented to prevent, mitigate and control environmental disasters.

An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability.

Furthermore, the Company continues to focus on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a cohesive safety culture. Design thinking methodologies have been introduced to reinforce behavioural based safety initiatives which has resulted in significant positive changes. In 2019-20, 17,031 person-days of training were provided to employees on EHS related matters.



Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry,

Associated Chambers of Commerce and Industry of India and various other forums including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.



Principle 8: Supporting Inclusive Growth and Equitable Development

ITC's Strategic Stakeholders

In the social sector, the two most important stakeholders of ITC are:

- Rural communities with whom the Company's agri-businesses have forged long and enduring partnerships through crop development and procurement activities; and
- Communities residing in close proximity to our manufacturing units, situated in urban and semi-rural locations.

The stakeholder communities primarily face the challenge of securing sustainable livelihoods, which is addressed through the Company's two-pronged approach:

Horizon 1: Making today's dominant source(s) of livelihoods sustainable; and

Horizon 2: Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).

Performance 2019-20

Coverage

The projects promoted under the Social Investments Programme were spread over 254 districts in 27 States/ Union Territories.

Interventions

Horizon 1 - Making Today's Livelihoods Sustainable

• **Social Forestry (SF):** Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small holder farmers. In 2019-20, the programme greened 35,193 acres (cumulative 3,64,240 acres) in 18 districts of 8 States. Out of this, area under agro-forestry was 4,359 acres. Including the Farm Forestry programme of the Paper Business, the total area greened is over 8,02,252 acres till March, 2020.

• **Water Stewardship:** The objective is to achieve (i) water security at watershed level in factory catchments aimed at achieving positive water balance in the catchment; and (ii) drought proofing the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. Implemented in 37 districts covering 15 States, 1,22,112 acres (cumulative 11,33,703 acres) of watershed



area was covered in 2019-20. 2,946 water harvesting structures (cumulative 18,985) were constructed during the year creating 3.68 million Cubic meters of fresh Rain Water Harvesting (RWH) potential in the year taking the total net water storage to 38.16 million Cubic meters.

• **Animal Husbandry:** 151 Cattle development centres, spread over 19 districts in 5 States, were functional during the year for rendering animal husbandry services with the aim of increasing productivity of milch cattle and thereby household incomes. 1.38 lakh artificial inseminations were conducted leading to live births of over 0.56 lakh high yielding progenies.

• **Improved Agricultural Practices:** This initiative attempts to de-risk farmers from erratic weather events through the promotion of climate smart agriculture in order to stabilise farm incomes. During 2019-20, 6.54 Lakh acres area was covered under sustainable agricultural practices. 4,786 Farmer Field Schools (FFS) and 2,079 Choupal Pradarshan Khets (CPKs) disseminated advanced agri-practices to farmers. 353 Agri Business Centres (ABCs) delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire.

ITC had entered into a partnership with NITI Aayog in April 2018 to improve agriculture and other allied services in 27 aspirational districts of 8 States (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh). In the year, 864 block level agri-officers qualified as Master Trainers (MT), who in turn trained 5,147 village level personnel as Village Resource Persons (VRPs) to train farmers

directly. These VRPs have so far trained 9.73 lakh farmers in package of practices appropriate to the dominant crop of the region.

• **Women's Economic Empowerment:** This initiative provided a range of gainful employment opportunities to poor women supported with capacity building and financial assistance by way of loans and grants. To date, 29,184 ultra-poor women in the core catchments have access to sustainable sources of income through non-farm livelihood options. The financial literacy and inclusion project, in partnership with the Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was rolled out in 15 districts during the year. 1,062 Super Trainers were trained directly and they, in turn, trained 2,592 Master Trainers who cascaded the training to 19,267 Self Help Groups (SHGs) covering 1,94,433 women across 1,703 villages. 98,441 women of those trained have been linked to Government social security schemes.

Horizon 2- Creating Future Capabilities

• **Education:** This programme provides children from weaker sections access to education with focus on improved learning outcomes. Operational in 26 districts of 13 States, during the year, the programme covered 84,131 children (cumulative 7,75,013), while 273 government primary schools were provided infrastructure support.

• **Vocational Training:** This programme provides training in market linked skills to youth to enable them to compete in the job market. 14,014 (cumulative 81,510) youth were enrolled under different courses during the year of whom 44% were female and 34% belonged to the SC/ST communities. The programme is operational in 34 districts of 17 States. An additional 850 youth underwent training in marketing skills and another 27 were enrolled in the basic kitchen skill training programme during the year. With this,

the total number of youth trained during the year stood at 14,891.

• **Sanitation & Health:** To achieve the objective of zero open defecation, 1,597 (cumulative 37,513) Individual Household Toilets (IHHTs) were constructed in 28 districts of 15 States in collaboration with the respective State Governments/District Sanitation Departments. In addition, 19 community toilets were constructed/renovated in Bihar, West Bengal in the year (cumulative 81). Along with sanitation infrastructure development, equal focus was given to awareness campaigns to create demand and drive behavioural change. The Swasth India Mission covered nearly 14.86 lakh children from around 5,124 schools in 49 cities in 11 States during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to all children in these 5,124 schools. Since the outbreak of Covid 19, "Swasth India Mission" has been increasing awareness on the necessary precautionary measures to reduce the spread of Coronavirus.

Nearly 72,000 beneficiaries were covered under Mother and Child Health initiative aimed to improve the health-nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection. Additionally, 430 women Village Health Champions (VHCs) covered nearly 3.04 lakh women, adolescent girls and school children on aspects like sanitation, menstrual and personal hygiene, family planning and nutrition in seven districts of Uttar Pradesh and three districts of Madhya Pradesh.

To make hygienic and healthy water available to local communities, 15 new Reverse Osmosis (RO) water purification plants (cumulative 142) were set up in Andhra Pradesh in 2019-20.



• **Solid Waste Management (SWM):** ITC's waste recycling programme, 'WOW – Well Being Out of Waste', helps in the creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued its good work in Coimbatore, Chennai, Bengaluru, Mysuru, Chikmagalur, Delhi, Muzaffarpur (Bihar), several districts of Telangana and Andhra Pradesh, and was expanded to Kochi and Tiruppur during the year. The programme has covered over 31.45 lakh households, 52 lakh school children and around 2,000 corporates since its inception. It creates sustainable livelihoods for 16,200 waste collectors by facilitating an effective collection system in collaboration with municipal corporations.

Under this programme, the quantum of dry waste collected during the year was 74,300 MT from 786 wards including over 20,000 MT of post-consumer plastic waste, out of which around 10,650 MT was Low Value Plastics (LVP)

waste, comprising multi-layered plastic and thin films. In addition, an LVP waste collection programme at Pune, in collaboration with SWaCH - a cooperative of waste pickers, successfully channelised around 500 MT of post-consumer LVP waste for recycling. Through the above programmes and working with other partner agencies, ITC sustainably managed more than 12,500 tonnes of LVP waste during the year.

In addition, another programme on SWM covering 16 districts in 11 States and reaching out to 3,13,228 households managed 22,757 MT of wet and dry waste during the year. This programme focuses on minimising waste to landfill through source segregation, home and community composting and recycling of dry waste. In 2019-20, 14,776 MT of wet waste was composted and 4,537 MT of dry waste recycled, with only 15% of the total waste was sent to landfills.



Principle 9: Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/ consumers. The Company's overall approach on this vital aspect is guided by its Policy on 'Product Responsibility'.

Product Responsibility

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.

Marketing Communication

All businesses of the Company comply with the regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.



In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and receive feedback on products so as to be able to continuously improve upon its products and services.

Responsiveness to Customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.



ITC Infotech

Leading Global Technology Services and Solutions Provider



ITC Infotech is a global technology services provider focusing on providing 'Business-friendly Solutions' to enterprise clients in chosen Industry verticals: Banking, Financial services, Consumer Packaged Goods, Manufacturing, Travel, Hospitality and Healthcare.

As a fully owned subsidiary of ITC Limited, the company also synergistically leverages deep domain expertise through multiple engagements with various ITC businesses to sharply differentiate itself in the highly fragmented technology services market.

On a Robust Profitable Growth Trajectory

The financial year 2019-20 saw clients across industry verticals increasing the mainstream adoption of digital technologies such as Data analytics, Artificial Intelligence and Cloud-based application platforms and infrastructure to enable business outcomes - along the dimensions of augmenting revenue streams, increasing operational agility and enhancing customer experience. In this context, clients are increasingly preferring to engage with specialist technology providers who bring deep understanding of their industry context to deliver sustained business impact.

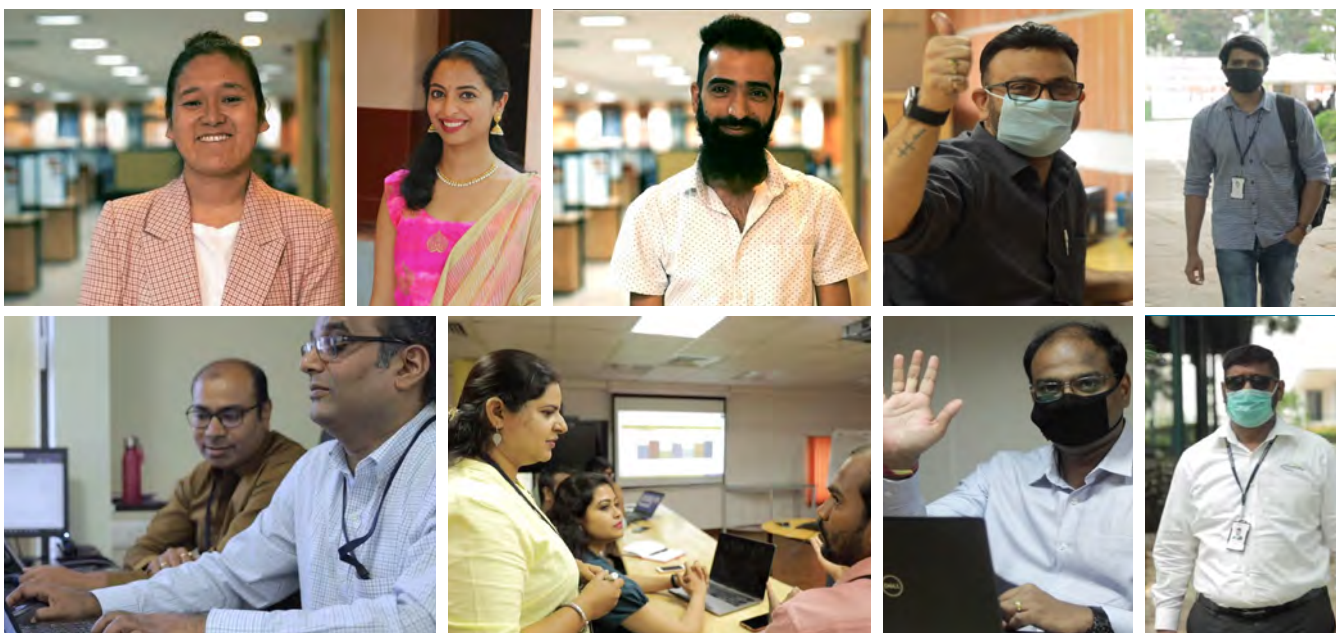
ITC Infotech continued its strong growth trajectory in FY 19-20, delivering an annual growth rate above the industry average as projected by industry body NASSCOM, on the back of the Company's strategic focus themes of Customer Centricity and Employee Centricity. Strong operational rigour and discipline during FY 19-20 ensured that this growth was delivered profitably.

The Company's witnessed best-in-class double digit growth in the Rest of the World (RoW) geography which was well supplemented by good growth in the mature markets of USA and Europe.

Customer Centricity

ITC Infotech's focus on providing best-in-class technology solutions that positively impact the clients' business has yielded positive results during the financial year. The company focused its investments on scaling engagement with strategic accounts. The company also focused on consolidating and sharpening its service offerings along the following dimensions:

- CIO 360 - Solutions focused on enabling enterprise IT organisations to run efficient technology operations through the use of automation and on engineering next-



ITC Infotech employees transitioned seamlessly into the new normal of working, staying safe and productive during the COVID-19 crisis.

gen applications and technology infrastructure powered by Cloud technologies, Agile and DevOps methodologies.

- **Product 4.0** – Solutions encapsulating the company's strengths in Product Lifecycle Management (PLM), Manufacturing Execution Systems (MES) and Supply Chain, aimed at transforming Product Design, Manufacturing and Supply Chain operations.
- **Digital Experience** - Solutions to enable user-friendly, omni-channel and contextual digital experiences through 'platforms of intelligence' leveraging the power of data and analytics.

ITC Infotech also invested in building differentiated capabilities in horizontal and domain specific technology areas such as End-User Computing as-a-service (EUCaaS), Automation, Manufacturing Execution Systems (MES), Product Lifecycle Management (PLM) and Loyalty.

Employee Centricity

Employees are at the centre of ITC Infotech's ethos of operations. During the year, the company established a framework to formulate and provide engaging experiences to its employees across the entire employee lifecycle.

ITC Infotech is introducing a unique digital workforce solution by equipping every employee with a digital BOT, in partnership with Automation Anywhere®, one of the world's leading RPA platform providers. This holistic embrace of Automation sets the foundation for ITC Infotech to be the first Technology Services organisation to have developed

Digital Personas for different roles across the organisation. In the Digitally enhanced work environment, digital assistants will aid in augmenting the capabilities of human workforce by building in predictability and higher productivity levels. And equally importantly, these digital assistants will directly impact employee experience by improving the quality of life at the workplace.

During the year, a campus candidate engagement programme "Parambh" and a lateral candidate engagement program "Yukta" were launched with the intent to leverage the time from offer to joining for learning and engagement. This programme has delivered encouraging results in increasing the engagement with candidates before joining ITC Infotech and has resulted in higher joining ratios. The company also implemented a Global Employee Wellbeing program called "WECARE" with focus on physical, emotional, mental and financial wellbeing of employees.

ITC Infotech continued its focus on building technical and behavioural skills that aid employees in managing their role with high effectiveness. 20% of the company's employees were cross skilled and upskilled during the year, through a combination of self-paced tech-enabled learning and targeted instructor-led learning, in areas besides programming languages such as Cloud, Agile methodologies and Cyber security.

The Company organised its first Global Sales Meet at Old Windsor, UK. ITC Infotech's sales team members from across 5 continents came together with the company's leadership team and subject matter experts at this global event.



Global Recognitions

- Awarded "Best of The Global Outsourcing 100" service providers by International Association of Outsourcing Professionals (IAOP) in 2019.
- ITC Infotech has been featured as a top company in five categories, including: 'Best of GO 100 Leaders', 'Customer References', 'Programs for Innovation', 'Corporate Social Responsibility (CSR)' and 'Multiple Appearances'.
- ITC Infotech featured among the Top 24 service providers globally in Avasant's Intelligent Automation RadarView 2019 report.



CII-ITC Centre of Excellence for Sustainable Development

The CII-ITC Centre of Excellence for Sustainable Development, established by ITC in 2006 in collaboration with the Confederation of Indian Industry (CII), continues with its value-added initiatives to create awareness, provide thought leadership, build capacity and award exemplary performance in the area of sustainability. An Advisory Council, which includes members from industry, civil society and institutions, provides strategic direction to the Centre.

The 14th Sustainability Summit was organised on August 28-29, 2019 in New Delhi. The theme of the Summit was 'Science, Systems and Sustainability'. It was designed to bring to the fore science-based understanding, examples of a systems approach in policy making, product design, business re-engineering, and sustainability solutions that provide intergenerational justice. The Summit witnessed a congregation of Ministers, 62 national and global speakers who were CEOs, CXOs, Secretaries, Joint Secretaries, and Heads of Institutions. Key Dignitaries included Mr Piyush Goyal, Minister of Railways, Commerce and Industry; Mr Amitabh Kant, CEO NITI Aayog, Mr Sanjiv Puri, Chairman, Advisory Council of CII-ITC Centre of Excellence for Sustainable Development and Chairman & Managing Director, ITC Limited and Mr Chandrajit Banerjee, Director General, CII. There were 200 participants representing corporates, ministries, government departments, academia, financial institutions, civil society, consultants, bilateral/multilateral agencies, research scholars, media, and educational institutions.

The Un-plastic Collective, a voluntary multi-stakeholder platform, co-partnered by CII, UNE and WWF India was launched at the 14th Sustainability Summit. The purpose of the Collective is to move beyond regulation and minimise the externalities of plastics on the environmental, ecological and social health of our planet. The collective seeks to galvanise commitment by industry, government and investors to reduce the generation and consumption of plastic and improve management of plastic waste. A report on "The Un-plastic

Strategy—Why and how to minimise externalities" was released at the Summit, detailing a step by step guide for businesses on the issue of managing plastics and provides a framework to prioritize action based on financial, social and environmental impact.

The CII-ITC Sustainability Awards recognise and reward outstanding contributions by corporates to sustainable development in the country. Since 2006, 953 businesses have applied for the Awards, of which 304 have been recognised so far. In 2019, out of 75 applicants, 29 companies were declared winners in various categories. The 14th CII-ITC Sustainability Awards 2019 took place virtually in July 2020.

The Climate Action Programme (CAP) 2.0^o instituted by the Centre in 2018 aims at raising the bar on corporate climate action and building climate resilience of Indian businesses. 20 large corporates and approximately 50 SMEs participated in the first cycle of the programme in 2018-19. A group of 20 assessors from the industry was also trained to carry out the assessments in this cycle. The applicant with the highest score in each sector, after undergoing 3 levels of assessments, including a site visit was recognised by a non-industry-based jury in the Climate Leadership Conference and Awards ceremony held on August 1, 2019.

In July 2019, 19 CEOs of India Inc. came forward as founding members of the India CEO Forum on Clean Air to provide corporate leadership to drive cross-sectoral action on air pollution. Subsequently, a declaration was charted, to provide impetus to corporate action on air pollution, signed by 22 CEOs. Aspiration of the forum is to achieve tangible improvements in ambient air quality by committing action on air pollution.

The Centre promoted capacity building in sustainability through a range of training and consulting assignments. In 2019, around 2000 participants were covered through 56 programmes, conducted both in India and abroad.



ITC Sangeet Research Academy

ITC Sangeet Research Academy (ITC-SRA), established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. The Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC-SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The Academy through its eminent gurus imparts intensive training and quality education in Hindustani classical music to its Scholars. The present Gurus of the Academy are Padma Bhushan Pandit Ajoy Chakrabarty, Padma Shri Pandit Ulhas

Kashalkar, Pandit Partha Chatterjee, Pandit Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar. The focus of the Academy remains nurturing of exceptionally gifted students, carefully hand-picked from across India, who receive scholarships to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. The objective of ITC-SRA is to create the next generation of masters of Hindustani Classical Music for the continued propagation of a precious legacy.



Major Awards 2019-2020

- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of the Most Valuable CEOs of India by BW Businessworld.
- Mr Nakul Anand, Executive Director, won 'The Corporate Hotelier of the World' Award 2019 from HOTELS, USA.
- ITC has been globally ranked no.1 amongst peers and no.3 overall by 'Sustainalytics', a global Environmental, Social and Governance (ESG) rating company, for ESG performance in the 'Food Products Industry'.
- ITC won the 'Best Corporate Initiative in Sanitation Award' at the India Sanitation Coalition – FICCI Sanitation Awards 2019
- ITC received 2 Effie Awards in the 'Integrated Marketing Campaign' and 'Foods' Categories (Silver Awards – highest honours) for Aashirvaad Atta's 'Tarun's Tiffin' advertisement campaign.
- Savlon Healthy Hands Chalk Sticks campaign listed among 'Iconic Work' of the decade in Cannes Lions Creativity Report.
- ITC Hotels was awarded the Best Luxury Hotel Chain, ITC Royal Bengal, Kolkata - Best New Hotel (Domestic), ITC Grand Goa Resort & Spa, Goa - Best Wedding Venue (Domestic) and Club ITC - Best Hotel Loyalty Programme by Travel+Leisure India at the 'India's Best Awards'.
- ITC's Agri Business received the Global Good Agricultural Practices (GAP) certification, for its efforts in implementing sustainable agricultural practices with chilli farmers in Andhra Pradesh, Karnataka and Telangana.
- ITC Head Office, Kolkata received the 'LEED Platinum' Certification in Existing Building Operation & Maintenance category from the U.S. Green Building Council.
- ITC Green Centre, Guntur received the 'Platinum rating certification' from the LEED Green Building rating system in the new construction and major renovation category.
- ITC Munger Unit won the 'IGBC Performance Challenge 2019 for Green Built Environment-Excellence Award' at the Green Building Congress 2019.
- First Prize in 5 categories at the Public Relations Society of India (PRSI) National Awards 2019
- ITC Medak Unit received the 'IGBC Green Factory Building – PLATINUM' Certification 2019 in new factories category from the Indian Green Building Council.
- ITC Kovai Unit received the Platinum-level certification, the highest recognition for water stewardship in the world, based on international benchmarks, from the Alliance for Water Stewardship, Scotland.
- ITC was conferred the 'PrintWeek Printing Company of the Year' Award, 'Green Company of the Year' Award in performance category, and 'Prism in Packaging Converter of the Year (Flexible)' Award in quality category, by Printweek India.
- ITC Haridwar Unit won the 'Outstanding Performance in Food Safety Excellence Award' in the Large Manufacturing Food Business Bakery category at the CII Award for Food Safety 2019.
- ITC's Spices business received the 'Outstanding Performance Award' in the spices & sauces category at the CII Award for Food Safety 2019.
- ITC received the 'CII National HR Excellence Award' for Significant Achievement in HR Excellence.



Major Awards Over The Years

- Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the 'Distinguished Alumnus Award of the Year 2018' conferred by IIT, Kanpur in recognition of his achievements of exceptional merit (2018).
- ITC has won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value' (2017).
- ITC won the 'Best Practices Award' from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry (2017).
- ITC Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazer Award 2016.
- ITC's Sankhya Data Centre, Bengaluru became the first data centre in the world to get LEED® Platinum Certification from the US Green Building Council (2016).
- ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni were FSC Chain of Custody certified (2015).
- ITC was ranked as 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014).
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012).
- ITC was conferred the National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India (2007).
- ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005).

For more details on awards, please refer to www.itcportal.com



ITC: Transforming Lives and Landscapes



ITC e-Choupal

- Empowering 4 million farmers



Afforestation Programme

- Greening over 802,000 acres



Watershed Development Programme

- Providing Soil & Moisture conservation to over 1,133,000 acres



Livestock Development Initiative

- Over 1,870,000 milch animals covered



Women Empowerment Initiative

- Creating over 74,400 sustainable livelihoods for women



Primary Education

- Benefitting over 775,000 children



Skilling & Vocational Training Initiative

- Over 81,500 youths benefitted



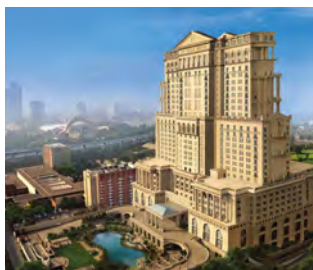
Health & Sanitation Programme

- Over 37,500 individual household toilets built



Green Buildings

- ITC has 30 Platinum Rated Green Buildings



Responsible Luxury

- ITC Hotels: Trailblazer in Responsible Luxury and Green Hoteliering



Promoting Sustainable Agricultural Practices

- Increasing farm productivity and farmer incomes



Solid Waste Management Initiative

- Well-being Out of Waste programme covers over 1,00,00,000 citizens

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC's businesses and value chains support over 6 million sustainable livelihoods.



ITC Limited

CIN : L16005WB1910PLC001985

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

Tel : +91 33 2288 9371 • Fax : +91 33 2288 2358 • E-mail : isc@itc.in • Website : www.itcportal.com

NOTICE OF 109TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Hundred and Ninth Annual General Meeting of the Members of ITC Limited will be held on Friday, the 4th day of September, 2020, at 10.30 a.m. (IST) for the transaction of the following businesses, through Video Conferencing / Other Audio Visual Means in conformity with the regulatory provisions and Circulars issued by the Ministry of Corporate Affairs, Government of India:-

ORDINARY BUSINESS

1. To consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2020, the Consolidated Financial Statements for the said financial year and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Mr. Nakul Anand (DIN: 00022279) who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Rajiv Tandon (DIN: 00042227) who retires by rotation and, being eligible, offers himself for re-election.
5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 142 of the Companies Act, 2013, the remuneration of ₹ 2,95,00,000/- (Rupees Two Crores and Ninety Five Lakhs only) to Messrs. S R B C & CO LLP, Chartered Accountants (Registration No. 324982E/E300003), Statutory Auditors of the Company, for conduct of audit for the financial year 2020-21, payable in one or more instalments plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby approved.”

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Atul Jerath (DIN: 07172664) be and is hereby appointed a Director of the Company, liable to retire by rotation, for a period of three years from the date of this Meeting, or till such earlier date upon withdrawal by the recommending Institution or to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. David Robert Simpson (DIN: 07717430) be and is hereby appointed a Director of the Company, liable to retire by rotation, for a period of five years with effect from 28th July, 2020, or till such earlier date upon withdrawal by the recommending Institution or to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

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

“Resolved that, in accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Nirupama Rao (DIN: 06954879) be and is hereby re-appointed a Director and also an Independent Director of the Company for a period of five years with effect from 8th April, 2021, or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines.”

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Sections 196 and 197 of the Companies Act, 2013, Mr. Nakul Anand (DIN: 00022279) be and is hereby re-appointed a Director, liable to retire by rotation, and also a Wholetime Director of the Company for a period of two years with effect from 3rd January, 2021, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines, on such remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.”

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Sections 196 and 197 of the Companies Act, 2013, Mr. Rajiv Tandon (DIN: 00042227) be and is hereby re-appointed a Director, liable to retire by rotation, and also a Wholetime Director of the Company for a period of one year with effect from 22nd July, 2021, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines, on such remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.”

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration of Mr. P. Raju Iyer, Cost Accountant, appointed by the Board of Directors of the Company as the Cost Auditor to conduct audit of Cost Records maintained by the Company in respect of ‘Wood Pulp’, ‘Paper and Paperboard’ and ‘Nicotine Gum’ products for the financial year 2020-21, at ₹ 4,50,000/- (Rupees Four Lakhs and Fifty Thousand only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

12. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

“Resolved that, in accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration of Messrs. S. Mahadevan & Co., Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of Cost Records maintained in respect of all applicable products of the Company, other than ‘Wood Pulp’, ‘Paper and Paperboard’ and ‘Nicotine Gum’ products, for the financial year 2020-21, at ₹ 5,75,000/- (Rupees Five Lakhs and Seventy Five Thousand only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

The Register of Members of the Company will remain closed from Wednesday, 8th July, 2020 to Thursday, 9th July, 2020. Dividend, if declared, will be paid on Tuesday, 8th September, 2020 to those Members entitled thereto and whose names will appear in the Register of Members of the Company on 9th July, 2020, or to their mandatees, subject however to the provisions of Section 126 of the Companies Act, 2013. In respect of dematerialised shares, the dividend will be paid on the basis of beneficial ownership as on Tuesday, 7th July, 2020, as per details to be furnished by National Securities Depository Limited (‘NSDL’) and Central Depository Services (India) Limited (‘CDSL’) for this purpose.

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

Dated : 26th June, 2020.

NOTES:

- (i) Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at this Annual General Meeting ('AGM'), is annexed.
- (ii) Since this AGM will be held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), Members will not be able to appoint proxies for this meeting. Further, Attendance Slip and Route Map are not being annexed to this Notice.
- (iii) Corporate Members are requested to send a scanned copy (in PDF / JPG format) of the Board Resolution authorising their representatives to attend the AGM, pursuant to Section 113 of the Act, through e-mail at **isc@itc.in**.
- (iv) In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Resolutions for consideration at this AGM will be transacted through remote e-voting (facility to cast vote prior to the AGM) and also e-voting during the AGM, for which purpose the Board of Directors of the Company ('the Board') have engaged the services of NSDL. The Board has appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer for this purpose.
- (v) **Remote e-voting will commence at 9.00 a.m. on 31st August, 2020 and will end at 5.00 p.m. on 3rd September, 2020**, when remote e-voting will be blocked by NSDL.
- (vi) Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on **28th August, 2020 (cut-off date)**. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting during the AGM. A person who is not a Member on the cut-off date should accordingly treat this Notice as for information purposes only.
- (vii) Pursuant to the Income-tax Act, 1961 read with the Finance Act, 2020, dividend income is taxable in the hands of the Members with effect from 1st April, 2020 and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing information and detailed instructions with respect to tax on dividend for the financial year ended 31st March, 2020 is being sent separately by the Company to the Members.
- (viii) Unclaimed dividend for the financial year ended 31st March, 2013 and the shares in respect of which dividend entitlements remain unclaimed for seven consecutive years will be due for transfer to the Investor Education and Protection Fund of the Central Government on 1st September, 2020, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Members are requested to claim the said dividend, details of which are available on the Company's corporate website **www.itcportal.com** under the section 'Investor Relations'. The Investor Service Centre of the Company ('ISC') will not be able to entertain any claim received after 31st August, 2020 in respect of the same.
- (ix) In conformity with the applicable regulatory requirements, the Notice of this AGM and the Report and Accounts 2020 are being sent only through electronic mode to those Members who have registered their e-mail addresses with the Company or with the Depositories.

Members who have not registered their e-mail addresses with the Company or with the Depositories and wish to receive the aforesaid documents are required to register their e-mail addresses online on the Company's corporate website under the section 'Investor Relations'. Alternatively, Members may send an e-mail to **isc@itc.in** or write to the ISC for registering their e-mail addresses.
- (x) The Company, in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, will be providing the facility of live webcast of the proceedings of the AGM on its corporate website.

I. Instructions for attending the AGM through VC / OAVM

- (a) Members who wish to attend this AGM through VC / OAVM are requested to login to the e-voting system of NSDL at <https://www.evoting.nsdl.com/> under '**Shareholder / Member - Login**' by using their remote e-voting user ID and password. Thereafter, click on the link appearing under '**Join General Meeting**' against the Electronic Voting Event Number ('EVEN') of ITC Limited.

Members who do not have their user ID and password for remote e-voting or have forgotten their user ID and / or password may retrieve the same by following the instructions given under (II) below.

- (b) The facility for the Members to join this AGM through VC / OAVM will be available from 30 minutes before the time scheduled for the meeting and may close not earlier than 30 minutes after the commencement of the meeting.
- (c) Members are requested to login to the NSDL e-voting system using their laptops / desktops / tablets with stable Wi-Fi or LAN connection for better experience. Members logging in from mobile devices or through laptops / desktops / tablets connecting via mobile hotspot or with low bandwidth, may experience audio / video loss due to fluctuation in their respective network.
- (d) Members who would like to express their views or ask questions during the meeting will be required to register themselves as speaker by sending e-mail to the Executive Vice President & Company Secretary at itcagm2020@itc.in from their registered e-mail address, mentioning their name, DP ID and Client ID / folio number and mobile number. Only those Members who have registered themselves as speaker by 10.30 a.m. on Wednesday, 2nd September, 2020 will be able to speak at the meeting.

Further, Members who would like to have their questions / queries responded to during the AGM are requested to send such questions / queries in advance within the aforesaid date and time, by following similar process as stated above.

II. Instructions for remote e-voting

Step 1: Login to NSDL e-voting website

If you are registered for NSDL e-services 'IDEAS', you can login at <https://www.eservices.nsdl.com/> with your existing IDEAS login and click on e-voting to proceed to Step 2 to cast your vote.

If you are not registered for 'IDEAS', please follow the following steps:

- (a) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com/> and click on '**Shareholder / Member - Login**'.
- (b) Insert your user ID & password on the login window and also insert the verification code as shown on the screen.

● User ID:

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

- **Password:**

- (i) **If you are already registered with NSDL for remote e-voting, you should use your existing password for login.**

Members may also use OTP based login.

- (ii) If you are using NSDL e-voting system for the first time, you would need to use your '**initial password**' for login, which has been communicated to you by the Company.

- (iii) If you are unable to retrieve the 'initial password', or have forgotten your password:

- Click on '**Forgot User Details / Password?**', if holding shares in dematerialised form, or
- Click on '**Physical User Reset Password?**', if holding shares in certificate form.

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

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

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

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

Other Instructions

- (a) Corporate and Institutional Members (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorisation to the Scrutinizer through e-mail at **rla.itcscrutinizer@gmail.com** with a copy marked to NSDL's e-mail ID **evoting@nsdl.co.in**.
- (b) Those who become Members of the Company after sending the Notice but on or before **28th August, 2020 (cut-off date)** may write to NSDL at **evoting@nsdl.co.in** or to the Company at **isc@itc.in** requesting for user ID and password. On receipt of user ID and password, the steps stated above under 'Step 2: Cast your vote on NSDL e-voting website' should be followed for casting of vote.
- (c) In case of any query / grievance, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website **www.evoting.nsdl.com** or contact:
 - (i) Mr. Amit Vishal, Senior Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 at telephone nos. **1800-222-990 (toll free)** or **022-2499 4360** or at e-mail ID **AmitV@nsdl.co.in**;
 - (ii) Mr. T. K. Ghosal, Head of ISC, at telephone nos. **1800-345-8152 (toll free)** or **033-2288 6426 / 0034** or at e-mail ID **tunal.ghosal@itc.in**. You may also send your queries to the e-mail ID **isc@itc.in**.

III. Instructions for e-voting during the AGM

- (a) The procedure for e-voting during the AGM is the same as mentioned above for remote e-voting.
- (b) The aforesaid facility will be available only to those Members who participate in the AGM and who do not cast their votes by remote e-voting prior to the AGM. Members, who cast their votes by remote e-voting, will not be entitled to cast their votes once again.

IV. Instructions for the Members whose e-mail IDs are not registered with the Company or with the Depositories

Members who hold shares in the certificate form or who have not registered their e-mail addresses with the Company or with the Depositories and wish to participate in the AGM or cast their votes through remote e-voting or e-voting during the meeting, may obtain their user ID and password by registering their e-mail addresses online on the Company's corporate website under the section 'Investor Relations'. Alternatively, Members may send an e-mail to isc@itc.in or write to the ISC for registering their e-mail addresses.

Such Members may also write to NSDL at evoting@nsdl.co.in and obtain their user ID and password by sending scanned copies of (i) signed request letter mentioning their name and DP ID and Client ID / folio number, (ii) share certificate (front and back) / self-attested client master or consolidated demat account statement, (iii) self-attested PAN Card, and (iv) any self-attested proof of their address (e.g. Driving License, Aadhaar Card etc.).

General Information

- (a) There will be one vote for every Client ID / registered folio number irrespective of the number of joint holders.
- (b) In case the Members require any technical assistance with respect to attending the meeting or voting during the meeting, they may contact the helpline numbers mentioned above under Clause (c) of 'Other Instructions' for remote e-voting.
- (c) The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 of the Act, the Register of contracts with related party, and contracts and bodies etc. in which Directors are interested under Section 189 of the Act, and the Certificate from the Statutory Auditors in respect of the Company's Employee Stock Option Schemes will remain available for inspection during the meeting, on the NSDL e-voting system after login.
- (d) **The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes.** The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.itcportal.com under the section 'Investor Relations' and on the website of NSDL; such Results will also be forwarded to the National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited, where the Company's shares are listed.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Hundred and Ninth Annual General Meeting to be held on Friday, 4th September, 2020.

Item No. 6

The Board of Directors of the Company ('the Board') at the meeting held on 31st January, 2020, on the recommendation of the Nomination & Compensation Committee ('the Committee'), appointed in terms of Section 161 of the Companies Act, 2013 ('the Act'), Mr. Atul Jerath as an Additional Non-Executive Director of the Company with effect from the said date. Mr. Jerath, who represents the General Insurers' (Public Sector) Association of India, will vacate office at this Annual General Meeting.

The Board at the meeting held on 26th June, 2020, on the recommendation of the Committee, recommended for the approval of the Members, the appointment of Mr. Jerath as a Non-Executive Director of the Company, as set out in the Resolution relating to his appointment.

Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Jerath has been received by the Company, and consent has been filed by Mr. Jerath pursuant to Section 152 of the Act.

Additional information in respect of Mr. Jerath, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections 'Your Directors' and 'Report on Corporate Governance'. Mr. Jerath does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

Mr. Jerath and his relatives are interested in this Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

Item No. 7

The Members of the Company at the 106th Annual General Meeting held on 28th July, 2017 approved the appointment of Mr. David Robert Simpson as a Non-Executive Director of the Company for a period of three years with effect from the said date. Mr. Simpson will complete his present term on 27th July, 2020.

The Board of Directors of the Company ('the Board') at the meeting held on 26th June, 2020, on the recommendation of the Nomination & Compensation Committee ('the Committee'), appointed in terms of Section 161 of the Companies Act, 2013 ('the Act'), Mr. Simpson as an Additional Non-Executive Director of the Company with effect from 28th July, 2020. Mr. Simpson, who represents Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c., will vacate office at this Annual General Meeting.

The Board at the aforesaid meeting, on the recommendation of the Committee, also recommended for the approval of the Members, the appointment of Mr. Simpson as a Non-Executive Director of the Company, as set out in the Resolution relating to his appointment.

Requisite Notice under Section 160 of the Act proposing the appointment of Mr. Simpson has been received by the Company, and consent has been filed by Mr. Simpson pursuant to Section 152 of the Act.

Additional information in respect of Mr. Simpson, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections 'Your Directors' and 'Report on Corporate Governance'. Mr. Simpson does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

Mr. Simpson and his relatives are interested in this Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

Item No. 8

The Members of the Company at the 105th Annual General Meeting ('AGM') held on 22nd July, 2016 approved the appointment of Ms. Nirupama Rao as an Independent Director of the Company for a period of five years with effect from 8th April, 2016. Ms. Rao will complete her present term on 7th April, 2021.

The Board of Directors of the Company ('the Board') at the meeting held on 26th June, 2020, on the recommendation of the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of Ms. Rao as an Independent Director of the Company with effect from 8th April, 2021, as set out in the Resolution relating to her re-appointment.

The Committee and the Board are of the view that, given the contribution to Board processes by Ms. Rao and her knowledge, experience and performance, her continued association would benefit the Company. Declaration has been received from Ms. Rao that she meets the criteria of independence prescribed under Section 149 of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In the opinion of the Board, Ms. Rao fulfils the conditions specified in the Act & the Rules thereunder and the Listing Regulations for re-appointment as an Independent Director and she is independent of the management of the Company. In addition to sitting fees for attending the meetings of the Board & its Committees and coverage under Personal Accident Insurance, Ms. Rao would be entitled to remuneration by way of commission ranging between ₹ 70 lakhs and ₹ 100 lakhs for each financial year, as approved by the Members at the 107th AGM held on 27th July, 2018, and as may be determined by the Board. Presently, such approval covers the period up to 31st March, 2024.

Consent of the Members by way of Special Resolution is required for re-appointment of Ms. Rao in terms of Section 149 of the Act. Further, pursuant to Regulation 17 of the Listing Regulations, consent of the Members by way of Special Resolution is also required for continuation of a Non-Executive Director beyond the age of seventy five years. During the proposed term of re-appointment, Ms. Rao will attain the age of seventy five years on 6th December, 2025. This Special Resolution, once passed, shall also be deemed as your approval under the Listing Regulations, for continuation of Ms. Rao as an Independent Director beyond the age of seventy five years.

Requisite Notice under Section 160 of the Act proposing the re-appointment of Ms. Rao has been received by the Company, and consent has been filed by Ms. Rao pursuant to Section 152 of the Act.

Additional information in respect of Ms. Rao, pursuant to the Listing Regulations and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections 'Your Directors' and 'Report on Corporate Governance'. Ms. Rao does not hold any share in the Company, either in her individual capacity or on a beneficial basis for any other person.

Ms. Rao and her relatives are interested in this Special Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

Item Nos. 9 & 10

The Members at the 107th Annual General Meeting held on 27th July, 2018 approved the re-appointment of Messrs. Nakul Anand and Rajiv Tandon as Wholetime Directors of the Company for a period of two years with effect from 3rd January, 2019 and 22nd July, 2019, respectively. Messrs. Anand and Tandon will complete their present terms on 2nd January, 2021 and 21st July, 2021, respectively.

The Board of Directors of the Company ('the Board') at the meeting held on 26th June, 2020, on the recommendation of the Nomination & Compensation Committee, recommended for the approval of the Members, the re-appointment of Messrs. Anand and Tandon as Directors, and also as Wholetime Directors of the Company, as set out in the Resolutions relating to their respective re-appointment. The individual remuneration of Messrs. Anand and Tandon is detailed below, which is the same as earlier approved by the Members:-

- (I) **Basic / Consolidated Salary** – ₹ 13,00,000/- per month.
- (II) **Performance Bonus** – Not exceeding 200% of Basic / Consolidated Salary, payable annually for each financial year, as may be determined by the Board.
- (III) **Long Term Incentives** – Annual value not exceeding 0.05% of the net profits of the Company for the immediately preceding financial year [computed in accordance with Section 198 of the Companies Act, 2013 ('the Act')], as may be determined by the Board.

(IV) **Perquisites** – In addition to the aforesaid Basic / Consolidated Salary, Performance Bonus and Long Term Incentives, Messrs. Anand and Tandon shall each be entitled to perquisites like gas, electricity, water, furnishings, leave travel concession for self and family, club fees, personal accident insurance, sampling of the Company's products and services etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to ₹ 10,00,000/- per annum, for the purposes of which limit perquisites shall be valued as per the provisions of the Income-tax Act and the Rules thereunder, wherever applicable, and in absence of any such provision, perquisites shall be valued at actual cost. However, the following shall not be included in the aforesaid perquisite limit:-

- (a) Rent free accommodation owned / leased / rented by the Company, or Housing Allowance in lieu thereof, as per the rules of the Company.
- (b) Contributions to Provident Fund and Superannuation Fund up to 27% of salary and contribution to Gratuity Fund up to 8.33% of salary, as defined in the rules of the respective Funds, or up to such other limit as may be prescribed under the Income-tax Act and the Rules thereunder for this purpose.
- (c) Perquisite value in terms of the Income-tax Act and the Rules thereunder upon exercise of Options and / or Stock Appreciation Rights granted under the Company's Employee Stock Option Schemes and / or Employee Stock Appreciation Rights Scheme.
- (d) Medical expenses for self and family as per the rules of the Company.
- (e) Use of chauffeur driven Company car and telecommunication facilities at residence (including payment for local calls and long distance official calls).
- (f) Encashment of unavailed leave as per the rules of the Company at the time of retirement / cessation of service.
- (g) Long service award as per the rules of the Company.
- (h) Costs and expenses incurred by the Company in connection with joining / transfer / retirement as per the rules of the Company.

The aggregate of the remuneration and perquisites / benefits, including contributions towards Provident Fund, Superannuation Fund and Gratuity Fund, payable to the Chairman & Managing Director and the Wholetime Directors of the Company taken together, shall be within the limit prescribed under the Act.

Requisite Notices under Section 160 of the Act proposing the re-appointment of Messrs. Anand and Tandon have been received by the Company, and consents have been filed by Messrs. Anand and Tandon pursuant to Section 152 of the Act.

Additional information in respect of Messrs. Anand and Tandon, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is appearing in the Report and Accounts under the sections 'Your Directors' and 'Report on Corporate Governance'.

Messrs. Anand and Tandon, and their relatives, are interested in the Resolutions relating to their respective re-appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

Item Nos. 11 & 12

The Board of Directors of the Company ('the Board') at the meeting held on 29th May, 2020, on the recommendation of the Audit Committee, approved the appointment and remuneration of Mr. P. Raju Iyer, Cost Accountant, to conduct audit of Cost Records maintained by the Company in respect of 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products, and Messrs. S. Mahadevan & Co., Cost Accountants, to conduct audit of Cost Records maintained in respect of the other applicable products of the Company viz., Flexibles, Soyabean Oil, Facewash, Handwash, Hand Sanitizer, Coffee, Milk Powder, Evaporated Skimmed Milk etc., for the financial year 2020-21.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be ratified by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

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

Dated : 26th June, 2020.