

# Report of the Board of Directors

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## 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

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₹ 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.

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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

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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.

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 <sup>@</sup>	19166.81	18444.16
b) Tax Expense		
– Current Tax	4441.97	5849.24
– Deferred Tax	(411.21)	130.60
c) Profit for the year <sup>@</sup>	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

<sup>@</sup>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.

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

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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 ₹ 15000<sup>1</sup> crores per annum. In respect of the other tobacco products also, the revenue losses are significant since about 68%<sup>2</sup> 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

<sup>1</sup> As per industry estimates

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

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

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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. ₹ 5175<sup>3</sup> 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 sectors<sup>4</sup>. 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.

<sup>3</sup> Based on statistics published by the Tobacco Board, Ministry of Commerce & Industry, Gov.

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

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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.

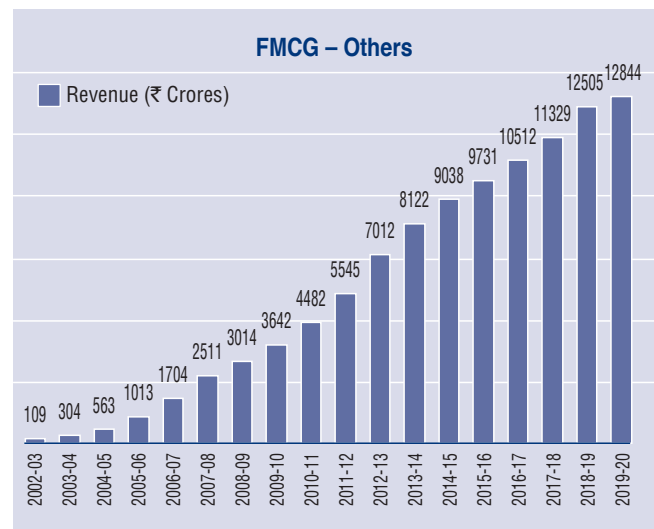
Segment EBITDA for the year registered robust growth of 32.8% to ₹ 914 crores with significant margin expansion of ~160 bps to 7.1%. This was driven by enhanced scale, product mix enrichment, reduced distance-to-market and other strategic cost management initiatives after absorbing the impact of sustained 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.

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 Dhooop 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

The agility demonstrated during the lockdown including ramp-up of operations, launch of new products in record time, deployment of ITC Store-on-Wheels and ITC e-Store, and collaboration with third parties for last mile delivery bears testimony to ITC's resilience and capabilities.

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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.

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 Caffe', 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 fragrancing 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.

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.

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 batters 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 batters 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 batis 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.

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.

‘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.

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.**



## Report of the Board of Directors

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 CO<sub>2</sub> 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.**

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.**

## Report of the Board of Directors

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.

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 'Utthama 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, weightment 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.

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.

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.



## Report of the Board of Directors

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](https://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

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

## Report of the Board of Directors

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.

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:

- a. 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).
- b. Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China – There were no significant events to report with respect to the above companies.

#### WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company was incorporated in Sri Lanka with the objective of developing and operating a mixed-use development project ('Project') comprising a luxury hotel and a super-premium

residential apartment complex situated on 5.86 acres of prime sea-facing land in Colombo.

The Project has been accorded '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

## Report of the Board of Directors

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 flatish.

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

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).

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



## Report of the Board of Directors

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.

### Anrang 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

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

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

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](http://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

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

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

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

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.

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.

## Report of the Board of Directors

### 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

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:

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) prepared the Annual Accounts on a going concern basis;
- e) laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and were operating effectively; and
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### CONSOLIDATED FINANCIAL STATEMENTS

Your Company's Board of Directors is responsible for the preparation of the consolidated financial statements of your Company and its Subsidiaries ('the Group'), Associates and Joint Venture entities, in terms of the requirements of the Companies Act, 2013 (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

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:

- i. Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;
- ii. ITC Sangeet Research Academy (ITC SRA), a true embodiment of your Company's sustained commitment to a priceless national heritage;
- iii. ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;
- iv. '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 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	143	2368	**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	391	6153	**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
<b>TOTAL</b>				<b>33400</b>	<b>31074</b>	<b>1575</b>	<b>32649</b>	

\* 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, Koppal, Kadapa  
 Assam- Baksa, Bongaigaon, Dibrugarh, Goalpara, Kamrup, Cachar, Karimganj, Dibrugarh, Guwahati  
 Bihar- Araria, Begusarai, Buxar, Kailash, Lakhisarai, Munger, Samastipur, Sheikhpura, Siemari, Patna, Muzaffarpur, Rohas, Nalanda, Kaimur (Bhabua), Khatwa, 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, Udipi, Chikmagalur, (Chikmagalur)  
 Madhya Pradesh- Agar Malwa, Barwani, Bhopal, Chhatarpur, Chhindwara, Damoh, Dewas, Guna, Hoshangabad, Indore, Khandwa, Mandla, Mandlaur, Rajgarh, Ratlam, Raisen, Sehore, Shivpuri, Singrauli, Ujjain, Vidisha, Jabalpur, Ashok Nagar, Anuppur, Balaghat, Datta, Morena, Panna, Rewa, Satna, Sidhi  
 Maharashtra- Ahmednagar, Amravati, Nandurbar, Pachgheri, Pune, Ratnagiri, Satara, Wardha, Aurangabad, Nagpur, Chandrapur, Sangli, Mumbai City, Akola, Nanded, Nashik, Washim  
 Delhi- South Delhi, New Delhi, North Delhi  
 Odisha- Ganjam, Kalahandi, Khordha, Malkangiri, Rayagada, Puri, Cuttack, Sundergarh  
 Punjab- Kapurthala, Amritsar, Ludhiana, Jalandhar, Bhatinda, Patiala  
 Rajasthan- Baran, Bundi, Jaisalmer, Jalore, Kota, Pali, Jhunjhunun, Barmer, Jalore, Jaipur, Bikaner, Almer  
 Tamil Nadu- Chennai, Coimbatore, Krishnagiri, Madurai, Pudukkottai, Theni, Tiruvarur, Tiruchirappalli, Tiruthokkudi (Tutukudi), Vrindhanagar, Nilgiris, Villor, Ramanathapuram, Sivaganga, Erode, Thanjavur, Tirupur, Salem  
 Telangana- Bhadrachal Kotagudem, Hyderabad, Mahabubabad, Suryapet, Warangal, Siddipet, Rajanna Sircilla, Medak, Manchubagnar, Karimnagar, Rangra Reddy, Khanaman, Mancherial, Sangareddy, Vikarabad, Yadadri Bhuvanagiri, Nalgonda, Medchal Malkajgiri  
 Tripura- West Tripura, Unakoti  
 Uttar Pradesh- Bahraich, Balrampur, Chandauli, Chitrakoot, Gorakhpur, Hathras, Kaushambi, Lucknow, Saharanpur, Shravasti, Sonbhadra, Kanpur, Mathura, Varanasi, Allahabad, Ghazabad, Gautam Buddha Nagar, Lucknow, Agra, Bareilly, Meerut, Jhansi, Shahjahanpur, Moradabad, Aligarh, Azamgarh, Pilibhit, Badaun, Haridwar, Gonda, Ballia

\*\* 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	<b>FMCG</b>			
	- 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	<b>Hotels</b>			
	- Hotels Sales / Income from Hotel Services	55101, 56101, 56210, 56301, 74909	3.94%	4.03%
3	<b>Agri Business</b>			
	- 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	<b>Paperboards, Paper &amp; Packaging</b>			
	- 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(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
<b>Sub-total (A)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Foreign</b>									
(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
<b>Sub-total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(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 / FII	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
<b>Sub-total (B)(1):-</b>	<b>6,75,82,66,088</b>	<b>15,66,871</b>	<b>6,75,98,32,959</b>	<b>55.14</b>	<b>7,00,98,98,856</b>	<b>14,26,576</b>	<b>7,01,13,25,432</b>	<b>57.04</b>	<b>1.90</b>
<b>(2) Non-Institutions</b>									
(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
<b>Sub-total (B)(2):-</b>	<b>1,73,62,32,749</b>	<b>3,74,18,46,963</b>	<b>5,47,80,79,712</b>	<b>44.69</b>	<b>1,54,47,64,031</b>	<b>3,72,09,19,919</b>	<b>5,26,56,83,950</b>	<b>42.84</b>	<b>(1.85)</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>8,49,44,98,837</b>	<b>3,74,34,13,834</b>	<b>12,23,79,12,671</b>	<b>99.83</b>	<b>8,55,46,62,887</b>	<b>3,72,23,46,495</b>	<b>12,27,70,09,382</b>	<b>99.88</b>	<b>0.05</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>2,06,78,430</b>	<b>40,500</b>	<b>2,07,18,930</b>	<b>0.17</b>	<b>1,51,81,359</b>	<b>40,500</b>	<b>1,52,21,859</b>	<b>0.12</b>	<b>(0.05)</b>
<b>Grand Total (A+B+C)</b>	<b>8,51,51,77,267</b>	<b>3,74,34,54,334</b>	<b>12,25,86,31,601</b>	<b>100.00</b>	<b>8,56,98,44,246</b>	<b>3,72,23,86,995</b>	<b>12,29,22,31,241</b>	<b>100.00</b>	<b>0</b>

(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	<b>Tobacco Manufacturers (India) Limited</b>				
	At the beginning of the year	<b>2,97,83,47,320</b>	<b>24.30</b>		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			<b>2,97,83,47,320</b>	<b>24.23</b> ®
2	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	<b>1,98,15,49,720</b>	<b>16.16</b>		
	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			<b>1,99,75,40,067</b>	<b>16.25</b>
3	<b>Specified Undertaking of the Unit Trust of India</b>				
	At the beginning of the year	<b>97,45,31,427</b>	<b>7.95</b>		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			<b>97,45,31,427</b>	<b>7.93</b> ®
4	<b>Myddleton Investment Company Limited</b>				
	At the beginning of the year	<b>48,63,11,940</b>	<b>3.97</b>		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			<b>48,63,11,940</b>	<b>3.96</b> ®
5	<b>General Insurance Corporation of India</b>				
	At the beginning of the year	<b>20,89,57,830</b>	<b>1.70</b>		
	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			<b>21,63,45,508</b>	<b>1.76</b>

(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	<b>The New India Assurance Company Limited</b>				
	At the beginning of the year	<b>18,83,29,806</b>	<b>1.54</b>		
	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			<b>18,33,26,650</b>	<b>1.49</b>
7	<b>Rothmans International Enterprises Limited</b>				
	At the beginning of the year	<b>15,49,54,890</b>	<b>1.26</b>		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			<b>15,49,54,890</b>	<b>1.26</b>
8	<b>Government of Singapore</b>				
	At the beginning of the year	<b>18,37,71,739</b>	<b>1.50</b>		
	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			<b>15,28,13,074</b>	<b>1.24</b>
<b>9</b>	<b>The Oriental Insurance Company Limited</b>				
	At the beginning of the year	<b>13,63,25,492</b>	<b>1.11</b>		
	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			<b>13,63,62,834</b>	<b>1.11</b>
<b>10</b>	<b>ICICI Prudential Life Insurance Company Limited</b>				
	At the beginning of the year	<b>15,37,94,527</b>	<b>1.25</b>		
	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			<b>13,48,19,983</b>	<b>1.10</b>

@ 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	<b>S. Puri, Chairman &amp; Managing Director</b>				
	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	<b>N. Anand, Executive Director</b>				
	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>B. Sumant, Executive Director</b>				
	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	<b>R. Tandon, Executive Director &amp; Chief Financial Officer</b>				
	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	<b>S. B. Mathur, Non-Executive Independent Director</b>				
	At the beginning of the year	1,70,500	0.00		
	Increase / Decrease in Shareholding during the year:				
	At the end of the year	0	N.A.	0	N.A.
				1,70,500	0.00
6	<b>A. Nayak, Non-Executive Independent Director</b>				
	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	<b>A. K. Seth, Non-Executive Independent Director</b>				
	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:				
	At the end of the year	0	N.A.	0	N.A.
				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	<b>M. Shankar, Non-Executive Independent Director</b>				
	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			<b>45,000</b>	<b>0.00</b>
9	<b>R. K. Singhi, Executive Vice President &amp; Company Secretary</b>				
	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			<b>1,53,000</b>	<b>0.00</b>

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
<b>Indebtedness at the beginning of the financial year</b>				
(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
<b>Total (i+ii+iii)</b>	<b>0.00</b>	<b>1,112.72</b>	<b>0.20</b>	<b>1,112.92</b>
<b>Change in Indebtedness during the financial year</b>				
– Addition	0.00	0.00	0.00	0.00
– Reduction	0.00	324.26	0.00	324.26
<b>Net Change</b>	<b>0.00</b>	<b>(324.26)</b>	<b>0.00</b>	<b>(324.26)</b>
<b>Indebtedness at the end of the financial year</b>				
(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
<b>Total (i+ii+iii)</b>	<b>0.00</b>	<b>788.46</b>	<b>0.20</b>	<b>788.66</b>

\* 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, Wholtime 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 <sup>1</sup>	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 <sup>2</sup>	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
	<b>Total (A)</b>	<b>758.33</b>	<b>403.78</b>	<b>253.55</b>	<b>384.01</b>	<b>1,799.67</b>
	<b>Ceiling as per the Act</b>	<b>1,91,090</b>				
		(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	<b>Independent Directors</b>				
	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
	<b>Total (B)(1)</b>	<b>53.00</b>	<b>300.00</b>	<b>0.00</b>	<b>353.00</b>
2	<b>Other Non-Executive Directors</b>				
	H. Bhargava	9.50 <sup>\$</sup>	40.60 <sup>*</sup>	0.00	50.10
	A. Jerath <sup>@</sup>	0.00	0.00	0.00	0.00
	D. R. Simpson	7.50	60.00	0.00	67.50
	<b>Total (B)(2)</b>	<b>17.00</b>	<b>100.60</b>	<b>0.00</b>	<b>117.60</b>
	<b>Total (B) = (B)(1) + (B)(2)</b>				<b>470.60</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>2,270.27</b>
	<b>Overall Ceiling as per the Act</b>	<b>2,10,199</b>			
		(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 <sup>1</sup>	12.51
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00
2	Stock Option <sup>2</sup>	0.00
3	Sweat Equity	0.00
4	Commission	
	- as % of profit	0.00
	- others, specify	0.00
5	Others, please specify	0.00
	<b>Total Amount</b>	<b>148.77</b>

**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
<b>Expenditure on R&amp;D:</b>	<b>(₹ in Lakhs)</b>
i) Capital	1,384
ii) Revenue	14,155
<b>Total</b>	<b>15,539</b>
<b>Total R&amp;D Expenditure (as a % of Gross Revenue)</b>	<b>0.34%</b>

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 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 (%)
S Puri	Chairman & Managing Director	168 : 1	11
N Anand	Executive Director	91 : 1	16
B Sumant <sup>1</sup>	Executive Director	58 : 1	433*
R Tandon	Executive Director & Chief Financial Officer	86 : 1	10
S Banerjee	Independent Director	15 : 1	(1)
H Bhargava <sup>2</sup>	Non-Executive Director	11 : 1	616*
A Duggal	Independent Director	15 : 1	(6)
A Jerath <sup>3</sup>	Non-Executive Director	–	–
S B Mathur	Independent Director	15 : 1	(3)
A Nayak <sup>4</sup>	Independent Director	1 : 1	–
N Rao	Independent Director	14 : 1	(2)
A K Seth <sup>4</sup>	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 <sup>5</sup>	Chairman & Non-Executive Director	123 : 1	(65)
J Pulinthanam <sup>6</sup>	Non-Executive Director	13 : 1	2208*
S S H Rehman <sup>7</sup>	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

<sup>1</sup> Appointed with effect from 16.11.2018

<sup>2</sup> Appointed with effect from 28.07.2018

<sup>3</sup> Appointed with effect from 31.01.2020 - no remuneration was paid during the year

<sup>4</sup> Appointed with effect from 13.07.2019

<sup>5</sup> Passed away on 11.05.2019

<sup>6</sup> Appointed with effect from 16.05.2018 and resigned with effect from 23.12.2019

<sup>7</sup> 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
<b>Top ten employees in terms of remuneration drawn.</b>								
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
<b>Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.</b>								
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.
Janardan 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)
<b>Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.</b>								
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 *Chairman & Managing Director*  
R. TANDON *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 (%) <sup>1</sup>	32.9	27.6
(iii)	Debtors Turnover <sup>2</sup>	22.1	12.4
(iv)	Inventory Turnover	5.8	6.0
(v)	Current Ratio <sup>3</sup>	4.0	3.1
(vi)	Return on Net worth <sup>1</sup>	23.8	21.5

#### Notes:

- Net Profit Margin** and **Return on Net worth ratios** have been computed based on **Profit After Tax (before exceptional items)**.
- The relatively higher **Debtors Turnover ratio** for the year ended 31st March, 2020 is largely attributable to lower year-end credit sales.
- 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.
- 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