

Report of the Board of Directors

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Management Discussion and Analysis

For the Financial Year Ended 31st March, 2021

SOCIO-ECONOMIC ENVIRONMENT

The year 2020 proved to be a tumultuous one for the global economy in the wake of the COVID-19 pandemic that unleashed unprecedented disruption to human life and economic activity the world over. The global economy, which was already decelerating prior to the pandemic, suffered a massive recessionary shock and contracted by 3.3% in 2020 – the sharpest drop since the Second World War. Most major economies, barring China, witnessed contraction. Advanced Economies were amongst the most affected by the pandemic, contracting by 4.7% in 2020, with the United States and Euro Area degrowing by 3.5% and 6.6% respectively. Emerging Markets and Developing Economies contracted for the first time in 60 years, registering a degrowth of 2.2% in 2020.

The depressed economic conditions and deterioration of business and consumer sentiment prompted a series of interventions by governments across the world. Central banks across countries responded synchronously, effecting sharp cuts in policy interest rates, boosting liquidity and undertaking large asset purchase programmes to help stimulate economic activity and alleviate tight financial conditions. Major economies across the world announced stimulus packages in the range of 10% to 45% of their respective GDPs. However, repeated waves of virus outbreak impeded the recovery momentum necessitating the re-imposition of mobility restrictions and containment measures which stalled the normalisation process and slowed down the pace of economic recovery.

As per IMF estimates, aggregate global economic growth is expected to record a sharp rise of 6.0% in 2021, mainly off a low base in 2020. Advanced Economies are projected to grow by 5.1% with major economies such as United States, Euro Area, United Kingdom and Japan set for a strong rebound. Emerging Market and Developing Economies are estimated to grow by 6.7%, led by the Chinese economy which is expected to grow by 8.4%.

While many economies are on the path to recovery on the back of measures towards virus containment, vaccination drives, stimulus packages etc., the outlook remains challenging on account of divergence in the shape and pace of recovery as well as the potential for medium-to-long term economic scarring from the crisis. 'Multispeed' recoveries are underway across regions and income groups, marked by stark differences in the pace of vaccine rollout, extent of economic policy support, and structural factors such as reliance on contact-intensive sectors such as tourism in the case of certain countries. Amongst Advanced Economies, the United States is expected to surpass its pre-Covid GDP level in 2021, while for many others in the group, such recovery is expected only in 2022. Within Emerging Market and Developing Economies, while China has already returned to pre-Covid GDP levels in 2020, many others are not expected to do so until well into 2023.

The Government of India responded swiftly by announcing a lockdown towards the end of March, 2020 to contain the spread of the virus, protect lives and gear up the healthcare infrastructure in the interim.

The depressed economic conditions and deterioration of business and consumer sentiment prompted a series of interventions by governments across the world. The Government of India responded swiftly to contain the spread of the virus, protect lives and gear up the health care infrastructure. This was followed up with several steps to support livelihoods and economic activity through stimulus packages.

This was followed up with several steps to support livelihoods and economic activity through stimulus packages, largely in the form of liquidity boosting measures along with direct cash transfers and subsidies. Progressive easing of restrictions and improvement of mobility led to a pick-up in economic activity in the second half of the year; however, aggregate demand remained below pre-Covid levels and contact-intensive segments such as aviation and hospitality, and discretionary consumption continued to lag the rest of the economy.

The Indian economy faced its worst crisis ever, degrowing by 7.3% during the year; the first quarter of the year was particularly impacted with GDP contracting by 23.9%. Overall for the year, the Industry and Services sectors declined by 8.2% and 8.1% respectively, while Agriculture remained relatively resilient growing by 3% over the previous year. The MSME and unorganised sectors were severely impacted. Fixed Capital Formation witnessed a steep decline of 12.4% and Private consumption (PFCE) contracted by 9.0%, reflecting dampened business sentiment and consumer confidence. Contraction in economic activity and lower tax collections contributed to a large Fiscal Deficit of 9.5% of GDP for the year.

While earlier estimates of India's GDP growth for 2021-22 ranged between 11.0% to 13.0%, the ferocity of the second wave in India since February, 2021 has adversely impacted economic prospects. Most States have had to reimpose mobility restrictions in a bid to contain the spread of the virus which has slackened the recovery momentum significantly. High frequency indicators point to economic activity having fallen by ~25-30% from nearly pre-Covid levels in February-March 2021. This has led to sharp downward revisions to the earlier growth projections by 200 to 300 basis points.

There is heightened uncertainty around the timing and shape of the recovery trajectory. A rapid scale up in the pace of vaccination and gearing up of the healthcare infrastructure to mitigate the impact of possible future outbreaks would be critical going forward. On the Consumption side, urban-led recovery may be relatively muted compared to the first wave as consumers switch to precautionary savings mode and rising healthcare costs eat into household spending. Rural demand, which remained strong in FY 2020-21 on the back of robust agricultural output, government support and reverse migration, may also be blunted by the large scale spread of the virus to the hinterland in the second wave. On the other hand, less severe restrictions, a more prepared organised sector and a pick-up in vaccination coverage present some of the key mitigating factors going forward. Robust recovery in Advanced Economies and other Emerging Markets, as stated earlier, could provide the much needed tailwind from an external demand perspective.

Even as the Indian economy faces multi-dimensional challenges in the short term, it remains one of the most dynamic major economies in the world with huge potential. With structural drivers of growth firmly in place, the pace of economic growth is expected to pick up over time. Policy announcements in the Union Budget 2021 are expected to provide further impetus to build India's competitiveness and foster inclusive growth. Higher capital expenditure outlay along with heightened spends on agriculture and rural infrastructure development augur well for the economy and will spur a virtuous consumption-investment-employment cycle. Notwithstanding the execution challenges in the near term, reforms announced in the agricultural sector hold promise to foster a new era of growth for farmers and rural India that comprise nearly half of the country's workforce.

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As the Indian economy recovers from the severe impact of the pandemic, policy interventions would need to be sharply focused on supporting sustainable livelihoods and fostering inclusive growth. Structural support would need to be provided to sectors with huge economic multiplier impact and those that are still under considerable stress such as MSME, Travel & Tourism, etc. The development of robust domestic agri and wood-based value chains hold special importance in the Indian context given their enormous potential to contribute to national objectives.

Enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical to enhance the competitiveness of the agricultural sector and drive significant increase in farmers' income. India is the leading producer worldwide in several commodities, including shrimps, spices, fruits such as mango, papaya, bananas, etc.; it is also the second largest producer of rice and has the largest population of buffaloes, globally. However, India's agri-exports aggregating appx. US\$ 42 billion represent a global market share of only about 2.5%. Expert studies indicate the potential to double India's agri-exports by strengthening the competitiveness of agri-value chains in areas that are aligned to global demand and where the country has inherent advantages. This calls for a transformational shift of the agri ecosystem from the conventional production-centric supply chains to demand-responsive value chains anchored by market players.

It is pertinent to note that a substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher 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 would require

focused investment in developing product-specific climate-controlled infrastructure as well as in branded products that benefit large agri-value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers. A big thrust on India's Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. In this context, the recently announced Production Linked Incentive (PLI) scheme for the Food Processing sector, with an estimated outlay of ₹ 10900 crores, is expected to play a pivotal role in boosting investments, agri-exports, farmer incomes, employment generation and building Indian brands for the global market.

Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only impede job creation in India but also promote avoidable imports. Supportive policies in this area would go a long way in supporting sustainable livelihoods while simultaneously augmenting the Nation's environmental capital. The recent policy interventions on raw batti imports into the country augur well for enhancing the competitiveness of domestic value chains and fostering large scale employment generation.

Your Company's interventions across its operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution by enhancing the competitiveness of domestic agri-value chains and industry, creating national brands to maximise value capture in India, increasing Indian agri-exports and promoting sustainable business practices. Investments made by your Company continue to be guided by the national objectives of 'Make in India'

As the Indian economy recovers from the severe impact of the pandemic, policy interventions would need to be sharply focused on supporting sustainable livelihoods and fostering inclusive growth. Structural support would need to be provided to sectors with huge economic multiplier impact.

and ‘Doubling Farmers’ Income’ and the overarching theme of ‘Atmanirbhar Bharat’ that seeks to make the country stronger, resilient and more competitive.

As reported in earlier years, 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. Over 200,000 farmers in UP have already been covered and the programme is planned to be rolled out to over 10 lakh farmers, progressively. Around 35,000 farmers who adopted all initiatives reported doubling of incomes, while those who implemented the programme partially have reported 30% to 75% growth in income. 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 operations. Over 25 lakh farmers have so far been trained in the package of practices appropriate for the dominant crop of the region. These interventions have led to improvement in yields and reduction in cultivation cost thereby augmenting farmer incomes by appx. 60% for both paddy and soyabean cultivated in Kharif 2020 season.

Your Company is also partnering with the State Government of Andhra Pradesh towards improving the quality of chilli production in the country to meet global standards. A Public Private Producer Partnership programme, ‘Integrated Agri-Extension Platform for Chilli Farm Value Chain Development’, has been conceptualised under which over 40,000 farmers covering appx. 100,000 acres in the districts of Prakasam, Krishna, Kurnool and Guntur of Andhra Pradesh are expected to be benefited. In FY 2020-21, the project covered over 10,000 farmers and 26,800 acres in 77 villages. Farmers covered under the project were able to generate 27% additional income

per acre due to improved quality, farm productivity and higher share of farm gate sales.

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. Environmentally sustainable farm practices including zero-till sowing, micro-irrigation and watershed development continue to be promoted.

The farm sector faces enormous threats arising out of climate change as evident from the growing number of extreme weather events of both droughts and floods. Given the vulnerabilities, it is critical to strengthen climate resilience and adaptability of the agri-food sector. In this context, your Company’s interventions in collaboration with CGIAR’s ‘Climate Change and Food Security Programme’ to build climate smart villages was expanded to over 1600 villages across 14 states and supported farmers in the management of risks arising from erratic and extreme weather events. Your Company’s Climate Smart Village intervention in Rajasthan demonstrated yield improvement of 10% for soyabean crop (Kharif 2020) and 15% in the case of wheat crop (April 2020 harvest). Reduction in cost of cultivation along with yield improvement led to increase in net income by 87% in soyabean and 41% in wheat. According to CGIAR estimates, average Greenhouse gas (GHG) emissions in soyabean reduced by up to 37% as compared to the baseline.

Demand side management is another critical component of your Company’s Water Stewardship Programme. Recognising the critical imperative of reducing water use, especially in agriculture, your Company continues to work with farmers to achieve

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'more crop per drop' and improve farmer incomes. Around 3 lakh acres have been covered till date across 6 states. Through micro irrigation and crop-specific precision agronomical practices, potential water savings are to the tune of 208 million cubic metres in a year as per various studies.

During the year, your Company focused on maximising livelihood generation for farmers and daily wage earners under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Starting from mid-April 2020, 55 lakh person days of work, valued at ₹ 90.5 crores, was completed in 2,448 villages spread across 64 districts in 16 states. These works also led to the construction of long-term productive assets for the community in the form of 5,631 water harvesting structures that provide life-saving irrigation to agriculture.

In Kapurthala District, Punjab, ITC Mission Sunehra Kal has, over the last three years, implemented solutions that have effectively substituted the burning of paddy stubble by farmers. During the year, the programme covered 109,295 acres with appx. 87% of the area witnessing total stoppage of stubble burning, thereby avoiding 75,000 tonnes of carbon release into the atmosphere.

Although India has appx. 18% of the world population, its share of natural resources is disproportionately low with only 2.4% of global land mass, 4% of freshwater resources and 1% of forest resources. According to the 'State of Working India 2021' report released recently, the economic fallout of the pandemic is expected to push 230 million Indians into poverty, underscoring the vulnerability of the economically weaker sections of society and reversing the significant progress made by the country over the last two decades. It is more critical than ever before to redouble efforts, both at the national and corporate

level, towards fashioning strategies that foster sustainable, equitable and inclusive growth.

It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital while enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance 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 19 years), 'carbon positive' (for 16 years), and 'solid waste recycling positive' (for 14 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 sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies. It has also been included in the Dow Jones Sustainability Emerging Markets Index - a reflection of being a sustainability leader in the industry and a recognition of your Company's continued commitment to people and planet. The Kovai unit was awarded Platinum rating by the Alliance for Water Stewardship Standards which is the highest recognition for water stewardship in the world. The unit is the first site in India and the first paper mill in the world to achieve this recognition.

Expert studies indicate the potential to double India's agri-exports by strengthening the competitiveness of agri-value chains in areas that are aligned to global demand and where the country has inherent advantages.

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To this end, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainable business exemplar. Further details on this subject are available in the Sustainability section of this Report.

FINANCIAL PERFORMANCE

The operating environment during the year was rendered extremely challenging by the outbreak of the pandemic, which caused unprecedented disruptions across your Company's operating segments. Your Company responded with agility and speed in adapting to the 'new normal' by resuming operations expeditiously and launching innovative products in record time to address emergent consumer needs. Your Company also formed strategic partnerships, deployed innovative delivery models and enhanced usage of digital technologies for efficient market servicing. With safety and well-being of your Company's employees, partners and associates accorded paramount importance, your Company instituted the highest standards of hygiene and safety protocols across all nodes of operations.

The onset of the pandemic rendered the operating environment extremely challenging. While sequential pick-up in all operating segments in the second half of the year mitigated the impact, the disruptions in the first half weighed on the overall performance for the year. Relentless focus on cost reduction across Businesses aided in partially mitigating the impact of negative operating leverage.

- The FMCG-Others Segment delivered robust performance, with comparable Segment Revenue growing strongly by 15.8% (excluding the Educational and Stationery Products Business which was impacted by prolonged closure of educational institutions, the Lifestyle Retailing Business due to ongoing restructuring of operations and the impact of acquisition of Sunrise Foods Private Limited during the year). This was driven by a surge in demand for Staples, Convenience Foods and Health & Hygiene products in the first half of the year and strong recovery in the discretionary/out-of-home portfolio in the latter half. Profitability of the FMCG-Others Segment improved significantly with Segment EBITDA margin expanding by ~180 bps on the back of higher operating leverage, enhanced operational efficiencies, product mix enrichment, delayering of operations, reduced distance-to-market and other structural interventions across the value chain. Such improvement was achieved notwithstanding incremental operating costs due to COVID-19 and gestation costs pertaining to new categories/facilities.
- The FMCG-Cigarettes Segment was severely impacted in the first half of the year due to Covid-induced restrictions. With gradual easing of restrictions and improved mobility, the Business recovered progressively to reach nearly pre-Covid levels towards the close of the year.
- After an extremely challenging first half, the Hotels Segment witnessed progressive improvement in revenues driven by focused interventions including introduction of special packages for target segments, launch of curated food delivery/takeaway menus, etc. Pick-up in revenues together with aggressive cost reduction measures aided the Business turn EBITDA positive in the second half of the year.

ITC's interventions are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution, creating national brands to maximise value capture in India, increasing Indian agri-exports and promoting sustainable business practices.

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- The Agri Business Segment posted robust growth in revenue driven by opportunities in wheat, rice and oilseeds, scale up of the value-added portfolio and higher supplies to the Branded Packaged Foods Businesses to support enhanced scale; subdued demand for leaf tobacco in international markets and adverse business mix, however, weighed on Segment Results.
- The Paperboards, Paper & Packaging Segment was adversely impacted by subdued offtake in end-user segments such as publications, liquor and wedding cards; robust growth in exports and strong demand in pharma & décor segments helped partially mitigate the impact. A significant uptick in volumes and realisations in paperboards in the latter half of the year on the back of recovery in most end-user industries, relentless focus on enhancing operational efficiency and structural cost-saving interventions resulted in a much-improved performance.

Overall for FY 2020-21, Gross Revenue at ₹ 48151.24 crores increased by 3.9%, while Profit Before Tax (before exceptional items) at ₹ 17164.15 crores degrew by 11.1% over FY 2019-20 and Profit After Tax stood at ₹ 13031.64 crores (previous year ₹ 15136.05 crores). Total Comprehensive Income for the year stood at ₹ 13277.89 crores (previous year ₹ 13754.24 crores). Earnings Per Share for the year stood at ₹ 10.59 (previous year ₹ 12.33).

In line with your Company's track record of consistent increase in annual dividend payouts, the Directors of your Company are pleased to recommend a Final Dividend of ₹ 5.75 per Ordinary Share of ₹ 1 each for the financial year ended 31st March, 2021. Together with the Interim Dividend of ₹ 5.00 per share paid on 10th March, 2021, the total Dividend for the financial year ended 31st March, 2021, amounts to

₹ 10.75 per share (previous year ₹ 10.15 per share). Total cash outflow on account of Dividends (including interim Dividend of ₹ 6152.68 crores paid in March 2021) will be ₹ 13230.27 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, aggregated around ₹ 239000 crores of which over ₹ 167000 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 over 75% 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 your Company's portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 7.3 billion, of which agri exports constituted 56%. 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 2020-21, your Company and its subsidiaries earned ₹ 5934 crores in foreign exchange. The direct foreign exchange earned by

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your Company amounted to ₹ 4600 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1664 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1366 crores and import of capital goods of ₹ 298 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in crores)

PROFITS	FY 2020 - 21	FY 2019 - 20
a) Profit Before Tax [@]	17164.15	19166.81
b) Tax Expense		
– Current Tax	4035.36	4441.97
– Deferred Tax	97.15	(411.21)
c) Profit for the year [@]	13031.64	15136.05
d) Other Comprehensive Income	246.25	(1381.81)
e) Total Comprehensive Income	13277.89	13754.24
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	33596.14	26978.13
b) Add: Profit for the year	13031.64	15136.05
c) Add: Other Comprehensive Income (net of tax)	(29.66)	(113.54)
d) Add: Transfer from share option on exercise and lapse	222.96	17.73
e) Less: Dividends		
– Ordinary Dividend of ₹ 10.15 (2020: ₹ 5.75) per share	12476.61	7048.71
– Interim Dividend of ₹ 5.00 (2020: Nil) per share	6152.68	–
– Income Tax on Dividend paid	(13.98)	1373.52
f) Transfer from Equity Instruments through Other Comprehensive Income reserve on renunciation of rights entitlements (net of tax)	4.82	–
g) At the end of the year	28210.59	33596.14

[@]Previous 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

The onset of COVID-19 pandemic towards the end of FY 2019-20 and the subsequent lockdowns and restrictions imposed to curb its spread, caused unprecedented disruption across the value chain with manufacturing and sales operations coming to a virtual standstill. Manufacturing operations were resumed in mid-May immediately upon receipt of requisite permissions; the Business swiftly ramped up production and availability of its brands across markets, while ensuring the highest standards of hygiene and safety protocols across all nodes of operations. Supply chain operations were re-configured and re-aligned to service market requirements through proactive planning leveraging digital technologies and agility in execution amidst a dynamic environment. The imposition of localised lockdowns in several regions towards the end of June 2020, restricted hours of convenience store operations and temporary disruptions in certain wholesale markets impacted the recovery momentum in the second quarter. The Business strengthened direct reach in target markets across all traditional trade channels and augmented the stockist network to service rural and semi-urban markets efficiently. With easing of restrictions and improvement in mobility from September, 2020 onwards, the Business recovered progressively over the remainder of the year to reach nearly pre-Covid levels towards the close of the year.

Notwithstanding the headwinds faced during the year under review, your Company sustained its leadership position in the cigarette industry through its unwavering focus on nurturing a portfolio of world-class products anchored on superior consumer insights, robust innovation pipeline and superior product development capabilities. Several new

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

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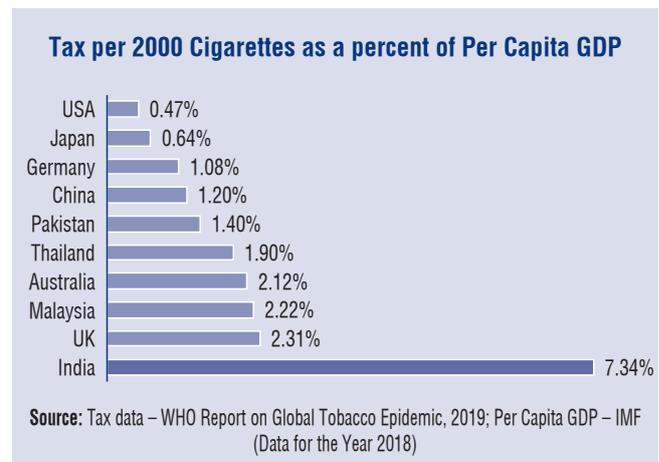
variants were introduced during the year to cater to the continuously evolving consumer preferences and to ensure the future readiness of the product portfolio. These include the launch of innovative offerings such as 'Gold Flake Neo', 'Classic Connect', 'American Club Clove Mint', 'Gold Flake Indie Mint' and 'Capstan Fresh Flavour'. Refreshed packs were also introduced for several 'Navy Cut' variants. The Business also expanded its presence in strategic markets with the launch of differentiated offerings to fortify the portfolio across segments.

Globally, cigarette smoking is the dominant form of tobacco use. In the Indian context, tobacco use comprises a diverse range of chewing and smoking formats that are available at different price points, reflecting the varying socio-economic and demographic profiles of the population. While India is the world's second largest consumer of tobacco, legal cigarettes constitute only 9% of overall tobacco consumption in India, as against a global average of 90%. It is pertinent to note that India accounts for less than 2% of global cigarette consumption despite comprising 18% of the world's population, making India's per capita cigarette consumption amongst the lowest in the world.

Over the years, discriminatory and punitive taxation on cigarettes has led to a progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax-evaded forms of tobacco products, comprising illegal cigarettes and bidi, chewing tobacco, gutkha, zarda, snuff, etc. Consequently, while the share of legal cigarettes in total tobacco consumption has declined from 21% in 1981-82 to a mere 9%, aggregate tobacco consumption in the country has increased over the same period. As a result, despite accounting for less than 1/10th of the

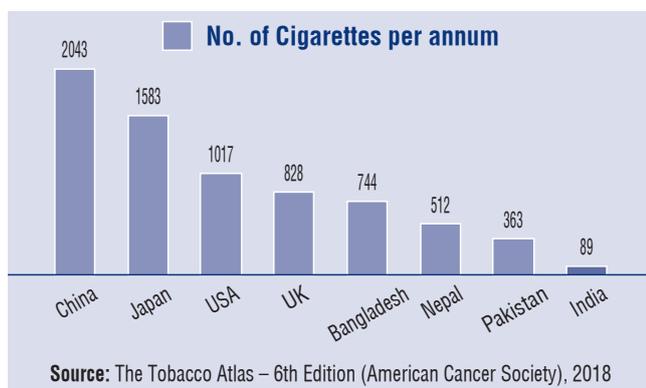
tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector. During the period 2012-13 to 2016-17, excise duty on cigarettes increased sharply at a CAGR of 15.7%; however, tax revenue from cigarettes grew by a mere 4.7% CAGR during the same period. In 2017-18, the legal cigarette industry was further impacted by a sharp rise of 20% in tax incidence as a result of increase in excise duty and transition to the GST regime. Thereafter, relative stability in taxation until January, 2020 helped the legal industry partially claw back volumes lost to the illicit trade in earlier years; consequently, revenue collections witnessed a marked buoyancy growing by 10% during this period.

Taxes on cigarettes are one of the highest in India as depicted in the chart below.



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

ITC sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies. It has also been included in the Dow Jones Sustainability Emerging Markets Index - a reflection of being a sustainability leader in the industry.



Tobacco control measures in India have ranked amongst the most stringent in the world from the time of enactment of the Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975 to the present. India is also one of the few countries where tobacco products are regulated across the value chain – from their manufacture to sale to consumers. The Cigarettes and Other Tobacco Products (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.

Punitive taxes on the legal cigarette industry have resulted in rapid growth in the illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. This dubious distinction has arisen on the back of punitive taxation of cigarettes over the years that has created extremely attractive tax arbitrage opportunities for unscrupulous players indulging in illicit cigarette trade. While legitimate cigarette industry volumes have declined consistently over the last decade, illicit

cigarette trade volumes in contrast have grown rapidly during the same period, accounting for about one-fourth of the domestic industry. The king-size segment in particular has been severely impacted in recent years consequent to the sharp tax increase of 19% on this segment under GST. The steep increase in cigarette taxes with effect from 1st February, 2020, has provided further fillip to illicit cigarette trade in the country.

It is estimated that on account of illegal cigarettes alone, revenue loss to the Government is appx. ₹ 15000¹ crores per annum. In respect of the other tobacco products also, the revenue losses are significant since about 68%² of the total tobacco consumed in the country remains outside the tax net. During the year, the media has reported several cases of evasion of taxes/duties by dealers in illicit cigarettes which came to light because of raids conducted by Directorate General of GST Intelligence (DGGI). As per the reply given by the Union Minister of State for Commerce & Industry in the Lok Sabha on 17th March, 2021, the seizure of illicit cigarettes has seen a quantum jump over the previous year.

It is pertinent to note that smuggled international brands of cigarettes do not bear any of the pictorial or textual warnings mandated by Indian laws or, bear much smaller pictorial warnings as per the tobacco laws of the countries from where these cigarettes originate. As reported in prior years, findings from research conducted by IMRB International, an independent market research organisation, show that

¹ As per industry estimates

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

It is estimated that on account of illegal cigarettes alone, revenue loss to the Government is appx. ₹ 15000 crores per annum.

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the lack of pictorial warnings on packets of smuggled international brands of cigarettes or their diminutive size creates a perception in the consumers' mind that these illicit cigarettes are 'safer' than domestic duty-paid cigarettes that carry the 85% pictorial warnings. The combination of low prices to consumers consequent to tax evasion and the wrong perception created by the absence of statutory pictorial warnings provides significant buoyancy to illicit cigarette volumes.

India is among the top three tobacco growing countries in the world. Tobacco occupies a prime place in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors³. The large and rapidly growing illicit cigarette trade also has a deleterious impact on millions of farmers and farm workers engaged in the tobacco value chain. In India, cigarettes are manufactured largely using Flue Cured Virginia (FCV) tobacco grown in the states of Andhra Pradesh, Telangana and Karnataka. 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 sharp drop in demand for Indian FCV tobaccos in the domestic market. A combination of factors including the decline in leaf exports due to lower availability of Indian crop, lower export incentives in India and relative weakness of currencies in certain competing geographies have

³ Report on Tobacco Control in India, Ministry of Health & Family Welfare, Govt, 2004 (Jointly supported by Centers for Disease Control and Prevention, USA and the World Health Organisation).

severely impacted the earnings of tobacco farmers and farm workers in the country.

It is pertinent to note that several other major tobacco producing countries, including the USA, have established regulatory frameworks taking into consideration the economic interests of their tobacco farmers. The punitive and discriminatory taxation & regulatory regime on cigarettes in India continues to affect the livelihood of Indian tobacco farmers with corresponding gains to those in countries that have opted for moderate and equitable tobacco regulations. These developments have had a devastating impact on 46 million livelihoods comprising tobacco farmers, farm workers, tribals, etc. who are dependent on the tobacco value chain. It is estimated that since 2014, Indian tobacco farmers have suffered a cumulative drop in earnings of over ₹ 6000 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 besides cushioning the impact of volatility in international markets.

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

The discriminatory taxation & regulatory regime on cigarettes in India continues to affect the livelihood of Indian tobacco farmers, who have suffered a cumulative drop in earnings of over ₹ 6000 crores since 2014.

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 appx. ₹ 15000 crores per annum.
- 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 4/5th of the revenue generated from the tobacco sector.
- a large component of tobacco consumption in the country, aggregating around 68% remaining outside the tax net.
- persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTRI) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

Your Company continues to engage with policy makers for a framework of equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, having regard

to the unique tobacco consumption pattern in India. Stability in taxes is critical for addressing the interests of all the stakeholders of this industry, including the tobacco farmers, the Exchequer and the consumers.

Despite India already having implemented one of the most stringent regulatory frameworks for tobacco control, in early January, 2021, the Union Ministry of Health & Family Welfare had proposed additional stringent restrictions on the tobacco trade under the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) (Amendment) Bill, 2020 and elicited comments from the stakeholders.

It is apprehended that the proposed amendments would result in unintended consequences further fuelling the increase in illicit trade and have an adverse effect on the livelihood of millions of people directly and indirectly involved with related farming and legal trade. It is hoped that the Government will take a pragmatic and judicious view in the matter keeping in mind the interests of all stakeholders.

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 two more patents during the year in respect of cigarettes.

Manufacturing facilities continue to be modernised by inducting contemporary technologies towards securing higher levels of productivity and product excellence. New benchmarks were set in areas of

Despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector. A large component of tobacco consumption in the country, aggregating around 68%, remain outside the tax net.

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quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Sciences were leveraged to build a smart manufacturing environment of connected systems. These initiatives, coupled with innovative capabilities and in-house design and development expertise, have further improved the speed-to-market for new launches and augmented the innovation pipeline of the Business.

Your Company continues to be recognised for its operational excellence. The Saharanpur unit was adjudged 'Winner' in Frost and Sullivan 2020 Project Evaluation & Recognition Program (PERP) in Quality Excellence Leadership and Operational Excellence Leadership categories in the Manufacturing Sector.

In line with your Company's commitment to the 'Triple Bottom Line', the Business continued to step up sustainability initiatives, earning industry recognition. The Ranjangaon unit was recognised with the 'Golden Trophy - Sarvashreshtha Suraksha Puraskar Safety Awards 2020' by National Safety Council of India (NSCI) for the second time in a row. The Saharanpur unit was awarded 'Excellent Energy Efficient Unit' in the CII National Award for Excellence in Energy Management, 2020. The Bengaluru unit received the Frost and Sullivan 'Sustainable Factory of the Year' award, highest across all categories. Renewable energy usage in the Business accounted for over 55% of the total energy consumed.

As aforesaid, after a challenging first half, the Business staged a robust recovery with the easing of restrictions with volumes nearly touching pre-Covid levels towards the close of the year. However, the

outbreak of the second wave is expected to cause disruptions in the front-end supply chain operations in the near term. Pace of vaccinations and restrictions on mobility and convenience store operations will be the key monitorables in the ensuing months. Notwithstanding such challenges, your Company continues to closely track the developments and remains confident of responding with agility to the dynamic environment and consolidating its leadership position in the legal cigarette industry leveraging its superior strategies, future ready portfolio, robust innovation pipeline, cutting-edge manufacturing and digital technologies, and best-in-class execution capabilities.

FMCG – OTHERS

The FMCG industry, which was already witnessing a marked deceleration in growth rates, was severely impacted by the outbreak of the COVID-19 pandemic which caused unprecedented disruptions across the value chain. This resulted in contraction of the FMCG industry during the first half of the year – a first in the last decade. With gradual easing of restrictions and increased mobility, the FMCG industry picked up pace to grow by ~8% in the second half. Urban markets were deeply impacted by the intensity of COVID-19 cases while rural markets were relatively more resilient.

Following the outbreak of the pandemic, there was heightened demand for high quality products anchored on the vectors of hygiene, health, wellness and immunity. 'At-home' consumption surged even as 'out-of-home' consumption was severely impacted due to mobility restrictions. There was a marked preference

Demonstrating a high degree of agility and responsiveness to the market dynamics at play, your Company rapidly expanded capacity and re-purposed manufacturing lines to cater to the heightened demand for essentials and health & hygiene products.

for larger pack formats as consumers sought to reduce frequency of purchase. Heightened concerns on hygiene and safety also manifested in consumers' preference for trusted brands. Consequently, staples, noodles, biscuits, dairy products, sanitizers, hand wash, floor cleaners, etc. witnessed robust demand during the first half of the year. On the other hand, discretionary categories and those with relatively higher salience of 'out-of-home' consumption saw contraction in sales. Demand for staples and convenience foods normalised during the second half of the year as consumers broadened their purchase assortment along with lower 'at-home' consumption on the back of progressive easing of restrictions and increased mobility. Demand for health & hygiene products, on the other hand, remained elevated through the year even as the pace of growth moderated as compared to the first half of the year. As the year progressed, discretionary and 'out-of-home' consumption products witnessed smart recovery buoyed by pent-up demand and increased availability across channels.

At the onset of the pandemic, the key task was to make quality products available to consumers. Your Company was amongst the fastest off the blocks to resume operations after obtaining necessary permissions and establishing comprehensive hygiene and safety protocols. Over 90% of the facilities manufacturing essential products were operational within two weeks of imposition of the lockdown. Demonstrating a high degree of agility and responsiveness to the market dynamics at play, your Company rapidly expanded capacity and re-purposed manufacturing lines to cater to the heightened demand for essentials and health

& hygiene products. A series of concerted actions were taken to realign the distribution infrastructure so as to respond to the multiple challenges arising out of restricted mobility of people and goods, curbs on working hours and outlet operations. Several technology-driven solutions were deployed to effectively service the surge in demand. Anticipating the increase in consumer preference for 'contactless shopping' and home delivery, your Company proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right product assortment and SKUs. Sales through the e-Commerce channel more than doubled during the year, taking its salience to over 5% of Segment Revenue. Your Company also pioneered an innovative model - 'ITC Store on Wheels' - to directly service consumers, covering over 900 residential complexes across 13 cities. Your Company also rolled out the 'ITC e-store' – an exclusive direct-to-consumer platform – to facilitate 'contactless shopping' and make its products accessible to consumers, which was the need of the hour. Product availability was also augmented through alternative channels in collaboration with new partners such as Dominos, Swiggy, Zomato and Dunzo. During the lockdown phase, in tune with the trends of increased 'at-home' consumption, need for sanitizing products in the 'health & hygiene' space and the consumer need for health & wellness content, purposeful communication sharply focused on these need spaces were rolled out.

Leveraging the robust innovation platforms of your Company's Life Sciences and Technology Centre (LSTC), your Company launched over 120 new and

Leveraging the robust innovation platforms of the Life Sciences and Technology Centre, ITC launched over 120 new and innovative products with compelling value propositions in record time, demonstrating agility and execution excellence. ITC's vibrant portfolio of over 25 world-class Indian brands now represents an annual consumer spend of over ₹ 22000 crores.

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innovative products with compelling value propositions in record time, demonstrating agility and execution excellence. During the year, both direct and indirect reach were stepped up significantly. Market and outlet coverage were expanded to 1.3x and 1.1x respectively compared to pre-Covid levels. The stockists network was nearly doubled to sharp target rural markets to drive growth, mitigate the impact of disruptions in the wholesale channel and effectively service emergent demand.

As demand levels fluctuated significantly during various phases of lockdown, associated risks and uncertainties were managed with agility leveraging shorter operations planning cycles, sharper product and SKU assortments and predictive data analytics. Direct-to-market shipments were also scaled up substantially to ensure freshness and reduced time-to-market in categories like Atta, Snacks and Biscuits.

The Education and Stationery Products Business (ESPB) was significantly impacted with prolonged closure of educational institutions across the country. Operations of the Lifestyle Retailing Business (LRBD) continued to be restructured during the year.

Your Company acquired Sunrise Foods Private Limited (Sunrise), a leading player in the branded spices market in the East, in July 2020. The Scheme of amalgamation of Sunrise with your Company (Scheme) was sanctioned by the Honourable National Company Law Tribunal, Kolkata Bench; the Scheme became effective from 1st April, 2021 with 27th July, 2020 being the Appointed Date. The rationale for the acquisition and the key drivers of value creation have been discussed in detail in the Branded Packaged Foods section of this Report.

Notwithstanding the challenging conditions prevailing during the year, your Company's FMCG businesses recorded Segment Revenue of ₹ 14728.21 crores representing an increase of 14.7% over the previous year.

On a comparable basis (i.e. excluding ESPB, LRBD and the impact of acquisition of Sunrise during the year), FMCG-Others Segment Revenue grew by 15.8%. Growth in the first half of the year was driven by surge in demand for Staples & Convenience Foods and Hygiene products; sequential recovery in demand in the Discretionary/Out-of-home categories such as Snacks, Juices, Confectionery, Bodywash and Fragrances reflected in the second half performance.

Segment EBITDA for the year grew at a robust pace of 44.1% to ₹ 1316.82 crores with significant margin expansion of ~180 bps to 8.9%. 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 and gestation costs of new categories and facilities.

Your Company remains focused on building purpose-led brands anchored on larger consumer needs. The Businesses continue to leverage digital technologies and platforms enhancing consumer experience. Strategic interventions in this area are aimed at delivering delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual's needs, preferences and context. The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour

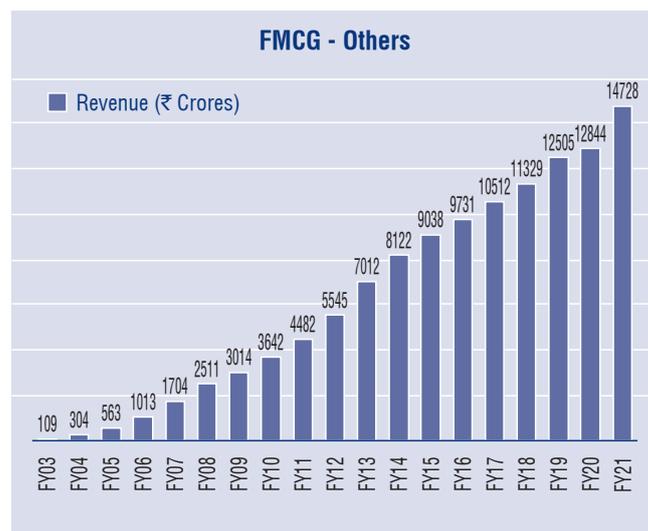
Your Company remains focused on building purpose-led brands anchored on larger consumer needs. ITC continues to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour and synthesise the same to craft contextual brand communication and product development.

and synthesise the same to craft contextual brand communication and product development. Over 2000 content assets have been deployed leveraging this capability within a relatively short span of time at significantly lower cost.

The year also marked the scale up of your Company's direct-to-consumer channel, the 'ITC e-Store'. Launched just prior to the lockdown in March 2020, this initiative was extended to 11 cities during the year along with the introduction of several new features. Powered by state-of-the-art digital technologies and a robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of your Company's FMCG products under one roof. The initiative has been well received by consumers and plans are on the anvil to rapidly scale up the same in the ensuing months.

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening your Company's real time operations and execution platform. Several digitally powered interventions are underway towards enhancing productivity, driving efficiency and reducing costs. These initiatives are anchored on the key pillars of synchronised planning and forecasting, next generation agile supply chain, smart manufacturing and sourcing, and smart demand capture and fulfilment. Strategic investments are also being made towards enhancing value creation leveraging data and analytics. Key interventions include augmenting your Company's NextGen data architecture powered by Artificial Intelligence/Machine Learning (AI/ML), identifying and prioritising use cases for impactful outcomes and setting up a Data Science academy comprising data scientists and engineers to drive and sustain data and analytics programmes.

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 ₹ 22000 crores. These home-grown, purpose-led 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 products reach over 150 million households in India.

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

Powered by state-of-the-art digital technologies and a robust fulfilment infrastructure, the 'ITC e-Store' direct-to-consumer channel offers on-demand access to a wide range of your Company's FMCG products under one roof. The initiative has been well received by consumers and was extended to 11 cities during the year.

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Engage is No. 2 in Deodorants and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment) (Source: Nielsen).

Your Company remains focused on rapidly scaling up the FMCG businesses anchored on strong growth platforms and a future-ready portfolio. Towards this, it seeks to fortify its market standing in the existing core operating categories, in many of which it is already a leading player as aforementioned. It is pertinent to note that these categories, which are largely characterised by low household penetration levels and/or low per capita consumption, offer significant headroom for long-term growth. This is borne out by several analyst reports which highlight that your Company's total addressable market expansion potential is amongst the highest in the Indian FMCG space. In this context, it is pertinent to note that your Company is well poised to address adjacent growth opportunities by leveraging the 25 powerful mother brands it has established over the years. Recent examples of such brand extensions include Aashirvaad to dairy, ready meals, salt and spices; Sunfeast to dairy beverages and cakes; Bingo to namkeens; ITC Master Chef to frozen snacks and cooking pastes; Savlon to surface & clothes disinfectant sprays, sanitizers, masks etc. Simultaneously, the FMCG businesses continue to make strategic investments in building the 'new core' by scaling up nascent categories such as Dairy (Aashirvaad Svasti), Beverages (B Natural), Chocolates (Fabelle, Candyman Fantastik), Coffee (Sunbean), Home Care (Nimyle, Nimwash, Nimeasy) and Skin Care (Dermafique, Charmis). Your Company is also proactively pursuing value accretive acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation.

The FMCG businesses continue to drive structural competitive advantage and enhance profitability by leveraging world-class distributed manufacturing footprint and a multi-channel distribution network. Investments over the years in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) have laid a strong foundation to drive structural advantages such as ensuring product freshness, enhancing agility and responsiveness of the supply chain, reducing cost of servicing proximal markets through lower distance-to-market etc. Capacity utilisation at the 9 operational ICMLs is being ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality. With increasing scale, supply chain operations are being increasingly delayed through direct-to-market shipments thereby reducing freight costs and eliminating multiple handling. Your Company is confident that these strategic interventions which are already delivering substantial benefits will realise their full potential over the medium term and continue to create long-term value.

The severity of the second wave of COVID-19 infections in the country poses a key challenge and remains a key monitorable for the FMCG industry in the near term. There is a perceptible shift with consumers adopting a more precautionary savings approach with resources being set aside for medical needs. The spread of the virus to rural areas on a relatively higher scale as compared to the first wave is also expected to weigh on industry growth outlook. Your Company continues to monitor the evolving situation and will respond with agility to enhance its market standing while managing risks

Investments over the years in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) have laid a strong foundation to drive structural advantages such as ensuring product freshness, enhancing agility and responsiveness of the supply chain, reducing cost of servicing proximal markets through lower distance-to-market etc.

associated with the heightened uncertainties in the business environment. While the supply chain is fully operational, constraints in number of operating outlets and limited hours of operation continue to pose front-end challenges for the FMCG industry. Recent learnings in dealing with the pandemic spanning sales and distribution, supply chain operations, innovation and product development will continue to be leveraged in this regard.

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 confident of rapidly scaling up its FMCG Businesses building on strategic pillars viz. strong future-ready portfolio powered by world-class quality, superior consumer insights, cutting-edge innovation and purpose-led brands. The Businesses will continue to leverage its institutional strengths viz. strong backward linkages with the Agri Business, a deep and wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and access to robust R&D platforms nurtured by LSTC. Investments in innovation, state-of-the-art distributed manufacturing footprint and digital technologies will continue to be pursued to strengthen market standing and seize growth opportunities going forward.

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, supported by an efficient supply chain and distribution network.

With the onset of COVID-19 in March 2020, the key task on hand for the Business, as one of the largest players in the branded packaged foods space in India, was to make its quality products widely available to consumers amidst large scale disruptions in the market. Your Company responded with speed and agility, obtaining the necessary permissions in an expeditious manner and ramping up production rapidly to service the surge in demand for essential items. The Businesses, along with the Trade Marketing and Distribution team, worked tirelessly to ensure that the products reached consumers across the country notwithstanding the significant operational challenges posed by the pandemic-induced lockdowns.

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

The Businesses continued to make sharp targeted investments towards brand building and scaling up its nascent categories. Cut-through advertising campaigns and consumer engagement both on conventional and digital media along with focused market development efforts resulted in enhanced market standing across most major categories. Digital campaigns launched during the year received

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wide recognition and won prestigious awards across leading platforms. Some noteworthy award-winning campaigns during the year include Sunfeast Mom's Magic's 'Stay strong Moms', B Natural's 'We are India' and Aashirvaad Svasti's 'Immunity song' campaign.

Innovative and purposeful programmes were launched to engage consumers at home through digital and other communications to enable useful activities for at-home engagement, ensure top-of-mind recall and consumer delight in such difficult circumstances. Some of the widely acclaimed interventions include:

- 'Sunfeast India Run as One' (India's largest citizen-led movement in support of livelihoods affected by the pandemic) [#SunfeastRunAsOne](#)
- The '5 Star Kitchen' exclusive cooking show by executive chefs of ITC Hotels was created in collaboration with several other businesses of your Company and was telecast across 33 Star TV channels and Hotstar for six weeks involving over ten ITC brands. This programme showcased unique strengths from internal synergies derived from its diverse portfolio of businesses [#5StarKitchenStory](#)
- 'Bingo! Comedy Adda', which started out with distinctive and witty content on social media platforms has now grown into an extremely popular, full-fledged entertainment show on Star TV network [#BingoComedyAdda](#)
- Sunfeast Mom's Magic collaborated with celebrated musical artists for a virtual musical concert to celebrate the undying spirit of mothers [#StayStrongMoms](#)

The Businesses continue to leverage the agri-commodity sourcing expertise resident in your Company's Agri Business to procure high quality raw

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

- Amidst a challenging operating environment, 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 were added to the portfolio during the year. 'Aashirvaad' atta fortified its market standing across geographies leveraging a robust product portfolio anchored on your Company's agri-sourcing expertise. The value-added portfolio, consisting of Multigrain, Select and Sugar Release Control atta, posted robust growth driven by higher salience in Modern Trade and e-Commerce channels. 'Aashirvaad Nature's Super Foods', a differentiated range of products comprising Gluten Free Flour, Ragi Flour and Multi-Millet Mix gained strong consumer traction during the year. In line with consumers increasingly seeking a holistic lifestyle and the brand ethos of 'Nurturing through Nature', the portfolio of Aashirvaad Nature's Super Foods was augmented with the launch of an organic range comprising organic atta and organic pulses – tur dal, moong dal, chana dal and urad dal. These products are available across select general and Modern Trade outlets as well as leading e-Commerce platforms and have received encouraging response.

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

In line with consumers increasingly seeking a holistic lifestyle and the brand ethos of 'Nurturing through Nature', 'Aashirvaad Nature's Super Foods', a differentiated range of products comprising Gluten Free Flour, Ragi Flour and Multi-Millet Mix, gained strong consumer traction during the year.

media investments, especially in digital platforms, enabled further improvement in Aashirvaad's brand health metrics. Powered by the trust reposed by over 3.9 crore households (source: HHP, MAT Dec'20), your Company is confident of strengthening Aashirvaad's position as India's No. 1 atta brand going forward.

As highlighted in prior years, the Business 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 growth during the year. The portfolio was augmented with the launch of two new variants – Iodized Crystal Salt for south markets and Salt Proactive (with 15% lesser sodium) in Modern Trade and e-Commerce channels in the major metros.

In the Spices category, the Aashirvaad portfolio was augmented with the introduction of blended spices in the e-Commerce channel and focus markets to enable full portfolio play and to cater to regional tastes and preferences.

During the year, your Company acquired Messrs. Sunrise Foods Private Limited (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'. 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.

Your Company acquired Sunrise along with its two wholly owned subsidiaries. Besides augmenting your Company's product portfolio, the acquisition is also aligned with your Company's aspiration to significantly scale up its Spices business and expand its footprint across the country. The deep consumer connect and distribution strength of Sunrise in focus markets, together with synergies arising out of the sourcing and supply chain capabilities of your Company's Agri Business and, its pan-India and multi-channel distribution network, will provide significant value creation opportunities for your Company. The 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.

The Scheme of Amalgamation of Sunrise with your Company was approved by the Honourable National Company Law Tribunal, Kolkata Bench,

During the year, your Company acquired Messrs. Sunrise Foods Private Limited (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'. 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.

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vide order dated 26th February, 2021. The Scheme became effective from 1st April, 2021, consequent to filing of certified copies of the order with the Registrar of Companies, West Bengal on 1st April, 2021. Consequently, Sunrise has amalgamated with your Company with effect from the Appointed Date being 27th July, 2020.

- The Biscuits category recorded robust growth with significant surge in demand driven by increased at-home consumption during the first half of the year. However, the category witnessed moderation in demand during the second half of the year as the options for out-of-home consumption increased with easing of restrictions and increase in mobility. Product portfolio was bolstered with a number of innovative new launches such as ‘Sunfeast Bounce’ Double Crème, ‘Sunfeast Farmlite’ Digestive (*with high-fibre content, in three variants*) and ‘Sunfeast All Rounder’. ‘Sunfeast Veda Marie’ Light, with the goodness of five natural ingredients (Ashwagandha, Tulsi, Mulethi, Adrak and Elaichi), continued to gain traction during the year. The ‘Sunfeast Dark Fantasy’ range of differentiated cookies sustained its leadership position in the super premium segment. The range was augmented with the launch of innovative variants - Choco Nut Fills, Choco Chip, Choco Crème and Vanilla Crème. The Cakes portfolio was strengthened with the launch of differentiated variants - Trinity Cakes and Swiss Roll under the brand ‘Sunfeast Caker’. All of these products have received excellent consumer response.
- The Snacks Business, which has a high salience of out-of-home consumption, was severely impacted by the lockdowns and mobility restrictions imposed

in the immediate aftermath of the onset of the COVID-19 pandemic. The Business posted a smart recovery in the latter half of the year with progressive improvement in mobility and diversification of consumers’ purchase assortment. The Business continues to be the market leader in the bridges sub-segment and improved its market standing in potato chips. ‘Tedhe Medhe’ continues to be the most widely distributed snack brand in the country. Several innovative variants were launched during the year including Pizza and Cheese Nachos under ‘Bingo! Mad Angles’, which met with encouraging market response. The year also marked the Business’ foray into the Traditional Snacks segment with the launch of popular formats like Aloo Bhujia, Nut Crackers, along with first-to-market offerings like Cocktail Mix and Pulse Mix in select markets.

- In the Instant Noodles category, ‘YiPPee!’ noodles posted stellar growth, well ahead of the industry and strengthened its market standing as a strong No.2 brand. Product portfolio was premiumised with the launch of ‘YiPPee! Saucy Masala’ in unique red coloured noodle blocks with a drizzle of tomato sauce and two offerings in a differentiated bowl format. YiPPee! also led the industry in terms of packaging innovation in family packs, enabling impactful visibility and driving growth in Modern Trade. Innovative media campaigns, focused digital interventions and celebrity endorsements continued to create buzz around the brand resulting in strong traction with consumers. During the year, the Business deployed a focused campaign, with MS Dhoni as the celebrity brand ambassador, to reinforce the 3 core elements of the YiPPee! Noodles’ value proposition viz. longer,

In the Frozen Snacks category, the delectable range of ‘ITC Master Chef’ products comprising 30 differentiated variants continues to garner increasing consumer franchise. During the year, availability was extended to 100 new markets in a short span of time taking the aggregate to 135 towns.

tastier, non-sticky. On the back of MS Dhoni's wide appeal and popularity, the campaign connected well with the consumers across age groups and resulted in superior brand imagery.

- The Ready-To-Eat (RTE) category witnessed healthy growth during the year led by the launch of several innovative and value-added offerings for domestic consumers. These include a range of 'hot pour over' instant meals and a variety of cooking aids coupled with enhanced traction in the existing Meals, Instant Mixes and Ready-To-Cook products in key focus geographies, both within and outside India.

In the Frozen Snacks category, the delectable range of 'ITC Master Chef' products comprising 30 differentiated variants continues to garner increasing consumer franchise. During the year, availability was extended to 100 new markets in a short span of time taking the aggregate to 135 towns. The accessibility of the range is being scaled up via e-Commerce and direct-to-home models. While the Retail segment benefited from increased 'at-home' consumption, the Food Service segment was severely impacted by Covid-induced restrictions in outlet operations.

- In the Dairy & Beverages Business, the 'Aashirvaad Svasti' fresh dairy portfolio comprising pouch milk, pouch curd and paneer, gained strong consumer traction on the back of highest quality standards and superior taste profile. The products are currently available in Bihar and West Bengal. 'Aashirvaad Svasti Select' Milk, a first-to-market offering with the added assurance to consumers through ready online access to quality report for each pouch, was successfully launched during

the year in Kolkata. Aashirvaad Svasti Ghee continued to receive excellent product feedback and witnessed a substantial increase in consumer traction. During the year, value-added fresh dairy segment was augmented with the launch of flavoured lassi. The Dairy Beverages category was adversely impacted during the first half of the year due to reduced 'out-of-home' consumption following the outbreak of the COVID-19 pandemic. With gradual easing of restrictions and improved mobility, the Sunfeast range of milk shakes comprising four differentiated variants (Sunfeast Badam Milkshake, Strawberry Milkshake, Vanilla Milkshake and Dark Fantasy Chocolate shake with Belgian Chocolate), were launched with new packaging. The products have met with encouraging consumer response and are being extended to target markets.

'B Natural' range of juices faced a challenging year, with severe disruptions during the peak season due to the pandemic. Amidst such challenging circumstances, B Natural range of juices continued to deepen consumer connect by leveraging its 'goodness of fruit and fibre' proposition. The B Natural range of juices was augmented with the launch of two innovative variants (Mixed Fruit+ and Orange+) addressing immunity needs in partnership with Amway. The immunity range has met with encouraging response from discerning consumers. Partnerships with alternate delivery channels enhanced product availability in spite of disruptions in traditional trade channels. The sourcing strength of your Company's Agri Business was leveraged for procuring the raw materials from over 3000 small and marginal farmers from Tamil Nadu, Andhra Pradesh, Maharashtra and Gujarat.

The B Natural range of juices was augmented with the launch of two innovative variants (Mixed Fruit+ and Orange+) addressing immunity needs, in partnership with Amway. B Natural leverages the sourcing strength of your Company's Agri Business for procuring raw materials from over 3000 small and marginal farmers.

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- In the Chocolates, Coffee & Confectionery Business, the Confectionery category was severely impacted as out-of-home consumption fell sharply in the first half of the financial year. Limited functioning of the convenience channels and prolonged closure of schools also exacerbated the situation. The category witnessed progressive recovery in the second half of the year with easing of restrictions. Product portfolio was augmented with the launch of a new jelly-based variant, ‘Candyman Jelimals Immunoz’, with immunity-boosting vitamin-C and zinc, which received encouraging response. Several variants in multi-unit packs were launched in line with the increasing trend of at-home consumption. The category launched a new variant, ‘Mini Treats’ under the ‘Candyman Fantastik’ brand, to address the growing demand for home snacking which is receiving encouraging response.

‘Fabelle’ chocolates continue to receive excellent response from discerning consumers setting new benchmarks in the luxury and FMCG chocolate segments. Backed by innovative brand campaigns on digital platforms, Fabelle chocolates increased its presence in stores across Karnataka and select large stores in other metro cities. During the year, availability of Fabelle was enhanced by leveraging alternate channels including the ITC e-Store, e-Commerce platforms, food delivery aggregators and the takeaway menus of ITC Hotels. The category has also expanded its presence in the popular segment with the launch of ‘Candyman Fantastik Chocobar XL’, with rich milk chocolaty taste, at convenient price points; initial response has been encouraging.

‘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, was well received by consumers in launch markets. Encouraged by the initial consumer response, the product is now being extended to other markets; a new variant has been introduced recently for consumers who prefer a stronger cup of coffee.

- During the year, exports recorded robust growth led by atta, biscuits and RTE despite the operational disruptions caused by the pandemic. The Business currently exports to over 50 countries.

Over the years, your Company has invested in setting up multiple Integrated Consumer Goods Manufacturing and Logistics facilities (ICML) towards augmenting its manufacturing and sourcing footprint across categories. With enhanced scale and improved capacity utilisation, these ICMLs will provide structural advantages to the Business over time, by enhancing product freshness, improving market responsiveness, reducing the cost of servicing proximal markets and ensuring the highest standards of product hygiene, safety and quality. The ICMLs also enable scalability, besides setting new benchmarks in quality, safety, productivity and process excellence. Amidst unprecedented disruptions caused by the pandemic, the ICML units were amongst the first in the country to resume operations thereby ensuring availability of food products for consumers. Several ICML units received awards from leading industry bodies such

During the year, exports by the Branded Packaged Foods Businesses recorded robust growth led by atta, biscuits and Ready-To-Eat despite the operational disruptions caused by the pandemic. The Businesses currently exports to over 50 countries.

as the Confederation of Indian Industry (CII), Quality Circle Forum of India, National Convention on Quality Concepts, etc. for their high standards of safety, operational excellence and benchmarks in green and sustainable manufacturing.

Several manufacturing units of your Company's Branded Packaged Foods Businesses, competing with the best within and outside the industry, have also received over 90 prestigious awards and accolades during the year bearing testimony to your Company's focus on manufacturing excellence, safety and quality.

The Business implemented several strategic cost management initiatives in areas such as supply chain optimisation, Smart Procurement and productivity improvement through automation, leveraging new-age tools such as Industry 4.0 and Smart Utilities. These interventions helped in partially mitigating the escalation in input costs and absorbing start-up costs of new facilities and strategic investments in brand building for new categories viz. Dairy, Juices, Chocolates and Coffee.

A big thrust on India's Food Processing sector, which lies at the intersection of value-added agriculture and manufacturing, can lead to significant job creation. The sector also has immense potential to enhance rural incomes and help manage food inflation. Recognising this potential and headroom for growth in the Indian market, your Company has made significant investments in food processing and remains focused on establishing itself as the leading player in the branded packaged foods industry. As stated earlier in this Report, recent announcements relating to the Production Linked Incentives (PLI)

scheme for the food processing industry, with an estimated outlay of ₹ 10900 crores, is expected to not only boost farmer incomes but also infuse fresh investments, build Indian brands for the global market and promote exports.

Your Company is well poised to strengthen its position as one of the fastest growing foods companies and the 'most trusted provider of food products' in the Indian market. Your Company remains confident of rapidly scaling up the Branded Packaged Foods Businesses leveraging the strong growth platforms nurtured over the years in chosen categories which offer immense headroom for growth, and powerful purpose-led mother brands that have the potential to be extended to address opportunities in adjacent spaces. In addition, your Company's deep & wide multi-channel distribution network, with growing presence in emerging channels such as e-Commerce, modern trade, on-the-go and institutional sales, continue to deliver competitive advantage through superior product availability, visibility and freshness. Recent investments in establishing a world-class distributed manufacturing footprint have created a solid foundation to secure structural advantage over time. Cutting-edge R&D platforms of your Company's LSTC are driving agile innovation and faster turnaround times for introduction of differentiated & first-to-market products catering to constantly evolving consumer needs. Your Company has also stepped up investments in leading edge digital technologies and platforms towards delivering delightful brand experiences through personalised & contextual communication, while seamlessly integrating consumers' journey across online and offline touchpoints.

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Personal Care Products

Your Company's Personal Care Products Business posted robust growth during the year driven by several innovative and disruptive first-to-market products in the Health and Hygiene space amidst heightened concern of consumers around health and hygiene.

Demonstrating a high degree of agility and responsiveness to the market dynamics at play, the Business rapidly expanded manufacturing capacity manifold across categories - Handwash 4.5x, Sanitizers 100x, Floor Cleaner 2.3x, Soaps & Antiseptic Liquids 6x - and enhanced availability of 'Savlon' antiseptic liquid, soap, handwash, hand sanitizer and 'Fiama' handwash products in the market. The newly set-up perfume manufacturing plant at Manpura, Himachal Pradesh was re-purposed in quick time to manufacture hand sanitizers and service the increased demand. Leveraging deep consumer insights and cutting-edge R&D platforms of your Company's Life Sciences and Technology Centre, the Business launched several exciting and relevant offerings in record time under the 'Savlon' brand viz., Surface Disinfectant Spray, Clothes Disinfectant and Refreshing Spray, Spray and Wipe, Multi-purpose Disinfectant Liquid, Germ Protection Wipes, Face Mask, 'Hexa' range of soaps and hand sanitizing liquid. These products received excellent consumer response and have been scaled up across markets. The development and the subsequent launch of these products across India in a short span of time, is a testament to your Company's superior insight discovery processes, innovative capacity and robust product development platforms nurtured over the years to address evolving consumer needs.

'Savlon' witnessed significant growth in revenue and reached nearly ₹ 1200 crores in terms of consumer

spends during the year. The brand has expanded its germ protection equity from 'Skin First' to 'Surface Hygiene' as well. The strong growth in revenues was driven by existing categories of soaps, handwashes and antiseptic liquids as well as through agile innovation in the surface disinfectants space and germ protection products like wipes and masks. These products, which have been crafted using advanced technology, provide effective protection against a wide range of germs including the Coronavirus. Savlon Surface Disinfectant Spray, a first-to-market offering, was rapidly scaled up across markets achieving clear market leadership. The brand also strengthened its foothold in the Personal Wash & Hygiene category with the launch of the Savlon Hexa range of soaps and sanitizers.

The Business remained focused on building a future ready portfolio, strengthening its position in the Liquid Personal Wash space during the year. Savlon Handwash grew well ahead of the industry and Fiama Shower Gels also consolidated its position as the second largest brand in the Liquid Bodywash category.

The Business continued to expand its presence in the Home Hygiene segment by leveraging the 'Nimyle' brand and the 'Nim' equity. During the year, Nimyle witnessed strong growth in the operating markets of the East, achieving leadership position in West Bengal and Odisha in the Floor Cleaner category. The brand gained good traction in new markets in the South. Product range was augmented with the launch of a differentiated lemongrass fragrance variant which has received encouraging response from consumers. During the year, the Business expanded its presence in the Home Hygiene space with the launch of 'Nimwash' which is a 100% natural action vegetable

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and fruit wash liquid made with neem and citrus extracts. The products are gaining traction and are being scaled up. Leveraging the equity of ‘Nim’, the Business has also recently launched ‘Nimeasy’ - an enzyme-based eco-friendly dish wash gel, which enables a powerful lift off action that reduces the need for scrubbing and eases removal of greasy/oily food particles, removes food malodour and washes away bacteria from the surface of the utensils. The product has received encouraging response.

Accreditation by globally acclaimed laboratories has further strengthened the efficacy credentials of the Savlon, Nimyle and Nimwash range of products with regard to their ability to protect from 99.9% germs including Coronavirus.

The Fragrances category which witnessed significant decline in demand due to pandemic induced restrictions on mobility, recovered in the second half of the year, resulting in sequential increase in sales of ‘Engage’ perfumes and deodorants. Over the years, your Company has established itself as the clear leader in the pocket perfume segment and the second largest player in the industry overall. This has been achieved on the back of a range of differentiated products and disruptive innovations anchored on the twin vectors of ‘affordability’ and ‘convenience’ towards driving category expansion. The world-class range of masstige perfumes, ‘Engage L’amante’, has been well received by discerning consumers. The fragrances category with its robust portfolio and compelling value proposition is well positioned to bounce back as the situation normalises.

The Business continued to strengthen its presence in the premium skincare space through its ‘Dermafique’ brand and in the popular space through ‘Charmis’.

The premium skincare segment was adversely affected especially in the first half of the year due to the pandemic. A focused digital-first approach adopted by the Business aided revival of demand in the second half. The Dermafique range was augmented with the launch of bio-cellulose face masks – co-designed by dermatologists and made from bio-degradable fibres derived from 100% natural coconut water using patented technology, redefining the ordinary sheet masking experience. Leveraging the deep radiance technology developed at your Company’s state-of-the-art Life Sciences and Technology Centre and Charmis’ Skin Care equity, the Business launched the ‘Charmis Radiance Range’ of face wash, face serum and hand cream in target markets.

The Business continued to leverage creative brand campaigns and social media platforms towards deepening consumer engagement. Vivel’s ‘Voice of Art’ Campaign on gender equality won Gold in Drivers of Digital Awards for best innovation and creativity in social media and best content in marketing. Savlon’s #NoHandsUnwashed Campaign won Gold at The Indian Public Relations and Corporate Communications Conference and Silver at Mad Over Marketing Awards for Best Public Awareness Campaign. The Cannes Lions Creativity Report listed the Savlon’s signature campaign – Healthy Hands Chalk Sticks amongst the decade’s most iconic works.

The Business continues to accord the highest priority to manufacturing excellence. All the three Company-owned units at Haridwar, Manpura and Guwahati continued to be Five-S certified by the Quality Circle Forum of India. The Guwahati unit also won Par Excellence Award in the National Convention on Quality Concepts, 2020 for project on sustenance of Five-S.

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Your Company's strategic focus in recent years has been to invest behind emerging need spaces spanning health & hygiene, naturals and liquids. This has been supported by cutting edge innovation, superior consumer insight discovery processes, purpose-led brands and impactful communication in digital and conventional media. Access to institutional strengths such as robust R&D platforms resident in LSTC, packaging knowhow and your Company's multi-channel distribution network continue to be leveraged to rapidly scale up the business. The pandemic has resulted in heightened awareness and enhanced demand for products addressing hygiene needs of consumers. Your Company, with its future-ready portfolio and purpose-led brands, is well positioned to seize the opportunities and emerge as a significant player in this space.

Education and Stationery Products

The Education and Stationery products industry was severely impacted during the year due to COVID-19 induced lockdowns and closure of educational institutions for a major part of the year. The Business expanded the reach of its products by including grocery, independent stores and rural stockists in both urban and semi-urban markets as the traditional stationery outlets were largely non-operational. Presence in e-Commerce platforms was expanded to sustain leadership and ensure consistent availability of the relevant product mix in the notebooks segment. Notwithstanding the challenging business environment, the Business sustained its clear market leadership position in the industry demonstrating a high degree of agility and responsiveness across the value chain in dealing with heightened uncertainties posed by the pandemic.

The Business remained focused on developing and launching innovative and superior quality products in the market by leveraging robust product development platforms in collaboration with your Company's Life Sciences and Technology Centre. Several initiatives were launched during the year in line with the Business's strong commitment of partnering with students in their journey of learning and development. Product portfolio was augmented with the launch of 'Classmate Interaktiv' series with 'Origami theme' as the first in the series of engagement-based notebooks, encouraging students to learn through 'Do It Yourself' activities. With prolonged closure of educational institutions, this exciting range of notebooks also played a significant role in enhancing the activity and engagement levels of students during the pandemic. The 'Paperkraft' range was enriched with the launch of premium pens. The Business continued to strengthen its reach in the college and value segments of the notebook industry through 'Classmate Pulse' and 'Saathi' brands respectively.

The Business continued to deepen consumer engagement through Classmateshop.com, a first-to-market initiative that offers personalised notebook covers and has elicited encouraging response. The unique 'MyClassmate' app is being enriched with powerful new features focusing on cognitive and co-curricular skill development in a storytelling and gamified format.

The robust distribution network of your Company was leveraged to achieve higher productivity and capture demand in non-traditional channels through outlet and market expansion. During the year, the Business continuously engaged with a large number of customers towards managing the heightened

Accreditation by globally acclaimed laboratories has further strengthened the efficacy credentials of the Savlon, Nimyle and Nimwash range of products with regard to their ability to protect from 99.9% germs including Coronavirus.

uncertainties in the business environment while also addressing market opportunities with agility. The Business also deployed aggressive cost reduction measures which helped in partially mitigating the impact of negative operating leverage. Proactive management of inventory and receivables was another key focus area that helped reduce working capital intensity and manage risks associated with a highly uncertain operating environment.

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, benchmarking with the best paper quality in the world.

With over 250 million school going students and 1.7 million schools, India has one of the largest education systems in the world. 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 New Education Policy approved in July, 2020 is expected to transform the education sector and in-school education which augurs well for the Education and Stationery Products industry.

The second wave of COVID-19 has heightened the uncertainty around the timing of resumption of physical schooling and normalisation of business environment. Notwithstanding the challenges in the short-term, your Company, with its strong brands

and robust product portfolio, product innovations, collaborative linkages with small & medium enterprises and superior distribution network is well poised to strengthen its leadership position in the industry.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti industry witnessed significant challenges in the wake of the COVID-19 pandemic marked by severe disruptions in market and outlet operations across the country along with a drop in 'out-of-home' consumption due to closure of temples. There was a visible shift in consumer behaviour towards trusted and credible brands and 'value for money' packs.

Despite the headwinds faced due to Covid-induced restrictions especially in the first quarter, 'Mangaldeep' Agarbattis and Dhoop bounced back strongly, resulting in enhanced household penetration and market standing for the brand with all-round improvement in brand health measures. The Business remained focused on driving brand salience through targeted marketing investments and a differentiated, superior product experience with deep connect to devotion. Proactive steps were also taken towards driving product mix enrichment and cost optimisation.

With a vision to enable the pursuit of devotion for every Indian, Mangaldeep focused its brand interventions on digital media to reach out to consumers who were unable to visit temples due to restrictions on mobility. Mangaldeep initiated live Pujas leveraging the Facebook live platform to create an emotional connect with devotees – the initiative met with encouraging response from consumers. The Mangaldeep devotional app continues to play a key

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role in the devotional journey of consumers. The app, which has garnered nearly one million downloads, has been enriched with the inclusion of 'Life Lessons from the Gita' - a podcast series on interpretations of shlokas from the holy Bhagwad Gita. The app is now available in four more countries - Australia, Singapore, United Kingdom and South Africa, connecting the Indian diaspora with their rich culture and heritage.

Category first innovations during the year include the launch of first-to-market fragrance - Mangaldeep Marigold and innovations in new product formats such as Mangaldeep Treya Cup Sambrani (fragranced cups in Sambrani format). The Business also launched new variants under the Mangaldeep Temple 'Fragrance of God' range anchored on the core proposition of 'bringing home the divinity of the temple'.

Over the years, the Business has implemented several measures to enhance the competitiveness of the agarbatti value chain in India. These include import substitution and backward integration of sourcing raw materials and manufacturing raw battis using indigenous inputs. The Business has been a pioneer in developing domestic manufacturing capabilities for 'raw battis'. To augment the import substitution and develop a reliable domestic agarbatti stick manufacturing value chain, the Business has been working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies of state governments, for cultivating bamboo plantations. The bamboo species required to make agarbatti sticks, are being grown in the states of Tripura, Assam, Maharashtra, Uttarakhand and Karnataka. The first harvest of bamboo poles from the North East is expected to be available for conversion into agarbatti sticks in the near future. The proactive measures implemented by

your Company, as highlighted above, sub-serve the national priorities of employment generation and provide a source of competitive advantage to the Business while generating superior incomes for bamboo farmers in the agarbatti stick and raw batti manufacturing value chain.

While demand conditions in the Safety Matches industry remained sluggish, the Business strengthened its market leadership position through agile supply chain operations during lockdown, portfolio premiumisation and by leveraging a robust portfolio of offerings across market segments. The strong distribution network of your Company ensured continuous availability of its products amidst disruption in market operations. It is pertinent to note that 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. The Business continues to focus on enhancing the salience of value-added products in its portfolio and enhance supply chain efficiency by sourcing products manufactured closer to market.

TRADE MARKETING & DISTRIBUTION

The outbreak of COVID-19 pandemic and unprecedented disruptions caused by resultant lockdowns – closure of outlets, restrictions on mobility of people and goods, curbs on working hours – posed significant distribution challenges during the year. Your Company's Trade Marketing & Distribution (TM&D) vertical demonstrated a high degree of agility and responsiveness to resume operations expeditiously

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while ensuring safe working conditions for employees, trade partners and their associates. Amidst heightened uncertainty and market disruptions, TM&D ensured efficient market servicing and availability of your Company's products through concerted actions across all nodes of operations. This includes extension of support to trade partners, realignment of the distribution infrastructure, deployment of innovative delivery models, strategic partnerships and enhanced usage of digital technologies.

In response to the high degree of variability in demand under the circumstances, TM&D adopted shorter demand planning cycles, leveraged data analytics for sharper demand forecasts, focused on fewer large runner SKUs, activated delivery routing options and pro-actively managed working capital deployed in the business. Nearly two-thirds of the throughput during the lockdown phase was delivered direct-to-customer/ market from factories to reduce transit time and ensure timely access to your Company's products.

Your Company was amongst the first in the industry to launch an online ordering system for retailers to mitigate the disruption in sales operations. Customers were facilitated by TM&D to scale up tele-calling and WhatsApp based order taking from retailers. Your Company also pioneered an innovative model - 'ITC Store on Wheels' - to directly service consumers in residential complexes. The initiative catered to over 900 residential societies in top markets. The exclusive 'ITC e-store', launched just prior to the country wide lockdown, was also leveraged to provide on demand access to consumers in select markets. Your Company also enhanced the presence of its product portfolio in alternative channels and entered into collaboration with new partners (viz., Dominos, Swiggy, Zomato and Dunzo) to efficiently service consumers.

The dynamic interplay of diverse demographic profiles, vast geographical landscape, multiplicity of channels, varied consumer preferences along with socio-economic factors pose a high degree of complexity for distribution of FMCG products in India. Given the diverse set of needs and challenges associated with each channel, TM&D has crafted channel-specific strategies to efficiently service consumers across the country. TM&D continues to leverage the critical insights into consumer behaviour and channel-specific trends it has gained over the years, to deliver superior performance in terms of availability, visibility and freshness. The rapid growth of Modern Trade and e-Commerce channels, 'Out-of-Home' & 'On-the-Go' consumption and the growing importance of chemists and specialty outlets in recent years, has warranted crafting of differentiated market/outlet specific strategies to seize the emergent opportunities.

The Food Service and Institutional channels witnessed a protracted recovery cycle due to pandemic induced restrictions. However, with the easing of restrictions and increased mobility, there has been a progressive recovery in these channels during the second half of the year.

The availability of your Company's products in over six million retail outlets across various trade channels in the country is facilitated by its robust distribution network which was further strengthened during the year with the addition of more markets and outlets to its service base. Market and outlet coverage were stepped up to appx. 1.3x and 1.1x respectively compared to pre-Covid levels. The pandemic triggered large scale reverse migration to rural/semi-urban clusters fuelling higher demand in such markets. During the year, your Company focused on driving

The Agarbatti Business promotes import substitution and backward integration by sourcing raw material and supporting the manufacture of raw batis using indigenous inputs. The Business has been working closely with the Governments in Tripura, Assam, Maharashtra, Uttarakhand and Karnataka where the bamboo species required for agarbatti manufacture are being grown.

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rural distribution by strengthening its direct distribution network in identified markets on the basis of socio-economic indicators and market potential. This was supported through a hub & spoke distribution model with the expansion of the rural stockists network to 1.9x of pre-Covid levels in the focus markets. Your Company's extensive e-Choupal network was also leveraged in key geographies to build local connect and carry out extensive consumer engagement activities. These initiatives helped in substantially mitigating the impact of disruptions in the wholesale channel and sharp targeting rural markets in certain states that witnessed reverse migration due to the pandemic, leading to robust growth in rural sales.

Demand in the urban areas was relatively more impacted, particularly during the first half of the year, due to pandemic-induced restrictions and exodus of migrant workers to rural areas as aforementioned. With economic activity gaining pace during the second half and migrant workers returning to work, urban markets witnessed revival in demand. Customised servicing and retail engagement programmes were deployed by TM&D to stimulate demand for your Company's products with enhanced focus on premium grocery outlets. Further, chemist outlets coverage was scaled up by nearly 50% driven by the health and hygiene category.

During the year, TM&D continued to focus on enhancing availability in markets proximal to its ICMLs. Over the last three years, your Company has rapidly expanded its footprint with 40% increase in its service base in markets proximal to ICMLs. This was facilitated by driving awareness levels, product trial generation, expansion of distribution and consumer promotions.

The year was a mixed bag for the Modern Trade channel. After a surge in buying by consumers in the initial stages of the lockdown, there was a dramatic drop in footfalls as consumers began avoiding crowded spaces. Temporary discontinuation of operations by some of the key retail chains exacerbated the situation. On the other hand, the Cash and Carry format, which deals in the B2B space, stepped in to fill the void created by disruption in wholesale trade. Your Company's business with Modern Trade continued to grow ahead of the industry on the back of a format-based assortment approach catering to the needs of a diverse set of shoppers and category specific sell-out strategies. This was further aided by close collaboration on supply chain management which led to enhanced operational and execution efficiencies.

As stated earlier in this Report, the pandemic boosted the e-Commerce channel as consumers sought to fulfil their needs from the safety of their homes during the lockdown period. Significant increase in internet penetration, growing popularity of digital payments, attractive loyalty programmes, wide assortment of products and faster deliveries continue to drive the rising salience of this channel. Anticipating the increase in consumer preference for 'contactless shopping' and home delivery, your Company proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right SKUs and product assortments. Sales through the e-Commerce channel more than doubled during the year, taking its salience to over 5% of Segment Revenue.

Your Company collaborated with the leading e-Commerce platforms on all aspects of operations i.e. category development, marketing, supply chain and customer acquisition. This was augmented

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by development of exclusive and relevant pack assortments, capability building to execute plans to drive 'Digital First' brands and platform discoverability through jointly curated campaigns. Joint Business Plans built and executed in close co-ordination with the e-Commerce platforms further consolidated the market standing of your Company. Besides, the presence of your Company's brands in health and hygiene space was strengthened on the specialist e-pharma platforms.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable insights into consumer & trade behaviour and provide speed and scale of execution for launches across geographies. During the year, your Company executed more than 120 new product launches across geographies apart from extending distribution reach of several existing products in the portfolio.

TM&D continues to leverage digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Recent initiatives include UNNATI (eB2B App) and VIRU (Virtual Salesman App) platforms, which facilitate digital ordering and trade engagement; direct-to-consumer e-Commerce platform (ITC e-Store); WhatsApp based chatbot (ITC Storelocator) enabling easier access for consumers to your Company's products in their vicinity; deployment of innovative delivery models and use of alternate channels (ITC Store-on-Wheels) and use of AI/ML for outlet level actionable insights, etc. The 'ITC One Supply Chain' initiative continued to be leveraged to drive supply chain cost optimisation on the back of digital technologies and scale benefits.

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

A virtual summit on 'Digital Enablement for Kirana Outlets' to educate and upskill retailers on best practices in retail management was organised by your Company during the year. The summit saw an overwhelming participation of over 1500 retailers, securing a place in the GUINNESS WORLD RECORDS® for 'Most viewers for a retail management live stream on a bespoke platform'.

Several interventions were undertaken by TM&D during the year to reduce distribution cost and, enhance operational efficiency and productivity. These include increase in direct shipments from factories to customers, direct delivery to Modern Trade stores, deployment of dedicated vehicles, palletisation, efficient freight procurement and deployment of IOT Technology to improve turnaround times. The initiatives helped in mitigating the increase in logistics costs as a result of a steep rise in global crude oil prices during the year.

Notwithstanding the disruptions caused by the pandemic, your Company made steady progress during the year in setting up state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLF). The AMLF located in your Company's Pudukkottai manufacturing complex has been recently commissioned and another one at Kapurthala is expected to be commissioned in the near future.

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These state-of-the-art automated facilities co-located with the ICMLs will provide several benefits including inventory optimisation and improved reliability of supplies, besides reducing complexity in operations and cost of servicing.

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. Cutting-edge digital technologies are being scaled up towards strengthening TM&D's real time operations and execution platform spanning synchronised planning and forecasting, NextGen agile supply chain, and smart demand capture and fulfilment.

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

HOTELS

The Travel & Tourism industry, which accounted for appx. 10.5% of global GDP and 10% of employment in 2019, ranked amongst the most severely impacted sectors due to the COVID-19 pandemic. As per the World Travel and Tourism Council, Travel & Tourism GDP contracted steeply by 49.1% in 2020 along with appx. 62 million job losses. According to the UNWTO World Tourism Barometer, 2020 was the worst year on record in the history of tourism, with losses estimated at 10 times higher than that caused by the Global Financial Crisis of 2007-08.

The Travel & Tourism sector holds prime importance for the Indian economy as well, with its direct and indirect economic impact estimated at appx. 10% of GDP (at pre-Covid levels), translating to ₹ 20 lakh crores per annum. The extensive tourism value chain spanning hotels, travel agents, airlines, tour operators, tourism destinations restaurants, tourist transporters and guides, etc. results in a huge economic multiplier impact, ranking it amongst the highest across industries on this count. As per estimates of the Federation of Associations in Indian Tourism & Hospitality, the sector accounts for around 10% to 12% of the country's employment, directly and indirectly.

The Indian hospitality industry was significantly impacted during the year due to severe restrictions on domestic and international travel and heightened sensitivity around hygiene and social distancing norms. Domestic Air Passenger traffic declined by over 50% and international tourist arrivals degrew by 97% during the period April-December, 2020, leading to low room demand. Consequently, several hotels had to either temporarily close down or scale down operations especially in the first half of the year.

With gradual withdrawal of restrictions, albeit with strict guidelines and protocols, the hospitality sector witnessed partial revival led by domestic leisure tourism and motorable destinations around large cities. The hospitality industry staged a progressive recovery with room occupancies and food & beverage (F&B) revenue picking up in the latter half of the year. Health and safety remained prime concerns for consumers resulting in emergence of new service standards viz. improved sanitization procedures, social distancing protocols and contactless solutions.

Your Company's Trade Marketing & Distribution vertical continues to leverage digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers.

Responding with agility to the dynamic situation, the Business swiftly re-engineered operating protocols for enhanced health, safety & hygiene, augmented revenue streams and deployed aggressive cost reduction measures to cushion the impact of the headwinds facing the industry. The 'WeAssure' programme, designed in collaboration with medical professionals and disinfectant experts, was rolled out to reassure guests and to provide best-in-class experience in hygiene and safety at your Company's iconic Hotels. Under this initiative, stringent protocols and visible markers of safety across all guest touch points have been implemented demonstrating ITC Hotels' commitment to well-being and safety of all its stakeholders. Further, investments in digital assets and contactless technologies were made to significantly reduce physical touchpoints with guests during check-in, check-out, stay and usage of F&B facilities. State-of-the-art technology has been deployed to provide a pathogen-free environment in each property, thereby re-assuring guests and associates of the highest standards of safety. The programme, certified by M/s. DNV (one of the world's leading certification bodies), is benchmarked to world-class standards in the areas of health, hygiene, safety & pathogen management, and achieved a Platinum Level certification. The 'WeAssure' programme was also recognised as the Best Safety Protocol programme by the readers of Travel + Leisure India & South Asia 2020-21.

The Business launched a host of curated offerings across accommodation, dining and banqueting to augment revenues and mitigate the impact of low occupancy across properties. These include introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE (meetings,

incentives, conferencing, exhibitions) segment, extension of additional benefits to members of the Club ITC loyalty programme and launch of 'Gourmet Couch' and 'Flavours' home delivery/takeaway offerings.

The Gourmet Couch menu brings a medley of the finest cuisines from the signature restaurants of ITC Hotels for diners in all major cities in India. The Business also partnered with food delivery platforms 'Zomato' and 'Swiggy' to enable wider availability of the offerings. 'Gourmet Couch by ITC Hotels', was adjudged the Best 5 Star Food delivery at the Travel + Leisure India's Best Awards 2020.

Significant disruptions in operations were manifest in the financial performance of the Business. Segment Revenue for the year stood at ₹ 627.51 crores representing a degrowth of 66% while Segment EBITDA turned negative at ₹ 268.60 crores compared to ₹ 419.88 crores in the previous year. A combination of interventions spanning augmentation of revenue streams, customised packages and an aggressive cost reduction programme helped partially mitigate the impact of low occupancies and room rates. Progressive improvement in mobility, strong demand for leisure properties along with robust wedding business led to a smart sequential recovery and the Business turning EBITDA positive in the second half of the year.

Your Company's Hotels Business remains amongst one of the fastest growing hospitality chains in the country with 107 properties and over 10,200 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 and Heritage segment. Travel + Leisure India's Best Awards 2020

The 'WeAssure' programme, designed in collaboration with medical professionals and disinfectant experts, was rolled out to provide best-in-class hygiene and safety experience at your Company's iconic Hotels. The programme achieved a Platinum Level certification from DNV.

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acknowledged ITC Hotels as the Best Luxury Hotel Chain in India.

The F&B segment continues to be a major strength of your Company's Hotels Business with some of the most iconic brands in the country. The Bukhara restaurant at ITC Maurya continued to feature in 'Asia's 100 Best restaurants 2021' while Avartana at ITC Grand Chola made an impressive debut in the coveted list. Dum Pukht at ITC Maurya was adjudged winner, 'Favourite Restaurant in a Hotel' in the Conde Nast Traveller Readers' Travel Awards 2020.

'Club ITC', your Company's unique loyalty programme continues to gain franchise amongst the premium clientele of ITC hotels. For ease-of-use and flexibility, Club ITC adopted a digital-first approach besides introducing additional benefits and privileges. 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' - continued to service members through food delivery options and regained membership enrolment momentum in the second half of the year.

The world-class ambience of your Company's luxury hotels continues to be leveraged for the gourmet luxury chocolates under the Fabelle brand with exclusive boutiques across eight ITC Hotels and kiosks at four Welcomhotels. The Fabelle chocolate boutiques offer a range of exquisitely crafted desserts and cocoa beverages, created live by Fabelle Master Chocolatiers.

In the Upper-Upscale segment, the 'Welcomhotel' brand continues to strengthen market standing driven by its refreshed and distinctive positioning of offering 'Enriching Experiences'. During the year, three hotels

were added to the Welcomhotel portfolio of managed properties - Welcomhotel Bay Island in Port Blair, designed by the world renowned architect Late Charles Correa; Welcomhotel Shimla, nestled amidst the Himalayas; and Welcomhotel Ahmedabad offering exquisite experiences across culture, cuisine and nature. The Welcomhotel portfolio of 19 hotels and over 2,100 keys is poised to scale up further with the addition of several new properties in the near term, in line with the 'asset-right' strategy of the Business.

The 'Fortune' brand continues to maintain its pre-eminent position in the Mid-market to Upscale segment, with the positioning of 'First class, full service hotels – an affordable alternative', comprising 39 properties and nearly 3000 rooms across 35 cities. The 'WelcomHeritage' brand retains its leadership as the country's most successful and largest chain of heritage hotels with an operational inventory of 35 hotels comprising over 900 rooms.

The Business continues to make digital investments towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency. During the year, the Business deployed a contemporary cloud-based central reservation and distribution system, which provides seamless distribution of inventory across multiple channels including global distribution systems, voice, brand website, online travel agents, etc. for all owned and managed properties. The Business also augmented the brand website with mobile-first design to enhance customer experience. Aided by a state-of-the-art booking engine and advanced analytics, the refreshed website serves as a single window platform to make bookings across all the four brands of your Company's Hotels Business.

The Hotels Business launched a host of curated offerings, including introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE segment and launch of 'Gourmet Couch' and 'Flavours' home delivery/takeaway offerings, among others.

The brand website continues to be an integral channel of communication with the customers. With targeted social media communication, the Business heightened guest engagement including amplified messaging towards the new protocols on health, hygiene & safety. Your Company continues to invest behind world-class integrated technologies including mobile app and web-based solutions to provide best-in-class guest experience and enhance operational efficiency.

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 and 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 a testament to your Company's 'Responsible Luxury' ethos and 'Triple Bottom Line' philosophy, ITC Windsor, Bengaluru, became the first hotel in the world to receive the prestigious LEED Zero Carbon Certification. Awarded by US Green Building Council (USGBC), this certification recognises buildings operating with net zero carbon emissions.

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 - ITC Narmada, a Luxury Collection hotel in Ahmedabad and Welcomhotels at Bhubaneswar and Guntur - with around 500 rooms is 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. The Business is witnessing growing interest amongst property owners to align with its iconic brands resulting in healthy generation of leads and pipeline for management contracts. While new signings/openings were adversely impacted during the year due to the pandemic, the Business is confident of bouncing back as the situation normalises. In this context, apart from its Welcomhotels brand, plans are on the anvil to introduce a boutique brand – 'Storii' – to offer curated travel experiences to the new age traveller.

The second wave of the pandemic has triggered a fresh round of mobility and travel restrictions leading to severe disruptions. The near-term outlook for the hospitality industry will depend largely on the return of confidence in business and leisure travel. Progress of vaccination, rate of Covid infections and easing of restrictions, will be the key monitorables in the near term. Your Company's Hotels Business has demonstrated remarkable agility in curating special offerings, augmenting new revenue streams and pursuing strategic cost management measures towards mitigating the impact of the pandemic and staged a smart recovery in the second half of the year. Some of these interventions and learnings have been embedded in business operations in the new normal, which will provide sustained benefits going forward.

Notwithstanding the short-term challenges, your Company, with the highest standards of hygiene supported by a portfolio of world-class properties, iconic cuisine brands and best-in-class levels of service anchored on 'Responsible Luxury' ethos, is well-positioned to stage a strong recovery in line with

Your Company's 'asset-right' strategy envisages a large part of incremental room additions going forward to accrue through management contracts. The Hotels Business is witnessing growing interest amongst property owners to align with its iconic brands resulting in healthy generation of leads and pipeline for management contracts.

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industry dynamics and sustain its pre-eminent position in the Indian Hospitality industry. Your Company will continue to aggressively pursue the asset-right strategy leveraging its brands and digital investments, focus on sweating existing assets, creating additional revenue streams and examine alternative structures towards engendering enhanced value creation.

PAPERBOARDS, PAPER AND PACKAGING

The Indian Paperboards and Paper industry was confronted with severe challenges in FY 2020-21. The onset of the COVID-19 pandemic and imposition of nationwide lockdowns severely impacted domestic demand across most end-user industries with the exception of Pharma, Laminates, e-Commerce and sectors catering to essential commodities, which remained relatively resilient. With the easing of restrictions, demand across most segments witnessed progressive recovery barring the Writing & Printing Paper segment which remained under stress due to closure of educational institutions. The Recycled Paper segment too was impacted due to a sharp drop in generation and collection of waste paper in addition to a weak demand environment. Global pulp prices were initially bullish mainly due to strong demand in the tissues segment, but corrected sharply thereafter as the global demand environment turned bearish with rapid spread of the virus. Towards the latter half of the third quarter, pulp prices firmed up again driven by Chinese demand. The Packaging Business too was impacted by the pandemic – while packaging for essential consumer goods witnessed heightened demand, packaging demand for discretionary goods such as liquor and personal care remained subdued.

Against the backdrop of a challenging environment as aforesaid, your Company delivered a competitively

superior performance in the Paperboards, Paper & Packaging segment. The Businesses proactively engaged with its customers to ensure continuity of supplies as its first priority. In recent years, the Business has made several strategic investments in areas such as pulp import substitution, proactive capacity augmentation in Value Added Paperboards (VAP) segment, innovation platforms focused on providing holistic & customised solutions to end-user industries and strengthening the fibre chain for securing cost-competitive wood supplies. Go-to-market strategies have also been sharpened to service customers with greater speed and agility. These augmented capabilities have made the Business stronger and more resilient and have helped it to effectively navigate the emergent challenges in the aftermath of the pandemic. After a challenging first half, the Businesses recovered smartly with significant sequential improvement in revenue and profitability. Robust growth in exports aided in partly offsetting the impact of a tepid domestic demand environment.

Paperboards & Specialty Papers

Global demand for Paper & Paperboards in 2020 witnessed degrowth of 12% on account of the pandemic. The decline was sharper in Writing & Printing Paper and Newsprint segments due to reduced circulation of newspapers and closure of educational institutions and commercial establishments. End-user industry segments such as essential consumer goods, Pharmaceuticals, Food Service and e-Commerce are expected to drive demand for Paperboards going forward.

The Business responded with agility ensuring expeditious commencement of operations ahead of

Several agile interventions helped ITC fortify its clear leadership of the Value Added Paperboards (VAP) segment and in consolidating its preferred supplier position amongst leading end-use customers and brands.

competition, deployment of tactical interventions in the domestic market through introduction of new products, leveraging superior distribution infrastructure and capitalising on deep engagements with end-users & large converters. Quick Service Centres (QSCs), strategically located proximal to large markets, also played a critical role in the swift resumption of operations and minimised supply discontinuity. These interventions helped your Company in fortifying its clear leadership of the VAP segment and in consolidating its preferred supplier position amongst leading end-use customers and brands. Robust growth in export volumes partially mitigated the drop in domestic demand. Recently, the Bhadrachalam unit augmented its VAP capacity by 45000 TPA which will further strengthen its market standing. The additional capacity is expected to be fully deployed in FY 2021-22.

In line with its pursuit of providing sustainable packaging solutions to customers, your Company launched antifungal soap packaging paper designed to replace single use plastics. The Business scaled up its sustainable products portfolio comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments respectively and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications. Your Company is actively engaged in developing suitable paper/paperboards as well as barrier-coated substrates that can replace single use plastics. Your Company is also a leading player in the eco-labelled products segment and premium recycled fibre-based boards space. Further, the Business has also developed antiviral paper for applications in pharma and education & stationery businesses which is in the process of commercialisation.

In FY 2020-21, the Specialty Papers segment delivered strong performance supported by robust demand for Décor papers and lower imports from China. Further, uninterrupted supply to pharma segment aided by an agile supply chain amidst disruptions in the industry helped in fortifying its market standing. During the year, the Director General of Trade Remedies initiated anti-dumping investigations on décor papers imported 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 touched a record high. Initiatives such as bund plantation and scaling up plantations in new core catchment areas in Odisha (Malkangiri) and Chhattisgarh are expected to secure cost-effective access to fibre.

The Business has been practising the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade now and has reaped substantial benefits through its Business Excellence initiatives. In recent years, the Business has made deep investments in Industry 4.0 technologies which have yielded substantial benefits in the form of higher process efficiencies, productivity enhancement, improved resource utilisation and cost reduction. Several initiatives anchored on AI/ML and advanced analytics are underway to drive structural advantages across the manufacturing and supply chain.

To provide sustainable packaging solutions to customers, the Paperboards & Specialty Papers Business scaled up its sustainable products portfolio comprising recyclable paperboards, 'FiloPack' and 'FiloServe' for the food delivery and food service segments and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications.

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The Industry 4.0 Centre of Excellence (CoE), established to build in-house capability in new technologies and for sustaining the benefits, is focusing on the development of new systems/platforms for archiving learnings and conducting structured and comprehensive training programmes for developing a critical mass in the Business.

The Business implemented several cost saving initiatives in order to protect margins and conserve cash in the back drop of headwinds faced by the industry due to the pandemic. These initiatives were implemented across multiple areas such as chemical optimisation in Pulp Mill and BCTMP mill, procurement efficiencies, fuel cost optimisation, etc.

During the year, the Business achieved 'Level-5 Exemplary' recognition from CII - Total Cost Management Division which confirms that the cost management systems and processes deployed by the Business are a trendsetter in the industry.

The Paperboards & Specialty Papers Business of your Company is one amongst four organisations which has been accorded the Level-5 Exemplary league recognition out of 100 organisations assessed.

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.

The pioneering initiative taken by the Business to introduce a system of direct purchase of wood from

farmers with online payment enablement which facilitates transparent price discovery and enhances transactional efficiencies was further scaled up during the year – currently, close to 20% of the total wood procurement is being sourced through this system.

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 close to 100,000 acres of plantations involving over 23,500 farmers. During the year, over 195,000 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 paperboards 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 recycled around 100,000 tonnes of waste paper during the year, thereby sustaining your Company's positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. Bhadrachalam Unit is the first pulp & paper plant and the second in the

The Paperboards Business has made deep investments in Industry 4.0 technologies, yielding substantial benefits in the form of higher process efficiencies, productivity enhancement, improved resource utilisation and cost reduction. Several initiatives anchored on AI/ML and advanced analytics are underway.

country overall, to be rated GreenCo Platinum+ by CII, as part of Green Company rating system. The Kovai unit is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the Alliance for Water Stewardship Standards. Bhadrachalam and Kovai mills won awards for Excellence in Energy Management at the '21st National Awards for Excellence in Energy Management' in the Pulp & Paper sector.

The Business continues to strengthen its safety processes, adopting globally recognised best practices, ensuring that facilities are designed, constructed, operated and maintained in an inherently safe manner.

The Business took several steps to ensure safe and hygienic working conditions for its employees and workers. These steps include periodic awareness and communication programmes on the importance of 'SMS' ('sanitizing', 'wearing masks' and 'social distancing'), disinfection inside mill and residential colonies, encouraging work from home and setting up of isolation wards for employees and their families infected by the virus. Steps were also taken to protect the community in the vicinity of the mills.

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 four manufacturing 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 and has made steady progress towards its commissioning. Along with pulp capacity augmentation, this intervention will reduce the carbon footprint of operations through lower coal consumption.

The Business had commissioned a 46 MW wind energy project in Andhra Pradesh in July, 2014. The wind mill is currently wheeling power to various Business units of your Company located in Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Uttarakhand, Bihar, West Bengal, Maharashtra and NCR. Usage of wind energy has led to a reduction of Greenhouse Gas emission by appx. 0.92 lakh tonnes of CO₂ equivalent during the year, primarily at the Bhadrachalam Mill. As reported in previous years, while the bifurcation of erstwhile state of Andhra Pradesh into two separate states of Telangana and Andhra Pradesh was enacted in June, 2014, permission for inter-state wheeling of power was granted only in September, 2016 after several representations and discussions with the concerned authorities on the matter. 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.

With progressive improvement in demand across end-user industries, the Business delivered a competitively superior performance in the second half of the year on the back of strong volume recovery to

Your Company continues to source its wood requirements from sustainable sources. All four manufacturing units of the Paperboards and Specialty Papers Business have obtained the Forest Stewardship Council 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 paperboards in India.

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pre-Covid levels and improvement in margins driven by higher realisations and operational efficiencies, and lower input prices. However, the second wave of pandemic has weighed on the recovery momentum creating uncertainty in the business environment.

The current import policy and extant regulations governing commercial and social forestry in the country have over the years put the Indian Paper and Paperboard industry at a significant disadvantage vis-à-vis imports. There is clearly a need to review the current import duty structure and re-examine the existing Free Trade Agreements 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.

The integrated nature of the business model - comprising access to high-quality fibre, in-house pulp capacity, world-class product quality, state-of-the-art manufacturing facilities along with robust forward linkages with the Education and Stationery Products Business - is a key source of competitive advantage for your Company's Paperboards & Specialty Papers Business. Recent investments in innovation platforms, sharply focused on deploying a future-ready portfolio anchored on the development of sustainable products, and cutting-edge digital technologies to drive efficiencies and productivity will continue to be leveraged to consolidate your Company's clear leadership position in the Indian Paper and Paperboards industry.

Packaging and Printing

Your Company's Packaging and Printing Business is a leading provider of superior value-added packaging for the FMCG industry. The Business also provides strategic support to your Company's FMCG Businesses and Cigarettes Business by facilitating faster turnaround for new launches, innovative packaging solutions, 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 year under review was particularly challenging for the Business in view of the disruptions caused by the COVID-19 pandemic and slowdown in demand across major end-user industries. Whilst exports and domestic FMCG business posted robust growth, the liquor and other discretionary segments witnessed muted demand during the year. Amidst heightened competitive intensity and sluggish economic conditions, the Business continued to aggressively pursue new business development opportunities across segments and focused on new product development to drive growth.

The Business rose to the challenge of servicing the critical packaging supplies of essential items to its domestic customers as well as that of your Company's Branded Packaged Foods and Personal Care Products Businesses. Leveraging its supply

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

chain network and superior customer relationships, the Business also responded with agility to seize opportunities in the export markets reinforcing its position as a reliable supply chain partner in both domestic and export markets. This is a testimony not only to your Company's resilience in the face of adversity but also to the remarkable commitment of the workforce to pursue excellence in execution. During this phase of sub-optimal capacity utilisation due to supply chain bottlenecks, the Business combated the impact of negative operating leverage through improved customer and portfolio mix, enhanced operational efficiency, and relentless focus on cost reduction.

The Business continues to craft innovative packaging solutions leveraging its deep understanding of end-user needs and the capabilities of your Company's Life Sciences and Technology Centre. Recognising the need for sustainable packaging and the resultant emerging demand for plastic substitutes, the Business had taken several initiatives to develop biodegradable/recyclable packaging solutions. Key interventions in this direction include the development of a pipeline of pioneering products such as 'Bioseal' (bio-compostable packaging solution for Quick Service Restaurants, personal care and packaged foods industries) and 'Oxyblock' (a recyclable packaging solution with enhanced barrier properties for packaged foods, edible oils, etc.) which are under various stages of commercialisation. Going forward, the Business will continue to invest resources to develop sustainable packaging solutions towards meeting the increasing drive from brand owners for 'reducing, reusing and recycling' plastic packaging.

The Business continues to be acknowledged as a 'first choice packaging partner' by several reputed

FMCG companies in the country for providing superior and cost-effective packaging solutions across areas such as sustainable packaging, superior structural design and enhanced security features. The Business has been consistently recognised amongst the top ranked global packaging companies on productivity parameters as per the latest International Packaging Group and International Flexibles Packaging Network rankings.

The Business continues to win several awards for operational excellence and creative packaging solutions. During the year, the Business won the prestigious WorldStar awards for Aashirvaad Atta 'Breathable Wheat Flour Pack with Air Release Control' and several AsiaStar/IndiaStar awards. 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 ISO 45001:2018, and have also received Social Accountability Certification (SA 8000:2014). Both the Tiruvottiyur and Haridwar units received the 'Grade A' Brand Reputation Compliance Global Standards (BRCGS) certification, for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. The Tiruvottiyur unit also received '5 star' rating for Excellence in the field of EHS from CII-SR, EHS Consistent Performer Award for securing '5 star' rating since the last 3 years from CII-SR, and CII EHS Award - First Place in the Category of Manufacturing Process by CII-SR. The Risk Management Framework of the Business was re-certified under ISO 31000:2018 during the year. The 14 MW wind energy farm in Tamil Nadu, set up in 2008, continues to provide clean

With world-class manufacturing technology across a diverse range of platforms and best-in-class quality management systems, the Packaging and Printing Business has established itself as a one-stop packaging solutions provider to several industry segments.

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energy to the Tiruvottiyur facility, contributing towards reducing your Company's carbon footprint.

Going forward, to cater to its growing customer base across the country and to further improve service levels to its customers, the Business has initiated investments to expand its manufacturing footprint in the Western region with state-of-the-art equipment for both the cartons and flexibles platforms.

With world-class manufacturing technology across a diverse range of platforms and best-in-class quality management systems, the Packaging and Printing Business has established itself as a one-stop packaging solutions provider to 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 packaging solutions to several key customers in India and overseas. Focused investments in human resource development and a distributed manufacturing footprint will fuel growth plans going forward.

AGRI BUSINESS

Leaf Tobacco

The Indian Flue Cured Virginia (FCV) crop remained relatively stable at 224 million kgs in 2020, after a secular decline over the last six years during which crop output dropped by over 30%. A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from providing a fillip to illicit trade and severely impacting the domestic legal Cigarettes industry, has exerted significant pressure on the leaf tobacco crop grown in India. This, together with lower

export incentives in India, excess production and relative weakness of currencies in certain competing geographies has culminated in reduced demand for Indian tobacco in international markets. This is reflected in the decline in leaf tobacco exports by around 26% over the last seven years – from 236 million kgs. in FY 2013-14 to appx. 175 million kgs. in FY 2020-21. A stable domestic base of demand for leaf tobacco would be critical in enabling the Indian farmer to weather the volatility associated with international markets.

The COVID-19 pandemic posed several operational challenges. The Business mitigated the same with agility and ensured continuity in operations across all nodes while strictly adhering to comprehensive safety protocols. Opportunities to drive revenue were captured by responding to customers' needs with speed and agility, meeting exigent demand of mid-tier manufacturers by rapidly re-orienting internal processes, and facilitating remote inspections for all major customers leveraging digital technologies.

Against the backdrop of a challenging business environment, the Business continued to leverage its crop development expertise, superior product quality and world-class processing facilities and consolidated its leadership position in the Indian leaf tobacco industry. New business development and enhanced value delivery to existing customers enabled the Business to sustain its pre-eminent position as the largest Indian exporter of unmanufactured tobacco. The Business also continued to provide strategic sourcing support to your Company's Cigarettes Business, meeting all requirements during the year at competitive prices.

Strategic cost management across the value chain continues to be a key focus area for the Business.

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.

The digitally powered real time system continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented in recent years have led to substantial benefits including improvement in processing yields and manufacturing efficiencies, reduction in specific consumption of power and logistics cost optimisation.

The Business continues to make focused investments across the tobacco value chain anchored on the key vectors of Quality, Consistency, Compliance and Sustainability. Crop and region-specific agronomic practices continue to be deployed to cater to the emerging preferences of customers. Synergistic R&D initiatives with focus on varietal development and climate smart farming techniques are being scaled up towards improving productivity, product quality and reduction in cultivation costs. The Business has successfully implemented integrated energy management initiatives spanning energy conservation, promotion of alternative fuel usage and energy plantations, towards achieving fuel self-sufficiency in the curing process of FCV tobacco.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological solutions. Investments continue to be made 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 GLTs are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path.

The Business remains committed to the highest standards of EHS and quality and continues to win recognition in these areas. During the year, the Business won the National Energy Management

Award from CII for Excellence in Energy Management and 'Significant Achievement in Employee Relations Award' from Employers' Federation of India.

A sharp fall in domestic crop output, sustained pressure on domestic legal cigarette volumes due to steep escalation in tax incidence and stringent regulations, and decline in leaf tobacco exports, as aforesaid, have led to severe stress on farmer earnings which have declined by over ₹ 6000 crores in the last six years since 2014. Illicit cigarettes, as well as smuggled New Generation Products (NGPs) and 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. Lower export incentives in India and relatively unfavourable import duty in several markets including the USA, Europe and Russia have weighed on the competitiveness of Indian leaf tobacco exports. Restoring export incentives to earlier levels and necessary policy support to alleviate trade barriers would go a long way in enhancing the competitiveness of Indian tobacco exports and contribute to increasing farmer earnings. Your Company continues to engage with policy makers on these matters.

The Business will continue to provide strategic sourcing support to your Company's Cigarettes Business even as it consolidates 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

The energy needs of all three Green Leaf Threshing plants are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path.

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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 imposition of lockdowns and mobility restrictions consequent to the onset of COVID-19 pandemic resulted in significant disruptions across the agriculture value chain besides causing higher volatility in agri-commodity prices. Amidst such unprecedented circumstances, the Business responded with agility and swiftly resumed operations across all nodes by the first week of April, 2020 itself. To ensure availability of essential commodities, provide steady support to the Branded Packaged Foods Businesses of your Company and also to support the agri sector during such a critical time, the Business secured the requisite permissions expeditiously and ramped up agri operations including direct buying from farmers. Leveraging its e-Choupal network, the Business acted with agility and expanded the number of buying locations to overcome operational challenges during the initial phase of the lockdown. The Business leveraged its robust supply chain network and ensured transportation through multiple modes ably supported by its trade partners. Strict adherence with safety protocols was ensured for the well-being and safety of employees and supply chain partners.

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 3 million tonnes in 22 states and over 20 agri-value chain clusters. The strategic focus of the Business in recent years has been to accelerate growth and enhance value capture

by rapidly developing and scaling up its Value-Added Agri Products (VAAP) portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The Business continues to leverage its deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceable and identity-preserved sourcing of agri-commodities.

- Your Company is a leading player in whole spices such as chilli, turmeric, coriander and cumin. In line with its strategy of enhancing value addition, the Business has, in recent years, expanded into 'food safe' markets viz. USA, EU and Japan, leveraging its key strengths such as identity-preserved sourcing expertise, strong backward integration, superior processes, custody of supply chain and customer focused strategies. During the year, the Business consolidated its position as a preferred supplier for discerning customers in food safe markets, as reflected in a strong growth in exports on the back of addition of new customers and foray into new markets such as Malaysia and Ecuador. The domestic business too posted a robust growth driven by higher offtake from large players in foods business. The Business also scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with the various State Governments for production of food safe spices and has maintained an unblemished track record over the years in terms of compliance with stringent food safety parameters.

The Business also leveraged its strong backward integration linkages to foray into the organic spices segment, with the entire value-chain

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 3 million tonnes in 22 states and over 20 agri-value chain clusters.

certified by Control Union, Switzerland, providing assurance on product authenticity and compliance with stringent norms in the USA, EU and Indian markets. The Business continues to pursue sustainable farm management practices anchored on Rainforest Alliance and Global GAP accreditation. The Business was awarded first prize by Food Future Foundation supported by CII's Food and Agriculture Centre of Excellence (FACE) for sustainable sourcing of spices.

- During the year, the Coffee business was subdued due to the impact of COVID-19 induced restrictions. Exports to the European and Middle East markets were affected during the year due to prolonged lockdowns. Leveraging its strategic presence in key coffee producing regions in India, deep sourcing expertise, knowledge of estate and region-specific characteristics and supply chain linkages, the Business increased its focus on value-added offerings including coffee certified by Rainforest Alliance, Specialty and Monsooned coffee. Apart from servicing the needs of leading coffee houses in the value-added space, these supply chain linkages are also being leveraged to source the high quality coffee grades customised to the needs of your Company's gourmet coffee brand, 'Sunbean'.
- Your Company is a leading exporter of value-added frozen marine products from India with expertise in processing individually quick-frozen (IQF), raw and cooked products, which adhere to the highest standards of safety and hygiene standards prevalent in developed markets such as USA, EU and Japan. However, significant disruption in the supply chain in the aftermath of the COVID-19 pandemic, both in India and in key destination

markets, impacted exports during the year.

Leveraging its deep understanding and sourcing expertise, the Business recently forayed into the domestic retail segment with its 'ITC Master Chef' range of 'Super Safe' frozen prawns. The product has been well received by consumers and continues to gain steady traction.

- In the processed fruits category, the Business sustained its leadership position in exports of certified mango pulp. The scale and scope of the projects involving supply of certified products continue to be expanded through a robust collaborative network comprising over 3000 small and marginal farmers spanning four states in India.

The Business remains focused on enlarging its scope of operations to include fresh and processed products in identified agri-commodities such as staples for the Food Service segment, fresh and frozen fruits & vegetables and spices. As these businesses develop critical mass, the Business is also scaling up end-to-end presence across the value chain, supported by R&D capabilities of your Company's Life Sciences and Technology Centre and external collaborations.

- During the previous year, leveraging its extensive sourcing and product development capabilities and ability to supply consistent quality products, your Company had forayed into the Bulk Staples business catering to the Food Service channel. While disruptions in Food Service industry due to the pandemic adversely impacted customer offtake during the year, the Business is well poised to rapidly scale up its presence in this segment as the situation normalises. During the year, the Business developed customised specialty flour for value-added end-use and for the growing Food Service space across six major metro markets through an

The strategic focus of the Agri Business in recent years has been to accelerate growth and enhance value capture by rapidly developing and scaling up its Value-Added Agri Products (VAAP) portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others.

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ecosystem of custom manufacturing units and a network of channel partners.

- Towards building deeper expertise in Medicinal and Aromatic Plant Extracts (MAPE), the Business scaled up its customised crop development programme in Madhya Pradesh during the year, under which it is collaborating with farmers, providing necessary inputs, advisory and on-field support. The Business is also focusing on crafting suitable products and value propositions by leveraging research platforms of your Company's Life Sciences and Technology Centre.

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 necessary market linkages. Integrated rural service hubs, christened 'Choupal Saagar', continue to serve farmers through their procurement and storage infrastructure, and front-end retail stores. The Choupal Saagars 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. Interventions such as Choupal Pradarshan Khet, Choupal Mahotsav, etc. continue to enhance the vitality of your Company's e-Choupal network.

Towards enhancing the competitiveness of domestic agri value chains, foster new business models and value creation opportunities, your Company is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform. This digitally powered platform seeks to empower the farming community by delivering customised solutions by synergistically integrating NextGen agri-technologies. These include e-Marketplace for agri inputs and farm outputs, wide range of advisory services covering weather forecasts, agronomy, best practices for improved productivity, quality assurance, etc. Value propositions across each of these opportunity spaces are expected to create new and scalable revenue streams for your Company over time. The platform is also expected to facilitate re-engineering commodity sourcing through a robust network of ten million farmers and nearly 4,000 Farmer Producer Organisations (FPOs), leading to efficient price discovery, lower transaction costs and higher levels of traceability in the supply chain. Your Company also rolled out 'Project Astra' - an AI/ML and advanced analytics based digital platform to enhance operational efficiency and facilitate seamless execution.

During the year, as part of a pilot programme, your Company collaborated with leading agri input companies in the country to provide high quality and customised inputs to chilli farmers at competitive prices. Additionally, drone spraying technology was demonstrated extensively to the chilli farmers establishing multiple benefits viz., safe process of pesticide spraying, uniform spraying and ~90% water saving. This pilot programme has yielded promising results towards enhancing the competitiveness of the chilli value chain and farmer incomes.

Over the years, the Business has invested significantly in building competitively superior agri-commodity

ITC is scaling up e-Choupal 4.0 - a crop-agnostic 'phygital' integrated agri solutions platform. This digitally powered platform seeks to empower the farming community by delivering customised solutions by synergistically integrating NextGen agri-technologies.

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 enable the Business to offer differentiated value-added services of identity preservation, traceability and certification and have created structural advantages for your Company's Branded Packaged Foods Businesses.

- The Business continues to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat 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 various atta factories. At the Kapurthala ICML plant, direct buying of wheat offers substantial benefits to farmers including transparency in grading, weight and pricing, besides reducing transaction costs due to minimisation of handling and transportation. Plans are on the anvil to scale up this initiative backed by focused crop development in the area to upgrade crop quality.

Ongoing collaborations with reputed research organisations such as Indian Agricultural Research Institute, Indian Institute of Wheat & Barley

Research, 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 across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Punjab, Madhya Pradesh and Maharashtra. Sharp focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing & delivery network and developing customised blends will support your Company's Branded Food Packaged Businesses in the years to come.

In recognition of the various initiatives undertaken by the Business, including keeping the entire supply chain fully functional during the pandemic, your Company was awarded the first prize in 'Food, Perishables, Beverages and FMCG' category at the CII Supply Chain And Logistics Excellence (SCALE) Awards, 2020.

- Despite the operational challenges posed by the pandemic, the Business continued to strengthen its milk procurement network for 'Aashirvaad Svasti' dairy products with significant increase in daily milk collection. The Business strengthened its network in West Bengal and Bihar to support the growing requirement for fresh dairy products and in Punjab towards supporting the requirements of 'Sunfeast' dairy beverages. In this regard, the Business provided farmers with the requisite infrastructure (such as automatic milk testing equipment and chilling units) and imparted package of practices to improve operational efficiency and maintain high quality along with identity preservation and

The e-Choupal 4.0 platform is expected to facilitate re-engineering commodity sourcing through a robust network of 10 million farmers and nearly 4,000 Farmer Producer Organisations (FPOs), leading to efficient price discovery, lower transaction costs and higher levels of traceability in the supply chain.

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traceability. The capability to source superior quality milk enabled the launch of 'Aashirvaad Select' milk during the year – the first-of-its kind in the country providing complete traceability of milk quality across the supply chain.

- The Business also 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.

Your Company continues to leverage its institutional capabilities, deep expertise and structural advantage in sourcing to access a wide range of agri-commodities for servicing the needs of domestic and export customers while improving the overall operational efficiency across all nodes of the supply chain.

- Indian wheat crop witnessed a bumper harvest in FY 2020-21, leading to increase in the surplus available for domestic trade. Lower wheat production in Ukraine and the imposition of export tariffs in Russia, led to Indian wheat prices turning competitive after a period of four years. Consequently, there was strong demand for Indian wheat from Bangladesh, Middle East and South-Asian markets. The Business leveraged its extensive sourcing network and responded swiftly, accounting for a substantial share of the total wheat exports from India to these countries. However, in the domestic market, COVID-19 induced lockdowns severely impacted the Food Service channel resulting in relatively muted demand from roller flour millers.
- In the Rice business, due to shortage of crop in competing origins of Thailand and Vietnam coupled with additional demand from China and Bangladesh, there was a significant increase in exports of rice from India. Your Company was agile in harnessing the opportunity and registered a three-fold increase in export volumes.
- During the year, the Business also leveraged its geographical presence, sourcing network and risk management capabilities to capture trading opportunities in oil seeds and coarse cereals.

In line with the national goal of doubling farmers' income, your Company remains committed to catalyse a transformational shift of the agri ecosystem from the conventional production-centric to demand-responsive value chains. Towards this, your Company continues to focus on developing NextGen Indian agriculture anchored on digitally enabled and climate smart agri value chains with strong market linkages. The focus of these interventions is to reduce vulnerability and increase the resilience of farmers, while lowering greenhouse gas emissions and promoting food security by facilitating development of climate-smart villages and enabling the adoption of sustainable agri practices. Your Company's Agri Business is well positioned to scale up identified areas that lend to higher value addition while continuing to provide strategic sourcing support to your Company's Branded Packaged Foods Businesses.

NOTES ON SUBSIDIARIES

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

Surya Nepal Private Limited

The year under review was severely impacted by the outbreak of the COVID-19 pandemic, which resulted in unprecedented disruption to economic activities in Nepal.

GDP⁴ of Nepal degrew by 1.9% for the year ended 15th July, 2020, as against a growth of 6.7% in the previous year. The agriculture sector was adversely impacted on account of a delayed monsoon and widespread crop damage due to infestation, leading to slowdown in growth rate to 2.2% (previous year: +5.2%).

The non-agriculture sector contracted by 3.7% (previous year: +6.9%) primarily due to degrowth in manufacturing and services. The Manufacturing and Services sector contracted by 9.1% and 3.6% respectively. Tourism & hospitality, transportation, wholesale and retail trade were amongst the sectors severely impacted by the pandemic.

The Government of Nepal implemented several fiscal and monetary measures to stimulate the economy. It also enacted the Foreign Investment and Technology Transfer Rules, 2077 and Environment Protection Rules, 2077 during the year, with a view to attract foreign capital and improve the ease of doing business in Nepal. Increase in inward remittances since July, 2020 and progressive easing of restrictions since October, 2020, led to gradual revival in economic activity. However, the recent resurgence of COVID-19 infections and renewed disruptions across the country including a severe drop in tourism have adversely impacted the prospects of early normalisation of the economy. Rapid increase in vaccination coverage along with focused measures to contain the spread of the virus remain critical in the near term to protect lives and support the economy.

On-ground implementation of reforms and promulgation of industry-friendly policies remain the key imperatives for long-term sustainable growth of the economy.

The legal cigarettes industry occupies an important place in Nepal's economy and is a major contributor to the manufacturing sector of the country. However, the industry continues to face significant challenges from an increasingly punitive and discriminatory

taxation and regulatory regime. The company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and the tobacco control objectives, considering the unique tobacco consumption pattern in Nepal.

Steep increase in tax incidence on the legal cigarettes industry over the years coupled with severe disruption in operations in the aftermath of the pandemic rendered the operating environment extremely challenging during the period under review. Against this backdrop, the company reinforced its market standing by leveraging its robust portfolio of offerings, superior product quality and a deep and wide distribution network. Differentiated and innovative portfolio interventions under the Surya and Shikhar trademarks received encouraging consumer response. Several initiatives were successfully deployed to ensure product availability and efficient market servicing amidst significant disruptions to sales operations due to the pandemic.

During the year, the company strengthened its market standing in the Agarbatti industry through focused investments in building brand salience and enhancing distribution in target markets by leveraging its robust trade marketing and distribution infrastructure. Product portfolio was strengthened with the introduction of an innovative 'Zip Lock Pack' offering 'Trisara' which has received encouraging response. The company's range of products currently straddle 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 company continued to focus on delivering superior product quality, enhancing distribution across markets leveraging its strong trade marketing and distribution capabilities, along with cost optimisation initiatives.

In the Confectionery segment, sales during the period under review were relatively subdued in line with lower demand for discretionary and out-of-home consumption categories in the wake of the pandemic.

⁴ GDP growth at constant producer prices released by Central Bureau of Statistics in March 2021 based on rebased national accounts (change in base year from 2000-01 to 2010-11)

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The company focused on scaling up availability of products across markets with the progressive easing of restrictions.

The company has adopted all measures towards ensuring safety and well-being of all its stakeholders. The company continues to support and invest in initiatives aimed at enhancing the social and economic capital of Nepal, covering areas relating to environmental preservation, social empowerment and promoting and improving education in public schools. During the year, the company:

- assisted farmers in agri-infrastructure and vermicomposting in areas proximate to operating locations.
- provided training to farmers towards improvement in productivity and other income generating activities.
- supported 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.
- continued to contribute towards improvement in quality of education in public schools in the vicinity of its operating locations.
- contributed Nepali Rupees (NRs.) 1 crore each (aggregating NRs. 7 crores) to the 'Funds for treatment and control of COVID-19' established by all seven provinces in Nepal and supported the local governments and communities in the immediate vicinity of its manufacturing locations in dealing with the pandemic.

During the year, the company recorded Revenue from Operations of NRs. 3612 crores (previous year NRs. 4018 crores) and Net Profit of NRs. 867 crores (previous year NRs. 1110 crores); the decline in performance being primarily attributable to the severe disruptions in business operations caused by the pandemic.

The company declared a dividend of NRs. 488 per equity share of NRs. 100 each for the year ended 15th July, 2020 (31st Asadh, 2077) amounting to

NRs. 983.81 crores (previous year NRs. 489 per equity share amounting to NRs. 985.82 crores).

The company continues to be one of the largest contributors to the exchequer in Nepal. The company is well positioned to consolidate its leadership position by leveraging its robust portfolio of products, deep and wide distribution network, best-in-class manufacturing facilities and execution excellence. Plans are on the anvil to rapidly scale up the newer FMCG businesses.

ITC Infotech India Limited and its subsidiaries

The year under review witnessed structural shifts in the IT services industry due to the impact of COVID-19 pandemic. Despite disruptions due to the pandemic, the Indian IT Services and Business Process Management (BPM) industry grew by 2.3% in US dollar terms in FY 2020-21, according to NASSCOM estimates. The industry demonstrated agility in seamlessly delivering services to global clients by adopting a distributed delivery model to overcome the supply side disruptions caused by the pandemic through effective use of mobile computing devices and enterprise collaboration software.

The pandemic further accelerated the mainstream adoption of digital technologies such as Cloud, Intelligent Automation, Digital workplace and Cybersecurity in the enterprise technology landscape. Organisations are increasingly adopting these technologies to enhance flexibility and scalability of their technology infrastructure to enable seamless operations with a distributed workforce, expand channels of customer outreach and optimise human resources, especially for routine and well-defined tasks.

With increasing adoption of digital technologies to drive value creation and enhance operational efficiencies, enterprises are looking at IT service providers as partners who can deliver impactful business solutions leveraging such technologies. Accordingly, IT service providers continue to sharpen their digital offerings by collaborating with relevant Independent Software Vendors (ISVs) and start-ups. Winning large transformation opportunities from enterprise clients through differentiated client centric deal constructs has emerged as a key focus area.

Re-skilling and up-skilling employees in digital technologies and acquiring targets with digital or domain related capabilities have also become a defining trend in recent times.

Against this backdrop, the company's strategy remains anchored on providing domain-led digital services and solutions to customers in identified industry verticals. During the year, the company recorded robust growth in revenue on the back of strong traction in the Americas, Europe and India businesses. Global In-house Centre services, Digital Experience using data analytics and Infrastructure services were the key drivers of growth. The company also forged new alliances and strengthened existing relationships with ISVs and start-ups in areas such as Automation, Digital Manufacturing and Data analytics. In addition to strong revenue growth, the operating margins of the company also improved substantially during the year driven by structural interventions such as improved customer mix, enhanced resource utilisation and reduction in controllable general & administrative costs. The company remains focused on sustaining the gains during the year and driving further improvement through multiple interventions across the value chain.

The company's superior service delivery and technology capabilities continue to earn global recognition. During the year, the company improved its positioning in Avasant's Intelligent Automation RadarView report, and was rated amongst the top service providers globally in the 'Innovators' category (from being recognised in the 'Disruptors' category in the previous year). The company was also featured as a 'Strong Performer' in the Forrester wave report on mid-sized Robotic Process Automation service providers during the year. The company's capability in Manufacturing Execution Systems (MES) was recognised and featured in a note on 'An innovative approach for accelerating MES implementation' by Information Services Group, Inc. (ISG), a global technology research and advisory firm. 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 company received the PR World Awards during the year for its efforts in effectively responding to the COVID-19 pandemic.

During the year, the company's consolidated Total Income grew by 8.8% to ₹ 2469.29 crores (previous year ₹ 2268.63 crores). Profit Before Tax stood at ₹ 604.13 crores (previous year ₹ 288.34 crores) and Net Profit more than doubled to ₹ 451.30 crores (previous year ₹ 209.47 crores).

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 1834.98 crores (previous year ₹ 1529.87 crores) and Net Profit of ₹ 447.79 crores (previous year ₹ 194.69 crores). The company paid a total dividend of ₹ 32.50 per Equity Share of ₹ 10 each aggregating ₹ 276.90 crores (previous year ₹ 11.75 per Equity Share aggregating ₹ 100.11 crores).
- b. ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Revenue of GBP 48.80 million (previous year GBP 49.82 million) and Net Profit of GBP 0.90 million (previous year GBP 1.23 million). The company paid a dividend of GBP 1.25 per share aggregating GBP 0.86 million (previous year Nil).
- 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\$ 108.36 million (previous year US\$ 105.62 million) and Net Income of US\$ 2.59 million (previous year US\$ 3.31 million). The company paid a total dividend of US\$ 14 per share aggregating US\$ 2.55 million (previous year US\$ 11 per share aggregating US\$ 2 million).

The company remains committed in its journey of providing differentiated, business-friendly offerings to select industry verticals anchored on domain-expertise. The company will continue to focus on expanding its presence in strategic accounts, creating and winning large transformation opportunities, sharpening its domain-specific digital solutions across identified

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areas, strengthening its distributed delivery framework and investing in re-skilling/up-skilling its employees in digital technologies.

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.

During the year, a significant drop in potato cultivation acreage and adverse climatic conditions led to a sharp decline in production by nearly ten per cent over the previous year. Consequently, table potato prices increased steeply.

Revenue from Operations grew at a robust pace of 42% during the year to ₹ 287.09 crores (previous year ₹ 202.26 crores) on the back of the company's brand strength, superior product quality, better on-field performance and strong trade and customer relationships. Net Profit increased substantially to ₹ 72.92 crores (previous year ₹ 20.34 crores).

Total Comprehensive Income for the year stood at ₹ 72.92 crores (previous year ₹ 20.26 crores). During the year, the company declared an interim dividend of ₹ 16.00 per Equity Share of ₹ 10 each, aggregating ₹ 60.74 crores (previous year ₹ 4.00 per Equity Share).

Leveraging its strong tissue culture capabilities, the company has also started piloting production of banana plantlets. The company continues to build a strong foundation for the future with development of new varieties and extensive multi-location trials.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of its TECHNITUBER® Seed Technology and customising its application across various geographies. Further, the company is also engaged in the marketing of TECHNITUBER® seed produced at the facilities of its subsidiaries in China and Canada and Technico Agri Sciences Limited,

India, a wholly-owned subsidiary of your Company, to global customers. For the year under review:

- a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 2.09 million (previous year A\$ 2.49 million) and a Net Profit of A\$ 0.79 million (previous year A\$ 1.56 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 the status of a 'Strategic Development Project' entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

Project construction activity, which was running on schedule till Q3 FY19, has been adversely impacted largely due to disruptions in the aftermath of the terror incidents in 2019 and then by the COVID-19 pandemic. Project activity resumed in May, 2020, post relaxation of restrictions imposed by the authorities to curb the spread of the virus. However, Colombo was significantly impacted by the second wave of the pandemic in October, 2020, leading to another round of disruptions in Project activity. Construction activity was progressively ramped up during the fourth quarter with easing of restrictions. The company has put in place comprehensive health and safety protocols for the safety and well-being of all stakeholders. The company remains focused on completing the project in an expeditious manner despite significant disruptions caused by the aforementioned factors.

The business environment in Sri Lanka continues to remain subdued in the wake of the pandemic.

This has impacted, inter alia, the sales velocity of 'The Sapphire Residences' luxury apartments.

Your Company's investment in WLPL stood at US\$ 278 million as at 31st March, 2021.

Landbase India Limited

The company owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course – which continues to enjoy strong brand equity with its members, guests and the golfing fraternity.

In view of the COVID-19 pandemic, operations at the Club had been suspended in March, 2020. The Club was re-opened in May, 2020, after implementing the highest safety and hygiene standards, social distancing norms, etc., leading to progressive improvement in member footfalls.

The company also owns 'ITC Grand Bharat' – a 104-key all-suite luxury retreat at Gurugram, which has been licensed to your Company. The retreat, an oasis of unhurried luxury, is co-located with the company's prestigious Classic Golf & Country Club.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. During the year, the retreat has received accolades from Travel + Leisure, one of the world's leading magazines in the travel and hospitality industry. The property was also declared the 'Best Wellness Retreat' in the domestic category as part of India's Best Awards, 2020 by Travel + Leisure India & South Asia.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 25.03 crores (previous year ₹ 28.37 crores) and Net Profit of ₹ 3.80 crores (previous year ₹ 2.85 crores). Total Comprehensive Income for the year stood at ₹ 3.85 crores (previous year ₹ 2.82 crores).

Srinivasa Resorts Limited

The company owns 'ITC Kakatiya' – a 188-key luxury hotel in Hyderabad city, which is operated and marketed by your Company. The company was

adversely impacted by the lockdown and resultant disruptions due to the COVID-19 pandemic. With the progressive easing of restrictions, the hotel resumed operations following the highest standards of safety and hygiene for all stakeholders.

The property continued to receive several accolades, with 'Dakshin' and 'Kebabs and Kurries', being adjudged the 'Best South Indian Fine Dining Restaurant' (11th consecutive year) and 'Best North Indian Fine Dining Restaurant' respectively in the Times Food Guide Nightlife Awards, 2021.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 26.74 crores (previous year ₹ 62.48 crores) with Net Loss of ₹ 8.42 crores (previous year Net Profit of ₹ 3.24 crores). Total Comprehensive Income for the year stood at (-) ₹ 8.34 crores (previous year ₹ 3.16 crores).

Fortune Park Hotels Limited

The company, which caters to the 'Mid-market to Upscale' Business Hotels segment under the brand 'Fortune', remains a front-runner in its operating segment and is well positioned to sustain its leadership position in the industry.

The company has established 'Fortune' as a premier business hotel brand in the Indian hospitality sector. The brand Fortune continues to forge new alliances and expand its footprint. Currently, it has an aggregate inventory of nearly 4,000 rooms spread over 50 properties of which 39 are operating hotels. Three more properties are slated to be commissioned in the ensuing year while eight are in various stages of development.

The COVID-19 pandemic, which has significantly impacted the travel & tourism industry, caused severe disruption across all properties in the first half of the year under review. There was progressive recovery thereafter, especially in the leisure segment. 'Safe Stays' programme has been implemented at the hotels with enhanced focus on safety, health and hygiene.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 17.71 crores (previous year ₹ 39.68 crores) and Net Loss of ₹ 6.28 crores

Report of the Board of Directors

(previous year Net Profit ₹ 2.69 crores). Total Comprehensive Income for the year stood at (-) ₹ 6.28 crores (previous year ₹ 2.76 crores).

Bay Islands Hotels Limited

The company's hotel in Port Blair, licensed to your Company, continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and superior quality. Consequent to a comprehensive renovation and expansion programme towards enhancing its market positioning, the hotel was rebranded from 'Fortune' to 'Welcomhotel' with effect from 1st December, 2020. Accordingly, the operation and marketing of the hotel is now being managed by your Company.

With the outbreak of COVID-19, the hospitality industry has been severely impacted and the hotel remained shut during the first quarter of the year. The hotel resumed operations from July, 2020, after easing of lockdown restrictions and has demonstrated progressive improvement. Appropriate measures relating to safety, health and hygiene protocols have been put in place to ensure safety of all stakeholders.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 1.11 crores (previous year ₹ 1.69 crores) and Net Profit of ₹ 0.77 crore (previous year ₹ 1.23 crores). Total Comprehensive Income for the year stood at ₹ 0.77 crore (previous year ₹ 1.23 crores).

The Board of Directors of the company have recommended a dividend of ₹ 70.00 per Equity Share of ₹ 100 each for the year ended 31st March, 2021 (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 performance during the year was severely impacted by the sluggish demand arising out of subdued business sentiment in the wake of

the COVID-19 pandemic. The company continues to focus on developing superior solutions towards addressing customer requirements.

The company's Revenue from Operations for the year stood at ₹ 6.29 crores (previous year ₹ 12.33 crores) with a Net Loss of ₹ 2.42 crores (previous year Net Profit of ₹ 0.07 crore). Total Comprehensive Income for the year stood at (-) ₹ 2.42 crores (previous year ₹ 0.06 crore).

The Honourable National Company Law Tribunal, Mumbai Bench ('NCLT'), vide Order dated 9th April, 2021, confirmed the reduction of Issued, Subscribed and Paid-up 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 per share to such shareholders. The said reduction of Equity Share Capital of the company will be given effect to during FY 2021-22 on completion of necessary formalities under Section 66 of the Companies Act, 2013 and as directed by the NCLT.

North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited, 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.

During the year, the company posted robust revenue growth driven by increased 'at-home' consumption, particularly in the first half. The company successfully catered to the surge in demand amidst a challenging operating environment while ensuring full compliance with applicable health and safety protocols, and food safety standards. Over the years, the company has consistently improved operational efficiency, productivity and strengthened safety standards. The company has also upgraded its Food Safety Management System to the latest version of FSSC 22000 during the year.

The company's Revenue from Operations for the year stood at ₹ 172.52 crores (previous year ₹ 147.85 crores), while Net Profit for the year increased to ₹ 9.06 crores (previous year ₹ 4.79 crores), largely driven by volume growth and increase in operating efficiencies. Total Comprehensive Income for the year stood at ₹ 9.08 crores (previous year ₹ 4.73 crores).

Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited

As stated earlier in this Report, during the year, your Company acquired 100% of the Equity Share Capital of Messrs. Sunrise Foods Private Limited (Sunrise) on 27th July, 2020. Consequently, Sunrise and its two wholly-owned subsidiaries viz., Hobbits International Foods Private Limited (HIFPL) and Sunrise Sheetgrah Private Limited (SSPL), became wholly owned subsidiaries of your Company with effect from the said date. Sunrise subsequently amalgamated with your Company, and HIFPL and SSPL became direct wholly-owned subsidiaries of your Company.

HIFPL provides support to your Company's Business of manufacturing and marketing of spices and other food products, inter alia, under the 'Sunrise' brand. During the year, the company recorded Total Income of ₹ 0.67 crore and Net Loss of ₹ 0.13 crore.

SSPL also provides support to your Company's Business of manufacturing and marketing of spices and other food products, inter alia, under the 'Sunrise' brand. During the year, the company recorded Net Loss of ₹ 0.04 crore.

HIFPL and SSPL have filed joint petition with the Honourable National Company Law Tribunal, Allahabad Bench, seeking, inter alia, the approval for amalgamation of the said companies with your Company. The said petition is pending.

ITC IndiVision Limited

ITC IndiVision Limited (IIVL) was incorporated as a wholly-owned subsidiary of your Company on 9th July, 2020.

The company has obtained necessary regulatory approvals for setting up a facility near Mysuru,

Karnataka, primarily for the manufacture and export of nicotine and nicotine derivative products. Steady progress was made during the year in project construction activities while ensuring adherence to the highest standards of hygiene and safety protocols.

Your Company's investment in IIVL stood at ₹ 50 crores as at 31st March, 2021.

Russell Credit Limited

During the year, the company recorded Total Income of ₹ 64.37 crores (previous year ₹ 64.99 crores) and Net Profit of ₹ 49.47 crores (previous year ₹ 41.75 crores). Total Comprehensive Income for the year stood at ₹ 86.38 crores (previous year (-) ₹ 68.86 crores), reflecting the sharp recovery in market value of certain long-term strategic investments over the previous year which was severely impacted due to the pandemic. The company continues to monitor its investments closely in the face of volatile market conditions and explore opportunities to make strategic investments for the ITC Group. Temporary surplus liquidity of the company is mainly deployed in bonds, debt mutual funds, bank fixed deposits, etc. During the year, the company declared interim dividend of ₹ 0.20 per Equity Share of ₹ 10 each, aggregating ₹ 12.93 crores (previous year ₹ 0.85 per Equity Share of ₹ 10 each aggregating ₹ 54.95 crores).

Gold Flake Corporation Limited

The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Group, UK. During the year, the company recorded Total Income of ₹ 8.41 crores (previous year ₹ 8.48 crores) and Net Profit of ₹ 7.30 crores (previous year ₹ 7.30 crores). The company declared interim dividend of ₹ 6.25 per Equity Share of ₹ 10 each, aggregating ₹ 10.00 crores (previous year Nil).

Greenacre Holdings Limited

The company continues to provide maintenance services for commercial office buildings, engineering, procurement and construction management services as well as project management consultancy services.

Report of the Board of Directors

During the year, the company recorded Total Income of ₹ 5.65 crores (previous year ₹ 5.70 crores) and Net Profit of ₹ 3.71 crores (previous year ₹ 1.33 crores) after considering once-off reversals of certain deferred tax liabilities aggregating ₹ 1.44 crores.

ITC Investments & Holdings Limited

The company, an unregistered Core Investment company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016 and related guidelines, recorded Total Revenue of ₹ 0.06 crore during the year (previous year ₹ 0.07 crore) and Net Profit of ₹ 0.01 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 ₹ 7.26 lakhs (previous year ₹ 7.33 lakhs) and Net Profit of ₹ 0.33 lakhs (previous year ₹ 0.24 lakhs).

Pavan Poplar Limited

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February, 2014 dismissing the writ petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April, 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.22 crore (previous year ₹ 0.07 crore) and Net profit of ₹ 0.09 crore (previous year Net loss of ₹ 0.14 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 Income of ₹ 9.51 lakhs (previous year ₹ 8.36 lakhs) and Net loss of ₹ 3.17 lakhs (previous year Net profit of ₹ 0.03 lakhs).

NOTES ON JOINT VENTURES

ITC Essentra Limited

The performance of the company during the year was adversely impacted by the COVID-19 pandemic. With the easing of restrictions, the company restarted operations in a seamless manner while ensuring the highest standards of hygiene and safety protocols. The persistent pressure on volumes of the legal cigarette industry on account of a punitive taxation regime and stringent regulations, continues to exert pressure on the demand for cigarette filters from the legal industry.

Against the backdrop of such challenging business conditions, 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. 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.

During the year ended 31st March, 2021, the company's Revenue from Operations stood at ₹ 337.87 crores (previous year ₹ 381.19 crores). Net Profit during the year stood at ₹ 36.23 crores (previous year ₹ 42.09 crores).

The Board of Directors have recommended a dividend of ₹ 70.00 per Ordinary Share of ₹ 10 each (including special dividend of ₹ 30.00 per Ordinary Share) for the year ended 31st March, 2021 (previous year ₹ 30.00 per Ordinary Share).

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 35 heritage properties across 14 States in India under the 'WelcomHeritage' brand. The portfolio of properties, comprising 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts', provides uniquely differentiated offerings to guests in the cultural, heritage, nature, wellness and adventure tourism segments respectively. Operations across properties were impacted by the pandemic in the first half of the year. With gradual easing of restrictions, the properties demonstrated progressive recovery in performance.

During the year, the WelcomHeritage brand was awarded the 'Gold Award' by Service Industry Advertising Awards, Atlanta, USA for the campaign 'Work from Here' promoting long stay at select WelcomHeritage Hotels.

During the year ended 31st March, 2021, the company recorded Total Income of ₹ 2.30 crores (previous year ₹ 3.69 crores) and Net Loss of ₹ 0.68 crore (previous year Net Profit of ₹ 0.39 crore). Total Comprehensive Income for the year stood at (-) ₹ 0.68 crore (previous year ₹ 0.35 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 prior years, 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, 2021.

Logix Developers Private Limited

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited for developing a luxury hotel-cum-service apartment complex at the company's leasehold site located at Sector 105 in New Okhla Industrial Development Authority (NOIDA). 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 prior years, your Company reiterated its position with the JV partner that it was committed to developing a luxury hotel-cum-service apartment complex as envisaged under the JV Agreement and that it was not interested in progressing with any alternative project plans proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

Subsequently, the JV partner proposed that both parties should find a third party to sell the entire shareholding in LDPL. In view of these developments, your Company had filed a petition before the erstwhile Company Law Board submitting that the affairs of the JV entity were being conducted in a manner that was prejudicial to the interest of your Company and the JV entity. The matter is currently before the National Company Law Tribunal (NCLT). The JV partner had also filed a petition before the Honourable Delhi High Court for winding up the JV company, which was transferred to the NCLT by the Honourable Delhi High Court. The matter was heard before the NCLT on several occasions in the past but could not be concluded. On 21st January, 2020, the matter was assigned to a new bench; the matter is being heard and the date of next hearing is slated for 28th July, 2021.

During the year, the company received notices from NOIDA demanding payments in respect of the aforesaid lease. The company has submitted its responses in this regard.

During the year ended 31st March, 2021, the company recorded a Net Loss of ₹ 40.28 crores

Report of the Board of Directors

(previous year ₹ 75.36 crores). The Net Worth of the company stood at (-) ₹ 147.62 crores as at 31st March, 2021 (previous year (-) ₹ 107.34 crores). Your Company's total investment in LDPL was ₹ 41.95 crores. Your Company had made provisions aggregating ₹ 33.45 crores towards diminution in the carrying value of investment in LDPL in the previous years, bringing the carrying value of the company's investment in LDPL as at 31st March, 2021, to ₹ 8.5 crores.

The financial statements of LDPL for the year ended 31st March, 2021, 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, 2021, 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, foreign exchange and hotel travel services.

The company's operations have been severely impacted due to restrictions on travel and related activities on account of the ongoing pandemic. The company has reviewed and rationalised its cost structures, to partly mitigate the impact of negative operating leverage. To address the latent demand of safe travel during the pandemic, the company launched 'The SAFE Car Promise' during the year, reassuring its commitment to the customers on the highest standards of reliability, safety and hygiene. To supplement its revenues, the company has also forayed in the adjacent space of Corporate Employee Transportation services for essential sectors and promoted domestic leisure holidays through the launch of various holiday packages. The company is evaluating multiple strategies of growth in keeping with the post-pandemic operating environment.

During the year ended 31st March, 2021, the company recorded a Total Income of ₹ 62.16 crores (previous year ₹ 210.52 crores) and Net Loss for the year of ₹ 45.07 crores (previous year Net Loss of ₹ 7.41 crores). Total Comprehensive Income for the year stood at (-) ₹ 45.01 crores (previous year (-) ₹ 8.99 crores).

Gujarat Hotels Limited

The company's hotel, 'Welcomhotel Vadodara', at Vadodara is operated by your Company under an Operating License Agreement.

Pandemic induced restrictions and lockdowns adversely impacted the revenue from License Agreement especially during the first half of the year.

During the financial year ended 31st March, 2021, the company recorded Total Income of ₹ 3.06 crores (previous year ₹ 5.92 crores) with Net Profit and Total Comprehensive Income of ₹ 2.27 crores (previous year ₹ 4.30 crores). The Board of Directors of the company have recommended a dividend of ₹ 1.80 per Equity Share of ₹ 10 each for the year ended 31st March, 2021 (previous year ₹ 2.50 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 ₹ 25.47 crores (previous year ₹ 25.32 crores) and Net Profit of ₹ 0.24 crore (previous year ₹ 0.12 crore).

The company's operations during the year were impacted by the lockdowns and supply chain disruptions due to the COVID-19 pandemic. On resumption of operations, the company ramped up its production in an expeditious manner while ensuring the highest standards of hygiene and safety protocols.

The company continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations to meet the needs of its customers. During the year, the company was conferred Platinum certification and Excellence award by the Indian Green Building Council National Energy Management award by the Confederation of Indian Industry and Prashansa Patra by the National Safety

Council of India. The company also signed a long-term settlement agreement with the Employees Union during the year.

Delectable Technologies Private Limited

During the year, Delectable Technologies Private Limited (Delectable) became an associate of your Company pursuant to acquisition of the second tranche of Compulsorily Convertible Preference Shares on 17th September, 2020. Your Company effectively holds 20.06% stake in Delectable on a fully diluted basis. The company is, inter alia, engaged in sale of FMCG products leveraging app-based technology through vending machines, primarily installed across office locations. During the year, the operations of the company were adversely impacted with most offices remaining shut or operating with limited employees, on account of the pandemic.

During the year, the company recorded Total Revenue of ₹ 0.90 crore and Net Loss of ₹ 1.87 crores.

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 3.50 crores (previous year ₹ 4.73 crores) and Net Profit of ₹ 2.27 crores (previous year ₹ 2.50 crores). Total Comprehensive Income for the year stood at ₹ 8.88 crores (previous year (-) ₹ 43.01 crores) reflecting the recovery in market value of certain long-term strategic investments over the previous year which was severely impacted due to the pandemic. The company continues to explore opportunities for strategic investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.52 crore (previous year ₹ 0.53 crore) and Net Profit of ₹ 0.17 crore (previous year ₹ 0.16 crore). The company continues to explore opportunities for strategic investments.

Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.28 crore (previous year ₹ 0.31 crore) and Net

Profit of ₹ 0.10 crore (previous year ₹ 0.06 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 your Company. The Accounting Policies are reviewed and updated from time to time. These, in turn, are supported by a set of divisional policies and Standard Operating Procedures (SOPs) that have been established for individual businesses.

Your Company uses Enterprise Resource Planning (ERP) systems as a business enabler and also to maintain its books of accounts. The SOPs, in tandem with transactional controls built into the ERP systems, ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records. The Information Management Policy reinforces the control environment. The systems, SOPs and controls are reviewed by divisional management and audited by Internal Audit whose findings and recommendations are reviewed by the Audit Committee and tracked through till implementation.

Report of the Board of Directors

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 deficiency in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with 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 & 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 strategic 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 continuously sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key businesses of your Company have adopted the ISO 31000 Standard and accordingly, the Risk Management systems and processes prevalent in these businesses have been independently assessed to be compliant with the said global Standard on Risk Management. During the year, the said Businesses have successfully transitioned from the erstwhile ISO 31000:2009 Standard to the revised ISO 31000:2018 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 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, milk and leaf tobacco; in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies. Further, each of your Company's businesses continuously focuses on product mix enrichment 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

Report of the Board of Directors

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. At the onset of the pandemic, 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, have reviewed their approach to risk mitigation.

In the area of 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 and how employees should seek help on any aspect concerning their health from within the organisational support system. Advisories and guidelines are continuously updated in line with the evolving situation incorporating the latest inputs from expert groups.

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 sanitization, 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 Procedures 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 Company location and facility, the status in the Aarogya Setu App is mandatorily checked. Your Company has also made arrangements with various medical establishments to facilitate and encourage COVID-19 vaccination among eligible employees and their families.

Senior management continues to frequently engage with teams to bolster employee morale. E-learning programmes and platforms have been made available to ensure upskilling and knowledge enhancement.

Access to secure and contemporary platforms has been provided to facilitate working through remote access. 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 advisories and guidelines have been shared with all concerned employees to facilitate secure and uninterrupted access to your Company’s IT systems and information.

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 to the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances.

Your Company remains committed to ensuring 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 level, 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. 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 your Company's IT environment, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies 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.

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, ongoing knowledge improvement programmes for

staff, etc. The usage of data analytics in audits has been augmented across the organisation. Your Company's Internal Audit processes are certified as complying with ISO 9001:2015 Quality Standards. 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 onset of COVID-19 pandemic and consequent lockdowns and restrictions imposed to curb its spread, made the conduct of physical audits extremely difficult. Under such challenging circumstances and considering the safety and well-being of employees, Corporate Internal Audit envisioned and adopted a 'remote audit' approach by leveraging technology to ensure continuity in audit and assurance processes. A comprehensive Standard Operating Procedure comprising, inter alia, 'Work From Home' guidelines, IT security controls and communication protocols, facilitated seamless and effective conduct of remote internal audits during the year.

The Audit Committee of your Board met eight 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 your 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 strategic impact, operational efficiency and capital productivity.

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Your Company's 'Strategy of Organisation' is designed to promote agility through a culture of distributed leadership enabled by a three-tier governance structure. This is manifested in market and consumer facing Businesses which are driven by empowered teams and supported by shared assets and capabilities, enabling strategic relevance, speed, responsiveness and operational excellence. This approach allows Businesses, through their Management Committees, to focus, develop and execute business plans relevant to their product-market spaces while leveraging the institutional strengths of your Company and harvesting internal synergies.

Your Company's Human Resource development approach spans four key organisational dimensions of Agility, Alignment, Ability and Architecture which are supported through strategies crafted in areas of impact such as talent acquisition, engagement, capability building, employee relations, performance & rewards and employee well-being.

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 the leadership pipeline development process. Your Company continues to draw the finest management, technical and commercial talent from premier institutions in the country and is ranked amongst the leading companies in these institutions. Intensive engagement with the country's premier academic institutions over the years to communicate your Company's talent proposition through case-study competitions, knowledge sharing programmes by senior managers and the annual internship programmes have all contributed to create a compelling proposition for the best candidates to aspire for a career with your Company. Your Company continues to enthuse talent with high impact roles, competitive and performance driven remuneration, diversity in learning opportunities, an employee-centric climate, well-being focused infrastructure and support that promotes fellowship and commitment amongst employees.

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 by providing cutting-edge learning and development support to managers. The emphasis is on providing experiential learning through on-the-job assignments, an enabling & 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. Programmes are designed with learning content benchmarked to the highest standards. Globally benchmarked learning curriculums are designed and delivered through subject matter experts and internationally recognised faculty which are supplemented with business-critical application projects. Learning is further supplemented with on-demand, online programmes made accessible to employees through globally recognised content platforms. This approach ensures the application of learning fructifies in a manner which benefits your Company's business results.

Your Company continues to strengthen its performance management system and its culture of accountability through the widespread adoption of the

system of Management By Objectives. Performance planning through clearly defined goals, outcome-based assessment and alignment of rewards 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.

Your Company continues to periodically assess the quality of employee engagement through Company-wide surveys. During the year, the employee engagement initiatives, viz. leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and training & development planning and investments in employee well-being, etc. were further strengthened, leveraging digital technologies to not only widen the reach but also enhance the quality of engagement. ITC Hotels was certified as a 'Great Place to Work' by the Great Place to Work Institute, a global authority on building, sustaining and recognising high-trust and high-performance culture at workplaces. This is an important milestone in the Business' engagement journey and a recognition of its workplace culture.

Your Company continued its practice of active leadership outreach to employees. Periodic communications were cascaded throughout the ITC community through the 'StudioOne Townhall' led by the Chairman, providing employees an avenue to hear from and engage with leaders about your Company's vision, strategy and milestones. This was supplemented by a more personalised engagement through the 'StudioOne Xchange' initiative. The Chairman and other Members of the Corporate Management Committee interacted with managers across businesses in small groups, sharing your Company's vision and strategies while also inviting suggestions and feedback.

As a means of crowd sourcing ideas, your Company launched 'ReImagine Next', an organisation-wide innovation contest inviting suggestions from

employees about new business models, products and processes. Over 3100 managers participated in the contest, which generated over 2000 ideas, of which several are in the pilot stage of evaluation.

While your Company has covered significant ground and scaled up its digital investments exponentially, it seeks to embrace digitalisation as a foundation capability, vital to accelerating value creation, offering novel ways of interacting with consumers and reconfiguring value chains, and transforming business models.

It is in this context that the 'Young Digital Innovators Lab' has been constituted, comprising select digital natives, drawn from ITC's Businesses who will benchmark your Company's digital assets, identify best-in-class digital technologies and practices and spot opportunities across your Company's value chains to secure competitive advantage. The Young Digital Innovators act as mentors to the 'Digital Council', which has been created to ideate, seed, sponsor high impact digital interventions and harness the power of synergy for cross-fertilisation of ideas while also pitching ideas to them. Both these forums in combination are expected to serve as a fertile ground for ideation, exploration and harvesting of the full potential of digitalisation at your Company.

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 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 collective bargaining agreements at several of its manufacturing units and hotel properties, ensured smooth commencement of operations at greenfield locations and the execution of productivity improvement practices. Several initiatives have been

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taken to foster a culture of commitment amongst the demographically diverse workforce in these new facilities.

The COVID-19 pandemic has cast unprecedented challenges and your Company has taken a host of measures to ensure employee well-being and business continuity. The provision of medical equipment across locations, Covid care centres for employees and their families, assistance with hospitalisation and treatment, paid leave for those infected or in quarantine, vaccination facilitation through camps for employees and their family members, service provider personnel and supply chain partners, medical advice through a network of Company doctors, webinars on preventive measures, counselling services and stringent risk mitigation protocols such as 'zoning' in factories, restrictions on travel and office presence, masking, precautionary random testing, temperature checks and social distancing measures in all locations, have been instrumental in reassuring employees, mitigating risks and ensuring medical care in the event of infection.

Your Company's thought, strategy and action are inspired by a larger purpose of being an exemplary Indian enterprise that not only pursues agile innovation to be extremely competitive, but also one that embeds sustainability and inclusiveness at the core of its Businesses. It is your Company's firm belief that this approach has enabled it to create enduring value for the Indian economy, the larger community of stakeholders, as also delight consumers with a vibrant portfolio of best-in-class products and services. We are confident that every one of your Company's 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 – 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 the Report and Accounts.

WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to bring to your Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of your Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact your Company's operations, business performance and/or reputation. The Policy requires your Company to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of your Company. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year. The Whistleblower Policy is available on your Company's corporate website at <https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>.

SUSTAINABILITY 2.0 – Building Back Better

Your Company believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. This paradigm is called '*Responsible Competitiveness*' - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

Your Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. Today, this strategy has not only contributed to building strong businesses of the future

as well as a portfolio of winning world-class brands, but also in making your Company a global exemplar in 'Triple Bottom Line' performance. Your Company continues to be a carbon, water and solid waste re-cycling positive organisation and is a global exemplar in sustainability. This approach has also enabled your Company and its businesses, to support sustainable livelihoods for more than six million people.

As the world prepares for a post-pandemic future, your Company is actively working towards *Sustainability 2.0*, an agenda which reimagines sustainability under the pressing challenges of climate change.

With a view to 'Building Back Better', Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change and enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity. Your Company believes that agility in thought and action, meaningful public-private-people partnerships and responsible competitiveness will act as core enablers of this new agenda. Your Company has the potential to make a large-scale impact not only from an economic standpoint, but also from an employment generation and social enablement lens because of its presence across several critical sectors of the economy. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainable business exemplar. The Sustainability 2.0 ambitions include:

Climate Change

- Enhancing the share of renewable energy usage to 50% of total energy consumption by 2030.
- Meeting 100% of purchased grid electricity requirements from renewable sources by 2030.
- Reducing specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to a FY 2018-19 baseline.

- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through ITC's Social and Farm Forestry programme and other such initiatives.

Water Stewardship

- Achieving 40% reduction in specific water consumption by 2030 as compared to a FY 2018-19 baseline.
- Creation of rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030.
- Certification of all sites in high water stressed areas as per the international water stewardship standard by Alliance for Water Stewardship (AWS) by 2035.
- Improve crop water use efficiency in agri value chains through demand side management interventions and enable savings of 2000 million kilolitres of water by 2030.

Plastic Waste and Circular Economy

- 100% of your Company's Packaging to be Reusable, Recyclable or Compostable by 2028.
- Plastic Neutrality: Enable sustainable management of waste in excess of the amount of packaging utilised by FY 2021-22.

Sustainable Agriculture

- Promote climate smart village approach in core Agri Business catchments covering over 3 million acres by 2030.

Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 250,000 acres by 2030.

Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.

To achieve its Sustainability 2.0 vision, your Company has strengthened its management approach which

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is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. The organisation is also strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each Business. Your Company will continue to update these systems and processes in line with the evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

Your Company's 17th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for the FY 2019-20. 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 18th Sustainability Report covering the sustainability performance of your Company for FY 2020-21, 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 the Report and Accounts. The BRR maps the sustainability performance of your Company against the reporting framework suggested by SEBI.

During the year, your Company sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies, and has also been included in the Dow Jones Sustainability Emerging Markets Index.

Building Climate Resilience

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To this end, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous

reduction of specific energy, construction of green buildings, greening logistics and optimising 'distance-to-market', and promoting regenerative agriculture practices in agri value chains.

Your Company's extensive operational base including factories, warehouses and hotels are also vulnerable to climate change risks. Appropriate investments have been made towards strengthening climate resilience covering your Company's operational units including those located in coastal areas. Business continuity plans are also in place to mitigate any operational interruption due to extreme weather events. Similarly, factors such as rise in extreme weather events, varying climatic parameters and dependence on rainwater for irrigation make agriculture in India quite vulnerable to climate change. For major crops like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done on the development of climate-tolerant varieties as well as dissemination of climate-resilient and regenerative agronomic practices in the growing areas. More details are available in the 'Sustainable Agriculture' section.

Additionally, in order to identify long-term risks, your Company has worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment using climate models across its operating locations (factories, hotels, warehouses etc.). The assessment considered impacts of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events over long-term time frames (2040-2060 and 2060-2080) under two Representative Concentration Pathway (RCP) scenarios - RCP 4.5 and RCP 8.5. In line with the findings of the assessment, appropriate site-specific risk mitigation and adaptation measures are being evaluated. Detailed studies are also being conducted to understand the potential adverse impacts of climate change on your Company's value chain covering both physical assets as well as key agri value chains. These risk assessments will help fine tune the climate resilience measures that are being implemented across your Company's value chain.

Energy Conservation and Renewable Energy

As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Accordingly, all factories incorporate appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the US Green Building Council, Indian Green Building Council or the Bureau of Energy Efficiency (BEE). 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 based on a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

Greenhouse Gases and Carbon Sequestration

The GHG inventory of your Company for the FY 2020-21 compiled according to 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 your Company's operations and GHG removals from your Company'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 (U.S. 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 complex in Chennai, is amongst the world's

largest LEED® Platinum certified green hotels.

The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC. During the year, ITC Windsor's best practices on carbon management has resulted in it being credited with the defining distinction of becoming the first hotel in the world to be LEED® Zero Carbon certified.

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, Kolkata and ITC Centre, Kolkata – the headquarters of your Company, is also now USGBC Green Building certified at the highest 'LEED Platinum' rating. To date, 33 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.

Your Company's Social and Farm Forestry initiatives, besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, help greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and increase ground water recharge.

Towards Water Security for All

With water scarcity increasingly becoming an area of 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 and recycling practices within the fence while also working

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with farmers and other community members towards improving their water-use efficiencies.

The demand side measures are followed by augmenting supply at the sub-catchment level through various interventions focused on harvesting rainwater based on the recommendations of hydro-geological studies. The supply side interventions include enhancing capture and storage of rainwater (in soil and storage ponds) and recharging aquifers. Your Company also conducts efficacy studies to assess the impact of the watershed work carried out, and to ensure that maximum benefits accrue in the long-term. As on 31st March, 2021, your Company's integrated watershed development projects covering over 1.23 million acres of land have created a total rainwater harvesting potential (RWH) of 42.95 million kl, which is over 4 times the net water consumed by your Company's operations in FY 2020-21.

Your Company's Paperboards & Speciality Papers unit at Kovai was only the second facility in the world and first in India to be awarded the AWS Platinum level certification in FY 2019-20 – the highest recognition for water stewardship in the world. Your Company is in the process of implementing the AWS Standards at other units in high water stress areas, and will progressively obtain AWS certification for these sites in the coming years.

Building a Circular Economy for Post-Consumer Packaging

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. In addition, your Company's Paperboards & Specialty Papers Business recycled over 79,000 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 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 streams and ensuring that value is derived from these resources and in the process support 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. Through these models, your Company is targeting sustainable management of waste in excess of the amount of plastic packaging utilised by FY 2021-22.

Your Company's waste recycling programme, 'WOW – Well Being Out of Waste', enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, major towns of Telangana, Coimbatore, Chennai, Tirupur, Cochin, Muzaffarpur, Delhi and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 70,900 MT from 1,067 wards. The programme has covered over 1.5 crore citizens in over 38 lakh households, 52 lakh school children and around 2,040 corporates since its inception. It has promoted sustainable livelihood for over 16,900 waste collectors by facilitating an effective collection system in collaboration with

municipal corporations. The intervention has also created over 140 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.

The 'Green Temple' initiative, powered by your Company's Social Investments programme 'Mission Sunehra Kal', is a closed loop waste management model involving processing of waste generated in temples to provide biogas to the kitchen and compost for its gardens. During the year, the initiative was expanded to 188 temples across the cities of Chennai, Madurai, Trichy, Haridwar and Saharanpur.

In addition to WOW, a separate programme on Solid Waste Management (SWM) which deals with both wet and dry waste is operational in 17 districts of 11 states covering 7.31 lakh households and collected 41,645 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by over 95,000 households. In FY 2020-21, 26,916 MT of wet waste was composted, 7,300 MT of dry waste was recycled, and only 18% of the total waste was sent to landfills.

Your Company, on the back of above programmes and other tie-ups with leading waste management agencies, collected more than 31,000 MT of post-consumer plastic waste during the year from 24 States and Union Territories, more than doubling last year's collections despite the challenges posed by the COVID-19 pandemic. This is equivalent to more than 80% of plastic packaging films utilised by your Company during the year. In the ensuing fiscal, the endeavour would be to collect in excess of 100% of plastic packaging introduced in the market.

Promoting Thought Leadership in Sustainability

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 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 greened over 876,000 acres of land, and the Integrated Watershed Development that brings soil and moisture conservation to over 1.23 million acres. Your Company's holistic and sustainable waste management models enabled recycling of more than 78,000 MT of dry waste in FY 2020-21. These models not only reduce the burden on landfills but also promote sustainable livelihoods for waste collectors and entrepreneurs in the waste value chain.

To ensure wider adoption of the 'Triple Bottom Line' philosophy across the Industry, your Company established the 'CII-ITC Centre of Excellence for Sustainable Development' in 2006 in collaboration with the Confederation of Indian Industry (CII). The Centre continues to focus on its endeavour to promote sustainable business practices amongst Indian enterprises. The major highlights during the year include the following:

Climate Change

- Climate Change: The first Climate Change Council meeting for FY 2020-21 was held on 30th July, 2020. Two new working groups were set up: (a) to undertake an analytical study on impact of carbon border tax on different industry sectors as a result of the Carbon Border Tax proposed in the European Green Deal; and (b) an Alliance for Climate Smart Agriculture, to undertake a study to understand key challenges and barriers for making Indian agriculture 'Climate Smart'.
- Edition 2 of the Climate Action Programme (CAP 2.0°) started with the self-assessment stage of 36 large companies and 154 MSMEs who had enrolled into the programme. The winners were recognised at 'CAP 2.0 Degrees Recognition' on 17th March, 2021.

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Circular Economy

- The Un-Plastic Collective: A voluntary multi-stakeholder initiative was launched in 2019-20 by UN-Environment Programme India, the Centre and WWF-India, with the objective to eliminate plastic pollution and move towards a circular economy. India Plastics Pact is a collaborative business-led initiative to transform the plastics packaging value chain from linear to circular. The Centre and WWF-India, supported by WRAP, UK have initiated work in this area including stakeholder mapping, content, documentation, etc.
- Plastic Waste Management: The Ministry of Environment, Forest and Climate Change (MoEFCC), released the guideline document on the unified framework for Extended Producer Responsibility (EPR) under the Plastic Waste Management Rules 2016, which was broadly based on the Draft National Framework on EPR developed by the Centre. Highlights include: a) three different models – fee based, Producer Responsibility Organisation (PRO) based and plastic credit model; b) uniform EPR scheme across the country; and c) brand and geography neutral EPR framework.
- Circular Economy and Resource Efficiency: Sessions and webinars were organised on topics such as Circular Plastics Economy strategy for India, An Un-Plastic World and Inclusive & Green Transformation of Manufacturing Sector in India.

Biodiversity

- India Business and Biodiversity Initiative (IBBI) organised a session on the International day for Biological Diversity (22nd May, 2020) on the theme of 'Working in Harmony with Nature', to showcase different measures taken by IBBI members to adopt nature-based solutions.

An Indian business position paper was prepared by IBBI, based on a roadmap for biodiversity conservation, and recommendations were made for inclusion of specific biodiversity quantifying metrics for monitoring and measuring performance.

Air Pollution

- The India CEO Forum for Clean Air organised a stakeholder dialogue series for scaling of ex-situ solutions for rice straw management in the states of Punjab and Haryana. Three dialogues were held which focused on collection and logistics, processing and conversion of rice straw and for energy use.

Industry Response to COVID-19

- CSR Compendium on Industry Action towards COVID-19 was launched on 29th September, 2020. Eminent speakers shared insights on initiatives taken by the Indian corporates to provide relief and rehabilitation to communities across the country.

Excellence in Sustainability

- 15th Sustainability Summit – Action Agenda for the Next Decade, was held virtually from 8th to 10th September, 2020, with 100 speakers and 700 participants. Eminent national and international leaders, including Mr. Piyush Goyal, Minister of Railways & Commerce and Industry, Mr. Prakash Javadekar, Union Minister of Environment, Forest, Climate Change, Mr. Suresh Prabhu, India's Sherpa to the G20, Dr. Abdullah Belhaif Al Nuaimi, Minister of Climate Change and Environment, UAE and Mr. Sanjiv Puri, Chairman and Managing Director, ITC Limited were some of the key speakers at the summit.
- The 15th CII-ITC Sustainability Awards were presented to 22 companies for demonstrating 'Excellence in Sustainable Business' in a virtual ceremony held on 18th December, 2020.

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, training Internal Auditors on Safety, Health & Environment, Human Rights and Biodiversity Assessment & Carbon Sequestration.

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 term and assist in their economic rehabilitation over the medium term. 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 Health Care Trust and ITC Rural Development Trust had set up a COVID Contingency Fund of ₹ 215 crores to help the victims of the COVID-19 pandemic. 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 appx. seven lakh PPEs to district hospitals and to the frontline staff of the health department; and (d) contribution to the PM CARES Fund. Additionally, your Company along with ITC Education and Health Care Trust and ITC Rural Development Trust took the following initiatives:

- Provided financial assistance to states which have witnessed the worst outbreak of the pandemic and are engaged in minimising its spread.
- 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.

With the onset of second wave of the pandemic, your Company continues its unwavering commitment in supporting the fight against the pandemic and has undertaken several initiatives including:

- Import of 24 cryogenic containers of 20 tonnes each in collaboration with Linde India Limited to ease the bottlenecks in transporting oxygen.
- Supply of oxygen to identified Government hospitals in the state of Telangana from Paperboards unit in Bhadrachalam.
- Setting up of 3 facilities with 600 beds to enhance the availability of Covid healthcare facilities.
- Import of oxygen concentrators and generators to ease the burden on the country's healthcare system.
- Provision of essential healthcare infrastructure and supply of PPEs to hospitals in several states.
- Supply of dry ration kits or cooked food to the needy and vulnerable groups.

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 outlining programmes, projects and activities that your Company plans to undertake to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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.

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- 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 our 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.
- 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 Social Investments Programme are appropriately designed to build their capacities and promote sustainable livelihoods.

The footprint of your Company's projects is spread over 25 States/Union Territories covering 216 districts.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened 30,439 acres during the year. It is currently spread across 17 districts in 8 States covering over 3.94 lakh acres in 5,694 villages, impacting over 1.28 lakh poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 8.76 lakh acres till date, and generated about 160 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 1.23 lakh acres and ensures food, fodder and wood security. Your Company's recently developed fast growing, high yielding and disease resistant hybrid clones and saplings of Eucalyptus

pulpwood deliver significantly higher productivity vis-a-vis earlier clones. The clones have been developed to grow under varying ecological conditions, thereby building farmer resilience and contributing towards increasing income for the farming community.

Besides enhancing farm level employment, generating incomes and increasing green cover, this large-scale initiative also contributes meaningfully to the nation's endeavour to create additional carbon sinks for tackling climate change.

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka, Chhattisgarh and Odisha. In the states of Tripura, Assam, Maharashtra, Uttarakhand and Karnataka, 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 dependents in the factory catchments and to drought-proof the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. The programme promotes the development and management of local water resources in moisture-stressed areas by facilitating community participation in planning and implementing such measures as well as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 38 districts of 14 states. During the year, the area under watershed increased by 97,549 acres, taking the cumulative coverage area to over 12.31 lakh acres. 3,006 water-harvesting structures were built during the year, creating 3.94 million cubic metres of rainwater harvesting potential. This took the total number of water harvesting structures to 21,991 and the net water storage to 41.95 million cubic meters. In addition, your Company continues to work with farmers to achieve 'more crop per drop' by promoting agronomic practices and micro irrigation techniques targeted towards saving water in cultivation and improving farmer incomes. Around 3 lakh acres have been covered till date across 6 states.

According to various studies, potential water savings with the help of these practices are to the tune of 208 million cubic metres in a year.

Biodiversity

The focus of the programme is on reviving 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 13,124 acres, taking the cumulative area under biodiversity conservation to over 0.44 lakh acres in 13 districts across 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 beneficial to agriculture.

Sustainable Agriculture

The Sustainable Agriculture programme attempts to de-risk farmers from erratic weather events through the promotion of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services. Currently, 8.81 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 5,969 Farmer Field Schools and 2,253 Choupal Pradarshan Khets benefiting 2.54 lakh farmers. 401 Agri Business Centres delivered extension services, arranged agri-credit linkages and established collective input procurement and provided agricultural equipment for hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, a total of 2,801 compost units were constructed during the year, taking the total number till date to 48,767 units.

The 'Village Adoption Programme' pioneered by your Company's Agri Business presently covers 228 model villages in the states of Andhra Pradesh and Karnataka. 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, 3.8 lakh farmers were brought onto digital training platforms by forming 4,836 WhatsApp groups in around 5,000 villages. The total number of farmers trained in 5 seasons including Rabi 2019-20 season is 25 lakhs.

The 'Baareh Mahine Hariyali' programme in certain districts of Uttar Pradesh (Chandauli, Ghazipur, Prayagraj and Varanasi) is a pioneering initiative to facilitate farmers to enhance their incomes. This programme is founded on a 360-degree, multipronged approach with interventions such as increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, price and 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 35,000 farmers who have adopted the package of practices reported doubling of income and those who have implemented the programme partially reported increase in their incomes by 30% to 75%.

Livestock Development

The programme provides an opportunity for 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 4 states

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and 16 districts. During the year, 1.08 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.41 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at 26.13 lakh and 9.10 lakh respectively.

Your Company is also working with dairy farmers in Bihar and West Bengal to improve productivity through several extension services and to facilitate higher milk production. Qualified teams comprising veterinarians and para-veterinarians have been deployed to facilitate animal breeding, animal nutrition and animal health services towards improving productivity and promoting commercial dairy farming among farmers. During the year, 74,851 cattle of 44,214 dairy farmers across 501 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 77,000 poor women cumulatively, supported with capacity building and provided financial assistance by way of loans and grants. Included in the total are 29,184 ultra-poor women in your Company's core catchments who have access to sustainable sources of income through on-farm and off-farm livelihood opportunities. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was operational in 26 districts during the year. 1,062 Super Trainers were trained directly and they in turn trained 2,824 Master Trainers who cascaded the training to over 74,000 self-help-groups and more than 7.60 lakh women cumulatively across 4,384 villages. Over 4.18 lakh 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 over 0.33 lakh children during the year, taking the cumulative coverage to over 8.08 lakh children. 263 government primary schools and anganwadis were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units, and furniture, taking the total number of government primary schools and anganwadis covered till date to 2,105. To ensure sustainable operations and maintenance of infrastructure provided, 684 School Management Committees were strengthened and 330 Child Cabinets and Water and Sanitation (WATSAN) Committees 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 youth to enable them to compete in the job market. 12,470 youth were enrolled under different courses during the year of which 40% were female and 32% belonged to the SC/ST communities. Cumulatively, 93,980 youth have been enrolled under this programme. The programme is operational in 32 districts of 17 States. During the pandemic, these initiatives played an active role in training over 1200 healthcare assistants during the year.

In addition, since the inception of ITC Culinary Skills Training Centre in Chhindwara in 2014, nearly 150 trainee chefs have successfully completed the six-month programme wherein cooking skills are imparted to the unskilled and under privileged youth of the region.

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, 640 Individual Household Toilets (IHHTs) were constructed in 28 districts of 15 states in collaboration with the respective State Governments/District sanitation departments taking the total to 38,153 IHHTs constructed so far in your Company's catchment areas. In addition,

23 community toilets were constructed/renovated in West Bengal and Tamil Nadu in the year, taking the cumulative to 104 community toilets. 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 two districts of Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor. 6 new RO plants were established in FY 2020-21 taking the total to 148, which provide safe drinking water to over 1.8 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 1.2 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. As the group activities remained suspended for the entire year due to the pandemic, the VHCs conducted door-to-door visits in the villages focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition.

Over 2.2 lakh 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, and adolescent health, nutrition and child protection.

Your Company's 'Swasth India Mission' programme has been a front runner in driving behavioural change towards good hand hygiene habits since its inception in 2016. The 'Swasth India Mission' drove a range of initiatives to aid and enable the country in its fight against COVID-19:

- Foot pedal operated hand sanitizer dispensers along with sanitizer liquid were installed in

over 850 schools and 1,200 other places of public congregation.

- Health & hygiene products, such as hand sanitizers and disinfectants, were distributed to over 1.65 lakh doctors in more than 3,600 hospitals across the country.
- Given the huge congregation of humanity at the Kumbh mela, over 600 hand wash stations and over 135 hand sanitizing stations were installed and were re-filled on a continuous basis.
- To encourage and instil mask etiquette and compliance, your Company launched the 'Mask hai Mazaak Nahin' campaign which had a cumulative digital reach of 60 million.
- To underline the importance of continued hand washing, the 'No hand unwashed' campaign was deployed in partnership with the Mouth & Foot Painters Association (MFPA) and had a cumulative digital reach of 370 million.

Solid Waste Management

Your Company's initiatives focus on creating replicable, scalable and sustainable models of municipal solid waste management that can be implemented across the country to ensure that zero waste goes to landfills. Details of these models are provided in the 'Building a Circular Economy for Post-Consumer Packaging' section above.

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. Your Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The eminent Gurus of 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,

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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 by following a life-cycle based approach.

Your Company believes that a safe and healthy work environment is a pre-requisite for ensuring employee well-being, and adopting best practices in occupational health & safety bears a direct impact on its overall performance. With an aim to percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, your Company has adopted a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

Safety

Your Company 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. To drive the safety culture, your Company is making use of tools such as a structured conversation with workers on 'Safe and Unsafe' acts which were supplemented by adoption of keystone behaviours which inculcate a sense of ownership. 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 to all.

COVID Response: Health & Safety

The COVID-19 pandemic necessitated immediate action to safeguard people and maintain continuity of operations, to which, your Company promptly responded by establishing comprehensive safety

protocols tailored to each Business' requirements. These quick and appropriate protocols helped ensure business continuity during government-imposed lockdowns, without causing major disruptions across operating locations. Further, to ensure resilience and safety across the value chain, several businesses also supported their respective supply chain partners in implementing these protocols.

Your Company had put in place stringent safety protocols in the early stages of the pandemic, and also established Central and Business Contingency Management Teams, tasked with developing and ensuring risk mitigation measures, business contingency plans, employee well-being, provision and coordination of employee support, assistance to local communities and coordination with local regulatory authorities and health care providers.

Extensive communication and training on safety protocols were carried out, and employees and the extended workforce were provided with protective equipment. Extensive IT enablement for a productive work from home and relevant internet reimbursement policy have been put in place. Office presence was restricted to bare minimum, and only under exceptional circumstances. Similarly, elaborate measures have been taken to ensure employee safety in ITC residential complexes and COVID-19 awareness camps and webinars with Doctors were organised for employees and their family members.

Business units continue to ensure comprehensive compliance with all COVID-19 risk mitigation measures and provide support to employees & families. Apart from the full coverage of medical expenses of employees and immediate family members, your Company has also extended a loan facility to employees to support medical treatment of family members, who may not be otherwise covered under the Company medical policy. Medical insurance coverage has also been extended to your Company's supply chain partners. Additionally, your Company set-up dedicated Covid care centres, helplines managed by company personnel for emergency support such as testing, provision of oxygen concentrators, telemedicine support, home care kits, hospitalisation support and organised dedicated

camps for vaccination of employees, family members, service providers and supply chain partners, at your Company's expense.

The criticality of vaccination and continuous 'SMS' ('sanitizing', 'wearing masks' and 'social distancing') is being reinforced through frequent communication.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company's state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build your Company's portfolio of world-class products and brands. The LSTC team comprising over 350 highly qualified scientists has a mandate to work on future ready science platforms, design differentiated products to address unique needs and deliver superior benefits to Indian consumers.

LSTC harnesses contemporary advances in relevant core areas of science and technology to continuously translate 'proofs of concept' to novel product opportunities. R&D teams seamlessly integrate classical concepts of product development to explore and harness cross-business synergies. The team is at the forefront in executing robust R&D strategies and plans that embed sustainability and digitalisation, in order to secure long-term competitiveness for each business.

LSTC has evolved over the years and is presently equipped with world-class scientific infrastructure and state-of-the-art facilities to create knowledge, and build intellectual property for your Company through experimental research, rapid prototyping and process development. Over 900 patents have been filed in a relatively short period of time bearing testimony to LSTC's vitality and capabilities. Centres of Excellence in Biosciences, Agri-sciences and Materials, and robust research platforms such as Beauty & Hygiene, Health & Wellness, Agro-forestry & Crop Sciences and Sustainable Packaging Materials continue to drive world-class innovation. 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.

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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. Innovations are integral to the Business strategies and LSTC actively collaborates with the Businesses in this regard. Your Company has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the context of the COVID-19 pandemic, LSTC researchers and product development teams continue to enable the Branded Packaged Foods and Personal Care Businesses to deliver a range of differentiated and superior quality products. Innovative science-based programmes continue to be leveraged to drive systematic reduction in salt, sugar and fat from packaged food products recipes without compromising on sensory attributes. Leading edge technology platforms in Hygiene, Health & Wellness and immunity continue to power innovation and develop next generation product offerings to serve emergent consumer needs. Your Company's unique competencies in Materials and Packaging have focused on delivering innovative recyclable flexible packaging and bio-compostable coating solutions in line with the environmental sustainability agenda. LSTC has created long-term research platforms to evolve multi-generation product concepts. New synergistic value chains in health, nutrition and sensory sciences have been created to propel future growth and develop differentiated, first-to-market products without compromising on sensory and other attributes. Advances in materials chemistry, agronomy and process science have led to replacement of imported bamboo for manufacture of incense sticks (Agarbattis).

During the year, your Company's Hotels Business leveraged technology to enhance business process efficiencies and outcomes. To combat new challenges posed by the pandemic, the Hotels Business heightened its commitment towards prioritising the safety and security of their guests through the award winning 'WeAssure' programme. Building agile operating systems that adapt quickly to the dynamic business environment and strengthening the service excellence framework have been the key strategies of the Hotels Business amidst pandemic-induced disruptions.

All branded packaged foods manufacturing units of your Company not only have ISO quality certification but also follow the stringent standards under the integrated food quality management system-FSSC 22000; these systems ensure adherence to internationally accepted quality standards in producing safe and high-quality food. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and Hotels operate in compliance with stringent food safety and quality standards. Your Company's food quality assurance laboratories are also accredited under ISO 17025, a global standard for testing and calibrating labs, which guarantees quality of every analysis. Additionally, the quality of all FMCG ingredients and finished products of your Company are monitored through best-in-class customer-centric 'Quality Control and Quality Assurance Processes' and 'Product Quality Ratings Systems' (PQRS) enhancing competitive superiority of your Company's product offerings.

In the Agri-sciences domain, LSTC has an ambitious R&D programme to address future demand of food security, improving yields & quality and developing new varieties. Research on wheat and potato varietal securitisation are at advanced stages to achieve flexibility in sourcing of raw material, creation of region-specific blends and to ensure robust agro-climatic adaptability. 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 Agroforestry have led to pioneering work on new clones in tandem with Paperboards and Specialty Papers Division to enhance wood productivity and pulp quality for sustainable raw materials and farmer profitability.

The Paperboards, Paper and Packaging Businesses continued to pursue 'Total Productive Maintenance' (TPM) programmes with focus on customer delivered quality. The Paperboards and Specialty Papers Division has also set up a state-of-the-art Next Generation Smart and Hyperscalar Digital and Data Infrastructure at its plants, to enable real time operations control, process optimisation and quality improvements. Consistent quality enables customers

of your Company in improving their operating efficiencies through reduced wastages and lower machine down-times.

In its quest to be an innovation engine and to be future-ready, LSTC is developing and deploying bespoke tools & dashboards for quality performance analytics and competition benchmarking using Artificial Intelligence and Machine Learning technological platforms to strengthen the quality management systems (via product/process optimisation). Going forward, your Company will continue to identify opportunities to create new value chains leveraging R&D insights emerging from contemporary sciences and your Company's diverse core competencies.

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, the appropriate authority after hearing arguments on behalf of your Company has passed orders in favour of your Company and dropped some of the show cause memoranda issued by the Directorate. In respect of some of the remaining memoranda, your Company filed writ petitions challenging their validity. The Honourable Calcutta High Court, by its orders, allowed these writ petitions, and the proceedings in respect of these 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.

Market interest rates during the year declined sharply on the back of Monetary Policy easing by the Reserve Bank of India (RBI). This was necessitated to mitigate the impact of COVID-19

induced lockdowns on economic activity. Through a combination of conventional and un-conventional policy measures, RBI sought to reduce borrowing cost, increase liquidity in the Banking system and provide regulatory forbearance to ensure stability of financial markets. Globally, Monetary Policy stance was accommodative in both Developed and Developing Economies during this period with interest rate cuts and quantitative easing. This resulted in large inflows into emerging markets including India, thereby complementing RBI's interventions as aforesaid. As economic activity gradually began to normalise with the easing of restrictions, the Central Government embarked on fiscal expansion with Fiscal Deficit for the year widening to around 9.5% of GDP. This entailed significant market borrowings which in turn pushed market interest rates higher by the end of the year.

All investment decisions relating to deployment of your Company's 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, amidst heightened economic stress, your Company's ongoing practice of continuous review and monitoring of credit worthiness, including regular engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

In the currency market, the onset of COVID-19 and resultant lockdowns resulted in a sharp sell-off in emerging market currencies including the Indian Rupee. The unprecedented scale and speed of interventions by Governments and Central Banks across the world in the form of monetary and fiscal easing ignited a 'risk-on' sentiment and triggered a rally in financial markets. Further, as the impact of the pandemic started to ebb and news on vaccine development started to take center stage, emerging markets started to receive significant capital flows which caused their currencies, including the Indian Rupee, to appreciate.

Indian Rupee also remained supported by the policy measures announced by the Government and RBI to support the economy and revive growth. Lower oil

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prices and domestic demand during the year led to a large reduction in the Trade Deficit and the Current Account moved into surplus. The Balance of Payment for the year stood at a large surplus of around US\$ 85 – 90 billion due to strong capital inflows. However, persistent intervention in the forex market by RBI restricted sharp appreciation of the Rupee besides a record high level of foreign exchange reserves.

Given the high volatility in the currency markets, your Company adopted a proactive risk management strategy and actively managed the foreign currency exposures through the use of appropriate hedging strategies and instruments.

As in earlier years, commensurate with the size of 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, 2021, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 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. Atul Jerath was appointed, with your approval, as a Non-Executive Director of your Company for a period of three years with effect from 4th September, 2020, representing the General Insurers' (Public Sector) Association of India. He stepped down from the Board of Directors of your Company

('the Board') with effect from 1st May, 2021.

Your Directors place on record their appreciation for the services rendered by Mr. Jerath. Further, Mr. David Robert Simpson was also appointed, with your approval, as a Non-Executive Director of your Company for a period of five years with effect from 28th July, 2020, representing the Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c.

Mr. Sumant Bhargavan will complete his present term as a Wholetime Director of your Company on 11th July, 2022. The Board at the meeting held on 1st June, 2021, on the recommendation of the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members, the re-appointment of Mr. Sumant as a Director, liable to retire by rotation, and also as a Wholetime Director of your Company for a period of three years with effect from 12th July, 2022.

The Board, on the recommendation of the Committee, also recommended for the approval of the Members, the appointment of Mr. Shyamal Mukherjee as a Director, and also as an Independent Director of your Company for a period of five years with effect from the date of the 110th Annual General Meeting ('AGM') of your Company. Mr. Mukherjee has the required integrity, expertise and experience for appointment as an Independent Director of your Company.

Messrs. Sumant and Mukherjee, pursuant to Section 152 of the Act, have given their consents to act as Directors of your Company, and have also given requisite Notices, pursuant to Section 160 of the Act, proposing their respective appointment as Directors of your Company. Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 110th AGM of your Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 94 and 95 of the Articles of Association of your Company, Messrs. Hemant Bhargava and Sumant Bhargavan 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, 2021.

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 has laid down 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 your 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 confirmed that (a) they meet the criteria of independence prescribed under Section 149 of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), 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 your Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

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 and 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 roles and responsibilities of the Board as provided in the Act and the Listing Regulations, read with your Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of your Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of your Company in pursuit of its purpose and goals.

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

Report of the Board of Directors

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 the respective 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

Mr. Supratim Dutta was appointed by the Board as the Chief Financial Officer ('CFO') of your Company with effect from 5th September, 2020. Mr. Rajiv Tandon, Wholetime Director, ceased to be the CFO with effect from close of work on 4th September, 2020.

AUDIT COMMITTEE & AUDITORS

The composition of the Audit Committee is provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed with your approval as the Auditors of your Company for a period of five years till the conclusion of the 113th AGM. The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the remuneration of SRBC for the financial year 2021-22. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 110th AGM of your Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2021-22:

- (i) Messrs. ABK & Associates, Cost Accountants, for audit of Cost Records maintained by your 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 your 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 110th AGM of your Company.

Your Company maintains necessary cost records as specified by the Central Government under Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

Secretarial Auditors

Your Board appointed Messrs. Vinod Kothari & Company, Practising Company Secretaries, as the Secretarial Auditors of your Company for the financial year ended 31st March, 2021. 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, 1,66,12,990 Ordinary Shares of ₹ 1 each, fully paid-up, were issued and allotted upon exercise of 16,61,299 Options under your Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2021, stands increased to ₹ 1230,88,44,231 divided into 1230,88,44,231 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 your Company's corporate website 'www.itcportal.com' under the section 'Shareholder Value'. During the year, there has not been any material change in your 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 your Company have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), accredited with 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 providing best-in-class services to the shareholders and investors of your Company, while ensuring compliance with the applicable statutory requirements.

Further, the 'Investor Relations' section on your Company's corporate website 'www.itcportal.com' serves 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 your Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, the disclosure of Related Party Transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 is not applicable for this year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act, 2013, your Directors confirm having:

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- b) selected such accounting policies and applied them consistently and made judgements and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) prepared the Annual Accounts on a going concern basis;
- e) laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and were operating effectively; and
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company's Board of Directors is responsible for the preparation of the consolidated financial statements of your Company and its Subsidiaries ('the Group'), Associates and Joint Venture entities, in terms of the requirements of the Companies Act, 2013 (the Act) and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

The respective Boards of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation

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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

Your Company has voluntarily prepared its Integrated Report for the financial year 2020-21. As a green initiative, the Report has been hosted on your Company's corporate website at <https://www.itcportal.com/about-itc/shareholder-value/itc-integrated-report-2021.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 your Company or its future operations.

Annual Return

The Annual Return of your Company is available on its corporate website at <https://www.itcportal.com/investor/disclosures-under-SEBI.aspx>.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees or 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

Your Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

Employees

The total number of employees as on 31st March, 2021, stood at 26,017.

There were 153 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, 2021. 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

Your Company's Dividend Distribution Policy, approved by the Board on 18th March, 2020, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/dividend-distribution-policy.pdf>.

Articles of Association

During the year, the Articles of Association of your Company were amended, with your approval, to make them consistent and aligned with the provisions of the Companies Act, 2013 and the Rules and Regulations framed thereunder, and the Secretarial Standards on Board Meetings and General Meetings.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2021, are provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate',

‘expect’, ‘intend’, ‘will’ and other similar expressions as they relate to your Company and/or its Businesses are intended to identify such forward-looking statements. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

Your Company’s Triple Bottom Line philosophy has over the years spurred the creation of innovative business models that synergise the building of economic, environmental and social capital. With Sustainability as the bedrock of your Company’s corporate strategy, the superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - ‘Responsible Competitiveness’ - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The strategic Vision of creating multiple drivers of growth through the pursuit of market opportunities that best match institutional strengths, has resulted in the development of strong Businesses of the future as well as a portfolio of winning world-class brands and future-ready products. Today, your Company is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboards and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices. In the last two decades, your Company’s non-cigarettes businesses have grown over 25-fold and presently constitute over 60% of net Segment Revenue. At the heart of this transformation lies the power of synergy, with seamless access for your Company’s new Businesses/initiatives to the deep and varied capabilities resident across different parts of the enterprise, and its world-class talent pool.

Several structural interventions and strategy resets effected in the recent past have resulted in appreciable progress and enhanced the market standing and competitiveness of each operating segment, thereby laying the foundation for the next horizon of growth and value creation.

In recent years, the FMCG Businesses have delivered strong revenue growth along with significant margin expansion, and are well poised to be rapidly scaled up. Multi-dimensional interventions have been made in recent years to strengthen the FMCG Businesses for sustained profitable growth. Following a strategic review of the business portfolio, the Lifestyle Retailing Business has been restructured. At the same time, the product portfolio has been strengthened in alignment with new opportunities and enterprise strengths with sharper focus on fortifying the core, addressing adjacencies through mother brands and creating the new core for powering growth. To accentuate consumer centricity, agility and enable sharper focus in the context of the growing scale and complexity of operations, the Branded Packaged Foods Businesses have been reorganised into market centric clusters with integrated and empowered teams. Focused interventions made in the recent past have also augmented your Company’s multi-channel go-to-market capability, resulting in manifold expansion in the reach and availability of its products. Over the last five years, market and outlet coverage have grown 3.6x and 1.6x respectively while the network of stockists has expanded to 4x during the same period. Sharp focused investments have augmented capability in emerging channels such as e-Commerce and Modern Trade, resulting in strong growth in sales and enhanced market standing; a new vertical has also been developed to address the fast-growing Food Services segment. In addition, investments towards accelerating agile and purposeful innovation with platform centricity, optimising supply chain efficiencies and digitisation have significantly enhanced competitiveness. The impact of these multi-dimensional interventions are evident in the substantial margin expansion of 640 bps in Segment EBITDA over the last four years.

The Businesses will continue to leverage your Company’s institutional strengths as a key source of sustainable competitive advantage viz. strong

Report of the Board of Directors

backward linkages with the Agri Business, a deep & wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and the robust R&D platforms nurtured by LSTC. Structural advantages arising out of distributed manufacturing footprint, anchored on state-of-the-art ICMLs strategically located proximal to large demand centres, will be increasingly leveraged to drive rapid growth of the FMCG Businesses. With enhanced scale and margin expansion, the FMCG Businesses are expected to make increasingly higher contributions to your Company's profit pool, thereby setting the stage for further value enhancement opportunities.

The Hotels Business has established a strong footprint of iconic properties and F&B brands on the back of an investment-led growth strategy. In recent years, the strategy has been reset to pursue an 'asset-right' growth path and augment revenue streams while simultaneously leveraging your Company's world-class properties to drive growth. As reported earlier, your Company will continue to examine alternate structures in line with industry recovery dynamics towards engendering the next horizon of growth as also enhancing value creation.

The Agri Business has been a strong backbone and a key source of competitive advantage for your Company's FMCG and Cigarettes businesses. The scope and scale of operations have grown manifold over the years and currently encompass over 3 million tonnes in 22 states and over 20 agri-value chain clusters. In recent years, the Business has pivoted its strategic focus towards rapidly scaling up its Value-Added Agri Products portfolio to accelerate growth and enhance value capture. With policy enablers in place, your Company is developing NextGen agriculture value chains that are digitally enabled and climate smart, and re-structuring the back-end into a robust network of Farmer Producer Organisations. This will further strengthen the sourcing network and facilitate the development of customised supply chains for traceable and identity-preserved sourcing of agri-commodities and in augmenting the product portfolio with the addition of value-added products such as staples for the Food Service segment, fresh and frozen fruits & vegetables, medicinal and aromatic plant extracts. Investments are also being stepped up

towards developing a robust business model to scale up 'e-Choupal 4.0' – a crop-agnostic 'phygital' platform integrating NextGen agri-technologies and solutions – to deliver customised solutions to the farming community while creating new and scalable revenue streams and augmenting sourcing efficiencies.

The Paperboards, Paper and Packaging Businesses have made significant progress in recent years in terms of enhanced scale and profitability improvement. Strategic investments have been stepped up in areas such as pulp import substitution, proactive capacity augmentation in Value Added Paperboards segment, decarbonisation of operations, application of Industry 4.0 and towards nurturing robust innovation platforms. The focus going forward is on driving cutting-edge innovation to rapidly scale up single use plastic substitutes as a new vector of growth, building structural advantage through product mix enrichment and scaling up the use of emergent technologies such as Industry 4.0 to enhance operational efficiency, reduce wastage and costs.

The pandemic has given wings to the trend of Digitalisation that was already gathering momentum. Apart from e-Commerce, digital entertainment, work-from-home conferencing, telemedicine, education, learning and skill development, e-services and social media communications, have all experienced exponential surge. Accelerated digital transformation is integral to your Company's future-ready strategy and is increasingly being harnessed to enhance competitive advantage. Cutting-edge digital technologies are being increasingly deployed across key touch points spanning Consumer Experience, Smart and Agile Manufacturing & Supply Chain Operations, Employee Experience and Intelligent Insights Platforms. Foundational initiatives such as the 'DigiNext' and 'Young Digital Leaders Forum' have been implemented towards steering your Company through its digital journey and fostering a data driven and 'digital first' culture across the organisation.

As the world prepares for a post-pandemic future, your Company is actively working towards Sustainability 2.0, an agenda which reimagines sustainability under the pressing challenges of climate change and the pandemic. With a view to 'Building Back Better', Sustainability 2.0 calls for inclusive strategies that can support sustainable

livelihoods, enable the transition to a net zero economy, work towards ensuring water security for all, create an effective circular economy and protect & restore biodiversity. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainable business exemplar.

Your Company continues to explore opportunities to craft disruptive business models and value propositions anchored at the intersection of Digitalisation and Sustainability – the two defining trends in the 'new normal' – leveraging its institutional strengths. NextGen business models such as e-Choupal 4.0 in the agri-ecosystem, tech-enabled cloud kitchens in the food services space, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being blueprinted to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

During the year, the COVID-19 pandemic unleashed incalculable loss to human life and unprecedented disruption to economic activity. Amidst an extremely challenging operating environment, your Company responded with speed and agility demonstrating resilience and adaptive capacity while operating in the 'new normal'. The severe intensity of the second wave has triggered a fresh round of disruptions and partial lockdowns, leading to slackening in the recovery momentum. There is heightened uncertainty around the timing and shape of the recovery trajectory along with dampening of consumer and business sentiment. Your Company continues to monitor the evolving situation and will respond with agility while managing risks associated with the heightened uncertainties in the business environment. Recent learnings in dealing with the pandemic spanning sales and distribution, supply chain operations, innovation

and product development will continue to be leveraged in this regard.

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. Your Company's employees and frontline warriors put in extraordinary efforts amidst adversity and responded to the call of duty with utmost dedication and commitment. The agility of response to the unprecedented situation, the innovations that were implemented at record speed to seize the opportunities in the market, the accelerated adoption of digital technologies, the collaborations and realignments to execute according to the dynamic environment and the compassionate manner in which vulnerable communities in our catchments were aided, are highly commendable. The Board of Directors would like to express its deepest appreciation of these efforts put in by Team ITC.

Your Company's Board and employees are inspired by the Vision of sustaining ITC's position as one of India's most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. The vision of enlarging your Company's contribution to the Indian economy is driven by its 'Nation First: Sab Saath Badhein' credo anchored on the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of your Company's Corporate Governance philosophy.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

On behalf of the Board

S. PURI *Chairman & Managing Director*
New Delhi, India

R. TANDON *Director*
Kolkata, India

1st June, 2021

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2021

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY

1. CSR Policy - Brief outline and Overview

a. Brief outline of CSR Policy:

It is ITC's Policy to direct its CSR Programmes, inter alia, towards achieving one or more of the following – poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

In pursuit of the above, ITC has identified the following focus areas for its CSR Programmes based on comprehensive need assessment surveys of its stakeholders:

- (i) Create **sustainable livelihoods and alleviate poverty** through promotion of, inter alia, afforestation, water stewardship, sustainable agriculture and climate smart practices, livestock development and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in, inter alia, education, vocational training, sanitation, school WASH (Water, Sanitation & Hygiene), safe drinking water and solid waste management;
- (iii) **Promote healthcare, including preventive healthcare**, and improve critical nutritional & health status of at-risk population through interventions to strengthen mother & child health, nutritional content, delivery, outreach and outcomes;
- (iv) Protect **national heritage, art & culture**, and preserving & promoting music and sports; and
- (v) Provide relief and assistance to victims of **disasters and calamities**.

The CSR Policy of the Company may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation, and formulates & monitors the CSR Policy. The Committee also reviews the annual CSR Action Plan and the Business Responsibility Report of the Company, and recommends the same to the Board for approval.

c. CSR Programmes / Projects:

The two most important stakeholders for ITC's CSR programmes / projects are:

- Rural communities primarily in the Company's Agri Business areas.
- 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 waterborne 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 Care & 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, rural health care services, etc.
 - **Solid Waste Management:** Create a clean and green environment through source segregation and recycling of dry & wet waste, and create sustainable livelihoods for rag pickers and waste collectors.
 - **Poverty Alleviation:** Target the needy and poor by providing them 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 incomes, minimise cost of cultivation and make agriculture resilient to extreme weather events.
 - **Knowledge Empowerment:** Enable 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 various extension platforms to enable access to relevant farm mechanisation technologies and implements, especially for small farm holdings.
 - **Farm Productivity Enhancement:** Improve technical know-how of farmers, and increase access to best practices and agricultural technologies to enhance farm productivity.
- vii. **Disaster Assistance (Schedule VII – xii):**
- Provide relief to the poor and vulnerable sections of society who face severe disruption to their livelihoods. In addition, provide 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, 2021:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR and Sustainability Committee held during the year	Number of meetings of CSR and Sustainability Committee attended during the year
1	S. Puri (Chairman of the Committee)	Chairman & Managing Director	3	3
2	H. Bhargava	Non-Executive Director		3
3	A. Jerath *	Non-Executive Director		3
4	N. Rao	Independent Director		3
5	A. K. Seth	Independent Director		3
6	M. Shankar	Independent Director		3
7	D. R. Simpson	Non-Executive Director		3

* Ceased to be Member w.e.f. 1st May, 2021

3. Provide the web-link where composition of CSR and Sustainability Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <https://www.itcportal.com/sustainability/corporate-social-responsibility.aspx>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **No new impact assessment undertaken after notification of the said Rules.**
5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
NIL			

6. Average net profits of the Company as per Section 135(5) : ₹ 17,641.94 crores
7. (a) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 352.84 crores
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (c) Amount required to be set off for the financial year, if any : Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 352.84 crores
8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 353.46 crores	Not Applicable				

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount Spent for the Project (In ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency (Yes/No)	
				State	District			Name	CSR Registration No.
Annexure 1									

- (d) Amount spent in Administrative Overheads : ₹ 17.58 crores
- (e) Amount spent on Impact Assessment, if applicable : ₹ 0.45 crore
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 353.46 crores
- (g) Excess amount for set off, if any : ₹ 0.62 crore

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	₹ 352.84 crores
(ii)	Total amount spent for the Financial Year	₹ 353.46 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.62 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 0.62 crore

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s) : Nil
- (b) Amount of CSR spent for creation or acquisition of capital asset : Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Nil
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):
Not applicable

On behalf of the Board

S. PURI *Chairman – CSR and Sustainability Committee*
New Delhi, India

R. TANDON *Director*
Kolkata, India

1st June, 2021

Annexure 1

Details of CSR amount spent against other than ongoing projects for the financial year

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount Spent for the Project (In ₹ Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementing Agency (Yes/No)	
				State	District			Name	CSR Registration No.
1	Health & Sanitation	Clause I - Promoting health care including preventive health care	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Prakasam, Kurunool, Darrang, Dibrugarh, Kamrup, Chapra, Munger, Balespur, Raipur, Central Delhi, East Delhi, New Delhi, North Delhi, South Delhi, West Delhi, Ahmedabad, Shimla, Solan, Jammu, East Singhbhum, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Thiruvananthapuram, Indore, Sehore, Vidisha, Mumbai City, Mumbai Suburban, Pune, Imphal, East Khasi Hills, Ganjam, Khordha, Malkangiri, Kapurthala, Jhalawar, Coimbatore, Krishnagiri, Pudukkottai, Ramanathapuram, Vruchunagar, Bhadradi Kothagudem, Khammam, Medak, West Tripura, Alahabad, Badaun, Bahraich, Chandauli, Gonda, Hathras, Lucknow, Pilibhit, Saharanpur, Varanasi, Alimora, Champawat, Dheradun, Haridwar, Bankura, Birbhum, Darjeeling, Hooghly, Howrah, Kolkata, Malda, Murshidabad, Haridwar, North 24 Praganas, Purulia, North Dinajpur, South Dinajpur, South 24 Praganas	3,295	No	Annexure 2	
2	Solid Waste Management	Clause I - Sanitation	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Karnataka, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttarakhand, Uttar Pradesh, West Bengal	Anantapur, Chittoor, East Godavari, Guntur, Kadapa, Krishna, Kurunool, Nellore, Prakasam, Visakhapatnam, West Godavari, Mungur, Muzaffarpur, New Delhi, North Delhi, South Delhi, Bengaluru Rural, Bengaluru Urban, Mysuru, Pune, Puri, Kapurthala, Jhalawar, Chennai, Coimbatore, Madurai, Tiruchirappalli, Tiruppur, Bhadradi Kothagudem, Hyderabad, Karimnagar, Khammam, Mancherial, Medak, Medchal Malkagiri, Mahbubnagar, Nalgonda, Rajanna Sircilla, Ranga Reddy, Sangareddy, Siddipet, Suryapet, Vikarabad, Warangal, Yadadri Bhuvanagiri, Lucknow, Saharanpur, Haridwar, Hooghly	1,425	Yes	N.A.	
3	Vocational Training	Clause II - Employment enhancing vocational skills	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Karnataka, Madhya Pradesh, Odisha, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Prakasam, Visakhapatnam, Darrang, Kamrup, Mungur, Sukma, Solan, Simagar, Bengaluru Urban, Udupi, Chhindwara, Damoh, Gwalior, Sehore, Vidisha, Nanded, Pune, Malkangiri, Kapurthala, Barmer, Jhalawar, Chennai, Coimbatore, Krishnagiri, Madurai, Pudukkottai, Tiruvallur, Hyderabad, Khammam, Medak, Ghaziabad, Gorakhpur, Kanpur, Kaushambi, Lucknow, Saharanpur, Varanasi, Haridwar, Hooghly, Howrah, Kolkata	905	No	Annexure 2	
4	Integrated Animal Husbandry	Clause II - Livelihood enhancement projects	Local Area & Others	Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Telengana, Uttar Pradesh	Guntur, Nellore, Prakasam, West Godavari, Hassan, Mysuru, Bhopal, Guna, Indore, Mandasaur, Sehore, Shivpur, Ujjain, Vidisha, Amravati, Khammam, Bahraich, Balrampur, Chittrakoot, Shrivasti, Sonbhadra	85	Yes	N.A.	
5	Livelihood Promotion	Clause II - Livelihood enhancement projects	Local Area & Others	Bihar, Karnataka, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Hassan, Mysuru, Bhopal, Guna, Indore, Mandasaur, Sehore, Shivpur, Ujjain, Vidisha, Amravati, Khammam, Bahraich, Balrampur, Chittrakoot, Shrivasti, Sonbhadra	144	No	Annexure 2	
6	Education	Clause II - Promoting education, including special education	Local Area & Others	Andhra Pradesh, Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Meghalaya, Odisha, Punjab, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Begusarai, Bhagalpur, Khagaria, Lakhisarai, Munger, Patna, Samastipur, Vaishali, Bengaluru Urban, Purba Bardwan (Bardhaman), Hooghly	177	No	Annexure 2	
7	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Kurunool, Prakasam, Darrang, Kamrup, Mungur, Kishanganji, Lakhisarai, Patna, Solan, Bengaluru Rural, Bengaluru Urban, Hassan, Kolar, Mysuru, Sehore, Chandrapur, Nagpur, Pune, East Khasi Hills, Khordha, Kapurthala, Coimbatore, Krishnagiri, Pudukkottai, Tiruvallur, Shivpur, Bhadradi Kothagudem, Khammam, Medak, Saharanpur, Shahjahanpur, Haridwar, Darjeeling, Hooghly, Howrah, North 24 Praganas	8	Yes	N.A.	
8	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, Solan, Hassan, Mysuru, Agar Malwa, Anupur, Ashok Nagar, Baleshat, Chhatarpur, Chhindwara, Damoh, Dattia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Morena, Panna, Raisen, Rajgarh, Rewa, Sagar, Setna, Sehore, Shahdol, Shivpur, Sidhi, Singrauli, Ujjain, Vidisha, Kapurthala, Baran, Bikaner, Burd, Jhalawar, Kota, Coimbatore, Krishnagiri, Pudukkottai, Khammam, Chandauli, Saharanpur, Haridwar, Hooghly, Howrah	1,183	No	Annexure 2	
9	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, Solan, Hassan, Mysuru, Agar Malwa, Anupur, Ashok Nagar, Baleshat, Chhatarpur, Chhindwara, Damoh, Dattia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Morena, Panna, Raisen, Rajgarh, Rewa, Sagar, Setna, Sehore, Shahdol, Shivpur, Sidhi, Singrauli, Ujjain, Vidisha, Kapurthala, Baran, Bikaner, Burd, Jhalawar, Kota, Coimbatore, Krishnagiri, Pudukkottai, Khammam, Chandauli, Saharanpur, Haridwar, Hooghly, Howrah	666	Yes	N.A.	
10	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, Solan, Hassan, Mysuru, Agar Malwa, Anupur, Ashok Nagar, Baleshat, Chhatarpur, Chhindwara, Damoh, Dattia, Dewas, Dhar, Guna, Gwalior, Hoshangabad, Morena, Panna, Raisen, Rajgarh, Rewa, Sagar, Setna, Sehore, Shahdol, Shivpur, Sidhi, Singrauli, Ujjain, Vidisha, Kapurthala, Baran, Bikaner, Burd, Jhalawar, Kota, Coimbatore, Krishnagiri, Pudukkottai, Khammam, Chandauli, Saharanpur, Haridwar, Hooghly, Howrah	340	No	Annexure 2	
11	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Munger, New Delhi, South West Delhi, Nuh, Solan, Bengaluru Rural, Bengaluru Urban, Chikkaballapur, Hassan, Kolar, Mysuru, Chhindwara, Indore, Sehore, Vidisha, Almednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Burd, Jaisalmer, Jhalawar, Jodhpur, Kota, Pali, Pudukkottai, Theni, Thiruvallur, Bhadradi Kothagudem, Khammam, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar, Kolkata	1	Yes	N.A.	
12	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Munger, New Delhi, South West Delhi, Nuh, Solan, Bengaluru Rural, Bengaluru Urban, Chikkaballapur, Hassan, Kolar, Mysuru, Chhindwara, Indore, Sehore, Vidisha, Almednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Burd, Jaisalmer, Jhalawar, Jodhpur, Kota, Pali, Pudukkottai, Theni, Thiruvallur, Bhadradi Kothagudem, Khammam, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar, Kolkata	3,267	No	Annexure 2	
13	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telengana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Nellore, Prakasam, West Godavari, Munger, New Delhi, South West Delhi, Nuh, Solan, Bengaluru Rural, Bengaluru Urban, Chikkaballapur, Hassan, Kolar, Mysuru, Chhindwara, Indore, Sehore, Vidisha, Almednagar, Pune, Ganjam, Malkangiri, Kapurthala, Baran, Barmer, Bikaner, Burd, Jaisalmer, Jhalawar, Jodhpur, Kota, Pali, Pudukkottai, Theni, Thiruvallur, Bhadradi Kothagudem, Khammam, Medak, Nalgonda, Gorakhpur, Saharanpur, Haridwar, Kolkata	908	Yes	N.A.	

1	2	3	4	5		6	7	8	
				Location of the Project				Amount Spent for the Project (In ₹ Lakhs)	Mode of Implementation - Direct (Yes/No)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	State	District				
9	Social Forestry	Clause IV - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry	Local Area & Others	Andhra Pradesh, Assam, Karnataka, Maharashtra, Odisha, Telangana, Tripura, Uttarakhand	East Godavari, Krishna, Nellore, Prakasam, West Godavari, Darrang, Kamrup, Hassan, Mandya, Mysuru, Chandrapur, Malkangiri, Khammam, Nalgonda, Warangal, Sepahijala, West Tripura, Haridwar	192 6	No Yes	Annexure 2 N.A.	
10	Protection of national heritage, art and culture	Clause V - Protection of national heritage, art and culture	Local Area & Others	Maharashtra, West Bengal	Mumbai City, Kolkata	381	No	Annexure 2	
11	Contribution to PM CARES Fund	Clause VIII - Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Local Area & Others	N.A.	N.A.	10,000	Yes	N.A.	
12	Improved Agriculture Practices	Clause X - Rural Development projects	Local Area & Others	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	Chittoor, East Godavari, Guntur, Krishna, Kumool, Nellore, Prakasam, Srikulam, West Godavari, Baksa, Berhampore, Darrang, Dhubri, Goalpara, Kamrup, Araria, Begusarai, Buxar, East Champaran, Karmur (Bhabua), Kailash, Lakhisarai, Munger, Nalanda, Patna, Rohtas, Sheikhpura, Sitamarhi, Navsari, Valsad, Bhivani, Fatehabad, Hissar, Nuh, Rewari, Sirsa, Solan, Pakur, Sahibganj, Bagalkot, Belagavi (Belgaum), Ballari (Bellary), Bengaluru Rural, Bengaluru Urban, Chickballapur, Chikmagalur (Chikmagalur), Hassan, Kolar, Mysuru, Raichur, Wayanad, Agar Malwa, Ashok Nagar, Barwani, Bhopal, Chhatarpur, Chhindwara, Dewas, Dhar, Guna, Haridwar, Hoshangabad, Indore, Khandwa, Khargone, Mandla, Mandlaur, Narsinghpur, Neemach, Raisen, Rajgarh, Ratlam, Sagor, Sehore, Seoni, Shahdol, Shivpuri, Singrauli, Tikamgarh, Ujjain, Vidisha, Ahmednagar, Akola, Amravati, Beed, Bhandara, Buldhana, Chandrapur, Hingoli, Jalna, Latur, Nanded, Nandurbar, Nasik, Pune, Ratnagiri, Sangli, Satara, Wardha, Washim, Yavatmal, Ganjam, Kalahandi, Khurda, Malkangiri, Rayagada, Amritsar, Kapurthala, Almer, Alwar, Banswara, Baran, Barmer, Bharatpur, Bhiwara, Bikaner, Bundi, Chitorgarh, Dausa, Dholpur, Durgapur, Hanumanagar, Jaipur, Jaisalmer, Jalore, Jhalawar, Karauli, Kota, Nagaur, Pali, Pratapgarh, Rajsamand, Sawai Madhopur, Shri Ganganagar, Sikar, Tonk, Udaipur, Krishangiri, Pudukkottai, Sivaganga, Theni, Thiruvallur, Adilabad, Bhadrachal Kothagudem, Jayashankar Bhupalpalay, Jangaon, Jogaamba Gadwal, Khammam, Mahbubnagar, Medak, Nalgonda, Nizamabad, Warangal, Agra, Aligarh, Allahabad, Ambedkar Nagar, Auraiya, Azamgarh, Baghpat, Bahraich, Balrampur, Barabanki, Bareilly, Basti, Budaun, Bulandshahr, Chandauli, Chitrakoot, Deoria, Etah, Etawah, Faizabad, Gonda, Gorakhpur, Ghazipur, Haridwar, Hathras, Jalaun, Jaunpur, Kanpur Dehat, Kushinagar, Lakhimpur-Kheri, Lalitpur, Lucknow, Maharajganj, Mainpuri, Mathura, Meerut, Mirzapur, Moradabad, Pilibhit, RaeBareilly, Rampur, Saharanpur, Sant Kabir Nagar, Shravasti, Siddhart Nagar, Sitapur, Sonbhadra, Unnao, Varanasi, Haridwar, Udhampur, Udhampur Singh Nagar, Hooghly, Howrah, Murshidabad	1,844 1,790	No Yes	Annexure 2 N.A.	
13	Disaster Relief	Clause XII - Disaster Management, including relief, rehabilitation and reconstruction activities	Local Area & Others	N.A.	N.A.	2,158 3,273	No Yes	Annexure 2 N.A.	
TOTAL PROJECT COST						33,543			

Annexure 2

List of Implementing Agencies

NGO Name	CSR1 Registration No.	Schedule VII Clause
Academy of Gandhian Studies	Registration in progress	Clause - (i)
Adarsh Yuva Samiti	CSR00000390	Clause - (i, ii and iii)
Action For Agricultural Renewal In Maharashtra	CSR00000092	Clause - (iv and x)
Assocham Foundation For Corporate Social Responsibility	CSR00001076	Clause - (i)
Anudip Foundation For Social Welfare	CSR00000060	Clause - (ii)
Adarsha Rural Health and Economic Development Society	CSR00000385	Clause - (iv and x)
Art and Atristes Foundation	Registration in progress	Clause - (v)
Assist	CSR00000031	Clause - (i and ii)
Dr. Ambedkar Society For Youth and Rural Development (ASYARD)	CSR00005008	Clause - (iv and x)
BAIF Development Research Foundation	CSR00000308	Clause - (ii, iii, iv and x)
Bandhan - Konnagar	CSR00001463	Clause - (iii)
Bharat Sevashram Sangha	CSR00000812	Clause - (i)
Biome Environmental Trust	CSR00001605	Clause - (iv)
Bitan Institute For Training , Awareness & Networking	CSR00004091	Clause - (i)
Bright Light Society	CSR00001369	Clause - (ii)
Chaitanya Jyothi Welfare Society	CSR00003746	Clause - (iv and x)
Community Organisation for Oppressed and Depressed Upliftment (COODU)	CSR00001346	Clause - (iv and x)
Daya Society	Registration in progress	Clause - (i and ii)
Dilasa Sanstha	CSR00001305	Clause - (x)
Don Bosco Tech Society	CSR00001747	Clause - (ii)
Dhan (Development of Humane Action) Foundation	CSR00000273	Clause - (iii, iv and x)
Development Research Communication & Services center	CSR00002927	Clause - (x)
Deepam Rural Development Charitable Trust	CSR00001942	Clause - (i, ii, iii, iv and x)
Development Support Centre	CSR00000674	Clause - (iii, iv and x)
Dr. Hedgewar Seva Samiti Nandurbar	CSR00001781	Clause - (x)
EFFORT (Eco Foundation for Research and Training)	CSR00002557	Clause - (iv and x)
E Sree Foundation	Registration in progress	Clause - (i)
Exnora International Foundation	CSR00002245	Clause - (i)
Foundation for Ecological Security	CSR00000637	Clause - (iv)
Financial Inclusion Improves Sanitation and Health Society	CSR00001053	Clause - (i and ii)
Forum For Organized Resource Conservation And Enhancement	CSR00000037	Clause - (i, iv and x)
FXB India Suraksha	CSR00000076	Clause - (i)
Grameen Development Services	CSR00000639	Clause - (ii and x)
Gandhi Golden Trust (GGT)	Project closed in FY 2020-21	Clause - (x)
Gautam Gambhir Foundation	Registration in progress	Clause - (xii)
Gramasiri	CSR00002041	Clause - (x)
Green Cross	CSR00001062	Clause - (iv and x)
Guide Foundation For Development	CSR00000886	Clause - (iv)
Harsha Trust	CSR00001106	Clause - (iv and x)
Indian Development Center	CSR00005984	Clause - (i)
Integrated Development Foundation	CSR00000268	Clause - (ii)
Institute for Development of Youth,Women & Child	CSR00001582	Clause - (iv and x)
Society of Indian Institute for Rural Development	CSR00000199	Clause - (iii, iv and x)
ITC Rural Development Trust	CSR00002776	Clause - (xii)
ITC Sangeet Research Academy	CSR00003561	Clause - (v)
Jan Nirman Kendra	Project closed in FY 2020-21	Clause - (x)
Janakalyan Welfare Society	CSR00003146	Clause - (iv)
Learning Links Foundation	CSR00000640	Clause - (ii)
Lokmitra	CSR00000814	Clause - (ii)
Mamta Health Institute For Mother and Child	CSR00001978	Clause - (i)
Manava Adhikar Seva Samity	Project closed in FY 2020-21	Clause - (x)

NGO Name	CSR1 Registration No.	Schedule VII Clause
Manav Vikas Sansthan	CSR00001537	Clause - (iii, iv and x)
Modern Architects For Rural India	Registration in progress	Clause - (i)
Myrada Kaveri Pradeshika Samsthe	CSR00001643	Clause - (i, ii, iii, iv and x)
Mysore Resettlement And Development Agency	CSR00001099	Clause - (iv and x)
New Concept Centre for Development Communication	CSR00000240	Clause - (i)
National Centre for Human Settlements and Environment	CSR00000776	Clause - (iii, iv and x)
Network For Enterprise Enhancement and Development Support	CSR00002858	Clause - (i and ii)
Nehru Foundation For Development	CSR00001034	Clause - (x)
Navachithanya Urban and Rural Development Society	CSR00003036	Clause - (iv and x)
Outreach Association of Volunteers for Rural Development.	CSR00002003	Clause - (i, ii, iii, iv and x)
Path Welfare Society	Registration in progress	Clause - (i)
Peoples Action for National Integration	CSR00000125	Clause - (ii, iv and x)
Public TV Educational & Charitable Trust	Registration in progress	Clause - (ii)
Pragya Samiti	Project closed in FY 2020-21	Clause - (iii)
Pratham Education Foundation	CSR00000258	Clause - (ii)
Pravah	CSR00002347	Clause - (ii and x)
People's Science Institute	CSR00001285	Clause - (iv and x)
Ramakrishna Mission	CSR00006101	Clause - (i)
Rural Development Organisation	CSR00001586	Clause - (i, ii and iii)
Rashtriya Gramin Vikas Nidhi	CSR00002390	Clause - (iv and x)
Round Table India Trust	CSR00000895	Clause - (ii)
Rotary Bangalore Peenya Trust	Registration in progress	Clause - (i)
SAAHAS	CSR00000097	Clause - (i and iv)
Say Trees	Registration in progress	Clause - (iv)
Social Awareness Through Human Involvement	CSR00003798	Clause - (i, ii and iii)
Shri Bhuvneshwari Mahila Ashram	CSR00001595	Clause - (i)
SEARCH-Socio Economic Alternatives Research and Resource Community for Humanity	CSR00000587	Clause - (i, iv and x)
Seven Sisters Development Assistance (SeSTA)	CSR00000087	Clause - (iv and x)
SEWA BHARAT	CSR00001733	Clause - (iii)
Samarth In Participatory Action Society	CSR00002296	Clause - (iv and x)
Samarthanam Trust for the Disabled	Registration in progress	Clause - (i)
Shramjivi Janata Sahayyak Mandal	CSR00001794	Clause - (x)
Sarv Mangal Gramin Vikas Sansthan	CSR00000154	Clause - (iii, iv and x)
S M Sehgal Foundation	Project closed in FY 2020-21	Clause - (iv and x)
Support for Network and Extension Help Agency (SNEHA)	CSR00000103	Clause - (i and ii)
Society For Sampurna Grama Swaraj	CSR00000669	Clause - (iv and x)
Sarva Seva Samity Sanstha	CSR00000224	Clause - (x)
Shri Sachchidanand Shikshan Sansthan	Registration in progress	Clause - (ii and x)
Umang Sunehra Kal Sewa Samiti	CSR00000658	Clause - (i, iv and x)
Velugu Association	CSR00001765	Clause - (x)
Vibhavari	CSR00006139	Clause - (i, ii and iv)
Vijay Integrated Development Society (VIDS)	CSR00000055	Clause - (i)
Vikasana Institute for Rural and Urban Development	Project closed in FY 2020-21	Clause - (iv)
Vikramshila Education Resource Society	CSR00001182	Clause - (ii)
Water Sanitation and Hygiene Institution (WASH Institute)	CSR00000170	Clause - (i and ii)
Watershed Support Services and Activities Network (WASSAN)	CSR00001453	Clause - (iv)
Water For People India Trust	CSR00000892	Clause - (i)
World Wide Fund For Nature India	CSR00000257	Clause - (x)
Youth For Development of People's Organisation	CSR00002588	Clause - (iv and x)
Youthinvest Foundation	CSR00001288	Clause - (i)

Annexure to the Report of the Board of Directors

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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, 2020 to March 31, 2021 (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, 2021, 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. There were no changes in the composition of the Board of Directors during the Period under Review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven to fourteen 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 the 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 1,66,12,990 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.

2. Acquisition of 100% of the equity share capital of Sunrise Foods Private Limited (Sunrise), consequent to which Sunrise and its two subsidiaries viz., Sunrise Sheetgrah Private Limited (Sheetgrah) and Hobbits International Foods Private Limited (Hobbits), became wholly owned subsidiaries of the Company with effect from 27th July, 2020. Further, the National Company Law Tribunal, Kolkata Bench, vide order dated 26th February, 2021, sanctioned the amalgamation of Sunrise with the Company, which became effective from 1st April, 2021.
Necessary petition seeking sanction for amalgamation of Sheetgrah and Hobbits with the Company is pending before the National Company Law Tribunal, Allahabad Bench.
3. Incorporation of ITC IndiVision Limited as a wholly owned subsidiary of the Company.
4. Acquisition of additional shares in Delectable Technologies Private Limited (Delectable), pursuant to Share Subscription Agreement and Shareholders' Agreement executed during FY 2019-20. Consequent to the same, the Company's shareholding in Delectable aggregated 20.06% (on a fully diluted basis) and thus, it became an associate of the Company with effect from 17th September, 2020.
5. Adoption of the new Articles of Association of the Company, in respect of which shareholders' approval was taken on 19th December, 2020 through postal ballot by way of e-voting.

**For Vinod Kothari & Company
Practising Company Secretaries
Unique Code: P1996WB042300**

**Vinod Kothari
Managing Partner
Membership No.: F10564
C P No.: 1391**

UDIN: F010564C000369771

Peer Review Certificate No.: 781/2020

**Kolkata
25-05-2021**

Encl: Annexure 'A' forming an integral part of this Report

Annexure 'A' **Annexure to Secretarial Audit Report (Non-Qualified)**

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
Unique Code: P1996WB042300**

**Vinod Kothari
Managing Partner
Membership No.: F10564
C P No.: 1391**

UDIN: F010564C000369771

Peer Review Certificate No.: 781/2020

**Kolkata
25-05-2021**

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 are continuously tracked to monitor alignment with the Company's overall sustainability goals. 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 new energy efficient electric boilers.
- II. Installation of Vapour Absorption Machine (VAM).
- III. Optimisation of compressed air through measures such as intelligent flow controller and additional compressor to manage low-pressure load etc.
- IV. Installation of zero air-loss moisture removal traps for compressed air system.
- V. Automation in tube cleaning systems in Heating, Ventilation and Air Conditioning (HVAC) system resulting in higher efficiency.
- VI. Advanced dirt separator system in chilled water line of HVAC system.
- VII. Replacement of cooling tower, AHUs, chillers, compressors, motors, fans, pumps and agitators with higher efficiency ones.
- VIII. Replacement of steam heated equipment such as pressing machine, laundry driers, dishwashing machine etc. with energy efficient electrically heated ones.
- IX. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs).
- X. 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. Continued use of biomass-based fuels in existing biomass boilers for thermal energy generation to reduce dependency on fossil fuels across Businesses.

c) Capital investment on energy conservation equipment:

₹ 2,021.94 lakhs

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. Advanced data capture and analytics installed as part of Industry 4.0 initiative in our Paperboard & Speciality Papers and Branded Packaged Foods businesses to improve quality, to increase throughput, to reduce specific energy and to reduce chemical consumption.
- II. Implementation of Industrial Internet of Things (IIoT) sensors to monitor equipment condition and reduce downtime in Paperboard & Speciality Papers and Branded Packaged Foods businesses.
- III. Robotic system of palletization to pack products of different Stock Keeping Units (SKUs) in different types of Corrugated Fibreboard Cartons (CFCs).
- IV. Unique identification on packets for authentication and verification of organic food products.
- V. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in our Personal Care Products Business.
- VI. Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability across Businesses.

b) Benefits derived:

- I. Cycle time reduction and productivity enhancement
- II. World-class quality and differentiated products
- III. Addressing market specific end-use applications
- IV. Conservation of resources and improved efficiencies

c) The expenditure incurred on Research and Development:

	For the year ended 31st March, 2021
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	1,212
ii) Revenue	13,122
Total	14,334
Total R&D Expenditure (as a % of Gross Revenue)	0.30

On behalf of the Board

S. PURI *Chairman & Managing Director*
New Delhi, India

R. TANDON *Director*

Kolkata, India

1st June, 2021

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2021

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	222 : 1	47
N Anand	Executive Director	107 : 1	30
B Sumant	Executive Director	107 : 1	98
R Tandon	Executive Director	107 : 1	37
S Banerjee	Independent Director	15 : 1	12
H Bhargava	Non-Executive Director	14 : 1	56
A Duggal	Independent Director	14 : 1	13
A Jerath ¹	Non-Executive Director	3 : 1	–*
S B Mathur	Independent Director	14 : 1	10
A Nayak ²	Independent Director	11 : 1	1182*
N Rao	Independent Director	14 : 1	13
A K Seth ²	Independent Director	10 : 1	2131*
M Shankar	Independent Director	14 : 1	8
D R Simpson	Non-Executive Director	14 : 1	10
S Dutta ³	Chief Financial Officer	18 : 1	–
R K Singhi	Executive Vice President & Company Secretary	37 : 1	25

For computation of "Increase in Remuneration over LY", the figures of remuneration for the previous year have been re-casted to include Contribution to Approved Pension Funds.

* Remuneration paid during the financial year 2020-21 is not comparable since the concerned Directors were there only for part of the financial year 2019-20

¹ Appointed with effect from 31.01.2020

² Appointed with effect from 13.07.2019

³ Appointed with effect from 05.09.2020

Notes

- 1) The number of permanent employees as on 31st March, 2021 was 26,071
- 2) Compared to the financial year 2019-20, the figures for the financial year 2020-21 reflect that:
 - (i) Median remuneration of employees - Increased by 16%
 - (ii) Average remuneration of employees - Increased by 16%
 - (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 15%
 - (iv) Remuneration of KMPs - Increased by 51% due to impact of revision in remuneration during the year and increase in number of KMPs
- 3) Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment / Position Held
1	2	3	4	5	6	7	8	9
Top ten employees in terms of remuneration drawn.								
Puri S	58	Chairman & Managing Director	11,95,26,651	4,28,00,371	B.Tech.	36	20.01.1986	TELCO Ltd., Trainee
Sumant B	57	Executive Director	5,77,29,108	1,97,27,903	B.E.	35	20.01.1986	Nil
Tandon R	67	Executive Director	5,75,13,690	1,96,43,043	B.Sc., F.C.A.	43	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Anand N	64	Executive Director	5,74,41,506	2,10,86,639	B.A. (Hons.)	41	01.12.1979	@
Sivakumar S	60	Group Head - Agri Business	3,67,46,392	1,74,79,521	B.Sc., P.G. Dip. in Rural Mgmt.	38	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Rajput A K	65	Senior V.P. - Corporate Affairs	3,23,47,125	1,27,60,168	B.Com., M.B.A.	44	10.04.1976	Nil
Singh S K	64	Group Head - Paper & Packaging	3,01,06,401	1,46,45,455	B.Tech. (Chem.)	44	21.06.1977	#
Satpathy S	48	Divisional Chief Executive (PCPBD)	2,90,58,324	1,24,92,964	B.Com., P.G.D.M.	25	01.12.2015	Marico Ltd., Chief Marketing Officer
Dar C	65	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,89,28,216	1,35,43,039	B.Tech. (Hons.), P.G.D.M.	41	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Malik H	55	Divisional Chief Executive (FBD)	2,73,77,367	1,08,60,438	B.A., M.B.A.	31	01.06.1989	Nil
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.								
Abraham C	57	Chief Executive - Healthcare	2,48,50,352	1,32,55,592	M.B.B.S., Adv. Dip. in Healthcare Administration	27	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Aggarwal A	40	Divisional Manager HR - OD (FBD)	1,02,03,261	53,74,684	B.Tech., P.G.Dip. in P.M. & I.R.	17	15.03.2017	HCL Healthcare, G.M. - HR
Aiyer K	47	V.P. Finance - Agri Business SBU (ABD)	1,28,47,470	65,83,983	B.Com. (Hons.), A.C.A.	23	01.09.1998	Modi Telstra Pvt. Ltd., Mgmt. Trainee
Ambasta A (Dr.)	62	Executive V.P. & Head - Social Investments	1,93,40,083	84,98,136	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	34	01.04.2002	Action Aid (India), Sr. Programme Analyst
Anandan M	50	National Sales & Category Development Manager - Personal Care, Matches & Agarbatti (TM & D)	1,55,38,434	74,63,095	P.G.D.M.	28	01.02.1994	Threads India Limited, Sales Representative
Arif N	59	Executive V.P. & Head - Corporate Communications	2,45,91,517	99,07,632	B.A. (Hons.), M.A.	35	01.09.2006	Indian Chamber of Commerce, Secretary General
Arora B	47	V.P. - Finance (FBD)	1,39,65,622	76,73,922	B.Com. (Hons.), A.C.A.	27	06.09.1999	Maruti Udyog Ltd., Finance Executive
Ashok D	57	Head - Taxation	1,78,30,979	69,01,834	B.Com., A.C.S., F.C.M.A.	36	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Awasthi J	54	General Manager - Special Projects	1,07,76,814	52,01,828	B.E. (Hons.), P.G.D.M.	32	01.03.1993	Network Ltd., Field Manager
Bajaj K	48	Executive V.P. - Marketing (ITD)	1,72,39,836	81,11,126	B.A. (Hons.), M.B.A.	26	16.03.2011	Bharti Retail Ltd., Head - Brands
Balaji L N	59	Executive V.P. - Shared Services	1,36,61,493	67,74,207	B.Com., F.C.A.	36	17.06.1985	Nil
Balakrishnan S	54	Head - Manufacturing & Supply Chain (PCPBD)	1,51,15,263	70,43,763	B.E.	33	01.09.1987	Nil
Balar S	46	V.P. - Marketing (PCPBD)	1,70,34,115	79,72,027	B.Tech., P.G.D.M.	20	01.06.2000	Nil
Bandyopadhyay S S	51	Executive V.P. - HR & CSR (PSPD)	1,47,03,636	79,53,979	B.Com., P.G.D.P.M., I.R. & L.W., M.B.A., Dip. in T&D	25	12.12.2006	Pepsico India Holdings Pvt. Ltd., Asst. Manager - HR
Banerjee S	44	V.P. - Marketing Services (FBD)	1,50,62,081	90,57,895	B.E., M.B.A.	21	01.06.2009	IMRB International, Insights Director
Bansal R	43	Group Category Finance Manager - Staples, Snacks & Meals (FBD)	1,05,72,113	65,78,151	B.Com., A.C.A., I.C.S.I.	22	22.01.2007	Bharat Oman Refineries Ltd., Asst. Mgr. Finance
Bansal R K	48	Head - Corporate Treasury	1,60,29,655	77,01,189	B.Com. (Hons.), C.W.A., A.C.A.	25	01.11.1995	Nil
Barhanpurkar M P	56	Head - Technical (PSPD)	1,16,90,299	62,92,237	B.E.	27	01.01.2004	Abhishek Industries Ltd., Manager Engg.
Barve M M	50	Head - Product Development, Chocolates (FBD)	1,40,67,876	82,04,540	B.Sc., M.Sc.(Food Tech.), E.M.B.A.	25	27.07.2015	Pepsico India Holdings Pvt. Ltd., Associate Director
Basu N	51	Sr. Manager - Corporate Communications	1,14,07,178	67,21,411	B.A., M.A.	16	01.01.2008	United Credit Belani Group, V.P.
Bezbaroa S K	58	Executive V.P. - Corporate EHS	1,70,94,223	79,13,387	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	38	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bhalla R	37	Category Development Manager - New Business Development	1,09,04,930	54,09,747	B.Tech., M.Tech.	15	08.06.2006	Nil
Bhatt S	52	Divisional Manager - Exports (FBD)	1,04,82,542	53,10,654	B.Sc., P.G. Dip. in Marketing	32	01.10.1997	Pertech Computers Ltd., Regional Sales Mgr.
Bhattacharjee A	57	V.P. - Information Systems (HD)	1,04,34,362	50,41,977	B.E. (Industrial & Production)	32	09.07.2001	@
Bose S	52	Executive V.P. - HR & Learning & Development (HD)	1,91,10,489	1,03,02,194	B.A., P.G. Dip. in P.M.	26	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Chadha A	51	Chief Operating Officer (HD)	1,51,52,584	77,11,949	Dip. In Hotel Mgmt., Catering & Nutrition	31	01.05.2001	@
Chatterjee K	60	Head - Packaging Development (FBD)	1,33,43,755	62,23,401	Dip. in Mech. Engg.	35	15.10.2001	Agrotech Foods Ltd., Manager - Packaging & Development
Chatterjee S	52	General Manager - Procurement (FBD)	1,61,41,496	93,16,873	B.A.	33	05.06.2006	Nestle India Ltd., Purchase Manager
Chaturvedi K	43	Chief Operating Officer - Snacks (FBD)	1,83,31,345	84,65,592	B.A. (Hons.), P.G. Dip. in Communication	19	19.05.2003	Mindshare Fulcrum, Planning Executive
Chhaproo J T	47	Head of Media (PCPBD)	1,17,10,042	61,13,356	B.Tech., P.G.D.M.	12	08.08.2016	Snapdeal, Head - Media
Dasgupta K	44	Head of Marketing - Dairy & Juices (FBD)	1,74,00,990	85,28,895	B.Sc. (Hons.), P.G.D.C., P.G.D.M.	19	03.01.2020	Hindustan Unilever Ltd., G.M. Foods
Dharmendra V B (Dr.)	45	Head - Food Sciences (FBD)	2,04,02,214	1,23,97,555	B.Tech., M.Tech., M.S., Ph.D.	23	05.03.2020	E & J Gallo Winery, Applied Technology Director

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
Dixit P K	60	V.P. - T & RA (ITD)	1,87,56,614	86,79,426	B.Sc. (Hons.)	37	17.10.1983	Nil
Dogra M	46	Head - Strategic Planning	1,02,08,911	52,71,375	B.Com., A.C.A., M.B.A.	21	01.11.2004	Export Import Bank of India, Management Trainee
Dogra R	46	Head of Modern Trade (TM & D)	1,55,26,787	77,14,238	B.Tech., M.I.B.	21	01.06.2001	J.C.T. Electronics Ltd., Engg. Executive
Dutta Saradindu	61	Head - Corporate Accounts	1,90,82,922	69,80,177	B.Com. (Hons.), M.Com., A.C.A.	39	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	54	Chief Financial Officer	2,45,66,809	87,62,962	B.Com. (Hons.), C.W.A., A.C.A.	30	01.11.1990	Nil
Ganesan M	58	Head - Corporate Internal Audit	2,43,16,198	98,99,148	B.Com., A.C.A., A.C.S.	35	01.03.1986	Nil
Ganesh Kumar S	53	SBU Chief Executive - Staples, Snacks & Meals (FBD)	2,46,69,297	1,05,64,817	B.E.	30	14.12.1991	Mather and Platt (I) Limited, Engg. Trainee
Garg A S	52	V.P. - Finance ,Tobacco SBU (ABD)	1,20,82,874	64,21,680	B.Com., I.C.W.A., A.C.A.	29	01.06.1992	Larsen & Toubro, Chartered Accountant
Ghosal N	46	Chief Engineer (ITD)	1,13,38,331	55,15,253	B.Tech., P.G.D.I.M.	22	01.06.1999	Nil
Ghosh B	59	Divisional Manager - Finance - Central Projects Organisation	1,05,32,815	51,65,858	B.Com. (Hons.), M.Com., I.C.W.A., M.B.A.	36	01.07.1985	Nil
Gouraha R	40	Head of Manufacturing - Snacks, Noodles & Pasta (FBD)	1,36,70,125	81,55,228	B.Tech.	17	04.06.2004	Nil
Guha S	59	Executive V.P. - Technical (ITD)	1,72,73,712	80,65,061	B.Tech.	37	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta J	38	Head of Manufacturing - Staples (FBD)	1,17,18,554	57,62,003	B.Tech.	16	01.09.2016	Hindustan Unilever Ltd., Factory Manager
Gupta V	56	SBU Chief Executive (ESPB - SBU)	2,05,57,863	1,17,43,635	B.E., P.G.D.M.	30	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Handa M	42	V.P. - Skin Care & Innovations (PCPBD)	1,51,38,806	94,99,512	B.E., P.G.D.	16	22.07.2019	Marico Ltd., Head of Marketing
Janardanan Anand P	55	Executive V.P. - HR (FBD)	1,84,39,146	85,98,350	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	30	01.06.1990	Nil
Jasper N K	51	Executive V.P. - Finance & IT (FBD)	1,82,50,319	86,96,984	B.Com. (Hons.), A.C.M.A., A.C.A.	28	25.06.1993	A.F. Ferguson, Asst. Consultant
Jhingran R	43	V.P. - Talent Development, Corporate HR	1,16,17,140	64,58,018	B.Sc. (Pharmacy), P.G.D.M.	17	04.06.2004	Nil
John R	52	G.M. - Operations (ITD)	1,57,49,742	75,23,660	B.Tech.	29	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Kar S	48	Head - Operations - Finance & MIS (PSPD)	1,08,29,853	55,33,865	B.Com., C.W.A., A.C.A., A.C.S.	25	06.09.1999	Deloitte Haskins & Sells, Asst. Mgr.
Karthik B	48	Head - Corporate Planning	1,50,32,975	71,12,995	B.Com. (Hons.), C.W.A., Advanced Dip. in Systems Mgmt., A.C.S., A.C.A., C.P.A.	25	07.05.2007	Tionale Pte Ltd., G.M. - Business Development
Kaul S	54	Divisional Chief Executive (ITD)	2,56,38,991	1,02,90,605	B.E., P.G.D.M.	30	01.06.1990	Nil
Khosla V	54	District Manager - South (TM & D)	1,45,06,435	69,30,978	B.A. (Hons.), M.B.A	30	01.07.2001	Indian Army, Captain
Kishore A	46	Trade Marketing Information Manager (TM & D)	1,26,02,535	61,04,776	B.Tech., P.G.D.M.	25	15.05.2006	Gillette India Ltd., Regional Value Chain Manager
Kookkal V	39	Head of Marketing - Staples & Meals (FBD)	1,11,70,205	69,88,248	B.Tech., P.G. Dip. in Marketing	15	08.06.2006	Nil
Kulkarni V	46	Divisional Chief Executive (PSPD)	2,04,02,072	1,07,55,794	B.Tech.	24	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar Ashit	55	Executive V.P. - Finance & MIS (ABD)	1,62,70,914	86,82,669	B.Com., A.C.A.	32	01.12.1988	Nil
Kumar Ashwani	57	Chief Technologist - Packaging & Graphics Design (ITD)	1,37,02,827	65,16,469	B.Sc., M.B.A.	35	01.07.1990	Uptron India Ltd., Planning Officer
Kumar Atul	57	V.P. - Finance (HD)	1,10,09,158	55,99,863	B.Com. (Hons.), A.C.A.	33	01.06.1988	@
Kumar G K	55	V.P. - Leaf Operations, Tobacco SBU (ABD)	1,50,88,223	76,41,539	B.Sc. (Agriculture)	33	01.08.1987	Nil
Kumar K	49	Sr. Principal Technologist (PCPBD)	1,20,42,617	57,84,361	B.Com., A.C.A., P.G.D. (Taxation), LL.B.	24	22.10.2008	Ruchi Soya Industries Ltd., Deputy G.M., Commercial
Kumar T S	50	National Sales & Category Development Manager - Foods (TM & D)	1,46,81,132	70,77,231	B.Sc.	28	01.04.1995	E.I.D. Parry (I) Ltd., Sales Representative
Kunchey J K	46	General Manager - Supply Chain & Logistics (TM & D)	1,81,95,176	86,39,131	B.Tech., P.G. Dip. in I.E.	23	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Mathew T	46	Head - HR (PCPBD)	1,27,87,544	63,19,311	Dip. in H.M.C.T. & A.N., B.B.A., M.A.	23	25.06.2001	Marico Industries Ltd., Mgmt. Trainee
Mathur A	39	Head of Manufacturing - Biscuits & Cakes (FBD)	1,10,96,173	54,72,711	B.Tech.	16	08.06.2005	Nil
Mehta R R	60	Senior Associate General Counsel	1,10,57,852	53,15,175	B.Com. (Hons.), LL.B., LL.M., LL.M. (Criminal Law), M.S.(Wis.), Ph.D.	36	10.06.1994	Legal Practitioner
Menon V P	55	V.P. - Projects (HD)	1,14,62,770	58,55,113	B.Tech. (Civil)	32	10.01.1993	@
Moodliar A	55	V.P. - Marketing (HD)	1,16,13,446	58,10,070	B.Com., M.B.A.	31	15.10.1993	@
Mukherjee P	59	V.P. - Finance & MIS (PPB - SBU)	1,58,92,363	71,36,387	B.Com. (Hons.), A.C.S., A.C.A.	35	01.09.1987	Khanna & Annadhanam, Chartered Accountants, Asst. Audit
Mukherjee S (Dr.)	55	Chief Scientist and Head R&D (ITD)	1,69,75,332	98,95,490	B.Sc., M.Sc., Ph.D.	25	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	48	Head - Corporate Human Resources	2,27,18,709	1,00,80,998	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	25	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Mukhopadhyay M	63	Head - Product Development, Biscuits & Cakes (FBD)	1,29,38,372	73,49,452	B.Sc., B.Tech., M.Tech.	34	21.04.2006	Britannia Industries Ltd., R & D Manager
Narayanan R R	55	Head - Sales & Marketing (ESPB - SBU)	1,50,49,301	72,42,021	B.A., P.G.D.M.	34	01.01.1990	Godrej & Boyce Mfg. Co. Ltd., Sales Representative
Ohri R	54	V.P. - Corporate Affairs	1,41,00,878	62,21,810	B.Com. (Hons.), A.C.A.	30	01.09.1991	Nil
Panda Shatanshu	48	Deputy General Counsel	1,44,76,604	86,18,814	B.A., LL.B. (Hons.)	25	15.07.1996	Nil
Panda Swarup	54	Executive V.P. - HR (ITD)	1,63,06,671	98,06,259	B.Sc. (Hons.), P.G.D.	31	01.09.2003	J K Papers Ltd., Mgmt. Trainee

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
Pandey S K	54	Divisional Head - Plantations & Raw Materials (PSPD)	1,08,84,599	61,50,537	B.Tech., M.Tech., I.F.S. Diploma in Bamboo Tech.	30	20.02.2014	Ballarpur Industries Ltd., V.P.
Paul A E	56	Regional Manager - T&RA (TM & D)	1,03,53,766	49,73,465	B.Com.	35	01.08.1986	Nil
Phakey A	51	V.P. - Frozen Snacks and Fresh F & V (FBD)	1,67,07,456	98,53,253	B.Com., M.B.A.	28	25.03.2019	H.T. Media Ltd., C.O.O.
Ponnuru R K	37	Category Manager - Juices & Dairy (FBD)	1,47,67,607	70,95,537	B.Tech.	17	04.06.2004	Nil
Prabhakar L	55	Executive V.P. - HR (ABD)	1,69,54,445	86,78,148	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	33	01.05.2006	ITC Infotech India Ltd., G.M.- HR
Puri Sudhir	44	Head - New Generation Products (ITD)	1,56,66,984	74,67,729	B.Tech.	22	01.06.1998	Nil
Raghuraman R	53	Head of Supply Chain Strategy (FMCG)	1,59,82,794	74,34,602	B.E.	32	13.01.2020	Hindustan Unilever Ltd., V.P. Logistics
Rai R K	58	Divisional Chief Executive (ABD)	2,39,12,972	1,14,53,960	B.A. (Mktg.), P.G.D. in Exports & Imports	38	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajiv Mohan D V R	55	V.P. - Value Added Agri Products, Agri Business SBU (ABD)	1,43,06,289	72,32,380	B.Com. (Hons.), M.B.A.	32	22.08.1988	Nil
Ralhan R	41	District Manager - North (TM & D)	1,14,78,714	62,31,130	B.E., M.M.S.	18	04.06.2004	Kirloskar Oil Engines Ltd., Graduate Engr. Trainee
Rama Prasad H N	55	SBU Chief Executive - Tobacco SBU (ABD)	1,57,20,779	79,02,990	B.Sc. (Agriculture), M.Sc. (Agriculture)	32	26.09.1988	Nil
Ramamurthi S (Dr.)	56	Chief Scientist - Biosciences (LS & T)	1,58,08,752	75,38,931	B.Sc., M.Sc. (Tech.), Ph.D.	27	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Ramkumar P	50	Head - Finance (ESP)	1,26,24,898	61,56,490	B.Com., I.C.W.A., A.C.A.	27	06.09.1999	Zuari Industries Ltd., Dy. Mgr. - Finance
Ranganathan S	46	V.P. - Finance (FBD)	1,29,65,140	64,11,124	B.Com. (Hons.), A.C.A.	23	01.09.1998	Phillips India Ltd., Accounts Officer
Rangrass S	60	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,33,18,654	1,00,84,474	B.Tech.	38	01.07.1982	Nil
Rao Renati V	51	Divisional Manager - Exports (ITD)	1,13,24,944	54,49,493	B.Sc. (Hons.), P.G.D.M.	27	01.04.1995	Wipro Ltd., Marketing Asst.
Rasquinha P C	56	V.P. - Finance & MIS (PSPD)	1,31,29,911	77,22,516	B.Com. (Hons.), A.C.A., C.W.A.	33	15.07.1991	A.F. Ferguson & Co., Asst. Consultant
Rastogi M	53	V.P. - Social Investments	1,44,24,545	76,86,110	B.A., M.A.	32	01.06.1989	Nil
Ravindranath D	55	Divisional Manager Procurement - P.M. (FBD)	1,15,91,949	56,49,334	B.Tech., P.G. Dip. in Materials Mgmt.	34	01.11.2002	AgroTech Foods Ltd., Dy. Mgr. Purchase
Ray Chaudhuri B	41	Business Development Manager - Strategic Planning	1,27,48,106	60,77,541	B.Com. (Hons.), A.C.A.	19	01.03.2002	Nil
Rayavaram R K	48	SBU Chief Executive - Matches & Agarbatti SBU	1,71,74,157	80,67,525	B.E., P.G.P.M.	25	01.06.2003	3M India Ltd., Marketing Analyst
Reddy K V	55	V.P. - Product Development - Atta, Spices & Noodles (FBD)	1,53,38,094	83,58,558	B.Tech.	31	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy A	55	Executive V.P. - Corporate Finance	1,69,57,958	76,94,821	B.Com. (Hons.), A.C.A.	32	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Rustagi A K	46	Chief Operating Officer - Chocolates, Coffee, Confectionery & New Category Development (FBD)	2,45,72,019	1,09,76,762	B.Tech., P.G.P.M.	24	01.10.2017	Unilever Inc. (London), Global Brand Director
Sahay S	50	Head of Sales Operations & Development (TM & D)	1,75,37,158	83,27,918	B.A., P.G.D.B.A.	26	05.09.2002	Luxor Writing Instruments Ltd., Brand Manager
Salunkhe D J	47	SBU Chief Operating Officer (PPB)	1,38,31,954	63,00,104	B.E., M.B.A.	16	21.03.2019	3M India Ltd., Sr. G.M., Ops & Cont. Imp.
Sandeep C	50	Executive V.P. & Head - Central Projects Organisation	1,32,11,752	80,59,383	B.E.	29	24.05.1999	Kar Mobiles Ltd., Production Engineer
Sanganeria G	44	Manager - Corporate Accounts	1,20,78,331	69,75,028	B.Com. (Hons.), A.C.S., A.C.A.	20	11.12.2000	Nil
Sarma C V	59	Executive V.P. - Finance & MIS (PSPD)	1,87,37,809	77,70,836	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	34	03.05.1993	J. Loyalka & Co., Sr. Asst.
Sawant S J	49	Business Development Manager - Frozen Snacks (FBD)	1,11,62,049	67,01,863	B.Com., P.G.D.M.	21	01.10.2018	OSI Vista Foods Ltd., Director Commercial
Senguttuvan R	59	Chief Executive (PPB - SBU)	2,19,01,927	1,12,09,797	B.E., P.G.D.M.	35	27.05.1991	Asian Paints, Purchase Executive
Shanmuga Sundaram A	54	General Counsel and Head of Corporate Legal	2,36,17,371	1,07,07,244	B.L., M.L.	32	20.10.1997	Maxworth Home Ltd., Manager, Legal
Shenoy T S M	53	Head of Finance (TM & D)	1,79,32,745	86,93,491	B.Com. (Hons.), A.C.A.	33	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Shere A H	44	Chief Operating Officer - Biscuits & Cakes (FBD)	2,15,78,654	1,27,58,747	B.A., M.B.A.	23	21.08.2019	Britannia Industries Ltd., Director Marketing
Singal S	50	Chief Operating Officer - Dairy & Beverages (FBD)	1,84,24,636	86,86,867	B.Sc., P.G.D.M.	25	01.07.2016	Dabur India Ltd., Head of Marketing
Singh J	55	Executive V.P. - Finance, IT & Procurement (HD)	1,79,85,766	90,19,682	B.Com. (Hons.), A.C.A.	33	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singhi R K	56	Executive V.P. and Company Secretary	1,98,46,290	93,02,775	B.Com. (Hons.), LL.B., F.C.S.	36	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Srinivas K	56	Chief Technologist - Blending & Cigarette Design (ITD)	1,41,99,816	67,91,463	B.Sc., M.Sc.	33	22.08.1988	Nil
Srinivas S	47	V.P. - Health & Hygiene (PCPBD)	1,48,41,010	70,87,555	B.E., P.G.D.M.	23	01.06.2000	Computational Structural Mechanics Pvt. Ltd., Marketing Executive
Srinivasan V P	48	Sr. Principal Technologist - PMD Process Development (ITD)	1,18,93,387	57,91,797	Diploma in Mech. Engg., B.S. (Engg. Technology)	28	23.02.1999	Union Carbide, Supervisor
Stephanos K G	56	Executive V.P. - Finance, MIS & T&RA (ITD)	1,78,59,601	83,11,354	B.Com. (Hons.), A.C.A.	33	01.07.1988	PricewaterhouseCoopers & Co., Jr. Officer
Sule S	55	Chief Executive Officer (TM & D)	2,50,66,653	1,06,59,374	B.Com., M.I.B.	31	16.07.1990	Bayer India Ltd., Management Trainee
Suryavanshi R	43	Head - Competency Development & HR (TM & D)	1,14,53,374	57,37,508	B.M.S., P.G.D.M.	19	16.07.2003	Gabriel India Ltd., Mgmt Trainee

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
Tandan S	61	On deputation	1,64,01,492	73,67,942	B.A. (Hons.), A.C.A.	35	01.10.1985	Nil
Tayal G	40	SBU Chief Operating Officer - Matches & Agarbatti SBU	1,58,49,332	77,27,384	B.Tech.	18	09.06.2003	Nil
Thakar A	54	V.P. Finance - Dairy, Beverages & New Category Development (FBD)	1,57,68,840	71,19,517	B.Com. (Hons.), A.C.A., M.B.A.	28	30.06.1992	Nil
Thakur N N	57	National Sales & Category Development Manager - Cigarettes (TM & D)	1,31,60,236	63,63,237	B.Sc., P.G.D.M.	34	01.09.1987	Nil
Umesh K S	62	Chief Manager - Corporate Affairs	1,07,30,805	58,79,998	B.A., M.S.W.	22	16.04.2001	Hotel Leelaventure Ltd., Manager HRD
Venkataraman S N	57	Executive V.P. - Marketing & Sales (PSPD)	1,48,32,886	83,75,950	B.Sc., M.B.A.	36	29.06.1985	Nil
Venkateswaran K (Dr.)	61	Chief Scientist - Research & Technology Innovation (LS & T)	1,64,45,792	94,65,048	B.Sc., M.Sc., Ph.D.	36	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Venneti S P Rao	54	Divisional Head - Marketing (PSPD)	1,21,74,027	68,64,164	B.E., P.G.D.	22	20.06.2011	Century Pulp & Paper, President
Vijaykrishnan V (Dr.)	54	Chief Scientist & Head - Product Development and R&D (PCPBD)	1,86,81,450	84,89,802	B.Sc., M.Sc., Ph.D.	25	02.05.2017	Unilever Inc., Global R & D - Design Director
Vinayaka H C	57	V.P. - Technical Services & EHS (HD)	1,16,17,996	56,06,127	B.E. (Mech.)	33	23.05.2001	@
Wali P	51	Executive V.P. - New Business Development	1,36,39,283	63,00,718	B.Tech., Ph.D. Fellowship in Management	30	16.08.1991	Nil
Wariah D S	54	Head - Product Development - Snacks (FBD)	1,44,13,626	80,91,424	B.E.	31	05.04.2005	Pepsico India Holdings Pvt. Ltd., G.M.
Yadav S M	51	V.P. - Technology & Manufacturing (FBD)	1,85,36,523	85,80,709	B.E., Dip. in International Business	30	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.								
Lahiri Devraj	48	Chief Operating Officer (ITD)	64,89,672	26,26,665	B.Com. (Hons.), M.B.A.	24	10.12.2020	VST Industries, M.D.
Garg A K	60	Head - Finance & IT (PCPBD)	1,44,90,870	81,66,627	B.A. (Hons.), M.B.A. (U.S.A.)	38	01.08.1985	International Travel House Ltd., Regional Financial Controller
Mitra S	58	Head of Finance - Operations (ITD)	1,34,23,528	50,22,553	B.Com (Hons.), A.C.A.	33	01.06.1988	Nil
Nagahari K	62	Divisional Head - Projects (PSPD)	86,53,563	57,21,898	B.E. (Chem)	32	12.10.1988	Nil
Narasimham B V	60	V. P. - Processing & Technology - Tobacco SBU (ABD)	1,12,81,993	59,12,791	B.Tech.	38	28.06.1991	Hindustan Shipyard Ltd., Sr. Engineer
Reddy N K	60	G.M. - New Projects - Agri Business SBU (ABD)	35,03,297	23,62,648	B.Sc. (Agriculture), P.G. Dip. in Rural Mgmt.	37	24.07.2006	Stock Holdings Corp of India Ltd., Asst. V.P.
Sequeira S	47	Head - Finance & IT (PCPBD)	89,19,567	47,45,141	B.Com. (Hons.), A.C.A.	23	01.09.1998	%
Viswanathan K I	60	Executive V.P. - Marketing & Commercial (PSPD)	1,11,98,331	73,40,160	M.B.A.	38	06.09.1982	Nil
Wanchoo S	60	Executive V.P. - Marketing (ITD)	1,11,19,860	61,46,359	B.Com. (Hons.)	39	19.10.1981	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 Associate and reverted to Company on October 28, 2020

Notes :

- Remuneration includes salary, performance bonus, allowances, contribution to the approved Provident Fund & Pension Funds & other benefits/applicable perquisites borne by the Company, except the contribution to approved Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
- 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:
 - income tax, surcharge (as applicable) & education cess deducted at source.
 - employees' own contribution to Provident Fund.
- All appointments are/were contractual in accordance with terms and conditions as per Company rules.
- None of the above employees is a relative of any Director of the Company.
- The above list does not include employees who are on deputation and whose cost is not borne by the Company.

On behalf of the Board

S. PURI

Chairman & Managing Director
New Delhi, India

R. TANDON

Director
Kolkata, India

1st June, 2021

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2021

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:

		FY21	FY20
(i)	Operating Profit Margin (%)	35.7	41.8
(ii)	Net Profit Margin (%) ¹	27.1	32.9
(iii)	Debtors Turnover	23.0	22.1
(iv)	Inventory Turnover	5.1	5.8
(v)	Current Ratio	3.1	4.0
(vi)	Return on Net Worth ¹	22.1	23.8

Notes:

- Net Profit Margin** and **Return on Net Worth Ratios** have been computed based on **Profit After Tax, excluding the impact of exceptional items.**
- The relatively lower **Profit Margins** and **Return on Net Worth** is attributable to lower Profit due to the impact of COVID-19 pandemic on your Company's operating segments.
- Interest Coverage Ratio** and **Debt-Equity Ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

S. PURI *Chairman & Managing Director*
New Delhi, India

R. TANDON *Director*
Kolkata, India

1st June, 2021

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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of ITC Limited

1. The Corporate Governance Report prepared by ITC Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021, and the said Report will be submitted by the Company to the Stock Exchanges as part of the Annual Report.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2020 to March 31, 2021:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year-end.
 - viii. Obtained and read the minutes of the audit committee meeting wherein such related party transactions have been pre-approved by the audit committee.
 - ix. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, 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.

Place of Signature: Mumbai
Date: June 01, 2021

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 21041870AAAABB2476