

# Balance Sheet as at 31st March, 2022

	Note	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Property, Plant and Equipment	3A	19559.15		18502.87	
(b) Capital work-in-progress	3B	2442.34		3329.97	
(c) Investment Property	3C	364.20		376.56	
(d) Goodwill	3D	577.20		577.20	
(e) Other Intangible assets	3E	2007.22		2004.32	
(f) Other Intangible assets under development	3F	23.84		3.50	
(g) Right of use assets	3G	712.84		726.84	
(h) Financial Assets					
(i) Investments	4	15657.32		12937.42	
(ii) Loans	5	5.06		2.37	
(iii) Others	6	1572.40	17234.78	72.45	13012.24
(j) Other non-current assets	7	1228.92	44150.49	1231.62	39765.12
<b>Current assets</b>					
(a) Inventories	8	9997.77		9470.87	
(b) Financial Assets					
(i) Investments	9	11624.95		14046.71	
(ii) Trade receivables	10	1952.50		2090.29	
(iii) Cash and cash equivalents	11	184.97		231.28	
(iv) Other Bank Balances	12	3692.97		3770.25	
(v) Loans	5	5.73		2.77	
(vi) Others	6	2287.97	19749.09	1197.00	21338.30
(c) Other current assets	7	1195.15	30942.01	1006.07	31815.24
<b>TOTAL ASSETS</b>		<b>75092.50</b>		<b>71580.36</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share capital	13	1232.33		1230.88	
(b) Other Equity		60167.24	61399.57	57773.74	59004.62
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	14	4.54		5.28	
(ii) Lease Liabilities	15	259.79		272.36	
(iii) Other financial liabilities	16	96.50	360.83	239.35	516.99
(b) Provisions	17	186.87		157.07	
(c) Deferred tax liabilities (Net)	18	1667.14	2214.84	1727.73	2401.79
<b>Current liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	14	0.74		0.35	
(ii) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		100.96		59.34	
Total outstanding dues of creditors other than micro enterprises and small enterprises		4122.44		4059.97	
(iii) Lease Liabilities	15	46.09		51.36	
(iv) Other financial liabilities	16	1503.59	5773.82	1247.82	5418.84
(b) Other current liabilities	19	5097.28		4369.00	
(c) Provisions	17	55.60		169.05	
(d) Current Tax Liabilities (Net)	20	551.39	11478.09	217.06	10173.95
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75092.50</b>		<b>71580.36</b>	

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached  
For S R B C & CO LLP  
Chartered Accountants  
Firm Registration Number: 324982E/E300003  
Sudhir Soni  
Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI *Chairman & Managing Director*  
R. TANDON *Director*  
S. DUTTA *Chief Financial Officer*  
R. K. SINGHI *Company Secretary*

Kolkata, May 18, 2022

# Statement of Profit and Loss for the year ended 31st March, 2022

	Note	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
I Revenue From Operations	21A, 21B	59745.56	48524.56
II Other Income	22	2589.97	3250.99
<b>III Total Income (I+II)</b>		<b>62335.53</b>	<b>51775.55</b>
<b>IV EXPENSES</b>			
Cost of materials consumed		16064.50	13605.07
Purchases of Stock-in-Trade		10734.48	6896.41
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(566.46)	(526.86)
Excise duty		3404.29	3039.43
Employee benefits expense	23	3061.99	2820.95
Finance costs	24	41.95	47.47
Depreciation and amortization expense		1652.15	1561.83
Other expenses	25	8113.10	7167.06
<b>Total expenses (IV)</b>		<b>42506.00</b>	<b>34611.36</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>19829.53</b>	<b>17164.19</b>
VI Exceptional Items		–	–
<b>VII Profit before tax (V+VI)</b>		<b>19829.53</b>	<b>17164.19</b>
<b>VIII Tax expense:</b>			
Current Tax	26	4833.88	4035.36
Deferred Tax	26	(62.18)	97.15
<b>IX Profit for the year (VII-VIII)</b>		<b>15057.83</b>	<b>13031.68</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	27(v)	31.62	(30.10)
– Equity instruments through other comprehensive income		545.25	252.00
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(11.90)	(6.64)
(ii) Income tax relating to items that will not be reclassified to profit or loss	26	(4.96)	0.49
B (i) Items that will be reclassified to profit or loss:			
– Debt instruments through other comprehensive income		3.71	–
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		14.78	40.76
(ii) Income tax relating to items that will be reclassified to profit or loss	26	(4.65)	(10.26)
<b>X Other Comprehensive Income [A (i-ii) + B (i-ii)]</b>		<b>573.85</b>	<b>246.25</b>
<b>XI Total Comprehensive Income for the year (IX+X)</b>		<b>15631.68</b>	<b>13277.93</b>
<b>XII Earnings per equity share (Face Value ₹ 1.00 each):</b>	27(i)		
(1) Basic (in ₹)		12.22	10.59
(2) Diluted (in ₹)		12.22	10.59

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached  
For S R B C & CO LLP  
Chartered Accountants  
Firm Registration Number: 324982E/E300003  
Sudhir Soni  
Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI *Chairman & Managing Director*  
R. TANDON *Director*  
S. DUTTA *Chief Financial Officer*  
R. K. SINGHI *Company Secretary*

Kolkata, May 18, 2022

# Statement of changes in equity for the year ended 31st March, 2022

## A. Equity Share Capital

(₹ in Crores)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2022	1230.88	1.44	1232.33
For the year ended 31st March, 2021	1229.22	1.66	1230.88

## B. Other Equity

(₹ in Crores)

	Reserves and Surplus						Items of other comprehensive income				Total	
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges		Foreign Currency Translation Reserve
<b>Balance as at 1st April, 2021</b>	2.48	9611.64	1706.52	0.30	363.05	17585.31	28210.63	-	248.33	4.93	40.55	57773.74
Profit for the year	-	-	-	-	-	-	15057.83	-	-	-	-	15057.83
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	23.66	2.78	545.25	2.16	-	573.85
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	<b>15081.49</b>	<b>2.78</b>	<b>545.25</b>	<b>2.16</b>	-	<b>15631.68</b>
Issue of equity shares under ITC Employee Stock Option Schemes	-	290.38	-	-	-	-	-	-	-	-	-	290.38
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
- Final Dividend (2020-21 - ₹ 5.75 per share)	-	-	-	-	-	-	(7077.59)	-	-	-	-	(7077.59)
- Interim Dividend (2021-22 - ₹ 5.25 per share)	-	-	-	-	-	-	(6469.48)	-	-	-	-	(6469.48)
Transfer from Share Options Outstanding Account on exercise and lapse	-	86.12	(423.70)	-	-	-	315.34	-	-	-	-	(22.24)
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	7.24	-	7.24
Recognition of share based payment	-	-	33.51	-	-	-	-	-	-	-	-	33.51
<b>Balance as at 31st March, 2022</b>	2.48	9988.14	1316.33	0.30	363.05	17585.31	30060.39	2.78	793.58	14.33	40.55	60167.24
<b>Balance as at 1st April, 2020</b>	2.48	9211.49	2022.18	0.30	363.05	17585.31	33596.14	-	2.77	(24.33)	40.55	62799.94
Profit for the year	-	-	-	-	-	-	13031.68	-	-	-	-	13031.68
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(29.66)	-	250.38	25.53	-	246.25
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	<b>13002.02</b>	-	<b>250.38</b>	<b>25.53</b>	-	<b>13277.93</b>
Issue of equity shares under ITC Employee Stock Option Schemes	-	288.99	-	-	-	-	-	-	-	-	-	288.99

# Statement of changes in equity for the year ended 31st March, 2022

B. Other Equity (Contd.)

(₹ in Crores)

	Reserves and Surplus					Items of other comprehensive income				Total	
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income		Effective portion of Cash Flow Hedges
Dividend											
- Final Dividend (2019-20 - ₹ 10.15 per share)	-	-	-	-	-	(12476.61)	-	-	-	-	(12476.61)
- Interim Dividend (2020-21 - ₹ 5.00 per share)	-	-	-	-	-	(6152.68)	-	-	-	-	(6152.68)
Dividend distribution tax refund received	-	-	-	-	-	13.98	-	-	-	-	13.98
Transfer from Share Options Outstanding Account on exercise and lapse	-	111.16	(342.32)	-	-	222.96	-	-	-	-	(8.20)
Transfer from Equity Instruments through Other Comprehensive Income reserve on renunciation of rights entitlements (net of tax)	-	-	-	-	-	4.82	-	(4.82)	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	3.73	-	3.73
Recognition of share based payment	-	-	26.66	-	-	-	-	-	-	-	26.66
<b>Balance as at 31st March, 2021</b>	<b>2.48</b>	<b>9611.64</b>	<b>1706.52</b>	<b>0.30</b>	<b>363.05</b>	<b>17585.31</b>	<b>-</b>	<b>248.33</b>	<b>4.93</b>	<b>40.55</b>	<b>57773.74</b>

The Board of Directors of the Company has recommended Final Dividend of ₹ 6.25 per Ordinary Share for the financial year ended 31st March, 2022 (for the year ended 31st March, 2021 - ₹ 5.75 per Ordinary Share) to be paid on fully paid Equity Shares amounting to ₹ 7702.03 Crores. The Final Dividend is subject to the approval of shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Including the Interim Dividend of ₹ 5.25 per Ordinary Share (for the year ended 31st March, 2021 - ₹ 5.00 per Ordinary Share) declared by the Board of Directors, the total Equity Dividend for the year ended 31st March, 2022 is ₹ 11.50 per Ordinary Share (total Equity Dividend for the year ended 31st March, 2021 - ₹ 10.75 per Ordinary Share).

**Capital Reserve:** This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

**Securities Premium:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Share Options Outstanding Account:** This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or lapse of vested options.

**Capital Redemption Reserve:** This Reserve has been transferred to the Company in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Contingency Reserve:** This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes.

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

**Retained Earnings:** This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013. **Debt Instruments through Other Comprehensive Income:** This Reserve represents the cumulative gains (net of losses) arising on revaluation of Debt Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to profit or loss when those instruments are disposed of.

**Equity Instruments through Other Comprehensive Income:** This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

**Effective portion of Cash Flow Hedges:** This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.

**Foreign Currency Translation Reserve:** This Reserve contains the accumulated balance of foreign exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation whose functional currency is other than Indian Rupee. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

On behalf of the Board

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, May 18, 2022

S. PURI Chairman & Managing Director

R. TANDON Director

S. DUTTA Chief Financial Officer

R. K. SINGHI Company Secretary

Kolkata, May 18, 2022



## Cash Flow Statement for the year ended 31st March, 2022

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
<b>A. Cash Flow from Operating Activities</b>		
PROFIT BEFORE TAX	19829.53	17164.19
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1652.15	1561.83
Share based payments to employees	32.51	27.15
Finance costs	41.95	47.47
Interest Income	(1004.59)	(1224.82)
Dividend Income	(857.46)	(723.94)
(Gain)/Loss on sale of property, plant and equipment, lease termination - Net	(59.05)	55.04
Doubtful and bad debts	10.64	25.98
Doubtful and bad advances, loans and deposits	1.15	33.04
Net (gain)/loss arising on financial instruments mandatorily measured at fair value through profit or loss	(524.19)	(1107.53)
Foreign currency translations and transactions - Net	11.07	(13.00)
	(695.82)	(1318.78)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>19133.71</b>	<b>15845.41</b>
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(235.39)	(99.11)
Inventories	(526.90)	(1350.89)
Trade payables, other liabilities and provisions	946.39	1055.07
	184.10	(394.93)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>19317.81</b>	<b>15450.48</b>
Income tax paid	(4510.02)	(3956.62)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>14807.79</b>	<b>11493.86</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment, Intangibles, ROU asset etc.	(1812.03)	(1582.09)
Sale of property, plant and equipment	137.22	2.66
Purchase of current investments	(60325.53)	(51625.18)
Sale/redemption of current investments	63554.78	56785.92
Payment towards business combination/contingent purchase consideration	(71.25)	(2189.22)
Investment in subsidiaries	(427.24)	(361.57)
Investment in associate	(1.87)	(1.87)
Purchase of non-current investments	(4777.02)	(1488.71)
Redemption proceeds of non-current investments	2731.24	1712.05
Dividend Income	857.46	723.94
Interest received	962.97	1199.36
Investment in bank deposits (original maturity more than 3 months)	(3525.01)	(3706.02)
Redemption/maturity of bank deposits (original maturity more than 3 months)	3617.42	6259.37
Investment in deposit with housing finance company	(3011.37)	(78.38)
Redemption/maturity of deposit with housing finance companies	578.82	844.43
Loans given	(12.51)	(2.12)
Loans realised	6.86	5.32
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(1517.06)</b>	<b>6497.89</b>

## Cash Flow Statement for the year ended 31st March, 2022

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	291.82	290.65
Repayment of non-current borrowings	(0.35)	(2.26)
Payment of lease liabilities	(54.42)	(49.67)
Interest paid	(42.14)	(43.47)
Net increase in statutory restricted accounts balances	15.13	41.17
Dividend paid	(13547.07)	(18629.29)
Dividend distribution tax refund received	—	13.98
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(13337.03)</b>	<b>(18378.89)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(46.30)</b>	<b>(387.14)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>231.28</b>	<b>561.35</b>
<b>CASH AND CASH EQUIVALENTS ACQUIRED ON BUSINESS COMBINATION [See Note 3 below]</b>	<b>—</b>	<b>57.07</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>184.98</b>	<b>231.28</b>

### Notes:

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

Cash and cash equivalents as above	184.98	231.28
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(0.01)	—
Cash and cash equivalents (Note 11)	<u>184.97</u>	<u>231.28</u>
- Cash and Cash Equivalents include ₹ Nil (2021 - ₹ 57.07 Crores) on acquisition of erstwhile Sunrise Foods Private Limited and its two wholly owned subsidiaries.
- Net Cash Flow from Operating Activities includes an amount of ₹ 340.96 Crores (2021- ₹ 368.18 Crores) spent towards Corporate Social Responsibility.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached  
For S R B C & CO LLP  
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Firm Registration Number: 324982E/E300003  
Sudhir Soni  
Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI *Chairman & Managing Director*  
R. TANDON *Director*  
S. DUTTA *Chief Financial Officer*  
R. K. SINGHI *Company Secretary*

Kolkata, May 18, 2022

# Notes to the Financial Statements

## 1. Significant Accounting Policies

### Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

### Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102—Share-based Payment, leasing transactions that are within the scope of Ind AS 116—Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

### Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating

cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous Generally Accepted Accounting Principles (GAAP).

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation/enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30-60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	7-25 Years
Furniture and Fixtures	8-10 Years
Vehicles	8-10 Years
Office Equipment	5 Years

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

### Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

- a. for assets acquired in a business combination, at fair value on the date of acquisition.
- b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g. patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g. computer software, design, prototypes) or commercial obsolescence (e.g. lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is

carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

### Investment Property

Properties that are held for long-term rental yields and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Depreciation is recognised using the straight line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act, 2013. Freehold land and properties under construction are not depreciated.

Transfers to, or from, investment properties are made at the carrying amount when and only when there is a change in use.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

Income received from investment property is recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

### Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the



# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

### Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

### Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in Foreign Currency Translation Reserve.

### Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss/inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

### (i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

### (ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains/losses relating to the ineffective portion are recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains/losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity are recognised immediately in the Statement of Profit and Loss.

### Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

#### Financial Assets

**Recognition:** Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

#### Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

**Impairment:** The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

**Reclassification:** When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

**Derecognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment, in which case the cumulative fair value adjustments previously taken to reserves are reclassified within equity.

**Income Recognition:** Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

### Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

### Government Grant

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received upon the Company complying with the conditions attached to the grant.

Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

### Dividend Distribution

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

### Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognised as expense.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

Actual disbursements made under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

### Employee Share Based Compensation

#### Stock Options

Stock Options are granted to eligible employees under the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee/Board. Eligible employees for this purpose include employees of the Company including Directors and those on deputation and employees of the Company's subsidiary companies including Managing Director / Wholtime Director of a subsidiary.

Under Ind AS, the cost of ITC Stock Options (Stock Options) is recognised based on the fair value of Stock Options as on the grant date.

While the fair value of Stock Options granted is recognised in the Statement of Profit and Loss for employees of the Company (other than those out on deputation), the value of Stock Options, net of reimbursements, granted to employees on deputation and to employees of the wholly owned and other subsidiary companies is considered as capital contribution/investment.

The Company generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements from:

- (a) Wholly owned subsidiaries who need to conserve financial capacity to sustain their business and growth plans and to address contingencies that may arise, taking into account the economic and market conditions then prevailing and opportunities and threats in the competitive context.
- (b) Other companies not covered under (a) above, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

#### Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently remeasured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Company. In case of employees on deputation to group companies, the Company generally seeks reimbursements from the concerned group company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

#### Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

# Notes to the Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

### Taxes on Income

Taxes on income comprise current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, insofar as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

### Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

### Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

### Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on businesses which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

“Unallocated Corporate Expenses” include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole.

### Financial and Management Information Systems

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

# Notes to the Financial Statements

## 2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### A. Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note B below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to useful life of intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortised over their useful economic life. Refer notes to the financial statements.

### B. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 1. Useful lives of property, plant and equipment, investment property and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment, investment property and intangible assets at the end of each reporting period.

#### 2. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a

liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

#### 3. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

#### 4. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

#### 5. COVID-19:

The Company has considered the possible effects that may arise out of COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 pandemic on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

# Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block							
	As at 31st March, 2020	Additions	Acquired through business combinations	Withdrawals and adjustments	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022
<b>3A. Property, Plant and Equipment*</b>								
Land <sup>1</sup>	1933.90	46.21	19.53	3.88	1995.76	56.23	35.26	2016.73
Buildings	7549.49	169.54	30.77	9.15	7740.65	745.03	57.03	8428.65
Leasehold Improvements	12.47	0.28	–	0.85	11.90	1.40	0.02	13.28
Plant and Equipment	14023.76	756.69	28.38	114.88	14693.95	1772.87	210.41	16256.41
Furniture and Fixtures	788.08	23.02	1.36	2.44	810.02	79.51	4.75	884.78
Vehicles	162.67	12.64	0.71	17.31	158.71	15.18	18.28	155.61
Office Equipment	25.76	1.92	0.87	1.99	26.56	2.87	0.86	28.57
Railway Sidings	1.73	–	–	–	1.73	–	–	1.73
<b>Total</b>	<b>24497.86</b>	<b>1010.30</b>	<b>81.62</b>	<b>150.50</b>	<b>25439.28</b>	<b>2673.09</b>	<b>326.61</b>	<b>27785.76</b>
<b>3B. Capital work-in-progress</b>	<b>2776.31</b>	<b>1557.78</b>	<b>1.06</b>	<b>1005.18</b>	<b>3329.97</b>	<b>1761.73</b>	<b>2649.36</b>	<b>2442.34</b>
<b>3C. Investment Property<sup>5</sup></b>	<b>406.71</b>	<b>3.40</b>	<b>–</b>	<b>–</b>	<b>410.11</b>	<b>–</b>	<b>–</b>	<b>410.11</b>
<b>3D. Goodwill<sup>2</sup></b>	<b>–</b>	<b>–</b>	<b>577.20</b>	<b>–</b>	<b>577.20</b>	<b>–</b>	<b>–</b>	<b>577.20</b>
<b>3E. Other intangible assets (acquired)<sup>2</sup></b>								
Trademarks	447.30	–	1473.05	–	1920.35	–	–	1920.35
Computer Software	213.96	10.12	0.35	0.38	224.05	35.84	22.49	237.40
Know How, Business and Commercial Rights	33.85	–	–	–	33.85	9.53	–	43.38
Customer Relationships	–	–	35.21	–	35.21	–	–	35.21
<b>Total</b>	<b>695.11</b>	<b>10.12</b>	<b>1508.61</b>	<b>0.38</b>	<b>2213.46</b>	<b>45.37</b>	<b>22.49</b>	<b>2236.34</b>
<b>3F. Other intangible assets under development</b>	<b>3.89</b>	<b>6.41</b>	<b>–</b>	<b>6.80</b>	<b>3.50</b>	<b>64.48</b>	<b>44.14</b>	<b>23.84</b>
<b>3G. Right of Use Assets<sup>^</sup></b>								
Land	440.49	54.98	4.27	–	499.74	16.89	–	516.63
Buildings	252.58	53.42	5.72	22.32	289.40	40.52	32.87	297.05
Plant and Equipment	48.63	–	–	–	48.63	–	–	48.63
<b>Total</b>	<b>741.70</b>	<b>108.40</b>	<b>9.99</b>	<b>22.32</b>	<b>837.77</b>	<b>57.41</b>	<b>32.87</b>	<b>862.31</b>

<sup>^</sup> Also refer Note 27(vi).

*The above includes following assets given on operating lease:	As at 31st March, 2021				Depreciation Charge for the year 2020-21	As at 31st March, 2022			Depreciation Charge for the year 2021-22
	Gross Block	Accumulated Depreciation	Net Block	Gross Block		Accumulated Depreciation	Net Block		
								Particulars	
Land	1.48	–	1.48	–	1.48	–	1.48	–	
Buildings	4.88	1.24	3.64	0.08	4.98	1.40	3.58	0.16	
Plant and Equipment	216.21	124.30	91.91	20.43	229.25	144.79	84.46	20.49	
<b>TOTAL</b>	<b>222.57</b>	<b>125.54</b>	<b>97.03</b>	<b>20.51</b>	<b>235.71</b>	<b>146.19</b>	<b>89.52</b>	<b>20.65</b>	

# Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization						Net Book Value		
	Upto 31st March, 2020	For the year	On withdrawals and adjustments	Upto 31st March, 2021	For the year	On withdrawals and adjustments	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
<b>3A. Property, Plant and Equipment *</b>									
Land <sup>1</sup>	-	-	-	-	-	-	-	2016.73	1995.76
Buildings	717.32	207.18	0.19	924.31	220.10	15.17	1129.24	7299.41	6816.34
Leasehold Improvements	5.36	1.36	0.73	5.99	1.40	0.02	7.37	5.91	5.91
Plant and Equipment	4448.93	1139.48	64.92	5523.49	1213.29	208.96	6527.82	9728.59	9170.46
Furniture and Fixtures	320.24	79.86	2.36	397.74	73.25	3.45	467.54	417.24	412.28
Vehicles	57.82	19.22	9.50	67.54	18.15	11.10	74.59	81.02	91.17
Office Equipment	14.97	3.03	1.44	16.56	3.44	0.86	19.14	9.43	10.00
Railway Sidings	0.65	0.13	-	0.78	0.13	-	0.91	0.82	0.95
<b>Total</b>	<b>5565.29</b>	<b>1450.26</b>	<b>79.14</b>	<b>6936.41</b>	<b>1529.76</b>	<b>239.56</b>	<b>8226.61</b>	<b>19559.15</b>	<b>18502.87</b>
<b>3B. Capital work-in-progress</b>	-	-	-	-	-	-	-	<b>2442.34</b>	<b>3329.97</b>
<b>3C. Investment Property<sup>5</sup></b>	<b>21.35</b>	<b>12.20</b>	-	<b>33.55</b>	<b>12.36</b>	-	<b>45.91</b>	<b>364.20</b>	<b>376.56</b>
<b>3D. Goodwill<sup>2</sup></b>	-	-	-	-	-	-	-	<b>577.20</b>	<b>577.20</b>
<b>3E. Other Intangible assets (acquired)<sup>2</sup></b>									
Trademarks	14.16	3.14	-	17.30	3.14	-	20.44	1899.91	1903.05
Computer Software	146.27	24.23	0.38	170.12	31.36	22.44	179.04	58.36	53.93
Know How, Business and Commercial Rights	15.23	3.50	-	18.73	3.52	-	22.25	21.13	15.12
Customer Relationships	-	2.99	-	2.99	4.40	-	7.39	27.82	32.22
<b>Total</b>	<b>175.66</b>	<b>33.86</b>	<b>0.38</b>	<b>209.14</b>	<b>42.42</b>	<b>22.44</b>	<b>229.12</b>	<b>2007.22</b>	<b>2004.32</b>
<b>3F. Other Intangible assets under development</b>	-	-	-	-	-	-	-	<b>23.84</b>	<b>3.50</b>
<b>3G. Right of Use Assets<sup>^</sup></b>									
Land	6.73	7.00	-	13.73	7.67	-	21.40	495.23	486.01
Buildings	49.27	53.18	16.30	86.15	54.57	29.21	111.51	185.54	203.25
Plant and Equipment	5.53	5.52	-	11.05	5.51	-	16.56	32.07	37.58
<b>Total</b>	<b>61.53</b>	<b>65.70</b>	<b>16.30</b>	<b>110.93</b>	<b>67.75</b>	<b>29.21</b>	<b>149.47</b>	<b>712.84</b>	<b>726.84</b>

## Notes:

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2021 - ₹ 1.16 Crores) which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.
- a) Goodwill arising on Business Combination is carried at cost and annually tested for impairment in line with applicable Accounting Standards. The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2021 - ₹ 1889.78 Crores) as having indefinite useful lives. The indefinite useful life for such trademarks has been assessed considering no technical, technological or commercial risks of obsolescence or any limitations under contract or law. Such assets are also annually tested for impairment. These assets pertain to the 'FMCG - Others' Segment and are related to the Branded Packaged Foods and Personal Care Products businesses of the Company. Impairment testing for goodwill and intangible assets with indefinite useful lives has been carried out considering their recoverable amounts which, inter-alia, includes estimation of their value-in-use based on management projections. These projections have been made for a period of five years, or longer, as applicable and consider various factors, such as market scenario, growth trends, growth and margin projections, and terminal growth rates specific to the business. For such projections, discount rate of 10% (2021 - 10%) and long-term growth rates ranging between 5% to 6% (2021 - 5% to 6%) have been considered. Discount rate has been determined considering the Weighted Average Cost of Capital (WACC) of market benchmarks. Based on the above assessment, no impairment has been recognised during the year.
- b) Computer software and Customer Relationships are amortized over a period of 5 years and 8 years respectively. Other Intangibles with finite useful life are amortized over a period of 10 years unless shorter useful life is required based on contractual or legal terms.
- The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
- The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 147.39 Crores (2021 - ₹ 26.65 Crores).
- The fair value of the investment property is ₹ 870.11 Crores (2021 - ₹ 861.00 Crores). The fair value has been determined on the basis of valuation carried out at the reporting date by registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 and the same has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research & trends, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.

Amounts recognised in the Statement of Profit and Loss in respect of the investment property is as under:

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Rental Income etc. from investment property	111.94	110.05
Direct Operating Expenses arising from investment property that generated rental income during the year <sup>6</sup>	9.94	9.65
Direct Operating Expenses arising from investment property that did not generate rental income during the year	-	-

<sup>6</sup>As per the contractual arrangements, the Company is responsible for the maintenance of common area at its own cost. The expenses arising out of such arrangements are not material.



# Notes to the Financial Statements

## Capital work-in-progress ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2021					As at 31st March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	1100.10	956.63	475.73	797.51	3329.97	651.71	685.43	444.17	661.03	2442.34
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1100.10</b>	<b>956.63</b>	<b>475.73</b>	<b>797.51</b>	<b>3329.97</b>	<b>651.71</b>	<b>685.43</b>	<b>444.17</b>	<b>661.03</b>	<b>2442.34</b>

## Completion schedule for Projects in Capital work-in-progress, which are overdue or has exceeded its cost compared to its original plan

Particulars	As at 31st March, 2021				As at 31st March, 2022			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
MXD - KOL	-	-	500.47	-	-	542.00	-	-
H - AHM	-	372.08	-	-	440.31	-	-	-
F - KHO	-	-	157.01	-	-	164.42	-	-
F - GNT	-	-	-	-	69.46	-	-	-
ME - MED	-	61.22	-	-	62.47	-	-	-
ME - PUN	-	19.90	-	-	20.01	-	-	-
F - MED	270.15	-	-	-	-	-	-	-
W - PUD	250.58	-	-	-	-	-	-	-
W - KPT	216.01	-	-	-	-	-	-	-
H - GNT	120.94	-	-	-	-	-	-	-
F - ABT	115.57	-	-	-	-	-	-	-
H - BSR	109.19	-	-	-	-	-	-	-
F - MYS	47.79	-	-	-	-	-	-	-
R - BCM	27.45	-	-	-	-	-	-	-
F - UBR	21.26	-	-	-	-	-	-	-
ME - BLR	16.41	-	-	-	-	-	-	-

## Other Intangible assets under development ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2021					As at 31st March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	0.31	-	1.77	1.42	3.50	23.84	-	-	-	23.84
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0.31</b>	<b>-</b>	<b>1.77</b>	<b>1.42</b>	<b>3.50</b>	<b>23.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23.84</b>

Note: There are no projects in Other Intangible assets under development, which are overdue or has exceeded its cost compared to its original plan as at 31st March, 2022 and 31st March, 2021.

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments</b>					
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>In Subsidiaries (at cost unless stated otherwise)</b>					
<b>Unquoted</b>					
Gold Flake Corporation Limited	10	1,59,98,385	16.00	1,59,98,385	16.00
Russell Credit Limited					
Fully paid	10	59,74,54,177	619.29	59,74,54,177	619.29
₹ 6.50 per share paid	10	7,54,22,400	39.22	7,54,22,400	39.22
ITC Infotech India Limited	10	8,52,00,000	173.10	8,52,00,000	195.06
Landbase India Limited	10	31,70,00,000	325.57	31,70,00,000	325.57
Surya Nepal Private Limited (Ordinary Shares)	Nepalese Rupee 100	1,18,94,400	10.15	1,18,94,400	10.15
Srinivasa Resorts Limited	10	1,63,20,477	18.53	1,63,20,477	18.53
Fortune Park Hotels Limited	10	4,50,008	0.45	4,50,008	0.45
Bay Islands Hotels Limited	100	11,875	0.12	11,875	0.12
WelcomHotels Lanka (Private) Limited	No par value	13,96,42,260	641.85	13,96,42,260	641.85
Wimco Limited	1	18,50,81,193	3.50	18,50,81,193	3.60
Technico Pty Limited (Ordinary Shares) (₹ 16.29 Crores impaired)	No par value	1,00,15,502	31.88	1,00,15,502	31.88
Technico Agri Sciences Limited	10	3,79,62,800	121.00	3,79,62,800	121.00
ITC Investments & Holdings Limited	10	45,00,000	4.50	45,00,000	4.50
ITC IndiVision Limited	10	12,00,00,000	120.00	5,00,00,000	50.00
North East Nutrients Private Limited	10	5,54,80,000	55.48	5,54,80,000	55.48
Pavan Poplar Limited (cost ₹ 5.99 Crores, fully impaired)	10	55,10,004	–	55,10,004	–
Prag Agro Farm Limited (cost ₹ 12.82 Crores, fully impaired)	1	1,28,00,020	–	1,28,00,020	–
<b>In Associates (at cost unless stated otherwise)</b>					
<b>Quoted</b>					
International Travel House Limited	10	2,87,600	0.65	2,87,600	0.65
Gujarat Hotels Limited	10	17,33,907	1.94	17,33,907	1.94
<b>Unquoted</b>					
Delectable Technologies Private Limited	10	100	0.10	100	0.10
<b>In Joint Ventures (at cost unless stated otherwise)</b>					
<b>Unquoted</b>					
Espirit Hotels Private Limited	10	4,65,09,200	46.51	4,65,09,200	46.51
Maharaja Heritage Resorts Limited	100	90,000	0.90	90,000	0.90
Logix Developers Private Limited (₹ 33.45 Crores impaired)	10	77,66,913	8.50	77,66,913	8.50
Carried over			2239.24		2191.30

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			2239.24		2191.30
<b>INVESTMENT IN EQUITY INSTRUMENTS (Contd.)</b>					
<b>In Others (at fair value through other comprehensive income unless stated otherwise)</b>					
<b>Quoted</b>					
VST Industries Limited	10	476	0.15	476	0.16
HLV Limited	2	4,99,53,055	45.71	4,99,53,055	28.72
EIH Limited	2	8,56,21,473	1324.14	8,56,21,473	795.85
Tourism Finance Corporation of India Limited	10	25,000	0.15	25,000	0.15
<b>Unquoted</b>					
Bihar Hotels Limited	2	8,00,000	0.04	8,00,000	0.04
Andhra Pradesh Gas Power Corporation Limited	10	8,04,000	2.32	8,04,000	2.32
Woodlands Multispeciality Hospital Limited	10	13,605	0.01	13,605	0.01
Mirage Advertising and Marketing Limited	10	12,488	–	12,488	–
Mother Sparsh Baby Care Private Limited (at fair value through profit or loss)	10	100	0.96	–	–
<b>INVESTMENT IN PREFERENCE SHARES</b>					
<b>In Subsidiaries (at amortised cost unless stated otherwise)</b>					
<b>Unquoted</b>					
North East Nutrients Private Limited (Cumulative Redeemable Preference Shares)	100	–	–	18,00,000	18.00
WelcomHotels Lanka (Private) Limited (at cost) (Cumulative Redeemable Preference Shares)	Sri Lankan Rupee 100	38,33,73,340	1527.42	29,61,27,340	1200.18
Wimco Limited (Cumulative Redeemable Preference Shares)	100	5,00,000	5.00	5,00,000	5.00
ITC IndiVision Limited (Cumulative Non-Convertible Redeemable Preference Shares)	100	30,00,000	30.00	–	–
<b>In Associates (at cost)</b>					
<b>Unquoted</b>					
Delectable Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	5,792	5.52	3,828	3.65
<b>In Others (at fair value through profit or loss)</b>					
<b>Unquoted</b>					
Mother Sparsh Baby Care Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	1,980	19.04	–	–
Carried over			5199.70		4245.38

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			5199.70		4245.38
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)</b>					
<b>Quoted</b>					
<b>State Development Loans</b>					
7.20% Tamil Nadu - 25-Jan-2027	100	20,85,500	21.81	–	–
7.41% Uttar Pradesh - 09-Nov-2026	100	20,00,000	21.08	–	–
7.51% Maharashtra - 24-May-2027	100	65,00,000	68.49	–	–
7.59% Gujarat - 15-Feb-2027	100	1,25,00,000	132.61	–	–
7.62% Uttar Pradesh - 15-Feb-2027	100	30,00,000	31.81	–	–
7.84% Maharashtra - 13-Jul-2026	100	2,00,00,000	212.59	–	–
7.86% Karnataka - 15-Mar-2027	100	50,00,000	53.24	–	–
7.96% Maharashtra - 29-Jun-2026	100	25,00,000	26.73	–	–
8.03% Uttar Pradesh - 11-May-2026	100	70,00,000	74.77	–	–
8.08% Maharashtra - 15-Jun-2026	100	5,00,000	5.36	–	–
8.36% Maharashtra - 27-Jan-2026	100	35,00,000	37.76	–	–
8.72% Tamil Nadu - 19-Sep-2026	100	10,00,000	10.99	–	–
<b>Government of India Zero Coupon Government Stock</b>					
Zero Coupon Government Stock - 22-Feb-2025	100	34,00,000	28.97	–	–
Zero Coupon Government Stock - 15-Jun-2025	100	10,20,000	8.46	–	–
Zero Coupon Government Stock - 22-Aug-2025	100	25,35,000	20.66	–	–
Zero Coupon Government Stock - 15-Dec-2025	100	36,34,800	29.14	–	–
Zero Coupon Government Stock - 17-Dec-2025	100	6,02,300	4.80	–	–
Zero Coupon Government Stock - 22-Feb-2026	100	25,35,000	19.89	–	–
Zero Coupon Government Stock - 15-Jun-2026	100	10,20,000	7.85	–	–
Zero Coupon Government Stock - 22-Aug-2026	100	40,56,000	30.65	–	–
Zero Coupon Government Stock - 15-Dec-2026	100	10,20,000	7.56	–	–
Zero Coupon Government Stock - 22-Feb-2027	100	33,35,000	24.22	–	–
Zero Coupon Government Stock - 15-Jun-2027	100	31,17,000	22.24	–	–
Zero Coupon Government Stock - 22-Aug-2027	100	40,56,000	28.30	–	–
<b>Unquoted</b>					
Government Securities - cost ₹ 70000.00 (2021 - ₹ 74000.00)		–	0.01	–	0.01
National Savings Certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)			...		...
Carried over			6129.69		4245.39

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			6129.69		4245.39
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
7.07% - Series B - 01-Oct-2025	10,00,000	4,300	435.09	4,300	436.49
7.19% - Series A - 31-Jul-2025	10,00,000	150	15.43	150	15.55
7.34% - Series 1 - 16-Feb-2023	1,000	–	–	3,29,870	33.58
7.39% - Series 2A - 08-Feb-2031	1,000	7,00,696	70.07	7,00,696	70.07
8.20% - Series 2 - 05-Mar-2027	1,000	5,00,000	54.16	5,00,000	54.87
<b>India Infrastructure Finance Company Limited</b>					
7.19% - Series I - 22-Jan-2023	1,000	–	–	5,00,000	50.76
7.36% - Series II - 22-Jan-2028	1,000	3,00,000	31.99	3,00,000	32.28
8.01% - Series 1A - 12-Nov-2023	1,000	50,000	5.13	50,000	5.21
8.26% - Series V B - 23-Aug-2028	10,00,000	1,175	123.63	1,175	124.37
8.46% - Series VI B - 30-Aug-2028	10,00,000	1,300	139.96	1,300	141.17
8.48% - Series VII B - 05-Sep-2028	10,00,000	1,780	188.71	1,780	189.99
<b>Indian Railway Finance Corporation Limited</b>					
7.07% - Series 102 - 21-Dec-2025	1,000	70,498	7.22	70,498	7.26
7.15% - Series 100 - 21-Aug-2025	10,00,000	250	25.64	250	25.79
7.18% - Series 86 - 19-Feb-2023	1,000	–	–	5,00,000	50.78
7.19% - Series 99 - 31-Jul-2025	10,00,000	2,250	225.52	2,250	225.66
7.34% - Series 86A - 19-Feb-2028	1,000	1,00,000	10.74	1,00,000	10.84
8.23% - Series 91 - 18-Feb-2024	1,000	8,00,000	82.81	8,00,000	84.14
8.35% - Series 89 - 21-Nov-2023	10,00,000	100	10.31	100	10.47
8.48% - Series 89A - 21-Nov-2028	10,00,000	1,250	131.94	1,250	132.68
8.55% - Series 94A - 12-Feb-2029	10,00,000	130	13.79	130	13.87
<b>National Bank for Agriculture and Rural Development</b>					
7.07% - Series 1A - 25-Feb-2026	10,00,000	2,000	206.19	2,000	207.62
<b>National Highways Authority of India</b>					
7.11% - Series NHAI - II A - 18-Sep-2025	10,00,000	2,600	260.33	2,600	260.31
7.14% - Series I A - 11-Jan-2026	1,000	8,06,381	81.70	8,06,381	81.91
7.28% - Series NHAI - II B - 18-Sep-2030	10,00,000	2,500	250.00	2,500	250.00
7.35% - Series II A - 11-Jan-2031	1,000	17,49,943	182.78	17,49,943	183.39
8.50% - Series II A - 05-Feb-2029	1,000	5,00,000	56.33	5,00,000	57.04
8.75% - Series II B - 05-Feb-2029	1,000	2,50,000	28.71	2,50,000	29.14
<b>National Housing Bank</b>					
8.46% - Series V - 30-Aug-2028	10,00,000	800	84.20	800	84.70
Carried over			8852.07		7115.33

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			8852.07		7115.33
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>Power Finance Corporation Limited</b>					
7.16% - Series 136 - 17-Jul-2025	10,00,000	600	61.57	600	61.98
8.46% - Series 107B - 30-Aug-2028	10,00,000	500	52.63	500	52.94
8.54% - Series 2A - 16-Nov-2028	1,000	3,50,000	40.07	3,50,000	40.69
<b>REC Limited</b>					
7.17% - Series 5A - 23-Jul-2025	10,00,000	850	87.12	850	87.69
8.46% - Series 3B - 29-Aug-2028	10,00,000	1,190	128.55	1,190	129.72
8.46% - Series 2A - 24-Sep-2028	1,000	3,50,000	39.84	3,50,000	40.44
8.54% - Series 4B - 11-Oct-2028	10,00,000	50	5.28	50	5.32
<b>Taxable Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Indian Railway Finance Corporation Limited</b>					
7.83% - Series 118 - 21-Mar-2027	10,00,000	1,750	187.83	–	–
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call option 04-Mar-2024)	10,00,000	2,000	200.00	–	–
<b>Housing and Urban Development Corporation Limited</b>					
6.99% - Series E - 11-Nov-2022	10,00,000	–	–	700	70.18
7.61% - Series A - 22-Jun-2022	10,00,000	–	–	250	25.14
8.40% - Series C 2018 - 11-Apr-2022	10,00,000	–	–	850	85.00
<b>National Bank for Agriculture and Rural Development</b>					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option 29-Jul-2022)	10,00,000	–	–	5,000	499.98
5.70% - Series 22 D - 31-Jul-2025	10,00,000	1,000	99.15	–	–
6.70% - Series 20 H - 11-Nov-2022	10,00,000	–	–	250	25.00
6.98% - Series 20 G - 19-Sep-2022	10,00,000	–	–	2,000	200.00
7.69% - Series 20 C - 29-May-2024	10,00,000	4,300	451.74	4,300	461.01
7.70% - Series 20 D - 13-Jun-2022	10,00,000	–	–	500	50.59
7.85% - Series 20 B - 23-May-2022	10,00,000	–	–	900	91.13
7.90% - Series 20 A - 18-Apr-2022	10,00,000	–	–	600	60.73
<b>Power Finance Corporation Limited</b>					
5.47% - Series 206 -19-Aug-2023	10,00,000	100	10.05	100	10.09
6.09% - Series BS-212 A - 27-Aug-2026	10,00,000	300	30.09	–	–
6.50% - Series 208 - 17-Sep-2025	10,00,000	1,150	116.68	1,150	117.13
6.72% - Series 203 A - 09-Jun-2023	10,00,000	900	91.74	900	93.11
Carried over			10454.41		9323.20

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			10454.41		9323.20
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
6.75% - Series 202 A - 22-May-2023	10,00,000	1,200	122.26	1,200	124.12
7.10% - Series 169 A - 08-Aug-2022	10,00,000	–	–	700	70.12
7.35% - Series 191 - 15-Oct-2022	10,00,000	–	–	4,500	450.00
8.03% - Series 147 - 02-May-2026	10,00,000	600	64.04	–	–
8.20% - Series 128 - 10-Mar-2025	10,00,000	450	47.59	450	48.36
8.39% - Series 130 C - 19-Apr-2025	10,00,000	200	21.29	200	21.66
8.45% - Series 181 - 11-Aug-2022	10,00,000	–	–	250	25.50
<b>REC Limited</b>					
5.85% - Series 203 B - 20-Dec-2025	10,00,000	1,100	109.37	1,100	109.26
7.09% - Series 152 - 17-Oct-2022	10,00,000	–	–	300	29.88
7.09% - Series 185 - 13-Dec-2022	10,00,000	–	–	2,000	200.00
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible#</b>					
<b>ICICI Bank</b>					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	2,647	264.70	2,647	264.70
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	3,000	300.00	3,000	300.00
<b>State Bank of India</b>					
7.72% - Series I (with first Call option 03-Sep-2026)	1,00,00,000	313	313.00	–	–
7.72% - Series II (with first Call option 18-Oct-2026)	1,00,00,000	400	400.00	–	–
9.37% - Series II (with first Call option 21-Dec-2023)	10,00,000	2,350	235.00	2,350	235.00
9.56% - Series I (with first Call option 04-Dec-2023)	10,00,000	7,000	700.00	7,000	700.00
<b>Zero Coupon Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
Tranche 378 - 04-May-2022	10,00,000	–	–	500	59.59
Tranche 416 - 25-Apr-2025	10,00,000	10,000	1021.27	–	–
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Fixed Maturity Plans (at amortised cost)*</b>					
Aditya Birla Sun Life Mutual Fund	10	2,19,98,900	22.03	–	–
Nippon India Mutual Fund	10	1,49,99,250	15.08	–	–
SBI Mutual Fund	10	23,69,88,150	241.25	–	–
<b>Fixed Maturity Plans (at fair value through profit or loss)</b>					
Aditya Birla Sun Life Mutual Fund	10	–	–	11,70,00,000	144.16
Carried over			14331.29		12105.55

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>4. Non-current investments (Contd.)</b>					
Brought forward			14331.29		12105.55
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
HDFC Mutual Fund	10	–	–	4,00,00,000	50.10
ICICI Prudential Mutual Fund	10	–	–	10,20,00,000	125.63
IDFC Mutual Fund	10	–	–	2,20,00,000	26.81
Kotak Mahindra Mutual Fund	10	–	–	19,70,00,000	244.26
Nippon India Mutual Fund	10	–	–	8,50,00,000	108.93
SBI Mutual Fund	10	–	–	19,70,00,000	241.10
<b>Exchange Traded Funds (at fair value through other comprehensive income) **</b>					
Axis Mutual Fund	1	5,50,00,000	58.00	–	–
Nippon India Mutual Fund	10	3,60,00,000	389.05	–	–
<b>Unquoted</b>					
<b>Target Maturity Index Funds (at fair value through other comprehensive income) **</b>					
Aditya Birla Sun Life Mutual Fund	10	35,48,47,210	360.79	–	–
Axis Mutual Fund	10	1,98,53,868	20.02	–	–
ICICI Prudential Mutual Fund	10	17,74,37,385	180.27	–	–
Kotak Mahindra Mutual Fund	10	2,99,36,233	30.06	–	–
SBI Mutual Fund	10	19,80,19,704	200.51	–	–
<b>INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (at fair value through profit or loss)</b>					
<b>Unquoted</b>					
Chiratae Ventures India Fund IV	1,00,000	923	13.98	600	5.91
Fireside Ventures Investments Fund I	1,00,000	1,324	51.27	1,307	25.49
Fireside Ventures Investments Fund II	1,000	1,00,000	8.67	50,000	3.64
India Foundation Fund Series I	100	1,63,740	2.15	–	–
Roots Ventures I	100	8,13,113	11.26	–	–
<b>Aggregate amount of quoted Investments</b>			<b>10951.37</b>		<b>9484.46</b>
<b>Aggregate amount of unquoted Investments</b>			<b>4705.95</b>		<b>3452.96</b>
<b>Total</b>			<b>15657.32</b>		<b>12937.42</b>

Aggregate market value of quoted investments ₹ 11205.72 Crores (2021 - ₹ 9984.03 Crores).

Aggregate amount of impairment in value of investments ₹ 68.55 Crores (2021 - ₹ 68.55 Crores).

\* Investments in Fixed Maturity Plans (FMPs) that are intended to be held by the Company till maturity are classified as amortised cost. The underlying instruments in the portfolio of these FMPs have minimal churn and are held to receive contractual cashflows.

\*\* Exchange Traded / Target Maturity Index Funds follow a passive buy and hold investment strategy to receive contractual cashflows except for meeting redemption and rebalancing requirements. Investment in such funds are classified as FVTOCI as cash flows from these investments are realised on maturity or upon sale.

# Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.



## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>5. Loans</b>				
Others Loans - Employees				
– Unsecured, considered good	5.73	5.06	2.77	2.37
<b>TOTAL</b>	<b>5.73</b>	<b>5.06</b>	<b>2.77</b>	<b>2.37</b>

<b>6. Other Financial assets</b>				
Security Deposits *	26.66	71.99	24.72	72.11
Deposits other than Security Deposits	1510.27	1500.41	574.58	0.34
Interest accrued on Loans, Deposits, Investments, etc.	496.10	–	448.37	–
Other Receivables **	254.94	–	149.33	–
<b>TOTAL</b>	<b>2287.97</b>	<b>1572.40</b>	<b>1197.00</b>	<b>72.45</b>

\* Include deposits to Directors and Key Management Personnel ₹ 0.08 Crore (2021 - ₹ 0.08 Crore) (Refer Note 29).

\*\* Comprise receivables on account of Government grants, claims, interest, rentals, derivatives designated as hedging instrument, etc.

## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>7. Other Assets</b>				
Capital Advances	–	187.21	–	232.62
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.28	787.46	0.18	782.05
– Others	0.66	134.22	0.66	115.71
Advances to related parties (Refer Note 29)	–	–	...	–
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	1048.69	120.03	897.00	101.24
Other Receivables*	145.52	–	108.23	–
<b>TOTAL</b>	<b>1195.15</b>	<b>1228.92</b>	<b>1006.07</b>	<b>1231.62</b>

\* Includes receivables on account of Government grants.

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>8. Inventories*</b>				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)		6442.11		6544.03
Work-in-progress		232.70		213.07
Finished goods (manufactured)		1638.93		1445.49
Stock-in-trade (goods purchased for resale)		1150.95		832.87
Stores and spares		453.19		390.81
Intermediates - Tissue paper and Paperboards		79.89		44.60
<b>TOTAL</b>		<b>9997.77</b>		<b>9470.87</b>

The above includes goods in transit as under:

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
Raw materials (including packing materials)	301.74	135.09
Stock-in-trade (goods purchased for resale)	2.58	1.60
Stores and spares	4.12	1.35
<b>TOTAL</b>	<b>308.44</b>	<b>138.04</b>

The cost of inventories recognised as an expense includes ₹ 17.58 Crores (2021 - ₹ 10.45 Crores) in respect of write-downs of inventory to net realisable value. During the year, reversal of previous write-downs of ₹ 0.91 Crore (2021 - ₹ 1.67 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 574.71 Crores (2021 - ₹ 669.75 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Company is twelve months.

\* Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future. The quarterly returns/statements filed by the Company with the bank(s) in respect of such facilities are in agreement with the books of accounts.

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise)</b>					
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Indian Railway Finance Corporation Limited</b>					
7.18% - Series 86 - 19-Feb-2023	1,000	10,00,000	101.82	10,00,000	104.74
8.00% - Series 80 - 23-Feb-2022	1,000	–	–	4,35,012	45.00
8.23% - Series 91 - 18-Feb-2024	1,000	20,00,000	211.32	20,00,000	219.75
<b>National Highways Authority of India</b>					
8.20% - 25-Jan-2022	1,000	–	–	4,94,476	51.08
<b>Power Finance Corporation Limited</b>					
8.01% - Series 107 A - 30-Aug-2023	10,00,000	1,000	103.98	1,000	107.83
8.09% - Series 80 A - 25-Nov-2021	1,00,000	–	–	1,500	15.38
8.18% - Series 1 A - 16-Nov-2023	1,000	12,95,560	135.79	12,95,560	141.08
8.20% - Series I - 01-Feb-2022	1,000	–	–	1,00,000	10.34
<b>REC Limited</b>					
7.22% - Series 1 - 19-Dec-2022	1,000	30,00,000	304.51	30,00,000	313.23
8.01% - Series 3 A - 29-Aug-2023	10,00,000	1,000	103.96	1,000	107.82
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Export Import Bank of India</b>					
9.15% - Series P16 - 05-Sep-2022	10,00,000	300	30.59	300	31.90
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
Bharat Bond ETF - April 2023	1,000	30,00,000	351.13	30,00,000	335.10
Nippon India ETF Nifty CPSE Bond Plus SDL - 2024 Maturity	10	58,69,560	63.61	58,69,560	60.46
<b>Unquoted</b>					
<b>Liquid/Overnight Funds</b>					
Axis Mutual Fund	1,000	–	–	11,33,416	148.69
	Carried over		1406.71		1692.40

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			1406.71		1692.40
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
DSP Mutual Fund	1,000	–	–	33,41,890	975.72
ICICI Prudential Mutual Fund	100	–	–	5,07,333	15.46
LIC Mutual Fund	1,000	–	–	1,63,399	60.50
Nippon India Mutual Fund	100	87,91,983	100.01	–	–
Nippon India Mutual Fund	1,000	–	–	92,869	46.74
SBI Mutual Fund	1,000	–	–	25,773	8.26
UTI Mutual Fund	1,000	–	–	16,91,359	567.38
<b>Ultra Short Term Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,86,63,673	828.81	1,86,63,673	794.72
Kotak Mahindra Mutual Fund	10	23,75,47,122	850.55	23,75,47,122	819.42
SBI Mutual Fund	1,000	2,47,159	121.04	2,47,159	116.63
<b>Low Duration Funds</b>					
Axis Mutual Fund	1,000	14,17,525	367.15	14,17,525	351.91
DSP Mutual Fund	10	17,22,63,805	277.37	17,22,63,805	267.44
ICICI Prudential Mutual Fund	100	53,44,324	233.93	53,44,324	224.30
IDFC Mutual Fund	10	7,34,11,386	233.89	7,34,11,386	225.06
SBI Mutual Fund	1,000	8,30,697	241.68	8,30,697	232.24
<b>Money Market Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	40,95,539	122.42	40,95,539	117.61
HDFC Mutual Fund	1,000	2,39,118	111.30	2,39,118	106.98
IDFC Mutual Fund	10	4,22,87,680	147.67	4,22,87,680	142.29
Nippon India Mutual Fund	1,000	6,60,345	221.25	6,60,345	212.68
SBI Mutual Fund	10	6,33,58,708	225.31	6,33,58,708	216.66
<b>Floating Rate Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,94,01,569	550.13	1,94,01,569	525.17
HDFC Mutual Fund	10	10,07,90,662	404.13	10,07,90,662	385.94
Nippon India Mutual Fund	10	6,22,64,756	235.01	6,22,64,756	224.08
Carried over			6678.36		8329.59

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			6678.36		8329.59
<b>INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)</b>					
<b>Short Term Funds</b>					
Axis Mutual Fund	10	–	–	4,31,15,900	109.52
DSP Mutual Fund	10	3,12,12,253	126.54	6,67,71,463	259.37
IDFC Mutual Fund	10	6,58,03,493	322.42	6,58,03,493	308.37
Nippon India Mutual Fund	10	3,86,19,184	175.83	8,93,74,937	384.78
SBI Mutual Fund	10	5,40,50,081	147.17	9,72,90,145	253.24
<b>Banking &amp; PSU Debt Funds</b>					
Axis Mutual Fund	1,000	31,86,227	689.41	31,86,227	662.25
IDFC Mutual Fund	10	14,17,61,931	283.77	14,17,61,931	272.68
Nippon India Mutual Fund	10	–	–	10,41,55,094	167.84
<b>Corporate Bond Funds</b>					
Aditya Birla Sun Life Mutual Fund	10	70,15,575	63.27	70,15,575	60.27
ICICI Prudential Mutual Fund	10	2,42,40,779	59.60	13,34,45,209	313.69
Kotak Mahindra Mutual Fund	1,000	–	–	6,68,442	196.74
<b>Current Portion of Non-current Investment</b>					
<b>INVESTMENT IN PREFERENCE SHARES (at amortised cost)</b>					
<b>In Subsidiaries</b>					
<b>Unquoted</b>					
North East Nutrients Private Limited (Cumulative Redeemable Preference Shares)	100	18,00,000	18.00	–	–
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)</b>					
<b>Quoted</b>					
<b>Tax Free Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
7.34% - Series 1 - 16-Feb-2023	1,000	3,29,870	33.27	–	–
8.10% - Series 1 - 05-Mar-2022	1,000	–	–	3,50,000	35.52
Carried over			8597.64		11353.86

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			8597.64		11353.86
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>India Infrastructure Finance Company Limited</b>					
7.19% - Series I - 22-Jan-2023	1,000	5,00,000	50.34	–	–
<b>Indian Railway Finance Corporation Limited</b>					
7.18% - Series 86 - 19-Feb-2023	1,000	5,00,000	50.37	–	–
8.00% - Series 80 - 23-Feb-2022	1,000	–	–	3,31,819	33.68
<b>Taxable Bonds - Unsecured, Redeemable &amp; Non-Convertible</b>					
<b>Housing and Urban Development Corporation Limited</b>					
6.99% - Series E - 11-Nov-2022	10,00,000	700	70.05	–	–
7.61% - Series A - 22-Jun-2022	10,00,000	250	25.02	–	–
8.40% - Series C - 11-Apr-2022	10,00,000	850	85.00	–	–
<b>National Bank for Agriculture and Rural Development</b>					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option on 29-Jul-2022)	10,00,000	5,000	499.95	–	–
6.70% - Series 20 H - 11-Nov-2022	10,00,000	250	25.00	–	–
6.98% - Series 20 G - 19-Sep-2022	10,00,000	2,000	200.00	–	–
7.70% - Series 20 D - 13-Jun-2022	10,00,000	500	50.09	–	–
7.85% - Series 20 B - 23-May-2022	10,00,000	900	90.13	–	–
7.90% - Series 20 A - 18-Apr-2022	10,00,000	600	60.02	–	–
8.60% - Series 19 B - 31-Jan-2022	10,00,000	–	–	1,000	101.22
<b>Power Finance Corporation Limited</b>					
7.10% - Series 169 A - 08-Aug-2022	10,00,000	700	70.02	–	–
7.35% - Series 191 - 15-Oct-2022	10,00,000	4,500	450.00	–	–
7.47% - Series 151 A - 16-Sep-2021	10,00,000	–	–	150	15.01
8.45% - Series 181 - 11-Aug-2022	10,00,000	250	25.14	–	–
8.66% - Series 123 C - 27-Nov-2021	10,00,000	–	–	150	15.12
Carried over			10348.77		11518.89

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			10348.77		11518.89
<b>INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)</b>					
<b>REC Limited</b>					
7.09% - Series 152 - 17-Oct-2022	10,00,000	300	29.95	–	–
7.09% - Series 185 - 13-Dec-2022	10,00,000	2,000	200.00	–	–
8.45% - Series 167 - 22-Mar-2022	10,00,000	–	–	1,700	170.27
8.50% - Series 177 - 20-Dec-2021	10,00,000	–	–	2,880	288.00
<b>Small Industries Development Bank of India</b>					
7.89% - Series III - 15-Nov-2022 (with Put and Call option on 14-May-2021)	10,00,000	–	–	2,500	250.05
<b>Taxable Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
7.67% - Tranche 339 - 29-Jul-2021	10,00,000	–	–	400	40.04
8.30% - Tranche 304 - 15-Jul-2021	10,00,000	–	–	100	10.02
8.37% - Tranche 294 - 10-May-2021	10,00,000	–	–	550	55.06
<b>Zero Coupon Bonds - Secured, Redeemable &amp; Non-Convertible</b>					
<b>LIC Housing Finance Limited</b>					
Tranche 378 - 04-May-2022	10,00,000	500	64.78	–	–
<b>Perpetual Bonds - Unsecured, Subordinated &amp; Non-Convertible<sup>#</sup></b>					
<b>ICICI Bank Limited</b>					
9.20% - Series DMR 17AT (with first Call option on 17-Mar-2022)	10,00,000	–	–	2,000	200.07
<b>State Bank of India</b>					
8.39% - Series III (with first Call option on 25-Oct-2021)	10,00,000	–	–	1,550	154.64
9.00% - Series I (with first Call option on 06-Sep-2021)	10,00,000	–	–	3,250	325.12
Carried over			10643.50		13012.16

## Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
<b>9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>					
Brought forward			10643.50		13012.16
<b>INVESTMENT IN DEBT MUTUAL FUNDS</b>					
<b>Quoted</b>					
<b>Fixed Maturity Plans</b>					
Aditya Birla Sun Life Mutual Fund	10	11,70,00,000	150.27	8,50,00,000	107.61
DSP Mutual Fund	10	–	–	4,90,00,000	61.78
Franklin India Mutual Fund	10	–	–	1,40,00,000	17.66
HDFC Mutual Fund	10	4,00,00,000	52.17	6,50,00,000	81.86
ICICI Prudential Mutual Fund	10	10,20,00,000	131.07	31,10,00,000	393.39
IDFC Mutual Fund	10	2,20,00,000	27.97	–	–
Kotak Mahindra Mutual Fund	10	19,70,00,000	254.79	7,20,00,000	90.69
Nippon India Mutual Fund	10	8,50,00,000	113.61	9,90,00,000	125.19
SBI Mutual Fund	10	19,70,00,000	251.57	5,50,00,000	69.26
UTI Mutual Fund	10	–	–	6,90,00,000	87.11
<b>Aggregate amount of quoted Investments</b>			<b>4467.29</b>		<b>4272.08</b>
<b>Aggregate amount of unquoted Investments</b>			<b>7157.66</b>		<b>9774.63</b>
<b>Total</b>			<b>11624.95</b>		<b>14046.71</b>

Aggregate market value of quoted investments ₹ 4483.77 Crores (2021 - ₹ 4302.03 Crores).

# Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.



## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
<b>10. Trade receivables (Current)</b>		
Secured, considered good	55.09	45.32
Unsecured, considered good	1897.41	2044.97
Which have significant increase in credit risk	–	–
Credit impaired	170.65	161.69
Less: Allowance for Credit impairment	170.65	161.69
<b>TOTAL</b>	<b>1952.50</b>	<b>2090.29</b>

### Trade receivables ageing schedule

(₹ in Crores)

Outstanding for following periods from due date of payment as at 31st March, 2022							
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	1230.08	705.49	11.16	5.31	0.32	0.14	1952.50
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	1.33	4.80	25.85	5.16	19.67	56.81
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	–	0.02	2.41	5.92	105.49	113.84
<b>SUB-TOTAL</b>	<b>1230.08</b>	<b>706.82</b>	<b>15.98</b>	<b>33.57</b>	<b>11.40</b>	<b>125.30</b>	<b>2123.15</b>
Less: Allowance for Credit Impairment							<b>170.65</b>
<b>TOTAL</b>							<b>1952.50</b>

(₹ in Crores)

Outstanding for following periods from due date of payment as at 31st March, 2021							
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	1429.56	601.21	43.06	10.46	2.61	3.39	2090.29
Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivables – credit impaired	–	15.90	2.44	9.16	7.74	13.69	48.93
Disputed Trade Receivables – considered good	–	–	–	–	–	–	–
Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivables – credit impaired	–	0.02	0.27	5.46	10.11	96.90	112.76
<b>SUB-TOTAL</b>	<b>1429.56</b>	<b>617.13</b>	<b>45.77</b>	<b>25.08</b>	<b>20.46</b>	<b>113.98</b>	<b>2251.98</b>
Less: Allowance for Credit Impairment							<b>161.69</b>
<b>TOTAL</b>							<b>2090.29</b>

## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
<b>11. Cash and cash equivalents<sup>@</sup></b>		
Balances with Banks		
Current accounts	181.46	227.64
Cheques, drafts on hand	0.89	1.27
Cash on hand	2.62	2.37
<b>TOTAL</b>	<b>184.97</b>	<b>231.28</b>

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

<b>12. Other bank balances</b>		
Earmarked balances	224.36	209.23
In deposit accounts*	3468.61	3561.02
<b>TOTAL</b>	<b>3692.97</b>	<b>3770.25</b>

\* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

## Notes to the Financial Statements

	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in Crores)
<b>13. Equity Share capital</b>				
<b>Authorised</b>				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
<b>Issued and Subscribed</b>				
Ordinary Shares of ₹ 1.00 each, fully paid	12,32,32,55,931	1232.33	12,30,88,44,231	1230.88
<b>A) Reconciliation of number of Ordinary Shares outstanding</b>				
As at beginning of the year	12,30,88,44,231	1230.88	12,29,22,31,241	1229.22
Add: Issue of Shares on exercise of Options	1,44,11,700	1.44	1,66,12,990	1.66
<b>As at end of the year</b>	<b>12,32,32,55,931</b>	<b>1232.33</b>	<b>12,30,88,44,231</b>	<b>1230.88</b>
<b>B) Shareholders holding more than 5% of the Ordinary Shares in the Company</b>				
	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 %	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.17	2,97,83,47,320	24.20
Life Insurance Corporation of India	1,95,02,36,958	15.83	1,99,75,66,067	16.23
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.91	97,45,31,427	7.92
<b>C) Shareholding of Promoters: Nil</b>				
<b>D) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March: Nil</b>				
<b>E) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March</b>				
	2022 (No. of Shares)	2021 (No. of Shares)		
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100		
<b>F) Rights, preferences and restrictions attached to the Ordinary Shares</b>				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
<b>G) Shares reserved for issue under Options</b>				
	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2021 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	22,76,87,310	29,18,12,920		

### Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

The vesting period for conversion of Options is as follows:

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

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

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

The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Further details of ITC Employee Stock Option Schemes are provided in Note 27(ix).

## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>14. Borrowings</b>				
<b>Unsecured</b>				
Deferred payment liabilities				
Sales tax deferment loans*	0.74	4.54	0.35	5.28
<b>TOTAL</b>	<b>0.74</b>	<b>4.54</b>	<b>0.35</b>	<b>5.28</b>

\*Interest free deferral period of 14 years and repayable by 2025-26.

The repayment schedule is summarised as under:

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
In the first year	0.74	0.35
In the second year	1.26	0.74
In the third to fifth year	3.28	4.54
<b>TOTAL</b>	<b>5.28</b>	<b>5.63</b>

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>15. Lease Liabilities*</b>				
Lease Liabilities	46.09	259.79	51.36	272.36
<b>TOTAL</b>	<b>46.09</b>	<b>259.79</b>	<b>51.36</b>	<b>272.36</b>

\* Refer Note 27(vi)

### Movement of Lease Liabilities during the year

Particulars	31st March, 2022	31st March, 2021
Opening Lease Liabilities	323.72	324.12
New Leases recognised	40.52	55.90
Remeasurements and withdrawals	(3.94)	(6.63)
Interest expense on Lease Liabilities	26.96	28.02
Payment of Lease Liabilities	(81.38)	(77.69)
<b>Closing Lease Liabilities</b>	<b>305.88</b>	<b>323.72</b>

## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>16. Other financial liabilities</b>				
<b>Non-current</b>				
Others (Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, contingent consideration on business combination etc.)		96.50		239.35
<b>TOTAL</b>		<b>96.50</b>		<b>239.35</b>
<b>Current</b>				
Interest accrued		1.71		1.90
Unpaid dividend*		224.13		209.00
Unpaid matured deposits and interest accrued thereon		...		...
Unpaid matured debentures/bonds and interest accrued thereon**		0.30		0.30
Others (Includes liability in respect of cash-settled share based payments, payable towards property, plant and equipment, derivatives designated as hedging instruments, contingent consideration on business combination etc.)		1277.45		1036.62
<b>TOTAL</b>		<b>1503.59</b>		<b>1247.82</b>

\* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 126 of the Companies Act, 2013 or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.

\*\* Represents amounts which are subject matter of a pending legal dispute with a bank for which the Company has filed a suit.

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
<b>17. Provisions</b>				
Provision for employee benefits [Refer Note 27(v)]				
Retirement benefits	47.11	126.57	156.53	107.91
Other benefits	8.49	60.30	12.52	49.16
<b>TOTAL</b>	<b>55.60</b>	<b>186.87</b>	<b>169.05</b>	<b>157.07</b>

## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
<b>18. Deferred tax liabilities (Net)</b>		
Deferred tax liabilities	2004.26	2014.01
Less: Deferred tax assets	337.12	286.28
<b>TOTAL</b>	<b>1667.14</b>	<b>1727.73</b>

(₹ in Crores)

Movement in deferred tax liabilities/assets balances	Opening Balance	Acquired in Business Combination	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to Profit or loss	Closing Balance
<b>2021-22</b>							
<b>Deferred Tax liabilities/assets in relation to:</b>							
On fiscal allowances on property, plant and equipment, investment property etc.	1627.98	-	14.08	-	-	-	1642.06
On Excise Duty/National Calamity Contingent Duty on closing stock	72.25	-	6.96	-	-	-	79.21
On cash flow hedges	1.66	-	-	9.05	2.44	(8.33)	4.82
Other timing differences	312.12	-	(34.88)	0.93	-	-	278.17
<b>Total deferred tax liabilities</b>	<b>2014.01</b>	<b>-</b>	<b>(13.84)</b>	<b>9.98</b>	<b>2.44</b>	<b>(8.33)</b>	<b>2004.26</b>
On employees' separation and retirement etc.	59.00	-	1.09	2.50	-	-	62.59
On provision for doubtful debts/advances	50.73	-	2.38	-	-	-	53.11
On State and Central taxes etc.	64.36	-	5.26	-	-	-	69.62
Other timing differences	112.19	-	39.61	-	-	-	151.80
<b>Total deferred tax assets</b>	<b>286.28</b>	<b>-</b>	<b>48.34</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>337.12</b>
<b>Deferred tax liabilities (Net)</b>	<b>1727.73</b>	<b>-</b>	<b>(62.18)</b>	<b>7.48</b>	<b>2.44</b>	<b>(8.33)</b>	<b>1667.14</b>
<b>2020-21</b>							
<b>Deferred Tax liabilities/assets in relation to:</b>							
On fiscal allowances on property, plant and equipment, investment property etc.	1617.33	3.79	6.86	-	-	-	1627.98
On Excise Duty/National Calamity Contingent Duty on closing stock	46.09	-	26.16	-	-	-	72.25
On cash flow hedges	(8.19)	-	-	10.44	1.26	(1.85)	1.66
Other timing differences	258.86	0.12	53.14	-	-	-	312.12
<b>Total deferred tax liabilities</b>	<b>1914.09</b>	<b>3.91</b>	<b>86.16</b>	<b>10.44</b>	<b>1.26</b>	<b>(1.85)</b>	<b>2014.01</b>
On employees' separation and retirement etc.	53.32	0.33	4.91	0.44	-	-	59.00
On provision for doubtful debts/advances	36.64	-	14.09	-	-	-	50.73
On State and Central taxes etc.	103.42	-	(39.06)	-	-	-	64.36
Other timing differences	103.06	0.06	9.07	-	-	-	112.19
<b>Total deferred tax assets</b>	<b>296.44</b>	<b>0.39</b>	<b>(10.99)</b>	<b>0.44</b>	<b>-</b>	<b>-</b>	<b>286.28</b>
<b>Deferred tax liabilities (Net)</b>	<b>1617.65</b>	<b>3.52</b>	<b>97.15</b>	<b>10.00</b>	<b>1.26</b>	<b>(1.85)</b>	<b>1727.73</b>

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
<b>19. Other liabilities (Current)</b>		
Statutory Liabilities	3599.11	3263.04
Advances received from customers	1382.17	994.80
Others (includes deferred revenue, accruals, customer deposits etc.)	116.00	111.16
<b>TOTAL</b>	<b>5097.28</b>	<b>4369.00</b>

## Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
<b>20. Current Tax Liabilities (Net)</b>		
Current taxation (net of advance payment)	551.39	217.06
<b>TOTAL</b>	<b>551.39</b>	<b>217.06</b>

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
<b>21A. Revenue from operations</b>		
Sale of Products	57817.10	47523.65
Sale of Services	1283.99	627.61
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty of ₹ 3376.63 Crores (2021 - ₹ 2935.48 Crores)]	59101.09	48151.26
Other Operating Revenues <sup>#</sup>	644.47	373.30
<b>TOTAL</b>	<b>59745.56</b>	<b>48524.56</b>

\* Net of sales returns and damaged stocks.

<sup>#</sup> Includes Government grants of ₹ 258.92 Crores (2021 - ₹ 42.57 Crores) on account of Fiscal and Export Incentives etc.

<b>21B. Gross Revenue from sale of products and services*</b>		
<b>FMCG</b>		
– Cigarettes etc.	23451.39	20333.12
– Branded Packaged Food Products	13195.84	12241.16
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel etc.)	2768.91	2467.48
<b>Hotels</b>		
– Income from Sale of Services	1279.33	623.59
<b>Agri Business</b>		
– Unmanufactured Tobacco	1797.44	1420.51
– Other Agri Products and Commodities (Wheat, Rice, Soya, Spices, Coffee, Aqua etc.)	10328.61	6445.55
<b>Paperboards, Paper and Packaging</b>		
– Paperboards and Paper	5586.19	4019.53
– Printed Materials	693.38	600.32
<b>TOTAL</b>	<b>59101.09</b>	<b>48151.26</b>

\* Net of sales returns and damaged stocks.

## Notes to the Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
<b>22. Other income</b>		
Interest income	1004.59	1224.82
Dividend income	857.46	723.94
Other non-operating income	141.19	141.36
Other gains and losses	586.73	1160.87
<b>TOTAL</b>	<b>2589.97</b>	<b>3250.99</b>
Interest income:		
a) Deposits with banks etc. - carried at amortised cost	177.50	310.82
b) Financial assets:		
– mandatorily measured at FVTPL	87.96	119.04
– measured at amortised cost	735.32	698.27
– measured at FVTOCI	3.79	–
c) Others (from statutory authorities etc.)	0.02	96.69
<b>TOTAL</b>	<b>1004.59</b>	<b>1224.82</b>
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.01	0.02
b) Other investments	857.45	723.92
<b>TOTAL</b>	<b>857.46</b>	<b>723.94</b>
Other gains and losses:		
Net foreign exchange gain/(loss)	31.94	(1.27)
Net gain/(loss) arising on financial instruments mandatorily measured at FVTPL*	554.79	1162.14
<b>TOTAL</b>	<b>586.73</b>	<b>1160.87</b>
* Includes ₹ 186.06 Crores (2021 - ₹ 353.96 Crores) being net gain/(loss) on sale of investments.		
<b>23. Employee benefits expense</b>		
Salaries and wages	2634.04	2423.33
Contribution to Provident and other funds	169.85	182.14
Share based payments to employees {Includes cash-settled share based payments ₹ 28.68 Crores [2021 - ₹ 29.54 Crores]}	61.19	56.69
Staff welfare expenses	238.37	197.49
	3103.45	2859.65
Less: Recoveries made/reimbursements received	41.46	38.70
<b>TOTAL</b>	<b>3061.99</b>	<b>2820.95</b>
<b>24. Finance costs</b>		
Interest expense:		
– On Lease Liabilities	26.87	27.93
– On other financial liabilities measured at amortised cost	2.18	2.04
– Others	12.90	17.50
<b>TOTAL</b>	<b>41.95</b>	<b>47.47</b>



## Notes to the Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
<b>25. Other Expenses</b>		
Power and fuel	864.05	672.11
Consumption of stores and spare parts	353.48	266.68
Contract processing charges	814.41	671.80
Rent	196.00	211.59
Rates and taxes	114.59	81.64
Insurance	122.39	125.33
Repairs		
– Buildings	61.11	48.30
– Machinery	263.29	224.09
– Others	55.05	41.02
Maintenance and upkeep	251.89	225.72
Outward freight and handling charges	1624.97	1312.09
Warehousing charges	200.35	160.45
Advertising/Sales promotion	980.63	1083.51
Market research	161.59	122.02
Design and product development	36.17	44.96
Hotel reservation/Marketing expenses	27.14	14.58
Retail accessories	206.54	134.35
Brokerage and discount - sales	23.55	15.33
Commission to selling agents	18.30	14.62
Doubtful and bad debts	10.64	25.98
Doubtful and bad advances, loans and deposits	1.15	33.04
Bank and credit card charges	18.58	11.47
Information technology services	274.48	247.41
Travelling and conveyance	182.18	139.07
Training and development	13.64	11.02
Legal expenses	30.42	21.25
Consultancy/Professional fees	153.08	135.01
Postage, telephone etc.	18.33	17.39
Printing and stationery	11.80	9.74
(Gain)/Loss on sale of property, plant and equipment – Net	(58.77)	56.04
Loss on sale of stores and spare parts – Net	4.71	5.03
Miscellaneous expenses	1077.36	984.42
<b>TOTAL</b>	<b>8113.10</b>	<b>7167.06</b>
<b>Miscellaneous expenses include:</b>		
(1) Auditors' remuneration and expenses*		
Audit fees	3.40	2.95
Tax audit fees	0.70	0.60
Fees for limited review	1.40	1.17
Fees for other services <sup>#</sup>	0.58	0.40
Reimbursement of expenses	0.01	0.15
(2) Cost auditors' fees	0.11	0.11

\* Excluding taxes.

<sup>#</sup> Auditors' remuneration for current year excludes remuneration for services amounting to ₹ 1.88 Crores (2021 - ₹ 2.01 Crores) rendered by network firm/entity which is a part of the network of which auditor is a member firm.

## Notes to the Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
<b>26. Income tax expenses</b>		
<b>A. Amount recognised in profit or loss</b>		
<b>Current tax</b>		
Income tax for the year	4803.32	3960.45
Adjustments/(credits) related to previous years - Net	30.56	74.91
<b>Total current tax</b>	<b>4833.88</b>	<b>4035.36</b>
<b>Deferred tax</b>		
Deferred tax for the year	(31.62)	172.06
Adjustments/(credits) related to previous years - Net	(30.56)	(74.91)
<b>Total deferred tax</b>	<b>(62.18)</b>	<b>97.15</b>
<b>TOTAL</b>	<b>4771.70</b>	<b>4132.51</b>
<b>B. Amount recognised in other comprehensive income</b>		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurements gains/(losses) on defined benefit plans	(7.96)	0.44
Equity instruments through other comprehensive income	-	(1.62)
Related to designated portion of hedging instruments in cash flow hedges	3.00	1.67
	<b>(4.96)</b>	<b>0.49</b>
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(3.72)	(10.26)
Debt instruments through other comprehensive income	(0.93)	-
<b>TOTAL</b>	<b>(9.61)</b>	<b>(9.77)</b>
<b>C. Amount recognised directly in equity</b>		
The income tax (charged)/credited directly to equity during the year is as follows:		
<b>Deferred tax</b>		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	2.44	1.26
<b>TOTAL</b>	<b>2.44</b>	<b>1.26</b>
<b>D. Reconciliation of effective tax rate</b>		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
<b>Profit before tax</b>	19829.53	17164.19
Income Tax expense calculated @ 25.168% (2021- 25.168%)	4990.70	4319.87
Effect of tax relating to uncertain tax positions	26.73	25.59
Effect of different tax rate on certain items	(79.46)	(80.21)
Effect of Income not taxable	(81.95)	(82.39)
Other differences	(84.32)	(50.35)
<b>Income Tax recognised in profit or loss</b>	<b>4771.70</b>	<b>4132.51</b>

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2021-22 and 2020-21 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements

(i) Earnings per share:

		2022	2021
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in Crores)	15057.83	13031.68
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,31,65,71,748	12,30,12,07,984
(c)	Effect of potential Ordinary shares on Employee Stock Options outstanding	54,47,370	12,73,424
(d)	Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,32,20,19,118	12,30,24,81,408
(e)	Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
	– Basic [(a)/(b)]	12.22	10.59
	– Diluted [(a)/(d)]	12.22	10.59

(ii) Amount required to be spent by the Company during the year as per Section 135 read with Section 198 of the Companies Act, 2013 - ₹ 354.27 Crores (2021 - ₹ 352.84 Crores) being 2% of the average Net Profit of the Company amounting to ₹ 354.89 Crores less set-off of excess CSR spend of ₹ 0.62 Crore pertaining to FY 2020-21.

Expenditure incurred during the year is ₹ 355.03 Crores (2021 - ₹ 353.46 Crores) comprising employee benefits expense of ₹ 15.92 Crores (2021 - ₹ 14.96 Crores) and other expenses of ₹ 339.11 Crores (2021 - ₹ 338.50 Crores), of which ₹ 26.01 Crores (2021 - ₹ 11.94 Crores) is accrued for payment as on 31st March, 2022. The above includes an amount of ₹ 3.90 Crores with regard to ongoing project of FY 2021-22, which has been deposited in the Unspent CSR Account in April, 2022.

Such CSR expenditure of ₹ 355.03 Crores (2021 - ₹ 353.46 Crores) excludes ₹ 5.85 Crores (2021 - ₹ 5.72 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit of 5% of total CSR expenditure laid down under Rule 7(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

CSR activities undertaken during the year pertain to: poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people (especially those from disadvantaged sections of society); protection of national heritage, art and culture; preserving and promoting music; and providing relief and assistance to victims of disasters and calamities.

(iii) Research and Development expenses for the year amount to ₹ 143.59 Crores (2021 - ₹ 131.22 Crores).

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities

Claims against the Company not acknowledged as debts ₹ 880.58 Crores (2021 - ₹ 884.97 Crores), including interest on claims, where applicable, estimated to be ₹ 285.07 Crores (2021 - ₹ 257.55 Crores). These comprise:

- Excise duty, VAT/sales taxes, GST and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 593.95 Crores (2021 - ₹ 608.26 Crores), including interest on claims, where applicable, estimated to be ₹ 267.18 Crores (2021 - ₹ 245.88 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 236.63 Crores (2021 - ₹ 231.50 Crores), including interest on claims, where applicable, estimated to be ₹ 11.22 Crores (2021 - ₹ 5.40 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 29.22 Crores (2021 - ₹ 32.41 Crores), including interest on claims, where applicable, estimated to be ₹ 0.10 Crore (2021 - ₹ 0.88 Crore).
- Other matters ₹ 20.78 Crores (2021 - ₹ 12.80 Crores), including interest on other matters, where applicable, estimated to be ₹ 6.57 Crores (2021 - ₹ 5.39 Crores).

It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

### (b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 984.51 Crores (2021 - ₹ 1398.30 Crores).
- Uncalled liability on investments partly paid is ₹ 54.89 Crores (2021 - ₹ 55.88 Crores).

### (v) (a) **Defined Benefit Plans/Long Term Compensated Absences: -**

#### **Description of Plans**

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable Statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund, Pension and Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature. The Defined Benefit Pension Plans are based on employees' pensionable remuneration and length of service. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. The Company makes regular contributions to these Defined Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. Some Group companies also participate in these Plans. These participating Group companies make contributions to the Plans for their respective employees on a uniform basis and each entity ascertains their obligation through actuarial valuation. The net Defined Benefit cost is recognised by these companies in their respective Financial Statements.

#### **Risk Management**

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

**Investment Risk:** This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

**Interest Rate Risk:** The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government securities. A decrease in yields will increase the fund liabilities and vice-versa.

**Salary Cost Inflation Risk:** The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary might lead to higher liabilities.

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various statutes.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls. Pension obligation of the employees is secured by purchasing annuities thereby de-risking the Plans from future payment obligation.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded	Unfunded		Funded	Unfunded	
<b>I</b>	<b>Components of Employer Expense</b>						
-	<b>Recognised in the Statement of Profit and Loss</b>						
1	Current Service Cost	44.87	32.93	10.74	49.90	31.59	9.21
2	Past Service Cost	-	-	-	-	-	-
3	Net Interest Cost	1.88	(0.95)	7.88	(0.13)	(0.18)	7.33
4	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>46.75</b>	<b>31.98</b>	<b>18.62</b>	<b>49.77</b>	<b>31.41</b>	<b>16.54</b>
-	<b>Re-measurements recognised in Other Comprehensive Income</b>						
5	Return on plan assets (excluding amounts included in Net interest cost)	(7.07)	(5.65)	-	(40.28)	(4.33)	-
6	Effect of changes in demographic assumptions	4.44	(1.83)	0.12	-	-	-
7	Effect of changes in financial assumptions	(3.43)	(7.77)	0.07	-	-	-
8	Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
9	Effect of experience adjustments	(35.49)	17.99	7.00	68.63	0.84	5.24
10	<b>Total re-measurements included in Other Comprehensive Income</b>	<b>(41.55)</b>	<b>2.74</b>	<b>7.19</b>	<b>28.35</b>	<b>(3.49)</b>	<b>5.24</b>
11	<b>Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)</b>	<b>5.20</b>	<b>34.72</b>	<b>25.81</b>	<b>78.12</b>	<b>27.92</b>	<b>21.78</b>
<p>The current service cost, past service cost and net interest cost for the year, as applicable, pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.</p>							
(₹ in Crores)							
		<b>Pension</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	Pension	Gratuity	Leave Encashment
<b>II</b>	<b>Actual Returns</b>	60.36	29.97	-	90.51	27.01	-
<b>III</b>	<b>Net Asset/(Liability) recognised in Balance Sheet</b>						
1	Present Value of Defined Benefit Obligation	897.75	416.05	144.48	933.22	396.43	133.52
2	Fair Value of Plan Assets	882.68	401.92	-	822.53	376.20	-
3	Status [Surplus/(Deficit)]	(15.07)	(14.13)	(144.48)	(110.69)	(20.23)	(133.52)
4	Restrictions on Asset Recognised	-	-	-	-	-	-

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

(₹ in Crores)

5	Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2022		As at 31st March, 2021	
		Current	Non-current	Current	Non-current
	– Pension	(15.07)	–	(110.69)	–
	– Gratuity	(14.13)	–	(20.23)	–
	– Leave Encashment	(17.91)	(126.57)	(25.61)	(107.91)

IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of DBO at the beginning of the year	933.22	396.43	133.52	838.37	377.93	122.67
2	Current Service Cost	44.87	32.93	10.74	49.90	31.59	9.21
3	Past Service Cost	–	–	–	–	–	–
4	Interest Cost	55.17	23.37	7.88	50.10	22.50	7.33
5	Remeasurement gains/(losses):						
a.	Effect of changes in demographic assumptions	4.44	(1.83)	0.12	–	–	–
b.	Effect of changes in financial assumptions	(3.43)	(7.77)	0.07	–	–	–
c.	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
d.	Effect of experience adjustments	(35.49)	17.99	7.00	68.63	0.84	5.24
6	Curtailment Cost/(Credits)	–	–	–	–	–	–
7	Settlement Cost/(Credits)	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	2.59	–
9	Effects of transfer In/(Out)	(0.07)	–	–	(0.06)	–	–
10	Benefits Paid	(100.96)	(45.07)	(14.85)	(73.72)	(39.02)	(10.93)
11	<b>Present Value of DBO at the end of the year</b>	<b>897.75</b>	<b>416.05</b>	<b>144.48</b>	<b>933.22</b>	<b>396.43</b>	<b>133.52</b>

(₹ in Crores)

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2022	As at 31st March, 2021
	– Pension	70.95	164.33
	– Gratuity	58.88	60.35

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>VI</b>	<b>Change in Fair Value of Assets</b>						
1	Plan Assets at the beginning of the year	822.53	376.20	–	784.83	349.57	–
2	Asset acquired in Business Combination	–	–	–	–	1.88	–
3	Interest Income	53.29	24.32	–	50.23	22.68	–
4	Remeasurement Gains/(Losses) on plan assets	7.07	5.65	–	40.28	4.33	–
5	Actual Company Contributions	100.82	40.82	–	20.97	36.76	–
6	Benefits Paid	(100.96)	(45.07)	–	(73.72)	(39.02)	–
7	Effects of transfer In/(Out)	(0.07)	–	–	(0.06)	–	–
8	<b>Plan Assets at the end of the year</b>	<b>882.68</b>	<b>401.92</b>	<b>–</b>	<b>822.53</b>	<b>376.20</b>	<b>–</b>

<b>VII Actuarial Assumptions</b>		<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
		<b>Discount Rate (%)</b>	<b>Discount Rate (%)</b>
1	Pension	6.75	6.25
2	Gratuity	6.75	6.25
3	Leave Encashment	6.75	6.25

The estimates of future salary increases, generally between 4% to 5.5%, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

<b>VIII Major Category of Plan Assets as a % of the Total Plan Assets</b>		<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
1	Government Securities/Special Deposit with RBI	17.96%	24.25%
2	High Quality Corporate Bonds	11.15%	11.50%
3	Insurer Managed Funds*	62.34%	53.19%
4	Mutual Funds	4.39%	3.51%
5	Cash and Cash Equivalents	4.16%	5.74%
6	Term Deposits	–	1.81%

\* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The fair value of Government securities, corporate bonds and mutual funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

<b>IX</b>	<b>Basis used to determine the Expected Rate of Return on Plan Assets</b>
	The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

		For the year ended 31st March, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>X</b>	<b>Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>						
	1 Present Value of Defined Benefit Obligation	897.75	416.05	144.48	933.22	396.43	133.52
	2 Fair Value of Plan Assets	882.68	401.92	–	822.53	376.20	–
	3 Status [Surplus/(Deficit)]	(15.07)	(14.13)	(144.48)	(110.69)	(20.23)	(133.52)
	4 Experience Adjustment of Plan Assets [Gain/(Loss)]	7.07	5.65	–	40.28	4.33	–
	5 Experience Adjustment of obligation [(Gain)/Loss ]	(35.49)	17.99	7.00	68.63	0.84	5.24

<b>XI</b>	<b>Sensitivity Analysis</b>
	The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may partially offset this impact. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

(₹ in Crores)

		DBO as at 31st March, 2022	DBO as at 31st March, 2021
	1 Discount Rate + 100 basis points	1375.72	1378.32
	2 Discount Rate - 100 basis points	1552.14	1559.76
	3 Salary Increase Rate + 1%	1543.65	1549.04
	4 Salary Increase Rate – 1%	1377.35	1386.12

(₹ in Crores)

Maturity Analysis of the Benefit Payments		As at 31st March, 2022	As at 31st March, 2021
	1 Year 1	236.75	238.72
	2 Year 2	155.17	179.18
	3 Year 3	176.96	114.90
	4 Year 4	180.08	122.60
	5 Year 5	154.62	142.90
	6 Next 5 Years	437.59	441.21



# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 23: ₹ 91.12 Crores (2021 - ₹ 100.96 Crores).

(vi) Leases:

As a Lessee

The Company’s significant leasing arrangements are in respect of operating leases for land, buildings, (comprising licensed properties, residential premises, office premises, stores, warehouses etc.) and plant & equipment. These arrangements generally range between 2 years and 10 years, except for certain land and building leases where the lease term ranges up to 99 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered.

The amount of ROU Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3G and Note 15 respectively. The total cash outflow for leases for the year is ₹ 359.73 Crores (2021 - ₹ 373.38 Crores) [including payments of ₹ 275.66 Crores (2021 - ₹ 295.00 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 2.69 Crores (2021 - ₹ 0.69 Crore)].

The sensitivity of variable lease payments and effect of extension/termination options not included in measurement of lease liabilities is not material.

The undiscounted maturities of lease liabilities over the remaining lease term is as follows:

(₹ in Crores)

Term	As at 31st March, 2022	As at 31st March, 2021
Not later than three years	166.77	177.64
Later than three years and not later than ten years	158.02	169.20
Later than ten years and not later than twenty five years	212.58	219.49
Later than twenty five years and not later than fifty years	210.91	216.76
Later than fifty years	198.24	203.64

As a Lessor

The Company has leased out its investment properties etc. under operating lease for periods ranging upto 30 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments. The details of income from such leases are disclosed under Note 3C and Note 22. The Company does not have any risk relating to recovery of residual value of investment property at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in Crores)

Term	As at 31st March, 2022	As at 31st March, 2021
1 <sup>st</sup> year	17.18	91.40
2 <sup>nd</sup> year	1.10	17.18
3 <sup>rd</sup> year	0.56	1.10
4 <sup>th</sup> year	0.58	0.56
5 <sup>th</sup> year	0.61	0.58
Beyond 5 years	26.95	27.57

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

- (vii) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) (CIN: U70101DL2010PTC207640) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the JVA. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company's petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity, as also a petition for winding up of LDPL filed by Logix Estates, are currently before the Hon'ble National Company Law Tribunal. The financial statements of LDPL for the year ended 31st March, 2022 are yet to be approved by its Board of Directors.
- (viii) During the year, the Scheme for Amalgamation of Hobbits International Foods Private Limited (Hobbits) and Sunrise Sheetgrah Private Limited (Sheetgrah) with the Company was sanctioned by the Hon'ble National Company Law Tribunal, Allahabad Bench, which became effective from 12th August, 2021. The fair value of assets and liabilities of Hobbits and Sheetgrah have been recorded in accordance with Ind AS 103 - 'Business Combinations'. The financial statements, therefore, reflect the effect of the Scheme from 27th July, 2020 (being the appointed date) and figures for the previous periods have been restated, wherever necessary. The consequential effect of the above is not material.
- (ix) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (Adjusted for Bonus Shares issued in terms of Shareholders' approval)	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule	The vesting period for conversion of Options is as follows: <ul style="list-style-type: none"> <li>On completion of 12 months from the date of grant of the Options : 30% vests</li> <li>On completion of 24 months from the date of grant of the Options : 30% vests</li> <li>On completion of 36 months from the date of grant of the Options : 40% vests</li> </ul>	
4.	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.  The Options have been granted at 'market price' as defined under the aforesaid Regulations.	
5.	Maximum term of Options granted	Five years - the exercise period commences from the date of vesting of the Options granted and expires at the end of five years from the date of vesting.	
6.	Source of Shares	Primary	
7.	Variation in terms of Options	None	

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statements (Contd.)

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
8.	Method used for accounting of share-based payment plans	: The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per fair value method for the financial year 2021-22 is ₹ 32.51 Crores [2021 - ₹ 27.15 Crores]; for the group entities, such compensation cost is ₹ 1.00 Crore [2021 - ₹ (0.49) Crore].	
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	: In addition to the terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore, each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period.	
10.	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock	: Weighted average exercise price per Option : ₹ 2,333.96 Weighted average fair value per Option : ₹ 429.36	
11.	Option movements during the year	ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
	a) Options outstanding at the beginning of the year	4,12,588	2,87,68,704
	b) Options granted during the year	55,950	11,65,650
	c) Options cancelled and lapsed during the year	60,146	61,32,845
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	31,710	5,90,511
	e) Options exercised during the year	28,416	14,12,754
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	2,84,160	1,41,27,540
	g) Options outstanding at the end of the year (a+b-c-e)	3,79,976	2,23,88,755
	h) Options exercisable at the end of the year	2,46,416	2,06,07,350
	i) Money realised by exercise of the Options during the year (₹ in Crores)	5.61	286.21

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

12.	Summary of the status of Options:						
	<b>Particulars</b>	<b>As at 31st March, 2022</b>			<b>As at 31st March, 2021</b>		
		<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>		<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>	
	Outstanding at the beginning of the year	: 2,91,81,292	2402.40		3,45,80,543	2364.54	
	Add: Granted during the year	: 12,21,600	2333.96		7,37,900	1699.20	
	Less: Lapsed during the year	: 61,92,991	2230.80		44,75,852	2236.28	
	Less: Exercised during the year	: 14,41,170	2024.88		16,61,299	1749.52	
	Outstanding at the end of the year	: 2,27,68,731	2469.30		2,91,81,292	2402.40	
	Options exercisable at the end of the year	: 2,08,53,766	2495.72		2,78,49,356	2416.25	
13.	Weighted average share price of Shares arising upon exercise of Options	:	The weighted average share price of Shares, arising upon exercise of Options during the year ended 31st March, 2022 was ₹ 212.94 (2021 - ₹ 198.13). This was based on the closing market price on NSE on the date of exercise of Options (i.e. the date of allotment of shares by the Securityholders Relationship Committee).				
14.	Summary of Options outstanding, scheme-wise:						
	<b>Particulars</b>	<b>As at 31st March, 2022</b>			<b>As at 31st March, 2021</b>		
		<b>No. of Options Outstanding</b>	<b>Range of Exercise Prices (₹)</b>	<b>Weighted average remaining contractual life</b>	<b>No. of Options Outstanding</b>	<b>Range of Exercise Prices (₹)</b>	<b>Weighted average remaining contractual life</b>
	ITC Employee Stock Option Scheme - 2006	: 3,79,976	1698.00 – 2885.50	3.61	4,12,588	1698.00 – 2885.50	3.45
	ITC Employee Stock Option Scheme - 2010	: 2,23,88,755	1698.00 – 2885.50	1.93	2,87,68,704	1698.00 – 2885.50	2.12
15.	A description of the method used during the year to estimate the fair values of Options, the weighted average exercise prices and weighted average fair values of Options granted	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model. Weighted average exercise price per Option : ₹ 2,333.96 Weighted average fair value per Option : ₹ 429.36				
	The significant assumptions used to ascertain the above	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:				
			(i) Risk-free interest rate				5.59%
			(ii) Expected life				4.61 years
			(iii) Expected volatility				24.86%
			(iv) Expected dividends				4.61%
			(v) The price of the underlying shares in market at the time of Option grant (One Option = 10 Ordinary Shares)				₹ 2,333.96

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

16.	Methodology for determination of expected volatility	:	The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.	
17.	Options granted to	:	As provided below:-	
	(a) Directors and Senior managerial personnel		<b>Name</b>	<b>Designation</b>
				<b>No. of Options granted during the financial year 2021-22</b>
		1	S. Puri	Chairman & Managing Director
		2	N. Anand	Executive Director
		3	B. Sumant	Executive Director
		4	R. Tandon	Executive Director
		5	Supratim Dutta	Chief Financial Officer
		6	H. Malik	Divisional Chief Executive - Foods Business Division
		7	A. K. Rajput	Senior Vice President - Corporate Affairs
		8	S. Rangrass	Group Head - LS&T, Central Projects, EHS & Quality Assurance
		9	S. K. Singh	Group Head - Paper & Packaging
		10	S. Sivakumar	Group Head - Agri Business & IT
		11	R. K. Singhi	Executive Vice President & Company Secretary
			<i>The aforesaid Options were granted at the exercise price of ₹ 2,334.00 per Option, being the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</i>	
	(b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year.	:	None	
	(c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None	

(x) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	:	Details
1.	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	:	ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan). Under the ITC ESAR Plan, the eligible employees receive cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting of SAR units subject to the terms and conditions specified in the Plan.
2.	Settlement Method	:	Cash - Settled
3.	Vesting period and maximum term of SAR granted	:	Over a period of five years from the date of grant in accordance with the Plan.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

Sl. No.	Particulars	Details
4.	Method used to estimate the fair value of SAR granted	: Black Scholes Option Pricing model. The said model considers inputs such as Risk-free interest rate, Expected life, Expected volatility, Expected dividend, Market Price etc. The number of SAR units outstanding as at 31st March, 2022 is 39,46,719 (2021 - 52,96,190) and the weighted average fair value at measurement date is ₹ 217.98 (2021 - ₹ 162.39) per SAR unit.
5.	Total cost recognised in the profit or loss	: The cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee benefits expense / (reversal) as per fair value method for the financial year 2021-22 is ₹ 28.68 Crores [2021 - ₹ 29.54 Crores] and ₹ 1.33 Crores [2021 - ₹ 1.31 Crores] for group entities (Refer Note 23). The amount carried in the Balance Sheet as a non – current financial liability is ₹ 47.34 Crores (2021 - ₹ 33.13 Crores) and as current financial liability is ₹ 18.47 Crores (2021 - ₹ 4.08 Crores) (Refer Note 16).

(xi) Trade Payables ageing schedule:

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022					
	Not Due	Less than 1 year	1–2 years	2–3 years	More than 3 years	Total
MSME	32.80	–	–	–	–	32.80
Others	818.93	69.68	0.02	0.01	–	888.64
Disputed Dues – MSME	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	0.50	0.50
<b>SUB-TOTAL</b>	<b>851.73</b>	<b>69.68</b>	<b>0.02</b>	<b>0.01</b>	<b>0.50</b>	<b>921.94</b>
Accrued Payables (not due)						
– MSME						68.16
– Others						3233.30
<b>TOTAL</b>						<b>4223.40</b>

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2021					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	32.82	–	–	–	–	32.82
Others	640.37	120.23	8.18	0.32	1.89	770.99
Disputed Dues – MSME	–	–	–	–	–	–
Disputed Dues – Others	–	–	–	–	0.77	0.77
<b>SUB-TOTAL</b>	<b>673.19</b>	<b>120.23</b>	<b>8.18</b>	<b>0.32</b>	<b>2.66</b>	<b>804.58</b>
Accrued Payables (not due)						
– MSME						26.52
– Others						3288.21
<b>TOTAL</b>						<b>4119.31</b>

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statements (Contd.)

(xii) Micro, Small and Medium scale business entities:

A sum of ₹ 129.99 Crores is payable to Micro and Small Enterprises as at 31st March, 2022 (2021 - ₹ 76.92 Crores). The above amount comprises ₹ 100.96 Crores (2021 - ₹ 59.34 Crores) on account of trade payables and ₹ 29.03 Crores (2021 - ₹ 17.58 Crores) on account of liabilities other than trade payables. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2022. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(xiii) Financial Ratios:

Ratio	Numerator	Denominator	31st March, 2022	31st March, 2021
Current Ratio (in times)	Current assets	Current liabilities	2.70	3.13
Return on Equity Ratio (in %)	Profit for the year	Average Shareholder's Equity	25.01	21.18
Inventory turnover Ratio (in times)	Gross Revenue from sale of products and services	Average Inventories	6.07	5.50
Trade Receivables turnover ratio (in times)*	Gross Revenue from sale of products and services	Average Trade receivables	29.24	23.03
Trade Payables turnover ratio (in times)	COGS + Other Expenses - Non Cash Expenditure	Average Trade payables	8.24	7.14
Net Capital turnover ratio (in times)**	Gross Revenue from sale of products and services	Working Capital (Current assets-Current liabilities)	3.04	2.22
Net Profit ratio (in %)	Profit for the year	Gross Revenue from sale of products and services	25.48	27.06
Return on Capital employed (in %)	Profit before interest and taxes	Average Capital employed	32.10	27.24
Return on investment (in %)	Income from Investments	Time weighted average Investments	7.61	8.76

Debt-Equity Ratio and Debt Service Coverage Ratio are not relevant for the Company as it has negligible debt.

\*improvement due to robust revenue growth, faster collections; impact of Covid - 19 pandemic in base year.

\*\*improvement due to robust revenue growth and enhanced working capital efficiency.

(xiv) The financial statements were approved for issue by the Board of Directors on 18th May, 2022.

# Notes to the Financial Statements

## 28. Segment Reporting

(₹ in Crores)

	2022			2021		
	External	Inter Segment	Total	External	Inter Segment	Total
<b>1. Segment Revenue - Gross</b>						
FMCG - Cigarettes	23451.39	–	23451.39	20333.12	–	20333.12
FMCG - Others	15964.75	29.74	15994.49	14708.64	19.59	14728.23
<b>FMCG - Total</b>	<b>39416.14</b>	<b>29.74</b>	<b>39445.88</b>	<b>35041.76</b>	<b>19.59</b>	<b>35061.35</b>
Hotels	1279.33	5.67	1285.00	623.59	3.92	627.51
Agri Business	12126.05	4070.02	16196.07	7866.06	4716.18	12582.24
Paperboards, Paper and Packaging	6279.57	1362.05	7641.62	4619.85	998.70	5618.55
<b>Segment Total</b>	<b>59101.09</b>	<b>5467.48</b>	<b>64568.57</b>	<b>48151.26</b>	<b>5738.39</b>	<b>53889.65</b>
Eliminations			(5467.48)			(5738.39)
<b>Gross Revenue from sale of products and services</b>			<b>59101.09</b>			<b>48151.26</b>
<b>2. Segment Results</b>						
FMCG - Cigarettes			14869.07			12720.41
FMCG - Others			923.22			832.73
<b>FMCG - Total</b>			<b>15792.29</b>			<b>13553.14</b>
Hotels			(183.09)			(534.91)
Agri Business			1031.15			820.74
Paperboards, Paper and Packaging			1700.00			1098.68
<b>Segment Total</b>			<b>18340.35</b>			<b>14937.65</b>
Eliminations			14.01			44.76
<b>Total</b>			<b>18354.36</b>			<b>14982.41</b>
Unallocated corporate expenses net of unallocated income			874.28			829.53
<b>Profit before interest etc. and taxation</b>			<b>17480.08</b>			<b>14152.88</b>
Finance Costs			41.95			47.47
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			2391.40			3058.78
<b>Profit before tax</b>			<b>19829.53</b>			<b>17164.19</b>
Tax expense			4771.70			4132.51
<b>Profit for the year</b>			<b>15057.83</b>			<b>13031.68</b>
<b>3. Other Information</b>						
		<b>2022</b>		<b>2021</b>		
	<b>Segment Assets</b>		<b>Segment Liabilities</b>	<b>Segment Assets</b>		<b>Segment Liabilities</b>
FMCG - Cigarettes	6654.58		4684.28	6737.04		4469.56
FMCG - Others	11444.16		2273.87	11405.18		2534.32
<b>FMCG - Total</b>	<b>18098.74</b>		<b>6958.15</b>	<b>18142.22</b>		<b>7003.88</b>
Hotels	6538.40		835.94	6525.59		769.31
Agri Business	4699.08		1746.29	5004.19		1158.87
Paperboards, Paper and Packaging	8486.49		1326.06	7244.53		1080.26
<b>Segment Total</b>	<b>37822.71</b>		<b>10866.44</b>	<b>36916.53</b>		<b>10012.32</b>
Unallocated Corporate Assets/Liabilities	37269.79		2826.49	34663.83		2563.42
<b>Total</b>	<b>75092.50</b>		<b>13692.93</b>	<b>71580.36</b>		<b>12575.74</b>



# Notes to the Financial Statements

## 28. Segment Reporting (Contd.)

(₹ in Crores)

	2022		2021	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	137.25	263.19	79.95	263.74
FMCG - Others	336.27	525.75	475.07	484.13
<b>FMCG - Total</b>	<b>473.52</b>	<b>788.94</b>	<b>555.02</b>	<b>747.87</b>
Hotels	257.90	261.12	201.08	266.31
Agri Business	113.36	80.63	38.57	75.36
Paperboards, Paper and Packaging	896.72	410.97	775.40	359.81
<b>Segment Total</b>	<b>1741.50</b>	<b>1541.66</b>	<b>1570.07</b>	<b>1449.35</b>
Unallocated	126.94	110.49	71.96	112.48
<b>Total</b>	<b>1868.44</b>	<b>1652.15</b>	<b>1642.03</b>	<b>1561.83</b>
	Non Cash expenditure other than depreciation		Non Cash expenditure other than depreciation	
FMCG - Cigarettes		6.25		21.87
FMCG - Others		6.66		60.46
<b>FMCG - Total</b>		<b>12.91</b>		<b>82.33</b>
Hotels		–		4.71
Agri Business		3.20		0.07
Paperboards, Paper and Packaging		27.59		38.25
<b>Segment Total</b>		<b>43.70</b>		<b>125.36</b>

### GEOGRAPHICAL INFORMATION

	2022	2021
<b>1. Revenue from external customers</b>		
– Within India	49782.80	42974.37
– Outside India	9318.29	5176.89
<b>Total</b>	<b>59101.09</b>	<b>48151.26</b>
<b>2. Non-current assets</b>		
– Within India	26915.71	26752.87
– Outside India	...	0.01
<b>Total</b>	<b>26915.71</b>	<b>26752.88</b>

### NOTES:

(1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

(2) The business groups comprise the following :

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

(3) The geographical information considered for disclosure are:

- Revenue within India.
- Revenue outside India.

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

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

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

# Notes to the Financial Statements

## 29. Related Party Disclosures

### 1. ENTERPRISES WHERE CONTROL EXISTS:

#### Subsidiaries:

- a) Srinivasa Resorts Limited
- b) Fortune Park Hotels Limited
- c) Bay Islands Hotels Limited
- d) WelcomHotels Lanka (Private) Limited, Sri Lanka
- e) Landbase India Limited
- f) Russell Credit Limited and its subsidiary  
Greenacre Holdings Limited
- g) Technico Pty Limited, Australia and its subsidiaries  
Technico Technologies Inc., Canada  
Technico Asia Holdings Pty Limited, Australia and its subsidiary  
Technico Horticultural (Kunming) Co. Limited, China
- h) Technico Agri Sciences Limited
- i) Wimco Limited
- j) Pavan Poplar Limited
- k) Prag Agro Farm Limited
- l) ITC Infotech India Limited and its subsidiaries  
ITC Infotech Limited, UK  
ITC Infotech (USA), Inc. and its subsidiary  
Indivate Inc., USA
- m) Gold Flake Corporation Limited
- n) ITC Investments & Holdings Limited and its subsidiary  
MRR Trading & Investment Company Limited
- o) Surya Nepal Private Limited
- p) North East Nutrients Private Limited
- q) ITC IndiVision Limited

### 2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

#### i) Associates & Joint Ventures:

##### Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited
- c) Delectable Technologies Private Limited  
– being associates of the Company, and
- d) Tobacco Manufacturers (India) Limited (of which the Company is an associate)  
and the subsidiaries of its ultimate parent company (British American Tobacco p.l.c.)

##### Associates of the Company's subsidiaries

- a) ATC Limited  
– being associate of Gold Flake Corporation Limited
- b) Divya Management Limited, and
- c) Antrang Finance Limited  
– being associates of Russell Credit Limited

##### Joint Ventures

Maharaja Heritage Resorts Limited

##### Joint Venture of the Company's subsidiary

ITC Essentra Limited  
– being joint venture of Gold Flake Corporation Limited

# Notes to the Financial Statements

## 29. Related Party Disclosures (Contd.)

### ii) a) Key Management Personnel:

S. Puri	Chairman & Managing Director
N. Anand	Executive Director
B. Sumant	Executive Director
R. Tandon	Executive Director
S. Banerjee <sup>#</sup>	Non-Executive Director
H. Bhargava <sup>#</sup>	Non-Executive Director <sup>@</sup>
N. Doda	Non-Executive Director (w.e.f. 11.08.2021)
A. Duggal <sup>#</sup>	Non-Executive Director
M. Gupta	Non-Executive Director (w.e.f. 27.10.2021)
S. Mukherjee <sup>#</sup>	Non-Executive Director (w.e.f. 11.08.2021)
A. Nayak <sup>#</sup>	Non-Executive Director
S. Panray	Non-Executive Director (w.e.f. 11.08.2021)
N. Rao <sup>#</sup>	Non-Executive Director
A. K. Seth <sup>#</sup>	Non-Executive Director
M. Shankar <sup>#</sup>	Non-Executive Director
D. R. Simpson	Non-Executive Director
A. Jerath	Non-Executive Director (up to 30.04.2021)
S. B. Mathur <sup>#</sup>	Non-Executive Director (up to 14.09.2021)

<sup>@</sup> Non-Executive Director up to 22.08.2021. Appointed as Independent Director w.e.f. 20.12.2021.

<sup>#</sup> Independent Directors

Chief Financial Officer

S. Dutta

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

B. Sumant

R. Tandon

S. Dutta

H. Malik

A. Rajput

S. Rangrass

S. K. Singh

S. Sivakumar

### b) Relatives of Key Management Personnel:

T. Anand (wife of N. Anand)

R. Tandon (wife of R. Tandon)

N. Singhi (wife of R. K. Singhi)

### iii) Employee Trusts:

a) IATC Provident Fund

b) ITC Defined Contribution Pension Fund

c) ITC Management Staff Gratuity Fund

d) ITC Employees Gratuity Fund

e) ITC Gratuity Fund 'C'

f) ITC Pension Fund

g) ILTD Seasonal Employees Pension Fund

h) ITC Platinum Jubilee Pension Fund

i) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund

j) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'

k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'

l) ITC Hotels Limited Employees Superannuation Scheme

m) Sunrise Spices Limited Employees Gratuity Fund

# Notes to the Financial Statements

## 29. Related Party Disclosures (Contd.)

### 3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2022 (₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	Subsidiaries													
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
1. Sale of Goods / Services	322.83	255.72	1080.07	773.43	54.19	34.04							1457.09	1063.19
2. Purchase of Goods / Services	394.12	422.08	66.18	60.37	280.30	229.79							740.60	712.24
3. Acquisition cost of Property, Plant and Equipment	10.58	2.07											10.58	2.07
4. Sale of Property, Plant and Equipment	-	12.62											-	12.62
5. Investment in Subsidiaries/Associate	427.24	360.57	1.87	-									429.11	360.57
6. Renunciation of Rights Issue entitlement	-	6.45											-	6.45
7. Value of Share Based Payment	(22.06)	(9.80)											(22.06)	(9.80)
7A. Capital Contribution for Share Based Payments	1.66	1.94	0.41	0.39	0.08	0.09							2.15	2.42
7B. Reimbursement for Share Based Payments	25.60	25.86	0.72	0.63									26.32	26.49
8. Rent Received	9.89	8.05	2.51	1.17					1.05	0.32	0.32		13.77	10.12
9. Rent Paid*	2.41	2.50	5.36	6.00	1.43	1.29							7.77	8.50
10. Remuneration of Managers on Deputation reimbursed	36.32	30.65	6.83	6.23									44.58	38.17
11. Remuneration of Managers on Deputation recovered											178.43	112.98	178.43	112.98
12. Contribution to Employees Benefit Plans	857.14	723.43	0.31	0.43					5.70	5.51			857.45	723.86
13. Dividend Income			3981.58	5483.72									3987.28	5489.23
14. Dividend Payments	2.42	2.70											2.42	2.70
15. Interest Income	10.01	10.75	21.59	4.98	0.11	0.20							31.71	15.93
16. Expenses Recovered	2.81	3.08	0.26	0.23					0.05	0.02			3.12	3.33
17. Expenses Reimbursed	0.45	-	-	0.06									0.45	0.06
18. Advances Given during the year	0.45	-	...	0.11									0.45	0.11
19. Adjustment/Receipt towards Refund of Advances	85.32	127.76	1496.60	598.34									1581.92	726.10
20. Advances Received during the year	152.01	108.61	972.02	659.70					...	-			1124.03	768.31
21. Adjustment/Payment towards Refund of Advances														
22. Deposits Given during the year														
23. Deposits Refunded during the year														
24. Remuneration to Key Management Personnel (KMP) <sup>1</sup>														
24A. - Short term benefits									69.33	49.64			69.33	49.64
24B. - Other remuneration									10.51	8.96			10.51	8.96
24C. - Stock options granted <sup>2</sup>														
24C. - Outstanding Balances <sup>3</sup>														
25. i) Receivables	68.76	50.40	78.17	59.16	14.66	11.13							161.59	120.69
ii) Advances Given														
iii) Deposits Given	0.60	0.60							0.08	0.08	0.07		0.75	0.75
iv) Advance Taken	147.83	214.52	692.41	167.83									840.24	382.35
v) Deposits Taken			0.04	0.04									0.04	0.04
vi) Payables	12.17	10.58	5.91	5.72	13.83	20.98					29.20	130.53	61.11	167.81
26. Commitments	1.51	0.07											1.51	0.07

\* Includes rent pertaining to leases classified as Right of Use Assets.

# The amounts outstanding are unsecured and will be settled in cash.

1 Post employment benefits are actuarially determined on overall basis and hence not separately provided.

2 During the year, the Company granted Stock Options to eligible employees, including Executive Directors and KMPs, under its Employee Stock Option Schemes at 'market price' (within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. The Company has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons in the previous years under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since such Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Stock Options/ ESAR Units, and accordingly the said grants have not been considered as remuneration. However, in accordance with Ind AS -102, the Company has recorded employee benefits expense by way of share based payments to employees at ₹ 61.20 Crores for the year ended 31st March, 2022 (2021 - ₹ 56.69 Crores), of which ₹ 23.14 Crores (2021 - ₹ 27.71 Crores) is attributable to Executive Directors and KMPs.

# Notes to the Financial Statements

## 29. Related Party Disclosures (Contd.)

### 4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES (Generally in excess of 10% of the total transaction value of the same type)

RELATED PARTY TRANSACTIONS SUMMARY		2022	2021	RELATED PARTY TRANSACTIONS SUMMARY		2022	2021
1.	<b>Sale of Goods/Services</b> British American Tobacco (GLP) Limited Surya Nepal Private Limited	985.49 308.47	671.15 250.30	12.	<b>Contribution to Employees' Benefit Plans</b> ITC Pension Fund IATC Provident Fund ITC Management Staff Gratuity Fund ITC Employees Gratuity Fund	96.02 37.07 20.19 10.90	21.00 51.66 17.61 12.56
2.	<b>Purchase of Goods/Services</b> ITC Essentra Limited North East Nutrients Private Limited ITC Infotech India Limited	280.19 167.68 166.90	229.73 192.43 165.12	13.	<b>Dividend Income</b> ITC Infotech India Limited Surya Nepal Private Limited	451.56 346.84	276.90 362.78
3.	<b>Acquisition cost of Property, Plant and Equipment</b> ITC Infotech India Limited	9.96	2.07	14.	<b>Dividend Payments</b> Tobacco Manufacturers (India) Limited Mydleton Investment Company Limited	3276.18 534.94	4512.20 736.76
4.	<b>Sale of Property, Plant and Equipment</b> ITC IndiVision Limited	-	12.62	15.	<b>Interest Income</b> North East Nutrients Private Limited Wimco Limited	1.80 0.45	2.25 0.45
5.	<b>Investment in Subsidiaries/ Associate</b> WelcomHotels Lanka (Private) Limited ITC IndiVision Limited	327.24 100.00	311.57 49.00	16.	<b>Expenses Recovered</b> British American Tobacco (GLP) Limited B.A.T (U.K. and Export) Limited ITC Infotech India Limited Surya Nepal Private Limited	14.26 4.95 3.54 2.73	- 2.28 4.54 2.60
6.	<b>Renunciation of Rights issue entitlement</b> Russell Credit Limited	-	6.45	17.	<b>Expenses Reimbursed</b> Wimco Limited Srinivasa Resorts Limited ITC Infotech India Limited	2.11 0.46 0.17	2.13 0.35 0.35
7.	<b>Value of share based payment</b> 7A. Capital Contribution for Share Based Payments ITC Infotech India Limited	(21.96)	(9.79)	18.	<b>Advances Given during the year</b> Wimco Limited International Travel House Limited	0.45 -	- 0.06
7B.	<b>Reimbursement for Share Based Payments</b> ITC Infotech India Limited	0.38	0.33	19.	<b>Adjustment/Receipt towards Refund of Advances</b> Wimco Limited	0.45 ...	- 0.11
8.	<b>Rent Received</b> ITC Infotech India Limited	20.97	20.97	20.	<b>Advances Received during the year</b> British American Tobacco (GLP) Limited	1494.26	596.87
9.	<b>Rent Paid</b> Landbase India Limited Gujarat Hotels Limited Technico Agri Sciences Limited	6.35 2.51 1.46	5.31 1.17 1.34	21.	<b>Adjustment/Payment towards Refund of Advances</b> British American Tobacco (GLP) Limited Surya Nepal Private Limited	967.97 152.01	659.58 108.60
10.	<b>Remuneration of Managers on Deputation reimbursed</b> Gujarat Hotels Limited Bay Islands Hotels Limited Fortune Park Hotels Limited	5.36 1.30 1.10	6.00 1.27 1.18	22.	<b>Deposits Given during the year</b> R. Tandon	-	-
11.	<b>Remuneration of Managers on Deputation recovered</b> ITC Infotech India Limited Srinivasa Resorts Limited Fortune Park Hotels Limited Technico Agri Sciences Limited	9.17 5.77 5.35 4.56	7.99 4.50 5.17 5.07	23.	<b>Deposits Refunded during the year</b> International Travel House Limited	-	0.02
				24.	<b>Remuneration to Key Management Personnel*</b> Short term benefits	17.18 8.63 8.10 8.10	13.12 6.58 6.05 6.06
				24A.			

### RELATED PARTY TRANSACTIONS SUMMARY

24B.		2022	2021
	<b>Other Remuneration</b>		
	S. Banerjee	1.04	0.93
	A. Duggal	1.03	0.91
	A. Nayak	1.01	0.91
	M. Shankar	1.01	0.91
	H. Bhargava	0.70	0.92
	S. B. Mathur (related party up to 14.09.2021)	0.48	0.91
25.	<b>Outstanding Balances</b>		
(i)	<b>Receivables</b>		
	British American Tobacco (GLP) Limited	59.75	37.90
	Surya Nepal Private Limited	59.60	45.05
(ii)	<b>Advances Given</b>		
	International Travel House Limited	-	...
(iii)	<b>Deposits Given</b>		
	Russell Credit Limited <sup>1</sup>	0.36	0.36
	Greenacre Holdings Limited <sup>2</sup>	0.24	0.24
(iv)	<b>Advance Taken</b>		
	British American Tobacco (GLP) Limited	692.33	166.04
	Surya Nepal Private Limited	147.83	214.52
(v)	<b>Deposits Taken</b>		
	International Travel House Limited	0.04	0.04
(vi)	<b>Payables</b>		
	Employee Trust - Pension Funds	15.07	110.69
	Employee Trust - Gratuity Funds	14.13	19.83
	ITC Essentra Limited	13.83	20.98
	North East Nutrients Private Limited	6.47	6.02
26.	<b>Commitments</b>		
	ITC Infotech India Limited	1.51	0.07

# In accordance with Ind AS - 102, the Company has recognised employee benefits expense by way of share based payments [refer Note 29.3], of which ₹ 23.14 Crores (2021 - ₹ 27.71 Crores) is attributable to Executive Directors & KMPs:

S. Puri ₹ 6.41 Crores (2021 - ₹ 10.21 Crores), N. Anand ₹ 4.15 Crores (2021 - ₹ 3.57 Crores), R. Tandon ₹ 5.04 Crores (2021 - ₹ 4.62 Crores), B. Sumant ₹ 2.15 Crores (2021 - ₹ 4.13 Crores), S. Dutta ₹ 0.53 Crores (2021 - ₹ 0.22 Crores) and R. K. Singhi ₹ 0.57 Crores (2021 - ₹ 0.86 Crores).

<sup>1</sup> The maximum indebtedness during the year was ₹ 0.36 Crores (2021 - ₹ 0.36 Crores).  
<sup>2</sup> The maximum indebtedness during the year was ₹ 0.24 Crores (2021 - ₹ 0.24 Crores)

# Notes to the Financial Statements

## 30. Financial Instruments and Related Disclosures

### 1. Capital Management

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals and aims at maintaining a strong capital base to support the future growth of its businesses.

During the year, the Company issued 1,44,11,700 Ordinary Shares of ₹ 1.00 each amounting to ₹ 1.44 Crores (2021 - ₹ 1.66 Crores) towards its employee stock options. The securities premium stood at ₹ 9988.14 Crores as at 31st March, 2022 (2021 - ₹ 9611.64 Crores).

### 2. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>A. Financial assets</b>					
<b>a) Measured at amortised cost</b>					
i) Cash and cash equivalents	11	184.97	184.97	231.28	231.28
ii) Other Bank Balances	12	3692.97	3692.97	3770.25	3770.25
iii) Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	10985.36	11232.53	9432.82	9945.03
iv) Investment in Mutual Funds	4	278.36	277.12	–	–
v) Loans	5	10.79	9.75	5.14	4.75
vi) Trade receivables	10	1952.50	1952.50	2090.29	2090.29
vii) Other financial assets	6	3829.83	3784.58	1247.64	1199.34
<b>Sub-total</b>		<b>20934.78</b>	<b>21134.42</b>	<b>16777.42</b>	<b>17240.94</b>
<b>b) Measured at Fair value through OCI</b>					
i) Equity shares	4	1372.52	1372.52	827.25	827.25
ii) Investment in Mutual Funds	4	1238.69	1238.69	–	–
<b>Sub-total</b>		<b>2611.21</b>	<b>2611.21</b>	<b>827.25</b>	<b>827.25</b>
<b>c) Measured at Fair value through Profit or Loss</b>					
i) Investment in Mutual Funds	4, 9	8535.85	8535.85	12145.73	12145.73
ii) Investment in Bonds/Debentures	9	991.97	991.97	1148.15	1148.15
iii) Investment in Venture Capital Fund	4	87.33	87.33	35.04	35.04
iv) Investment in Equity & Preference Shares	4	20.00	20.00	–	–
<b>Sub-total</b>		<b>9635.15</b>	<b>9635.15</b>	<b>13328.92</b>	<b>13328.92</b>
<b>d) Derivatives measured at fair value</b>					
i) Derivative instruments not designated as hedging instruments	6	3.27	3.27	8.93	8.93
ii) Derivative instruments designated as hedging instruments	6	27.27	27.27	12.88	12.88
<b>Sub-total</b>		<b>30.54</b>	<b>30.54</b>	<b>21.81</b>	<b>21.81</b>
<b>Total financial assets</b>		<b>33211.68</b>	<b>33411.32</b>	<b>30955.40</b>	<b>31418.92</b>

# Notes to the Financial Statements

## 30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>B. Financial liabilities</b>					
<b>a) Measured at amortised cost</b>					
i) Sales tax deferment loans	14	5.28	3.86	5.63	3.69
ii) Trade payables		4223.40	4223.40	4119.31	4119.31
iii) Lease Liabilities	15	305.88	305.88	323.72	323.72
iv) Other financial liabilities	16	1513.68	1502.05	1327.11	1306.40
<b>Sub-total</b>		<b>6048.24</b>	<b>6035.19</b>	<b>5775.77</b>	<b>5753.12</b>
<b>b) Measured at fair value</b>					
i) Derivative instruments not designated as hedging instruments	16	0.45	0.45	1.54	1.54
ii) Derivative instruments designated as hedging instruments	16	9.56	9.56	19.01	19.01
iii) Contingent Consideration	16	76.40	76.40	139.51	139.51
<b>Sub-total</b>		<b>86.41</b>	<b>86.41</b>	<b>160.06</b>	<b>160.06</b>
<b>Total financial liabilities</b>		<b>6134.65</b>	<b>6121.60</b>	<b>5935.83</b>	<b>5913.18</b>

### 3. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with the applicable regulations. It also seeks to drive accountability in this regard.

#### Liquidity Risk

The Company's Current assets aggregate ₹ 30942.01 Crores (2021 - ₹ 31815.24 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 15502.89 Crores (2021 - ₹ 18048.24 Crores) against an aggregate Current liability of ₹ 11478.09 Crores (2021 - ₹ 10173.95 Crores). Other Non-current liabilities other than lease liabilities due between one year to three years amounted to ₹ 94.99 Crores (2021 - ₹ 162.10 Crores) and Other Non-current liabilities due after three years amounted to ₹ 6.05 Crores (2021 - ₹ 82.53 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 27(vi).

Further, while the Company's total equity stands at ₹ 61399.57 Crores (2021 - ₹ 59004.62 Crores), it has non-current borrowings of ₹ 4.54 Crores (2021 - ₹ 5.28 Crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

#### Market Risk

The Company is not an active investor in equity markets; it holds certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at 31st March, 2022 is ₹ 1372.52 Crores (2021 - ₹ 827.25 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of financial liabilities is negligible. Further, treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of safety, liquidity and returns. This ensures that investments are made within acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market movements in respect of the Company's investments in bonds/debentures that are held at amortised cost are temporary

# Notes to the Financial Statements

## 30. Financial Instruments and Related Disclosures (Contd.)

and get recouped through coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. Such activities are managed by the business team within an approved policy framework. The carrying value of inventories is adjusted to the extent of fair value movement of the risk being hedged. Such hedges are generally for short time horizons and recognised in profit or loss within the crop cycle. Accordingly, the Company's net exposure to commodity price risk is considered to be insignificant.

### Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Pound Sterling, Euro and Japanese Yen) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, including the Company's net investments in foreign operations (with a functional currency other than Indian Rupee), are also subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows:

(₹ in Crores)

As at 31st March, 2022	USD	Euro	GBP	JPY	Others	Total
Financial Assets	565.80	75.16	40.00	0.01	0.98	681.95
Financial Liabilities	71.69	51.34	2.16	18.26	4.00	147.45
As at 31st March, 2021	USD	Euro	GBP	JPY	Others	Total
Financial Assets	886.99	37.91	24.69	–	14.06	963.65
Financial Liabilities	76.41	36.92	1.44	40.55	7.49	162.81

The Company uses foreign exchange forward, futures and options contracts to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions.

- a. Forward exchange contracts that were outstanding on respective reporting dates:

(In Million)

Designated under Hedge Accounting		As at 31st March, 2022		As at 31st March, 2021	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	22.38	586.94	45.61	66.01
Euro	US Dollar	14.09	–	29.27	–
AUD	US Dollar	–	–	0.08	–
CHF	US Dollar	1.16	–	0.02	–
GBP	US Dollar	0.01	–	0.01	–
SEK	US Dollar	1.36	–	4.09	–
SGD	US Dollar	0.04	–	0.04	–
JPY	US Dollar	324.36	–	829.68	–

The aforesaid hedges have a maturity of less than 1 year from the year end.



# Notes to the Financial Statements

## 30. Financial Instruments and Related Disclosures (Contd.)

(In Million)

Not designated under Hedge Accounting		As at 31st March, 2022		As at 31st March, 2021	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	5.00	39.54	–	177.72
Euro	US Dollar	–	9.15	–	9.42
AUD	US Dollar	0.04	–	0.03	–
CHF	US Dollar	0.34	–	0.22	–
GBP	US Dollar	–	8.59	–	3.60
SEK	US Dollar	–	–	0.40	–
SGD	US Dollar	–	–	0.32	–
KWD	US Dollar	0.19	–	0.13	0.41
JPY	US Dollar	53.90	–	58.40	–

b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

(In Million)

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	17.00	–	–

### Hedges of foreign currency risk and derivative financial instruments

The Company has established risk management policies to hedge the volatility in cashflows arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward, futures and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

The Company uses derivatives to hedge its exposure to foreign exchange rate fluctuations. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

The Company may also designate certain hedges which are entered to manage the volatility in cashflows as a cash flow hedge under hedge accounting. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

# Notes to the Financial Statements

## 30. Financial Instruments and Related Disclosures (Contd.)

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

(₹ in Crores)

Particulars	2022	2021
<b>At the beginning of the year</b>	4.93	(24.33)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	16.71	34.47
Add: Changes in fair value of effective portion of outstanding cash flow hedges	19.27	7.02
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	30.07	6.51
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	3.03	0.86
Less: Amounts transferred to initial cost of non-financial assets	(9.68)	(4.99)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on Ineffectiveness	–	–
(Less)/Add: Deferred tax	(3.16)	(9.85)
<b>At the end of the year</b>	<b>14.33</b>	<b>4.93</b>
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	<b>2.46</b>	<b>2.53</b>

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be included in the initial cost of the non-financial hedged item on its initial recognition or reclassified to profit or loss, as applicable, in the anticipated timeframes given below:

(₹ in Crores)

Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2022	As at 31st March, 2021
Within one year	10.80	3.86
Between one and three years	3.53	1.07
<b>Total</b>	<b>14.33</b>	<b>4.93</b>

### Foreign Currency Sensitivity

For every percentage point increase/decrease in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, including derivative contracts, holding all other variables constant, the profit before tax for the year ended 31st March, 2022 would decrease/increase by ₹ 2.22 Crores (2021 - ₹ 6.16 Crores) and other equity as at 31st March, 2022 would decrease/increase by ₹ 42.87 Crores (2021 - ₹ 5.76 Crores) on a pre-tax basis.

### Credit Risk

Company's deployment in debt instruments are primarily in Government securities, fixed deposits with highly rated banks and companies, bonds issued by government institutions, public sector undertakings, mutual fund schemes of leading fund houses and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 17732.33 Crores (2021 - ₹ 13561.33 Crores). With respect to the Company's investing activities, mutual fund schemes and counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Central/State Government, Government institutions/public sector undertakings with investment grade/sovereign credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 1952.50 Crores (2021 - ₹ 2090.29 Crores).

## Notes to the Financial Statements

### 30. Financial Instruments and Related Disclosures (Contd.)

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

The movement of the expected loss provision (allowance for bad and doubtful loans, advances and receivables etc.) made by the Company are as under:

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2022	As at 31st March, 2021
Opening Balance	205.11	149.08
Add: Provisions made (net)	11.71	57.49
Less: Utilisation for impairment/ de-recognition	2.77	1.46
Effects of foreign exchange fluctuation	–	–
Closing Balance	<b>214.05</b>	<b>205.11</b>

#### 4. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2022	As at 31st March, 2021
<b>A. Financial assets</b>			
<b>a) Measured at amortised cost</b>			
i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities	2	11232.53	9945.03
ii) Investment in Mutual Funds	1	277.12	–
iii) Loans*	3	4.02	1.98
iv) Other Financial assets*	3	1527.15	24.15
<b>Sub-total</b>		<b>13040.82</b>	<b>9971.16</b>
<b>b) Measured at Fair value through OCI</b>			
i) Equity shares – Quoted	1	1370.15	824.88
ii) Investment in Mutual Funds	1	1238.69	–
<b>Sub-total</b>		<b>2608.84</b>	<b>824.88</b>
<b>c) Measured at Fair value through Profit or Loss</b>			
i) Investment in Mutual Funds	1	8535.85	12145.73
ii) Investment in Bonds/Debentures	2	991.97	1148.15
iii) Investment in Venture Capital Fund	2	87.33	35.04
iv) Investment in Equity & Preference Shares	3	20.00	–
<b>Sub-total</b>		<b>9635.15</b>	<b>13328.92</b>
<b>d) Derivatives measured at fair value</b>			
i) Derivative instruments not designated as hedging instruments	2	3.27	8.93
ii) Derivative instruments designated as hedging instruments	2	27.27	12.88
<b>Sub-total</b>		<b>30.54</b>	<b>21.81</b>
<b>Total financial assets</b>		<b>25315.35</b>	<b>24146.77</b>

# Notes to the Financial Statements

## 30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2022	As at 31st March, 2021
<b>B. Financial Liabilities</b>			
<b>a) Measured at amortised cost</b>			
i) Sales tax deferment loans*	3	3.12	3.34
ii) Lease liabilities*	3	259.79	272.36
iii) Other Financial liabilities*	3	84.87	151.81
<b>Sub-total</b>		<b>347.78</b>	<b>427.51</b>
<b>b) Measured at fair value</b>			
i) Derivative instruments not designated as hedging instruments	2	0.45	1.54
ii) Derivative instruments designated as hedging instruments	2	9.56	19.01
iii) Contingent Consideration	3	76.40	139.51
<b>Sub-total</b>		<b>86.41</b>	<b>160.06</b>
<b>Total financial liabilities</b>		<b>434.19</b>	<b>587.57</b>

\* Represents Fair value of Non-current Financial Instruments.

### Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

**Level 1:** Quoted prices (unadjusted) in active market for identical assets or liabilities.

**Level 2:** Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short – term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as best estimate of fair value and has been excluded in the fair value measurement disclosed above.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

On behalf of Board

S. PURI	Chairman & Managing Director
R. TANDON	Director
S. DUTTA	Chief Financial Officer
R. K. SINGHI	Company Secretary

# Independent Auditor's Report

## to the Members of ITC Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of ITC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b>	
<p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof.</li> <li>Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls over recognition of revenue.</li> <li>Evaluated the design, implementation and operating effectiveness of Company's controls in respect of revenue recognition.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Standalone Ind AS Financial Statements - Significant Accounting Policies and Note 21A/21B.</p>	<ul style="list-style-type: none"> <li>● Tested the effectiveness of such controls over revenue cut off at year-end.</li> <li>● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents.</li> <li>● Performed an increased level of substantive testing in respect of sales transactions recorded during the period closer to the year end and subsequent to the year end.</li> <li>● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing.</li> <li>● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.</li> </ul>
<b><i>Litigations – Contingencies</i></b>	
<p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 27(iv)(a) to the Standalone Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>● Obtained and read the Company's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards.</li> <li>● Assessed the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls.</li> <li>● Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</li> <li>● Additionally, considered the effect of new information in respect of contingencies as at April 1, 2021 to evaluate whether any change was required in the management's position on these contingencies as at March 31, 2022.</li> <li>● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.</li> </ul>

## Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<b><i>Impairment assessment of investment in WelcomHotels Lanka (Private) Limited ('WLPL'), a wholly owned subsidiary</i></b>	
<p>WLPL is developing a mixed-use project in Colombo, Sri Lanka which includes a hotel and a residential apartment complex. At March 31, 2022, the carrying value of Company's investment in WLPL is ₹ 2,169.27 Crores. The Company's investments in subsidiaries are assessed annually by management for potential indicators of impairment.</p> <p>In view of the recent deterioration in the macro-economic scenario in Sri Lanka, the Company has assessed the carrying value of investments basis evaluation of the recoverable value of the capital work in progress of the hotel (PPE) and inventory of the residential apartments being developed by WLPL. The said determination is based on assumptions, that by their nature imply the use of the management's judgment, in particular with reference to forecast of future cash flows, selling price, balance cost to complete the project, selling costs, terminal value, long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 1 – Significant Accounting Policies and Note 2 – Use of estimates and judgements to the Standalone Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the key judgements/assumptions underlying management's assessment of potential indicators of impairment.</li> <li>• Obtained and read the projections/estimated selling price/future cashflows along with sensitivity analysis thereof of the underlying PPE and inventory at WLPL.</li> <li>• Discussed and obtained assessment of recoverable value of PPE and inventory from component auditor of WLPL.</li> <li>• Evaluated management's methodology, assumptions and estimates used in these calculations.</li> <li>• Involved valuation specialist to review the appropriateness of methodology and key assumptions considered by management to determine discounted future cash flows.</li> <li>• Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by management.</li> <li>• Verified the arithmetical accuracy of the future cash flow model including comparison with approved budgets.</li> <li>• Assessed the recoverability of investment with regard to underlying value in use of PPE and net realisable value of inventory in WLPL.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;



## Independent Auditor's Report

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 27(iv)(a) to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
  - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"),

with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

As stated in Note B of Statement of changes in equity to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni  
Partner  
Membership Number: 41870  
UDIN: 22041870AJEIXG8741

Place of Signature: Mumbai

Date: May 18, 2022

## Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

### Re: ITC Limited (the “Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
(B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have substantially been confirmed by them as at year end. No discrepancies of 10% or more in aggregate for each class of inventory (including inventories lying with third parties) were noticed.
- (b) As disclosed in note 8 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 Crores in aggregate from banks during the year on the basis of security of inventories of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the investments made by the Company is not prejudicial to the Company’s interest. The Company has not provided guarantees or security and has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties and hence not commented upon.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public nor accepted any amounts which are deemed to be deposits during the year within the meaning of Sections 73 and 76 of the Companies Act, 2013. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Companies Act, 2013. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the

manufacture of specified products of the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) The dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in Crores)*	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Sales Tax and Value Added Tax Laws	Sales Tax and VAT	58.08	1987-2018	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		29.27	2000-2018	Appellate Authority – Tribunal Level
		219.25	1994-2017	High Court
Customs Act, 1962	Customs Duty	0.75	2012-2016	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		7.90	2011-2022	Appellate Authority – Tribunal Level
Central Excise Act, 1944	Excise Duty	0.44	1996-2018	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		91.28	1973-2017	Appellate Authority – Tribunal Level
		4.35	2004-2012	High Court
Finance Act, 1994	Service Tax	4.82	2006-2017	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		74.69	2003-2017	Appellate Authority – Tribunal Level
		4.93	2005-2007	High Court
Entry Tax Laws	Entry Tax	0.04	2005-2014	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		32.40	2010-2018	Appellate Authority – Tribunal Level
		50.06	1999-2018	High Court

Name of the statute	Nature of the dues	Amount (₹ in Crores)*	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Luxury Tax Laws	Luxury Tax	55.22	1999-2010	High Court
Mandi Laws	Mandi Fees & Cess	2.54	2010-2022	Mandi Board
		2.27	2001-2011	High Court
Municipal, Local Bodies and Property Tax Laws	Municipal, Local Bodies and Property Taxes & Charges	3.44	2014-2021	Appellate Authority – upto commissioners'/ Revisional Authorities Level/ Municipal Council
		2.40	2004	Appellate Authority – Tribunal Level
		32.31	2001-2018	High Court
Stamp Duty Laws	Stamp Duty	4.22	2004-2016	Registrar/ Appellate Authority
		0.04	1987-2008	High Court
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	0.14	2012-2016	Appellate Authority – Tribunal Level
		1.49	1982-1990	High Court
Employees' State Insurance Act, 1948	Employees' State Insurance	0.08	2007-2014	Principal Labour Court
		0.95	1995-2012	High Court

Out of the total disputed dues aggregating ₹ 683.36 Crores as above, ₹ 549.91 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

\*Net of amount paid under protest.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Hence, the requirement to report on clause (ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.
- (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor / secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) (a) to (c) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) (a) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) The Group does not have more than one CIC as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 27 (xiii) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub-section 5 of Section 135 of the Act. This matter has been disclosed in note 27 (ii) to the financial statements.
- (b) All amounts that are unspent under sub-section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub-section (6) of Section 135 of the said Act. This matter has been disclosed in note 27 (ii) to the financial statements.

For S R B C & CO LLP  
*Chartered Accountants*  
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni  
*Partner*

Membership Number: 41870

UDIN: 22041870AJEIXG8741

Place of Signature: Mumbai

Date: May 18, 2022

## Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of ITC Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of ITC Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

#### Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference

to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP  
*Chartered Accountants*  
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni  
*Partner*

Membership Number: 41870  
UDIN: 22041870AJEIXG8741

Place of Signature: Mumbai  
Date: May 18, 2022