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26th June, 2020

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

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

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

Dear Sirs,

Novel Coronavirus (COVID-19)

Further to our letters dated 27th March, 2020 and 16th May, 2020 on the captioned subject, we enclose a note detailing the impact of COVID-19 pandemic on the Company's business operations, as suggested by SEBI vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020.

Yours faithfully,
ITC Limited

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

Encl: as above

(a) **Impact of COVID-19 pandemic on the Company's business**

The pandemic has been viewed globally as an unprecedented 'black swan' event, disrupting normal life of citizens, business operations and the economy. The nationwide lockdown that followed necessitated immediate suspension of the Company's operations from 25th March, 2020 across all businesses including sourcing of agri-commodities, manufacturing, warehousing, distribution and hospitality services in both owned locations and those of supply chain partners. However, even prior to the lockdown as the pandemic gained ground, disruptions had begun to impact some of the Company's businesses such as Hotels, due to the sharp decline in travel and hospitality; Cigarettes, as a result of challenges from external operational disturbances; and Education & Stationery Products given the postponement in the commencement of the academic session.

Subsequently, the Company was able to obtain permissions across all operating locations in multiple States to manufacture essential commodities like Foods & Personal Care Products and could speedily resume operations in product segments such as atta, noodles, biscuits, snacks, soaps, handwash, sanitisers etc. Engaging closely with district administrations and local authorities, such facilities began operations with a dedicated but limited frontline workforce following stringent implementation of benchmarked best-practice safety protocols, to meet the nation's urgent need for essential commodities. Employee and worker safety received paramount attention, and was strictly monitored by teams at the local units and at the central level by designated Crisis / Contingency Management Teams.

In the immediate aftermath of the lockdown, anticipated disruptions were experienced on several fronts. Although a large number of neighbourhood grocery stores selling essential food, health and hygiene products were permitted to remain open, they operated with significant restrictions with respect to duration of opening hours, timings, number of customers that could be serviced at a time etc. In many geographies, convenience outlets remained closed for extended durations. Non-availability of public transport adversely impacted the availability of manpower involved in value chain operations like warehousing, order capture, transportation and so on. There was also an initial shortage of vehicles for transportation of essential as well as other goods in the value chain. These disruptions impacted availability of FMCG products in the retail stores across the country.

However, with the consequent and progressive relaxations in the nature of lockdown, the Company responded with agility, speed and resilience, together with a structured process of proactive planning, to operate in the 'new normal' and resumed effective operations across sourcing, manufacturing, logistics and distribution throughout the country in all permitted areas. The Company, in the last quarter, has scaled up manufacturing manifold in hygiene products like sanitisers. In addition, manufacturing has been substantially scaled up in areas such as staples (atta, biscuits and noodles) with a 100% level of capacity utilisation. In some of these segments, additional capacity was augmented in owned and partner facilities on an immediate basis to address the strong consumer demand. All the cigarette units of the Company are fully operational and the related sales

and distribution infrastructure are progressively normalising. Most other major categories of FMCG Segment, Paperboards and Packaging are operating at 80-85% of normal levels. The Company is well poised to address the growing demand for its products and services, and a process of strategic scenario planning is in place to respond to the dynamic situation given the uncertainty posed by the pandemic and the consequent disruptions that may take place.

(b) Ability to maintain operations including the factories / units / office spaces functioning & closed down and schedule, if any, for restarting the operations

As on date, all factories manufacturing FMCG products including cigarettes, paperboards and paper, as well as processing of leaf tobacco are operational and are able to completely service the emerging consumer / customer demand scenario. Packaging units are functional and catering to both internal and external customers. Agri-operations of the Company and engagement with farmers for sourcing various commodities, powered by the Company's extensive e-Choupal rural ecosystem, commenced during lockdown itself with teams of dedicated personnel carrying out operations with strict safety protocols. Given the disruptions in road transport, the Agri Business Division responded with agility to tie up with Railways and Coastal based transport to move commodities speedily to manufacturing and other locations. Currently, such agri-operations, which also provide competitive sourcing for the Company's Foods business, are stable at full scale. Hotels operations at the moment has been severely impacted with very low levels of occupancy across properties as well as the requisition of some facilities for quarantine / healthcare related services. Given the unpredictable and evolving pandemic, temporary disruptions may occur in some locations and units from time to time. However, robust and proactive scenario planning processes are in place to quickly respond to such a dynamic context.

The ability to speedily resume operations in difficult circumstances demonstrates the resilience of the Company, and is testimony of the dedication and commitment of its employees and trade partners. Crisis / Contingency Management Teams were set up across the Company. These teams, represented by senior management, reviewed strategic, operational, financial matters as well as matters relating to employee well-being, health and safety on a regular basis. Recognising that the welfare of partners, associates and employees were paramount, the levels of engagements were heightened and specific assistance provided to ensure smooth functioning.

In addition, 'Work from Home' was facilitated for personnel other than those involved in factory operations and field staff in the supply chain. Large deployment of IT and digital resources, seamlessly connecting more than 7,000 employees, ensured effective continuity of operations even while working from home.

(c) Steps taken to ensure smooth functioning of operations

Amidst an unprecedented environment marked by heightened uncertainty, the Company's businesses had to not only manage the crisis situation and protect its infrastructural and human assets effectively, but also remain extremely nimble in discerning emerging trends, spotting opportunities, managing risks in a dynamic manner

and act with great swiftness and agility. The Company has also been alert in tracking the evolving changes so as to identify emerging needs and are crafting new strategies, fashioning new business models and innovating products and processes to continuously add larger stakeholder value in the new normal. Accordingly, the Company's strategic responses to the evolving situation have been crafted under 3 broad heads: '**Survive, Revive and Reimagine**'. Extensive efforts have been made to ensure the efficient functioning of a robust eco-system that encompasses the Company's engagements with farmers, partners, suppliers, associates and employees.

The Company resolved early to prepare for the 'new normal' based on the tenets of **agility, alertness and compassion**, which have been its hallmark over the years. The broad strategy for smooth functioning of operations encompassed 10 key areas.

1. **Effective business continuity** was facilitated with relevant deployment of resources, building up of infrastructure, processes and systems that could ensure operational sustainability in the changed circumstances. The Company also assisted its supply chain partners, many of whom are MSMEs, in obtaining permissions from the authorities to operate and obtain movement passes for their personnel to ensure smooth supply of essential goods. The Company extended credit to its customers in a judicious manner to alleviate their working capital crunch and enable them to resume / scale up their operations. In addition, the Company has facilitated and extended financial support to its supply chain partners for obtaining a COVID-19 Insurance Cover for their associates, under which hospitalisation and diagnostic expenses will be covered. Further, financial assistance was also extended to such associates, in addition to the provision of items of daily consumption to help tide over the immediate crisis.
2. Heightened **safety protocols** were implemented at all units that resumed operations, with end-to-end solutions from transportation of workmen, innovations to ensure safe distancing and strict adherence to hygiene standards. The Company's employees, trade partners, transporters and their associates were provided extensive training in Social Distancing and Personal Protection. Standard Operating Processes (SOPs) were developed to ensure safe and hygienic work conditions both at the work place as well as in the market. All employees and associates were encouraged to download and use the Aarogya Setu app as advised by the Government. Prior to entry into any ITC location and facility, the status in the Aarogya App is mandatorily checked.
3. All units worked extensively with **district administrations** and local authorities to enable faster response time in dynamic and evolving situations.
4. Responding to **opportunities emerging from changing consumer needs**, the Company fast tracked the design, development and go-to-market strategy of new products and services. Innovative and useful products launched during the lockdown period to meet the consumer's increasing demand for safety, immunity and hygiene include the Savlon Disinfectant Spray, Savlon Hexa with added protection, Savlon Wipes, Nimwash, B-Natural Plus range of Immunity beverages, Home and Family Packs of some of the Company's trusted brands and so on. Anticipating a larger

demand for hygiene products and to address an area of national priority, the Company repurposed its perfume manufacturing facility in Manpura, Himachal Pradesh, on a war footing to manufacture Savlon Hand sanitisers to enhance availability in the country. As mentioned earlier, manufacturing capacity in sanitisers has been ramped up significantly.

5. **Realignment of the distribution infrastructure** was speedily executed to reach consumers more efficiently as they remained confined at home, by being a first mover in speedily entering into collaborations with service delivery partners leveraging the synergy of the availability of our trusted brands with the reach of some of our partners direct to homes. The Company's tie-ups for delivery of its products to consumers include diverse companies such as Dominos, Swiggy, Zomato, Dunzo, Amway etc.
6. **Innovations** including 'ITC Store on Wheels' to ensure direct reach to consumers in residential agglomerations, increased availability in ecommerce platforms including the 'ITC eStore,' direct store deliveries to Modern Trade and substantially expanding presence of its product portfolio in alternative outlets, were some of the measures deployed to ensure easier access to our products. The Company also supported retail outlets in identified geographies under the 'Suraksha Store' initiative of the Department of Consumer Affairs, Government of India, aimed at implementing safety measures in grocery stores in the country where consumers can purchase their needs in a safe and hygienic environment.
7. Innovative and purposeful programmes were launched to **engage consumers** at home through digital and other communications to enable useful activities for at-home engagement, ensure top-of-mind recall and consumer delight in such difficult circumstances. Tie ups with television channels and digital engagements were put in place to share interesting recipes from ITC's Hotel chefs and others to engage consumers with the Company's products. The '5 Star Kitchen' programme, for example, which was launched in 33 Star Channels, was not only a prime example of synergy between Foods and Hotels businesses, but was shot in the homes of ITC's talented Chefs, to bring delectable cuisines to people across the country who were confined in their own homes. Similar initiatives with Dark Fantasy in 19 Zee channels, other live digital music events such as the Nimyle 'Stay Home Sangeetham,' Aashirvaad and YiPPee! Innovative recipes, purposive messages celebrating Mom's Magic / Stronger Moms, "Lets make India Bounce back" (to get kids to stay at home), "A lot can happen inside" (inspire youth to look inside), Bingo! Comedy adda etc. Since the outbreak of the pandemic, Savlon Swasth India has led a purposeful and nationwide awareness programme on best practices in hygiene through mass media, tying up with leading protagonists from daily shows and news anchors to spread this message. Earlier, children were taught about good hygiene practices in an engaging manner, so that they are able to create a shift to a healthier habit.

8. To reassure guests at our iconic Hotels, the “**WeAssure**” programme has been launched to reinforce ITC Hotels’ commitment towards health, hygiene and safety, and has been designed in collaboration with medical professionals and disinfection experts to further enhance the existing hygiene and cleaning protocols. ITC Hotels is also progressing towards an accreditation process by NABH for its procedures, and is working on assurance of higher levels of hotel operating standards by DNV GL Business Assurance by building on the pillars of health, hygiene, safety and pathogen control. Several interventions have also been implemented by the Hotels Business to mitigate the impact of the challenging business environment. These include specially customised packages for short getaways/staycations, revamped packages with curated offers for meetings, launch of specially crafted takeaway dining service - ‘Flavours curated by ITC Hotels & Welcomhotels’ in major cities, extension of additional benefits to members of the Club ITC loyalty programme and enhanced guest connect through sharing of contextual content in social media. ‘Food for Thought’ – a new series outlining activities that are easy to do in the comfort of homes and are both constructive & beneficial was introduced on social media platforms. Adjacencies such as premium laundry services in select cities are also being actively explored.
9. Post systematic assessment, extensive ‘**Work from Home**’ was effected to be able to conduct office activities from a home environment. Detailed guidelines were issued to the employees for ‘Work from Home’ to enable effectiveness, engagement and motivation with constant connect with mentors and HR personnel and by provision of seamless connectivity. In this context, it would be pertinent to note that, during the lockdown, ITC entered into a Share Purchase Agreement (SPA) to acquire 100% of the equity share capital of Sunrise Foods Private Limited. All the processes related to the SPA were completed in a ‘Work from Home’ mode, reflecting the Company’s agility and resilience in dealing with the new normal. Detailed advisories have also been issued to the employees from time to time for ‘Dos and Don’ts’ and also for maintaining highest standards of hygiene and promoting social distancing. Where it is most essential, access has also been provided to use office facilities with stringent safety protocols.
10. In line with ITC’s credo of Nation First – Sab Saath Badhein, and as a **responsible and compassionate corporate citizen**, several initiatives were taken to support distressed communities and the needy. Apart from the contribution made by the Company to the PM CARES Fund of ₹ 100 crores, with an additional contribution from its employees as well and contribution of ₹ 29 crores to the Chief Minister’s Relief Funds in several States, initiatives were launched to donate essential commodities and cooked food across the country in a large scale to help ameliorate some of the problems faced in communities around our catchments and in areas requiring immediate relief, in partnership with district administration. In some cases, associates of our trade partners – many of whom are migrants from other geographies - were supported with food, and accommodation near their place of work and arrangements were made for their travel to and from their residences. This not only enabled seamless operations, but also obviated their need to immediately go back to

their homes in their native geographies. Towards addressing all these areas of national priority, a Contingency Fund of ₹ 215 crores was created, including contribution by the ITC Rural Development Trust and the ITC Education and Healthcare Trust.

These broad strategies implemented through multidimensional initiatives will ensure smooth functioning of operations.

(d) Estimation of the future impact of CoVID-19 on the operations of the Company

The future impact on the business operations is difficult to assess at this point, as the situation is fast unravelling and is uncertain. However, the Company is well prepared to face anticipated challenges and cater to the emerging needs of its consumers, customers and guests.

The Company continues to closely monitor the situation and will take necessary steps as may be required from time to time.

(e) Details on impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt and other financial arrangements, assets, internal financial reporting and control

The Company is debt-free and has a strong Balance Sheet and liquidity position. It also has a robust track record of cash generation and remains the clear leader in the FMCG industry in terms of annual Free Cash Flow generation.

The Company continues to focus on strategic cost management interventions across each element of its value chain. In light of the current situation, these interventions are being supplemented by bringing extreme focus on costs and cash conservation anchored on zero-based budgeting principles and the elimination of discretionary / non-essential spends and deferring / curtailing activities in the short-term without compromising business outcomes. Appropriate process controls and review mechanisms are in place in this regard. Each of the Company's businesses is engaged in scenario planning and stress testing of financials to remain agile and responsive to the rapidly evolving business dynamics.

Creating a safe ecosystem and ensuring employee safety and well-being are top priorities for the Company. This, inter alia, entails additional operating costs in the form of safe transportation and accommodation, masks, sanitisers, PPEs, IT connectivity and infrastructure, relatively lower output in manufacturing facilities due to social distancing protocols, incentives etc. The exact quantum of such costs is difficult to be determined at this stage.

The Company does not foresee any incremental risk in realising / recovering the value of its assets at this stage. Internal financial controls and reporting processes continue to be robust.

(f) **Existing contracts / agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business**

The Company is well positioned to fulfil its obligations with respect to existing and material contracts and agreements. At present, the Company does not foresee any risk of non-fulfilment of obligations by any party which could have a significant impact on it.

(g) **Other relevant material updates**

None. The Company will advise the Stock Exchanges on subsequent material developments in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time.



Products & Services launched during the lockdown



Disinfectant Spray



Hexa Sanitizer



Germ Protection Wipes



Hexa Soap



50p Sanitizer Pouch



Vegetable & Fruit Wash



Aashirvaad Svasti Lassi



Immunity Supporting & Other Juices



Premium Ball Pens

Products & Services launched during the lockdown



ITC Hotels 'WeAssure' Initiative

ITC MARATHA
MUMBAI

Lavanderia
TIME TO LAUNDRY

We're pleased to share with you that Lavanderia - our premium in-house Dry Cleaning & Laundry Service, is now available for all your fabric care needs.

With the best in class equipments, cleaning products, and our signature care, every item you leave with us, is processed to perfect on and hand finished - all completely in-house.

At ITC Hotels, our ethos of responsible luxury has always influenced our actions and processes to ensure they are in harmony with the environment and society. That's why starting from the cleaning solutions to the bags delivering your freshly dry cleaned or laundered clothes, every touchpoint uses a sustainable approach.

With Lavanderia, we present:

- Experienced team of professionals who make sure that your clothes are cleaned to perfection whilst at the same time, ensuring fabric safety.
- Global standards of safety measures, contactless operation so you're twice as assured.
- Eco-friendly laundry products and processes.

Guests are requested to drop and collect their laundry from the lobby concierge.

To view the ordering process/ know more, click below

KNOW MORE

For more information, contact
02228303030 / +919870981145



ITC Hotels drop & collect laundry services

New delivery models to ensure availability during the lockdown



www.ITCStore.in
launched

ITC on Wheels to Housing Complexes

New delivery models through tie-ups



Deepening consumer engagement leveraging social media



Recipes with Aashirvaad



Recipes with Sunfeast Yippee!



ITC Hotels 'Food for thought'



5 Star Kitchen series on Star Channels

Deepening consumer engagement with moment marketing



IN THE FIGHT AGAINST CORONAVIRUS, LEND A HAND BY CLEANING IT.

Savlon RECOMMENDS 8 STEPS OF HANDWASHING

1. WASH PALMS AND FINGERS
2. SCRUB BETWEEN FINGERS
3. WASH THE BACK OF HANDS
4. CLEAN THE BACK OF FINGERS
5. SCRUB BOTH THUMBES
6. SCRUB NAILS ON PALMS
7. WASH THUMB WRISTS
8. USE A CLEAN TOWEL TO DRY HANDS

Savlon
SWASTH INDIA.
HEALTHIER KIDS, STRONGER INDIA.

*As per mandatory label need to follow Guidelines of Ministry of Health, Govt. of India, 2020.

YOUR IMMUNITY SUPPORT THIS SEASON

B Natural

RICH IN VITAMIN C

Goodness of Indian Fruit and Fiber

MADE FROM 100% INDIAN FRUIT. 0% CONSERVATIVES

VITAMIN A A GLASSFUL OF IMMUNITY*

AASHIRVAAD Swasti

*Compared to unpasteurized toned milk. Creative Visualization.

*Aashirvaad Swasti Milk is fortified with Vitamin A. A source to support immunity in children. *Based on experimental data conducted for children 12 to 18 yrs. ©2020 LICMIL

fama

Wash your hands regularly

Feed the sunbambas the special diet

Mood Upliftment

#MeTimeInQuarantine

00-15 min

Wash and wipe all your beauty

Wash your face regularly

Wash your hands regularly

nimyo

Keep your floors safe from disease-causing germs

#PowerofNeem

100% Natural neem leaves and essential oils. Kills germs on the spot.

CHARMIS

Don't let those soft hands go dry with consistent hand washing. Apply Charmis cream for hydrated skin

CHARMIS

CHARMIS

DERMAFIQUE

HAND-CREAM

Cleanse often, but don't forget to hydrate

JELIMALS and CHHOTA BHEEM

present

Do the 5 song

CREATIVE VISUALS

Vivel

STEP 03

Rub hands palm to palm

STEP 04

Right palm over left dorsum with interlaced fingers and vice versa

You, me and awesome recipes!

#OurFavouriteCookingCreations

Join me LIVE @chefsaloni

23rd April | 5 PM

A lot can happen inside

#CantWaitWontWait

MOM'S MAGIC

"Thank you Moms for keeping us cheerful and safe"

This Mother's Day, we dedicate the special edition pack to all the Strong Moms

STRONG MOMS

StayStrongMoms