

Report of the Board of Directors

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Management Discussion and Analysis

For the Financial Year Ended 31st March, 2023

SOCIO-ECONOMIC ENVIRONMENT

After two years of pandemic-led disruptions, FY 2022-23 marked a return to normalcy in operations. However, geopolitical tensions, continued supply chain dislocations and climate crisis resulted in unprecedented inflation and volatility in global commodity and energy prices. Central banks across the world responded swiftly with sharp increase in interest rates within a relatively short time frame. As per IMF estimates, global GDP growth slowed to 3.4% during 2022, well below projections made at the beginning of the year. Growth in Advanced Economies decelerated sharply to 2.7% in 2022 (Vs. 5.4% in 2021) while Emerging Markets & Developing Economies grew at a relatively slower pace of 4.0% (Vs. 6.9% in 2021), mainly impacted by lower growth in China.

Going forward, the global macroeconomic environment continues to be confronted with myriad challenges; these include the continuing impact of the Russia-Ukraine conflict, global inflation remaining sticky and at elevated levels, recessionary pressures in most Advanced Economies, spectre of stress in the financial sector and the cost-of-living crisis in several economies, especially in the near term. As per IMF estimates, aggregate global economic growth is expected to further decelerate to 2.8% in 2023. Advanced Economies are projected to grow at 1.3% with major economies such as the United States and

Euro Area set to grow at a slower pace than 2022. Emerging Markets and Developing Economies are estimated to grow by 3.9% in 2023 as against 4.0% in 2022. As priority of policy makers currently centre largely around inflation control, the monetary policies of central banks would remain a key monitorable in the near term.

The Indian economy remained a bright spot in FY 2022-23 amidst the global slowdown. Real GDP growth for the year is estimated at 7.0% (first half: 9.6%; second half: 4.8%) with Nominal GDP growth at 15.9% (first half: 22.3%; second half: 10.5%), reflecting the inflationary pressures in the economy. While Agriculture grew by 3.3% in real terms, Services and Industry sectors grew by 9.4% and 3.6% respectively, on a soft base. With steep inflation eating into household budgets, consumption demand remained subdued in rural markets and for discretionary categories in urban markets.

In spite of severe global headwinds, India remained one of the fastest growing major economies enabled by purposeful interventions by policy makers. The Government of India has continued its thrust on structural reforms to raise India's potential growth. During the year, concerted efforts continued to be made towards shaping India as a global manufacturing hub through policy initiatives such as Production Linked Incentive (PLI), Make in India, PM Gati Shakti, National Monetisation Pipeline

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schemes and strengthening the country's digital public infrastructure as well as the healthcare infrastructure. Further, astute management of macros including fiscal and monetary policies also aided in mitigating the volatility in the operating environment.

While the pace of growth of the Indian economy is projected to decelerate in FY 2023-24 against the backdrop of global macro headwinds as aforesaid, India would continue to be the fastest growing major economy in the world. Even as inflation is projected to soften on an overall basis, prices of certain industry-specific commodities are expected to remain elevated with continued geopolitical issues and supply chain disruptions. The year is also expected to witness 'El Nino' weather phenomenon after three consecutive 'La Nina' years; the impact of this on monsoon, along with related events like heatwaves, spatial and temporal rainfall distribution etc. will remain a key monitorable for agri output, inflation and consumer demand in 2023. A good Rabi harvest, broad-based credit growth and Government's thrust on capital spending to bolster investment activity supported by buoyant tax collections, augur well for the economy going forward. Healthier Bank and Corporate Balance Sheets, improving capacity utilisation levels and structural reforms represent some of the key positive factors for revival in private capex.

India is widely acknowledged as one of the most dynamic major economies in the world with immense headroom for growth over the medium and long term. A favourable demographic profile, increasing affluence, rapid urbanisation and accelerated digital adoption represent some of the key structural drivers of growth of the Indian Economy. Policy

announcements in the Union Budget 2023 including focus on expanding digital infrastructure, direct benefit transfer, etc. are expected to provide further impetus to enhance India's competitiveness, enable greater empowerment and foster inclusive growth while maintaining the path to fiscal consolidation. Sharp step-up in capital expenditure outlay, focus on infrastructure and promotion of exports are expected to boost domestic manufacturing, spurring a virtuous consumption-investment-employment cycle.

As the Indian economy combats uncertainties in the external environment, policy interventions focused on supporting sustainable livelihoods and fostering inclusive growth augur well for the economy. Structural support would need to be provided to sectors with large economic multiplier impact; the development of robust domestic agri and wood-based value chains hold special importance in the Indian context given their enormous potential to contribute to national objectives.

Agricultural sector plays a crucial role in the economy with about half of the Indian workforce engaged in the sector. As reported in earlier years, enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical to enhance the competitiveness of the agricultural sector and drive significant increase in farmers' income. India is the leading producer worldwide of several commodities, including pulses, spices, fruits such as bananas, etc. While India's agri exports have grown sharply over the last few years to reach appx. US\$ 53 billion in FY 2022-23, its share of global agri-trade remains low at only about 3%.

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The Agri sector remains vulnerable to the vagaries of climate change, facing considerable challenges as a primary source for food, fuel, fibre, fodder and livelihood security. According to an article in the Harvard Business Review, global food demand is expected to increase by up to 98% by 2050.

An exponential increase in production and productivity will be required to meet the growing needs of an increasing population at a time when natural resources are fast depleting and the impact of climate change is becoming more severe. Evolving consumer preferences will also require nutritious food that is sustainably sourced. These developments accentuate the need to enhance the competitiveness of agri-value chains in order to cater to the dynamic market requirements of the future. India with its tremendous strengths in agriculture has a unique opportunity to play a leading role in this global transition and in forging an eco-system of sustainable, regenerative and climate smart agriculture.

Against this background, the Government's initiative to promote Farmer Producer Organisations (FPOs) as the core catalyst of agricultural transformation can indeed leverage economies of scale, enable sustainable agriculture, support market-led production and create larger market access. FPOs provide the power of the collective to small and marginal farmers. FPOs have a tremendous potential to serve as major enablers in augmenting farm livelihoods, by facilitating a crucial link between markets and individual farmers.

In this context, your Company has adopted targeted collaborative models to multiply the scale and impact of its agri and rural interventions. This collaborative approach, as opposed to a traditional transactional approach, can contribute meaningfully towards

building next generation agriculture that is climate resilient and capable of supporting gainful livelihoods. Digitalisation of agriculture also offers the potential to increase productivity and foster structural changes across the value chain thereby enabling efficient use of resources. In line with its commitment to harness the power of cutting-edge digital technologies and unlock the potential of India's farmers, your Company had launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services). This 'phygital' ecosystem will empower the farming community and FPOs by delivering hyperlocal and personalised solutions by synergistically integrating NextGen agri-technologies. Further details on this transformative initiative are provided in the Agri Business section of this report.

The Government of India has inspired the United Nations to declare 2023 as the 'International Year of Millets'. This has indeed drawn global attention to this 'super-grain' that has the potential to redefine agriculture with its unique value proposition. Millets are climate resilient crops using substantially lesser water than other staples and grow in half the time as other crops, offering a comprehensive solution for sustained food security.

Your Company has spearheaded 'ITC Mission Millets', leveraging its enterprise strengths in agriculture, food and hospitality to implement multi-dimensional interventions in this area. The holistic programme follows a strategic 3-fold approach – 1) developing a 'good-for-you' product portfolio, 2) implementing sustainable farming systems, and 3) enhancing consumer awareness through an Educate, Empower and Encourage approach. Your Company has implemented a focused strategy in crafting a millet

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based products portfolio under its world-class Indian brands for every occasion, age and format. To cater to the diverse needs of consumers, your Company has launched products across traditional and modern formats viz. 'Gluten Free Flour', 'Multi-Millet Mix' and 'Ragi Flour', Vermicelli and Biscuits under the 'Aashirvaad' and 'Sunfeast' brands. Your Company has also designed products that suit every meal occasion like millet idlis for breakfast, biscuits & cookies for snacking and noodles & pasta for other meals. The thrust on millets is further exemplified by the Hotels Business creating easy-to-try recipes with millets to help encourage individuals experiment with the taste and texture of millets.

In line with your Company's commitment to empower farmers, your Company has developed a millets agri-value chain with special thrust on enhancing value-addition and market linkages. Your Company is also promoting FPOs in millet farming anchored by ITCMAARS. The Agri Business Division has implemented two Public-Private Partnerships projects in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad. Your Company remains committed to supporting the Government's efforts to promote millets given their immense benefits in terms of nutritional properties and attributes as a planet friendly and climate resilient crop.

It is pertinent to note that a substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher levels of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This would require focused investments in developing product-specific climate-controlled

infrastructure as well as in branded products that benefit large agri-value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers. A big thrust on India's Food Processing sector can play a pivotal role and have a multiplier effect which will lead to significant job creation, enhance rural incomes and help manage food inflation in a sustainable manner. In this context, the recently announced PLI Scheme for the Food Processing sector, with an estimated outlay of ₹ 10900 crores, is expected to play a critical role in boosting investments, agri exports, farmer incomes, employment generation and building Indian brands for the global market. Your Company has been included under the scheme for several of its Branded Packaged Foods Businesses and in the Agri Business, details of which are provided in the subsequent sections.

Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only impede job creation in India but also promote avoidable imports. Recent policy interventions to enable greening of wastelands and providing financial assistance to members of marginalised communities taking up Agro-forestry is a commendable starting point to reverse this situation. Supportive policies in this area would go a long way in enhancing sustainable livelihoods, augmenting alternative sources of energy (bio-fuel) and enabling import substitution for wood-based industries while simultaneously augmenting the Nation's environmental capital.

The integrated nature of your Company's business models along with strategic investments to enhance efficiencies across its operating

A big thrust on India's Food Processing sector can play a pivotal role and have a multiplier effect. The recently announced PLI Scheme for this sector is expected to play a critical role in boosting investments, agri exports, farmer incomes, employment generation and building Indian brands for the global market. Your Company has been included under the scheme for several of its Foods Businesses as well as Agri Business.

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segments - including agri-commodity sourcing expertise for the Branded Packaged Foods Businesses and cost-competitive fibre supply chain along with in-house pulp manufacturing capability of the Paperboards & Specialty Papers Business – is a key source of competitive advantage, especially against the backdrop of severe inflationary headwinds. Each of your Company's Businesses derive benefits of synergy with seamless access to the deep & varied capabilities across different parts of the enterprise. Your Company's interventions across operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution, creating national brands to maximise value capture in India, accelerating growth in tourism, increasing Indian agri exports and promoting sustainable business practices. Investments made by your Company continue to be guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'AatmaNirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

The collaboration with NITI Aayog, aimed at boosting agricultural and allied activities in 27 aspirational districts of eight states under the Aspirational Districts programme, advanced to its second phase in FY 2022-23. During the year, over 10 lakh farmers were trained on package of practices for principal crops of the region as well as on livestock management, taking the cumulative number of farmer interactions to over 44 lakh. Estimates indicate yield improvement of up to 30% for cotton, maize, paddy and soyabean in locations covered by the programme;

similarly, cost of cultivation is estimated to have reduced by nearly 15%, resulting in expansion of farmer incomes by up to 60%.

Your Company has also partnered with the State Government of Andhra Pradesh towards improving the quality of chilli produced in the country to meet global standards. A Public Private Partnership programme - 'Integrated Agri-Extension Platform for Chilli Farm Value Chain Development' - has been conceptualised under which 40,000 farmers covering about 1,00,000 acres are expected to be benefited by 2025. In FY 2022-23, the programme covered over 17,500 farmers and over 72,600 acres across 135 villages. Improved quality, farm productivity and higher share of farm gate sales enabled farmers covered under the project to generate additional income.

Your Company is working towards developing village level institutions and fostering micro entrepreneurship by promoting custom hiring centres for farm mechanisation, post-harvest product management infrastructure and community managed seed banks for self-reliance in quality seed material. Environmentally sustainable farm practices, including zero-till sowing of wheat, direct seeding of rice, micro-irrigation and watershed development, continue to be promoted.

The farm sector faces enormous threats arising out of climate change as evident from the growing number of extreme weather events such as droughts and floods. Given the vulnerabilities, it is critical to strengthen climate resilience and adaptability of the agri-food sector. In this context, your Company's interventions in collaboration with CGIAR's 'Climate Change and Food Security Programme'

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to build climate smart villages were expanded to over 4,800 villages across 11 states covering 10 lakh acres and supported farmers in the management of risks arising from erratic and extreme weather events. Further, according to CGIAR's estimates, your Company's Climate Smart Village intervention in Madhya Pradesh demonstrated average increase in yield of 38% and 15% in soyabean and wheat respectively, over the baseline. Reduction in cost of cultivation along with yield improvement led to an increase in net income by 93% in soyabean and 46% in wheat over the baseline and average Green House Gas emissions reduced by 66% for soyabean and 13% for wheat as compared to the baseline.

In Kapurthala District, Punjab, your Company under its flagship programme of 'ITC Mission Sunehra Kal' has, over the last five years, implemented solutions that have effectively substituted the burning of paddy stubble by farmers. During the year, the programme covered 2.5 lakh acres with appx. 92.5% of the area (2.3 lakh acres) witnessing total stoppage of stubble burning, thereby avoiding appx. 1.8 lakh tonnes of carbon release into the atmosphere.

Although India has appx. 18% of the world population, its share of natural resources is disproportionately low with only 2% of global land mass, 4% of freshwater resources and 2% of forest resources. It is more critical than ever before to redouble efforts, both at the national and corporate level, to fashion strategies that foster sustainable, equitable and inclusive growth.

It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural

capital while enhancing shareholder value.

This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance. The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting over six million sustainable livelihoods, many of whom belong to the weaker sections of society.

Your Company sustained its 'AA' rating by MSCI-ESG for the fifth successive year - the highest amongst global tobacco companies. Your Company has also been included in the Dow Jones Sustainability Emerging Markets Index for the third year in a row – a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet. Your Company has also been rated at the 'Leadership Level' score of 'A-' for both Climate Change and Water Security (Asia and Global average at 'C' for climate change and 'B' for water security) by CDP, a reputed independent global platform for disclosures on environmental impacts.

As a testament to your Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, all major hotel properties of your Company are LEED Platinum certified, making your Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED Platinum certified green hotels. In 2020, ITC Windsor's best practices

Your Company sustained its 'AA' rating by MSCI-ESG for the 5th successive year - the highest amongst global tobacco companies. Your Company has also been included in the Dow Jones Sustainability Emerging Markets Index for the 3rd year in a row – a reflection of being a sustainability leader and a recognition of its continued commitment to people and planet.

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on carbon management distinguished it as the first hotel in the world to be LEED Zero Carbon certified. Since then, 11 more ITC Hotels have been certified as LEED Zero Carbon. ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the U.S. Green Building Council (USGBC), followed by ITC Sonar, which is the second hotel to be awarded the certification globally. Further, your Company's 'Sankhya' data centre in Bengaluru became the first data centre in the world to be awarded the LEED Zero Carbon certification. Also, the Kovai unit of your Company is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the 'Alliance for Water Stewardship Standards'.

Your Company has been championing the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. Your Company continues to pursue a low carbon growth strategy through extensive decarbonisation programmes across its value chain whilst also developing adaptation plans across its sites. Your Company is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 21 years), 'carbon positive' (for 18 years), and 'solid waste recycling positive' (for 16 years). With its bold Sustainability 2.0 agenda, your Company is setting the bar even higher, and remains committed to making a meaningful contribution across all the three sectors of the economy – Agri, Manufacturing and Services, while retaining its status as a sustainability exemplar. Further details on this subject are available in the Sustainability section of this Report.

FINANCIAL PERFORMANCE

Against the backdrop of a challenging operating environment as stated earlier, your Company's consumer centricity, agility in seizing market opportunities, focus on execution excellence and proactive strategic interventions enabled it to post strong performance across all operating segments.

Overall for FY 2022-23, Gross Revenue at ₹ 69480.89 crores increased by 17.6%, while EBITDA increased by 26.5% to ₹ 23944.47 crores. Profit Before Tax and Exceptional items at ₹ 24677.54 crores grew by 24.4% over previous year and Profit After Tax stood at ₹ 18753.31 crores (previous year ₹ 15057.83 crores). Total Comprehensive Income for the year stood at ₹ 18782.57 crores (previous year ₹ 15631.68 crores). Earnings Per Share for the year stood at ₹ 15.15 (previous year ₹ 12.22).

- The FMCG-Others Segment registered strong growth amidst subdued demand conditions. Robust growth was witnessed across all major categories of Branded Packaged Foods viz. Staples, Biscuits, Snacks, Noodles, Beverages. While 'Fiama' and 'Vivel' range of Personal Wash products and 'Engage' Fragrances performed well, the Hygiene portfolio witnessed moderation in demand with the ebbing of the effects of the pandemic, while remaining well ahead of pre-pandemic levels. In the Education & Stationery Products Business, notebook sales registered sharp growth with resumption of educational institutions. The Incense Sticks (Agarbattis) Business witnessed robust recovery during the year after two years of pandemic induced disruptions. Segment Revenue for the year grew by 19.6% with Segment EBITDA growing

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at a faster pace of 34.9% to ₹ 1953.97 crores. Segment EBITDA margins expanded by 120 bps amidst severe inflationary pressures. The Businesses continued to drive improvement in profitability through multi-pronged interventions viz. premiumisation, supply chain agility, judicious pricing actions, digital initiatives, strategic cost management and fiscal incentives.

- The FMCG-Cigarettes Segment witnessed sustained claw back of volumes from illicit trade on the back of deterrent actions by enforcement agencies and relative stability in taxes. Market standing continued to be reinforced through focused portfolio/market interventions and agile execution.
- The Hotels Segment witnessed a stellar recovery during the year, clocking robust growth in Revenue and Profits buoyed by weddings, leisure and MICE (Meeting, Incentives, Conferencing, Exhibition) segments along with progressive pick-up in business travel. Segment Revenue doubled over FY 2021-22 and stood at 1.4x of pre-pandemic levels. Segment EBITDA margin stood at 32.2% representing an expansion of 930 bps over FY 2019-20.
- The Agri Business Segment delivered a resilient performance with Segment Revenue and Results growing by 12.2% and 28.8% respectively. Restrictions imposed on wheat & rice exports impacted Segment Revenue. Margin expansion was driven by leaf tobacco exports and value-added agri products.
- The Paperboards, Paper & Packaging Segment demonstrated strong performance during the year

on the back of robust growth across end-user segments; Segment Revenue and Segment Results grew by 18.8% and 34.9% respectively. Segment margins expanded by appx. 300 bps, leveraging the integrated nature of the business model, Industry 4.0, digital interventions and strategic investments in pulp import substitution and proactive capacity augmentation in Value Added Paperboards segment.

The operating environment in the last three financial years has been extremely challenging due to disruptions caused by the pandemic, unprecedented inflationary pressures and sluggish demand conditions, amongst others.

It is heartening to note that, powered by the ITC Next Strategy of building a Future-Ready, Consumer Centric, Climate Positive and Inclusive organisation anchored on the paradigm of 'Responsible Competitiveness', your Company has emerged stronger and enhanced its competitiveness across operating segments through this period, and sustained its position as a global exemplar in Sustainability.

The Directors of your Company are pleased to recommend a Special Dividend of ₹ 2.75 per share in addition to the Final Dividend of ₹ 6.75 per share for the financial year ended 31st March, 2023. Together with the Interim Dividend of ₹ 6.00 per share paid on 3rd March, 2023, the total Dividend for the financial year ended 31st March, 2023 amounts to ₹ 15.50 per share (previous year ₹ 11.50 per share). Total cash outflow on account of Dividend (including Interim Dividend of ₹ 7448.41 crores paid in March 2023) will be ₹ 19255.02 crores.

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VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated over ₹ 271000 crores, of which over ₹ 183000 crores accrued to the Exchequer.

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented appx. 75% of its Value-Added during the year.

Your Company has, over the years, ranked amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in your Company's portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 9.0 billion, of which agri exports constituted appx. 60%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

During FY 2022-23, your Company and its subsidiaries earned ₹ 12783 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 10777 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency

amounted to ₹ 3163 crores, comprising purchase of raw materials, spares and other expenses of ₹ 2950 crores and import of capital goods of ₹ 213 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in crores)

PROFITS	2022 - 23	2021 - 22
a) Profit Before Tax [@]	24750.41	19829.53
b) Tax Expense		
– Current Tax	6025.32	4833.88
– Deferred Tax	(28.22)	(62.18)
c) Profit for the year [@]	18753.31	15057.83
d) Other Comprehensive Income	29.26	573.85
e) Total Comprehensive Income	18782.57	15631.68
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	30060.39	28210.63
b) Add: Profit for the year	18753.31	15057.83
c) Add: Other Comprehensive Income (net of tax)	(16.81)	23.66
d) Add: Transfer from Share Options Outstanding Account on exercise and lapse	20.82	315.34
e) Less : Dividends		
– Final Dividend of ₹ 6.25 (2022: ₹ 5.75) per share	7702.03	7077.59
– Interim Dividend of ₹ 6.00 (2022: ₹ 5.25) per share	7448.41	6469.48
– Income Tax on Dividend paid (refund)	(20.43)	–
f) At the end of the year	33687.70	30060.39

[@] Current year includes Exceptional items representing proceeds received in partial settlement of the insurance claim towards leaf tobacco stocks, which were destroyed due to fire at a third party owned warehouse in an earlier year.

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FMCG CIGARETTES

After two years of severe disruptions due to the pandemic, the legal cigarette industry recovered during the year with normalisation in the operating environment. Stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies enabled the legal cigarette industry to partially claw back volumes from illicit trade. This in turn led to higher demand for Indian tobaccos and robust growth in revenue to the Exchequer from the tobacco sector.

Your Company sustained its leadership position in the cigarette industry through its unwavering focus on nurturing a future-ready portfolio of world-class products anchored on its integrated seed to smoke value chain, superior consumer insights, robust innovation pipeline and world-class product development capabilities. Your Company continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution. Several differentiated variants such as ‘Classic Connect’, ‘Gold Flake Indie Mint’, ‘Gold Flake Kings Mixpod’, ‘Classic Alphatec’, ‘Gold Flake Smart Mintz’, ‘Wills Fab’ and ‘Lucky Strike’ were recently introduced. The Business also expanded its presence in focus markets with the launch of differentiated offerings across segments and strengthened its presence in Duty-Free outlets at airports.

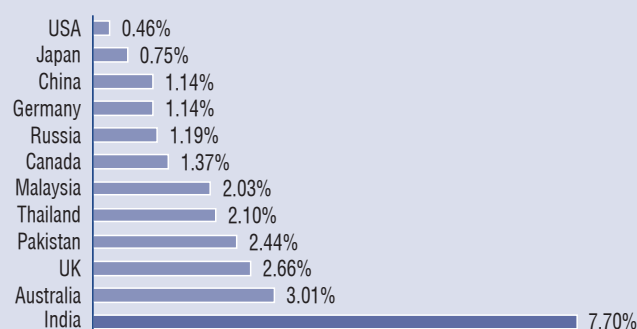
Globally, cigarettes constitute the dominant form of tobacco use. In the Indian context, tobacco use comprises a diverse range of chewing and smoking formats that are available at multiple price points consequent to punitive and discriminatory taxation on cigarettes. While India is the world’s second largest

consumer of tobacco, legal cigarettes constitute only 8% of overall tobacco consumption in India, as against a global average of 90%. It is pertinent to note that India accounts for less than 2% of global cigarette consumption despite having 18% of the world’s population- making India’s per capita cigarette consumption amongst the lowest in the world.

Over the years, discriminatory and punitive taxation on cigarettes has led to progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax-evaded forms of tobacco products, comprising illicit cigarettes, bidi, chewing tobacco, gutkha, zarda, snuff, etc. It is pertinent to note that while the share of legal cigarettes in total tobacco consumption has declined from 21% in 1981-82 to a mere 8%, the aggregate tobacco consumption in the country has increased over the same period. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.

Taxes on cigarettes remain one of the highest in India as depicted in the chart:

Tax per 2000 Cigarettes as a percentage of Per Capita GDP



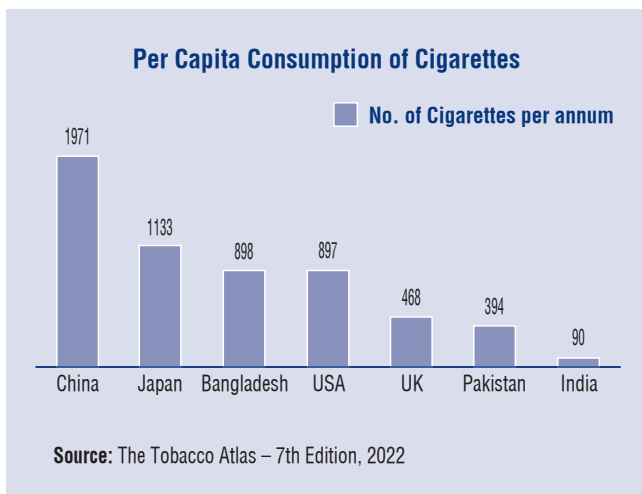
Source: Tax data – WHO Report on Global Tobacco Epidemic, 2021
Per capita GDP – World Bank (Data for the year 2020)

Legal cigarettes constitute only 8% of overall tobacco consumption in India. India accounts for less than 2% of global cigarette consumption despite having 18% of the world’s population, making India’s per capita cigarette consumption amongst the lowest in the world.

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Taxes on cigarettes in India are multiple times higher than in developed countries viz. 17x of USA, 10x of Japan, 7x of Germany and so on. Further, the same is also substantially higher than that in neighbouring countries.

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



During the period FY 2012-13 to FY 2016-17, excise duty on cigarettes increased sharply at a CAGR of 15.7%; however, tax revenue from cigarettes grew by a mere 4.7% CAGR during the same period. In FY 2017-18, the legal cigarette industry was further impacted by a sharp rise of 20% in tax incidence as a result of increase in excise duty and transition to the GST regime. Thereafter, relative stability in taxation until January 2020 helped the legal industry partially claw back volumes lost to the illicit trade in earlier years; consequently, revenue collections witnessed a

marked buoyancy and grew by 10.2% during this period.

Period	Increase in Tax Rate	Growth in Revenue Collections
FY 2012-13 to FY 2016-17 (CAGR)	15.7%	4.7%
Apr'18-Jan'20 over Jul'17-Mar'18	–	10.2%

Relative moderation in taxation in the subsequent period, backed by deterrent actions of the enforcement agencies, has helped the legal industry to partially recover volumes that were ceded to illicit trade in earlier years, benefiting all stakeholders, including the tobacco farmers, the consumers and the Exchequer.

Punitive taxes on the legal cigarette industry in earlier years have resulted in rapid growth of illicit cigarette trade – making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. Over the years this has created attractive tax arbitrage opportunities for unscrupulous players indulging in illicit cigarette trade. While legitimate cigarette industry volumes have declined consistently over the last decade, illicit cigarette trade volumes, in contrast, have grown rapidly during the same period, accounting for about 1/3rd of the legal industry.

During the year, there were extensive media reports on the multitude of cases of evasion of taxes/duties by dealers in illicit cigarettes which were unearthed by raids conducted by Directorate of Revenue Intelligence (DRI) and other enforcement agencies. 'Illicit markets: A Threat to Our National Interests', a study published by FICCI-TARI in September 2022, noted that *"The consumption of illegal cigarettes in India has increased, signalling a shift from legal products to cheaper substitutes or illicit products, which have no*

Punitive taxes on the legal cigarette industry in earlier years have resulted in rapid growth in illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates.

or little tax element in them. When taxes are raised beyond a certain optimum level, consumers gravitate towards cheaper alternatives or illicit supplies, which are normally smuggled or tax evaded goods". According to this report, illicit trade causes an annual revenue loss of appx. ₹ 15500 crores to the Exchequer. With respect to other tobacco products as well, the revenue losses are significant since about 68%¹ of the total tobacco consumed in the country remains outside the tax net.

The DRI, in its report "Smuggling in India 2021-22" acknowledges the high incidence of taxes in India providing opportunities for illicit trade of cigarettes. The report states: "High Incidence of tax on cigarettes in India results in a tax arbitrage in favour of smuggled cigarettes on which no taxes are paid and there is no statutory requirement of pictorial warning covering at least 85 percent of the packaging space. More importantly, the smuggled cigarettes are, on an average, 50 percent cheaper in the Indian Market, compared to the price of any similar cigarette brand. From a public health perspective, the smuggling of cigarettes also poses a very serious challenge since a part of the smuggled cigarettes are counterfeits and the quality of tobacco and other ingredients used in the said cigarettes, is inferior."

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

¹ Report on the impact of current tax framework on the tobacco sector in India and suggestions for its improvement - 2014, by ASSOCHAM and KPMG.

(Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) requires cigarette packages to display the statutorily mandated pictorial and textual warnings covering 85% of the surface area of the packet - one of the largest in the world.

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

India is among the top three tobacco growing countries in the world. Tobacco plays a significant role in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors². The illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain. In India, cigarettes are manufactured largely using Flue Cured Virginia (FCV) tobacco grown in the states of Andhra Pradesh, Telangana and Karnataka. As smuggled international brands of cigarettes do not use Indian

² Report on Tobacco Control in India, Ministry of Health & Family Welfare, Govt, 2004 (Jointly supported by Centers for Disease Control and Prevention, USA and the World Health Organisation).

As per the FICCI-TARI report, illicit trade causes an annual revenue loss of around ₹ 15500 crores to the Exchequer. The illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain.

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tobaccos, in addition to revenue losses, the growth of illicit cigarette trade has also resulted in a sharp drop in demand for Indian FCV tobaccos in the domestic market.

It is pertinent to note that several other major tobacco producing countries, including the USA, have established regulatory frameworks taking into consideration the economic interests of their tobacco farmers. The punitive and discriminatory taxation & regulatory regime on cigarettes in India continues to adversely affect the livelihood of Indian tobacco farmers with corresponding gains to those countries that have opted for moderate and equitable tobacco regulations. These developments, coupled with lower availability of Indian crop, lower export incentives in India and relative weakness of currencies in certain competing geographies have had a debilitating impact on 46 million livelihoods comprising tobacco farmers, farm workers, etc. who are dependent on the tobacco value chain. It is estimated that since 2014, Indian tobacco farmers have suffered a cumulative drop in earnings of over ₹ 7500 crores.

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

The extremely stringent regulations along with the discriminatory and steep taxation on cigarettes

have had numerous negative, albeit unintended repercussions. These include:

- rapid growth in illicit cigarette volumes, which resulted in sub-optimisation of the revenue potential of the tobacco sector and significant loss to the Exchequer. It is estimated that on account of illicit cigarettes alone, revenue loss to the Government is appx. ₹ 15500 crores per annum.
- widespread availability of illicit cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.
- a large component of tobacco consumption in the country, aggregating around 68%, remaining outside the tax net.
- persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTRI) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

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

Stability in taxes is critical to address the interests of all stakeholders of this industry, including tobacco farmers, consumers and the Exchequer.

Manufacturing facilities of the Business continue to be modernised by inducting contemporary technologies to drive innovation and secure higher levels of productivity and product excellence. New benchmarks continue to be set in areas of quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Sciences are being leveraged to build a smart manufacturing environment of connected systems. These initiatives, coupled with innovative capabilities, in-house design and development expertise, have further improved the speed-to-market of new launches and augmented the innovation pipeline of the Business.

It is extremely satisfying to report that your Company continued to be recognised for its commitment towards operational excellence. The Bengaluru unit won 'Responsible Manufacturer of the Year Award 2022 – Platinum Medallion' by Kaizen Hansei Institute, wing of Kaizen Institute of India. Two projects from Kidderpore and Saharanpur units, were recognised as 'Winner' under 'Automation & Robotics' and 'Operational Excellence Leadership' categories respectively by Frost & Sullivan.

In line with your Company's commitment to the 'Triple Bottom Line', the Business continued to focus its efforts for resource conservation and adoption of best-in-class technologies and processes. During the year, the Business continued to evaluate and adopt various sustainable inputs in its operations. Nearly 57% of the total energy used by the Business is generated from renewable sources. Various interventions over the years such as investments in renewable energy sources, and continued wheeling of wind energy through interstate open access have enabled the same. Sustainability initiatives of the

Business continued to be recognised with Kidderpore unit receiving the 'Excellent Energy Efficient Unit Award' at the CII National Award for Excellence in Energy Management 2022. The 21 MW wind farm in Karnataka also received 'Best Performing Wind Farm Award' in Karnataka, Andhra Pradesh & Telangana by Indian Wind Power Association for FY 2021-22 and 'Performance Excellence Award for Solar and Wind Plants – 2022' under the Wind Category from CII. Ranjangaon unit received 'Shreshtha Suraksha Puraskar' from National Safety Council of India under Safety Awards-2022 (Manufacturing Sector). Saharanpur unit won 'IGBC Excellence Award' under Factory Building category from CII.

Your Company is well positioned to fortify its market standing in the legal cigarette industry, leveraging its superior strategies, integrated seed to smoke value chain, future-ready portfolio, robust innovation pipeline, cutting-edge manufacturing & digital technologies and best-in-class execution capabilities. A stable taxation and regulatory regime remains critical to enable the legal cigarette industry to recover volumes from illicit trade.

FMCG – OTHERS

With steep inflation impinging upon household budgets, consumption demand remained subdued, especially in rural markets and for certain discretionary categories in urban markets. Input costs remained elevated, even as certain commodities witnessed sequential moderation in prices towards the latter half of the year.

Notwithstanding the challenging conditions prevailing during the year, your Company's FMCG Businesses grew ahead of the industry in both urban and rural

Your Company's FMCG Businesses grew ahead of the industry in both urban and rural markets driven by enhanced distribution footprint, superior last mile execution, deep consumer insights, purposeful innovation and portfolio premiumisation.

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markets driven by enhanced distribution footprint, superior last mile execution, deep consumer insights, purposeful innovation and portfolio premiumisation. Discretionary/Out-of-Home categories witnessed strong growth driven by agile innovation and relevant portfolio assortments across consumer cohorts and trade channels. Staples & Convenience Foods registered strong traction driven by region-specific interventions, differentiated offerings and focused brand investments. Health & Hygiene portfolio of personal care products witnessed moderation in demand, while remaining ahead of pre-pandemic levels. The first half of the year saw significant increase in prices of key inputs such as edible oils, packaging materials, soap noodles, fuel, logistics, etc., which exerted considerable pressure on margins. This was mitigated by adopting a comprehensive approach across the value chain focusing sharply on cost management, portfolio premiumisation, competitive trade and marketing investments, fiscal incentives (including PLI), supply chain agility, digital interventions and judicious pricing actions.

Your Company's FMCG Businesses recorded Segment Revenue of ₹ 19122.50 crores representing an increase of 19.6% over the previous year. Segment EBITDA for the year registered a robust growth of 34.9% to ₹ 1953.97 crores with margins improving by 120 bps to 10.2%, amidst elevated commodity prices.

A consumer-centric approach, backed by a future-ready portfolio and agility in execution, remains at the core of your Company's strategy to rapidly scale up the FMCG Businesses.

The Businesses continue to leverage the power of digital to drive superior consumer insights & innovation, deepen consumer engagement and

enhance brand loyalty. Your Company continues to make strategic interventions aimed at creating a futuristic platform to deliver delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual's needs, preferences and context.

'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI-powered hyper-personalised platform backed by a robust partner ecosystem for content and data, is being increasingly utilised to gain insights on market trends and consumer behaviour, as well as synthesise the same to craft contextual and hyper-personalised brand communication and product development. Over 3,000 content assets have been deployed leveraging this capability within a relatively short span of time at significantly lower cost.

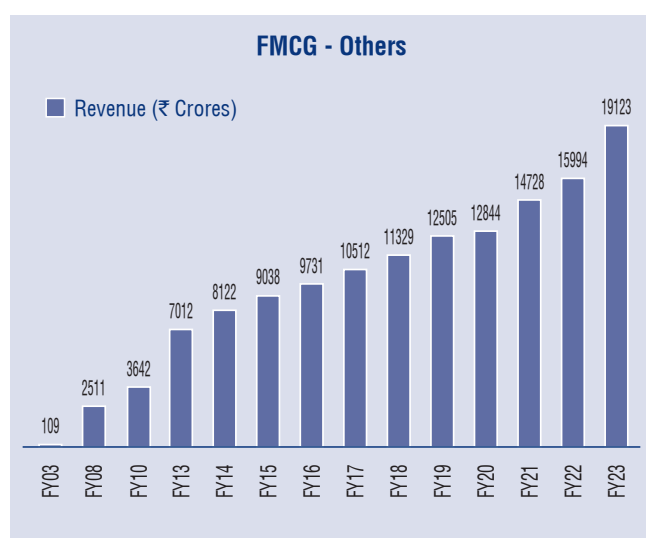
Your Company continues to leverage deep consumer insights and cutting-edge R&D capability to address present and emergent consumer need spaces. Over 90 new products anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go, Indulgence etc., were launched across target markets during the year, leveraging the R&D platforms of your Company's Life Sciences and Technology Centre (LSTC) and agile product development teams across Businesses.

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening your Company's real time operations and execution platform, and enhancing productivity, driving efficiency and cost agility. These initiatives are anchored on the key pillars of synchronised planning and forecasting, agile, resilient & efficient supply chain, smart buying &

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening your Company's real time operations and execution platform, and enhancing productivity, driving efficiency and cost agility.

value engineering, smart manufacturing and smart demand capture and fulfilment. Strategic investments have been stepped up to build platforms of insights by harmonising and integrating large and isolated datasets powered by AI/ML technologies and ‘human-centred design’ & visualisation tools.

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



Your Company’s vibrant portfolio of over 25 world-class Indian brands, largely built through an organic growth strategy in a relatively short period of time, represents an annual consumer spend of nearly ₹ 29000 crores and reach over 230 million households in India. These home-grown, purpose-led Indian brands, powered by agile innovation, support the competitiveness of domestic value chains, especially in the agri space, thereby ensuring creation and retention of value within the country.

Your Company’s FMCG brands have achieved impressive market standing³ in a relatively short span of time in their respective categories viz. Aashirvaad is No. 1 in Branded Atta, Bingo! is No. 1 in the Bridges segment of Snack Foods, Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, YiPPee! is No. 2 in Noodles and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment).

Your Company remains focused on rapidly scaling up the FMCG businesses anchored on strong growth platforms and a future-ready portfolio. It is pertinent to note that the chosen categories, which are largely characterised by low household penetration levels and/or low per capita consumption, offer significant headroom for long-term growth. This is borne out by several reports which highlight that your Company’s total addressable market expansion potential is amongst the highest in the Indian FMCG space. In this context, it is noteworthy that your Company is well poised to address value-added adjacencies and categories of the future by leveraging the 25+ powerful mother brands it has established over the years. Recent examples of such brand extensions include Aashirvaad to Dairy, Ready-to-Eat, Vermicelli, Salt and Spices; Sunfeast to Dairy Beverages and Cakes; Bingo to Namkeens; ITC Master Chef to Frozen Snacks and Cooking pastes; Classmate to Writing instruments; Savlon to Sanitisers, Wipes and Disinfectant sprays etc. Simultaneously, the FMCG Businesses continue to make strategic investments in building categories of the future and establishing your Company’s ‘right to win’ by progressively scaling up those nascent categories where beachheads have been created. Your Company is also proactively

³ Source: Nielsen, Kantar Household Panel

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pursuing value accretive acquisition, joint venture and collaboration opportunities towards accelerating growth and value creation.

The FMCG Businesses continue to expand their export footprint leveraging the equity of their world-class brands – with a reach now spanning over 60 countries. Your Company also continues to explore strategic opportunities in proximal markets as a potential vector of growth going forward. The PLI scheme has provided further fillip to your Company's exports across Biscuits & Cakes, Snacks, Dairy and Ready-to-Eat categories.

The FMCG Businesses continue to create structural competitive advantages and enhance profitability by leveraging world-class distributed manufacturing and logistics infrastructure, multi-channel distribution network and newer routes to market, smart buying & value engineering and smart manufacturing. Investments over the years in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) have laid a strong foundation to drive structural advantages such as ensuring product freshness, enhancing agility and responsiveness of the supply chain, reducing cost of servicing proximal markets through lower distance-to-market etc. Capacity utilisation at the 11 operational ICMLs continues to be ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality. With growing scale, supply chain operations are being increasingly delayed through direct-to-market shipments thereby reducing freight costs and eliminating multiple handling. Your Company is confident that these strategic interventions which are

already delivering substantial benefits will realise their full potential over the medium term and continue to create long-term value.

Your Company remains confident of rapidly scaling up its FMCG Businesses on the back of a future-ready portfolio powered by purpose-led brands, world-class quality, deep consumer insights, cutting-edge innovation and an agile, resilient and efficient supply chain. The Businesses will continue to leverage your Company's institutional strengths viz. strong backward linkages with the Agri Business, deep and wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, industry-leading packaging knowhow and access to robust R&D platforms nurtured by LSTC.

Branded Packaged Foods

Your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market products, a range of distinctive products customised to address regional tastes and preferences, supported by an efficient supply chain and distribution network. This was achieved in the face of a volatile operating environment marked by unprecedented inflation in commodity prices, global supply chain disruptions and climate change impacting crop outputs.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, nutrition, wellness, immunity, naturals, indulgence and convenience. The Businesses launched several innovative and first-to-market products leveraging superior consumer insights, capabilities of your Company's Life Sciences and Technology Centre

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

(LSTC) and the cuisine expertise resident in your Company's Hotels Business.

With the overarching vision to 'Help India Eat Better', your Company's Nutrition strategy seeks to create a sustainable ecosystem anchored on a portfolio of healthier, affordable & accessible 'Good For You/Free From' value-added products, supported by responsible policies in line with national priorities on nutrition. Your Company's institutional strengths viz. strong agri business supply chain, product development knowledge of the LSTC and cuisine knowledge in the Hotels Business are being leveraged to develop products providing consumers wholesome and enjoyable food experiences.

Encouraged by the Government of India's initiative of promoting millets, a range of millet-based products have been introduced. In the Staples Business, 'Ragi Flour', 'Gluten Free Flour', 'Multi-Millet Mix' were recently launched under the 'Aashirvaad' brand. The Biscuits Business augmented its portfolio with the launch of 'Sunfeast Farmlite Super Millets', with two variants – 'Chocochip Millet' and 'Multi Millet' cookies; while the Confectionery Business also launched millet based 'Fantastik Choco Sticks'. Your Company is further developing a comprehensive millets-based portfolio under its popular brands and in familiar formats to enable easier adoption.

The Businesses continued to make sharp targeted brand building investments to grow the core portfolio, address value-added adjacencies leveraging mother brands and scale up categories of the future. Clutter-breaking communication and consumer engagements, both in conventional and digital media, along with focused market development efforts resulted in reinforcement of brand positioning for your Company's bouquet of world-class brands in the branded packaged foods space. The Business

continues to deploy robust, scalable and secure digital technologies and infrastructure to enhance agility, accelerate innovation and drive impactful business outcomes. Several campaigns launched during the year received wide recognition and won prestigious awards across leading platforms, including the 'Innovative Integrated Media Campaign' from The Advertising Club's Abbys for Aashirvaad Multigrain Atta's Happy Tummy Campaign, Gold for 'Best Performance Marketing Campaign' by Maddies for B Natural e-Commerce campaign, Gold in 'Innovation in e-Commerce' for Aashirvaad Svasti Ghee, Gold in 'Online Commerce Campaign for Customer Acquisition' for Sunbean Coffee by Campaign India's Digital Crest Awards and Silver in 'Best Content Marketing on Films' for Dark Fantasy Batman Collaboration by Exchange4Media.

The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub and generated more than 3000+ creatives and 50+ content solutions during the year. The rise of social commerce has enabled brands to engage with their target audience in a focused manner using social media. During the year, your Company leveraged technologies such as Augmented Reality (AR) for creating wider impact, worked with popular influencers, especially amongst the youth, and also commenced pilot campaigns integrating AI based solutions and technology.

Relentless focus on delivering superior quality products to consumers continues to be a key source of sustainable competitive advantage for the Branded Packaged Foods Businesses. In this context, the Businesses continue to leverage the agri-commodity sourcing expertise resident in your Company's Agri Business to procure high quality raw materials, thereby ensuring the highest level of quality,

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

- In the Staples Business, 'Aashirvaad' witnessed robust growth on an elevated base and fortified its market standing across geographies, while addressing emerging consumer preferences for healthy products and catering to regional tastes. The value-added portfolio, consisting of Multigrain, Select and Sugar Release Control Atta posted healthy growth driven by higher salience in Modern Trade and e-Commerce channels. A differentiated range of products comprising 'Gluten Free Flour', 'Ragi Flour', 'Multi-Millet Mix', 'Organic Atta' and 'Organic Dals' continued to witness strong growth trajectory. 'Aashirvaad Vermicelli', launched last year, gained robust consumer traction; the range was augmented with the launch of 'Ragi Vermicelli' during the year. Product portfolio was further strengthened with the launch of 'Aashirvaad Bansi Rava', 'Aashirvaad Samba Broken Wheat', 'Aashirvaad Double Roasted Suji Rava' and 'Aashirvaad Besan'. The Business also expanded distribution of Frozen Indian Flat Breads (Paratha, Naan and Chapati), hitherto offered only in international markets, in select domestic markets. Focused and purposeful marketing inputs, consumer activations and region-specific interventions supported by sharply directed media investments, especially in digital platforms, enabled further improvement in Aashirvaad's brand health metrics. Powered by the trust reposed by nearly 74 million households, your Company is

confident of sustaining Aashirvaad's position as India's No. 1 Staples brand going forward.

'Aashirvaad Salt' continued to strengthen leadership in key focus geographies and posted healthy growth across markets during the year, supported by its distinctive positioning – 'Created by Sun and Sea - pure just like nature intended it to be'. 'Crystal Salt', the variant recently launched in Southern markets, scaled up to become the No. 2 brand within two years of launch.

In the Spices category, your Company continued to deliver robust growth with its endeavour to provide consumers unique and personalised experiences that meet their taste preferences and reflect the regional flavours of the state. During the year, the Business grew on the back of distribution expansion in focus states, sharp region-specific communication and an enhanced portfolio with innovative new products. The 'Sunrise' brand strengthened its market standing in the core market of West Bengal and extended gains in East/North East markets to fortify its position as one of the leading Spices brands of the region. 'Aashirvaad Spices' continues to enhance its presence in emerging channels and core markets to enable full portfolio play along with expansion of the blended portfolio. Together, the two brands are well positioned to leverage your Company's institutional strengths to progressively enhance their market standing in the Spices category.

- The Biscuits category witnessed strong growth during the year, driven by robust performance of the core portfolio, scale up of innovations and the launch of several exciting and differentiated variants. The Business continues to strengthen its core portfolio with investments behind powerful

The Branded Packaged Foods Businesses continued to make sharp targeted brand building investments to grow the core portfolio, address value-added adjacencies leveraging mother brands and scale up categories of the future.

- brand ideas, superior products and calibrated pricing actions. The Business augmented its portfolio with the launch of ‘Sunfeast Supermilk’ and ‘Sunfeast Thin Arrowroot’ in select markets. Emerging channels continue to grow at an accelerated pace on the back of superior product assortments and portfolio mix.
- The Snacks Business sustained its robust growth trajectory during the year driven by the core variants as well as new launches. A slew of new launches during the year, viz., ‘Bingo! Street Bites’, a differentiated offering, combining quintessential Indian flavours of Pani Puri & Dahi Chaat in a modern format, lattice cut chips under ‘Bingo! Hashtags’ and refreshed packs of ‘Bingo! Tedhe Medhe’ namkeen portfolio, amongst others, elicited excellent consumer response. ‘Bingo!’ continued to be the market leader in the Bridges segment across the country, and in the potato chips segment in South India.
 - ‘YiPPee!’ witnessed strong growth during the year, aided by judicious pricing interventions and focused brand investments. The product portfolio was augmented with the launch of ‘Quik Mealz’ in a differentiated ‘noodles in a bowl’ format, in target markets. In line with the purpose of creating ‘A better world’, the brand continues to promote sustainability through plastic waste management and recycling. During the year, more than 30 lakh school children were educated on plastic waste recycling with an initiative to collect plastic equivalent to 10 lakh YiPPee! Noodles wrappers across 100+ cities. The Business also organised the ‘Terra by YiPPee!’ contest, a new waste upcycling initiative wherein, contest winners were awarded tote bags/laptop sleeves/pouches made from YiPPee! wrappers.
 - The Ready-To-Eat (RTE) category continued to scale up in the institutional and exports segments. Growth in exports was led by the ‘Kitchens of India’ range to the USA, Canada and other countries along with introduction of a range of ‘Aashirvaad’ products to target the Indian diaspora in the USA. Institutional business registered strong growth driven by acquisition of new customers, including Food Service segment, through a range of customised offerings.
 - The Frozen Snacks category under the ‘ITC Master Chef’ brand, which caters to both Retail and Food Service channels, continued to deliver industry leading growth, powered by a range of innovative and differentiated offerings. Over 65 high quality and differentiated products distributed across both traditional and emerging channels are rapidly gaining consumer franchise. The portfolio offers a delectable range of Indian & Western snacks, Frozen Prawns and Frozen Vegetables.
 - ‘Aashirvaad Svasti’ fresh dairy portfolio comprising pouch milk, curd, lassi and paneer continued to gain strong consumer traction on the back of best-in-class quality standards, differentiated products and superior taste profile. These products are currently available in Bihar, West Bengal and Jharkhand markets. The value-added portfolio is constantly being enriched with launch of differentiated offerings such as ‘Litchi’ flavoured Lassi, select Indian desserts under ‘Aashirvaad Mithaas’, ‘Paneer Slice’ and organic range of ‘Aashirvaad Svasti Ghee’ in select markets. During the year, the Dairy industry witnessed severe pressure on input costs. In spite of a challenging operating environment, the Business registered strong growth during the year.

During the year, more than 30 lakh school children were educated on plastic waste recycling with an initiative to collect plastic equivalent to 10 lakh YiPPee! Noodles wrappers across 100+ cities.

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- With return to normalcy in market conditions, the Beverages portfolio witnessed a resurgence during the year. The Business continued to leverage the ‘Fruit and Fibre’ proposition of ‘B Natural’ to deepen consumer connect and increase brand affinity. The Dairy Beverages portfolio leveraged the strong equity of ‘Sunfeast’ and ‘Dark Fantasy’ to grow rapidly in target markets and in emerging channels. The Business has strengthened presence in rapidly emerging Direct to Consumer (D2C), Travel & QSR segments and sustained consumer facing partnerships with alternate delivery channels which aided the Business to deliver superior performance.
- The Confectionery category continued to nurture its range of premium portfolio by leveraging Fantastik Choco Sticks and ‘Jelimals’ and recovered to pre-pandemic levels. The portfolio was augmented with the launch of ‘Candyman Fruitee Fun 3 in 1 chews’, a differentiated offering in the fruit bucket and has received encouraging consumer feedback. ‘Fabelle’ chocolates continue to receive excellent response from discerning consumers setting new benchmarks in the luxury and premium chocolate segments. During the year, availability of the gourmet range of Fabelle chocolates was enhanced beyond the ITC Hotels boutiques by leveraging e-Commerce platforms and food delivery aggregators in six major cities. The product offering at Fabelle boutiques across ITC Hotels was augmented with the addition of a range of bespoke eclairs. A new Fabelle boutique was launched at the recently opened ITC Narmada in Ahmedabad.
- ‘Sunbean Beaten Caffe’, a unique ready-to-use beaten coffee paste that produces a rich, creamy and frothy cup of coffee, continues to receive favourable response from discerning consumers.

During the year, a convenient powder format was also introduced based on consumer insights. The product has received encouraging consumer response.

- Exports remain a key area of focus for the Business. Currently, your Company’s Branded Packaged Food products are exported to more than 60 countries. During the year, your Company’s exports of Branded Atta was impacted due to restrictions on export of wheat flour. Exports have since resumed under the Advance Authorisation scheme introduced by the Government. With its portfolio of winners and a high quality distribution pipeline, your Company is confident of scaling up exports at an accelerated pace in focus markets across a range of categories, leveraging the equity of its core brands such as Aashirvaad, Sunfeast and Kitchens of India.

Over the years, your Company has made significant investments in setting up state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) proximal to large demand centres. These facilities are at the heart of your Company’s strategy to create structural advantage by enhancing product freshness, improving market responsiveness, reducing the cost of servicing proximal markets, enabling scalability besides setting new benchmarks in safety, quality and product hygiene. Your Company continues to leverage the benefits of the state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLFs) at Pudukkottai and Kapurthala. These automated facilities are co-located with the ICMLs and provide several structural advantages including inventory optimisation, delaying operations and lowering cost of market servicing.

The Branded Packaged Foods Businesses export to more than 60 countries. With its portfolio of winners and a high quality distribution pipeline, your Company is confident of scaling up exports at an accelerated pace in focus markets across a range of categories, leveraging the equity of its core brands such as Aashirvaad, Sunfeast and Kitchens of India.

Your Company recently commissioned a new ICML at Khordha, Odisha. With this, 11 ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and delayering of operations. The capacity utilisation at existing ICMLs continues to be ramped up. With every successive ICML coming on-stream, the representation of women in the workforce has progressively increased. The ICML units received several prestigious awards and accolades from leading industry bodies such as the Confederation of Indian Industry (CII), International Research Institute for Manufacturing (IRIM), Integrated Manufacturing Excellence Initiative (IMexI), National Safety Council of India (NSCI), Ministry of Labour and Employment, etc. for their high standards of safety, quality, operational excellence and benchmarks in green and sustainable manufacturing. The Malur unit became the first food processing facility in Asia to be awarded the AWS Platinum-level certification, the gold standard for water stewardship in the world. These accolades are testament to your Company's unwavering commitment to providing products with the highest levels of quality while reducing the environmental impact of the same.

The Business implemented several strategic cost management initiatives in areas such as supply chain optimisation, smart procurement and productivity improvement through automation, leveraging new-age technologies such as Industry 4.0 and smart utilities. These interventions helped mitigate the unprecedented cost inflation witnessed during the year and also offset start-up costs of new facilities and strategic investments in brand building for gestating categories.

With the growing importance of processed food products in the consumer basket, the food processing

industry has significant potential to transform the agriculture sector through increased market linkages, improvement in the efficiency of resource use, enhancement in the farmer incomes, expansion of exports and generation of employment opportunities. Development of the food processing sector will aid in addressing issues of food security and inflation, improved nutrition availability and prevention of wastage, amongst others.

Recognising this potential and headroom for growth in the Indian market, your Company has made significant investments in food processing and remains focused on establishing itself as the leading player in the branded packaged foods industry. The Government's Production Linked Incentives (PLI) Scheme for the food processing industry will incentivise fresh investments, enable building Indian brands for the global market, promote exports and boost farmer incomes. Your Company has been included under the PLI Scheme towards sales-based incentives in the Ready to Eat, Fruits & Vegetables and Marine categories respectively as well as for incentives towards expenditure incurred for branding and marketing in export markets. Your Company is confident of meeting the requisite investment and sales growth targets towards the same. In line with the Government's initiatives towards promoting millets, a PLI scheme for millet-based products has also been introduced during the year. Your Company has been included under the PLI Scheme for millet-based products as well.

Your Company is well poised to strengthen its position as one of the fastest growing food companies and the 'most trusted provider of food products' in the Indian market in line with its purpose to 'Help India Eat Better'. Your Company remains confident of

11 ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and delayering of operations. With every successive ICML coming on-stream, the representation of women in the workforce has progressively increased. The Malur unit became the first food processing facility in Asia to be awarded the AWS Platinum-level certification for water stewardship.

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rapidly scaling up the Branded Packaged Foods Businesses leveraging the strong growth platforms nurtured over the years in chosen categories which offer immense headroom for growth and powerful purpose-led mother brands that have the potential to be extended to address opportunities in adjacent spaces. In addition, your Company's deep & wide multi-channel distribution network, with growing presence in emerging channels such as e-Commerce, Modern Trade, On-the-go and Institutional sales, continues to deliver competitive advantage through superior product availability, visibility and freshness. Recent investments in establishing a world-class distributed manufacturing footprint have created a solid foundation to secure structural advantage over time. Cutting-edge R&D platforms of your Company's LSTC are driving agile innovation and faster turnaround times for introduction of differentiated & first-to-market products catering to constantly evolving consumer needs. Investments in leading-edge digital technologies and platforms continue to be stepped up across the value chain to drive competitive advantage.

Personal Care Products

Your Company's Personal Care Products Business continued to strengthen its core strategic levers of building brands with purpose, introducing first-in-category innovations, focusing on categories of the future and accelerating presence in emerging channels. Hyper-inflationary pressure on prices of key inputs witnessed in the previous year continued to impact the industry for most of the financial year. The surge in inflation also led to moderation in demand, especially in rural markets; however, progressive improvement was witnessed during the course of the year. Portfolio premiumisation, launch of innovative and differentiated range of products and

agility in mitigating the impact of commodity inflation enabled the Business to strengthen the core and grow emerging categories during the year, in spite of a challenging operating environment.

In the Personal Wash segment, premiumisation continues to remain a key lever of growth. During the year, 'Fiama' registered strong growth fuelled by investments in brand building, wider distribution and growth across channels. Fiama gel bar format witnessed significant gains during the year, whilst providing consumers a differentiated and compelling offering. A new range of 'Happy Naturals' Perfume mists and Shower Gels were launched during the year to meet the growing demand for 'Naturals'. The portfolio was further augmented with launch of 'Deep Clean Charcoal and Grapefruit' range of gel bathing bars and shower gel, exclusively for men. The brand continued building on promoting mental wellness while improving access to mental health experts.

The 'Vivel' range of soaps continued to build momentum and posted healthy growth during the year. The premium 'VedVidya' range was launched during the year in three variants – 'Nargis & Kumkumadi oil', 'Nagarmotha & Bahumanjari oil', 'Chandan & Badamam oil'. Vivel's proposition of empowerment of women through the #AbSamjhautaNahi campaign continues to resonate well with target consumers.

The Fragrance category witnessed strong growth across segments with the premium range of 'Engage' perfumes garnering encouraging response. The Business launched a new premium EDP range with best-in-class fragrances for occasion-based use which includes a differentiated 'gender neutral' variant 'One Soul'. In the popular segment, Deo sprays were also launched in the mini-can format.

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The ‘Savlon’ portfolio witnessed moderation in demand with the waning of the pandemic, while remaining above pre-pandemic levels. Sustained focus on distribution expansion, proactive cost management, enhanced supply chain responsiveness with a range of exciting offerings enabled the Business to augment its germ-protection equity. Savlon powder handwash, in a convenient low unit pack format, witnessed strong traction amongst target consumers.

The Business continued to expand its presence in the Home Hygiene segment by leveraging the ‘Nimyle’ brand. During the year, Nimyle strengthened its leadership position in core markets. The brand continued to demonstrate robust growth in emerging channels on the back of its unique proposition of ‘100% Natural Action’.

Under the Skincare portfolio, ‘Dermafique’ introduced an AI powered smart skin advisor to provide personalised skin health analysis, empowering individuals to know their skin better and adopt solutions suited to unique skin needs. During the year, the brand launched its D2C platform to deepen consumer engagement based on sharp consumer insights and drive revenue growth. The brand also strengthened its equity through relevant product benefit communications, leveraging influencers to drive buzz and engagement, running digital campaigns etc., which is visible in strong conversions and repeat rates on digital platforms.

The Business bolstered its presence in the rapidly growing e-Commerce channel and continues to widen its assortment of offerings tailored to consumer needs. With reinforced focus on footprint expansion, salience of the e-Commerce channel for the Business stood at double digits. The proliferation of digital access

and rapid evolution of ‘beauty tech’ have opened up opportunities for providing relevant personalised experiences to consumers. The Business continues to drive a range of Digital Marketing initiatives to target relevant consumer cohorts.

In order to further strengthen its presence in the D2C segment, your Company acquired a minority stake in ‘Mylo’ – a digital start-up, which offers science backed, expert-led solutions primarily in the mother and baby care segments. In addition, further investments were made during the year in ‘Mother Sparsh’, a premium ayurvedic and natural personal care start-up to support the company’s growth plans.

Your Company is setting up a state-of-the-art Personal Care and Home Care products manufacturing unit in Uluberia, in line with its strategy of building in-house manufacturing capabilities for products with unique formulations, enhancing supply chain agility and responsiveness and reducing distance to market.

Fiama, Vivel and Savlon have been frontrunners in adopting sustainable packaging for the soap portfolio. The Fiama and Vivel wrapped soap portfolio has also transitioned to re-cyclable mono material while Savlon soap wrappers now contain 70% recycled plastic in the PET film used. Sustainable materials are being used for in-store merchandising for Fiama and Vivel soaps. Further, Fiama Shower Gel and Handwash bottles are now made with 50% Post-Consumer Recycled (PCR) material.

The state-of-the-art R&D facility of your Company continued to leverage cross functional collaborations to develop innovative and differentiated products backed by robust science-based claims, to meet the emerging consumer needs.

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Your Company received accolades in the field of Digital and Marketing excellence. Vivel's #WorkForHome campaign, celebrating the relentless and unconditional contribution of homemakers and encouraging equality, won a 'Silver' at the 'Digixx 2022 Awards' and a 'Gold' at the 'ACEF 2022 Awards'. Further, Vivel's Bodywash was awarded the 'Campaign India Digital Crest Silver Award' for use of social media on 'Sharechat'. Engage 'Pocketful O'Stories 3.0' bagged 2 'Golds' for best use of social media for UGC (User Generated Content) in the 'ET Digi+ 2023 Awards' and in 'AFAQs Digies 2023 Awards'.

Your Company's strategic focus continues to be on expanding the core categories of Personal Wash, Fragrance and Homecare through innovative, differentiated and consumer centric products, highest levels of product quality and impactful communication. Your Company, with its future-ready portfolio and purpose-led brands, is well positioned to seize growth opportunities and emerge as a significant player in this space.

Education and Stationery Products

The Education and Stationery Products industry recorded a strong recovery with progressive resumption of physical classes at educational institutions and demand recovering to pre-pandemic levels. However, on the supply side, industry had to contend with unprecedented inflationary pressures.

The Business strengthened its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions and continued focus on cost and working capital management, leveraging institutional strengths such as backward integration in the value chain for supply of paper and paperboard and multi-channel distribution infrastructure.

The Business continued to leverage its innovation platform in collaboration with your Company's Life Sciences and Technology Centre to craft differentiated products of superior quality.

The 'Classmate Interaktiv' Notebooks portfolio was augmented with the launch of over 40 differentiated variants under the Origami range. Extensive consumer engagement with 1,000+ schools and 2 Lakh+ students through craft-based competitions enabled Classmate to fortify its position as an innovation leader in the industry. In the youth and college segment, the Business accelerated the adoption of 'Classmate Pulse' spiral format through activations and driving new consumption segments. The 'Paperkraft' portfolio was further scaled up with launch of 'Paperkraft Vintage Kraft' cover series for leisure writing and 'Paperkraft Debossed PU' series with motivational quotes. The Writing Instruments portfolio was bolstered with the launch of 'Classmate Hook' pens, a unique innovation that enhances the brand's visibility and appeal.

To promote holistic learning in line with the National Education Policy 2020, an inter school initiative 'Classmate All Rounder' was conceptualised providing students with a platform to nurture and showcase their varied skills. The initiative received tremendous response with over 3 Lakh students across 1000+ schools participating in the very first edition.

The multi-channel capability of your Company's strong distribution network was leveraged to enhance availability and drive sales. The Business sustained its leadership position on e-Commerce platforms through consistent availability of a wide assortment of products, backed by focused interventions to enhance consumer traction. Consumer engagement was further enhanced through Classmateshop.com,

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a D2C platform, which facilitates brand affinity through creative product personalisations. Industry-first propositions such as personalised videos and AI (Artificial Intelligence) generated cover designs further enhanced consumer engagement.

The Business continues to ramp up capacity utilisation of its dedicated notebook manufacturing facility at Vijayawada. Equipped with state-of-the-art technology, the facility enables the Business to develop differentiated notebook formats, drive cost reduction and address opportunities in overseas markets. During the year, the Business expanded its exports footprint to newer geographies & segments and successfully onboarded large global retailers leveraging capabilities at the aforesaid facility.

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

With over 250 million school going students, India has one of the largest education systems in the world. The Indian Education and Stationery Products industry holds immense potential driven by growing literacy, increasing enrolment ratios, the Government's continued thrust on the education sector and a favourable demographic profile of the country's population. Your Company, with its strong brands, robust product portfolio, collaborative linkages with small & medium enterprises and superior distribution network is well poised to sustain its leadership position in the industry.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti industry witnessed robust recovery after two years of pandemic induced disruptions.

Your Company's flagship brand 'Mangaldeep' effectively leveraged market opportunities and continued to enhance its standing in the Incense Sticks category. With presence across several formats viz. Agarbattis, Dhoop and Sambrani, Mangaldeep provides discerning consumers a differentiated and superior product experience with a deep emotional connect with devotion. The Mangaldeep App, which has garnered over 1.6 million downloads, continues to play a key role in the devotional journey of consumers. The Business continued to drive brand salience through sharply focused marketing interventions. Proactive steps were also taken towards driving product mix enrichment and cost optimisation. Unprecedented inflationary headwinds in key ingredients viz. paper board, chemicals, etc. were mitigated by leveraging economies of scale, superior portfolio mix and driving sourcing efficiencies.

Based on superior consumer insights, Mangaldeep introduced a slew of offerings during the year.

The brand launched 'Mangaldeep 3 in 1' Agarbatti in the Popular segment during the year. Built on the proposition of 'Prarthana Ki Mehak, Prarthana Ke Baad Bhi' - Mangaldeep 3 in 1 Agarbatti has three unique long-lasting fragrances enabling longer lasting auspiciousness.

Mangaldeep also introduced 'Dhuno Cups' in West Bengal and Assam markets, which offers a modern and innovative solution to the age-old tradition of Dhunuchi in the daily puja. In the Dhoop segment, staying in tune with the modern consumer's need for

Your Company's flagship brand 'Mangaldeep' effectively leveraged market opportunities and continued to enhance its standing in the Incense Sticks category. The Agarbatti Business has also partnered with around 150 visually impaired fragrance evaluators from across the country as a part of its 'Mangaldeep Sixth Sense' panel for fragrance evaluation and selection.

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convenience and variety, Mangaldeep introduced bamboo-less 'Dhoop Sticks' in four modern fragrances– Luxury, Flora, Sandal and Rose.

The Business has also partnered with appx. 150 visually impaired fragrance evaluators from across the country as a part of its 'Mangaldeep Sixth Sense' panel for fragrance evaluation and selection.

Over the years, the Business has implemented several measures to enhance the competitiveness of the agarbatti value chain in India. These include import substitution and backward integration of sourcing raw materials and manufacturing raw batters using indigenous inputs. The Business has been a pioneer in developing domestic manufacturing capabilities for raw batters and is also working closely with the Government under the aegis of the 'National Bamboo Mission' and other nodal agencies of state governments for cultivating bamboo plantations in the country.

The proactive measures implemented by your Company, as highlighted above, sub-serve the national priorities of employment generation and provide a source of competitive advantage to the Business while contributing towards enhancing income of bamboo farmers in the agarbatti stick and raw batters manufacturing value chain.

In the Safety Matches industry, the Business strengthened its market leadership position by leveraging the brand 'Homelites' – built on differentiated positioning of stronger, longer and karborised sticks. The Business continues to focus on scaling up the share of value-added products in its portfolio and enhancing supply chain efficiency by sourcing products manufactured closer to markets.

TRADE MARKETING & DISTRIBUTION

Your Company's Trade Marketing & Distribution (TM&D) vertical demonstrated remarkable agility and responsiveness in capitalising on the emergent market opportunities arising from normalisation of market conditions, premiumisation and increasing online purchases. Concerted actions were taken across all nodes of operations to ensure efficient market servicing and availability of your Company's products. These include realigning distribution infrastructure, deploying innovative delivery models, forging strategic partnerships, leveraging digital technologies and adopting a focused approach to accelerate growth in emerging channels.

As stated in earlier years, the dynamic interplay of varied and evolving consumer preferences, multiplicity of channels including emergence of new channels, diverse demographic profiles & socio-economic factors and vast geographical landscape pose a high degree of complexity for distribution of FMCG products in India. Given the varied set of needs and challenges associated with each channel, TM&D continues to sharpen channel-specific strategies to efficiently service consumer demand across the country. Valuable insights into consumer behaviour and channel-specific trends gained over the years continue to be leveraged to deliver superior performance in terms of availability, visibility and freshness.

The rapid growth of Modern Trade & e-Commerce channels, along with the emergence of several new players, has necessitated deployment of differentiated market/outlet specific strategies to seize the emerging opportunities. The Modern Trade channel witnessed robust growth in the retail format aided by store expansion by accounts, both in metros and Tier 2 & Tier 3 cities, coupled with omni-channel presence.

Your Company's Trade Marketing & Distribution vertical demonstrated remarkable agility and responsiveness in capitalising on the emergent market opportunities. TM&D continues to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers.

Growth in the channel continues to be driven by deploying a format-based assortment approach catering to the needs of a diverse set of shoppers with category specific sell-out strategies. Agile supply chain initiatives including collaborations with supply chain partners led to enhanced operational and execution efficiencies.

Significant increase in internet penetration led by smartphones, growing adoption of digital payments, attractive loyalty programmes, wide assortment of products and faster deliveries continue to drive the rising salience of e-Commerce channel. Your Company's collaborations with leading e-Commerce platforms on all aspects of operations viz. category development, marketing, supply chain and customer acquisition has enabled it to significantly scale up sales in this channel. This was augmented by development of exclusive and relevant pack assortments, driving 'Digital First' brands and enabling platform discoverability through jointly curated campaigns. Joint Business Plans, built and executed in close co-ordination with e-Commerce platforms, coupled with account specific strategies further consolidated the market standing of your Company in this channel. Sales through the e-Commerce channel has grown rapidly in recent years and stood at appx. 5x of FY 2019-20 levels; the channel accounts for over 10% of your Company's Branded Packaged Foods and Personal Care Products sales.

Your Company's multi-channel distribution network, which facilitates availability of its products in nearly seven million retail outlets of which more than one-third are serviced directly, was further strengthened during the year with the addition of new markets and outlets to its direct servicing base. Market coverage was stepped up to appx. 2x of pre-pandemic levels.

During the year, urban markets continued to witness channel shift with the growth of Modern Trade and e-Commerce. Automation, data-led insightful and machine-learning enabled solutions have been increasingly leveraged to drive field-force productivity and performance across urban markets. Customised servicing based on outlet potential and retail engagement programmes have been deployed to stimulate demand for your Company's products with enhanced focus on premium grocery outlets.

In rural markets, your Company continued to deploy market-specific interventions to enhance direct coverage on the basis of socio-economic indicators and market potential. This has been supported through a hub and spoke distribution model with the continued expansion of rural stockists network to 1.2x over previous year and collaborations with rural-focused eB2B players. Your Company has also leveraged its deep connect with rural entrepreneurs in key geographies to build local connect and carry out extensive consumer engagement activities. These initiatives have substantially enhanced distribution reach of your Company's range of products in rural markets leading to sales growth ahead of industry.

The Food Service and Institutional channels have also witnessed robust growth during the year leveraging existing partnerships and enhancement of product range. Further, new routes-to-market were unlocked through several strategic partnerships to cater to specialised segments, including 'on-the-go' consumption, direct marketing, airports & airlines and QSRs. Your Company continues to scale up its presence in the rapidly growing emerging channels and has further expanded availability of its products with new trade partners on Quick Commerce and Social Commerce platforms.

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During the year, TM&D continued to focus on enhancing availability in markets proximal to its ICMLs through increased awareness levels, product trial generations, expansion of distribution reach and consumer promotions.

TM&D continues to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Technology enablement in the form of customised mobility and routing solutions, machine learning algorithms, data science models, data analytics comprising insightful visualisation tools and predictive analysis is being increasingly leveraged to enable speedy and accurate data capture, enable real-time informed decisions and aid in optimisation of trade inputs to enhance sales. Self-service analytics tools are also being increasingly used to analyse data and present insights which are digitally integrated into business decisions, resulting in intelligent digitalisation of processes.

The digitally powered eB2B platform of your Company, UNNATI, has been rapidly scaled up during the year covering nearly 5.4 lakh outlets. UNNATI facilitates sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement.

In line with your Company's credo of 'Nation First: Sab Saath Badhein', TM&D has partnered with Open Network for Digital Commerce (ONDC) to help small retailers ride the digitalisation wave. As a part of this industry-first initiative, your Company is assisting traditional retailers to on-board the ONDC network and helping them have an omni-channel presence. This intervention would enable such retailers to

enhance their competitiveness in the growing digital marketplace as also enable them to effectively address evolving consumer buying behaviour.

'ITC e-Store', your Company's exclusive D2C platform, is now operational in 24,000+ pin-codes and continues to receive excellent consumer response. ITC e-Store has also partnered with ONDC in the journey of unlocking newer consumer touchpoints and addressing buyer preferences in the growing e-Commerce arena. Powered by state-of-the-art digital technology and robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of your Company's FMCG products across 45+ categories and over 900 products under one roof.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable insights into consumer & trade behaviour and provide speed and scale of execution for launches across geographies. In order to effectively leverage new routes-to-markets and meet the assortment needs of emerging channels, your Company executed over 90 new product launches across target markets besides extending distribution reach of several existing products in the portfolio.

Several interventions were undertaken by TM&D during the year to further improve operational effectiveness & productivity and create structural competitive advantage. These include supply chain & network optimisation, smart buying including efficient freight procurement and layering of operations through direct shipments to customers. During the year, your Company implemented an integrated planning and supply chain tool, which is powered by AI/ML technology for inventory optimisation and productivity enhancement. This intervention is expected to enhance supply chain

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agility and efficiency, while also further improving market servicing. An IoT based solution has also been implemented which monitors stock movements on a real time basis resulting in improved vehicle turnaround time and enhanced customer service through data analytics.

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

HOTELS

The global Travel & Tourism industry, which had been severely impacted in the last two years due to the pandemic, witnessed strong rebound in the current year. As per estimates of the World Travel and Tourism Council (WTTC), the Travel & Tourism sector is expected to contribute US\$ 8.6 trillion to the global economy in 2022 (about 94% of pre-pandemic levels). As per estimates of the WTTC, the sector, which had suffered 62 million job losses in 2020, has almost recovered to pre-pandemic levels, with an estimated 40 million jobs having been added in 2022 on top of the 18 million jobs which were added in 2021.

The Travel & Tourism sector plays a vital role in the Indian economy and holds immense potential for growth. The extensive tourism value chain spanning hotels, travel agents, airlines, tour operators, restaurants, tourist transporters and guides, etc. results in a huge economic multiplier impact, ranking it amongst the highest across industries on this count. The sector's contribution to the Indian economy remains significant and is estimated at appx. 7% of

GDP. While the global passenger traffic has recovered to 68.5% of 2019 volumes in 2022, domestic air travel in India has recovered at a faster pace to over 85% of 2019 levels. However, foreign tourist arrivals in India, while improving over the previous year, remains significantly below pre-pandemic levels.

During the year, your Company's Hotels Business delivered competitively superior performance, on the back of enriched guest experiences, operational excellence and new growth opportunities. The Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. This included introduction of special packages offering distinct value propositions and flexibility, targeting short getaways/staycations, revamped packages for the MICE & wedding segments and extension of exclusive privileges to members of the Club ITC Loyalty programme.

In the backdrop of a buoyant operating environment, Segment Revenue for the year doubled to ₹ 2585.03 crores while Segment EBITDA stood at ₹ 831.62 crores, as against ₹ 78.03 crores in the previous year. Segment PBIT for the year stood at ₹ 541.90 crores representing a positive swing of ₹ 724.99 crores over the previous year.

Your Company's Hotels Business continues to leverage its 'asset-right' strategy to be amongst the fastest growing hospitality chains in the country with over 120 properties and 11,500 rooms under distinguished and distinctive brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the Premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.

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Further expanding its footprint, the Business had launched two new brands in the previous year - 'Mementos' in the Luxury Lifestyle segment and 'Storii' in the Premium segment, targeting new age travellers looking for varied experiences.

During the year, 12 new properties were added to the Group portfolio, including:

- ITC Narmada at Ahmedabad (Gujarat's first LEED Platinum rated hotel), offering 291 guest rooms and suites, which draws inspiration from the river Narmada along with the iconic architecture, vibrant culture and grandeur of Gujarat.
- Ekaaya Udaipur (managed property), located amidst the Aravali hills, with 117 suites under 'Mementos by ITC Hotels'.
- Storii Shanti Morada at Goa (managed property), offering 20 well-appointed guest rooms, representing a varied confluence of Portuguese and Indian culture.
- Storii Amoha Retreat at Dharamshala (managed property), offering 37 guest rooms and suites; built using sustainable and locally sourced materials.
- Welcomhotel Jim Corbett in Uttarakhand (64-key managed property), offering a premium experience nestled in close proximity to the picturesque Jim Corbett National Park.
- Welcomhotel Ahmedabad (129-key managed property), a premium boutique property offering signature dining experience and expansive banqueting.

All of these properties have received excellent response from guests within a short span of time.

The Welcomhotel brand now consists of 24 hotels and over 2,600 keys. With a strong pipeline of properties

to be onboarded under the management contract route, the brand is well positioned to scale up rapidly in line with the 'asset-right' growth strategy of the Business.

The 'Fortune' brand continues to maintain its pre-eminent position in the Mid-market to Upscale segment, with a positioning of 'First class, full service hotels – an affordable alternative', comprising 43 operating properties and over 3,300 rooms. The 'WelcomHeritage' brand continues to create best-in-class authentic experiences with an operational inventory of 36 hotels comprising over 950 rooms.

With a strong pipeline of properties under the management contract route, the Business's distinctive brands are well poised for rapid scale up, in line with its 'asset-right' growth strategy.

'Responsible Luxury' continues to guide business best practices in line with the 'Triple Bottom Line' philosophy of your Company. The Business has the highest number of hotels in the world to have been awarded the LEED Platinum Certification by USGBC, with 22 of its hotels achieving this feat. Furthering your Company's Responsible Luxury ethos, 12 of its iconic hotels have received LEED Zero Carbon Certification, the first in the world to have received the same. ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the USGBC, followed by ITC Sonar, which is the second hotel to be awarded the certification globally.

Going forward, the Business has plans to further enhance the renewable energy portfolio, increase the number of LEED Zero Carbon Certifications, and reduce carbon emission levels.

ITC Hotels was recognised as the best Luxury Hotel Chain for the 4th consecutive year at 'Travel + Leisure India's Best Awards 2022'. In the premium segment,

Your Company's Hotels Business, with its ethos of 'Responsible Luxury' scaled new heights with 12 of its iconic hotels being the first in the world to receive the LEED Zero Carbon Certification; while 2 hotels became the first in the world to be awarded the LEED Zero Water Certification.

the Welcomhotel brand continues to strengthen its equity with its characteristic positioning of ‘Enriching Experiences’.

Leveraging its expertise and experience in the domain of sleep, the Business had recently launched its signature ‘*Sleep*’ Boutiques across the country, offering a wide range of premium home bedding products with both online and offline retail options. These boutiques, present across seven ITC Hotels, have received encouraging response and plans are on the anvil to scale up operations going forward.

The world-class ambience of your Company’s luxury hotels continues to be leveraged for gourmet luxury chocolates under the Fabelle brand with exclusive boutiques across nine ITC Hotels and kiosks at four Welcomhotels.

Digital investments continue to be leveraged towards enhancing guest experience, facilitating guest acquisition, augmenting revenue generation and driving operational efficiency. During the year, the Business continued to promote its full stack ITC Hotels App for Food Delivery, Room & Table Reservations, Loyalty Benefits, Exclusive Offers and more. The App has also been enhanced with room automation and entertainment control module, which has been rolled out in select hotels.

ITC Hotels is recognised for its award-winning culinary excellence, with illustrious brands, dishes and concepts revolving around indigenous ingredients and signature dining experiences. From bringing alive local flavours, inspired by the ever-changing seasons, cultures and age-old traditions, the Business has been at the forefront of presenting gastronomical delights to food connoisseurs for decades. Sourcing local ingredients and using time-honoured techniques, the Business continues to remain ahead of peers in creating

delectable dishes from humble ingredients and ensuring every meal is an aromatic celebration par excellence.

The Business continues to enhance its award-winning repertoire of culinary brands. In alignment with the Government’s initiative of promoting millets and in keeping with its ethos of producing sustainable cuisine, the Business has also created a range of millet-based gourmet cuisine across its signature restaurants. Further, it is also promoting easy-to-try recipes with millets to help encourage individuals experiment with the taste and texture of millets.

Over the years, your Company has expanded its footprint in the Luxury and Upper Upscale segments of the Indian hospitality industry. Your Company’s ‘asset-right’ strategy envisages a substantial part of incremental room additions, going forward, to accrue through management contracts. The Business is witnessing growing interest amongst property owners to partner with its iconic brands resulting in healthy generation of leads and pipeline of management contracts. The Business is confident of rapidly scaling up revenues through this route going forward.

As reported earlier, your Company remains committed to implement its ‘asset-right’ strategy, focus on sweating existing assets, create additional revenue streams and pursue alternate structures in view of the strong industry recovery witnessed during the year towards engendering the next horizon of growth as also enhancing value creation.

With its highest standards of hygiene and safety, portfolio of world-class properties, iconic cuisine brands and best-in-class service levels anchored on the ethos of ‘Responsible Luxury’, your Company is well placed to sustain its pre-eminent position in the Indian hospitality industry.

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PAPERBOARDS, PAPER AND PACKAGING

Paperboards & Specialty Papers

The demand for Paper & Paperboards grew at about 6-7% in FY 2022-23 driven by robust growth across most end-user segments. Sequential moderation was witnessed during the second half of the year, primarily due to inventory pipeline adjustments by export customers and relatively lower offtake by domestic customers towards the end of the year. Cost of key inputs remained elevated with global pulp prices witnessing unprecedented highs during the first half of the year on account of global supply chain disruptions, geopolitical tensions, adverse weather events, higher power and chemical costs. However, pulp prices moderated in the second half of the year due to subdued Chinese demand, recessionary conditions in Europe and progressive normalisation in supply chain operations. Chemical prices, which were also at record highs, moderated towards the end of the financial year, while remaining elevated over pre-pandemic levels. Coal supplies were adversely impacted by supply chain disruptions and prioritisation of domestic supplies to thermal power plants. The Indian Rupee depreciated against the US Dollar during the year which further impacted cost of imports.

Amidst heightened inflationary pressures, the Business delivered robust performance during the year leveraging its integrated business model and strong end-user engagements. Structural interventions across the value chain including, inter alia, developing high yielding clones, augmenting value added paperboard & in-house pulp manufacturing capacity, product & process innovation, digital interventions including Industry 4.0 and creating superior distribution infrastructure continue to provide the Business sustainable competitive advantages.

The Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through innovation focused on developing customised solutions for end-use industries and maintaining best-in-class customer service levels. The Business is also the industry leader in the eco-labelled products segment as well as the premium recycled paperboards space.

The Business continues to ramp up its sustainable products portfolio and achieved appx. two-fold increase in revenue over the previous year. The 'Filo' series of sustainable solutions viz. 'FiloBev' (for cups), 'FiloServe' (for QSR, bakeries, food retail) & 'FiloPack' (packaging for sweets and deep freeze applications), continued to witness strong traction in both domestic and international markets. The 'Omega' series viz. 'OmegaBev' and 'OmegaBev Vio', certified compostable by Central Institute of Petrochemicals Engineering & Technology (CIPET) and also registered with the Central Pollution Control Board (CPCB), continued to increase its franchise with large eco-conscious brands. The Business is stepping up investments in this fast-evolving space which holds immense growth potential, supported by the R&D capabilities of your Company's Life Sciences & Technology Centre and through external collaborations with global specialists.

During the year, your Company set up a wholly owned subsidiary, ITC Fibre Innovations Limited, to foray into the fast-growing premium Moulded Fibre Products (MFP) space. Towards this end, construction of a state-of-the-art MFP manufacturing facility in Badiyakhedi, Madhya Pradesh, is underway. Customers are increasingly seeking solutions that are bio-degradable, substitute single use plastic and meet stakeholder and regulatory expectations across industries including food serving and

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delivery, pharmaceutical, beauty and electronics. The raw materials for such products are sourced from environment-friendly, renewable, natural fibres such as wood, bamboo etc. The MFP business will leverage your Company's expertise in fibre value chain, manufacturing excellence and strong sustainability credentials to rapidly scale up business going forward.

During the year, the Business delivered robust performance in the Specialty Papers segment. Market standing continues to be driven by product mix enrichment and diversification of the customer base. The domestic industry continues to remain under pressure on account of cheap imports from China. Anti-dumping duty on Décor paper continues to provide a level playing field for domestic industry, further enhance 'Make in India' opportunities & foster domestic value chains and enable import substitution. A strong distribution network, efficient supply chain and customised product portfolio leveraging cutting-edge innovation capabilities based on superior customer insights, provide structural competitive advantages to the Business to further consolidate its market standing in the fast growing Décor segment.

The Business continues to make structural interventions to reduce dependence on imported pulp, enabling substantial reduction in operating costs. Significant increase in in-house pulp production was achieved through strategic interventions, Industry 4.0 initiatives and improved wood mix. Capacity utilisation of the chemical pulp mill at the Bhadrachalam unit touched a record high during the year.

The Business has been practising the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade and continues to reap substantial benefits through its Business Excellence initiatives. In recent years, the Business has embarked

upon a comprehensive Digital Transformation Programme across the vectors of manufacturing, supply chain and support services to achieve operational excellence and drive improvement in profitability.

Your Company is a pioneer in the adoption of Industry 4.0 in the Indian Paper & Paperboard industry. Digital and emergent technologies continue to be leveraged towards enhancing operational efficiency, reducing wastages, enabling cost optimisation and improving safety across the value chain. The multi-dimensional digital interventions encompass Industrial IoT for Smart Operations, Integrated Data Platform, AI/ML algorithms for optimisation in the manufacturing process, AI/ML based image analytics and IoT based crop monitoring & advisory, computer vision-based solutions to improve workforce safety. The Business also embarked on collaborating with leading online training platforms to upskill managers across business functions in new age digital tools and technologies. The Business continues to collaborate with partners from the start-up ecosystem, as well as established solution providers, in building scalable solutions that are custom-fit to business requirements. Over 100 use cases have already been developed and implemented across multiple spheres of the Business, aiding in margin expansion.

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

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Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC[®]-FM) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. Till date, your Company has received FSC[®]-FM certification for close to 1.5 lakh acres of plantations involving over 25000 farmers. During the year, nearly 4.3 lakh tonnes of FSC[®]-certified wood was procured from these certified plantations. Your Company sustained its position as the leading supplier of FSC[®]-certified paper and paperboards in India.

Initiatives such as bund plantation and scaling up plantations in new catchment areas in Odisha and Chhattisgarh have enabled procurement of more than 10,000 MT of wood from these areas, with further potential for increasing cost-effective access to fibre in the future.

All manufacturing units of the Business continue to recycle nearly 100% of the solid waste generated during operations by converting the same into lime, fly ash bricks, cement, grey boards, egg trays etc. In addition, the Business recycled around 1.1 lakh tonnes of waste paper during the year, thereby sustaining your Company's positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. The Bhadrachalam unit is the first pulp & paper plant and the second in the country overall, to be rated 'GreenCo Platinum+' by CII, as part of the Green Company rating system.

The Kovai unit has also been rated GreenCo Platinum+ by CII. The unit is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the 'Alliance for Water Stewardship Standards'. Bhadrachalam and Kovai mills won awards for Excellence in Energy Management at the '23rd National Awards' for 'Excellence in Energy Management' in the Pulp & Paper sector. The Bhadrachalam unit was rated as the Winner in 'Within the Fence' category under CII-National awards for Water management.

The Business continues to strengthen its safety management processes, adopt globally recognised best practices and ensure that facilities are designed, constructed, operated and maintained in an inherently safe manner. Your Company continues to deploy various measures viz. use of Data Analytics Tools to identify risk prone areas for proactive mitigation of incidents, video analytics etc.

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented several initiatives including investments in a green boiler, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable sources presently account for appx. 44% of total energy consumed at the four manufacturing units.

Augmentation of the Bleached Chemical Thermo Mechanical pulp production facility has been completed during the year. The project for augmenting chemical pulp capacity is also nearing completion. These initiatives will further enhance substitution of imported pulp, enhance support to Indian farmers and enable reduction in operating costs. The recently

The recently commissioned state-of-the-art and future-ready High-Pressure Recovery Boiler at the Bhadrachalam mill is progressively enhancing energy efficiency and reducing the carbon footprint of the unit's operations by significantly lowering coal consumption by appx. 25%.

commissioned state-of-the-art and future-ready High-Pressure Recovery Boiler at the Bhadrachalam mill is progressively enhancing energy efficiency and reducing the carbon footprint of the unit's operations by significantly lowering coal consumption by appx. 25%. These investments are a testament to your Company's commitment towards embedding sustainability in its operations and supporting the 'Make in India' initiative.

Going forward, paperboards demand is expected to be driven by end-user segments such as pharmaceuticals, apparels, FMCG, consumer durables and e-Commerce. Writing & Printing paper demand is also expected to remain firm on the back of demand from the publishing and notebooks industries driven by the Government's thrust on primary and secondary education.

The integrated nature of your Company's business model - comprising access to high-quality, cost competitive and renewable fibre supply chain, in-house pulp manufacturing capability, imported pulp substitution, world-class product quality, state-of-the-art manufacturing facilities, increasing usage of data analytics and Industry 4.0 technologies along with robust forward linkages with the Education and Stationery Products Business and the Packaging and Printing Business - is a key source of competitive advantage for your Company's Paperboards & Specialty Papers Business. Your Company is confident of further consolidating its leadership position in the Indian Paper and Paperboards industry leveraging recent investments in innovation platforms anchored on the development of sustainable products and cutting-edge digital technologies to set new benchmarks in customer satisfaction, operational excellence and sustainability.

Packaging and Printing

Your Company's Packaging and Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability-set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines. The Business caters to the packaging requirements of leading players across several industry segments viz. Food & Beverage, Personal Care, Home Care, Footwear, Consumer Electronics, QSR, Pharma, Liquor and Tobacco. It also provides strategic support to your Company's FMCG and Cigarettes Businesses by facilitating faster turnaround for new launches, providing innovative packaging solutions, facilitating packaging changes, ensuring security of supplies and delivering benchmarked international quality at competitive cost.

The year under review remained challenging for the Business due to unprecedented inflation in commodity prices. Notwithstanding the challenging operating environment, the Business remained resilient and registered robust growth in domestic and exports businesses.

Amidst heightened competitive intensity and sluggish economic conditions, the Business has been aggressively pursuing new business development opportunities across segments and has acquired several key accounts during the year.

The Business continues to craft innovative packaging solutions leveraging its deep understanding of end-user needs and the capabilities of your Company's Life Sciences and Technology Centre. Recognising the need for sustainable packaging and the emerging demand for plastic substitutes, the Business continues to leverage its flagship 'InnovPack' campaign and

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is focusing on end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions. Along with a steady pipeline of pioneering solutions anchored on molecular science research such as 'Bioseal' (compostable packaging solution), 'Oxyblock' (recyclable coating solution to enhance barrier properties in packaging) and 'Germ free coating' (solution for microbial free packaging surface addressing the consumer consciousness towards hygiene and safety), the Business has also pioneered several innovative solutions towards 'Reducing, Reusing and Recycling' of plastic substrates which are under various stages of commercialisation. Going forward, the Business will continue to invest resources to develop sustainable packaging solutions.

The Business continues to be acknowledged as a 'first choice packaging partner' by several reputed FMCG companies in the country for providing superior and cost-effective packaging solutions across areas such as sustainable packaging, superior structural design and enhanced security features. The Business continues to deploy several operational excellence tools along with focused interventions in the areas of efficiency improvement, waste reduction, quality improvement and employee skill building. The Business also continues to be amongst the top ranked global packaging companies on productivity parameters as per the latest International Packaging Group and International Flexibles Packaging Network rankings. During the year, the Business received global recognition and was adjudged winner at the prestigious WorldStar Global Packaging Awards (two awards for pack premiumisation and three for sustainability) and also won nearly 50 national level awards such as the IndiaStar awards, Printweek

awards, IFCA Star awards and SIES SOP Star awards for its excellence in packaging under various categories including sustainability and eco-friendly packaging.

To cater to its growing customer base in Western region and to further improve customer service levels, the Business has commissioned a greenfield manufacturing plant in Nadiad, Gujarat with state-of-the-art equipment for the Cartons packaging platform. Capacity utilisation at the facility is expected to be progressively scaled up going forward.

All four units of the Business are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. The cartons packaging lines in both the Tiruvottiyur and Haridwar units received the 'Grade A' and the Nadiad unit received 'Grade AA' Brand Reputation Compliance Global Standards (BRCGS) certification, for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. The Tiruvottiyur unit received the Gold Award for Excellence in EHS from CII.

The Packaging and Printing Business of your Company has established itself as a one-stop packaging solutions provider, offering a wide range of innovative products to cater to the evolving requirements of customers across industries. With world-class technology across a diverse range of packaging platforms, innovative sustainable packaging solutions, best-in-class quality management systems, focused investments in skill development and a distributed manufacturing footprint, the Business is well positioned to grow its marquee customer base while continuing to service the requirements of your Company's FMCG Businesses.

Recognising the need for sustainable packaging and the emerging demand for plastic substitutes, the Business continues to leverage its flagship 'InnovPack' campaign. Along with a steady pipeline of pioneering solutions anchored on molecular science research such as 'Bioseal', 'Oxyblock' and 'Germ free coating', the Business has also pioneered several innovative solutions towards 'Reducing, Reusing and Recycling' of plastic substrates which are under various stages of commercialisation.

AGRI BUSINESS

Leaf Tobacco

Flue Cured Virginia (FCV) tobacco production in 2022 largely remained at similar levels as that of the previous year with weather conditions adversely impacting crop output in certain origins. The trend of global customers increasing the share of sourcing requirement from suppliers with higher order sustainability credentials gained further momentum during the year. This, coupled with lower FCV supplies from major supply origins such as Brazil provided an opportunity to enhance share in exports which was effectively leveraged by your Company to register robust growth in exports.

The Business continued to leverage its crop development expertise, superior product quality, world-class processing facilities and strong sustainability credentials to strengthen its position as a reliable supply chain partner for global customers. Deeper farmer & customer engagement, operational agility and supply chain efficiency enabled the Business to deliver enhanced value to existing customers and consolidate its pre-eminent position as the largest Indian exporter of unmanufactured tobacco.

The Business continues to make focused investments across the tobacco value chain anchored on the key vectors of Quality, Consistency, Compliance and Sustainability. Crop and region-specific agronomic practices continue to be deployed to cater to the emerging preferences of customers.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological & digital solutions. Investments continue to be made in your Company's

Green Leaf Threshing plants (GLT) at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. The energy needs of all three GLTs are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path.

The Business remains committed to highest standards of EHS (Environment, Health, Safety) & Quality and continues to win recognition in these areas. During the year, the Business received an award for 'Most Innovative Best Practices' from CII and Platinum award for 'Systematic and Sustainable Energy Performance' from Society of Energy Engineers and Managers (SEEM). In addition, the Business received various awards at events organised by the Quality Circle Forum of India and CII for operational excellence.

Strategic cost management across the value chain continues to be a key focus area for the Business. The AI/ML powered real-time buying platform continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented in recent years have led to improved operating efficiencies in processing facilities and the supply chain.

Synergistic R&D initiatives with focus on varietal development, climate smart farming techniques and usage of water efficient technologies are being scaled up towards enhancing productivity & product quality, reducing cultivation costs and strengthening resilience of the value chain. The Business enabled farmers to successfully implement integrated energy management initiatives spanning energy conservation, increasing alternative fuel usage and energy plantations, towards achieving fuel self-sufficiency in the curing process of FCV. In addition to these initiatives, your Company is

The Leaf Tobacco Business consolidated its pre-eminent position as the largest Indian exporter of unmanufactured tobacco. The Business continued to leverage its crop development expertise, superior product quality, world-class processing facilities and strong sustainability credentials to strengthen its position as a reliable supply chain partner for global customers.

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taking up integrated watershed management programmes to ensure availability of water for irrigation during critical phases of the crop cycle.

A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from providing a fillip to illicit trade and severely impacting the domestic legal cigarette industry, has also adversely impacted demand for the leaf tobacco crop grown in India over the years leading, inter alia, to severe stress on farmer earnings. Illicit cigarettes also continue to impact leaf tobacco trade as these products do not use Indian tobacco. Accordingly, a more balanced regulatory and taxation regime that cognises for the unique tobacco consumption pattern prevalent in India and the economic realities of the country is the need of the hour to support the Indian tobacco farmer and the 46 million livelihoods dependent on tobacco. Lower export incentives in India and high import duty levied in several markets, including the USA and Europe, have weighed on the competitiveness of Indian leaf tobacco exports. Restoring export incentives to earlier levels and necessary policy support to alleviate trade barriers would go a long way in enhancing the competitiveness of unmanufactured tobacco exports from India and contribute to increasing farmer earnings. Your Company continues to engage with policy makers on these matters. The recent stability in the taxation and regulatory regime on cigarettes has enabled engendering domestic demand for Indian tobaccos, while also enhancing farmer incomes.

Going forward, the Business will continue to provide strategic sourcing support to your Company's Cigarettes Business and consolidate its leadership position as a major exporter of quality Indian tobacco thereby catalysing the multiplier impact of increased farmer incomes on the rural economy. With its strong

R&D capability, sustainability leadership, unique crop development & extension expertise, state-of-the-art processing facilities and deep understanding of customer & farmer needs, your Company is well positioned to meet the current and emerging requirements of global customers and sustain its position as a world-class leaf tobacco organisation.

Other Agri Commodities

The operating environment was rendered challenging during the year against the backdrop of severe inflationary headwinds and concerns of food security that emerged due to geopolitical tensions and erratic weather patterns.

Notwithstanding the challenging operating environment, the Business leveraged market opportunities to deliver robust performance during the year. This was achieved on the back of your Company's strong farm linkages and sourcing networks, multi-modal logistics capability, agile supply chain operations, focused scale up of Value-Added Agri Products (VAAP) portfolio and deep customer relationships.

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 4.5 million tonnes of annual volume throughput in 22 states and over 20 agri-value chains. The strategic focus of the Business in recent years has been to accelerate growth by rapidly developing and scaling up VAAP straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The portfolio continues to be rapidly scaled up, leveraging your Company's deep rural linkages and extensive sourcing expertise enabling traceable, attribute based and identity-preserved

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sourcing of agri-commodities, besides value addition through processing.

- Your Company is a leading player in whole spices such as Chilli, Turmeric, Coriander and Cumin. In line with its strategy of enhancing value addition and ‘producing the buy’, the Business has, in recent years, scaled up its presence in ‘food safe’ markets viz. USA, EU and Japan, leveraging its key strengths such as identity-preserved sourcing expertise, strong backward integration, custody of supply chain and customer focused strategies. During the year, the Business consolidated its position as a preferred supplier in the food safe segment, private labels, steam sterilised and organic products. Addition of new export customers, improved product mix and higher offtake from large format players in modern retail and e-Commerce segments aided growth. The Business scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with the various State Governments for production of food safe spices and has maintained an unblemished track record over the years in terms of compliance with stringent food safety parameters. The Business continues to pursue sustainable farm management practices anchored on Rainforest Alliance and Global GAP accreditation.

In this context, during the year, your Company has commissioned a world-class, state-of-the-art Spices processing facility in Andhra Pradesh. This facility, compliant with Global Food Safety standards, will enable your Company in expanding its customer base in food safe export markets, besides promoting inclusive spices value chains benefiting thousands of Indian farmers.

- During the year, Coffee prices remained volatile in the international markets due to supply uncertainties in Brazil & Vietnam and muted demand in Europe due to recessionary trends. In the domestic market, lower availability of the crop led to high prices impacting demand. Notwithstanding these challenges, the Business registered strong growth leveraging its strategic presence in key coffee producing regions in India, deep understanding of estate and region-specific varieties and focus on premium grades of Arabica, Certified Coffees, Specialty and Monsooned Coffee. Apart from servicing the needs of leading coffee houses in the value-added space, the Business continues to source high quality coffee grades customised to the needs of your Company’s gourmet coffee brand, ‘Sunbean’.
- Your Company is one of the leading exporters of value-added frozen marine products from India with expertise in processing individually quick-frozen (IQF), raw and cooked products, which adhere to the highest standards of safety and hygiene prevalent in developed markets such as the US, EU and Japan. During the year, the Business expanded its value-added shrimp portfolio to include Aquaculture Stewardship Council (ASC) certified products for EU markets. Leveraging its strong domain knowledge and sourcing expertise, the Business also supports the ‘ITC Master Chef’ range of ‘Super Safe’ frozen prawns in the domestic market and supplies high-quality shrimps to your Company’s Hotels Business.
- In the Processed Fruits & Vegetables segment, the Business continues to expand its footprint in categories of fruit pulp and tomato paste across conventional and certified segments through a robust collaborative network comprising a large

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number of small and marginal farmers across four states.

The Business remains focused on expanding its scope of operations across identified agri commodities, including both fresh and processed products. As these businesses develop critical mass, the Business is also scaling up end-to-end presence across the value chain, supported by the R&D capabilities of your Company's Life Sciences and Technology Centre and external collaborations.

The Business is also scaling up its customised crop development programme in Madhya Pradesh to build deeper expertise in Medicinal and Aromatic Plant Extracts (MAPE). Collaborations with farmers are underway with the Business providing necessary inputs, advisory and on-field support. The Business is also focusing on developing unique value-added products by leveraging the research platforms of your Company's Life Sciences and Technology Centre.

Towards enhancing the competitiveness of domestic agri-value chains, strengthening market linkages and further augmenting value creation opportunities, your Company has successfully scaled up ITCMAARS – a crop-agnostic full stack AgriTech platform, together with a 'phygital' ecosystem across nine states. Over 1150 Farmer Producer Organisations (FPOs) encompassing more than 5,00,000 farmers have been added to your Company's network within a short period since launch. By synergistically integrating NextGen agri technologies, this initiative is creating a robust ecosystem to seamlessly deliver hyperlocal and personalised solutions to the farming community, whilst creating new and scalable revenue streams, strengthening sourcing efficiencies and powering your Company's world-class Indian brands. These include an e-Marketplace for agri inputs and farm outputs,

wide range of advisory services covering weather forecasts, agronomy, best practices for improved productivity, quality assurance, etc. The Business expects to rapidly scale up the initiative to create a unique platform providing significant competitive advantage to your Company's Agri Business as also creating new revenue streams.

Over the years, your Company has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. Rapid adoption of analytics-led smart procurement tools has further augmented the aforesaid expertise. These capabilities and infrastructure have created structural advantages facilitating competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses.

- The Business continues to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat of benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta to provide consumers best-in-class product quality and experience, use of multi-modal transportation, cost optimisation through geographical and varietal arbitrage as also enabling supply of attribute based/identity preserved crop. The Business also ramped up direct buying at various atta factories and scaled up utilisation of railway rakes for wheat transportation, which aided in containing the impact of inflation in freight costs. At the Kapurthala ICML plant, for instance, direct buying of wheat

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offers substantial benefits to farmers including transparency in grading, weighment and pricing, besides delayering operations and enhancing sourcing & logistics efficiencies. This initiative is being scaled up through focused crop development in the area to upgrade crop quality.

- The Business continues to leverage its strong backward linkages and wide sourcing network across geographies to source high-quality fruit pulp and frozen vegetables for your Company’s ‘B Natural’ and ‘Farmland’ brands.
- Milk procurement network in Bihar and West Bengal was strengthened during the year towards meeting the growing requirements of your Company’s Fresh Dairy portfolio under the ‘Aashirvaad Svasti’ brand, and in Punjab for ‘Sunfeast’ Dairy Beverages. The Business continues to empower farmers by providing infrastructure such as automated milk collection units & chillers and imparting package of best practices to improve operational efficiency, maintain high quality and ensure identity preservation and traceability. The capability to source superior quality milk has enabled the scale-up of ‘Aashirvaad Svasti Easy Digest Milk’ – West Bengal’s first lactose free milk in pouch format and ‘Sunfeast Protein Shake’ in the Fresh Dairy and Beverages categories respectively.
- The Business continues to scale up sourcing of spices to meet the growing requirements of Sunrise and Aashirvaad brands.

In recognition of the various initiatives undertaken by the Business to enable an agile, resilient and responsive sourcing and supply chain, your Company was recognised as the ‘Logistics and Supply Chain Innovation Company of the Year’ and ‘Best Innovator

in Data and Analytics’ by ET Ascent and has also received recognition for its excellence under the Food, Perishables, Beverages & FMCG category by the CII SCALE Awards, 2022.

The Business continues to collaborate with reputed research organisations such as the Indian Agricultural Research Institute, Indian Institute of Wheat & Barley Research, Indian Institute of Rice Research, Indian Institute of Soybean Research, Indian Institute of Vegetable Research, Punjab Agricultural University and Agharkar Research Institute towards building an efficient and cost competitive agri-value chain. During the year, the Business further scaled up its wheat crop development programme and introduced location-specific new and superior seed varieties along with appropriate package of practices across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Punjab, Madhya Pradesh and Maharashtra. Sharp focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing & delivery network and developing customised blends will support your Company’s Branded Packaged Foods Businesses in the years to come.

As stated earlier, in line with your Company’s commitment to empower farmers, your Company has developed a millets agri-value chain with special thrust on enhancing value-addition and market linkages. Your Company is also promoting FPOs in millet farming anchored by ITCMAARS. The Business has implemented two Public-Private Partnerships projects in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad. Your Company remains committed to supporting the Government’s efforts to promote millets given their immense benefits in terms of nutritional properties and attributes as a planet friendly and climate resilient crop.

In line with your Company’s commitment to empower farmers, a millets agri-value chain has been developed with special thrust on enhancing value-addition and market linkages. Your Company is also promoting FPOs in millet farming anchored by ITCMAARS. The Business has implemented two Public-Private Partnerships projects in Maharashtra and Andhra Pradesh, in partnership with Indian Institute of Millets Research (IIMR), Hyderabad. Your Company remains committed to supporting the Government’s efforts to promote millets.

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Your Company remains focused on developing climate smart agriculture systems which address the environmental and social impacts of climate change, enhance the resilience of agri-value chains, enable higher productivity and boost farmer incomes whilst also reducing emissions. Towards increasing resilience of agri-value chains, your Company adopts a systematic approach including measuring climate risk impacts of key crop value chains, promoting climate resilient crop varieties, deploying agronomical practices to conserve soil and water usage, etc. For instance, in wheat, rice and soyabean crop value chains, the Business has been helping farmers adopt climate resilient varieties which are tolerant to various biotic and abiotic stress.

In line with the national goal of doubling farmers' income, your Company remains committed to catalyse a transformational shift of the agri ecosystem from the conventional production-centric to demand-responsive value chains. Towards this, the Business continues to focus on developing NextGen Indian agriculture, anchored on ITCMAARS and climate smart agri-value chains with strong market linkages. The focus of these interventions is to reduce vulnerability and increase the resilience of farmers, while lowering greenhouse gas emissions and promoting food security.

NOTES ON SUBSIDIARIES

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

Surya Nepal Private Limited

The Nepalese economy grew by 5.6% during the fiscal year ended July 2022, as against a growth of 4.8% in the previous year. However, surging inflation on account of high fuel and other commodity prices spurred by geopolitical developments and external sector imbalances emerged as major challenges for the economy. Nepal Rastra Bank along with the Government of Nepal responded to these challenges through multiple policy actions such as increase in interest rates and imposition of restrictions on import of certain luxury goods from April to December 2022. These policy measures along with robust inward remittances helped stabilise the country's current account and balance of payments. Nepal's foreign exchange reserves increased to US\$ 10.7 billion in March 2023, from US\$ 9.5 billion in July 2022, representing around nine months of import cover.

Although the external sector has seen a marked improvement in the latter half of the period under review, high inflation, muted domestic demand and gradual unwinding of stimulus provided during the pandemic continues to pose significant challenges for the economy. As per a recent report from National Statistics Office, Nepal's GDP growth is estimated to remain subdued at 1.9% for the fiscal year ending July 2023. Measures towards encouraging Foreign Direct Investment (FDI) in the country, incentivising domestic manufacturing to substitute imports, promoting the hospitality sector which has significant potential to generate foreign exchange earnings and employment, on-ground implementation of reforms and promulgation of industry-friendly policies continue to remain the key imperatives for sustained economic growth.

The legal cigarette industry is a major contributor to the manufacturing sector of the country. The industry provides livelihoods, directly and indirectly, to more than five lakh farmers, farm workers and others engaged in the cultivation and trade of tobacco products. However, the legal cigarette industry continues to face significant challenges from a punitive and discriminatory taxation and regulatory regime. The company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that

balance the economic imperatives of the country and tobacco control objectives.

Despite a challenging economic environment, the company reinforced its market standing in the Cigarettes business by leveraging its robust portfolio, superior product quality and wide distribution network. Differentiated and innovative offerings launched under the 'Naulo' and 'Shaan' brand during the year received encouraging response.

The company's manufacturing systems continued to set new benchmarks in responsiveness, quality and productivity. Various initiatives such as installation of state-of-the-art technologies and process automation were implemented during the year which further strengthened the manufacturing capability of the company. Relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards remains a key source of sustainable competitive advantage for the company.

During the year, the company continued to strengthen its market standing in the Agarbatti business leveraging its differentiated product portfolio, sharply focused marketing investments and best-in-class product availability across target markets. The product portfolio was augmented with the launch of new variants such as 'Pushpanjali', 'Indreni' and 'Champa Ziplock'.

The Confectionery business continues to make focused investments towards strengthening its market standing. During the year, two new flavours were launched - 'Toffichoo Chatpata Fun' and 'Toffichoo Tadka Lichhi' which have received encouraging consumer response.

The company continues to make multi-dimensional contributions towards building the societal and economic capital of Nepal. Key interventions are summarised below:

- create agri-infrastructure such as vermicompost pits and harvesting sheds for farmers near the company's operating locations,
- provide training to improve productivity and enhance income generation for farmers through

animal husbandry extension services to improve breeding, health and nutrition for livestock,

- enhance quality of education in public schools in the vicinity of the company's operating locations,
- develop public infrastructure in catchment areas of operating locations,
- participate in environment preservation through measures such as urban plantation, biodiversity preservation and solid waste management.

In addition to the above, the company partnered with the Nepal Army in its Mountain Clean-up campaign during the year which involved cleaning four mountain peaks including Mt. Everest.

During the year, the company recorded Revenue from Operations of NRs. 4953 crores (previous year NRs. 4382 crores) and Net Profit of NRs. 1088 crores (previous year NRs. 1005 crores).

The company declared and paid a dividend of NRs. 516 per equity share of NRs. 100 each for the year ended July, 2022 (Asadh, 2079), amounting to NRs. 1040 crores (previous year NRs. 467 per equity share amounting to NRs. 941 crores).

The company is well-positioned to consolidate its leadership position by leveraging its robust portfolio of products, deep & wide distribution network, best-in-class manufacturing facilities and execution excellence while rapidly scaling up the newer FMCG businesses and evaluating emerging opportunities in this space. The company continues to be the largest contributor to the exchequer in Nepal.

ITC Infotech India Limited and its subsidiaries

The Indian Information Technology (IT) Industry remained resilient during the year in the backdrop of heightened uncertainty in the global economic environment. According to NASSCOM estimates, India's technology sector revenues grew by 8.4% in FY 2022-23 to US\$ 245 billion, with IT Services also growing at 8.3% on a high base. The technology industry continues to play a pivotal role in enabling organisations to accelerate digital transformation, optimise costs and enhance operational efficiencies.

Report of the Board of Directors

The company continues to sharpen its focus on the strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, while building differentiated offerings around the strategic areas of Cloud Technologies, Digital Workplace Solutions, Digital Manufacturing, Customer Experience and Data Analytics. During the year, the company recorded robust growth in revenue on the back of strong traction in the Americas, India and Rest of World markets. Industry 4.0 solutions and Digital Experience using data analytics and Infrastructure services were the key drivers of growth.

During the year, the company entered into a strategic partnership agreement with PTC Inc. to accelerate customer digital transformation initiatives and the adoption of PTC's industry-leading Windchill® product lifecycle management (PLM) software as a service (SaaS). Further, the company commenced a new service line 'Digital transforms Physical' (DxP) Services, comprising a global ecosystem of PLM-led Digital Thread and SaaS experts, bringing together professionals from both companies into a unified global practice which will create offerings, including the tooling and methodologies required, and execute programs to accelerate the adoption of PTC's next generation PLM solutions.

The company also continued to forge new alliances and strengthen existing relationships with Independent Software Vendors (ISVs) in focus areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics. These partnerships are aligned to the company's vision of taking a leadership role in enabling the Digital Transformation and SaaS adoption journey of its clients. The company also expanded its global footprint by setting up new subsidiaries and branches across several focus geographies.

To fulfil the demand for talent to support growing business requirements, the company continues to invest in hiring, training and retaining high-quality talent while shaping its differentiated employee value proposition built on the core tenets of a compelling purpose & culture, holistic well-being and global career opportunities. Further, the company's

'Hire-from-Anywhere' recruitment model continues to attract quality talent across Tier 1 and Tier 2 cities.

During the year, the company's consolidated Total Income grew by 16.6 % to ₹ 3363.06 crores (previous year ₹ 2884.30 crores). This was driven by the increasing traction in the company's strategic accounts as well as revenues from the DxP Services line. Profit Before Tax stood at ₹ 529.66 crores (previous year ₹ 719.64 crores) and Net Profit stood at ₹ 405.25 crores (previous year ₹ 541.04 crores) after considering certain costs associated with the Strategic Partner Agreement with PTC Inc., resource augmentation, steep escalation in manpower costs and accelerated investments in capability building in strategic focus areas and infrastructure.

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 2632.30 crores (previous year ₹ 2288.57 crores) and Net Profit of ₹ 353.38 crores (previous year ₹ 517.81 crores). The company paid a total dividend of ₹ 17 per Equity Share of ₹ 10/- each aggregating ₹ 149.60 crores (previous year ₹ 53 per Equity Share of ₹ 10/- each aggregating ₹ 451.56 crores).
- b. ITC Infotech Limited, UK, a wholly-owned subsidiary of the company, recorded Revenue of GBP 30.30 million (previous year GBP 40.02 million) and Net Profit of GBP 1.45 million (previous year GBP 0.79 million).
- c. ITC Infotech (USA), Inc., a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 149.28 million (previous year US\$ 133.76 million) and Net Profit of US\$ 4.68 million (previous year US\$ 2.53 million).
- d. ITC Infotech Do Brasil LTDA., a wholly-owned subsidiary of the company incorporated in October 2022, recorded Revenue of BRL 1.37 million and Net Profit of BRL 0.12 million.
- e. The subsidiaries in Malaysia, France and Germany were incorporated in February and March 2023 and are expected to be fully operational in the next year.

The company's business-friendly solutions and new-age capabilities continued to gain global recognition. The company was positioned as 'Innovator' in Avasant's CPG Digital Services 2022-23 RadarView™, 'Disruptor' in Avasant's Digital CX Services 2022-23 RadarView™, Digital Workplace Services 2022 RadarView™, Manufacturing Digital Services 2022-2023 RadarView™, Intelligent Automation Services 2022-23 RadarView™ and featured as 'Challenger' in their GCC Region Digital Services 2022-23 RadarView™. The company's Automation capabilities were positioned in the 'Leadership Zone' in Zinnov Zones Hyperintelligent Automation Services H1 2023 for Intelligent Automation Services – Retail, CPG and mid-tier service providers and Robotic Process Automation Services (mid-tier service providers).

The company continues to fulfil its vision of providing business-friendly solutions to clients. As clients across industries and geographies look to drive cost efficiencies while sustaining growth momentum, the company is focused on being their trusted partner in this journey. Towards this, the company will continue to make client and employee-focused investments to enable clients accelerate their journey of growth and differentiation. An endorsement of this strategy has been the winning of a significant multi-million, multi-year engagement during the year, with an existing marquee client which will bolster mid-term revenue growth.

Technico Agri Sciences Limited

During the year under review, potato production in India stood at 51 million MT, lower by 5% compared to the previous year. The drop in crop production led to stocks being warehoused in anticipation of higher post-harvest prices. However, as the year progressed, demand for seeds remained subdued on account of lower planting due to heavy and continuous rains. This resulted in a pile up of seed inventory in cold stores, leading to a drop in seed prices during the peak selling season.

Amidst a challenging operating environment as aforesaid, the company delivered resilient performance by leveraging institutional strengths,

strong market linkages, superior product quality and wide distribution network.

The company's leadership in production of early generation seed potatoes and strength in agronomy continue to support the 'Bingo!' range of potato chips of your Company and in servicing the seed potato requirements of the farmer base of your Company's Agri Business.

The company's Revenue from Operations stood at ₹ 257.77 crores (previous year ₹ 256.67 crores) with Net Profit of ₹ 41.38 crores (previous year ₹ 43.04 crores). Total Comprehensive Income for the year stood at ₹ 41.42 crores (previous year ₹ 43.04 crores).

The company continues to build on a strong foundation for the future and remains confident of effectively leveraging its deep domain expertise to fortify its market standing in the seed potato industry.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of its TECHNITUBER® Seed Technology and customising its application across various geographies. Further, the company is also engaged in the marketing of TECHNITUBER® seed produced at the facilities of its subsidiaries in China and Canada and Technico Agri Sciences Limited, India, a wholly-owned subsidiary of your Company, to global customers. For the year under review:

- a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 1.83 million (previous year A\$ 1.86 million) and a Net Profit of A\$ 1.04 million (previous year A\$ 0.91 million).
- b. Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China – there were no significant events to report with respect to the above companies.

WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company, was incorporated in Sri Lanka in April 2012, with the objective of developing and operating a mixed-use development project ('Project') comprising a luxury

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hotel and a super-premium residential apartment complex, situated on 5.86 acres of prime sea-facing land in Colombo.

The Project has been accorded the status of a 'Strategic Development Project' entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

Project construction activity, which was running on schedule till Q3 of FY 2018-19, was adversely impacted due to disruptions in the aftermath of the terror incidents in 2019, recurrent waves of the COVID pandemic and thereafter by the challenging socio-economic and operating conditions prevailing in the country over the last 18 months. The situation in the country is progressively returning to normalcy. The Government of Sri Lanka has undertaken several steps to stabilise the economy; these include securing financial assistance from multi-lateral agencies and other countries, increasing interest rates to curb inflation, restricting non-essential imports to conserve foreign exchange, introduction of taxes to boost Government revenues, etc. During the year, Sri Lanka secured a 48-month Extended Fund Facility from the International Monetary Fund of US\$ 2.9 billion to support Sri Lanka's economic policies and reforms.

Amidst the aforementioned challenges and operational constraints, the company remains focused on completing the Project in an expeditious manner. While the macro-economic challenges faced by the country have impacted the sales velocity of 'The Sapphire Residences' luxury apartments, given its unique positioning in the market and superior value proposition, the company expects the same to gain momentum with improved stability in the macro-economic environment and as the project nears completion, in line with the trend in other projects in Colombo.

Your Company's investment in WLPL stood at ₹ 2775 crores as at 31st March, 2023.

Landbase India Limited

The company owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf

Course - which continues to enjoy strong brand equity with its members, guests and the golfing fraternity.

During the year, the Club hosted several prestigious tournaments and sustained its leadership position in the corporate tournament segment in the Delhi-NCR area. The Club continues to remain an 'Asian Tour Destinations Member', the only one in the country and among 12 in Asia.

Continuing with its endeavour to promote Junior Golf for the future generation of Golfers, the Club gained the status of becoming a 'US Kids Destination Course' during the year.

The company also owns 'ITC Grand Bharat' – a 104-key all-suite luxury retreat at Gurugram, which has been licensed to your Company. The retreat, an oasis of unhurried luxury, is co-located with the company's prestigious Classic Golf & Country Club. During the year, ITC Grand Bharat received several prestigious awards that reflect the industry's acknowledgement of exceptional hospitality offered by the property. Aravali Pavilion, the retreat's all day dining restaurant, was recognised as the 'Best All Day Dining Restaurant' in the 5-star hotel category at 'The Big Foodie Awards'. Additionally, Kaya Kalp - The Royal Spa won the 'Sattva Iconic Wellness Awards' in the 'Wellness Spa of the Year' category.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 37.21 crores (previous year ₹ 29.46 crores) and Net Profit of ₹ 9.68 crores (previous year ₹ 2.85 crores). Total Comprehensive Income for the year stood at ₹ 9.60 crores (previous year ₹ 2.88 crores).

Srinivasa Resorts Limited

The company owns 'ITC Kakatiya' – a 188-key luxury hotel located in Hyderabad, which is operated and marketed by your Company. ITC Kakatiya is a USGBC LEED Platinum Certified hotel. During the year, the property also received a 'Platinum +' We Assure Certification under DNV's My Care Infection Risk Management Programme. The property has received several accolades, establishing itself as one of the finest luxury hotels and F&B destinations in the

city. 'Dakshin' was adjudged the 'Best South Indian Fine Dining Restaurant' for the 13th consecutive year and 'Gourmet Couch' was adjudged the 'Best Takeaway' for the third consecutive year at the Times Food Guide Nightlife Awards 2023.

Pursuant to easing of travel restrictions, the hotel witnessed strong recovery in demand during the year with revenues surpassing pre-pandemic levels. Investments in digital initiatives continued to be leveraged to enhance guest experience and drive cost optimisation.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 72.46 crores (previous year ₹ 44.86 crores) with Net Profit of ₹ 7.55 crores (previous year Net loss ₹ 1.63 crores). Total Comprehensive Income for the year stood at ₹ 7.51 crores (previous year (-) ₹ 1.59 crores).

Fortune Park Hotels Limited

The company, which caters to the 'Mid-market to Upscale' Business Hotels segment under the brand 'Fortune', continues to forge new alliances and expand its footprint. During the year, five hotels were launched under the brand. Further, with three new alliances signed during the year, the company has an aggregate inventory of nearly 4400 rooms across 57 properties and 49 cities of India. Of these, 43 hotels are in operation while the remaining 14 hotels are in various stages of development, and are slated to be commissioned in the near term.

During the year, the company registered strong growth in revenue and profits with both business and leisure segments witnessing significant traction. The brand's leadership in the target segment was also acknowledged during the year, with the company receiving the 'Today's Traveller Award 2022 for Best Upscale Business & Leisure Hotel Brand' as well as the 'VETA 2023 Award for Most Preferred Premium Business & Leisure Hotel Brand'.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 44.35 crores (previous year ₹ 25.39 crores) and Net Profit of ₹ 5.34 crores (previous year ₹ 0.19 crore). Total Comprehensive

Income for the year stood at ₹ 5.20 crores (previous year ₹ 0.28 crore).

The Board of Directors of the company has recommended a dividend of ₹ 12.50 per Equity Share of ₹ 10 each for the year ended 31st March, 2023 (previous year Nil).

Bay Islands Hotels Limited

The company's hotel in Port Blair, licensed to your Company, continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and, superior product and service quality.

Tourism in the Andamans rebounded post easing of travel restrictions that had been imposed during the pandemic. However, airport operations at Port Blair continued to remain affected due to ongoing renovation activities, impacting tourist arrivals to the island.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 2.75 crores (previous year ₹ 1.61 crores) and Net Profit and Total Comprehensive Income of ₹ 1.92 crores (previous year ₹ 1.14 crores).

The Board of Directors of the company has recommended a dividend of ₹ 80.00 per Equity Share of ₹ 100 each for the year ended 31st March, 2023 (previous year ₹ 70.00 per Equity Share).

Wimco Limited

The company's business activities comprise fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling including conveyor solutions and engineering services for the FMCG and Pharmaceutical industries.

During the year, the company's order book remained muted amidst a challenging operating environment. The company's Revenue from Operations for the year stood at ₹ 11.46 crores (previous year ₹ 11.62 crores) with a Net Profit of ₹ 0.16 crore (previous year Net Loss of ₹ 0.42 crore). Total Comprehensive Income for the year stood at ₹ 0.21 crore (previous year (-) ₹ 0.44 crore).

Report of the Board of Directors

North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited, which has set up a food processing facility in Mangaldoi, Assam, to cater to the fast-growing biscuits market in Assam and other north-eastern states.

During the year, unprecedented inflation in input costs were effectively mitigated by the company on the back of focused approach towards consistently improved operational efficiency and productivity. In recognition of its high standards of quality, the company received two Gold Awards at the 'Convention on Quality Concepts', 2022 organised by Quality Circle Forum of India, Kolkata Chapter and a Bronze Award at the 'CII National Kaizen Competition'.

The company's Revenue from Operations for the year stood at ₹ 160.69 crores (previous year ₹ 163.90 crores), while Net Profit for the year increased to ₹ 15.98 crores (previous year ₹ 14.43 crores). Total Comprehensive Income for the year stood at ₹ 16.14 crores (previous year ₹ 14.37 crores).

Further, during the year, the company redeemed the 10% Cumulative Non-Convertible Preference Shares aggregating ₹ 18.00 crores held by your Company. Pursuant to the redemption, the company has become debt free.

ITC IndiVision Limited

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

The company has made substantial progress during the year towards construction of the manufacturing facility near Mysuru, Karnataka, primarily for the manufacture and export of nicotine and nicotine derivative products. Regulatory approvals for commencing trials and commissioning are in the process of being obtained.

The facility is geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards.

Your Company's investment in IIVL stood at ₹ 280 crores as at 31st March, 2023.

Russell Credit Limited

The company recorded Total Income of ₹ 48.61 crores (previous year ₹ 41.56 crores) and Net Profit of ₹ 38.30 crores (previous year ₹ 33.46 crores) driven by increase in the yield of its financial investments on the back of increase in market interest rates.

Total Comprehensive Income for the year stood at ₹ 55.24 crores (previous year ₹ 120.79 crores). The company continues to closely monitor its investments in line with market interest rate movements and explore opportunities to make strategic investments for the ITC Group.

Temporary surplus liquidity of the company is mainly deployed in bonds, government securities, debt mutual funds, bank fixed deposits etc. For FY 2022-23, the Board of Directors of the company has recommended a final dividend of ₹ 0.29 per Equity Share of ₹ 10 each, aggregating ₹ 18.75 crores (previous year interim dividend of ₹ 0.19 per Equity Share of ₹ 10 each and a final dividend of ₹ 0.06 per Equity Share of ₹ 10 each, aggregating ₹ 16.16 crores).

Gold Flake Corporation Limited

The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Filter Products International Limited, UK. During the year, the company recorded Total Income of ₹ 19.97 crores (previous year ₹ 17.29 crores) and Net Profit of ₹ 18.42 crores (previous year ₹ 16.08 crores). The company declared interim dividend of ₹ 11.30 per Equity Share of ₹ 10 each, aggregating ₹ 18.08 crores (previous year ₹ 10.00 per Equity Share of ₹ 10 each, aggregating ₹ 16.00 crores).

Greenacre Holdings Limited

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

During the year, the company recorded Total Income of ₹ 8.30 crores (previous year ₹ 8.09 crores) and Net Profit of ₹ 1.99 crores (previous year ₹ 1.79 crores).

ITC Integrated Business Services Limited (Formerly known as ITC Investments & Holdings Limited)

Until FY 2021-22, the company was an 'Unregistered Core Investment Company' within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016. During the year, the company entered into the business of providing support to the Business Shared Services operations of your Company. For this purpose, the company also changed its name to 'ITC Integrated Business Services Limited' with effect from 20th December, 2022. Accordingly, the company ceased to be an 'Unregistered Core Investment Company' as aforesaid.

During the year, the company recorded Total Income of ₹ 0.65 crore (previous year ₹ 0.05 crore) and Net Profit of ₹ 0.04 crore (previous year ₹ 0.01 crore).

MRR Trading & Investment Company Limited

The company, a wholly-owned subsidiary of ITC Integrated Business Services Limited (formerly ITC Investments & Holdings Limited), holds tenancy rights in a commercial building located in Mumbai and also provides estate maintenance services.

During the year, the company recorded Total Income of ₹ 7.25 lakhs (previous year ₹ 7.25 lakhs) and Net Profit of ₹ 0.28 lakh (previous year ₹ 0.13 lakh).

Pavan Poplar Limited

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

During the year, the company recorded Total Income of ₹ 0.12 crore (previous year ₹ 0.05 crore) and

Net Loss of ₹ 0.03 crore (previous year Net Loss of ₹ 0.04 crore).

Prag Agro Farm Limited

The operations of the company continue to be adversely impacted by the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the Writ Petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The Appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter has been pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.11 crore (previous year ₹ 0.09 crore) and Net Loss of ₹ 0.05 crore (previous year Net Loss of ₹ 0.05 crore).

ITC Fibre Innovations Limited

The company was incorporated as a wholly owned subsidiary of your Company in March 2023 with the objective of foraying into the Moulded Fibre Products (MFP) space. Moulded Fibre Products, made from renewable natural fibres such as wood/bamboo or bagasse, offer sustainable packaging solutions across industries including food service & delivery, pharmaceutical, beauty and electronics.

In the first phase, a state-of-the-art manufacturing facility is being set up at Badiyakhedi, Madhya Pradesh, to pursue identified opportunities in this rapidly evolving space.

NOTES ON JOINT VENTURES

ITC Essentra Limited

The company registered strong growth during the year aided by recovery in the macro-economic environment, agility in execution and effective customer service, in spite of significant volatility in supply chains for certain input materials.

The company retained its leadership position of being the preferred supply chain partner for several well-known national and international brands leveraging

Report of the Board of Directors

its core strengths of strong customer relationships, focused innovation, best-in-class quality and consistent delivery.

The company continues to partner with its customers and make investments in technology upgradation and capability building towards sustaining its position as the 'innovation and quality benchmark' in the Indian cigarette filter industry. The company has further expanded its specialty filters capacity in line with its strategy of offering a wide range of innovative products to its customers including filter offerings with sustainable materials.

During the year ended 31st March, 2023, the company's Revenue from Operations stood at ₹ 545.66 crores (previous year ₹ 385.62 crores). Net Profit during the year stood at ₹ 64.77 crores (previous year ₹ 41.09 crores).

The Board of Directors has recommended a dividend of ₹ 100 per equity share of ₹ 10 each for the year ended 31st March, 2023 (previous year ₹ 80 per equity share).

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited (MHRL), a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 36 heritage properties across 14 States in India under the 'WelcomHeritage' brand. The portfolio of properties, comprising 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts', provides uniquely differentiated offerings to guests in the cultural, heritage, nature, wildlife and adventure tourism segments respectively.

During the year ended 31st March, 2023, the company recorded Total Income of ₹ 7.20 crores (previous year ₹ 4.70 crores) and Net Profit of ₹ 0.51 crore (previous year ₹ 0.28 crore). Total Comprehensive Income for the year stood at ₹ 0.49 crore (previous year ₹ 0.29 crore).

Espirit Hotels Private Limited

Espirit Hotels Private Limited (EHPL) was set up as a joint venture between your Company and the Ambience Group, Hyderabad, for developing a

luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint Venture Agreement, your Company had acquired 26% equity stake in EHPL. Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2023.

As reported in prior years, the Ambience Group had expressed its desire to review the timing of further investments in EHPL, citing concerns about the viability of the project in view of the challenging economic environment and the sluggish demand conditions currently prevailing in the relevant market.

Your Company had been exploring its options in this regard.

On 7th April, 2023, your Company divested its entire shareholding i.e. 26% of the paid-up share capital, held in EHPL, consequent to which EHPL ceased to be a joint venture of your Company with effect from the said date.

Logix Developers Private Limited

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited for developing a luxury hotel-cum-service apartment complex at the company's leasehold site located at Sector 105 in New Okhla Industrial Development Authority (NOIDA). Your Company presently holds 27.9% equity stake in LDPL.

As reported in prior years, your Company reiterated its position with the JV partner that it was committed to developing a luxury hotel-cum-service apartment complex as envisaged under the JV Agreement and that it was not interested in progressing with any alternative project plans proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

Subsequently, the JV partner proposed that both parties should find a third party to sell the entire shareholding in LDPL. In view of these developments, your Company had filed a petition before the erstwhile Company Law Board submitting that the affairs of the JV entity were being conducted in a manner that was prejudicial to the interest of your Company and the

JV entity. The matter is currently before the National Company Law Tribunal (NCLT). The JV partner had also filed a petition before the Honourable Delhi High Court for winding up the JV company, which was transferred to the NCLT by the Honourable Delhi High Court. The matter was heard before the NCLT on several occasions in the past but could not be concluded. On 21st January, 2020, the matter was assigned to a new bench, post which hearings on the matter are being held.

In July 2022, LDPL received a communication from NOIDA authorities intimating cancellation of the sub-lease for the land on which the project was to be constructed on account of non-payment of lease instalments and non-fulfilment of the conditions of the sub-lease, including forfeiture of the amount deposited. The company is evaluating all options to pursue its rights in the matter. Consequently, as a matter of prudence, the company had derecognised the leasehold land/assets as well as adjusted/reversed the lease liabilities towards NOIDA in accordance with the terms of the sub-lease deed, as an adjusting event in terms of Ind AS 10 – “Events after the Reporting Period” in its financial statements for the year ended 31st March 2022.

During the year ended 31st March, 2023, the company recorded a Net profit of ₹ 0.16 crore (previous year ₹ 152.56 crores, including exceptional item of ₹ 152.45 crores on account of aforesaid derecognition/adjustment of balances in respect of leasehold land). The Net Worth of the company stood at ₹ 5.10 crores as at 31st March, 2023 (previous year ₹ 4.94 crores).

Your Company’s total investment in LDPL was ₹ 41.95 crores. Your Company had made provisions aggregating ₹ 33.45 crores towards diminution in the carrying value of investment in LDPL in the previous years and has made additional provision of ₹ 8.50 crores in the current year. Consequently, the carrying value of your Company’s investment in LDPL as at 31st March, 2023, is Nil.

The financial statements of LDPL for the year ended 31st March, 2023, are yet to be approved by its Board of Directors. In the absence of audited financial

statements of LDPL, the Consolidated Financial Statements of your Company for the year ended 31st March, 2023, have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited

The company offers a full range of business travel solutions for domestic and international travel including air ticketing, car rentals, hotel arrangements, meetings & events, leisure services and foreign exchange. Business travel improved during the year aided by improved sentiments and easing of travel restrictions. Travel solutions offered by the company witnessed positive traction during the year. Structural cost interventions over the years also aided improvement in profitability. The company continues to leverage the safety and hygiene initiatives adopted across its mobility services. Further, in line with its initiatives towards embedding sustainability in business operations, the company also introduced electric vehicles during the year. Digital interventions to enhance customer service and efficiency were strengthened with the roll out of the company’s new self-booking tool, providing state-of-the-art, unique solutions for business travel.

During the year ended 31st March, 2023, the company recorded a Total Income of ₹ 186.90 crores (previous year ₹ 96.51 crores) and Net Profit of ₹ 28.39 crores (previous year Net Loss of ₹ 10.70 crores). Total Comprehensive Income for the year stood at ₹ 27.94 crores (previous year (-) ₹ 10.18 crores).

Gujarat Hotels Limited

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

The Hotel witnessed progressive recovery during the year driven by resumption of business and international travel.

During the financial year ended 31st March, 2023, the company recorded a Total Income of ₹ 5.63 crores

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(previous year ₹ 3.57 crores), Net Profit and Total Comprehensive Income of ₹ 4.25 crores (previous year ₹ 2.72 crores). The Board of Directors of the company has recommended a dividend of ₹ 2 per Equity Share of ₹ 10/- each for the year ended 31st March, 2023 (previous year ₹ 2 per Equity Share).

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. The company has continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations to service its customers. During the year, the company received the 'CII National Award for Excellence in Energy Management' and a Certificate of Appreciation for Occupational Safety and Health from NSCI.

During the year, the company recorded Total Income of ₹ 30.95 crores (previous year ₹ 27.11 crores) and Net Profit of ₹ 1.26 crores (previous year ₹ 0.35 crore).

Delectable Technologies Private Limited

Delectable Technologies Private Limited (Delectable) is, inter alia, engaged in the sale of FMCG products leveraging app-based technology through vending machines, primarily installed across office locations.

During the year, your Company invested ₹ 1.88 crores towards the fourth tranche of Compulsorily Convertible Preference Shares offered by Delectable. Consequently, your Company's effective shareholding in Delectable increased to 33.42% (previous year 27.34%) on a fully diluted basis.

The company's revenues progressively recovered during the year with the reopening of offices and surpassed pre-pandemic levels by the end of FY 2022-23. The company continues to expand its footprint through installation of new vending machines.

Mother Sparsh Baby Care Private Limited

During the year, Mother Sparsh Baby Care Private Limited (Mother Sparsh) became an associate of

your Company pursuant to additional investment of ₹ 13.46 crores through acquisition of Compulsorily Convertible Preference Shares on 27th October, 2022 thereby increasing your Company's stake to 22% (previous year 16%) on a fully diluted basis. Your Company's investment in Mother Sparsh stood at ₹ 33.46 crores as at 31st March, 2023.

Mother Sparsh is a premium ayurvedic and natural personal care brand in the D2C space with focus on the mother and baby care segment. It has a wide range of baby and mother care products that leverages the wisdom and knowledge of Ayurveda.

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 3.55 crores (previous year ₹ 2.83 crores) and Net Profit of ₹ 2.52 crores (previous year ₹ 3.38 crores). Total Comprehensive Income for the year stood at ₹ 18.59 crores (previous year ₹ 15.51 crores) reflecting higher mark-to-market gains from long term investments. The company declared interim dividend of ₹ 0.70 per Equity Share of ₹ 10 each, aggregating ₹ 1.18 crores (previous year final dividend of ₹ 0.50 per Equity Share of ₹ 10 each, aggregating ₹ 0.84 crore). The company continues to explore opportunities for strategic investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.74 crore (previous year ₹ 0.40 crore) and Net Profit of ₹ 0.42 crore (previous year ₹ 0.28 crore). The company continues to explore opportunities for strategic investments.

Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.54 crore (previous year ₹ 0.22 crore) and Net Profit of ₹ 0.32 crore (previous year ₹ 0.05 crore). The company continues to explore opportunities for strategic investments.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy guides the conduct of affairs of your Company and clearly delineates the roles, responsibilities and authorities at each level of its three-tiered governance structure and key functionaries involved in governance. The ITC Code of Conduct commits management to financial and accounting policies, systems and processes. The Corporate Governance Policy and the ITC Code of Conduct stand widely communicated across the enterprise at all times and together with the Strategy of Organisation, Planning & Review Processes and the Risk Management Framework provide the foundation for Internal Financial Controls with reference to your Company's Financial Statements.

Such Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by management and approved by the Audit Committee and the Board. These Policies are supported by the Corporate Accounting and Systems Policies that apply to the entity as a whole to implement the tenets of Corporate Governance and Significant Accounting Policies uniformly across your Company. The Accounting Policies are reviewed and updated from time to time. These, in turn, are supported by a set of Divisional policies and Standard Operating Procedures (SOPs) that have been established for individual Businesses.

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

Your Company has in place adequate internal financial controls with reference to the Financial Statements. These have been designed to provide

reasonable assurance with regard to recording and providing reliable financial information; complying with applicable statutes; safeguarding assets from unauthorised use; ensuring that transactions are carried out with adequate authorisation and complying with Corporate Policies and Processes. Such controls have been assessed during the year, after taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed. Nonetheless, your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with opportunities in domestic and international markets, developing capabilities and competencies for the future in order to enhance competitiveness and win in the markets of tomorrow. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes & systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

- The Corporate Governance Policy, approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic to the operational. These role definitions, inter alia,

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provide the foundation for appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.

- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of your Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with Businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- A combination of centrally issued policies and Divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique/relatively high risk profiles.
- Foreign currency exposures continue to be managed within the framework of the Forex Manual.
- A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all Businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of internal audit findings.
- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures and help plug control gaps by assisting operating management in the formulation of control procedures.

- A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all Businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

Your Company endeavours to continuously sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key Businesses of your Company have adopted the ISO 31000 Risk Management Standard and accordingly, the Risk Management systems and processes prevalent in these Businesses have been independently assessed to be compliant with the said global Standard on Risk Management. During the year, three Businesses were assessed for compliance with ISO 31000 Risk Management Standard. This is in addition to the nine Businesses which had previously been assessed for such compliance. The centrally anchored initiative of conducting independent external reviews of key business processes with high 'value at risk' continued during the year. These interventions continue to provide further assurance on the robustness of risk management practices prevalent in your Company.

Recognising Digital as a megatrend shaping the future, your Company remains focused on building a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain adding significant impetus to digital marketing, digital commerce and digital operations. Your Company has made several interventions straddling strategic impact areas such as Intelligent new-age insights that reimagine Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience, which continue to be scaled up across your Company. Cutting-edge digital technologies such as Internet of Things (IoT), Data Analytics, Artificial Intelligence/Machine Learning, Augmented/

Virtual Reality, Robotic Process Automation, mobile applications etc., are being embraced by your Company's Businesses. Cumulatively, these are resulting in changes in the risk profile of your Company in a heightened cyber threat environment. The ever-evolving nature of cyber threats and the increased sophistication of attackers make cyber security risk management a critical focus area for the organisation.

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices & technologies and providing suitable recommendations for enhancing security of the IT systems and infrastructure.

A multi-tier cyber defence architecture comprising firewalls, anti-virus and anti-malware systems is in place to detect, protect and respond to cyber incidents at various access and data processing points across the organisation. The security policies and practices of the organisation are built on industry standard frameworks such as NIST Cyber Security Framework and ISO 27001. The robustness of the security posture is also premised on end user awareness of safe and secure practices.

Further interventions are underway to enhance surveillance and response capabilities with augmentation of cutting-edge technologies and skills of a Next Generation Cyber Security Operations Centre (SOC). With progressive transitioning of mission-critical data and transaction processing workloads to the Cloud, the network infrastructure of the organisation is also being transformed using contemporary network and security technologies into a Digital-Ready, Cloud-Secure wide area network, to provide all authorised users fast, reliable and safe connections from anywhere through any device and at any time.

During the year, a maturity assessment of the Cyber Security architecture of your Company was carried out by a global network and security solutions provider. As per the study, your Company's Cyber Security Systems and Processes are benchmarked to global majors and outperformed local peers.

Information Technology-Operational Technology (IT-OT) integration for Industrial Control Systems has been identified as a focus area as the convergence and integration between IT and OT is increasing exponentially. Related guidelines have been formulated towards ensuring that your Company's systems & processes remain contemporary and have best-in-class capabilities.

India ranks amongst the most vulnerable countries around the world in terms of climate change impact. Accordingly, to mitigate the impact of climate change on the operations of your Company, as part of its Sustainability 2.0 vision, your Company is pursuing a multi-pronged climate strategy that entails extensive decarbonisation and building resilience against climate risk across the value chain. Your Company's low carbon growth approach focuses on increasing the share of renewable energy, improving energy productivity, construction of green buildings, greening logistics, optimising 'distance-to-market' and promoting regenerative agriculture practices in agri-value chains, thus enabling transition to a net zero economy. At the same time, your Company is actively working towards climate proofing its operations and agri-value chains by using latest climate risk modelling techniques, and developing site-specific adaptation strategies.

Your Company sources several commodities for use as inputs in its Businesses and also engages in agri-commodity trading as part of its Agri Business. In respect of commodities sourced for use as inputs in its Businesses, your Company has well laid out policies to manage risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics towards making informed sourcing decisions, well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned, long-term contracts with suppliers and continuously diversify supplier base to secure supply of critical items at competitive costs. Multiple sourcing models, wide geographical spread, extensive sourcing and supply chain network and associated infrastructure

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in key growing areas coupled with deep-rooted farmer linkages ensure sourcing of high quality agri-commodities at competitive costs.

In respect of Agri-commodity trading, your Company has a well laid out policy to manage risks associated with sourcing of such commodities. This includes:

- segregation of duties and robust internal controls through a system of checks and balances embedded in the organisation and governance structure;
- clearly defined limits for trading position (long and short) and net cash loss for specific commodities/ commodity groups;
- mitigation of price, liquidity and counter party risks through hedging on commodity exchanges (mainly NCDEX) for certain commodities, as applicable. Correlation between prices prevailing in the physical market and those on the commodity exchange is analysed regularly to ensure effectiveness of hedging;
- robust monitoring and review mechanisms of net open positions and 'value at risk'.

The combination of policies and processes as outlined above adequately addresses the various risks associated with sourcing of commodities for your Company's Businesses.

Your Company's strategy of backward integration in sourcing of agri-commodities such as wheat, potato, fruit pulp, spices, milk and leaf tobacco; in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies. Further, each of your Company's Businesses continuously focuses on product mix enrichment and yield improvement towards protecting margins and insulating operations from spikes in input prices.

The Risk Management Committee met thrice during the year and was updated on the status and effectiveness of the risk management plans. The Audit Committee

was also updated on the effectiveness of your Company's Risk Management systems and policies.

The risk management practices of your Company, as reviewed through the Risk Management Cell and Internal Audit processes, have been found to be relevant and commensurate with the size and complexity of its operations.

AUDIT AND SYSTEMS

Your Company believes that strong internal control systems that are commensurate with the scale, scope and complexity of its operations are concomitant to the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances.

Your Company remains committed to ensuring a mature and effective internal control environment that, inter alia, provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and Management Information Systems, timely preparation of reliable financial information, adherence with relevant statutes and compliance with related party transactions.

Your Company's internal control systems include documented policies and procedures, segregation of duties and careful selection and development of employees.

Your Company's independent and robust Internal Audit processes, both at the Business and Corporate level, provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements. The role of Internal Audit is to enhance and protect organisational value by providing risk-based assurance, advice and insight while enabling continuous improvement of your Company's control systems.

The Internal Audit function, consisting of professionally qualified accountants, engineers and Information Technology (IT) specialists, is adequately skilled and resourced to deliver audit assurances at highest levels. Targeted Learning and Development

programmes on contemporary topics are periodically organised to enhance knowledge and skill sets.

In the context of your Company's IT environment, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receives focused attention of the Internal Audit function.

With the increased importance of information security, cyber security and adoption of emerging technologies, focused reviews are carried out for IT applications and processes across Businesses. These primarily focus on assessment of controls pertaining to confidentiality, integrity and availability of business information and systems covering General IT Controls and security of your Company's IT Infrastructure. All critical Business-led Information Technology systems undergo pre-implementation audit before being deployed in the operating environment, thereby delivering assurance with respect to the rigour of implementation and operational readiness of the proposed systems.

The scope and coverage of Internal Audit continues to remain contemporary and includes, inter alia, assessment of emerging risks in the social media ecosystem, cloud infrastructure, robotic process automation, information technology-operational technology (IT-OT) integration and protection of sensitive personal data and information.

Qualified engineers in the Internal Audit function review the quality of design, planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate and yield 'value for money'. Internal Audit continues to use state-of-the-art tools and software for conducting project audits.

Your Company's Internal Audit function has implemented a 'hybrid' audit approach, involving a combination of onsite and offsite audits, to further enhance productivity and optimise costs. Processes in the Internal Audit function are continuously strengthened for enhanced effectiveness and

productivity including the deployment of contemporary best-in-class tools for audit analytics.

Your Company's Internal Audit processes are certified as complying with ISO 9001:2015 Quality Standards. Further, systems and processes are in accordance with the Standards on Internal Audit (SIA) issued by The Institute of Chartered Accountants of India.

The Audit Committee of your Board met seven times during the year. The Terms of Reference of the Audit Committee, inter alia, include reviewing the effectiveness of the internal control environment, evaluation of your Company's internal financial controls, and risk management systems, monitoring implementation of the action plans emerging out of review of significant Internal Audit findings including those relating to strengthening of your Company's risk management systems and discharging of statutory mandates. Material observations (as defined in Terms of Reference) are reviewed at the highest level by the Audit Compliance and Review Committee (ACRC) and the Audit Committee.

HUMAN RESOURCE DEVELOPMENT

The talent management strategy of your Company focuses on sustaining ITC's position as one of India's most valuable corporations, remaining customer-centric, nimble and performance driven whilst continuing with its mission of building a responsible 'Future-Tech' enterprise. Your Company's thought, strategy and action are inspired by a larger purpose of being an exemplary Indian enterprise that not only pursues agile innovation for competitive advantage, but also embeds sustainability and inclusiveness at the core of its Businesses. This approach has enabled it to create enduring value for the Indian economy and the larger community of stakeholders, while delighting consumers with a vibrant portfolio of best-in-class products and services. Your Company's employees relentlessly strive to deliver world-class performance, foster team spirit and discharge their role as 'trustees' of all stakeholders. Your Company is committed to perpetuating this vitality – its growth as a value generating engine and also as an exemplary

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institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

Your Company's Human Resources development approach spans four key organisational dimensions of Agility, Alignment, Ability and Architecture which are supported through strategies crafted in areas of impact such as talent acquisition, engagement, diversity & inclusion, capability building, employee relations, performance & rewards and employee well-being. The initiatives and processes of your Company strive to deliver the unique talent promise of Building Winning Businesses, Building Business Leaders and Creating Value for India. The talent development practices help create, foster and strengthen the capability of human capital to deliver critical outcomes on the vectors of strategic impact, operational efficiency and capital productivity while reimagining consumer experience, driving business model transformation and enhancing employee experience.

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

While the year under review witnessed recovery from the pandemic, geopolitical developments and volatility in the macro-economic environment impacted the overall talent market. Workforce readjustment, moderation of start-up opportunities, flexible work configurations, increased female participation in the workforce and a growing focus on reskilling were some of the year's defining developments. Industry attrition levels, which witnessed significant increase during the year, are expected to soften with global

technology companies rationalising their workforce and global entities experiencing growth challenges in certain primary markets. Your Company's unique employer equity as an exemplary Indian enterprise creating world-class brands, building business leaders and generating economic, social and environmental capital for the Indian economy, continues to play a vital role in the attraction and retention of high-quality talent. The management trainee programme, augmented with recruitment of experienced talent from the market, is an integral part of the leadership pipeline development process. Your Company continues to draw the finest management, technical and commercial talent from premier institutions in the country and is ranked amongst the leading companies in these institutions. Intensive engagement with the country's premier academic institutions over the years to communicate your Company's talent proposition through case-study competitions, knowledge-sharing programmes by senior managers and the annual internship programmes have all contributed to creating a compelling proposition for the best candidates to aspire for a career with your Company. Your Company continues to enthuse talent with high-impact roles, competitive and performance driven remuneration with an emphasis on long-term incentives, a wealth of learning opportunities, a commitment to enhancing diversity, equity & inclusion, an employee-centric climate, well-being focused infrastructure and support that promotes fellowship and commitment amongst employees.

Your Company's talent development approach is founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes. Towards this end, your Company has built a culture of continuous learning, innovation and collaboration. Your Company provides managers with contemporary and relevant learning and development support through a combination of classroom programmes, on-the-job assignments, self-paced e-learning modules and application projects with emphasis on experiential learning and exposure to nationally and globally renowned faculty. Deep functional expertise is fostered early in one's career through immersion in complex problem-solving

assignments requiring the application of domain expertise. Managers are assessed on your Company's behavioural competency framework and provided with learning and development support to address areas identified for improvement. Key talent is provided critical experiences in high-impact roles and mentored by senior managers, promoting the development of a steady pool of high-quality talent.

Your Company has identified three capability platforms relevant to making Businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity & Pride. Capability needs, vitally significant to competitive performance, are identified for talent cohorts across domains. These include Marketing Strategy, Data Science and Analytics, Marketing in a Digital world, Business Strategy and Commercial Acumen. Globally benchmarked curriculums are designed in these domains, delivered through internationally renowned faculty and supplemented with business-critical application projects. Similarly, as a part of leadership development initiatives, the Reflections 360 programme comprising feedback from team members, peers and managers enables personal development of employees. This approach, collectively ensures relevance and impact, thereby enhancing the capability index of your Company's human capital. Periodic induction programmes, anchored by senior leaders, are conducted to enable new entrants to appreciate your Company's Vision, Mission, Culture, Values and Strategies while fostering pride in affiliation with your Company.

Your Company continues to strengthen its performance management system and its culture of accountability through the widespread adoption of the system of Management-by-Objectives. Performance planning through clearly defined goals, outcome-based assessment, and alignment of rewards for achievement of results have all contributed to a robust culture of ownership and accountability. 'Career Conversations' and succession planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development and ensuring a sound workforce planning system.

In the spirit of continuous improvement, your Company maintains a practice of periodically assessing employee engagement through a Company-wide survey. The recent survey in 2022 affirms high levels of employee engagement and reflects significant consolidation of gains achieved over recent years. The employee engagement, managerial effectiveness and performance enablement indices have all improved, ranging from 7 to 12 percentage points since the survey's inception in 2016. Employees have expressed overwhelming appreciation on several dimensions with over 90% of employees reporting a deep sense of pride, belief in your Company's overarching goals & leadership and optimism for the future. These sentiments are reflected in your Company's superior standing in terms of voluntary attrition across Businesses. During the year, a range of engagement programmes were undertaken including initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and development planning for robust positioning and progression decisions and investments in employee wellbeing. The year witnessed the Hotels Business winning the W.E. Global Employees Choice Award 2022 by W.E.-Matter involving participation of appx. 1000 managers.

Your Company's efforts to enhance Diversity, Equity and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions and is integral to serving customers better while creating value for all stakeholders. Your Company's policy on Diversity, Equity and Inclusion articulates and institutionalises this conviction. Your Company is committed to enhancing gender diversity and participation of the differently-abled in the workforce. Such concerted actions span three vectors, namely:

- Representation
- Inclusion & Enablement
- Commitment and Assurance

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Measures to enhance diversity include ensuring sufficient representation of women in selection pools and deployment of the differently-abled across suitable opportunities in the value chain. Through progressive policies offering flexible work arrangements, extended child-care leave, travel support for infants and care-givers, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various sensitisation programmes, Employee Resource Groups, development interventions tailored for women talent, and the commitment and sponsorship of leaders; your Company provides an enabling environment to further its Diversity, Equity and Inclusion goals. To ensure a safe and progressive work environment, Internal Complaints Committees have been institutionalised as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company continued its practice of active leadership outreach to employees. Periodic communication with the ITC community through 'StudioOne Townhalls' led by the Chairman, provided employees avenues to hear from and engage with leaders about your Company's vision, strategy and milestones. This was supplemented by a more personalised engagement through the 'StudioOne Xchange' initiative. The Chairman and other members of the Corporate Management Committee interacted with managers across Businesses in small groups, sharing your Company's vision and strategies while also inviting suggestions and feedback. Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the marketplace. It also recognises the mutuality of interests with key stakeholders and is committed to continue building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are competitive, flexible and responsive. The Employee Relations philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed towards

building a robust platform which has aided the conclusion of collective bargaining agreements at several of its manufacturing units and hotel properties, ensuring smooth commencement of operations at greenfield locations and the execution of productivity improvement practices.

WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to bring to your Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of your Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact your Company's operations, business performance and/or reputation. The Policy requires your Company to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. Anonymous complaints are also entertained if the complaint sets out specific allegations & verifiable facts, and is accompanied with supporting evidence. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of your Company, and to keep the information disclosed during the course of the investigation as confidential. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year. The Whistleblower Policy is available on your Company's corporate website at <https://www.itcportal.com/whistleblower-policy>.

SUSTAINABILITY 2.0

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

Your Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. Today, this strategy has not only contributed to building strong businesses of the future as well as a portfolio of winning world-class brands, but also in making your Company a global exemplar in 'Triple Bottom Line' performance. Your Company is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 21 years), 'carbon positive' (for 18 years), and 'solid waste recycling positive' (for 16 years). This approach has enabled your Company and its businesses to support sustainable livelihoods for more than six million people.

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

Climate Change

- Enhancing the share of renewable energy usage to 50% of total energy consumption by 2030.
- Meeting 100% of purchased grid electricity requirements from renewable sources by 2030.
- Reducing specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to the FY 2018-19 baseline.
- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through your Company's Social and Farm Forestry programme and other such initiatives covering over 15 lakh acres by 2030.

Water Stewardship

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

Plastic Waste and Circular Economy

- 100% of your Company's Packaging to be Reusable, Recyclable or Compostable/ Biodegradable by 2028.

Sustainable Agriculture

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

Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 1 million acres by 2030.

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Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.

Your Company's Businesses are actively working towards achieving your Company's Sustainability 2.0 vision. During the year, around 43% of your Company's total energy requirements were met from renewable sources. Commendable progress has been made in line with 2030 targets relating to specific energy, specific GHG emissions and specific water consumption across Businesses. In line with its commitment, your Company continued to remain plastic neutral during FY 2022-23 by sustainably managing more plastic packaging waste than the amount of plastic packaging utilised. During the year, your Company's large-scale programmes on Sustainable Agriculture were augmented to cover 2.3 million acres. A detailed performance dashboard against 2030 commitments is available in your Company's Sustainability Report, 2023.

To achieve its Sustainability 2.0 vision, your Company continues to strengthen its management approach which is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. Your Company is also strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each Business. Your Company will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

Your Company's 19th Sustainability Report published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for FY 2021-22. This report was prepared in conformance with both the Global Reporting Initiative (GRI) standards and International <IR> Framework published by Value Reporting Foundation. The report presents a range of financial and non-financial disclosures to illustrate how different 'capitals' are deployed to enable creation of enduring value. In addition, the report is prepared in

line with 'In Accordance – Comprehensive' criteria of the GRI standards and is third-party assured to 'Reasonable Level' as per International Standard on Assurance Engagements (ISAE) 3000.

Your Company's Sustainability Report for FY 2022-23 is being prepared and will be made available on your Company's corporate website in due course.

In addition, the Business Responsibility & Sustainability Report (BRSR), as mandated by the Securities and Exchange Board of India (SEBI) for the year under review is annexed to the Report and Accounts. The BRSR maps the sustainability performance of your Company against the nine principles forming part of the National Guidelines on Responsible Business Conduct (NGRBC) issued by the Ministry of Corporate Affairs, Government of India.

During the year, your Company sustained its 'AA' rating by MSCI-ESG for the fifth consecutive year, the highest rating among global tobacco majors, and has also been included in the Dow Jones Sustainability Emerging Markets Index for the third year in a row. Additionally, your Company was rated 'A-' at Leadership Level for both Climate Change and Water Security by CDP, which is above the Asia and Global average of 'C' for climate change and 'B' for water security.

Contribution to the United Nations Sustainable Development Goals (UN SDGs)

Your Company's Sustainability strategies and Social Investment Programmes & interventions, in addition to their alignment with national priorities, are also well positioned to contribute to the achievement of India's commitment under the UN SDGs. For instance, your Company's programme on Climate Smart Agriculture is aligned to the Government's National Mission for Sustainable Agriculture, and also contributes to the achievement of multiple SDGs, including SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 1 (No Poverty) and SDG 2 (Zero Hunger). A comprehensive statement linking your Company's interventions to the SDGs including corresponding targets will be available in your Company's Sustainability Report for FY 2022-23.

Building Climate Resilience

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To address the risks of climate change, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics & optimising distance-to-market, and promoting regenerative agriculture practices in agri-value chains. Your Company is also conducting life-cycle analysis (LCA) studies for developing a portfolio of innovative and sustainable products in line with growing consumer preference for climate friendly products.

Additionally, in order to identify long-term physical risks of climate change, your Company is working with climate experts to conduct comprehensive climate risk and vulnerability assessments using climate models across its operating locations (factories, hotels and warehouses). These assessments consider impact of climate hazards related to changes in temperature, precipitation, sea level rise, flooding and other extreme weather events over different time frames under various Representative Concentration Pathways (RCP)/Shared Socioeconomic Pathways (SSPs) scenarios. Based on the findings of these assessments, detailed site-specific studies are undertaken for developing contextual location-specific adaptation plans and strategies.

Similarly, factors such as rise in extreme weather events, varying climatic parameters and dependence on rainwater for irrigation make agriculture in India quite vulnerable to climate change. For major crops like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done by your Company on the development of climate-tolerant varieties as well as dissemination of climate-resilient and regenerative agronomic practices in the growing areas.

Detailed farm-level studies have also been conducted to understand the potential adverse impacts of climate change on your Company's key agri-value

chains. These risk assessments help further calibrate the climate resilience measures that are being implemented across your Company's value chains.

Energy Conservation and Renewable Energy

As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Accordingly, all factories incorporate appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the USGBC or Indian Green Building Council (IGBC). During the year, around 43% (previous year: 42%) of your Company's total energy requirements were met from renewable sources such as biomass, wind and solar. As on date, your Company has installed and commissioned 178 MW of renewable energy capacity in the form of solar and wind power across the country. Additionally, your Company's Paperboards & Specialty Papers Business commissioned a state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers, which will contribute towards reducing carbon footprint through lower coal consumption.

Your Company is well positioned to benefit from energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. Your Company continues its efforts towards meeting 100% of purchased grid electricity requirements from renewable sources, and achieving 50% renewable energy share in its total energy consumption by 2030 based on a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

Greenhouse Gases (GHG) and Carbon Sequestration

The GHG inventory of your Company for FY 2022-23 compiled according to the ISO 14064 Standard has been assured, as in the earlier years, at the 'Reasonable Level' by an independent third party. The GHG inventory covers emissions from your Company's operations and GHG removals from your Company's large-scale forestry programmes.

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Your Company's Social and Farm Forestry initiatives, besides sequestering carbon from the atmosphere, help towards greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and increase ground water recharge.

Towards Water Security for All

With water scarcity increasingly becoming an area of global and national concern, your Company continues to focus on an integrated water management approach that includes water conservation and harvesting initiatives at its units – while at the same time working towards meeting the water security needs of all stakeholders at the local watershed level. Several interventions have been rolled out to improve water-use efficiencies such as adopting latest technologies and increasing reuse and recycling practices within the fence while also working with farmers and other community members towards improving water-use efficiencies.

Demand side management is a critical component of your Company's Water Stewardship programme. Recognising the critical imperative of reducing water use, especially in agriculture, your Company continues to work with farmers to achieve 'more crop per drop' and improve farmer incomes. Over 11.8 lakh acres have been covered till date across 12 states through micro irrigation technologies and crop-specific agronomical practices. Various studies indicate potential water savings to the tune of 780 million kl during the year.

The demand side measures are implemented along with augmenting supply at the sub-catchment level through various interventions focused on harvesting rainwater based on the recommendations of hydro-geological studies. The supply side interventions include enhancing capture and storage of rainwater (within soil surface and storage structures) and recharging aquifers. Your Company also conducts efficacy studies to assess the impact of the watershed work carried out, and to ensure that maximum benefits accrue in the long-term. As on 31st March, 2023, your Company's integrated watershed development projects covering over 1.47 million acres of land have created a total

rainwater harvesting potential (RWH) of 48.9 million kl. In total, nearly 50 million kl of rainwater has been harvested, including within the fence, which is over 3 times the net water consumed by your Company's operations in FY 2022-23.

During the year, your Company's Foods unit at Malur became the first foods processing facility in Asia to be awarded the AWS Platinum level certification, the highest recognition for water stewardship in the world. Your Company is in the process of implementing the AWS Standards at other units in high water stress areas and will progressively obtain AWS certification for these sites.

Pioneering the Green Building Movement in India

In order to continuously reduce your Company's energy footprint, green features are being integrated in all new and old constructions including hotels, manufacturing units, warehouses and office complexes. Your Company is a pioneer in the green building movement, with 40 buildings having received Platinum certification by USGBC/IGBC.

Several of your Company's factories and office complexes have received the Green Building certification from IGBC and the Leadership in Energy & Environmental Design (LEED) certification from USGBC. In 2004, the ITC Green Centre at Gurugram received LEED Platinum certification by USGBC, making it the largest Platinum rated building in the world at that point in time. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED Platinum certification by USGBC. Large infrastructure investments such as the ITC Green Centre at Guntur and the ITC Green Centre at Bengaluru (both LEED Platinum certified) continue to demonstrate your Company's commitment to green buildings. Virginia House, Kolkata and ITC Centre, Kolkata – the headquarters of your Company, are also certified at the highest 'LEED Platinum' rated Green Building by USGBC.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury collection hotels of your Company are LEED Platinum certified,

making your Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED Platinum certified green hotels.

In 2020, ITC Windsor's best practices on carbon management distinguished it as the first hotel in the world to be LEED Zero Carbon certified. Since then, 11 additional ITC Hotels have been certified as LEED Zero Carbon. Further, your Company's Sankhya data center in Bengaluru became the first data center in the world to be awarded the LEED Zero Carbon certification.

Enabling a Circular Economy

Your Company continues to make significant progress in improving the circularity of waste generated in operations. The focus is on reducing waste through constant monitoring, improvement of efficiencies in material utilisation and adequate waste segregation improving recycling rates. During the year, your Company achieved over 99% recycling of waste generated in course of its operations. This has prevented waste from reaching landfills, with the associated problems of soil & groundwater contamination and GHG emissions, all of which can adversely impact public health. In addition, your Company's Paperboards & Specialty Papers Business recycled nearly 84,000 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Your Company aims to go beyond the requirements of Plastic Waste Management Rules, 2022 to ensure that over the next decade, 100% of packaging is reusable, recyclable or compostable/biodegradable. Your Company is working towards optimising packaging in a way that reduces the environmental impact arising out of post-consumer packaging waste without affecting product integrity. This is being addressed in a comprehensive manner by optimising packaging design, introducing recycled content in packaging, identifying alternative packaging material with lower environmental impact and supporting development of suitable end-of-life solutions for packaging waste.

Your Company has successfully implemented multiple large-scale models of solid waste management across the country. These models, based on principles of circular economy, are scalable, replicable and sustainable, and have enabled your Company to sustain its plastic neutral status since FY 2021-22. The approach is centred around treating waste as a resource and ensuring that minimal waste goes to landfill, which can be achieved only when waste is segregated at source. The initiatives focus on educating citizens on segregating waste at source into dry & wet streams, ensuring that value is derived from these resources and, in the process, support sustainable livelihood for waste collectors. These models operate on a public-private partnership basis with active involvement of urban local bodies, civil society and the informal sector of waste collectors.

Your Company has exceeded its commitment on plastic neutrality for the second consecutive year by collecting and sustainably managing more than 60,000 tonnes of plastic waste across 36 States/Union Territories, which is more than the plastic packaging utilised by your Company.

Your Company's waste recycling programme, 'WOW – Well Being Out of Waste', enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Delhi, major towns of Telangana and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 64,000 MT from over 1,270 wards. The programme has covered over 2.2 crore citizens in over 55 lakh households, 57 lakh school children and around 2,100 corporates since its inception. It has promoted sustainable livelihood for over 17,750 waste collectors by facilitating an effective collection system in collaboration with Municipal Corporations. The intervention has also created over 150 social entrepreneurs who are involved in maximising value capture from the collected dry waste. In Pune, your Company is supporting a circular economy, based on first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

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In addition to WOW, a separate community-driven programme on decentralised Solid Waste Management (SWM), in collaboration with Swachh Bharat Mission, is operational in 18 districts across 10 states covering 10.7 lakh new households, taking the cumulative coverage to 25.3 lakh households. This programme deals with both wet and dry waste and focuses on minimising waste to landfill by managing waste at source. Under the programme, more than 2.6 lakh MT of waste was collected during FY 2022-23, out of which around 1.6 lakh MT of wet waste was composted, 64,000 MT of dry waste was recycled, and 87% of the total waste was avoided from being sent to landfills. Further, home composting was practiced by over 5 lakh households.

In Uttar Pradesh, your Company partnered with Urban Development Department under which over 3,100 Government officials from 57 municipalities have been trained on decentralised SWM, thus enabling the extension of coverage of decentralised waste management to over 19 lakh households. Your Company had also signed an MoU with Lohiya Swachh Bihar Abhiyan (LSBA), Rural Development Department, Government of Bihar to train officials on implementation of decentralised SWM in 472 villages of Ganga region ('Ganga Gram') across 12 districts of Bihar. During the year, Panchayat officials of 446 Ganga Gram villages were trained through a cascade approach, who then initiated focused waste management activities in their villages.

During the year, your Company has also collaborated with Department of Drinking Water and Sanitation (DDWS), Government of India, and India Sanitation Coalition (ISC), FICCI, to develop 36 Gram Panchayats (GPs) across 10 states as Lighthouses, demonstrating best practices in sanitation and waste management, which will be adopted by other GPs gradually. The partnership is part of the DDWS's plan of creating 75 lighthouse Gram Panchayats across India.

The 'Green Temple' initiative, powered by your Company's Social Investments programme 'Mission Sunehra Kal', is a closed loop waste

management model involving processing of waste generated in temples to provide biogas to the temple kitchens and compost for its gardens. The initiative has expanded to over 950 temples across Andhra Pradesh, Uttar Pradesh, Uttarakhand, Tamil Nadu, Telangana, Karnataka and Maharashtra.

Promoting Thought Leadership in Sustainability

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

Climate Change

- The CII Climate Action Charter was launched in September 2022, at the 17th Sustainability Summit. The Charter has more than 150 signatories from a wide variety of sectors including hard-to-abate and service sectors, diversified businesses and MSMEs⁴.
- India released its Long-term Low Emissions and Development Strategies (LTLEDS) at the UN climate conference (COP27) at Sharm El-Shiekh, Egypt in November 2022. The Centre was nominated by MoEFCC⁵ as Technical Advisory Unit and the Chair for the Task Force 4 on low-emission industrial systems. Inputs for the LTLEDS were provided to MoEFCC via consultations with stakeholders under this taskforce.
- The Centre organised three key events at COP 27 – 'Driving Climate Adaptation & Resilience through Nature Conservation', 'Aligning Clean Air & Climate Actions' and 'Energy Storage - Charging the energy transition for businesses in India'.
- Under India's G20 presidency, CII is playing the role of B20 secretariat. The Centre is leading the work on framing policy briefs under the Taskforce

⁴ Micro, Small and Medium Enterprises

⁵ Ministry of Environment, Forest and Climate Change

on Energy, Climate Change & Resource Efficiency and Action Council on ESG in Business.

- The Centre has assisted in preparing GHG inventory and report for the Industrial Processes and Product Use (IPPU) sector for India's Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) on 'Greening India's Power Grids'.

Circular Economy

- 'India Plastics Pact' (IPP) is a business-led initiative to transform the plastics packaging value chain from linear to circular. IPP is the first in Asia and joins a global network of 13 Plastic Pacts. The first IPP Annual Conference was held in September 2022 where 'India Plastics Pact: Roadmap to 2030' was launched.
- 65 companies operating in India have undertaken CESD's Plastic-use Protocol to record, verify and certify elimination/phasing out of single use plastics.
- The Centre completed work on a study that aims to identify greenhouse gas mitigation strategies through Resource Efficiency and Circular Economy across the cement value chain.

Biodiversity

- A Memorandum of Cooperation with MoEFCC to support multi-stakeholder partnership for Wetlands Conservation was signed in May 2022, followed by launch of India Wetland Coalition (IWC).
- India Business and Biodiversity Initiative (IBBI) submitted businesses' recommendations on Post 2020 Global Biodiversity Framework to MoEFCC, which were used during the COP15 of UN Convention on Biological Diversity (CBD).
- IBBI facilitated a National Consultation Group on draft Taskforce for Nature related Financial Disclosure Framework (TNFD), to be launched in 2023.

Air Pollution

- In all, 101 signatories to the 'India CEO Forum for Clean Air' have committed to take action on air pollution.

- A national-level dynamic library of solutions designed for air pollution was launched in August 2022.
- Crop Residue Management intervention covering 300 villages across 12 districts of Punjab-Haryana was carried out - preliminary results show avoidance of burning on 85% of total intervened farmland (appx. 3 lakh acres) in the year 2022. A report summarising the impacts and learnings of Crop Residue Management activity was released on International Day for Clean Air in September 2022.

Excellence in Sustainability

- The 17th Sustainability Summit, with the theme of Building a Sustainable Tomorrow: Transforming Risks into Opportunities was organised with the support of 28 partner organisations.

ESG Intelligence & Analytics: The Centre conceptualised this service to help Indian companies understand material ESG risks and opportunities and help develop mitigation actions. The service is based on a SaaS-based tool developed by CII CESD with support of third-party vendors.

Eco Edge launched by the Centre is aimed at integrating sustainability in value chains of companies. Key action areas in 2022 included training, developing assessment methodology, stakeholder consultations, among others.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's overarching commitment towards creating significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Your Company has a comprehensive CSR Policy outlining programmes, projects and activities that your Company undertakes to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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The key elements of your Company's CSR interventions are to:

- deepen engagement in identified core operational geographies to promote holistic development and design interventions in order to respond to the most significant development challenges of your Company's stakeholder groups.
- strengthen capabilities of Non-Government Organisations (NGOs)/Community Based Organisations (CBOs) in all project catchments for participatory planning, ownership and sustainability of interventions.
- drive the development agenda in a manner that empowers women and benefits the poor and marginalised communities in the vicinity of your Company's factories and agri-catchments, thereby significantly improving Human Development Indices (HDI).
- ensure behavioural change through focus on demand generation for all interventions, thereby enabling participation, contribution and asset creation for the community.
- strive for scale with impact by leveraging government partnerships and accessing the most contemporary knowledge/technical know-how.

Your Company's stakeholders are confronted with multi-dimensional and inter-related concerns, at the core of which is the challenge of securing sustainable livelihoods. Your Company undertakes periodic stakeholder engagements in the form of community need assessments, impact assessments and other evaluations. During the year, your Company undertook 66 community engagements across 14 states where your Company's Social Investments Programme is being implemented to discuss views and grievances, if any, of the community members. Additionally, over 26,000 household surveys were taken up in 14 states to estimate the household level gaps that need to be addressed. Accordingly, interventions under your Company's Social Investments programme are appropriately designed to build capacities and promote sustainable livelihoods.

Your Company's Social Investments Programme follows the Two Horizon approach that focuses

on inclusive growth and holistic development of households with women and poor & vulnerable communities at the core. In addition to being beneficiaries of several programmes, women are also influencers and active participants in grassroot institutions. Several progressive women beneficiaries also act as change makers in society.

The Two Horizon approach provides an integrated and affirmative response to development with Horizon-I focusing on strengthening and sustaining livelihoods of communities (primarily agriculture and allied sector livelihoods) and Horizon-II focusing on building capabilities and capacities to empower beneficiaries for a better life tomorrow.

The footprint of your Company's CSR projects is spread across 27 States/Union Territories covering over 300 districts.

Your Company's CSR interventions were conferred with three prestigious awards and recognitions during FY 2022-23:

- 16th Edition of CII – National Awards for Excellence in Water Management under the category 'Beyond the Fence' for its Ghod River Basin Project.
- FICCI CSR Award for its 'Ghod River Basin Project' under the category 'Environment Sustainability' for Private Sector Companies with turnover of over ₹ 3000 crores per annum.
- Recognition under 'Protect and Restore Community Water Structures' category at Water Sustainability Awards by TERI in collaboration with UNDP and the International Water Association (IWA).

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened over 31,000 acres during the year. It is currently spread across 17 districts in 6 States covering over 4.56 lakh acres in nearly 7,000 villages, impacting over 1.76 lakh poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 10.4 lakh acres till date, and generated about 190 million-person days of employment for rural households, including women, poor tribal and

marginal farmers. Integral to the Social Forestry programme is the Agro-Forestry initiative including plantations on bunds, which cumulatively extends to about 2 lakh acres and ensures food, fodder and wood security. Further, fast growing, high yielding and disease resistant hybrid clones and saplings of eucalyptus pulpwood developed by your Company deliver significantly higher productivity vis-a-vis earlier clones. The clones have been developed to grow under varying ecological conditions, thereby building resilience and contributing towards increasing income for the farming community.

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

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka and Odisha.

Water Stewardship Programme

The Water Stewardship programme aims to facilitate water security for all dependents in the factory catchments and to drought-proof the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. The programme promotes the development and management of local water resources in moisture-stressed areas by facilitating community participation in planning and implementing such measures, as well as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 45 districts of 16 states. During the year, the area under watershed increased by over 1.36 lakh acres, taking the cumulative coverage area to over 14.7 lakh acres. Over 3,100 water-harvesting structures including ground water recharge structures were built during the year, creating nearly 3.8 million cubic metres of rainwater harvesting potential. This took the total number of water harvesting structures to over 28,300 and the net water storage to over 48.9 million cubic meters. In addition, as part of

demand management intervention, your Company continues to work with farmers to achieve 'more crop per drop' by promoting agronomic practices and micro irrigation techniques targeted towards saving water in cultivation and improving farmer incomes. Around 11.8 lakh acres have been covered across 12 states during the year as part of demand management; more than twice that of the previous year. Studies have been conducted by Vasantdada Sugar Institute and Tamil Nadu Agricultural University to estimate water savings in sugarcane, coconut and banana in your Company's programme locations. According to these studies and other research documents, demand management practices promoted by your Company have led to potential water savings to the tune of nearly 780 million cubic metres during the year.

Additionally, your Company is continuing partnerships with multiple state government departments for Water Stewardship. Under the partnership with Watershed Development Department, Government of Karnataka, capacities are being built using your Company's Water Stewardship approach to drought-proof 157 watersheds across 29 districts covering over 11.6 lakh acres. During the year, Government officials responsible for all watersheds were trained to incorporate your Company's drought-proofing framework and positive water balance-based planning. The Government has initiated work on 135 watersheds covering 2 lakh acres and has already constructed 818 water harvesting and ground water recharge structures based on the training provided by your Company.

Driven by your Company's Water Stewardship programme, Malur Food unit of your Company became the second unit after Kovai Paper to receive an AWS certification in Platinum category.

Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered over

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1.5 lakh acres in over 41 districts across 11 states, taking the cumulative area under biodiversity conservation to over 2.9 lakh acres. While the conservation work is being carried out in village commons, this intervention significantly benefits agricultural activity in the vicinity of these plots through soil moisture retention, carbon sequestration and by acting as hosts to insects and birds beneficial to agriculture. During the year, two technical studies were undertaken through 'The Energy and Resources Institute' (TERI) & 'IORA Ecological Solutions'. These studies covered a universe of over 1 lakh acres of biodiversity conservation work done by your Company in two years across seven states. The studies have recorded improvement in carbon stocks, i.e. carbon sequestered by trees, as well as floral and faunal biodiversity compared to control areas.

To increase the coverage for pastureland development and biodiversity conservation, your Company partnered with Forest Departments of Maharashtra and Telangana, and Wasteland & Pastureland Development Board (WPDB) of Rajasthan.

The partnership with WPDB is targeted to cover 2.5 lakh acres across 8 districts. Further, as part of this partnership, during the year, 924 Government staff of these districts were trained for implementing the programme across 3,600 villages.

Climate Smart Agriculture

The Climate Smart Agriculture programme attempts to de-risk farmers from erratic weather events through the promotion and adaptation of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services. Currently, 23.4 lakh acres and over 7.4 lakh farmers are covered under the programme, representing an increase of 54% and 64% respectively over previous year. To provide additional support to farmers in dealing with climate risks, 9.5 lakh linkages were facilitated for farmers with six major Government schemes. In addition to promotion of Climate Smart Agri practices at scale, in core agricultural catchments, Climate Smart Village (CSV) programme has also been initiated, wherein support is provided to majority of village population to

enable adaptation to climate risks, mitigating the same through knowledge, livelihood diversification, natural resources management and institutional support. Details of Climate Smart Agriculture interventions are also provided in the section on 'Socio-Economic Environment'.

During the year, knowledge was disseminated through more than 8,200 Farmer Field Schools and over 2,300 Choupal Pradarshan Khets. Over 900 Agri Business Centres delivered extension services, arranged agri-credit linkages, established collective input procurement and provided agricultural equipment for hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, more than 3,600 compost units were constructed during the year, taking the total number till date to over 55,000 units.

Your Company, with its presence across multiple commodities and geographies including e-Choupal network and agri extension programmes network, undertook an initiative to facilitate formation of new FPOs and/or strengthening existing FPOs, thus enhancing farm incomes, rural livelihood and partnering in other relevant rural development initiatives. During FY 2022-23, your Company supported additional 905 FPOs taking the cumulative number to 1,150 FPOs.

The 'Adarsh Gram Programme' pioneered by your Company's Agri Business presently covers 350 model villages in the states of Andhra Pradesh and Karnataka. Under this initiative, your Company supports villages to become economically, ecologically and socially sustainable. Your Company is also addressing the human rights and farm safety challenges in Indian farming by educating the farmers, labour & community, providing access to Personal Protective Equipment (PPE) kits and adopting smart technologies like drones for spraying activities on the farms.

The 'Baareh Mahine Hariyali' programme in select districts of Uttar Pradesh (Chandauli, Ghazipur, Prayagraj and Varanasi) is a pioneering initiative to facilitate farmers to enhance their incomes. This programme is founded on a 360-degree, multipronged approach with interventions such as

increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, price and weighment. In some regions, taking a holistic approach to income diversification as an adjacency, livestock development, women empowerment and agro-forestry are also included. Over 2 lakh farmers have already benefited from the interventions under this programme – over 35,000 farmers who have adopted the package of practices reported doubling of income and those who have implemented the programme partially reported increase in their incomes by 30% to 75%.

Livestock Development

The programme provides an opportunity for households to improve their livestock-based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices.

The programme provided extension services, including breeding, fodder propagation and training to farmers owning cows and buffaloes in 8 states and 22 districts. During the year, over 1.35 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.45 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at around 28.6 lakh and 10 lakh respectively. In addition, the livestock programme also covered families engaged in goat and sheep, poultry, piggery and fishery rearing, enhancing their productivity through promotion of improved management practices. Under the programme, over 400 women trained as 'Pashu Sakhis' have provided extension services to over 45,000 households till date, thus enabling Pashu Sakhis to earn supplementary income of up to ₹ 5000 per month.

Your Company is also working with dairy farmers in Bihar and West Bengal to improve productivity through several extension services and to facilitate higher milk production. Qualified teams comprising veterinarians and para-veterinarians have been deployed to facilitate animal breeding, animal nutrition and animal health services towards improving

productivity and promoting commercial dairy farming among farmers. During the year, about 84,700 cattle of over 33,800 dairy farmers across 547 villages in 9 districts of Bihar and 3 districts of West Bengal were supported through training programmes on clean milk production, mastitis control and animal husbandry services like deworming, ectoparasite control, etc.

Women Empowerment

During the year, this initiative provided a range of gainful livelihood opportunities to around 35,400 poor women, taking the cumulative coverage to over 1.22 lakh. Of the beneficiaries till date, about 32,600 ultra-poor women in your Company's core catchments were provided with assets and support to initiate enterprise of their choice and now have access to sustainable sources of income through various livelihood opportunities. Studies have shown that the income of these ultra-poor women beneficiaries has increased by more than five-fold, aided by the programme. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was extended for two more years to cover 9 additional districts, increasing the operational presence in the State to 52 districts. 173 Super Trainers were trained directly who in turn trained 1,372 Master Trainers; the training was thereafter cascaded to over 83,000 self-help-groups (SHGs) covering more than 7.6 lakh women during the year. The programme has cumulatively covered over 2.1 lakh SHGs benefiting over 20.7 lakh women across more than 20,800 villages. Over 16.9 lakh trained women have also been provided access to bank accounts and government social security schemes till date.

Education

The Primary Education programme aims to provide children from weaker sections of society access to education with focus on learning outcomes and retention. Operational in 32 districts of 12 states, the programme covered over 2.5 lakh children during the year, taking the cumulative coverage to over 11 lakh children. Under the Read India Programme, the proportion of primary level children who were

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able to perform basic mathematical computations increased from 15% to 90%. Over 386 government primary schools and anganwadis were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units and furniture, taking the total number of government primary schools and anganwadis covered till date to around 3,300. Infrastructure support to government schools has helped in increasing enrolment, particularly of girls, in schools. To ensure sustainable operations and maintenance of infrastructure provided, more than 780 School Management Committees and around 680 Child Cabinets and Water and Sanitation (WATSAN) Committees were operational in various schools during the year with active involvement of students and teachers. Further, 125 Supplementary Learning Centres (SLCs) were operational during the year, mainstreaming more than 2,000 out-of-school children into the formal education system.

Skilling & Vocational Training

This programme provides training in market linked skills to youth to enable them to compete in the job market. More than 14,400 youth were trained under different courses during the year of which 46% were female. The placement percentage for those trained during the year stood at 68%. Further, a pilot program for skilling differently abled youth was also initiated in Bangalore, with placements of over 75%.

Cumulatively, over 1 lakh youth have been trained under the skilling programme, with presence expanding to 34 districts in 16 States.

Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene across 10 districts and 7 states. To promote a hygienic environment through prevention of open defecation and reduced incidence of water-borne diseases, 200 Individual Household Toilets (IHHTs) were constructed in collaboration with the State Government/District sanitation departments, taking the total to over 39,600 IHHTs constructed so far in your Company's catchment areas. In addition, during the year, 35 community toilets were constructed/

renovated for households without land, taking the cumulative to 157. Cumulatively, IHHTs and community toilets are estimated to be benefiting over 1.15 lakh community members. In West Bengal, more than 6,700 women benefited from well-maintained separate community toilets with incinerator facilities. Along with sanitation infrastructure development, special focus was also given to awareness campaigns to drive behavioural change.

Health & Nutrition

Your Company continued to enhance awareness on various health related issues through a network of 430 women Village Health Champions (VHCs) who covered nearly 1.16 lakh women and adolescent girls during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. The VHCs conducted door-to-door visits in the villages focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition.

Over 5.6 lakh beneficiaries were covered under the Mother and Child Health and Nutrition initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. As per internal estimates, the proportion of underweight children between 0-5 years of age in the two districts of Kamrup and Darrang stood at 5.6% and 9.8% in FY 2022-23, significantly lower than districts' averages⁶ of 19.7% and 33.1% respectively. Based on success of the programme in these two districts, Directorate of Social Welfare, Government of Assam has entered into a partnership with your Company to help address challenges of malnutrition in 8 districts including 7 aspirational districts in the state.

Additionally, Project Samposhan was undertaken during the year to address the issue of anaemia amongst adolescent girls in the districts of Bahraich & Chandauli, Uttar Pradesh. Similarly, Project Balposhan was undertaken in Valsad district of Gujarat to create awareness amongst mothers, pregnant & lactating women on child malnutrition.

⁶ as per NFHS-5 data of FY 2019-20

To bridge the gaps in primary and secondary healthcare delivery and to address the challenges of awareness, availability, accessibility and affordability, your Company has undertaken several Rural Healthcare interventions that are being implemented in a phased manner. After starting with the Mother and Child Health initiative in FY 2016-17, your Company is now adopting a holistic approach focusing on two major components - preventive health care and curative services. The objective of the initiative is to improve health and nutrition by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence with existing government schemes, leveraging technology and increasing access to basic primary and secondary healthcare services. As part of this project, 'ITC Swasth Kiran' initiative was launched during FY 2021-22 in Saharanpur and Munger districts. Under the initiative, 8 Mobile Medical Units (MMU) - 4 each in Saharanpur & Munger became operational during the year. These MMUs provided free medical consultation and medicines to the rural community at doorstep. During the year, more than 57,000 individual engagements were made with community members, 56% of which were women, across over 690 villages. Further, 6,900 diagnostic tests were conducted and 5,600 referrals were made during the year. Upgradation of Public Healthcare Centres was also initiated with the involvement of the local community under the initiative. Simultaneously, plans to set up a 50-bed hospital for secondary care are being pursued. Accordingly, for such ongoing activities, in FY 2022-23, an amount of ₹ 23.10 crores has been kept aside under unspent CSR account and will be spent over a period of next three financial years.

To make potable water available to local communities in Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor. 9 new RO plants were established in FY 2022-23 taking the total operational RO plants to 160, thus providing safe drinking water to over 2.1 lakh rural people.

Your Company's 'Swasth India Mission' programme has been a front runner in driving behavioural change towards good hand hygiene habits since its inception in 2016. The Swasth India Mission drove a range of

initiatives to aid and enable the country in its fight against preventable infections that create huge economic burden on the country.

- Your Company launched a campaign focused on children, rooted in the belief '*Swasth Bacche, Mazboot Desh*'. The mission reached out to school students through an innovative school programme focused on seeding good hygiene behavior. The school programme covered 8,383 schools reaching out to appx. 22.4 lakh students.
- Your Company launched the #HandwashFirst campaign on the occasion of World Hand Hygiene Day, which was promoted nationally on TV and digital media including tie-ups with influencers on the short video platform 'Josh'.
- Your Company also launched an innovative digital campaign using gamified creatives to spread awareness about proper health & hygiene practices to be followed during monsoon season.

Your Company joined hands with Master Blaster Sachin Tendulkar, World's first 'Hand Ambassador', and launched a series of short films to promote the practice of washing hands, with the message being widely disseminated through multiple outreach formats.

Waste Management

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

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. Your Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The eminent Gurus of

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the Academy impart intensive training and quality education in Hindustani classical music to the scholars. The present Gurus of the Academy are Padma Bhushan Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha, Shri Omkar Dadarkar and Shri Brajeswar Mukherjee. The Academy's focus continues to be on nurturing exceptionally gifted students selected from across the country through a system of multi-level audition. Full scholarship is provided to them to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. Creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy continues to be the Academy's objective.

Forging Multi-Stakeholder Partnerships

Your Company's Social Investments Programme lays continuous emphasis on building partnerships of value for driving innovation & gaining contemporary knowledge while effectively amplifying and executing programmes.

Your Company formed Knowledge Partnerships with several national & international organisations/agencies to maintain contemporariness and leverage latest knowledge/technical know-how to continuously improve the quality of programmes.

Public-Private Partnerships, aimed at pooling resources, and partnership with Governments are effectively leveraged to scale-up and amplify programmes implemented in your Company's catchment areas.

The meaningful contribution made by your Company's Social Investments Programme to address some of the country's key development challenges, has been possible in significant measure, due to your Company's partnerships with renowned NGOs such as BAIF, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, WASH Institute, Water for People, MAMTA, Youth Invest, Cheshire Disability Trust amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience

and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

CSR Expenditure

The annual report on Corporate Social Responsibility activities, as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014, is provided in the Annexure forming part of this Report.

Environment, Health & Safety

Your Company's Environment, Health & Safety (EHS) strategies are directed towards achieving the greenest and safest operations across all your Company's units by optimising natural resource usage and providing a safe and healthy workplace. Systemic efforts continue to be made towards natural resource conservation by continuously improving resource-use efficiencies.

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

Safety

Your Company sustained focus on 'Safety by Design' by continuously striving to improve safety performance and incorporating best-in-class engineering standards for all investments in the built environment. Designs for all new greenfield & brownfield project investments are scrutinised to ensure compliance with relevant standards and codes on safety. Periodic Environment, Health & Safety audits continue to be carried out in operational units to verify compliance with relevant standards.

To drive a culture of safety, your Company, in addition to comprehensive focus on training, continues to hold

structured conversations with workers on 'Safe and Unsafe' Acts. These are supplemented by adoption of keystone behaviours that inculcates individual ownership for safe behaviour. Your Company has also pioneered the usage of Design Thinking principles for seamless integration of safety in business operations. This initiative is bringing in positive behavioural changes.

Several national awards and certifications received by various units reaffirm your Company's commitment to provide safe and healthy workplace to all.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company's state-of-the-art Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to build and support your Company's portfolio of world-class products and brands. LSTC is on the verge of completing five decades of innovation this year. Over the years, LSTC has emerged as a robust innovation engine that is a key enabler of the 'ITC Next' growth strategy. Reinforced with world-class infrastructure, resourced with a diverse team of over 400 highly qualified scientists, LSTC is leading various initiatives to provide a competitive edge to your Company's brands and products.

Driving purposeful innovations that fulfil the needs of the Indian consumer through superior offerings remains the key objective of LSTC. Centres of Excellence across domains viz. Biosciences, Agri-sciences & Materials sciences enabled building capabilities over the years to cater to the constantly evolving needs of consumers. Focused research across identified domains viz. Health & Wellness, Formulation Design, Sustainable Materials & Packaging, Agro-forestry and Crop Science has enabled the teams to harness contemporary advances in relevant core areas to translate 'proofs of concept' to novel product opportunities. Bearing testimony to LSTC's innovation capabilities while building the intellectual assets for your Company, over 800 patent applications have been filed till date. Robust risk management practices are in place to ensure that your Company's intellectual properties remain adequately protected and to ensure mitigation of information and infrastructure risk.

Research programmes and projects are structured through close alignment with the various Businesses of your Company resulting in a robust innovation pipeline. Additionally, in line with your Company's relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on materials, processes and systems to enhance their competitiveness.

Your Company has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the post-pandemic operating scenario of unprecedented volatility and hyper-inflationary pressures, LSTC scientists and product development teams continue to enable the Branded Packaged Foods and Personal Care Businesses to deliver a range of differentiated, superior quality products at competitive costs. Innovative science-based programmes continue to be leveraged to drive creation of healthier foods through systematic reduction in salt, sugar and fat without compromising on sensory attributes. Leading edge technology platforms in Personal Health & Hygiene, Health & Wellness continue to power innovation and develop next generation product offerings to serve emergent consumer needs. LSTC's unique competencies in Materials and Packaging have enabled development of innovative recyclable flexible packaging options and bio-compostable coating solutions.

In Agro-Forestry and Crop Science Platforms, LSTC has an ambitious R&D programme on improving yield and quality, given the rising challenges of climate change and depleting resources. Ongoing research on climate resilient crops and pulp wood seeks to address the security of raw material supplies across your Company's value chains while ensuring enhanced farmer profitability. Research on wheat and potato varietal securitisation are at advanced stages of development to achieve flexibility in sourcing of raw material, create region-specific blends and ensure robust agro-climatic adaptability. Future ready, alternate value chains that mitigate risks arising out of disruptions to existing sourcing models continue to be explored. LSTC, in collaboration with the Agri and Branded Packaged Foods Businesses, endeavours to ensure that

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science-based ideas are fully integrated across the value chain from farm to fork.

Infrastructure capabilities across science areas and new product development are strengthened continuously keeping in pace with the global developments. Modern testing facilities include estimation of disease resistance in plant varieties, determination of biodegradability of newly developed materials for sustainable packaging, detection of extraneous materials in foods and prediction of packaged product structural stability during transit.

Rigorous systems, processes and industry best practices are continuously upgraded to secure quality certifications of the highest levels – a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumer. All branded packaged foods manufacturing units of your Company not only have ISO quality certification but also follow the highest standards under the integrated food quality management system-FSSC 22000; these systems ensure adherence to internationally accepted quality standards in producing safe and high-quality food. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and Hotels operate in compliance with stringent food safety and quality standards. Your Company's food quality assurance laboratories are accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) under ISO 17025, a global standard for testing and calibrating labs, which guarantees quality. Additionally, the quality of all FMCG products of your Company is monitored through best-in-class customer-centric 'Quality Control and Quality Assurance Processes' and 'Product Quality Ratings Systems' (PQRS) enhancing competitive superiority of your Company's product offerings.

In its quest to continuously enhance efficiency and be future-ready, LSTC is developing and deploying cutting-edge digital tools for quality performance analytics and competition benchmarking. LSTC continues to leverage AI/ML technology platforms to strengthen quality management systems. Going forward, LSTC will continue to identify growth

opportunities leveraging your Company's diverse core competencies and R&D insights emerging from contemporary science & technology.

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

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

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

TREASURY OPERATIONS

Your Company's treasury operations continued to focus on deployment of surplus liquidity and management of foreign exchange exposures within a well-defined risk management framework.

FY 2022-23 witnessed significant volatility in the global economy and financial markets. Globally, inflation remained at elevated levels for most part of the year due to disruptions in supply chains, rise in energy and other commodity prices. Central banks across the world responded swiftly increasing interest rates sharply to rein in inflation. In India, Reserve Bank of India (RBI) raised Repo rate by 250 bps which resulted in market interest rates moving higher across tenures. In addition, decline in the Banking system liquidity also contributed to increase in market interest rates, particularly in the short tenure segment.

Investment decisions relating to deployment of surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Treasury operations focused on proactive rebalancing of portfolio

duration and mix in line with the evolving interest rate environment. Further, continuous review and monitoring of credit worthiness, including engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

As in earlier years, commensurate with the size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate internal control systems, and independent check of 100% of transactions by your Company's Internal Audit Department.

In the currency market, the Indian Rupee (INR) depreciated sharply against the US Dollar (US\$) during the first half of the year. The weakness was largely attributable to strength of the US\$ relative to all major currencies during the year. Towards the end of the financial year inversion in US interest rate curve, decline in India's trade deficit, relative strength of foreign exchange reserves and judicious interventions in the forex market by RBI provided support to the INR.

To effectively navigate the high volatility in currency markets, your Company adopted a proactive risk management strategy and actively managed foreign currency exposures through appropriate hedging strategies and market instruments to protect business margins.

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2023, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 20000 which have been withheld on the basis of directives received from the government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Schemes.

Your Company has not accepted any deposit from the public/members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

DIRECTORS

Changes in Directors

During the year, with your approval, Mr. Supratim Dutta was appointed as a Wholetime Director of your Company for a period of three years with effect from 22nd July, 2022, and Mr. Nakul Anand was re-appointed as a Wholetime Director of your Company for a period of one year with effect from 3rd January, 2023.

Mr. Peter Rajatilakan Chittaranjan, representing the General Insurers' (Public Sector) Association of India ('GIPSA'), was appointed as an Additional Director by the Board of Directors of your Company ('the Board') with effect from 3rd February, 2023 and thereafter, with your approval, as a Non-Executive Director for a period of three years with effect from 15th March, 2023.

The Board on the recommendation of the Nomination & Compensation Committee ('the Committee'), has recommended for the approval of the Members, the appointment of Ms. Alka Marezbhan Bharucha as a Director and also as an Independent Director of your Company for a period of five years with effect from 12th August, 2023. Ms. Bharucha has the required integrity, expertise and experience for appointment as an Independent Director of your Company.

Messrs. Anand Nayak and Ajit Kumar Seth will complete their present term as Independent Directors of your Company on 12th July, 2024. The Board, on the recommendation of the Committee, has recommended for the approval of the Members, the re-appointment of Messrs. Nayak and Seth as Directors and also as Independent Directors of your Company for a period of five years with effect from 13th July, 2024.

Further, on the recommendation of the Committee, the Board has recommended for the approval of the Members, the appointment of Mr. Hemant Malik as a Director, liable to retire by rotation, and also as a Wholetime Director of your Company for a period of three years with effect from 12th August, 2023.

Mr. Sanjiv Puri will complete his present term as the Managing Director of your Company on

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21st July, 2024. The Board, on the recommendation of the Committee, has also recommended for the approval of the Members, re-appointment of Mr. Puri as a Director, not liable to retire by rotation, and as the Managing Director & Chairman of your Company for a period of five years with effect from 22nd July, 2024.

Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 112th Annual General Meeting ('AGM') of your Company.

Mr. Rajiv Tandon completed his term as a Wholetime Director of your Company with effect from close of work on 21st July, 2022 after being associated with the ITC Group for 42 years, including 35 years with the Company. Further, Mr. Navneet Doda, representing GIPSA, stepped down from the Board with effect from 20th January, 2023. Your Directors place on record their appreciation for the contribution made by Messrs. Tandon and Doda during their tenure with your Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Articles 94 and 95 of the Articles of Association of your Company, Messrs. Sumant Bhargavan and Mukesh Gupta will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-election. Your Board has recommended their re-election.

Number of Board Meetings

Six meetings of the Board were held during the year ended 31st March, 2023.

Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your Company, inter alia, requires that the Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Nomination & Compensation Committee has laid down the criteria for determining qualifications, positive attributes and

independence of Directors (including Independent Directors). The Policy on Board Diversity of your Company requires the Board to have balance of skills, competencies, experience and diversity of perspectives appropriate to your Company. The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of your Company, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

In terms of the applicable regulatory requirements read with the Articles of Association of your Company, the strength of the Board shall not be fewer than six nor more than eighteen. Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

The Independent Directors of your Company have confirmed that (a) they meet the criteria of independence prescribed under Section 149 of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), (b) they are independent from the management of your Company, and (c) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Act and the Listing Regulations, and are independent of the management of your Company.

Remuneration Policy

Details of your Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

Evaluation of Board, Board Committees and individual Directors

The Nomination & Compensation Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board.

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia, against the roles and responsibilities of the Board as provided in the Act, the Listing Regulations and your Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of your Company; such parameters include securing alignment of your Company's goals with the nation's economic, ecological and social priorities, ensuring that your Company has a clearly defined strategic direction for realisation of its vision, and supporting your Company's management to meet challenges arising from the operating & policy environment in the country. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of your Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of your Company.

While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out against the laid down parameters anonymously in order to ensure

objectivity. Reports on the functioning of Committees were placed before the Board. The Independent Directors Committee of the Board also reviewed the performance of the Chairman, other non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations.

KEY MANAGERIAL PERSONNEL

As stated earlier, Mr. Rajiv Tandon ceased to be a Wholetime Director of your Company upon completion of term, and Mr. Supratim Dutta was appointed as a Wholetime Director of your Company, with effect from 22nd July, 2022. There were no other changes in the Key Managerial Personnel of your Company during the year.

AUDIT COMMITTEE & AUDITORS

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

Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed with your approval as the Auditors of your Company for a period of five years till the conclusion of the 113th AGM. The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of SRBC for the financial year 2023-24. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 112th AGM of your Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2023-24:

- (i) Messrs. ABK & Associates, Cost Accountants, for audit of Cost Records maintained by your Company in respect of 'Wood Pulp' and 'Paper and Paperboard' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of your Company, other than 'Wood Pulp' and 'Paper and Paperboard' products.

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Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 112th AGM of your Company.

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

Secretarial Auditors

Messrs. S. N. Ananthasubramanian & Co., Company Secretaries, were appointed by the Board as the Secretarial Auditors of your Company for the financial year ended 31st March, 2023. The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

The Report of the Secretarial Auditors, pursuant to Section 204 of the Act, is provided in the Annexure forming part of this Report.

CHANGES IN SHARE CAPITAL

During the year, 10,47,61,810 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 1,04,76,181 Options under your Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2023, stands increased to ₹ 1242,80,17,741/- divided into 1242,80,17,741 Ordinary Shares of ₹ 1/- each. The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

EMPLOYEE STOCK OPTION SCHEMES

Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('the Regulations'),

are available in the Notes to the Financial Statements of the Company. The said disclosures forming part of the Financial Statements can also be accessed on your Company's corporate website <http://www.itcportal.com> under the section 'Investor Relations'. During the year, there has been no change in your Company's Employee Stock Option Schemes.

Your Company's Secretarial Auditors have certified that the Employee Stock Option Schemes of your Company have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services, continues to maintain exemplary standards of investor servicing, while ensuring compliance with the applicable statutory requirements.

The ISO 9001:2015 Quality Management System Certification for investor servicing by ISC was renewed during the year by DNV, the accredited agency for ISO certification, for a period of three years up to 22nd March, 2026. DNV accorded the highest possible 'Level 5' rating to ISC's systems and processes, exemplifying the excellence achieved by ISC in providing best-in-class services to the shareholders and investors of your Company.

A Shareholder Satisfaction Survey was conducted by the Company during the year with a view to assess and further improve the performance standards of ISC. Over 49,000 shareholders participated in the Survey. Of the same, more than 94% were satisfied with the services provided by ISC, with 80% of the shareholders rating the services as excellent. The feedback/suggestions provided by the shareholders are being evaluated for appropriate action.

The 'Investor Relations' section on your Company's corporate website <http://www.itcportal.com> serves as a user-friendly reference for the shareholders and investors in respect of share related matters.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by your Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties within the purview of Section 188(1) of the Act were entered into during the year under review. Accordingly, the disclosure of Related Party Transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 is not applicable for this year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

The respective Boards of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Such financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of your Company, as aforesaid.

OTHER INFORMATION

Compliance with the conditions of Corporate Governance

The certificate from your Company's Statutory Auditors, Messrs. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed.

Going Concern status

There is no significant or material order passed during the year by any regulator, court or tribunal impacting the going concern status of your Company or its future operations.

Report of the Board of Directors

Annual Return

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

Particulars of loans, guarantees or investments

Details of loans or investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 4, 5, and 9 to the Financial Statements. No guarantees were outstanding as at the year end.

Particulars relating to Conservation of Energy and Technology Absorption

Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy and Technology Absorption are also provided in the Annexure to this Report.

Compliance with Secretarial Standards

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

Employees

The total number of employees as on 31st March, 2023, stood at 23,725.

There were 282 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 102 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 8.5 lakhs per month or more during the financial year ended 31st March, 2023. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

Dividend Distribution Policy

The Dividend Distribution Policy of your Company may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/dividend-distribution-policy.pdf>.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2023, are provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

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

CONCLUSION

Your Company's 'Triple Bottom Line' philosophy has over the years spurred the creation of innovative business models that synergise the building of economic, environmental and social capital. It is now universally evident that enterprises of the future will not only have to be agile, consumer-centric, innovative and digital-first but also purpose-driven and responsibly competitive. Your Company's superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - 'Responsible Competitiveness' - that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The strategic Vision of creating multiple drivers of growth through the pursuit of market opportunities that best match institutional strengths, has resulted in the development of strong Businesses of the future anchored on a portfolio of purpose-led brands, future-ready products and world-class quality. Today,

your Company is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboards and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices. In the last two decades, your Company's non-cigarettes businesses have grown over 31-fold and presently constitute over two-thirds of Net Segment Revenue. At the heart of this transformation lies the power of synergy, with seamless access for your Company's new Businesses/initiatives to the deep and varied capabilities resident across different parts of the enterprise, and its world-class talent pool.

An extensive strategy reset has been undertaken in recent years to architect the structural drivers that will power the ITC Next strategy of building a Future-Ready, Consumer-Centric, Climate Positive and Inclusive organisation anchored on the Responsible Competitiveness paradigm.

In recent years, the FMCG Businesses have delivered strong revenue growth along with significant margin expansion, and are well poised to be rapidly scaled up. Multi-dimensional interventions have been made to strengthen the FMCG Businesses for sustained profitable growth. The product portfolio of your Company has been further strengthened in alignment with new opportunities and enterprise strengths with sharper focus on fortifying the core businesses, addressing adjacent opportunities leveraging Mother Brands and building emerging businesses for the future. To accentuate consumer-centricity, agility and enable sharper focus in the context of the growing scale and complexity of operations, the Branded Packaged Foods Businesses have been reorganised into product market centric clusters with integrated and empowered teams. Focused interventions made in the recent past have also augmented your Company's multi-channel go-to-market capability, resulting in manifold expansion in the reach and availability of its products. Over the last five years, market and outlet coverage have grown 3.5x and 1.5x respectively while the network of stockists has

expanded to 8.3x during the same period. Sharp-focused investments have augmented capability in emerging channels such as e-Commerce and Modern Trade, resulting in strong growth in sales and enhanced market standing. In addition, investments towards accelerating agile and purposeful innovation, optimising supply chain efficiencies, accelerated digital adoption, and strategic partnerships have significantly enhanced competitiveness. The impact of these multi-dimensional interventions is evident in the substantial margin expansion of 620 bps in Segment EBITDA over the last five years even in the face of severe inflationary headwinds.

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

The Agri Business has been a strong backbone and a key source of competitive advantage for your Company's FMCG and Cigarettes Businesses. The scope and scale of operations have grown manifold over the years and currently encompass over 4.5 million tonnes of annual volume throughput in 22 states and over 20 agri-value chains. In recent years, the Business has pivoted its strategic focus towards rapidly scaling up its Value-Added Agri Products portfolio to accelerate growth and margins. With policy enablers in place, your Company is developing NextGen agriculture value chains that are digitally enabled and climate smart, and re-structuring

Report of the Board of Directors

the back-end into a robust network of Farmer Producer Organisations. This will further strengthen the sourcing network and facilitate the development of customised supply chains for traceable and identity-preserved sourcing of agri-commodities and in augmenting the product portfolio with the addition of value-added products such as staples for the Food Service segment, fresh and frozen fruits & vegetables, medicinal and aromatic plant extracts etc. Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and augmenting value creation opportunities, your Company has launched ITCMAARS – a crop-agnostic ‘phygital’ full stack AgriTech platform integrating NextGen agri-technologies and solutions – to seamlessly deliver hyperlocal and personalised solutions to the farming community whilst creating new and scalable revenue streams and strengthening sourcing efficiencies.

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

The Hotels Business has over the years established a strong footprint of iconic properties and F&B brands on the back of an investment-led growth strategy. In recent years, the strategy has been reset to pursue an ‘asset-right’ growth path and augment revenue streams while simultaneously leveraging your Company’s world-class properties and iconic cuisine brands to

drive growth. Investments have been stepped up to harness the power of Digital to enhance guest experience, efficiency and productivity across all nodes of the value chain. As reported earlier, your Company remains committed to implement its ‘asset-right’ strategy, focus on sweating existing assets, create additional revenue streams and pursue alternate structures in view of the strong industry recovery witnessed during the year towards engendering the next horizon of growth as also enhancing value creation.

Your Company’s purposeful innovation engine across the portfolio of Businesses based on deep consumer insights, superior vectors of differentiation and agile execution capabilities remains a strong source of sustainable competitive advantage. The state-of-the-art Life Sciences & Technology Centre at Bengaluru, with its multi-dimensional science-based research platforms and centres of excellence, powers the innovation engine across your Company, and is effectively complemented through collaborations and partnerships with several prestigious institutions in India and across the world.

Your Company continues to build a dynamic ‘Future-Tech’ enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain adding significant impetus to digital marketing, digital commerce, digital products and digital operations. Your Company today, is a pioneer in adoption of cutting-edge digital technologies across strategic impact areas spanning Intelligent new-age insights that reimagine Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience. Foundational initiatives such as ‘DigiNext’ and ‘Young Digital Innovator’s Lab’ are accelerating your Company’s digital journey and inculcating a data driven and ‘digital first’ culture across the organisation.

Your Company is actively pursuing its Sustainability 2.0 agenda which calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, aid adaptation, work towards ensuring water security for all and create an effective circular economy. With its bold Sustainability 2.0 ambitions,

your Company is setting the bar higher with a multi-dimensional contribution to societal value creation, and remains committed to making a meaningful impact on the Nation's future while retaining its status as a sustainability exemplar.

Disruptive business models and value propositions anchored at the intersection of future frontiers of Digitalisation and Sustainability form an integral part of your Company's strategic roadmap going forward. NextGen business models such as ITCMAARS in the agri-ecosystem, tech-enabled cloud kitchens in the food service space, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being piloted/progressed to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

The global operating environment has become increasingly complex, uncertain and volatile. In the wake of several upheavals witnessed over the last few years, there is now a spectre of 'permacrisis' i.e. an extended period of crisis from a series of extremely disruptive events, viz. pandemic, extreme weather events caused by climate change, geopolitical tensions, severe inflationary pressures. This is exacerbated by the phenomenon of 'polycrisis', signifying simultaneous occurrence of several crises.

India remains one of the few bright spots in an increasingly volatile and unpredictable world. With structural drivers of growth firmly in place, India is firmly positioned to play a larger role on the global stage going forward. Your Company, with its robust

and dynamic strategy pillars as aforesaid, is well poised to rapidly scale up and enhance its market standing across operating segments.

The resilience, agility and adaptive capacity demonstrated by your Company is a testament to the talent, determination and untiring efforts of its pool of dedicated professionals, associates and partners. Your Company's diverse talent pool of professional entrepreneurs, 'proneurs', have the unique opportunity to nurture categories, products and brands from ideation to execution. This talent pool is being harnessed not only to create winning products and services for today, but also to seize larger opportunities as they emerge from the expanding horizons of your Company's Businesses.

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

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

On behalf of the Board

S. PURI *Chairman & Managing Director*

S. DUTTA *Director & Chief Financial Officer*

Kolkata

18th May, 2023

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2023

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

1. CSR Policy - Brief outline and Overview

a. Brief outline of the CSR Policy:

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

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

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

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

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental regeneration. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board form part of the role of the Committee.

c. CSR Programmes / Projects:

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

- Rural communities, primarily in the Company's Agri Business areas.
- Communities residing in close proximity to the Company's production units.

The Company's stakeholder profile is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below, in line with Schedule VII to the Companies Act, 2013:

i. Promoting Preventive Healthcare, Sanitation & Poverty Alleviation (Schedule VII – i):

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of waterborne diseases. The focus of the interventions is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH). Facilitate health impacting social and civic infrastructure initiatives like improved sanitation and hygiene, potable drinking water etc., in the neighbourhood of our catchments.
- **Health and Nutrition:** Focus on preventive aspects through emphasis on maternal and child care (MCH) & nutrition through awareness and counselling by leveraging institutions like Anganwadis, Asha workers and network of women Village Health Champions (VHC). Also strengthen healthcare related services by supplementing primary & secondary infrastructure, upgrade Primary Health Centres (PHC), provide access to healthcare through mobile services & other interventions, and encourage adoption of effective nutritional practices.

- **Waste Management:** Create a clean and healthy environment through awareness & behaviour change for inculcating individual & community responsibility, facilitate source segregation & recycling of dry & wet waste, and enable sustainable livelihoods for waste collectors.
 - **Poverty Alleviation:** Target the needy and poor through interventions that enable income generation, and also provide access to basic needs like clothing, food, etc., as needed.
- ii. **Livelihood Enhancement (Schedule VII – ii):**
- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers and their families by increasing productivity of large and small ruminants including poultry and fisheries through a comprehensive package of extension services and capability building.
 - **Education:** Provide children from weaker sections access to education with focus on enrolment, learning retention and improved pedagogy.
 - **Vocational Training:** Build and upgrade skills of youth with the emerging needs of the job market across sectors.
- iii. **Economic Empowerment of Women (Schedule VII – iii):**
- Provide a range of gainful employment and entrepreneurial opportunities to women supported with access to financial assistance by way of loans & grants and also provide for access to insurance & social security.
- iv. **Ensuring Environmental Sustainability (Schedule VII – iv):**
- **Social Forestry:** Provide food, fuel & fodder security to farmers through social & agro-forestry interventions.
 - **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning & executing watershed projects, and also identify & enable extensive use of water efficient agri practices.
 - **CII-ITC Centre of Excellence for Sustainable Development:** Enable other businesses / organisations in India to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies & processes.
- v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**
- Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the finest musicians through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977 as an embodiment of the Company's sustained commitment to a priceless national heritage.
- vi. **Research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (Schedule VII – ix-b):**
- Leverage the technical expertise of premier institutions through partnerships and support R&D activities in the areas of science, technology, engineering, environment, agriculture and health aimed at promoting Sustainable Development Goals (SDGs).
- vii. **Rural Development (Schedule VII – x):**
- **Sustainable Agriculture:** Introduce advanced knowledge & technologies through package of practices, increase awareness of farmers on optimum use of natural resources in order to increase farm incomes, minimise cost of cultivation, and make agriculture resilient to extreme weather events.
 - **Knowledge Empowerment:** Enable farmers and farmer collectives to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge & best practices on farm management, risk management and scientific farming.
 - **Agri-extension / services:** Encourage sustainable agricultural practices through various extension platforms to enable access to relevant farm mechanisation technologies & implements, as also institutional support mechanisms including linkages with Government schemes, especially for small farm holdings, to enhance farm productivity and farm-based incomes.
- viii. **Disaster Assistance (Schedule VII – xii):**
- Provide relief especially to the poor and vulnerable sections of society who face severe disruption to their livelihoods in the event of disasters and calamities, directly or through government bodies.

2. Composition of the CSR and Sustainability Committee as on 31st March, 2023:

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

¹ Appointed Member w.e.f. 3rd February, 2023.

3. Provide the web-link(s) where composition of the CSR and Sustainability Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <https://www.itcportal.com/sustainability/corporate-social-responsibility.aspx>
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Executive Summary – Impact Assessment of ITC’s CSR Projects for the financial year 2020-21

Brief Description	ITC implements its CSR Programmes across the country under a Two Horizon approach aimed at holistic development of communities.
Thematic Areas / Programmes Covered	The specific themes covered under the Two Horizon approach included: Horizon – I: Strengthening today’s livelihoods <ul style="list-style-type: none"> ● Climate Smart Agriculture ● Water Stewardship ● Social Forestry Horizon – II: Building Capabilities for Tomorrow <ul style="list-style-type: none"> ● Support to Education ● Public Health: Sanitation, Health & Nutrition including Swasth India Mission ● Waste Management including Well Being out of Waste ● Skilling of Youth ● Women Empowerment
Projects Covered	36 projects having budget of more than ₹ 1 crore each during the financial year 2020-21 were taken up for impact assessment. The purpose of these impact assessment studies was to assess the impact of the CSR projects and also learn from the findings to make course corrections, where required, and to feed into future programme designing.
Projects Duration	FY 2020-21

States	The assessments covered interventions in the States of Assam, Bihar, Madhya Pradesh, Odisha, West Bengal, Andhra Pradesh, Karnataka, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh.
Impact Assessment Agencies	These impact assessments were done by the following six external agencies selected through competitive bidding process, and assigned specific projects / geographies for assessment: <ul style="list-style-type: none"> ● CRISIL Private Limited, Mumbai ● Sutra Consulting Private Limited, Bhubaneswar ● FDRI Private Limited, Faridabad ● Ingrain Technologies, Hyderabad ● Kantar, Mumbai ● Surge Impact Foundation, Hyderabad
Period of Study	FY 2022-23
Methodology	The agencies took up studies through a mixed method approach covering quantitative and qualitative data collection. A statistically significant sample size was covered under each project.

The **major impacts** recorded by the impact studies are as follows –

Horizon – I

- Overall, the projects assessed under Horizon-I were found to be relevant, effective, efficient and sustainable. They have not only contributed to higher incomes for farmers, but also enabled climate adaptation and conservation of natural resources. More importantly, their implementation was not affected because of Covid, wherein digital was not only leveraged, but also adopted quickly by the beneficiaries.

Climate Smart Agriculture:

- Under Climate Smart Agriculture, the study covered Bihar, MP and Assam where post intervention, improvement was observed in average yields of major crops of wheat, maize, paddy and soyabean. Overall, 35% improvement was witnessed in wheat as compared to baseline and as against 13% reduction in control group, with highest increase of 81% observed in Begusarai.
- Overall increase in production for all major crops due to adoption of Climate Smart Agricultural practices was 52% in the study conducted covering Maharashtra and Punjab. Among major crops (onion, sugarcane, wheat and paddy), highest increase in production was in onion (50%).
- 2.4 times and 5.3 times increase in awareness; and 3 times & 2.3 times increase in adoption of seed treatment practices in the model villages of Assam and Bihar, respectively.
- Integrated Pest Management Kit - Farmers appreciated the utility of pheromone traps and 96% continued usage of the same in subsequent years after the project. The traps helped in reducing the number of rounds of pesticide spray (by 2-3 in number), thus saving costs to the tune of ₹ 6,000 to ₹ 8,000 per hectare.
- Tray seedlings showed up to 99% establishment in main field even in non-conducive climate, wherein they could withstand water stress and could give yield improvement of 12% to 17%. The barn roof insulations and turbo ventilators were instrumental in saving 25% to 28% of fuel wood.

Water Stewardship:

- In the assessment conducted in select Districts of Bihar, Madhya Pradesh and Odisha, improvement in water availability due to the Water Stewardship Programme resulted in an increase in average irrigated area by 7.5% post intervention. In the study covering Andhra Pradesh, Telangana, Rajasthan, Karnataka and Tamil Nadu, 99% respondents stated that the project had resulted not only in reduction in water consumption, but also improvement in income because of timely availability of water.

Social Forestry:

- Additional income of more than ₹ 45,000/- per household was observed in Karnataka through plantation of Silver trees and ₹ 60,000/- per household for Melia Dubia.

Horizon – II

- Projects were of high relevance and successfully continued through online and community intervention inspite of lockdown, because of changes made in the design to cognize for the changed context.

Support to Education:

- In the study conducted in the states of Uttar Pradesh, Maharashtra, Telangana, Karnataka and Andhra Pradesh, 98% students stated improvement in learning levels in reading ability and math skills as an outcome of the Online Learning and Mohalla Classes under the Read India Programme.

Public Health:

- Availability of separate toilets for boys and girls, hand wash stations, drinking water, sanitary napkin dispensers and incinerators increased in intervention schools compared to baseline and control. Maintenance fund generation by School Management Committees increased by 70% compared with baseline resulting in better cleanliness of toilets in Saharanpur, Uttar Pradesh. The beneficiary group witnessed an improvement in the student-toilet ratio, which is at 1:33, whereas the control group has a ratio of 1:92. For the beneficiary group, the ratio for girl students is 1:28, and for boys, it is 1:40. Moreover, post intervention, the enrolment rate in intervention group increased by 30% and the drop-out rate among girls also reduced by upto 50%.
- 100% of the respondents in intervention areas in West Bengal have mentioned having access to toilet due to construction of community toilets managed by Mohalla Committees in which 83% are women. The intervention has also helped women overcome the challenges that they faced before having access to toilets, apart from giving them security and greater dignity.
- As a result of Mother & Child Health programme in Assam and West Bengal, underweight children in intervention Anganwadis is lower as compared to control in the project locations. In the intervention areas, over 93% women reported practicing exclusive breastfeeding and 95% women also reported having introduced semi-solid food after completion of 6 months as advised.
- There was a significant positive, timely and much needed improvement in awareness on handwash and hygiene practices because of the campaign as part of the Savlon Swasth India Mission. 9 out of 10 people agreed that the campaign helped them understand the need and criticality of following a handwashing regime of 20 seconds or more to stay protected from germs, coronavirus and other infections. 95% of the people also agreed that the masking campaign influenced them to wear a mask properly during COVID.

Waste Management:

- Under the Wellbeing Out of Waste project, out of the total collected waste in Bengaluru, 73.6% was recyclable, and the rest of the waste comprising Low-value plastics, Mixed waste and other waste was sent for co-processing and Refused Derived Fuel (RDF). The project also provided livelihood opportunities to over 590 waste collectors in the city.
- All the sampled households in intervention areas of the Solid Waste Management project in Tamil Nadu & Telangana practiced source segregation of waste as against only 17% in control.

Skilling of Youth:

- Vocational training in Andhra Pradesh, Tamil Nadu, Maharashtra & Punjab has helped in increasing average monthly family income of the candidates by 69% because of skilling and consequent placement of youth in the family. In Bihar, Madhya Pradesh & West Bengal over 82% of the candidates also reported taking independent financial decisions, 78% started playing a role in family decision making process and 67% reported having contributed to household assets.

Women Empowerment:

- Average monthly income of ultra-poor women covered in the Targeting Hardcore Poor Programme in Telangana & Uttar Pradesh increased by over 5 times compared to pre-intervention, against their earlier income of just ₹ 2,312/- per month. 100% of the women in the intervention area were part of SHG compared with only 8% in control.

Complete Impact Assessment Reports are available on the Company's website at <https://www.itcportal.com/sustainability/impact-studies.aspx>

5. (a) Average net profits of the Company as per Section 135(5) : ₹ 18,245.52 crores
 (b) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 364.91 crores
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
 (d) Amount required to be set off for the financial year, if any : Nil
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)] : ₹ 364.91 crores
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹ 345.79 crores
 (b) Amount spent in Administrative Overheads : ₹ 18.27 crores
 (c) Amount spent on Impact Assessment, if applicable : ₹ 1.44 crores
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 365.50 crores
 (e) CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 342.40 crores	₹ 23.10 crores *	26th April, 2023	Not Applicable		

*Amount pertains to Ongoing Project of FY 2022-23 relating to 'Health Care Programme'. Different elements of the programme will get implemented over the next 3 years in identified locations / catchments.

- (f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profits of the Company as per Section 135(5)	₹ 364.91 crores
(ii)	Total amount spent for the Financial Year	₹ 365.50 crores
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 0.59 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹ 1.35 crores *

* Includes an excess amount of ₹ 0.76 crore spent during the financial year 2021-22 and carried forward.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to Section 135(5), if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2021-22	₹ 3.90 crores	Nil	₹ 3.90 crores	Not Applicable			

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created / acquired

Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	2	3	4	5	6		
Not Applicable							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profits as per Section 135(5):
Not Applicable

On behalf of the Board

Kolkata, India
18th May, 2023

S. PURI *Chairman – CSR and Sustainability Committee*
 S. DUTTA *Director & Chief Financial Officer*