

Report of the Board of Directors

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Management Discussion and Analysis

For the Financial Year ended 31st March, 2026

SOCIO-ECONOMIC ENVIRONMENT

Global growth improved marginally from 3.3% in 2024 to 3.4% in 2025, albeit remaining appx. 30 bps below the pre-pandemic average of 3.7% p.a. (2010–19)¹. Growth in 2025 was supported, inter alia, by sustained AI-led investment in technology, accommodative fiscal and monetary policies and relatively favourable financial conditions, largely offset by headwinds from high trade barriers and heightened global uncertainty. Growth inched up from 1.8% in 2024 to 1.9% in 2025 in Advanced Economies, driven by improvement in Euro Area and Japan, even as growth in the United States moderated from 2.8% in 2024 to 2.1% in 2025. Emerging Markets & Developing Economies grew at subdued rate of 4.4% in 2025 (vs 4.5% in 2024), with stronger growth in India and the Middle East largely offsetting slower growth in Brazil and Russia.

In 2026, global growth is expected to moderate to 3.1%, largely reflecting the impact of the ongoing West Asia conflict, with the effects likely to be more pronounced for commodity-importing Emerging Market & Developing Economies – particularly in low-income developing countries with pre-existing economic vulnerabilities and limited buffers¹. Growth in Advanced Economies is projected to moderate to 1.8% in 2026, as slower growth in the Euro Area, Japan and the UK is expected to more than offset relatively stronger growth in the United States. Growth in Emerging Markets & Developing Economies is expected to decelerate by 50 bps to 3.9% in 2026. The duration and intensity of the West Asia conflict will remain a key monitorable for global growth, while renewed inflationary pressures from energy prices and volatility in financial markets could further cloud the global macroeconomic outlook.

¹ IMF WEO April'26

India continued to be one of the fastest growing major economies in FY 2025-26, with Real GDP growth of 7.6% (vs 7.1% in FY 2024-25) as per RBI estimates. Domestic economic activity remained resilient, particularly in the second half of the year, supported by private consumption, improving rural and urban demand conditions, income tax rate cuts, GST rate rationalisation and monetary easing. Headline inflation eased in the first half of the year, driven by benign food inflation supported by higher domestic production and favourable monsoons. However, inflation firmed up in the second half, reaching 3.4% in March 2026, reflecting an uptick in food prices and higher global energy prices following disruptions in West Asia. From a supply side perspective, Manufacturing sector growth strengthened to 11.5% from 9.3% in FY 2024-25, while the Services sector remained robust at 8.7% against 7.8% in FY 2024-25. Growth in Agriculture, however, moderated to 2.4% from 4.2% in FY 2024-25, reflecting the impact of benign food inflation in agricultural commodities and weather disruptions.

India's macroeconomic outlook remains relatively resilient, with Real GDP projected to grow by 6.9% in FY 2026-27 as per RBI estimates, supported by favourable agricultural prospects, steady services activity, Government's continued thrust on capital expenditure and supportive monetary and financial conditions. Bilateral trade deals negotiated recently with the US, UK, the EU, New Zealand and Oman, augur well for India's overall growth outlook. Rural consumption is expected to be supported by resilient rural wages and declining unemployment. Urban consumption is also expected to strengthen, supported by measures aimed at boosting disposable incomes and consumption, alongside a recovery in consumer credit. Healthy corporate and bank balance sheets, low interest rates and capacity utilisation of appx. 75% provide a supportive foundation for a revival

India's macroeconomic outlook remains relatively resilient, supported by favourable agricultural prospects, steady services activity, Government's continued thrust on capital expenditure and supportive monetary and financial conditions.

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in private sector capital expenditure. The ongoing West Asia conflict has heightened concerns around India's energy security and imported inflation. A prolonged disruption, coupled with emerging El Niño conditions that could weaken monsoons and intensify heatwaves, poses risks to growth, inflation and the Current Account. These factors may also have second-order impacts on consumer sentiment and demand conditions and remain key monitorables in the near term.

Notwithstanding the near term challenges, the Indian economy is well-poised for rapid growth in the medium term, supported by structural drivers such as a favourable demographic profile, rising affluence, rapid urbanisation, accelerated digital adoption and improved infrastructure & connectivity. The Government of India's sustained focus on Next-Gen physical and digital public infrastructure, enhancing the competitiveness of the manufacturing ecosystem, advancing taxation and financial sector reforms, and improving ease of doing business is expected to support sustainable growth and strengthen India's global competitiveness. Higher capital expenditure outlays, together with a focus on integrated industrial ecosystems and infrastructure, are expected to support growth in domestic manufacturing. At the same time, agriculture-related schemes and digital initiatives are expected to strengthen rural prosperity and resilience, thereby fostering a broader virtuous cycle of consumption-investment-employment.

Policy interventions aimed at supporting sustainable livelihoods, rationalising taxation and fostering inclusive growth will remain critical to sustain and accelerate India's growth trajectory. In this context, the development of agriculture and wood-based value chains assumes particular importance in the Indian context, given their potential to advance multiple national priorities. Structural support directed towards these sectors will enable significant multiplier effects for job creation and strengthening domestic value chains.

India is among the world's leading producers of several agricultural products, including milk, rice, wheat,

sugarcane, cotton, pulses, spices and fruits & vegetables. India's agricultural exports have shown strong momentum in recent years, reaching US\$ 52.6 billion in FY 2025-26, supported by a balanced mix of traditional strengths and emerging high-value segments, alongside continued diversification across product categories. However, India's share of global agri-trade remains modest at around 3%, underscoring the substantial headroom to strengthen its global competitiveness. Enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical to enhance competitiveness of the agri sector and drive significant increase in farmers' income.

The increasing frequency and severity of extreme weather events, including droughts and floods, underscore the imperative to strengthen climate resilience and adaptability across the agri-food sector. A significant increase in crop production and productivity, backed by digital tools, climate smart agriculture and crop diversification, will be critical in meeting the growing needs of an increasing population and ensuring economic resilience for farmers. Evolving consumer preferences are increasingly favouring health, functional nutrition, and traceable, sustainably sourced food products. These developments accentuate the need to enhance the competitiveness of agri value chains to cater to the fast-evolving market requirements. India, with its inherent strengths and strategic investments in this sector, has a unique opportunity to play a leading role in this global transition and to help shape a stronger ecosystem for sustainable, regenerative and climate-smart agriculture.

In this regard, the Government's sustained thrust on strengthening and scaling Farmer Producer Organisations (FPOs) holds immense potential to catalyse agricultural transformation by leveraging economies of scale, enabling sustainable agriculture, supporting market-led production and creating larger market access. Government interventions encouraging private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chain, primary and secondary

The Government of India's sustained focus on Next-Gen physical and digital public infrastructure, enhancing the competitiveness of the manufacturing ecosystem, advancing taxation and financial sector reforms, improving ease of doing business, is expected to support sustainable growth and strengthen India's global competitiveness.

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processing, marketing and branding, along with measures to harness the power of agri-tech across the agri value chain are steps in the right direction and towards unlocking the full potential of the agri sector.

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. ITCMAARS (Metamarket for Advanced Agriculture and Rural Services), that combines the power of cutting-edge digital technologies with NextGen agri practices, has scaled up rapidly and currently covers over 2.6 million farmers and over 2,184 FPOs, across 11 states and over 25,000 villages. Further details on this transformative initiative are provided in the Agri Business section of this Report.

It is pertinent to note that a substantial quantum of food is wasted along the chain in India, depending on the season and the inherent perishability of the crop. 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 strong focus on India's food processing sector can play a pivotal role in catalysing a large multiplier effect, leading to significant job creation, enhanced rural incomes and sustainable management of food inflation. Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only impede job creation in India but also promote avoidable imports. Recent central policy interventions to enable plantations on degraded forest

land is a commendable step towards addressing these challenges. However, appropriate regulatory changes are required to be effected by the state governments to realise the full potential of agro forestry in the country.

Your Company's interventions across its operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution, creating national brands to maximise value capture in India, increasing Indian agri exports and promoting sustainable business practices. Investments made by your Company continue to be guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'Aatma Nirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

Your Company had earlier collaborated with CGIAR's 'Climate Change and Food Security Programme' to create a template for Climate Smart Villages (CSVs), under the Climate Smart Agriculture (CSA) programme. The template has since been further strengthened by your Company basis the field experiences and now covers 7,055 villages across 12 States covering over 25.50 lakh acres, supporting farmers in the management of risks arising from erratic weather events.

Including the acreage in CSVs, the CSA programme now covers over 31.93 lakh acres in 17 states. Further, as per the studies done by reputed ICAR - Agricultural Technology Application Research Institute, Kanpur, the CSA practices promoted in Rice (Direct Seeded Rice) and Wheat (Zero Tillage) crops together have demonstrated reduction of costs by over 20%, improvement in yields by around 10% and consequently, increase in net returns by over 23% as compared to conventional practices.

Your Company continues to advance sustainable and inclusive development through strategic Public-Private Partnerships with Government institutions, leveraging your Company's execution capabilities and innovation alongside the Government's scale, outreach,

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and institutional strengths. Several of these partnerships are focused on agriculture and allied sectors, including water stewardship and biodiversity, having a direct bearing on agricultural sustainability. One such successful partnership was with Niti Aayog, which focused on enhancing agriculture and allied activities across 27 Aspirational Districts in eight states. Your Company is now extending its collaborative framework to other impactful initiatives. Further, your Company has recently undertaken the expansion of the CSV programme to 10,000 villages in Madhya Pradesh, in partnership with the Rajiv Gandhi Watershed Management Mission and the Farmer Welfare and Agriculture Development Department, Madhya Pradesh.

Although India accounts for 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 nearly nine million sustainable livelihoods, many of whom belong to the weaker sections of society.

Your Company sustained its 'AA' rating by MSCI ESG for the eighth successive year. Further, your Company continued to feature in the Dow Jones Best-in-Class

(DJ BIC) Emerging Markets Index - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet. Further details on this subject are available in the Sustainability 2.0 section of this Report.

FINANCIAL PERFORMANCE

Your Company delivered a resilient performance during the year amidst a challenging macroeconomic and operating environment.

- The **FMCG-Others** Segment delivered strong performance with double-digit Revenue growth, notwithstanding heightened competitive intensity. After a relatively subdued first half, revenue in the second half of the year witnessed double-digit growth. Overall, all major categories viz. Staples, Biscuits, Noodles, Dairy, Premium Personal Wash, Homecare and Incense Sticks witnessed broad-based growth. Robust growth momentum continued in NewGen channels (viz. e-Commerce, Quick Commerce & Modern Trade) and premium portfolio. Input prices of major commodities (viz. edible oil, wheat, maida, cocoa, soap noodles, etc.) remained at elevated levels, following sharp escalations in the previous year, the impact of which was progressively mitigated through smart net revenue management, portfolio premiumisation and focused cost management initiatives. Trade and marketing investments were sustained at competitive levels to support growth and market standing.
- The **FMCG-Cigarettes** Segment witnessed sustained growth momentum driven by strong performance across differentiated and premium offerings. Strategic portfolio and market interventions continued to be made, with focus on competitive belts & to counter illicit trade and reinforce market standing.
- The **Agri Business** Segment delivered a resilient performance despite a challenging operating environment marked by global trade disruptions, geopolitical uncertainty and restrictions on agri-commodity trading. The Business continued

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to sharpen its strategic focus on scaling up the value-added agri products portfolio across multiple value chains. The Leaf Tobacco business further consolidated its position as the largest Indian exporter of unmanufactured tobacco.

- The **Paperboards, Paper & Packaging** Segment continued to operate in a challenging environment, with low-priced Chinese and Indonesian supplies in global markets including India, soft domestic demand conditions, leading to subdued realisations. Wood costs remained elevated during the year, weighing on margins. There was significant improvement in performance in the second half of the year aided by moderation in wood prices and increase in realisations pursuant to the imposition of Minimum Import Price (MIP) on imports of Virgin Paperboards, and firming up of global pulp prices. The Packaging and Printing Business delivered resilient performance and continues to be acknowledged as a 'first choice packaging partner' by several reputed FMCG companies for providing superior and cost-effective packaging solutions.

Overall for FY 2025-26², Gross Revenue at ₹ 80867.49 crores increased by 10.1%, while EBITDA increased by 4.9% to ₹ 25208.22 crores. Profit Before Exceptional Items and Tax at ₹ 26951.47 crores grew by 3.7% over previous year and Profit After Tax stood at ₹ 20286.42 crores (previous year ₹ 20093.29 crores). Total Comprehensive Income for the year stood at ₹ 19476.46 crores. Earnings Per Share for the year stood at ₹ 16.20 (previous year ₹ 16.07).

The Directors of your Company are pleased to recommend a Final Dividend of ₹ 8.00 per share for the financial year ended 31st March, 2026. Together with the Interim Dividend of ₹ 6.50 per share paid on 27th February 2026, the total Dividend for the financial year ended 31st March, 2026 amounts to ₹ 14.50 per share (previous year Dividend of ₹ 14.35 per share). Total cash outflow on account of

² Includes the effect of amalgamation of Sresta Natural Bioproducts Private Limited and Wimco Limited

Dividend (including Interim Dividend of ₹ 8144.00 crores paid in February 2026) will be ₹ 18167.57 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e., the value created by the economic activities of your Company and its employees, aggregated over ₹ 343000 crores, of which over ₹ 230000 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. 76% of its Value-Added during the year.

Your Company has, over the years, consistently ranked amongst the Top 3 Indian corporates in the private sector in terms of Contribution to the 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\$ 10.1 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 2025-26, your Company and its subsidiaries earned ₹ 11204 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 8286 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 3441 crores, comprising purchase of raw materials, spares and other expenses of ₹ 3078 crores and import of capital goods of ₹ 363 crores.

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PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in crores)

PROFITS	2025 - 26	2024 - 25
a) Profit before exceptional items and tax from continuing operations	26951.47	26002.30
b) Exceptional Items (refer note 29 (i) to the Standalone Financial Statements)	(183.87)	527.96
c) Profit before tax from continuing operations	26767.60	26530.26
d) Tax expense		
– Current Tax	5882.16	5990.17
– Deferred Tax	659.02	446.80
e) Profit for the year from continuing operations	20286.42	20093.29
f) Profit for the year from discontinued operations	–	15103.76
g) Profit for the year (e + f)	20286.42	35197.05
h) Other Comprehensive Income	(809.96)	(929.38)
i) Total Comprehensive Income	19476.46	34267.67
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	47729.22	34480.09
b) Add: Profit for the year	20286.42	35197.05
c) Add: Other Comprehensive Income (net of tax)	(25.70)	(23.66)
d) Add: Transfer from Share Options Outstanding Account on lapse	3.05	1.00
e) Less: Dividends		
– Final Dividend of ₹ 7.85 (2025: ₹ 7.50) per share	9823.58	9363.54
– Interim Dividend of ₹ 6.50 (2025: ₹ 6.50) per share	8144.00	8133.11
– Income Tax on Dividend paid (refund)	–	(19.45)
f) Less: Transfer to General Reserve	–	4448.06
g) Add: Transfer from Subsidy Reserve	0.14	
h) At the end of the year	50025.55	47729.22

FMCG CIGARETTES

Your Company's leadership position in the cigarette industry continues to be driven by 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.

During the year, the Business continued to make strategic portfolio and market interventions, with focus on competitive belts, to counter illicit trade and reinforce market standing.

- The Business strengthened its presence in focus markets with the launch of several differentiated offerings across segments, demonstrating agility in responding to evolving market dynamics.
- Several innovative variants have been introduced recently under the 'Classic', 'Gold Flake', 'American Club' and 'Players' trademarks, amongst others, to expand and deepen consumer franchise. These initiatives were supported by the introduction of limited-edition variants and targeted interventions to enhance the reach of premium offerings across markets.
- Design and packaging upgrades were undertaken to strengthen the positioning of 'Classic' and 'Gold Flake' trademarks.

During the year, the Business delivered a resilient performance on the back of sustained volume-led growth momentum. Differentiated and premium offerings continued to perform well leveraging mainstream trademarks and innovation. Consumption of high-cost leaf tobacco inventory weighed on margin, which was partially mitigated through a combination of product mix enrichment and strategic cost management interventions.

A punitive and discriminatory taxation / regulatory regime over the years has led to significant operating challenges for the legal cigarette industry in the country. It may be recalled that relative stability in taxation over the past few years,

Legal cigarettes constitute only 10% of overall tobacco consumption in India, as against a global average of 90%.
Duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.

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coupled with deterrent enforcement actions, checked the growth of illicit trade and enabled the legal cigarette industry to recover volumes lost to illicit trade during the years of high incidence of taxation. This also resulted in the concomitant increase in demand for Indian tobaccos, bolstering revenue to the Exchequer from the tobacco sector.

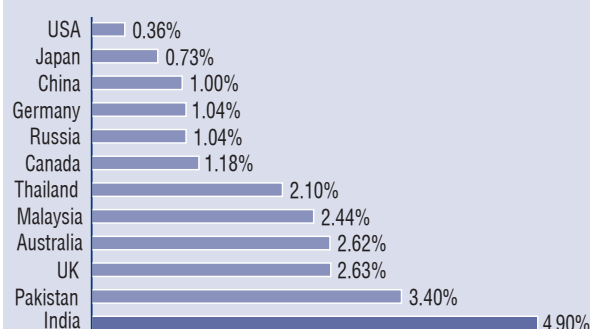
However, increase in GST rate from 28% of transaction value to 40% of retail sale price along with a steep hike in excise duties w.e.f. 1st February 2026 upon phasing out of Compensation Cess, have resulted in an **unprecedented increase in tax incidence on cigarettes**.

It is pertinent to note the following points in this context:

- Globally, cigarettes constitute the dominant form of tobacco use. However, in India, 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 10% 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, high and discriminatory taxes on cigarettes, while aimed at reducing consumption, have had unintended consequences of fuelling the growth of smuggled and domestically manufactured tax-evaded cigarettes, causing a shift to other lightly taxed / tax-evaded forms of tobacco products, comprising illicit cigarettes, bidi, chewing tobacco, gutkha, zarda, snuff, etc. Consequently, while the share of legal cigarettes in total tobacco consumption has declined from 21% in 1981-82 to a mere 10%, aggregate tobacco consumption in the country has increased over the same period. Despite accounting for **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**.

- As depicted in the chart, **taxes on cigarettes in India remain one of the highest in the world and are multiple times higher than in developed countries** viz. 14x of USA, 7x of Japan, 5x of Germany and so on. Further, the same is also substantially higher than that in neighbouring countries. The recent increase in taxes would further widen this gap.

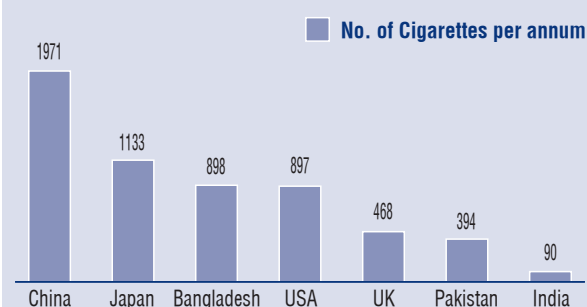
Tax per 2000 Cigarettes as a percentage of Per Capita GDP



Source: Tax data – WHO's Global Health Observatory, 2025 (Cigarette tax data for 2024); Per Capita GDP – World Bank (Data for the year 2024)

- **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. On the other hand, it has 70% of the world's smokeless tobacco users.

Per Capita Consumption of Cigarettes



Source: The Tobacco Atlas – 7th Edition, 2022

India's per capita cigarette consumption is amongst the lowest in the world.
Taxes on cigarettes in India remain one of the highest in the world and multiple times higher than in developed countries.

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- 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, accounting for about 1/3rd of the legal industry**.

- The recent unprecedented increase in tax incidence would enhance the tax arbitrage providing **further impetus to illicit trade and adversely impact millions of farmers, MSMEs, retailers and local value chains**, while sub-optimising the revenue potential of the sector.

- As per the Report on the Causes & Control of Illegal Tobacco by Alvarez & Marsal based on study conducted across 71 countries over 17 years (2005 - 2022), illicit trade tends to get embedded in the ecosystem, posing serious challenges to public health and law enforcement.

‘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 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”*.

- It is estimated that illicit trade causes an **annual revenue loss of appx. ₹ 23000 crores to the Exchequer**. With respect to other tobacco products as well, the revenue losses are significant since about 68%³ of the total tobacco consumed in the country remains outside the tax net. 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 the Directorate of Revenue Intelligence (DRI) and other enforcement agencies. While enforcement measures have been strengthened, global experience suggests that sustainable containment of illicit trade also requires addressing demand-side factors such as tax incidence and affordability pressures.

- The DRI, in its report “Smuggling in India 2024-25” acknowledges the high incidence of taxes in India providing opportunities for illicit trade of cigarettes. The report states: “The Illicit Cigarette Trade thrives due to high taxes and import duties. It is driven by organised syndicates and black markets, causing revenue loss and undermining public health goals. Smuggled cigarettes often originate from Southeast Asia, entering India via the Myanmar border, Middle Eastern Free Trade Zones, maritime containers and passenger baggage”. Global agencies, including bodies under the United Nations Security Council and several national enforcement authorities, have highlighted that **illicit tobacco trade has emerged as a significant security concern**, with proceeds increasingly linked to the financing of organised crime and terrorism. In addition, the World Bank has highlighted that illegal tobacco products are disproportionately consumed by low-income populations and are often distributed through unregulated channels⁴. Accordingly, **a balanced approach addressing both taxation-driven affordability and enforcement measures is critical to contain illicit trade and bolster revenue generation to the Exchequer**.

Coordinated efforts involving all key stakeholders including policymakers, regulators, fiscal authorities, law enforcement agencies and legal industry, are critical to contain the growth of illicit trade.

- **Tobacco control measures in India have ranked amongst the most stringent in the world** from the

³ Report on the impact of current tax framework on the tobacco sector in India and suggestions for its improvement - 2014, by ASSOCHAM and KPMG

⁴ Report on the Causes & Control of Illegal Tobacco by Alvarez & Marsal

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. It is estimated that illicit trade causes an annual revenue loss of appx. ₹ 23000 crores to the Exchequer.

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time of enactment of the Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975, to the present. India is also one of the few countries where tobacco products are regulated across the value chain – from their manufacture to sale to consumers. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) requires cigarette packages to 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 is pertinent to note that smuggled international brands of cigarettes do not bear any of the pictorial or textual warnings mandated by Indian laws or bear much smaller pictorial / 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, indicate 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 sectors⁵. Besides, the sector also plays a key role in employment generation and provides livelihood to appx. 46 million people. As such,

⁵ 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)

Illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain.

- It may be noted that several 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 over the years, has adversely affected 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 export incentives in India and relative weakness of currencies in certain competing geographies have, in the past, had a debilitating impact on millions of livelihoods, dependent on the tobacco value chain in India.

It is pertinent to note that 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.

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

Your Company continues to engage with policymakers for a framework of pragmatic, equitable, non-discriminatory, evidence-based regulations and taxation policies that balances the economic imperatives of the country and tobacco control objectives, cognising for the unique tobacco consumption pattern in India.

India is among the top three tobacco growing countries in the world and provides livelihood to appx. 46 million people. Illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain.

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Your Company has adopted a strategic approach to mitigate the impact of the unprecedented increase in tax incidence and sustain its market standing. This includes staggered and agile pricing actions to minimise the risk of a significant shift of volumes to illicit trade and consequent loss of revenue to the Exchequer, and re-architecting the product portfolio by leveraging a diverse range of powerful trademarks.

The state-of-the-art manufacturing facilities of the Business continue to set new benchmarks in the areas of quality, sustainability, supply chain responsiveness and productivity, driven through investments in new technology induction, digital technologies, innovation, and by ensuring product & process excellence. Cutting-edge technologies in the areas of Industry 4.0 and data sciences are being leveraged to build a smart manufacturing environment of connected systems. These initiatives, coupled with innovative capabilities, and in-house design and development expertise, have further improved the speed-to-market for the launch of new and differentiated offers of the Business. Continued focus on quality has enabled the Business to deliver superior product performance across segments and geographies. These capabilities, built over the years, have also enabled the Business to proactively respond to the taxation changes through timely capacity realignment.

As a testament to the Business' focus on operational excellence, the Bengaluru, Pune, and Kidderpore units won the 'Apex Prize for Operational Excellence' at the Integrated Manufacturing Excellence Initiative (IMExI) Awards organised by the Kaizen Hansei Institute, a wing of the Kaizen Institute of India.

In line with your Company's commitment to the 'Triple Bottom Line' philosophy, the Business continued to focus its efforts on resource conservation and the adoption of best-in-class technologies and processes. Sustainability initiatives of the Business continued to receive industry recognition with the Munger & Bengaluru units being conferred with the 'Noteworthy Water Efficient Unit' Award by the Confederation of Indian Industry (CII). Bengaluru unit has been commended with special recognition under the 'Best Performing Wind Farm' in Zone III – above 2MW

category by the Indian Wind Power Association. As a hallmark of excellence in safety practices, the Pune unit secured the coveted 'Sarvashreshtha Suraksha Puraskar' awarded by National Safety Council of India. Kidderpore unit was recognised with the 'Five Golden Stars' and Safety Shield Award, demonstrating its commitment to safety and further received the 'Platinum' Award in Manufacturing Sector at the ICC National Occupational Health & Safety awards by the Indian Chamber of Commerce. Further, during the year, the Saharanpur Factory was accredited with SA8000 certification. With this accreditation, all factories of the Business are now SA8000 certified, reinforcing your Company's strong commitment to human rights and ethical standards.

The year ahead presents an extremely challenging operating environment in view of the unprecedented increase in taxation that will undoubtedly test the resilience and adaptability of legitimate players in the industry. Notwithstanding such challenges, your Company remains confident of fortifying its market standing in the legal cigarette industry leveraging its robust product portfolio and strong innovation pipeline, world-class quality, integrated seed-to-smoke value chain, cutting-edge manufacturing & digital technologies and best-in-class in-market execution capabilities.

FMCG – OTHERS

Your Company's FMCG – Others Segment delivered a strong performance during the year, with double-digit revenue growth driven by broad-based scale up across categories, notwithstanding heightened competitive intensity. While the year commenced on a subdued note, amidst weak demand conditions and elevated input costs following sharp price escalations in the previous year, the Businesses responded with agility through focused market interventions, portfolio premiumisation, supply chain resilience & efficiency, disciplined cost management and judicious pricing actions. These strategic actions, together with progressive improvement in the macroeconomic environment and consumer sentiment during the year – supported by measures such as income tax rate cuts, lower interest rates, reduction in GST rates and favourable

FMCG – Others Segment delivered a strong performance during the year, with double-digit revenue growth driven by broad-based scale up across categories, notwithstanding heightened competitive intensity.

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monsoons—helped build momentum through the second half. Trade and marketing investments were sustained at competitive levels to support growth and market standing.

Your Company's FMCG Businesses recorded Segment Revenue of ₹ 24209.75 crores during the year, representing growth of 10.1% over the previous year. Segment Results grew at a faster pace of 14.1% to ₹ 1802.63 crores reflecting, inter alia, benefits of scale expansion, improved portfolio mix, disciplined cost management and enhanced supply chain efficiencies. Segment Revenue and Results grew by 13.6% and 46.4%, respectively, in the second half of the year.

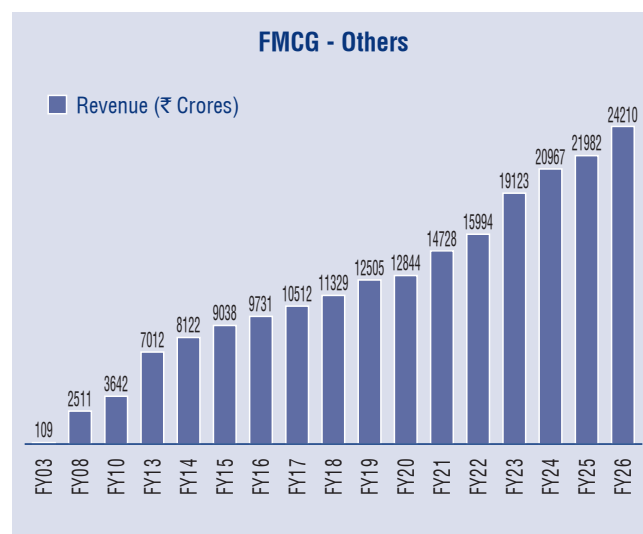
Your Company's strategy to rapidly scale up the FMCG Businesses remains anchored on strengthening the core, extending trusted mother brands into value-added adjacencies, and nurturing new vectors of growth leveraging institutional capabilities viz. agri sourcing, packaging, cuisine expertise, and consumer insights. The key strategic pillars to drive long-term growth and competitiveness comprise future-ready portfolio, purpose-led brands, innovation, agile & resilient supply chain, smart omni-channel distribution and value accretive M&A.

The Businesses continue to leverage digital capabilities to generate sharper consumer insights, deepen consumer engagement and strengthen brand loyalty. Strategic interventions continue to be made towards delivering delightful brand experiences seamlessly using an 'Always On' approach across touchpoints through personalised journeys mapped to individual needs, preferences and context.

Your Company continues to leverage deep consumer insights and cutting-edge R&D capabilities to address present and emerging consumer need spaces. Nearly 100 new products, anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go and Indulgence, were launched across target markets during the year, drawing upon 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 AI, GenAI, Industry 4.0 and industrial Internet of Things (IoT) continue to be deployed to strengthen your Company's real-time operating and execution platforms, enhance productivity and drive efficiency & cost agility. These initiatives are anchored on key pillars such as synchronised planning and forecasting, agile and resilient supply chains, smart buying and value engineering, smart manufacturing and smart demand capture and fulfilment. Strategic investments have also been stepped up to build integrated insight platforms by harmonising and connecting large, previously fragmented datasets, powered by AI/ML technologies and supported by 'human-centred design' and visualisation tools, thereby enabling sharper and more agile decision-making.

Supported by these strategic capabilities, 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 30 world-class Indian brands, largely built through an organic growth strategy leveraging institutional synergies in a relatively short period of time, represents an annual consumer spend of over ₹ 37000 crores and reach

Nearly 100 new products, anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go and Indulgence, were launched across target markets during the year, drawing upon the R&D platforms of your Company's Life Sciences and Technology Centre (LSTC) and agile product development teams across Businesses.

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nearly 280 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 standing⁶ 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, 'YiPPeel' is No. 2 in Noodles and 'Mangaldeep' is No. 2 in Incense Sticks.

Your Company remains focused on driving the next phase of growth in its 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 Total Addressable Market expansion and potential long-term growth. In this context, it is noteworthy that a key element of your Company's growth strategy is to foray into value-added adjacencies and categories of the future by leveraging the 30+ powerful mother brands it has established over the years. Recent examples of such brand extensions include Aashirvaad to Dairy, Ready-to-Eat, Vermicelli, Rava, Besan, Indian breads, 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; Fiamma to Body Wash and Body Scrubs; Savlon to Sanitisers, Wipes, Fabric Conditioners and Disinfectant Sprays; Nimyle to Dishwash liquids and Mangaldeep to Puja essentials. Simultaneously, the FMCG Businesses continue to make strategic investments in building categories of the future and establishing their 'right to win' by progressively scaling up nascent categories where beachheads have been created.

⁶ Source: Nielsen, Kantar Household Panel

In line with the ITC Next Strategy of building a future-ready portfolio, accelerating growth and enhancing competitiveness, your Company has in recent times undertaken several value-accretive acquisitions in the digital-first and organic space, viz. Sresta Natural Bioproducts⁷ (24 Mantra Organic), Sproutlife Foods (Yoga Bar), Mother Sparsh Baby Care (Mother Sparsh) and Ample Foods (Prasuma & Meatigo), which delivered robust growth during the year and together are clocking ARR⁸ of over ₹ 1350 crores. These interventions are expected to further reinforce your Company's presence and market standing in high-growth and future-facing businesses.

The FMCG Businesses continue to expand their export footprint, leveraging the equity of their world-class brands, with a reach now spanning over 70 countries. Your Company is also exploring strategic opportunities in proximal markets as a potential vector of growth going forward.

The FMCG Businesses continue to create structural competitive advantage and enhance profitability by leveraging world-class distributed manufacturing and logistics infrastructure, a deep multi-channel distribution network, newer routes to market, smart buying & value engineering, and smart manufacturing interventions. With growing scale, supply chain operations are also being increasingly delayed through direct-to-market shipments, thereby reducing freight costs and multiple handling. Your Company is confident that these strategic interventions, which are already delivering substantial benefits, will continue to realise their full potential over the medium term and create long-term value.

The ongoing West Asia conflict has led to a sharp escalation in key inputs and fuel costs, intensifying inflationary pressures in the near term. Your Company continues to take proactive measures to mitigate the impact of such headwinds across all nodes of operations, sustain competitiveness and growth momentum.

⁷ Amalgamated with your Company w.e.f. 13th June, 2025

⁸ Annual Revenue Runrate

Your Company's vibrant portfolio of over 30 world-class Indian brands, largely built through an organic growth strategy leveraging institutional synergies in a relatively short period of time, represents an annual consumer spend of over ₹ 37000 crores and reach nearly 280 million households.

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Your Company remains well-positioned to accelerate the growth of its FMCG Businesses, anchored on a strong future-ready portfolio powered by purpose-led brands, world-class product quality, deep consumer insights, a cutting-edge innovation pipeline, and an agile, resilient and efficient supply chain. Your Company's institutional strengths – including strong backward linkages with the Agri Business, a deep and wide multi-channel distribution network, access to culinary expertise, industry-leading packaging know-how and access to robust R&D platforms nurtured by LSTC – will continue to serve as distinctive sources of competitive advantage and support sustained value creation over the long-term.

Branded Packaged Foods

Your Company sustained its position as one of India's largest and fastest growing branded packaged foods businesses, underpinned by a robust portfolio of trusted brands, a strong innovation engine supporting the categories with several first-to-market offerings and a vast range of differentiated products catering to diverse tastes & preferences of consumers. Your Company's unique combination of institutional strengths, viz. superior consumer insights, agri sourcing, robust distributed manufacturing & omni-channel distribution architecture, capabilities of your Company's LSTC and cuisine expertise resident in ITC Hotels Limited, a group entity, enabled the Business to effectively navigate volatility in the external environment, including geopolitical uncertainty and elevated commodity prices.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs through innovations anchored on the vectors of health, nutrition, wellness, immunity, naturals, indulgence and convenience. While fortifying the core portfolio, the Businesses continue to scale-up presence in value-added adjacencies by leveraging powerful mother brands and investing in categories of the future, to drive premiumisation and expand consumption occasions.

Relentless focus on delivering superior quality products to consumers continues to be a key source of sustainable competitive advantage. The Businesses continue to leverage the deep agri-commodity sourcing expertise resident in your Company's Agri Business to secure high quality raw materials leveraging a wide sourcing network and direct farm linkages including FPOs, thereby ensuring the highest level of quality, consistency and safety in its products. In addition, manufacturing systems and governance frameworks are designed to meet stringent food safety and quality standards ensuring compliance with all applicable regulations.

- In the Staples Business, 'Aashirvaad' sustained its strong growth momentum and enhanced market standing across segments and geographies. The value-added Atta portfolio, consisting of Multigrain, Select and Sugar Release Control Atta, posted robust growth, driven by superior value proposition. The portfolio was further augmented with the launch of 'Aashirvaad High Protein Atta', in line with the growing consumer preference for protein-centric offerings; consumer response has been encouraging. The Aashirvaad Chakki range of 'Premium MP Sehari', 'MP Sehari', 'MP Lokwan' and 'Boga Atta', catering to regional preferences, performed well.

Value-added adjacencies, viz. 'Gluten Free Flour', 'Ragi Flour', Organic portfolio of 'Organic Atta' and 'Organic Dals', 'Aashirvaad Vermicelli', 'Aashirvaad Rava' (Suji Rava, Bansi Rava, Samba Rava) witnessed robust growth. 'Aashirvaad Besan' was extended to additional markets and continued to scale up during the year. 'Aashirvaad Soya Chunks', with its differentiated 'Juicy and Tasty' proposition, continued to gain consumer traction. 'Ready to Cook Chapati' and 'Frozen Naans / Parathas', which address the growing need for convenience, witnessed accelerated growth and are being expanded to newer markets.

Your Company sustained its position as one of India's largest and fastest growing branded packaged foods businesses. It remains focused on addressing emerging consumer needs through innovations anchored on the vectors of health, nutrition, wellness, immunity, naturals, indulgence and convenience.

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Overall, Aashirvaad's value-added variants and adjacencies have grown three-fold over the last five years, with its share in the portfolio doubling over this period.

'Aashirvaad Salt' continued to post strong growth in focus markets during the year. Premium offerings such as 'Aashirvaad Himalayan Pink Salt', scaled up in top metros, while the recently launched 'Aashirvaad Iron Shakti Salt' is witnessing encouraging consumer traction in target markets.

In the Spices category, the Business continued to deliver strong growth, driven by a sharply focused, market-specific strategy aimed at delivering authentic and regionally relevant taste experiences to consumers. The 'Sunrise' brand further strengthened its market leadership in the core market of West Bengal, while making steady progress in Northeast region, Bihar and Jharkhand. The brand strengthened its regional credentials through the introduction of first-to-market, differentiated offerings tailored to local palates, including 'Sunrise Til Chicken' in Assam and 'Sunrise Champaran Mutton Masala' in Bihar, along with products such as 'Sunrise Prawn Curry Masala' and 'Sunrise Chicken Tikka Masala' enhancing relevance among new-age consumers.

'Aashirvaad Spices' continued to consolidate its presence in core markets of Andhra Pradesh and Telangana, supported by a clear focus on quality-led differentiation, hyper-local portfolio, and culture centric marketing. Aashirvaad continued with Natural Star Nani as the brand ambassador, with the campaign 'Dammu Meede, Star Meere' effectively reinforcing the brand's promise of superior potency, purity and consistently tasty food. The brand also scaled its pan-India play in NewGen channels, particularly in whole spices, leveraging ITC's institutional strengths and digital reach.

With a focused approach towards product development, purposeful marketing inputs, consumer

activations and region-specific interventions supported by manufacturing excellence and sharply targeted communication across platforms, your Company is confident of further strengthening Aashirvaad's market leadership position and building categories of the future.

In line with the strategy to augment your Company's future-ready portfolio, during the year your Company acquired 100% of the share capital of Sresta Natural Bioproducts Private Limited (SNBPL). SNBPL is engaged in the business of manufacture and sale of organic packaged food products under the '24 Mantra Organic' brand which has strong brand equity in the domestic as well as international markets.

SNBPL, a pioneer and leading player in the organic packaged staples category, has over the years built a strong network of ~27,500 farmers spread across ~1.4 lakh acres of certified organic land in 10 states. The acquisition reinforces your Company's commitment to build a portfolio of future-facing winning brands that address the evolving needs of Indian consumers and will unlock value creation opportunities by leveraging your Company's institutional strengths to drive synergies in areas such as product development & innovation, agri sourcing, manufacturing, supply chain and distribution.

- The Biscuits category delivered a strong performance during the year on the back of powerful brand propositions, differentiated offerings and strong consumer connect. The 'Sunfeast Dark Fantasy' range of differentiated cookies continued to strengthen its leadership position in the premium segment. 'Dark Fantasy' is also now the No. 1 overall biscuits brand in the Modern Trade channel, registering robust growth across its portfolio, including 'Dark Fantasy Chocofills', 'Dark Fantasy Bourbon', 'Dark Fantasy Sandwich Crème' and 'Dark Fantasy Yumfills Pie'. The 'Mom's Magic' range of cookies recorded healthy growth during the year.

Your Company continues to fortify its portfolio through focused acquisitions in high-growth, future facing categories such as organic foods, nutrition and digital-first brands. These acquisitions form a core pillar of your Company's strategy, combining entrepreneurial brand capabilities with ITC's scale and institutional strengths.

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The portfolio was further strengthened with the launch of 'Sunfeast Mom's Magic Shines', which has elicited strong consumer response. 'Sunfeast Supermilk' biscuits, harnessing the goodness of 'Naatu Maatu Paal' (biscuits enriched with native Indian cow milk), continued to scale up successfully in the operating market of Tamil Nadu.

The Business also launched a delectable range of super premium cookies with globally sourced ingredients under 'Sunfeast Baked Creations' brand. These short shelf-life products are backed by hyperlocal & customised supply chains and are accessible to consumers on Quick Commerce platforms. These products have received encouraging response from discerning consumers and are being scaled up.

Towards deepening consumer engagement further, the brand launched several purpose-led and clutter-breaking campaigns during the year. 'Mom's Magic' continued its 'Dear Maa' campaign, championing child adoption as a meaningful social change initiative. 'Sunfeast Marie Light' established a differentiated positioning anchored on the functional benefit of Vitamin D. 'Sunfeast Dark Fantasy' further strengthened consumer engagement through the launch of its '1 Million Fantasies' campaign, aimed at deepening brand affinity by bringing to life consumer aspirations, including a distinctive opportunity to celebrate with superstar Shah Rukh Khan.

- 'Bingo!' Snacks delivered resilient performance during the year while strengthening its product portfolio with the launch of exciting variants of snacks and namkeens. Bingo! remains the market leader in the Bridges segment at an All-India level, and in the Potato Wafers segment in South India. Bingo! Mad Angles witnessed strong growth, supported by wider distribution, sustained marketing investments and exciting variants such as 'Bingo! Mad Angles Mystery Pickle'. The Potato Wafers portfolio was revitalised through packaging refresh and the repositioning of

Bingo! Ridged Cut. The portfolio was augmented with the introduction of two exciting flavour innovations - 'Himalayan Pink Salt' and 'Butter & Garlic'. The Business further fortified its portfolio with the launch of three exciting variants of Baked Puffs under 'XXX' range - 'Chilli Cheese', 'Hot & Spicy Korean Style' and 'Hot & Sweet'. 'Bingo! Kitchen Style' - a premium range of South Indian snacks was introduced during the year, bringing authentic flavours inspired by regional snacking traditions. These new launches have all received encouraging consumer responses.

- 'YiPPee!' sustained its position as a strong No. 2 player in the Instant Noodles segment, delivering strong growth. The product portfolio was augmented with premium Pan Asian range of noodles comprising of three variants, 'Gochujang', 'Tom Yum' and 'Yaki Udon', offering international flavour experience. The brand strengthened its regional connect with targeted campaigns across key markets including Odisha, Kerala, Tamil Nadu and the Hindi heartland. Digital and new-age media continued to remain a key area of focus, with a significant increase in investments during the year. The brand also adopted a content-first approach across social media platforms, enabling deeper consumer engagement and fostering stronger brand affinity with its target audience.
- The Frozen Foods Business, operating under the brands 'ITC Master Chef' and 'Farmland', delivered strong growth during the year, powered by a range of delicious & innovative offerings designed to meet consumer needs across 'any-time' snacking and meal occasions. The Business introduced a refreshed brand positioning – 'Har Roz Kuch Special', to enhance the everyday relevance of frozen foods by emphasising convenience, variety and suitability for multiple consumption moments. This positioning addresses the growing consumer need for simplified meal planning and variety, particularly among homemakers and young couple households, and was

The acquisition of Sresta Natural Bioproducts Private Limited, a pioneer and leading player in the organic packaged staples category with the '24 Mantra Organic' brand has added a strong network of ~27,500 farmers spread across ~1.4 lakh acres of certified organic land in 10 states.

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further reinforced through targeted digital campaigns in key markets.

The introduction of 'Piri Piri French Fries', 'Chicken Malai Seekh Kebab', 'Chicken Cheese Fills' and 'Crispy Cheese Fills' further strengthened the Retail portfolio and reinforced the Business' focus on contemporary and differentiated offerings. The Business expanded its direct distribution footprint to over 200 towns, leveraging a judicious mix of emerging and traditional channels, supported by data-driven digital marketing initiatives to deepen consumer engagement and strengthen franchise. The Frozen portfolio now comprises of over 80 products, spanning Indian and Western snacks, frozen breads, prawns & vegetables, providing consumers with a comprehensive and convenient frozen foods range. Together with the wide range of offerings from Ample Foods Private Limited (an associate company operating under the 'Prasuma' & 'Meatigo' brands), the Frozen foods portfolio straddles multiple cuisines, viz. North Indian, Pan Asian, Oriental etc.

- 'Aashirvaad Svasti' fresh dairy portfolio continued its robust growth momentum during the year, led by the strengthening of its premium milk variant 'Select' and significant growth in value-added products such as Curd, Paneer, Mishti Doi and Lassi, driven by differentiated and superior offerings. The fresh dairy portfolio is currently available across Bihar, West Bengal & Jharkhand markets and continues to enhance market penetration through rapid scale-up of its distribution network.
- The Beverages portfolio was strengthened through the launch of 'No Added Sugar' Juices range and the revitalisation of the coconut water range, in line with growing consumer preference for low sugar and wellness beverages. Dairy Based Beverages continued to record resilient growth on the back of successful scale up of 'Aashirvaad Badam Milk' &

Lassi and Dark Fantasy Milkshakes in select geographies. Business launched 'Breakfast Smoothie with Oats', a first-to-market innovation in drinkable breakfast segment, offering a healthy and convenient alternative for breakfast. Further, the smoothies range has been extended with the launch of 'Mango Smoothie with Chunks' and 'Berry Smoothie with Chia seeds', targeted at delivering a premium consumer experience.

- The Confectionery Business continued to nurture its premium portfolio and scale up the business under the 'Fantastik Chocostick', 'Dark Fantasy Choco Rolls', 'Candyman Fruitee Fun' and 'Candyman Tadka Time' sub-brands. The portfolio was augmented with the launch of 'Candyman Fruitee Fun Soft Chews', a soft chewy candy available in four exciting fruit flavours, designed to offer a playful treat for consumers young at heart. The Business also launched 'Ultra Mintz' in the premium confectionery space, crafted for adult consumers. These offerings have received excellent consumer response aided by impactful communication. The Business witnessed strong scale up in NewGen channels viz. Modern Trade and e-Commerce, driven by robust performance in 'Dark Fantasy Choco Rolls' and 'Candyman Sourzzz' homepack portfolio.
- 'Fabelle' chocolates continue to receive excellent response from discerning consumers, setting new benchmarks in the luxury and premium chocolate segments. During the year, your Company opened an exclusive Fabelle store in Forum Mall, Bengaluru, strengthening the brand's premium retail footprint. The 'Sunfeast Fantastik' chocolate range, comprising Choco Almond and Fruit & Nut variants, continued to scale up during the year. The portfolio was further strengthened with the launch of 'Sunfeast Fantastik! Strawberry Cheesecake' and 'Sunfeast Fantastik! Choco Meltz', delivering unique products that offer a premium experience at an affordable price point.

The Frozen Foods portfolio now comprises of over 80 products, spanning Indian and Western snacks, frozen breads, prawns & vegetables, providing consumers with a comprehensive and convenient frozen foods range. Together with the wide range of offerings from Ample Foods Private Limited (an associate company operating under the 'Prasuma' & 'Meatigo' brands), the Frozen foods portfolio straddles multiple cuisines, viz. North Indian, Pan Asian, Oriental etc.

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- Exports continue to remain a key focus area for the Branded Packaged Foods Businesses. During the year, exports recorded rapid growth across multiple categories. Supported by a strong portfolio of winning products and a well-established distribution network, Aashirvaad Atta exports further consolidated its leadership position across overseas markets. The Business also continued to actively evaluate and scale export opportunities within its portfolio, including Biscuits, Noodles, Snacks, Frozen Breads and Besan. Leveraging the strong equity of its core Brands – ‘Aashirvaad’, ‘Sunfeast’, ‘Sunfeast YiPPee!’, ‘Bingo!’ and ‘Kitchens of India’, your Company is well placed to pursue growth in exports across focus markets and channels.

Your Company continues to fortify its portfolio through focused acquisitions in high-growth, future facing categories such as organic foods, nutrition and digital-first brands. These acquisitions form a core pillar of your Company’s strategy, combining entrepreneurial brand capabilities with your Company’s scale, institutional strengths and integrated supply chains to drive portfolio premiumisation, accelerate growth, and create sustained long-term value.

Nutrition plays a central role in sustaining health and well-being across life stages. Your Company’s scale, reach and integrated capabilities uniquely position it to respond to evolving consumer needs for healthier choices along with superior quality, taste, convenience, affordability and sustainability.

The Business has launched a range of nutrition dense offerings under several brands viz. High Protein Atta under ‘Aashirvaad’, High Fibre Digestive biscuits under ‘Sunfeast’, products under the ‘Right Shift’ brand to address the nutritional needs of consumers aged over 40. The acquisition of ‘24 Mantra Organic’ would also further augment the Business’ portfolio of nutrition-led healthy food products. Your Company achieved the first rank

in the Access to Nutrition Initiative (ATNI) India Index 2023 among 20 of the largest Indian food & beverage manufacturers. Your Company was recognised for its strong nutrition strategy, improved product healthiness based on Nutrient Profiling System, and efforts to influence consumers toward healthier choices. The Businesses continue to scale up data driven, AI powered campaigns to deliver deeply engaging communication and content, driving effectiveness and efficiency across large and small brands. The Business’ marquee campaigns across brands have been widely celebrated across prestigious forums. Aashirvaad Atta’s thematic multichannel campaign secured two Silvers in the ‘Integrated Advertising Category’ and another Silver in the highly coveted ‘Sustained Success Category’ at the Effies. ‘Sunrise Spices’ Swasthya Bengal campaign won Silver in Regional Products - Single Market campaign at the same forum. The Bingo! ‘Bhaukal Lok Kumbh Mela’ campaign won a Gold in the Integrated Marketing Campaign Category at the Exchange for Media. ‘Candyman Sourzzz’, created a ‘Soury not Sorry’ campaign, which won Silver in both the Best Use of Social Networks / Social Media and Best Mobile Video categories at the Exchange for Media awards. Sunfeast Dark Fantasy’s Big Fantasies campaign won Silver at BW Excel Awards.

During the year, the Business enhanced the integration of marketing and technology through the adoption of agentic AI-based solutions across use cases. With the increasing use of agentic AI and LLM-enabled brand discovery & purchase journeys, the Business has progressed towards a more connected AI approach, which includes the implementation of an integrated AI suite across the consumer marketing ecosystem.

The Business continued to channelise consumers towards higher value user journeys across its owned value-exchange platforms, including www.letsboing.com, www.familylikefriends.com and food content leadership platform www.foodiesonly.in. The Business garnered

Exports continue to remain a key focus area for the Branded Packaged Foods Businesses. Aashirvaad Atta exports further consolidated its leadership position across overseas markets. Leveraging the strong equity of its core Brands – ‘Aashirvaad’, ‘Sunfeast’, ‘Sunfeast YiPPee!’, ‘Bingo!’ and ‘Kitchens of India’, your Company is well placed to pursue growth in exports across focus markets and channels.

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nearly 30 million user journeys culminating to the brands' owned websites which enabled decoding consumer intent, behaviour, category affinities, and signals from the broader digital ecosystem. In an increasingly ad-averse, digital-first environment, the Business' owned value-exchange platforms successfully captured sustained user attention, driving meaningful engagement.

The Business also built an integrated ecosystem combining consumer data, insights, and creative capabilities through 'Studio Alchemy', delivering nearly 40,000 AI-generated and optimised content pieces across the marketing funnel.

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 and market responsiveness, reducing the cost of servicing proximal markets, enabling scalability, while also setting new benchmarks in safety and product quality. 12 ICMLs are currently operational in locations proximal to large demand centres; capacity utilisation at these ICMLs continues to be ramped up. Your Company continues to leverage the benefits of the state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLFs) at Pudukkottai, Kapurthala and Panchla. These automated facilities are co-located with the ICMLs and provide several structural advantages including inventory optimisation, layering operations and lowering the cost of market servicing.

Driven by an unwavering commitment to quality, sustainability, and manufacturing excellence, your Company has earned several prestigious external awards and recognitions across Safety, Sustainability, Quality & Food Safety, Manufacturing Excellence, and Environmental, Social and Governance (ESG). Key recognitions include the National Food Safety Trophy & Food Safety Commendation by Confederation of Indian Industry (CII), Gold Medal at the National Awards for Manufacturing Competitiveness (NAMC) by

International Research Institute for Manufacturing (IRIM) and ESG recognition by Det Norske Veritas (DNV), Netherlands. Collectively, these accolades reinforce your Company's commitment to delivering superior-quality products while advancing safe, sustainable, and future-ready manufacturing practices. To counter elevated levels of input prices and support long-term profitability, your Company has 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, AI/ML, advanced visual analytics and smart utilities.

The food processing industry has significant potential to boost Indian agriculture by improving market linkages, resource efficiency, farmer incomes, exports, and employment opportunities. The development of the food processing sector is vital for addressing food security, controlling inflation, improving nutrition, and preventing wastage. Acknowledging the large economic multiplier impact of the food processing industry and the growth opportunities in the Indian market, your Company has made substantial investments in this sector and remains focused on establishing itself as the leading player in the branded packaged foods industry.

Your Company's institutional strengths such as strong farm linkages, procurement efficiencies, world-class brands and deep & wide multi-channel distribution network continues to provide competitive advantage to the Business to deliver superior product availability, visibility and freshness. 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.

Your Company's institutional strengths such as strong farm linkages, procurement efficiencies, world-class brands and deep & wide multi-channel distribution network together with leading digital technologies and platforms, including AI-based solutions, continues to provide competitive & structural advantage. Cutting-edge R&D platforms of ITC's LSTC are driving agile innovation and faster turnaround times for introduction of differentiated & first-to-market products.

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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. Your Company remains confident of rapidly scaling up the Branded Packaged Foods Businesses leveraging its institutional strengths and strong growth platforms nurtured over the years in chosen categories which offer immense headroom for growth, address opportunities in value-added adjacencies by leveraging mother brands and nurture new vectors of growth where beachheads have been created.

Personal Care Products

The operating environment in the Personal Care industry was marked by heightened competitive intensity and continued volatility in input costs. Demand trends witnessed gradual improvement, while premiumisation, science-backed claims & ingredient-led, benefit-driven transparency in propositions, influenced consideration and brand choices.

Your Company's Personal Care Products Business delivered a resilient performance, while continuing to strengthen its core strategic levers of building brands with purpose, driving first-in-category innovation, investing in categories of the future, and accelerating presence in emerging channels. Strategic partnerships with key accounts, along with channel-specific assortment, targeted launches and agile execution, supported growth momentum. The premium portfolio remained a key growth driver, reinforcing the focus on enhancing brand equity and delivering superior consumer experiences through innovative and differentiated offerings.

In the Personal Wash segment, 'Fiama' sustained its strong growth momentum, in both gel bathing bars and shower gels. The recently launched 'Fiama Moisturising Bars with Japanese Hokkaido Milk' scaled up rapidly, supported by differentiated sensorial positioning and clinically proven skin-barrier benefits. The brand augmented its portfolio with the launch of body scrubs

and leveraged digital-first creator partnerships to drive trial and adoption. With a focus on premiumisation and innovation, Fiama is well-positioned to accelerate its growth trajectory.

The 'Vivel' portfolio recorded acceleration in growth in the soaps category, particularly in the second half of the year. The brand continued to reinforce its core aloe vera proposition and expanded into adjacent format, in line with evolving consumer preferences, with the launch of natural ingredient based Handwash liquids. The brand also strengthened its presence in Modern Trade and e-Commerce through the introduction of exclusive soap and body wash offerings, enhancing visibility and relevance across premium retail formats and NewGen channels.

'Savlon' delivered strong performance during the year, driven by sustained momentum across handwash and soaps category along with value-added offerings including disinfectant liquid, sprays and wipes. Built on its strong equity in germ protection, the brand has continued to evolve towards a broader proposition of 'caring protection', aimed at expanding usage occasions and enabling sustained growth. The brand further enhanced consumer awareness and hygiene education through podcast-based content in partnership with leading medical professionals, while also expanding into specialised infection-prevention products for the institutional segment.

During the year, 'Engage' continued to strengthen its position in a dynamic and evolving fragrance category. In recent years, the brand has pivoted its portfolio towards high growth formats and premium consumer segments, with innovation and superior fragrance experiences at the core. The brand gained strong momentum in premium offerings, supported by the launch of 'Engage Brazilian Maracuja EDPs' and accelerated growth across e-Commerce and Quick Commerce platforms. Assorted perfume packs were scaled up to address diverse consumer moods and occasions. During the year, the brand also entered the growing roll-on segment

Your Company's Personal Care Products Business delivered a resilient performance, while continuing to strengthen its core strategic levers of building brands with purpose, driving first-in-category innovation, investing in categories of the future, and accelerating presence in emerging channels. The premium portfolio remained a key growth driver, reinforcing the focus on enhancing brand equity and delivering superior consumer experiences through innovative and differentiated offerings.

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with differentiated anti-perspirant offerings featuring Fresh-Encap technology and strengthened its engagement with younger consumers through high-impact digital campaigns and influencer advocacy. Leveraging robust R&D capabilities and in-house manufacturing, the Business continues to deliver high-quality fragrances that resonate with discerning consumers.

In the Home Care segment, the 'Nimyle' range of products continued to build a differentiated position in the floor cleaner category anchored in its promise of 100% natural action with no chemical residue, offering germ protection that is safe for kids and pets. During the year, the brand sustained healthy growth, with its strong natural credentials enhancing its brand equity, reinforced through its impactful proposition 'Gaadha Bhi, Asardar Bhi' – highlighting its high consistency and efficacy. The brand has been certified as GreenPro - an internationally recognised eco-label and endorsed by the World Neem Organisation. Anchored in its core values and a clear brand proposition, Nimyle remains committed to deepen consumer connect and expand availability across touchpoints.

Your Company's state-of-the-art, digitally enabled manufacturing facility at Neemgarh (West Bengal) manufactures world-class personal care products and supports advanced neem-based research through an on-site neem orchard that houses more than 50 neem ecotypes sourced from across India. As the first dedicated personal care plant in a key growth market, the Neemgarh facility enhances supply chain agility, optimises costs and significantly reduces lead times, strengthening your Company's presence across eastern and north-eastern markets.

Your Company continues to strengthen its commitment to sustainability through large-scale adoption of post-consumer recycled (PCR) plastics. These initiatives were recognised with two CII Sustainable Plastic Packaging Awards 2025 for recycled content, integration and recyclable packaging innovation.

Your Company continued to earn recognition across leading global and regional advertising platforms, reflecting

the effectiveness of its purpose-led communication, digital-first storytelling and health education initiatives strengthening brand equity and consumer trust. The Savlon 'Swasth India Mission – Handwash Legends' campaign secured multiple accolades at The One Show, D&AD, Clio Awards, AdFest and Spikes Asia. Additionally, the Savlon 'Jab Tak Aap Haath Nahi Dhote' campaign received multiple awards at the Kyoorius Creative Awards for excellence in film across TV, cinema and digital platforms. Nimyle was awarded Gold at the afaqs! Awards for Best Influencer Campaign.

The Business, with its purpose-led brands serving discerning consumers in a dynamically evolving environment, is well-poised to capitalise on future growth opportunities underpinned by its customer-centric innovative pipeline, impactful communications, institutional strength in R&D & formulations, state-of-the-art manufacturing capability, packaging know-how and an expanding omni-channel distribution footprint.

Education and Stationery Products

The Business delivered a resilient performance during the year in the backdrop of subdued realisation amidst deflationary conditions due to low-priced paper imports and opportunistic play by local/regional players. Performance in the second half of the year improved significantly driven by focused interventions and calibrated pricing actions, with the flagship brand 'Classmate' consolidating its market leadership position in the Notebooks segment.

The Business continued to draw on your Company's institutional strengths, including paper manufacturing expertise, brand-building capabilities and omni-channel distribution infrastructure. Supported by the capabilities of your Company's LSTC, the Business developed differentiated, superior-quality products, driving premiumisation in the core notebooks category.

In keeping with its proposition of 'Enjoy Learning', the Classmate brand continues to provide differentiated offerings through technology via eduGAMES Infinity, that provides students the opportunity to play and

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learn new skills. Further, drawing inspiration from the much-loved puzzles featured on the last page of Classmate notebooks, the brand introduced 'Design Discoveries' - a differentiated design-led engagement initiative aimed at enhancing consumer interaction with the brand. By blending creativity with engagement, Classmate aims to make learning more enjoyable while supporting cognitive development. The new range has elicited encouraging response from the student community.

The Business also launched a 360-degree campaign, '*Every Student Deserves a Classmate*' across target markets, sharply reinforcing the brand's position as a reliable, high-quality, sustainable companion in a student's academic journey, focusing on empowering learning and creativity.

In line with the premiumisation strategy, the Business has been driving growth of differentiated and premium products. The 'Classmate Pulse' range of premium notebooks witnessed rapid growth, driven by product innovation and execution excellence across channels. The Paperkraft portfolio, a premium stationery offering for professional and personal needs, was further strengthened with the launch of a range of notebooks tailored for Quick Commerce channel.

In the Writing Instruments portfolio, the Classmate Pens range was augmented through differentiated design extensions such as Octane Shine & Warrior Series. The Mathematical Instruments portfolio was revamped through refreshed designs and introduction of premium range of geometry boxes, 'Explorer' and 'Spectra', enabling clearer portfolio segmentation.

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.

Equipped with state-of-the-art technology and a quality lab, the dedicated manufacturing facility at Vijayawada enables the Business to develop differentiated notebook formats, drive cost efficiencies and enhance capabilities to address opportunities in overseas markets.

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 also continues to scale-up the Paperkraft range (FSC®-C181115) of notebooks using Forest Stewardship Council® (FSC®) certified paper (FSC®-C064218), made at your Company's paper mill at Bhadrachalam.

With over 300 million 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's Education and Stationery Products Business, 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 Incense Sticks (Agarbattis) category sustained its robust growth momentum during the year, with your Company's flagship brand, 'Mangaldeep', further strengthening its market standing across formats including agarbatti, dhoop and sambrani. Anchored in deep consumer insights, Mangaldeep offers a differentiated product experience that remains culturally authentic, while also resonating with contemporary consumers. The brand's spiritual connect continues to be reinforced through focused marketing initiatives and sustained activation of the brand campaign "Dil Se Karo Baat, Bhagwan ke Saath", which has struck a powerful chord with consumers across the country.

Your Company's Education & Stationery Products Business continued to draw on its institutional strengths, including paper manufacturing expertise, brand-building capabilities and omni-channel distribution infrastructure. Supported by the capabilities of your Company's LSTC, the Business developed differentiated, superior-quality products, driving premiumisation in the core notebooks category.

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During the year, the Business delivered strong volume-led revenue growth. Inflationary pressures in input prices were mitigated through judicious mix enhancement and strategic cost optimisation, thereby sustaining profitability.

The Business continues to scale up its core portfolio and strengthen new launches to drive growth. During the year, Mangaldeep Nature was launched in two variants—Green Forest and Flower Valley—bringing nature-inspired fragrances to consumers. Further, the Business continued to augment its agarbatti portfolio with modern fragrances through sub-brands such as ‘Scent’, in line with evolving consumer preferences for contemporary and fine-fragrance inspired offerings.

The Mangaldeep range of dhoop was augmented with the launch of two innovative variants in Premium Wet Dhoop— ‘Kesar Kumkum’ and ‘Black Musk’. Mangaldeep reinforced its positioning as an enabler of devotion by bringing alive the Ayodhya Deepotsav experience to lakhs of devotees across India through an Augmented Reality (AR) powered microsite; with over 26 lakh diyas lit on a single day, the initiative received recognition as a Guinness World Record Event.

In line with its premiumisation strategy, the Business strengthened its presence in emerging formats such as dry dhoop sticks, dry dhoop cones and sambrani cups. These formats combine convenience and performance with the authenticity of rituals, while catering to evolving consumer aspirations.

In a pioneering step towards inclusive innovation, Mangaldeep continues to collaborate with over 200 visually impaired fragrance evaluators under the Sixth Sense initiative. This unique programme enables co-creation of fragrances, helping the brand deliver long-lasting and rich sensorial offerings while fostering inclusive growth.

Catering to the emerging wellness segment, the Business launched a premium aromatherapy range under the brand

‘Pranah’, comprising scented candles, incense sticks and cones. The range harmonises natural inspiration with science-backed wellness propositions. These launches elicited encouraging response from discerning consumers.

Over the years, the Business has implemented several measures to enhance the competitiveness of the agarbatti value chain in India. These include import substitution, backward integration, and the manufacture of raw battis using indigenous inputs. The Business has led the development of in-house manufacturing capabilities for raw battis, including coloured batti, bambooleless incense and premium formats, while working closely with manufacturers and nodal agencies of key state governments for sourcing Indian bamboo sticks.

These initiatives align with national priorities on employment generation and inclusive growth, supporting income enhancement across the agarbatti and raw batti ecosystem, and creating structural cost and supply advantages for the Business.

In the Safety Matches industry, the Business strengthened its market leadership position by leveraging the brand ‘Homelites’, anchored in a differentiated positioning of stronger, longer and karborised sticks. The Business continues to scale up the share of value-added products in its portfolio and enhance supply chain efficiency by sourcing products manufactured closer to markets.

Your Company remains confident of scaling up its Agarbattis and Safety Matches portfolio and enhancing its market standing in the segment.

TRADE MARKETING & DISTRIBUTION

Your Company’s Trade Marketing & Distribution (TM&D) vertical continues to strengthen its smart omni-channel go-to-market capabilities to ensure efficient market servicing and product availability. Through sharper channel strategies and agile execution, TM&D is proactively addressing emerging trends, including the accelerated expansion of NewGen Channels (viz. Modern Trade, e-Commerce & Quick Commerce) and the growing demand for premium products.

The Incense Sticks (Agarbattis) category sustained its robust growth momentum during the year, with your Company’s flagship brand, ‘Mangaldeep’, further strengthening its market standing across formats including agarbatti. In a pioneering step towards inclusive innovation, Mangaldeep continues to collaborate with over 200 visually impaired fragrance evaluators under the Sixth Sense initiative.

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During the year, significant changes in the GST regime were orchestrated seamlessly through coordinated supply chain management, ensuring continuity of operations and uninterrupted market servicing across markets.

India's FMCG distribution landscape is characterised by diverse consumer cohorts, multiple and fast-evolving channels, varied socio-economic conditions and a vast geographic footprint. Against this structurally complex backdrop, TM&D continues to effectively deploy differentiated channel and regional playbooks, leveraging deep consumer and trade insights to drive superior execution and outcomes in product availability, visibility and freshness.

Your Company's omni-channel distribution network enables availability across nearly seven million retail outlets, over 40% of which are serviced directly. Direct servicing has been further strengthened, expanding reach across new markets and outlets. Overall market coverage has increased to appx. 2.1x of pre-pandemic levels. TM&D's wide and deep distribution network, anchored by cutting-edge digital capabilities, provides the FMCG Businesses with significant competitive strength.

In this context, the rapid growth of Modern Trade, e-Commerce and Quick Commerce, coupled with the emergence of new players, continues to reshape routes-to-market. TM&D is strengthening omni-channel capabilities and customer partnerships, supported by agile supply chain and shopper marketing, to enhance execution effectiveness and improve operating efficiencies.

The surge in smartphone-led internet usage, widespread adoption of digital payments, wider assortments and faster fulfilment continue to increase the salience of e-Commerce and Quick Commerce channels. Your Company's collaborations with leading platforms across category development, integrated supply chains, consumer offerings and customer acquisition are enabling strong scale-up of sales in these channels, supported by exclusive assortments, channel-specific plans and 'Digital-First' brands. Joint Business Plans, executed in close coordination

with these platforms and complemented by agile supply chain initiatives, are strengthening your Company's market standing. Digitally enabled sales have grown rapidly in recent years and, together with Modern Trade, now account for 34%⁹ of your Company's FMCG portfolio.

Within the omni-channel architecture, the General Trade channel continues to deliver resilient performance through a focused market approach and a differentiated portfolio. In response to heightened competition and accelerating channel shifts in urban markets, TM&D is strengthening data-led execution and technology enablement to enhance retail engagement, last-mile productivity and premiumisation in high-potential outlets. The digitally powered eB2B platform of your Company, UNNATI, continues to be scaled up, covering more than eight lakh outlets. UNNATI enables sharper & direct engagement with retailers, superior analytics and personalised hyperlocal recommendations based on purchase insights, thereby deepening brand engagement and strengthening the trade ecosystem.

In rural markets, TM&D continues to implement market-specific interventions to enhance direct coverage, guided by socio-economic indicators and market potential. This is supported through a hub-and-spoke distribution model and extensive rural stockist network to deepen reach across priority markets. Leveraging synergies with the deep rural connect of your Company's Agri Business, TM&D continues to undertake extensive consumer activations in high-potential rural areas, supported by market development initiatives and enhancements to the digital ecosystem for the stockist channel, thereby strengthening availability of your Company's product range in rural markets.

The Food Service and Institutional channels continue to witness growth, leveraging existing partnerships and your Company's wide product range. Strategic partnerships are unlocking new routes-to-market across specialised segments, including on-the-go, direct marketing and Quick Service Restaurants (QSRs).

⁹ Excluding Education and Stationery Products

Your Company's Trade Marketing & Distribution (TM&D) vertical continues to strengthen its smart omni-channel go-to-market capabilities. It is proactively addressing emerging trends, including the accelerated expansion of NewGen Channels (viz. Modern Trade, e-Commerce & Quick Commerce) and the growing demand for premium products. Digitally enabled sales have grown rapidly in recent years and, together with Modern Trade, now account for 34% of your Company's FMCG portfolio.

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Underpinning these channel strategies, TM&D continues to leverage emerging digital technologies such as Generative AI to further strengthen market servicing, automate operations and enhance execution effectiveness.

Industry-leading digital solutions deployed across the entire Order-to-Cash cycle in both traditional and NewGen channels, have enabled business growth, facilitating seamless transactions and faster working capital turnaround for trade partners. To address the digital payments and financing needs of customers and retailers, your Company forged strategic collaborations with banks and FinTech partners. Integrated with the UNNATI platform, these solutions are strengthening digital adoption across the trade ecosystem and supporting sustainable growth.

The scale and diversity of your Company's go-to-market footprint remain pivotal in enhancing market presence, generating valuable consumer and trade insights and enabling effective execution of product launches across geographies. To leverage new routes-to-market and meet the assortment needs of NewGen channels, your Company executed nearly 100 new product launches across target markets, while extending availability and visibility of existing products.

TM&D is driving structural improvements in operational effectiveness and productivity. Your Company continues to leverage an integrated planning and supply chain tool, powered by advanced algorithms, to enhance forecast accuracy, improve inventory productivity and strengthen supply chain agility. These initiatives support improved servicing and availability of the premium portfolio across priority urban and rural markets.

Alongside capability-building and in line with your Company's commitment to the 'Triple Bottom Line', TM&D continues to advance adoption of renewable energy and expand Green Logistics initiatives for mid-mile and last-mile deliveries in key cities. Collaborations with Original Equipment Manufacturers and fleet aggregators are supporting increased deployment of Electric Vehicles (EVs) in TM&D operations, with EV trips rising by nearly 40% over the previous year.

TM&D's distribution highway is a source of sustainable competitive advantage for your Company's FMCG Businesses and is well-positioned to support rapid scale-up in the ensuing years. This strength is enabled by strong systems and processes, an agile and responsive supply chain, a cutting-edge digital ecosystem and synergistic partnerships across channels.

FRESH FOOD

The Indian food services industry continues to present attractive long-term growth potential, underpinned by favourable demographics, increasing urbanisation and rising consumer purchasing power. The rapid expansion of online food delivery is enlarging the addressable market by enhancing consumer access and accelerating the transition towards organised, branded food offerings.

Envisaged under the ITC Next strategy as a new vector of growth, your Company incubated the Fresh Food Business to participate in the fast-growing online food services segment and to widen access to premium food experiences for Indian consumers. The Business leverages your Company's institutional strengths in Food Science & Manufacturing, its trusted FMCG food brands and deep consumer insights, and culinary expertise built through ITC Hotels Limited, to create differentiated and contemporary food propositions.

The Business is anchored on a portfolio of distinct brands—'ITC Master Chef Creations', 'ITC Aashirvaad Soul Creations', 'ITC Sunfeast Baked Creations', and 'Sansho by ITC Master Chef'—which are designed to address multiple cuisines, price points and consumption occasions, while reinforcing your Company's proposition of quality, authenticity and innovation.

- 'ITC Master Chef Creations' offers chef-crafted, gourmet North Indian cuisine, leveraging craftsmanship and consistent quality to build a scalable premium proposition.
- 'ITC Aashirvaad Soul Creations' is a pure vegetarian brand focused on wholesome, home-style Indian meals inspired by regional recipes, addressing everyday consumption needs with trust and authenticity.

Envisaged under the ITC Next strategy as a new vector of growth, your Company incubated the Fresh Food Business to participate in the fast-growing online food services segment and to widen access to premium food experiences for Indian consumers. The Business is anchored on a portfolio of distinct brands—'ITC Master Chef Creations', 'ITC Aashirvaad Soul Creations', 'ITC Sunfeast Baked Creations', and 'Sansho by ITC Master Chef'—which are designed to address multiple cuisines, price points and consumption occasions.

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- ‘ITC Sunfeast Baked Creations’ offers premium baked products, strengthening your Company’s presence in indulgence-led occasions through innovation and superior product experience.
- ‘Sansho by ITC Master Chef’, launched during the year, is a premium Pan-Asian brand that extends the portfolio into contemporary cuisine formats.

The brands are currently present across select metropolitan markets and are offered to consumers through leading online food delivery platforms. The brands received top ratings across platforms with excellent feedback, reflecting growing consumer franchise.

The Business has developed a differentiated capability stack across product development, quality assurance, customer experience, and a tech-enabled operating system, enabling consistent delivery of premium food propositions. The Business continues to focus on strengthening these capabilities, deepening technology integration, and refining execution to sustain the growth momentum.

During the year, the Business strengthened its presence across the cuisine segments and markets in which it operates, supported by improving consumer traction. With sustained focus on consistent food quality and service standards, the Business recorded rapid growth and also expanded its operating footprint to appx. 70 cloud kitchens.

With a focused, consumer-led approach, the Business introduced a range of differentiated, first-to-market offerings during the year. This included festival and occasion-led propositions curated for key festivals and special occasions (including Diwali, Christmas/New Year, Eid and Mother’s Day) to sustain consumer engagement and enhance brand relevance.

Going forward, the Business will prioritise menu and format innovation, portfolio premiumisation and strengthening proposition architecture, while maintaining strong governance over quality, consistency and customer experience.

Your Company intends to scale the Fresh Food Business rapidly across select geographies in India. Supported by a differentiated brand portfolio and your Company’s institutional strengths in Food Science & Manufacturing, FMCG brand-building and culinary expertise, the Business will focus on deepening consumer relevance, building leadership positions in chosen cuisine formats and strengthening the pathway to profitable growth through disciplined execution.

Following an appreciable scale-up since incubation, the Business is being reported under the “Others” segment for the first time in the current year, along with ITC Grand Central Hotel, Mumbai.

PAPERBOARDS, PAPER AND PACKAGING

Paperboards & Specialty Papers

During the year, the Indian Paper and Paperboard industry continued to operate in a challenging environment, characterised by low-priced supplies of paperboards and paper from China and Indonesia in global markets, including India, as well as weak demand conditions, resulting in subdued realisations. On the inputs front, wood costs remained elevated during the year, reflecting tight supply conditions. The cumulative impact of subdued realisations and sharp surge in wood costs exerted pressure on margins. The Business partially mitigated these challenges by leveraging the structural strengths of its integrated model, accelerating value-led customer engagement, deepening digital-led productivity and quality interventions, and scaling up the portfolio of sustainable plastic-substitution solutions (PlaSub).

Influx of low-priced imports into the country, particularly from China, Indonesia and Chile, has been a source of threat to the domestic Paper and Paperboard industry in recent years. The imposition of Minimum Import Price (MIP) on Virgin Multi-layer Paperboard w.e.f. 22nd August 2025, provided interim relief to the industry, with import volumes progressively declining thereafter. However, suitable safeguard measures are needed at a policy level to enable the Indian industry to compete on a level playing

Your Company entered into a Business Transfer Agreement to acquire the Century Pulp and Paper (‘CPP’). It is a well-established player in the Indian Paper industry with an installed capacity of 4.8 Lakh tonnes per annum. CPP is a one-of-a-kind asset with a strong strategic fit with your Company’s Paperboards & Specialty Papers Business. The acquisition will add meaningful scale and economies to existing operations, provide a locational advantage for efficient customer servicing and proximity to key raw material sources, enhance resilience and portfolio diversification.

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field. Representations are being made by the Indian industry with the policy makers in this regard, which are under active consideration.

Wood procurement prices also began to moderate aided by improved availability on the back of sustained plantation and sourcing interventions. With the moderation in wood prices and green shoots of improvement in realisations following the imposition of MIP, the Business witnessed a gradual recovery in operating performance in the second half of the year.

The Business continues to focus on strengthening long-term fibre security through structural programmes across plantations, catchment expansion and productivity enhancement, which remain key enablers of competitiveness and resilience. To address long-term fibre security, the Business is pursuing a multi-pronged strategy spanning catchment expansion and productivity enhancement, alongside structured engagement with policy stakeholders to enable collaborative plantation models.

Wood and wood fibre-based industries in India have been representing to the Government over the years to allow industries to raise tree plantation on available degraded forest land. Policy in this regard would enable domestic industries to become self-sufficient and cost competitive vis-à-vis wood and wood fibre-based industries in South-East Asian countries where such provision of industry involvement in raising plantations over degraded forest land exists. This would also facilitate saving precious foreign exchange through import substitution. Further, as per the Report on Paper Industry by the Indian Paper Manufacturers Association (IPMA), it is estimated that harnessing an additional 2.5 million hectares of degraded land for the agroforestry programme, could generate employment opportunities for appx. one million persons, while supplementing farmer incomes, enhancing green cover and ensuring adequate availability of raw materials for domestic wood-based industries.

The recent amendments to the Forest (Conservation) Act Guidelines that enables private sector participation along with state governments to raise plantations on degraded forest land, augurs well for long-term domestic fibre availability in the country. Your Company is engaging with the state governments to progress this initiative.

Despite the challenging operating environment as stated above, the Business sustained its leadership position in the Value-Added Paperboard (VAP) segment through focused innovations and development of customised solutions tailored for end-use industries. The Business also consolidated its leadership position in the eco-labelled products and premium recycled paperboards segments.

During the year, the Specialty Papers segment witnessed robust growth driven by capacity augmentation in Décor paper completed in FY 2024-25. Market standing in the segment continues to be driven by product mix enrichment and diversification of the customer base.

It may be recalled that your Company entered into a Business Transfer Agreement on 31st March, 2025 to acquire the Century Pulp and Paper Undertaking ('CPP') of Aditya Birla Real Estate Limited ('ABREL') at Lalkuan (Nainital, Uttarakhand). Commissioned in 1984, CPP is a well-established player in the Indian Paper industry with an installed capacity of 4.8 lakh tonnes per annum. CPP is a one-of-a-kind asset with a strong strategic fit with your Company's Paperboards & Specialty Papers Business. The acquisition will add meaningful scale and economies to existing operations, provide a locational advantage for efficient customer servicing and proximity to key raw material sources, enhance resilience through multi-site operations and portfolio diversification across industry cycles. The acquisition aligns with your Company's strategy of driving the next horizon of growth in the Paperboards and Specialty Papers Business by expanding capacity at a new location, considering that the existing facilities are near saturation. The Competition Commission of India has approved the proposed

The Paperboards & Specialty Papers Business has adopted a multi-tiered strategy to capitalise on this opportunity and build solutions that will replace single use plastics. Within the sustainable products portfolio - 'Platform 1' comprises a range of recyclable, compostable and barrier coated boards; 'Platform 2' comprises a range of first-to-market Fusion boards that are fully recyclable and replace plastic 'foam' board and 'Platform 3' offers futuristic packaging solutions comprising premium Moulded Fibre Products (MFP) made from renewable natural fibres.

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acquisition on 16th December, 2025. Further, the Ministry of Environment, Forest and Climate Change has accorded approval, on 18th March, 2026, for the transfer of leased forest land in favour of your Company. With the receipt of key statutory approvals, the acquisition of the CPP undertaking is expected to be completed in the near term.

It is pertinent to note that India's per capita consumption of paper at appx. 16 kgs per annum is significantly lower when compared to the global average of 57 kgs, reflecting immense headroom for long-term growth. Further, the sustainable paperboards and packaging space continues to offer a significant scale-up opportunity, driven by increasing demand for bio-based alternatives, increasing emphasis on recyclability & compostability and evolving customer & regulatory requirements. These trends are translating into sustained demand across sectors, particularly in the food service, food delivery, beauty & personal care, pharmaceuticals and consumer goods segment.

The Business has adopted a multi-tiered strategy to capitalise on this opportunity and build solutions that will replace single use plastics and meet emergent consumer needs. Within the sustainable products portfolio - 'Platform 1' comprises a range of recyclable, compostable and barrier coated boards and includes the 'Filo' series - 'FiloBev' (for beverage cups), 'FiloServe' (for QSRs, bakeries, food retail), 'FiloPack' & 'FiloTub' (for food packaging applications), 'FiloBowl' (for select meal and delivery formats) and 'FiloBev Mini' (an economic cup variant for short servings). The Filo series solutions have also been certified as compostable by the Central Institute of Petrochemicals Engineering & Technology (CIPET). During the year, the 'Filo' portfolio recorded double-digit growth in the domestic market, supported by strong consumer traction of sustainable packaging solutions.

'Platform 2' comprises a range of first-to-market Fusion boards that are fully recyclable and replace plastic 'foam' board. End-use applications include indoor display

solutions involving replacement of plastic signboards and shelves. This platform continues to witness growing market traction, driven by increasing demand for recyclable alternatives for display and signage applications.

'Platform 3' offers futuristic packaging solutions comprising premium Moulded Fibre Products (MFP) made from renewable natural fibres such as wood, bamboo, bagasse, wastepaper, etc. Your Company's wholly-owned subsidiary, ITC Fibre Innovations Limited (IFIL), forayed into the fast-growing MFP space with the commissioning of a state-of-the-art MFP manufacturing facility in Badiyakhedi, Madhya Pradesh in March 2024. During the year, IFIL carried out extensive prototyping and sampling to support the development of Next-Gen products. The Business faced challenges largely due to US tariff related disruptions. Plans are on the anvil to accelerate growth in this segment through focused market development anchored on a differentiated MFP portfolio leveraging innovation and agile operations.

A Packaging Board Centre of Excellence was institutionalised last year to deepen customer engagement, improve product performance and focus on new-gen product development. During the year, focused efforts were undertaken towards building new platforms, strengthening structural capabilities, and seeding select high-entry-barrier niches to support sustainable growth.

The Business continues to procure wood, a key raw material, from sustainable sources. Research on clonal development has enabled the introduction of high-yielding and disease-resistant clones that are adaptable to a wide variety of agro-climatic conditions. This has not only aided in increasing farmer incomes but also enabled greater consistency in farmer earnings. In this context, your Company's LSTC remains actively engaged in developing second generation clones with enhanced yield potential and improved pest & disease resistant attributes. The Business continues to focus on scaling up wood sourcing from core catchment areas and has increased plantations in these regions during

Your Company's Paperboards & Specialty Papers Business continues to be a pioneer in the adoption and deployment of digital and Industry 4.0 technologies. An AI-led analytics platform supports faster, data-driven decision-making across key processes in the wood-to-paper value chain, strengthening operational reliability, quality consistency and resource efficiency.

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the year. In addition, initiatives such as bund plantations and the expansion of plantations in new catchment areas, including Odisha and Chhattisgarh, have enabled enhanced wood procurement from such new areas, with further potential for increasing cost-effective access to fibre in the future. During the year, the Business achieved its highest-ever plantation coverage of around 66,000 hectares, reinforcing long-term fibre security and supporting sustainable livelihoods across its farm-forestry ecosystem.

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC®-FM) (FSC®-C102390) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit, and economic viability. Till date, your Company has received FSC®-FM certification for over 1.65 lakh acres of plantations involving over 26,000 farmers. During the year, nearly 3.17 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 (FSC®-C064218) in India.

Your Company's Paperboards & Specialty Papers Business continues to be a pioneer in the adoption and deployment of digital and Industry 4.0 technologies. An AI-led analytics platform supports faster, data-driven decision-making across key processes in the wood-to-paper value chain, strengthening operational reliability, quality consistency and resource efficiency. Over the last few years, the Business has been executing a structured and outcome-oriented digital transformation programme spanning manufacturing, supply chain and enabling functions. As the Business has evolved its digital operating model, transitioning from project-based execution to a product-led approach, the in-house Digital App Suite has scaled to over 80 applications, strengthening advanced analytics, simulation-led decision support and root-cause

diagnostics across the value chain. Digital interventions today span Industrial IoT-enabled smart operations, integrated enterprise data platforms, AI/ML-based process optimisation & decarbonisation of operations, image & video analytics for automated quality inspection, computer-vision driven workforce safety solutions and digital traceability systems aligned with evolving regulatory requirements.

The Business' leadership in digital excellence continues to be recognised globally. During the year, the Business was conferred with the Aegis Graham Bell Award in the 'Innovation in Manufacturing' category.

The Business has strengthened its customer-centric supply chain capabilities through a dedicated vertical focused on service excellence and end-to-end optimisation. These initiatives have improved service performance (including On-Time-In-Full delivery) and reduced order fulfilment timelines. During the year, advanced planning capabilities were also enhanced through the implementation of a demand planning module, enabling better forecast accuracy and more agile, data-driven decision-making.

The Business has adopted and institutionalised the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over two decades now and continues to reap substantial benefits through several Business Excellence initiatives.

The Business continues to advance circularity and resource efficiency across its operations. All manufacturing units recycle nearly 100% of 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 appx. 1.11 lakh tonnes of wastepaper during the year, reinforcing its positive solid waste recycling footprint.

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 efficiency circulating fluidised bed

Your Company's Paperboards & Specialty Papers Business' leadership in digital excellence continues to be recognised globally. During the year, the Business was conferred with the Aegis Graham Bell Award in the 'Innovation in Manufacturing' category.

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(CFBC) boiler, solar & wind energy and increased usage of biofuels. The commissioning of the state-of-the-art High Pressure Recovery Boiler at the Bhadrachalam mill is progressively enhancing renewable energy share and reducing the carbon footprint of the unit by significantly lowering coal consumption. These investments are a testament to your Company's commitment towards embedding sustainability in its operations and supporting the 'Make in India' initiative. With these initiatives, renewable sources presently account for more than 50% of total energy consumption across the four manufacturing units of the Business.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with the focus on sustainable business practices. The Bhadrachalam unit is the first pulp & paper plant and the second in the country, to be rated 'GreenCo Platinum+' by CII, as part of the Green Company rating system. The Kovai unit has also been accorded the 'GreenCo Platinum+' rating by CII. The Kovai unit is the first site in India and the first paper mill in the world to achieve the highest Platinum rating under the 'Alliance for Water Stewardship Standards'. The Bhadrachalam unit also received 'Alliance for Water Stewardship Platinum' certification.

In recognition of energy efficient initiatives, both Bhadrachalam and Kovai units were conferred with the 'Excellent Energy Efficient Unit' Award at the 26th National Awards for Excellence in Energy Management, 2025, instituted by CII. The Bhadrachalam unit has additionally been recognised as a 'Noteworthy Water Efficient Unit' under the 'Within-the-Fence' category at the CII National Awards for Excellence in Water Management, 2025. The Kovai unit was honoured with the Best Kaizen for Sustainability Award at the 11th CII National Kaizen Circle Competition, 2025.

The Paperboards industry remains closely aligned with national priorities of rural employment generation

and sustainable resource utilisation, while meeting the evolving paper and packaging needs of Indian consumers. The industry currently employs over two million persons directly and indirectly across the value chain, supported by substantial investments in recent years that have strengthened domestic value chains.

With structural drivers of demand in the Indian economy expected to remain strong over the medium and long-term, the prospects for the paperboards industry is poised for robust growth in the years ahead. Key growth drivers include favourable demographic trends, rapid urbanisation, a growing middle class, increasing substitution of plastic with sustainable alternatives, and supportive macroeconomic trends, reinforced by recently concluded FTAs and India's emergence as a global manufacturing hub.

End-user segments such as Pharmaceuticals, Apparel, QSRs / Food Service, FMCG, consumer durables and e-Commerce are anticipated to register strong growth. Demand for Writing & Printing paper is also anticipated to remain firm on the back of requirements 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 is a key source of competitive advantage for the Paperboards & Specialty Papers Business. This advantage is underpinned by secure access to high-quality, cost-competitive and renewable fibre; continuous development of high-yielding, disease-resistant clonal saplings; efficient and resilient manufacturing enabled by in-house pulp capability, imported pulp substitution and world-class facilities; and sustained improvement through product and process innovation, energy efficiency and digital / Industry 4.0 adoption. These strengths are further reinforced by robust forward linkages with the Education and Stationery Products Business and the Packaging and Printing 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 integrated nature of your Company's business model is a key source of competitive advantage for the Paperboards & Specialty Papers Business. This advantage is underpinned by secure access to high-quality, cost-competitive and renewable fibre; continuous development of high-yielding, disease-resistant clonal saplings; efficient and resilient manufacturing enabled by in-house pulp capability, imported pulp substitution and world-class facilities; and sustained improvement through product and process innovation, energy efficiency and digital / Industry 4.0 adoption.

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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 differentiated and innovative packaging solutions across carton and flexible packaging platforms, widely acknowledged for its operational excellence, quality and reliability. Leveraging world-class infrastructure and integrated end-to-end capabilities including distributed manufacturing footprint, in-house cylinder making and blown film lines, the Business delivers packaging that meets stringent functional requirements while elevating the branded product experience.

The Business serves leading customers across Food & Beverage, Personal Care, Home Care, Footwear, Consumer Electronics & Electricals, QSRs, Pharma, Liquor, Tobacco and other end-use segments. Consistent performance on quality, reliability and competitiveness has strengthened its position as a preferred packaging partner to reputed FMCG companies. The Business also provides strategic support to your Company's FMCG Businesses and Cigarettes Business by facilitating faster turnaround for new launches, innovative & sustainable packaging solutions, design changes and ensuring security of supplies.

During the year, the operating environment was marked by heightened uncertainty and volatility along with increased competitive intensity. Against this backdrop, the Business demonstrated resilience and continued to pursue new business development opportunities across segments while strengthening capabilities aligned to customer priorities.

Innovation remains a key strategic pillar, anchored in deep understanding of end-user requirements and the capabilities of your Company's LSTC. Under the flagship 'InnovPack' range of sustainable packaging solutions, the Business has established a robust innovative

pipeline of solutions developed through molecular science research aligned with rising sustainability expectations and the transition to plastic alternatives. This includes offerings such as compostable barrier solutions (Bioseal), recyclable coating systems to enhance barrier performance (Oxyblock) and coatings designed to support hygiene-sensitive applications (Germ-free coating). Multiple initiatives aligned to the principles of "Reducing, Reusing and Recycling" of plastic substrates are progressing across stages of customer validation and commercialisation.

The Business continues to strengthen its competitiveness through systematic processes to deliver excellence in execution and quality, productivity and waste reduction, supported by capability building and digital enablement. In line with its long-term roadmap, the Business continues to scale up Industry 4.0 adoption across its units.

The Business' performance and capabilities were recognised through prestigious international and national awards, including the WorldStar awards in pack premiumisation and sustainability, as well as accolades from leading industry bodies for excellence in packaging and customer service. These include the IFCA Star awards, the SIES SOP Star Awards, FIPSA Awards for excellence in packaging. The Business was also awarded the Customer Service Company of the Year 2025 by PrintWeek.

The Business maintains robust management systems for quality, environment, occupational health and safety, and social and ethical compliance, supported by recognised third-party certifications and customer audits. Certain units are also certified to global packaging standards and sustainability frameworks, reinforcing the Business' ability to serve hygiene-sensitive and export-oriented applications as well as customers with enhanced sustainability requirements. 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. Cartons Packaging lines at Tiruvottiyur

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and Haridwar units received the 'Grade AA' and the Nadiad unit received 'Grade A' - Brand Reputation Compliance Global Standards (BRCGS) certification for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. During the year, the Tiruvottiyur unit obtained ISCC Plus certification, strengthening the Business' ability to validate recyclable laminate structures and advance sustainable packaging solutions. All key units of the Business are Sedex-certified for social and ethical compliance; the Business also holds an EcoVadis Bronze certification, underscoring its commitment to sustainability performance.

The outlook for the Indian packaging industry remains positive, supported by rising disposable incomes, urbanisation, favourable demographics and increasing penetration of modern trade and e-Commerce. Further, policy and regulatory initiatives aimed at strengthening food safety and accelerating the growth of organised retail are expected to drive demand for high-quality, standardised packaging solutions aligned with evolving regulatory and quality requirements.

Growing stakeholders' focus on decarbonisation, and an increasing regulatory emphasis on plastic reduction and circularity, are expected to accelerate the adoption of sustainable packaging solutions, including recyclable, mono-material and circular alternatives. With capabilities across diverse technology platforms, a robust pipeline of sustainable solutions and strong quality management systems, the Packaging and Printing Business is well positioned to deepen customer partnerships across key segments, viz., Food & Beverage, Personal Care, Home Care, QSRs, Footwear, Consumer Electronics, Pharma and Tobacco, while continuing to support your Company's FMCG Businesses. Going forward, the Business will sharpen its strategic focus on innovation, customer-centric solutions, sustainability, capability building and smart manufacturing to reinforce its leadership in integrated packaging solutions.

AGRI BUSINESS

Leaf Tobacco

The Business continued to leverage its deep customer relationships, 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. During the year, the Business consolidated its position as the largest Indian exporter of unmanufactured tobacco and increased its share of business with international buyers of Indian tobacco through focused business development, facilitating increased crop production backed by adoption of Weather Resilient Tobacco Production Systems and strengthening the competitiveness of Indian FCV and Burley tobaccos, leveraging its sustainable tobacco programme.

The Business sharpened its strategic focus across the tobacco value chain on five priorities: Quality, Consistency, Compliance, Climate risk mitigation and Sustainability. Sustained investments continue to be made in your Company's Green Leaf Threshing (GLT) plants towards world-class quality, processing technology & capability upgradation, aligned with evolving customer expectations and regulatory requirements. Crop and region-specific agronomic practices are being scaled up to address emerging customer needs and enhance competitiveness.

The Business continues to set benchmarks in leaf threshing operations by leveraging technology & digital capabilities to enhance quality assurance, process consistency, compliance, traceability and productivity. This includes selective deployment of advanced analytics & automation solutions across critical process stages, strengthening operational resilience and customer responsiveness while supporting the Business' strategic cost management agenda.

Digital tools such as AI/ML-powered real-time price discovery systems continue to be leveraged for facilitating efficient leaf tobacco buying across auction platforms. In addition, digitalisation interventions are being scaled up in areas spanning crop development, sourcing, process

The Leaf Tobacco Business continued to leverage its deep customer relationships, 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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optimisation and supply chain operations, which are expected to enhance operating efficiencies, while driving down cost in a structural manner.

Synergistic R&D initiatives with focus on varietal development, climate smart farming techniques, farm level digital interventions and usage of water efficient technologies are being scaled up towards enhancing productivity & product quality, reducing cultivation costs, strengthening resilience & capacity building of the farm value chain to increase crop security and enhance farmer incomes.

The Business continues to strengthen its sustainability agenda by scaling up integrated energy management and decarbonisation initiatives across farms, GLT operations and the supply chain. Key focus areas include energy efficiency, increased use of alternative fuels and energy plantations to improve fuel self-sufficiency in the curing process, along with a progressive shift towards renewable electricity in line with your Company's low-carbon growth philosophy. Further, integrated watershed management programmes are being advanced to strengthen water security during critical phases of the crop cycle.

In recognition of its commitment to the highest standards of Sustainability, EHS and Quality, the Business received several awards during the year, including the "Best Practice in Digital Transformation 2025" from CII; the "SEEM National Energy Management Award" with Platinum rating for Excellence in Energy Conservation for Chirala GLT; "Excellent Energy Efficient Unit" for Mysuru GLT at the CII National Award for Excellence in Energy Management, 2025; and Gold and Silver Awards for Chirala GLT and Anaparthi GLT, respectively, at the CII Andhra Pradesh Industrial Safety Excellence Awards 2025, as well as various awards from the Quality Circle Forum of India and CII for operational excellence.

Oversupply in international markets coupled with lower domestic demand due to the unprecedented increase in tax on cigarettes are expected to weigh on the prospects of the key stakeholders of Indian tobacco industry including Indian farmers and leaf tobacco processors / exporters.

In this context, addressing key structural factors is imperative to support sustained growth and competitiveness of leaf tobacco exports from India. Over time, punitive taxation on the legal cigarette industry has accelerated illicit trade, adversely impacting demand for Indian leaf tobacco. Lower export incentives and high import duties / tariffs in certain markets also weigh on export competitiveness. As stated in earlier years, a balanced regulatory and taxation regime that takes cognisance of India's unique tobacco consumption pattern and economic realities, along with appropriate policy support (including restoration of export incentives), remains important to support the tobacco farmers and the 46 million livelihoods dependent on the sector. According to an ASSOCHAM TARI Study¹⁰, the tobacco sector in India contributes substantial socio-economic benefits in terms of agricultural employment, farm incomes, revenue generation and foreign exchange earnings. Your Company continues to engage with policymakers on these matters.

The Business will continue to provide strategic sourcing support to your Company's Cigarettes Business and fortify 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, unique crop development & extension expertise, sustainability leadership, digital 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 superior and reliable supply chain partner for sourcing world-class leaf tobacco.

Other Agri Commodities

Global agri-commodity trade witnessed significant disruption during the year, driven by sweeping tariff measures imposed by the United States, the ongoing West Asia conflict—which continues to remain a key

¹⁰ ASSOCHAM TARI Study (2019)

Your Company's Agri Business has scaled significantly, with an annual throughput of appx. four million tonnes spanning 22 states and over 20 agri value chains, anchored in an integrated ecosystem that strengthens its resilience and competitiveness. The Business' strategic intent remains aligned with national priorities of climate resilient agriculture, enhancing agricultural productivity, improving market linkages and driving significant increase in farmers' incomes.

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monitorable—and climate-related supply uncertainties in key producing regions. India was among the countries most affected, with reciprocal tariffs escalating sharply, adversely impacting India's competitiveness in several agri-commodities. The supply chain disruptions, including logistical challenges following the West Asia conflict towards the end of the year, led to deferrals of call-offs by certain customers. On the domestic front, the Government imposed stock limits and export restrictions on key agri-commodities to ensure food security.

Overall, the combination of global agri-trade disruptions and domestic policy constraints created a challenging environment for your Company's Agri Business during the year. Amidst such conditions, your Company leveraged its strong farm linkages, extensive sourcing expertise (viz. enabling traceable, attribute-based and identity-preserved sourcing of commodities), multi-modal logistics capability, agile supply chain operations, deep customer relationships, and focus on scaling up the Value-Added Agri Products (VAAP) portfolio to deliver a resilient performance during the year. Easing of US tariffs following bilateral trade negotiations, coupled with the progressive relaxation of restrictions supported by adequate food stock buffers and moderating inflationary pressures, augur well for the year ahead.

As reported in earlier years, your Company's Agri Business has scaled significantly, with an annual throughput of appx. four million tonnes spanning 22 states and over 20 agri value chains, anchored in an integrated ecosystem that strengthens its resilience and competitiveness. The Business' strategic intent remains aligned with national priorities of climate resilient agriculture, enhancing agricultural productivity, improving market linkages and driving significant increase in farmers' incomes.

The Business remains focused on its strategy to rapidly scale up its VAAP portfolio straddling multiple agri value chains including Spices, Coffee, Frozen Marine Products and Horticulture products, amongst others. Leveraging institutional strengths such

as certified sourcing, advanced processing capabilities, customer-centric execution and digital platforms, including ITCMAARS, the portfolio further strengthened its competitive position, while simultaneously building new growth vectors in high-velocity channels. Committed to sustainable farm management practices backed by Rainforest Alliance and Global GAP accreditation, your Company has successfully strengthened farmer connections, improved traceability, and driven sustainable agricultural practices.

- Your Company's Spices Business strengthened its position as one of India's leading spice exporters, while maintaining its standing as the top exporter of organic spices.

Tariff-related uncertainty in the US was partially mitigated by diversifying to other food-safe markets such as the EU and UK. The Business also strengthened its presence in the Emerging Market segment, expanding trade in geographies such as Indonesia, Thailand, and Sri Lanka. At the same time, it significantly accelerated domestic market expansion, leveraging e-Commerce, Quick Commerce, and direct-to-consumer channels.

Organic spices remained a key growth driver, with volumes more than doubling during the year, supported by certified cultivation programmes and deep backward integration. The Business continues to scale up its Organic and Integrated Crop Management (ICM) programmes, expanding organic cultivation across multiple states to meet the growing demand for certified organic products. The Business remains committed to execution excellence and continues to maintain its unblemished track record in complying with stringent food safety standards. The proportion of customised products in the portfolio has increased considerably, underscoring your Company's strategic focus on premium offerings. The Business has also broadened its customer base across markets, initiating product partnerships with leading

Your Company's Spices Business strengthened its position as one of India's leading spice exporters, while maintaining its standing as the top exporter of organic spices.

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global players and demonstrating strong customer acquisition capabilities alongside a commitment to building lasting relationships.

- Global coffee markets witnessed significant volatility during the year, largely driven by the United States, a major consuming market, imposing 50% tariff on imports from Brazil, the world's largest producer. While production in major origins like Brazil and Vietnam remained stable, India's output declined due to adverse monsoon conditions. Consequently, Indian green coffee export prices surged impacting export competitiveness and volumes.

Leveraging its strategic sourcing presence in major coffee-growing regions of India and a sharper focus on certified, sustainably sourced coffees, the Business reinforced its position as one of the leading exporters. It strengthened its footprint in key international markets, particularly Europe and the Middle East, by capitalising on long-standing customer relationships, strong sustainability credentials, and agile execution.

- The frozen marine products segment was amongst the most severely impacted by the US tariff measures during the year, placing the country at a considerable disadvantage vis-à-vis competing origins such as Ecuador and Vietnam.

Despite these challenges, your Company — one of India's leading exporters of value-added frozen marine products with strong capabilities in processing individually quick-frozen (IQF), raw and cooked products — delivered robust growth during the year, diversifying its export footprint to offset the disadvantage arising due to high US tariffs. The Business strengthened its position in the 'Aquaculture Stewardship Council' ASC-certified shrimp segment, significantly expanding certified farm acreage and aligning with evolving customer procurement priorities.

- As stated earlier, a significant portion of fruits and vegetables is wasted along the agri value chain owing to seasonal factors, inherent perishability and lack

of economically viable cold-chain solutions. At the same time, evolving consumer preferences towards health foods and convenience are also leading to an increasing need for reliable, year-round availability of quality produce.

Your Company's Fresh Fruits & Vegetables Business is uniquely positioned to address these challenges through a responsible and traceable supply chain, supported by ITCMAARS, extensive farmer linkages and FPO-anchored sourcing clusters. To augment year-round supply capabilities and secure premium-grade produce during lean periods, the Business is piloting investments in Controlled Environment Agriculture (CEA) facilities, which are expected to complement open-field sourcing and enhance overall supply chain resilience. This is expected to create significant value across the agri value chain for such produce.

- Your Company continues to enhance its capabilities in the Medicinal and Aromatic Plant Extracts (MAPE) business through exports of plant extracts, backward integration and cultivation programmes. Key ayurvedic ingredients such as ashwagandha and turmeric were scaled up through farmer engagement, improving traceability and quality assurance. With a view to moving up the value chain from generic to proprietary extracts, focused initiatives are being piloted by LSTC, including tie-ups for technical collaboration with reputed institutions, while medicinal crops research farm in Madhya Pradesh continues to support varietal development, seed production, and standardised agronomic practices.

Your Company continued to scale its presence in the maize value chain during the year, leveraging its sourcing infrastructure and FPO network to significantly expand its customer base across ethanol and starch manufacturers. The Business has established a robust supply chain for high-yielding, high-quality starch-grade maize varieties catering effectively to the requirements of these end-use segments. Your Company continues to drive agricultural

Your Company continues to enhance its capabilities in the Medicinal and Aromatic Plant Extracts (MAPE) business through exports of plant extracts, backward integration and cultivation programmes.

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transformation at scale through ITCMAARS, a pioneering 'phygital' platform that integrates digital capabilities with on-ground engagement. ITCMAARS is a crop-agnostic, full-stack AgriTech platform that is enhancing procurement efficiency, optimising supply chains and creating new avenues for value generation, while delivering meaningful benefits to the farming community. Built on a strong physical layer anchored in FPOs and a digital layer through the ITCMAARS super-app, the initiative now spans over 2,100 FPOs and more than 2.6 million connected farmers across 11 states. The super-app, available in eight regional languages, enables wider access to advanced agronomy and decision support at scale through AI/ML-led predictive advisory, satellite-sensing enabled insights and the 'Krishi Mitra' GenAI voice assistant, while the physical layer enables access to biological inputs, drone-based precision farming, quality assaying, market linkages and rural services through FPOs and partners.

Aligned to sustainability goals of the organisation, emerging trends of consumer choices and the global regulatory landscape, ITCMAARS is building traceable value chains to enable 'Trust Systems at Scale'. Fully integrated, customised digital solutions are being developed for diverse compliance and certification requirements such as the EU Deforestation Regulation (EUDR), production and procurement of organic produce, and food-safe, residue-free commodities.

By seamlessly integrating digital capabilities with on-ground engagement through FPOs, ITCMAARS has significantly enhanced procurement efficiency at scale across multiple value chains, strengthened compliance readiness for evolving global standards, and created new avenues for value generation through adjacent businesses in agri-inputs, credit and rural services. The platform's integrated approach, combining advisory, input access and market linkages, enables your Company to translate evolving customer requirements around quality, traceability and compliance into on-ground production outcomes, creating value for both farmers and the Business.

During the year, your Company collaborated with the Department of Science & Technology, Government of India, under the 'Operation Dronagiri' initiative in Varanasi to deploy AI/ML-powered hyperlocal crop advisory through the ITCMAARS platform across 15 FPOs, covering over 27,000 wheat farmers and 39,000 acres. Independent assessments indicated appx. 15% yield improvements and nearly 30% increase in net returns for farmers adopting customised advisory, validating the potential of data-led, hyperlocal interventions to enhance farm productivity and incomes at scale. Building on these learnings, your Company will continue to strengthen and scale such science-backed solutions through ITCMAARS, while sharpening competitiveness across value-accretive agri-commodity chains.

Your Company's vast sourcing network holds enormous potential to create value across several agri chains. Through AI/ML models, your Company is building expertise in data-science led decision support systems to enhance agility and responsiveness across agri value chains. Such systems deepen the sourcing capabilities to dynamically respond to evolving conditions across multiple sourcing dimensions and make optimal decisions across temporal and spatial vectors.

These capabilities and infrastructure provide a structural advantage by enabling assurance of quality, traceability and competitiveness in sourcing agri raw materials, thereby supporting the growth strategy of your Company's Branded Packaged Foods Businesses.

- The Business continued to play a pivotal role in assuring benchmark-quality wheat and supply security to support the growing requirements of the 'Aashirvaad' atta portfolio. Leveraging a wide sourcing network, direct farm linkages including FPOs, and robust crop development initiatives, the Business ensured timely and cost-competitive procurement of critical grades of wheat. Digitally enabled sourcing capabilities supported scale and speed, while crop development efforts were intensified to improve

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climate resilience, enhance yields and secure premium varieties, thereby reinforcing product quality and consumer experience. Direct sourcing from FPOs through ITCMAARS has now scaled up to about 40% of the wheat sourced for 'Aashirvaad Atta' and Agri Business, leading to significant procurement related efficiencies and quality enhancement.

- During the year, the farmer-driven milk procurement network in Bihar, West Bengal and Jharkhand was strengthened to support the growing requirements of the Fresh Dairy portfolio under the 'Aashirvaad Svasti' brand. The Business deepened farmer partnerships and further enhanced transparency and efficiency through digitally enabled collection and direct farmer payments. Tailored dairy extension services spanning animal nutrition, health and productivity were scaled up, improving yields and reinforcing farmer loyalty. These initiatives enhanced farmer profitability while ensuring a consistent supply of superior-quality, attribute-specific milk aligned with brand requirements, thereby enabling continued portfolio expansion and innovation.
- The Business continued to scale up sourcing across a wide range of spices to support the growth requirements of the 'Sunrise' and 'Aashirvaad' brands, with a sharper focus on food safety, traceability and consistent supply.
- Going forward, your Company's dedicated organic sourcing capabilities—underpinned by specialised farm linkages and end-to-end traceability—will provide a clear competitive advantage for its organic portfolio across FMCG Businesses, by assuring authenticity, regulatory compliance and consistent quality.

The Business strengthened its collaborations with leading research institutions across India to build cost-effective, high-yielding and resilient agri value chains. By mapping climate hotspots and advancing regenerative agriculture, your Company introduced location-specific seed varieties and tailored agricultural practices in key states. This approach is aimed at enhancing crop intelligence,

reducing GHG emissions and improving soil health. Additionally, efforts to increase farm income were supported through the development of customised agri-inputs, laying the foundation for sustainable, future-ready food products.

Your Company became the first in India to receive the global Farm Sustainability Assessment (FSA) 3.0 Silver benchmark for wheat and paddy, independently audited by the SAI Platform. This milestone, achieved by working closely with over 3,500 farmers across 70+ FPOs in Uttar Pradesh and Bihar covering 22,000 acres, reinforces your Company's commitment to building traceable, sustainable agri value chains and further strengthens its positioning as a preferred partner for leading global buyers who seek sustainability credentials in procurement decisions.

Through a wide spectrum of initiatives including climate-resilient farming, natural resource management, competitive value chain development, cutting-edge digital interventions and robust market linkages, your Company is enabling Indian agriculture to scale new horizons while advancing national priorities and delivering sustainable impact.

Your Company's ability to deliver resilient performance across agri value chains, even amidst volatility, is anchored in structural advantages that are difficult to replicate. These include deep farmer linkages spanning millions of growers across multiple states, integrated crop development programmes, and a full-stack digital ecosystem in ITCMAARS enabling end-to-end traceability and comprehensive engagement with the farming community. Built through years of sustained investment, these differentiated capabilities make the Agri Business well-poised to capture emerging opportunities across value-accretive agri-commodity chains.

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

Your Company became the first in India to receive the
global Farm Sustainability Assessment (FSA) 3.0 Silver benchmark
for wheat and paddy, independently audited by the SAI Platform.

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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 corporate website, www.itcportal.com, in downloadable format.

As stated above, your Company acquired 100% shareholding in Sresta Natural Bioproducts Private Limited ('Sresta') – an Indian company primarily engaged in the business of manufacture and sale of organic packaged food products (staples, spices, processed foods, etc.) under the brand name '24 Mantra Organic' in the domestic as well as international markets, directly and through its two wholly-owned foreign subsidiaries, namely Fyve Elements LLC in the USA and Sresta Global FZE in the UAE.

The Board of Directors of your Company on 1st August, 2025, in order to fully realise the envisaged synergy benefits for acquisition of Sresta and to carry on combined operations more efficiently and economically, approved the Scheme of Amalgamation of Sresta and Wimco Limited ('Wimco') with your Company ('Scheme'). The Scheme was sanctioned by the Honourable National Company Law Tribunal ('NCLT'), Kolkata and Hyderabad Benches. Since all the requisite formalities have been completed, the aforesaid amalgamation has been given effect to in the Financial Statements from the respective Appointed Dates i.e. 1st April, 2025 for Wimco and 13th June, 2025 for Sresta. Accordingly, the two subsidiaries of Sresta viz., Sresta Global FZE, UAE and Fyve Elements LLC, USA, have become direct wholly-owned subsidiaries of the Company. Sresta and Wimco will be dissolved with effect from 1st June, 2026.

Your Company's Policy for determination of a material subsidiary, 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 www.itcportal.com/material-subsi-dary-policy. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

Nepal's GDP grew by 4.6% in real terms during the fiscal year ended 16th July, 2025, up from 3.7% in the previous year. This was primarily driven by recovery in manufacturing, construction and trade, coupled with expansion in the hydropower sector, even as the agriculture

sector remained subdued owing to erratic monsoons. With consumer price inflation remaining range-bound during the year, the Nepal Rastra Bank continued with its accommodative monetary policy stance.

Nepal witnessed political unrest in September 2025, causing substantial disruption in economic activity for about six months, leading eventually to a change in the Government in March 2026. Real GDP growth for fiscal year 2025-26 is expected to moderate to 3.0%¹¹, largely reflecting the impact of the disruptions during this period and the continued weakness in agricultural performance. During the first eight months of the fiscal year (ended 15th March, 2026), food inflation increased by 3.6% (compared to 3.3% previous year). However, inward remittances, which account for appx. 28% of GDP, grew by 38% in the first 8 months of the current financial year, providing support to domestic demand.

The new Government has announced a wide range of initiatives, inter alia, towards strengthening governance, modernising public service delivery, digital transformation and ease of doing business. A stable government, resilient remittance inflows, and low interest rates are expected to underpin growth in the near term. Real GDP growth for fiscal year 2026-27 is expected to recover to 4.6%¹¹. However, risks arising from geopolitical developments, particularly the West Asia disruptions, may weigh on remittance inflows, add to inflationary pressures and pose downside risks to overall economic growth.

Structural reforms aimed at fostering domestic and foreign investments, enabling private sector growth, strengthening local manufacturing, and supporting sectors that create large economic multiplier effect remain critical to achieve sustained economic growth.

The legal cigarette industry provides livelihoods to over five lakh people involved in tobacco cultivation, manufacturing & trade and makes a significant contribution to the revenue collection of the Government of Nepal. Despite its far-reaching economic impact, the legal cigarette industry continues to face significant challenges from an increasingly punitive & discriminatory taxation, and regulatory regime. The company continues to engage with policy makers for equitable, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives.

¹¹ As per IMF estimates April'26

Report of the Board of Directors

The company delivered a robust performance during the year, despite the challenging operating environment. The Cigarette business reinforced its market standing by leveraging its robust portfolio, complemented by new launches & superior product quality, and a wide distribution network. Additionally, several initiatives were undertaken to enhance product quality and efficiency.

The company's manufacturing systems continued to be agile and set new benchmarks in quality and productivity. Digital initiatives were undertaken across the manufacturing chain to, inter alia, drive operational excellence and enhance quality assurance. Relentless focus on developing world-class products, anchored on innovation and benchmarked to international quality standards, remains a key source of sustainable competitive advantage for the company.

In the Foods business, the company scaled up distribution and availability of 'Sunfeast Dark Fantasy Choco Fills' biscuits, which coupled with focused brand building investments, enabled premium positioning for the brand in the market. In the Confectionery portfolio, the company continued to make focused investments towards enhancing its market standing. The company has successfully scaled up its 'Sunfeast Dark Fantasy Choco Rolls', manufactured at its state-of-the-art manufacturing facility in Biratnagar, by leveraging a strong distribution network. The product has received encouraging consumer response and is being scaled up in target markets.

To promote authentic 'Made in Nepal' products globally, the company recently launched an ultra-premium, unifloral Himalayan chestnut honey under the brand name 'Marani' in the U.S. market. A dedicated direct-to-consumer portal - www.himalayantreasures.com is also operational.

The company's wholly-owned subsidiary, Surya Nepal Ventures Private Limited, engaged in manufacturing and sales of Agarbatti, continued to strengthen its market standing leveraging its differentiated product portfolio, sharply focused marketing investments and best-in-class product availability across target markets. The 'Mangaldeep' range of products straddles all segments and price points, offering consumers Agarbattis in a variety of fragrances and packaging formats, backed by a robust trade marketing and distribution infrastructure.

The company continues to make multi-dimensional contributions towards building the societal and economic

capital of Nepal. In line with applicable regulations and CSR policy, the company carried out initiatives under four distinct CSR Platforms, namely, Surya Nepal *Asha*, Surya Nepal *Prakriti*, Surya Nepal *Adharshila* and Surya Nepal *Gatha* during the year. Key interventions include:

- providing assistance to farmers in areas proximal to the company's operations,
- creation of agri-infrastructure such as vermicompost pits, harvesting sheds, etc.,
- providing training to improve productivity and enhance income generation for farmers through animal husbandry,
- improvement in the quality of education in public schools in the vicinity of the company's operating locations,
- development of public infrastructure in the catchment areas of operating locations,
- assistance in various environment preservation measures like urban plantation and preservation of biodiversity,
- support in organising the largest Nepali literature festival and assistance in promotion and revival of the local Nepali folk musical instrument – 'Sarangi' through various training programs and workshops.

During the year, the company recorded Revenue from Operations of NRs. 5669 crores (previous year NRs. 5293 crores) and Net Profit of NRs. 1289 crores (previous year NRs. 1172 crores) on a consolidated basis.

The company declared a dividend of NRs. 303 per equity share of NRs. 50 each for the year ended 15th July, 2025 (32nd Asadh, 2081), amounting to NRs. 1222 crores (previous year NRs. 273 per equity share of NRs. 50 each amounting to NRs. 1101 crores).

The company remains one of the largest contributors to the exchequer in Nepal and 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. The company continues to rapidly scale-up the newer FMCG businesses and evaluate emerging opportunities in this space.

Report of the Board of Directors

ITC Infotech India Limited and its subsidiaries

During the year, the Indian IT services industry faced headwinds due to weak discretionary client spending, delayed project decision making and 'AI deflation' where AI adoption compressed revenues for traditional services. This was compounded by global macro-economic uncertainty & geopolitical developments. Notwithstanding such challenges, the company delivered a strong performance during the year with revenue growth of appx. 14%, ranking it amongst the fastest-growing companies in the Indian IT services industry. Further, the company achieved a lifetime high Customer Experience Score, ranking amongst the highest in the Indian IT services industry.

The global technology industry is at an inflection point, transitioning towards an era of intelligent and integrated operations, driven by the widespread adoption of Generative Artificial Intelligence (GenAI) and cloud-native architectures. India's technology sector is also witnessing a pivotal shift, as AI adoption is scaling up from experimentation to wider enterprise scale deployment. This transition is, inter alia, driving a shift in the delivery model from effort-based to outcome-based services. Service providers that pair deep domain expertise with AI deployment at scale, are best placed to win in this fast-evolving operating landscape.

Against this backdrop, the company remains focused on driving accelerated growth anchored in its core strategy pillar of customer-centricity. During the year, the company established new engineering hubs in Riyadh (Middle East markets) and Melbourne (APAC market), and extended its footprint within India with new centres in Hyderabad, Pune and Mumbai. With AI-led services being central to this expansion, the company also set up Global AI Labs in Bengaluru, Kolkata and Pune, with each Lab being aligned to a hyperscaler partner. Customer experience remains a key priority for the company; Customer Experience Centers in Bengaluru and Kolkata, which function as digital co-creation hubs, as well as the engineering hubs in Riyadh and Melbourne help accelerate ideas from 'proof of concept' to enterprise-scale deployment for customers.

In response to the significant shifts in the IT Services industry as stated above, the company is rapidly

re-architecting its operating model to being "Led by Industry Domain. Measured by Business outcomes. Deployed at Scale." Investments are being stepped up in capability building towards addressing the emerging value pools viz. Agentic Re-imagination of legacy service offerings such as Application Management, Infrastructure, SAP, Testing & Data Services; 'Agentification' of business services; Full stack Agentic Platforms for building, deploying and scaling autonomous agents; AI-led Solutions for focus verticals such as Hospitality, Manufacturing & Consumer Packaged Goods; and Re-engineering 'Data for AI'.

Attracting, training, and retaining high-quality talent, particularly in niche and NextGen technologies, remains a top priority to succeed in the future. In this context, the company scaled up structured upskilling programs in GenAI, Automation and Modern Engineering across the organisation, strengthening the blend of AI readiness and domain expertise. The company advanced its AI talent readiness through a structured, enterprise-wide capability program anchored in the AI League framework, spanning foundational, practitioner, builder and innovator tracks across 10,000+ employees in sales, delivery and enabling functions.

The company's investments in technology-led solutions and dedicated AI & Innovation Labs received recognition during the year from partners and analysts. K-Fabrik™ (a composable platform to build, deploy and govern enterprise-scale Generative and Agentic AI) was declared a Winner at the 16th Aegis Graham Bell Awards for Innovation in GenAI - AI Infra, Orchestration & Platforms, and HFS Research recognised the ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) platform as a global benchmark for Agri-Tech transformation.

The company is making sustained progress by effectively leveraging the momentum of its recent acquisitions - Blazeclan Technologies, a cloud consulting firm with capabilities across AWS, Azure and GCP, and a part of PTC's product lifecycle management (PLM) consulting and professional services business. Inorganic opportunities continue to be pursued in strategic priority areas towards strengthening and scaling the portfolio of offerings.

Report of the Board of Directors

During the year, the company's consolidated Revenue from Operations stood at ₹ 4835.00 crores (previous year ₹ 4244.83 crores). Profit Before Tax and Exceptional items stood at ₹ 667.37 crores (previous year ₹ 620.76 crores) while Net Profit for the year stood at ₹ 407.78 crores (previous year ₹ 449.82 crores).

For the year under review:

- a) ITC Infotech India Limited recorded Revenue from Operations of ₹ 3488.76 crores (previous year ₹ 3204.32 crores) and Net Profit of ₹ 497.08 crores (previous year ₹ 466.62 crores). The company paid a total dividend of ₹ 41.25 per Equity Share of ₹ 10/- each aggregating ₹ 374.76 crores (previous year ₹ 53.75 per Equity Share of ₹ 10/- each aggregating ₹ 488.32 crores).
- b) ITC Infotech Limited, UK, a wholly-owned subsidiary of the company, recorded Revenue of GBP 31.53 million (previous year GBP 28.80 million) and Net Profit of GBP 1.60 million (previous year GBP 1.33 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\$ 155.61 million (previous year US\$ 160.71 million) and Net Profit of US\$ 7.03 million (previous year US\$ 6.53 million).
- d) In the recent past, ITC Infotech India Limited has also set up subsidiary companies in Brazil, Mexico, France, Germany, Italy, Malaysia and Saudi Arabia. Further, the company acquired Blazeclan Technologies Private Limited and its subsidiaries based in several countries including Singapore, Australia, Malaysia, Belgium, New Zealand, USA, Canada and Philippines. Please refer to Form AOC-1 (Statement containing salient features of the financial statements of Subsidiaries / Associate companies / Joint Ventures), forming part of the Report and Accounts, for details on financial performance of these companies.

The company remains confident that its strong foundation of deep domain knowledge, technological capabilities and global talent pool will enable it to deliver top quartile industry growth in the years ahead. It will continue to drive scale and long-term differentiation by deepening key client relationships and amplifying its vertical-specific

portfolio of technology offerings, while scaling its platforms and strengthening strategic alliances with hyperscalers across its focus areas viz. GenAI and Agentic AI, Digital, Data & Analytics, Cloud and Infrastructure Services. With sustained investments in building the capabilities of the future and in attracting, training and retaining the right talent — anchored in a customer-focused, employee-centric and high-performance culture — the company is well positioned to deliver enduring and profitable growth.

Technico Agri Sciences Limited

During the year under review, potato production in India stood at appx. 58.6 million MT, representing an increase of 2.7% over the previous year. Higher output coupled with improved availability of premium quality seed potatoes resulted in subdued realisations during the year.

Amidst these market conditions, the company focused on consolidating its relationship with the farming community. Strategic initiatives of the company included expanding geographic presence across India, strengthening distribution in secondary & tertiary markets, and leveraging emerging opportunities in key markets such as West Bengal during peak seed sales season, supported by its strong brand value. These interventions enabled the company to record its highest ever revenue from seed sales during the year.

The company continues to consolidate its leadership in production of early generation seed potatoes, underpinned by strong agronomy capabilities. This remains integral to supporting the 'Bingo!' range of potato chips of your Company, while also addressing the seed potato requirements of the farmer base of your Company's Agri Business.

The company's Revenue from Operations stood at ₹ 416.16 crores (previous year ₹ 383.68 crores) with Net Profit of ₹ 79.89 crores (previous year ₹ 83.76 crores). Total Comprehensive Income for the year stood at ₹ 80.01 crores (previous year ₹ 83.71 crores).

The company declared an interim dividend of ₹ 6.5 per equity share of ₹ 10 each for the year ended 31st March, 2026, amounting to ₹ 24.68 crores (previous year Nil).

The company continues to build on a strong foundation for the future and remains confident of leveraging its deep domain expertise to strengthen farmer relationships, crucial for developing high yield and climate resilient seed varieties and fortify its market standing in the seed potato industry.

Report of the Board of Directors

Technico Pty Limited and its subsidiaries

The company continues to focus on advancement and commercialisation of its proprietary TECHNITUBER® Seed Technology, alongside ongoing efforts to customise the agronomic practices for effective deployment across various geographies. In parallel, the company is actively engaged in the global marketing of TECHNITUBER® seed produced at the facilities of its subsidiaries in China and Technico Agri Sciences Limited, India (a wholly-owned subsidiary of your Company). For the year under review:

- Technico Pty Limited, Australia registered a turnover of Australian Dollars (A\$) 2.99 million (previous year A\$ 2.86 million) and a Net Profit of A\$ 2.55 million (previous year A\$ 1.51 million).
- Technico Technologies Inc., Canada, Technico Asia Holdings Pty Limited, Australia, and Technico Horticultural (Kunming) Co. Limited, China – there were no material developments to report during the year.

The company declared a dividend of A\$ 0.55 per share of A\$1 each for the year ended 31st March, 2026, amounting to A\$ 5,508,526 (previous year A\$ 5,007,752).

North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited (NENPL), which owns a food processing facility in Mangaldoi, Assam, catering to the biscuits market in Assam and other North-Eastern states.

The company continues to focus on consistently improving operational efficiency and productivity. In recognition of its high standards of manufacturing excellence and quality, the company continues to receive industry recognition at the national and regional levels. NENPL received four Gold Awards at the Convention on Quality Concepts 2025, organised by the Quality Circle Forum of India, Durgapur Chapter. The company also received one Platinum & two gold awards in CII Kaizen competition 2025, two gold awards in CII National Technology Competition 2025 and a Jury Champion Award in CII Champions Trophy 2025.

The company's Revenue from Operations for the year stood at ₹ 158.44 crores (previous year ₹ 158.87 crores), while Net Profit for the year was ₹ 11.00 crores (previous year ₹ 13.63 crores). Total Comprehensive Income for the year stood at ₹ 11.01 crores (previous year ₹ 13.60 crores).

For FY 2025-26, the Board of Directors of NENPL has recommended a final dividend of ₹ 1.50 per equity share

of ₹ 10 each, aggregating ₹ 10.95 crores (previous year final dividend of ₹ 2.00 per equity share of ₹ 10 each, aggregating ₹ 14.60 crores).

ITC IndiVision Limited

The company is engaged in the manufacture and export of nicotine and nicotine derivative products. The company's manufacturing facility, situated near Mysuru, has the capability to produce purest nicotine derivatives conforming to US and EU pharmacopoeia standards. During the year, the company undertook extensive product development initiatives, customer trials and business development efforts. The company made good progress during the year, with commercial shipments scaling up in the latter half of the year, and is well positioned to expand the business going forward.

For the financial year ended 31st March, 2026, the company recorded Total Income of ₹ 69.31 crores (previous year ₹ 10.51 crores) and EBITDA of ₹ 17.51 crores (previous year EBITDA loss of ₹ 18.54 crores).

ITC Fibre Innovations Limited

The company manufactures Moulded Fibre Products made from renewable natural fibres such as wood, bamboo, bagasse & wastepaper and offers sustainable packaging solutions across industries, including food service & delivery, pharmaceutical, FMCG and electronics.

Backed by a state-of-the-art manufacturing facility at Badiyakhedi, Madhya Pradesh, equipped with advanced thermoforming machines and inline high-speed trimming systems, the company is pursuing opportunities in a rapidly evolving sustainable packaging solutions space. The company has the unique capability to manufacture complex high volume Moulded Fibre Products in India.

During the year, the company carried out extensive prototyping and sampling to support the development of Next-Gen products; however, it faced challenges largely due to disruptions arising from US tariff changes. Plans are on the anvil to accelerate growth through focused market development anchored on a differentiated MFP portfolio leveraging innovation and agile operations.

For the financial year ended 31st March, 2026, the company recorded Total Income of ₹ 5.43 crores (previous year ₹ 4.61 crores) with EBITDA loss of ₹ 26.39 crores (previous year loss of ₹ 17.57 crores) primarily on account of product stabilisation expenses.

Report of the Board of Directors

Russell Credit Limited

The company recorded Total Income of ₹ 75.10 crores (previous year ₹ 71.91 crores) and Net Profit of ₹ 51.12 crores (previous year ₹ 47.49 crores). Growth in Total Income was driven by higher surplus liquidity during the year.

Temporary surplus liquidity of the company is mainly deployed in bonds, debt mutual funds, bank fixed deposits, certificate of deposits, etc. 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.

For FY 2025-26, the company declared final dividend of ₹ 0.394 per Equity Share of ₹ 10 each, aggregating ₹ 25.47 crores (previous year final dividend of ₹ 0.36 per Equity Share of ₹ 10 each, aggregating ₹ 23.27 crores).

The Board and the shareholders of the company have approved reduction of the Equity Share Capital of the company from ₹ 646.48 crores to ₹ 246.48 crores, by way of cancelling and extinguishing 40 crores fully paid-up Equity Shares of ₹ 10 each and returning the amount of ₹ 400 crores to your Company (owning 100% stake in the company). The said capital reduction, which is subject to confirmation by the NCLT, Kolkata Bench, is expected to conclude in FY 2026-27.

Gold Flake Corporation Limited

The company holds 50% equity stake in ITC Filtrona Limited.

During the year, the company recorded Total Income of ₹ 30.76 crores (previous year ₹ 25.11 crores) and Net Profit of ₹ 29.30 crores (previous year ₹ 23.80 crores). The company declared interim dividend of ₹ 17.60 per Equity Share of ₹ 10 each, aggregating ₹ 28.16 crores (previous year ₹ 14.10 per Equity Share of ₹ 10 each, aggregating ₹ 22.56 crores).

Greenacre Holdings Limited

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

During the year, the company recorded Total Income of ₹ 16.72 crores (previous year ₹ 13.46 crores) and Net Profit of ₹ 3.61 crores (previous year ₹ 7.23 crores).

ITC Integrated Business Services Limited

The company is in the business of providing support to the Business Shared Services operations of your Company and its related entities.

During the year, the company recorded Total Income of ₹ 22.08 crores (previous year ₹ 21.50 crores) and Net Profit of ₹ 1.35 crores (previous year ₹ 1.41 crores).

MRR Trading & Investment Company Limited

The company, a wholly-owned subsidiary of ITC Integrated Business Services 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 ₹ 9.18 lakhs (previous year ₹ 7.58 lakhs) and Net Profit of ₹ 0.73 lakh (previous year ₹ 0.41 lakh).

Pavan Poplar Limited

The operations of the company had been adversely impacted pursuant to the order of the Honourable High Court of Uttarakhand at Nainital in February 2014 ('Order'), 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 company had filed an appeal against the Order.

Considering the time and resources involved, the company withdrew the said appeal with the approval of the Honourable High Court and applied for voluntary liquidation. The company was admitted to the voluntary liquidation process on 1st August, 2025 under the provisions of the Insolvency and Bankruptcy Code, 2016 read with applicable rules and a liquidator was appointed by the NCLT, Mumbai Bench.

The dissolution petition has been filed by the Liquidator with the NCLT, Mumbai Bench, with the final order currently pending.

Prag Agro Farm Limited

The operations of the company were adversely impacted pursuant to the order of the Honourable High Court of Uttarakhand at Nainital in February 2014 ('Order') 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 company had filed an appeal against the Order.

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Considering the time and resources involved, the company withdrew the said appeal with the approval of the Honourable High Court and applied for voluntary liquidation. The company was admitted to the voluntary liquidation process on 1st August, 2025 under the provisions of the Insolvency and Bankruptcy Code, and a liquidator was appointed by the NCLT, Mumbai Bench.

The company was dissolved vide NCLT order approving the dissolution, with effect from 10th December, 2025.

Fyve Elements LLC

Fyve Elements LLC (Fyve) was incorporated in the state of Maryland, USA and is a wholly-owned subsidiary of your Company, engaged in the business of wholesale and retail distribution of a range of organic packaged food products in the USA primarily under the '24 Mantra Organic' brand.

During the year ended 31st March, 2026, the company's Revenue from Operations stood at US\$ 16.69 million (previous year US\$ 14.74 million). Net Profit during the year stood at US\$ 0.17 million (previous year loss US\$ 0.13 million).

Sresta Global FZE

Sresta Global FZE was incorporated in Ras Al Khaimah, United Arab Emirates and is a wholly-owned subsidiary of your Company, engaged in the business of sale of organic packaged food products under the '24 Mantra Organic' brand.

During the year ended 31st March, 2026, the company's Revenue from Operations stood at US\$ 0.76 million (previous year US\$ 0.70 million).

NOTES ON JOINT VENTURES

ITC Filtrona Limited – a joint venture of Gold Flake Corporation Limited

The company demonstrated a resilient performance despite a challenging operating environment during the year, supported by agility in execution and effective customer service.

The company sustained its leadership position in the industry, consolidating its status as the preferred supply chain partner for several well-known national brands. The company continues to leverage its core strengths of focused innovation, best-in-class quality, consistent delivery, and strong customer relationships.

The company continues to partner with its customers and invest in technology upgradation and capability building towards sustaining its position as the 'innovation and quality benchmark' in the Indian cigarette filter industry.

During the year ended 31st March, 2026, the company's Revenue from Operations stood at ₹ 859.20 crores (previous year ₹ 761.34 crores). Net Profit during the year stood at ₹ 82.77 crores (previous year ₹ 83.85 crores).

The Board of Directors of the company has recommended a dividend of ₹ 133 per equity share of ₹ 10 each for the year ended 31st March, 2026 (previous year ₹ 125 per equity share).

Logix Developers Private Limited (LDPL)

Logix Developers Private Limited is a joint venture between your Company and Logix Estates Private Limited for developing a luxury hotel-cum-service apartment complex at LDPL'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 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

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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, in its financial statements for the year ended 31st March, 2022.

During the year ended 31st March, 2026, the company recorded a Net Profit of ₹ 0.23 crore (previous year ₹ 0.25 crore). The Net Worth of the company stood at ₹ 5.80 crores as at 31st March, 2026 (previous year ₹ 5.57 crores).

Your Company's total investment in LDPL was ₹ 41.95 crores. Your Company had made provision of the entire investment amount as diminution in the carrying value of investment in the previous years and consequently the carrying value of your Company's investment in LDPL as at 31st March, 2026, is Nil.

The financial statements of LDPL for the year ended 31st March, 2026, 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, 2026, have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

ITC Hotels Limited

ITC Hotels Limited ('ITCHL') became an associate of your Company consequent to the demerger of your Company's Hotels business (excluding ITC Grand Central, Mumbai) effective from 1st January, 2025. Your Company holds 39.85% stake in ITCHL as at 31st March, 2026.

The year marked five decades since the commencement of the Hotels business in 1975 with Welcomhotel Chennai. Over the last 50 years, the business has evolved from a single landmark hotel into a scaled and institutionally strong enterprise, underpinned by strong brand equity, robust operating capability and globally acclaimed cuisine excellence.

ITCHL stands amongst India's fastest growing hospitality companies with a diverse portfolio, comprising more than 150 hotels and 14,000 keys. The company operates

across multiple hotel brands, catering to different market segments, and is recognised for its world-class properties, iconic brand architecture, signature culinary offerings, and superior service standards. Anchored in its 'Responsible Luxury' ethos, the company embeds sustainability across design, operations, and guest experience.

During the year, the Indian hospitality industry witnessed steady growth, supported by resilient domestic demand, amidst intermittent external disruptions through the year. After a strong start, travel momentum softened due to a confluence of factors, including geopolitical disruptions, aviation incidents, adverse weather events and the West Asia conflict.

Navigating this challenging operating environment with operational agility and disciplined execution, ITCHL delivered resilient performance with 16% growth in Consolidated Revenue and 37% growth in Consolidated Profit Before Tax¹². Robust Occupancy and Average Daily Rate (ADR) growth, driven by sustained demand and smart revenue management, boosted overall Revenues. During the year, ITCHL's subsidiary, WelcomHotels Lanka (Private) Limited, achieved a significant milestone as ITC Ratnadipa, Colombo turned cash positive within its first full year of operations along with the commencement of delivery of Sapphire Residences.

In line with its 'Asset-Right' growth strategy, ITCHL continued to scale its portfolio through strategic investments in high-potential locations and actively partner with asset owners to expand its presence across Tier-II and Tier-III cities. During the year, new hotel projects were announced at Visakhapatnam and New Delhi. The hotel at Visakhapatnam is envisaged to address the city's growing demand from IT and data centres, industrial and port-led business travel, further strengthening ITCHL's presence on the eastern coast. The hotel at Yashobhoomi Complex, New Delhi, with contemporary banqueting infrastructure and signature cuisine offerings is expected to leverage Yashobhoomi's positioning as a global hub for conventions, exhibitions and marquee events. Construction is progressing well on the ongoing projects at Puri and Welcomhotel Bhubaneswar. The company also unveiled a new premium brand 'Epiq Collection', focused on sustainability, culinary innovation and design sophistication, to further strengthen its premiumisation strategy.

¹² Before Exceptional Items

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ITCHL's leadership in sustainable and people-first practices was reaffirmed during the year through global and domestic industry recognitions, including being named the *World's Leading Sustainable Organisation* and *World's Leading Sustainable Employer* at the World Sustainable Travel & Hospitality Awards 2025, and being ranked #5 in India and #45 in Asia among the *Best Companies to Work For 2025* by Great Place To Work.

The outlook for the Indian hospitality sector remains positive, driven by sustained domestic demand and travel premiumisation across leisure, business, weddings, MICE and religious tourism. This broad-based growth has reduced dependence on international arrivals, significantly enhancing the sector's stability. Recent policy measures such as GST rationalisation and monetary easing are anticipated to further bolster discretionary consumer spends in the near term. Leveraging strong brand equity, sustainability leadership, institutional strengths, and the sectoral tailwinds, ITC is well-poised to create sustained value for all stakeholders.

The Board of Directors of the company has recommended a dividend of ₹ 1.00 per equity share of ₹ 1.00 each for the financial year ended 31st March, 2026, for approval of its shareholders (previous year: Nil).

Ample Foods Private Limited

In February, 2025, your Company signed Definitive Agreements for the acquisition of 100% of the share capital of Ample Foods Private Limited (Prasuma), in one or more tranches, over a period of about three years. Your Company completed the first tranche of acquisition of 43.75% stake in Prasuma on 4th April, 2025.

Prasuma is a leading player in the frozen, chilled and ready to cook foods space in India and operates with 'Prasuma', 'Meatigo' and 'Prasuma Momo Kitchen' brands, specialising in oriental cuisine (viz. Momos, Spring rolls, Baos, Korean fried chicken), high-quality delicatessens & raw meats and others. Prasuma offers a wide assortment of 300+ products, backed by strong expertise in developing innovative 'Good-for-You' products, and has been a pioneer in frozen products like Baos, Korean fried chicken, Schezwan momo meal, etc. Prasuma is a strong strategic fit with your Company's Frozen Foods business (under the 'ITC Master Chef' brand) and will enable your Company to expand its portfolio in this fast growing space.

During the year, the company augmented its product portfolio with the launch of five new variants of Momos & Sausages, viz. Chicken Cheese &

Onion Sausage, Chicken Pepper & Herb Sausage, Cheese & Chicken Momos, Whole Wheat Momos Veg & Paneer and Whole Wheat Momos Chicken.

Sproutlife Foods Private Limited

Sproutlife Foods Private Limited (Yoga Bar) operates in the fast-growing, nutrition-led health food space with a diversified product portfolio across multiple categories including bars, breakfast cereals, etc. under the 'Yoga Bar' brand. As at 31st March, 2026, your Company's stake in Sproutlife Foods Private Limited stands at 47.5%, on a fully diluted basis with cumulative investment of ₹ 255 crores.

During the year, Yoga Bar sustained its strong momentum in Bars, Muesli and Oats segments, complemented by expansion of the protein range across the portfolio and new launches in Plant Protein Powder segment.

With effect from 1st April, 2026, Sproutlife Foods Private Limited has become a subsidiary of your Company.

Mother Sparsh Baby Care Private Limited

Mother Sparsh is a premium ayurvedic and natural brand, focused on baby personal care, health & hygiene and expert baby care. Mother Sparsh aims to serve the needs of informed new-age mothers who are making conscious decisions to switch to superior products for their babies.

The Indian baby care industry continued to demonstrate steady growth in FY 2025-26, supported by increasing awareness among new-age parents, rising preference for natural and safe formulations, and shift towards premium offerings.

During the year, Mother Sparsh recorded robust growth, driven by higher brand salience and adoption. In April 2025, your Company entered into definitive agreements to increase its stake in Mother Sparsh from 26.5% to 100%, in one or more tranches, over the next two to three years. During the year, your Company invested ₹ 51 crores in the company. As at 31st March, 2026, your Company holds 39.5% stake in Mother Sparsh, on a fully diluted basis, at a cumulative investment of ₹ 96 crores.

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. The company continues to deliver superior quality products to its customers while maintaining high levels of flexibility and agility in its manufacturing operations.

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During the year, the Company received the prestigious 'STAR AWARD' from National Safety Council, Tamil Nadu chapter, 'Certificate of Merit' from National Safety Council of India and 'Certificate of Recognition' in the AIOE National Awards for Outstanding Industrial Relations from the Employers Federation of Southern India.

Associates of Russell Credit Limited

Russell Investments Limited, Divya Management Limited and Antrang Finance Limited

The above companies are associates of Russell Credit Limited. These companies are NBFCs registered with the Reserve Bank of India and continue to explore opportunities for strategic investments.

For further details on performance of the above-mentioned associate companies, please refer to Form AOC-1 (Statement containing salient features of the financial statements of Subsidiaries / Associate companies / Joint Ventures), forming part of the Report and Accounts.

Delectable Technologies Private Limited

Delectable Technologies Private Limited (Delectable) had significantly scaled down its operations during the previous year. Your Company divested its entire shareholding and consequently, Delectable ceased to be an associate company effective 13th May, 2025.

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 Material 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 Material 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 your Company's corporate strategy to build a future-ready portfolio of businesses that best match organisational

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capability with opportunities in domestic and international markets, strengthening capabilities and competencies to enhance competitiveness and win in the rapidly evolving operating landscape. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting systems & processes. 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, 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 management of identified risks.
- A combination of centrally issued policies and Business-specific procedures bring 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 or relatively high-risk profiles.
- Foreign currency exposures continue to be managed within the framework of the Forex policies and procedures.
- 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 measures have been implemented.

Your Company endeavours to continuously sharpen its Risk Management systems and processes in line with a rapidly changing business environment. All Businesses of your Company have adopted the ISO 31000 Risk Management Standard; risk management systems and processes prevalent in the Businesses have been independently assessed to be compliant with the same. 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.

Geopolitical developments, including regional conflicts, evolving energy dynamics, and tariff led trade measures, have heightened uncertainty in the operating environment. These developments have resulted in increased volatility across commodity and energy markets, disruptions in global supply chains, and sharp escalation in logistics and ocean freight costs.

Your Company continues to proactively monitor these developments and has undertaken a range of measures to strengthen supply chain resilience. These include expansion of the sourcing and vendor base, diversification of fuel and energy sources, development of alternate materials and formulations, augmentation of

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the domestic supplier base to enable import substitution, and dynamically adjusting safety stock levels, as required.

Other key interventions include long-term supply contracts with key vendors, investments in technology to enhance flexibility in the use of alternative fuels, pipeline inventory management and structured hedging arrangements to mitigate commodity prices volatility and ensure continuity of operations.

As your Company's digital transformation accelerates, its cyber security posture continues to be strengthened to address the rapidly evolving cyber-threat landscape. The Cyber Security Committee provides direction on strategy, establishes enterprise-wide security standards aligned with best-in-class practices and monitors the cyber risk posture to ensure resilient digital operations.

Cyber risks are managed through an integrated, layered information technology and operational technology (IT-OT) security framework encompassing preventive, detective, and response controls. This includes robust security architecture, continuous monitoring of critical assets, secure application development, governed access mechanisms, and the adoption of Zero Trust principles and cloud-secure networks. Controls are in place to address IT-OT convergence through standardised security measures, real-time operational asset visibility, specialised OT monitoring, and periodic assessments. In addition, a centralised AI-enabled Security Operations Centre (SOC) provides 24x7 monitoring and response readiness.

Independent assurance is obtained through Vulnerability Assessment & Penetration Testing (VAPT), maturity assessments, and external Red Team exercises. Enterprise-wide cyber security awareness programmes coupled with robust AI governance framework further reinforce vigilance and institutionalise a strong security culture.

There were no reportable cyber incidents, network outages, or business disruptions attributable to cyber-attacks or malware during the reporting period, underscoring the effectiveness of your Company's cyber security governance, controls, and oversight mechanisms.

Climate change remains an existential global challenge, and India is among the most vulnerable geographies. Given your Company's pan India footprint and reliance

on agricultural and forestry-based raw materials, your Company is inherently exposed to climate-related risks. Your Company has adopted a comprehensive strategy addressing both transition and physical climate risks as part of its Sustainability 2.0 vision. Your Company's commitment to achieve 'Net Zero Operations' by 2050 will involve decarbonisation of its Scope 1 and Scope 2 emissions, specifically addressing emissions related to electrical and thermal energy in its own operations.

- On transition risks, your Company is driving extensive decarbonisation across the value chain as part of its commitment to achieve 'Net Zero Operations' by 2050. Your Company is also strengthening collaboration with value chain partners to accelerate the decarbonisation of Scope 3 emissions. These efforts are supported by robust monitoring systems that are aligned with emerging global standards.
- As part of its initiative to address physical risks, your Company continues to actively pursue climate proofing its operations and agricultural value chains by using latest climate risk modelling techniques and developing site-specific risk mitigation strategies. Your Company's approach is geared towards addressing climate risks in the short-term such as impact of drought and erratic precipitation levels, while simultaneously building long-term resilience across its key agri value chains.
- Water stewardship is a key pillar of Sustainability 2.0. Towards enabling water security for all stakeholders in its catchments, your Company's water stewardship is aligned with the Alliance for Water Stewardship Standard (AWS) a globally recognised framework for assessing the efficacy of water management across water stressed sites.

Your Company also recognises the significant potential of nature-based solutions in carbon sequestration and ecosystem resilience and prioritises actions to minimise environmental impacts across land, freshwater, oceans and the atmosphere. Your Company's strategy is consistent with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), which includes the L.E.A.P. (Locate, Evaluate, Assess and Prepare) approach. This approach emphasises the identification and management of significant nature-related Dependencies, Impacts, Risks and Opportunities (DIRO).

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In response to rapidly evolving Extended Producer Responsibility (EPR) regulations for plastic packaging, a robust system supported by SOPs and internal / external reviews has been put in place to ensure organisational readiness and compliance. Your Company is also pursuing sustainable packaging initiatives, including packaging optimisation, reduction in plastic packaging intensity, improved recyclability and introduction of recycled content in plastic packaging.

Your Company has institutionalised a robust sustainability governance framework supported by well-defined processes to ensure compliance with new and emerging regulations. In addition, your Company actively engages with government and regulatory authorities, through industry bodies, to contribute to the development of effective and pragmatic regulatory and policy frameworks.

Your Company sources several commodities for use as inputs in its Businesses and 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 strategies 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 continuous diversification of the 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 in key growing areas coupled with deep-rooted farmer linkages and use of digital technologies ensure sourcing of high quality agri-commodities at competitive costs.

In respect of agri-commodity trading, your Company has a well-defined 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 positions (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'
- ECGC cover for exports (covering commercial & political risks) and credit insurance for large domestic customers.

The framework of policies and processes outlined above adequately addresses the key 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.

During the year, the Risk Management Committee and the Audit Committee reviewed the status and effectiveness of the risk management framework, systems and policies, and considered them to be adequate.

During the year, your Company received the 'Masters of Risk' Award in the FMCG category at the India Risk Management Awards 2025 (CNBC TV18 and ICICI Lombard), in its maiden participation, which is a testament to the maturity of your Company's risk management practices.

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 a strong internal control framework commensurate with the scale, scope and complexity of its operations is integral to effective governance and sustainable value creation. Your Company's internal control framework supports the orderly and efficient conduct of business, reliable financial

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reporting, safeguarding of assets, and compliance with policies, while enabling empowered decision-making with 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 compliance with various regulatory requirements as applicable.

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

The Internal Audit function, a multi-disciplinary team comprising professionally qualified accountants, engineers and information technology specialists, is adequately resourced to deliver high-quality assurance across your Company's operating landscape. The team's skills are continuously strengthened through periodic learning and development programmes on contemporary topics.

Information security and cyber security have assumed increased significance with the accelerated adoption of digital technologies in recent years. Accordingly, Internal Audit has further enhanced its focus on governance, systems and controls over key digital assets and platforms, IT-OT integration, and protection of sensitive data and information.

Periodical reviews are conducted focusing 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 systems and policies relating to Information Management are regularly reviewed and benchmarked to ensure they remain contemporary. Further, all critical IT systems undergo pre-implementation audits prior to deployment in the operating environment, thereby providing assurance on implementation rigour and operational readiness.

Aligned with your Company's 'Digital First' strategy, the Internal Audit function continues to evolve as an agile, multi-skilled and technology-enabled function. During the year, Internal Audit initiated the deployment of a data driven Continuous Auditing and Continuous Monitoring (CACM) solution, providing real-time visibility and insights into key risks and control performance across select processes. Digital and technology risk assurance capabilities were further strengthened through the deployment of AI and intelligent automation, enhancing productivity and enabling sharper risk insights. Complementing these initiatives, industry-standard cyber security tools were deployed for source code reviews, website & application security assessments and application vulnerability testing. These initiatives have enabled early cyber-risk detection and secure development practices, while improving overall effectiveness & depth of coverage.

Qualified engineers within the Internal Audit function review the design, planning and execution of all ongoing projects that involve significant expenditure. This ensures that project management controls are robust and yield 'value for money'. The Internal Audit function also leverages state-of-the-art industry-specific tools and technology to conduct comprehensive project audits.

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 reviews the effectiveness of your Company's internal control environment, including internal financial controls and risk management systems, and monitors the implementation of action plans arising from significant Internal Audit findings. Material observations, as defined in the Terms of Reference, are reviewed at the highest level by the Audit Compliance and Review Committee and the Audit Committee.

HUMAN RESOURCE DEVELOPMENT

Your Company's thought, strategy and action are inspired by a larger purpose of being an exemplary Indian enterprise that not only delivers superior competitive performance, but also embeds sustainability and inclusiveness at the core of its Businesses. This approach enables your Company to delight consumers and customers with a vibrant portfolio of industry leading products and services

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while creating enduring value for the Indian economy and the larger community of stakeholders. The talent management strategy of your Company is designed to attract, retain and develop human capital that enables your Company to sustain its position as one of India's most valuable corporations, whilst continuing with its mission of building a responsible 'Future-Tech' enterprise. Your Company's employees relentlessly strive to deliver world-class performance, collaborating with each other while upholding their responsibilities as 'trustees' of all stakeholders. Your Company is committed to perpetuating vitality – its growth as a value generating engine and also as an exemplary institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

Your Company's Human Resources development approach spans four key organisational dimensions of Architecture, Alignment, Agility and Ability which are supported through strategies crafted in areas such as talent acquisition, engagement, diversity & inclusion, capability building, employee relations, performance & rewards and employee well-being. Through its various talent initiatives and processes, your Company strives to deliver the value proposition of 'Building Winning Businesses, Building Business Leaders and Creating Value for India'. The talent development practices are designed to create, nurture and strengthen the capability of human capital to deliver critical outcomes across the dimensions 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.

The year under review reflected enhanced talent stability, marked by lower attrition and a more measured

approach to remuneration decisions. While flexible work arrangements are now prevalent across industry, there has been a moderation in application, reflecting a gradual shift towards an equilibrium. The adoption and integration of digitalisation and automation tools to enhance productivity continues. Your Company remains committed to prioritising employee well-being & mental health support.

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 pivotal 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 building a deep pipeline. 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 at 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, social media interactions, on-ground exposure, factory visits for students 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. Your Company provides managers with contemporary and relevant learning and development support through a combination of self-paced e-learning modules, classroom programmes and application projects with emphasis on experiential learning, on-the-job assignments and exposure to nationally and globally renowned faculty. Deep functional expertise is fostered at early stages of an employee's career through immersion in complex problem-solving assignments requiring the application of domain expertise. These interventions have

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helped your Company build and sustain a culture of application-focused continuous learning, innovation and collaboration. 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 vectors for making Businesses future-ready – Leadership Development, Business Critical Functional Competencies, and Organisation Identity & Pride. As a part of leadership development initiatives, the Reflections 360 programme provides leaders with feedback from team members, peers and managers, enabling self-driven personal development. This was supplemented by immersive workshops and personalised one-on-one coaching for senior managers.

This approach ensures relevance and impact, thereby enhancing the capability index of your Company's human capital. Globally benchmarked curricula are tailored to your Company's context, especially in the domains of Business Strategy, AI and Digital Upskilling, Industrial Analytics, Innovation, Brand Marketing and Manufacturing Strategy. All these interventions are delivered through subject matter experts and supplemented with business-critical application projects, mentored by respective heads of functions. Periodic induction programmes, anchored by senior leaders, 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 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 an entity-wide survey. The survey results of 2024 continue to indicate an improving trend, on a strong base, with scores increasing in the range of 10 to 16 percentage points on key dimensions. 96% of employees reported a deep sense of pride and association with your Company, 94% reported a belief in your Company's overarching goals & leadership and 94% are optimistic of the future. These engagement levels reflect in your Company's superior standing on employee turnover. During the year, a range of engagement programmes were sustained including initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and investments in employee wellbeing.

During the year, your Company received widespread recognition for its best-in-class Talent Management and Employee Relations practices. The Cigarettes Business earned top honours including the CII HR Excellence Award, Financial Express HR Gold Award for DEI, and EFI-CII recognition for Employee Relations. LSTC won the ETHRWorld EX Awards for Exceptional Employee Experience, while the Agri Business received FICCI's Women Empowerment Award. The Branded Packaged Foods Business was recognised at the EFI-CII National Awards and also won the prestigious ATD Excellence in Practice Awards 2026 for Change Management.

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 through concerted actions spanning three vectors, i.e., Representation, Inclusion & Enablement and Commitment & Assurance. Your Company is committed to enhancing gender diversity and participation of the differently abled in the workforce.

Measures to enhance diversity include ensuring sufficient representation of women in the selection pool 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

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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 Committees have been institutionalised as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The focused efforts across these dimensions have resulted in an 82% increase in women managers in your Company since FY 2021-22. During the year, five complaints of sexual harassment were received and promptly resolved. There were no complaints pending for more than 90 days.

Further, the Company during the year has complied with the provisions of the Maternity Benefit Act, 1961 (now forming part of the Code on Social Security, 2020).

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, ensuring smooth commencement of operations at greenfield locations and the execution of productivity improvement practices.

In its relentless pursuit of excellence and value creation, your Company offers an abundance of opportunities for employees to grow and thrive in an environment of trust, empowerment and continuous learning. The access to best-in-class resources, technology and infrastructure, the prospect of building businesses rooted in value chains in India, the deployment of deep consumer insights to create and shape Indian brands are the defining hallmarks of 'The ITC Way'. This unique blend of a high-performance culture coupled with care and respect for people remain vital to realising your Company's vision of sustaining its position as one of India's most valuable and admired corporations.

WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to promptly bring to the Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of the Company, or actual or suspected instances of leak of unpublished price sensitive information, that could adversely impact the Company's operations, business performance and / or reputation. The Policy requires the Company to investigate such incidents, when reported, 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 same are backed by specific allegations & verifiable facts, and are accompanied with supporting evidence. It is the Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of the 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 the Company's corporate website at <https://www.itcportal.com/whistleblower-policy>.

During the year, your Company received 23 complaints in terms of the Whistleblower Policy, of which investigation in respect of 17 complaints was completed; in most of the cases, no evidence was found in support of the allegations made. Appropriate action, where necessary, was taken.

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 24 years), 'carbon positive' (for 21 years), and 'solid waste recycling positive' (for 19 years).

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 combat climate change, enable the transition to a net zero economy, work towards enabling water security 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 the perspective of supporting livelihoods and social enablement 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. Building on progress towards ensuring that 100% of packaging is reusable, recyclable or

compostable / biodegradable, your Company has further strengthened its 2030 circularity commitments. The 2030 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 Greenhouse Gases (GHG) emissions by 50% by 2030 as compared to the FY 2018-19 baseline.
- Sustain and enhance carbon sequestration by expanding forestry projects through your Company's Social and Farm Forestry programme and other such initiatives covering over 1.5 million 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 five 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 2,000 million kl of water by 2030.

Plastic Waste and Circular Economy

- Use 60% recycled plastic across rigid packaging and 20% recycled plastic across flexible packaging by 2030 (*where permitted*).
- Avoid 50,000 MT of virgin plastics in packaging through sustainable design, optimisation and use of recycled /alternative materials by 2030 (*vs FY 2021-22 baseline*).
- Ensure that at least 60% packaging is made from recycled or renewable materials.
- Continue to sustainably manage 100% plastic packaging waste and recycle at least 60% of plastic packaging waste collected by 2030.
- By 2030, reach 20 million households through ITC's source segregation-focused solid waste management initiatives including those in partnerships with local Government.

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Sustainable Agriculture

- Promote climate smart agriculture approach in core Agri Business catchments across four million acres by 2030.
 - Integrate the approach with interventions linked to water & soil and on-farm & off-farm diversification
 - Leverage digital and on-ground extension platforms, including FPO led models and phygital advisory systems, to enhance farmer capability, productivity and climate resilience while strengthening incomes for farming communities.

Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature through biodiversity conservation, covering over one million acres by 2030.
 - Implement location-specific, community-centric biodiversity programmes that integrate restoration of common lands and nature-based solutions across agri-catchments.
 - Enable co-benefits for agriculture and livelihoods through restoration of ecosystem services such as soil health, water regulation, pollination, and carbon sequestration.

Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.
 - Leverage ITC's deep engagements in agriculture, manufacturing and services, as well as its extensive distribution infrastructure to support millions of livelihoods.
 - Foster inclusive livelihood opportunities across farm, forest and non-farm value chains through capability building and institutional strengthening enabling income stability, skill enhancement and dignified livelihoods for women, vulnerable and marginalised communities.

Your Company's Businesses are actively working towards achieving your Company's Sustainability 2.0 vision. During FY 2025-26, your Company achieved an overall renewable energy share of 51%. 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 2025-26, complying with its extended producer responsibility obligations under Plastic Waste Management Rules, 2016. During the year, your Company's large-scale programmes on Sustainable Agriculture were augmented to cover 3.19 million acres. Through its deep engagement in agriculture, manufacturing and services, as well as its extensive distribution infrastructure and large-scale programmes under ITC Mission Sunehra Kal, your Company supports nearly nine million sustainable livelihoods across its operations and value chains.

In addition to its 2030 targets, your Company has articulated a long-term climate ambition to achieve Net Zero Operations by 2050 through a structured decarbonisation pathway for Scope 1 and Scope 2 emissions. In parallel, your Company will deepen collaboration across its value chain to enable Scope 3 decarbonisation, while progressively strengthening systems to measure and monitor Scope 3 emissions in line with emerging standards.

To advance its Sustainability 2.0 vision, your Company continues to strengthen governance and management oversight through a comprehensive policy framework and enterprise-wide implementation. Stakeholder engagement and materiality assessment remain central to prioritising issues and managing value-chain impacts, while systems are being enhanced in line with evolving ESG and disclosure expectations. During the year, the Board approved a refreshed suite of sustainability policies, including a new Responsible Marketing Policy, benchmarked against global and national standards and these are available on your Company's corporate website.

During the year, your Company published its 22nd Sustainability Report, outlining performance during FY 2024-25 across the 'Triple Bottom Line'. The report is prepared 'In Accordance – Comprehensive' with GRI Standards and is independently assured to a reasonable level under ISAE 3000. Your Company also published its first Nature Report, aligned to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

In line with SEBI requirements, the Business Responsibility and Sustainability Report (BRSR) for the year under review is annexed to the Report and Accounts and maps performance against the nine principles of the National Guidelines on Responsible Business Conduct issued by the Ministry of Corporate Affairs. Your Company will publish its Sustainability Report for FY 2025-26 on your Company's corporate website in due course.

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During the year, your Company sustained its 'AA' rating from MSCI ESG for the eighth consecutive year and continued to feature in the Dow Jones Best-in-Class (DJ BIC) Emerging Markets Index. It also remained on CDP's 'A List' for Water for the third consecutive year and maintained a 'Leadership level' score of 'A-' for Climate for the fourth consecutive year. In addition, your Company achieved a 'Leadership Level' score of 'A' for CDP Forest, earning inclusion in the 'A List' in its first year of participation. These external assessments reinforce the strength of your Company's sustainability governance and disclosures, supporting long-term resilience and stakeholder confidence.

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

Your Company's Sustainability strategies, and Social Investment Programmes and 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), SDG 2 (Zero Hunger), SDG 12 (Responsible Consumption and Production) and SDG 5 (Gender Equality). Your Company's multi-dimensional environmental and social interventions which have been scaled up over the years contribute favourably to all 17 UN SDGs.

Building Climate Resilience

Your Company recognises climate change as a material factor influencing long-term value creation and a resilient, sustainable future. As part of this commitment, your Company's climate strategy places equal emphasis on enabling the transition to a low-carbon economy as well as building resilience to the impacts of climate change.

Your Company is implementing a suite of decarbonisation initiatives across its value chain. These include increasing the share of renewable energy; improving energy and resource efficiency; reducing the carbon footprint of buildings through low-carbon construction and green design; optimising logistics; and promoting climate-smart, regenerative agricultural practices. Life-Cycle Analysis (LCA) is being used to identify emission hotspots and guide the development of climate-friendly products and processes.

To strengthen resilience to short, medium and long-term physical climate risks, your Company is undertaking climate risk and vulnerability assessments across key agri value chains and operating locations, including factories and warehouses, supported by external climate expertise and AI-enabled analytical tools. Using forward-looking climate scenarios (up to 2100), these assessments evaluate exposure to key hazards such as heat stress and flooding and, to date, cover around 140 locations across own operations and the extended value chain. The insights enable prioritisation of resilience measures and inform investment decisions for adaptation, business continuity and climate risk management. Further, farm-level studies are deployed to deepen understanding of climate impacts on key crops and to strengthen field interventions, including the development and dissemination of climate-tolerant varieties and regenerative agronomic practices.

Energy Conservation and Renewable Energy

Your Company is accelerating its transition away from fossil fuels through a combination of energy efficiency initiatives and scaled renewable energy sourcing. Several manufacturing and logistics facilities incorporate green design features and are certified at the highest levels by the U.S. Green Building Council (USGBC) and the Indian Green Building Council (IGBC). During the year, 51% of total energy requirements were met from renewables (wind, solar and biomass), supported by an installed solar and wind capacity of over 177 MW to meet electrical energy demand. Investments continue to expand renewable coverage across both thermal and electrical energy.

Looking ahead, your Company remains committed to sourcing 100% of purchased grid electricity from renewable sources by 2030 and sustaining more than 50% renewables in total energy consumption, supported by continued efficiency measures and investments in renewable energy as operations scale. These initiatives are expected to further decouple growth from energy consumption and emissions, while reducing exposure to energy price volatility.

GHG and Carbon Sequestration

The GHG inventory of your Company for FY 2025-26 compiled according to the ISO 14064 Standard has been assured by an independent third-party. The GHG inventory covers emissions from your Company's operations as well as GHG removals through large-scale forestry

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programmes. In addition to carbon sequestration, your Company's Social and Farm Forestry initiatives, deliver multiple co-benefits, including greening of degraded wasteland, prevention of soil erosion, enhancement of soil organic matter and improving ground water recharge. Your Company, through its extensive plantation programme, has covered over 1.48 million acres through afforestation. During the year, over 163,380 acres of plantation were added resulting in sequestration of appx. 7.6 million MT of CO₂. The programme also supported over 270 million person-days of employment while creating a sustainable fibre chain, ensuring availability of high-quality raw materials for your Company's Paper and Notebooks businesses.

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 manufacturing units, warehouses and office complexes. Your Company is a pioneer in the green buildings movement in India, with 17 buildings having achieved Platinum certification by Indian Green Building Council (IGBC) / LEED® framework by US Green Building Council (USGBC).

This includes several flagship facilities, notably ITC Sankhya, Bengaluru – the world's first data centre to receive LEED Platinum® certification. Other 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 as 'LEED Platinum®' rated Green Building by USGBC. These green infrastructures are driving significant reductions in energy consumption, operational emissions and life-cycle impacts, while enhancing resilience and occupant well-being across your Company.

Towards Water Security for All

With water scarcity emerging as a global and national concern, your Company continues to prioritise integrated water stewardship, combining efficiency, conservation and rainwater harvesting, alongside responsible catchment-level engagement. This approach is underpinned by measurable outcomes across agriculture, watersheds and operations, including large-scale demand-side coverage and rainwater harvesting capacity creation.

Demand-side management is a key pillar of your Company's Water Stewardship programme, with a focus on reducing agricultural water use while improving farmer incomes through 'more crop per drop' initiative. Over 2.01 million acres were covered during the year across 12 States through micro-irrigation and crop-specific agronomic practices. Based on established parameters, these interventions delivered potential water savings of over 1,520 million kl across 15 crops, including key agri value chains of wheat, pulpwood and spices, with savings in the range of 15% to 50% versus conventional practices. The shift to water-efficient practices also supports lower GHG emissions relative to conventional practices.

Alongside demand-side measures, your Company is strengthening supply at the sub-catchment level through rainwater harvesting, aquifer recharge and restoration of traditional water bodies and wetlands, guided by technical assessments. To drive durable outcomes in water-stressed regions, interventions have been scaled to the river sub-basin level. Till date, water positive status has been achieved (against baseline water deficits) across four sub-basins: Maharashtra (Ghod sub-basin), Madhya Pradesh (Kolans sub-basin), Tamil Nadu (Upper Bhavani sub-basin) and Telangana (Murreru sub-basin). In the South Pennar river basin of Karnataka, field interventions have commenced based on a study by the Indian Institute of Science (IISc), Bengaluru, and are being implemented through a Public Private Partnership with the Karnataka Government and Vyakti Vikas Kendra to restore water bodies in the sub-basin.

Given rising water stress in urban catchments, your Company is implementing water security programmes in Bengaluru and Chennai focused on restoring urban water bodies, improving groundwater recharge and promoting rainwater harvesting. These initiatives are aimed at strengthening urban water resilience by addressing groundwater depletion and reducing flood risks during extreme rainfall.

Your Company tracks outcomes from its watershed programmes to strengthen long-term water security. As on 31st March 2026, integrated watershed projects covering over 1.98 million acres have created a total rainwater harvesting potential of about 66.31 million kl. Cumulatively, over 67 million kl of rainwater has been harvested (including within the fence), which is over six times the net water consumed by operations in FY 2025-26—thereby achieving the 2030 Sustainability 2.0 target of creating rainwater harvesting potential equivalent to over five times net water consumption.

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Your Company is advancing sustainable water management at the catchment level through adoption of the Alliance for Water Stewardship (AWS) Standard, a globally recognised framework. As of 31st March 2026, nine units are certified under AWS, all at Platinum level, positioning your Company as the second largest holder of AWS Platinum certifications globally.

Collectively, these initiatives strengthen water security across key catchments, enhance operational resilience and reinforce stakeholder confidence.

Enabling a Circular Economy

Your Company continues to strengthen circularity across its operations through waste reduction, improved segregation and higher recycling rates. During the year, nearly 99% of operational waste was recycled, reducing landfill dependency and associated impacts. In addition, the Paperboards & Specialty Papers Business recycled nearly 93,000 MT of externally sourced post-consumer wastepaper, further advancing resource efficiency.

Your Company is optimising packaging to reduce post-consumer environmental impact while safeguarding product integrity. This includes improving design efficiency, increasing recycled and renewable content, transitioning to lower-impact materials where feasible, and strengthening end-of-life solutions through responsible recovery and recycling pathways.

Your Company continues to progress towards ensuring that 100% of packaging is reusable, recyclable or compostable / biodegradable. During the year, your Company strengthened its 2030 sustainable packaging commitments to sharpen its focus on material circularity, reduce virgin resource consumption and improve end-of-life outcomes for post-consumer plastic packaging. The enhanced commitments move beyond design for recyclability by increasing the use of recycled and renewable materials across formats and progressively reducing dependence on virgin plastics through optimisation and innovation. They also reinforce value-chain responsibility by scaling plastic waste management initiatives and collaboration with local authorities to improve recycling outcomes, source segregation and decentralised waste management systems, aligned with India's priorities on sustainable waste management and resource efficiency.

Additionally, your Company has scaled multiple Solid Waste Management (SWM) models across the country

that are designed to be replicable and sustainable, anchored in circular economy principles and minimising waste to landfill through source segregation. These models have enabled your Company to sustain plastic neutral status since FY 2021-22 and are implemented through public-private partnerships involving Urban Local Bodies (ULBs), civil society and the informal waste-collector ecosystem, while also supporting livelihoods.

During the year, your Company remained plastic neutral for the fifth consecutive year by sustainably managing over 72,500 MT of plastic waste in line with its Extended Producer Responsibility obligations under the Plastic Waste Management Rules, 2016. Your Company has also been obtaining independent third-party assurance of its plastic neutrality status since FY 2022-23.

Your Company's waste recycling programme, 'WOW – Well-Being Out of Waste', strengthens municipal waste systems by improving source segregation and enabling sustainable livelihoods for waste collectors. During the year, WOW was implemented across key cities and districts, collecting about 69,750 MT of dry waste from over 2,055 wards. Since inception, the programme has reached over 32.4 million citizens across 8.12 million households, engaged eight million school children and around 2,310 corporates. It has supported sustainable livelihoods for over 18,200 waste collectors through collaboration with Municipal Corporations and enabled over 150 social entrepreneurs to optimise value capture from collected dry waste.

Your Company, in partnership with Kashtakari Panchayat and SWaCH Pune, operates an inclusive decentralised waste management model in Pune focused on the collection and recycling of low-value multi-layered plastic (MLP) packaging. The initiative covers 13 city wards and the Pune Cantonment Board, enabling over 850 waste pickers to collect MLP waste daily with direct payments. It processes around 130-150 MT of low-value flexible plastics each month and has cumulatively recycled over 5,500 MT since 2019. The programme strengthens livelihoods (which is ~12–15% of waste pickers' income from recyclables) and provides formal employment to about 40 individuals, demonstrating a replicable model that combines environmental outcomes with social equity.

Further, your Company's community-driven decentralised SWM programme, including the closed-loop Green Temple initiative in collaboration with Swachh Bharat Mission, is operational across

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35 districts in 14 States, covering over 7,13,300 additional households and taking cumulative reach to 8.23 million households. During FY 2025-26, the programme collected over 6,87,500 MT of waste, of which around 4,23,000 MT of wet waste was composted and 1,65,000 MT of dry waste recycled, enabling 86% of waste to be avoided from landfill. Home composting adoption also expanded by around 1,00,000 households during the year (9,33,800 households till date).

With liquid waste emerging as a growing challenge in rural areas, your Company has initiated decentralised treatment pilots across nine States, including solutions such as soak pits, in-line treatment, waste stabilisation ponds and vertical filters.

Your Company's partnership with the Uttar Pradesh Urban Development Department (UDD) is enabling implementation of SWM programmes in 85 ULBs across 75 districts, reaching over 5.3 million households to date. In Bihar, in partnership with Lohiya Swachh Bihar Abhiyan (LSBA), Rural Development Department, decentralised SWM continues across 456 'Ganga Gram' villages in 12 districts; during the year, capacity-building support enabled coverage of over 5,97,000 households through Panchayat-led implementation.

Your Company has collaborated with the Department of Drinking Water and Sanitation (DDWS), Government of India, and the India Sanitation Coalition (ISC), FICCI, to develop Lighthouse Gram Panchayats (GPs) and Blocks as exemplars for replication in sanitation and waste management. In Phase I, 36 Lighthouse GPs across 10 States were selected as part of the national initiative to create 75 Lighthouse GPs, and all 36 have been declared as Model GPs by the Government. In Phase II, the programme has expanded to 19 blocks across 16 districts, where 533 GPs will be developed as models over a three-year period.

Your Company's SHG-led service delivery model for Gram Panchayat SWM has been widely recognised as a best practice, strengthening local service capability while creating dignified livelihoods for women.

One of your Company's key initiatives focuses on enhancing the health, social and economic well-being of waste collectors and their families, while promoting dignity and inclusion. The initiative has now been extended to Government Public-Private Partnerships (PPPs) programmes. During the year, the initiative reached and supported over 15,000 waste collectors.

Your Company's 'YiPPee! Better World programme' builds awareness among students on responsible plastic waste management and practices to reduce, recycle and reuse plastic. During the year, the programme reached over 2.01 million children across 9,140 schools. A dedicated digital platform was launched to reinforce learning and provide age-appropriate resources on responsible plastic practices.

Preserving and Nurturing Biodiversity

Recognising the dependence of its agri-based value chains on healthy ecosystems, your Company treats biodiversity conservation as integral to long-term business sustainability. Accordingly, it is committed to protecting, conserving and enhancing biodiversity through operations aligned to the Board-approved Policies on Biodiversity Conservation and Deforestation.

Your Company has established processes to assess and manage actual and potential biodiversity-related risks and impacts across both greenfield and brownfield operations, including regulatory environmental impact assessments where required. Location-specific exposure, including proximity to key biodiversity areas, is periodically evaluated to identify nature-related risks and dependencies and to inform site-level biodiversity management plans. These assessments guide mitigation actions in priority locations in line with the mitigation hierarchy of avoiding, minimising and managing impacts. In addition, your Company continues large-scale programmes to support deforestation-free leaf tobacco and wood value chains.

Sustainable Supply Chain and Responsible Sourcing

Aligned to its Sustainability 2.0 Vision, your Company is scaling sustainable supply chain and responsible sourcing initiatives across its expanding business portfolio. A Board-approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' and a 'Code of Conduct for Suppliers and Service Providers' provide the governance framework for supplier engagement and ESG risk management. Your Company works with supply chain partners to build capability, assess sustainability risks and strengthen resilience through resource-use efficiency, sustainable natural resource management, GHG emission reduction and sustainable waste management. A framework to identify critical suppliers enables focused engagement and as of FY 2025-26, more than 1,000 Tier-1 suppliers (including 100%

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critical Tier-1 suppliers) have been trained on ESG, and over 95% of critical Tier-1 suppliers have been independently assessed. This structured engagement supports a shift from compliance to continuous improvement, strengthening responsible and resilient supply chains over time.

For key agri value chains, your Company has implemented large-scale sustainable and Climate Smart Agriculture programmes. During the year, 3.19 million acres and around 1.21 million farmers, including 2,27,000 women farmers, have been covered under the CSA programme. Third-party impact assessments indicate a 16% improvement in yields and 28% reduction in cost of cultivation for programme farmers practising wheat in Uttar Pradesh, compared to control farmers. In Telangana, Direct Seeding of Rice (DSR) has delivered cost reductions of appx. 20%, with strong adoption and scale-up among participating farmers. Adoption remains strong, with 82% of participating farmers continuing with DSR and 72% increasing acreage under cultivation. Your Company also supports recognised farm certifications such as Rainforest Alliance (RFA), Forest Stewardship Council® (FSC®) and Global G.A.P. to help identify and address environmental and human-rights risks.

Delivering on ITC's Nutrition Strategy - "Help India Eat Better"

Against India's triple burden of malnutrition, improving access to safe, sustainable and nutritious food is central to enabling healthier lifestyles and long-term well-being.

Predominantly cereal-based diets in India provide over 56% of energy from carbohydrates, while protein contributes to appx. 12%, contributing to inadequate protein intake for a large section of the population. In response, your Company's Branded Packaged Foods Business has adopted a four-pillar nutrition strategy, 'Help India Eat Better', to expand access to value-added nutrition, enable sustainable food systems, empower informed choices and support healthier communities. Protein is a key priority within this strategy, with products introduced across categories to democratise access to affordable protein through simple everyday formats (including 'Aashirvaad High Protein Atta', 'Right Shift High Protein Oats++', and 'Yoga Bar' protein offerings). In addition, to address 'hidden hunger', your Company launched products such as 'Aashirvaad Iron Shakti Salt', which supports 25% of

daily iron needs and aligns with the Anaemia Mukh Bharat initiative of the Ministry of Health and Family Welfare.

Aligned with national initiatives such as POSHAN Abhiyaan, the UN SDGs, and India's vision of Viksit Bharat @ 2047, your Company's nutrition strategy is anchored in science-based nutrition targets that are regularly monitored and disclosed. Your Company was also ranked first in the ATNI India Index (2023) among 20 of the largest Indian food & beverage manufacturers as assessed by the globally recognised Access to Nutrition Initiative (ATNI). Your Company also received recognition at the Economic Times Nutrition and Wellness Awards, winning accolades for 'Best Gut Health Product of the Year', 'Healthy Aging Initiative of the Year' and 'Health Awareness Campaign of the Year'.

Over 20 Years of Promoting Thought Leadership in Sustainability

To advance wider adoption of the 'Triple Bottom Line' philosophy across Indian industry, your Company established the CII-ITC Centre of Excellence for Sustainable Development (CESD) in 2006 in collaboration with the CII. The Centre serves as a platform to catalyse sustainable and inclusive growth through Government-industry dialogue on regulations, stakeholder engagement on global policy developments, and thought leadership on macro-economic issues and the sustainability agenda. Key highlights during the year include:

Building Climate Resilience and Low Carbon Economy

- CII-ITC CESD supported Indian industry in addressing climate change as a material business risk through policy engagement, research and capacity building. The Physical Climate Risk Assessment Framework (PCRAF) was strengthened through pilot projects, enabling companies to better identify and manage physical climate risks across operations and value chains.
- The CII Climate Action Charter (CCAC) continued to enable industry collaboration, supporting companies, especially MSMEs, with GHG accounting, target setting, decarbonisation pathways and access to climate finance. The Centre also contributed to national initiatives on climate finance and GHG inventories, supporting India's transition to a low-carbon, climate-resilient economy.

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Advancing Creation of a Circular Economy

- The Centre advanced circular economy adoption through policy support, standards development and industry-led initiatives. Engagement with the Ministry of Environment, Forest and Climate Change, the Central Pollution Control Board and the Bureau of Indian Standards focused on strengthening Extended Producer Responsibility (EPR) frameworks, waste regulations and sustainability standards across materials and sectors.
- The CII India Plastics Pact strengthened industry collaboration on recyclable packaging design, reduced use of virgin plastics and increased uptake of recycled content, supported by knowledge products, recognition platforms and partnerships to scale circular business models across large enterprises and MSMEs.

Nature Positive Actions

- Through the India Business and Biodiversity Initiative (IBBI), the Centre strengthened industry engagement on biodiversity conservation and nature-related risk management. IBBI contributed to national consultations on biodiversity targets and supported businesses in integrating nature considerations into decision-making and disclosures.
- The Centre also provided guidance to companies on aligning sustainability reporting with emerging nature-related disclosure frameworks and assessing ecological dependencies, risks and opportunities across operations and supply chains.

Enhancing solutions for Clean Air

- CII-ITC CESD provided leadership on air quality improvement through platforms such as the India CEO Forum for Clean Air and the Cleaner Air Better Life initiative, advancing industry action on cleaner production, efficient logistics, clean construction practices and agricultural residue management.
- The Centre supported scalable, cross-sector solutions to reduce emissions from industry, transport and agriculture, while working with policymakers and State-level institutions to strengthen implementation capacity and financing for clean air initiatives.

Facilitating an Enabling Ecosystem for ESG Reporting

- The Centre played a key role in strengthening India's ESG reporting architecture by supporting

improvements to Business Responsibility and Sustainability Reporting (BRSR) framework. Through structured consultations and policy dialogue, inputs provided by the Centre were reflected in regulatory refinements aimed at improving disclosure quality and ease of compliance.

- In parallel, CESD supported companies in moving beyond compliance by offering capacity-building programmes and digital solutions to strengthen ESG governance, data credibility and integration with business strategy.

Knowledge Exchange and Excellence in Sustainability

- The Centre continued to serve as a national platform for sustainability dialogue and knowledge exchange. Its flagship Sustainability Summit convened policymakers, industry leaders and experts to advance actionable solutions for sustainable growth.
- Through training programmes, assessments and recognition initiatives, including the CII-ITC Sustainability Awards, the Centre enabled organisations to embed sustainability into business decision-making, strengthen supply chains and build long-term resilience.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's commitment towards creating significant and sustainable societal value is manifest in its CSR programmes and projects which focuses on the economic and social empowerment of the most disadvantaged communities, especially in rural India. Guided by your Company's comprehensive CSR Policy, the programmes aimed at creating a significant positive impact on identified stakeholders. All these programmes fall within the purview of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The key tenets of your Company's CSR interventions implemented as part of its Social Investments Programme are:

- deep engagement through an ecosystem-based approach in identified core operational geographies to promote holistic development and address critical social and environmental challenges of your Company's stakeholder groups.
- strengthening capabilities of Implementation Partners / Community Based Organisations for participatory planning, ownership and sustenance of interventions.

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- facilitating inclusive and equitable development by empowering women, the poor and marginalised communities including persons with disabilities, in the vicinity of your Company's factories and agri-catchments, thereby significantly improving Human Development Indices.
- ensuring behavioural change through demand generation across interventions, enabling participation, co-creation, contribution and community asset creation.
- designing and implementing resilient programmes with a clear focus on impacts and outcomes.
- pursuing the Prototype-Pilot-Scale-Amplification / Multiplication approach to drive innovative solutions and structured scaling, while amplifying successful interventions through partnerships with Government and Collaboratives.

Your Company's stakeholders face multi-dimensional, inter-related concerns, foremost among them being securing sustainable livelihoods. Your Company undertakes periodic stakeholder engagements in the form of community need assessments, impact assessments and other evaluations. These include Core Area Perspective planning, typically undertaken once in five years. Further, over 9,000 household surveys were also conducted during the year. These insights guide the design of interventions under your Company's Social Investments Programme spanning 20+ states / Union Territories covering over 275 districts.

Your Company's Social Investments Programme follows the 'Three Pathways' approach focused on inclusive growth, healthy habitats and holistic development of households; with women and poor & vulnerable communities at the core. Beyond being beneficiaries, women play a critical role as influencers and active participants in grassroot institutions, with many emerging as change makers. This approach provides an integrated and affirmative response, transforming lives and landscapes by strengthening and sustaining livelihoods while building capabilities and capacities to empower communities for a better future. The Three Pathways are:

- Conserving Natural Resource Ecosystems and Enhancing Resilience of Agriculture and Allied Livelihoods
- Nurturing Human Capabilities – Strengthening Foundational Literacy and Livelihoods and Preparing Communities for Future

- Strengthening Public and Community Health Ecosystems to create Healthier Habitats

During FY 2025-26, your Company's CSR initiatives received several recognitions, including:

- FICCI Healthcare Excellence Award 2025 under Excellence in Community Engagement for the Sachal Netra Seva Programme delivering affordable eye care in Saharanpur, Uttar Pradesh.
- Winner at the 21st Edition of the FICCI CSR Awards 2025, in "Women Empowerment" category, for the Targeting Hardcore Poverty (THP) Programme.

Natural Resources Management - Water Stewardship Programme

The Water Stewardship programme aims to facilitate water security for dependents in factory catchments and drought-proof agri-catchments, minimising risks from drought and moisture stress. Aligned with Government of India's Jal Shakti Abhiyan, it promotes community-led development and management of local water resources in moisture-stressed areas. This includes creation, revival and maintenance of water-harvesting structures, while conserving the wetland ecosystems. Two urban water programmes are also being implemented in Bengaluru and Chennai to address city-specific challenges through rejuvenation of urban water bodies, targeted recharge of shallow aquifers, and promotion of practices like roof water harvesting.

To address the magnitude of water stress, your Company also has river sub-basin level interventions, enabling more holistic and sustainable outcomes by addressing competing water demands. Interventions in four river sub-basins till date in Maharashtra (Ghod), Madhya Pradesh (Kolans), Tamil Nadu (Upper Bhavani) and Telangana (Murreru) have enabled water positive status, as against baseline deficits. Work has commenced in a fifth sub-basin, South Pennar in Karnataka, based on the recommendations from the Indian Institute of Science (IISc).

The programme currently spans 72 districts of 17 states. During the year, the area under watershed increased by over 1.69 lakh acres (cumulative 19.85 lakh acres). Over 2,640 (cumulative 38,540) water-harvesting structures including ground water recharge structures were built during the year, creating 6.60 million kl (cumulative 66.31 million kl) of rainwater harvesting potential. In addition, under demand management, your Company works with farmers to achieve 'more crop per drop'

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by promoting relevant agronomic practices and micro irrigation, improving water efficiency and farmer incomes. During the year, over 20.10 lakh acres across more than 15 crops in 12 states have been covered.

Studies conducted by ICAR's Agricultural Technology Application Research Institute, Kanpur, Indian Institute of Rice Research, Hyderabad, Tamil Nadu Agricultural University and Vasantdada Sugar Institute assessed water savings in rice, wheat, sugarcane, coconut and banana. Based on these and other research, demand management initiatives are estimated to have resulted in potential water savings of over 1,520 million kl during the year. To further enhance water-use efficiency, prototypes and pilots are being tested for technologies such as organic hydrogel, mobile drip systems and smart irrigation switches.

Additionally, your Company is continuing three existing partnerships with multiple state government departments for Water Stewardship. These include:

- Water Resource Department, Government of Maharashtra for Godavari, Krishna and Tapi river sub-basins flowing in Maharashtra to promote Water Literacy among the Water User Associations in 60 irrigation projects across 20 districts in these sub-basins which will improve water resources.
- Department of Rural Development & Panchayat Raj (RDPR), Government of Karnataka and Vyakti Vikas Kendra India, for Water Resources Development in South Pennar river sub-basin across 12 Taluks and 238 Gram Panchayats in Bengaluru Urban, Bengaluru Rural, Kolar & Chikkaballapur districts.
- Watershed Development and Soil Conservation Department, Government of Rajasthan, to promote sustainable livelihoods based on a watershed development project in 22 Gram Panchayats of Bundi and Jhalawar districts covering an area of 44,000 acres.

Natural Resources Management - Biodiversity

The programme focuses on reviving ecosystem services critical to agriculture – such as natural pest regulation, pollination, nutrient cycling, soil health and genetic diversity – which have declined in recent decades. It is also aligned with Government of India's flagship initiatives, including National Mission for Sustainable Habitat and Mangrove Initiative for Shoreline Habitats & Tangible Incomes

(MISHTI). Biodiversity conservation is undertaken through restoration of degraded village commons and native species tree plantation. During the year, your Company's initiative covered over 1.63 lakh acres across 40 districts in 10 states (cumulative 8.10 lakh acres). While being implemented in village commons, these interventions also enhance surrounding agricultural systems through improved soil moisture, carbon sequestration and support to beneficial biodiversity by acting as host to insects and birds beneficial to agriculture. Technical studies done earlier by 'The Energy and Resources Institute' (TERI) & 'IORA Ecological Solutions' have recorded improvement in carbon stocks, i.e., carbon sequestered by trees, as well as floral and faunal biodiversity compared to control areas.

The following Public-Private Partnerships (PPP) were implemented during the year:

- Your Company partnered with Rural Development Department, Government of Andhra Pradesh, to conserve village commons, expand pastureland development and improve livelihoods of communities dependent on these shared resources across nine districts. Till date, 1.19 lakh acres have been covered under commons restoration through erstwhile MGNREGA.
- Following the completion of Phase I across eight districts, Phase II MoU was signed during the year with the Rural Development and Panchayati Raj Department, Government of Rajasthan, expanding coverage to 14 districts, including the earlier eight. The Phase II partnership adopts a consolidated approach targeting 3.70 lakh acres. During the year, commons restoration was undertaken through soil moisture conservation works across 34,000 acres and 1,350 Charagah Vikas Samitis were formed for protection of these commons.
- In the final year of the partnership with the Forest Department of Maharashtra, efforts were focused on completing soil and moisture conservation in the forest and fringe areas of Pune district through capacity building of departmental staff. The training conducted by your Company enabled the Forest Department to undertake soil and moisture conservation works and tree plantation covering over 1,985 acres during the year (cumulative 12,985 acres).

Additional initiatives include Miyawaki plantations across 67 acres in 99 villages spanning five states, with emphasis on native species. Mangroves conservation efforts,

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initiated in Andhra Pradesh, expanded by 400 acres during the year (cumulative 1,900 acres). Alongside mangroves conservation, Olive Ridley turtle conservation was undertaken through protected hatcheries, enabling 8,066 hatchlings to be released into the sea during the year.

Climate Smart Agriculture (CSA)

The CSA programme de-risks farmers from erratic weather events through promotion and adoption of a climate resilient approach, premised on dissemination of relevant package of practices, appropriate mechanisation and provision of institutional services. The programme is also aligned with Government of India's flagship initiative of The National Innovations in Climate Resilient Agriculture (NICRA) and other schemes for the welfare of farmers including Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Yojana.

Currently, the programme covers over 31.93 lakh acres across 113 districts in 17 states and 12.09 lakh farmers, including 2.27 lakh women farmers. As per the studies by ICAR - Agricultural Technology Application Research Institute, Kanpur, the CSA practices promoted in rice (Direct Seeded Rice) and wheat (Zero Tillage) have demonstrated reduction of costs by over 20%, improvement in yields by around 10% and increase in net returns by over 23% as compared to conventional practices. In pursuit of increasing Soil Organic Carbon (SOC), more than 5,210 compost units were constructed during the year (cumulative 72,510 units). During the year, knowledge was disseminated through 13,500 Farmer Field Schools and over 13,300 Choupal Pradarshan Khets (CPKs). 2,150 Agri Business Centres (ABC) including 468 exclusive women ABCs, delivered extension services, arranged agri-credit linkages, established collective input procurement and provided agricultural equipment for hire. Details of Climate Smart Agriculture interventions are also provided in the section on 'Socio-Economic Environment'.

Alongside large-scale CSA adoption, the Climate Smart Village (CSV) programme supports entire communities in adapting to climate risks and mitigating the same through knowledge dissemination, natural resources management, livelihood diversification and institutional support. 7,055 CSVs covering major crop value chains are currently part of the programme. To further support farmers, 28.31 lakh linkages under six major Government schemes were facilitated during the year, raising the cumulative number to over 70 lakhs.

The Makhana Development Programme operates in 214 villages across six districts of Bihar, covering 7,100 farmers and 23,150 acres. It promotes high-yield varieties such as Sabour Makhana-1 and Swarna Vaidehi, alongside Integrated Plant Nutrient Management (IPNM) practices. Additionally, 1,700 farmers have been linked to Makhana Vikas Yojana, PM Kisan Saman Nidhi Yojana and other relevant schemes.

Your Company continued partnerships with the Rajiv Gandhi Mission for Watershed Management covering 35 districts of Madhya Pradesh for Climate Smart Watersheds, and the Farmer Welfare and Agriculture Development, Department of Madhya Pradesh covering six districts. During the year, training and handholding support strengthened ground-level facilitation for implementation of the four components of the Climate Smart Village in 8,200 villages.

Leveraging your Company's multi-commodity presence, ITCMAARS and agri-extension networks, your Company supported the formation of new FPOs and strengthened existing FPOs, engaging with 2,184 FPOs, including 31 women exclusive FPOs, enhancing farm incomes and rural livelihoods.

The 'Adarsh Gram Programme' pioneered by your Company's Agri Business presently covers 513 villages in Andhra Pradesh and Karnataka. Under this initiative, villages are supported to become economically, ecologically and socially sustainable. Your Company is also addressing the human rights and farm safety challenges in these villages by educating the farmers, labour & communities while providing access to Personal Protective Equipment (PPE) kits and promoting smart technologies such as drones for agro-chemical spraying in the farms.

Off-farm Livelihood Diversification - Livestock Development

The programme aims to improve income and de-risk rural livelihoods by strengthening animal dependant livelihood options. Key components include capability building through improved package of practices, breed improvement, provision of extension services and creation of rural entrepreneurs to provide doorstep services. It is aligned with the Government of India's National Livestock Mission (NLM) and covers large ruminants (cow & buffalo), small ruminants (goat & sheep), piggery, fishery, poultry and apiary across 16 states and 50 districts.

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During the year, about 1.33 lakh artificial inseminations (AIs) were carried out, leading to about 0.45 lakh high yielding progeny, including indigenous breeds. Cumulatively, AIs and calving stand at over 32.23 lakhs and 11.35 lakhs for large ruminants. The programme also supported 2,900 women trained as 'Pashu Sakhis' to provide extension services to livestock owners.

Your Company is also offering dairy farmers extension services by qualified teams of veterinarians and para-veterinarians supporting animal nutrition, health services, and capacity building for improved productivity and clean milk production. During the year, about 70,000 animals of over 33,300 dairy farmers across 560 villages in nine districts of Bihar, five districts of West Bengal and two districts in Jharkhand were supported through cattle feed distribution, mastitis control and animal husbandry services such as deworming, ectoparasite control, etc.

On-farm Livelihood Diversification – Tree plantations

Your Company's Social Forestry programme covered 44,000 acres during the year and is aligned to the Government of India's National Afforestation Programme. It currently spans 19 districts in six states, cumulatively covering 5.72 lakh acres across over 7,750 villages and 1.98 lakh poor households. Integral to the programme are the Agro-Forestry and Bund plantation models that enable small and marginal farmers to cultivate field crops and trees together in the same field and realise benefits of both annual income from crops and lumpsum income from trees once in four years. These models have cumulatively covered over 2.74 lakh acres (part of total Social Forestry area), ensuring food, fodder and wood security. To create an additional income source and improve resilience towards climate change, fruit & other commercial species tree plantations have also been promoted, covering over 64,860 acres to date.

Together with your Company's Farm Forestry programme, this initiative has covered around 14.83 lakh acres till date and generated over 270 million-person days of livelihood for rural households, including women, poor tribal and marginal farmers. Fast growing, high yielding and disease resistant hybrid plantation clones developed by your Company deliver significantly higher productivity and are suited to diverse ecological conditions, enhancing resilience and farmer incomes. In addition to creating employment, increasing incomes and expanding green cover, these large-scale initiatives contribute to the creation of additional carbon sinks for tackling climate change.

Women Empowerment

During the year, this initiative provided gainful livelihood opportunities to around 3.47 lakh poor women (cumulative 6 lakhs), through livelihood interventions for Self Help Groups (SHGs), women in agriculture and allied services, community service cadres, and ultra-poor women. It is aligned to National Rural Livelihoods Mission's objective of enabling Lakhpati Didis.

The Targeting Hardcore Poor programme empowers ultra-poor women primarily in rural catchments, through mentoring, enterprise skilling and asset support under a two-year graduation approach. To date, over 45,520 women have been covered in your Company's core catchments spread across 10 districts in eight states. Studies indicate income increase of more than five-fold, along with significant improvements in Human Development Indicators. A partnership was signed in March 2026, with T/Nudge (An institute focused on building resilient livelihoods and alleviating poverty) and State Rural Livelihood Mission (SRLM) of Assam to enable economic inclusion of 10,000 women in 10 Blocks across six districts.

As an amplification strategy, the financial literacy and inclusion programme, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, continued in its second phase covering all 52 districts of Madhya Pradesh. During the year, it reached 33,240 new SHGs with 3.48 lakh members. The programme has since expanded to other states and has till date covered over 4.23 lakh SHGs benefiting 41.97 lakh women across 80 districts in 15 states. 2.91 lakh scheme linkages were facilitated during the year (cumulative 33.91 lakhs) which included access to bank accounts and Government social security schemes, enabled through a self-sustaining cadre of Yojana Sakhis. Yojana Sakhis are part of a cadre of 6,583 women being nurtured to provide services to the community, which also includes Krishi, Pashu and Swaasth Sakhis.

In addition, 1,227 women from low and middle-income backgrounds in peri-urban catchments are undergoing a two-year entrepreneurship journey following a ladder approach — Akankshi, Lakhpati, Udhyaami (annual income of ₹ 1.5 to ₹ 2.0 lakhs) and Pragatisheel (annual income of more than ₹ 2 lakhs). They are supported with entrepreneurship development training, mentorship and market linkages, including online platforms, to start and scale enterprises. To date, 700+ women have attained the Lakhpati status, with 165 progressing to Udhyaami and 127 to Pragatisheel levels.

Education

The Primary Education programme, aligned with National Education Policy 2020, focuses on improving access, on learning outcomes and retention for children from weaker sections. During the year, it was operational in 60 districts of 15 states, covering around 4.39 lakh new children and continuing engagement with 10.94 lakh children. In addition, 125 Supplementary Learning Centres (SLCs) continued operations, mainstreaming more than 4,030 out-of-school children into formal education (cumulative 20,830).

Recognising the importance of Early Childhood Care and Education (ECCE) as per National Education Policy 2020, building capabilities of Anganwadi Sevikas on ECCE remained a key focus. Your Company partnered with Women Development and Child Welfare Department in Andhra Pradesh to strengthen capacities of over 55,600 Anganwadi Sevikas across all the 26 districts. Through a cascade approach, the Sevikas reached 2.79 lakh new children and continued engagement with 7.96 lakh children during the year. A similar partnership in Saharanpur, Uttar Pradesh, covered 30,000 children aligned to 'Poshan Bhi, Padhai Bhi' initiative of the Government. The second phase of the PPP was signed with Directorate of Women & Child Development, Government of Assam for 11 districts (extended from eight districts in Phase 1) integrating nutrition and early stimulation with ECCE.

535 Government Primary Schools and Anganwadis were provided child friendly, climate-resilient infrastructure support comprising boundary walls, additional classrooms including operationalising smart classrooms, aerators, cool roof paint, solarisation, sanitation units and furniture, taking the cumulative coverage to 4,100. These interventions have contributed to improved enrolment, particularly among girls. For sustenance and maintenance of infrastructure provided, 1,305 School Management Committees and 1,327 Child Cabinets & Water and Sanitation (WATSAN) Committees were operational with active involvement of students, parents and teachers.

To address school dropouts and strengthen career intentionality, especially among girls in secondary and senior secondary level, a pilot intervention continued in Pudukkottai, Munger and Kolkata covering 4,740 girls and women. The programme focuses on career mentoring, 21st-century skills and mainstreaming through the National Open Schooling System. Of total 286 girls who appeared for 10th standard examination in Munger, 119 girls (including 55 married) were successful in their 1st attempt.

Your Company's 'Bounce of Joy' programme promotes holistic development through physical fitness and sports by training Physical Education teachers. Through these teachers, the programme covered over two lakh beneficiaries across 250 schools in three states.

Skilling & Vocational Training

This programme, aligned to Pradhan Mantri Kaushal Vikas Yojana, provides market-linked skills training to marginalised youth, including the differently abled, to enable sustainable livelihoods. 17,600 youth across 33 districts in 16 states were trained, under different courses during the year, of which 49% were female, taking the cumulative to 1.45 lakh youth. To scale up, your Company has also initiated two pilots as potential tracks - community-based skilling (3,850 trained during the year) and ecosystem approach through partnerships with institutions such as ITIs and degree colleges (7,900 youth).

The programme for skilling differently abled youth was operational across eight centres in five states and has shown strong progress since its inception three years back. During the year, around 1,300 youth (cumulatively over 2,370) were trained and 863 have already been placed (cumulatively 1,460). Your Company's Sixth Sense programme, focused on the lives of visually challenged, covered 210 such individuals across five cities.

Sanitation

Your Company adopts a multi-pronged approach towards improving public health and hygiene across 35 districts and 14 states, focusing on ensuring sustenance of Open Defecation Free (ODF) habitations and progressing to the next level through improved hygiene, sanitation and waste management practices, aligned with Swachh Bharat Mission 2.0.

The Water, Sanitation and Hygiene (WASH) programme in schools includes construction of separate sanitation units for girls and boys and handwashing units with aerator taps to conserve water, alongside behaviour change initiatives reaching 1.06 lakh school students through 4,200 WASH campaigns.

The 'Swasth India Mission' continues to drive behavioural change in hand hygiene through experiential training in primary schools, guided by the belief of 'Swasth Bacche, Mazboot Desh' and supporting the country's efforts to reduce preventable infections. During the year, the programme covered 25,000 schools, reaching about 37.47 lakh children through interactive and innovative awareness sessions.

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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 minimal waste goes to landfills. Details of these models are provided in the section on 'Building a Circular Economy for Post-Consumer Packaging'.

Health & Nutrition

Your Company is adopting a holistic approach towards Community Healthcare, focusing on preventive healthcare and curative services. Community healthcare addresses the challenges of awareness, availability, accessibility and affordability and aims to improve health and nutrition by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence with existing Government schemes like National Health Mission, leveraging technology and enhancing access to primary and secondary healthcare services.

Under the Maternal and Child Health and Nutrition (MCHN) programme, aligned with POSHAN Abhiyan, a two-pronged approach was adopted:

- Focus on the first '1,000 days of life' in high malnutrition catchments covering mothers and children
- Addressing anaemia at scale through screening under Anaemia Mukta Bharat (AMB), Rashtriya Bal Suraksha Karyakram (RBSK) followed by loop closure through awareness creation and linkages with Government schemes.

Capacity building of frontline resources, including Anganwadi Sevikas, Accredited Social Health Activist (ASHAs) and Auxiliary Nurse Midwife (ANMs) is integral to the intervention, with 70,000 of them trained on community engagement, importance of seven critical home visits during the first 1,000 days and promotion of localised nutrition.

A 4E approach—Explore (identify hotspots), Educate (awareness on nutrition and hygiene), Encourage (nutrition gardens and '5 Food Groups' consumption), and Empower (capacity building of ASHA and Anganwadi Sevikas)—was adopted to address the challenges of anaemia. Over 1.62 lakh women and children were screened for anaemia during the year in partnership with Government (cumulative 3.62 lakhs) for baselining and identifying priority geographies for corrective action. Re-testing of 19,546 community members post completion

of the closed loop intervention revealed over 70% experienced improvement, with 38% moving to improved categories - severe to moderate, moderate to mild, or mild to normal.

Around 17 lakh community members, primarily women, adolescent girls and children spread across 36 districts in 11 states were covered during the year under your Company's MCHN and Swasthya Choupal initiatives aimed at improving their health-nutrition status. This included the partnership with the Directorate of Women and Child Development, Assam (11 districts, including seven aspirational districts) and the Child Development Services and Nutrition Department Saharanpur, Uttar Pradesh.

Project Samposhan reached out to 1.5 lakh women and adolescents across four districts in two states to educate, engage, and empower them on anaemia, dietary diversity and importance of a balanced diet with iron-rich foods. Under the 'Smart India' intervention, over 25 lakh people were reached to raise awareness on iodine deficiency disorders and healthy eating.

As part of the community healthcare programme, under the 'ITC Swasth Kiran' initiative, 17 Mobile Medical Units (MMUs) (seven in Saharanpur, six in Munger & four in Kamrup) provided free medical consultation and medicines to the rural community at their doorstep. During the year, over 2.74 lakh individual engagements were conducted across 830 villages, (58% women), along with 64,700 diagnostic tests and 910 referrals.

Recognising the need for high-quality doorstep eye care, your Company continued its innovative layered eyecare intervention – Sachal Nethra Seva in rural areas of Saharanpur, Uttar Pradesh, as a part of which four Mobile Vision Units (MVUs) were operational in services. These MVUs equipped with high-end ophthalmic equipment can screen and diagnose eye ailments such as Cataract, Diabetic Retinopathy, Glaucoma and other conditions. During the year, over two lakh community members were engaged, of which 16,279 cases were referred to the MVUs, and thereafter, 1,429 surgeries done at Dr. Shroff's Charity Eye Hospital in Saharanpur, the programme partner. The two-year Certified Ophthalmic Paramedic (COP) Programme offered at Dr. Shroff's Charitable Eye Hospital, Saharanpur, continued to support marginalised girls who have passed 12th standard. Of the 199 girls enrolled, 78 have successfully completed the course to date, including 34 during the year.

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With the involvement of the Rogi Kalyan Samitis, 20 Primary Health Centres (PHCs) were upgraded based on Indian Public Health Standards, taking the cumulative to 57 across five states, contributing to increased patient footfall and institutional deliveries. Under the TB Mukh Bharat Abhiyan, nutrition support in the form of prescribed food and nutrition kits was extended for a sustained period of six months to 2,000 patients in Saharanpur and Haridwar, taking the cumulative to 5,000. To provide safe drinking water available in Andhra Pradesh and Karnataka, 23 Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor, taking the total to 228 plants, benefiting over 2.5 lakh rural people.

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 commitment to 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 focus continues to be on nurturing exceptionally gifted students selected from across the country through a system of multi-level auditions. Through its eminent Gurus, it imparts intensive training and quality education in Hindustani Classical music to its 45 scholars that includes 20 girls and two differently abled students, identified after multiple rigorous auditions. The present Gurus of the Academy are Padma Bhushan Pandit Ajoy Chakrabarty, Padma Shri Pandit Ulhas Kashalkar, Pandit Partha Chatterjee, Vidushi Subhra Guha, Pandit Uday Bhawalkar, Shri Omkar Dadarkar, Shri Abir Hossain and Shri Brajeswar Mukherjee.

Several scholars of the Academy have performed at various music festivals and have also been recipients of prestigious awards and accolades. The Academy presented its scholars and young musicians in 38 ITC Mini Sangeet Sammelans, concerts and Baithaks in locations such as Jabalpur, Hubli, Dharwad, Sirsi, Lucknow, Jodhpur, Dehradun, Goa, Pune and Bengaluru to fulfil its avowed objective of preserving and propagating Hindustani Classical Music.

Forging Multi-Stakeholder Partnerships

Your Company's Social Investments Programme lays continuous emphasis on building partnerships of value to

drive innovation, access contemporary knowledge, and effectively amplify & implement programmes. Over the years, your Company has established Knowledge Partnerships with several national & international organisations/agencies to leverage latest knowledge / technical know-how to continuously enhance programme quality. Public-Private Partnerships (PPPs) are leveraged to amplify successful interventions into geographies beyond core catchment areas, with three such PPPs signed during the year. Further, your Company also engages with reputed coalitions and collaboratives to enable systemic change and synergise resources for broader societal and environmental good. The meaningful contribution made by your Company's Social Investments Programme towards addressing some of the country's key development challenges has been made possible, to a significant extent, through partnerships with implementation agencies, several of which have sustained for over 15 years. These partnerships combine your Company's management capabilities with the domain expertise and mobilisation strengths of these partners to deliver innovative, scalable grassroots solutions.

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) strategy is focused on enabling environmentally responsible and safe operations across its units, as integral to long-term value creation and risk management, through efficient use of natural resources and a safe and healthy workplace. Your Company continues to strengthen its EHS governance framework and drive continuous improvement in environmental performance.

Your Company believes that a safe and healthy work environment is a prerequisite for employee well-being, and that strong occupational health & safety practices support business resilience and performance. With the objective of further embedding safety across the organisation and progressing towards the aspiration of 'Zero Accident', your Company has adopted a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

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Safety

Your Company has sustained its focus on 'Safety by Design' by strengthening safety performance and embedding best-in-class engineering standards across investments in the built environment. Designs for all new greenfield and brownfield projects are reviewed to ensure alignment with applicable safety standards and codes. In addition, periodic EHS audits are undertaken across operational units to provide assurance on adherence to relevant requirements.

To embed a culture of safety, your Company continued to strengthen capability building and workforce engagement through structured training programmes and targeted communication (including using interactive podcasts, short video modules, etc.) on critical safety topics, complemented by discussions with workers on safe and unsafe acts. These initiatives, supported by keystone behaviours, reinforce individual ownership and safe practices. Your Company also leveraged design thinking and digital platforms to strengthen operational assurance, risk management and leadership visibility through improved decision-making. During the year, your Company conducted an organisation-wide EHS Summit to drive strategic alignment and share best practices, supported by a reward and recognition framework, thereby fostering a stronger EHS community and enabling positive behavioural change across the organisation.

National awards and certifications received by various units provide external validation of your Company's EHS systems and culture and reaffirm its commitment to providing a safe and healthy workplace for all.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company's state-of-the-art Life Sciences and Technology Centre (LSTC) in Bengaluru continues to anchor its science-led innovation agenda, driving the development of differentiated products and strengthening a portfolio of world-class brands. Over the years, LSTC has emerged as a robust innovation engine that is a key enabler of the 'ITC Next' growth strategy. Backed by world-class infrastructure and a diverse pool of over 400 highly qualified scientists, LSTC is at the forefront of advancing multiple initiatives aimed at delivering sustained competitive advantage and meaningful differentiation across your Company's product and brand portfolio.

Driving purposeful innovations that delights the Indian consumer through superior offerings remains the key

objective of LSTC. Centres of Excellence across domains viz. Biosciences, Agri-sciences & Materials sciences have enabled building capabilities to cater to the constantly evolving consumer needs. 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. While building the intellectual assets for your Company, LSTC has filed over 900 patent applications 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 closely aligned with the various Businesses of your Company, thereby enabling a robust innovation pipeline. In addition, your Company continues to embed a culture of continuous improvement in quality and competitiveness through ongoing innovation across materials, processes and systems.

Your Company has been a frontrunner in introducing first-to-market consumer-relevant innovative products. Amidst heightened geopolitical uncertainty, inflationary pressures and an evolving regulatory landscape, LSTC and product development teams are enabling the Businesses to enhance value proposition, improve affordability and accelerate sustainability-led innovation. Novel technologies are being judiciously leveraged to create healthier foods through systematic reduction in salt, sugar and fat without compromising on sensory attributes. Amidst increasing stringency in the regulatory landscape, key focus areas include better-for-you products, Health & Hygiene solutions and sustainable packaging, to enhance long-term competitiveness and sustainable growth of consumer facing businesses.

LSTC, in collaboration with the Agri and Branded Packaged Foods Businesses, endeavours to ensure that science-based ideas are fully integrated across the value chain from farm to fork, to enhance resilience and quality assurance. In Agro-Forestry and Crop Science, LSTC's scientists have established capabilities for improving grain, wood & pulp quality and yield, to secure critical raw materials for your Company. Ongoing research has major emphasis on developing climate resilient crops and pulp wood species, to mitigate biotic and abiotic risks. Advanced varieties of wheat and potato are now being planned

to be grown closer to the factories to optimise supply chain costs, in addition to reducing the carbon footprint. Future-ready, alternate value chains that mitigate risks arising out of disruptions to existing sourcing models continue to be explored.

Research infrastructure and capabilities are continuously upgraded in line with the global developments to build future-ready innovation platforms. Expanding capabilities include spreading the acreage of new tree clones with superior properties, developing modern instrumentation for testing very low levels of actives or contaminants, measuring barrier properties (air and water permeability) of coated paper substrate, etc. These investments enhance your Company's ability to accelerate development, improve quality assurance, enable sustainable materials innovation, and strengthen agri-science capabilities.

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) 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, benchmarking and strengthening quality management systems. Going forward, your Company will continue to identify growth opportunities leveraging its diverse core competencies and translating consumer insights and emerging science & technology into scalable innovations.

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 several 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 heard some of these writ petitions to completion, and the proceedings in respect of these notices were quashed. The remaining writ petitions and notices are pending adjudication / hearing.

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court; while the remaining have been challenged before the High Court and 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.

During the year, the Reserve Bank of India (RBI) cumulatively reduced the policy rate by 100 basis points to 5.25% to support growth amid benign inflation conditions. The RBI also undertook several liquidity support measures, including a phased reduction of 100 basis points in the Cash Reserve Ratio. These measures contributed to a decline in the market interest rates in the early part of the year. As the year progressed, interest rates experienced bouts of volatility due to global trade uncertainties, geopolitical tensions and the RBI's periodic actions in the foreign exchange market, which reduced liquidity in Indian Rupee (INR). This impact was partly offset by the RBI through open market operations. Towards the latter part of the year, market sentiment weakened due to higher-than-expected government borrowing, muted demand from investors and an escalation of the West Asia conflict, which pushed interest rates higher.

In the currency market, INR witnessed a sharp depreciation against the US Dollar (US\$) during the year. The weakness was primarily driven by strength in the US\$ amid a relatively high-interest rate environment, significant foreign portfolio investor outflows from the Indian equity market, tariff-related uncertainty and periods of heightened global risk aversion. The escalation of the

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West Asia conflict led to a sharp rise in crude oil prices, resulting in an unfavourable Balance of Payments outlook and putting further pressure on the currency. The RBI intervened selectively to contain excessive volatility and maintain orderly market conditions rather than defending a specific exchange rate level. Despite these external pressures, India's external sector remained supported by comfortable foreign exchange reserves and sound macroeconomic conditions.

Investment decisions relating to deployment of surplus liquidity were 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, ongoing review and monitoring of creditworthiness, including engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risk.

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, along with an independent check covering 100% of transactions by your Company's Internal Audit Department.

Your Company adopted a proactive risk management approach 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, 2026, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 20,000 which have been withheld on the basis of directives received from the government agencies.

DIRECTORS

Changes in Directors

During the year, the following Directors were appointed / re-appointed with your approval:

- Mr. Amitabh Kant as an Independent Director for a period of five years with effect from 1st January, 2026.
- Mr. Navin Agarwal, representing the Specified Undertaking of the Unit Trust of India ('SUUTI'), as a Non-Executive Director for a period of three years with effect from 1st April, 2026.

- Mr. Shyamal Mukherjee as an Independent Director for a period of five years with effect from 11th August, 2026.
- Mr. Hemant Malik as a Wholtime Director for a period of two years with effect from 12th August, 2026.

In the opinion of the Board, Messrs. Kant and Mukherjee possess the required integrity, expertise and experience to perform their role as Independent Directors of your Company.

Mr. Hemant Bhargava will complete his present term as an Independent Director of your Company on 19th December, 2026. The Board of Directors of your Company ('the Board'), on the recommendation of the Nomination & Compensation Committee, has recommended for the approval of the Members, the re-appointment of Mr. Bhargava as an Independent Director of the Company for a period of five years with effect from 20th December, 2026.

Appropriate resolution seeking your approval to the above is appearing in the Notice convening the 115th Annual General Meeting ('AGM') of your Company.

Ms. Nirupama Rao completed her term as an Independent Director of your Company with effect from close of work on 7th April, 2026. Further, Dr. Alok Pande, representing SUUTI, stepped down from the Board with effect from 1st April, 2026. Your Directors place on record their appreciation for the contribution made by Ms. Rao and Dr. Pande during their respective tenure with the 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. Sunil Panray and Siddhartha Mohanty 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

Five meetings of the Board were held during the year ended 31st March, 2026.

Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your Company requires that the Non-Executive Directors be drawn from amongst eminent professionals, with experience in business / finance / law / public administration and

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enterprises. The Nomination & Compensation Committee has laid down the criteria for determining qualifications, positive attributes and independence of Directors (including Independent Directors). The Committee also evaluates the role and capabilities required, and the balance of skills, knowledge and experience on the Board, while considering the appointment of Independent Directors of your Company.

Further, in terms of the Policy on Board Diversity, the Board is required to have balance of skills, competencies, experience and diversity of perspectives appropriate to the Company. Diversity for this purpose is considered from a number of aspects including, but not limited to, educational & cultural background, nature of professional, administrative & industry experience, skills, knowledge and gender representation. The skills, expertise and competencies of the Directors identified by the Board, along with those available in the present mix of the Directors of the Company, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

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 of the management of the 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 specified under the Act and the Listing Regulations, and are independent of the management of the Company.

Remuneration Policy

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

Evaluation of Board, Board Committees and individual Directors

During the year, the Nomination & Compensation Committee has adopted a revised Framework for performance evaluation of the Board, Board Committees and Individual Directors.

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 under the Act, the Listing Regulations and the Company's Governance Policy. Accordingly, the parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company; such parameters include (i) ensuring that the Company's Vision, Mission and Values (which were revised during the year) continue to be inspirational, purposeful & relevant, and commensurate with ITC's purpose, size and standing, (ii) securing alignment of the Company's long-term strategic goals with its 'Triple Bottom Line' approach to value creation and the nation's socio-economic & ecological priorities, (iii) ensuring a clearly defined strategic direction for realisation of the Company's Vision, strategic goals and long-term plans, and (iv) supporting the Company's management to meet the challenges arising from the operating & policy environment in the country.

Evaluation of functioning of Board Committees is based on discussions amongst the Committee Members and shared by the respective Committee Chairmen with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals. 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 the Company, who in turn takes action as considered appropriate.

Report of the Board of Directors

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 in order to ensure objectivity. The parameters for performance evaluation of individual Directors, inter alia, include ability to provide thought leadership across the role spectrum, demonstrating strategic perspective and business judgement during Board deliberations, and contribution to Board cohesion, governance & organisational processes. Reports on the functioning and performance of Board Committees during the year 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

During the year, there were no changes in the Key Managerial Personnel of your Company.

AUDIT COMMITTEE & AUDITORS

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

Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were re-appointed with your approval as the Statutory Auditors of the Company for a period of five years till the conclusion of the 118th AGM (till FY 2028-29).

The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of SRBC for conduct of audit for the financial year 2026-27. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 115th AGM of your Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the FY 2026-27:

- 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.

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 115th AGM of your Company.

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

Secretarial Auditors

Messrs. S. N. Ananthasubramanian & Co., Company Secretaries, were appointed with your approval as the Secretarial Auditors of the Company for a period of five years till the FY 2029-30.

The Report of the Secretarial Auditors, pursuant to Section 204 of the Act, is provided in the Annexure forming part of this Report. The Secretarial Auditors have confirmed that the Company has complied with the applicable laws and that there are adequate systems and processes in the Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

CHANGES IN SHARE CAPITAL

During the year, 1,53,48,450 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 15,34,845 Options under the Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2026, stands increased to ₹ 1252,94,68,231/- divided into 1252,94,68,231 Ordinary Shares of ₹ 1/- each.

The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of the Company.

EMPLOYEE STOCK OPTION SCHEMES AND EMPLOYEE STOCK APPRECIATION RIGHTS SCHEME

During the year, the Board, pursuant to the authority vested in it by the Members, has approved the ITC Employee Stock Appreciation Rights Scheme 2025, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('the SBEB Regulations').

Report of the Board of Directors

Disclosures with respect to Stock Options and Stock Appreciation Rights, as required under Regulation 14 of the SBEB 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 the Company's corporate website <https://www.itcportal.com> under the section 'Investor Relations'.

During the year, there has been no change in the Employee Stock Option Schemes and the Employee Stock Appreciation Rights Scheme of the Company. The Secretarial Auditors have certified that the aforesaid Schemes have been implemented in accordance with the SBEB Regulations and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), which is registered with the Securities and Exchange Board of India for providing in-house share registration and related services to the shareholders and investors, continues to maintain best-in-class standards of investor servicing while ensuring compliance with the applicable regulatory requirements.

During the year, the ISO 9001:2015 Quality Management System Certification for investor servicing by ISC was renewed by DNV, the accredited agency for such certification, for three years up to 22nd March, 2029. DNV accorded the highest 'Level 5' rating to ISC's systems and processes, re-affirming its best-in-class service standards for shareholders and investors.

The 'Investor Relations' section on the Company's corporate website <http://www.itcportal.com> serves as a user-friendly platform for shareholders and investors providing comprehensive information and guidance on share-related matters. In addition, the shareholders may conveniently avail various share-related services through the dedicated service portal at <https://eform.itcportal.com>.

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 were on arm's length basis in the ordinary course of business and were approved by the

Audit Committee. 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 the year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- 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;
- 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;
- prepared the Annual Accounts on a going concern basis;
- laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and were operating effectively; and
- 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

Report of the Board of Directors

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

Annual Return

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

Particulars of loans, guarantees or investments

Details of loans and 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

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

Employees

The total number of employees as on 31st March, 2026 stood at 22,481.

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forming part of this Report, is available on the Company's corporate website www.itcportal.com.

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, 2026 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. In line with its superordinate goal of serving larger national priorities and creating value for all stakeholders, your Company's paradigm of 'Responsible Competitiveness' focuses on building sustainable competitive advantage 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 pioneering trailblazer in farmer and rural empowerment through its Agri Business, the clear market leader in the Indian Paperboards and Packaging industry, and a global exemplar in sustainability. ITC Hotels Limited – a group entity – is a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering. Since the turn of the millennium, your Company's non-cigarettes businesses have grown over 40-fold and presently constitute about two-thirds of Net Segment Revenue. At the heart of this transformation lies the power of synergy, with seamless access for your Company's newer 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, embodied in the ITC Next strategy that focuses on building a Future-Ready, Consumer-Centric, Climate Positive and Inclusive organisation, with the agility and foresight to anticipate change, innovate proactively and shape the next horizon of growth and value creation.

The FMCG Businesses have delivered strong performance in recent years and are well-poised to be rapidly scaled up across the three growth platforms i.e., fortifying the core,

addressing value-added adjacent opportunities leveraging mother brands and nurturing new vectors of growth. Multi-dimensional interventions, including strategic acquisitions in high-growth and future-facing categories, have been undertaken to accelerate growth and strengthen the competitiveness and market standing of the FMCG Businesses.

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. Market coverage has increased to 2.1x of pre-pandemic levels, facilitating availability of products in nearly seven million retail, over 40% of which are serviced directly. Sharp-focused investments have augmented capability in NewGen channels such as e-Commerce, Quick Commerce and Modern Trade, resulting in robust growth in sales and enhanced market standing. In addition, investments towards accelerating agile and purposeful innovation, optimising supply chain efficiencies and accelerated digital adoption have significantly enhanced competitiveness.

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 ITC Hotels Limited (a group entity), packaging know-how 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, are increasingly being leveraged to drive rapid growth of the FMCG Businesses. With the strategy of building robust FMCG Businesses anchored on strong growth platforms and future-ready portfolio, your Company is well-poised to drive sustained value creation, leveraging its powerful brands.

The Agri Business has been a strong backbone and a key source of competitive advantage for your Company's FMCG and Cigarettes Businesses, as also a leading player in the agri space driving rural transformation. The scope and scale of operations have grown manifold over the years and currently encompass nearly four 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

Report of the Board of Directors

Value-Added Agri Products portfolio to accelerate growth and margins. With policy enablers in place, your Company is scaling up NextGen agriculture value chains that are digitally enabled and climate smart, and re-structuring the back end into a robust network of FPOs. 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 fruits and 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 successfully scaled up 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 over the years in terms of scale enhancement and improved profitability. While recent performance has been impacted by low priced Chinese & Indonesian supplies in global markets including India, soft domestic demand conditions and unprecedented surge in wood prices, strategic interventions continue to be undertaken across areas spanning plantations, sharpening the product portfolio along with thrust on enhancing structural cost advantage. Representations continue to be made at appropriate forums through industry associations for sustained safeguard measures for domestic industry and development of economically viable alternatives for plantations on degraded forest land. 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, import substitution and

scaling up the use of emergent technologies such as Industry 4.0 to enhance operational efficiency, reduce wastage and costs.

Your Company has entered into a Business Transfer Agreement to acquire the Pulp and Paper Undertaking of Aditya Birla Real Estate Limited (Century Pulp and Paper). The proposed acquisition is expected to add significant scale and economies to existing operations with potential for further capacity expansion, provide locational advantage for efficient customer servicing and proximity to key raw material sources, mitigate operational risks through multi-site operations and enhance resilience across industry cycles through portfolio diversification.

Your Company continues to build a dynamic ‘Future-Tech’ enterprise powered by state-of-the-art digital technologies and infrastructure (‘Mission DigiArc’) 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 Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience. Your Company is increasingly leveraging AI to enable smarter operations, enhance transparency and efficiency in workflows, generate data-driven insights, conduct technology-based impact assessments, and creating connected communities.

Sustainability continues to be a critical focus area. Your Company is actively pursuing its bold Sustainability 2.0 agenda comprising multi-dimensional interventions in decarbonisation, building green infrastructure, scaling up carbon sequestration, promoting climate-smart and regenerative agriculture, restoring biodiversity through nature-based solutions, enhancing water stewardship, creating an effective circular economy and sustainable packaging solutions, building climate resilience & adaptive capacity of value chains and developing inclusive value chains that can support 10 million livelihoods by 2030. Your Company has also committed to achieving Net Zero operations by 2050, while sharpening focus on climate adaptation, resilience of infrastructure and value chains, and nature-based solutions.

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.

Report of the Board of Directors

NextGen business models such as ITCMAARS in the agri-ecosystem, tech-enabled Fresh Food business, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being progressed to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

The world is navigating a critical inflection point marked by turbulence, uncertainty and rapid change, calling for novel strategies to reimagine the future. Multiple disruptions in recent years, including the pandemic, climate change-induced extreme weather events, geopolitical tensions, severe inflationary pressures, rapidly evolving consumer preferences and the relentless march of technology - especially AI & digitalisation; the business landscape is being reshaped at every turn. Accordingly, your Company continues to build a future-ready portfolio of businesses and strengthen business model resilience anchored in domestic value creation, local sourcing and climate resilience.

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 your Company'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 Nation Orientation, Trusteeship, Customer Obsession, Collaboration, Empathy & Respect and Entrepreneurial Mindset, 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
(DIN : 00280529)

Chairman & Managing Director

S. DUTTA
(DIN : 01804345)

Director & Chief Financial Officer

Kolkata
21st May, 2026

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2026

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; undertaking rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protecting 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 water stewardship and management of other natural resources, sustainable agriculture and climate smart practices, on-farm livelihoods like afforestation, off-farm livelihoods like livestock development, nano / micro-enterprises and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in education, skilling and **healthy habitations** through sanitation, school WASH (Water, Sanitation & Hygiene) 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, nutrition, and affordable access to basic healthcare services;
- (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://itcportal.com/about-itc/itc-policies/csr-policy.html>

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its "triple bottom line" objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy, the Sustainability Policies and the annual CSR Action Plan, including making recommendations to the Board as necessary, form part of the role of the Committee. The Committee also approves the Sustainability Report, besides reviewing the Business Responsibility and Sustainability Report of the Company and recommending the same to the Board for adoption.

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):

- **Health and Nutrition:** Focus on preventive aspects by way of emphasis on Maternal and Child Health and Nutrition (MCHN) through awareness and counselling by leveraging institutions like Anganwadis, Accredited Social Health Activist (ASHA) workers and network of women Village Health Champions (VHCs). Also, strengthen healthcare related services by supplementing primary & secondary infrastructure, upgrading Primary Health Centres (PHC), and providing access to healthcare through mobile services & other interventions.
- **Waste Management and Circular Economy:** Create a clean and healthy environment through awareness & behaviour change for inculcating individual & community responsibility, facilitate source segregation & recycling of dry and wet waste including plastics, management of liquid waste and enable sustainable livelihoods and well-being of waste collectors.

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of waterborne diseases. The focus of the intervention is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH). Also, facilitate health impacting social and civic infrastructure initiatives like improved sanitation and hygiene in the neighbourhood of the Company's catchments.
- **Poverty Alleviation:** Support the needy and poor through interventions that enable income diversification & generation and also provide access to basic needs like clothing, food, etc., as needed.
- ii. **Promoting Education, Vocational Skills and Livelihood Enhancement (Schedule VII – ii):**
 - **Education:** Provide children with access to education including Early Child Care Education with focus on enrolment, learning retention, foundational skills and improved pedagogy. Also, work with government to enhance capacities of institutions like Anganwadis.
 - **Skills:** Build and upgrade skills of youth with the emerging needs of the job market across sectors as also entrepreneurial opportunities.
 - **On-farm and Off-farm livelihoods:** Enhance incomes of farmers and their families by widening income generation opportunities through social and agro-forestry, fruit plantations and livestock development covering both large and small ruminants, including poultry and fisheries. Also, facilitate capability building through comprehensive package of extension services.
- iii. **Economic Empowerment of Women (Schedule VII – iii):**

Provide a range of gainful employment and individual & group entrepreneurial opportunities to women by empowerment and capacity building programmes, strengthening digital and financial literacy, and also providing access to loans, grants, insurance & social security.
- iv. **Ensuring Environmental Sustainability (Schedule VII – iv):**
 - **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning & executing watershed projects and soil & moisture conservation, river-basin level interventions, and also identifying & enabling extensive use of water efficient practices in agriculture & urban catchments and use of treated water.
 - **Biodiversity:** Strengthen eco-system services provided by nature including provisioning and regulatory services focussed on restoring commons and mangroves.
 - **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 institutions like the ITC Sangeet Research Academy, which was established in 1977 as an embodiment of the Company's sustained commitment to a priceless national heritage. Also, protect and promote Indian art and culture including infrastructure creation, and enhancing awareness & research in Indian knowledge systems.
- vi. **Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports (Schedule VII – vii):**

Promote sports for the holistic development of children by working closely with schools.
- vii. **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 innovation and R&D activities in the areas of science, technology, engineering, environment, agriculture and health aimed at promoting Sustainable Development Goals (SDGs).
- viii. **Rural Development (Schedule VII – x):**
 - **Sustainable and Climate Smart 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, reduce emissions and make agriculture resilient to increasing climate challenges.
 - **Knowledge Empowerment:** Enable farmers and farmer collectives to make informed choices by providing relevant and real-time information on local weather reports, customised knowledge & best practices on farming and farm management, commodity prices, market linkages and risk management.

- **Institutional Support:** Encourage sustainable agricultural practices through various extension platforms to enable access to relevant farm mechanisation technologies & implements, as also institutional support mechanisms and linkages to government schemes, especially for small farm holdings, in order to enhance farm productivity and farm-based incomes.

ix. **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.

2. **Composition of the CSR and Sustainability Committee as on 31st March, 2026:**

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.	A. Kant ¹	Independent Director		N.A.
3.	C. K. Mishra	Independent Director		3
4.	S. Mohanty	Non-Executive Director		3
5.	S. Mukherjee	Independent Director		3
6.	A. Pande	Non-Executive Director		2
7.	S. Panray	Non-Executive Director		3
8.	N. Rao	Independent Director		2
9.	A. Singh	Non-Executive Director		3

¹ Appointed as a Member w.e.f. 30th January, 2026.

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 Programmes for the financial year 2025-26

Brief Description	ITC implements its CSR Programmes across the country under a Three Pathway Strategy, focusing both on strengthening and sustaining livelihoods of today, as well as building capabilities and capacities to empower communities for a better life for the future.
Thematic Areas / Programmes	The specific themes covered under the Three Pathway Strategy include: Pathway 1: Conserving Natural Resource Ecosystems and Enhancing Resilience of Agriculture and Allied Livelihoods • Water Stewardship • Climate Smart Agriculture • On-Farm Livelihood Diversification: Social Forestry • Off-Farm Livelihood Diversification: Livestock Development Pathway 2: Nurturing Human Capabilities – Strengthening Foundational Literacy & Livelihoods and Preparing Communities for Future • Support to Education • Skilling of Youth • Women Empowerment: Targeted Hardcore Poor (THP) Programme and Financial Literacy Programme Pathway 3 - Strengthening Public and Community Health Ecosystems to create Healthier Habitats • Public Health: Maternal and Child Health and Nutrition (MCHN) • Public Health: Sanitation and Waste Management

Projects Covered	63 projects having outlay of more than ₹ 1 crore each during the financial year 2023-24 were grouped under nine thematic interventions and were then taken up for impact assessment. The purpose of these assessments was to assess the impact of the projects and incorporate the learnings from the findings into the programmes, as relevant.
Projects Duration	FY 2023-24
States	The assessments covered interventions in the States of Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal.
Impact Assessment Agencies	These impact assessments were done by the following 12 external agencies selected through competitive bidding process, and assigned specific projects / geographies for assessment: • Administrative Staff College of India, Hyderabad • Anahat For Change Foundation, Kolkata • BDO India Services Private Limited, Gurugram • Bureau of Research on Industry and Economic Fundamentals Private Limited, New Delhi • CRISIL Limited, Mumbai • Grant Thornton Bharat LLP, Noida • Ingrain Technologies, Hyderabad • Price Waterhouse Chartered Accountants LLP, Gurugram • Renalysis Consultants Private Limited, Ahmedabad • Saarthak Collective, New Delhi • Saathire Social Impact Solutions Private Limited, Bengaluru • SoStakes Services Private Limited, Bengaluru
Period of Study	FY 2025-26
Methodology	The agencies took up studies through mixed method approach covering quantitative and qualitative data collection. A statistically significant sample size was covered under each project. In the aggregate, over 22,450 samples were covered across interventions and control areas.

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

Pathway 1: Conserving Natural Resource Ecosystems and Enhancing Resilience of Agriculture and Allied Livelihoods

Overall, the projects assessed under Pathway 1 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.

Water Stewardship:

- The study conducted in Andhra Pradesh, Karnataka and Tamil Nadu revealed that compared to baseline, access to irrigation resulted in increase in gross cropped area by 12% and improved cropping intensity by 6%.

Biodiversity Conservation:

- In the study conducted in Maharashtra, respondents have reported increase in availability of fodder and fuelwood by over 16% in commons and they have been able to save approximately ₹ 8,000/- annually on procuring fodder and ₹ 2,000/- on procuring fuelwood.

Climate Smart Agriculture:

- In Uttar Pradesh, study revealed that compared to control, yield of wheat was 16% higher for programme farmers, while cost of cultivation was lesser by 28%.
- In Telangana, study revealed that compared to control, Direct Seeded Rice (DSR) method in paddy resulted in 21% reduction of cultivation costs and 22% higher net income. 82% of programme farmers continued DSR in the subsequent years and 72% increased the area under DSR on their own.
- Study conducted in Crop Development Programme (CDP) across the states of Bihar, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and Uttar Pradesh, revealed high variety seeds delivered average 10-15% higher yield in wheat crop, against control.

Social Forestry:

- In Telangana, small farmer friendly agro-forestry model plantations (both trees and crops cultivated together) led to 17% higher income for programme farmers over control who only grew trees.

Livestock Development:

- In Telangana, because of the interventions, mortality rate of small ruminants reduced by 50% compared to control.

Pathway 2: Nurturing Human Capabilities –Strengthening Foundational Literacy & Livelihoods and Preparing Communities for Future

Projects evaluated under Pathway 2 were found to be of high relevance, impacting lives of children, youth, women and communities residing in ITC catchments.

Support to Education:

- Early Childhood Care and Education (ECCE) interventions evaluated in Andhra Pradesh revealed that 90% (control: 56%) children showing better shape drawing ability; 73% (31%) in fine motor skills; and 58% (30%) in number recognition skills.
- Primary Education programme evaluated in Himachal Pradesh, Maharashtra, Uttarakhand and Uttar Pradesh showed 80% children from the programme group could solve 3-digits addition & subtraction (control: 50%+) and 90% children could read sentences (control: 50%+).

Skilling of Youth:

- Study done in Assam, Punjab, Uttar Pradesh and West Bengal revealed that a high proportion of respondents (upto 93%) reported gaining skills and knowledge for job roles, along with improvements in communication and problem-solving abilities. 80% of the trained youth got engaged in employment or self-employment and are earning ₹ 12,000/- to ₹ 14,000/- per month.

Women Empowerment:

- In the Targeted Hardcore Poor (THP) programme in Uttar Pradesh, average monthly income of ultra-poor women has increased by over five times, and asset value appreciated to over two and half times, compared to baseline.
- In the Financial Literacy (FL) and inclusion programme studied in Andhra Pradesh, Karnataka, Madhya Pradesh, Tamil Nadu, Uttarakhand and Uttar Pradesh, over 46% of women reported taking loan for productive purposes such as business, financial investments, farming, irrigation etc., compared to less than 18% in control.

Pathway 3 - Strengthening Public and Community Health Ecosystems to create Healthier Habitats

Projects evaluated under Pathway 3 were found to be relevant and impactful in improving health and nutrition outcomes of the community as well as improving habitats.

Maternal and Child Health and Nutrition (MCHN):

- In the MCHN programme implemented in collaboration with the Government of Assam in Darang district, 97% (baseline: 57%) pregnant women registered for Ante Natal Care (ANC) in the 1st trimester. In the same district, in case of children (< 5 years), there was reduction in prevalence of under-weight children to 11% (baseline: 25%) and reduction in prevalence of stunting to 21% (baseline: 46%).

Waste Management:

- In Guntur, Andhra Pradesh, study revealed that waste segregation practice at household level increased from 30% to 90%.
- Study conducted in Kapurthala, Punjab, and Shirur, Maharashtra, revealed high awareness levels about linkage between waste management and environment pollution - 85% and 75%, respectively.
- In Shirur, 94% respondents highlighted improvement in waste water treatment in their village as a result of Liquid Waste Management programme.
- In Well-being Out of Waste (WOW) programme in three peri-urban clusters of Hyderabad, 96% of surveyed households practiced source segregation (control: 40%) indicating the positive impact of the programme.

Detailed 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) : ₹ 24,996.23 crores
- (b) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 499.92 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)] : ₹ 499.92 crores
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : ₹ 470.85 crores
- (b) Amount spent in Administrative Overheads : ₹ 25 crores
- (c) Amount spent on Impact Assessment, if applicable : ₹ 4.15 crores
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 500 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
₹ 500 crores	Not Applicable	Not Applicable	Not Applicable		

(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)	₹ 499.92 crores
(ii)	Total amount spent for the Financial Year	₹ 500 crores
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 0.08 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)]	₹ 1.46 crores *

* Includes excess amounts of ₹ 0.58 crore and ₹ 0.80 crore spent during the financial years 2023-24 and 2024-25, respectively, 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	2024-25	Nil	Nil	Nil	Not Applicable		
2	2023-24	Nil	Nil	Nil	Not Applicable		
3	2022-23	₹ 23.10 crores	Nil	₹ 23.10 crores	NIL	NIL	NIL

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

S. PURI *Chairman – CSR and Sustainability Committee*
(DIN : 00280529)

Kolkata, India
21st May, 2026

S. DUTTA *Director & Chief Financial Officer*
(DIN : 01804345)

Annexure to the Report of the Board of Directors

FORM NO. MR - 3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2026 *[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
ITC Limited
CIN: L16005WB1910PLC001985
Virginia House, 37 J. L. Nehru Road
Kolkata 700 071

We have conducted Secretarial Audit of compliance with the applicable statutory provisions and adherence to good corporate practices by **ITC Limited** (hereinafter called 'the Company') for the **financial year ended 31st March, 2026**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended 31st March, 2026**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books and papers, minute books, forms and returns filed and other records maintained by the Company for the **financial year ended 31st March, 2026** according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 - **The Company's in-house Investor Service Centre is registered with the SEBI as a Registrar to an Issue and Share Transfer Agent;**
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (g) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not Applicable as there was no reportable Event during the financial year under review;**
 - (h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **Not Applicable as there was no reportable Event during the financial year under review;** and
 - (i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable as there was no reportable Event during the financial year under review;**
- (vi) The Management has identified and confirmed the following laws as being specifically applicable to the Company:
 - (a) The Tobacco Board Act, 1975 and the Rules and Regulations made thereunder;
 - (b) The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the Rules made thereunder, and other laws relating to manufacture and sale of Tobacco;
 - (c) The Food Safety and Standards Act, 2006 and the Rules and Regulations made thereunder;
 - (d) The Drugs and Cosmetics Act, 1940 and the Rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange Limited ('the Stock Exchanges'). The Company's equity shares were delisted from the Calcutta Stock Exchange Limited with effect from 20th November, 2025.

We report that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, including Women Independent Directors. Changes in the composition of the Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;
- (ii) Adequate notice is given to all Directors to schedule the Board and Committee Meetings; agenda and detailed notes on agenda were sent at least seven days in advance before the meeting except where consent of Directors was received for circulation of notices, agenda and notes to agenda at a shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (iii) All the decisions of the Board and Committees thereof were carried through unanimously;

We further report that based on review of the compliance mechanism established by the Company, we are of the opinion that there are adequate systems and processes in place in the Company which are commensurate with its size and scale of operations, to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.

We further report that during the financial year under review, following events have occurred, having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.:

- 1) Issue and allotment of 1,53,48,450 Ordinary Shares of Re. 1/- each, fully paid-up, upon exercise of Stock Options under the Employee Stock Option Schemes of the Company, from time to time.
- 2) Acquisition of 43.75% of the share capital (comprising 2,62,500 Equity Shares of Rs. 10/- each) of Ample Foods Private Limited (AFPL) on 4th April, 2025, consequent to which AFPL has become an Associate Company.
- 3) Pursuant to the execution of Share Purchase Agreement on 17th April, 2025 to acquire 100% of the share capital of Sresta Natural Bioproducts Private Limited ('SNBPL'), and acquisition of its entire share capital (comprising 1,87,48,858 Equity Shares of Rs. 10/- each) on 13th June, 2025; consequently, SNBPL became a wholly owned subsidiary of the Company and its subsidiaries viz., Fyve Elements LLC, USA and Sresta Global FZE, UAE, became step-down wholly owned subsidiaries of the Company with effect from the said date.
Subsequent to the above, the Board of Directors of the Company on 1st August, 2025 approved the Scheme of Amalgamation of SNBPL and Wimco Limited ('Wimco'), wholly owned subsidiaries, with the Company. The Hon'ble National Company Law Tribunal ('NCLT'), Kolkata Bench, vide order dated 20th March, 2026, and NCLT, Hyderabad Bench, vide order dated 16th April, 2026, have approved the said amalgamation; Upon fulfilment of all the conditions specified in the Scheme of Amalgamation, the Appointed Date for the said amalgamation is 1st April, 2025 for Wimco and 13th June, 2025 for SNBPL and the Effective Date of the Scheme is 1st June, 2026.
- 4) Pursuant to the approval of the Board, the Company executed the Transaction Documents on 17th April, 2025, to acquire the remaining 73.50% stake of the share capital of Mother Sparsh Baby Care Private Limited (on a fully diluted basis) at Rs. 415 crore over a period of two to three years with a primary infusion of Rs.70 crore and acquisition of 594 Equity Shares and 2,201 Compulsory Convertible Preference Shares, of Rs. 10/- each, on 21st May, 2025; consequently, the Company's shareholding in Mother Sparsh aggregated 39.47% of its share capital, on a fully diluted basis.
- 5) Divestment of the Company's entire shareholding of 39.32% consisting of 7,759 Compulsorily Convertible Preference Shares and 2,386 Equity Shares, of Rs. 10/- each, held in Delectable Technologies Private Limited ('DTPL') on 13th May, 2025; consequently, DTPL ceased to be an associate company with effect from the said date.
- 6) The Board of Directors on 1st August, 2025, pursuant to the authority vested in it by the Members on 10th April, 2025, approved the 'ITC Employee Stock Appreciation Rights Scheme 2025' for grant of Employee Stock Appreciation Rights to the eligible employees of the Company and its Subsidiary companies.
- 7) The Ordinary Shares of Company were voluntarily delisted from The Calcutta Stock Exchange Limited with effect from 20th November, 2025.
- 8) Prag Agro Farm Limited ceased to be a wholly owned subsidiary of the Company with effect from 10th December, 2025, consequent to its voluntary liquidation, as approved by NCLT, Mumbai Bench.

This Report is to be read with our letter of even date which is annexed as **Annexure - A** and forms an integral part of this Report.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
 ICSI Unique Code: P1991MH040400
 Peer Review Cert. No.: 5218/2023
S. N. Ananthasubramanian
Founding Partner
 FCS: 4206 | COP No.: 1774
 ICSI UDIN: F004206H000358582

Date: 14th May, 2026
 Thane

Annexure - A

To,
The Members,
ITC Limited
 CIN: L16005WB1910PLC001985
 Virginia House, 37 J. L. Nehru Road
 Kolkata 700 071

Our Secretarial Audit Report for the financial year from **1st April 2025 to 31st March 2026** of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the Management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations, and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained reasonable assurance as to whether the statements prepared, documents or records in relation to Secretarial Audit, maintained by the Company, are free from misstatement.
6. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

7. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
8. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
 ICSI Unique Code: P1991MH040400
 Peer Review Cert. No.: 5218/2023
S. N. Ananthasubramanian
Founding Partner
 FCS: 4206 | COP No.: 1774
 ICSI UDIN: F004206H000358582

14th May, 2026
 Thane

Annexure to the Report of the Board of Directors

INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS

CONSERVATION OF ENERGY:

All business units continued their efforts to improve energy usage efficiencies and increase the share of renewable energy in line with ITC's 2030 Goals. These goals include reduction in specific energy by 30% and specific GHG by 50% along with increasing renewable energy share to 50% and sourcing 100% of purchased electricity from renewables. The Company regularly tracks its performance against these key performance indicators. The Company invests in energy conservation and renewable energy projects along with exploring innovative technologies to bring alignment with the goals. These investments are done in phases by taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects.

a) Steps taken or impact on conservation of energy:

Some of the energy conservation measures adopted across the Company are outlined below:

- I. Installation of Upflow Anaerobic Sludge Blanket Reactor (UASBR) for efficient effluent treatment and utilization of gas as fuel in Foods Business.
- II. Installation of high-efficiency screw chillers in Paper Business.
- III. Installation of Pressure Reduction Station (PRS) and multi-pass steam injection systems to optimise steam consumption in Foods Business.
- IV. Installation of closed loop condensate recovery system in Foods Business.
- V. Integration of process equipment with sensors and automation systems (e.g., dissolved oxygen sensors, thermal energy meters) for real-time optimisation in Foods and Personal Care Businesses.
- VI. Installation of flow booster system and deaeration system to enhance heat transfer efficiency in thermic fluid heaters in Packaging Business.
- VII. Installation of Variable Frequency Drives (VFDs) for various pumps, agitators, blowers, and chillers across Businesses.
- VIII. Replacement of air conditioners, chiller, compressor, motors, water coolers, pumps and heat exchangers with higher efficiency ones across Businesses.
- IX. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs) across Businesses.
- X. Process improvements to enhance productivity and reduce specific energy consumption across Businesses.

These investments have resulted in energy savings of over 50 TJ during the year.

b) Steps taken for utilising alternate sources of energy:

Some of the renewable energy initiatives undertaken during the year are as follows:

- I. Commissioning of 3 MWp onsite solar photovoltaic power plants across ITC Units.
- II. Commissioning of biomass boilers in foods and cigarette factories at Tamil Nadu and Uttar Pradesh.
- III. Continued use of renewable electricity from existing wind/solar power plants and utilization of biomass in existing biomass boilers across Businesses.

These investments have helped ITC increase its renewable electricity capacity to 177 MW. These investments, together with initiatives in renewable thermal energy, have helped ITC achieve an overall renewable energy share of 51%.

c) Capital investment on energy conservation equipment: 785 lakhs INR

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. As a part of Industry 4.0 initiative, various technological innovations are being implemented. Key highlights are presented below:
 - a. Foods Business's 'Focus Factory' initiative is aimed at building robust digital infrastructure to enable real time monitoring of operational parameters and utilise it towards advanced Artificial Intelligence and Machine Learning data analytics. This was the backbone for adoption of advance technologies like deployment of AI Agents and digital twins.
 - b. *Digital Factory Operating System (Df-OS)* is a platform developed to centralize operations and enable seamless cross-functional collaboration, creating a single source of truth for factory data.
 - c. *Integrated Operations Management System (IOMS)* has been developed to digitize and standardize critical manufacturing parameters.
- II. New process and changes to product formulation to enhance productivity, quality and printability in Paper Business.
- III. Enhanced the plastic substitution portfolio of products at the Paper Business.
- IV. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in the Personal Care Products Business.
- V. Induction of contemporary technologies and continuous improvement across Businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability.

b) Benefits derived:

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

c) The expenditure incurred on Research and Development:

	For the year ended 31st March, 2026
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	1,828.30
ii) Revenue	19,449.65
Total	21,277.95
Total R&D Expenditure (as a % of Gross Revenue)	0.26%

On behalf of the Board

S. PURI *Chairman & Managing Director*
(DIN : 00280529)

Kolkata, India S. DUTTA *Director & Chief Financial Officer*
21st May, 2026 (DIN : 01804345)

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2026

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of Directors & Key Managerial Personnel	Designation	Ratio of Remuneration to Median Remuneration of all Employees	Increase in Remuneration over Last Year (%)
		Based on remuneration paid	
S Puri	Chairman & Managing Director	338 : 1	(7)
S Dutta	Executive Director & Chief Financial Officer	133 : 1	5
H Malik	Executive Director	108 : 1	14
B Sumant	Executive Director	153 : 1	(8)
H Bhargava	Independent Director	15 : 1	18
A M Bharucha	Independent Director	15 : 1	80
A Kant ¹	Independent Director	0 : 1	–
C K Mishra	Independent Director	9 : 1	2232 *
S Mohanty	Non-Executive Director	4 : 1	3262 *
S Mukherjee	Independent Director	15 : 1	19
A Nayak	Independent Director	15 : 1	18
A Pande	Non-Executive Director	10 : 1	1672 *
S Panray	Non-Executive Director	15 : 1	19
N Rao	Independent Director	15 : 1	23
A K Seth	Independent Director	15 : 1	18
A Singh	Non-Executive Director	15 : 1	1449 *
P Subrahmanyam	Independent Director	15 : 1	1695 *
R K Singhi	Executive Vice President & Company Secretary	45 : 1	(0)

* Not comparable since the remuneration for the financial year 2024-25 was for part of the year.

¹ Appointed as an Independent Director w.e.f. 01.01.2026

Notes

- The number of permanent employees as on 31st March, 2026 was 22,481.
- Compared to the financial year 2024-25, the figures for the financial year 2025-26 reflect that:
 - Median remuneration of employees - Increased by 4%
 - Average remuneration of employees - Decreased by 2%
 - Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Decreased by 2%
 - Remuneration of KMPs - Decreased by 2%
- Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy.

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

Available on the Company's corporate website www.itcportal.com.

On behalf of the Board

S. PURI *Chairman & Managing Director*
(DIN : 00280529)

S. DUTTA *Director & Chief Financial Officer*
(DIN : 01804345)

Kolkata
21st May, 2026

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2026

KEY FINANCIAL RATIOS

[Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Key Financial Ratios for the Company:

		FY26	FY25
(i)	Operating Profit Margin (%)	33.4	35.4
(ii)	Net Profit Margin (%) ¹	25.3	26.7
(iii)	Debtors Turnover	23.7	20.7
(iv)	Inventory Turnover	4.9	5.3
(v)	Current Ratio	3.0	3.0
(vi)	Return on Net Worth ¹	29.6	29.2

Notes:

1. **Net Profit Margin** and **Return on Net Worth** ratios have been computed based on Profit After Tax (before exceptional items).
2. **Interest Coverage Ratio** and **Debt-Equity ratio** are not relevant for the Company as it has negligible debt.
3. Refer Note to Standalone Financial Statements No. 29 (xvii) on comparability of Gross Revenue from sale of products and services and value of Inventory with previous year numbers.

On behalf of the Board

S. PURI *Chairman & Managing Director*
(DIN : 00280529)

S. DUTTA *Director & Chief Financial Officer*
(DIN : 01804345)

Kolkata
21st May, 2026

Annexure to the Report of the Board of Directors

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of ITC Limited

1. The Corporate Governance Report prepared by ITC Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and paras C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2026 and the said Report will be submitted by the Company to the Stock Exchanges as part of the Annual Report.

Management's Responsibility

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

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2026 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2025 to March 31, 2026:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year-end.
 - viii. Obtained and read the minutes of the audit committee meeting wherein such related party transactions have been pre-approved by the audit committee.
 - ix. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2026, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Arvind Sethi
Partner
Membership Number: 89802
UDIN: 26089802SJMBUV8736

Place of Signature: Kolkata
Date: May 21, 2026