



Enduring Value

Nation First: Sab Saath Badhein

ITC Limited

REPORT AND ACCOUNTS 2022

Contents

Contents are hyper-linked to the relevant pages of the report
Click 'ITC Limited' on the Header/Footer of each page to return to Contents

ITC: Winning the Future Consumer Centricity, Innovation, Digital Transformation and Sustainability	
Board of Directors and Committees	01
Report on Corporate Governance (including Shareholder Information)	12
Report of the Board of Directors & Management Discussion and Analysis	38
Secretarial Auditor's Report	133
CEO and CFO Compliance Certificate	145
Standalone Financial Statements	
Balance Sheet	146
Statement of Profit and Loss	147
Statement of Changes in Equity	148
Cash Flow Statement	150
Notes to the Financial Statements	152
Independent Auditor's Report	214
Guide to Subsidiaries, Joint Ventures & Associates	226
Salient Features of the Financial Statements of Subsidiaries, Joint Ventures & Associates (AOC-1)	229
Consolidated Financial Statements	233
Ten Years at a Glance	318
Financial Highlights	
Business Responsibility and Sustainability Report	I-XLI
Awards & Accolades	
ITC Infotech: Business Friendly Solutions	
Creating Enduring Institutions	



The mnemonic represents ITC's vibrant businesses that are future-ready, with a focus on consumer centricity, agility and resilience. The flower symbolises ITC's inherent focus on sustainability, while the petals stand for the Company's 12 future-ready businesses. At the centre, the power button reflects the digital transformation that is at the core of every business, while the human figures circling the mnemonic represent our universe of stakeholders, including shareholders, consumers, communities, farmers and employees, and depict ITC's philosophy of inclusive growth.



ITC: Winning the Future

Consumer Centricity, Innovation,
Digital Transformation and Sustainability

As we step into the third year of the pandemic, it is abundantly clear that we are at the crossroads of a redefined future. While economies started rebounding, new challenges emerged including geopolitical tensions, inflationary headwinds as well as extended supply chain disruptions. Our journey into the future will be shaped by our ability to adapt to the new normal and address emerging challenges with agility, innovative capabilities, inclusivity and resilience. While the COVID-19 crisis has caused unprecedented disruptions to human life and economic activity, it has also provided multi-dimensional learnings which will power transformational change going forward. We witnessed the constant breakthroughs in science, technology and innovation, the extraordinary fortitude displayed by humanity in serving people in distress, the unprecedented scale of collaboration and rapid forging of partnerships, all of which tell a story of hope and resilience and of humankind's ability to rise as one and overcome every adversity. The Black Swan event also accentuated the undercurrents of Digital and Sustainability as predominant megatrends and these will continue to be the two most defining trends of the future.

Recognising the need to scale new horizons of competitiveness, ITC pivoted with agility and resilience

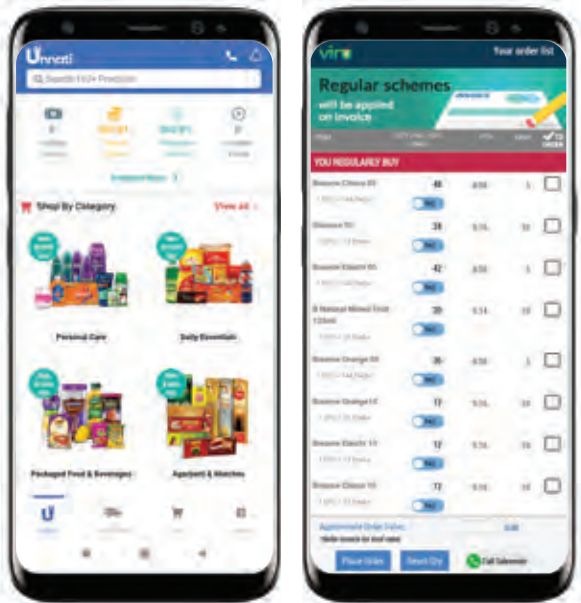
to navigate through the dynamic environment with consumer-centricity, demonstrating speed in seizing market opportunities, relentless focus on execution excellence and pro-active strategic interventions.

An extensive strategy reset across all businesses to define the contours of 'ITC Next' helped putting in place structural drivers to ensure that the enterprise would remain future-ready, nimble and inclusive.

As a core element of the ITC Next strategy, ITC has been exploring opportunities to craft disruptive business models anchored at the intersection of Digital and Sustainability, the two defining trends that are redefining the 'new normal', while leveraging the Company's institutional strengths.

ITC has always believed 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 of 'Responsible Capitalism' focuses on extreme competitiveness but in a manner that builds environmental capital and supports sustainable livelihoods.

Accelerated Digital Adoption



The pandemic has accelerated adoption of digital across every sphere of economic activity from supply chains to production to consumer engagement and commerce to remote working. It has opened up new opportunities, enabling huge productivity gains in processes and systems, besides creating new 'digital-first' business models. As the ecosystem evolves rapidly, technologies like Artificial Intelligence, Machine and Reinforcement Learning, IoT, Robotics, are redefining the way business is conducted.

It is clear that enterprises need to develop deep and distinctive digital capabilities to win the future. At ITC, our aspiration is to create a 'FutureTech' enterprise by powering cutting-edge digital technologies, investing in processes, systems and people to enable competitive business transformation. While the Company had already created a large enterprise-wide digital footprint, the pandemic paved the way for accelerated digital transformation across every node of the value chain.

The 'Digital at ITC: Building a FutureTech Enterprise' section of this feature provides a snapshot of ITC's digital interventions across businesses and operations.

Reimagining Sustainability



Extreme and frequent weather events have emerged as existential threats necessitating enhanced action on

climate change, bringing sustainability back on centrestage. The pandemic has also accelerated the need for livelihood creation. Given such imperatives, the need of the hour is to look at completely new models of economic growth which integrate environmental stewardship and livelihood generation into business models.

Anchored on the innovative and inclusive business models that the Company has implemented over the last two decades, ITC has now embarked on an even more ambitious Sustainability 2.0 agenda to strengthen and scale up its large gamut of interventions to enable the transition to a net zero economy, work towards ensuring water security for all, restore biodiversity, create an effective circular economy for post-consumer packaging waste and scale up programmes that support sustainable livelihoods. ITC is setting the bar higher, while retaining its status as a sustainability exemplar. Further details are provided in the 'Sustainability 2.0 - Promoting Responsible Capitalism' section of this feature.

Focus on Consumer Centricity



The pandemic has also led to a marked shift in consumer behaviour, increasing the demand for products focusing on health, wellness, safety and hygiene. Preference for trusted brands is on the rise. There is a significant demand for convenience, natural and organic.

It is therefore critical for organisations to not only deal with the immediate context, but also speedily spot evolving trends and leverage their institutional strengths to design, develop and deliver products and services to consumers ahead of time. The ITC Next strategy aims to achieve the next horizon of growth by revitalising its offerings to address the fast evolving trends and consumer preferences.

The pages that follow provide a glimpse into ITC's multi-dimensional growth drivers, which will power the Company to a new horizon of competitive and sustainable progress, creating even larger value for all its stakeholders.



ITC's Triple Bottom Line Contribution

Economic



₹59,101 cr
Gross Revenue*

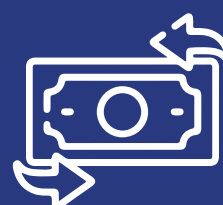


**Amongst
Top 3**

Corporates in the
Private Sector in
terms of Contribution
to Exchequer
over the years



75%
of Value-added
Accrues to
the Exchequer



Free Cash Flow
Generation of
₹13,000 cr



12
Future-ready Businesses
spanning all 3 Sectors
of the Economy-
**Agriculture,
Manufacturing,
Services**



200+
Manufacturing
Units



113
Hotel Properties



25+
World-class
Indian Brands



Over 900
Patents Filed



Nearly
7 Million
Retail Outlets Serviced

*for the year ended 31st March, 2022

Social



6 Million
Sustainable
Livelihoods Supported



e-Choupal:
4 Million
Farmers Empowered



Livestock Development:
Over 20,00,000
Milch Animals Covered



Women Empowerment:
Over 86,000
Poor Women Benefitted



Primary Education:
Over 8,64,000
Children Benefitted



Skilling and Vocational Training:
Over 1,00,000
Youth Enrolled

Environmental



Watershed Development:
Over 13,30,000
Acres Covered



Afforestation:
Over 9,50,000
Acres Greened



Biodiversity Conservation:
Over 1,30,000
Acres Covered



Climate Smart Agriculture:
4,50,000
Farmers Benefitted



Collecting and
Sustainably Managing
54,000 tonnes
of Plastic Waste



Well Being Out of Waste
Covers Over
1.8 Crore
Citizens



38
Platinum-rated
Green Buildings



Around **42%**
of ITC's Energy from
Renewable Sources

Recognition for ITC's Sustainability Initiatives



First Prize in
**'Best Industry for CSR
Activities'** category by the
Ministry of Jal Shakti,
Government of India



CSR Excellence Award
in the 'Large' category
by the Institute of
Company Secretaries
of India (ICSI)



Achieved goal of
becoming plastic neutral,
collecting and sustainably
managing 54000+ MT
of plastic waste



Sustained **'AA' rating** by
MSCI for the 4th
consecutive year



Achieved **'A-' Leadership
score** under **CDP ratings -
ahead of Asia & Global
average** in Climate Change
(B-) & Water Security (B)



ITC included in the
**Dow Jones Sustainability
Emerging Markets Index**



ITC's Winning Businesses



FMCG Businesses

- o India's Leading FMCG marketer
- o 25+ Mother Brands in Foods, Personal Care Products, Education & Stationery Products, Agarbattis & Matches
- o Annual consumer spend of over ₹24,000 crores
- o Exporting to over 60 countries
- o Products reach over 200 million households in India
- o Products available in nearly 7 million retail outlets in India
- o ITC e-Store: 45+ categories, over 700 products
- o Extensive digital adoption across manufacturing, distribution, consumer insighting



Agri Business

- o Powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture
- o Extensive engagement with farmers for over 100 years
- o ITCMAARS*- bringing the power of digital technologies to farmers
- o ITC e-Choupal has empowered 4 million farmers
- o Sourcing over 4 mn tonnes of agri produce from 22 states
- o Supporting over 20 value chain clusters
- o Largest procurer of wheat after the Government's FCI
- o One of India's largest exporters of agri commodities



Paperboards & Packaging Businesses

- o One of India's largest, greenest and most technologically advanced
- o Clear leader in the Value-added Paperboards segment
- o Leading provider of superior value-added packaging solutions
- o Anchoring local forestry value chains, empowering farmers, enhancing green cover
- o First in India to obtain Forest Stewardship Council-Forest Management (FSC-FM)
- o Extensive use of Industry 4.0 technologies
- o Pioneer in sustainable packaging



*Metamarket for Advanced Agriculture & Rural Services



ITC Hotels

- o Trailblazer in 'Responsible Luxury' & Sustainability
- o One of India's pre-eminent hospitality chains
- o 113 hotel properties in over 70 locations
- o Iconic Cuisine Brands
- o All luxury collection hotels are LEED® Platinum certified
- o ITC Hotels and Welcomhotels have achieved the global 2030 Carbon emissions targets well ahead of time
- o ITC Windsor, ITC Grand Chola and ITC Gardenia - first three LEED® Zero Carbon Hotels in the world



ITC Infotech

- o Wholly owned subsidiary of ITC Limited
- o Leading global technology services and solutions provider with presence in 29 countries
- o Partner of choice for customers in their Digital Transformation and Software as a Service (SaaS) adoption journey
- o One of industry's largest organizations of Product Lifecycle Management services expertise
- o Focus on sharpening domain-led offerings in Digital Manufacturing Solutions, Digital Workplace Solutions, Core Hospitality Automation and Customer Experience
- o Business-friendly solutions leveraging strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence



Brand Leadership



No. 1

in Branded Atta



No. 1

in the Cream Biscuits segment



No. 1

in Bridges segment of Snack Foods
(No. 2 overall in Snacks & Potato Chips)



No. 1

in Dhoop segment



No. 1

in Notebooks



No. 2

in Noodles



Creating a Future-ready ITC: Consumer Centricity, Agility and Innovation

To power the next horizon of growth, ITC has articulated an extensive strategy reset titled **ITC Next**, putting in place structural drivers that will ensure that the enterprise remains future-ready, consumer-centric and agile.

The key tenets of 'ITC Next' include leveraging ITC's institutional synergies and power brands, a future-ready portfolio to create strong growth platforms, purposeful and agile science-based innovation, accelerated

investments in Digital and Sustainability. ITC will also be exploring additional opportunities for growth through value accretive M&As as well as enhanced investments to drive exports.

ITC Next focuses on exploring opportunities to craft disruptive business models anchored at the intersection of **Digital** and **Sustainability**, the two megatrends in the 'new normal', leveraging its institutional strengths.

Strategy Pillars - ITC Next



Multiple Growth Drivers

- 12 Businesses of the Future



Innovation and R&D

- Agile & purposeful innovation



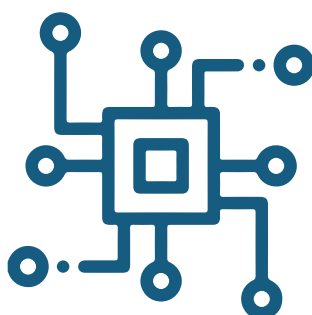
Strategic Cost Management

- Import Substitution



Sustainability 2.0

- Bolder ambition for creating Environmental Capital & Inclusive Growth



Digital

- Creating a 'FutureTech' enterprise



World-class Talent

- 'Proneural' culture, akin to a Startup