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Media Statement

May 18, 2022

Standalone Financial Results for the Quarter and Year ended 31st March, 2022

Highlights

- **Board recommends Final Dividend of Rs. 6.25 per Share.** Including Interim Dividend of Rs. 5.25 per share, **Total Dividend for FY22 is Rs. 11.50 per share** (FY21: Rs. 10.75 per share).
 - **Strong growth across all operating segments despite impact of the third wave of the pandemic; Q4 Gross Revenue up 15.7%, EBITDA up 16.8%**
 - Segment PBIT margin (ex-Agri Business) improved by 20 bps to 36.2% despite unprecedented inflation in commodity prices.
 - **Full Year Revenue and EBITDA up 22.7% and 22.0% respectively;** surpassing pre-pandemic levels
 - **Net Cash Generation from Operations** stood at over Rs. 13000 crores (+32% y-o-y)
 - The Company exceeded commitment on plastic neutrality; collected and sustainably managed more than 54000 tonnes of plastic waste. ITC sustained its **'AA' rating by MSCI-ESG** – the highest amongst global tobacco majors. The Company has also been included in the **Dow Jones Sustainability Emerging Markets Index** and rated at the **'Leadership Level' score of 'A-' for both Climate Change and Water Security by CDP.**
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- **Resilient performance in FMCG – Others Segment; Q4 Revenue up 12.3% y-o-y on a relatively high base - up 30.1% over Q4 FY20**
 - Q4 Segment EBITDA up 22% y-o-y and 46% over Q4 FY20; EBITDA margins sustained at 9% (+75 bps y-o-y; +100 bps Vs. Q4 FY20) despite unprecedented inflationary headwinds
 - Re-opening of educational institutions aids recovery in Education & Stationery Products Business; however, still below pre-pandemic levels
 - **Robust broad-based recovery in Cigarettes despite disruptions due to the third wave; volumes surpass pre-pandemic levels**
 - Market standing reinforced through focused portfolio/market interventions and agile execution
 - Q4 Net Segment Revenue up 10.2%; Segment EBIT up 12.2%
 - **Sharp growth in Q4 Agri Business Segment revenue; up 29.6% y-o-y driven by wheat, rice, leaf tobacco exports leveraging strong customer relationships, investments in sustainable value chains, robust sourcing network and agile execution**
 - Proactive supply chain management ensured on-time execution despite significant operational challenges posed by container shortages, congestion in ports and elevated ocean freight costs
 - **Hotels witnessed smart recovery in spite of the third wave impacting recovery momentum in Jan/Feb'22; exit occupancies surpass pre-pandemic levels**
 - Sequential improvement in ARR; however, remain below pre-pandemic levels

- Domestic leisure and wedding segments drive recovery; progressive improvement in business travel; nascent revival of international travel
- **Paperboards, Paper and Packaging Segment delivers strong performance; Q4 Revenue up 31.8% y-o-y along with margin expansion of 110 bps**
 - Paperboard volumes at record high; robust growth aided by demand revival across most end-user segments; sustainable products portfolio continues to be scaled up
 - Integrated business model, Digital & Industry 4.0 initiatives and proactive strategic interventions enable margin expansion amidst commodity price escalation

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PERFORMANCE HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

The operating environment during the year remained extremely challenging and was marked by heightened uncertainty and volatility due to the COVID pandemic and, unprecedented inflationary headwinds; geopolitical tensions towards the end of the year exacerbated the situation. In spite of significant disruptions during the year, the Company's consumer-centricity, agility in seizing market opportunities, focus on execution excellence harnessing learnings from previous waves and proactive strategic interventions enabled it to post robust growth in Revenues and Profits, surpassing pre-pandemic levels.

Overall for FY 2021-22, Gross Revenue at Rs. 59101.09 crores increased by 22.7%, while EBITDA increased by 22.0% to Rs. 18933.66 crores. Profit Before Tax at Rs. 19829.53 crores grew by 15.5% over previous year and Profit After Tax stood at Rs. 15057.83 crores (previous year Rs. 13031.68 crores). Total Comprehensive Income for the year stood at Rs. 15631.68 crores (previous year Rs. 13277.93 crores). Earnings Per Share for the year stood at Rs. 12.22 (previous year Rs. 10.59).

The Directors of the Company are pleased to recommend a Final Dividend of Rs. 6.25 per Ordinary Share of Rs. 1 each for the financial year ended 31st March, 2022. Together with the Interim Dividend of Rs. 5.25 per share paid on 4th March, 2022, the total Dividend for the financial year ended 31st March, 2022, amounts to Rs. 11.50 per share (previous year Rs. 10.75 per share). Total cash outflow on account of Dividends (including interim Dividend of Rs. 6469.48 crores paid in March 2022) will be Rs. 14171.51 crores.

FMCG – OTHERS

The FMCG-Others Segment turned in a resilient performance with Segment Revenue growing by 8.6% on a relatively high base; however, up 25% over FY20. After a relatively subdued first half, Revenue in the second half of the year witnessed double-digit growth. Staples and Convenience Foods remained resilient even as the pace of revenue growth witnessed moderation on a relatively high base. Discretionary/Out-of-Home categories recorded strong growth surpassing pre-pandemic levels driven by progressive improvement in mobility and favourable comparables. Health & Hygiene portfolio witnessed demand volatility in line with COVID caseload intensity while remaining significantly above pre-pandemic levels. The Education & Stationery Products Business witnessed gradual recovery driven by progressive resumption of physical classes at educational institutions; however, sales remained below pre-pandemic levels. Segment EBITDA for the year grew by 10.0% to Rs. 1448.97 crores with margins being sustained at 9.1% in spite of unprecedented inflationary headwinds. The unprecedented increase in prices of key inputs was mitigated through focused cost management interventions across the value chain, premiumisation, product mix enrichment, judicious pricing actions and fiscal incentives. Inflation continues to remain a key monitorable for the Segment in the near term.

A consumer-centric approach, backed by speed and agility in execution, was at the core of the Company's response to navigate the heightened uncertainty and volatility in the operating environment. Digital technologies and platforms continue to be leveraged to effectively service emergent consumer demand across channels.

The Company remains focused on building purpose-led brands powered by agile innovation and anchored on larger consumer needs. The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – a AI powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour, and synthesise the same to craft contextual and hyper-personalised brand communication and product development.

In order to effectively leverage new routes-to-markets and meet the assortment needs of emerging channels, the Company executed over 110 new product launches across target markets. The robust innovation platforms of the Company's Life Sciences and Technology Centre (LSTC) were instrumental in accelerating speed to market.

'ITC e-Store', the Company's exclusive Direct to Consumer (D2C) platform is now available in 15 cities and continues to receive excellent consumer response. Powered by state-of-the-art digital technology and robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of the Company's FMCG products across 45+ categories and over 700 products under one roof.

In line with the Company's Multi-channel Go-to-Market strategy, market and outlet coverage were stepped up to appx. 1.4x and 1.1x respectively over the previous year. Direct reach enhancement in rural markets was supported through a hub and spoke distribution model with the expansion of rural stockists network to 1.4x over previous year and collaborations with rural-focused eB2B players. Further, sales through the e-Commerce channel increased 1.5x during the year, taking the channel salience to 7%.

The Company's digitally powered eB2B platform - UNNATI was rapidly scaled up during the year covering nearly 3 lakh outlets within a short span of time since national launch facilitating sharp and direct engagement with retailers, superior analytics and deeper brand engagement.

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

Branded Packaged Foods Businesses

The Businesses remained focused on addressing emerging consumer needs with innovations anchored on the vectors of health, wellness, immunity, naturals, indulgence and convenience, leveraging superior consumer insights, capabilities of the Company's Life Sciences and Technology Centre (LSTC) and the cuisine expertise resident in the Company's Hotels Business. While strengthening its core portfolio, the Businesses continue to explore opportunities in value-added adjacencies leveraging powerful mother brands and build categories of the future.

The Businesses remain focused on sharp targeted brand building investments, backed by clutter-breaking advertising campaigns and consumer engagement both on conventional and digital media to scale up the bouquet of its world-class brands.

- In the Staples Business, 'Aashirvaad' posted resilient performance on a high base and fortified its market standing across geographies. The value-added portfolio, consisting of Multigrain, Select and

Sugar Release Control atta, posted robust growth driven by higher salience in Modern Trade and e-Commerce channels. The range was further augmented with the launch of Aashirvaad Vermicelli during the year. The Business also forayed into Frozen Indian Flat Breads (Paratha, Naan and Chapati) to service export markets.

- Aashirvaad Salt strengthened leadership in key focus geographies and posted healthy growth during the year.
- In the Spices category, the 'Sunrise' brand delivered robust growth and further strengthened its market standing as the leader in its core market of West Bengal. The brand was extended to other markets in the East/North East. Aashirvaad Spices continues to enhance its presence in blended spices in emerging channels and core markets to enable full portfolio play.
- The Biscuits category strengthened its portfolio leveraging superior capability across innovative product/technology platforms. The Business continued to focus on the premium segment to enhance brand affinity and increase penetration in emerging channels. Unique capabilities in 'Fills' technology were leveraged to launch innovative variants, both under 'Sunfeast Dark Fantasy' and 'Sunfeast Bounce Fills' and create new benchmarks in the premium indulgence space.
- The Snacks Business sustained its robust growth trajectory. 'Bingo!' continues to be the market leader in the Bridges segment and in the potato chips segment in South India. Several innovative variants were launched during the year including Cream & Onion flavour under Bingo! Potato Chips and 'Chatar Matar' under Bingo! Tedhe Medhe.
- In the Instant Noodles category, 'YiPPee!' noodles witnessed normalisation of demand during the year after a sharp surge in the previous year. Product portfolio was augmented with the launch of Max Masala in target markets. The 'YiPPee!' brand continued to strengthen its consumer franchise and consolidated its market standing as a strong No. 2 brand.
- In the Dairy & Beverages Business, the 'Aashirvaad Svasti' fresh dairy portfolio comprising pouch milk, pouch curd, lassi and paneer, continued to gain strong consumer traction on the back of best-in-class quality standards and superior taste profile. These products are currently available in Bihar and West Bengal. During the year, the portfolio was augmented with the launch of Aashirvaad Svasti Easy Digest Milk, a lactose free milk in pouch format. Aashirvaad Svasti Ghee continued to receive excellent product feedback garnering increasing consumer franchise.
- 'B Natural' juices continued to deepen consumer connect by leveraging its 'goodness of fruit and fibre' proposition. The product portfolio was augmented with launch of differentiated variants of 'B Natural-Nutrilite'; these 'No added sugar' products were developed leveraging LSTC's expertise in Nutrition and Nutrilite's ingredients and has received encouraging response from discerning consumers.
- In the Frozen Snacks category, the range of 'ITC Master Chef' was expanded with foray into the 'plant based meat' space and several differentiated products in the retail segment. In a short span of time, the Business has expanded availability to 100+ markets. Accessibility of the range is being further scaled up via e-Commerce and direct-to-home models, with product assortments being crafted for specific channels in line with consumer demand.

New launches across categories continue to garner excellent consumer response and are being scaled up in the target markets.

During the year, the Company completed setting up of two state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLF) - at Pudukkottai and Kapurthala. These state-of-the-art automated facilities are co-located with the respective ICMLs and are in line with the strategy of minimising total delivered cost and enhancing market responsiveness, besides reducing complexity in operations and cost of servicing. The

Company also commissioned a new ICML at Medak, Telangana in March 2022. With this, 10 ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products and reduction in distance to markets, besides higher cost agility. Capacity utilisation at existing ICMLs continue to be ramped up.

The Business implemented several strategic cost management initiatives in areas such as supply chain optimisation, smart procurement and productivity improvement through automation, leveraging new-age tools such as Industry 4.0 and Smart Utilities. These interventions aided in partially mitigating the escalation in input costs and absorbing start-up costs of new facilities and strategic investments in brand building for newer categories viz. Dairy, Juices, Chocolates and Coffee.

Personal Care Products

The Personal Care Products Business continued to demonstrate agility and responsiveness to the dynamic market conditions. Improved product availability and agile response to demand volatility enabled the Business to navigate the challenging operating environment during the year.

‘Savlon’ reinforced its position as one of the most preferred brands for expert germ protection, witnessing healthy repeats across the portfolio. In spite of demand volatility in line with Covid caseload intensity, sales of Health and Hygiene portfolio remains significantly above pre-pandemic levels. The portfolio was augmented with the launch of ‘Savlon Powder Handwash’ in consumer-friendly low unit packs to democratise the category.

In the Personal Wash segment, ‘Fiama’ continued to strengthen its brand equity, registering healthy growth. Catering to the emerging consumer preference for Naturals, the Business launched innovative offerings in the gel bar format.

The Business leveraged the ‘Nimyle’ brand and the equity associated with ‘Nim’ to expand presence in the Home Hygiene segment; Nimyle was rolled-out on a pan-India basis even as it strengthened its leadership position in West Bengal and Odisha.

The Fragrance industry continued to be impacted on account of the pandemic, especially by the second wave which impacted sales in the peak summer months. On a y-o-y basis, the Business registered growth on a relatively soft base and is expected to attain pre-pandemic levels in the near term. The Business launched ‘Engage Fragrance Finder’, an AI-powered, technology-enabled experience that aids the selection of fragrances based on consumer preferences and occasion of usage.

In keeping with its strategy of winning in emerging channels, the Business continues to widen its assortment of offerings in e-Commerce; channel salience rose to early-teens.

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

Education and Stationery Products

The Education & Stationery products industry, which was severely impacted in FY 2020-21 due to the pandemic, witnessed gradual recovery towards the end of the year driven by progressive resumption of physical classes at educational institutions; however, sales remained below pre-pandemic levels. The Business reinforced its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions, enhanced presence in alternate channels and continued focus on cost and working capital management.

The Business sustained its leadership position on e-Commerce platforms through consistent availability of customised product assortments backed by focused interventions to enhance consumer traction. Consumer engagement was enhanced through Classmateshop.com, a D2C platform, which facilitates brand affinity through creative product personalisations.

The Business continues to ramp up capacity utilisation of its dedicated notebook manufacturing facility. Equipped with state-of-the-art technology, the facility enables the Business to develop highly differentiated notebook formats, drive cost reduction and address opportunities in overseas markets.

Incense Sticks (Agarbattis) and Safety Matches

After the disruptions witnessed in the previous year, the Agarbatti industry volumes surpassed pre-pandemic levels, driven by gradual opening of markets and places of worship across the country leading to revival in consumer offtake for the category.

‘Mangaldeep’ Agarbattis and Dhoop enhanced household penetration leveraging its robust product portfolio. Innovative product offerings such as Upaveda range of ‘Naturals’ agarbattis were launched during the year. Proactive steps were also taken towards driving product mix enrichment and cost optimisation. The Business mitigated inflationary headwinds during the year by leveraging economies of scale, driving sourcing efficiencies and ensuring smart procurement.

Amidst sluggish demand conditions in the Safety Matches industry, the Business strengthened its market leadership position, leveraging its robust product portfolio and strong distribution network.

FMCG – CIGARETTES

After a challenging FY 2020-21, and despite repeated disruptions this year, the Business progressively recovered on the back of improved mobility and easing of restrictions, surpassing pre-pandemic levels in the latter half of the year. The Business effectively leveraged institutional strengths, digital technologies and learnings from previous waves to respond with agility across all nodes of operations. This included, inter alia, re-configuring and re-aligning supply chain operations to service market requirements through dynamic planning, strengthening direct reach in target markets across all traditional trade channels and augmenting the stockist network to service rural and semi-urban markets efficiently.

The Business continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution. Several differentiated variants were introduced to cater to continuously evolving consumer preferences and ensure future readiness of the portfolio. These include innovative launches such as ‘Classic Connect’, ‘Gold Flake Neo SMART Filter’, ‘Wills Protech’, ‘Capstan Excel’, ‘American Club Smash’, ‘Gold Flake Kings Mixpod’, ‘Gold Flake Indie Mint’, ‘Wave Boss’ and ‘Flake Nova’. The Business also expanded its presence in focus markets with the launch of differentiated offerings across segments.

Manufacturing facilities continue to be modernised by inducting contemporary technologies towards securing higher levels of productivity, product excellence and driving innovation. New benchmarks were set in areas of quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Sciences were leveraged to build a smart manufacturing environment of connected systems.

Punitive taxes on the legal cigarette industry over the years have created extremely attractive tax arbitrage opportunities for unscrupulous players resulting in rapid growth in illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. While legitimate cigarette industry volumes have largely declined over the last decade, illicit cigarette trade volumes have grown

rapidly during the same period, accounting for about one-fourth of the domestic industry. It is pertinent to note that strong deterrent actions by enforcement agencies have led to significant rise in seizure of illicit cigarettes in recent years.

The extremely stringent regulations along with the discriminatory and steep taxation on cigarettes have had numerous negative, albeit unintended repercussions. These include revenue loss to the exchequer, widespread availability of tobacco products of dubious quality and hygiene, large component of tobacco consumption remaining outside the tax net and persistent negative impact on the livelihood of tobacco farmers.

As seen in the past, stability in taxes on cigarettes enables the legal cigarette industry to claw back volumes lost to illicit trade, thereby engendering domestic demand for Indian tobaccos, while also mitigating loss of tax revenue to the exchequer due to illicit trade.

The Company continues to engage with policy makers for a framework of equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, having regard to the unique tobacco consumption pattern in India.

HOTELS

After an extremely challenging FY 2020-21, the Hotels Segment witnessed smart recovery driven by the domestic leisure and wedding segments; business travel also saw progressive improvement, albeit remaining below pre-pandemic levels. Pick-up in revenues together with relentless focus on cost management resulted in a positive swing of Rs. 346.63 crores in Segment EBITDA, despite considerable disruptions caused by the pandemic during the year.

The Business responded with agility focusing on alternate customer segments and revenue streams, such as domestic leisure, staycations & long weekends and weddings. While the third wave in January 2022 briefly halted the recovery momentum, the industry bounced back towards the end of the year, with exit occupancy levels surpassing pre-pandemic levels and business travel sentiments improving. While Average Room Rates improved over the previous year, they remain below pre-pandemic levels.

The Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. A full stack ITC Hotels App, with cutting-edge user experience, offering a whole range of features enabling swift and easy access to Room and F&B Reservations, F&B delivery offers, loyalty benefits besides a host of exclusive offers. The App continues to receive good response within a short span of time since launch.

The Business also continued to reinforce its commitment towards health & hygiene with its acclaimed 'WeAssure' programme, which has received a Platinum Level certification from M/s. DNV (one of the world's leading certification bodies).

During the year, nine new properties were added to the Group portfolio, including four in the Welcomhotel portfolio at Bhubaneswar & Guntur (owned), and at Katra & Chail (managed). ITC Narmada project in Ahmedabad is progressing well and the hotel is expected to be commenced shortly.

The Company's 'asset-right' strategy envisages a large part of incremental room additions, going forward, to accrue through management contracts. Two new brands were introduced during the year – 'Mementos' in the luxury segment & 'Storii' in the premium segment. Several agreements/memoranda of understanding have already been signed under these brands; properties are expected to be launched in a phased manner over the next few quarters.

AGRI BUSINESS

The Agri Business Segment delivered stellar performance with Segment Revenue and Results growing by 28.7% and 25.6% respectively. This was driven by strong growth in wheat, rice, spices and leaf tobacco exports on the back of strong customer relationships, robust sourcing network and agile execution.

Leaf Tobacco

The Business continued to leverage its crop development expertise, sustainable value chain, superior product quality and world-class processing facilities to consolidate its leadership position in the Indian leaf tobacco industry. New business development and enhanced value delivery to existing customers through superior customer engagement, operational agility and supply chain efficiency, and leveraging sustainability leadership enabled the Business to strengthen its position as a reliable supply chain partner. The Business consolidated its pre-eminent position as the largest Indian exporter of unmanufactured tobacco, improving its market share by about 300 bps.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological solutions. Investments continue to be made in the Company's Green Leaf Threshing plants (GLT) at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. The energy needs of all three GLTs are substantially met from renewable sources in line with the Company's philosophy of adopting a low-carbon growth path.

Strategic Cost Management across the value chain continues to be a key focus area for the Business. The AI/ML powered smart buying platform continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented in recent years have led to improved operating efficiencies across manufacturing and supply chain.

Other Agri Commodities

The operating environment remained challenging due to disruptions in operations caused by the second and third waves of the pandemic. Severe shortages in container availability, congestion in ports and steep increase in freight rates exacerbated the situation.

Notwithstanding the challenging operating environment, the Business leveraged market opportunities and delivered robust growth with wheat exports growing three-fold and rice exports doubling over the previous year. This was achieved on the back of the Company's strong farm linkages and sourcing networks, multi modal transport capability, agile supply chain operations and deep customer relationships.

The strategic focus of the Business in recent years has been to accelerate growth and enhance value capture by rapidly developing and scaling up its Value-Added Agri Products (VAAP) portfolio straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The portfolio continues to be rapidly scaled up, leveraging the Company's deep rural linkages and extensive sourcing expertise towards strengthening and customising supply chains for traceable and identity-preserved sourcing of agri-commodities. During the year, with robust growth in exports of value added spices to 'food safe' markets, viz. USA, EU and Japan, the Business consolidated its position as a preferred supplier for discerning customers in food safe segment.

Adoption of analytics led smart supply chain management and procurement tools are being increasingly stepped up for securing cost competitive advantage for the Business.

The Business continues to leverage its strong farm linkages and wide sourcing network across geographies towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions including focused crop development towards securing the right varieties for Aashirvaad atta to provide consumers best-in-class product quality and

experience, use of multi-modal transportation comprising rail, road & coastal routes and enable supply of attribute based/identity preserved crop. The Business also ramped up direct buying at various atta factories. Milk procurement network in Bihar and West Bengal was strengthened towards meeting the growing requirements of the Company's Fresh Dairy portfolio while sourcing of Spices was scaled up for the Sunrise and Aashirvaad brands.

Towards enhancing the competitiveness of domestic agri value chains, fostering new business models and further augmenting value creation opportunities, the Company has successfully launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform in six states, with over 200 FPOs encompassing more than 40,000 farmers already added to the Company's network. This initiative, powered by cutting-edge digital technologies will create a robust eco system to deliver seamless customised solutions to farmers, whilst creating new revenue streams and strengthening sourcing efficiencies.

PAPERBOARDS, PAPER & PACKAGING

The Paperboards, Paper & Packaging Segment recorded strong growth of 36.0% in Segment Revenue and 54.7% in Segment Results. This was aided by demand revival across most end-user segments, higher realisations, product mix enrichment and exports. Robust margin expansion of appx. 270 bps was achieved leveraging the integrated nature of the business model, Industry 4.0 and other digital interventions.

The Paperboards and Specialty Papers Business achieved record volumes despite significant operational challenges due to the pandemic coupled with continued global supply chain disruptions. The Business demonstrated agility and achieved robust growth in domestic and export markets while reinforcing its position as a reliable supply chain partner. This was enabled through strategic partnerships, proactive supply chain management and agility in execution. The Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through the introduction of innovative new products customised for end-use industries and delivering best-in-class service levels.

Structural interventions across the value chain including, inter alia, developing high yielding clones, strengthening sourcing from core areas, augmenting Value Added Paperboard & in-house pulp manufacturing capacity and creating superior distribution infrastructure, continue to provide the Business sustainable competitive advantage. Significant increase in in-house pulp production was achieved through strategic interventions, Industry 4.0 initiatives and improved wood mix. Capacity utilisation of Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at Bhadrachalam touched a record high.

The Packaging and Printing Business, a one-stop packaging solutions provider to several segments, demonstrated resilience with an uptick in demand across most end-use segments, leading to robust growth in domestic as well as exports businesses. To cater to its growing customer base across the country and further improve service levels, the Business has initiated investments to expand its manufacturing footprint in the west with state-of-the-art equipment. The facility is expected to be commissioned in FY 2022-23 and provide significant opportunities to tap the growing demand in the region.

The Company is actively engaged in developing and promoting suitable paper and paperboard substrates to replace single-use plastics. The sustainable products portfolio comprises recyclable paperboards, 'FiloPack' and 'FiloServe', and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications. Innovative packaging solutions continue to be crafted, leveraging deep understanding of end-user needs and capabilities of the Company's Life Sciences and Technology Centre. A steady pipeline of pioneering solutions is also in place such as 'Bioseal' (compostable packaging solution for Quick Service Restaurants, personal care and packaged foods industries), 'Oxyblock' (a recyclable coating solution with enhanced barrier properties for packaged foods, edible oils, etc.) and 'Germ free coating' (solution for microbial free packaging surface

addressing the consumer consciousness towards hygiene and safety). These products continue to receive encouraging response; the portfolio is being augmented progressively with a range of solutions that are under various stages of commercialisation. Investments are being stepped up in this fast-evolving space which holds immense growth potential.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

In line with its superordinate goal of serving larger national priorities and creating value for all stakeholders, the Company has evolved a new paradigm of 'Responsible Capitalism' - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The Company is a global exemplar in sustainability, and continues to be a carbon, water and solid waste recycling positive organisation. In line with the commitment made last year for sustainably managing waste in excess of plastic packaging utilised, the Company has gone beyond plastic neutrality in FY 2021-22 by collecting and sustainably managing more than 54,000 tonnes of plastic waste across 35 States/Union Territories. The Company sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies, for the 4th successive year. It is also a part of the Dow Jones Sustainability Emerging Markets Index - a reflection of being a sustainability leader in the industry. The Company was rated at the 'Leadership Level' score of 'A-' for both Climate Change and Water Security (*Asia and Global average at B- for climate change and B for water security*) by CDP, a reputed independent global platform for disclosures on environmental impacts.

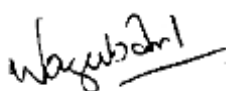
As a testament to ITC Hotels Responsible Luxury ethos and the Company's Triple Bottom Line philosophy, ITC Grand Chola at Chennai and ITC Gardenia at Bengaluru have received LEED Zero Carbon Certification, in addition to ITC Windsor at Bengaluru which achieved the prestigious accreditation last year. Awarded by US Green Building Council (USGBC), this certification recognizes buildings operating with net zero carbon emission. It is noteworthy that these properties are the first three hotels in the world to receive the LEED Zero Carbon Certification. ITC Grand Chola, Chennai, is also the world's largest hotel to achieve LEED Zero Carbon Certification.

During the year, the Company commissioned its first offsite solar plant in Dindigul, Tamil Nadu, in line with its Sustainability 2.0 vision. Additionally, the Company's Paperboards & Specialty Papers Business commissioned a state-of-the-art and future-ready High Pressure Recovery Boiler which will contribute towards reducing carbon footprint.

Please refer link below for performance highlights of the quarter:

<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q4-FY2022.pdf>

The Board of Directors, at its meeting on 18th May 2022, approved the financial results for the year ended 31st March 2022, which are enclosed.



(Nazeeb Arif)
Executive Vice President
Corporate Communications