



ITC Limited

Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel. : 91 33 2288 9371
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

26th July, 2024

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

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

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

Dear Sirs,

113th Annual General Meeting of the Company - 26th July, 2024

We enclose a copy of the address by the Chairman on '**ITC : Stakeholder Value through Purposeful Performance**' delivered at the 113th Annual General Meeting of the Company held on 26th July, 2024.

Yours faithfully,
ITC Limited

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

Encl: as above.



cc: Securities Exchange Commission
Division of Corporate Finance
Office of International Corporate Finance
Mail Stop 3-9
450 Fifth Street
Washington DC 20549
U.S.A.

cc: Societe de la Bourse de Luxembourg
35A Boulevard Joseph II
L-1840 Luxembourg



Enduring Value

**113TH
ANNUAL
GENERAL
MEETING**

**ITC LIMITED
JULY 26, 2024**

**ITC:
Stakeholder Value
through Purposeful
Performance**

Address by

Shri Sanjiv Puri

Chairman & Managing Director, ITC Limited

Address by Shri Sanjiv Puri, Chairman & MD, ITC Limited at the 113th AGM

Every new beginning evokes new hopes and aspirations. As the NDA 3.0, led by the Hon'ble Prime Minister, Shri Narendra Modi, begins a new term, the commitment to forge ahead with redoubled energy on its journey to a *Viksit Bharat* is evident. The Union Budget presented by the Hon'ble Finance Minister, Smt Nirmala Sitharaman, commendably focusses on unleashing inclusive growth with macro-economic stability. The thrust on employment, skilling, MSMEs, agriculture, together with climate action, energy security and next generation reforms, provides the force-multipliers to accelerate socio-economic progress.

Your Company has, over decades, lived by its abiding vision to create larger value for its stakeholders and serve national priorities. This pledge, enshrined in our credo of Nation First: *Sab Saath Badhein*, is manifest in multidimensional endeavours. The creation of world-class Indian brands that retain larger value in the country, state-of-the-art manufacturing facilities, iconic hospitality properties, cutting-edge R&D, extensive farmer engagement and meaningful social initiatives that enrich livelihoods, are purposeful strides to shape a future-ready enterprise for the nation. The large-scale programmes to augment precious natural resources together with impactful climate action make your Company a sustainability exemplar.

As the country marches towards becoming the world's 3rd largest economy, your Company is committed to partner this momentous journey by building a FutureTech, Climate Positive, Innovative and Inclusive National Enterprise of pride. Your Company's deep engagement in all the 3 sectors of the economy - agriculture, manufacturing and services - enables us to make a substantial contribution to the nation's progress. In this address today, I would like to highlight some of your Company's multifaceted endeavours in a few critical areas that contribute to the shared ambition of shaping a developed India.

Before I do so, let me share the progress on your Company's Triple Bottom Line performance:

ITC: Triple Bottomline Performance

The world witnessed a devastating pandemic 4 years ago. Since then, several external factors have caused immense stress in the global economy. Despite these challenges, your Company delivered sustained stakeholder value, highlights of which I would now like to share.

- Over the past 4 years, overall Revenues grew at a CAGR of 10.8% to about Rs.79,000 crores.
- Non-cigarette Revenues grew at a CAGR of 11.6%, during this period and today account for about 65% of Net Revenue. Segment EBIT posted an impressive growth of 17.9%.

- During the pandemic, your Company's Hotels and Cigarettes Businesses were severely impacted. Since then, these Businesses have charted a smart recovery. The Revenue and Results of the Cigarettes Business over the last 2 years grew at a CAGR of nearly 13.5% with volumes surpassing pre-pandemic levels. After a period of sustained headwinds, the Hotels Business emerged structurally stronger clocking a Revenue of nearly Rs.3,000 crores and EBITDA crossing the Rs.1,000 crore mark in FY24.
- Prudent capital allocation and focus on capital efficiency contributed to a growth in Segment ROCE by nearly 540 bps over the past 4 years.
- The growing competitiveness of ITC's world-class brands has enabled us to take our products and services to over 100 global markets. Foreign exchange earnings of your Company and its subsidiaries have more than doubled since FY20 to over Rs.9,500 crores. Your Company is also proactively pursuing strategic investments, particularly in neighbouring markets, such as the FMCG facility set up by your Company's subsidiary, Surya Nepal Private Limited. Your Company's wholly owned subsidiary, WelcomHotels Lanka Private Limited, also launched the iconic ITC Ratnadipa, widely acknowledged as a jewel in Colombo's hospitality landscape. As part of the asset-right strategy for ITC Hotels, opportunities with focus on proximal markets will continue to be explored over time.
- The value-added by your Company's economic activities in the last 4 years aggregated to around Rs.2,42,000 crores, of which over Rs.1,61,000 crores accrued to the Exchequer.

This consistent performance is testimony to the robustness of the ITC Next strategy which I have outlined in previous years. Let me now call out a few strategic outcomes across your Company's businesses:

- To strengthen the future-ready FMCG portfolio, your Company has launched nearly 100 superior and differentiated offerings annually, anchored on the evolving segments of Health & Nutrition, Hygiene, Protection & Care, Convenience, On-the-Go, Indulgence, among others. Sustained margin expansion was driven by premiumisation, layering of operations, agile cost management and operating leverage. This led to an average margin expansion of 100 bps per annum over the last 7 years. ITC's FMCG products now reach 250 million households with consumer spends of Rs.32,500 crores. The drivers of structural competitiveness unleashed by the ITC Next strategy reinforce our aspiration to be No.1 in this industry.
- ITC's digital investments power mainstreaming of the digital-first culture, transforming all facets of operations - from insighting to product development, smart sourcing to on-time efficient delivery, superior brand engagement and marketing through real-time content, connect and commerce. An intelligent big data ecosystem leveraging Industry 4.0, AI/ML and GenAI is redefining consumer experiences and efficiencies in operations. Your Company's Trade Marketing & Distribution infrastructure has transformed into a smart omni-channel network, with a 2x growth in market coverage and 3 out of 4 retailers carrying our FMCG products.

ITC has also launched 6 exclusive D2C platforms. The e-B2B platform of your Company, UNNATI, continues to be rapidly scaled up, covering nearly 7 lakh outlets.

- In line with the 'asset right' strategy for the Hotels Business, 32 hotels have been opened in the last 24 months, taking the total to nearly 140 hotels. Segment ROCE of hotels has risen by nearly 1,100 bps over the pre-Covid period.
- The Paperboards & Packaging Business sustained its leadership in the value-added segments with focused innovations, development of customised solutions for end-user industries and capacity augmentation. Structural competitiveness has been enhanced by leveraging its integrated business model, Industry 4.0 initiatives, strategic investments in Renewable Energy and in augmenting in-house pulp manufacturing capacity including India's first Bleached Chemi-Thermomechanical Pulp facility. A range of Sustainable Packaging solutions has been launched under the 'Filo' brand to replace single-use plastics. A Moulded Fibre plant in Madhya Pradesh has been commissioned recently for the next horizon of sustainable packaging.
- The ITC Next strategy for the Agri Business has driven continued expansion of its Value-Added Agri Product portfolio. A futuristic new vector of growth was launched with ITCMAARS, the Company's pioneering 'phygital' initiative, which currently covers over 1.5 million farmers across 10 states and 18,000 villages.
- Your Company's wholly owned subsidiary, ITC Infotech, sustained its growth momentum and global expansion through capability-led strategic partnerships. In line with its 'Orbit Next' strategy, ITC Infotech also augmented its portfolio of solutions. During the year, the company acquired Blazeclan Technologies to strengthen its capabilities in the Cloud services space and make scalable progress in digital transformation solutions.
- The value-accretive acquisitions made by the ITC Group in recent years are also demonstrating appreciable progress.

In the year gone by, despite global challenges and subdued domestic consumption, your Company delivered resilient performance on a high base. Gross Revenue was up by 6.8%, ex-Agri Business, which faced headwinds from regulatory trade restrictions, given food security concerns and inflation. PAT for the year grew by 8.9%.

Over a 2-year period, overall Revenue and PAT grew at a CAGR of 9.9% and 16.5%, respectively. FMCG-Others registered a growth of 14.5%, while Segment PBIT grew at an impressive 38.8%. While near-term challenges remain a concern for the FMCG industry, your Company's innovative capacity, future-ready portfolio, resilient & agile supply-chains, digital investments and focus on penetration-led growth position us well in the addressable market potential of Rs.5 lakh crores in our operating categories.

The Cigarettes Business witnessed consolidation on a high base after a period of sustained growth momentum. The Business continued to focus on innovation, democratisation of premiumisation, together with execution excellence to reinforce market standing.

Tax stability and deterrent actions by authorities helped regain some volumes from illicit trade. The Paperboards, Paper and Packaging Segment was impacted by muted demand in global markets, prevalence of low-priced Chinese supplies and surge in wood cost.

Despite the near-term headwinds, the medium-term growth story remains strong and investments made across all our businesses to enhance structural competitiveness and build an enterprise of the future, position your Company well to leverage emerging opportunities in the market. Our confidence in the India story is unwavering and is reflected in your Company's investment outlay of about Rs.20,000 crores in the medium term.

Your Company attained several global sustainability distinctions and is the only enterprise in the world of comparable dimensions to be water, carbon and solid waste re-cycling positive for 22, 19 and 17 years, respectively. For the 6th successive year, ITC earned its 'AA' rating by MSCI-ESG. During FY24, your Company achieved the highest 'A' rating for CDP Water whilst retaining the 'Leadership Level' for CDP Climate. ITC remains an integral part of the Dow Jones Sustainability Emerging Markets Index. Your Company has already achieved its 2030 target of sourcing 50% of total energy from renewable sources, as also its targets for AWS platinum water stewardship by certifying 8 high-stress sites.

It is indeed a matter of pride that 12 of your Company's hotels and the Data Centre were the first in the world to achieve LEED® Zero Carbon certification. The first 4 hotels in the world to be LEED® Zero Water are also from your Company. Promoting circularity, ITC has been Plastic Neutral for the last 3 years. Your Company's multi-dimensional social development programmes empower rural communities across the country, including 6 million women.

Your Company's triple bottom line approach, driven by its abiding philosophy of 'Responsible Competitiveness' assumes even more relevance in the current socio-economic context.

A Resurgent India Amidst Global Challenges

We live today in a world that is traversing through a perfect storm of geopolitical tensions, climate emergency, cost of living crisis, food and nutrition security concerns as well as inadequate livelihood opportunities. This is also evident in the decline of global merchandise trade by about 1.2% last year. Amidst these adversities, rapid technological advancements including AI are redefining the future. Although the evolving risks are daunting, challenges also ignite new opportunities to shape a stronger, secure, resilient and a promising tomorrow.

In such a turbulent world, India has emerged as an inspiring lighthouse of growth. The stand-out performance, as the world's fastest growing major economy with a consistent 7%+ GDP growth rate over the last few years, has not only evoked global respect but also points to its future promise.

Experts predict that India is likely to contribute 18% to the world's GDP growth in the next 5 years and could even touch 30% between 2035 and 2040.

Undoubtedly, India's economic transformation is testimony to the Government's far-sighted policies and astute economic management. Sustained public expenditure in physical, digital, agri and rural infrastructure, combined with sharp execution, is fuelling a virtuous cycle of consumption, investment and employment.

The rise of Aspirational India will also spur consumption-led growth. Estimates suggest that the country's consumer market will more than double to over US\$ 5.2 trillion by 2031. Analysts project that India's per capita GDP is likely to touch the inflexion point of US\$ 4,000 by 2030, fuelling larger domestic consumption and driving higher growth.

This is truly India's moment in history. Mega opportunities are today emerging from the diversification in global supply chains, the all-pervasive digital revolution, and the urgent need for a green transition. The synergy of India's large market, favourable demographics, rising disposable incomes, technological prowess and vibrant entrepreneurship will continue to power growth in the foreseeable future. While purposeful policies can accelerate the pursuit of these unbounded opportunities, we deeply believe that enterprises rooted in India, as economic organs of society, can play a vital role in partnering the nation in the promising journey ahead.

Role of Indian Enterprise

To my mind, exemplary enterprises contribute to nation building by not only making uncompromising efforts to be globally competitive but also by embedding larger societal value creation at the core of corporate strategy. Stakeholder value through 'purposeful performance' is indeed the bedrock on which progressive enterprises will be built in the future. A nation's competitiveness gets enhanced when world-class national brands are assiduously built to retain larger value in the country whilst serving domestic and global markets. Further, investments in state-of-the-art assets across all economic sectors, cutting-edge R&D and social infrastructure build competitive capacity for nations. Business models that integrate the creation of environmental capital and large-scale sustainable livelihoods enrich a nation's resources and the social fabric, contributing to a more secure and resilient future. Focussed action to shape brands with purpose, promote diversity & inclusion and build capabilities of local communities strengthen society in more ways than one.

Today, I would like to highlight a few priorities, in the context of your Company's businesses, which we believe will be crucial for shaping the next horizon of socio-economic progress.

Accelerating Livelihood Generation

It is universally acknowledged that India's favourable demographics constitutes one of its greatest strengths. More than a billion people, comprising nearly 70% of the population, will be of working age by 2030. Over the next decade, almost a quarter of the incremental global workforce will be from India. This powerhouse of productive human capital is unquestionably a source of unique competitive advantage as well as a formidable driver of consumption.

The journey of economic transformation with purposeful interventions has set in place a virtuous cycle of investment and employment creating quality jobs. The impressive growth of Global Capability Centres re-affirms India's rising stature as a workplace for the world. The Budget 2024 has also announced multidimensional programmes to boost skilling and employment, strengthen MSMEs as well as provide impetus to labour-intensive sectors. The ONDC platform set up recently can also lend new wings to micro and small enterprises akin to the UPI's remarkable impact on financial transactions.

The agri and rural sector, which engages nearly half of the country's workforce, can contribute further to livelihood generation through larger value addition, digital acceleration and diversification of on-farm, off-farm and non-farm employment. It is indeed encouraging that the recent Budget has sharply addressed several of these areas.

[ITC: Supporting Livelihoods](#)

Your Company's deep engagements in agriculture, manufacturing and services, including hospitality and tourism, support millions of livelihoods across several value-chains.

It is well acknowledged that the tourism potential is boundless and plays a pivotal role in anchoring large-scale livelihood generation. More so, given the variety of unrivalled destinations the country possesses across nature, wild-life, adventure, heritage, medical or pilgrimage tourism as well as MICE and wedding focussed opportunities. The Government has rightly taken proactive steps to promote this sector.

According to the draft Tourism Policy, employment can grow from 88 million currently to 400 million by 2047, with tourism GDP growing from US\$ 143 billion to US\$ 1 trillion, highlighting the exponential growth potential. The emerging trends of micro-tourism, immersive experiences and multiple short vacations will also add new dimensions to this industry.

The tourism sector's resurgence points to the immense potential of this industry to generate gainful employment. Supply of rooms in India currently stands at only 0.11 per 1,000 population relative to the world average of about 2.2, highlighting the enormous headroom for growth. World-class convention facilities, such as the Bharat Mandapam and the Yashobhoomi Centre, have hosted prestigious global events and showcase India's competitive edge in prestigious MICE events. While global campaigns to promote India's treasure-house of tourism assets remain imperative, concerted efforts are also required to scale up skilling to meet emerging demand.

Your Company has made significant investments in building skilled hospitality talent through 6 focussed programmes, including the ITC Hospitality Management Institute and the Welcomgroup Graduate School of Hotel Administration. Granting infrastructure status to hotels and deemed export benefits to earnings from foreign tourists can provide further impetus to investments in this sector.

Enriching India's tourism landscape, your Company's Hotels Business, with its repertoire of iconic properties, globally acknowledged cuisines, service excellence and ethos of Responsible Luxury, is well poised to leverage the emerging opportunities. The asset-right strategy, envisioned for the next horizon of growth, together with the impending move to give new wings to ITC Hotels as a pure-play entity foretells an exciting future. The robust pipeline of managed properties will take the overall footprint to over 200 hotels in the coming years, enabling your Company to enlarge its contribution to employment generation.

Similarly, the manufacturing sector, together with its extensive value chains, drives significant employment. Given your Company's engagement in the Paperboards value-chain, I would like to particularly emphasise on the livelihood potential in wood-based industries. India imports wood and wood-based products, including pulp, worth over Rs.60,000 crores annually. A supportive policy framework that promotes leasing of degraded land for agro-forestry in India will promote wood-based industry and spur significant employment across the value chain, stem the avoidable forex outflow and enrich the country's green cover. I am sure you will take pride that ITC's Afforestation programme has supported millions of livelihoods by greening over 10 lakh acres, empowering farmers and providing a competitive source of fibre for your Company's Paperboards Business. This sustainable source of renewable fibre, together with substantive investments in efficient import-substitution, provides structural competitive advantage to your Company with a multiplier impact on livelihoods. The country has nearly 30 million hectares of degraded land, the greening and productive use of which can generate millions of jobs every year, besides adding to the nation's green cover.

Contributing to the 'Make in India' vision, your Company continues to invest in building world-class infrastructure and eco-systems linked to its products and services. Today, despite our growing footprint, nearly 90% of all raw materials are locally procured. The extended manufacturing network of over 200 factories supports local entrepreneurship and sustainable livelihoods. In the last 2 years alone, investments in 3 owned luxury hotels, 8 state-of-the-art manufacturing facilities, including for products covered under the PLI scheme, together with the 2x expansion of your Company's distribution infrastructure have generated significant livelihoods. Investments underway in 2 state-of-the-art manufacturing facilities as well as an IT & Knowledge Centre will also add to this potential. ITC engages with over 6,000 MSMEs, extensively focussing on upgrading their technology, quality and skills given our belief that enterprises are only as strong as their value-chains.

Today, ITC's businesses and value chains support over 6 million sustainable livelihoods. Your Company's presence across all three sectors of the economy positions us well to make a growing contribution in this area of national priority.

Let me now turn to an area that is today a world-wide emergency. The rapid escalation of extreme weather events poses serious risks to growth and livelihoods. Recent studies peg global economic losses from climate change at a massive US\$ 38 trillion annually by 2049, which could bring down global income by nearly 20%. India's vulnerability to climate change is significant. Last year, the country experienced extreme weather events on 318 out of 365 days including heatwaves, floods and droughts. According to the World Bank, India could cross the human survivability index from rising temperatures with more than 75% of the workforce exposed to heat stress by the end of the decade. Aggravating this is the severe water stress impacting nearly 2/3rds of the country's districts.

Undoubtedly, action is required at exponential speed and scale. Proven solutions for decarbonisation need to be ramped up, while newer, economically viable and pragmatic pathways are called for to address hard-to-abate sectors, carbon capture, utilisation and storage as well as to ensure a just systems transition. Estimates suggest that decarbonisation measures in India would require upwards of US\$12 trillion by 2050, necessitating substantive public, private and multilateral funding. To unlock the potential of private capital, it will be important to catalyse accessible technologies, green financing together with market incentives and penalties besides eliminating frictions in the system. The Budget announcement to develop a taxonomy for climate finance and other innovative measures will also facilitate availability of funds for mitigation and adaptation.

It is indeed heartening that the Hon'ble Prime Minister has spearheaded several initiatives to build a climate resilient future. The move towards green hydrogen energy, the International Solar Alliance and the Green Credit Initiative under Mission LiFE are indeed notable examples. It is a matter of pride that India is the only G20 nation which is on track to achieve its 2030 NDC targets and long-term Net Zero commitments.

Across the world, decarbonisation efforts have been rightly scaled up. While these efforts will need to continue apace, their fuller impact will be felt only over a longer term. However, as recent experiences demonstrate, extreme weather events are rising exponentially, aggravating climate risks and bringing adaptation to the centre-stage of climate action. Such extreme weather events cause economic devastation, severely impact food and nutrition security, impede industrial activity and affect quality of life, particularly for the most vulnerable. RBI estimates adaptation costs to cross US\$ 1 trillion by 2030. Experts have pointed out that every \$ spent on adaptation can lead to a 5x impact on savings. Going forward, wide-ranging adaptation measures will be called for to secure agri-value chains, pursue regenerative agriculture and strengthen food security. Physical infrastructure will need to be fortified while upgradations and new constructions will have to adhere to new climate resilient standards that are being codified.

ITC's Large-Scale Climate Initiatives

Your Company believes that corporates can make a meaningful difference in combating the climate crisis and has implemented a mosaic of far-reaching interventions. The ITC Next strategy focusses both on decarbonisation and adaptation to build resilience, enhance competitiveness of its businesses whilst spurring new opportunities.

Over the years, in line with its decarbonisation strategy, ITC has significantly invested in building green infrastructure, improving energy efficiency and adoption of renewable energy. Today, 50% of your Company's total energy consumption is from renewable sources, with capacity ramped up to over 200 MW. Investments in a High-Pressure Recovery Boiler in the energy-intensive Paperboards Business is slated to reduce coal consumption by over 1,50,000 tonnes annually. Recognising that LEED® Platinum-certified Green Buildings are 25% more energy efficient and emit nearly 35% less GHG, we have built 40 Platinum-certified Green Buildings including iconic hotels. ITC Hotels has also achieved the 2030 carbon emission targets of the Paris Agreement ahead of schedule. Your Company is also working with its value chain partners, both upstream and downstream, for decarbonising their operations.

ITC's widespread physical infrastructure and agri operations are spread across 28 states and 7 Union Territories. To secure our assets and local communities, ITC has carried out extensive climate risk assessments to identify hotspots and take site-specific adaptation actions. These assessments in over 140 sites and select agri-value chains use advanced AI-enabled climate modelling tools. Risks emanating from varied climate hazards are evaluated over decadal time frames, extending till 2100, under various shared socio-economic pathways.

Among several interventions, it would be pertinent to call out the pioneering Climate Smart Agriculture (CSA) programme that today covers 2.8 million acres close to our planned target for 2030. This intervention aims to build resilience among farmers, de-risk value chains from erratic weather through a package of agronomy practices as well as the introduction of high-yielding climate-resilient varieties and appropriate mechanisation. It is indeed encouraging to note from a study undertaken in the first phase that 70% of the villages have moved into a High-Resilience, High-Yield category from just 21% earlier. GHG emissions of select crops reduced by 13% to 66% while farmer incomes increased up to 90% over a five-year period. Given the successful outcomes, we propose to enhance the area covered under CSA to over 4 million acres by 2030. Recently, your Company has also partnered with the Government of Madhya Pradesh to promote climate smart agricultural practices.

Addressing the critical issue of water security, your Company has initiated extensive demand and supply-side interventions. The Integrated Watershed Development Programmes now cover 1.6 million acres with over 32,000 water structures, while demand side interventions reduce agricultural water use by up to 50% across 1.5 million acres. As I mentioned, 8 of our units have received the AWS Platinum certification. We aim to create water-harvesting potential equal to over 5 times our net water consumption by 2030.

Going beyond these efforts, we are also working on reviving river basins with negative water balance, thereby securing value-chains and serving communities. Success in the Ghod river basin has led ITC to pursue similar projects in Tamil Nadu, Telangana, Karnataka, and MP. Urban water projects are underway in Bengaluru, Chennai and Saharanpur. In addition, your Company has partnered the Government of Karnataka to enable drought-proofing of 3 lakh acres and with the Government of Maharashtra to promote water literacy.

Recent studies point out that the health of natural ecosystems and biodiversity assumes critical importance as 55% of world GDP is dependent on nature. Your Company's Biodiversity Conservation programmes aimed at reviving ecosystem services and supporting livelihoods cover 4.7 lakh acres. Recognising that development of sustainable agri-scapes and mangroves conservation helps in creating a carbon sink with higher sequestration, your Company is piloting a programme for mangroves conservation in Andhra Pradesh.

Your Company's climate action builds competitiveness and resilience of its businesses even as it addresses national priorities. While decarbonisation projects aid mitigation, the adaptation programmes have been intensified in vulnerable rural areas, leveraging our deep agricultural and community engagement to enable more impactful outcomes.

Agriculture: The Next Horizon

I now turn to Agriculture, the lifeline of our economy. This sector employs nearly half of the country's workforce and faces the onerous task of ensuring food and nutrition security amidst escalating climate challenges and depleting natural resources. Despite vast arable land, diverse agro-climatic zones and leadership in producing several commodities, the sector is constrained by low productivity, inadequate processing and exports, limited technology adoption and inefficient market access. India's share in global agricultural trade is around 3%, while less than 10% is processed, pointing to the immense headroom for growth. A transformational shift is needed to transition from traditional supply-focused production to dynamic, demand-responsive value chains, fostering value addition and significantly increasing farmer incomes.

A strategic reset is therefore imperative to build global competitiveness and unleash the true potential of Indian agriculture. It is heartening that the Government has taken several measures to support development of this sector. Public investments in strengthening agri-infrastructure, national agricultural research, promoting FPOs to provide the power of scale, launch of the digital Agri Stack and marketplaces like the e-NAM are progressive interventions.

Next generation reforms can not only unlock the potential in agriculture but also address domestic food requirements and enable the country to be a significant player in global markets. To enhance productivity, increase value addition and reduce logistics costs, it is imperative to encourage the setting up of market-specific crop value-chain clusters, as recommended by the HLEG of the 15th Finance Commission.

Enabling a wider integration with global markets, these clusters can also be envisioned to serve as export corridors with fully integrated food and agricultural parks in India catering to specific markets. Such clusters can encompass large numbers of digitally empowered FPOs as also an ecosystem of micro-enterprises to provide agri-tech solutions through Farming as a Service, among others, to enhance efficiency and competitiveness of agriculture. Towards this, the initiatives to foster the integrated development of aqua value chains, demand-responsive large-scale vegetable production clusters near consumption centres, as well as microenterprises such as *Drone Didi* are indeed welcome.

[ITC in Agriculture](#)

The ITC Next strategy leverages the Company's century-long relationship with farmers to promote value-added agriculture, accelerate digital adoption and build climate resilience. Your Company's world-class brands anchor demand-responsive agri-value chains that 'produce the buy', providing its businesses with unique competitive advantages. As one of the largest procurers of agri-commodities, ITC supports 20 agri-value chains, sourcing over 3 million tonnes from 200 districts in 22 States. This enables your Company to derive unique sourcing efficiencies apart from offering identity-preserved, attribute-specific, traceable agri-commodities to discerning customers in India and overseas. Your Company exports agri-commodities to over 85 countries, linking farmers to global value chains.

At the core of your Company's interventions is ITCMAARS - the 'phygital' eco-system that enables wider agri-tech adoption, enhances efficiencies and access to markets as well as financial services. Leveraging the power of collectives, the ITCMAARS ecosystem now constitutes over 1,650 FPOs covering more than 1.5 million farmers. By 2030, we aspire to connect over 10 million farmers. The predictive, hyperlocal & dynamic advisories coupled with an input marketplace have enhanced net farmer returns upto 30% in a short span of time. Over 10,000 soil tests, with personalised crop nutrition recommendations based on sophisticated AI-based algorithms, have been facilitated resulting in 10-15% reduction in fertiliser usage and 15-20% improvement in crop yields. Agri-tech solutions are also being progressed across multiple value chains including drone usage, which focuses on nano nutrients and crop protection. Through remote sensing, ITCMAARS has digitised 6 million acres covering 1,000 FPOs to help deliver contextual and crop stage-specific personalised advisories. Recently, ITCMAARS launched the world's first GenAI-based regional voice chatbot for farmers called 'KrishiMitra' that has been co-developed with Microsoft.

ITCMAARS also harnesses the collective knowledge garnered over decades to provide farmers best-in-class services. This includes the experience gained from your Company's *Baareh Mahine Hariyali* programme, which enabled substantial increase in farmer incomes. The expertise gained has also enabled us to implement such best practices in 45 Aspirational Districts. Exclusive PPPs with NITI Aayog in 27 such districts have improved yields up to 30%, reduced cultivation costs by nearly 15%, thereby boosting farmer incomes up to 60%. In addition, over 5 lakh farmers are trained annually in best practices through Farmer Field Schools and demonstration farms organised by ITC.

Enabling farmers to enhance their range of remunerative crops for both domestic and international markets, the ITC Next strategy has substantially scaled up its Value-Added Agricultural Products portfolio. This includes Spices, Coffee, Frozen Marine Products, Processed Fruits, Medicinal & Aromatic Plant Extracts, among others. The state-of-the-art Spices processing facility in Andhra Pradesh leverages your Company's strong backward integration, identity-preserved sourcing, Organic and Integrated Crop Management programmes, as well as custody of supply chain.

ITC takes pride in being a farmer-centric organisation that contributes significantly to rural empowerment. I am confident that your Company's impactful initiatives will continue to strengthen the competitiveness and resilience of India's agri sector.

ITC: Abiding Commitment to National Priorities

Your Company draws inspiration from its abiding purpose to build an exemplary institution that is competitive, compassionate and a champion of change. This commitment drives Team ITC to relentlessly strive towards shaping an enterprise of pride and value for the nation, and I must commend all of them for their tremendous dedication, passion and commitment to our shared goals. In this unprecedented era of perma-change, it is our belief that such challenges provide a unique opportunity to reimagine the future, reinforce strategies to strengthen competitiveness and reposition the Company as a future-ready enterprise.

It is for this reason that the ITC Next strategy is being vigorously pursued to shape the next horizon of growth and profitability, particularly given the promising opportunities that will unfold in India over time. Strong structural foundations have been laid to give new wings to your Company's multiple drivers of growth, leveraging the mega trends of digital and sustainability, agile innovation, future-ready portfolio, empowered proneurs and strategic cost management. I am confident that the steps taken in recent years will enable your Company to create even more sustained value as we partner the nation in the journey to a *Viksit Bharat*.

In this endeavour, your Company's Board and I are indebted to you, our esteemed shareholders, for your immense support and goodwill. I will count on you, as always, for your continued guidance and encouragement.

Thank you, ladies and gentlemen.

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