



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata, 700 071, India
Tel.: 91 33 2288 9371
Fax: 91 33 2288 0655

Media Statement

August 01, 2024

Standalone Financial Results for the Quarter ended 30th June, 2024

Highlights

- **Gross Revenue up 7.3% YoY in a challenging operating environment, driven by Hotels, Value Added Agri products and Leaf Tobacco. FMCG – Others and Cigarettes delivered resilient performance amidst subdued demand conditions. While green shoots of demand recovery emerged during the quarter in the Paperboards, Paper & Packaging segment, performance remained impacted largely due to cheap Chinese supplies in international markets including India and a surge in domestic wood prices.**
- **Resilient performance in FMCG – Others, amidst muted demand conditions and extreme heatwave in parts of the country**
 - Segment Revenue and PBIT up 6.3% and 10.4% YoY respectively on a high base (2-yr CAGR 11.1% and 52.8% respectively)
 - Staples, Snacks, Dairy, Personal Wash, Fragrances, Homecare and Agarbatti drive growth
 - Segment EBITDA Margin expanded 25 bps YoY to 11.3%; sequential uptick in prices witnessed in certain commodities.
- **Cigarettes Net Segment Revenue up 7% and Segment PBIT up 6.5% YoY**
 - Continued focus on portfolio/market interventions & agile execution to reinforce market standing
 - Differentiated and premium offerings continued to perform well
 - Sustained volume claw back from illicit trade on the back of deterrent actions by enforcement agencies and relative stability in taxes.
- **Hotels Segment Revenue up 10.9% YoY; Segment PBIT up 11.5% YoY**
 - Robust performance despite fewer wedding dates and extreme heatwave/elections impacting domestic travel & out-of-home dining
 - ITC Ratnadipa¹, Colombo launched in April'24; receives excellent guest response and widespread appreciation; 225 rooms and 8 F&B outlets are currently operational
 - 7 managed hotels with appx. 460 keys operationalised during the quarter
 - Demerger update: Shareholders approved the Scheme of Arrangement for demerger ('the Scheme') at the NCLT convened meeting held on June 6, 2024. Petition for sanction of the Scheme has been filed with NCLT on July 22, 2024.
- **Agri Business Segment Revenues up 22.2% driven by value added agri products, leaf tobacco and wheat**
 - Strong customer relationships and agile execution drive growth in Leaf Tobacco & Value Added Agri products
 - Cost escalation in leaf tobacco and other agri-commodities weighed on margins during the quarter
 - Geopolitical volatility and climate emergencies have led to concerns over food security and food inflation globally. To ensure India remains food secure, Government has had to impose trade restrictions on agri commodities; consequently limiting business opportunities in the bulk commodities space. The Company continues to engage with farmers to build resilience in agrarian practices against extreme weather events; the Company's Climate Smart Agriculture programme covers over 29 lakh acres and about 7.5 lakh farmers in the country.

¹ A project undertaken by WelcomHotels Lanka (Private) Limited, a wholly owned subsidiary, comprising 352 luxury hotel rooms and 132 super-premium residential apartments ('The Sapphire Residences')

- **Paperboards, Paper and Packaging Segment performance reflects the impact of low-priced Chinese supplies in global markets including India, muted domestic demand conditions and surge in wood prices**
 - Subdued realisations, surge in domestic wood prices and ocean freight continue to weigh on margins
 - Capacity augmentation/debottlenecking projects successfully completed during the quarter; Segment performance includes the impact of shutdown/stabilisation related costs pertaining to these initiatives
 - Green shoots of recovery in domestic demand ahead of the festive season; Net realisation rates for Value Added Paperboard (VAP) grades witness sequential improvement
 - Strategic interventions, including sharp focus on portfolio augmentation, export customer/market development & structural cost management, continue to be made to mitigate near term challenges.

Amidst a challenging macro-economic and operating environment as stated above, and high base effect in some of its operating segments, the Company delivered resilient performance during the quarter. Gross Revenue stood at Rs. 18,077 crores representing a growth of 7.3% YoY. PBT (before exceptional items) and PAT stood at Rs. 6,555 crores and Rs. 4,917 crores respectively. Earnings Per Share for the quarter stood at Rs. 3.94.

While Private Consumption expenditure remains relatively subdued, the Indian economy continues to be extremely resilient amidst a global growth slowdown on the back of multi-dimensional and purposeful policy interventions by the Government, with sustained public expenditure in creating physical, digital, agri and rural infrastructure.

India continues to be acknowledged as one of the fastest growing major economies in the world with significant headroom for growth over the medium and long-term. A favourable demographic profile, increasing affluence, rapid urbanisation and accelerated digital adoption represent some of the key structural drivers of growth of the Indian economy.

The recently announced Union Budget 2024-25 provides a strong impetus to engender a virtuous cycle of investment and employment whilst ensuring macro-economic stability and enabling inclusive growth. Several far-sighted proposals address crucial areas such as employment and employability, MSMEs, climate emergency and next-generation agriculture. The nine priority areas, together with the roadmap for next-generation reforms, provide a directional thrust to the nation's journey of economic transformation.

Moderating inflation, improving agri terms of trade, expectation of normal monsoons and the Government's thrust on public infrastructure & the rural sector augur well for a pick-up in consumption demand, building on the green shoots of recovery that are visible in rural markets.

.....

FMCG – OTHERS

- **The FMCG Businesses delivered resilient performance amidst muted demand conditions with Segment Revenue growing 6.3% YoY to Rs. 5491 crores on a high base (2-yr CAGR +11.1%); Segment EBITDA margins expanded 25 bps YoY to 11.3%**
 - Staples, Snacks, Dairy, Personal Wash, Fragrances, Homecare and Agarbatti drive growth.
 - Extreme heatwave adversely impacted categories with higher salience of discretionary/out-of-home consumption.
 - Emerging channels (viz. Modern Trade, e-Commerce, Quick Commerce) witnessed robust growth on the back of sharp execution of channel-specific business plans, collaborations, format-based assortments and category-specific sell-out strategies.
 - Competitive intensity remained high in certain categories such as Biscuits, Snacks, Noodles, Popular Soaps, Education and Stationery Products, including from local/regional players.
 - Strategic portfolio augmentation leveraging agile and purposeful innovation continues to be stepped up towards addressing evolving consumer needs and accelerating premiumisation.

- While commodity prices were largely stable during the quarter compared to the base period, certain items such as sugar, potato, choco cream and edible oil witnessed sequential uptick in prices.
- The Trade Marketing & Distribution vertical (TM&D) remains at the forefront of leveraging cutting-edge digital technologies and building a digital ecosystem to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. The Company's digitally powered eB2B platform, UNNATI app (now also available in several vernacular languages) covers nearly 7 lakh outlets, facilitating sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement.

➤ **Branded Packaged Foods Businesses**

- **'Aashirvaad' Atta** posted strong growth reinforcing its leadership position in the Branded Atta industry
 - Value-added atta range sustained its high growth trajectory driven by superior value proposition and strong performance in emerging channels
 - In line with its strategy to address value-added adjacencies leveraging mother brands, the Business has over the course of the last year launched several differentiated variants such as 'Aashirvaad Atta with Millets' and 'Aashirvaad Multi-Millet Batter Mix', which contain the benefits of super grains like Jowar, Bajra, Ragi, Quinoa and Navane, and are naturally gluten free and a source of essential nutrients. These products continue to garner consumer traction in their launch markets. Other value-added differentiated variants such as 'Gluten Free Flour', 'Ragi Flour', Rava ('Aashirvaad Samba Broken Wheat', 'Aashirvaad Bansi Rava' and 'Aashirvaad Double Roasted Suji Rava'), 'Aashirvaad Organic Dals', 'Aashirvaad Besan' and 'Aashirvaad Vermicelli' continued to scale up.
- **'Aashirvaad' Salt** posted robust growth in focus markets during the quarter, supported by its distinctive positioning – 'Created by Sun and Sea - pure just like nature intended it to be'. The recently launched Aashirvaad Himalayan Pink Salt, serving the needs of health-conscious consumers with the proposition of 'Purity which you can see and taste', continued to gain traction.
- **'Sunfeast' Biscuits and Cakes** recorded resilient performance during the quarter. The Business continues to strengthen its portfolio with investments behind powerful brand propositions, superior products, strong consumer connect with local insights and differentiated offerings. The portfolio was further augmented with launch of first-to-market 'Sunfeast Super Egg & Milk' in select markets. The 'Sunfeast Dark Fantasy' range of differentiated cookies sustained its leadership position in the premium segment. Innovations/new launches in recent years continue to scale up and have strengthened the product portfolio.
- **'YiPPee!' Noodles** sustained its position as a strong No. 2 brand amidst heightened competitive intensity. Product portfolio was further strengthened with the launch of YiPPee! Korean Noodles in 2 variants: 'YiPPee! Korean Fiery Hot Style noodles' and 'YiPPee! Korean Spicy Kimchi Style noodles' which received encouraging consumer response. Towards deepening consumer engagement, YiPPee! leveraged the T20 Cricket World Cup event to launch its innovative 'YiPPee! Toss' campaign featuring cricketers icons Rahul Dravid, Jasprit Bumrah and Surya Kumar Yadav. The campaign went viral on social media creating considerable buzz around the brand.
- **'Bingo!' Snacks** delivered a resilient performance during the quarter and continued to strengthen its product portfolio with the launch of exciting variants of snacks/namkeens. The Business reinforced its leadership position in the Bridges segment with the launch of 'Bingo! Mad Angles Red Alert', an ultra-crunchy-spicy snack in select markets. The recently launched 'Bingo! 2X Hot and Spicy Korean-Style chips' variant witnessed strong traction. The Potato Chips portfolio was further strengthened with the launch of 'Bingo! Original Style Himalayan Pink Salt' chips in South markets. Other recent launches under 'Tedhe Medhe' range of Bingo! Namkeen including - Punjabi Tadka, Moong Dal, Navrattan Mixture and Khatta Meetha - continue to gain consumer franchise.
- **'Sunrise' spices** posted robust growth during the quarter and continued to strengthen its market standing in the core market of West Bengal. The recently launched unique and differentiated

products catering to regional tastes and preferences such as Sunrise 'Haah Salkumura' – a first-to-market product for duck curry and the 'Swaad Bihar ka' range of spices including 'Sunrise Chicken Masala', 'Sunrise Meat Masala', 'Sunrise Kitchen King Masala' continue to scale up in launch markets of Assam and Bihar respectively.

- The **'ITC Master Chef'** range of frozen foods delivered strong growth in both Retail and Food Service channels, powered by over 60 high quality, innovative and differentiated offerings in both veg and non-veg segments.
 - **In the Dairy & Beverages category, 'Aashirvaad Svasti'** fresh dairy portfolio comprising pouch milk, curd, lassi and paneer recorded strong growth on the back of best-in-class quality, differentiated products and superior taste profile. The portfolio was further enriched with launch of Aashirvaad Svasti 90% Lower Cholesterol Cow Ghee prepared using a unique Lower-Cholesterol Adsorption Process and has elicited excellent consumer response.
- The **Personal Care Products Business** registered robust growth across segments. 'Fiama' and 'Vivel' range of Personal Wash products, 'Engage' range of fragrances and 'Nimyle' range of homecare products recorded strong growth on the back of sharp communication and consumer engagement, wider distribution and emerging channels. Fiama gel bars range sustained its strong growth momentum driven by innovative and differentiated offerings appealing to evolving consumer preferences. The product range of 'Dermafique', a Digital First premium skin care brand, was expanded with the launch of Acne Avert Spot Corrector which helps reduce chronic, stubborn and recurrent acne. The state-of-the-art manufacturing facility at Uluberia, West Bengal has been commissioned and is expected to be scaled up progressively.
- The **Education and Stationery Products Business** witnessed heightened competitive intensity especially from regional/local players on the back of reduction in paper prices. Amidst such conditions, 'Classmate' Notebooks fortified its leadership position with continued focus on portfolio premiumisation, exports and leveraging institutional strengths. The premium portfolio comprising 'Paperkraft', 'Classmate Pulse' and 'Classmate Interaktiv' posted strong growth. During the quarter, 'Classmate Light Brown AR notebooks' were launched and were creatively promoted through a unique interactive AR powered engagement campaign in Mumbai, drawing significant participation from the target audience.
- **'Mangaldeep' Agarbattis and Dhoop** recorded robust growth during the quarter anchored on a range of differentiated products backed by execution of channel-led trade inputs & engagement programmes and retail distribution drives. The portfolio was augmented with the launch of new variants in 'Mangaldeep Temple' and ziplock range.

FMCG – CIGARETTES

Net Segment Revenue up 7% and Segment PBIT up 6.5% YoY

- The Business continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments backed by superior on-ground execution.
- Differentiated variants and premium segment continue to perform well. Sequential improvement witnessed in value segment.
- Sharp escalation in costs of leaf tobacco and certain other inputs were largely mitigated through improved mix, strategic cost management and calibrated pricing.
- As seen in the past, stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies, enables volume recovery for the legal cigarette industry from illicit trade leading to higher demand for Indian tobaccos and bolstering revenue to the exchequer from the tobacco sector.

HOTELS

Segment Revenue up 10.9% YoY; Segment PBIT up 11.5% YoY

- Strong growth witnessed across properties, despite fewer wedding dates and extreme heatwave/elections impacting domestic travel & out-of-home dining.
- Strategic investments towards renovations and refurbishments continue in line with the commitment to deliver exceptional quality and guest experience across properties.

- The Company's first international property ITC Ratnadipa, opened in April 2024 at Colombo, Sri Lanka. A jewel in the Colombo skyline that promises to enrich the tourism and hospitality landscape of Sri Lanka, the luxury property is poised to create the ultimate luxury hospitality experience for discerning business and leisure travellers. Currently, 225 rooms are operational with occupancy witnessing steady ramp up. The wide range of delectable cuisines on offer, across 8 F&B outlets operational, have also received excellent response.
- Seven managed properties were operationalized during the quarter including Fortune Resort & Wellness Spa, Bhaktapur, Nepal which is the first Fortune property outside India. The pipeline of managed properties continues to be strengthened across Welcomhotel, Mementos, Storii, Fortune and WelcomHeritage brands
 - In line with its 'asset right' strategy, the Business has added 32 properties to its portfolio in the last 24 months.
- Demerger update: Shareholders approved the Scheme of Arrangement for demerger ('the Scheme') at the NCLT convened meeting held on June 6, 2024. Petition for sanction of Scheme has been filed with NCLT on July 22, 2024.

AGRI BUSINESS

Agri Business Segment Revenues up 22.2% driven by value added agri products, leaf tobacco and wheat

- In line with the overall strategy of scaling-up the value-added agri portfolio, the Business delivered strong growth in exports of Spices and Coffee. The Business continues to leverage the multi-dimensional capabilities of its state-of-the-art value-added Spices processing facility in Guntur to scale up exports.
- Agility in operations, strong customer relationships and new business development enabled robust growth in leaf tobacco exports. Steep escalation in green leaf procurement prices weighed on margins which was partially mitigated by strategic cost management initiatives. The AI/ML powered real-time buying platform continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms.
- Geopolitical dynamics and climate emergencies have led to concerns over food security and food inflation globally. To ensure India remains food secure and food inflation is controlled, the Government has imposed trading restrictions on agri commodities from time to time; consequently limiting business opportunities in the bulk commodity space.
- ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform has been scaled up across ten states. Over 1650 Farmer Producer Organisations (FPOs) encompassing more than 1.5 million farmers have been added to the Company's network.
- The state-of-the-art facility to manufacture and export Nicotine & Nicotine derivative products conforming to US and EU pharmacopoeia standards, set up by the Company's wholly owned subsidiary, ITC IndiVision Limited, which was commissioned in the previous quarter, has recently received EU REACH approvals. Customer trials are underway; export shipments are expected to be scaled up progressively.

PAPERBOARDS, PAPER & PACKAGING

The performance in the Paperboards, Paper & Packaging Segment reflects the impact of low-priced Chinese supplies in global markets including India, muted domestic demand, unprecedented increase in domestic wood costs; Segment Revenue declined 6.8% YoY

- Subdued realisations, surge in domestic wood prices and ocean freight continues to impact margins; structural advantages of the integrated business model, Industry 4.0 initiatives, strategic investments in High Pressure Recovery Boiler and proactive capacity augmentation in Value Added Paperboards aided in partly mitigating pressure on margins.
- Certain capacity augmentation/debottlenecking projects were successfully completed during the quarter; Segment performance includes the impact of such planned shutdown/stabilisation related costs pertaining to these initiatives.

- Green shoots of recovery in domestic demand were visible ahead of the festive season; Value Added Paperboard (VAP) grades witnessed sequential improvement in net realisation rates.
- Strong growth witnessed in speciality paper segment aided by recent capacity addition in Décor Paper, despite muted demand from the construction industry.
- Business continued its sharp focus on portfolio augmentation, export customer/market development and structural cost management to mitigate near term challenges.
- The Packaging and Printing Business continues to focus on accelerating new business development in domestic and export markets offering innovative and customised solutions. The recent capacity addition at Nadiad, Gujarat, with state-of-the-art equipment, has further augmented the Business' capabilities in Cartons packaging. During the quarter, Business launched Ecobyte, a quality sustainable packaging solution for eco-conscious households which offers germ-free and grease-resistant packaging.
- The Company's wholly owned subsidiary, ITC Fibre Innovations Limited, recently commissioned its state-of-the-art premium Moulded Fibre Products manufacturing facility in Badiyakhedi, Madhya Pradesh. The facility is being progressively scaled up.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

ITC is a global exemplar in 'Triple Bottom Line' performance and 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 22 years)**, **'carbon positive' (for 19 years)**, and **'solid waste recycling positive' (for 17 years)**. The Company sustained its **'AA' rating by MSCI-ESG for the 6th successive year** - the highest amongst global tobacco companies. The Company has also been included in the **Dow Jones Sustainability Emerging Markets Index** for the fourth year in a row - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet.

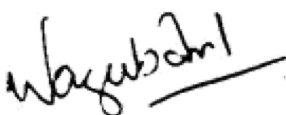
The Company has entered the prestigious **'A List'** for **CDP Water** by achieving the highest **'A' rating 'Leadership Level'**, which is higher than the Asia and Global average of **'C'**. For CDP Climate, the Company retained **'Leadership Level' score of 'A-'**, which is higher than the Asia and Global average of **'C'**.

The Company's infrastructure facilities continue to set new benchmarks of sustainability. All luxury collection hotels of the Company are now **LEED Platinum certified** with 12 ITC Hotels being certified as **LEED Zero Carbon** and 4 ITC Hotels being certified as **LEED Zero Water**. The Kapurthala unit of Foods Business and Bhadrachalam paper mill, recently achieved **Platinum level certification**, the highest recognition for water stewardship, under the **Alliance for Water Stewardship Standard (AWS)**. With this, **9 units** of the Company have achieved Platinum level certification under AWS.

The Sustainability Report 2024 is available on the Company's corporate website at <https://www.itcportal.com/sustainability/sustainability-integrated-report-2024/ITC-Sustainability-Integrated-Report-2024.pdf>

Please refer link below for performance highlights of the quarter:
<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q1-FY2025.pdf>

The Board of Directors, at its meeting on 1st August 2024, approved the financial results for the quarter ended 30th June 2024, which are enclosed.



(Nazeeb Arif)
Executive Vice President
Corporate Communications