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Media Statement

May 23, 2024

Standalone Financial Results for the Quarter and Year ended 31st March, 2024

Highlights

- **Board recommends Final Dividend of Rs. 7.50 per share.** Including Interim Dividend of Rs. 6.25 per share paid on 27th February, 2024, **Total Dividend for the financial year ended 31st March, 2024 amounts to Rs. 13.75 per share** (FY23: Ordinary Dividend of Rs. 12.75 per share and Special Dividend of Rs. 2.75 per share).
- **Full Year: Gross Revenue at Rs. 69446 cr., up 6.8%** (ex-Agri Business) **and PAT at Rs. 20422 cr. up 8.9% YoY**
- **Q4: Gross Revenue (ex-Agri Business) up 6.0% YoY; Highest ever Q4 PBT at Rs. 6534 cr. (bei)¹**

- 12 Hotel properties of the Company have received **LEED Zero Carbon certification** (first 12 in the world) and 4 Hotel properties have received **LEED Zero Water certification** (first 4 in the world).
- ITC sustained its **'AA' rating by MSCI-ESG** – the highest amongst global tobacco majors. During the year, the Company entered the prestigious 'A List' for Water security by CDP achieving the highest 'A' rating 'Leadership Level' (Asia and Global average of 'C') and retained its 'A-' rating 'Leadership Level' (Asia and Global average of 'C') for CDP Climate.
- Water stress, a critical fallout of climate change, is being systematically managed by the Company's integrated water stewardship approach. Till date, **7 units** of the Company have achieved **Platinum level certification**, the highest recognition for water stewardship, under the **Alliance for Water Stewardship Standard (AWS)**.

PERFORMANCE HIGHLIGHTS

- **Resilient performance in FMCG – Others Segment amidst marked slowdown in consumption**
 - **Full Year** Segment Revenue and Segment PBIT **up 9.6% and 29.4%** YoY respectively; margins expanded by 130 bps YoY
 - *2-yr CAGR: Segment Revenue +14.5%, Segment PBIT +38.8%*
 - **Q4** Segment Revenue **up 7.2% on a high base** and Segment PBIT **up 15%** on comparable basis (base quarter included certain fiscal incentives pertaining to previous periods); margins expanded 60 bps YoY on comparable basis
 - *2-yr CAGR: Segment Revenue +13.1%, Segment PBIT +42.2%*
 - Staples, Biscuits, Snacks, Dairy, Homecare, Agarbatti drive growth
 - Education & Stationery Products Business continues to witness strong traction
- **Cigarettes Segment witnesses consolidation of volumes on a high base after a period of sustained growth momentum**
 - **Full Year** Net Segment Revenue and Segment PBIT **up 7.1% and 6.5%** YoY respectively
 - *2-yr CAGR: Net Segment Revenue +13.5%, Segment PBIT +13.3%*
 - **Q4** Net Segment Revenue and Segment PBIT **up 7.0% and 5.0%** YoY respectively
 - *2-yr CAGR: Net Segment Revenue +10.3%, Segment PBIT +9.4%*
 - *Net Segment Revenue and Segment PBIT **up 5.2% and 4.1%** respectively **sequentially** amidst subdued demand conditions in the overall consumption space.*

¹ Before Exceptional Items

- Market standing reinforced through focused portfolio/market interventions and agile execution. Differentiated and premium offerings continued to perform well.
 - Sharp escalation in leaf tobacco prices and other inputs, along with increase in taxes were largely mitigated through improved mix, strategic cost management and calibrated pricing.
- **Record high performance in Hotels Segment**
 - **Full Year** Segment Revenue and Segment PBIT up 15.6% and 39.1% YoY respectively; Segment EBITDA margin up 295 bps YoY to 35.1%
 - **Q4** Segment Revenue and PBIT up **15% and 34% YoY respectively on a high base**; Segment EBITDA margin up 340 bps YoY to 38.2%
 - Margin improvement driven by higher RevPARs, structural cost interventions and operating leverage
 - Demerger update: Post obtaining no-objection from stock exchanges, Scheme of Arrangement for demerger ('the Scheme') was filed with National Company Law Tribunal (NCLT). NCLT has directed convening a meeting of shareholders of ITC on June 6, 2024 to consider and approve the Scheme.
 - **Agri Business Segment impacted by trade restrictions on agri commodities**; Segment Revenue de-grew 13.1% and 13.4% YoY in FY24 and Q4 respectively
 - Strategic portfolio (comprising value-added agri products) and leaf tobacco Revenues up 19% YoY in Full Year and 18% YoY in Q4
 - Geopolitical tensions 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 for the Agri Business. 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
 - Strong customer relationships and agile execution in Leaf Tobacco & Value Added Agri products continue to drive growth in these categories
 - The state-of-the-art facility² to manufacture and export Nicotine and Nicotine derivative products has been commissioned. Customer trials underway; export shipments expected to be scaled up progressively.
 - **Paperboards, Paper and Packaging Segment remains impacted by low priced Chinese supplies in international markets (including India), muted domestic demand, surge in wood cost and high base effect**
 - Demand environment remains subdued across domestic and global markets
 - Subdued realisations and surge in domestic wood prices exerted pressure on margins; structural advantages of an 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
 - Capacity utilisation of Nadiad packaging and printing unit in Gujarat progressively ramped up.
 - The state-of-the-art premium Moulded Fibre Products manufacturing facility³ commissioned in Mar'24.

While consumption demand remained subdued in Q4 FY24, improving macro-economic indicators, prospects of a normal monsoon and green shoots witnessed in rural demand recovery after several quarters, augur well for revival in consumption demand in the near term. With its focus on consumer centricity, purposeful innovation, agility, and execution excellence, the Company remains confident of navigating the short-term challenges and creating sustained value for all stakeholders.

MACRO ECONOMIC CONTEXT

The global economy witnessed another year of deceleration in growth to 3.2%⁴ in 2023 (Vs. 3.5% in 2022) with the slowdown being largely attributable to slowdown in Advanced Economies, particularly the Euro Area and UK, and structural weakness in the Chinese economy. India remained a relatively bright spot amidst the global slowdown,

² Set up by ITC IndiVision Ltd. – a wholly owned subsidiary of the Company

³ Set up by ITC Fibre Innovations Limited – a wholly owned subsidiary of the Company

⁴ As per IMF WEO April 2024

recording robust Real GDP growth of 7.6% in FY24 (as per MOSPI estimates). Growth was primarily driven by Fixed Investments led by Government's thrust on infrastructure creation and household investments in real estate. Private Consumption, on the other hand, grew at 3.0% - its slowest pace in two decades. The weakness in consumption was reflected, inter alia, in the muted volume growth of the FMCG sector (FY24 volume growth appx. 3% Vs. 7% p.a. average in the pre-pandemic period). While Industry and Services sectors grew by 9.0% and 7.5% respectively, growth in the Agri sector slowed to 0.7%, with adverse weather events impacting crop output.

OVERALL COMPANY PERFORMANCE

The Company delivered a resilient performance during the year amidst a challenging macroeconomic and operating environment on a high base (FY23 Gross Revenue and EBITDA grew 17.6% and 26.5% respectively). Overall for FY 2023-24, Gross Revenue and EBITDA stood at Rs. 69446.20 crores and Rs. 24478.61 crores respectively. Profit Before Tax and Exceptional items, at Rs. 26323.34 crores, grew by 6.7% over previous year on a high base (FY23 growth 24.4%). During the year, the Company reassessed its provisions relating to uncertain tax positions for earlier years based on a favourable order of the Honourable Supreme Court received during the year which resulted in a credit of Rs. 468.44 crores in the Current Tax expense for the year. Profit After Tax grew by 8.9% to Rs. 20421.97 crores (previous year Rs. 18753.31 crores). Total Comprehensive Income for the year stood at Rs. 22703.03 crores (previous year Rs. 18782.57 crores). Earnings Per Share for the year stood at Rs. 16.39 (previous year Rs. 15.15).

CORPORATE ACTION

The Board of Directors of the Company have recommended to the shareholders for their approval a Final Dividend of Rs. 7.50 per share for the financial year ended 31st March, 2024. Together with the Interim Dividend of Rs. 6.25 per share paid on 27th February, 2024, the total Dividend for the financial year ended 31st March, 2024 amounts to Rs. 13.75 per share (previous year: Total Ordinary Dividend Rs. 12.75 per share; Special Dividend Rs. 2.75 per share). Total cash outflow on account of Dividend (including Interim Dividend of Rs. 7799.45 crores paid in February 2024) will be Rs. 17162.99 crores.

FMCG – OTHERS

The FMCG-Others Segment delivered a resilient performance despite weak demand conditions and significant increase in competitive intensity from regional/local players. Sustained margin expansion on the back of premiumisation, delayering operations, agile cost management and judicious pricing actions led to robust growth in operating profits. Segment Revenue for the year grew by 9.6% on a high base with Segment EBITDA growing at a significantly faster pace of 19.7% to Rs. 2338.50 crores. Segment EBITDA margins stood at 11.2%, expanding by 94 bps during the year.

The Businesses continue to leverage the power of digital to drive superior consumer insights & innovation, deepen consumer engagement and enhance brand loyalty. The Company continues to make strategic interventions aimed at delivering delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual's needs, preferences and context.

The product portfolio of the Company's FMCG Businesses continues to be strengthened with sharper focus on fortifying the core businesses, addressing value-added adjacencies leveraging mother brands and building new vectors of growth. Over 100 new products anchored on the vectors of Health & Nutrition, Hygiene, Protection & Care, Convenience & On-the-Go, Indulgence etc., were launched across target markets during the year, leveraging the R&D platforms of the Company's Life Sciences and Technology Centre (LSTC) and agile product development teams across Businesses.

In line with the Company's multi-channel Go-to-Market strategy, market coverage was stepped up to appx. 2x of pre-pandemic levels. In rural markets, direct reach enhancement was supported through a hub and spoke distribution model with the continued expansion of rural stockists network to 1.3x over last two years and collaborations with rural-focused eB2B players. The Company's digitally powered eB2B platform – UNNATI was rapidly scaled up during the year covering nearly 7 lakh outlets facilitating sharp and direct engagement with retailers, superior analytics and deeper brand engagement. Digitally enabled sales have grown rapidly in recent years and, together with Modern Trade, now account for 31% of the Company's Branded Packaged Foods, Personal Care Products and Incense Sticks (Agarbattis) and Safety Matches sales (Vs. 17% in FY20).

'ITC e-Store', the Company's exclusive Direct to Consumer (D2C) platform, is now operational in 24,000+ pin-codes and continues to receive excellent consumer response. Category specific D2C platforms viz. Classmateshop.com, Dermafique.com, Fiamain and Aashirvaadchakki.com are being scaled up to foster consumer insights, as well as commerce.

The FMCG Businesses continue to expand their export footprint, which currently spans over 70 countries. The PLI scheme has provided further fillip to the Company's exports across Biscuits & Cakes, Snacks, Dairy and Ready-to-Eat categories.

Branded Packaged Foods Businesses

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, nutrition, wellness, immunity, naturals, indulgence and convenience. With the overarching vision to 'Help India Eat Better', the Company's Nutrition strategy seeks to create a sustainable ecosystem anchored on a portfolio of healthier, affordable & accessible 'Good For You/Free From' value-added products, supported by responsible policies in line with national priorities on nutrition.

The Company has spearheaded 'ITC Mission Millets', leveraging its enterprise strengths in agriculture, food and hospitality to implement multi-dimensional interventions in this area. The holistic programme follows a strategic 3-fold approach – developing a 'good-for-you' product portfolio, implementing sustainable farming systems, and enhancing consumer awareness through an Educate, Empower and Encourage approach. The Company has implemented a focused strategy in crafting a millet based products portfolio under its world-class Indian brands for every occasion, age and format. To cater to the diverse needs of consumers, the Company has launched a range of millet-based products across traditional and modern formats viz. 'Gluten Free Flour', 'Multi-Millet Batter Mix', 'Atta with Millets' and 'Ragi Flour', Vermicelli, Biscuits, Snacks and Noodles under the 'Aashirvaad', 'Sunfeast', 'Bingo!' and 'YiPPee!' brands. These are being progressively scaled up across target markets.

Key highlights of the Branded Packaged Foods Businesses are given below:

- In the Staples Business, 'Aashirvaad' fortified its market standing and delivered robust growth on a high base. The value-added portfolio, consisting of Multigrain, Select and Sugar Release Control Atta posted healthy growth driven by superior value proposition; the range was further augmented with the launch of 'Atta with Millets'. Millet products viz., ('Gluten Free Flour', 'Ragi Flour', 'Multi-Millet Batter Mix'), Organic portfolio ('Organic Atta' and 'Organic Dals'), 'Aashirvaad Vermicelli', 'Aashirvaad Rava' (Suji Rava, Bansi Rava, Samba Rava) continued to witness strong growth. 'Aashirvaad Besan', made from the finest 100% Bikaneri chana dal which mixes easily with water to provide smooth & lump-free batter, was extended across markets during the year and received excellent consumer feedback. The Organic portfolio was also augmented with the launch of 'Organic Rajma' and 'Organic Kabuli Chana'.

'Aashirvaad Salt' posted robust growth in focus markets during the year, supported by its distinctive positioning – 'Created by Sun and Sea - pure just like nature intended it to be'. The portfolio was further enriched with the launch of Aashirvaad Himalayan Pink Salt serving the needs of health-conscious consumers with the proposition of 'Purity which you can see and taste'.

In the Spices category, the 'Sunrise' brand strengthened its market standing in the core market of West Bengal and also made significant gains in Northeast markets and Bihar. Aashirvaad Spices continues to enhance its presence in emerging channels and core markets to enable full portfolio play along with expansion of the blended portfolio. Together, the two brands are well positioned to leverage the Company's institutional strengths to progressively enhance their market standing in the Spices category.

- 'Sunfeast' Biscuits witnessed resilient performance during the year on an elevated base. The Business continues to strengthen its core portfolio with investments behind powerful brand propositions, superior products, strong consumer connect with local insights and differentiated offerings. The portfolio mix was further enriched with the launch of 'Bounce Day & Night', a delicious dark choco biscuit with soft vanilla cream and 'All Rounder Sweet and Salt' in the Differentiated Crackers category in select markets.
- The Snacks portfolio was augmented with an innovative first-of-its-kind millet-based offering, 'Bingo! Tedhe Medhe Chatpata Twist', along with a slew of new launches including 'Bingo! Nachos Chilli Limon' and 'Bingo! Tedhe Medhe Cream and Onion' which have been well received by consumers and are being scaled up. The portfolio was further strengthened with the launch of 'Bingo! 2X Hot and Spicy Korean-Style chips' in 3 sizzling variants - Original, Hot & Spicy and Hashtag, blending the essence of fiery Korean spices with Bingo!'s classic crunch. Bingo! Tedhe Medhe Namkeens, launched last year, continues to be rapidly scaled up across markets and has met with encouraging consumer response.
- 'YiPPee!' continues to strengthen its market standing leveraging a differentiated product portfolio and clutter-breaking communication. The product portfolio was augmented with the launch of millet-based noodles and a

new line of 'Wow Masala' noodles, with a higher spice quotient through a 'more masaledaar' offering. In line with its purpose of creating 'A Better World', the brand continues to promote sustainability through plastic waste management and recycling. During the year, more than 30 lakh school children were educated on plastic waste recycling with an initiative to collect plastic equivalent to 2.83 crores YiPPee! Noodles wrappers across 6,000 schools.

During the year, the Bingo! And YiPPee! brands entered into a partnership with the Argentine Football Association to elevate the fan experience and deepen the brands' connection with consumers.

- In the Dairy & Beverages Business, 'Aashirvaad Svasti' fresh dairy portfolio comprising pouch milk, curd, lassi and paneer continued to gain strong consumer traction on the back of best-in-class quality standards, differentiated products and superior taste profile. These products are currently available in Bihar, West Bengal and Jharkhand markets. The value-added portfolio is constantly being enriched with the launch of differentiated offerings such as 'Litchi' flavoured Lassi, select Indian desserts under 'Aashirvaad Mithaas', 'Paneer Slice' and organic range of 'Aashirvaad Svasti Ghee' in select markets.
- The Beverages portfolio remained impacted by muted demand environment with erratic summers and unseasonal rains across large parts of the country during the year under review. The Business continues to invest in the 'Fruit and Fibre' proposition of 'B Natural', especially in salient markets of North, to deepen consumer connect and increase brand affinity. Recent launches such as 'B Natural Tender Coconut Water' and 'B Natural Masala Range' have performed well and continue to be scaled up in target markets. The Dairy Beverages portfolio leveraged the strong equity of 'Sunfeast' and 'Dark Fantasy' to provide differentiated offerings including 'milk based smoothies' containing fruit chunks and seeds.
- The Frozen Foods Business operating under the 'ITC Master Chef' and 'Farmland' brands in Snacks, Prawns and Vegetables categories continued to grow at an accelerated pace, powered by a range of innovative and differentiated offerings. A range of first-to-market products such as 'ITC Master Chef Paneer Pakoda' and 'ITC Master Chef Crispy Onion Rings' were launched in both Retail and Food Service channels.

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

Over the years, the Company has made significant investments in setting up state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) proximal to large demand centres. These facilities are at the heart of the Company's strategy to create structural advantage by enhancing product freshness, elevating market agility, minimising the cost of servicing proximal markets, enabling scalability besides setting new benchmarks in safety and superior product quality. Currently, 11 ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and layering of operations. Further, the Company continues to leverage the benefits of the state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLFs) at Pudukkottai and Kapurthala. These automated facilities are co-located with the ICMLs and provide several structural advantages including inventory optimisation, layering operations and lowering cost of market servicing.

The Businesses have implemented several strategic cost management initiatives in areas such as supply chain optimisation, smart procurement and productivity improvement through automation leveraging new-age technologies such as Industry 4.0, AI/ML, advanced visual analytics and smart utilities. These initiatives enabled the Businesses to counter input cost pressures, as well as offset the gestation costs of new initiatives and strategic investments in brand building in emerging categories.

Personal Care Products

The Personal Care Products Business, continued to strengthen its core strategic levers of building brands with purpose, introducing first-in-category innovations, focusing on categories of the future and rapidly scaling up presence in emerging channels. During the year, the Business witnessed robust growth in its premium portfolio, leading to product mix enrichment.

In the Personal Wash segment, premiumisation remains a key vector of growth. During the year, 'Fiama' registered strong growth largely fuelled by investments in brand building, wider distribution and channel-tailored assortments. Fiama gel bars range registered significant gains during the year, driven by innovative and differentiated offerings appealing to evolving consumer preferences; the range was augmented with the launch of 'Fiama Sandalwood Oil & Patchouli' and 'Fiama Men's Charcoal'. In line with its commitment to raise awareness on mental well-being and encourage proactive conversations around the subject, 'Fiama' partnered with Filmfare for a first-in-industry 'Best Portrayal of Mental Health in Cinema' at the Filmfare OTT Awards 2023. The 'Vivel' range of soaps continued to build momentum during the year with strategic focus on alternate channels, superior formulation and competitive pricing. The 'Vivel' brand continued to strengthen its association with Women Empowerment with its collaboration with Azad

Foundation, through 'Parvaz', a year-long leadership training programme that fosters women's empowerment and enables young women leaders to be catalysts of change in their communities.

The Fragrance category under the 'Engage' brand exhibited resilient performance in the face of heightened competitive intensity, especially at the value end. The Business launched a premium EDP range with best-in-class fragrances for occasion-based use including a differentiated 'gender neutral' variant 'One Soul'.

The Business continued to expand its presence in the Home Care segment by leveraging the 'Nimyle' brand's proposition of "Naturally safe floors and happier kids". The brand delivered strong performance during the year on the back of robust growth in modern trade and e-Commerce channels, refreshed & premium packaging and improved penetration. The brand collaborated with 'Pet Fed', a convention for pets and pet lovers, to engage with pet parents to educate and raise awareness on eco-friendly floor cleaners which are safe for pets. Further, Nimyle maintained its leadership position in its core markets despite resurgence of regional brands and private labels.

In the premium Skincare category, the product range of 'Dermafique', a Digital First premium skin care brand, continues to be expanded, leveraging the capabilities of ITC LSTC. During the year, the Dermafique portfolio was augmented with the launch of 'Hydra Soft Nourishing Body Wash – With Chamomile and Vitamin E', 'Aqua Cloud Hydrating Shower Gel and Aqua Cloud Shower Mousse – With Seaweed extract and Hyaluronic acid', 'Hydra Soft Shower Mousse – With Chamomile and Vitamin E' and 'Aqua Surge Hydrating Shower Gel – With Sea Minerals and Pro-Vitamin B5'. The brand continues to leverage an AI powered smart skin advisor to provide personalised skin health analysis, empowering individuals to know their skin better and adopt solutions suited to unique skin needs of Indian consumers.

In order to meet the growing requirements in East markets and create capacities for the future, a state-of-the-art manufacturing unit in Uluberia, West Bengal is set to be operational shortly. The establishment of the facility is also in line with the strategic objective of reducing distance to market, enhancing supply chain agility and responsiveness, as well as optimising costs.

Education and Stationery Products

The Education and Stationery Products industry witnessed strong growth during the year driven by increased household penetration on the back of higher enrolment ratios and growing literacy. The year also witnessed heightened competitive intensity with a resurgence of regional players on the back of moderation in input prices. During the year, the Business consolidated its leadership position in the industry, driven by innovative product launches and portfolio premiumisation.

The 'Classmate Interaktiv' Notebook portfolio continued to witness strong consumer traction driven by a wide range of differentiated offerings. These included products that enable 'Do It Yourself' activities with a view to 'Enjoy Learning', immersive technologies such as augmented reality and interchangeable covers. The Business also accelerated the adoption of 'Classmate Pulse' spiral format through targeted activations and focusing on new customer segments such as high school students, in addition to college goers and the youth segment. The 'Paperkraft' portfolio was also strengthened with the launch of a new range of notebooks with differentiated design themes catering to both personal and professional usage. The Writing Instruments portfolio delivered a strong performance on the back of recent launches with differentiated forms and features which received encouraging consumer response.

The Business sustained its leadership position on e-Commerce platforms through consistent availability of a wide assortment of products, backed by focused interventions to enhance consumer traction.

During the year, the Business enhanced its manufacturing capacity of spiral notebooks at its dedicated manufacturing facility at Vijayawada. Equipped with state-of-the-art technology, the facility enables the Business to develop differentiated notebook formats, drive cost reduction and address opportunities in overseas markets.

Incense Sticks (Agarbattis) and Safety Matches

The Incense Sticks (Agarbatti) category continued to witness robust growth during the year. The Company's flagship brand 'Mangaldeep' effectively leveraged market opportunities and continues to enhance its standing in the category.

Based on superior consumer insighting, a number of new product offerings were launched by the Business during the year including, inter alia, a new sub-brand 'Scent' in the Popular segment. Built on the unique proposition 'Inspired by Fine Fragrances', Mangaldeep Scent offers three unique, modern and long lasting fragrances with superior sensorials. The brand also refreshed its core portfolio of Floral and Sandal fragrances with improved product experience and pack semiotics.

Mangaldeep aims to be an enabler of devotion and wellbeing through its fragrances. Over the years, the brand has built a range of products on a differentiated consumer proposition of long lasting fragrances. The Business has co-created these superior fragrances with the help of 150 visually impaired fragrance evaluators as part of its 'Mangaldeep Sixth Sense' panel. It supports them with livelihood opportunities and empowers them with dignity and pride.

In the Safety Matches industry, the Business strengthened its market leadership position by leveraging the brand 'Homelites' – built on differentiated positioning of stronger, longer and karborised sticks.

FMCG – CIGARETTES

After a period of sustained growth momentum, the Business witnessed consolidation in volumes on a high base amidst subdued demand conditions in the overall consumption space, even as illicit trade remained at elevated levels. Differentiated and premium offerings saw robust traction during the year. Sharp escalation in leaf tobacco prices and other inputs, along with increase in taxes were largely mitigated through improved mix, strategic cost management and calibrated pricing. Trade marketing spends were restructured during the year for sharper last mile execution.

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 have been introduced recently including 'Classic Alphatec', 'Classic Icon' and 'Gold Flake Indie Mint', amongst others. The Business also strengthened its presence in focus markets with the launch of several differentiated offerings across segments and delivered Net Segment Revenue and Segment PBIT growth of 5.2% and 4.1% respectively sequentially.

Manufacturing facilities of the Business continue to be modernised by inducting contemporary technologies to drive innovation and secure higher levels of productivity & product excellence. New benchmarks continue to be set in areas of quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Sciences are being leveraged to build a smart manufacturing environment of connected systems. These initiatives, coupled with innovation capabilities, in-house design and development expertise, have further improved the speed-to-market for launch of differentiated products and augmented the innovation pipeline of the Business.

Punitive taxes on the legal cigarette industry in earlier years have resulted in rapid growth of illicit cigarette trade – making India the 3rd largest illicit cigarette market globally according to Euromonitor estimates. Over the years this has created attractive tax arbitrage opportunities for unscrupulous players indulging in illicit cigarette trade. While legitimate cigarette industry volumes have declined consistently over the last decade, illicit cigarette volumes, in contrast, have grown rapidly during the same period, accounting for about 1/3rd of the legal industry.

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. The recent stability in taxes on cigarettes has enabled the legal cigarette industry to partially 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 pragmatic, equitable, non-discriminatory, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, to maximise the potential of cigarettes within the overall tobacco basket, cognising for the unique tobacco consumption pattern in India.

HOTELS

The Hotels Segment delivered stellar performance, clocking record highs in Revenue and Profits. Strong growth in RevPar was driven by retail, MICE (Meeting, Incentives, Conferencing, Exhibition) and marquee events hosted in the country. Segment Revenue at Rs. 2989.50 crores and Segment EBITDA at Rs. 1049.88 crores grew by 15.6% and 26.2% respectively, on a high base. Segment EBITDA margin stood at 35.1% representing an expansion of 295 bps over the previous year.

Timely renovations and refurbishments aided in leveraging high season opportunities across multiple locations and properties. Welcomhotel Chennai has been reopened in January 2024 after a comprehensive renovation; the iconic property brings back signature dining experiences, well-appointed rooms and grander banquets.

The Company's first international property ITC Ratnadipa⁵, 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.

Digital investments continue to be leveraged towards enhancing guest experience, facilitating guest acquisition, augmenting revenue generation and driving operational efficiency. During the year, the Business continues to leverage its full stack ITC Hotels App for Food Delivery, Room & Table Reservations, Room automation and entertainment control, Loyalty Benefits, Exclusive Offers and more.

The Company's 'asset-right' strategy envisages a substantial part of incremental room additions, to accrue through management contracts. In the last 24 months, 25 hotels have been opened by the Business out of which 24 are managed properties. The Business is witnessing growing interest amongst property owners to partner with its iconic brands resulting in healthy generation of leads and pipeline of management contracts.

The Company remains a trailblazer in green hoteliering and sustainability globally. With the largest footprint of 23 USGBC LEED Platinum certified properties, the group reaffirmed its commitment to the ethos of 'Responsible Luxury'. 12 of its iconic hotels have received LEED Zero Carbon Certification while 4 hotels have received LEED Zero Water Certification, the first in the world to have received the same.

AGRI BUSINESS

With the Government having to impose stocks limits and restrictions on agri-commodity exports to ensure food security and control inflation, the Agri Business had limited business opportunities during the year in the bulk commodities space. However, the strategic portfolio of value-added agri products recorded strong growth while the overall leaf tobacco business continued to perform well.

Leaf Tobacco

The Business continued to leverage its crop development expertise, superior product quality, world-class processing facilities and strong sustainability credentials to strengthen its position as a reliable supply chain partner for global customers. During the year, the Business also increased its share of business with international buyers for Indian Burley tobacco by leveraging its sustainable tobacco program. Deeper farmer & customer engagement, operational agility and supply chain efficiency enabled the Business to deliver enhanced value to existing customers and consolidate its pre-eminent position as the largest Indian exporter of unmanufactured tobacco.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological & digital 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 electrical 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.

The state-of-the-art facility to manufacture and export Nicotine & Nicotine derivative products set up by the Company's wholly owned subsidiary, ITC IndiVision Limited, has been commissioned during the year. The facility, set up primarily for manufacture and export of nicotine and nicotine derivative products, is geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards. Customer trials are underway; export shipments expected to be scaled up progressively.

While the Business witnessed robust growth during the year, margins were impacted by surge in cost of leaf tobacco. Strategic cost management across the value chain continues to be a key focus area for the Business. The AI/ML powered real-time buying platform continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented across the value chain in recent years have led to improved operating efficiencies in areas of leaf procurement, capacity utilisation and supply chain.

Other Agri Commodities

Geopolitical tensions and climate emergencies have led to significant concerns over food security and food inflation globally as well as in India. To ensure India remains food secure, the Government has had to impose trade restrictions on agri commodities; consequently limiting business opportunities for the Company's Agri Business during the year.

Amidst the extremely challenging operating environment as aforesaid, the Company leveraged its strong farm linkages, extensive sourcing expertise enabling traceable, attribute based and identity-preserved sourcing of agri-

⁵ A project undertaken by WelcomHotels Lanka (Private) Limited, a wholly owned subsidiary

commodities, multi-modal logistics capability, agile supply chain operations, deep customer relationships and focus on scale up of the Value-Added Agri Products (VAAP) portfolio to deliver a resilient performance.

The strategic focus of the Business in recent years has been to accelerate growth by rapidly developing and scaling up VAAP, straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others. The VAAP portfolio witnessed strong growth during the year driven by Spices, Maida and Marine Products.

Capacity utilisation of the world-class, state-of-the-art Spices processing facility in Andhra Pradesh has been ramped up to enable the Company to expand its customer base in food-safe export markets, besides promoting inclusive spices value chains benefiting thousands of Indian farmers.

Adoption of analytics-led smart supply chain management and procurement tools continues to be 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 to secure supplies of critical grades of wheat of benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include 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, cost optimisation through geographical and varietal arbitrage as also enabling supply of attribute based/identity preserved crop. Milk procurement network in Bihar and West Bengal was strengthened during the year towards meeting the growing requirements of the Company's Fresh Dairy portfolio under the 'Aashirvaad Svasti' brand, and in Punjab for 'Sunfeast' Dairy Beverages. The Business continues to scale up sourcing of spices to meet the growing requirements of Sunrise and Aashirvaad brands.

Towards enhancing the competitiveness of domestic agri-value chains, strengthening market linkages and further augmenting value creation opportunities, the Company has successfully scaled up ITCMAARS – a crop-agnostic full stack AgriTech platform, together with a 'phygital' ecosystem across ten states. Over 1650 Farmer Producer Organisations (FPOs) encompassing more than 1.5 million farmers have been added to the ITCMAARS network. By synergistically integrating NextGen agri technologies, this initiative is creating a robust ecosystem to seamlessly deliver hyperlocal and personalised solutions to the farming community, whilst creating new and scalable revenue streams, strengthening sourcing efficiencies and powering the Company's world-class Indian brands.

PAPERBOARDS, PAPER & PACKAGING

The Paperboards, Paper & Packaging Segment had to contend with soft domestic and export demand conditions which significantly depressed net realisations, cheap Chinese supplies in international markets including India, unprecedented escalation in domestic wood costs and high base effect.

Despite the headwinds as aforesaid, the Business further strengthened its leadership position in the Value-Added Paperboard (VAP) segment through focused innovations, development of customised solutions for end-use industries and strong end user engagements. 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.

Packaging and Printing Business continues to be acknowledged as a 'first choice packaging partner' by several reputed FMCG companies in the country for providing superior and cost-effective packaging solutions incorporating high quality structural design, print embellishments, enhanced security features and design-for-recyclability. During the year under review, the packaging and printing industry witnessed several headwinds. Subdued demand in certain key end user industry segments, progressive de-cartonisation in the liquor industry and decline in price realisations rendered the operating environment extremely challenging. The recent capacity addition at Nadiad, Gujarat, with state-of-the-art equipment to cater to markets in Western region, has further augmented the Business' capabilities in Carton packaging. Capacity utilisation at the facility has been progressively ramped up during the year.

Paper based sustainable alternatives designed to replace single-use plastics continue to be ramped up with 'Filo' series - 'FiloBev' (for cups), 'FiloServe' (for QSR, bakeries, food retail) & 'FiloPack' (packaging for sweets and deep freeze applications), witnessing strong growth momentum in both domestic and international markets. During the year, Flustix (No Plastic) certification also has been received for FiloPack. The Business is stepping up investments, in this fast-evolving space which holds immense growth potential, supported by the R&D capabilities of the Company's Life Sciences & Technology Centre, and external collaborations with global specialists. The Business continues to focus on developing and scaling up several innovative solutions towards "Reducing, Reusing and Recycling" of plastics; these are under various stages of commercialisation. A pipeline of products developed through proprietary solutions such

as 'Bioseal' (compostable coating to replace plastics), 'Oxyblock' (recyclable coating solution to enhance barrier properties in packaging) and 'Germ free coating' (solution for microbial free packaging surface addressing the consumer consciousness towards hygiene and safety) have been introduced, with increasing adoption levels across end use segments.

During the year, the Company's wholly owned subsidiary, ITC Fibre Innovations Limited, commissioned a state-of-the-art premium Moulded Fibre Products manufacturing facility in Badiyakhedi, Madhya Pradesh, to foray into the fast-growing premium Moulded Fibre Products (MFP) space with applications across industries including food serving and delivery, pharmaceutical, beauty and electronics.

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 Competitiveness' 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 re-cycling positive organisation. The Company sustained its 'AA' rating by MSCI-ESG for the sixth successive year - the highest amongst global tobacco companies. It is also a part of the Dow Jones Sustainability Emerging Markets Index for the fourth year in a row – a reflection of being a sustainability leader in the industry. During the year, the Company entered the prestigious 'A List' for Water security by CDP achieving the highest 'A' rating 'Leadership Level' (Asia and Global average of 'C') and retained its 'A-' rating 'Leadership Level' (Asia and Global average of 'C') for CDP Climate.

As a testament to the Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, all major hotel properties of the Company are LEED Platinum certified, making the Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED Platinum certified green hotels. In 2020, ITC Windsor's best practices on carbon management distinguished it as the first hotel in the world to be LEED Zero Carbon certified. Since then, 11 more ITC Hotels have been certified as LEED Zero Carbon. ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the U.S. Green Building Council (USGBC), followed by ITC Sonar, ITC Rajputana and ITC Maurya which are the only other Hotels globally to have been awarded the certification. The Company's 'Sankhya' data centre in Bengaluru had earlier become the first data centre in the world to be awarded the LEED Zero Carbon certification.

Water stress, a critical fallout of climate change, is being systematically managed by the Company's integrated water stewardship approach to champion water security for all stakeholders and address the twin issues of increasing water availability on the supply side while promoting efficient water usage inside operating units as well as at the catchment level. The Company is spearheading the implementation of Alliance for Water Stewardship (AWS) standard which is a credible, globally-applicable and recognised framework for ensuring sustainable water management within the wider water catchment context. Kovai unit of the Company is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the 'Alliance for Water Stewardship Standards'. During the year, five of the Company's Units received the AWS Platinum level certification. The Company is in the process of implementing the AWS Standards at other Units in high water stress areas and will progressively obtain AWS certification for these sites.

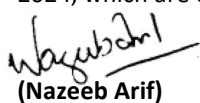
The Company has exceeded its commitment on plastic neutrality for the second consecutive year by collecting and sustainably managing more than 70,000 tonnes of plastic waste, which is more than the plastic packaging utilised by the Company.

The Company has installed and commissioned 205 MW of renewable energy capacity in the form of solar and wind power across the country. Additionally, last year, 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 of the unit's operations by significantly lowering coal consumption by appx. 25%.

Please refer link below for performance highlights of the quarter:

<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q4-FY2024.pdf>

The Board of Directors, at its meeting on 23rd May 2024, approved the financial results for the year ended 31st March 2024, which are enclosed.



(Nazeeb Arif)

Executive Vice President

Corporate Communications