

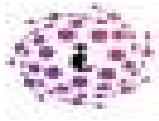
# INDEPENDENT EQUITY RESEARCH REPORT

ITC LIMITED

***PREPARED BY***

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***TRAINEE IN inSAKE SOLUTIONS***



# **About inSAKE SOLUTIONS**

We are a Fintech and Consulting company on a mission to enhance skills for students and provide Analytical & Recruiting and consulting Solutions to Corporates.

Services offered by inSAKE Solutions: -

- Equity Research
- Private Equity
- Valuation
- Mutual Fund Valuations
- Strategy Formulation
- Wealth Management

This report provides an analysis and evaluation of the current and prospective profitability and financial performance of FMCG Industry mainly in India. This report is prepared under guidance MR. Sandeep Shetty as a part of Equity Research FI 4.0 Training Program.

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**About the stock:** ITC is the biggest cigarette & second largest FMCG company in India with ~78% of market share in cigarettes & presence in staples, biscuits , noodles, snacks, chocolate, dairy products & personal care products.

It is also present in [paperboard](#), printing & packaging, agri & hotels businesses.  
The company has more than 200 manufacturing facilities in India.

It has a distribution reach of over 6 million retail outlets across various trade channels and 25 strong brands across various categories

## Key Highlights : Q3FY2024

- Resilient performance in FMCG – Others amidst subdued demand conditions; Segment Revenue up 7.6% YoY on a high base; 2-yr CAGR +12.8%
- Cigarettes Segment witnesses consolidation on a high base after a period of sustained growth momentum
- Best ever quarter for the Hotels Segment; Segment Revenue and Segment PBIT up 18% and 57% YoY respectively
- Agri Business Segment impacted by trade restrictions on agri commodities
- Paperboards, Paper and Packaging Segment remains impacted by low priced Chinese supplies in global markets, muted domestic demand, surge in wood cost and high base effect

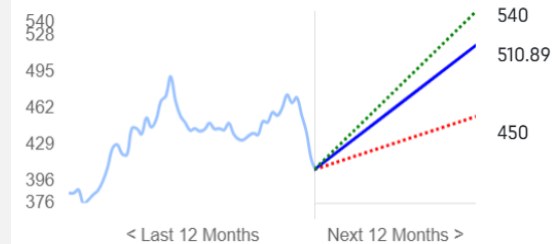
Rs. cr.	Q3		
	FY24	FY23	YoY growth
<b>Segment Revenue</b>			
a) FMCG - Cigarettes	7,549	7,288	3.6%
- Others	5,209	4,841	7.6%
<b>Total FMCG</b>	<b>12,758</b>	<b>12,130</b>	<b>5.2%</b>
b) Hotels	842	712	18.2%
c) Agri Business	3,055	3,124	-2.2%
d) Paperboards, Paper & Packaging	2,081	2,306	-9.7%
<b>Total</b>	<b>18,736</b>	<b>18,271</b>	<b>2.5%</b>
Less : Inter Segment Revenue	1,253	1,149	9.0%
<b>Gross Revenue from sale of products and services</b>	<b>17,483</b>	<b>17,122</b>	<b>2.1%</b>

Particulars(crores)	Amount
Market Capitalization	504905
Total Debt (FY2023)	306.04
52Week H/L	499.6/369.7
EV	499825
Equity	1,247
Face value	1.0

SHARE HOLDING PATTERN				
IN %	Mar-23	Jun-23	Sep-23	Dec-23
FII's	43.35	43.62	43.34	43.26
DII's	42.08	41.92	41.94	41.98
Gov	0.04	0.04	0.04%	0.04%
Public	14.52	14.48	14.68	14.71

## ITC FORECAST

Price Estimates



## KEY POINTS

P/E	24.70%
Book Value	₹ 55.40
Divident Yeild	3.15%
Sales Growth 3yrs	12.80%
Profit Var 3 yrs	7.14%
Divident Payout	98%

## ITC's Businesses

### FMGC BUSINESS



- India's leading FMCG marketer
- Businesses spanning Foods, Personal Care Products, Education & Stationery Products, Agarbattis & Matches
- ITC Next strategy focuses on a future-ready portfolio, premiumisation, innovation, digital adoption, and a greater market penetration
- Annual consumer spend of nearly `29,000 crores • Exports to over 60 countries
- ITC e-Store: 45+ categories, over 900 products, operational in 24,000+ pin-codes
- Extensive digital adoption across operations

### AGRICULTURE BUSINESS



- Leading Agri Business player in India
- Best-in-class profitability
- Sourcing from 22 states; supporting over 20 value chain clusters
- ITC Next strategy focuses on scaling up value-added segments (Spices, Coffee, Aqua, MAPE, etc.), digital adoption through ITCMAARS and climate smart agriculture
- Extensive engagement with farmers for over 100 years
- Largest procurer of wheat in the private sector
- One of India's largest exporters of agri commodities

### Paperboards & Packaging Businesses • No. 1 in Revenue and Profitability



- One of India's largest, greenest and most technologically advanced
- ITC Next strategy focuses on value-added paperboards, sustainable packaging and accelerated adoption of Industry 4.0 technologies
- Contributing to 'Make in India' and Import Substitution Anchoring local forestry value chains, empowering farmers, enhancing green cover, generating livelihoods
- First in India to obtain Forest Stewardship Council-Forest Management (FSC®-FM)



## ITC Hotels



- Pre-eminent Hotel Chain in India with over 120 properties
- World-class properties under 6 brands - ITC Hotels, Mementos, Welcomhotel, Storii, Fortune and WelcomHeritage
- ITC Next strategy focuses on an "Asset-right" approach, sweating existing assets and creating additional revenue streams
- Iconic cuisine brands like Bukhara, Dum Pukht, Avartana, Yi Jing, Royal Vega etc.
- Trailblazer in 'Responsible Luxury' & Sustainability
- All luxury collection hotels are LEED Platinum certified
- ITC Hotels & Welcomhotels achieved global 2030 Carbon emissions targets well ahead of time

## ITC Infotech



- Wholly owned subsidiary of ITC Limited and a leading global technology services and solutions provider
- Employees from 40 nationalities; Operating in 39 Countries; 60+ Fortune 500 Clients
- 'Orbit Next' strategy powering the next horizon of growth and differentiation
- Capability-led differentiation through portfolio of client and industry-led capabilities including PLM-led Digital Thread Solutions, Digital Manufacturing, Open Hospitality, Cloud, and Sustainability • Strategic partnership with PTC Inc., (US-headquartered, global technology company) to start new Service Line, DXP Services, comprising a global ecosystem of PLM-led Digital Thread and SaaS experts
- Amplifying new-age Digital capabilities with sustained Analyst recognition across CPG Digital Services, Digital CX Services, Digital Workplace Services, Manufacturing Digital Solutions and Intelligent Automation Services

## BRAND LEADER



**No. 1**  
in Branded Atta



**No. 1**  
in Notebooks



**No. 1**  
in the Cream Biscuits segment



**No. 2**  
in Noodles



**No. 1**  
in Bridges segment of Snack Foods



**No. 1** **No. 2**  
in Dhoop segment in Agarbatti

## RATIOS

Margin Ratios	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Gross Profit Margin (%)	42.56	44.24	39.85	37.07	38.97
Operating Margin (%)	39.67	40.91	36.51	34.22	36.42
Net Profit Margin (%)	26.52	31.54	27.17	25.52	27.38

Return Ratios	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Return on Networth / Equity (%)	21.29	23.44	21.8	24.4	27.75
ROCE (%)	31.04	29.8	28.49	31.89	35.81
Return On Assets (%)	17.53	19.78	17.82	19.72	22.34

Liquidity Ratios	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Current Ratio (X)	3.17	4.13	3.27	2.81	2.89
Quick Ratio (X)	2.38	3.19	2.29	1.91	2.02

	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Asset Turnover Ratio (%)	67.34	63.85	66.74	0.76	0.83
Inventory Turnover Ratio (X)	6.09	5.51	4.69	1.57	1.84
Interest Coverage Ratios (X)	422.36	369.66	403.54	571.51	639.94
Dividend Payout (%)	56	82	101	93	98

Valuation Ratios	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
P/E (x)	28.86	13.77	20.26	20.26	24.74
P/B (x)	6.15	3.24	4.95	4.95	6.89
EV/EBITDA (x)	17.49	9.36	13.55	13.55	17.08
P/S (x)	7.52	4.28	5.09	5.09	6.72

- FY2022-23, Gross Revenue at 69480.89 crores increased by 17.6%, while EBITDA increased by 26.5% to ` 23944.47 crores.
- Profit Before Tax and Exceptional items at 24677.54 crores grew by 24.4% over previous year and Profit After Tax stood at 18753.31 crores (previous year 15057.83 crores).
- Total Comprehensive Income for the year stood at 18782.57 crores (previous year 15631.68 crores). Earnings Per Share for the year stood at 15.15 (previous year 12.22).

## PEER COMPARISONS

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Sales Qtr Rs.Cr.	ROCE %	EV Rs.Cr.	Debt Rs.Cr.
1	ITC	404.6	24.67	504904.99	3.15	5406.52	18019.37	39.01	499825.33	284.06
2	Godfrey Phillips	2546.25	16.23	13238.95	1.73	212.35	1249.68	21.51	13552.46	346.63
3	VST Industries	3676.75	20.13	5676.9	4.08	53.72	362.58	38.05	5637.39	0
4	NTC Industries	122.05	31.08	145.78	0	1.26	7.35	10.03	150.89	6.33

### PROS

- Company is almost debt free.
- Stock is providing a good dividend yield of 3.15%.
- Company has a good return on equity (ROE) track record: 3 Years ROE 25.0%
- Company has been maintaining a healthy dividend payout of 98.0%
- Company's working capital requirements have reduced from 29.1 days to 20.1 days

### CONS

- Stock is trading at 7.30 times its book value
- The company has delivered a poor sales growth of 10.3% over past five years.
- Taxes on cigarettes in India are multiple times higher than in developed countries viz

### Financial Performance:

- **Gross Revenue:** The company has achieved a substantial gross revenue of **₹69,481 crores**, indicating its robust market presence and extensive business operations.
- **EBITDA:** With an EBITDA of **₹23,944 crores**, ITC demonstrates efficient operational management and profitability across its diverse business verticals.
- **Contribution to Exchequer:** Notably, ITC has dedicatedly **contributed 75% of its value-added to the exchequer**, highlighting its commitment to national development and compliance with regulatory obligations.
- **Top Corporate Contributor:** Being among the **top three corporates** in the private sector in terms of contributions to the exchequer underscores ITC's responsible corporate citizenship and substantial impact on government revenues.

### Business Profile:

- **Diversified Portfolio:** ITC has strategically diversified its operations across **12 future-ready businesses** spanning agriculture, manufacturing, and services. This diversified portfolio mitigates risk and enhances resilience in the face of market fluctuations.
- **Strong Brand Presence:** With a portfolio boasting **25+ world-class mother brands**, ITC has established itself as a trusted name in various consumer segments, reflecting its focus on quality and innovation.
- **Extensive Manufacturing Infrastructure:** Operating over **200 manufacturing units**, ITC has built a robust infrastructure to support its diverse product range and ensure operational efficiency.
- **Agri Commodities Expertise:** Handling **4.5 million tonnes** of agricultural commodities throughput, ITC demonstrates prowess in agribusiness, contributing to the growth and sustainability of the agricultural sector.



## Resilient performance in FMCG – Others amidst subdued demand conditions; Segment Revenue up 7.6% YoY on a high base; 2-yr CAGR +12.8%

1. Staples, Dairy, Beverages, Fragrances, Personal Wash, Homecare, Agarbattis and Notebooks drive grow
2. Segment EBITDA margin expanded **100 bps YoY** to 11.0%
3. Segment PBIT up 24.1% YoY

## Cigarettes Segment witnesses consolidation on a high base after a period of sustained growth momentum

1. Net Segment Revenue and Segment PBIT up 2.3% YoY–
2. **2-yr CAGR: Net Segment Revenue +9.3%, Segment PBIT +9.4%**
3. Differentiated variants and premium segments continue to perform well

## Best ever quarter for the Hotels Segment; Segment Revenue and Segment PBIT up 18% and 57% YoY respectively

1. Segment EBITDA **margin up 470 bps** YoY to 36.2% driven by higher RevPARs, structural cost interventions and operating leverage–
2. Demerger update: The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger

## Agri Business Segment impacted by trade restrictions on agri commodities

1. Geopolitical tensions & climate emergencies have led to concerns on food security and food inflation
2. Trade restrictions imposed by Govt. on agri commodities limit business opportunities for the segment
3. **Segment Revenue (excl. Wheat & Rice) up 14.2% YoY** driven by Value Added Agri products & Leaf Tobacco

## Paperboards, Paper and Packaging Segment remains impacted by low priced Chinese supplies in global markets, muted domestic demand, surge in wood cost and high base effect

1. Global demand remains subdued; domestic demand recovery slows post-festive season .
2. Subdued realisations and surge in domestic wood prices exerted pressure on 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–
3. Record high production of in-house chemical pulp leveraging recent capacity expansion
4. State-of-the-art premium **Moulded Fibre Products** manufacturing facility^ is expected to be commissioned shortly

# Recent Launches

## IN FMGC



**Aashirvaad Atta with Millets**  
25% millets inside



**Sunfeast YIPpee! WoW! Masala**



**Sunfeast Dream Crème Cookie and Crème**



**Sunfeast Supermilk Immunity Nutrients**



**Fabelle Exquisite Chocolate Truffles Exquisite**



**Sunrise Spices Chicken Masala**



**Aashirvaad Whole Spices**  
Black Pepper | Cardamom | Jeera



**Dermafique Shower Mousse**  
Hydra Soft | Aqua Cloud



**Aashirvaad Mithaas**  
Badam Halwa | Moong Dal Halwa



**Classmate Interaktiv Play Series**



**Mangaldeep Scent**  
Majestic Oud | Blue Lagoon

## IN CIGARATTES

### Innovation

- Classic Connect
- Gold Flake SLK
- American Club Clove Mint
- Gold Flake Indie Mint

### Portfolio Fortification

- Gold Flake Neo SMART Filter
- Wills Deluxe
- Bristol Deluxe FT
- Flake XL
- Flake Skipper

### Recent Introductions

- Classic Alphatec
- American Club Clove Magik
- Players Rush
- Classic Verve Balanced Taste
- Classic Icon
- Capstan Victory
- GF Glostar
- GF Rush
- Bristol Maja Mix

## IN HOTELS

**ITC HOTELS**  
RESPONSIBLE LUXURY



*ITC Ratanadipa, Colombo*

**MENTENTOS**  
BY ITC HOTELS



*Mementos, Jaipur*

**WELCOMHOTEL**  
BY ITC HOTELS



*Welcomhotel Belagavi*

**STORI**  
BY ITC HOTELS



*STORI Sirmour*

## STRENGTH

### 1. Diversified Portfolio

In the highly competitive business landscape, companies that possess a diversified portfolio enjoy a distinct advantage. ITC has strategically ventured into multiple industries, including fast-moving consumer goods (FMCG), agribusiness, hotels, paperboard, and information technology.

### 2. Strong Brand Equity

Brand equity plays a pivotal role in the success and sustainability of any business. For ITC Ltd, a conglomerate operating in various industries, solid brand equity is undeniably a significant strength. ITC Ltd's substantial brand equity fosters a high level of consumer trust and loyalty.

### 3. Extensive Distribution Network

An extensive distribution network is often a critical factor that can propel a company to success. ITC Ltd possesses an extensive distribution network that spans urban and rural areas in India. This enables the company to reach a vast and diverse consumer base.

### 4. Sustainable Practices

Companies are increasingly realizing the importance of adopting sustainable practices, as the business landscape changes rapidly. By integrating sustainability into its operations, ITC has shown its deep commitment to environmental stewardship, social responsibility, and ethical governance.

### 5. Strong Research and Development (R&D) Capabilities

ITC stands out for its strong research and development (R&D) capabilities that help it stay ahead of the curve. The company's R&D capabilities serve as a driving force behind product innovation. The company invests heavily in R&D activities to develop cutting-edge technologies, novel product formulations, and unique solutions that meet evolving customer needs.

## **WEAKNESS**

### **1. Dependence on Cigarette Business**

While ITC Ltd has established itself as a diversified conglomerate with interests spanning various sectors, its significant reliance on the cigarette industry poses challenges and vulnerabilities. The cigarette market is highly saturated and fiercely competitive. ITC Ltd faces intense competition from both domestic and international tobacco companies.

### **2. Geographic Concentration**

Despite the advantages of ITC's domestic market, it also exposes the company to vulnerabilities and limitations. Geographic concentration restricts ITC Ltd's exposure to a single market, namely India. While the Indian market is vast and offers tremendous growth potential, over-reliance on a single market limits the company's ability to diversify its revenue streams.

### **3. Slow Adoption of E-commerce**

In an era marked by rapid digital transformation and changing consumer preferences, the slow adoption of e-commerce poses a serious challenge to ITC. The slow adoption of e-commerce means that ITC Ltd needs to fully tap into the potential revenue and growth opportunities offered by online retail channels.

### **4. High Debt Levels**

While ITC operates across diverse sectors and has achieved considerable success, its burden of substantial debt can hinder its growth potential and financial stability. High levels of debt restrict ITC Ltd's financial flexibility and limit its ability to allocate resources efficiently. The company's cash flow and profitability may be impacted by the need to service debt obligations, including interest payments and debt repayments.

### **5. Vulnerability to Commodity Price Volatility**

ITC Ltd heavily relies on commodities as raw materials for its products; therefore, fluctuations in commodity prices can significantly impact the company's profitability, supply chain, and overall financial performance. Commodity price volatility exposes ITC Ltd to cost pressures that can directly affect its profitability.

## 1. Growing FMCG Market

ITC Ltd has the potential to capitalize on the expanding Fast-Moving Consumer Goods (FMCG) market. The growing FMCG market offers ITC Ltd an opportunity to diversify its revenue streams beyond its core businesses. While the company has a strong presence in sectors such as tobacco, hotels, paperboard, and agribusiness, the FMCG market provides a new avenue for expansion. The FMCG market thrives on innovation and new product development, providing ITC Ltd with an opportunity to showcase its research and development capabilities.

## 2. Expansion into Emerging Markets

ITC Ltd has the potential to leverage its capabilities and resources to tap into the growing economies of emerging markets. Emerging markets offer ITC Ltd access to a large and relatively untapped consumer base. A growing middle class, rising disposable incomes, and increasing consumer spending power characterize these markets.

## 3. Focus on Health and Wellness

ITC Ltd can leverage the growing consumer demand for health and wellness products and services. There is a global shift towards health consciousness, with consumers increasingly prioritizing their well-being and seeking healthier lifestyle choices. This presents a significant opportunity for ITC Ltd to align its product portfolio with the growing demand for health and wellness products.

## 4. Acquisitions and partnerships

Through strategic acquisitions and partnerships, ITC can fuel its growth, expand its market presence, and enhance its competitive advantage. Acquisitions and partnerships offer ITC Ltd an opportunity to expand its market presence and diversify its business portfolio.

By acquiring businesses in related or complementary sectors, ITC Ltd can enter new markets, gain access to new customer segments, and broaden its product offerings. These strategic moves allow the company to reduce its reliance on specific sectors, mitigate risks associated with market fluctuations, and create a more balanced revenue stream.

## 5. Adoption of E-commerce

The growing popularity of e-commerce platforms and other digital channels can help ITC to enhance its market reach, improve customer experience, and drive revenue growth. The adoption of e-commerce allows ITC Ltd to expand its customer reach beyond traditional brick-and-mortar stores.

By establishing a strong online presence, the company can tap into a larger customer base, including those who prefer the convenience of shopping online. E-commerce enables ITC Ltd to reach customers in remote areas, international markets, and underserved regions, thereby increasing its market penetration and potential revenue streams.



## 1. Intense Competition

ITC Ltd faces fierce competition from both domestic and international players across its business segments. Intense competition often leads to price wars as companies strive to capture market share. Price-based competition can result in reduced profit margins for ITC Ltd, as it may be forced to lower prices to remain competitive.

## 2. Changing Regulatory Landscape

ITC Ltd is subject to a wide range of regulations and policies imposed by governments and regulatory bodies. The evolving regulatory landscape often brings about increased compliance costs and regulatory burdens for companies. New regulations, amendments to existing laws, or stringent enforcement can necessitate changes in processes, systems, and operations.

## 3. Rising Input Costs

ITC Ltd is reliant on various inputs such as raw materials, energy, labor, and other resources to produce its goods and services. Higher input costs can put ITC Ltd at a competitive disadvantage compared to its rivals. If competitors can procure inputs at lower costs, they may be able to offer products at more competitive prices, potentially capturing market share from ITC Ltd.

## 4. Rapid Technological Advancements

ITC Ltd has existed for over a century and is now operating in an era of unprecedented technological disruption. Rapid technological advancements can render existing products and services obsolete. Also, it often comes with a significant cost of implementation, such as investing in new technologies, upgrading infrastructure, and training employees.

## 5. Environmental Factors

Despite being a diversified conglomerate operating in various sectors, ITC Ltd is subject to the growing scrutiny and impact of environmental issues. Environmental factors, including climate change and the increasing frequency and intensity of natural disasters, pose a threat to ITC Ltd. Climate change can lead to disruptions in the availability and quality of resources, affecting the company's operations and supply chains.

# Next Horizon of Sustainability

ITC's sustainability journey over a quarter of a century has been inspired by its vision to make sustainable and inclusive growth the bedrock of its corporate strategy. ITC's efforts have focussed on designing and implementing large-scale programmes to address the challenges of climate change, replenish the environment and create sustainable livelihoods to empower rural communities

## ITC's Climate Action :

ITC is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. ITC is also implementing adaptation measures based on nature-based solutions, across its operations and sites.

## Decarbonization:

Green infrastructure - 40 LEED Platinum Certified green buildings .

ITC's social and farm forestry initiative also helps in carbon sequestration of nearly 6 million tonnes annually .

World's first 12 LEED Zero Carbon Hotels, 2 LEED Zero Water Hotels and first LEED Zero Carbon Data Centre are ITC properties

## Climate Risk Assessments

ITC is working with climate experts to conduct comprehensive climate risk assessments across its locations to estimate the impact of climate hazards over different time frames.

Site-specific agri value chain studies are being undertaken for developing contextual location-specific adaptation plans and strategies.

## Sustainability Targets 2030

Reduce. Recycle. Restore.

### Strategic Interventions to Combat Climate Change



## Sustainability Targets 2030



**Water Security for all**  
5x of ITC's Net Consumption

**AWS Certification**  
for High Water Stressed  
Sites by 2035

**Biodiversity & Agriculture**  
Biodiversity Conservation > 1 million acres  
Climate Smart Village > 3 million acres  
Social & Farm Forestry > 1.5 million acres

Supporting Sustainable Livelihoods: From 6 million to 10 million

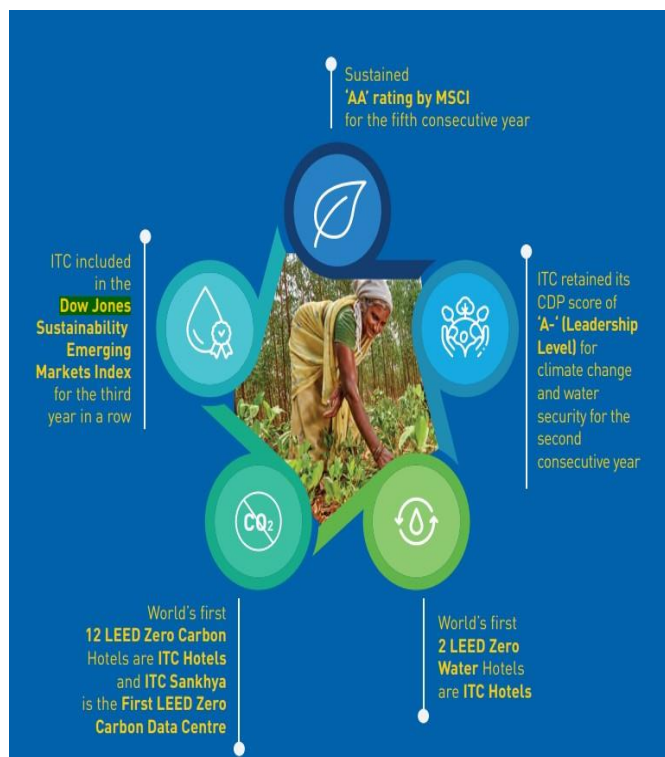
## Circular Economy

- Solid Waste Management - Well-being Out of Waste covered over 2.2 crore citizens
- ITC is Plastic Neutral for the 2nd consecutive year

## Renewable Energy

- Around 43% of ITC's energy is from renewable sources
- ITC's Renewable Energy capacity has reached nearly 178MW. This includes an off-site solar plant in Tamil Nadu. 3 more such plants are in the pipeline New High Pressure Recovery Boiler at the ITC Paperboards & Specialty Papers Manufacturing unit, Bhadrachalam, Telangana

# Recognition for ITC's Initiatives



ITC believe that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital while enhancing shareholder value.

This **'Triple Bottom Line'** approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance. The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting over six million sustainable livelihoods, many of whom belong to the weaker sections of society

ITC Company sustained its **'AA' rating** by MSCI-ESG for the fifth successive year. The highest amongst global tobacco companies.

ITC Company has also been included in the **Dow Jones Sustainability Emerging Markets Index** for the **third 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.

ITC Company has also been rated at the **'Leadership Level'** score of **'A-'** for both Climate Change and Water Security (Asia and Global average at 'C' for climate change and 'B' for water security) by CDP, a reputed independent global platform for disclosures on environmental impacts.

It has been championing the urgent need to combat climate change for building a more secure future and the role it can play in enabling a **net-zero economy**.

It 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 21 years), **'carbon positive'** (for 18 years), and **'solid waste recycling positive'** (for 16 years)

ITC Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, all major hotel properties of your Company are **LEED Platinum certified**, making your 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.

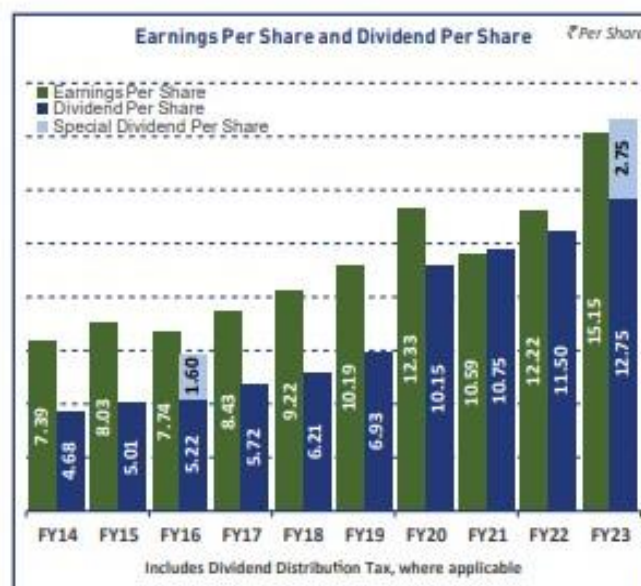
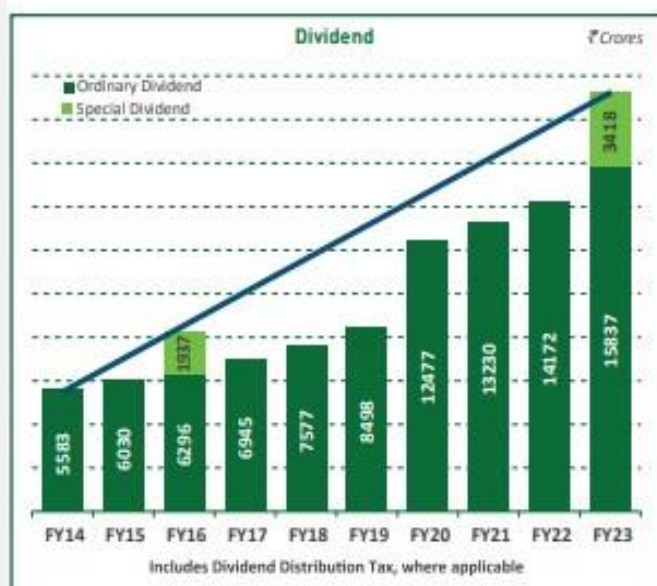
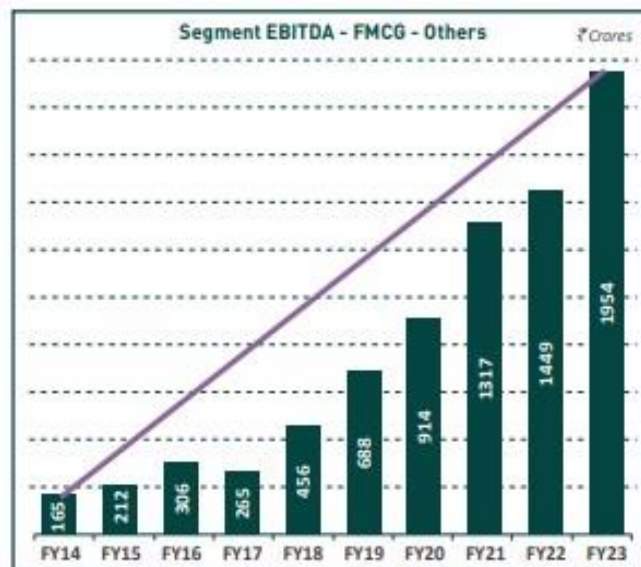
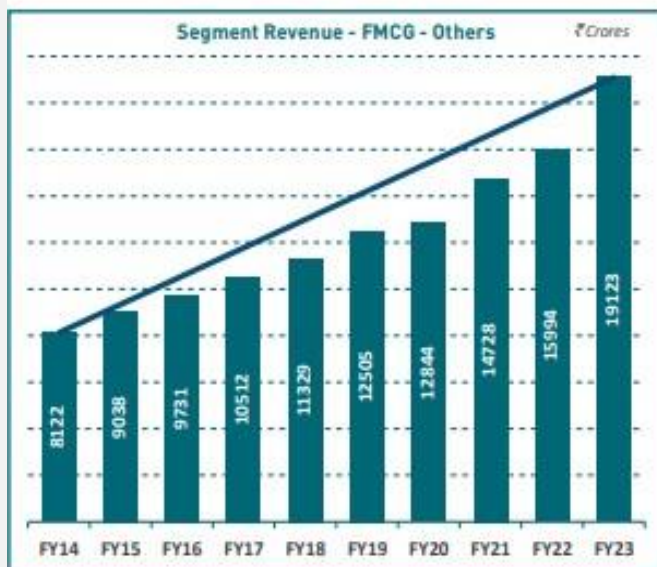
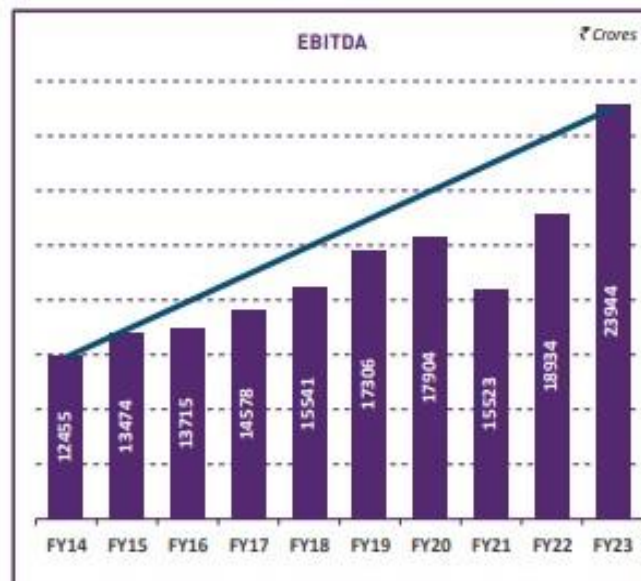
ITC Mughal became the first hotel globally to be awarded the **LEED Zero Water Certification** by the U.S. Green Building Council (USGBC), followed by ITC Sonar, which is the **second hotel** to be awarded the certification globally.

Further, ITC Company's **'Sankhya' data centre** in Bengaluru became the first data centre in the world to be awarded the **LEED Zero Carbon certification**.

Also, the Kovai unit of your 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'.



# FINANCIAL HIGHLIGHTS



- Company is almost debt free. The company has delivered a poor sales growth of 10.3% over past five years but volume of sales is good. ITC is a cash-rich company and has huge reserves.
- Recently, the share price of ITC has experienced a decline, dropping from a high of Rs. 477.25 in January to the current level of Rs. 405 in February. This downward trend can be attributed to challenges in the company's cigarette business, often associated with societal stigma due to its categorization as a "sin" product.
- Following the announcement of the budget in February, the government's decision to increase taxes on tobacco further exacerbated the situation, leading to negative market sentiment and impacting the company's stock performance.
- Despite the pressures facing its cigarette segment, ITC remains proactive in diversifying its revenue streams. The company has been steadily expanding its Fast-Moving Consumer Goods (FMCG) business, aiming for a significant contribution from food and personal care segments to its revenue within the next 3-5 years. Currently, substantial investments are being directed towards bolstering its FMCG portfolio.
- Looking ahead, investors with a long-term horizon (5-10 years) should consider including ITC in their portfolio.



