

# Enduring Value

NATION FIRST: SAB SAATH BADHEIN

# Q3 FY24 Results

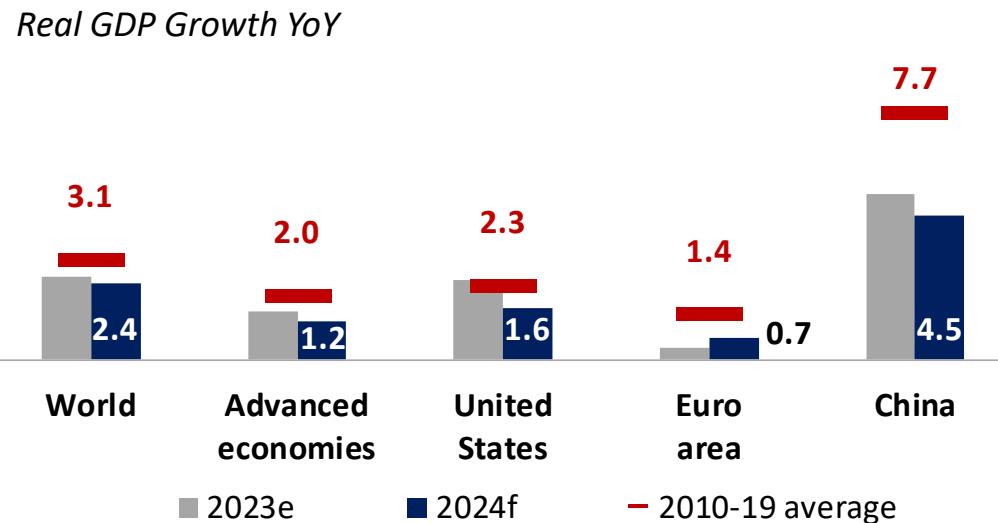
29<sup>th</sup> January, 2024

# Forward-Looking Statements

*This presentation contains certain forward-looking statements including those describing the Company's strategies, strategic direction, objectives, future prospects, estimates etc. Investors are cautioned that "forward looking statements" are based on certain assumptions of future events over which the Company exercises no control. Therefore there can be no guarantee as to their accuracy and readers are advised not to place any undue reliance on these forward looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. These statements involve a number of risks, uncertainties and other factors that could cause actual results or positions to differ materially from those that may be projected or implied by these forward looking statements. Such risks and uncertainties include, but are not limited to: growth, competition, acquisitions, domestic and international economic conditions affecting demand, supply and price conditions in the various businesses in the Company's portfolio, changes in Government regulations, tax regimes and other statutes, and the ability to attract and retain high quality human resource.*

# Macro Economic Context

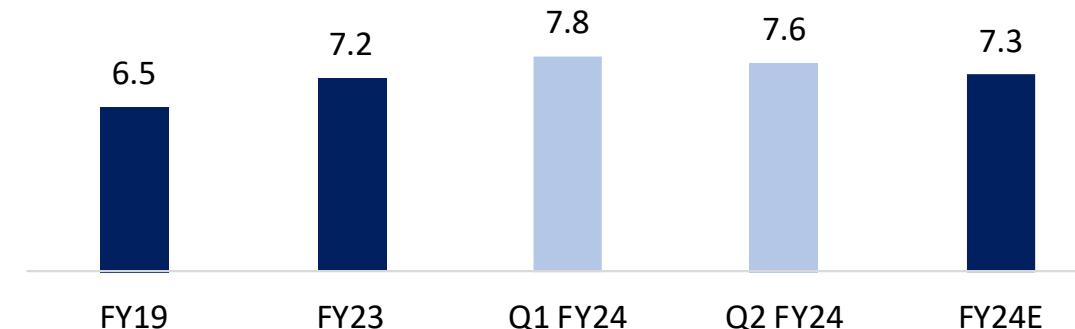
**Global economy 3<sup>rd</sup> consecutive year of deceleration  
weakness likely to persist**



- **Structural weakness** in Chinese economy
- **Geo-political & Climate dynamics** pose downside risks
- **Debt distress** in emerging and low income economies

**India remains a bright spot**

*Real GDP Growth YoY*

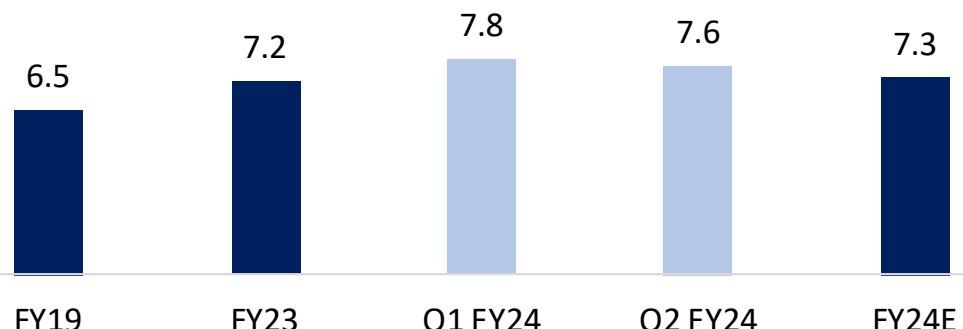


- GDP growth remains above long term average
- **Overall macros well-managed | Timely Policy interventions by Govt. of India**
  - *Core Inflation largely stable*
  - *Favourable External Balances and Forex Reserve*
  - *Infrastructure push by Government*
  - *Buoyant tax collections*
  - *Strong Bank and Corporate Balance Sheets*

# Macro Economic Environment

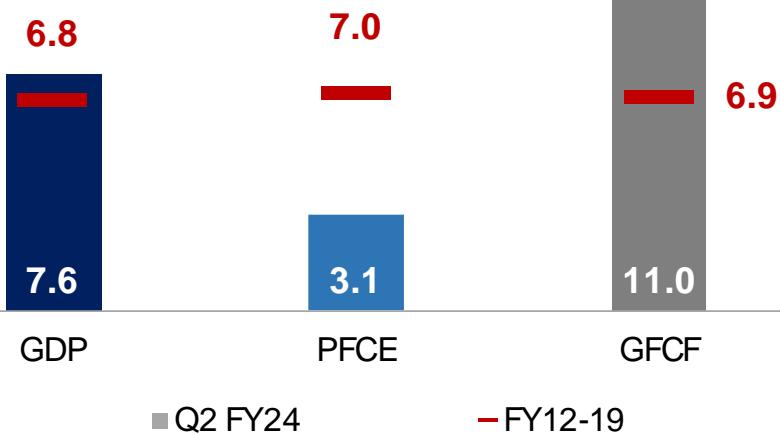
## India remains a bright spot

Real GDP Growth YoY

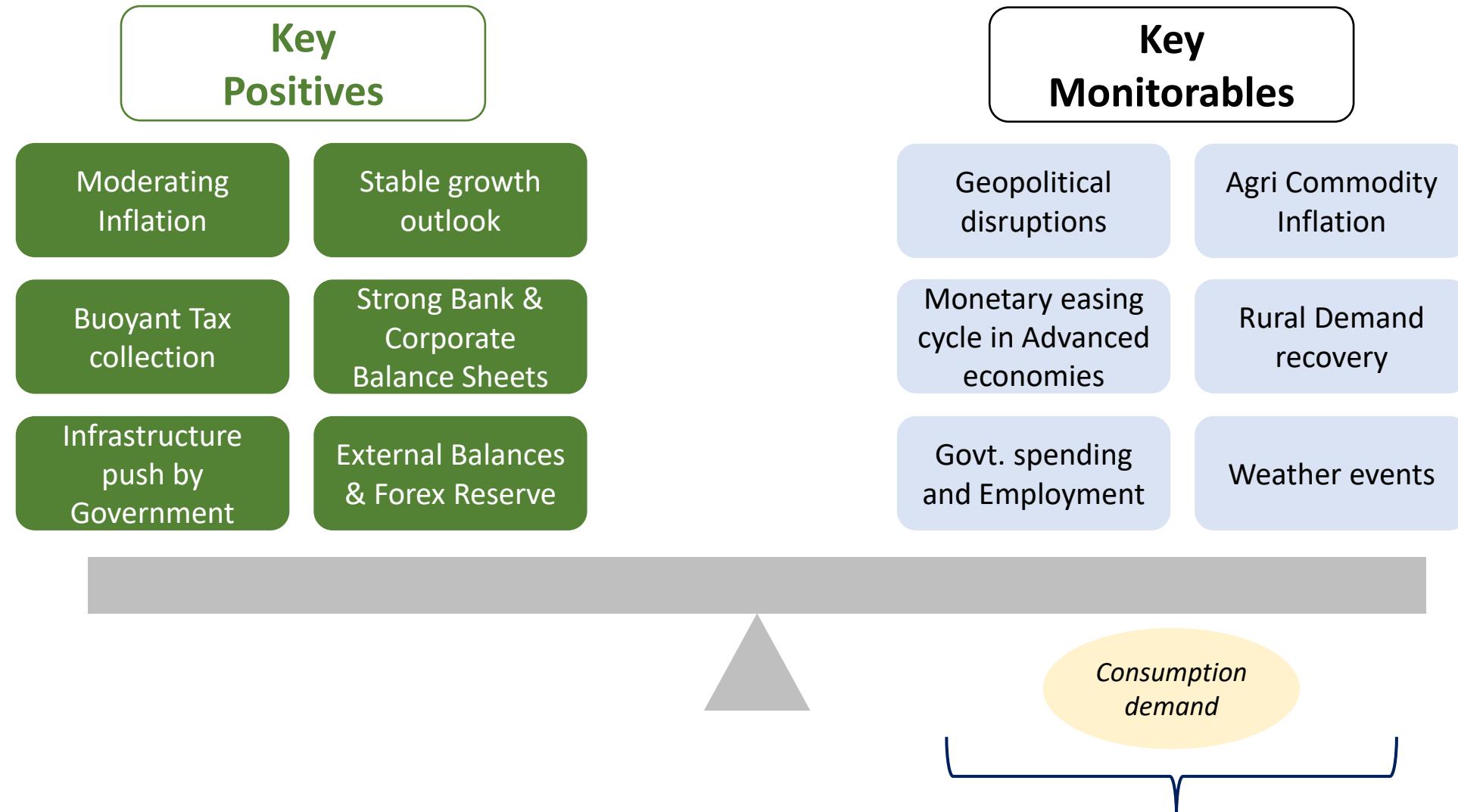


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  - *Buoyant tax collections*
  - *Strong Bank and Corporate Balance Sheets*

## India growth led by Investments Consumption subdued



- GDP growth led by **Investments (Government Capex)**
  - *Green shoots in Private Capex in certain sectors*
- **Private Consumption** remains subdued; 400 bps below trend growth



## **Q3 FY24 Results**

### **Key Highlights**

## Gross Revenue

*ex – Agri Business*

▲ +3.9%

2-yr CAGR +10.5%

## Profit After Tax

▲ +10.8%

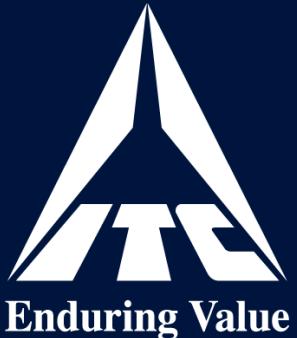
2-yr CAGR +15.8%

## Interim Dividend

Rs. 6.25  
per share

- Resilient performance in **FMCG – Others** amidst subdued demand conditions; Segment Revenue up 7.6% YoY on a high base; **2-yr CAGR +12.8%**
  - *Staples, Dairy, Beverages, Fragrances, Personal Wash, Homecare, Agarbattis and Notebooks drive growth*
  - *Segment EBITDA margin expanded 100 bps YoY to 11.0%*
  - *Segment PBIT up 24.1% YoY*
- **Cigarettes Segment** witnesses consolidation on a high base after a period of sustained growth momentum
  - *Net Segment Revenue and Segment PBIT up 2.3% YoY*
  - **2-yr CAGR: Net Segment Revenue +9.3%, Segment PBIT +9.4%**
  - *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
  - *Segment EBITDA margin up 470 bps YoY to 36.2% driven by higher RevPARs, structural cost interventions and operating leverage*
  - *Demerger update: The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger*

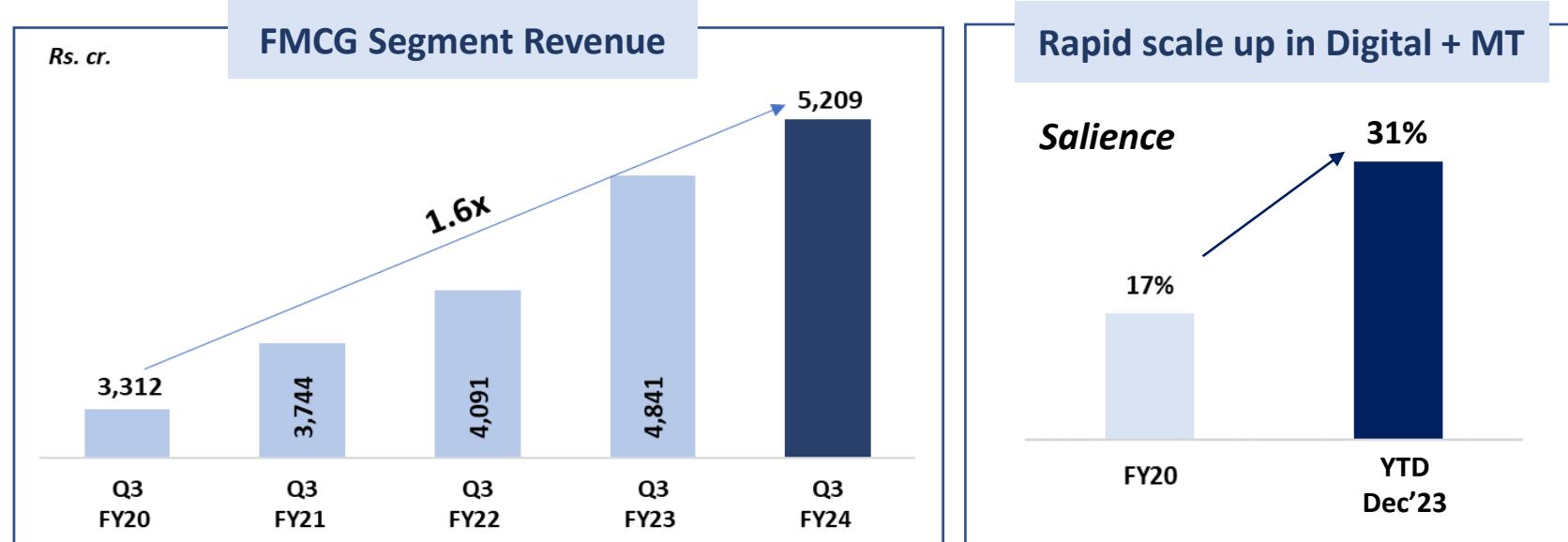
- **Agri Business Segment impacted by trade restrictions on agri commodities**
  - *Geopolitical tensions & climate emergencies have led to concerns on food security and food inflation; trade restrictions imposed by Govt. on agri commodities limit business opportunities for the segment*
  - **Segment 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**
  - *Global demand remains subdued; domestic demand recovery slows post-festive season*
  - *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*
  - *Record high production of in-house chemical pulp leveraging recent capacity expansion*
  - **State-of-the-art premium Moulded Fibre Products manufacturing facility<sup>^</sup>** is expected to be commissioned shortly



## FMCG Others

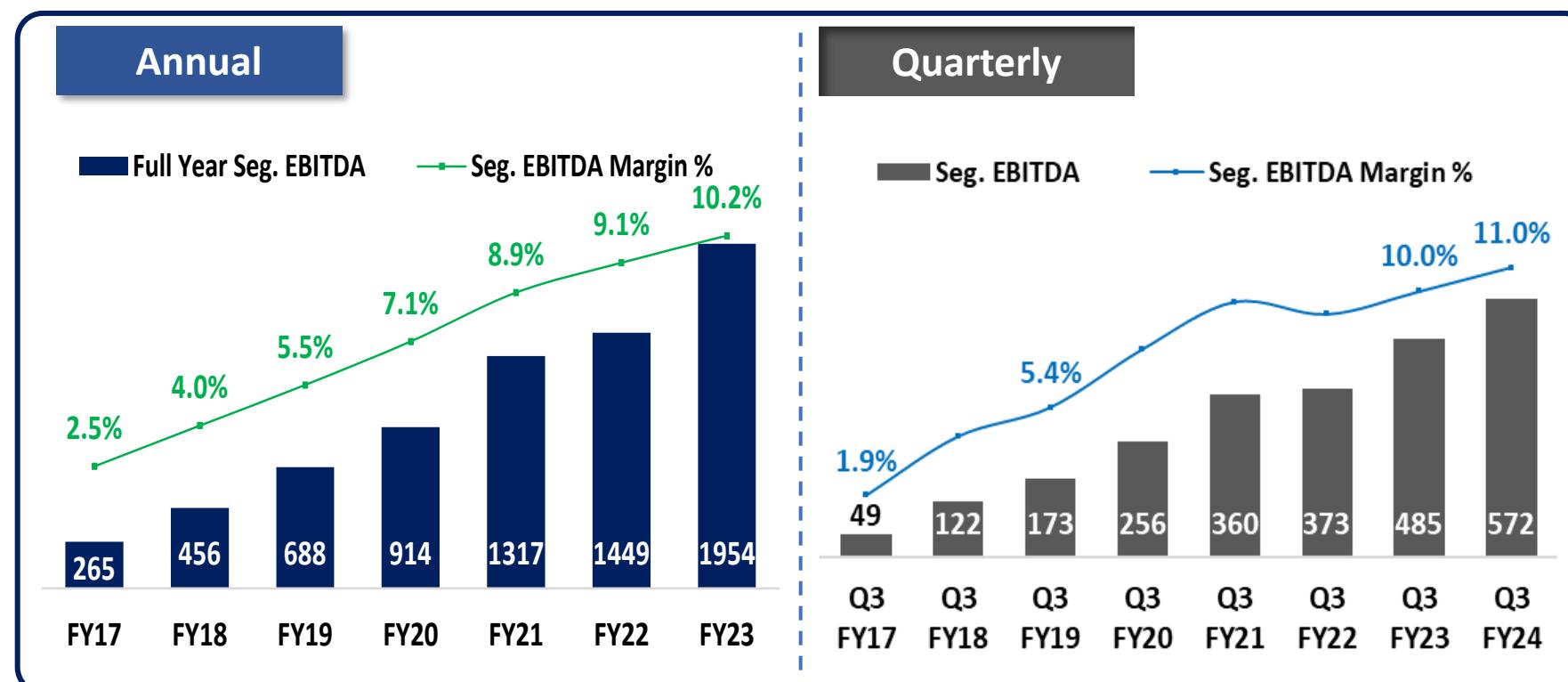


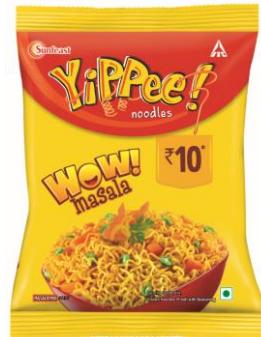
- Segment Revenue up **7.6% YoY** on a high base; **2-yr CAGR +12.8%**
  - Staples, Dairy, Beverages, Fragrances, Personal Wash, Homecare, Agarbattis and Notebooks drive growth
- Strategic **portfolio augmentation** leveraging agile and **purposeful innovation** continues to be stepped up towards addressing evolving consumer needs and accelerating **premiumisation**
- **Strong growth in Alternate Channels**
  - Channel-specific business plans, collaborations, format-based assortments and category-specific sell-out strategies drive growth
- **Commodity price deflation** on YoY basis; **sequential uptick** in certain commodities (viz. wheat, maida, sugar etc.)
  - Competitive intensity remained high in certain categories, including from local / regional players



- **Q3 Segment EBITDA margins at 11.0% up 100 bps YoY**

- *Margin expansion driven by multi-pronged interventions viz. premiumisation, supply chain optimisation, judicious pricing actions, digital initiatives and strategic cost management*





**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**

# Deepening Consumer Engagement



## Sharpening Value Proposition



\* इस प्रोमो के बिना पैक भी बाजार में उपलब्ध हैं



Scan the QR code

40+ Quality Control Tests

100% Atta, 0% Maida

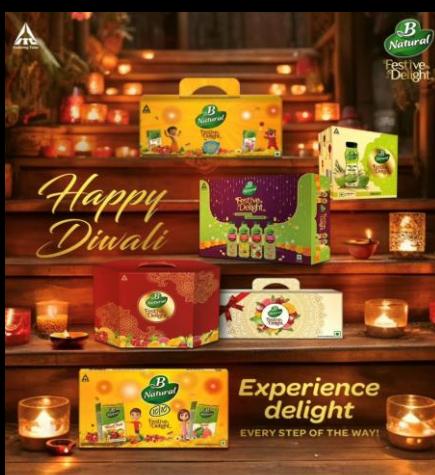
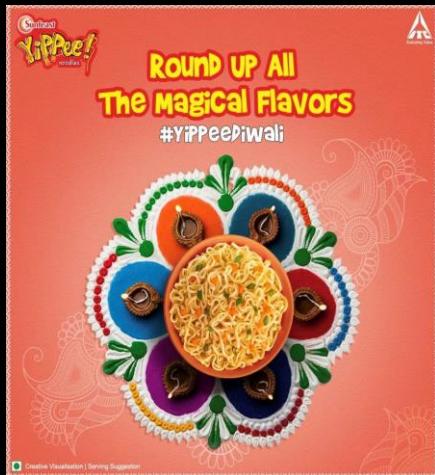
## Building Brand Associations



On-ground presence during Ayodhya Ram Mandir Pran Pratishtha

# Deepening Consumer Engagement

## Celebrating moments



# Building Brands with Purpose



## Mom's Magic



#MaaKehtiHaiTryKaro

## Fiama - Mental Health Well-being



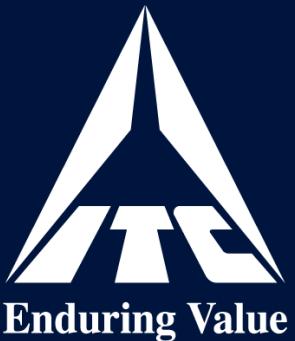
## YiPPee! "Create Magic"



Campaign to convert plastic waste into park equipment

Fiama introduced a special recognition award in collaboration with Filmfare

**SENSITIVE PORTRAYAL OF MENTAL HEALTH**  
Awarded to Director Anvita Dutt for the movie 'Qala'



## FMCG Cigarettes



## Segment Revenue

7549 cr. ▲ 3.6%

## Segment Results

4728 cr. ▲ 2.3%

- Net Segment Revenue\* and Segment PBIT up 2.3% YoY
  - 2-yr CAGR: Net Segment Revenue +9.3%, Segment PBIT +9.4%
- Portfolio Vitality | Product Availability | Execution Excellence
  - Differentiated variants and premium segments continue to perform well
  - Market standing reinforced by fortifying the product portfolio/ market interventions & agile execution
  - Innovation & democratising premiumisation across segments
- Sharp cost escalation (Leaf Tobacco & certain other inputs) + increase in taxes → largely mitigated through improved mix, strategic cost management and calibrated pricing

Relative stability in taxes, backed by deterrent actions by enforcement agencies, enables continued volume recovery from illicit trade

### Innovation

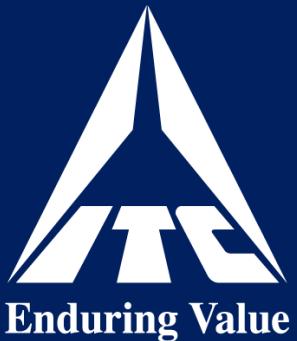
- Classic Connect
- Gold Flake SLK
- American Club Clove Mint
- Gold Flake Indie Mint

### 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 |



## Hotels



*Welcomhotel Chennai*

## Segment Revenue

**842 cr.**

(+18%; 2 Yr. CAGR 33%)

## Segment Results

**230 cr.**

(+57%)

Managed properties scaled up<sup>^</sup>

**22** Hotels in last 24 months

(Jan 2022 – Dec 2023)

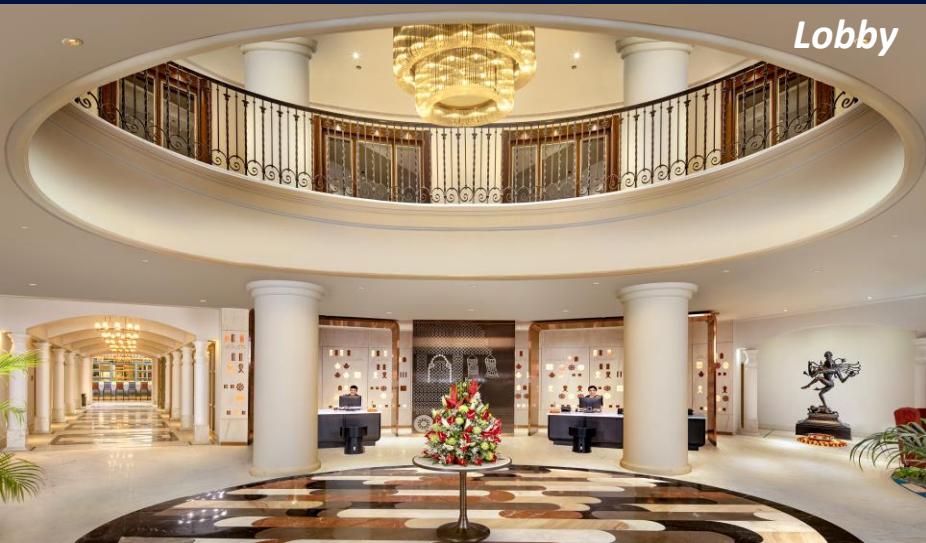
**25** Hotels in next 24 months

(Jan 2024 – Dec 2025)

- **Strong growth in ARRs and Occupancy** witnessed across properties driven by retail, MICE segments and marquee events like the ICC Cricket World Cup
- **Segment EBITDA margin expanded by 470 bps YoY to 36.2%** driven mainly by higher RevPARs, operating leverage and strategic cost management initiatives
- Healthy pipeline of management contracts under **Mementos, Welcomhotel, Storii, Fortune and WelcomHeritage brands**
  - *Phased openings over the next few quarters*
- **Welcomhotel Chennai** has been reopened in January 2024 after a comprehensive renovation
- **Demerger update:** The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger.

### Avartana & Yi Jing launched at ITC Maratha





*Relaunch post comprehensive renovation in January 2024*



# New Hotels in the pipeline

 **ITC HOTELS**  
RESPONSIBLE LUXURY



 **MEMENTOS**  
BY ITC HOTELS

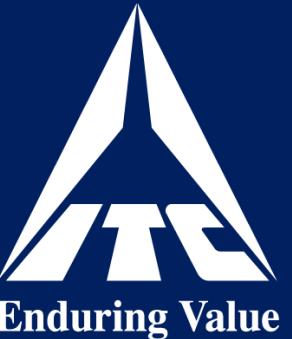


 **WELCOMHOTEL**  
BY ITC HOTELS



 **STORII**  
BY ITC HOTELS





## Agri Business



ITCMAARS Agri Expert 38 m, Latur, Maharashtra

फसल डॉक्टर

फसल डॉक्टर से पारंपरिक समस्या का संरूप समाधान! किसान मित्रों, आईटीसी मार्म ऐप से अब आप अपनी फसलों के रोग व कीट की समस्या के संरूप समाधान प्राप्त करें।

कृषि मित्र से अब किसानों को सवाल पूछना हुआ आसान कृषि मित्र का उपयोग करके किसानों को जवाब मिलने के लिए अपैर ऐप को अपडेट करें।

Call us Toll-Free 1800-000-0000 Ask a question

Mandi price Crop Doctor Crop Calendar

Borrow Center Fertilizer calculator Refer & Earn

FARM BUY SELL COMMUNITY

MY FARM BUY SELL COMMUNITY

Like 793 Comment 428 Share 172

ITCMAARS Agri Expert 38 m, Latur, Maharashtra

इचौपाल

किसानों के लिए मैं, किसानों का अपना

प्रिय दोस्तों, आपको इस ऐप से अब आप अपनी फसलों के रोग व कीट की समस्या के संरूप समाधान प्राप्त करें।

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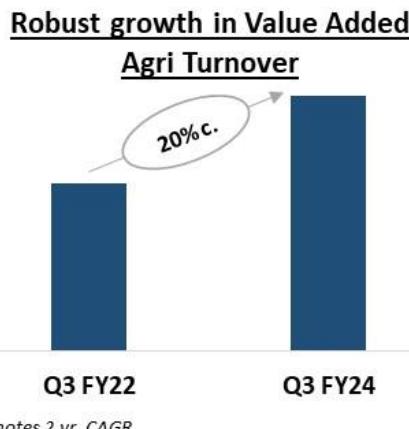
FARM BUY SELL COMMUNITY

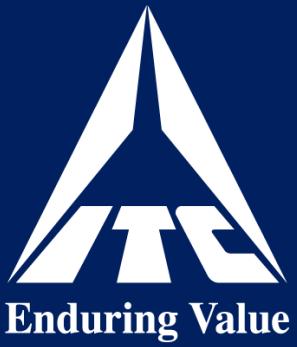
MY FARM BUY SELL COMMUNITY

**Segment Revenue**  
**3055 cr. ▼ 2.2%**

**Segment Results**  
**339 cr. ▼ 13.3%**

- Operating environment remained challenging due to various policy interventions of the Government of India to ensure food security and control inflation
- Strong **customer relationships** & **agile execution** in Leaf Tobacco & Value Added Agri products continue to drive growth
- **Strategic sourcing support** to Branded Packaged Foods – Wheat, Dairy, Beverages & Spices
- The **state-of-the-art facility<sup>^</sup>** to manufacture and export **Nicotine and Nicotine derivative products** has been commissioned
  - *Export shipments expected to commence from Q4 FY24*





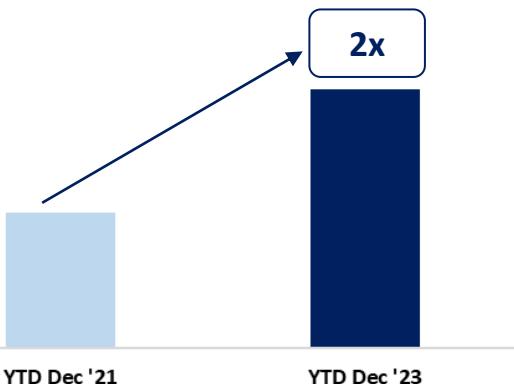
## Paperboards, Paper & Packaging



**Segment Revenue**  
**2081 cr. ▼ 9.7%**

**Segment Results**  
**296 cr. ▼ 51.2%**

Rapid scale up of Sustainable products



- 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
- Demand for Fine paper remained relatively firm; Décor paper witnessed strong performance
- Margins impacted by sharp drop in realisations and unprecedented surge in domestic wood costs due to increased demand from competing industries
- Focus on accelerating New Business Development in domestic and export markets offering innovative and customised solutions, with special focus on consumer electronics, QSR and personal care products
- **Sustainable Products** portfolio continues to witness strong growth leveraging cutting-edge innovation platforms
  - State-of-the-art premium **Moulded Fibre Products** manufacturing facility<sup>^</sup> being set up in Badiyakhedi, Madhya Pradesh; facility expected to be commissioned by the end of the financial year



# Financials

# Key Financials – Q3 FY24



<b>Rs. Cr.</b>	<b>Q3 FY24</b>	<b>Q3 FY23</b>	<b>YoY growth</b>	<b>2 Yr. CAGR</b>
<b>Gross Revenue</b>	17,483	17,122	<b>2.1%</b>	<b>2.5%</b>
<b>EBITDA</b>	6,024	6,223	<b>-3.2%</b>	<b>8.7%</b>
<b>PBT</b>	6,725	6,678	<b>0.7%</b>	<b>10.7%</b>
<b>PAT</b>	5,572	5,031	<b>10.8%</b>	<b>15.8%</b>

*PBT (excl. Paperboards, Paper and Packaging) +6% YoY; 2-yr CAGR +13%*

*PBT includes exceptional item aggregating Rs. 5.52 crores incurred during the quarter and nine months ended 31st December, 2023 in relation to the demerger of the Company's Hotels Business into ITC Hotels Limited.*

*The Company has reassessed its provisions relating to uncertain tax positions for earlier years based on a favourable order of the Hon'ble Supreme Court received during the quarter. This has resulted in a credit of Rs. 468.44 crores in the Current Tax expense for the quarter and nine months ended 31st December, 2023.*

# Segment Revenue Q3 FY24



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

- **FMCG Cigarettes**

- *Net Segment Revenue\* up 2.3% YoY on a high base*
  - **2 Yr. CAGR at 9.3%**

- **FMCG Others**

- *Revenue up 7.6% YoY amidst subdued demand conditions*
  - **2 Yr. CAGR at 12.8%**
- *Staples, Dairy, Beverages, Fragrances, Personal Wash, Homecare, Agarbattis, and Notebooks drive growth*

- **Hotels**

- *Best-ever quarter; Revenue up 18% YoY*

- **Agri Business**

- *Revenue up 14% YoY (excl. Wheat & Rice)*

- **Paperboards, Paper & Packaging**

- *Segment remains impacted by low-priced Chinese supplies, muted demand & sharp drop in global pulp prices*

# Segment Results Q3 FY24



Rs. cr.	Q3		
	FY24	FY23	YoY growth
<b>Segment Results</b>			
a) FMCG - Cigarettes	4,728	4,620	<b>2.3%</b>
- Others	432	348	<b>24.1%</b>
<b>Total FMCG</b>	<b>5,160</b>	<b>4,968</b>	<b>3.9%</b>
b) Hotels	230	146	<b>57.1%</b>
c) Agri Business	339	391	<b>-13.3%</b>
d) Paperboards, Paper & Packaging	296	606	<b>-51.2%</b>
<b>Total</b>	<b>6,025</b>	<b>6,112</b>	<b>-1.4%</b>
Less : i) Finance Cost	12	10	
ii) Other un-allocable (income) net of un-allocable expenditure	-718	-576	
iii) Exceptional items	6		
<b>Profit Before Tax</b>	<b>6,725</b>	<b>6,678</b>	<b>0.7%</b>

- **FMCG Cigarettes**
  - Segment PBIT up 2.3% YoY on a high base
    - 2 Yr. CAGR at 9.4%
- **FMCG-Others:**
  - EBITDA margin at 11.0% ; Up 100 bps YoY
- **Hotels:**
  - EBITDA margins @ 36.2% up 470 bps YoY
- **Paperboards, Paper & Packaging:**
  - Sharp drop in realisation + surge in wood cost weigh on margins

## ITC – A Global Exemplar in Sustainability

# Impactful Social Performance



**ITC e-Choupal**  
4 Million Farmers  
empowered



**Afforestation**  
Over 11.7 lac acres  
greened



**Watershed Development**  
Over 15.3 lac acres  
covered



**Livestock Development**  
Over 21.9 lac milch  
animals covered



**Solid Waste Management**  
Well-being Out of Waste  
programme covers  
60 lac households



**Women Empowerment**  
Over 1.4 lac  
poor women benefitted



**Skilling & Vocational  
Training**  
Skilled over 1.06 lac youth



**Primary Education**  
Reaching over  
15 lac Children



**Mother & Child Health  
and Nutrition**  
Over 12.5 lac  
beneficiaries covered



**Climate Smart Agriculture**  
Over 23 lac acres  
covered\*

#### Strategic Interventions to Combat Climate Change

De-Carbonization

Climate Adaptation and Resilience

Circularity

Building Green Infrastructure

Nature based solutions

Inclusive Value Chains

Renewable Energy

50%



Specific GHG Emissions

50%



Recyclable Plastic Packaging

100%



Plastic Neutrality

100% Collection since FY22

Water Security for All



5x of ITC's Net Consumption

AWS Certification  
for High Water Stressed Sites by 2035

Biodiversity & Agriculture

1

million acres

Biodiversity Conservation

3

million acres

Climate Smart Village

1.5

million acres

Social Farm and Forestry

*Proactively work towards achieving 'Net Zero' emission status*

Supporting Sustainable Livelihoods: From 6 million to 10 million

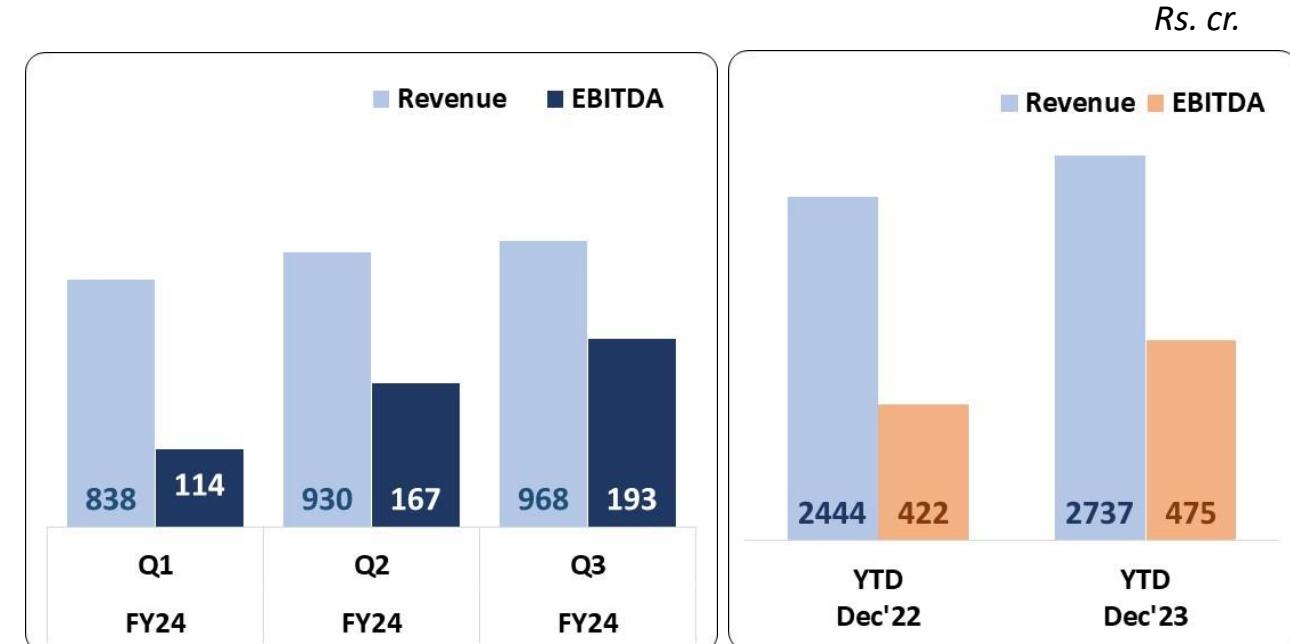
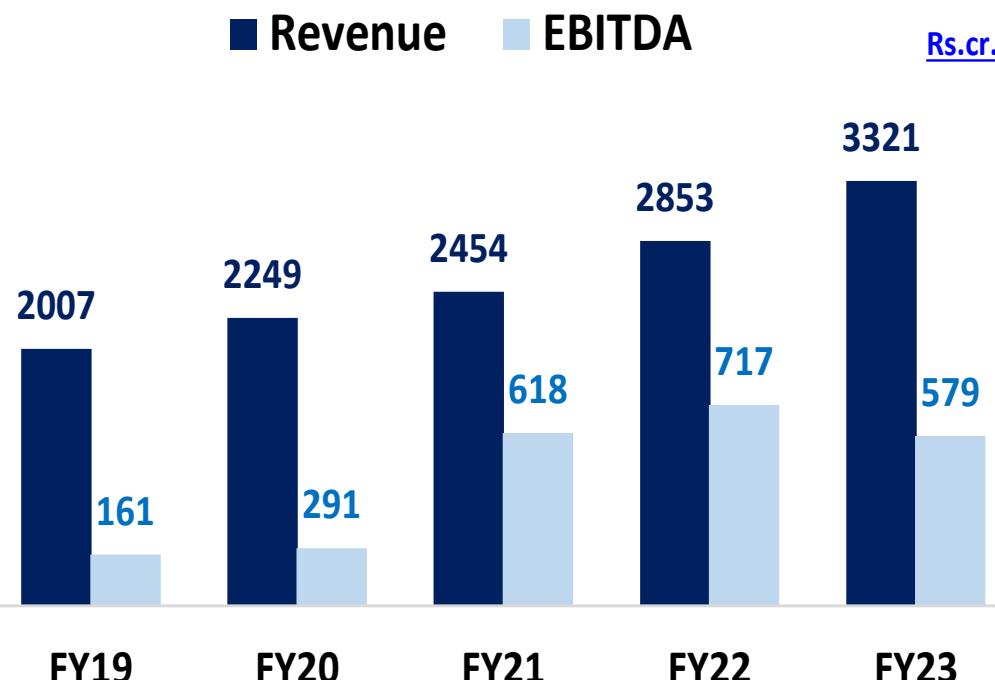
# Sustainability – Highlights

- Exceeded commitment on **Plastic Neutrality**; collected and sustainably managed over 60,000 MT of plastic waste in FY23
- **100% critical Tier - 1 suppliers trained on ESG related aspects** (as on Jan 24)
- Best-in-class ESG Ratings:
  - **AA rating by MSCI** for the **6<sup>th</sup> consecutive year**; **A- Leadership score under CDP ratings - ahead of Asia & Global average**; Continues to be included in the **Dow Jones Sustainability Emerging Markets Index** - a reflection of being a sustainability leader in the industry
  - The only enterprise of comparable dimensions globally 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**)
- **Water Stewardship:**
  - **Four Units of ITC** (Paper mill at Kovai, ICML Malur, ICML Ranjangaon and Cigarettes factory at Ranjangaon) have been **Platinum level certified** by AWS (Alliance for Water Stewardship)
- **Bio Diversity:**
  - Winner of the first **UNDP Mahatma Award for Biodiversity** → in recognition of efforts in promoting biodiversity conservation through intensive community engagement



# ITC Infotech





- *Revenue up 11.0% YoY and 4.1% QoQ*
- *Healthy Total Contract Value (TCV) signings; strong pipeline*
- *Investments continue in **Capability building** in strategic focus areas, sales org. & infrastructure.*

Q3 EBITDA margin  
@ upper-end of mid-tier IT cos.



**A passion for  
Profitable growth...**



**in a way that is  
Sustainable...**



**and  
Inclusive.**

# Links



Product/initiative	Link
Bingo! on Instagram	<a href="https://www.instagram.com/bingo_snacks/">https://www.instagram.com/bingo_snacks/</a>
YiP Pee! on Instagram	<a href="https://www.instagram.com/sunfeast_yippee/">https://www.instagram.com/sunfeast_yippee/</a>
Aashirvaad on Instagram	<a href="https://www.instagram.com/aashirvaad/">https://www.instagram.com/aashirvaad/</a>
Sunfeast Dark Fantasy on Instagram	<a href="https://www.instagram.com/sunfeastdarkfantasy/">https://www.instagram.com/sunfeastdarkfantasy/</a>
Mom's Magic on Instagram	<a href="https://instagram.com/sfmomsmagic/">https://instagram.com/sfmomsmagic/</a>
Classmate on Instagram	<a href="https://instagram.com/classmatebyitc/">https://instagram.com/classmatebyitc/</a>
ITC : Creating Enduring Value for India	<a href="https://youtu.be/VwnE4eN_BTk">https://youtu.be/VwnE4eN_BTk</a>
Details on the Company's Sustainability 2.0 vision	<a href="https://www.itcportal.com/sustainability/sustainability-integrated-report-2023/ITC-Sustainability-Integrated-Report-2023.pdf">https://www.itcportal.com/sustainability/sustainability-integrated-report-2023/ITC-Sustainability-Integrated-Report-2023.pdf</a>
Quarterly Media Statement	<a href="https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q3-FY2024.pdf">https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q3-FY2024.pdf</a>