



# Enduring Value

NATION FIRST: SAB SAATH BADHEIN

## RESULTS UPDATE & FAQ Q2 FY25



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## Q1. What is ITC's Vision and Mission?

### Vision:

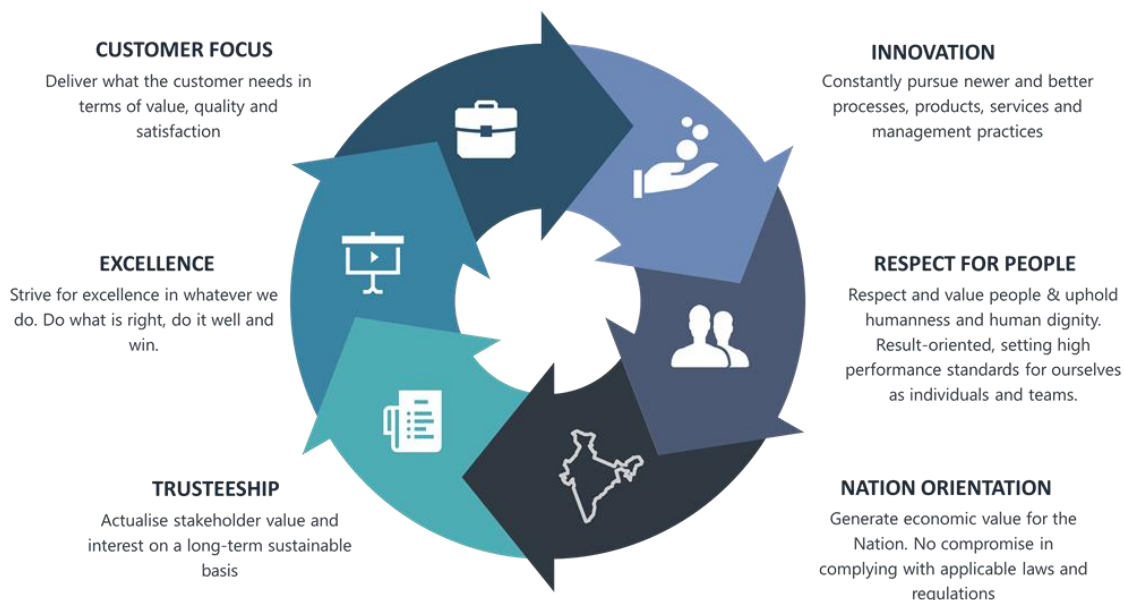
To sustain ITC's position as one of **India's most valuable and admired corporations** through **world-class performance**, creating **growing value for the Indian economy** and the **Company's stakeholders**.

### Mission:

To enhance the wealth generating capability of the enterprise in a globalising environment, **delivering superior and sustainable stakeholder value**.

## Q2. What are the Core Values of ITC?

ITC's core values are aimed at developing a customer focused, high-performance organisation which creates value for all its stakeholders.



Please refer <https://www.itcportal.com/about-itc/values/index.aspx#sectionb2>

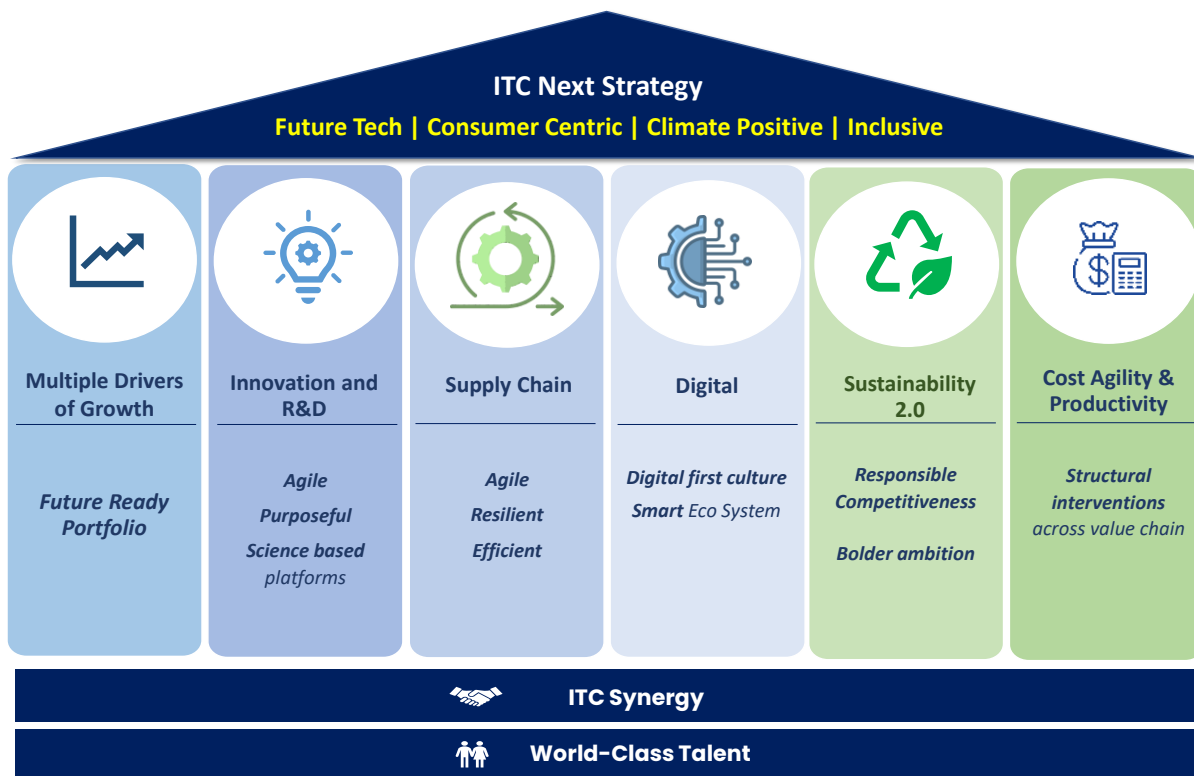
## Q3. How does the Company effectively manage a highly diversified business portfolio? What is the Company's Corporate Governance structure?

ITC's 'Strategy of Organisation' is crafted in a manner that enables focus on each business while harnessing the diversity of the portfolio to create unique sources of competitive advantage.

Please refer <https://www.itcportal.com/about-itc/values/index.aspx#sectionb4> for details of ITC's Governance Structure.

#### Q4. What are key elements of ITC's strategy?

ITC Next strategy is focused on creating structural drivers that will power the Company's next horizon of growth and ensure that the enterprise remains future-ready, consumer-centric and nimble.



#### Q5. Please provide a brief overview of Q2 FY25 results.

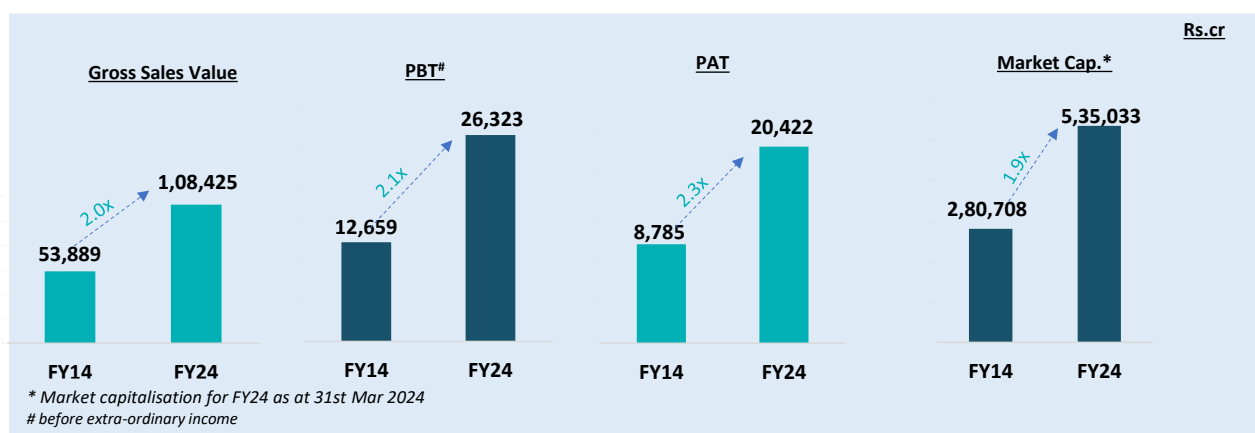
The Indian economy continues to demonstrate macro-economic stability even as high frequency indicators such as automobile sales, bank credit & personal loan growth, credit card transaction volumes, GST collections, merchandise exports growth, manufacturing PMI etc. pointed to a deceleration in the pace of economic activity during the quarter. The quarter also witnessed excessive rains in August and September and a resurgence in food inflation which led to CPI hitting a 9-month high. The combination of these factors along with inflationary trends in commodity prices weighed on consumption expenditure and the FMCG sector.

Amidst a challenging operating environment as stated above, the Company delivered a resilient performance during the quarter. Gross Revenue stood at Rs. 20,360 crores representing a robust growth of 16.0% YoY. PBT (before exceptional items) and PAT stood at Rs. 6,755 crores and Rs. 5,078 crores respectively. Earnings Per Share for the quarter stood at Rs. 4.06.

Please refer to the quarterly Press Release and Investor Presentation uploaded on the Corporate Website for detailed segment wise update.

1. Quarterly Press Release: <https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q2-FY2025.pdf>
2. Investor Presentation: <https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q2-FY2025.pdf>

**Q6. What has been the financial performance track record of the Company over the last decade?**



### Growth largely organic and funded through Retained Earnings

Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)

**Q7. What has been the performance track record of the Company over the medium term?**

- The Company's performance over last three-year period between FY21 and FY24 is as follows:
  - The Company's Profit after Tax registered a **growth of 57%**
  - The Company's EPS **registered a robust growth of 55%** in absolute terms from Rs. 10.6 to Rs. 16.4.
  - The **Return on Segment Capital Employed (ROCE)** grew from 56% to 78%.
- In the FMCG-Others segment, Segment EBITDA grew at a CAGR of 21.1% between FY21 to FY24. Segment **EBITDA margins expanded by ~221 bps since FY21.**

**Q8. Please provide some dimensions of the Company's transformation in the FMCG-Others segment over the years.**

The Company remains focused on rapidly scaling up the FMCG businesses anchored on strong growth platforms and a future-ready portfolio powered by purpose-led brands and supported by agile innovation leveraging the robust R&D platforms of ITC Life Sciences and Technology Centre (LSTC). In addition to fortifying their core portfolio, the Businesses continue to address adjacent growth opportunities by leveraging the 25+ powerful mother

brands established over the years. Simultaneously, the Businesses continue to make strategic investments in building categories of the future and establishing the Company's 'right to win' by progressively scaling up those nascent categories where beachheads have been created.

The FMCG Businesses continue to create structural competitive advantages and enhance profitability by leveraging world-class distributed infrastructure, multi-channel distribution network, delayed operations, smart buying & value engineering and smart manufacturing anchored on the twin pillars of Digital and Sustainability.

ITC's FMCG-Others Segment has grown manifold in scale, diversity of portfolio and in terms of resources deployed, as shown below:

	2001-02		2023-24
<b>Diversity of Portfolio</b>	1	<b>Categories</b>	40+
	<100	<b>SKUs</b>	2600+
<b>Scale of Distribution</b>	3	<b>Channels</b>	10
	72K	<b>Markets Serviced</b>	1.51 lakh+
	0.75 Mn	<b>Outlets Serviced</b>	2.8 Mn+*
<b>Strength of Resources</b>	6	<b>Factories</b>	200+
	0.4 Mn sqft	<b>Warehousing Space</b>	5.9 Mn sqft
	0.1 Mn MT	<b>Throughput</b>	~2.49 Mn MT

\*Serviced directly. Total reach appx. 7 million outlets

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**Q9. Please provide some insights on how the Company is strengthening its presence across distribution channels.**

- The Company continues to strengthen its deep & wide multi-channel distribution network and sharpen channel-specific strategies to efficiently service consumer demand across the country. Critical insights into consumer behaviour and channel-specific trends gained over the years are being continuously leveraged to deliver competitive advantage through superior product availability, visibility and freshness.
- Strategic portfolio augmentation leveraging agile and purposeful innovation continues to be stepped up towards addressing evolving consumer needs and accelerating premiumisation. Emerging channels (viz. Modern Trade, e-Commerce, Quick Commerce) witnessed robust growth on the back of sharp execution of channel-specific business plans, collaborations, format-based assortments and category-specific sell-out strategies.
  - The Company's Trade Marketing & Distribution highway has transformed into a smart omni-channel network including 6 Direct to Consumer (D2C) platforms.
  - 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.
  - E-Commerce sales witnessed rapid growth driven by account specific strategies, new product introductions and customised supply chain solutions; availability in Quick Commerce and Social Commerce platforms continues to be scaled up. Further, digitally enabled sales have grown rapidly in recent years and, together with Modern Trade, now accounts for ~31% in FY24 of the Company's Branded Packaged Foods, Personal Care Products and Incense Sticks (Agarbattis) and Safety Matches sales (Vs. 17% in FY 2019-20).
  - Modern Trade sales are being accelerated with higher store footfalls and joint business planning with key accounts.
  - Presence in the Food Service and Institutional channels continues to be scaled up by leveraging existing partnerships and enhancement of product range.
  - The Company's digitally powered eB2B platform, UNNATI, has been rapidly scaled up during the year, covering over seven lakh outlets with a large number of retailers placing orders directly on the platform. UNNATI facilitates sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement.
  - Multi-pronged interventions continue to be made to accelerate growth across categories leveraging the Company's strong growth platforms. The portfolio continues to be further augmented with sharper focus on fortifying the core categories, addressing value-added adjacent opportunities leveraging mother brands and scaling up new growth vectors. Appreciable progress has been witnessed in these newer categories, which continue to be scaled up.



- Focused investments continue to be made to enhance distribution infrastructure and drive penetration across markets. Significant investments in capability augmentation in emerging channels (Quick commerce, e-Commerce and Modern Trade) is being made to enable portfolio premiumisation and enhance market standing.
- The Company implemented a digitally-powered integrated planning and supply chain tool, which leverages Artificial Intelligence and Machine Learning technologies for inventory optimisation and productivity enhancement. This intervention is expected to enhance supply chain agility and efficiency, while also further improving market servicing.
- Tech-enabled cloud kitchens were scaled up to actualise emergent opportunities.

**Q10. In the FMCG-Others Segment, please provide an overview of ITC's scale, offerings, Brands and market standing.**

The Company's vibrant portfolio of over 25 world-class Indian brands, largely built through an organic growth strategy in a relatively short period of time, represents an annual consumer spend of over Rs. 32500 crores in FY24. To illustrate, the market standing of some of ITC's brands is as follows:

Brand	Offerings	Market Standing
	- Staples (Atta, Spices, Salt), Fresh Dairy, Ghee & RTE	#1 in Branded Atta
	- Biscuits & Cakes	#1 in Cream Biscuits
	- Bridges, Potato chips & Namkeens	#1 in Bridges
	- Noodles & Pasta	#2 in Noodles
	- Educational & Stationery products	#1 in Notebooks
	- Matches, Dhoop & Agarbatti	#1 in Dhoop #2 in Agarbattis

**Other Key Brands:**





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**Q11. How does the Company choose new categories in the FMCG space? Which are the new categories it has forayed into in recent years?**

The choice of category is guided by its growth prospects, profitability profile and the ability of the Company to effectively leverage its institutional strengths with a view to achieving leadership status within a reasonable time frame. Synergies with existing categories in terms of overlap of distribution reach, brand extension possibility, procurement efficiencies, etc. are considered while choosing new categories.

The Company continues to scale-up presence in value-added adjacencies leveraging powerful mother brands and invest in categories of the future.

In the Branded Packaged Foods Businesses, Chocolates, Dairy, Coffee and Frozen Foods are some of the areas that the Company has entered into over the last few years. In line with the Company's commitment to fostering nutrition, health and wellness, the Business has launched a range of nutrition dense products under the 'Right Shift' brand to address the nutritional needs of consumers over 40. The portfolio has been curated using natural and proprietary ingredients developed at the ITC Life Sciences & Technology Centre. Anchored on the vectors of strength and energy building, the range currently comprises Millet Oats, Jaggery Cookies, Multigrain Flour and Roasted Snacks, with other products in the pipeline.

In the Personal Care Products Business, the Business has successfully entered the Hygiene space with the acquisition of 'Savlon' brand a few years ago and the 'Nimyle' brand in the Floor Cleaner segment.

**Q12. Is the Company open to making acquisitions in order to accelerate growth in the FMCG segment?**

ITC examines prospects for inorganic growth that arise from time to time not only in this business segment but also in the other businesses, guided by considerations such as strategic fit, valuation, financial viability and ease of integration.

In recent times, the Company has acquired Brands such as 'Savlon' and 'Nimyle' to strengthen its presence in Personal Care Products Business. In July'20, the Company **acquired 100% of the equity share capital of M/s Sunrise Foods Private Limited** (Sunrise), an Indian company primarily engaged in the business of spices under the trademark 'Sunrise'.

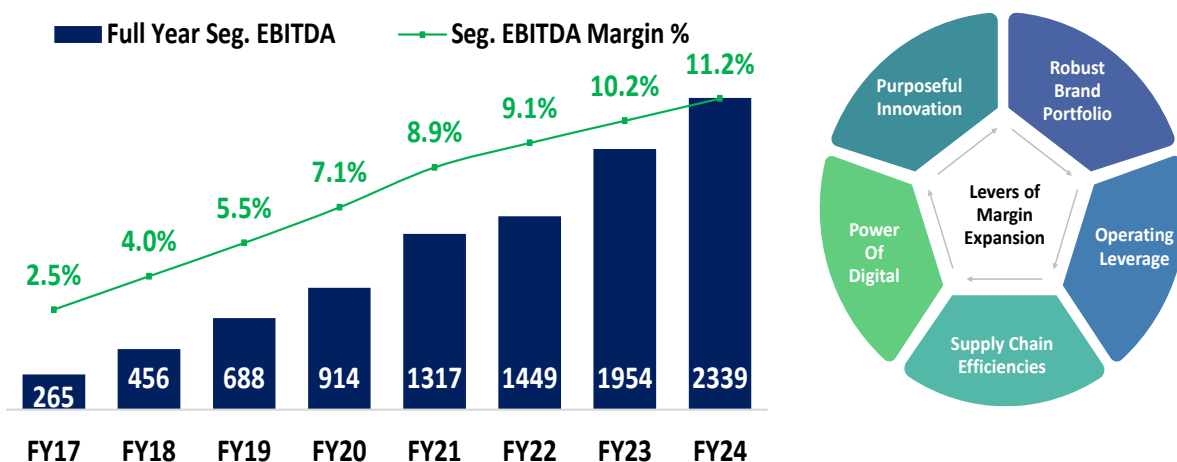
Fortifying its presence in the 45,000 crores, fast growing, nutrition-led healthy foods space, the Company made a strategic investment in M/s. Sproutlife Foods Private Limited (SFPL), a D2C start-up engaged in the manufacture and sale of innovative products catering to health-conscious consumers under the clean label, new-age digital-first brand 'Yoga Bar'. The Company currently holds 47.5% stake in SFPL and will acquire 100% stake in the entity over next few years.

The Company shall continue to pursue opportunities for inorganic growth that are value-accretive and synergistic.

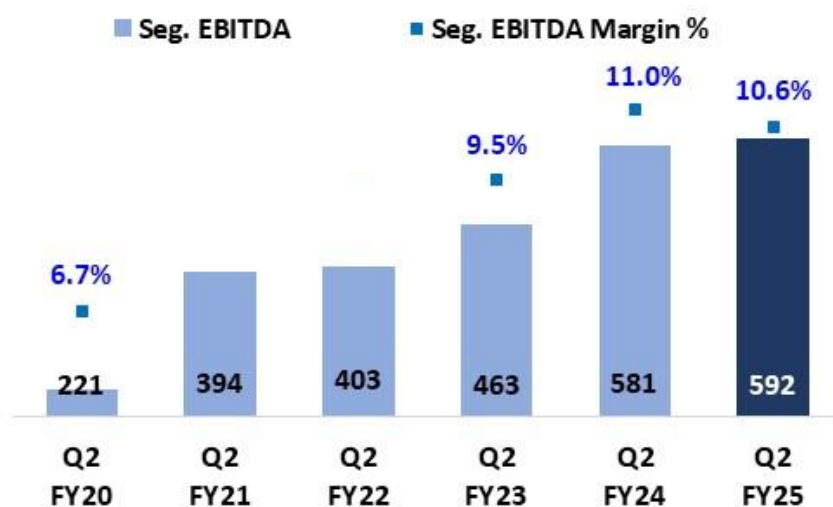
**Q13. (a) Please update on the margin expansion trajectory in the FMCG-Others segment.**

As evident from the chart below, the **Segment EBITDA margin** of the FMCG-Others segment has been on an upward trajectory and has **expanded by ~862 bps (between FY17 to FY24)**. **Segment EBITDA for FY24 grew by 19.7% to Rs. 2338.53 crores**, with **margins expanded to 11.2%** amidst elevated commodity prices and other headwinds. Margin expansion was driven

by multi-pronged interventions viz. premiumisation, supply chain optimisation, digital interventions across the value chain and strategic cost management.



During the quarter ending 30<sup>th</sup> Sep, 2024, **Segment EBITDA** stood at 592 cr. up 2% YoY (2 yr CAGR up 13%) with marginal drop of 35 bps in margins amidst inflationary headwinds in input costs. **Segment EBITDA margins have expanded by 390 bps over Q2 FY20 (pre-pandemic).**



Please refer to the Investor Presentation for further details:

<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q2-FY2025.pdf>

**(b) Please provide an overview of the margin profile of the Branded Packaged Foods Businesses and the Personal Care Products Business.**

**The Branded Packaged Foods Businesses** of the Company comprise 'Staples & Meals', 'Snacks', 'Dairy & Beverages', 'Biscuits & Cakes' and 'Chocolates, Coffee & Confectionery'. These Businesses **have evolved over a period of time and are currently at different stages of their lifecycles**. As such, the revenue dimensions, cost structures and profitability profiles of each of these businesses are distinct from one another. For example, **EBITDA margins of the more mature categories in the portfolio are either in early double digits or in the mid-**

to-high single digit range whilst margins of other nascent categories are lower, reflecting scale of investments towards category development and brand building.

The **Personal Care Products Business** comprise ‘Personal Wash & Hygiene’, ‘Health’, ‘Fragrances’, ‘Home Care’, ‘Skin Care’ and ‘Talc’ categories. The Company continues to **make significant investments** in this Business primarily in the **area of brand building, R&D and product development** towards competing effectively with incumbent players comprising firmly entrenched MNCs and domestic companies.

Presently, each category is **operating at industry benchmarked gross margins**. With enhanced scale and consumer franchise, each category is expected to earn best-in-class EBIT margins progressively over the medium-term.

#### Q14. Please provide an overview of other Operating segments

Hotels 2 <sup>nd</sup> largest Hotel Chain	AGRI No 1. Agri business Player	Paper Clear Market Leader
<ul style="list-style-type: none"> <li>140 properties with over 13,000 Keys</li> <li>One of the fastest growing hospitality chains in India</li> <li>Trailblazer in Green Hoteliering (All ITC Luxury Hotels LEED® Platinum certified)</li> <li>First 12 hotels in the world to receive the LEED® Zero Carbon Certification.</li> </ul>	<ul style="list-style-type: none"> <li>Leading Agri Business player in India</li> <li>Pioneer in rural transformation (<i>e-Choupal</i>)</li> <li>Digitising Agri value chain with ITCMAARS – a crop-agnostic ‘phygital’ full stack AgriTech platform</li> <li>Largest procurer of Wheat after FCI</li> <li>No 1. leaf tobacco exporter in India (5<sup>th</sup> largest in the World)</li> </ul>	<ul style="list-style-type: none"> <li>No. 1 in Revenue</li> <li>World-class Environmental Performance</li> <li>Best-in-Class financial &amp; operating metrics</li> <li>Leader in Value Added Paperboards</li> <li>One stop shop for packaging solutions</li> </ul>
<ul style="list-style-type: none"> <li>First 5 hotels in the world to receive LEED Zero Water Certification.</li> <li>World-class properties and iconic cuisine brands</li> <li>‘Asset-right’ growth strategy</li> <li>Focus on sweating existing assets</li> </ul>	<ul style="list-style-type: none"> <li>Best-in-class profitability</li> <li>Sourcing &amp; Supply operations in 22 states</li> <li>Delivering competitive advantage to ITC’s Foods Business through distinctive sourcing capabilities</li> <li>World-class processing facilities</li> <li>Focus on scaling up Value-added segment (<i>Spices, Coffee, Aqua, MAPE, etc.</i>)</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Operations (BCTMP <i>first-of-kind in India</i>)</li> <li>Secure, sustainable &amp; cost competitive fibre base (Cumulative plantations @ over 11.75 lakh acres)</li> <li>51% of energy consumption from renewable sources</li> </ul>

#### Q15. Please provide an update on the performance of the other Operating segments for Q2 FY25

- Hotels Segment** Revenue up 12.1% YoY (2-yr CAGR +16.5%); Segment PBIT up 20.2% YoY (2-yr CAGR 34.2%)
  - Strong performance on a high base (LY includes G20 related business) driven by F&B, Retail and Wedding segments.
  - Demerger update: Scheme sanctioned by NCLT on 4th October 2024 (certified copy of the Order awaited)
- Agri Business Segment** Revenue up 47% YoY led by Leaf Tobacco & Value Added Agri products. Agility in operations, strong customer relationships and new business development enabled robust growth in leaf tobacco exports.
- Operating environment in the **Paperboards, Paper & Packaging Segment** remained challenging with significant low-priced Chinese supplies in global markets including India, soft domestic

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demand, unprecedented surge in domestic wood costs and subdued realisations; Amidst such a challenging environment, the segment registered a resilient performance Segment Revenue up 2.1% YoY; up 7% QoQ and Segment PBIT declined 23.2% YoY.

**Q16. Please provide an overview of the Capex plan of the Company.**

The Company's capex plans **are directed primarily towards capacity gearing, productivity enhancement, ensuring the highest standards in quality and environment, health & safety, and R&D.**

In the FMCG-Others segment, in recent years, the Company has been investing behind setting up **state-of-the-art owned integrated consumer goods manufacturing and logistics facilities (ICMLs)** across regions in line with demand projections. These ICMLs provide structural advantages such as enhancing market responsiveness, reducing the cost of servicing proximal markets, ensuring delivery of fresher products to the market and providing heightened focus on product hygiene, safety and quality. Currently, **eleven ICMLs have been operationalised.** Going forward, over the next few years, additional investments in these ICMLs will be largely through equipment lines on a modular basis in line with demand growth.

In line with its 'asset-right' strategy, the Hotels Business has generated a healthy pipeline of management contracts under its brands viz. Mementos, Welcomhotel, Storii, Fortune and WelcomHeritage, which is expected to be a key vector of growth. Two managed properties were operationalised during the quarter, viz. Welcomhotel Belagavi, Fortune beach resort ECR. The Company remains committed to focus on sweating existing assets and create additional revenue streams towards engendering the next horizon of growth as also enhancing value creation.

The major items of capital expenditure in the **Paperboards, Paper and Packaging segment** going forward comprise investments for gaining structural cost advantages in the segment and capacity augmentation for Value added Paperboards in line with the growth needs of the Business.

**Q17. The Board of ITC has recently considered and approved a proposal for Demerger of the Hotels Business. Could you please provide details on the rationale for demerger and major contours of the scheme of demerger?**

The Board of Directors of the Company, at the meeting held on 24<sup>th</sup> July, 2023, evaluated and discussed various alternative structures for the Hotels Business towards crafting the next horizon of growth as also enhancing value creation for all stakeholders.

The Board noted that the Company's Hotel Business has matured over the years and is well poised to chart its own growth path as a separate entity in the fast-growing hospitality industry with sharper focus on the business and an optimal capital structure, whilst continuing to leverage ITC's institutional strengths, brand equity and goodwill. After due consideration, the Board accorded its in-principle approval to the demerger of the Hotels Business under a scheme of arrangement, with the Company holding a stake of about 40% in the new entity and the balance shareholding of about 60% to be held directly by the Company's shareholders proportionate to their shareholding in the Company.

The Board advised the Management to place the final proposal, including the draft scheme of arrangement, at the next Board Meeting for their final approval.

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On 27<sup>th</sup> July, 2023, the Company hosted an Analysts/Investor meet on the proposed demerger of the Hotels Business, at which a detailed presentation was made on the proposed demerger of the Hotels Business followed by a Q&A session with the participants.

The Board of Directors at the meeting held on 14<sup>th</sup> August, 2023, considered and approved the Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors, subject to necessary statutory and regulatory approvals.

The said Scheme involves the demerger of the Demerged Undertaking comprising the Hotels Business of the Demerged Company into the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares by the Resulting Company to all the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio i.e. *“for every 10 (Ten) Ordinary Shares of face and paid-up value of Re. 1 each held in the Demerged Company, 1 (One) equity share of face and paid-up value of Re. 1 in the Resulting Company”*.

Demerger update: The Hon’ble National Company Law Tribunal, Kolkata Bench (NCLT), vide Order dated 4th October, 2024, has sanctioned the Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors under Sections 230 to 232 read with the other applicable provisions of the Companies Act, 2013 (the Scheme); certified copy of the NCLT Order is awaited. The Scheme will be effective on the first day of the following month after filing of certified copy of the aforesaid NCLT Order with the Registrar of Companies, West Bengal, and fulfilling other conditions & matters referred to in the Scheme.

For further details on the proposed demerger of Hotels Business please refer below:

Press Release – 24<sup>th</sup> July, 2023: <https://www.itcportal.com/media-centre/press-releases-content.aspx?id=2608&type=C&news=itc-board-accords-in-principle-approval-to-demerge-the-hotels-business-into>

Investor Presentation – 24<sup>th</sup> July, 2023: <https://www.itcportal.com/investor/pdf/proposed-demerger-of-hotels-business-240723.pdf>

Analyst / Investor Meet transcript – 27<sup>th</sup> July, 2023:

<https://www.itcportal.com/investor/pdf/analyst-call-transcript-hotels-demerger.pdf>

Stock Exchange Intimation and Investor Presentation – 14<sup>th</sup> August, 2023: <https://www.itcportal.com/about-itc/shareholder-value/pdf/lodr-14aug23c.pdf>

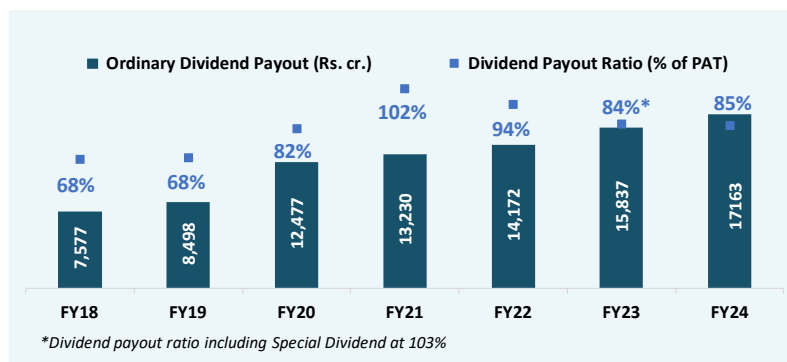
**Q18. What is the Dividend policy of the Company? What has been the trend of dividend payouts in recent years?**

As per the Dividend Distribution policy approved by the Board of Directors on 18th March, 2020, effective financial year 2019-20, in the medium term, the dividend pay-out ratio is expected to be around 80% to 85% of the Profit After Tax of the Company. The Board may

declare interim dividend(s) at its discretion. The Board's recommendation to the shareholders on the final dividend may include special dividend(s) as considered appropriate. The total Dividend for the financial year ended 31st March, 2024, including the Interim Dividend of Rs. 6.25 per share paid on 27th February, 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) is Rs. 17162.99 crores.

**Refer chart above for Dividends in the last 7 years.**

Please refer to the following link for the Dividend Distribution policy of the Company.  
<http://www.itcportal.com/about-itc/policies/dividend-distribution-policy.pdf>



**Q19. Please explain the Company's 'Triple Bottom Line' philosophy & Environment, Social & Governance (ESG) credentials.**



ITC believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. At ITC, this paradigm is called 'Responsible Competitiveness' - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. Today, this strategy has not only contributed to building strong businesses of the future as well as a portfolio of winning world-class brands, but also in making the Company



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a global exemplar in 'Triple Bottom Line' performance. The Company is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 22 years), 'carbon positive' (for 19 years), and 'solid waste recycling positive' (for 17 years) and is a global exemplar in sustainability. This approach has enabled the Company and its businesses, to support sustainable livelihoods for more than six million people.

ITC has sustained its 'AA' rating for the 6th successive year by MSCI-ESG - the highest amongst global tobacco companies. The Company has also been included in the Dow Jones Sustainability Emerging Markets Index for the fourth year in a row. The Company entered the prestigious 'A List' for CDP Water Security, by achieving the highest 'A' rating (Leadership Level), which is higher than the Asia and Global average of 'C'. For CDP Climate, your Company retained its 'A -' (Leadership Level) rating, which is higher than the Asia and Global average of 'C'.

Reaffirming the Company's commitment to the ethos of 'Responsible Luxury', twelve Hotels in the chain became the first in the world to have received the prestigious LEED Zero Carbon certification by the US Green Building Council (USGBC) till date. ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the US Green Building Council, followed by ITC Sonar, ITC Rajputana, ITC Maurya and Welcomehotel Sheraton New Delhi which are the only other Hotels globally to have been awarded the certification.

In the area of water stewardship, 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. 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 AWS. Further, the Kapurthala unit of Foods Business and Bhadrachalam paper mill recently achieved Platinum level certification under AWS. With this, 9 units of the Company have achieved Platinum level certification under AWS till date.

The Company also won the first UNDP Mahatma Award for Biodiversity in recognition of efforts in promoting biodiversity conservation through intensive community engagement.

Further, ITC Sankhya, Bengaluru became the world's first Data Centre to achieve LEED Zero Carbon certification by the USGBC making it an icon of environmental stewardship.

Refer link below for highlights:

<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q2-FY2025.pdf>

The Company is actively working towards its Sustainability 2.0 agenda which calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy. With its bold Sustainability 2.0 ambitions, the Company is setting the bar higher with a multi-dimensional contribution to societal value creation, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainability exemplar.

To achieve its Sustainability 2.0 vision, the Company continues to strengthen its management approach which is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. The Company is also strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability



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issues and progressively monitoring and mitigating the impacts along the value chain of each Business. Sustainability 2.0 broadly captures the theme of reducing resources utilisation, recycling, restoring the environment and replenishing. The Company will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

The Company's Sustainability & Integrated Report for FY 2023-24, in addition to conforming with Global Reporting Initiative (GRI) Standards, is also aligned with the requirements of the International Framework developed by the International Integrated Reporting Council.

**Please refer to the following link**

- **Sustainability Report:**  
<https://www.itcportal.com/sustainability/sustainability-integrated-report-2024/ITC-Sustainability-Integrated-Report-2024.pdf>
- **ITC Sustainability at a glance:**  
<https://www.itcportal.com/sustainability/index.aspx>

**Q20. Please provide a brief on ITC's Digital journey.**

ITC continues to build a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure ('Mission DigiArc') across the value chain adding significant impetus to digital marketing, digital commerce, digital products and digital operations. The DigiArc ecosystem today encompasses 200 factories, 50 warehouses, nearly 3,000 distributors and 2.6 million retailers driving real-time, data-led intelligence across the extended enterprise.

ITC's digital investments power mainstreaming of the 'digital-first' culture, with over 25 projects transforming all facets of our operations, ranging from insighting to product development, smart sourcing to on-time efficient delivery in markets and superior brand engagement and marketing through real-time content, connect and commerce. Initiatives such as 'DigiNext' and 'Young Digital Innovator's Lab' are accelerating the Company's digital journey and inculcating a data driven and 'digital first' culture across the organisation.

The FMCG Businesses continue to leverage the power of digital to drive superior consumer insights & innovation, deepen consumer engagement and enhance brand loyalty. Strategic interventions continue to be made towards delivering delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual needs, preferences and context.

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening the Company's real time operations and execution platform, enhancing productivity, driving efficiency and cost agility. These initiatives are anchored on the key pillars of synchronised planning and forecasting, agile, resilient & efficient supply chain, smart buying & value engineering, smart manufacturing and smart demand capture & fulfilment. Strategic investments have been stepped up to build platforms of insights by harmonising and integrating large and isolated datasets powered by AI/ML technologies and 'human-centred design' & visualisation tools.

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Towards enhancing the competitiveness of domestic agri-value chains, strengthening market linkages and building traceable & climate smart value chains, the Company has successfully scaled up ITCMAARS – a crop-agnostic full stack AgriTech digital platform, together with a physical ecosystem, across ten states. The ITCMAARS ‘Phygital’ platform now spans more than 1,650 Farmer Producer Organisations (FPOs) encompassing more than 1.5 million connected farmers and several industry partners including agri input manufacturers, banks, financial institutions and agri-tech startups. By synergistically integrating NextGen agri technologies, ITCMAARS is developing a robust ecosystem to seamlessly deliver hyperlocal and personalised solutions to the Indian farming community leveraging world-class digital tools (including IoT) to develop new and scalable revenue streams, strengthen sourcing efficiencies and power the Company’s world-class Indian brands.

The Company’s TM&D vertical continues to remain at the forefront of leverage cutting-edge digital technologies and building a digital ecosystem to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Technology enablement in the form of customised mobility and routing solutions, machine learning algorithms, data science models, data analytics comprising insightful visualisation tools and predictive analysis are being increasingly leveraged to enable speedy and accurate data capture, enable real-time informed decisions and aid optimisation of trade & marketing inputs to enhance sales.

Several Robotic Process Automation BOTs are operational across businesses thereby eliminating non-value adding and repetitive work. Access to secure and contemporary platforms has been provided by seamlessly and securely implementing remote working for its employees through extensive IT enablement.

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## Notes



