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Media Statement

February 06, 2025

Standalone Financial Results for the Quarter ended 31st December, 2024

Highlights

- **Board recommends Interim Dividend of Rs. 6.50 per share for the Financial Year ending 31st March, 2025**
 - **Resilient performance amidst a subdued demand environment & sharp escalation in input costs**
 - **Gross Revenue up 8% YoY driven by Agri Business, Hotels & Cigarettes**
 - **EBITDA up 3% YoY; ex-Paper up 4.5% YoY**
 - **Sharp cost escalation in key input materials (edible oil, wheat, potato, leaf tobacco, wood etc.) witnessed during the quarter.**
 - **Hotels Business demerged into ITC Hotels Limited (ITCHL) with effect from 1st January 2025**
 - **Reported as 'Discontinued Operations' in the financial results for the Quarter and Nine months ended 31st December, 2024 in line with applicable Indian Accounting Standards.**
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- **FMCG – Others Segment Revenue up 4.0% YoY amidst muted demand conditions; up 5.2% YoY ex-Notebooks**
 - **Atta, Spices, Snacks, Frozen Snacks, Dairy, Premium Personal Wash, Homecare & Agarbatti drive growth**
 - **Notebooks impacted by high base effect and opportunistic play by local brands led by sharp drop in paper prices**
 - **Strong performance continues in premium portfolio and alternate channels**
 - **Severe inflationary pressures witnessed in prices of edible oil, wheat, maida, potato, cocoa, packaging inputs etc.; partially mitigated through focused cost management initiatives, calibrated pricing actions and premiumisation**
 - **Sustained competitive marketing investments to support growth and market standing.**
 - **Cigarettes Net Segment Revenue up 8.1% YoY, Segment PBIT up 4.1% YoY**
 - **Strategic portfolio and market interventions, with focus on competitive belts and to counter illicit trade, drive volume-led growth and reinforce market standing**
 - **Differentiated and premium offerings continue to perform well**
 - **Severe cost escalation in leaf tobacco partially mitigated through product mix enrichment.**
 - **Agri Business Segment Revenue up 9.7% YoY led by Leaf Tobacco & Value Added Agri products; Segment PBIT witnessed robust uptick - up 21.6% YoY**
 - **Strong customer relationships and agile execution continue to drive growth in Leaf Tobacco & Value Added Agri exports (Coffee, Spices, etc.).**
 - **Paperboards, Paper and Packaging Segment remains impacted due to low priced Chinese & Indonesian supplies in global markets including India, soft domestic demand conditions and unprecedented surge in wood prices**
 - **Subdued realisation and surge in domestic wood prices continue to weigh on margins**
 - **Near term challenges continue to be mitigated through sharp focus on portfolio augmentation, export customer/market development & structural cost management interventions.**

- **Best ever quarterly performance by Hotels¹; strong growth of 14.6% YoY in Revenue on a high base; PBT up 43.4% YoY**
 - Retail, Wedding and F&B segments drive growth
 - EBITDA margin expands 450 bps YoY driven by higher RevPAR, operating leverage and strategic cost management
 - **Hotels Demerger Update:** The Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT), vide Order dated 4th October, 2024, sanctioned the Scheme² for demerger of the Hotels Business of the Company into ITC Hotels Limited. The Appointed Date and Effective Date of the Scheme is 1st January, 2025, in accordance with the provisions of the Scheme.

Upon the Scheme becoming effective, the Hotels Business (along with all assets and liabilities thereof, excluding ITC Grand Central Mumbai, as at the Appointed Date) and the investments held by the Company in Hospitality entities³, along with certain identified Corporate assets and liabilities have been transferred to ITCHL on a going concern basis.

Global economic growth remains muted and is witnessing heightened uncertainty and volatility marked by geopolitical instability, rising frequency of extreme weather events and potential trade policy changes. Against this backdrop, the Indian economy continues to demonstrate macroeconomic stability on the back of multi-dimensional and purposeful policy interventions by the Government with particular focus on infrastructure creation, support to the agri sector and boosting manufacturing-led exports. However, India's near-term growth momentum has moderated with slower growth in investments, sticky food inflation, persistent weakness in urban consumption, broad based slowdown in Industry growth even as Services remain resilient. Higher global yields, widening trade deficit, net capital outflows and a strong US Dollar have led to pressure on the Indian Rupee and Balance of Payments in recent months. The quarter also witnessed banking system liquidity going into a substantial deficit leading, inter alia, to hardening of short-term interest rates.

Notwithstanding the near-term challenges, India's economic outlook remains bright with the country continuing to be the fastest growing major economy in the world with significant headroom for growth over the medium and long-term. With improving agri terms-of-trade, healthy kharif output and improvement in rabi sowing, rural consumption is expected to build on the gradual recovery momentum witnessed in recent months; there are incipient signs of recovery in urban demand as well. Anticipated moderation in inflation, uptick in government spending and private investments, and the Government's thrust on public infrastructure & the rural sector augur well for boosting economic activity and a pick-up in consumption demand.

Amidst a challenging operating environment as stated above, the Company delivered a resilient performance during the quarter. Gross Revenue⁴ stood at Rs. 18,953 crores representing a growth of 8.4% YoY. PBT⁴ (before exceptional items) and PAT⁴ stood at Rs. 6,847 crores and Rs. 5,638 crores respectively. Earnings Per Share⁴ for the quarter stood at Rs. 4.51.

The Union Budget 2025, with its equal emphasis on capital formation and boosting consumption, provides a strong impetus to growth while staying firmly on the path of fiscal consolidation. Several far-sighted proposals address crucial areas such as employment and employability, augmenting physical, digital and social infrastructure, strengthening MSMEs, tackling climate emergency, promoting next-generation agriculture and improving the ease of doing business. These measures will go a long way in securing sustainable and inclusive growth for the Indian economy in the years to come.

¹ Disclosed as Discontinued Operations

² Scheme of Arrangement amongst the Company and ITC Hotels Limited (ITCHL) and their respective shareholders and creditors under the Companies Act, 2013

³ Fortune Park Hotels Limited, Bay Islands Hotels Limited, Landbase India Limited, WelcomHotels (Lanka) Private Limited, Srinivasa Resorts Limited, International Travel House Limited, Gujarat Hotels Limited and Maharaja Heritage Resorts Limited

⁴ Continuing and Discontinued Operations

FMCG – OTHERS

- **The FMCG Businesses delivered resilient performance amidst muted demand conditions with Segment Revenue growing 4.0% YoY to Rs. 5418 crores; up 5.2% YoY ex-Notebooks**
 - Atta, Spices, Snacks, Frozen Snacks, Dairy, Premium Personal Wash, Homecare & Agarbatti drive growth
 - Severe inflationary headwinds were witnessed across several key inputs (viz. edible oil, wheat, maida, potato, cocoa, packaging inputs etc.) during the quarter.
 - The impact of sharp escalation in key input costs was partially offset through focused cost management, calibrated pricing actions and premiumization. Competitive marketing investments were sustained during the quarter despite short term inflationary pressures towards supporting growth and market standing
 - Competitive intensity continues to remain high (including from local players) in certain categories such as Noodles, Snacks, Biscuits and Popular Soaps
 - Emerging channels (viz. e-Commerce, Quick Commerce, Modern Trade) 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 deep & wide multi-channel distribution network, with tailored channel-specific assortments, continues to sharp target opportunity areas through superior product availability and visibility. Focused investments continue to be made to enhance distribution infrastructure and drive penetration across markets. Strategic cost management and supply chain optimisation initiatives continue to be implemented to mitigate inflationary pressures
 - During the quarter, the Company commissioned its third Ancillary Manufacturing cum Logistics Facility (AMLF). This state-of-the-art automated facility is co-located with the Company's ICML facility at Panchla and is in line with the strategy of minimising total delivered cost, enhancing market responsiveness and reducing complexity in operations.
- **Branded Packaged Foods Businesses**
 - **'Aashirvaad' Atta** posted robust growth reinforcing its leadership position in the Branded Atta industry
 - Value-added atta range, part of the growing portfolio of 'Good for you' offerings, witnessed strong growth driven by superior value proposition and enhanced focus in emerging channels. 'Aashirvaad Multigrain Atta' launched its new digital ad-campaign 'Roz Khao Fibre Wali Roti' across social networking platforms during the quarter. This intervention is aimed at communicating the core benefits of multigrain atta and making the brand synonymous with digestive wellness
 - In line with its strategy to address value-added adjacencies leveraging mother brands, the Business had recently augmented its portfolio with the launch of Aashirvaad Soya Chunks and Roasted Short Vermicelli which continue to garner excellent consumer response in their respective launch markets. 'Aashirvaad Besan' continues to witness strong traction driven by its 'smooth and lump-free batter' value proposition.
 - Value Added variants and Staples Adjacencies continue to scale up rapidly (~1.8x over 2 years) and now comprise ~14% of Aashirvaad Staples portfolio.
 - **'Sunrise' spices** delivered strong growth during the quarter and continued to strengthen its market standing in the core market of West Bengal while expanding in other adjacent markets including North East, Bihar and Jharkhand. The brand continued its culture-centric marketing strategy across operating geographies with launch of a specially curated music video 'Urja ka Vardaan' on the occasion of Chhath Puja. The music video reflects the values of family, togetherness, and passing down traditions, which resonate deeply with the ethos of Sunrise Spices. The product portfolio was further augmented with the launch of differentiated offerings including 'Sunrise Schezwan Masala', 'Sunrise Fried Rice Masala', 'Sunrise Peri Peri Masala' and 'Sunrise Soya Curry Masala'.

- **‘Sunfeast’ Biscuits and Cakes** continues to strengthen its portfolio on the back of differentiated products and powerful brand propositions anchored on strong consumer connect and local insights. During the quarter, the portfolio mix was enriched with the launch of ‘Sunfeast Wowzers’, a 14-layered cracker enrobed with cream (currently available in Cheese and Lemon variants). The product has elicited excellent consumer response in launch markets and is being extended to other markets. The ‘Sunfeast Mom’s Magic’ range of cookies witnessed strong growth; consumer engagement continues to be deepened through interventions anchored on the brand’s purpose of celebrating the incredible journey of motherhood. The brand’s deeply thought-provoking ‘Will of Change’ campaign puts a spotlight on the deep-seated societal bias that denies daughters their inheritance rights and advocates a shift towards equality, with mothers as the pillars of change.
- **‘YiPPee!’ Noodles** sustained its position as a strong No. 2 brand amidst heightened competitive intensity. The Business continued to strengthen its portfolio through a combination of product laddering across multiple price points, wider assortment to cater to diverse consumer cohorts and scale up of differentiated offerings. The recently launched YiPPee! Korean Noodles continued to be ramped up amidst excellent consumer feedback. The brand continued to invest in various high decibel campaigns to connect with regional culture codes to generate positive consumer buzz and increase visibility. In line with its purpose of creating ‘A Better World’, the brand continues to promote sustainability through plastic waste management and recycling.
- **‘Bingo!’ Snacks** delivered resilient performance during the quarter and continued to strengthen its product portfolio with the launch of exciting variants of snacks/namkeens. During the quarter, the Business forayed into the Popped Chips segment with the launch of Bingo! Popped Chips in 3 differentiated variants viz. ‘Sour Cream & Herbs’, ‘Salt n Pepper’ and ‘Indian Spice Mix’ with ‘30% less fat’ proposition for consumers indulging in mindful snacking. During the quarter, Bingo! entered into a five-year partnership with the All India Pickleball Association to promote Pickleball, one of the fastest-emerging sports in India. Large scale consumer activation programmes were undertaken on the occasion of the Maha Kumbh Mela in Prayagraj. The initiatives aimed to bring the local culture of Uttar Pradesh to life at the brand’s activity booth with activities such as creating reels on famous local songs using traditional props and offering fusion dishes that blend the state’s signature flavours with Bingo! Tedhe Medhe.
- The **‘ITC Master Chef’** range of Frozen foods continued to deliver strong growth in both Retail and Food Service channels, powered by over 60 high quality, innovative and differentiated offerings in both vegetarian and non-vegetarian segments.
- In the **Dairy & Beverages category**, **‘Aashirvaad Svasti’** fresh dairy portfolio comprising pouch milk, curd, lassi and paneer recorded strong growth on the back of best-in-class quality, differentiated products and superior taste profile. The Business continues to centre its marketing initiatives around regional festivals to deepen consumer engagement.
- The **Personal Care Products Business** delivered resilient performance during the quarter led by ‘Fiama’ range of Personal Wash products and ‘Nimyle’ range of Homecare products. The Business augmented its product portfolio with the launch of ‘Fiama Japanese Hokkaido Milk Moisturising Bars’ in 3 variants, offering moisture rich indulgence, non-sticky nourished skin and mood uplifting fragrance. Nimyle range of Homecare products continued to gain robust consumer traction; the brand launched ‘Nimyle Clean Equal Mission’ - a first-of-its-kind educative module for children, to instil cleaning as a shared responsibility for both men and women. The campaign was launched in Hyderabad alongside key opinion leaders, and brand partners such as Sania Mirza, who advocated for the initiative and shared their experiences. In a testament to the Business’ focus on innovation, Savlon Powder-to-Gel Handwash was recognised with the NIQ BASES Breakthrough innovation award by Nielsen, making it one of 15 winners out of 40,000 new launches across the country.
- The **Education and Stationery Products Business** continued to witness heightened competitive intensity especially from regional/local players on the back of sharp reduction in paper prices. Amidst such conditions, ‘Classmate’ Notebooks fortified its leadership position through relentless focus on portfolio premiumisation, innovation and leveraging institutional strengths. Further, Business launched a new digital feature, Classmate eduGAMES Infinity, an innovative feature designed in alignment with

the principles of the National Education Policy 2020, providing children with an engaging learning experience that enhances their cognitive, logical, mathematical and verbal skills.

- **'Mangaldeep' Agarbattis and Dhoop** recorded robust growth during the quarter driven by its range of innovative & differentiated products. The Business launched several on-ground activation initiatives to enhance consumer connect on the occasion of Maha Kumbh Mela in Prayagraj, including participation in sacred rituals, hosting evening bhajans etc. Immersive digital experiences were also created leveraging augmented reality to enable consumers to connect with the sanctity of the Maha Kumbh from the comfort of their homes.

FMCG – CIGARETTES

Net Segment Revenue up 8.1% YoY; Segment PBIT up 4.1% YoY

- The Business continues to make strategic portfolio and market interventions, with focus on competitive belts and to counter illicit trade, to drive volume-led growth and reinforce market standing
 - Differentiated variants and premium segment continue to perform well leveraging mainstream trademarks & innovation.
- Sharp cost escalation in leaf tobacco partly mitigated through improved mix, calibrated pricing action and focused cost management initiatives.
- Trade marketing spends restructured for sharper last mile execution.
- India ranks amongst the highest in the world in terms of tax incidence on cigarettes, which is multiple times higher than in developed countries viz. USA, Japan, Germany; the same is also substantially higher than in neighbouring countries.
- The Union Budget 2025 has proposed certain amendments to the Central Goods and Services Tax Act, enabling a Track and Trace mechanism which will strengthen the efforts of enforcement agencies towards controlling illicit cigarette trade. As seen in the past, stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies, enables volume recovery for the legal cigarette industry from illicit trade leading to higher demand for Indian tobaccos and bolstering revenue to the exchequer from the tobacco sector.

AGRI BUSINESS

Agri Business Segment Revenue up 9.7% YoY led by Leaf Tobacco & Value Added Agri exports; Segment PBIT up 21.6% YoY

- The value-added agri portfolio recorded strong growth driven by coffee exports. The Business continues to leverage the multi-dimensional capabilities of its state-of-the-art value-added Spices processing facility in Guntur to scale up exports.
- The Business continues to scale up its Medicinal and Aromatic Plant Extracts (MAPE) initiative in line with its strategy of moving up the value chain while simultaneously helping raise farmer incomes and mitigate weather vagaries. Towards promoting this initiative among farmers, the Company has set up a 100-acre state-of-the-art organic certified experimental and training farm in Sehore, Madhya Pradesh.
- The Business leveraged strong customer relationships and focus on new business development to deliver strong growth in leaf tobacco exports. Superior grade/crop mix and strategic cost management initiatives enabled expansion in margins despite steep escalation in green leaf tobacco costs.
- The Business continues to scale up interventions to build crop resilience against extreme weather events across agri value chains (including wheat, tobacco etc.) thereby enhancing crop competitiveness and protecting farmer incomes.
- The state-of-the-art facility to manufacture and export Nicotine & Nicotine derivative products conforming to US and EU pharmacopoeia standards, set up by the Company's wholly owned subsidiary, ITC IndiVision Limited is being progressively ramped up. Product trials with certain customers are in an

advanced stage of finalisation. Export shipments are expected to commence shortly. Focused business development efforts continue to be made to scale up business going forward.

PAPERBOARDS, PAPER & PACKAGING

The operating environment remained challenging with low-priced Chinese and Indonesian supplies in global markets including India, soft domestic demand conditions, unprecedented surge in domestic wood costs and subdued realisations

- Amidst a challenging environment, the segment registered a resilient performance with Segment Revenue up 3.1% YoY driven by strong growth in exports. The Business continued its sharp focus on portfolio augmentation, export customer/market development and structural cost management to mitigate near term challenges
 - Leadership position in VAP segment continued to be reinforced; anchor grades witnessed double digit growth led by liquid packaging board and other competitive offers.
- The sustainable paperboards/packaging solutions portfolio continues to witness strong growth leveraging cutting-edge innovation platforms and has grown appx. 2.5x over the last 3 years. During the quarter, the Business has launched 'FiloBev Mini,' an innovative plastic substitute designed specifically for small cups (less than 90ml), with an objective to replace traditional plastic cups with a sustainable and environmentally friendly alternative. The recently commissioned state-of-the-art premium Moulded Fibre Products manufacturing facility⁵ in Badiyakhedi, Madhya Pradesh is also being progressively ramped up.
- Domestic wood costs witnessed further increase during the quarter, exacerbated by heavy cyclonic rainfall in core plantation areas and spurt in demand from other wood based industries. The Business continues to focus on accelerating plantations in core areas, developing new areas, collaborating with other wood based industries and implementing satellite-based plantation monitoring systems, among others.
- The Business continues to engage with policy makers to address key industry challenges including increasing wood availability through collaborative public-private plantation models to strengthen the competitiveness of domestic industry and arrest the rapid increase of low priced imports of paper & paperboard into the country.
- The Packaging and Printing Business witnessed subdued demand from end user industries such as QSR, foods and consumer wearables impacting realisations. The Business continues to focus on accelerating new business development in domestic and export markets offering innovative and customised solutions.
- 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 severe pressure on margins.

HOTELS

The Hotels business was demerged into ITC Hotels Limited (ITCHL) with effect from 1st January 2025. Consequently, the Hotels business has been reported as 'Discontinued Operations' in the financial results for the Quarter and Nine Months ended 31st December, 2024 in line with applicable Indian Accounting Standards.

The business delivered stellar performance during the quarter with Revenue at 922 cr. growing by 14.6% YoY on a high base; Profit before tax stood at 302 cr. up 43.4% YoY.

- Retail, Wedding and F&B segments drive growth.

⁵ A project undertaken by ITC Fibre Innovations Limited, a wholly owned subsidiary

- EBITDA margin expanded by 450 bps YoY driven by higher RevPAR, operating leverage and strategic cost management initiatives.
- ITC Ratnadipa (opened in April 2024) at Colombo, Sri Lanka continues to garner excellent response and achieved cash breakeven at the operating profit level during the quarter.
- In line with the 'asset right' strategy of the business, five managed properties with 330 keys were operationalised during the quarter. The pipeline of managed properties continues to be strengthened across Welcomhotel, Mementos, Storii, Fortune and WelcomHeritage brands.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

ITC is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being **'water positive' (for 22 years), 'carbon positive' (for 19 years), and 'solid waste recycling positive' (for 17 years)**. The Company sustained its **'AA' rating by MSCI-ESG for the 7th successive year** - the highest amongst global tobacco companies. The Company has also been included in the **Dow Jones Sustainability Emerging Markets Index** for the fifth year in a row - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet.

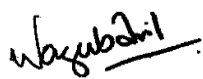
The Company is in the prestigious **'A List'** for **CDP Water** with **'A'** rating **'Leadership Level'**, which is higher than the Asia and Global average of **'C'**. For CDP Climate, the Company has **'Leadership Level' score of 'A-'**, which is higher than the Asia and Global average of **'C'**.

The Company's infrastructure facilities continue to set new benchmarks of sustainability. The Kapurthala unit of Foods Business and Bhadrachalam paper mill, recently achieved **Platinum level certification**, the highest recognition for water stewardship, under the **Alliance for Water Stewardship** Standard (AWS). With this, **9 units** of the Company have achieved Platinum level certification under AWS.

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

Please refer link below for performance highlights of the quarter:
<https://www.itcportal.com/investor/pdf/ITC-Press-Release-Q3-FY2025.pdf>

The Board of Directors, at its meeting on 6th February 2025, approved the financial results for the quarter ended 31st December 2024, which are enclosed.



(Nazeeb Arif)
Executive Vice President
Corporate Communications