



ITC Limited
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1st August, 2022

The Manager
Listing Department
National Stock Exchange of India
Ltd.
Exchange Plaza,
Plot No. C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

The General Manager
Dept. of Corporate Services
BSE Ltd.
P. J. Towers
Dalal Street
Mumbai 400 001

The Secretary
The Calcutta Stock
Exchange Ltd.
7, Lyons Range
Kolkata 700 001

Dear Sirs,

Unaudited Financial Results – Media Statement and Presentation

Further to our letter dated 1st August, 2022 forwarding the Unaudited Financial Results of the Company for the Quarter ended 30th June, 2022, we now enclose a copy of the Media Statement issued by the Company and a presentation on the Company's financial performance for the aforesaid period for information of the investors.

Yours faithfully,
ITC Limited

(R. K. Singhi)
Executive Vice President &
Company Secretary

Encl: as above.



cc: Securities Exchange Commission
Division of Corporate Finance
Office of International Corporate Finance
Mail Stop 3-9
450 Fifth Street
Washington DC 20549
U.S.A.

cc: Societe de la Bourse de Luxembourg
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Media Statement

August 01, 2022

Standalone Financial Results for the Quarter ended 30th June, 2022

Highlights

- **Gross Revenue up 41.0%, EBITDA up 41.5% on y-o-y basis**
 - Robust performance continues across segments
 - Overall Segment PBIT margin (ex-Agri Business) up ~245 bps to 36.9%
 - **Stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies, enable green shoots of volume recovery from illicit trade**
 - Segment Revenue up 29.0% y-o-y; Segment EBIT up 30.1% y-o-y
 - Market standing reinforced through focused portfolio/market interventions and agile execution
 - **Strong performance in FMCG – Others Segment; Revenue up 19.5% y-o-y & 45.5% over Q1 FY20**
 - Robust growth in Discretionary/Out-Of-Home categories; Staples & Convenience Foods remained resilient
 - Education & Stationery Products Business bounced back with re-opening of educational institutions
 - Hygiene portfolio sales remained subdued while being higher than pre-pandemic levels
 - EBITDA margin sustained (-20 bps y-o-y) despite unprecedented inflationary headwinds; up 190 bps over Q1 FY20
 - **Sharp rebound in Hotels; Revenue up 41.4% over Q1 FY20**
 - ARR and Occupancy ahead of pre-pandemic levels; Retail (packages), Leisure, Weddings & MICE segments drive growth
 - Higher RevPAR and structural interventions boost EBITDA margins to 32.5% (Vs. 17.5% in Q1 FY20)
 - Segment EBITDA at 180 cr. (positive swing of 268 cr. y-o-y; up 111 cr. over Q1 FY20)
 - **High growth trajectory sustained in Agri Business; Segment Revenue up 82.7% y-o-y driven by wheat, rice and leaf tobacco exports**
 - Leveraged strong customer relationships, robust sourcing network and agile execution
 - ITCMAARS launched in 7 States covering 200+ FPOs with over 75,000 farmer registrations till date
 - **Paperboards, Paper and Packaging Segment delivered strong performance; Revenue up 43.3% y-o-y along with margin expansion of ~220 bps**
 - Strong demand across end-user segments; sustainable products portfolio continues to be scaled up
 - Integrated business model, Industry 4.0 initiatives and strategic investments in areas such as pulp import substitution and proactive capacity augmentation in Value Added Paperboards segment enable margin expansion amidst commodity price escalation
-

Economic activity gathered further momentum during the quarter with uptick in business and consumer sentiments. However, geopolitical tensions and persistent supply chain disruptions resulted in hardening of commodity prices, exacerbating the unprecedented inflationary conditions prevailing in the economy. Inflationary headwinds also manifested in subdued consumption expenditure with volumes coming under pressure, particularly in rural markets.

Amidst such a backdrop, the Company's focus on accelerated digital adoption, customer-centricity, execution excellence and agility enabled it to deliver strong performance across all operating segments during the quarter, both sequentially and on y-o-y basis. Gross Revenue stood at Rs. 18,164 crores representing a growth of 41.0% y-o-y while EBITDA at Rs. 5,648 crores grew by 41.5% y-o-y. PAT grew by 38.4% y-o-y to Rs. 4,169 crores. Earnings Per Share for the quarter was Rs. 3.38 (previous year Rs. 2.45).

While the trajectory of inflation remains a key monitorable, prospects of a favourable monsoon and the recent moderation in prices of key commodities along with proactive interventions by the Government and RBI augur well for sustained economic recovery and a pick-up in consumption expenditure.

FMCG – OTHERS

- **The FMCG Businesses delivered strong performance with Segment Revenue growing 19.5% y-o-y; Segment Revenue and Segment EBITDA up 45.5% and 91.9% respectively over Q1 FY20.**
 - Discretionary/Out-of-Home categories such as Snacks, Beverages, Confectionery, Frozen Snacks, Fragrances and Agarbattis recorded strong growth.
 - Staples & Convenience Foods posted resilient performance driven by robust growth mainly in Sunfeast Biscuits, Sunrise Spices, Aashirvaad Salt and Aashirvaad Svasti Dairy products.
 - Education & Stationery Products Business bounced back with re-opening of educational institutions.
 - Segment EBITDA margins sustained (-20 bps y-o-y) in spite of unprecedented commodity inflation; sharp escalation in input costs mitigated through multi-pronged interventions viz. strategic cost management, premiumisation, supply chain agility, judicious pricing actions, fiscal incentives, leveraging digital, optimising channel assortments and favourable business mix. Margins have expanded by 190 bps over Q1 FY20.
- The Company's deep & wide multi-channel distribution network with growing presence in emerging channels and tailored channel-specific assortments continue to deliver competitive advantage through superior product availability, visibility and freshness.
 - Market and Outlet coverage at 2.0x and 1.3x of pre-pandemic levels.
 - e-Commerce channel continued to grow on the back of account specific strategies, new product introductions (including e-Commerce first brands) and customised supply chain solutions; e-Commerce sales at nearly 4.2x of Q1 FY20 levels; channel salience stands at appx. 7%.
 - Modern Trade sales accelerated on the back of improved mobility, store footfalls and joint business planning with key accounts.
 - Product availability and accessibility continue to be augmented by leveraging new routes-to-market through multiple strategic partnerships covering a range of brands including 'B Natural', 'Sunfeast', 'Kitchens of India', 'ITC Master Chef', etc.
- New ICML at Medak, Telangana commissioned in March 2022. With this, ten ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and higher cost agility. In addition, three co-located automated logistics facilities have been established which together with next generation agile supply chains will enable superior and efficient fulfilment.
 - Several of these manufacturing facilities represent industry leading gender diversity in the labour force. With every successive ICML coming on-stream, the representation of women has progressively increased and the recent ICMLs at Pudukkottai and Medak have a large majority of women in the on-roll labour force, reflecting the Company's commitment to foster Diversity and Inclusion.
- The FMCG Businesses continue to invest in cutting-edge digital technologies across all operational nodes encompassing synchronised planning & forecasting, smart manufacturing & sourcing, deepening consumer connect and agile execution to enhance productivity, drive efficiency and reduce costs.

- 'ITC e-store' (<http://www.itcstore.in>), the Company's exclusive D2C platform, continues to receive excellent consumer response.
 - 'Unnati', the digitally powered eB2B platform, has been rolled out to over 3.2 lakh retailers facilitating sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement.
- **Branded Packaged Foods Businesses**
- **'Aashirvaad' Atta** consolidated its leadership position in the branded atta industry.
 - Aashirvaad's value-added atta range, part of the Business' growing portfolio of 'Good for you' offerings, witnessed robust growth. Towards enhancing consumer awareness on nutrition and digestive health, a dedicated content marketing platform 'Happy Tummy' has been created with blogs, expert videos, nutritionist consultations and high fibre recipes. The intervention has received excellent response and continues to be scaled up.
 - **'Bingo!' Snacks** sustained its high growth trajectory; portfolio was augmented with the launch of several innovative variants such as 'Bingo! Hashtags Cream & Onion', 'Bingo! Hashtags Spicy Masala', 'Bingo! Street Bites Dahi Chaat Remix' and 'Bingo! Street Bites Pani Puri Twist'.
 - **'Sunfeast' Biscuits and Cakes** recorded robust growth led by the 'Dark Fantasy' range of premium offerings and 'Mom's Magic' range of cookies. Sunfeast cookies portfolio was augmented with the launch of 'Sunfeast Mom's Magic Golden Edition' (*Cashew Cookies loaded with Cashews & Butter*) and 'Sunfeast Mom's Magic Butter Fills' (*Centre Filled cookies with Molten Butter crème*). The recently launched thin potato biscuits range 'Sunfeast All Rounder' was fortified with the launch of All Rounder Cream and Herb variant.
 - The 'Aashirvaad Svasti' brand witnessed a slew of launches augmenting the value-added dairy portfolio viz. Litchi Lassi, Aam Doi, High Shelf Life Paneer.
- **'Mangaldeep' Agarbattis and Dhoop** witnessed robust growth across product segments. The portfolio was augmented with the launch of 'Jasmine Chandan' variant of Agarbattis and 'Trey 3in1 Fragranced Sambrani' sticks in select markets. Recently launched offerings include the innovative 'Mangaldeep Upaveda' range of 'Naturals' agarbattis, which draw inspiration from ancient scriptures.
- In the **Education and Stationery Products Business**, 'Classmate' Notebooks further strengthened its leadership position leveraging its flagship campaign 'Learn with Classmate'. With the reopening of educational institutions, notebooks registered robust offtake; strong traction was also witnessed in the premium notebooks portfolio comprising 'Paperkraft', 'Classmate Pulse' and 'Classmate Interaktiv'.

FMCG – CIGARETTES

Segment Revenue and Segment Results up 29.0% and 30.1% y-o-y respectively

- The Business continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution.
 - The Business also continues to launch several differentiated variants to further strengthen and ensure future-readiness of the product portfolio. Recent interventions include innovative launches such as 'Classic Connect', 'Gold Flake Indie Mint', 'Gold Flake Neo SMART Filter', 'Capstan Excel', 'American Club Smash', 'Gold Flake Kings Mixpod', 'Wave Boss', 'Flake Nova' and 'Flake Excel Taste Pro'.
- As seen in the past, stability in taxes on cigarettes, backed by deterrent actions by enforcement agencies, enables green shoots of volume recovery for the legal cigarette industry from illicit trade, thereby engendering domestic demand for Indian tobaccos, while also mitigating loss of tax revenue to the exchequer. The Company continues to engage with policy makers for a framework of equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies that balance the

economic imperatives of the country and tobacco control objectives, cognising for the unique tobacco consumption pattern in India.

HOTELS

Stellar performance across locations; Segment Revenue at Rs. 555 cr. (up 41.4% over Q1 FY20); Positive swing of 268 cr. in EBITDA y-o-y (Q1 FY23 at 180 cr.)

- ARR and Occupancy ahead of pre-pandemic levels driven by Retail (packages), Leisure, Weddings and MICE segments. The Business also leveraged its iconic cuisine brands to promote dine-ins with limited-period menus, packaged along with special/festive occasions, featuring global and Indian favourites. Domestic business travel continues to witness progressive normalisation; inward foreign travel, however, remains well below pre-pandemic levels.
- EBITDA margins for the quarter stood at 32.5% (Vs. 17.5% in Q1 FY20); margin expansion driven by higher RevPAR, operating leverage and structural cost interventions.
- ITC Narmada, a luxurious 291-key property in the city of Ahmedabad, is expected to be commissioned shortly.
 - In line with its 'asset-right' strategy, the Business has generated, a healthy pipeline of management contracts under its brands viz. Welcomhotel, Fortune, Mementos and Storii, which is expected to be a key vector of growth. Properties under these brands are expected to be launched in a phased manner over the next few quarters.
- Digital investments continue to be leveraged towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency. Business recently launched its full stack ITC Hotels App with cutting-edge user experience enabling swift and easy access to Room and F&B Reservations, F&B delivery offers, loyalty benefits besides a host of exclusive offers. The App continues to garner increasing traction.

PAPERBOARDS, PAPER & PACKAGING

Paperboards, Paper & Packaging Segment delivered strong performance; Segment Revenue up 43.3% and Segment Results up 56.0% y-o-y; Segment EBIT margins up ~220 bps y-o-y

- Segment Revenue growth was driven by continued strong demand across end-user segments and exports.
 - Value Added Paperboard segment grew at a rapid pace aided by higher realisation, strategic capacity expansion and strong exports performance.
 - Fine Paper segment bounced back with re-opening of educational institutions.
 - Higher operating leverage, investments in pulp import substitution, cost-competitive fibre chain, sharper focus on operational efficiency leveraging data analytics and Industry 4.0 enabled margin expansion despite escalation in key input prices.
- Packaging and Printing Business witnessed robust growth in domestic and exports segments across Cartons & Flexibles platforms.
- The Company is actively engaged in developing and promoting suitable paper and paperboard substrates to **substitute single-use plastics**.
 - The sustainable products portfolio, comprising recyclable paperboards, 'FiloPack' and 'FiloServe', and biodegradable paperboards, 'OmegaBev' and 'OmegaBarr', which are alternatives to plastic coated containers, cups and other deep freeze applications, witnessed robust growth across applications.
 - Similarly, the Packaging Business is pro-actively engaging with end users to scale up adoption of sustainable packaging solutions viz. 'Bioseal' (compostable packaging solutions for Quick Service Restaurants, personal care and packaged foods industries), 'Oxyblock' (a recyclable coating solution with enhanced barrier properties for packaged foods, edible oils, etc.) and 'Germ free coating'

(solution for microbial free packaging surface addressing the consumer consciousness towards hygiene and safety).

AGRI BUSINESS

Agri Business sustained high growth trajectory with Segment Revenue up 82.7% led by wheat, rice and leaf tobacco exports leveraging strong customer relationships, robust sourcing network and agile execution.

- The Business leveraged the e-Choupal network to provide strategic sourcing support to the Branded Packaged Foods Businesses with sharply aligned procurement strategies in line with category-relevant market dynamics.
- ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic ‘phygital’ full stack AgriTech platform was launched with 200+ FPOs in 7 states encompassing 75,000+ farmers (registered till date). This platform provides farmers with AI/ML driven personalised and hyperlocal crop advisories, access to good quality inputs and market linkages as well as allied services like pre-approved loans. It also offers advanced technologies like real-time soil testing, quality assaying and precision farming at the doorstep of farmers.
- The Business continues to make steady progress towards rapidly growing its value-added portfolio to enhance value capture.
 - The project for the state-of-the-art facility to manufacture and export Nicotine & Nicotine derivative products being set up by the Company’s wholly owned subsidiary, ITC IndiVision Limited, is making steady progress. The facility is being geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards and is expected to be commissioned in FY23.
 - Construction of the manufacturing facility at Guntur for value-added spices is also progressing well and is expected to be commissioned in FY23. The Business seeks to significantly scale up its presence in food safe export markets leveraging this world-class facility and its identity-preserved sourcing expertise, custody of supply chain and strong customer relationships.

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 20 years)**, **‘carbon positive’ (for 17 years)**, and **‘solid waste recycling positive’ (for 15 years)**. The Company sustained its **‘AA’ rating by MSCI-ESG for the 4th successive year** - the highest amongst global tobacco companies. The Company has also been included in the **Dow Jones Sustainability Emerging Markets Index** - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet.

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

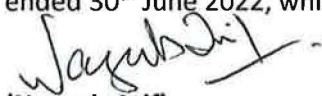
The Sustainability & Integrated Report 2022 is available on your Company’s corporate website at

<https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf>

Please refer link below for performance highlights of the quarter:

<https://www.itcportal.com/investor/pdf/ITC-Quarterly-Result-Presentation-Q1-FY2023.pdf>

The Board of Directors, at its meeting on 01st August 2022, approved the financial results for the quarter ended 30th June 2022, which are enclosed.



(Nazeeb Arif)

Executive Vice President

Corporate Communications