



ITC Limited
Virginia House
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6th November, 2020

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 6th November, 2020 forwarding the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and Six Months ended 30th September, 2020, we now enclose copy of the Media Statement issued by the Company along with a presentation on the Company's 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
35A Boulevard Joseph II
L-1840 Luxembourg



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Media Statement

November 06, 2020

Standalone Financial Results for the Quarter ended 30th September, 2020

Highlights

- **Strong sequential recovery across all operating segments including Cigarettes. Gross Revenue up 26% sequentially (q-o-q) and 1.2% over last year (y-o-y).**
- **Robust performance in FMCG-Others Segment: Revenue up 18.4% on a comparable basis*; Segment EBITDA up 66%; Segment EBITDA margins expand 300 bps to 9.7%.**
 - **Staples, Convenience Foods and Health & Hygiene products, representing ~75% of the portfolio** [in base period excl. Education and Stationery Products Business (ESPB)], record **strong growth of 25%**.
 - **Discretionary/'out-of-home' categories post strong sequential recovery** to return to nearly pre-Covid levels (down 2% y-o-y).
- **Relentless focus on cost reduction helps mitigate impact of negative operating leverage.**

*Excluding Lifestyle Retailing Business (restructuring underway) & Education and Stationery Products Business (impact of closure of educational institutions).

The operating environment remained extremely challenging during the quarter with the unabated increase in daily Covid cases prompting several states to impose localised lockdowns. This impacted the recovery momentum, particularly in the months of July'20 and August'20, and posed significant challenges to sales operations. The situation continues to improve with the progressive easing of restrictions from September'20.

Against this backdrop, the Company recorded a **strong recovery in revenue across all operating segments including Cigarettes. Gross Revenue stood at Rs.11891.91 crores** representing a growth of 26% q-o-q and 1.2% y-o-y. The FMCG-Others Segment delivered another quarter of **strong performance driven by Staples, Convenience Foods, Health & Hygiene products** leveraging the strong equity of the Company's brands and a robust portfolio of relevant and innovative products.

The Hotels Business continues to remain adversely impacted due to restrictions on travel and tourism while closure of educational institutions across the country weighed on the performance of the Education and Stationery Products Business.

The impact of negative operating leverage was partially mitigated through relentless focus on cost reduction. **Profit After Tax stood at Rs.3232.40 crores representing a decline of 12.2% on a comparable basis** (adjusting for one-time benefit of Rs. 340 crores in base period due to reduction of corporate tax rate). Total Comprehensive income stood at Rs. 3394.02 crores (previous year Rs.3979.73 crores). Earnings Per Share for the quarter was Rs.2.62 (previous year Rs.3.28).

Progressive normalization was witnessed across all operating segments with increased mobility and recovery in economic activity. The Company continues to closely monitor the situation and respond with agility to strengthen its market standing while sharply focusing on cost reduction measures.

The safety and wellbeing of the Company's employees, partners and associates are of paramount importance. Accordingly, the Company has instituted the highest standards of hygiene and safety protocols across all nodes of operations. Extensive and frequent communication by senior leaders, programs to support employee well-being, sharing of health and hygiene related best practices and precautions, and the recognition of exceptional contribution of employees have all played a pivotal role in sustaining ITC's highly committed workforce and delivering high levels of performance in these unprecedented/testing times. Out of the Contingency Fund of Rs. 215 crores set up for the purpose of supporting the fight against Covid-19, over 80% has already been deployed.

FMCG - OTHERS

Segment Revenue stood at Rs. 3795 crores representing a growth of 18.4% on a comparable basis. Segment EBITDA grew by 66% to Rs.366 crores with margins expanding by 300 bps y-o-y to 9.7%. Most major categories enhanced their market standing during the quarter. This was driven by higher operating leverage, enhanced operational efficiencies, portfolio premiumisation and product mix enrichment, notwithstanding incremental operating costs due to Covid-19 and gestation costs of new categories/facilities.

In the immediate aftermath of the outbreak of the pandemic, there was a surge in demand for essentials along with heightened awareness and enhanced consumer preference for high quality products anchored on vectors of health, wellness, safety and hygiene. Demand for discretionary categories and those with higher 'out-of-home' consumption salience was adversely impacted while 'at-home' consumption witnessed strong traction.

With progressive easing of restrictions and increase in mobility, demand for essential products and 'at-home' consumption witnessed moderation during the quarter; however, they remain at elevated levels compared to pre-Covid period. Demand for hygiene products remained strong while discretionary/'out-of-home' consumption products staged a smart recovery.

Heightened concerns on hygiene and safety continued to manifest in consumers' preference for trusted brands. Consequently, **staples, noodles, biscuits, dairy, personal wash & hygiene/sanitizing products, hand wash, floor cleaners, etc. witnessed robust demand.**

Anticipating the increase in consumer preference for 'contactless shopping' and home delivery, the Company proactively engaged with e-Commerce platforms and aligned the supply chain to deliver the right SKUs. Sales through the e-Commerce channel more than doubled during the quarter, taking its salience to over 5% of Segment Revenue. Sales in the Modern Trade channel however, grew at a slower pace as localised lockdowns impacted footfalls and consumers preferred neighbourhood/online stores as safer options.

The network of rural stockists was scaled up substantially to mitigate the impact of disruptions in the wholesale channel and effectively service emergent demand. This, along with sharp targeting

of rural markets in certain states that witnessed reverse migration due to the pandemic, led to strong growth in rural sales.

As demand levels fluctuated significantly during the various phases of lockdown and unlock, associated risks and uncertainties were managed with agility leveraging shorter operations planning cycles and predictive analytics. Direct-to-market shipments were also scaled up substantially to ensure freshness and reduced time to market.

The FMCG Businesses continue to leverage digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Deployment of innovative delivery models, use of alternate channels, expansion in reach, agility in execution, leveraging digital technologies to efficiently service market requirements aided the segment in achieving its **highest ever quarterly revenue**.

In the first half of the year, the Company **launched over 70 new products in record time** with compelling value propositions, demonstrating its agility and execution excellence in testing times.

- The **Branded Packaged Foods Businesses** delivered a robust performance driven by staples and convenience foods categories. Sales of discretionary products such as Bingo! Snacks gained momentum, recovering smartly from the subdued levels in the first quarter.
 - **Aashirvaad atta fortified its leadership position** in the branded packaged atta industry. The Business launched a range of products comprising organic atta & pulses and low sodium salt variants in line with the growing consumer preference for natural products and healthier food options.
 - **'Yippee!' Noodles** sustained its high growth trajectory strengthening its market standing.
 - **'Sunfeast' Biscuits and Cakes** delivered steady growth even as the industry witnessed moderation in demand towards the end of the quarter.
 - **'Bingo!' Snacks** posted strong sequential recovery; product portfolio was augmented with the introduction of a range of traditional namkeens under the sub-brand "Tedhe Medhe" in select markets. Initial response has been very encouraging.
 - **'Aashirvaad Svasti'** range of fresh dairy products and ghee posted robust growth in both Bihar and Bengal markets.
 - Slew of **innovative and first-to-market products** introduced in record time: 'Sunfeast Farmlite' Veda Marie Digestive, Nuts Digestive & Seed Digestive biscuits; 'Sunfeast Caker' Trinity and Swiss Roll cakes; Tedhe Medhe 'Bingo!' Namkeen Aloo Bhujia, Pulse Mix, Nut Cracker & Nut Mix; 'Candyman Jelimals' Immunoz; 'Aashirvaad Svasti' Lassi; 'B Natural' Nagpuri Santra & immunity range of juices and 'Aashirvaad' Organic atta, Organic Dals, Salt Proactive (low sodium salt) & Iodised Crystal Salt.
- The **Personal Care Products Business** continued to grow at a rapid pace driven by the Savlon range of antiseptic liquids, handwash, sanitizers and soaps.
 - **Savlon** recorded **significant market share gains** across sub-segments and is on course to become a **Rs. 1000 crore brand** in terms of annual consumer spend in FY21.
 - Wide range of **innovative and first-to-market products** introduced in record time: Savlon Surface Disinfectant Spray, Savlon Clothes Disinfectant Spray, Savlon Spray and Wipe,

Savlon Germ protection Wipes, Savlon Hexa Hand Sanitizer, Savlon Hexa Advanced Bodywash, etc.

- **Liquids** portfolio comprising **Handwash & Bodywash** continued to grow rapidly.
- **Fragrances** category witnessed **progressive recovery** as demand for 'on-the-go' consumption products picked up; however, still below pre-Covid levels.
- With growing preference for natural products, **Nimyle**, a 100% natural floor cleaner grew rapidly strengthening its market standing in the East; the brand also continues to gain robust traction in new markets in the South. **Nimwash**, a 100% natural action product for cleaning fruits and vegetables, is also gaining consumer franchise.

- **Matches and Agarbatti Business** posted strong growth leveraging strong brand equity and focused initiatives to enhance availability. The Mangaldeep Temple Fragrance of God range of agarbattis was augmented with the launch of Marigold & Red hibiscus variants; two more offerings in the sandal fragrance range of agarbattis were also introduced.

- **Digital marketing interventions**

The Company scaled up utilisation of its Marketing Command Centre - '**Sixth Sense**' which leverages cloud-technology, cutting-edge social-media engagement tools and a digital marketing & analytics platform to gain deep consumer insights; several contextual and relevant communication campaigns were launched to deepen consumer engagement. Some of the moment marketing campaigns launched include:

- IPL: Sunfeast Dark Fantasy, Candyman Fantastik, Bingo! Snacks
- Festive Season: Aashirvaad, Mangaldeep, Kitchens of India etc.

- **The Company remains focused on building purpose-led brands anchored on larger consumer needs.** Key interventions during the quarter are highlighted below:

- '**Sunfeast India Run as One**' – launched on the Nation's 74th Independence day
 - India's largest citizen-led movement in support of livelihoods with enthusiastic participation of 22000 runners.
- Savlon Swasth India Mission - launched the **#NoHandUnwashed movement on Global Handwashing Day** in partnership with Mouth and Foot Painting Artists driving home the message to make hand hygiene a priority for all.
 - Widely acclaimed social media campaign created awareness and engagement through multiple initiatives to foster good hand hygiene behaviour.
- Vivel's **#VoiceofArt initiative**
 - To commemorate Gender Equality Day, Vivel brought together 500 young artists to weave a narrative of gender equality through art.

FMCG - CIGARETTES

- **Strong sequential recovery in volumes and revenue** with progressive normalization of market operations.
- **Net Revenue decline restricted to 14.4 % y-o-y** compared to 37% y-o-y in Q1. **Sharp focus on costs** enabled minimal impact on operating margin.

- Localised lockdowns in several regions and restricted hours of convenience store operations impacted the recovery momentum witnessed towards the end of the last quarter. Certain markets in the South, metros and large towns were relatively more impacted due to disruption in sales operations. Temporary disruption in some wholesale markets also impacted sales.
 - Easing of restrictions from September'20 has enhanced the ability to service markets more effectively and address emerging demand.
- Several **innovative variants** such as Classic Connect, Gold Flake Indie Mint and Capstan Fresh were launched in recent months to cater to the continuously evolving consumer preferences and reinforce market standing. Portfolio laddering was further strengthened with the introduction of Gold Flake Luxury Filter, Navy Cut Deluxe Filter and Gold Flake Star. Other portfolio interventions in focus markets include Gold Flake Regal Special, Gold Flake Super Star (Super Mint) and Player's Gold Leaf Rush.
- **Strengthened direct reach** in target markets across all traditional trade channels; stockist network augmented to service rural/semi-urban markets more efficiently.
- Further **consolidated market standing**, with appreciable progress in the capsule segment, leveraging a well-laddered portfolio, wide distribution reach, superior market servicing infrastructure and portfolio interventions.
- Wide availability of **smuggled cigarettes** continues despite deterrent actions by concerned authorities; remains a key challenge for the legal cigarette industry which has witnessed significant reduction in volumes in recent years.

HOTELS

Restrictions on travel and tourism weighed on performance during the quarter. While **Occupancy and Revenue continue to improve month-on-month** with leisure locations witnessing a marked uptick, they remain below last year levels. **F&B Revenue**, including banquets, continue to improve with the easing of restrictions and increasing mobility.

- **Aggressive cost reduction measures led to ~50% reduction in controllable cash fixed costs.**
- ITC Hotels launched '**Flavours**' and '**Gourmet Couch**' menus as home delivery and takeaway offerings which received encouraging response.
- "**WeAssure**" programme, designed to reassure guests of best-in-class hygiene and safety standards, rolled out to all operating hotels.
- Business remains focused on **bouncing back stronger**. Key interventions include customised packages for short getaways/workations/staycations, revamped packages with curated offers for the MICE segment, attractive additional benefits for Club ITC members, enhanced guest connect through sharing of contextual content in social media etc.

PAPERBOARDS, PAPER & PACKAGING

Segment Revenue posts strong recovery of 42 % q-o-q; degrew by 6.8% on y-o-y basis (Vs. 33% y-o-y in Q1)

- Consumer offtake in pharma, home care, packaged foods, personal care recovered to pre-Covid levels while wedding cards, publication, notebooks remain subdued. Exports recorded strong growth.
- Maintained Segment margins at last year levels despite volume and pricing pressure through product mix enrichment, sharp focus on operational efficiency and structural cost-saving interventions to enhance competitiveness leveraging data analytics and Industry 4.0.
- Strengthened **market standing in Value Added Products by 500 bps.**
- Business continues to focus on developing **sustainable paperboard and packaging solutions** for end-customers leveraging the Company's state-of-the-art Life Sciences and Technology Centre. The **recyclable barrier board 'Filo' series** and **biodegradable 'Omega Series'** continues to gain robust customer franchise. Similarly, the Packaging Business has developed unique and novel solutions including **Bio-seal** (bio-degradable packaging solution for QSR, personal care and packaged foods industries) and **Oxyblock** (a recyclable packaging solution with enhanced barrier properties) which are under commercialisation.

AGRI BUSINESS

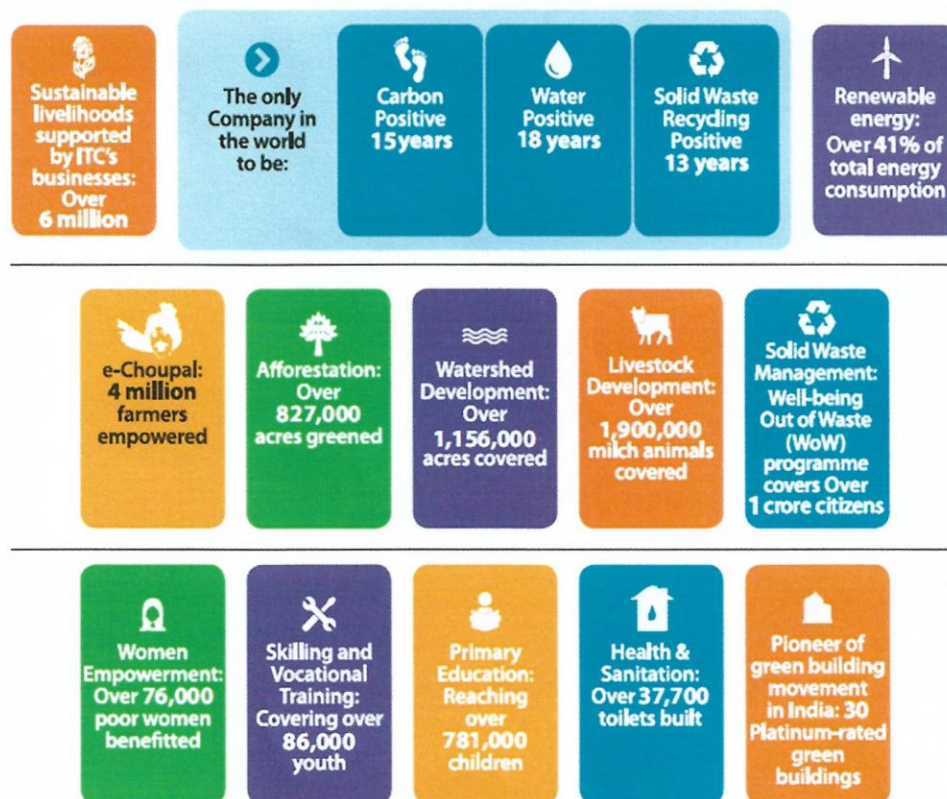
Robust growth of 12.8% in Segment Revenue driven by trading opportunities in **rice, mustard, coffee** and higher **wheat supplies** for Aashirvaad atta.

- **Leveraged the e-choupal network** to enhance direct procurement amidst challenging operating conditions due to Covid-19 pandemic.
- **Value added portfolio** (ex. aqua) comprising spices for 'food-safe' markets, processed fruits, frozen snacks etc. **posted 25% growth in revenue.**
 - The delectable range of ITC Master Chef Frozen Snacks comprising 30 differentiated variants continues to garner increasing consumer franchise. During the year, product range was augmented with the introduction of 13 variants while availability was extended to 116 new markets in a short span of time taking the aggregate to 128 towns.
 - Portfolio augmented with the launch of Farmland Frozen Vegetables (5 vegetables).
 - Aqua exports impacted mainly by Covid-related supply chain disruptions.
- Subdued demand for leaf tobacco in international markets and adverse business mix weighed on Segment Results. However, easing of operational constraints aided sequential pick-up in leaf tobacco exports.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

ITC has been ranked **#1 globally amongst peers** (comprising companies with market capitalisation between USD 38 Bln. and USD 51 Bln.) and **overall #3 globally on ESG performance** in the Food Products industry by **Sustainalytics** – a renowned global ESG ratings company. ITC has been rated **'AA'** by **MSCI-ESG** - the highest among global tobacco companies.

ITC is a **global exemplar in sustainability**, the key highlights of which are given below:



The Board of Directors, at its meeting in Kolkata on 6th November, 2020, approved the financial results for the quarter ended 30th September, 2020, which are enclosed.

Product/initiative	Link
'Yippee!' Noodles	https://youtu.be/Ozk6Hke_uVY
Disinfectant Spray	https://www.youtube.com/watch?v=6Wpa2nLiYdk
Mangaldeep Temple Fragrance of God range	https://youtu.be/3E7Ccy13WXY
Candyman Fantastik	https://www.youtube.com/watch?v=I-iYYg7hgl&feature=emb_rel_end
Bingo! Snacks	https://youtu.be/g8uuZv4UOVk
Sunfeast India Run as One initiative	https://sunfeastindiarunasone.procam.in/
#NoHandUnwashed movement	https://youtu.be/RI5Nb3wcvU
#VoiceofArt initiative	https://www.youtube.com/watch?v=jdkNbUJwi5o
"WeAssure" programme	https://www.itchotels.in/content/dam/projects/hotelswebsite/itc-hotels/WeAssure/WeAssure-itc-hotels.pdf

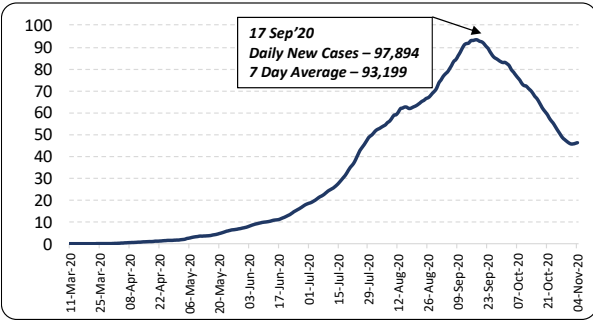
(Nazeeb Arif)
Executive Vice President
Corporate Communications

Daily Covid cases rose sharply in Aug & Sep'20; sharp fall in Oct'20

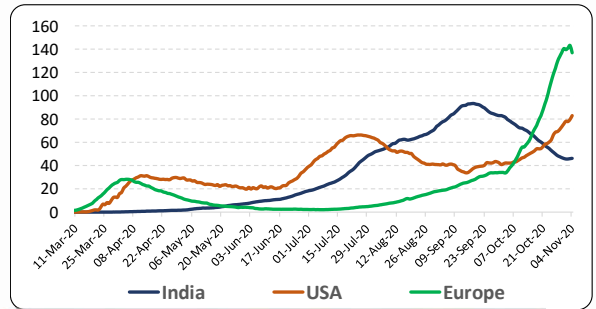
Second Wave in Europe & USA



India : New Cases – Moving 7-day Average ('000s)

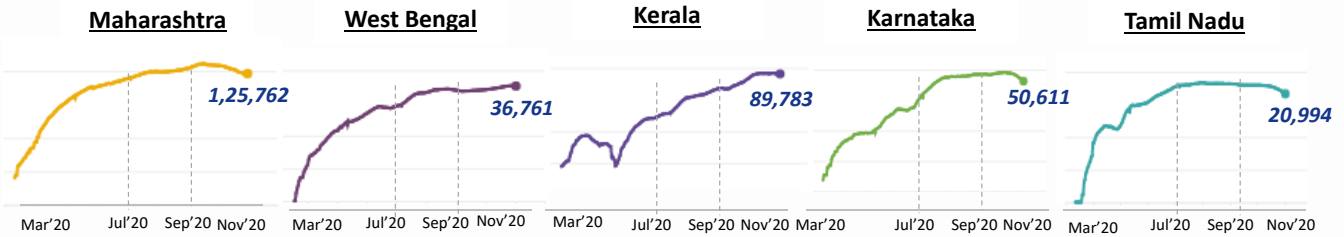


Global : New Cases – Moving 7-day Average ('000s)



Spain, UK, Germany re-impose lockdown

States : Active Cases as on 2 Nov'20

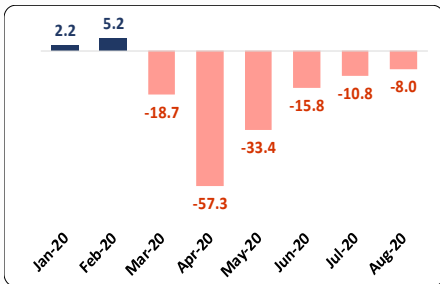


Industry: Sequential improvement but well below pre-Covid levels

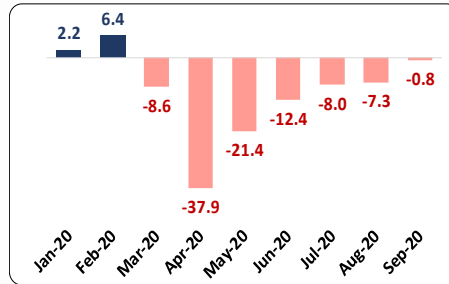
Core Sector, Services remain under pressure Manufacturing and Services PMI expand in Oct'20



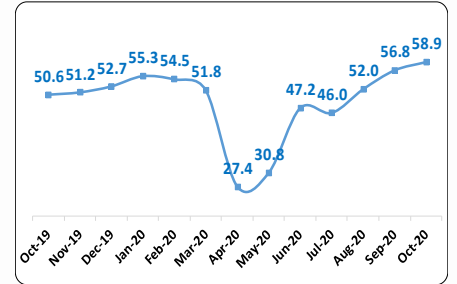
Index of Industrial Production (YoY %)



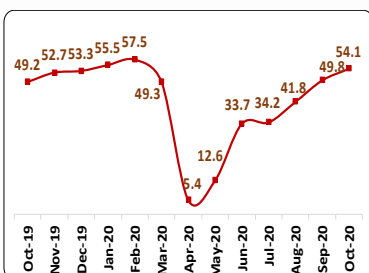
Eight Core Industries (YoY %)



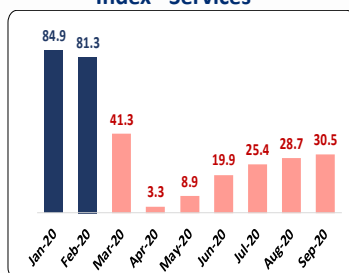
India Manufacturing PMI



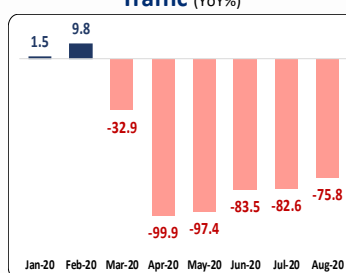
India Services PMI



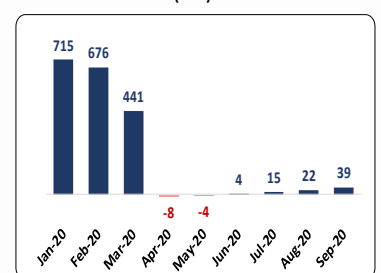
Nomura India Normalization Index - Services



Domestic Air Passenger Traffic (YoY%)



Railway Passenger Bookings (Mln)

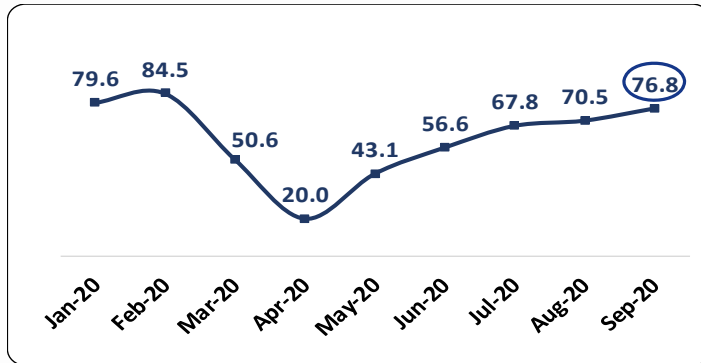


Aggregate Demand remains significantly below pre-Covid Levels

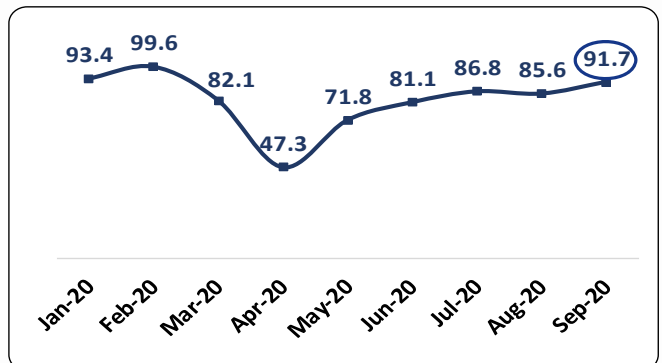
Supply side relatively better



Aggregate Demand



Aggregate Supply



Nomura estimates Aggregate Demand at 77% and Aggregate Supply at 92% of pre-COVID levels

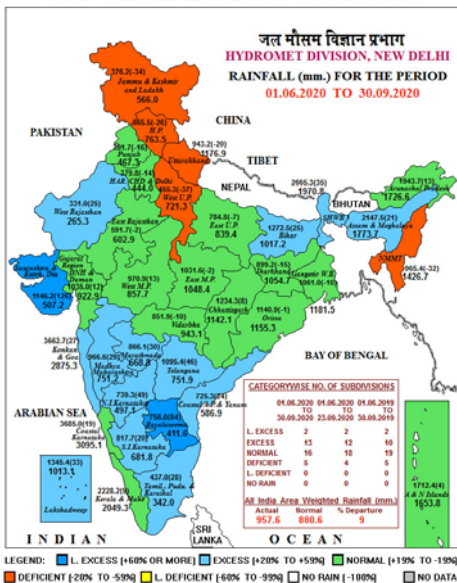
Source: Nomura India Normalisation Index

Agri Sector remained resilient ...but constitutes only ~15% of GDP

Good monsoon & Govt. interventions boost Rural economy



Monsoon Map (Surplus / Deficit % of LPA)

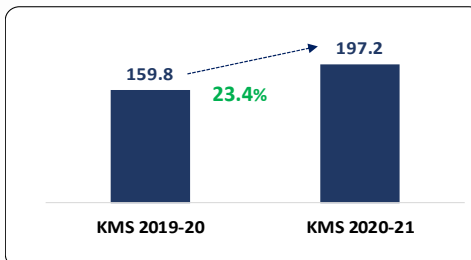


+9% surplus for season of 2020

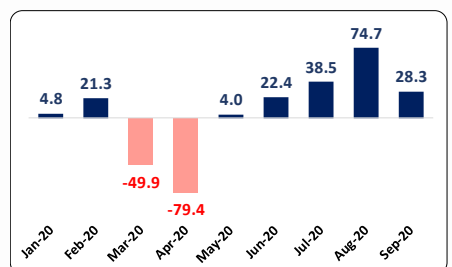
Kharif Sowing up 6%

Crop	Kharif Sowing (as on 11th September 2020)		Y-o-Y Growth
	2020-21	SPLY	
Rice	402.3	373.9	7.6%
Pulses	137.9	131.8	4.6%
Coarse Cereals	179.7	177.4	1.3%
Oilseed	196.0	176.9	10.8%
Sugarcane	52.5	51.8	1.4%
Cotton	129.3	126.6	2.1%
Jute & Mesta	7.0	6.9	1.6%
Total	1104.5	1045.2	5.7%

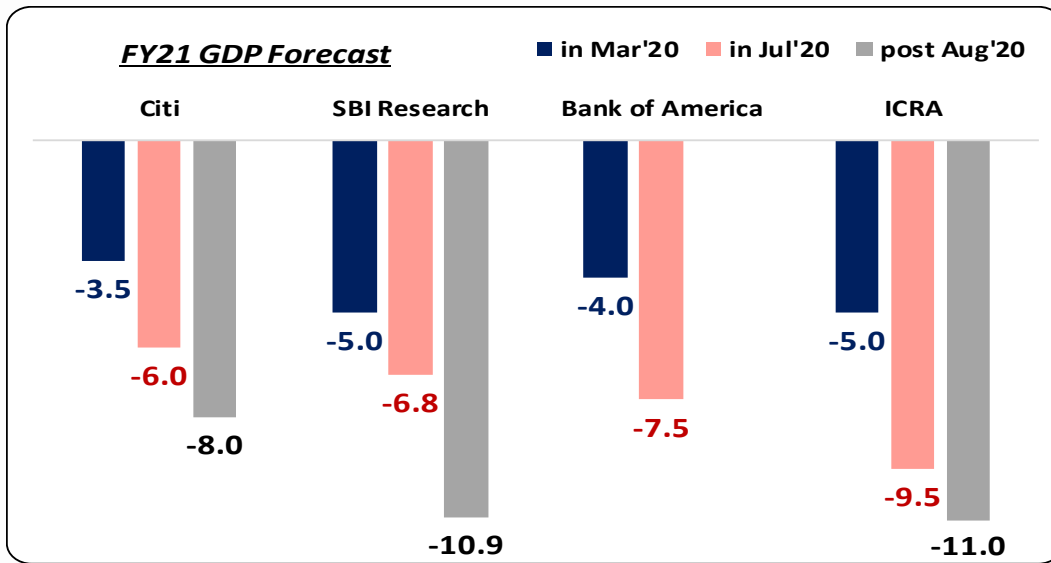
Paddy Procurement (Kharif Marketing Season YTD 30th Oct)



Tractor Sales (YoY%)



Downward revisions to FY21 GDP estimates



FY21 GDP de-growth estimated at ~10%

ITC's Strategic Responses - Covid 19

Agile in Adversity Compassionate in Crisis



Business Continuity & Rapid Bounce-Back

- **Rapid capacity ramp up** (Sanitizers 100x, Handwash 4.4x, Savlon Soaps 4.6x)
- Augmented **direct distribution**
- Enhanced focus on **Rural / Stockist** channel
- High focus on fulfilling demand in **Top outlets, Modern Trade & ECom**
- Presence scaled up in **Chemist** outlets

Agility & Innovation in Execution

- Rapid scale up of **Direct-to-Customer/Market shipments** from factories
- **Online-ordering system** for retailers
- **Telecalling & WhatsApp** based order taking from retailers
- Availability scaled up in **grocery channel**; **stockist network** augmented

Alternative Channels of Distribution

- **ITC Store on Wheels**; Serviced 800+ residential societies in top markets
- **Partnerships** with Domino's, Dunzo, Swiggy & Zomato
- **ITC e-store** leveraged for direct to consumer



Managing Uncertainty & Risk

- **Shortened demand planning cycles**
- **Data Analytics**
- Focus on **fewer SKUs & Higher Value** packs
- Flexi Manufacturing plans / **small run sizes**
- Sharp focus on **cost management** and cash conservation



- **Safety & Hygiene protocols** across all nodes of operations
- **Work from Home** enabled across the Company
- Senior Management **engagement with employees** on regular basis
- **E-Learning** for upskilling & knowledge enhancement

Contributing to the Fight Against Covid

Contribution to Covid Relief

Narendra Modi @narendramodi · 51m
 Thank you ITC for the unwavering commitment to win this battle against COVID-19. Grateful for the contribution to PM-CARES. #IndiaFightsCorona

ITC Limited @ITCCorpCom · 23h
 Today the Nation faces an unprecedented challenge to #FightCOVID19. At ITC, we humbly pledge our contribution of Rs 100 crores to #PMCareFunds. Together with other initiatives we will continue to do ou...

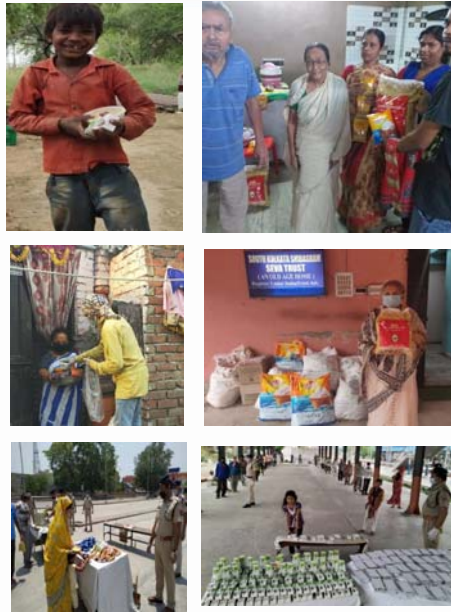
Vijay Rupani @vijayrupani
 I appreciate kind gesture of ITC Limited for contributing ₹ 1 Crore towards CM Relief fund - Gujarat. This will strengthen state's fight against COVID-19. Sincere thanks to Shri Sanjiv Puri (Chairman)

CM of Karnataka @CMoKarnataka
 A sincere thank you to @ITCCorpCom Education Trust for their generous donation to the #CMRF_Karnataka

@ITCCorpCom
 #GujaratFightsCovid19
 2:12 pm · 14 May 20 · Twitter for iPad

215 Cr. Contingency fund set up; over 80% deployed

Food Products to the needy



Saluting Frontline Warriors

ITC salutes its 'frontline warriors' in the fight against Coronavirus

ITC Ltd has expressed gratitude towards all employees and associates who are battling all odds to manage the task of ensuring sourcing, manufacturing & distribution of ITC's essential commodities



<https://www.itcportal.com/about-itc/shareholder-value/pdf/lodr26062020-d.pdf>

Q2 FY21 Results Headline Financials & Business Highlights

- **Strong Sequential recovery across segments; localised lockdowns weighed on recovery momentum**
 - Gross Revenue & PBT up 26% & 37% sequentially
 - Gross Revenue up 1.2% & PBT down 11% y-o-y

- **FMCG-Others Segment delivers strong growth**
 - **Highest ever quarterly sales** for all FMCG businesses except ESPB
 - **Comparable Revenue up 18.4%[^]**
 - Staples, Noodles posted robust growth; Snacks staged a smart recovery
 - Savlon on course to achieve **Rs. 1000 crores** consumer spend in FY21
 - **Over 70 innovative products** launched in H1 – hygiene, health & wellness, naturals, convenience
 - **Segment EBITDA** up 66% to Rs. 366 crores; EBITDA Margins up **300 bps** to 9.7%

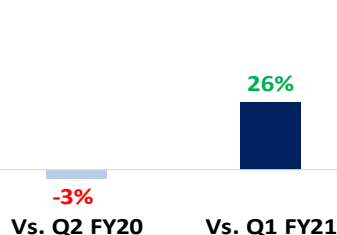
[^]Excluding Lifestyle Retailing Business (LRBD) (restructuring underway) & Education and Stationery Products Business (ESPB) (impact of closure of educational institutions).

Strong sequential recovery

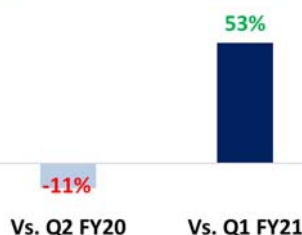
Robust performance by FMCG Others

ITC Overall

Revenue Growth*



EBITDA Growth



PBT Growth



FMCG - Others

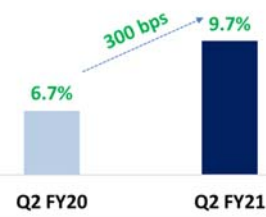
Revenue Growth[^]



EBITDA Growth



EBITDA Margin



* Net Revenue, [^] Excl. ESPB and LRBD



FMCG Others Q2 FY21



FMCG Industry Trends



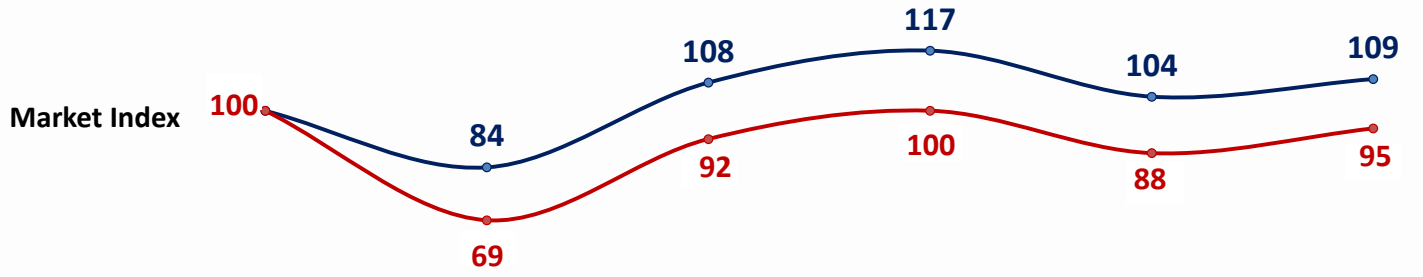
- Essential products & 'at-home' consumption witnessed moderation; remain at elevated levels
- Strong traction continued for Hygiene products
- Discretionary and Out-of-Home consumption categories witness recovery
 - Snacks regain traction with increased mobility
 - Sequential improvement in Deos, Confectionery & Juices; still significantly below pre-Covid levels
- Clear preference for 'contactless shopping' and home delivery
 - Huge spurt in Online shopping; robust growth in e-Commerce channel (ITC Sales more than doubled)
 - Increasing digital adoption by Traditional Trade
 - Modern Trade footfalls lower as consumers prefer neighbourhood/e-Com stores

FMCG industry trends

Rural > Urban
Traditional Trade > Modern Trade



	Base Period=100 Dec + Jan + Feb 20	Lockdown 3 & 4 May 20	Unlock 1.0 Jun 20	Unlock 2.0 Jul 20	Unlock 3.0 Aug 20	Unlock 4.0 Sep 20
Overall FMCG Value Index	100	75	98	106	94	100



Channel Index

	Base Period=100	Lockdown 3 & 4	Unlock 1.0	Unlock 2.0	Unlock 3.0	Unlock 4.0
Traditional Trade	100	74	100	109	95	101
Modern Trade	100	78	78	81	81	86

Source: Nielsen

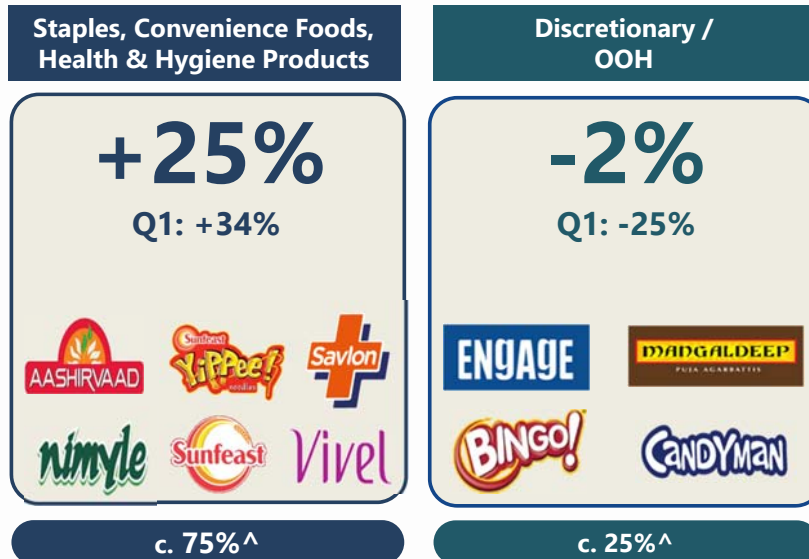
FMCG Others

Strong growth in Segment Revenue

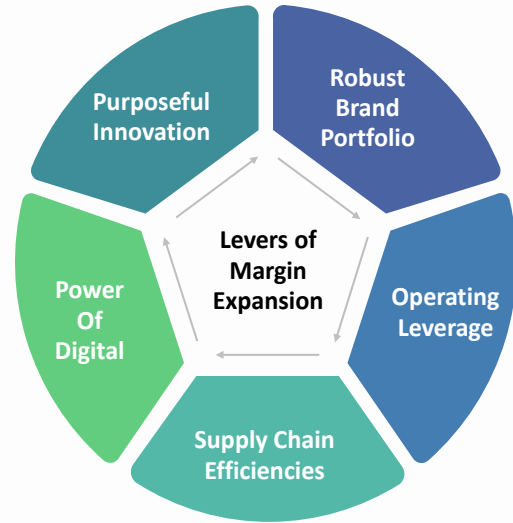
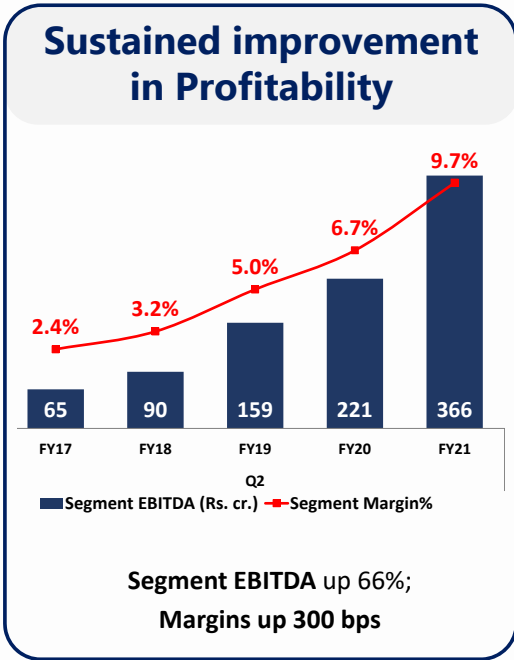


• Segment Revenue up 18.4%* on comparable basis

- Atta, Noodles, Personal Wash & Hygiene/Sanitizing products, Floor Cleaner, Matches & Agarbatti posted strong growth
- Relatively subdued performance in Confectionery, Soaps, Bodywash and Deos



*Ex ESPB & LRBD
^% Portfolio salience



Sunfeast Farmlite
Digestive Range



Bingo
Trail Mix, Coated Cashews & Cocktail Mix



Bingo Tedhe Medhe
Namkeen Range



Aashirvaad
Ready to Cook Chapati



Aashirvaad
Crystal & Proactive Salt



B Natural
Immunity Juices



Aashirvaad Svasti
Select Milk & Lassi

70+ New launches in H1 (2)

Insight + Innovation >> Impact



ITC Master Chef
Cooking Pastes



Aashirvaad
Organic Atta & Dals



Mangaldeep
God Series Agarbatti, Treya Cones & Marigold Dhoop



Aashirvaad
On-the-Go Range



Farmland
Frozen Vegetables



Sunfeast Caker

19

70+ New launches in H1 (3)

Insight + Innovation >> Impact



Personal Protection

Surface Protection

Naturals

On the go



Savlon Sanitizers



Savlon Disinfectant Sprays



Nimwash
Vegetable & Fruit Wash



Savlon Germ
Protection Wet Wipes



Savlon Hexa Advanced
Body wash and Soap



Multipurpose
Disinfectants



Vivel Neem Oil &
Aloe vera Body wash



Savlon Masks

20

Cutting Edge Digital Campaigns → Deepening Consumer Engagement

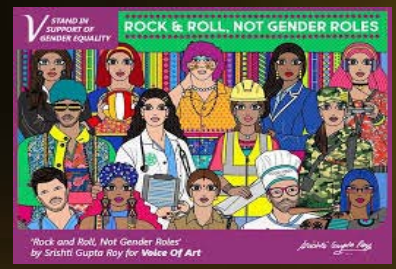
Purpose led brand campaigns



Global Handwashing Day # No Hand Unwashed

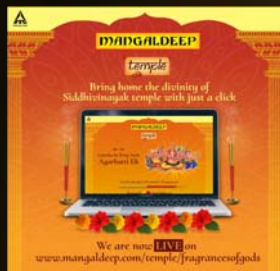


Savlon Mask Hai Mazak Nahi



#AbSamjhataNahin Gender Inequality

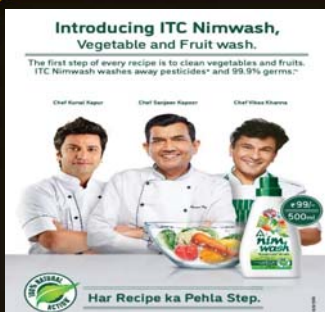
Festival Activations



Leveraging IPL



Building Brand Advocacy



Nim Wash – Michelin chef



Engaging Influencers



Nimyle Cleaning Champion



#Engage Phirse



Sunfeast India 'Run as One'

Segment Revenue

5121 cr. ▼ 3.9%

Segment Results

3245 cr. ▼ 15.6%

- **Net Revenue up 33% vs. Q1; y-o-y decline of 14.4%**
 - *Localised lockdowns* in July & Aug'20 impacted recovery momentum
 - *South, Metros and large town markets* relatively more impacted
 - *Temporary disruption* in certain **wholesale** markets impacted sales
 - *Easing of restrictions in Sept'20* enhanced ability to service markets effectively & address emerging demand
- **13% Tax hike w.e.f 1st Feb'20 added to pressure on Legal Industry**
 - Enhanced **service frequency** for identified wholesalers
 - Strengthened **direct reach** in target markets across all traditional channels
 - Augmented **stockist network** in rural/semi-urban markets

Innovation @ Premium End

- **Classic Connect** – a 97 mm offering with capsule in KSFT Segment

New Formats

- **American Club Clove Mint** – Kretek offering with capsule in KSFT Segment
- **Gold Flake Indie Mint** - Capsule with tubular filter in RSFT segment
- **Capstan Fresh** – Capsule offering in RSFT Segment

New variants

Focused Market offers

- **Gold Flake Regal Special** (RSFT Segment) and **Gold Flake Super Star** (Super Mint) (DSFT Segment) for **North** markets
- Variants of **Royal** (DSFT Segment) in East Markets
- **Player's Gold Leaf Rush** (RSFT Segment) for South markets

Portfolio Laddering

Gold Flake Luxury Filter (Longs Segment), **Navy Cut Deluxe Filter** (RSFT Segment) and **Gold Flake Star** (DSFT Segment).

Business Standard

Economic distress due to Covid-19 causes rise in smuggling in NE: FICCI

IANS | Guwahati/Kohima | September 7, 2020

smuggling operations. The FICCI report said : "The Assam Rifles during its recent successful interception, seized illicit cigarettes, smuggled from neighbouring country, worth Rs 14 crore. Enforcement agencies impounded illicit cartons of cigarettes in 26 operations along the Indo-Myanmar border during months of July and August alone."

Outlook

THE NEWS SCROLL

08 JULY 2020

Bengal govt fighting counterfeiting amid pandemic: Minister

Several cases of smuggled cigarettes were detected where a total of 2.6 crore cigarette sticks valued at around Rs 26 crore were seized, he added.



Assam Rifles seizes foreign cigarettes in Mizoram

by NE NOW NEWS September 7, 2020

Assam Rifles seized 100 cartons of smuggled foreign cigarettes, valued at Rs 1.30 crore, in Mizoram's border Champhai district, officials said on Monday.



Dimapur Police seizes contraband cigarettes worth over Rs 60 lakh

NAGALAND | 7th September 2020



Smuggled cigarettes worth more than ₹66 lakh seized at Delhi's IGI Airport

Updated: 24 Jul 2020 | Edited By J. Jagannath



Fake tobacco manufacturing units busted in Bhubaneswar

September 30, 2020



Hotels Business Q2 FY21



ITC Royal Bengal

➤ **Severe impact on Business a/c restrictions on Travel & Tourism**

- Segment Revenue at 82 cr. down 81% Vs. LY
- Leisure locations witness strong demand pick up
- New F&B initiatives receive excellent response
- Customised packages for short getaways/workations/staycations

➤ **Extreme cost focus – Controllable cash fixed costs down ~50%**

- Segment EBITDA at (117) cr. Vs. (175) cr. in Q1

➤ **“WeAssure” programme, designed to reassure guests of best-in-class hygiene and safety standards rolled out to all operating hotels.**



The new normal of dining in at home with a wholesome meal provided as DIY kits by 5-star hotels ©ITC Ltd.



<https://www.itchotels.in/content/dam/projects/hotelswebsite/itc-hotels/WeAssure/WeAssure-itc-hotels.pdf>

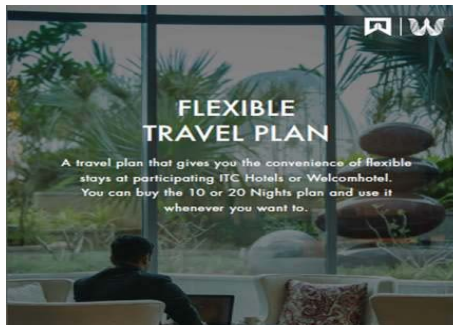


DRIVE AWAY TO A MUCH-NEEDED GETAWAY

SPECIAL OFFERS STARTING FROM INR 3700 ++*

Discover the charm of a driving holiday - serene views, favourite tunes and great company. From scenic resorts to hilltop heritage properties, with loved ones or solo, choose your getaway and let us make it memorable with our exciting offers.

City Getaway



FLEXIBLE TRAVEL PLAN

A travel plan that gives you the convenience of flexible stays at participating ITC Hotels or Welcomhotel. You can buy the 10 or 20 Nights plan and use it whenever you want to.

Flexible Travel Plan



Workation

Make your meetings and events four times as good



Enjoy our distinctive venues, inimitable culinary legacy and signature hospitality along with additional rewards by booking an eligible meeting or event at participating ITC Hotels and Welcomhotels. Book from now until December 31st 2020, for meetings that can be held through September 2021, and choose from any 4 of 5 benefits below -

MICE – Maximize Meetings



Unwrap a host of rewards & signature experiences

Weddings



Thank You
to our heroes
in healthcare

OUR TURN TO TAKE CARE OF YOU

Truly grateful to our doctors who have been selflessly fighting on the front lines in this difficult time. As a gesture of gratitude for your services, we are delighted to announce some exclusive benefits for you to avail!

Doctors' Offer



Launch of Takeaway/Delivery menu



Food for thought series

Well Being Master Series



Agri Business
Q2 FY21



Segment Revenue
2985 cr. ▲ 12.8%

Segment Results
256 cr. ▲ 2.7%

Margins lower by 84 bps
(change in business mix)

- **Revenue growth** driven by trading opportunities in Rice, Mustard, Coffee & Wheat for Aashirvaad Atta
- **Value Added business up 25% (Ex. Aqua)**
 - Strong performance in **Frozen Snacks**; 30 variants available in 128 towns
 - 5 variants of **Farmland Frozen Vegetables** introduced
 - Aqua exports impacted mainly by supply chain disruptions a/c Covid
- **Leaf exports flattish**; lower volumes offset by richer customer mix
 - Close coordination with key export customers to ensure Business continuity



**Paperboards, Paper
&
Packaging
Q2 FY21**



Segment Revenue
1,459 cr. ▼ 6.8%

Segment Results
330 cr. ▼ 7.2%

- **Robust growth in Exports** partly offset by subdued demand in Domestic market
- Strong recovery in Liquor, Tobacco, Cup-Stock, Décor & Personal Care segments
- Publications, Wedding Cards, Paper segments remain impacted
- Sustained demand for Flexibles packaging; Strong recovery in Cartons segment
- **Margins flattish despite pricing pressure & negative operating leverage** – structural interventions, in-house pulp production, operational efficiencies
- Value Added Paperboard market share up 500 bps




VAP Market share


+500 Bps

Period	Market Share
FY20	47%
Q2 FY21	52%


Bio-degradable boards




Leave nothing behind
Vanishing Container




Completely Biodegradable under composting conditions



Barrier against liquids/grease etc. at par with traditional plastic coated boards





Omega Bev : Exclusively for paper cups




Omega Barr : Deep freeze applications

Recyclable boards







Completely recyclable in existing standard recycling conditions



Excellent oil and grease resistant properties



Filo Serve : Food serving applications



Filo Pack : Food delivery application

Sustainable Packaging



Bio-Seal

Bio compostable packaging solutions for packaged/fast-food & Personal Care industries.
Launched on commercial scale.





Oxy Block

Recyclable structure to provide barrier properties for packaged foods, edible oils etc.
Commercialisation under progress



Key Financials: Q2 FY21



₹ cr.

Q1 CY	GOLY		Q2 CY	Q2 LY	GOLY
9,436	-16.9%	Gross Revenue	11,892	11,750	1.2%
8,875	-20.5%	Net Revenue	11,150	11,542	-3.4%
2,647	-42.0%	EBITDA	4,061	4,562	-11.0%
3,128	-35.0%	PBT	4,274	4,808	-11.1%
2,343	-26.2%	PAT	3,232	4,023	-19.7%

- **Strong Sequential recovery** across segments
- **Comparable PAT** excl. one-time benefit in LY declined 12%

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Segment Revenue Q2 FY21



(Rs. cr.)

Q1 2020-21		Q2		
		2020-21	2019-20	GOLY%
	Segment Revenue (Gross)			
3854	a) FMCG - Cigarettes	5121	5327	(3.9)
3375	- Others	3795	3288	15.4
7228	Total FMCG	8916	8615	3.5
23	b) Hotels	82	427	(80.8)
3746	c) Agri Business	2985	2648	12.8
1026	d) Paperboards, Paper & Packaging	1459	1565	(6.8)
12024	Total	13442	13255	1.4
2588	Less : Inter segment revenue	1550	1505	3.0
9436	Gross Revenue from sale of products & services	11892	11750	1.2

- **FMCG Others:** Revenue up 18.4%^
 - Continued strong growth in Staples, Convenience Foods and Hygiene Portfolio
 - Sharp recovery in Discretionary/OOH portfolio
- **Paperboards, Paper & Packaging:**
 - Strong recovery in Liquor, Tobacco, Cup-stock & Personal Care
 - Continued strong growth in Exports
 - Publication, Paper and Wedding Cards segments remain impacted

^Ex ESPB & LRBD

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Segment Results Q2 FY21



(Rs. cr.)

Q1		Q2		
		2020-21	2019-20	GOLY%
Segment Results				
2356	a) FMCG - Cigarettes	3245	3844	(15.6)
125	- Others	253	90	179.3
2482	Total FMCG	3497	3935	(11.1)
(243)	b) Hotels	(185)	17	NA
179	c) Agri Business	256	249	2.7
160	d) Paperboards, Paper & Packaging	330	356	(7.2)
2578	Total	3899	4558	(14.5)
17	Less : i) Finance Cost	14	13	
(567)	ii) Other un-allocable (income) net of un-allocable expenditure	(389)	(263)	
3128	Profit Before Tax	4274	4808	(11.1)

• **FMCG Others: Segment EBITDA up 66% to 366 cr. (+300 bps)**

- Enhanced scale and operating efficiencies despite gestation & start-up cost of new categories/facilities

• **Paperboards, Paper & Packaging:**

- Margins flattish despite volume/pricing pressure – structural interventions in in-house pulp production & operating efficiencies

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Segment Revenue



	Cigarettes	FMCG Others	Hotels	Agri	Paper
Vs. SPLY	-14%^	18%*	-81%	13%	-7%
Vs. Q1 FY21	33%	15%*	2.5x	-20%#	42%

^Net Revenue Growth

*Excluding LRBD and ESPB

#Seasonality in Agri Business

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Segment Results



	Cigarettes	FMCG Others	Hotels	Agri	Paper
Growth Vs. SPLY	-16%	1.8x	Q2 FY20/Q2 FY21 17/-185 [#]	3%	-7%
Growth Vs. Q1 FY21	38%	100%+	Q1 FY21/Q2 FY21 -243/-185 [#]	43%	1.1x

Represents absolute profit / loss (Rs. Cr.) in the corresponding periods

ITC – A Global Exemplar in Sustainability

Impactful Social Performance



- Sustainable livelihoods supported by ITC's businesses: Over 6 million
- The only Company in the world to be:
 - Carbon Positive 15 years
 - Water Positive 18 years
 - Solid Waste Recycling Positive 13 years
- Renewable energy: Over 41% of total energy consumption
- e-Choupal: 4 million farmers empowered
- Afforestation: Over 827,000 acres greened
- Watershed Development: Over 1,156,000 acres covered
- Livestock Development: Over 1,900,000 milch animals covered
- Solid Waste Management: Well-being Out of Waste (WoW) programme covers Over 1 crore citizens
- Women Empowerment: Over 76,000 poor women benefitted
- Skilling and Vocational Training: Covering over 86,000 youth
- Primary Education: Reaching over 781,000 children
- Health & Sanitation: Over 37,700 toilets built
- Pioneer of green building movement in India: 30 Platinum-rated green buildings
- Pioneer of green building movement in India: Established 30 green buildings
- World's greenest luxury hotel chain: ITC Hotels
- World's highest rated green building: ITC Green Centre, Gurugram
- World's largest LEED® Platinum certified green hotel: ITC Grand Chola, Chennai
- World's first LEED® Platinum certified data centre: ITC Sankhya, Bengaluru

ITC has been Ranked No.1 globally
amongst peers[^] and
No.3 overall
on ESG performance in the
Food Products industry by Sustainalytics
- a global ESG* rating company.

*ESG stands for Environmental, Social and Governance.

[^] (comprising companies with market capitalisation between USD 38 Bln. and USD 51 Bln.)

ITC Rated AA by MSCI-ESG
Highest amongst Global Tobacco cos. &
ahead of FMCG peers

**A passion for
profitable growth....**



....in a way that is sustainable.....



**.... and
inclusive**



Product/initiative	Link
'Yippee!' Noodles	https://youtu.be/0zk6Hke_uVY
Disinfectant Spray	https://www.youtube.com/watch?v=6Wpa2nLiYdk
Mangaldeep Temple Fragrance of God range	https://youtu.be/3E7Ccy13WXY
Candyman Fantastik	https://www.youtube.com/watch?v=l-iYYg7hgl&feature=emb_rel_end
Bingo! Snacks	https://youtu.be/g8uuZv4UOVk
Sunfeast India Run as One initiative	https://sunfeastindiarunasone.procam.in/
#NoHandUnwashed movement	https://youtu.be/RI5Nb3wcvVU
#VoiceofArt initiative	https://www.youtube.com/watch?v=jdKNbUJwi5o
"WeAssure" programme	https://www.itchotels.in/content/dam/projects/hotelswebsite/itc-hotels/WeAssure/WeAssure-itc-hotels.pdf

Thank You