


Q4FY26 Highlights

- **Q4FY26 Performance:** Net revenue declined **5% YoY to ₹17,629crs**, impacted by subdued cigarette volumes and weakness in select segments. Despite the revenue decline, **EBITDA increased 6% YoY to ₹5,470crs**, with EBITDA margin expanding **410 bps YoY to 38.8%**, supported by a favourable product mix and cost efficiencies. Reported PAT grew **6% YoY to ₹5,470crs**. However, total profit declined **72% YoY**, largely due to a high base effect, as the corresponding quarter last year included a one-time gain arising from the demerger of the hotel business into **ITC Hotels**, which was recorded under discontinued operations and significantly boosted reported earnings.
- **FY26 Performance:** For the full year, gross revenue increased **10.3% YoY**, while EBITDA grew **5.4% YoY**. Excluding the paperboards segment, EBITDA growth stood at **6% YoY**, reflecting the resilience of the core businesses despite a challenging operating environment.

Highlights from Presentation

- **FMCG Business (27% of revenue) –** Robust performance in FMCG–Others: Q4 Segment Revenue up 15% YoY (14% YoY ex-Sresta) & Segment Results up 51% YoY; EBITDA margin up ~200 bps YoY to 11% (ex-Sresta). Robust growth momentum continues in Digital-first & Organic portfolio – up ~60% YoY; ARR2 clocking over ₹1350crs.
- Sharp surge in prices of key input materials (viz. edible oil, soap noodles, packaging inputs etc.) towards the end of the quarter amidst West Asia conflict; being proactively mitigated through focused market interventions, supply chain agility, cost management and judicious pricing actions.
- Digitally enabled sales have grown rapidly in recent years and, together with Modern Trade, now account for 34% of the Company's Branded Packaged Foods, Personal Care Products and Incense Sticks (Agarbattis) and Safety Matches sales.
- Organic space, viz. M/s Sresta Natural Bioproducts⁵ (24 Mantra Organic Foods), Sproutlife Foods (Yogabar), Mother Sparsh Baby Care (Mother Sparsh) and Ample Foods (Prasuma & Meatigo), which delivered robust growth of ~60% during the year and together are clocking ARR over ₹1350crs.
- In the Staples Business, 'Aashirvaad' sustained its strong growth momentum and enhanced market standing across segments and geographies.
- Aashirvaad' Salt sustained its strong growth momentum in focus markets, supported by its distinctive positioning –'Iodine Assured salt for a Smarter India'. Premium offerings such as 'Aashirvaad Himalayan Pink Salt', scaled up in top metros, while the recently launched 'Aashirvaad Iron Shakti Salt' is witnessing encouraging consumer traction.
- In the Spices category, the 'Sunrise' brand delivered robust growth and strengthened its market leadership position in the core market of West Bengal, while making steady progress in Northeast, Bihar and Jharkhand markets.
- **The Personal Care Product Business** continued to strengthen its core strategic levers of building brands with purpose, driving first-in-category innovation and investing in categories of the future. During the year, the business delivered strong growth in NewGen channels anchored on distinctive brand propositions and scale up of premium portfolio.
- **The Education and Stationery Products** business delivered a resilient performance during the year in the backdrop of subdued realisations amidst deflationary conditions due to low priced paper imports and opportunistic play by local/regional players.
- **'Mangaldeep' Agarbattis and Dhoop** sustained its robust growth momentum during the year. The company's flagship brand 'Mangaldeep' leveraged market opportunities and further strengthened its market standing across formats including agarbatti, dhoop and sambrani.

Important Data

Nifty	26,373
Sensex	74,267
Close*	₹279.65
Market Cap (₹ crs)	~₹3,54,200
52W High/Low	429/277
BSE Code	500875
NSE Code	ITC
Bloomberg Code	ITC:IN

Close as on 01st June 2026*

Shareholding Pattern (%) – Mar'26

FII	34.8
DII	49.2
Public & Others	16.0

Financials

Particulars	₹ crs		
	FY24	FY25	FY26
Net Revenues	67,391	74,653	78,213
YoY Growth	-4.1%	10.7%	4.8%
EBITDA	25,249	25,978	27,318
EBITDA Margin	37%	34.5%	34.6%
Reported PAT	20,191	20,037	21,018
PAT Margin	29.7%	26.6%	26.6%
Adj EPS	16.14	16.01	16.8
PE	17.3	17.5	16.7

Source: Company, Way2Wealth

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- **FMCG-Cigarettes (~48% of revenue)** – Cigarette revenues grew 29.5% YoY to ₹11951crs, while EBIT increased 7.3% YoY to ₹5797crs. Cigarette profitability was also impacted by consumption of high-cost leaf tobacco inventory, partly offset through premium mix and cost optimization initiatives. Increase in GST rate from 28% of transaction value to 40% of retail sale price along with a steep hike in excise duties w.e.f 1st February, 2026 upon phasing out of Compensation Cess, have resulted in an unprecedented increase in tax incidence on cigarettes.
- The year ahead presents a challenging operating environment in view of the unprecedented increase in taxation that will undoubtedly test the resilience and adaptability of legitimate players in the industry. Notwithstanding such challenges, the company remains confident of fortifying its market standing in the legal cigarette industry leveraging its robust product portfolio of differentiated and premium offerings, strong innovation pipeline, world-class quality, integrated seed-to-smoke value chain, cutting-edge manufacturing & digital technologies and best-in-class in-market execution capabilities.
- **PAPERBOARDS, PAPER & PACKAGING (9% of revenue)** – Segment revenue grew 1.8% YoY to ₹2228crs with EBIT margin of 10% (150bps expansion). The imposition of a Minimum Import Price (MIP) on virgin multi-layer paperboard w.e.f. 22nd August 2025 provided partial relief to the industry, with declining import volumes supporting an uptick in net realisations in the latter half of the year. Additionally, wood prices showed signs of moderation in the latter half of the year, aided by improved availability from sustained plantation and sourcing initiatives. Collectively, these factors led to a gradual recovery in operating performance during the second half of the year; Segment PBIT witnessed 21% YoY & 24% QoQ growth in Q4.
- **Agri-Business (13% of revenue)** – revenue growth declined by 14% due to sweeping tariff measures imposed by the United States, and climate-related supply uncertainties in key producing regions; Segment PBIT down 21% YoY. Supply chain disruptions and logistical challenges, following the West Asia conflict towards the end of the year, led to deferrals of call-offs by certain customers. On the domestic front, the Government imposed stock limits and export restrictions on key agri-commodities to ensure food security which limited the opportunities for the Business.
- The company continues to expand its curated cuisine portfolio across brands including 'ITC Master Chef Creations', 'ITC Aashirvaad Soul Creations', 'ITC Sunfeast Baked Creations' and 'Sansho by ITC Master Chef'. The footprint has been increased to more than 70 cloud kitchens.

Risk

Inflationary raw material prices

VIEW

The ongoing geopolitical tensions in West Asia have amplified concerns surrounding India's energy security and imported inflation. A prolonged conflict, combined with emerging El Niño conditions that may adversely impact monsoon rainfall and exacerbate heatwave intensity, could pose risks to economic growth, inflation dynamics, and the current account balance. These developments may also weigh on consumer sentiment and demand trends, making them key factors to monitor in the near term.

In this backdrop, protecting margins remains a challenging task. Nevertheless, ITC's measured strategy of undertaking gradual price increases while balancing volume growth and market share considerations appears both pragmatic and strategically appropriate.

Supported by a diversified portfolio of category-leading brands and strong execution capabilities, ITC remains well positioned for long-term value creation. At the current market price, the stock trades at **16.7x FY26E earnings**, which we believe adequately reflects its growth prospects. Accordingly, we maintain our **HOLD** recommendation on the stock.

Consolidated Quarterly Financials

(₹ crs)

Particulars	Q4FY26	Q4FY25	VAR [%]	Q3FY26	VAR [%]	FY26	FY25	VAR [%]
Net Sales (Net of Excise Duty)	17,628.9	18,565.1	-5.0%	19,918.2	-11.5%	78,213.3	74,653.3	4.8%
Other Operating Income	195.8	200.0	-2.1%	129.1	51.7%	655.1	670.0	-2.2%
Other Income	585.2	640.3	-8.6%	574.0	1.9%	2,425.8	2,529.7	-4.1%
TOTAL INCOME	18,409.8	19,405.3	-5.1%	20,621.3	-10.7%	81,294.2	77,853.0	4.4%
Cost Of Materials Consumed	6,660.0	6,219.8	7.1%	6,796.6	-2.0%	26,272.3	23,757.3	10.6%
Purchase of stock in trade	1,818.7	1,884.7	-3.5%	1,547.4	17.5%	8,826.0	8,947.0	-1.4%
Stock Adjustment	(2,720.4)	(367.0)	641.2%	73.7	-3790.7%	(2,550.5)	(725.7)	251.5%
<i>RMC as a %age of sales</i>	<i>32.3%</i>	<i>41.2%</i>		<i>42.0%</i>		<i>41.3%</i>	<i>42.5%</i>	
Employee Benefit Expenses	1,747.1	1,596.9	9.4%	1,704.1	2.5%	6,781.5	6,169.8	9.9%
<i>EPC as a %age of sales</i>	<i>9.8%</i>	<i>8.5%</i>		<i>8.5%</i>		<i>8.6%</i>	<i>8.2%</i>	
Other Expenses	3,395.0	2,911.3	16.6%	3,043.1	11.6%	12,221.1	11,196.6	9.1%
<i>Other Expenses as a %age of sales</i>	<i>19.0%</i>	<i>15.5%</i>		<i>15.2%</i>		<i>15.5%</i>	<i>14.9%</i>	
TOTAL EXPENDITURE	10,900.4	12,245.6	-11.0%	13,164.8	-17.2%	51,550.5	49,345.1	4.5%
EBIDTA	6,924.3	6,519.4	6.2%	6,882.5	0.6%	27,317.9	25,978.2	5.2%
<i>EBIDTA Margins %</i>	<i>38.8%</i>	<i>34.7%</i>	<i>4.1%</i>	<i>34.3%</i>		<i>34.6%</i>	<i>34.5%</i>	<i>0.1%</i>
Finance Costs	29.2	10.9	167.5%	19.5	49.9%	85.2	45.1	89.0%
PBDT	7,480.2	7,148.7	4.6%	7,437.1	0.6%	29,658.5	28,462.8	4.2%
Depreciation	422.0	411.0	2.7%	430.8	-2.1%	1,710.5	1,646.3	3.9%
PBT before exceptional items	7,058.3	6,737.7	4.8%	7,006.3	0.7%	27,948.0	26,816.5	4.2%
Share of Profit/(loss) of JV	139.6	98.4		102.4		377.1	110.4	
Profit before the exception item	7,197.9	6,836.1	5.3%	7,108.7	1.3%	28,325.1	26,926.9	5.2%
Exceptional items	(25.2)		-	(354.6)	-92.9%	(291.7)		-
PBT	7,172.7	6,836.1	4.9%	6,754.1	6.2%	28,033.4	26,926.9	4.1%
Tax	1,702.9	1,680.9	1.3%	1,735.6	-1.9%	7,015.2	6,890.5	1.8%
<i>Tax Rate</i>	<i>23.7%</i>	<i>24.6%</i>		<i>25.7%</i>		<i>25.0%</i>	<i>25.6%</i>	
Reported Profit After Tax	5,469.8	5,155.3	6.1%	5,018.5	9.0%	21,018.2	20,036.5	4.9%
<i>PATM %</i>	<i>30.7%</i>	<i>27.5%</i>		<i>25.0%</i>		<i>26.6%</i>	<i>26.6%</i>	
Profit from Discontinued Operation		14,652.6	-100.0%		-		15,016.0	-100.0%
Profit for the Period	5,469.8	19,807.9	-72.4%	5,018.5	9.0%	21,018.2	35,052.5	-40.0%
Other Comprehensive Income (Net of tax) - net credit / (charge)	(791.3)	(401.6)		69.3		(643.3)	(624.9)	
Total Comprehensive Income	4,678.5	19,406.3	-75.9%	5,087.7	-8.0%	20,374.9	34,427.6	-40.8%
EPS	4.37	15.83	-72.4%	4.01	9.0%	16.80	28.02	-40.0%
Equity	1,251.2	1,251.2		1,251.2		1,251.2	1,251.2	
Face Value	1.0	1.0		1.0		1.0	1.0	

Source: Company, Way2Wealth

Consolidated Segmental Financials

(₹ crs)

Particulars	Q4FY26	Q4FY25	VAR [%]	Q3FY26	VAR [%]	FY26	FY25	VAR [%]
Segment Revenue								
FMCG: Cigarettes	11951.72	9228.66	29.5%	9681.08	23.5%	40601	35893.57	13.1%
<i>Mix</i>	48%	42%		42%		41%	40%	
FMCG: Others	6352.41	5503.33	15.4%	6109.58	4.0%	24321.55	22015.12	10.5%
<i>Mix</i>	27%	27%		28%		27%	27%	
Total FMCG	18304.13	14731.99		15790.66	15.9%	64922.55	57908.69	
Hotel								
<i>Mix</i>	0%	0%		0%		0%	0%	
Agri Business	3166.65	3694.64	-14.3%	3859.04	-17.9%	20787.33	20163.79	3.1%
<i>Mix</i>	13%	17%		17%		21%	22%	
Paperboards, Paper & Packaging	2228.61	2188.69	1.8%	2203.03	1.2%	8768.58	8424.58	4.1%
<i>Mix</i>	9%	10%		10%		9%	9%	
Others	1305.26	1164.99	12.0%	1303.76	0.1%	5036.23	4288.11	17.4%
<i>Mix</i>	5%	5%		6%		5%	5%	
Total	25004.65	21780.31	14.8%	23156.49	8.0%	99514.69	90785.17	9.6%
Less: Intersegment revenue	1378.96	1603.9	-14.0%	1578.91	-12.7%	10256.48	9842.41	4.2%
Gross Revenue from sale of products and services	23625.69	20176.41	17.1%	21577.58	9.5%	89258.21	80942.76	10.3%
PBIT								
FMCG: Cigarettes	5797.3	5402.57	7.3%	5487.29	5.6%	22245.62	21091.35	5.5%
<i>Margin</i>	49%	59%		57%		55%	59%	
FMCG: Others	525.78	346.18	51.9%	448.29	17.3%	1811.83	1590.23	13.9%
<i>Margin</i>	8.3%	6.3%	2%	7.3%		7.4%	7.2%	0%
Total FMCG	6323.08	5748.75	10.0%	5935.58	6.5%	24057.45	22681.58	6.1%
Agri Business	200.11	252.71	-20.8%	495.85	-59.6%	1584.24	1540.3	2.9%
<i>Margin</i>	6%	7%		13%		8%	8%	
Paperboards, Paper & Packaging	232.5	194.96	19.3%	188.77	23.2%	754.06	883.11	-14.6%
<i>Margin</i>	10%	9%		9%		9%	10%	
Others	144.99	204.62	-29.1%	187.88	-22.8%	670.4	670.73	0.0%
<i>Margin</i>	11%	18%		14%		13%	16%	
Total	6900.68	6401.04	7.8%	6808.08	1.4%	27066.15	25775.72	5.0%
Less: Finance Cost	29.18	10.91		19.47	49.9%	85.17	45.06	
Other unallocable (income) net of unallocated expenses	-186.75	-347.58		-217.66	-14.2%	-967.04	-1085.86	
Add: Share of Profit/ (Loss) of associates & JV	139.57	98.41		102.39		377.08	110.42	
Less: Exceptional items	25.2			354.58		291.7		
Profit Before Tax	7172.62	6836.12	4.9%	6754.08	6.2%	28033.4	26926.94	4.1%

Source: Company, Way2Wealth

Previous Coverage

Previous Coverage	Date	Report Price (₹)	Buy Range (₹)	Target Price (₹)
Quick Insight	05-Jun-23	443.00	425 – 445	520 – 540
Q1FY24	17-Aug-23	449.00		
Q2FY24	25-Oct-23	436.00		
Q3FY24	31-Jan-23	438.25		
Q4FY24	31-May-24	424.00		
Q1FY25	06-Aug-24	486.00		
Q2FY25	29-Oct-24	484.00		
Q3FY25	17-Feb-25	409.70		
Q4FY25	26-May-25	436.00		
Q1FY26	05-Aug-25	417.00		

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Disclosure of Interest Statement: ITC Ltd. as on 02 June 2026

Name of the Security	ITC Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
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