



Q1FY26 Highlights

- Net Revenue grew 21% YoY, driven by strong growth in Agri Business, followed by Cigarettes and FMCG (ex-notebook) segments. Gross margin contracted 700bps to 52.1% YoY due to a sharp escalation in input costs. Employees and other expenses grew 10%/11% YoY. EBITDA grew 4% YoY to ₹6817crs. EBITDA margin contracted 510bps to 31.7% YoY. Reported PAT grew by 5% YoY to ₹5343crs.
- Sharp cost escalation in key input materials (edible oil, wheat, potato, leaf tobacco, wood, etc.) was witnessed during the quarter.

Highlights from Presentation

- **FMCG Business (25% of revenue)** – The FMCG businesses continued to deliver resilient performance with segment revenue growing 5% YoY to ₹5,800crs. Notebooks industry continues to operate under deflationary conditions on account of low-priced paper imports and opportunistic play by local/regional players. Unseasonal rains during the quarter impacted Beverage's sales. Segment EBITDA margin was up 50bps to 9.4% on a QoQ basis. Segment PBIT margins contracted 200 bps YoY to 6.9%. Commodity prices remain elevated YoY (edible oil, wheat, maida, cocoa, soap noodles etc.)
- Digital first & Organic portfolio, comprising the Yogabar, Mother Sparsh, Prasuma & Meatigo and 24 Mantra brands, continue their strong growth momentum, clocking an ARR of appx. ₹1000crs.
- NewGen channels (viz. e-Commerce, Quick Commerce, Modern Trade) witnessed robust growth on the back of sharp execution of channel-specific joint business plans, collaborations, format-based assortments and category-specific sell-out strategies.
- 'Aashirvaad' Atta posted robust growth, reinforcing its leadership position in the Branded Atta industry. 'Aashirvaad' Salt posted robust growth in focus markets during the year, supported by its distinctive positioning of Iodine Assured salt for a Smarter India.
- **In the Dairy category, 'Aashirvaad Svasti'** fresh dairy portfolio comprising pouch milk, curd, lassi, and paneer recorded strong growth on the back of a best-in-class quality, differentiated products, and superior taste profile. These products are currently available in the Bihar, West Bengal and Jharkhand markets.
- **The Personal Care Product Business** The recently launched 'Fiamo Moisturising Bars with Japanese Hokkaido Milk' continue to gain robust consumer traction.
- **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 as a result of low-priced paper imports.
- **'Mangaldeep' Agarbattis and Dhoop** recorded strong growth during the quarter, leveraging a range of differentiated products backed by sustained & impactful communication of brand attributes, execution of channel-led trade inputs and retail distribution drives.
- Future brand investment will be focused on key FMCG categories (Aashirvaad, Bingo, Vivel) across the high-growth packaged food and personal care segments.
- **FMCG-Cigarettes (~34% of revenue)** – Net segment revenue and segment PBIT are up 7.7% and 3.7% YoY, respectively. Strategic portfolio and market interventions with a focus on competitive belts and to counter illicit trade, drive volume-led growth and reinforce market standing. Stability in taxation aided volume gain from illegal trade. However, sustained leaf tobacco inflation weighed on margins.

Important Data

Nifty	24,723
Sensex	81,018
Close*	₹417
Market Cap (₹ crs)	₹5,21,797
52W High/Low	529/390
Shares o/s (crs)	1251.17
BSE Code	500875
NSE Code	ITC
Bloomberg Code	ITC:IN

Close* as on 4th Aug 2025

Shareholding Pattern (%) – Jun'25

FII	37.98
DII	46.91
Public & Others	15.11

Financials

Particulars	FY23	FY24	FY25
Net Revenues	70,245	67,391	74,653
YoY Growth	17%	-4.1%	10.7%
EBITDA	25,704	25,249	25,978
EBITDA Margin	36%	37%	34.5%
PAT	19,477	20,191	20,037
PAT Margin	27.5%	29.7%	26.6%
EPS	15.44	16.14	16.01
PE	27.1	25.8	26.0

Source: Company, Way2Wealth

Relative performance

Absolute Return (%)	1 Yr	3 Yr	5 Yr
ITC Ltd	-8	7	127
Nifty 50	3	42	120
Sensex	3	39	113

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- **PAPERBOARDS, PAPER & PACKAGING (7% of revenue)** – Segment revenue grew 7% YoY to ₹2116crs. The specialty Papers segment witnessed robust growth driven by capacity augmentation in the Décor segment. PBIT declined 41% YoY to ₹151crs. The Packaging and Printing Business witnessed signs of a gradual uptick in domestic demand. The Business continues to focus on accelerating new business development, offering innovative and customised solutions.
- **Agri-Business (34% of revenue)** – saw robust revenue growth of 39% driven by trading opportunities in Bulk commodities & exports of Leaf Tobacco; Segment PBIT up 22% YoY. Revenue growth driven by agile execution of trading opportunities in bulk commodities, leveraging a multi-channel & digitally powered agri commodity sourcing network. The Business continued to focus on scaling up Value-added agri portfolio (e.g., Aqua, Spices, Coffee); 2.2x over the last 4 years.

Risk

- Inflationary raw material prices

VIEW

ITC Ltd. reported a robust 21% YoY growth in net revenue, led by a strong performance in the Agri Business, followed by steady growth in the Cigarettes and FMCG (ex-notebooks) segments. We believe ITC's long-term growth strategy remains intact, supported by its focus on capital efficiency and an expected recovery in rural demand, which should drive operating performance going forward.

The company continues to strengthen its distribution network and enhance market penetration. With a targeted approach towards niche and premium FMCG categories, along with value-accretive acquisitions, ITC is strategically bridging the growth gap in its FMCG business.

A well-diversified portfolio of market-leading brands positions ITC as a compelling long-term investment. At the current valuation, the stock is trading at 26x FY25E earnings, which we view as reasonable given its growth levers. **We recommend investors to ADD the stock.**

Consolidated Quarterly Financials

(₹ crs)

Particulars	Q1FY26	Q1FY25	VAR [%]	Q4FY25	VAR [%]	FY25
Net Sales	21,372.9	17,666.8	21.0%	18,565.1	15.1%	74,653.3
Other Operating Income	121.9	111.0	9.8%	200.0	-39.1%	670.0
Other Income	682.2	682.7	-0.1%	640.3	6.6%	2,529.7
TOTAL INCOME	22,177.0	18,460.5	20.1%	19,405.3	14.3%	77,853.0
Cost Of Materials Consumed	6,238.3	5,398.7	15.6%	6,219.8	0.3%	23,757.3
Purchase of stock in trade	3,894.2	3,107.5	25.3%	1,884.7	106.6%	8,947.0
Stock Adjustment	98.0	(1,294.4)	-107.6%	(367.0)	-126.7%	(725.7)
<i>RMC as a %age of sales</i>	<i>47.6%</i>	<i>40.6%</i>		<i>41.2%</i>		<i>42.5%</i>
Employee Benefit Expenses	1,675.9	1,517.5	10.4%	1,596.9	4.9%	6,169.8
<i>EPC as a %age of sales</i>	<i>7.8%</i>	<i>8.5%</i>		<i>8.5%</i>		<i>8.2%</i>
Advertisement & Promotion			-		-	0.0
<i>Advertisement Expenses as a %age of sales</i>	<i>0.0%</i>	<i>0.0%</i>		<i>0.0%</i>		<i>0.0%</i>
Other Expenses	2,772.0	2,503.7	10.7%	2,911.3	-4.8%	11,196.6
<i>Other Expenses as a %age of sales</i>	<i>12.9%</i>	<i>14.1%</i>		<i>15.5%</i>		<i>14.9%</i>
TOTAL EXPENDITURE	14,678.3	11,233.0	30.7%	12,245.6	19.9%	49,345.1
EBIDTA	6,816.5	6,544.8	4.2%	6,519.4	4.6%	25,978.2
<i>EBIDTA Margins %</i>	<i>31.7%</i>	<i>36.8%</i>	<i>-5.1%</i>	<i>34.7%</i>		<i>34.5%</i>
Finance Costs	16.5	9.6	71.6%	10.9	51.0%	45.1
PBDT	7,482.2	7,217.9	3.7%	7,148.7	4.7%	28,462.8
Depreciation	423.0	403.1	4.9%	411.0	2.9%	1,646.3
PBT before exceptional items	7,059.3	6,814.8	3.6%	6,737.7	4.8%	26,816.5
Share of Profit/(loss) of JV	68.8	3.8		98.4		110.4
PBT	7,128.0	6,818.6	4.5%	6,836.1	4.3%	26,926.9
Tax	1,784.6	1,726.3	3.4%	1,680.9	6.2%	6,890.5
<i>Tax Rate</i>	<i>25.0%</i>	<i>25.3%</i>		<i>24.6%</i>		<i>25.6%</i>
Reported Profit After Tax	5,343.4	5,092.3	4.9%	5,155.3	3.6%	20,036.5
<i>PATM %</i>	<i>24.9%</i>	<i>28.6%</i>		<i>27.5%</i>		<i>26.6%</i>
Profit from Discontinued Operation		84.7		14,652.6		15,036.0
Profit for the Period	5,343.4	5,177.0	3.2%	19,807.9	-73.0%	35,072.5
Other Comprehensive Income (Net of tax)- net credit / (charge)	214.1	(233.9)		(401.6)		(624.9)
Total Comprehensive Income	5,557.5	4,943.1	12.4%	19,406.3	-71.4%	34,447.6
EPS	4.27	4.14	3.2%	15.83	-73.0%	16.01
Equity	1,251.2	1,251.2		1,251.2		1,251.2
Face Value	1.0	1.0		1.0		1.0

Source: Company, Way2Wealth

Consolidated Segmental Financials

(₹ crs)

Particulars	Q1FY26	Q1FY25	VAR [%]	Q4FY25	VAR [%]	FY25
Segment Revenue						
FMCG: Cigarettes	9553.86	8842.22	8.0%	9228.66	3.5%	35893.57
Mix	34%	36%		42%		40%
FMCG: Others	5800.44	5498.8	5.5%	5503.33	5.4%	22015.12
Mix	25%	29%		27%		27%
Total FMCG	15354.3	14341.02		14731.99	4.2%	57908.69
Agri Business	9723.84	6997.89	39.0%	3694.64	163.2%	20163.79
Mix	34%	29%		17%		22%
Paperboards, Paper & Packaging	2116.62	1976.85	7.1%	2188.69	-3.3%	8424.58
Mix	7%	8%		10%		9%
Others	1182.59	969.85	21.9%	1164.99	1.5%	4288.11
Mix	4%	4%		5%		5%
Total	28377.35	24285.61	16.8%	21780.31	30.3%	90785.17
Less: Intersegment revenue	5369.86	5046.56	6.4%	1603.9	234.8%	9842.41
Gross Revenue from sale of products and services	23007.49	19239.05	19.6%	20176.41	14.0%	80942.76
PBIT						
FMCG: Cigarettes	5498.93	5255.06	4.6%	5402.57	1.8%	21091.35
Margin	58%	59%		59%		59%
FMCG: Others	399.03	479.17	-16.7%	346.18	15.3%	1590.23
Margin	6.9%	8.7%	-2%	6.3%		7.2%
Total FMCG	5897.96	5734.23	2.9%	5748.75	2.6%	22681.58
Agri Business	434.67	344.6	26.1%	252.71	72.0%	1540.3
Margin	4%	5%		7%		8%
Paperboards, Paper & Packaging	151.4	256.15	-40.9%	194.96	-22.3%	883.11
Margin	7%	13%		9%		10%
Others	154.88	133.42	16.1%	204.62	-24.3%	670.73
Margin	13%	14%		18%		16%
Total	6638.91	6468.4	2.6%	6401.04	3.7%	25775.72
Less: Finance Cost	16.47	9.6		10.91	51.0%	45.06
Other un-allocable (income) net of unallotted exp	-436.81	-356.01		-347.58	25.7%	-1085.86
Add: Share of Profit/ (Loss) of associates & JV	68.76	3.76		98.41		110.42
Profit Before Tax	7128.01	6818.57	4.5%	6836.12	4.3%	26926.94

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		

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Disclosure of Interest Statement: ITC Ltd. as on 05 August 2025

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
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