Diversified FMCG | Close*: ₹289 | MCAP: ~₹3,58,530crs | HOLD | 5th August 2026

Enduring Value

Q1FY27 Highlights

- **Net Revenue** declined **11% YoY** (down **2% YoY excluding Agri Business**), impacted by weakness in the Agri segment. **Gross margin** expanded **110 bps YoY to 53.2%**, while higher employee and other operating expenses (**+12%/+14% YoY**) weighed on profitability. Consequently, **EBITDA** declined **24% YoY to ₹5,181crs**, with the **EBITDA margin** contracting **460 bps YoY to 27.1%. Reported PAT** fell **15.6% YoY to ₹4,509crs.**
- The quarter was impacted by the **West Asia conflict**, which led to a sharp rise and heightened volatility in **crude oil and crude-linked input prices**, as well as **trade and supply chain disruptions**, exerting pressure on costs and operations.

Highlights from Presentation

- **FMCG Business (23% of revenue) –** The FMCG business continued to deliver resilient performance with segment revenue increasing 12% YoY to ₹6688crs. Segment EBITDA margin up 55 bps on a YoY basis (ex-Sresta)
- Digital-first & Organic portfolio, comprising the Yogabar, Mother Sparsh, Prasuma & Meatigo, and 24 Mantra brands, continues its strong growth momentum, clocking an ARR of approx. ₹1500crs.
- 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.
- YiPPee!' Noodles delivered a robust volume-led growth, sustaining its market standing as a strong No.2 brand in the Instant Noodles category. The Business continued to deploy high-decibel campaigns to enhance consumer connect and reinforce momentum
- **In the Dairy category, 'Aashirvaad Svasti'** fresh dairy portfolio comprising pouch milk, curd, lassi and paneer continued to record robust growth on the back of best-in-class quality, differentiated products and superior taste profile. The fresh dairy portfolio is currently available in Bihar, West Bengal and Jharkhand markets and continues to enhance market penetration through rapid scale-up of its distribution network.
- The Beverages category registered strong growth during the quarter. The portfolio was refreshed through focused innovation, including the launch of 'B Natural Coconut Cola'.
- **The Personal Care Product business recorded strong growth** led by 'Fiama Moisturising Bars with Japanese Hokkaido Milk ', which continues to gain robust consumer traction along with Savlon's range of Health & Hygiene portfolio and 'Nimyle' range of Homecare products.
- **The Education and Stationery Products** Business continued to witness heightened competitive intensity, especially from regional/local players, on the back of a sharp reduction in paper prices due to 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.
- **FMCG-Cigarettes (~47% of revenue) –** Net segment revenue and segment PBIT declined by 25% and 35% YoY, respectively. This downturn was primarily triggered by a massive excise duty hike in Feb'26, leading to staggered price increases of 20–25%

Important Data

Nifty	24,615
Sensex	78,429
CMP	₹289
Market Cap (₹ crs)	~₹3,58,530
52W High/Low	427/275
BSE Code	500875
NSE Code	ITC
Bloomberg Code	ITC:IN

Close as on 4th August 2026*

Shareholding Pattern (%) – Jun'26

FII	34.23
DII	49.13
Public &Others	16.65

Financials

(₹ crs)

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

Source: Company, Way2Wealth

Particulars	FY26	FY27	FY28
Net Revenues	78,868	81234	88139
YoY Growth	4.7%	3.0%	8.5%
EBITDA	27,306	25,020	27,147
EBITDA Margin	35%	31%	31%
PAT	21,025	19,242	20,991
PAT Margin	26.7%	23.7%	23.8%
EPS	16.9	15.5	16.9

Relative performance

Absolute Return (%)	1 Yr	3 Yr	5 Yr
ITC Ltd	-30	-31	44
Nifty 50	0	26	51
Sensex	-3	20	44

across products that severely hindered growth. Strategic portfolio and market interventions with a focus on competitive belts and to counter illicit trade drove volume-led growth and reinforced market standing. Stability in taxation aided volume gain from illegal trade. However, sustained leaf tobacco inflation weighed on margins. ITC has launched new SKUs, adjusted prices strategically, and restructured its offerings; the company has implemented 30 distinct interventions to rationalise its product portfolio.

- **PAPERBOARDS, PAPER & PACKAGING (7% of revenue) –** Segment revenue grew 9% YoY to ₹2311crs. PBIT grew 43% YoY to ₹216crs and margin expanded 200bps to 9% YoY. The Packaging and Printing Business delivered robust growth during the quarter, driven by both the Flexibles and Cartons portfolio. The Business remains focused on accelerating new business development, offering innovative and customised solutions.
- **Agri-Business (23% of revenue)**; revenue declined 16% YoY to ₹8138crs. Leaf Tobacco Business was impacted on account of lower domestic demand. This was further accentuated by subdued global offtake and delayed call-offs by customers amidst disruptions in West Asia. The Business remains focused on leveraging its strong customer relationships, crop development & processing expertise and globally recognised sustainability credentials for new business development and strengthen its competitive position. Segment PBIT declined 17% YoY. 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

Sequential growth in cigarette revenue validates ITC's calibrated pricing strategy, demonstrating its ability to effectively absorb higher excise duties while sustaining demand. 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. Within FMCG, ITC has entered the premium beverage segment with the launch of **"Coconut Cola"** exclusively on quick-commerce platforms. Additionally, its portfolio of digital-first and organic brands—including **Yogabar, 24 Mantra, Prasuma, Meatigo, and Mother Sparsh**—is expected to sustain strong growth momentum.

The prolonged Middle East conflict and evolving El Niño conditions, which could lead to a weaker monsoon and more intense heatwaves, may pose near-term risks to demand and inflation. **At the current price, the stock is trading at 17.1 FY28E**; we expect recovery to be gradual amid ongoing regulatory and tax risks. **We maintain a hold view over the medium to long term.**

Consolidated Quarterly Financials

(₹ crs)

Particulars	Q1FY27	Q1FY26	VAR [%]	Q4FY26	VAR [%]	FY26
Net Sales (Net of Excise Duty)	19,000.9	21,372.9	-11.1%	17,628.9	7.8%	78,213.3
Other Operating Income	113.5	121.9	-6.9%	195.8	-42.0%	655.1
Other Income	655.7	682.2	-3.9%	585.2	12.1%	2,425.8
TOTAL INCOME	**19,770.1**	**22,177.0**	**-10.9%**	**18,409.8**	**7.4%**	**81,294.2**
Cost Of Materials Consumed	6,982.2	6,238.3	11.9%	6,660.0	4.8%	26,272.0
Purchase of stock in trade	2,866.0	3,894.2	-26.4%	1,818.7	57.6%	8,826.0
Stock Adjustment	(957.3)	98.0	-1077.0%	(2,720.4)	-64.8%	(2,550.5)
RMC as a %age of sales	*46.5%*	*47.6%*		*32.3%*		*41.3%*
Employee Benefit Expenses	1,877.0	1,675.9	12.0%	1,747.1	7.4%	6,781.5
EPC as a %age of sales	*9.8%*	*7.8%*		*9.8%*		*8.6%*
Advertisement & Promotion			`		`	
Advertisement Expenses as a %age of sales	*0.0%*	*0.0%*		*0.0%*		*0.0%*
Other Expenses	3,165.7	2,772.0	14.2%	3,395.0	-6.8%	12,221.1
Other Expenses as a %age of sales	*16.6%*	*12.9%*		*19.0%*		*15.5%*
TOTAL EXPENDITURE	**13,933.5**	**14,678.3**	**-5.1%**	**10,900.4**	**27.8%**	**51,550.2**
EBIDTA	**5,180.9**	**6,816.5**	**-24.0%**	**6,924.3**	**-25.2%**	**27,318.2**
EBIDTA Margins %	***27.1%***	***31.7%***	***-4.6%***	***38.8%***		***34.6%***
Finance Costs	39.8	16.5	141.5%	29.2	36.3%	85.2
PBDT	**5,796.8**	**7,482.2**	**-22.5%**	**7,480.2**	**-22.5%**	**29,658.9**
Depreciation	427.7	423.0	1.1%	422.0	1.4%	1,710.7
PBT before exceptional items	**5,369.1**	**7,059.3**	**-23.9%**	**7,058.3**	**-23.9%**	**27,948.1**
Share of Profit/(loss) of JV	**85.9**	**68.8**		**139.6**		**377.1**
Profit before exception item	**5,455.0**	**7,128.0**	**-23.5%**	**7,197.9**	**-24.2%**	**28,325.2**
Exceptional items	405.9		`	(25.2)	-1710.6%	(291.7)
PBT	**5,860.9**	**7,128.0**	**-17.8%**	**7,172.7**	**-18.3%**	**28,033.5**
Tax	1,352.1	1,784.6	-24.2%	1,702.9	-20.6%	7,015.2
Tax Rate	*23.1%*	*25.0%*		*23.7%*		*25.0%*
Reported Profit After Tax	**4,508.8**	**5,343.4**	**-15.6%**	**5,469.8**	**-17.6%**	**21,018.3**
PATM %	***23.6%***	***24.9%***		***30.7%***		***26.6%***
Other Comprehensive Income (Net of tax)- net credit / (charge)	**365.7**	**214.1**		**(791.3)**		(643.3)
Total Comprehensive Income	**4,874.5**	**5,557.5**	**-12.3%**	**4,678.5**	**4.2%**	**20,375.0**
EPS	**3.60**	**4.27**	**-15.6%**	**4.37**	**-17.6%**	**16.80**
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	Q1FY27	Q1FY26	VAR [%]	Q4FY26	VAR [%]	FY26
Segment Revenue						
FMCG: Cigarettes	16596.67	9553.86	73.7%	11951.72	38.9%	40601
Mix	*47%*	*34%*		*48%*		*41%*
FMCG: Others	6687.9	5800.44	15.3%	6352.41	5.3%	24321.55
Mix	*23%*	*25%*		*27%*		*27%*
Total FMCG	**23284.57**	**15354.3**		**18304.13**	27.2%	**64922.55**
Agri Business	8137.81	9723.84	-16.3%	3166.65	157.0%	20787.33
Mix	*23%*	*34%*		*13%*		*21%*
Paperboards, Paper & Packaging	2310.27	2116.62	9.1%	2228.61	3.7%	8768.58
Mix	*7%*	*7%*		*9%*		*9%*
Others	1379.5	1182.59	16.7%	1305.26	5.7%	5036.23
Mix	*4%*	*4%*		*5%*		*5%*
Total	**35112.15**	**28377.35**	23.7%	**25004.65**	40.4%	**99514.69**
Less: Intersegment revenue	5702.33	5369.86	6.2%	1378.96	313.5%	10256.48
Gross Revenue from sale of products and services	**29409.82**	**23007.49**	27.8%	**23625.69**	24.5%	**89258.21**
PBIT						
FMCG: Cigarettes	3769.11	5498.93	-31.5%	5797.3	-35.0%	22245.62
Margin	*23%*	*58%*		*49%*		*55%*
FMCG: Others	484.97	399.03	21.5%	525.78	-7.8%	1811.82
Margin	*7.3%*	*6.9%*	*0%*	*8.3%*		*7.4%*
Total FMCG	**4254.08**	**5897.96**	-27.9%	**6323.08**	-32.7%	**24057.44**
Agri Business	359.11	434.67	-17.4%	200.11	79.5%	1584.24
Margin	*4%*	*4%*		*6%*		*8%*
Paperboards, Paper & Packaging	216.81	151.4	43.2%	232.5	-6.7%	754.06
Margin	*9%*	*7%*		*10%*		*9%*
Others	165.26	154.88	6.7%	144.99	14.0%	670.4
Margin	*12%*	*13%*		*11%*		*13%*
Total	**4995.26**	**6638.91**	-24.8%	**6900.68**	-27.6%	**27066.14**
Less: Finance Cost	39.78	16.47		29.18	36.3%	85.17
Other un-allocable (income) net of unallotted exp	-413.15	-436.81		-186.75	121.2%	-967.04
Add: Share of Profit/ (Loss) of associates & JV	405.88			139.57		-291.7
Less: Exceptional items	85.91	68.76		25.2		377.08
Profit Before Tax	**5860.42**	**7128.01**	-17.8%	**7223.02**	-18.9%	**28033.39**

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		
Q4FY26	02-Jun-26	279.70		

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Disclosure of Interest Statement: ITC Ltd. as on 05 August 2026

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