ITC Limited

One of India’s Most Admired and Valuable Companies
Profile

- One of India’s most Admired and Valuable companies
  - Market Capitalisation: ~Rs. 3.2 lakh crores

- A US$ 8 billion enterprise by Revenue
  - ~58% of Net Revenue from non-Cigarette segments

- Leading Fast Moving Consumer Goods (FMCG) marketer in India
  - Established several world-class brands in the last 10 years

- 10 year Value Addition ~ Rs. 2.8 lakh crores (US$ 51 billion). 75% of the incremental Value-Added accrued to the Exchequer over the last 5 years.
  - Among the top tax payers in the country

- ITC & its Group Companies employ over 32,000 people directly; Sustainable development models and value chains have supported creation of ~6 million sustainable livelihoods

- A global exemplar in sustainable business practices
  - Only enterprise in the world of comparable dimensions to have achieved and sustained the 3 key global indices of environmental sustainability of being 'water positive' (for 15 years), 'carbon positive' (for 12 years), and 'solid waste recycling positive' (for 10 years)
Over the last 5 years

- Value Addition at ₹ 1.88 lakh cr. (Cagr 11.8%) and
- Contribution to the Exchequer at ₹ 1.38 lakh cr. (Cagr 12.2%)
## ITC Performance Track Record

<table>
<thead>
<tr>
<th></th>
<th>1995-96</th>
<th>2016-17</th>
<th>21-yr Cagr 95-96 to 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>5,115</td>
<td>55,002</td>
<td><strong>12.0%</strong></td>
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<tr>
<td>Net Revenue</td>
<td>2,536</td>
<td>38,979</td>
<td><strong>13.9%</strong></td>
</tr>
<tr>
<td>PBT</td>
<td>452</td>
<td>15,503</td>
<td><strong>18.3%</strong></td>
</tr>
<tr>
<td>PAT</td>
<td>261</td>
<td>10,201</td>
<td><strong>19.1%</strong></td>
</tr>
<tr>
<td>Capital Employed</td>
<td>1,886</td>
<td>47,238</td>
<td><strong>16.6%</strong></td>
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<tr>
<td>Segment ROCE%</td>
<td>36.3</td>
<td>61.0</td>
<td></td>
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<tr>
<td>Market Capitalisation</td>
<td>5,571</td>
<td>340,673</td>
<td><strong>21.6%</strong></td>
</tr>
<tr>
<td>Total Shareholder Returns %</td>
<td></td>
<td></td>
<td><strong>23.6%</strong></td>
</tr>
</tbody>
</table>

**Sensex (CAGR 95-96 to 16-17) : 10.9%**

*Market Cap and TSR based on FY-end prices for FY96 and FY17*
ITC’s ranking
Amongst all listed private sector cos.

PBT: No. 5

PAT: No. 5

Market Capitalisation: No. 4

Note: Based on Published Results for Q1FY18, Market Capitalisation based on 30th Sep 2017
• **ITC ranked as the most admired company** in India in 2014 *(Fortune-Hay Group survey)*

• One of the foremost in the private sector in terms of:
  - Sustained value creation
  - Operating profits
  - Cash Profits

• **ITC won the prestigious Porter Prize 2017** for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value'.

• **ITC ranked 3rd amongst leading corporates in India in terms of Corporate Reputation** *(Nielsen Corporate Image Monitor 2014-15)*

• **ITC ranked most active in CSR for the third year in a row** *(Nielsen Corporate Image Monitor 2014-15)*
Harvard Business Review ranked ITC Chairman Y C Deveshwar as the 7th Best Performing CEO in the World.

Chairman Y C Deveshwar was conferred the Padma Bhushan by the Government of India (2011).

Chairman Y C Deveshwar conferred the prestigious ‘World Business and Development Award 2012’ at the Rio+20 UN Summit for its Social and Farm Forestry Initiatives.

Chairman Y C Deveshwar conferred the Management Man of the Year Award by the Bombay Management Association (BMA).

Chairman Y C Deveshwar conferred the Lifetime Achievement Award by Economic Times.

Chairman Y C Deveshwar conferred the Lifetime Achievement Award by Business Standard and CNBC TV18.

Chairman Y C Deveshwar conferred the prestigious Banga Bibhushan award, the highest civilian honour instituted by the Government of West Bengal.
Awards & Accolades (3)

Rainforest Alliance awarded ITC's Bhadrachalam Unit, the Forest Stewardship Council Forest Management certification.

Businessworld FICCI CSR award in Large Enterprise category.

AIM Asian CSR Award by the Asian Forum on Corporate Social Responsibility.

ITC Hotels awarded the ‘Most Trusted Hotel brand’ in the Public Choice Honours category at the Times Travel Honours.

Best Overall Corporate Social Responsibility Performance: Institute of Public Enterprise.
Recent Awards & Accolades (1)

ITC named India's 'Buzziest' Corporate brand by afaqs!, the country's leading media portal

Sunfeast, Bingo! and Yippee! featured among the Top 5 in the Foods category

Wills Lifestyle was recognised at the 2016 DMAi CREATEmark Effect Awards for creativity in ‘Interactive Experiential Marketing’

John Players won top awards at Goa Fest 2016 (Creative ABBY Awards) for innovative use of image/design and social media content

Vivel featured among the top 10 ‘Buzziest brands’ across categories

Vivel, Engage and Fiama featured among the Top 5 in the Personal Care segment. Savlon ranked No.2 in the OTC category

Savlon Healthy Hand Chalk Sticks campaign won 7 Lions at Cannes 2017
ITC Limited was recognised and felicitated as the ‘Corporate Trailblazer’ at the India Today Safaigiri Awards. ITC was the only Corporate to have been presented the Safaigiri Award by India Today.

Bukhara at ITC Maurya Rated Among 'Best Restaurants in the World’ by Conde Nast Traveler.

ITC Grand Bharat was ranked #1 amongst the top resorts in Asia for the second year in a row in the coveted Conde Nast Traveler U.S. Readers’ Choice Awards.
Sustain ITC’s position as one of India’s most valuable and admired corporations through world-class performance, creating growing value for the Indian economy and the Company’s stakeholders.
ITC’s Vision

- Make a significant and growing contribution towards:
  - mitigating societal challenges
  - enhancing shareholder rewards

By

- creating **multiple drivers of growth** while **sustaining leadership in tobacco**, and

- focusing on ‘**Triple Bottom Line’ Performance**
  - **Enlarge contribution to the Nation’s**
    - Financial capital
    - Environmental capital
    - Social capital
Key Corporate Strategies

- **Focus on the chosen business portfolio**
  - FMCG; Hotels; Paperboards, Paper & Packaging; Agri Business; Information Technology

- **Blend diverse core competencies residing in various Businesses to enhance the competitive power of the portfolio**

- **Position each business to attain leadership on the strength of world-class standards in quality and costs**

- **Craft appropriate ‘Strategy of Organisation’ and governance processes to:**
  - Enable focus on each business *and*
  - Harness diversity of portfolio to create unique sources of competitive advantage
Strategy of Organisation

3-Tiered Governance Structure

- Board of Directors
  - Strategic Supervision
- Corporate Management Committee
  - Strategic Management
- Divisional Management Committees
  - Executive Management

- Enabling Focus on each Business
- Harnessing Diversity of Portfolio
ITC’s Business Portfolio

FMCG

- Cigarettes
- Foods
- Personal Care
- Lifestyle Retailing

Education & Stationery

Safety Matches & Incense Sticks

Hotels

Paperboards, Paper & Packaging

Agri Business

Information Technology
ITC’s Cigarettes Business

- Market leadership
  - Leadership across all segments - geographic & price

- State-of-the-art technology and world-class products
Legal cigarettes account for only ~11% of tobacco consumed in India due to a punitive taxation and discriminating regulatory regime.

India is the 4th largest illegal cigarette market in the World; resulting in Revenue loss of over 9000 cr. p.a. to the National Exchequer.

42% of adult Indian males consume tobacco. Only 7% of adult Indian males smoke cigarettes as compared to 14% who smoke bidis and 30% who use smokeless tobacco (Source: Global Adult Tobacco Survey India 2016-17).

Annual per capita adult cigarette consumption in India is approx. one-ninth of world average.
Legal Cigarettes contribute 87% of Tax Revenue, despite constituting only 11% of Tobacco consumption.

The cumulative growth in tax incidence on cigarettes, after cognising for the latest increase in Cess rates, stands at a staggering 202% since 2011-12, i.e. the last 6 years.

Note: Consumption Share and Tax Revenue Share based on 2014/15 data
Widening differential in Excise Duty rates between Cigarettes and Other Tobacco Products

On a per kg basis, the differential in Excise Duty rates between cigarettes and other tobacco products has widened from 29 times in 2005/06 to over 53 times currently.

Source: Tobacco Institute of India
Cigarettes are least affordable in India

- Cigarette taxes in India are 14 times higher than USA, 9 times higher than Japan, 7 times higher than China, 5 times higher than Australia and 3 times higher than Malaysia and Pakistan.

Source: WHO Report on the Global Tobacco Epidemic, 2015-Raising Taxes on Tobacco
Per Capita Consumption of Tobacco in India (gms per year)


Per Capita consumption is ~60% of World Average
Per Capita Cigarette Consumption – 11% of World average

- Although India accounts for 17% of world population, its share of world cigarette consumption is just 1.8%
- Per Capita consumption in India ~11% of World average

FMCG Cigarettes

- Legal cigarette industry volumes remain under pressure
  - Continued growth in Illegal industry
  - Additional burden on the Business due to non-availability of Additional Duty Surcharge credit on transition stocks and adverse impact on pipeline stocks due to unanticipated revision in GST Compensation Cess w.e.f. 18th July 2017.

- Cumulative increase in tax incidence on Cigarettes up ~202% over the last 6 years

- Hearings on 85% GHW matter at the Karnataka High Court
  - The Honourable High Court of Karnataka has heard the writ petitions challenging the revised GHW and has reserved its judgement.
Creating world-class brands for Indian Consumers
Rapid scale up of FMCG businesses

(₹ crs)
Annual Consumer Spends of nearly 14000 cr. (FY17)
Biscuits, Staples, Snacks, Noodles & Pasta, Confectionery, Ready to Eat, Juices, Dairy, Chocolates, Coffee and Prawns
Fabelle Chocolate Boutiques

- **Ganache**
- **Fabelle Chocolate Boutique at ITC Grand Chola**
- **Gianduja**

- **Single Origin Cacaos**
- **Fabelle Gift Hamper**

- Launched in Q1 FY17
- Currently available across ITC Hotels and extended to premium outlets in Bengaluru, Kolkata and Chennai.
Branded Packaged Foods: Some recent launches

Sunfeast Farmlite Protein Power
Sunfeast A2 Cow Milk Biscuits
Sunfeast Farmlite Digestive (5 Grain)
Candyman Cola Josh
Bingo! No Rulz
Sunfeast YiP Pee! Mood Masala
100% Not From Concentrate Pomegranate juice
Civil works at the Integrated Manufacturing and Logistics facilities progressing as per schedule

- Uluberia commissioned in Nov’16; Mysuru and Guwahati facilities in Mar’17.
- Panchla and Kapurthala facilities expected to be operational shortly.
- Project work underway in over 20 locations.
Personal Care Products

- Portfolio comprise following brands:

- The ‘Engage’ range of deodorants strengthened its No. 2 position in this category. New portfolio addition with several new variants launched during the year.
  - ‘Engage ON’ Pocket Perfume record robust growth on the back of unique value proposition.
  - Portfolio expanded with launch of ‘Engage On+’ premium perfumes.

- Launched moisturising skin cream under the recently acquired ‘Charmis’ brand.

- Laboratoire Naturel – A state-of-the-art consumer and product interaction centre – leveraged to launch unique and differentiated products.
Personal Care: Some recent launches

Engage On+ Premium Perfume

Charmis Moisturising Cold Cream

Engage Pocket Perfume

Engage Sport Range

Vivel Lotus Oil
Leverages printing and paper know-how to address suitable opportunities in the stationery market
- Classmate, Saathi and Paperkraft brands continue to enhance market standing

Industry growth driven by increasing literacy and enhanced scale of government and public-private education initiatives

Geometry boxes witnessed robust growth backed by new launches

Portfolio extension with the launch of Classmate Puzzles

Classmate: Market leader in Notebooks segment
Lifestyle Retailing

- **‘Wills Lifestyle’** brand, positioned at the premium end of the market continues to fulfil lifestyle aspirations by offering elegant designs in high quality premium fabrics and styles
  - available in 400 outlets across 56 cities including six exclusive boutique stores across ITC Hotels.

- In the Youth fashion segment, **‘John Players’** continues to drive fashion imagery anchored on bold and edgy fashion.
  - available in over 250 exclusive stores and 600 outlets in leading national / regional department stores and multi-brand outlets.
• ‘Mangaldeep’ continues to fortify its market standing in the Agarbatti and Dhoop segment.
• ‘AIM’ continues to be the largest selling safety matches brand in India.
• Launched in September 2016 on both Android & iOS platforms the Mangaldeep App is currently available in seven languages and caters to the everyday devotional needs of consumers.
Hotels

- One of the fastest growing hospitality chains in India
- Greenest Hotel Chain in the world
- Leader in Profitability
Hotels & Tourism industry

- Foreign Tourist Arrivals (FTA) growth has picked up in the last few quarters.
  - FTA into India @ ~8.0 million remains far behind China (~56.8 million)
    [Source: UNWTO Tourism Highlights 2016 edition]
  - Going forward, as economic conditions and infrastructure improve, leisure tourism and business related travel is also projected to grow faster
    ✓ Foreign Tourist Arrivals into India is projected at ~11 million by 2021

- Industry: Current Room inventory ~240,000 rooms, of which ~66,000 rooms are in the Luxury and Upper-Upscale segments
Hotels Business

- **The Chain:** ~100 properties across 70 locations
  - 4 Brands: ITC Hotels, WelcomHotel, Fortune & WelcomHeritage
    - 21 Five-Star Deluxe/ Five-Star Properties with over 4400 rooms
    - 46 Fortune Hotels with over 3500 rooms
    - 32 WelcomHeritage Properties with over 750 rooms

- Industry has seen some improvement in ARR, in the last couple of quarters.
  - Overall, due to excessive room inventory, pricing scenario continues to be sluggish.

- **Projects** underway:
  - ITC Hotels: Kolkata, Hyderabad, Ahmedabad, Srinagar
  - WelcomHotels at 3 cities; Bhubaneswar, Guntur and Amritsar.

- Company’s first **overseas project** in Colombo, being undertaken by a wholly-owned subsidiary in Sri Lanka
  - Construction activity is progressing as per schedule
WelcomHotel Coimbatore Launched

103 keys (including 4 suites) and 2 signature F&B outlets
ITC Hotels: World’s Greenest Luxury Hotel Chain

All ITC Luxury Hotels LEED Platinum certified

“Responsible Luxury” ethos woven into the Brand Identity
Paperboards & Packaging Business

• No. 1 in Size
• No. 1 in Profitability
• World-class Environmental Performance
Indian Paperboard market

- Annual paperboard demand over 2.6 million tonnes
- Low per capita usage of paper at around 9 kgs p.a. (world average – over 58 kgs p.a.)
- Indian paperboard market growing at 6% p.a.
- Value-added Paperboards - the fastest growing segment (12% p.a.) in India driven by:
  - Increasing demand for branded packaged products
  - Growth in organised retail
  - Use of packaging as a key differentiator, especially in the FMCG sector
ITC’s Paperboards, Paper & Packaging businesses

- **Market leader in Value-Added Paperboards segment**

- **World-class technology & quality**
  - Fully integrated Ozone bleached Pulp Mill (3.5 lakh TPA) – one of its kind in Asia meeting world-class environmental standards
  - India’s first Bleached Chemical Thermo Mechanical Pulp (BCTMP) mill, recently commissioned by ITC, will further reduce dependence on imported pulp and provide sustained competitive advantage to the Business

- **Strategic projects underway** - Value Added Paperboard (+1.5 lakh TPA), Decor (+0.2 lakh TPA)

- **ITC’s packaging SBU** - India’s largest converter of Paperboard into high quality packaging
  - Provides superior packaging solutions to the cigarettes and new FMCG businesses
  - Leading supplier to Indian FMCG industry
  - Strengthened its capabilities as a one-stop-shop for packaging solutions with the addition of a rigid box and a flexo corrugation line

*TPA: Tonnes per annum*
Agri Business

• Leading Agri Business player in India
• Pioneer in rural transformation
• No. 1 in Leaf Tobacco
Indian Leaf Tobacco industry

- India – the second largest producer of tobacco (World excl. China)

- However, India’s share is only at 9% of world tobacco trade
  - Leaf exports dropped to an eight-year low of ~200 million Kgs.

- ITC – India’s largest buyer, processor, consumer & exporter of cigarette tobaccos
  - 5th largest leaf tobacco exporter in the world

- Pioneering cultivation of flavourful Flue-cured and superior Burley tobaccos in India

- Growth in exports in recent years driven by improvement in farm realisations
ITC’s Agri Commodity Business

- Distinctive sourcing capability for ITC’s Branded Packaged Foods Businesses
  - Identity-preserved superior quality wheat for ‘Aashirvaad’ atta
  - High quality chip stock for ‘Bingo! Yumitos’ potato wafers
  - Superior quality fruit pulp for ‘B Natural’ range of juices

- Farm linkages in 17 States covering Wheat, Soya, Potato, Coffee etc.

- Unique Customer Relationship Management programme for commodity customers in both domestic and international markets

- Leveraging Information Technology for the transformational ‘e-Choupal’ initiative
  - Rural India’s largest Internet-based intervention
  - Over 35000 villages linked through around 6100 e-Choupals servicing around 4 million farmers
ITC’s Agri Commodity Business

**e-Choupal: Strategic Thrust**

- **Procurement: cost & quality optimisation**
  - strategic sourcing support to the Branded Packaged Foods Businesses
  - cost-effective sourcing for exports/domestic external business

- **Rural retail**
  - 23 Choupal Saagars operational
ITC e-Choupal – Global Recognition


– Stockholm Challenge Award 2006 in the Economic Development category which recognises initiatives that leverage Information Technology to improve living conditions and foster economic growth in all parts of the world.

– First Indian Company and second in the world to win the Development Gateway Award 2005 for its trail-blazing e-Choupal initiative.

– Corporate Social Responsibility Award 2004 from The Energy and Resources Institute (TERI).


– Harvard University case study

– Applauded by the then President of India Dr APJ Abdul Kalam in his special address during the national symposium to commemorate 60th year of Independence.
ITC - Key Financials – Q2 2017/18

- Gross Sales Value growth driven by Foods, Personal Care offset by muted growth in Cigarettes
- Gross Revenue for the quarter ended 30th September, 2017 is not comparable with the previous period a/c GST transition
- 85% of incremental Value Added accrued to the Exchequer

Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)
Gross Segment Revenue – Q2 17/18

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017-18</th>
<th>Q2 2017-18</th>
<th>Q2 2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017-18</td>
<td>2016-17</td>
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<tr>
<td></td>
<td></td>
<td>8774</td>
<td>4554</td>
<td>8528</td>
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<tr>
<td></td>
<td></td>
<td>2601</td>
<td>2804</td>
<td>2672</td>
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<tr>
<td></td>
<td></td>
<td>11375</td>
<td>7358</td>
<td>11200</td>
</tr>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>4554</td>
<td>8528</td>
<td>(46.6)</td>
<td></td>
</tr>
<tr>
<td>- Others</td>
<td>2804</td>
<td>2672</td>
<td>5.0</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td>305</td>
<td>300</td>
<td>297</td>
</tr>
<tr>
<td>b) Hotels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2761</td>
<td>1968</td>
<td>1880</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>1968</td>
<td>1880</td>
<td>4.7</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>1360</td>
<td>1309</td>
<td>1331</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1309</td>
<td>1331</td>
<td>(1.7)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>15800</td>
<td>10936</td>
<td>14709</td>
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<tr>
<td></td>
<td></td>
<td>2078</td>
<td>1260</td>
<td>1218</td>
</tr>
<tr>
<td>Less: Inter segment revenue</td>
<td>1260</td>
<td>1218</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13722</td>
<td>9676</td>
<td>13491</td>
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</tbody>
</table>

- **Cigarettes**: impacted by steep increase in GST rate
- **FMCG-Others**: comparable Revenue growth at 10% driven by Foods & Personal Care; Apparel sales impacted by ongoing restructuring of retail & trade footprint
- **Agri Business**: limited trading opportunities in Agri commodities, shortage & poor quality of AP leaf crop
- **Paperboards, Paper and Packaging**: slowdown in FMCG & pressure on legal Cigarette industry continue to weigh on demand

*Note: Gross Revenue not comparable with previous period a/c GST transition*
Q2 Segment Results

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>2017-18</th>
<th>2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>3292</td>
<td>3217</td>
<td>2.3</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>4</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>256</td>
<td>297</td>
<td>(13.7)</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>274</td>
<td>232</td>
<td>18.2</td>
</tr>
<tr>
<td>Total FMCG</td>
<td>3312</td>
<td>3214</td>
<td>3.1</td>
</tr>
<tr>
<td>Total</td>
<td>3847</td>
<td>3743</td>
<td>2.8</td>
</tr>
<tr>
<td>Less : i) Finance Cost</td>
<td>29</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>ii) Other un-allocable (income) net of un-allocable expenditure</td>
<td>(127)</td>
<td>(94)</td>
<td>34.9</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>3945</td>
<td>3826</td>
<td>3.1</td>
</tr>
</tbody>
</table>

- **FMCG Cigarettes** impacted by steep increase in tax incidence, GST transition related costs
- Improvement in profitability of **FMCG-Others** segment aided by enhanced scale, improved realisation and mix enrichment; includes gestation cost of new categories and impact of ongoing restructuring in Apparel retailing
- **Agri Business** segment profitability impacted a/c increase in leaf farm price, adverse crop quality, lower export incentives and limited trading opportunities
- **Paperboards, Paper and Packaging** margin expansion driven by lower input cost, structural cost saving initiatives, improved mix
## Segment Assets

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>2017-18</th>
<th>2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td><strong>Segment Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7782</td>
<td>a) FMCG - Cigarettes</td>
<td>9959</td>
<td>7817</td>
<td><strong>27.4</strong></td>
</tr>
<tr>
<td>8006</td>
<td>- Others</td>
<td>7814</td>
<td>6826</td>
<td><strong>14.5</strong></td>
</tr>
<tr>
<td><strong>15788</strong></td>
<td><strong>Total FMCG</strong></td>
<td><strong>17773</strong></td>
<td><strong>14642</strong></td>
<td><strong>21.4</strong></td>
</tr>
<tr>
<td>5282</td>
<td>b) Hotels</td>
<td>5361</td>
<td>4931</td>
<td><strong>8.7</strong></td>
</tr>
<tr>
<td>3375</td>
<td>c) Agri Business</td>
<td>2929</td>
<td>2818</td>
<td><strong>4.0</strong></td>
</tr>
<tr>
<td>6370</td>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>6825</td>
<td>6243</td>
<td><strong>9.3</strong></td>
</tr>
<tr>
<td><strong>30815</strong></td>
<td><strong>Total Segment Assets</strong></td>
<td><strong>32888</strong></td>
<td><strong>28634</strong></td>
<td><strong>14.9</strong></td>
</tr>
</tbody>
</table>

Increase in Segment Assets primarily on a/c of GST credit and Net Fixed Assets:

- Capacity augmentation in FMCG Businesses
- Ongoing investments in Hotels Business
- Investment in Value Added Paperboard and Décor capacity augmentation in Paperboards, Paper & Packaging Business
## Segment Liabilities

<table>
<thead>
<tr>
<th>Q1</th>
<th>2017-18</th>
<th>Q2</th>
<th>2017-18</th>
<th>2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Liabilities</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3353</td>
<td>a) FMCG - Cigarettes *</td>
<td>5986</td>
<td>2859</td>
<td>109.4</td>
<td></td>
</tr>
<tr>
<td>1498</td>
<td>- Others</td>
<td>1819</td>
<td>1333</td>
<td>36.4</td>
<td></td>
</tr>
<tr>
<td>4851</td>
<td>Total FMCG</td>
<td>7804</td>
<td>4192</td>
<td>86.2</td>
<td></td>
</tr>
<tr>
<td>481</td>
<td>b) Hotels</td>
<td>484</td>
<td>384</td>
<td>26.3</td>
<td></td>
</tr>
<tr>
<td>650</td>
<td>c) Agri Business</td>
<td>1198</td>
<td>1090</td>
<td>9.9</td>
<td></td>
</tr>
<tr>
<td>586</td>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>800</td>
<td>583</td>
<td>37.1</td>
<td></td>
</tr>
<tr>
<td>6568</td>
<td>Total Segment Liabilities</td>
<td>10286</td>
<td>6249</td>
<td>64.6</td>
<td></td>
</tr>
<tr>
<td>635</td>
<td>* Local Tax Provision not incl.</td>
<td>638</td>
<td>662</td>
<td>(3.6)</td>
<td></td>
</tr>
</tbody>
</table>

Increase in Segment Liabilities primarily a/c GST liability and trade payables
### Headline Financials: H1 FY18

<table>
<thead>
<tr>
<th></th>
<th>H1 CY</th>
<th>H1 LY</th>
<th>GOLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales Value</td>
<td>32,402</td>
<td>31,111</td>
<td>4.1%</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>23,398</td>
<td>26,648</td>
<td>-12.2%</td>
</tr>
<tr>
<td>PBDIT</td>
<td>7,508</td>
<td>7,156</td>
<td>4.9%</td>
</tr>
<tr>
<td>PBT</td>
<td>7,889</td>
<td>7,502</td>
<td>5.2%</td>
</tr>
<tr>
<td>PAT</td>
<td>5,200</td>
<td>4,885</td>
<td>6.5%</td>
</tr>
<tr>
<td>Other Comprehensive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (net of tax)</td>
<td>128</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Total Comprehensive</td>
<td>5,328</td>
<td>4,923</td>
<td>8.2%</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Liability</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Gross Revenue for the six months ended 30th September, 2017 is not comparable with the previous period a/c GST transition.
## H1 Segment Revenue

<table>
<thead>
<tr>
<th>Segment Revenue (Gross)</th>
<th>H1</th>
<th>2017-18</th>
<th>2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) FMCG - Cigarettes</strong></td>
<td></td>
<td>13328</td>
<td>16759</td>
<td>(20.5)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5405</td>
<td>5057</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td></td>
<td>18733</td>
<td>21816</td>
<td>(14.1)</td>
</tr>
<tr>
<td><strong>b) Hotels</strong></td>
<td></td>
<td>605</td>
<td>585</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>c) Agri Business</strong></td>
<td></td>
<td>4729</td>
<td>4674</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>d) Paperboards, Paper &amp; Packaging</strong></td>
<td></td>
<td>2669</td>
<td>2654</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>26736</td>
<td>29729</td>
<td>(10.1)</td>
</tr>
<tr>
<td><strong>Less : Inter segment revenue</strong></td>
<td></td>
<td>3338</td>
<td>3081</td>
<td>8.3</td>
</tr>
</tbody>
</table>

**Gross Revenue from sale of products & services**

<table>
<thead>
<tr>
<th></th>
<th>H1</th>
<th>2017-18</th>
<th>2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>23398</td>
<td>26648</td>
<td>(12.2)</td>
</tr>
</tbody>
</table>

*Note: Gross Revenue not comparable with previous period a/c GST transition*
## H1 Segment Results

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>2017-18</th>
<th>2016-17</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>6566</td>
<td>6221</td>
<td>5.5</td>
</tr>
<tr>
<td>- Others</td>
<td>26</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>6592</strong></td>
<td><strong>6214</strong></td>
<td><strong>6.1</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>10</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>491</td>
<td>534</td>
<td><strong>(8.0)</strong></td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>531</td>
<td>480</td>
<td><strong>10.8</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7624</strong></td>
<td><strong>7229</strong></td>
<td><strong>5.5</strong></td>
</tr>
<tr>
<td>Less : i) Finance Cost</td>
<td>39</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>ii) Other un-allocable (income) net of un-allocable expenditure</td>
<td>(304)</td>
<td>(293)</td>
<td><strong>3.8</strong></td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>7889</strong></td>
<td><strong>7502</strong></td>
<td><strong>5.2</strong></td>
</tr>
</tbody>
</table>
## ITC - Key Financials – 2016/17

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Goly %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>55002</td>
<td>51582</td>
<td>6.6</td>
</tr>
<tr>
<td>PBDIT</td>
<td>14578</td>
<td>13715</td>
<td>6.3</td>
</tr>
<tr>
<td>Other Income</td>
<td>1986</td>
<td>1769</td>
<td>12.2</td>
</tr>
<tr>
<td>PBT</td>
<td>15503</td>
<td>14434</td>
<td>7.4</td>
</tr>
<tr>
<td>PAT</td>
<td>10201</td>
<td>9328</td>
<td>9.4</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>77</td>
<td>(67)</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>10278</td>
<td>9262</td>
<td>11.0</td>
</tr>
</tbody>
</table>

- Overall performance impacted by increasing regulatory pressures & cumulative impact of tax increase on Cigarettes, weak demand conditions, steep hike in commodity prices & impact of currency crunch
Gross Segment Revenue – Full Year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Goly (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>34002</td>
<td>32348</td>
<td>5.1</td>
</tr>
<tr>
<td>- Others</td>
<td>10512</td>
<td>9731</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>44514</strong></td>
<td><strong>42079</strong></td>
<td><strong>5.8</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>1342</td>
<td>1286</td>
<td>4.3</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>8265</td>
<td>7457</td>
<td>10.8</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>5363</td>
<td>5328</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59483</strong></td>
<td><strong>56150</strong></td>
<td><strong>5.9</strong></td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>4481</td>
<td>4568</td>
<td>-1.9</td>
</tr>
<tr>
<td><strong>Gross Revenue</strong></td>
<td><strong>55002</strong></td>
<td><strong>51582</strong></td>
<td><strong>6.6</strong></td>
</tr>
</tbody>
</table>

- Legal **Cigarette** industry volumes under severe pressure
- **FMCG Others**: Overall Performance impacted by currency crunch in Q3, calibration of trade pipeline in ESPB and lower consumer offtake & heavy discounting in Apparel
- **Hotels**: Higher ARRs and F&B revenue
- **Agri Business**: Leveraged opportunity of supplying imported wheat to domestic millers
- **Paperboards, Paper & Packaging**: impacted a/c slowdown in FMCG industry & capacity addition
## Segment Results – Full Year

### ($ crs)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017</th>
<th>2016</th>
<th>Goly (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) FMCG</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>12514</td>
<td>11752</td>
<td>6.5</td>
</tr>
<tr>
<td>- Others</td>
<td>28</td>
<td>102</td>
<td>-72.4</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td>12542</td>
<td>11854</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>b) Hotels</strong></td>
<td>111</td>
<td>56</td>
<td>99.2</td>
</tr>
<tr>
<td><strong>c) Agri Business</strong></td>
<td>906</td>
<td>933</td>
<td>-2.9</td>
</tr>
<tr>
<td><strong>d) Paperboards, Paper &amp; Packaging</strong></td>
<td>966</td>
<td>908</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14525</td>
<td>13751</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Less:

- Other un-allocable (income) net of un-allocable expenditure: (1001) (2017) vs (733) (2016)

**Total PBT**: 15503 (2017) vs 14434 (2016) with a Goly of 7.4%

### Notes

- **FMCG Others** Segment Results consider sharp hike in input prices, gestation cost, impact of currency crunch, heavy discounting in Apparel
- **Hotels** growth driven by higher ARRs, F&B revenue
- **Agribusiness** impacted by business mix & increase in leaf tobacco prices
- **Paperboards, Paper & Packaging** margin expansion driven by benign input costs (Wood/Pulp) and richer product mix
ITC’s Economic Contribution to the Nation

- **10 year Value addition** ~ Rs. 2.8 lakh crore (US$ 51 billion)
  - Appx. 75% of value addition accrued to the Exchequer (in FY17)
    - Among the top tax payers in the country

- **Foreign exchange earnings** in the last 10 years: US$ 7 bln
  - Of which agri exports constituted ~56%
Social Performance

- **Direct employment** ITC Group: over 32,000

- Supported creation of around **6 million sustainable livelihoods**

- **e-Choupal**: world’s largest rural digital infrastructure serving more than 4 million farmers

- **Social and Farm forestry** initiative has greened nearly **620,000 acres** and generated nearly **113 million person days of employment** for rural households, including poor tribal and marginal farmers.

- Significant thrust on **social sector** investments under ‘Mission Sunehra Kal’ initiatives
  - Natural resource management
  - Sustainable livelihoods
  - Community development programmes in the economic vicinity of operating locations
Environmental Performance

- **Water positive** - 15 years in a row

- **Carbon positive enterprise** – 12 years in a row
  - Sequestering over twice the amount of CO$_2$ that the Company emits

- **Solid waste recycling positive** – 10 years in a row

- **Over 48% of total energy consumed is from renewable sources**


*Only enterprise in the world of comparable dimensions to have achieved and sustained the 3 key global indices of environmental sustainability of being Carbon positive, Water positive and Solid waste recycling positive*
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Statements in this presentation describing the Company’s objectives, future prospects, estimates, expectations etc. may be “forward looking statements” within the meaning of applicable securities laws and regulations. Investors are cautioned that “forward looking statements” are based on certain assumptions of future events over which the Company exercises no control. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Therefore there can be no guarantee as to their accuracy. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be projected or implied by these forward looking statements. Such risks and uncertainties include, but are not limited to: growth, competition, acquisitions, domestic and international economic conditions affecting demand, supply and price conditions in the various businesses in the Company’s portfolio, changes in Government regulations, tax regimes and other statutes, and the ability to attract and retain high quality human resource.
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