ITC Limited
One of India’s Most Admired and Valuable Companies
Profile

- One of India’s most Admired and Valuable companies
  - Market Capitalisation: over US$ 40 Billion

- A USD 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. 2.2 lakh crore (US$ 43 billion) with ~75% accruing to the Exchequer
  - Among the top tax payers in the country (Private sector)
  - Excise payments represent ~7% of Government of India’s total Excise collection

- ITC & its Group Companies employ over 32,000 people directly; supports livelihoods of ~6 million people

- A global exemplar in sustainable business practices
  - Only Company in the world of comparable dimensions to have achieved the global environmental distinction of being Carbon positive (10th Year), Water positive (13th Year) and Solid waste recycling positive (8th Year)
### ITC Performance Track Record

<table>
<thead>
<tr>
<th></th>
<th>1995-96</th>
<th>2014-15</th>
<th>19-yr Cagr 95-96 to 14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Revenue</strong></td>
<td>5,115</td>
<td>49,965</td>
<td><strong>12.7%</strong></td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>2,536</td>
<td>36,083</td>
<td><strong>15.0%</strong></td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>452</td>
<td>13,998</td>
<td><strong>19.8%</strong></td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>261</td>
<td>9,608</td>
<td><strong>20.9%</strong></td>
</tr>
<tr>
<td><strong>Capital Employed</strong></td>
<td>1,886</td>
<td>32,420</td>
<td><strong>16.1%</strong></td>
</tr>
<tr>
<td><strong>ROCE %</strong></td>
<td>28.4</td>
<td>43.4</td>
<td></td>
</tr>
<tr>
<td><strong>Market Capitalisation</strong></td>
<td>5,571</td>
<td>2,60,865</td>
<td><strong>22.4%</strong></td>
</tr>
<tr>
<td><strong>Total Shareholder Returns %</strong></td>
<td>24.3%</td>
<td>24.3%</td>
<td></td>
</tr>
</tbody>
</table>

*Market Cap and TSR based on FY-end prices for FY96 and FY15*

**Sensex (CAGR 95-96 to 14-15) : 11.8%**
ITC’s ranking
Amongst all listed private sector cos.

PBT: No. 6

PAT: No. 6

Market Capitalisation: No. 4

Note: Based on Published Results for H1 FY16, Market Capitalisation based on 31st Dec 2015
ITC is the only Indian Company ranked amongst the Top 10 global FMCG companies in terms of value creation during the period 2009-13

(Boston Consulting Group)

- Also ranked amongst the Top 10 global FMCG companies by Boston Consulting Group in terms of value creation in the years 2009, 2010, 2011 and 2012.

- The only Indian company to feature consistently amongst the Top 10 global FMCG companies
• 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 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).

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

ITC Grand Chola, the world’s largest LEED Platinum rated hotel in the New Construction category, launched in September 2012.
Awards & Accolades (4)

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

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

Businessworld FICCI CSR award in Large Enterprise category

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

Best Overall Corporate Social Responsibility Performance: Institute of Public Enterprise
Major Awards & Accolades 2014/15

'Sunfeast' and 'Vivel' voted as the 'Buzziest Brands' in the Foods and Personal Care categories, respectively by Afaqs – one of the world's largest marketing and advertising portals.


John Players ranked 4th Most Exciting Brand in the Apparel Category by Brand Equity, Economic Times.

ITC Hotels won the 'Best Luxury Hotel Chain of the Year' award at the 10th Hospitality India and Explore the World Annual International Awards.

'classmate' was voted the "Most Popular School Accessories Brand" at the 'Child Most Popular Awards' 2014.
Major Awards & Accolades 2014/15

ITC's Karnataka Green Leaf Threshing Project at Mysore received the 'Gold' rating from the Indian Green Building Council.

The Kovai Unit of ITC's Paperboards and Specialty Papers Business received the Tamil Nadu state award for Green Initiatives and Environmental Best Practices.

ITC's Packaging & Printing Business won 4 'World Star Awards' from the World Packaging Organisation, 4 'Asia Star Awards' from the Asian Packaging Federation and 17 'India Star Awards' from the Indian Institute of Packaging for excellence in packaging solutions.
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**
  - Classic
  - Gold Flake
  - Navy Cut
  - Silk Cut
  - Berkeley

- **Foods**
  - Aata Mmitthi
  - Aata Moolai

- **Personal Care**
  - Engage

- **Lifestyle Retailing**
  - Man</n
- **Education & Stationery**
  - Classmate

- **Safety Matches & Incense Sticks**
  - Mural
  - Mogra

- **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
Cigarette Industry in India

- Legal cigarettes account for only \( \sim 11\% \) of tobacco consumed in India due to a punitive taxation and discriminating regulatory regime.

- Illegal cigarette industry in India estimated to constitute \( 1/5 \)th of the Total industry; 4th Largest Market in the World; resulting in Revenue loss of over 9000 cr. p.a. to the National Exchequer.

- 48% of adult Indian males consume tobacco. Only 10% of adult Indian males smoke cigarettes as compared to 16% who smoke biris and 33% who use smokeless tobacco (Source: Global Adult Tobacco Survey India 2010).

- 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

• Over the last 3 ½ years, **Excise Duty has increased by 98% and VAT by 124%** on a per unit level cumulatively
  - **Two rounds of sharp increase in Excise Duty** – in Jul ‘14 & Feb ’15. This includes a cumulative increase of **115%** in Excise Duty on filter cigarettes of ‘length not exceeding 65mm’

• 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**

*Based on 2014-15 data*
Per Capita Consumption of Tobacco in India (gms per year)


Per Capita consumption is ~60% of World Average
Cigarettes are least affordable in India

Affordability (% of per capita GDP required to purchase 100 packs of 20 Cigarettes of most sold brand)

1.1 1.3 1.6 1.7 2.1 2.5 2.9 3.4 3.7 10.8

Source: WHO Report on the Global Tobacco Epidemic, 2015-Raising Taxes on Tobacco

Cigarette taxes in India are 13 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.
Per Capita Cigarette Consumption – per annum

Russia Federation: 2786
Japan: 1841
China: 1711
USA: 1028
Pakistan: 468
Nepal: 420
Bangladesh: 154
India: 96


- 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
Creating world-class brands for Indian Consumers
Rapid scale up of FMCG businesses

Rs. cr.
Annual Consumer Spends of over 11000 cr. (FY15)

- Aashirvaad: >2000 cr.
- Sunfeast: >1000 cr.
- Classmate, Bingo, Candymen, Vivel: >500 cr.
Branded Packaged Foods Portfolio

Biscuits, Staples, Snacks, Noodles & Pasta, Confectionery, Ready to Eat, Juices and Dairy
Branded Packaged Foods: Some recent launches

- Sunfeast Delishus Choco Chip
- Sunfeast Hi Fi Cookies
- Sunfeast Marie Light
- Sunfeast Farmlite Oats with Chocolate
- Candyman Jellicious Orange
- GumOn Strawberry
- B Natural Apple Awe
- B Natural Festive Delights
- Aashirvaad Svasti
Personal Care Products

- Portfolio approach straddling all consumer segments with 4 umbrella brands in the Personal Wash segment
  - Essenza Di Wills
  - Fiama Di Wills
  - Vivel
  - Superia

- Acquired ‘Savlon’ and ‘Shower to Shower’ in Feb’15 to widen the portfolio of offerings

- Complemented by ‘Engage’ brand in the deodorants segment

- Products continue to gain consumer franchise

- **Laboratoire Naturel** – A state-of-the-art consumer and product interaction centre – leveraged to launch unique and differentiated products
Personal Care: Some recent launches
Education & Stationery Products Business

- **Leverages printing and paper know-how** to address suitable opportunities in the stationery market
  - **Brands**: Paperkraft, Classmate, Classmate Pulse and Saathi
- Industry growth driven by increasing literacy and enhanced scale of government and public-private initiatives in education
- Complementary categories comprising writing instruments, art stationery and scholastic products witnessed robust growth
- **Classmate**: Market leader in Notebooks segment
Lifestyle Retailing

- Upmarket product range available in exclusive Wills Lifestyle stores (118) across 55 cities and more than 500 ‘shop-in-shops’ in leading departmental stores and multi-brand outlets.

- Strong distribution network in place for the mid-market brand ‘John Players’
  - availability in 400+ Exclusive Branded outlets, 1400+ multi branded outlets and departmental stores.
Hotels

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

- Foreign Tourist Arrivals grew by 4% in Q3 FY16 Vs. 7% in Q2 FY16 and 8% in FY15
  - Foreign Tourist Arrivals into India @ ~7.7 million remains far behind China (~55.6 million) [Source: UNWTO Tourism Highlights 2015 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 ~210,000 rooms, of which 52,000 rooms are in the Luxury and Upper-Upscale segments

- India needs an additional ~60,000 rooms in Luxury and Upscale Segments in the next 5 years to service projected tourist arrivals
The Chain: 103 properties across 75 locations
- 4 Brands: ITC Hotels, WelcomHotel, Fortune & WelcomHeritage
  - 20 Five-Star Deluxe/ Five-Star Properties with over 4400 rooms
  - 48 Fortune Hotels with over 3900 rooms
  - 35 WelcomHeritage Properties with over 850 rooms

Industry impacted by weak pricing scenario in the backdrop of excessive room inventory in key domestic markets and a sluggish macro-economic environment.

ITC Grand Bharat, Gurgaon, a 104 ‘all suite’ resort opened in November 2014.

Projects underway at Kolkata, Hyderabad, Ahmedabad, Coimbatore, Bhubaneswar and Srinagar.

Company’s first overseas project in Colombo, being undertaken by WelcomHotels Lanka (P) Ltd. a wholly-owned subsidiary.
- Requisite approvals received; construction activity is progressing as per schedule.
Hotels: World’s Greenest Luxury Hotel Chain

All ITC Luxury Hotels LEED Platinum certified *

“Responsible Luxury” ethos weaved into the Brand Identity

* ITC Grand Bharat (opened in Nov’14) in the process of obtaining LEED certification
Paperboards & Packaging Business

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

- Annual paperboard demand over 2.5 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 7.5% p.a.
- Value-added Paperboards - the fastest growing segment (10% 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**
  - Recently commissioned 1 lakh MT per annum Paperboard machine fully dedicated to Value Added Paperboards

- **World-class technology & quality**
  - Ozone bleached Pulp Mill fully operational – one of its kind in Asia meeting world-class environmental standards
  - Fully integrated with in-house pulping capacity at ~3.5 lakh MT

- **Social farm forestry in mill command area provide access to cost-effective fibre & ensures security of supplies**
  - Biotech research based high yielding clones – covering ~ 2 lakh hectares

- **ITC’s packaging SBU - India’s largest converter of Paperboards into high quality printed packaging**
  - Provides superior packaging solutions to the cigarettes and new FMCG businesses
  - Leading supplier to Indian FMCG industry
  - Fully integrated packaging unit at Haridwar operationalised and operating at benchmark performance parameters
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 7% of world tobacco trade
  - In 2014-15 Tobacco Exports de-grew by 7%

- 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

- Robust growth in exports in recent years with improvement in 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! Yunitos’ potato wafers
  - High 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).

– **World Business Award 2004**: International Chamber of Commerce & the HRH Prince of Wales & International Business forum.

– **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 – 2014/15

<table>
<thead>
<tr>
<th></th>
<th>2014/15</th>
<th>2013/14</th>
<th>Goly %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue</strong></td>
<td>36083</td>
<td>32883</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>PBDIT</strong></td>
<td>15017</td>
<td>13562</td>
<td>10.7</td>
</tr>
<tr>
<td><strong>PBIT</strong></td>
<td>14055</td>
<td>12662</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>13998</td>
<td>12659</td>
<td>10.6</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>9608</td>
<td>8785</td>
<td>9.4</td>
</tr>
</tbody>
</table>

**On a comparable* basis:**
- FY15 Pre-tax Profits up 13.0%
- FY15 Post-tax Profits up 12.5%

*Excluding expenditure on Corporate Social Responsibility/Social Investment programmes and Liability no longer required written back
Net Sales up 9.7%

Non-Cigarette FMCG segment registers a healthy growth of 11.3% amidst subdued demand conditions

<table>
<thead>
<tr>
<th>Segment Revenue (Net)</th>
<th>2014-15</th>
<th>2013-14</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>16805</td>
<td>15456</td>
<td>8.7</td>
</tr>
<tr>
<td>- Others</td>
<td>9011</td>
<td>8099</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>25816</strong></td>
<td><strong>23555</strong></td>
<td><strong>9.6</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>1187</td>
<td>1133</td>
<td>4.8</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>8380</td>
<td>7752</td>
<td>8.1</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>4974</td>
<td>4861</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40357</strong></td>
<td><strong>37301</strong></td>
<td><strong>8.2</strong></td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>4274</td>
<td>4418</td>
<td>(3.3)</td>
</tr>
<tr>
<td><strong>Net sales / income from operations</strong></td>
<td><strong>36083</strong></td>
<td><strong>32883</strong></td>
<td><strong>9.7</strong></td>
</tr>
</tbody>
</table>
## Segment Results - 2014/15

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>2014-15</th>
<th>2013-14</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability no longer reqd written back</td>
<td>11196</td>
<td>9858</td>
<td>13.6</td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>11196</td>
<td>10016</td>
<td>11.8</td>
</tr>
<tr>
<td>- Others</td>
<td>34</td>
<td>22</td>
<td>56.2</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>11230</strong></td>
<td><strong>10038</strong></td>
<td><strong>11.9</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>49</td>
<td>140</td>
<td>(64.9)</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>904</td>
<td>835</td>
<td>8.3</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>921</td>
<td>892</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13105</strong></td>
<td><strong>11905</strong></td>
<td><strong>10.1</strong></td>
</tr>
<tr>
<td>Less: i) Finance Cost</td>
<td>57</td>
<td>38</td>
<td>52.2</td>
</tr>
<tr>
<td>Liability no longer reqd written back</td>
<td>-35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance Cost (Net)</td>
<td>57</td>
<td>3</td>
<td>25.4</td>
</tr>
<tr>
<td>ii) Other net un-allocable expenditure/ (income)</td>
<td>(950)</td>
<td>(757)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>13998</strong></td>
<td><strong>12659</strong></td>
<td><strong>10.6</strong></td>
</tr>
</tbody>
</table>

Excluding Liability no longer required written back, Segment Profits up 11.6%

- Hotels impacted by additional depreciation due to revision in useful lives under Companies Act 2013 and gestation cost of new properties (ITC Grand Bharat and My Fortune Bengaluru)

- Paperboards, Paper & Packaging businesses continue to be impacted a/c escalation in wood prices and lower carton packaging volumes
## Segment Capital Employed - 2014/15

<table>
<thead>
<tr>
<th>Capital Employed</th>
<th>Full Year</th>
<th></th>
<th></th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014-15</td>
<td>2013-14</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Segment Capital Employed</strong></td>
<td>21492</td>
<td>20086</td>
<td></td>
<td>7.0</td>
</tr>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>5819</td>
<td>5705</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>- Others</td>
<td>3988</td>
<td>3384</td>
<td>17.9</td>
<td></td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td>9806</td>
<td>9089</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>4301</td>
<td>3625</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>1959</td>
<td>2052</td>
<td>(4.6)</td>
<td></td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>5426</td>
<td>5319</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total Segment Capital Employed</strong></td>
<td>21492</td>
<td>20086</td>
<td></td>
<td>7.0</td>
</tr>
</tbody>
</table>

Increase in Segment Capital Employed primarily on a/c of Net Fixed Assets:

- Capacity augmentation in FMCG Businesses
- Ongoing investments in Hotels Business
<table>
<thead>
<tr>
<th>Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>+3.4%</td>
</tr>
<tr>
<td>PBDIT</td>
<td>+4.1%</td>
</tr>
<tr>
<td>Pre Tax Profit</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Post Tax Profit</td>
<td>+0.7%</td>
</tr>
</tbody>
</table>

- Performance for the quarter impacted by:
  - Continued pressure on Legal cigarette industry
  - Persistent weakness in FMCG demand (particularly rural); additional impact a/c Chennai floods
  - Agri Business revenues impacted by lower exports (leaf tobacco, wheat, coffee)
<table>
<thead>
<tr>
<th></th>
<th>Q3 15/16</th>
<th>Q3 14/15</th>
<th>Goly %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>9103</td>
<td>8800</td>
<td>3.4</td>
</tr>
<tr>
<td>PBDIT</td>
<td>3605</td>
<td>3464</td>
<td>4.1</td>
</tr>
<tr>
<td>PBT</td>
<td>4004</td>
<td>3800</td>
<td>5.4</td>
</tr>
<tr>
<td>PAT</td>
<td>2653</td>
<td>2635</td>
<td>0.7</td>
</tr>
<tr>
<td>Segment Revenue (Net)</td>
<td>Q3 2015-16</td>
<td>Q3 2014-15</td>
<td>GOLY(%)</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>------------</td>
<td>------------</td>
<td>---------</td>
</tr>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>4380</td>
<td>4142</td>
<td>5.7</td>
</tr>
<tr>
<td>- Others</td>
<td>2478</td>
<td>2314</td>
<td>7.1</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>6858</strong></td>
<td><strong>6456</strong></td>
<td><strong>6.2</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>345</td>
<td>330</td>
<td>4.5</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>1481</td>
<td>1598</td>
<td><strong>(7.3)</strong></td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1260</td>
<td>1199</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9944</strong></td>
<td><strong>9583</strong></td>
<td><strong>3.8</strong></td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>841</td>
<td>783</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Net sales / income from operations</strong></td>
<td><strong>9103</strong></td>
<td><strong>8800</strong></td>
<td><strong>3.4</strong></td>
</tr>
</tbody>
</table>

- **FMCG Others** growth driven by Noodles, Atta, Agarbatti
- **Agri Business** impacted by lack of export opportunities in Leaf tobacco, wheat & coffee
## Segment Results – Q3 2015/16

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>Q3 2015-16</th>
<th>Q3 2014-15</th>
<th>GOLY(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fs. Cr.</td>
<td>3501</td>
<td>3379</td>
<td>3.6</td>
</tr>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>2984</td>
<td>2886</td>
<td>3.4</td>
</tr>
<tr>
<td>- Others</td>
<td>19</td>
<td>11</td>
<td>63.6</td>
</tr>
<tr>
<td>Total FMCG</td>
<td>3003</td>
<td>2898</td>
<td>3.6</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>26</td>
<td>29</td>
<td>(10.0)</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>231</td>
<td>239</td>
<td>(3.1)</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>241</td>
<td>214</td>
<td>12.7</td>
</tr>
<tr>
<td>Total</td>
<td>3501</td>
<td>3379</td>
<td>3.6</td>
</tr>
<tr>
<td>Less: i) Finance Costs</td>
<td>16</td>
<td>8</td>
<td>92.2</td>
</tr>
<tr>
<td>ii) Other Unallocable Exp/(Inc.) - Net</td>
<td>(520)</td>
<td>(429)</td>
<td>21.1</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>4004</td>
<td>3800</td>
<td>5.4</td>
</tr>
</tbody>
</table>

- **FMCG-Others**: Segment Profits up; richer mix and lower input prices partly offset by gestation costs of Juices & Dairy

- **Hotels**: Chennai floods and gestation costs of ITC Grand Bharat impact Profits

- **Agri Business**: Profits impacted in line with Segment Revenue

- **Paperboards, Paper & Packaging**: Margins improve a/c better mix & lower input costs
Segment Capital Employed – Q3 2015/16

<table>
<thead>
<tr>
<th>Capital Employed</th>
<th>2015-16</th>
<th>2014-15</th>
<th>GOLY(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>5028</td>
<td>5888</td>
<td>(14.6)</td>
</tr>
<tr>
<td>- Others</td>
<td>4463</td>
<td>3681</td>
<td>21.2</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>9491</strong></td>
<td><strong>9569</strong></td>
<td><strong>(0.8)</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>4419</td>
<td>3733</td>
<td>18.4</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>2003</td>
<td>1807</td>
<td>10.8</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>5405</td>
<td>5482</td>
<td>(1.4)</td>
</tr>
<tr>
<td><strong>Total Segment Capital Employed</strong></td>
<td><strong>21318</strong></td>
<td><strong>20591</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

Segment Capital Employed increase was primarily a/c ongoing investments in capacity augmentation partly offset by lower working capital
## Segment Revenue – YTD Q3 2015/16

<table>
<thead>
<tr>
<th>Segment Revenue (Net)</th>
<th>YTD Q3</th>
<th></th>
<th>GOLY(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
<td>2014-15</td>
<td></td>
</tr>
<tr>
<td>a) FMCG</td>
<td>12847</td>
<td>12594</td>
<td>2.0</td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>12847</td>
<td>12594</td>
<td>2.0</td>
</tr>
<tr>
<td>- Others</td>
<td>7000</td>
<td>6445</td>
<td>8.6</td>
</tr>
<tr>
<td>Total FMCG</td>
<td>19847</td>
<td>19039</td>
<td>4.2</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>923</td>
<td>841</td>
<td>9.8</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>5650</td>
<td>6953</td>
<td>(18.7)</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>3779</td>
<td>3771</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>30199</td>
<td>30603</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>3786</td>
<td>3708</td>
<td>2.1</td>
</tr>
<tr>
<td>Net sales / income from operations</td>
<td>26413</td>
<td>26895</td>
<td>(1.8)</td>
</tr>
</tbody>
</table>
## Segment Results – YTD Q3 2015/16

<table>
<thead>
<tr>
<th></th>
<th>YTD Q3</th>
<th>GOLY(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
<td>2014-15</td>
</tr>
<tr>
<td><strong>Segment Results</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>8734</td>
<td>8490</td>
</tr>
<tr>
<td>- Others</td>
<td>-</td>
<td>(14)</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>8734</strong></td>
<td><strong>8476</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>759</td>
<td>740</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>705</td>
<td>731</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10210</strong></td>
<td><strong>9953</strong></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Finance Costs</td>
<td>37</td>
<td>42</td>
</tr>
<tr>
<td>ii) Other Unallocable Exp/(Inc.) - Net</td>
<td>(953)</td>
<td>(738)</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>11127</strong></td>
<td><strong>10649</strong></td>
</tr>
</tbody>
</table>
10 year Value addition ~ Rs. 2.2 lakh crore (US$ 43 billion)
- ~75% of value addition accrued to the Exchequer
  - Among the top tax payers in the nation (Private sector)
  - Excise payments represent ~ 7% of India’s total Excise collection

Foreign exchange earnings in the last 10 years: US$ 6.6 bln
- Of which agri exports constituted ~57%
Social Performance

- **Direct employment** ITC Group: over 32,000
- Supported creation of **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 200,000 hectares and generated nearly **90 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

- **Carbon positive enterprise – 10 years in a row**
  - Sequestering over twice the amount of CO₂ that the Company emits

- **Water positive - 13 years in a row**
  - Creating over twice the rainwater harvesting potential than ITC’s net water consumption

- **Solid waste recycling positive – 8 years in a row**

- **Over 43% of total energy consumed is from renewable sources**


*Only Company 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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