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$ 10.8 billion enterprise by Gross Sales Value^  
  - ~60% of net revenue from non-Cigarette segments

- Leading Fast Moving Consumer Goods (FMCG) marketer in India
  - Established over 25 world-class mother brands within a short span of time

- 10 year Value Addition ~ Rs. 3.5 lakh crores (US$ 59 billion).  
  - Among the top tax payers in the country

- ITC & its Group Companies employ over 34,000 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 17 years), 'carbon positive' (for 14 years), and 'solid waste recycling positive' (for 12 years)

^ FY19 Reported Gross Revenue (US$ 6.5 billion) not comparable a/c GST transition; Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)
## ITC Performance Track Record

### Sensex (CAGR 08-09 to 18-19) : 14.8%

Gross Revenue (Rs. 45,221 cr.) not comparable a/c GST transition; Market Cap and TSR based on FY-end prices for FY09 and FY19

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2018-19</th>
<th>10-yr Cagr 08-09 to 18-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>15,612</td>
<td>44,415</td>
<td>11.0%</td>
</tr>
<tr>
<td>PBT</td>
<td>4,826</td>
<td>18,444</td>
<td>14.3%</td>
</tr>
<tr>
<td>PAT</td>
<td>3,264</td>
<td>12,464</td>
<td>14.3%</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>14,780</td>
<td>60,005</td>
<td>15.0%</td>
</tr>
<tr>
<td>Segment ROCE%</td>
<td>39.7%</td>
<td>70.3%</td>
<td></td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>69,751</td>
<td>3,63,714</td>
<td>18.0%</td>
</tr>
<tr>
<td>Total Shareholder Returns %</td>
<td></td>
<td></td>
<td>20.3%</td>
</tr>
</tbody>
</table>

(Rs crs)
ITC’s ranking

Amongst all listed private sector cos.

PBT: No. 5

PAT: No. 6

Market Capitalisation: No. 7

Note: Based on Published Results for Q1FY20, Market Capitalisation based on BSE closing as on 30th Sep 2019
ITC has been Ranked No.1 globally amongst peers\(^\wedge\) and No.3 overall on ESG performance in the Food Products industry by Sustainalytics - a global ESG* rating company.

*ESG stands for Environmental, Social and Governance.

\(^\wedge\) (comprising companies with market capitalisation between USD 38 Bln. and USD 51 Bln.)
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

^ In the lifestyle retailing category, ‘John Players’ trademark/copyright divested during Q4FY19
ITC’s Cigarettes Business

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

- **State-of-the-art technology and world-class products**

- **Introduce new variants and augment product portfolio catering to continuously evolving consumer preferences**
  - Innovative and differentiated offerings such as Gold Flake Neo and Classic Rich & Smooth
  - Focused offers under the ‘American Club’, ‘Wave’, ‘Player’s Gold Leaf’, ‘Pall Mall’ and ‘Flake’ trademarks to effectively counter competition in strategic markets
Cigarette Industry in India (1)

- Legal cigarettes account for only ~10% of tobacco consumed in India due to a punitive and discriminatory taxation and regulatory regime.

- India is the 4th largest market for illegal cigarettes in the World; causing a Revenue loss of over 13,000 cr. p.a. to the 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.
Cigarette Industry in India (2)

• Legal cigarette industry volumes remain under pressure
  – While the legitimate cigarette industry has declined steadily since 2010-11 at a compound annual rate of over 4% p.a., illegal cigarette volumes in contrast have grown at nearly 5% p.a. during the same period, making India one of the fastest growing illegal cigarette markets in the world
  – This is also borne out by the fact that there has been a quantum jump in the number of seizures of smuggled cigarette consignments by enforcement agencies across the country over the last few years.

• Graphic health warnings covering 85% of the surface area of the packet, amongst the largest in the world. New graphic health warnings with even more gruesome images have been introduced from 1st Sep’19. On the other hand, smuggled illegal cigarettes either do not bear the mandated pictorial or textual warnings or bear much smaller pictorial warnings as per the tobacco laws of the countries from where these cigarettes are sourced, creating a perception that these smuggled cigarettes are relatively ‘safer’.
Legal Cigarettes contribute 86% of Tax Revenue, despite constituting only 10% of Tobacco consumption.

Cigarette taxes remain, effectively, about 55 times higher than on other tobacco products (on a per Kg basis of tobacco consumption).

Note: Consumption Share and Tax Revenue based on 2016/17 data.
Cigarettes are least affordable in India

As shown above, in GDP per Capita terms, Cigarettes in India are less affordable than in other countries viz. USA, Germany, China, Australia, Malaysia & Pakistan.

Per Capita Cigarette Consumption – 11% of World average

No. of cigarettes per capita per annum


- Although India accounts for over 17% of world population, its share of world cigarette consumption is less than 2%
Creating World-class brands for Indian Consumers
Rapid scale up of FMCG businesses

Note: Reported Gross Revenue for FY18 & FY19 not comparable a/c GST transition; Comparable FMCG Business growth for FY19 at 12% as compared to reported growth of 10.4%
Annual Consumer Spends of over 18000 cr. (FY19)
Branded Packaged Foods Portfolio

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

- Bingo! No Rulz
  - Masala and Cheese Curlz
- Sunfeast
  - Veda Marie Light
- Jelimals
  - Jelly Bites
- Candyman Fantastik
  - Choco Mocha
- Bingo! Starters Range
- Aashirvaad Nature’s Super Foods Range
- B Natural Juices with regional flavours
- Sunfeast Wonderz Dairy Beverages
- Fabelle Dark Gianduja
Addressing the **Food Services** opportunity

- Eggless Mayonnaise
- Tomato Ketchup
- Green Chilli Sauce
- ITC Master Chef Frozen Snacks
- ITC Master Chef Super Safe Prawns
- Bulk Atta
- Basmati Rice
- Mango Pulp
- Tomato Puree
- Dehydrated Onions
Festival activations across Key Brands

Bingo Tedhe Medhe Durga Puja Activations

Aashirvaad Durga Puja Activations

Rath Yatra
Refreshed & High Decibel Campaigns across Key Brands

Bingo Starters

Dark Fantasy ChocoFills

Moment Marketing
Integrated Manufacturing and Logistics facilities

- The manufacturing capability of ICML Trichy was augmented during the year with the commissioning of state-of-the-art lines for Finger Snacks, Atta and Biscuits.

- Capacity Utilisation at Kapurthala, Panchla, Uluberia, Mysuru and Guwahati being progressively ramped up.

- Steady progress is being made towards development of other such facilities which are expected to be commissioned in the near to medium term.
Personal Care Products

- The Business continues to **enhance market standing** in the **Fragrance** and **liquids** (handwash & bodywash) categories.

- ‘**Engage**’ range of deodorants continue to strengthen its market standing.
  - Clear No. 2 brand in the category; No. 1 in Women’s segment.
  - Pocket Perfume range augmented with the launch of unique dual fragrance.

- **Recent category launches**
  - Premium skin care range – ‘**Dermafique**’
  - Premium bath care range – ‘**Fiama**’
  - Moisturising skin cream - ‘**Charmis**’
  - Floor cleaner - ‘**Nimyle**’
  - Essential Oils – ‘**Fiama**’
Personal Care: Some recent launches

Engage Deo - Intrigue and Spirit

Vivel Bodywash
Glycerin + Honey

Dermafique
Hydra Tonique Gel

Engage On Dual Fragrance Pocket Perfume

Engage L`amante

Fiama Hand Wash

Fiama Scents

Charmis Cream
Refreshed & High Decibel Campaigns across Key Brands

Fiama Handwash

Nimyle – Herbal Floor Cleaner

Savlon Handwash
Leverage Company’s paper & printing expertise and distribution network
- 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

Classmate is the Market leader in Notebooks segment
- Deepening consumer engagement through Classmateshop.com & MyClassmate app to deliver customised notebooks
- A dedicated manufacturing facility for notebooks, equipped with state-of-the-art machinery was commissioned at Gollapudi, Andhra Pradesh

Increase presence in writing instruments & scholastic products segment leveraging the Classmate brand
Incense sticks (Agarbattis) & Safety Matches

• ‘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.
• Mangaldeep App caters to the everyday devotional needs of consumers.

5 lakh+ downloads; 45,000 active users
Hotels

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

- Foreign Tourist Arrivals (FTA) growth has been steady with significant headroom for growth.
  - FTA into India at 10.5 million but remains far behind China (~60 million)
    [Source: Ministry of Tourism, UNWTO Tourism Highlights 2018 edition]
  - Going forward, as economic conditions and infrastructure improve, leisure tourism and business related travel is also projected to grow faster

- Industry: Current Room inventory ~290,000 rooms, of which ~69,000 rooms are in the Luxury and Upper-Upscale segments
Hotels Business

- **The Chain:** More than 108 properties over 70 locations
  - 4 Brands: ‘**ITC Hotels**’ in the Luxury segment, ‘**Welcomhotels**’ in the Upper-Urban upscale segment, ‘**Fortune**’ in the Mid-market to Upscale segment and ‘**WelcomHeritage**’ in the Leisure & Heritage segment
  - 28 Five-Star Deluxe/ Five-Star Properties with over 5650 rooms
  - 46 Fortune Hotels with nearly 3500 rooms
  - 34 WelcomHeritage Properties with over 850 rooms

- **Enhancing Business scale by adopting ‘asset-right’ strategy** - Managed properties now account for more than 50% of room inventory of ITC hotels group.

- The **WelcomHotel Amritsar** project has been completed and the 101-room hotel is expected to commence operations on November 1, 2019.

- **Projects** underway:
  - ITC Hotel at Ahmedabad
  - Welcomhotels at Bhubaneswar & Guntur
ITC Royal Bengal, Kolkata receives excellent response

ITC Royal Bengal

Located on the cusp of business district & the city, an ode to the region’s cultural heritage and lineage.

456 Keys
(254 Keys in Phase-1)

~60,000 sq.ft of banqueting space

5 Signature restaurants
ITC Hotels: Trailblazer in Green Hoteliering

All ITC Luxury Hotels LEED Platinum certified

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

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

- Annual paperboard demand nearly 4 million tonnes

- Low per capita usage of paper at around 13 kgs p.a. (world average – over 57 kgs p.a.)

- Indian paperboard market growing at 8% p.a.

- Value-added Paperboards - the fastest growing segment 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 (VAP) 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, reduced dependence on imported pulp and source of competitive advantage.
  - The diverse product range of the recently commissioned Décor machine well accepted by discerning customers.
  - Rebuilt Value Added Paperboard (1.5 lakh TPA) line commissioned in Aug’18; operating at near-full capacity.

- **ITC’s packaging SBU** - India’s largest converter of Paperboard into high quality packaging
  - Provides superior packaging solutions to cigarettes and other 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
ITC’s Agri Commodity Business

- **Distinctive sourcing capability for ITC’s Branded Packaged Foods Businesses**
  - Identity-preserved superior quality wheat for ‘Aashirvaad’ atta
  - Superior quality Indian fruit pulp for ‘B Natural’ range of juices
  - Sourcing support for ‘Aashirvaad’ and ‘ITC Master Chef’ spices
  - Scale up in milk procurement for ‘Aashirvaad Svasti’ range dairy products

- **Farm linkages in 17 States** covering Wheat, Oilseeds, Coffee, Spices, Milk 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 with over 35000 villages linked through around 6100 e-Choupals servicing about 4 million farmers
  - Strategic sourcing support to the Branded Packaged Foods Businesses
  - Cost-effective sourcing for exports/domestic external business
ITC’s Agri Commodity Business- Value-Added Segment

- Value-Added segment scaled up
  - Frozen Snacks continues to receive encouraging consumer response, and being scaled up.
  - Launched attribute based Staples (Maida & Suji) in the Food Service channel.
ITC’s Leaf Tobacco Business

- India is the second largest tobacco grower in the World.

- However, India’s share is only at 9% of world tobacco trade
  - Leaf tobacco exports declined to a decade low of ~180 million kgs.

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

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

- Subdued demand for leaf tobacco in international markets, relatively steeper depreciation in currencies of competing origins and adverse business mix weighed on profitability.
<table>
<thead>
<tr>
<th></th>
<th>Q2 19/20</th>
<th>Q2 18/19</th>
<th>GOLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>11,750</td>
<td>11,095</td>
<td>5.9</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,562</td>
<td>4,206</td>
<td>8.5</td>
</tr>
<tr>
<td>PBT</td>
<td>4,808</td>
<td>4,369</td>
<td>10.0</td>
</tr>
<tr>
<td>PAT</td>
<td>4,023</td>
<td>2,955</td>
<td>36.2</td>
</tr>
<tr>
<td>Other Comprehensive</td>
<td>(43)</td>
<td>(200)</td>
<td></td>
</tr>
<tr>
<td>Income (net of tax)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Comprehensive</td>
<td>3,980</td>
<td>2,755</td>
<td>44.5</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Note: The Company has exercised the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Deferred Tax Liabilities (net) as at Mar’19 (arising mainly on account of the Company’s continued focus on ‘Make In India’ investments across sectors) and the estimate of tax expense for the year ending Mar’20 have been re-measured. The resultant impact is being recognised over the current and the remaining quarters of the financial year.
Gross Segment Revenue – Q2 19/20

<table>
<thead>
<tr>
<th>Segment Revenue (Gross)</th>
<th>2019-20</th>
<th>2018-19</th>
<th>GOLY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>5327</td>
<td>5026</td>
<td>6.0</td>
</tr>
<tr>
<td>- Others</td>
<td>3288</td>
<td>3160</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>8615</strong></td>
<td><strong>8186</strong></td>
<td><strong>5.2</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>427</td>
<td>363</td>
<td>17.7</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>2648</td>
<td>2220</td>
<td>19.3</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1565</td>
<td>1424</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13255</strong></td>
<td><strong>12193</strong></td>
<td><strong>8.7</strong></td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>1505</td>
<td>1098</td>
<td>37.0</td>
</tr>
<tr>
<td><strong>Gross Revenue from sale of products &amp; services</strong></td>
<td><strong>11750</strong></td>
<td><strong>11095</strong></td>
<td><strong>5.9</strong></td>
</tr>
</tbody>
</table>

Comparable growth ~6.5%

- **FMCG Others**: Comparable Revenue up 6.5% (appr.) amidst sluggish demand conditions
  - Atta, Premium Cream Biscuits and Liquids performed well; Dairy scaled up
- **Hotels**: Growth driven by new properties; subdued demand environment impacted RevPar
- **Agri Business**: Trading opportunities in oilseeds & pulses, scaling up of value added segments & strategic sourcing support to the Branded Packaged Foods Businesses offset by subdued demand for leaf tobacco exports
- **Paperboards, Paper & Packaging**: Capacity addition (VAP machine) and mix enrichment partly offset by Packaging business impacted a/c slowdown in FMCG & Liquor industry
## Segment Results – Q2 19/20

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>2019-20</th>
<th>2018-19</th>
<th>GOLY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>3844</td>
<td>3579</td>
<td>7.4</td>
</tr>
<tr>
<td>- Others</td>
<td>90</td>
<td>58</td>
<td>54.8</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>3935</strong></td>
<td><strong>3638</strong></td>
<td><strong>8.2</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>17</td>
<td>16</td>
<td><strong>12.0</strong></td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>249</td>
<td>236</td>
<td><strong>5.7</strong></td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>356</td>
<td>311</td>
<td><strong>14.5</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4558</strong></td>
<td><strong>4200</strong></td>
<td><strong>8.5</strong></td>
</tr>
<tr>
<td>Less : i) Finance Cost</td>
<td>13</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>ii) Other un-allocable (income) net of un-allocable expenditure</td>
<td>(263)</td>
<td>(183)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>4808</strong></td>
<td><strong>4369</strong></td>
<td><strong>10.0</strong></td>
</tr>
</tbody>
</table>

- **FMCG Others**: Segment EBITDA up *39%* to *221 cr.* despite stepped up marketing investments, gestation & start-up cost of new categories/facilities
- **Hotels**: Segment EBITDA up *37%* to *87 cr.*; Gestation cost of new properties weighed on profitability
- **Agri Business**: Margins impacted by adverse business mix
- **Paperboards, Paper & Packaging**: Higher Paperboard volumes, mix enrichment, strategic investments in imported pulp substitution and benefits of cost competitive fibre chain
### Segment Capital Employed

(₹ crs)

<table>
<thead>
<tr>
<th>Segment Capital Employed</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019-20</td>
</tr>
<tr>
<td><strong>Total Segment Capital Employed</strong></td>
<td>25819</td>
</tr>
<tr>
<td>a) FMCG</td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>3754</td>
</tr>
<tr>
<td>- Others</td>
<td>7329</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>11084</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>5598</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>3056</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>6081</td>
</tr>
<tr>
<td><strong>Total Segment Capital Employed</strong></td>
<td>25819</td>
</tr>
</tbody>
</table>

Increase in Segment Capital Employed primarily a/c Capacity augmentation and business expansion.
## ITC - Key Financials – H1 19/20

<table>
<thead>
<tr>
<th></th>
<th>H1 19/20</th>
<th>H1 18/19</th>
<th>GOLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Revenue</strong></td>
<td>23,112</td>
<td>21,817</td>
<td>5.9</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>9,128</td>
<td>8,408</td>
<td>8.6</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>9,619</td>
<td>8,669</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>7,197</td>
<td>5,773</td>
<td>24.7</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income (net of tax)</strong></td>
<td>(256)</td>
<td>(122)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td>6,941</td>
<td>5,652</td>
<td>22.8</td>
</tr>
<tr>
<td>Segment Revenue (Gross)</td>
<td>2019-20</td>
<td>2018-19</td>
<td>GOLY %</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>--------</td>
</tr>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>10760</td>
<td>10154</td>
<td>6.0</td>
</tr>
<tr>
<td>- Others</td>
<td>6348</td>
<td>6030</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>17109</strong></td>
<td><strong>16184</strong></td>
<td><strong>5.7</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>819</td>
<td>704</td>
<td>16.4</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>6259</td>
<td>5371</td>
<td>16.5</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>3093</td>
<td>2780</td>
<td>11.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27280</strong></td>
<td><strong>25039</strong></td>
<td><strong>8.9</strong></td>
</tr>
<tr>
<td>Less: Inter segment revenue</td>
<td>4168</td>
<td>3222</td>
<td>29.4</td>
</tr>
<tr>
<td><strong>Gross Revenue from sale of products &amp; services</strong></td>
<td><strong>23112</strong></td>
<td><strong>21817</strong></td>
<td><strong>5.9</strong></td>
</tr>
</tbody>
</table>

Comparable growth ~7%
## Segment Results – H1 19/20

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>H1</th>
<th>2019-20</th>
<th>2018-19</th>
<th>GOLY %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td></td>
<td>7694</td>
<td>7137</td>
<td>7.8</td>
</tr>
<tr>
<td>- Others</td>
<td></td>
<td>168</td>
<td>109</td>
<td>55.2</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td></td>
<td><strong>7862</strong></td>
<td><strong>7246</strong></td>
<td><strong>8.5</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td></td>
<td>28</td>
<td>29</td>
<td>(3.3)</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td></td>
<td>452</td>
<td>431</td>
<td>5.1</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td></td>
<td>686</td>
<td>607</td>
<td>13.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>9028</strong></td>
<td><strong>8312</strong></td>
<td><strong>8.6</strong></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Finance Cost</td>
<td></td>
<td>29</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>ii) Other un-allocable (income) net of un-allocable expenditure</td>
<td></td>
<td>(620)</td>
<td>(378)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td></td>
<td><strong>9619</strong></td>
<td><strong>8669</strong></td>
<td><strong>11.0</strong></td>
</tr>
</tbody>
</table>
Gross Revenue for the year ended Mar’19 is not comparable with the previous period a/c GST transition.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>GOLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales Value</td>
<td>75,309</td>
<td>67,082</td>
<td>12.3%</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>45,221</td>
<td>43,957</td>
<td>2.9%</td>
</tr>
<tr>
<td>PBDIT</td>
<td>17,306</td>
<td>15,541</td>
<td>11.4%</td>
</tr>
<tr>
<td>PBT</td>
<td>18,444</td>
<td>16,439</td>
<td>12.2%</td>
</tr>
<tr>
<td>PAT</td>
<td>12,464</td>
<td>10,953</td>
<td>13.8%</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBT (incl. Exceptional items)</td>
<td>18,444</td>
<td>16,852</td>
<td>9.4%</td>
</tr>
<tr>
<td>PAT (incl. Exceptional items)</td>
<td>12,464</td>
<td>11,223</td>
<td>11.1%</td>
</tr>
<tr>
<td>Other Comprehensive Income (net of tax)</td>
<td>363</td>
<td>382</td>
<td></td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>12,827</td>
<td>11,606</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

^Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)
Gross Segment Revenue – Full Year

Gross Revenue not comparable with the previous period a/c GST transition.
Comparable Gross Sales Value for 2019 at 75309 cr. (+12.3%)

<table>
<thead>
<tr>
<th>Segment Revenue (Gross)</th>
<th>2019</th>
<th>2018</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>20713</td>
<td>22894</td>
<td>(9.5)</td>
</tr>
<tr>
<td>- Others</td>
<td>12505</td>
<td>11329</td>
<td>10.4</td>
</tr>
<tr>
<td>Total FMCG</td>
<td>33218</td>
<td>34223</td>
<td>(2.9)</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>1665</td>
<td>1418</td>
<td>17.5</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>9397</td>
<td>8068</td>
<td>16.5</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>5860</td>
<td>5250</td>
<td>11.6</td>
</tr>
<tr>
<td>Total</td>
<td>50140</td>
<td>48957</td>
<td>2.4</td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>4919</td>
<td>5001</td>
<td>(1.6)</td>
</tr>
</tbody>
</table>

| Gross Revenue from sale of products & services | 45221 | 43957 | 2.9 |

- **Cigarettes:** Stability in taxes during the year provided some relief to the legal cigarette industry; growth in volumes on soft base
- **FMCG Others:** Comparable Revenue\(^\text{^ ex-Lifestyle Retailing Business}\) up 12% with most major categories enhancing their market standings
- **Hotels:** Improvement in RevPar and addition of two world-class properties to the portfolio
- **Agri Business:** Trading opportunities in Wheat, Coffee, Oilseeds & Spices; leaf exports flat
- **Paperboards, Paper & Packaging:** Enriched mix, higher volumes, Décor & PM1A capacity, improved realisation
## Segment Results – Full Year

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>2019</th>
<th>2018</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>14551</td>
<td>13341</td>
<td>9.1</td>
</tr>
<tr>
<td>- Others</td>
<td>316</td>
<td>164</td>
<td>92.4</td>
</tr>
<tr>
<td>- Restructuring of Lifestyle Retailing Business</td>
<td>70</td>
<td>164</td>
<td>92.4</td>
</tr>
<tr>
<td>Total FMCG</td>
<td>14937</td>
<td>13505</td>
<td>10.6</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>178</td>
<td>140</td>
<td>27.1</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>777</td>
<td>849</td>
<td>(8.5)</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1239</td>
<td>1042</td>
<td>18.9</td>
</tr>
<tr>
<td>Total</td>
<td>17131</td>
<td>15536</td>
<td>10.3</td>
</tr>
<tr>
<td>Less: i) Finance Cost</td>
<td>34</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td>ii) Other un-allocable (income) net of un-allocable expenditure</td>
<td>(1347)</td>
<td>(990)</td>
<td></td>
</tr>
<tr>
<td>Profit Before Exceptional items &amp; Tax</td>
<td>18444</td>
<td>16439</td>
<td>12.2</td>
</tr>
</tbody>
</table>

- **FMCG-Others** Segment EBITDA up 51% to 688 cr. aided by enhanced scale, mix enrichment & operating leverage; despite stepped up marketing expenses, input cost increases, gestation of new categories & start-up costs of new facilities and ongoing Lifestyle Retailing Business restructuring.

- **Hotels** growth driven by higher room rates and operating leverage; gestation cost of new properties absorbed.

- **Agribusiness** impacted by subdued demand for leaf tobacco in international markets and leaf cost escalation pertaining to Andhra 2017 crop.

- **Paperboards, Paper & Packaging** margin expansion driven by product mix enrichment, higher realisation, strategic investments in imported pulp substitution, process innovation and a cost-competitive fibre chain.
ITC’s Economic Contribution to the Nation

- **10 year Value addition** ~ Rs. 3.5 lakh crore (US$ 59 billion)
  - Among the top tax payers in the country
  - Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated over ₹ 220000 crores of which nearly ₹ 160000 crores accrued to the Exchequer.

- **Foreign exchange earnings** in the last 10 years: US$ 7.2 bln
  - Of which agri exports constituted ~56%
Social Performance

- Direct employment ITC Group: over 34,000

- 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 733,000 acres and generated nearly 135 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
Making Agri value chains competitive
Quality, productivity, market access, sustainable practices

- Partnering NITI Aayog in 27 Districts
- Over 2 lakh farmers trained till date

Baareh Mahine Hariyali Initiative

• Climate Smart Agriculture (eg. Zero Tillage, Micro Irrigation)
• Cropping Intensity (High Yielding, Short Duration Varieties)
• Creating Market Linkages (via ITC e-Choupal and Foods Brands)

Doubling Farmers Income through round-the-year interventions
Environmental Performance

- Water positive - 17 years in a row

- Carbon positive enterprise – 14 years in a row
  - Sequestering over twice the amount of CO$_2$ that the Company emits

- Solid waste recycling positive – 12 years in a row

- Around 41% of total energy consumed is from renewable sources - a creditable performance given the expanding manufacturing base


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
Awards & Accolades

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

- 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 as the most admired company in India in 2014 (Fortune-Hay Group survey)

- ITC recognised amongst the Top 10 employers in India by Randstad Employer Brand Research survey 2018.
### Awards in 2019/20

<table>
<thead>
<tr>
<th>Award</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunfeast Farmlite</td>
<td>Bagged Bronze for ‘Video Craft’ in Music category at ABBY Awards 2019.</td>
</tr>
<tr>
<td>Club ITC</td>
<td>Won the ‘210 Award’ at the 29th Annual Freddie Awards held in Seattle USA.</td>
</tr>
<tr>
<td>ITC PSPD, Unit Kovai</td>
<td>Has been awarded the prestigious “GreenCo Platinum” Award by CII in 2019.</td>
</tr>
</tbody>
</table>
Major Awards in 2018/19

Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the ‘Distinguished Alumnus Award of the Year 2018’ conferred by IIT, Kanpur in recognition of his achievements of exceptional merit.

ITC’s leading hygiene brand Savlon, became the first Indian brand to win the Grand Prix for ‘Creative Effectiveness’ at the coveted Cannes Lions 2018

ITC received the ‘Diamond Award for Excellence in Public Relations’ (ITC Aashirvaad) and ‘Gold Award in the consumer products category’ (ITC Classmate) at the SABRE Awards South Asia 2018

ITC Hotels was awarded the Best Luxury Hotel Chain, ITC Kohenur - Best New Luxury Hotel (India), ITC Grand Bharat - Best Luxury Resort (India) & ITC International Terminal Lounge, New Delhi - Best Airport Lounge by Travel+Leisure India & South Asia at the ‘India’s Best Awards’

ITC’s Paperboards Business was recognised as the Best Performer in the pulp & paper sector by the Bureau of Energy Efficiency under the Perform, Achieve and Trade Scheme.

ITC’s Agri Business Division, Chirala Unit conferred the ‘Sarvashreshtha Suraksha Puraskar’ by National Safety Council of India.
Major Awards & Accolades over the years

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

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

Businessworld FICCI CSR award in Large Enterprise category

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

AIM Asian CSR Award by the Asian Forum on Corporate Social Responsibility
This presentation contains certain forward-looking statements including those describing the Company’s strategies, strategic direction, objectives, future prospects, estimates etc. Investors are cautioned that “forward looking statements” are based on certain assumptions of future events over which the Company exercises no control. Therefore there can be no guarantee as to their accuracy and readers are advised not to place any undue reliance on these forward looking statements. 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. These statements involve a number of risks, uncertainties and other factors that could cause actual results or positions 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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ITC Corporate App

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