ITC Limited

One of India’s Most Admired and Valuable Companies
Profile

- One of India’s most Admired and Valuable companies
  - Market Capitalisation: ~Rs. 3.6 lakh crores

- A US$ 10 billion enterprise by Gross Sales Value^ 
  - ~59% of Net Revenue from non-Cigarette segments

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

- 10 year Value Addition ~ Rs. 3.1 lakh crores (US$ 55 billion).
  - 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 16 years), 'carbon positive' (for 13 years), and 'solid waste recycling positive' (for 11 years)

^ Reported Gross Revenue (US$ 7 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

### Gross Revenue (Rs. 43,957 cr.) not comparable a/c GST transition; PBT & PAT for FY18 before exceptional items

<table>
<thead>
<tr>
<th></th>
<th>1995-96</th>
<th>2017-18</th>
<th>22-yr Cagr 95-96 to 17-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue</strong></td>
<td>2,536</td>
<td>39,255</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>452</td>
<td>16,439</td>
<td>17.7%</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>261</td>
<td>10,953</td>
<td>18.5%</td>
</tr>
<tr>
<td><strong>Capital Employed</strong></td>
<td>1,886</td>
<td>53,336</td>
<td>16.4%</td>
</tr>
<tr>
<td><strong>Segment ROCE%</strong></td>
<td>36.3</td>
<td>69.0</td>
<td></td>
</tr>
<tr>
<td><strong>Market Capitalisation</strong></td>
<td>5,571</td>
<td>3,12,308</td>
<td>20.1%</td>
</tr>
<tr>
<td><strong>Total Shareholder Returns %</strong></td>
<td>22.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sensex (CAGR 95-96 to 17-18) : 10.9%**
ITC’s ranking
Amongst all listed private sector cos.

PBT: No. 5
PAT: No. 5
Market Capitalisation: No. 5

Note: Based on Published Results for FY18, Market Capitalisation based on BSE closing as on 30th Jun 2018
\- **10 year Value addition** ~ Rs. 3.1 lakh crore (US$ 55 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 ₹ 200000 crores of which nearly ₹ 150000 crores accrued to the Exchequer.

\- **Foreign exchange earnings** in the last 10 years: US$ 7.1 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 **683,000 acres** and generated nearly **125 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 - 16 years in a row

- Carbon positive enterprise – 13 years in a row
  - Sequestering over twice the amount of CO₂ that the Company emits

- Solid waste recycling positive – 11 years in a row

- Over 43% 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*
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 \(~10\%\) of tobacco consumed in India due to a punitive and discriminatory taxation and regulatory regime.

India is the 4th largest illegal cigarette market in the World; resulting in 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.
Legal Cigarettes contribute 87% of Tax Revenue, despite constituting only 10% of Tobacco consumption.

Cigarette taxes remain, effectively, about 50 times higher than on other tobacco products (on a per Kg basis of tobacco consumption).

Note: Consumption Share based on 2016/17 data
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 over 17% of world population, its share of world cigarette consumption is less than 2%
- Per Capita consumption in India ~11% of World average
• Legal cigarette industry volumes remain under pressure
  - While the legitimate cigarette industry has declined steadily since 2010-11 at a compound annual rate of 4.8% p.a., illegal cigarette volumes in contrast have grown at about 5% p.a. during the same period, making India one of the fastest growing illegal cigarette markets in the world.

• Hon’ble Karnataka High Court struck down the COTPA rules that mandated printing of 85% GHW on Cigarette packs in Dec’17; since stayed by Hon’ble Supreme Court.
  - Pending the final hearing of this matter, the regime of the extremely repugnant 85% pictorial warning continues.
Creating World-class brands for Indian Consumers

- Sunfeast
- Aashirvaad
- Bingo!
- Kitchens of India
- Yippee!
- B Natural
- Dark Fantasy
- Mom’s Magic
- Candyman
- Mint-o
- GumOn
- Fabelle
- Sunbean Gourmet Coffee
- Aashirvaad svasti Pure Cow Ghee
- Wills Lifestyle
- Classmate
- Paperkraft
- Mangaldeep
- John Players
- ITC Master Chef
- Dermafaque
- Savlon
- Shower to Shower
- Engage
- Essenza di Wills
- Superia
Rapid scale up of FMCG businesses

Note: Reported Gross Revenue for FY18 not comparable a/c GST transition; Comparable FMCG Business growth for FY18 at 11.3% as compared to reported growth of 7.8%
Annual Consumer Spends of ~16000 cr. (FY18)
Branded Packaged Foods Portfolio

Biscuits, Staples, Snacks, Noodles & Pasta, Confectionery, Ready to Eat, Juices, Dairy, Chocolates and Coffee
Branded Packaged Foods: Some recent launches (1)

- Bounce Minis Strawberry
- Sunfeast Bounce Cakes
- Dark Fantasy Choco Jellifills Cake
- Sunfeast Marie Light Vita
- Fabelle Visible Inclusions
- Bingo! Mad Angles Fillos
- Bingo! Mad Angles Very Peri Peri
- Bingo! Tedhe Medhe Wakhra Style
- Sunfeast YiPPe! Wow Chicken
- Candyman Fruity Delite
Branded Packaged Foods: Some recent launches (2)

Fabelle centre-filled chocolate bars

Bingo! No Rulz

Sunfeast YiPpee! Mood Masala

Sunfeast Farmlite Protein Power

Candyman Crunchy Peanut

Chatpata Phalsa

Masala Jamun Juice
Sharpening communication & consumer engagement

Dark Fantasy – Can’t Wait Wont Wait Campaign

B Natural - Not from concentrate campaign.

YiPPee! Mood Masala campaign

Mom’s Magic – ‘Dil ka Tukda’ campaign
Integrated Manufacturing and Logistics facilities

- Commissioned state-of-the-art facilities at Panchla, Kapurthala, Uluberia, Mysuru and Guwahati; Capacity utilisation 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 drive robust growth.
  - Range augmented with the launch of unique slider-flip pack.

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

- Vivel Bodywash
- Dermafique range of Premium Skincare
- Nimyle Herbal Floor Cleaner
- Engage On Flip pack
- Savlon Chota Bheem Handwash
- Savlon Hand Sanitizer Gel
- Fiama Bath Essentials
Sharpening communication & consumer engagement

Watch
Karuna Nundy
(Supreme Court Advocate)
Explain how
the law can protect you
at home and at work.

Today at 5:00 PM

Deepening consumer engagement in Vivel anchored on Women’s Empowerment through ‘AbSamjhautaNahin’ & ‘Know Your Rights’ initiatives

Education & Stationery Products Business

- **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 and MyClassmate app to deliver customized notebooks
- Increase presence in **writing instruments and scholastic products** segment leveraging the Classmate brand
Lifestyle Retailing

• **‘Wills Lifestyle’** brand positioned at the premium end of the market
  – The brand is available in ~350 outlets across multiple channels including six exclusive boutique stores across ITC Hotels

• **‘John Players’** brand positioned in the youth fashion segment
  – The brand is available in ~750 points-of-sale across leading national and regional department stores, exclusive 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 nine languages and caters to the everyday devotional needs of consumers.
• 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 picked up in the last few quarters.
  - FTA into India crossed the 10 million mark but remains far behind China (~59 million)
    (Source: Ministry of Tourism, UNWTO Tourism Highlights 2017 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 ~240,000 rooms, of which ~66,000 rooms are in the Luxury and Upper-Upscale segments
Hotels Business

- **The Chain:** 107 properties across 72 locations
  - 4 Brands: **ITC Hotels, WelcomHotel, Fortune & WelcomHeritage**
    - 26 Five-Star Deluxe/ Five-Star Properties with over 4800 rooms
    - 46 Fortune Hotels with over 3600 rooms
    - 35 WelcomHeritage Properties with over 800 rooms

- **Projects** underway:
  - ITC Hotels at Kolkata, Ahmedabad
  - WelcomHotels at 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
ITC Kohenur launched on 1st June 2018

Restaurants & Banquet

- Ottimo
- Dum Pukht-Begum’s
- Yi Jing
- Deccan State room
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 3.1 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 7.2% p.a.
- Value-added Paperboards - the fastest growing segment (10.5% 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, commissioned in Q4FY17 – lower dependence on imported pulp and source of competitive advantage.
  - Décor Machine at Tribeni unit completely refurbished incorporating latest technology features along with capacity expansion.
- **Strategic projects underway:** Value Added Paperboard (+1.5 lakh TPA); expected to be commissioned in Q2FY19.

- **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 fruit pulp for ‘B Natural’ range of juices
  - Sourcing support for spices, chip stock potatoes

- 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

- Stepped up initiatives in value added agriculture
  - Super-safe spices & Packaged frozen prawns under the ‘ITC Masterchef’ brand
  - Differentiated variants of potatoes (viz. natural antioxidants, naturally low sugar, baby potatoes & french fry potatoes) under the ‘Farmland’ brand
  - Dehydrated onion flakes under the ‘ITC Master Chef Smart Onions’ brand for the institutional segment.

ITC Master Chef prawns  Farmland Potatoes  ITC Master Chef Super Safe Smart Onions
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’s Leaf Tobacco Business

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

- However, India’s share is only at 9% of world tobacco trade
  - Leaf exports declined 4\textsuperscript{th} year in a row to \(~178\) 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

- Pressure on legal cigarette industry volumes, adverse quality and leaf cost escalation pertaining to Andhra 2017 crop, and lower export incentives weighed on the business performance.
Gross Revenue for the quarter ended 30th June, 2018 is not comparable with the previous period a/c GST transition.

<table>
<thead>
<tr>
<th>₹ Crs</th>
<th>Q1</th>
<th>2018-19</th>
<th>2017-18</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales Value ^</td>
<td>18,172</td>
<td>16,011</td>
<td>13.5%</td>
<td></td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>10,722</td>
<td>13,722</td>
<td>-21.9%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,202</td>
<td>3,746</td>
<td>12.2%</td>
<td></td>
</tr>
<tr>
<td>PBT</td>
<td>4,300</td>
<td>3,945</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td>PAT</td>
<td>2,819</td>
<td>2,561</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>Other Comprehensive Income (net of tax)</td>
<td>78</td>
<td>157</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>2,897</td>
<td>2,717</td>
<td>6.6%</td>
<td></td>
</tr>
</tbody>
</table>

^Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)
### Gross Segment Revenue – Q1 18/19

Gross Revenue not comparable with previous period a/c GST transition

<table>
<thead>
<tr>
<th>Q4</th>
<th>2017-18</th>
<th>Q1</th>
<th>2018-19</th>
<th>2017-18</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Revenue (Gross)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4936</td>
<td>a) FMCG - Cigarettes</td>
<td>5128</td>
<td>8774</td>
<td>(41.6)</td>
<td></td>
</tr>
<tr>
<td>3052</td>
<td>- Others</td>
<td>2870</td>
<td>2601</td>
<td>10.3</td>
<td></td>
</tr>
<tr>
<td><strong>7988</strong></td>
<td><strong>Total FMCG</strong></td>
<td><strong>7998</strong></td>
<td><strong>11375</strong></td>
<td><strong>(29.7)</strong></td>
<td></td>
</tr>
<tr>
<td>408</td>
<td>b) Hotels</td>
<td>341</td>
<td>305</td>
<td>11.9</td>
<td></td>
</tr>
<tr>
<td>1808</td>
<td>c) Agri Business</td>
<td>3151</td>
<td>2761</td>
<td>14.2</td>
<td></td>
</tr>
<tr>
<td>1301</td>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1356</td>
<td>1360</td>
<td>(0.3)</td>
<td></td>
</tr>
<tr>
<td><strong>11505</strong></td>
<td><strong>Total</strong></td>
<td><strong>12846</strong></td>
<td><strong>15800</strong></td>
<td><strong>(18.7)</strong></td>
<td></td>
</tr>
<tr>
<td>800</td>
<td>Less : Inter segment revenue</td>
<td>2124</td>
<td>2078</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td><strong>10706</strong></td>
<td>Gross Revenue from sale of products &amp; services</td>
<td><strong>10722</strong></td>
<td><strong>13722</strong></td>
<td><strong>(21.9)</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **FMCG Cigarettes**: tax-led price increase
- **FMCG Others**: Revenue growth driven by Staple, Snacks & Meals, Deodorants & Liquids (handwash & bodywash), Notebooks, Agarbattis *partly offset by* ongoing restructuring in Apparel.
- **Hotels**: Higher room rates, strong F&B Sales and launch of ITC Kohenur
- **Agri Business**: Trading opportunities in Soya, Mustard, Coffee, Rice and Spices *partly offset* pressure on legal cigarette industry volumes
- **Paperboards, Paper & Packaging**: slow pick-up in demand in end user industries and unabsorbed capacity in domestic industry; shut-down of a paperboard machine for part of a quarter for rebuild
## Segment Results – Q1 18/19

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>Q4 2017-18</th>
<th>Q1 2018-19</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>3506</td>
<td>3558</td>
<td>8.7</td>
</tr>
<tr>
<td>- Others</td>
<td>91</td>
<td>50</td>
<td>823.0</td>
</tr>
<tr>
<td>Total FMCG</td>
<td>3597</td>
<td>3609</td>
<td>10.0</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>75</td>
<td>13</td>
<td>149.0</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>124</td>
<td>195</td>
<td>(17.3)</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>242</td>
<td>296</td>
<td>14.9</td>
</tr>
<tr>
<td>Total</td>
<td>4039</td>
<td>4112</td>
<td>8.9</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Finance Cost</td>
<td>23</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>ii) Other un-allocable (income) net of un-allocable expenditure</td>
<td>(318)</td>
<td>(195)</td>
<td></td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>4333</td>
<td>4300</td>
<td>9.0</td>
</tr>
</tbody>
</table>

### Analysis

- **FMCG-Others:** Segment EBITDA at 128 cr. (+86%) driven by enhanced scale, mix enrichment, cost management initiatives; despite stepped up marketing expenses and gestation of new categories
- **Hotels:** Margin expansion driven by ARR growth & operating leverage; gestation cost of ITC Kohenur and WH Coimbatore absorbed
- **Agribusiness:** Pressure on legal cigarette industry volumes, adverse quality & leaf cost escalation and lower export incentives
- **Paperboards, Paper & Packaging** margin expansion driven by imported pulp substitution, improved pulp yield, benefits of a cost-competitive fibre chain, product mix enrichment and higher realisation
## Segment Capital Employed Q1 18/19

(₹ crs)

<table>
<thead>
<tr>
<th>Q4</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2017-18</th>
<th>Mvt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Capital Employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3332</td>
<td></td>
<td>a) FMCG - Cigarettes *</td>
<td>3211</td>
<td>4429</td>
</tr>
<tr>
<td>5717</td>
<td></td>
<td>- Others</td>
<td>6711</td>
<td>6508</td>
</tr>
<tr>
<td>9049</td>
<td></td>
<td>Total FMCG</td>
<td>9923</td>
<td>10938</td>
</tr>
<tr>
<td>4999</td>
<td></td>
<td>b) Hotels</td>
<td>5092</td>
<td>4801</td>
</tr>
<tr>
<td>2507</td>
<td></td>
<td>c) Agri Business</td>
<td>2561</td>
<td>2725</td>
</tr>
<tr>
<td>5953</td>
<td></td>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>6097</td>
<td>5784</td>
</tr>
<tr>
<td>22508</td>
<td></td>
<td>Total Segment Capital Employed</td>
<td>23673</td>
<td>24247</td>
</tr>
<tr>
<td>233</td>
<td></td>
<td></td>
<td></td>
<td>121</td>
</tr>
</tbody>
</table>

* Local Tax Provision not incl.

Decline in Segment Capital Employed primarily a/c higher statutory liabilities (mainly a/c GST) and trade payables *partly offset by increase in* 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
Headline Financials : FY 17-18

Gross Revenue for the year ended 31st March, 2018 is not comparable with the previous period a/c GST transition.

(₹ crs)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Goly %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales Value</td>
<td>67082</td>
<td>64174</td>
<td>4.5</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>43957</td>
<td>55002</td>
<td>-20.1</td>
</tr>
<tr>
<td>PBDIT</td>
<td>15541</td>
<td>14578</td>
<td>6.6</td>
</tr>
<tr>
<td>PBT (before exceptional items)</td>
<td>16439</td>
<td>15503</td>
<td>6.0</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>413</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBT</td>
<td>16852</td>
<td>15503</td>
<td>8.7</td>
</tr>
<tr>
<td>PAT</td>
<td>11223</td>
<td>10201</td>
<td>10.0</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>382</td>
<td>77</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>11606</td>
<td>10278</td>
<td>12.9</td>
</tr>
</tbody>
</table>

- **Gross Sales Value** up 4.5% amidst a sharp slowdown in the economy, steep increase in tax incidence on cigarettes, subdued demand conditions in the FMCG industry, shortage of tobacco crop in Andhra Pradesh and lack of trading opportunities in the Agri Business.

- Reversal of TN Entry Tax provision pursuant to favourable Supreme Court judgement reported as **Exceptional item (413 cr.)**

^Gross Sales Value includes all taxes (GST, Compensation Cess, VAT, Excise Duty, NCCD, etc.)
Gross Revenue not comparable with previous period a/c GST transition

(₹ crs)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Goly (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>22894</td>
<td>34002</td>
<td>-32.7</td>
</tr>
<tr>
<td>- Others</td>
<td>11329</td>
<td>10512</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>34223</strong></td>
<td><strong>44514</strong></td>
<td><strong>-23.1</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>1418</td>
<td>1342</td>
<td>5.6</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>8068</td>
<td>8265</td>
<td>-2.4</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>5250</td>
<td>5363</td>
<td>-2.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48957</strong></td>
<td><strong>59483</strong></td>
<td><strong>-17.7</strong></td>
</tr>
<tr>
<td>Less : Eliminations</td>
<td>5001</td>
<td>4481</td>
<td>11.6</td>
</tr>
<tr>
<td><strong>Gross Revenue from Sale of Products &amp; Services</strong></td>
<td><strong>43957</strong></td>
<td><strong>55002</strong></td>
<td><strong>-20.1</strong></td>
</tr>
</tbody>
</table>

- **Legal Cigarette** industry volumes impacted; steep increase in tax incidence
- **FMCG Others**: comparable Revenue growth at 11.3% driven by Foods, Personal Care and Education business; Apparel sales impacted by ongoing restructuring of retail & trade footprint
- **Hotels**: higher ARRs and F&B revenue
- **Agri Business**: limited trading opportunities, high base effect (imported Wheat in LY), shortage & adverse quality of Andhra tobacco crop
- **Paperboards, Paper & Packaging**: Subdued Cigarette/FMCG/Liquor demand, cheap imports and surplus capacity continue to weigh on demand
Segment Results – FY 17-18

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Goly (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>13341</td>
<td>12514</td>
<td>6.6</td>
</tr>
<tr>
<td>- Others</td>
<td>164</td>
<td>28</td>
<td>483.6</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>13505</strong></td>
<td><strong>12542</strong></td>
<td><strong>7.7</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>140</td>
<td>111</td>
<td>26.0</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>849</td>
<td>906</td>
<td>-6.3</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1042</td>
<td>966</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15536</strong></td>
<td><strong>14525</strong></td>
<td><strong>7.0</strong></td>
</tr>
<tr>
<td>Less: i) Finance Cost</td>
<td>87</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>ii) Unallocated corporate expenditure - Net</td>
<td>(990)</td>
<td>(1001)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit Before Exceptional items &amp; Tax</strong></td>
<td><strong>16439</strong></td>
<td><strong>15503</strong></td>
<td><strong>6.0</strong></td>
</tr>
</tbody>
</table>

- **FMCG Others**: aided by enhanced scale, mix enrichment and cost management initiatives; notwithstanding stepped up marketing expenses, gestation cost of new categories and ongoing restructuring of Apparel

- **Hotels** growth driven by higher room rates and F&B revenue

- **Agribusiness** impacted by increase in leaf prices, lower export incentives & limited trading opportunities

- **Paperboards, Paper & Packaging** margin expansion driven by benign wood cost, structural cost saving initiatives and improved mix
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. ITC recognised amongst Top 5 most preferred employer in ‘Campus Track’. (*Nielsen survey, 2017*)
Awards & Accolades (2)

Harvard Business Review ranked ITC Chairman Y C Deveshwar as the 7th Best Performing CEO in the World.

Chairman Y C Deveshwar conferred the Indian Visionary - Business Leader Award by The Economic Times, for being the country’s most visionary corporate leader.

Chairman Y C Deveshwar has been conferred the Lifetime Achievement Award by 4 eminent media houses including Economic Times, Business Standard, Business Today and CNBC.

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

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

Chairman Y C Deveshwar conferred ‘CII President’s Award for Lifetime Achievement’ for the year 2018.

ITC 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 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

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
Recent Awards & Accolades (1)

‘Savlon Healthy Hand Chalk Sticks’ the first Indian brand to win the Grand Prix for ‘Creative Effectiveness’ at the Cannes Lions.

The campaign had also won 7 Lions at Cannes 2017 and also recognised as one of the top 10 PR Campaigns in the World at Global SABRE Awards.

Vivel’s proposition of empowerment of women through its ‘Ab Samjhauta Nahin’ message, won certificates of excellence at the South Asia PR SABRE awards.

‘Engage’ won a Gold at Abby (India's biggest advertising and creative award) for its social and digital campaign. The ‘Engage’ campaign on social media also won two Golds at the Content Marketing Awards, South Asia.

ITC Hotels named India's 'Buzziest' brand in the Hotels segment by afaqs!, the country's leading media portal.

Engage featured among the Top 5 in the Personal Care segment.

Foods manufacturing unit at Haridwar was awarded the prestigious ‘Gold Award’ at the 14th edition of 'India Manufacturing Excellence Awards (IMEA) 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.


ITC Hotels featured as the ‘Sectoral Leader’, for the fourth time in the Business World ‘Most Respected Companies’ listing.

ITC Grand Bharat was ranked amongst the top resorts in Asia for the third year in a row in the coveted Conde Nast Traveler U.S. Readers’ Choice Awards.

ITC Maurya was adjudged the ‘Most Eco Friendly Hotel’ by the Ministry of Tourism at the National Tourism Awards.
Forward-looking Statements

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.
For More Information & Updates

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http://www.itcportal.com/default.aspx

ITC Corporate App

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