# 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 (10$^{th}$ Year), Water positive (13$^{th}$ Year) and Solid waste recycling positive (8$^{th}$ Year)

# ITC Performance Track Record

Rs. cr.

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

*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*

# Awards & Accolades (1)

*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

# Awards & Accolades (2)

- **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)*

# Awards & Accolades (3)

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

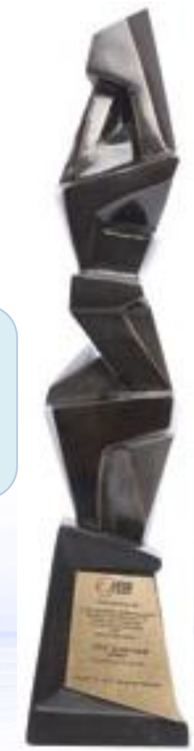

ITC Grand Chola, the world's largest LEED Platinum rated hotel in the New Construction category, launched in September 2012

# Awards & Accolades (4)

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


Businessworld FICCI CSR award in Large Enterprise category

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




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

Best Overall Corporate Social Responsibility Performance : Institute of Public Enterprise

# 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

ITC Grand Bharat, ranked No. 4 amongst the 'Top 100 Hotels & Resorts of the World' on the coveted Conde Nast Traveler U.S. Readers' Choice Awards 2015

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

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

'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.

# ITC's Vision Statement

**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

Enduring Value

## 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

Enduring Value

## FMCG

### Cigarettes

Classic
GOLD FLAKE
NAVY CUT
FLAKE
SILK CUT
BERKELEY

### 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**

# Cigarette Industry in India

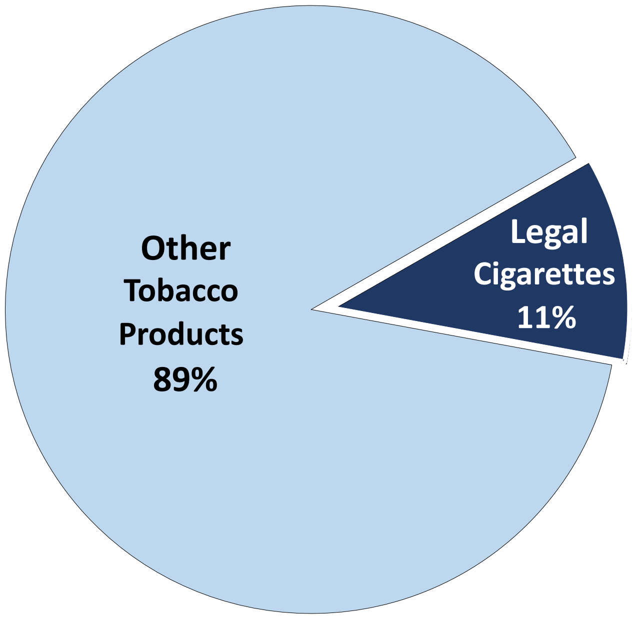
- Legal cigarettes account for only **~11% of tobacco consumed in India** due to a punitive taxation and discriminating regulatory regime

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

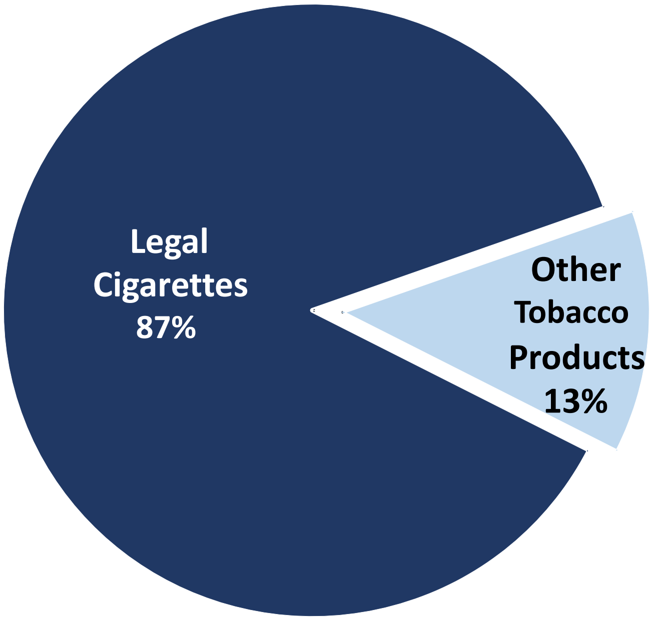
- 48% of adult Indian males consume tobacco. **Only 10% of adult Indian males** smoke cigarettes as compared to 16% who smoke biris and 33% who use smokeless tobacco *(Source: Global Adult Tobacco Survey India 2010)*

- 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




**Consumption Share**

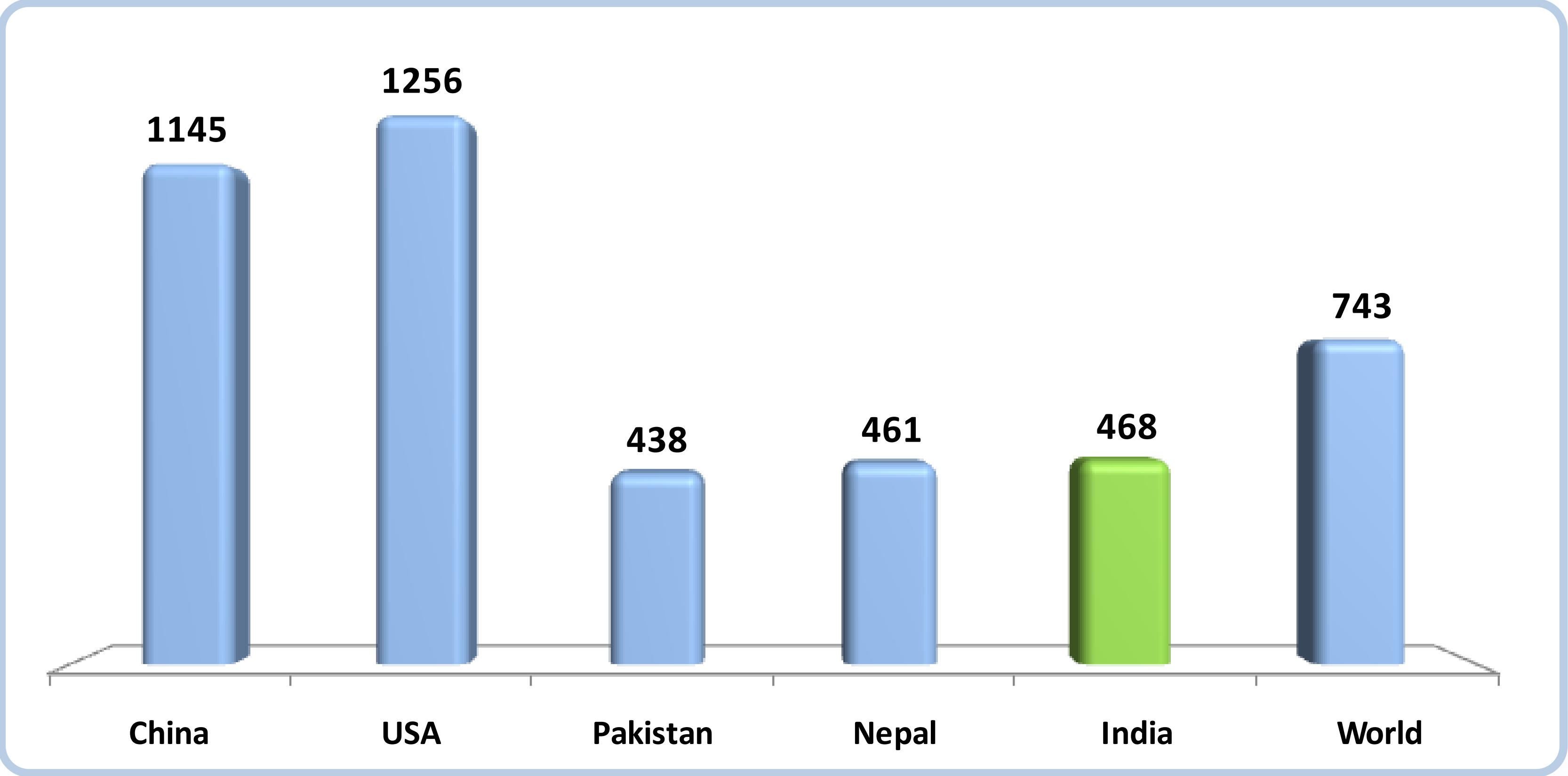



**Tax Revenue Share**

- 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***

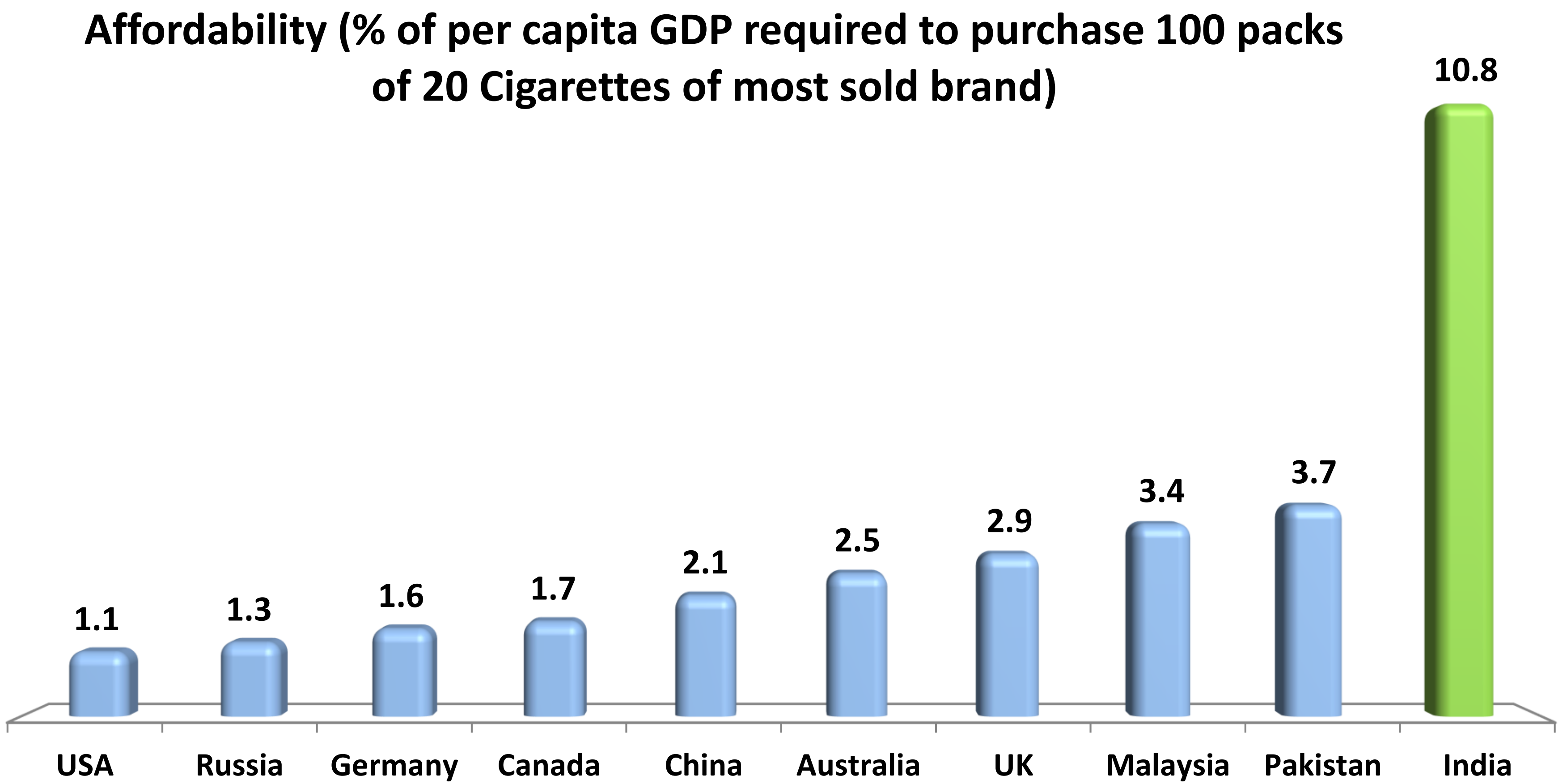
# Per Capita Consumption of Tobacco in India (gms per year)




*Source:World Cigarettes – ERC Statistics, Tob Board & Industry Estimates – gms/Yr*

**Per Capita consumption is ~60% of World Average**

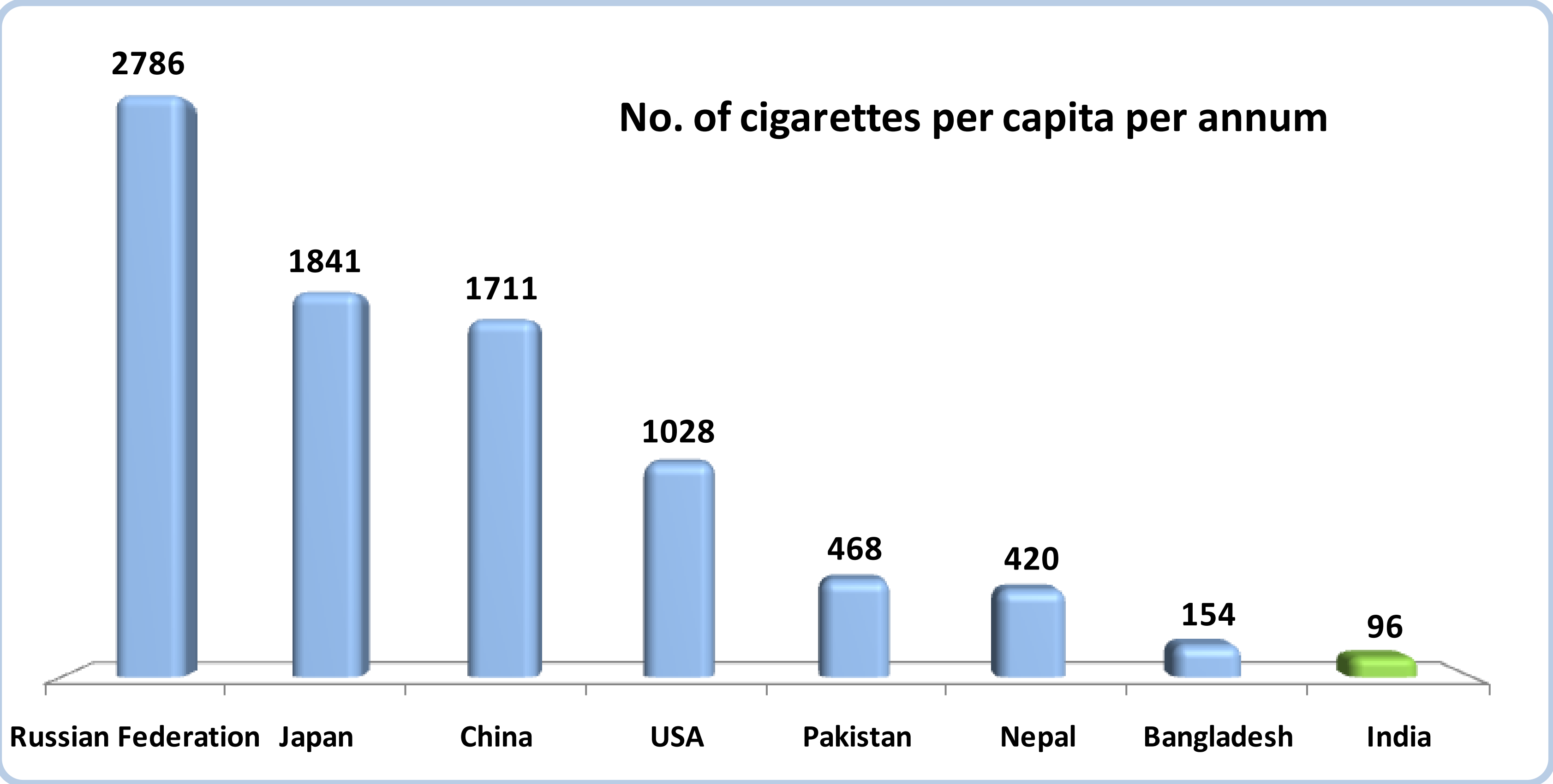
# Cigarettes are least affordable in India




*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




*Source: The Tobacco Atlas - 4th Edition (American Cancer Society), 2012*

- **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

ITC Enduring Value

Sunfeast
AASHIRVAAD
BINGO!
Kitchens of India
Sunfeast YiPPee! noodles
B Natural
mint-o
CANDYMAN
GumOn

ESSENZA DI WILLS
YOUR ESSENCE. YOUR SOUL.
fiama DI WILLS
ENGAGE
Vivel
Vivel Cell renew
Superia

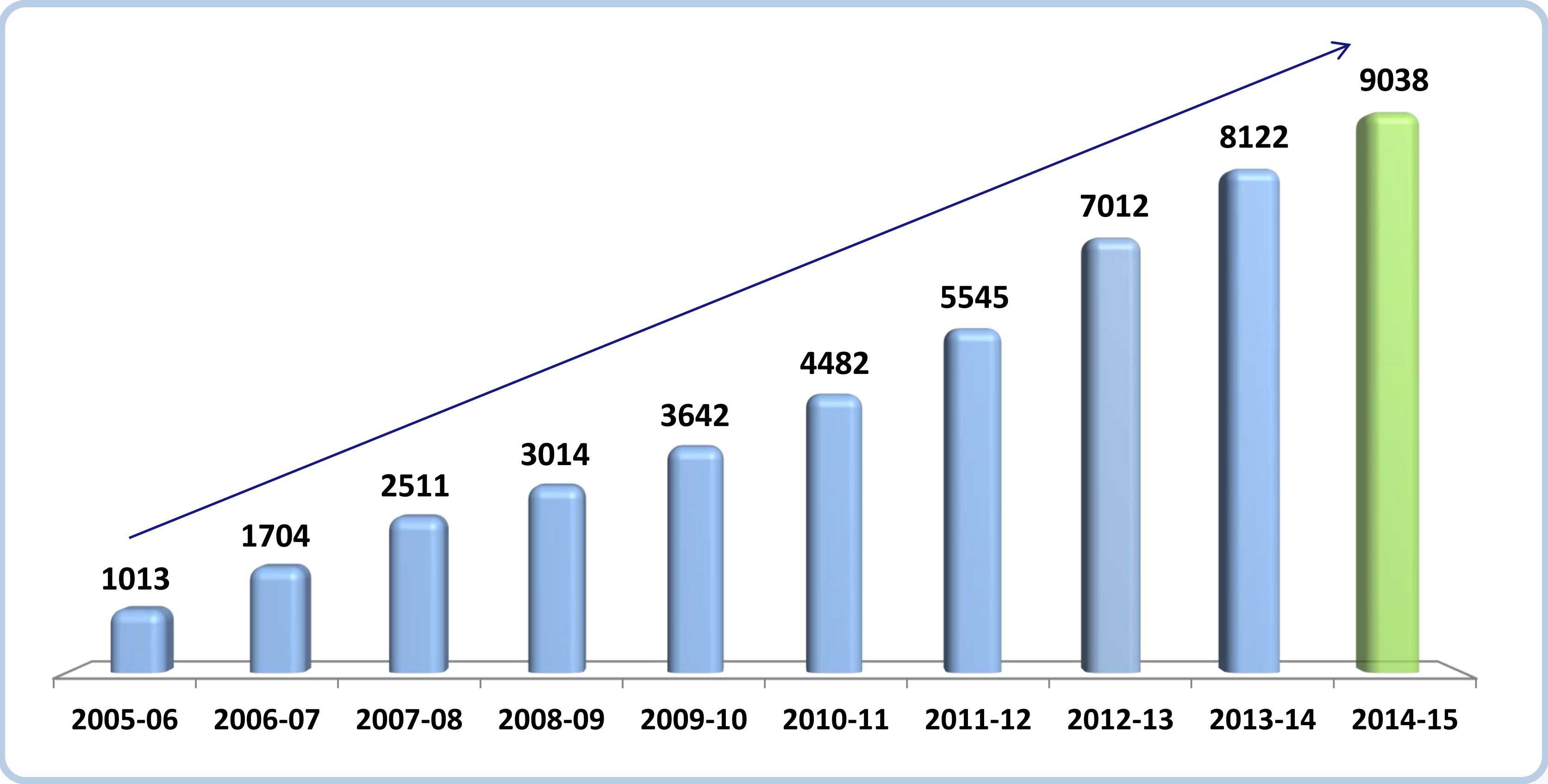
WILLS LIFESTYLE
JOHN PLAYERS

classmate
Paperkraft

AIM
MANGALDEEP
PUJA AGARBATTIS

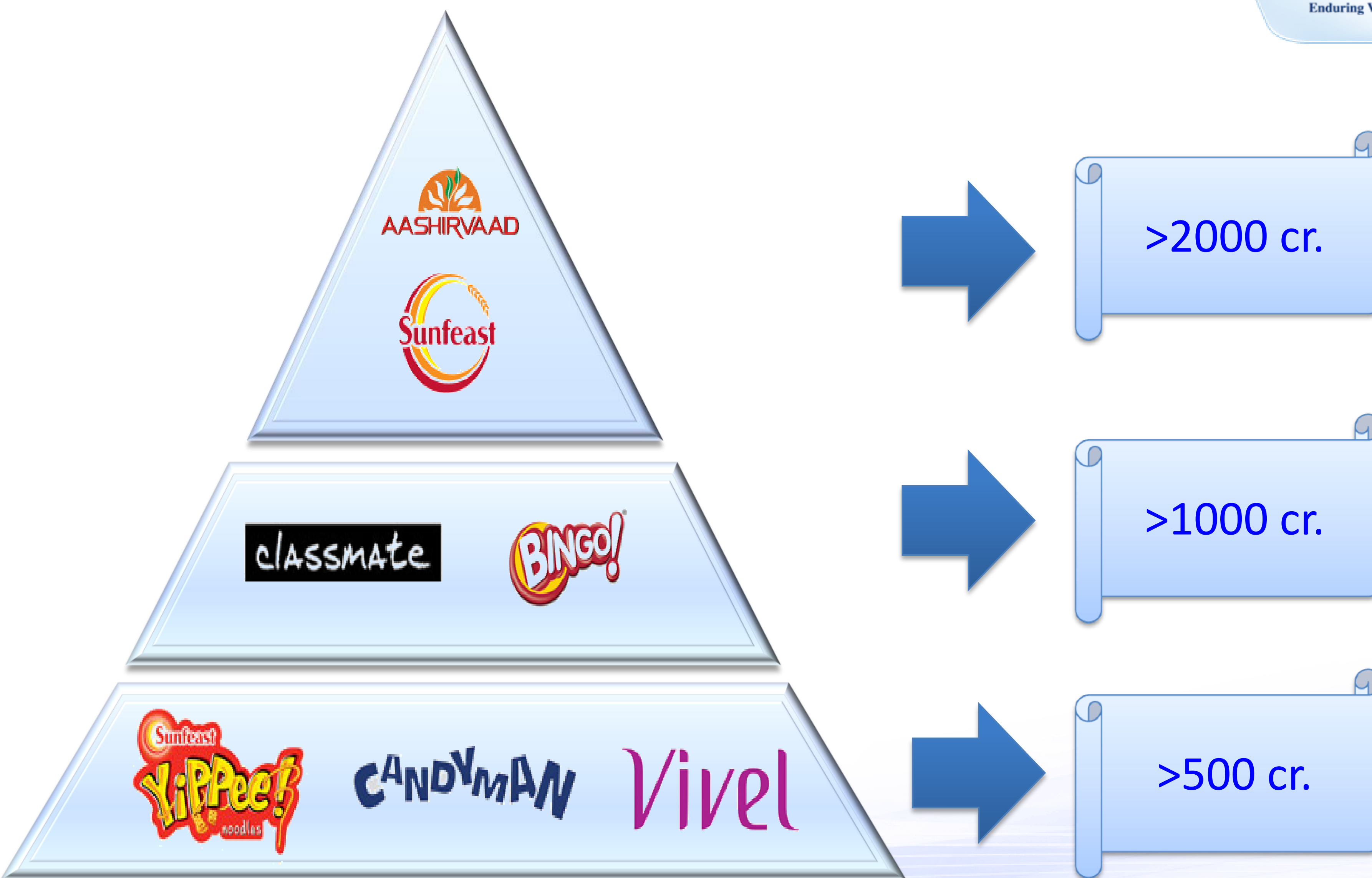
# Rapid scale up of FMCG businesses

Rs. cr.



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

Enduring Value



# Branded Packaged Foods Portfolio




**Biscuits, Staples, Snacks, Noodles & Pasta, Confectionery, Ready to Eat, Juices and Dairy**






# Branded Packaged Foods: Some recent launches

Enduring Value


Sunfeast Delishus Choco Chip


Sunfeast Farmlite Oats with Chocolate


B Natural Apple Awe


Sunfeast Hi Fi Cookies


Candyman  Jellicious Orange


B Natural Festive Delights


Sunfeast Marie Light


GumOn Strawberry


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

Enduring Value







# Education & Stationery Products Business

Enduring Value

- **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

classmate

Paperkraft

# 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

# Hotels Business

- **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 ***

ITC HOTELS
RESPONSIBLE LUXURY

"**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

ITC
Enduring Value

- 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! Yumitos' 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

## 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

– **World Development Report 2008 published by World Bank**

– **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

Rs. cr.

| | 2014/15 | 2013/14 | *Goly %* |
|---|---|---|---|
| **Net Revenue** | 36083 | 32883 | *9.7* |
| **PBDIT** | 15017 | 13562 | *10.7* |
| **PBIT** | 14055 | 12662 | *11.0* |
| **PBT** | 13998 | 12659 | *10.6* |
| **PAT** | 9608 | 8785 | *9.4* |

**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*

# Segment Revenue - 2014/15

Rs. cr.

| | Full Year | | |
|---|---|---|---|
| | **2014-15** | **2013-14** | ***Goly(%)*** |
| **Segment Revenue (Net)** | | | |
| a) FMCG - Cigarettes | 16805 | 15456 | ***8.7*** |
| - Others | 9011 | 8099 | ***11.3*** |
| **Total FMCG** | **25816** | **23555** | ***9.6*** |
| b) Hotels | 1187 | 1133 | ***4.8*** |
| c) Agri Business | 8380 | 7752 | ***8.1*** |
| d) Paperboards, Paper & Packaging | 4974 | 4861 | ***2.3*** |
| **Total** | **40357** | **37301** | ***8.2*** |
| Less : Inter segment revenue | 4274 | 4418 | ***(3.3)*** |
| **Net sales / income from operations** | **36083** | **32883** | ***9.7*** |

- Net Sales up 9.7%
- Non-Cigarette FMCG segment registers a healthy growth of 11.3% amidst subdued demand conditions

# Segment Results - 2014/15

Rs. cr.

| | Full Year | | |
|---|---|---|---|
| | **2014-15** | **2013-14** | ***Goly(%)*** |
| **Segment Results** | | | |
| a) FMCG - Cigarettes | 11196 | 9858 | *13.6* |
| Liability no longer reqd written back | | 158 | |
| FMCG - Cigarettes | 11196 | 10016 | ***11.8*** |
| - Others | 34 | 22 | ***56.2*** |
| **Total FMCG** | **11230** | **10038** | ***11.9*** |
| b) Hotels | 49 | 140 | ***(64.9)*** |
| c) Agri Business | 904 | 835 | ***8.3*** |
| d) Paperboards, Paper & Packaging | 921 | 892 | ***3.3*** |
| **Total** | **13105** | **11905** | ***10.1*** |
| Less : i) Finance Cost | 57 | 38 | *52.2* |
| Liability no longer reqd written back | | -35 | |
| Finance Cost (Net) | 57 | 3 | |
| ii) Other net un-allocable expenditure/ (income) | (950) | (757) | ***25.4*** |
| **Profit Before Tax** | **13998** | **12659** | ***10.6*** |

**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

Enduring Value

Rs. cr.

| | Full Year | | |
|---|---|---|---|
| | **2014-15** | **2013-14** | ***Goly(%)*** |
| **Capital Employed** | | | |
| a) FMCG - Cigarettes | 5819 | 5705 | ***2.0*** |
| - Others | 3988 | 3384 | ***17.9*** |
| **Total FMCG** | **9806** | **9089** | ***7.9*** |
| b) Hotels | 4301 | 3625 | ***18.6*** |
| c) Agri Business | 1959 | 2052 | ***(4.6)*** |
| d) Paperboards, Paper & Packaging | 5426 | 5319 | ***2.0*** |
| **Total Segment Capital Employed** | **21492** | **20086** | ***7.0*** |

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

- Capacity augmentation in FMCG Businesses
- Ongoing investments in Hotels Business

# ITC – Financial Highlights – Q3 2015/16

| | |
|---|---|
| **Net Revenue** | **+3.4%** |
| **PBDIT** | **+4.1%** |
| **Pre Tax Profit** | **+5.4%** |
| **Post Tax Profit** | **+0.7%** |

- **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)

# ITC - Key Financials – Q3 2015/16

Rs. Cr.

| | Q3 15/16 | Q3 14/15 | *Goly %* |
|---|---|---|---|
| **Net Revenue** | 9103 | 8800 | *3.4* |
| **PBDIT** | 3605 | 3464 | *4.1* |
| **PBT** | 4004 | 3800 | *5.4* |
| **PAT** | 2653 | 2635 | *0.7* |

# Segment Revenue – Q3 2015/16

Rs. Cr.

| | Q3 | | GOLY(%) |
|---|---|---|---|
| | 2015-16 | 2014-15 | |
| **Segment Revenue (Net)** | | | |
| a) FMCG - Cigarettes | 4380 | 4142 | 5.7 |
| - Others | 2478 | 2314 | 7.1 |
| **Total FMCG** | **6858** | **6456** | 6.2 |
| b) Hotels | 345 | 330 | 4.5 |
| c) Agri Business | 1481 | 1598 | (7.3) |
| d) Paperboards, Paper & Packaging | 1260 | 1199 | 5.1 |
| **Total** | **9944** | **9583** | 3.8 |
| Less : Inter segment revenue | 841 | 783 | 7.5 |
| **Net sales / income from operations** | **9103** | **8800** | 3.4 |

- **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

Rs. Cr.

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

- **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

Rs. cr.

| | 2015-16 | 2014-15 | *GOLY(%)* |
|---|---|---|---|
| **Capital Employed** | | | |
| a) FMCG - Cigarettes | 5028 | 5888 | *(14.6)* |
| - Others | 4463 | 3681 | *21.2* |
| **Total FMCG** | **9491** | **9569** | ***(0.8)*** |
| b) Hotels | 4419 | 3733 | *18.4* |
| c) Agri Business | 2003 | 1807 | *10.8* |
| d) Paperboards, Paper & Packaging | 5405 | 5482 | *(1.4)* |
| **Total Segment Capital Employed** | **21318** | **20591** | ***3.5*** |

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

Rs. Cr.

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

# Segment Results – YTD Q3 2015/16

Rs. Cr.

| | YTD Q3 | | GOLY(%) |
|---|---|---|---|
| | 2015-16 | 2014-15 | |
| **Segment Results** | | | |
| a) FMCG - Cigarettes | 8734 | 8490 | ***2.9*** |
| - Others | - | (14) | |
| **Total FMCG** | **8734** | **8476** | ***3.0*** |
| b) Hotels | 13 | 7 | ***85.2*** |
| c) Agri Business | 759 | 740 | ***2.7*** |
| d) Paperboards, Paper & Packaging | 705 | 731 | ***(3.6)*** |
| **Total** | **10210** | **9953** | ***2.6*** |
| Less: i) Finance Costs | 37 | 42 | ***(12.1)*** |
| ii) Other Unallocable Exp/(Inc.) - Net | (953) | (738) | ***29.2*** |
| **Profit Before Tax** | **11127** | **10649** | ***4.5*** |

# ITC's Economic Contribution to the Nation

- **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 $CO_2$ 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**
- **Sustainability Report 2015** can be accessed on **http://www.itcportal.com/sustainability/sustainability-report-2015/sustainability-report-2015.pdf**

***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***

# 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.*

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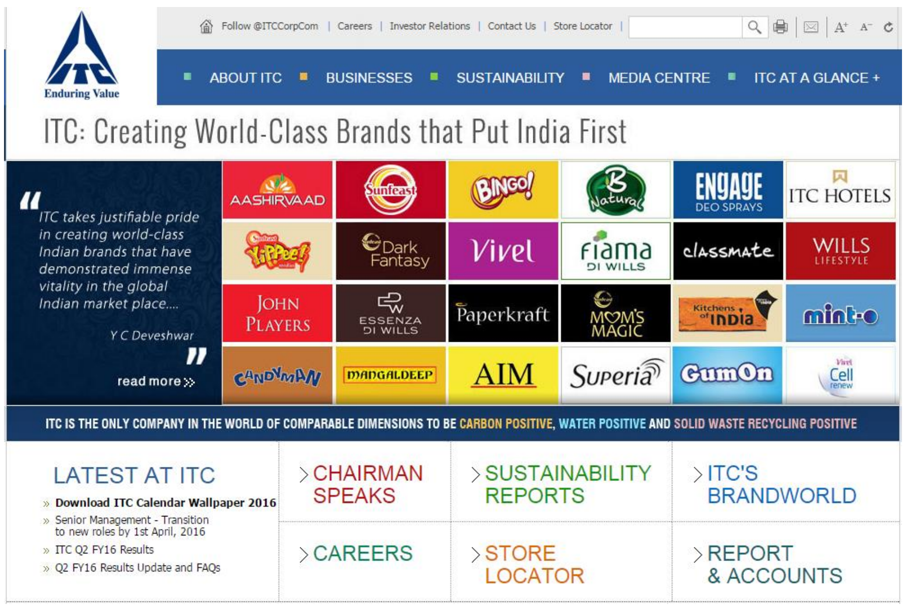
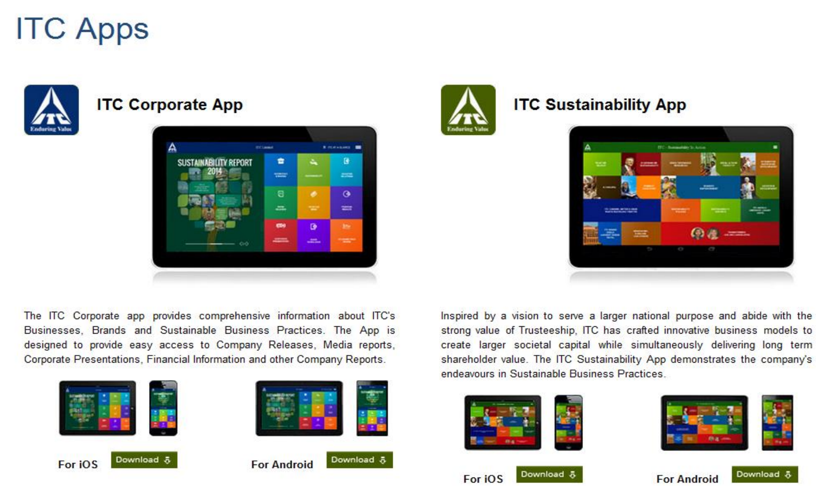



## ITC Corporate App

http://www.itcportal.com/app/itc-apps.aspx

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