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

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

- A US$ 8 billion enterprise by Revenue
  - ~57% 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. 2.5 lakh crore (US$ 47 billion). Contribution to Exchequer represents 74% of Value Addition (FY16)
  - Among the top tax payers in the country (Private sector)
  - Excise payments represent ~5.3% of Government of India’s total Excise collection

- ITC & its Group Companies employ over 31,000 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 14 years), 'carbon positive' (for 11 years), and 'solid waste recycling positive' (for 9 years)
## ITC Performance Track Record

### Sensex (CAGR 95-96 to 15-16): 10.6%

### Rs. cr.

<table>
<thead>
<tr>
<th></th>
<th>1995-96</th>
<th>2015-16</th>
<th>20-yr Cagr 95-96 to 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>5,115</td>
<td>51,582</td>
<td>12.2%</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>2,536</td>
<td>36,475</td>
<td>14.3%</td>
</tr>
<tr>
<td>PBT</td>
<td>452</td>
<td>14,958</td>
<td>19.1%</td>
</tr>
<tr>
<td>PAT</td>
<td>261</td>
<td>9,845</td>
<td>19.9%</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>1,886</td>
<td>34,820</td>
<td>15.7%</td>
</tr>
<tr>
<td>ROCE %</td>
<td>28.4</td>
<td>43.1</td>
<td></td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>5,571</td>
<td>2,63,989</td>
<td>21.3%</td>
</tr>
<tr>
<td>Total Shareholder Returns %</td>
<td></td>
<td></td>
<td>23.3%</td>
</tr>
</tbody>
</table>

*Market Cap and TSR based on FY-end prices for FY96 and FY16*
ITC’s ranking

Amongst all listed private sector cos.

PBT: No. 6

PAT: No. 6

Market Capitalisation: No. 5

Note: Based on Published Results for YTD Q3 FY16, Market Capitalisation based on 31st Mar 2016
• ITC ranked as **the most admired company** in India in 2014 (Fortune-Hay Group survey)

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

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

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

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

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 conferred the Management Man of the Year Award by the Bombay Management Association (BMA) in recognition of his contribution to entrepreneurship, the management movement and Indian Industry.

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

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Businessworld FICCI CSR award in Large Enterprise category

AIM Asian CSR Award by the Asian Forum on Corporate Social Responsibility
Major Awards & Accolades in 2015/16 (1)

'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.

Wills Lifestyle conferred ‘Superbrand’ status by the Superbrands Council of India.

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

Vivel has broken into the ‘Top 100 Most Trusted Brands’ in India across categories in a survey conducted by Economic Times Brand Equity & Nielsen. Additionally, Vivel was conferred the ‘Most Preferred Consumer Brand’ award in the North-East.

'Classmate' was ranked as India’s No. 1 Notebook brand in a survey conducted by IMRB in February 2015.
Major Awards & Accolades in 2015/16 (2)

ITC Hotels was recognised as the ‘Most Respected Company’ in the hospitality segment in a survey conducted by Business World. ITC Hotels was also adjudged the ‘Best Hotel Group’ at Travel + Leisure, India & South Asia Awards 2015.

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. The hotel also received the Outlook Traveller Award for the ‘Indian Hotel Debut of the year’

ITC Maurya was adjudged the ‘Best Business Hotel’ in India at the Lonely Planet Awards 2015
ITC’s Karnataka Green Leaf Threshing Plant won the ‘Prashamsa Suraksha Puraskara’ awarded by National Safety Council, Karnataka Chapter. The Chirala GLT received the ‘Utthama Yajamanya Puraskaram’ from the Labour Department, Government of Andhra Pradesh.

The Bhadrachalam and Kovai units received the ‘Excellent Energy Efficient Unit 2015’ awards and ‘GreenCo Platinum’ Certifications from Confederation of Indian Industry, Green Business Centre (CII GBC). The Kovai unit received ‘Shreshtha Suraksha Puraskar’ from National Safety Council of India (NSCI).

ITC's Packaging & Printing Business won 1 'World Star Awards' from the World Packaging Organisation, 2 'Asia Star Awards' from the Asian Packaging Federation for excellence in packaging solutions. The Tiruvottiyur unit received the CII ‘Excellent Energy Efficient Unit’ award while the Haridwar unit received the National Safety Council Award and CII North Zone Award for ‘5S Excellence’.
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
- Paperboards, Paper & Packaging
- Agri Business
- Information Technology

- Education & Stationery
- Safety Matches & Incense Sticks
- Hotels
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 bidis and 33% who use smokeless tobacco (Source: Global Adult Tobacco Survey India 2010).

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

- Over the last 4 years, **Excise Duty has increased by 118% and VAT by 142%** on a per unit level cumulatively.

*Based on 2014-15 data*
On a per kg basis, the **differential in Excise Duty** rates between cigarettes and other tobacco products has **widened from 29 times in 2005/06 to over 53 times currently**.

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

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

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


Per Capita consumption is ~60% of World Average
Per Capita Cigarette Consumption – per annum

No. of cigarettes per capita per annum

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


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

Sunfeast
Aashirvaad
Bingo!
Kitchens of India
Sunfeast Yippee!
Natural
mint-o
Candyman
GumOn
Wills Lifestyle
John Players
Classmate
Paperkraft
Essenza di Wills
Fiama di Wills
Engage
Vivel
Cell renew
Superia
AIM
Mangaldeep
Rapid scale up of FMCG businesses

Rs. cr.

- 2005-06: 1013
- 2006-07: 1704
- 2007-08: 2511
- 2008-09: 3014
- 2009-10: 3642
- 2010-11: 4482
- 2011-12: 5545
- 2012-13: 7012
- 2013-14: 8122
- 2014-15: 9038
- 2015-16: 9731
Annual Consumer Spends of over 12000 cr. (FY16)
Branded Packaged Foods Portfolio

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

- Sunfeast Farmlite Digestive All Good
- Bingo! Tedhe Medhe Achaari Masti
- ITC Master Chef Spices
<table>
<thead>
<tr>
<th>Branded Packaged Foods: Some recent launches</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Sunfeast Delishus Choco Chip" /></td>
</tr>
<tr>
<td><img src="image2" alt="Sunfeast Farmlite Oats with Chocolate" /></td>
</tr>
<tr>
<td><img src="image3" alt="B Natural Apple Awe" /></td>
</tr>
<tr>
<td><img src="image4" alt="Sunfeast Hi Fi Cookies" /></td>
</tr>
<tr>
<td><img src="image5" alt="Candyman Jellicious Orange" /></td>
</tr>
<tr>
<td><img src="image6" alt="B Natural Festive Delights" /></td>
</tr>
<tr>
<td><img src="image7" alt="Sunfeast Marie Light" /></td>
</tr>
<tr>
<td><img src="image8" alt="GumOn Strawberry" /></td>
</tr>
<tr>
<td><img src="image9" alt="Aashirvaad Svasti" /></td>
</tr>
</tbody>
</table>
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

- Recently acquired ‘Savlon’ and ‘Shower to Shower’ trademarks were fully integrated with the existing operations of the Business.

- The ‘Engage’ range of deodorants strengthened its No. 2 position in this category. New portfolio addition during the year
  - ‘Engage Perfume Sprays’ in two variants each for both men and women.

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

- **Fiama Di Wills Gel Bar** (Double Moisturiser)
- **Shower to Shower Prickly Heat Powder**
- **Savlon Soaps, Handwash & Antiseptic Liquid**
- **Vivel Cell Renew Skin & Body Cream**
- **Engage Perfume & Cologne Spray**
- **Superia Naturals** (with Jasmine and Lavender Oil)
Leverages printing and paper know-how to address suitable opportunities in the stationery market
- Paperkraft, Classmate, Classmate Pulse and Saathi brands continue to enhance market standing

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 (source: IMRB)
Lifestyle Retailing

- **Wills Lifestyle** available in over 100 exclusive stores across 50 cities and more than 350 ‘shop-in-shops’ in leading retail chains, departmental stores and multi-brand outlets

- Strong distribution network in place for the mid-market brand ‘**John Players’**
  - availability in 400+ Exclusive Branded outlets, 600 ‘shop-in-shops’ in leading retail chains, departmental stores, multi branded outlets
Hotels

• One of the fastest growing hospitality chains in India

• Leader in Profitability
Hotels & Tourism industry

- Foreign Tourist Arrivals (FTA) grew by 10% in Q4 FY16 Vs. 4% in Q3 FY16, 7% in Q2 FY16 and 8% in FY15
  - FTA 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  
    o 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:** 102 properties across 73 locations
  - 4 Brands: *ITC Hotels, WelcomHotel, Fortune & WelcomHeritage*
    - 19 Five-Star Deluxe/ Five-Star Properties with over 4300 rooms
    - 48 Fortune Hotels with over 3900 rooms
    - 35 WelcomHeritage Properties with over 750 rooms

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

- **Projects** underway:
  - ITC Hotels: Kolkata, Hyderabad, Ahmedabad, Srinagar
  - My Fortune at 7 cities including Coimbatore, Bhubaneswar, Guntur and Amritsar

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

All ITC Luxury Hotels LEED Platinum certified

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

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

- Annual paperboard demand over 2.6 million tonnes

- Low per capita usage of paper at around 9 kgs p.a. (world average – over 58 kgs p.a.)

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

- Value-added Paperboards - the fastest growing segment (12% p.a.) in India driven by:
  - Increasing demand for branded packaged products
  - Growth in organised retail
  - Use of packaging as a key differentiator, especially in the FMCG sector
ITC’s Paperboards, Paper & Packaging businesses

- **Market leader in Value-Added Paperboards segment**
  - Recently commissioned 1 lakh MT per annum Paperboard machine fully dedicated to Value Added Paperboards

- **World-class technology & quality**
  - Fully integrated Ozone bleached Pulp Mill (3.5 lakh MT) – one of its kind in Asia meeting world-class environmental standards

- **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 9% of world tobacco trade
  - Leaf exports dropped to a four-year low of 207 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

- Robust growth in exports in recent years along with improvement in farm realisations
ITC’s Agri Commodity Business

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

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

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

- Leveraging Information Technology for the transformational ‘e-Choupal’ initiative
  - Rural India’s largest Internet-based intervention
  - Over 35000 villages linked through around 6100 e-Choupals servicing around 4 million farmers
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 – 2015/16

<table>
<thead>
<tr>
<th></th>
<th>2015/16</th>
<th>2014/15</th>
<th>Goly %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>51582</td>
<td>49965</td>
<td>3.2</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>36475</td>
<td>36083</td>
<td>1.1</td>
</tr>
<tr>
<td>PBDIT</td>
<td>16042</td>
<td>15017</td>
<td>6.8</td>
</tr>
<tr>
<td>PBIT</td>
<td>15008</td>
<td>14055</td>
<td>6.8</td>
</tr>
<tr>
<td>PBT</td>
<td>14958</td>
<td>13998</td>
<td>6.9</td>
</tr>
<tr>
<td>PAT</td>
<td>9845</td>
<td>9608</td>
<td>2.5</td>
</tr>
</tbody>
</table>

- Overall performance impacted by steep increase in Excise Duty/VAT on Cigarettes, decline in agri exports, weak demand & pricing scenario in FMCG, Paperboards and Hotels
- Excluding Agri-exports Gross Revenue up 6.4% and Net Revenue up 5.5%
### Segment Revenue - 2015/16

<table>
<thead>
<tr>
<th>Segment Revenue (Net)</th>
<th>Full Year</th>
<th>2015-16</th>
<th>2014-15</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) FMCG</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td></td>
<td>17486</td>
<td>16805</td>
<td>4.1</td>
</tr>
<tr>
<td>- Others</td>
<td></td>
<td>9704</td>
<td>9011</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td></td>
<td>27190</td>
<td>25816</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>b) Hotels</strong></td>
<td></td>
<td>1286</td>
<td>1187</td>
<td>8.4</td>
</tr>
<tr>
<td><strong>c) Agri Business</strong></td>
<td></td>
<td>7457</td>
<td>8380</td>
<td>(11.0)</td>
</tr>
<tr>
<td><strong>d) Paperboards, Paper &amp; Packaging</strong></td>
<td></td>
<td>5017</td>
<td>4974</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>40951</td>
<td>40357</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Less : Inter segment revenue</strong></td>
<td></td>
<td>4475</td>
<td>4274</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Net sales / income from operations</strong></td>
<td></td>
<td>36475</td>
<td>36083</td>
<td>1.1</td>
</tr>
</tbody>
</table>

- **Legal Cigarette** industry volumes under severe pressure
- **FMCG Others**: muted growth due to weak demand in rural markets; Noodles, Atta, Agarbatti, John Players, Savlon & Shower to Shower performed well
- **Hotels**: Growth a/c higher occupancy and Food & Beverage revenue
- **Agri Business**: Revenue impacted mainly a/c lack of trading opportunities in soya, wheat & coffee
- **Paperboards, Paper & Packaging**: impacted a/c slowdown in FMCG industry and volume degrowth in cigarettes
### Segment Results - 2015/16

**Rs. cr.**

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
</tr>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>11752</td>
</tr>
<tr>
<td></td>
<td>71</td>
</tr>
<tr>
<td>a) FMCG - Others</td>
<td>11823</td>
</tr>
<tr>
<td>b) Hotels</td>
<td>56</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>934</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>908</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13720</td>
</tr>
<tr>
<td>Less : i) Finance Cost</td>
<td>49</td>
</tr>
<tr>
<td>ii) Other net un-allocable expenditure/ (income)</td>
<td>(1288)</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>14958</td>
</tr>
</tbody>
</table>

- **FMCG Others** profit up 37 cr. driven by Gross Margin expansion. Includes start-up costs of Juices, Dairy & Gums.

- **Hotels** profit includes gestation of new properties (ITC Grand Bharat) and disruption due to heavy rains in Chennai during Nov/Dec’15.

- **Paperboards, Paper & Packaging** margin impacted by capacity expansion in the industry and cheap imports from ASEAN.
Improvement in performance of the Quarter aided by low cigarette volumes in base quarter, benign input costs and Gross Margin expansion in FMCG-Others.

<table>
<thead>
<tr>
<th></th>
<th>Q4 15/16</th>
<th>Q4 14/15</th>
<th>Goly %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Revenue</strong></td>
<td>14032</td>
<td>12785</td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>10062</td>
<td>9188</td>
<td>9.5</td>
</tr>
<tr>
<td><strong>PBDIT</strong></td>
<td>4099</td>
<td>3613</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>3832</td>
<td>3348</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>2495</td>
<td>2361</td>
<td>5.7</td>
</tr>
</tbody>
</table>
### Segment Revenue – Q4 2015/16

<table>
<thead>
<tr>
<th>Segment Revenue (Net)</th>
<th>2015-16</th>
<th>2014-15</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG - Cigarettes</td>
<td>4639</td>
<td>4211</td>
<td>10.2</td>
</tr>
<tr>
<td>- Others</td>
<td>2704</td>
<td>2567</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>7343</strong></td>
<td><strong>6777</strong></td>
<td><strong>8.4</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>363</td>
<td>346</td>
<td>4.8</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>1807</td>
<td>1428</td>
<td>26.5</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>1238</td>
<td>1203</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10751</strong></td>
<td><strong>9754</strong></td>
<td><strong>10.2</strong></td>
</tr>
<tr>
<td>Less : Inter segment revenue</td>
<td>689</td>
<td>566</td>
<td>21.7</td>
</tr>
<tr>
<td><strong>Net sales / income from operations</strong></td>
<td><strong>10062</strong></td>
<td><strong>9188</strong></td>
<td><strong>9.5</strong></td>
</tr>
</tbody>
</table>

- **FMCG Others**: Muted growth a/c weak demand, price deflation and synchronisation of trade pipeline in Notebooks business.

- **Agri Business**: Growth mainly driven by higher wheat deliveries.

- **Paperboards, Paper & Packaging** impacted by slowdown in FMCG & Volume degrowth in Cigarettes.
### Segment Results – Q4 2015/16

<table>
<thead>
<tr>
<th>Segment Results</th>
<th>2015-16</th>
<th>2014-15</th>
<th>Goly(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>3019</td>
<td>2706</td>
<td>11.5</td>
</tr>
<tr>
<td>- Others</td>
<td>71</td>
<td>49</td>
<td>46.0</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>3089</strong></td>
<td><strong>2755</strong></td>
<td><strong>12.2</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>43</td>
<td>42</td>
<td>1.5</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>174</td>
<td>164</td>
<td>6.1</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>203</td>
<td>191</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3509</strong></td>
<td><strong>3152</strong></td>
<td><strong>11.4</strong></td>
</tr>
<tr>
<td>Less: i) Finance Cost</td>
<td>12</td>
<td>16</td>
<td>(21.0)</td>
</tr>
<tr>
<td>ii) Other net un-allocable expenditure/ (income)</td>
<td>(334)</td>
<td>(212)</td>
<td>(57.6)</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td><strong>3832</strong></td>
<td><strong>3348</strong></td>
<td><strong>14.4</strong></td>
</tr>
</tbody>
</table>

- **FMCG Others** – better margins and higher scale improve profitability
- **Hotels** – impacted by gestation cost of ITC Grand Bharat
## Segment Capital Employed - 2015/16

<table>
<thead>
<tr>
<th>Capital Employed</th>
<th>Full Year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
<td>2014-15</td>
<td>Goly(%)</td>
</tr>
<tr>
<td>a) FMCG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes</td>
<td>5249</td>
<td>5819</td>
<td>(9.8)</td>
</tr>
<tr>
<td>- Others</td>
<td>4852</td>
<td>3988</td>
<td>21.7</td>
</tr>
<tr>
<td><strong>Total FMCG</strong></td>
<td><strong>10101</strong></td>
<td><strong>9806</strong></td>
<td><strong>3.0</strong></td>
</tr>
<tr>
<td>b) Hotels</td>
<td>4475</td>
<td>4301</td>
<td>4.0</td>
</tr>
<tr>
<td>c) Agri Business</td>
<td>2359</td>
<td>1959</td>
<td>20.4</td>
</tr>
<tr>
<td>d) Paperboards, Paper &amp; Packaging</td>
<td>5520</td>
<td>5426</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total Segment Capital Employed</strong></td>
<td><strong>22455</strong></td>
<td><strong>21492</strong></td>
<td><strong>4.5</strong></td>
</tr>
</tbody>
</table>

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

- Capacity augmentation in FMCG Businesses
- Ongoing investments in Hotels Business
ITC’s Economic Contribution to the Nation

- **10 year Value addition** ~ Rs. 2.5 lakh crore (US$ 47 billion)
  - 74% of value addition accrued to the Exchequer (in FY16)
    - Among the Top 3 tax payers in the nation (Private sector)
    - Excise payments represent ~ 5.3% of India’s total Excise collection

- **Foreign exchange earnings** in the last 10 years: US$ 6.8 bln
  - Of which agri exports constituted ~57%
Social Performance

- **Direct employment** ITC Group: over 31,000

- 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 225,000 hectares and generated nearly **101 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 - 14 years in a row**
  - Creating over three times the rainwater harvesting potential than ITC’s net water consumption

- **Carbon positive enterprise – 11 years in a row**
  - Sequestering over twice the amount of CO₂ that the Company emits

- **Solid waste recycling positive – 9 years in a row**

- **Over 47% of total energy consumed is from renewable sources**


*The 13th Sustainability Report, covering the sustainability performance of your Company for the year 2015-16, is being prepared in accordance with the GRI-G4 guidelines and will be made available shortly.*

**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**
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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