



ITC Limited

One of India's Most Admired and Valuable Companies

Profile



- One of India's most Admired and Valuable company
 - 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 31,000 people directly; supports livelihoods of ~6 million people
- A global exemplar in sustainable business practices
 - Only Company in the world of comparable dimensions to have achieved the global environmental distinction of being Carbon positive (10th Year), Water positive (13th Year) and Solid waste recycling positive (8th Year)

ITC Performance Track Record



Rs. cr.

	31 31		
	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

Consistent performance across time horizons

Sensex (CAGR 95-96 to 14-15): 11.8%



ITC's ranking

Amongst all listed private sector cos.

PBT: No. 7

PAT: No. 7

Market Capitalisation: No. 4



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)

the prestigious 'World Business and Development Award 2012' at the Rio+20 UN Summit for its Social and Farm Forestry Initiatives



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.



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.



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

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



Board of Directors

Strategic Supervision

Corporate Management
Committee

Strategic Management

Divisional Management Committees

Executive Management

3-Tiered Governance Structure



- ☐ 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

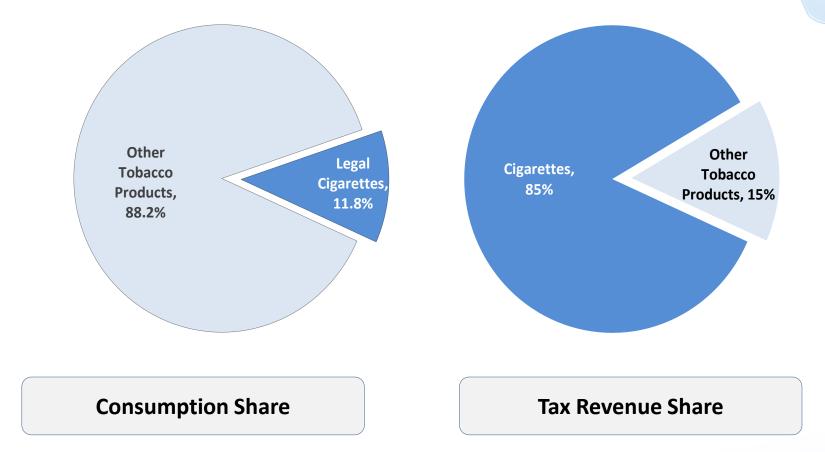
Cigarette Industry in India



- Legal cigarettes account for less than 12% of tobacco consumed in India due to a punitive taxation and discriminating regulatory regime
- 48% of adult Indian males consume <u>tobacco</u>. Only 10% of adult Indian males smoke <u>cigarettes</u> as compared to 16% who smoke <u>biris</u> and 33% who use <u>smokeless tobacco</u> (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 85% of Tax Revenue, despite constituting less than 12% of Tobacco consumption

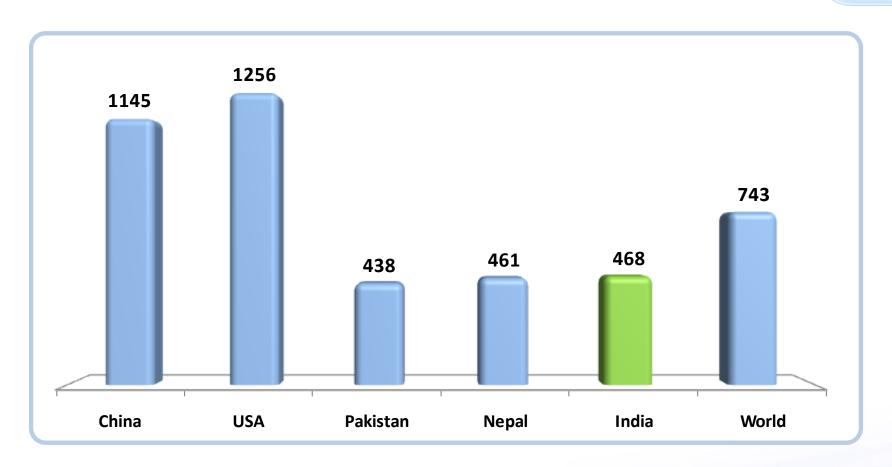




On a per kg basis, cigarettes are taxed over 47 times as compared to other tobacco products

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



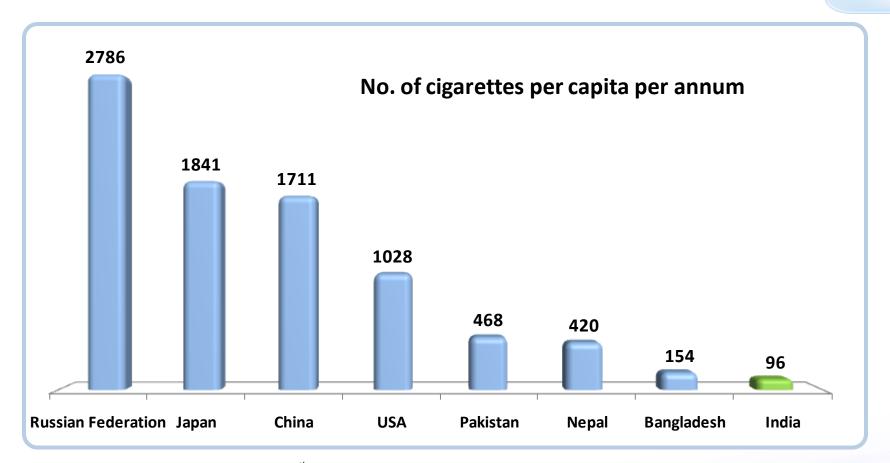


Source: World Cigarettes - ERC Statistics, Tob Board & Industry Estimates - gms/Yr

Per Capita consumption is ~60% of World Average

Per Capita Cigarette Consumption – per annum





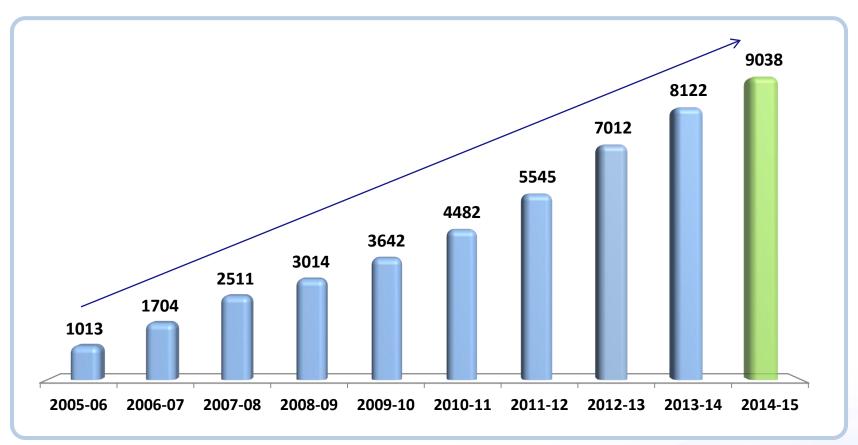
Source: The Tobacco Atlas - 4th Edition (American Cancer Society), 2012

- 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

Rapid scale up of FMCG businesses



Rs. cr.



4 Brands over 1000 cr. in terms of Annual Consumer Spend - Aashirvaad, Sunfeast, Bingo! and Classmate (FY15)

Creating world-class brands for Indian Consumers





















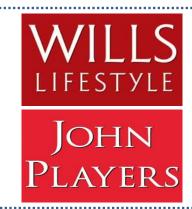














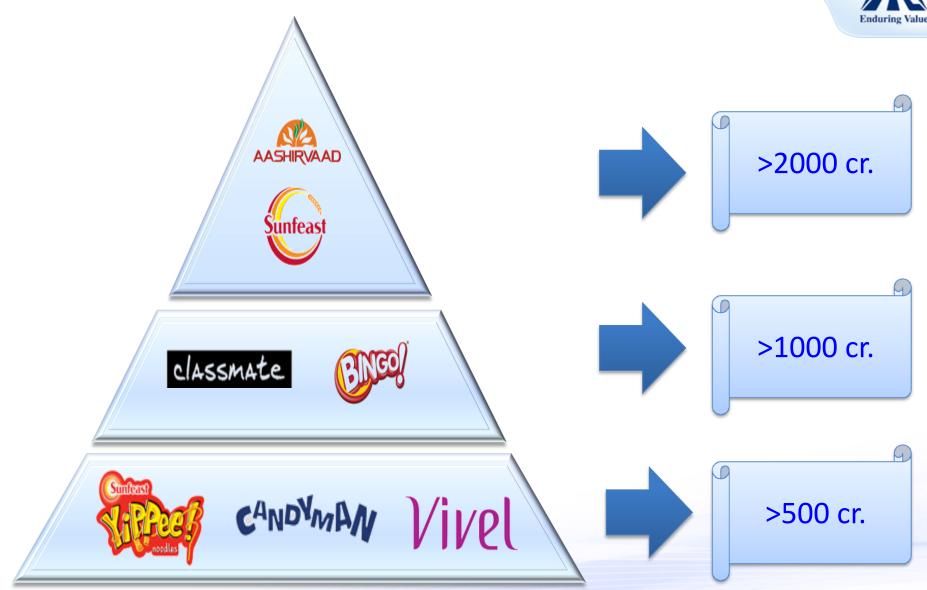






Annual Consumer Spends of over 11000 cr. (FY15)





Branded Packaged Foods Portfolio









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











Branded Packaged Foods: Some recent launches





B Natural range of Juices





Sunfeast Mom's Magic



Sunfeast Yumfills Whoopie pie



Sunfeast Bounce Crème Biscuits



Sunfeast Hi Fi Cookies

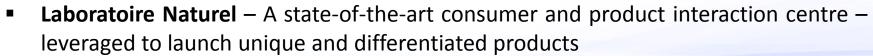


Aashirvaad Atta with Methi

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









Personal Care: Some recent launches





























Education & Stationery Products Business



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





Lifestyle Retailing



Upmarket product range available in exclusive Wills Lifestyle stores (110) across 48 cities and more than 500 'shop-in-shops' in leading departmental stores and multi-brand outlets







- Strong distribution network in place for the midmarket brand 'John Players'
 - availability in 400 Exclusive Branded outlets,
 1400 multi branded outlets and departmental stores







ITC Hotels





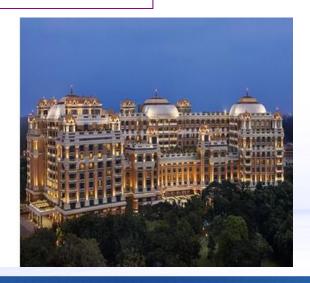




- One of the fastest growing hospitality chains in India
 - Leader in Profitability







Hotels & Tourism industry



- Foreign Tourist Arrivals grew by 3% in Q4 FY15 Vs. 6% in Q3 FY15 and 7% in FY15
 - Foreign Tourist Arrivals into India @ ~6.8 million remains far behind China (~55.7 million) [Source: UNWTO Tourism Highlights 2014 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
- 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

ITC Hotels



- **The Chain:** 103 properties across 76 locations
 - 4 Brands: ITC Hotels, WelcomHotel, Fortune & WelcomHeritage
 - > 20 Five-Star Deluxe/ Five-Star Properties with over 4400 rooms
 - > 47 Fortune Hotels with over 3800 rooms
 - > 36 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, Manesar, a 104 'all suite' resort opened on 14th November 2014
- Projects underway at Kolkata, Hyderabad,
 Ahmedabad and Coimbatore



- 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

ITC Hotels: World's Greenest Luxury Hotel Chain







All ITC Luxury Hotels LEED Platinum certified *



"Responsible Luxury" ethos weaved into the Brand Identity

^{*} ITC Grand Bharat (opened in Nov'14) in the process of obtaining LEED certification

Paperboards & Packaging Business



- No. 1 in Size
- No. 1 in Profitability
- No. 1 in Environmental Performance











Indian Paperboard market



- Annual paperboard demand over 2.5 million tonnes
- Low per capita usage of paper at around 9 kgs p.a. (world average over 58 kgs p.a.)
- Indian paperboard market growing at 7.5% p.a.
- Value-added Paperboards the fastest growing segment (10% p.a.) in India driven by :
 - Increasing demand for branded packaged products
 - Growth in organised retail
 - Use of packaging as a key differentiator, especially in the FMCG sector

ITC's Paperboards, Paper & Packaging businesses



- Market leader in Value-Added Paperboards segment
 - Recently commissioned 1 lakh MT per annum Paperboard machine fully dedicated to Value Added Paperboards
- World-class technology & quality
 - Ozone bleached Pulp Mill fully operational one of its kind in Asia meeting world-class environmental standards
 - Fully integrated with in-house pulping capacity at ~3.5 lakh MT
- Social farm forestry in mill command area provide access to cost-effective fibre & ensures security of supplies
 - Biotech research based high yielding clones covering ~ 2 lakh hectares
- ITC's packaging SBU India's largest converter of Paperboards into high quality printed packaging
 - Provides superior packaging solutions to the cigarettes and new FMCG businesses
 - Leading supplier to Indian FMCG industry
 - Fully integrated packaging unit at Haridwar operationalised and operating at benchmark performance parameters

Agri Business







- Leading Agri Business player in India
 - Pioneer in rural transformation
 - No. 1 in Leaf Tobacco





Indian Leaf Tobacco industry



- India the second largest producer of tobacco (World excl. China)
- However, India's share is only at 7% of world tobacco trade
 - In 2014-15 Tobacco Exports de-grew by 7%
- ITC India's largest buyer, processor, consumer & exporter of cigarette tobaccos
 - 5th largest leaf tobacco exporter in the world
- Pioneering cultivation of flavourful Flue-cured and superior Burley tobaccos in India
- Robust growth in exports in recent years with improvement in realisations



ITC's Agri Commodity Business



- Distinctive sourcing capability for ITC's Branded Packaged Foods Businesses
 - Identity-preserved superior quality wheat for 'Aashirvaad' atta
 - High quality chip stock for 'Bingo! 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

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
 - 22 Choupal Saagars operational





ITC eChoupal – 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	<i>56.2</i>
Total FMCG	11230	10038	11.9
b) Hotels	49	140	(64.9)
c) Agri Business	904	835	<i>8.3</i>
d) Paperboards, Paper & Packaging	921	892	<i>3.3</i>
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



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 - Q1 2015/16



+3.6%

Net Revenue	-7.2%
PBDIT	+3.3%
Pre Tax Profit	+5.1%

Performance for the quarter impacted by:

Post Tax Profit

- Continuing pressure on legal Cigarette industry volumes
- Lack of trading opportunities in wheat and soya
- Sluggish demand conditions especially in the FMCG and Hospitality sector

ITC - Key Financials - Q1 2015/16



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	Q1 15/16	Q1 14/15	Goly %
Net Revenue	8506	9164	-7.2
PBDIT	3386	3278	3.3
PBT	3432	3266	5.1
PAT	2265	2186	3.6

Segment Revenue – Q1 2015/16



Rs. Cr.

	Q	Q1	
	2015-16	2014-15	GOLY(%)
Segment Revenue (Net)			
a) FMCG - Cigarettes	4150	4201	(1.2)
- Others	2171	1935	12.2
Total FMCG	6321	6136	3.0
b) Hotels	288	249	15.7
c) Agri Business	2325	3296	(29.5)
d) Paperboards, Paper & Packaging	1265	1288	(1.8)
Total	10199	10969	(7.0)
Less: Inter segment revenue	1693	1804	(6.2)
Net sales / income from operations	8506	9164	(7.2)

- Cigarettes Revenue impacted by volume decline
- Agri Business impacted by lack of trading opportunities in Wheat and Soya

Segment Results – Q1 2015/16



Rs. Cr.

	Q1		GOLY(%)
	2015-16	2014-15	GULY(%)
Segment Results			
a) FMCG - Cigarettes	2781	2722	2.2
- Others	(8)	(16)	48.9
Total FMCG	2773	2706	2.5
b) Hotels	(7)	(12)	40.0
c) Agri Business	234	202	15.5
d) Paperboards, Paper & Packaging	254	275	(7.4)
Total	3254	3171	2.6
Less: i) Finance Costs	10	15	(31.0)
ii) Other Unallocable Exp/(Inc.) - Net	(189)	(109)	72.3
Profit Before Tax	3432	3266	5.1

FMCG-Others includes impact of launch expenses of Juices, Gums and several other variants

Segment Capital Employed – Q1 2015/16



Rs. cr.

	Q1		GOLY(%)
	2015-16	2014-15	GOLI (70)
Capital Employed			
a) FMCG - Cigarettes	5015	5087	(1.4)
- Others	4670	3942	18.5
Total FMCG	9685	9029	7.3
b) Hotels	4332	3648	18.7
c) Agri Business	1873	2299	(18.5)
d) Paperboards, Paper & Packaging	5425	5454	(0.5)
Total Segment Capital Employed	21314	20431	4.3

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 : 31,000
- Supported creation of 6 million sustainable livelihoods
- e-choupal: world's largest rural digital infrastructure serving around 4
 million farmers
- Social and Farm forestry initiative has greened over 198,000 hectares & provided nearly 90 million person-days of employment among tribals & marginal farmers
- Significant thrust on social sector investments under 'Mission Sunehra Kal' initiatives
 - Natural resource management
 - Sustainable livelihoods
 - Community development programmes in the economic vicinity of operating locations

Environmental Performance



- Carbon positive enterprise 10 years in a row
 - Sequestering over twice the amount of CO₂ that the Company emits
- Water positive 13 years in a row
 - Creating over twice the rainwater harvesting potential than ITC's net water consumption
- Solid waste recycling positive 8 years in a row
- Over 43% of total energy consumed is from renewable sources





Only Company in the world of comparable dimensions to have achieved and sustained the 3 key global indices of environmental sustainability of being Carbon positive, Water positive and Solid waste recycling positive

Forward-looking Statements



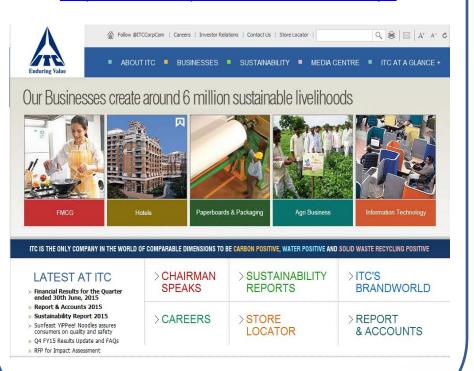
Statements in this presentation describing the Company's objectives, future prospects, estimates, expectations etc. may be "forward looking statements" within the meaning of applicable securities laws and regulations. Investors are cautioned that "forward looking statements" are based on certain assumptions 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 quarantee 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

ITC Apps



ITC Corporate App



ITC Sustainability App



The ITC Corporate app provides comprehensive information about ITC's Businesses, Brands and Sustainable Business Practices, The App is designed to provide easy access to Company Releases. Media reports. Corporate Presentations Financial Information and other Company Reports





Inspired by a vision to serve a larger national purpose and abide with the strong value of Trusteeship. ITC has crafted innovative business models to create larger societal capital while simultaneously delivering long term shareholder value. The ITC Sustainability App demonstrates the company's endeavours in Sustainable Business Practices







News Update

http://www.itcportal.com/itcnewsticker /UserRegistration.aspx