



# Enduring Value

## SAB SAATH BADHEIN

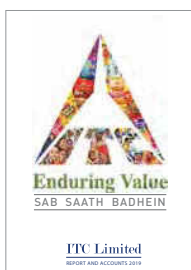
### ITC Limited

REPORT AND ACCOUNTS 2019

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The cover of this year's Report and Accounts features ITC's corporate logo visually enhanced with photographs that represent multiple dimensions of the Company. ITC is committed to creating growing value for its stakeholders and the pyramidal form of the logo signifies the endless pursuit of this singular goal. The base of the pyramid, showing the name 'ITC' in perspective, depicts stakeholders who energise the organisation. The arrow heads feature ITC's world class brands that create, capture and retain value in the country, apart from supporting over 6 million livelihoods. The baseline - Enduring Value - and the Corporate slogan - Sab Saath Badhein - are both creative articulations of ITC's belief in sustainable, inclusive growth that nurtures economic, social and environmental value.

# Chairman and Managing Director's Statement



Dear Shareholder,

It is both with a sense of pride and profound sadness that I write to you today at a very solemn moment in the Company's history. A deep sense of honour, as I embark on a journey to lead this exemplary Company as its Chairman & MD, and yet at a time when we grieve the loss of a guiding light for the ITC family of stakeholders, our former Chairman Mr YC Deveshwar.

Undoubtedly, Mr Deveshwar's memory will be cherished for long with respect and reverence for the legendary stewardship he provided to ITC's remarkable voyage of transformation. A visionary leader and patriot, his clarion call to "Put India First" reflected his deep belief that India needed national champions in business - corporations with an Indian soul that would use their immense managerial and innovative capabilities to serve the country's larger priorities. This conviction shaped ITC's vision not only to be an engine of growth for the Indian economy, but to ensure that growth was sustainable and inclusive. Today, this commitment is manifest in ITC's growing presence across all the sectors of the economy - agriculture, manufacturing and services with innovative business models that synergise competitive growth with large scale societal value creation and environmental stewardship. Recognising his outstanding contribution to the nation, Mr Deveshwar was conferred the Padma Bhushan, one of the highest civilian

honours, by the Government of India.

Mr Deveshwar indeed leaves behind a rich legacy, and one that will continue to inspire us in the years ahead.

I have had the privilege of being associated with ITC for over 33 years across various Businesses and group companies. It has been an enriching experience to engage with and witness the evolution of the Company as it traversed many a trial and tribulation to emerge as a vibrant and valuable multi-business conglomerate. Today, the mature businesses are leaders in their segments whilst the newer businesses are making appreciable progress. Given the emergent opportunities in a relatively fast growing economy like India, each of our businesses holds immense promise for the future. This potential is even greater in our newer Businesses like FMCG where there is considerable headroom to grow.

It is our aspiration to be a leader in every business segment that we operate in and be acknowledged as a trusted provider of

best-in-class products and services. Towards this, our relentless focus on building international competitiveness in each business will be supported by appropriate investments not only to reinforce the pole position that we have achieved in several segments but also to speedily attain leadership in the newer businesses. While this will undoubtedly entail upfront investments and gestation costs in the short term, particularly in the non-cigarette FMCG businesses, such investments will be a source of competitive advantage and create sustained value for stakeholders over the medium to long term as our brands garner larger scale and deepen their connect with consumers.

ITC's diverse portfolio of businesses and competencies provide vibrant synergy that lend unique sources of competitive advantage. Whilst fortifying these enterprise strengths, structural capabilities are also being enhanced by investing in distributed supply chain infrastructure, including state-of-the-art company-owned integrated consumer goods manufacturing and logistics facilities, world-class pulp and paperboard technology, and iconic hospitality properties. Further, focussed innovation, deepening of R&D capabilities and the increased use of emerging digital technologies such as Industry 4.0, Artificial Intelligence, Big Data, and Machine Learning across areas such as consumer engagement and insight discovery, smart manufacturing, agri value chains, supply chain agility and front end execution will also lend new wings to our efforts in making each business extremely competitive.

As we build scale, we remain deeply committed to go beyond market

leadership alone to creating much larger societal value in an exemplary fashion. This vision to put 'Nation First' with the credo of '*Sab Saath Badhein*' inspires us to integrate sustainability as a bedrock of our corporate strategy as we shape an inspired Indian enterprise of tomorrow. ITC's pledge to serve national priorities whilst achieving international benchmarks in competitiveness is manifest in our chosen approach to growth which we call 'Responsible Competitiveness' – a paradigm that remains at the core of our thought, strategy and action.

As a new Government takes office with a resounding mandate from the people of India, we are confident and optimistic that their proactive endeavours to create structural drivers of rapid growth will augur well for the economy. Significant reforms such as GST have stabilised well and the various social schemes that are shaping '*Sabka Saath, Sabka Vikaas*' point to an optimistic future. With rising incomes, a young demographic profile and concerted efforts to enhance agricultural & social development, a New India is indeed being shaped. ITC is well poised to benefit from the anticipated acceleration in the growth trajectory whilst simultaneously making a meaningful contribution to the Government's vision for inclusive socio-economic development.

As I traverse the journey ahead at the helm of your Company, I am reassured by the strength of our world-class talent who have ingrained in themselves ITC's DNA to pursue competitive growth with respect for environment and social development. I will look forward to your support and guidance, as always, to take this institution to even greater heights.

Best Regards,  
Yours sincerely,

**Sanjiv Puri**

# Building an Organisation of National Pride



ITC's journey to build an exemplary Indian enterprise is inspired by its larger vision to put 'Nation First'.

Making societal value creation the bedrock of its corporate strategy, ITC has pursued innovation in business models that synergise the building of economic, ecological and social capital as a unified strategy.

ITC's avowed aspiration to be an engine of growth for the national economy has made impressive progress over the years, creating multi-dimensional value for the Indian society.

ITC's commitment to create value for India is today manifest in the expansion of its existing portfolio of over 25 world-class Indian brands that help create,

capture and retain value in the Indian economy, in its investments to develop new world-class manufacturing and hospitality assets that contribute to the country's competitiveness, in the nurturing of cutting-edge future-ready research and development executed by the globally benchmarked, state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru, in strengthening the country's agricultural ecosystem through the ITC e-Choupal network and above all, in its steadfast resolve to continue in its chosen path of 'Responsible Competitiveness' – a socio-economic construct that underpins the Company's objective to be future ready whilst ensuring that growth is sustainable and inclusive.

# ITC's Businesses

The strategy to pursue multiple drivers of growth across all 3 sectors – agriculture, manufacturing and services, has led to ITC's journey of transformation from a single product company to a multi-business corporation, with market leadership in several segments.

13  
Businesses in  
5  
Segments



## FMCG

- ITC is India's leading FMCG marketer
- ITC Foods is the 3rd largest in India



## Paperboards and Packaging

- ITC Paperboards and Packaging is a market leader in the segment
- An icon of environmental stewardship



## Hotels

- ITC Hotels is one of India's pre-eminent hospitality chains
- ITC is a pioneer in Green Hoteliering



## Information Technology

- Leading global technology services and solutions provider



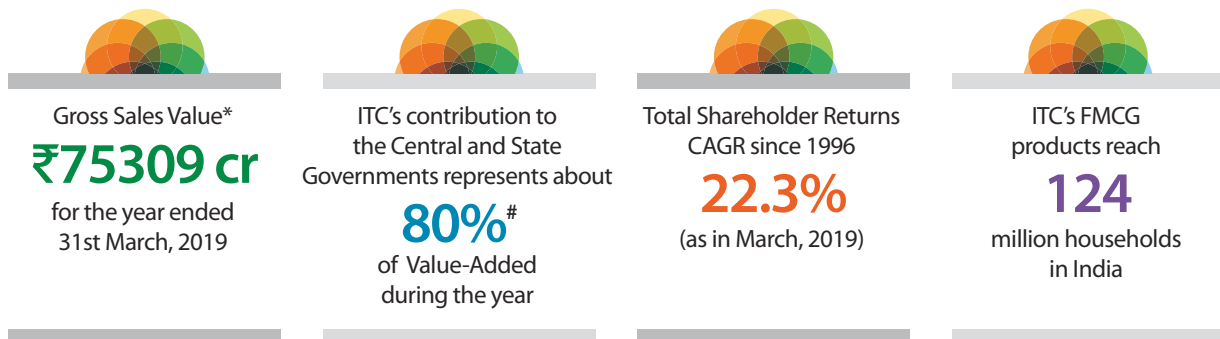
## Agri Business

- ITC is a pioneer in rural transformation through ITC e-Choupal
- One of India's largest exporter of agricultural commodities



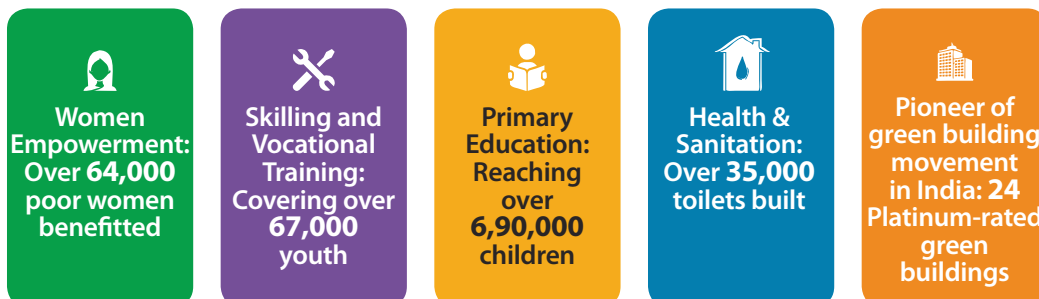
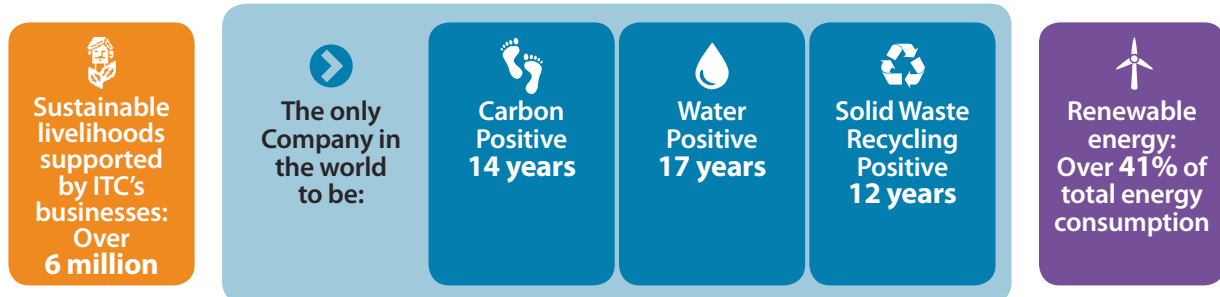


# ITC: An Exemplar in Triple Bottom Line Performance



\* Gross Sales Value includes GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable for the reported periods

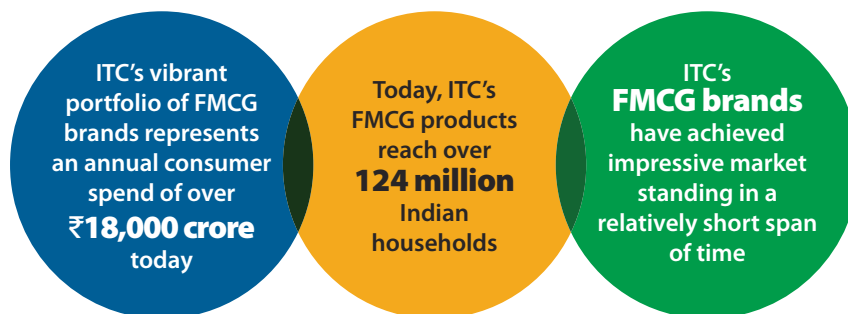
<sup>#</sup> Including dividend paid and retained earning attributable to Government-owned institutions





# ITC's World Class Indian Brands

Within a relatively short span of time, ITC has built over 25 mother brands, many of which are market leaders in their segments. This vibrant portfolio of brands represents an annual consumer spend of over ₹18,000 crore today. ITC's world-class Indian brands anchor competitive and inclusive value chains that create, capture and retain larger value within the country as opposed to brands owned overseas that rely on global supply chains besides necessitating payments in the form of royalties, etc.



## Consumer Spend



## Brands Leadership

Aashirvaad is <b>No. 1</b> in Branded Atta	Sunfeast is <b>No. 1</b> in Cream Biscuits	Bingo! is <b>No. 1</b> in the Bridges segment of Snack Foods	Classmate is <b>No. 1</b> in Notebooks
YiPPee! is <b>No. 2</b> in Noodles	Engage is <b>No. 2</b> in Deodorants	Fiama is <b>No. 2</b> in Body Wash	Mangaldeep is <b>No. 1</b> in Dhoop segment and <b>No. 2</b> in Agarbattis





## ITC's Diverse Portfolio of Popular Brands

ITC has sustained its position as one of the fastest growing FMCG businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive, customised products, innovation, premiumisation, along with an efficient supply chain and expanding distribution network. During 2018-19, ITC launched over 50 new FMCG products, across categories such as Foods, Personal Care, Education and Stationery products, Agarbatti and Matches, strengthening its diverse and differentiated portfolio of FMCG offerings.





## Branded Packaged Foods

Staples, Biscuits, Snacks, Noodles, Pasta, Juices, Chocolates, Coffee, Spices, Dairy Beverages, Milk, Ghee, Paneer, Confectionery, Chewing Gums, Salt, Ready to Eat, Instant Mixes

**NEW  
LAUNCHES**



Thick and tasty  
curd in every  
spoon



Aashirvaad  
Svasti Dahi



Soft and  
creamy paneer  
in special  
vacuum pack



Aashirvaad  
Svasti Paneer



Superior quality  
premium rice,  
perfectly aged



Aashirvaad Sona  
Masoori Rice