



**ITC Limited**

---

REPORT

AND

ACCOUNTS

2015

---

# CONTENTS

---



ITC – The Making of a National Champion

Board of Directors and Committees 01

Report on Corporate Governance 12

Shareholder Information 26

Report of the Board of Directors & Management Discussion and Analysis 36

Certificate of Compliance from Auditors 108

CEO and CFO Certification 109

Balance Sheet 110

Statement of Profit and Loss 111

Cash Flow Statement 112

Notes to the Financial Statements 114

Report of the Auditors 156

Guide to Subsidiaries, Joint Ventures & Associates 160

Salient Features of the Financial Statements of  
Subsidiaries, Joint Ventures & Associates (AOC - 1) 163

Consolidated Financial Statements 167

Ten Years at a Glance 220

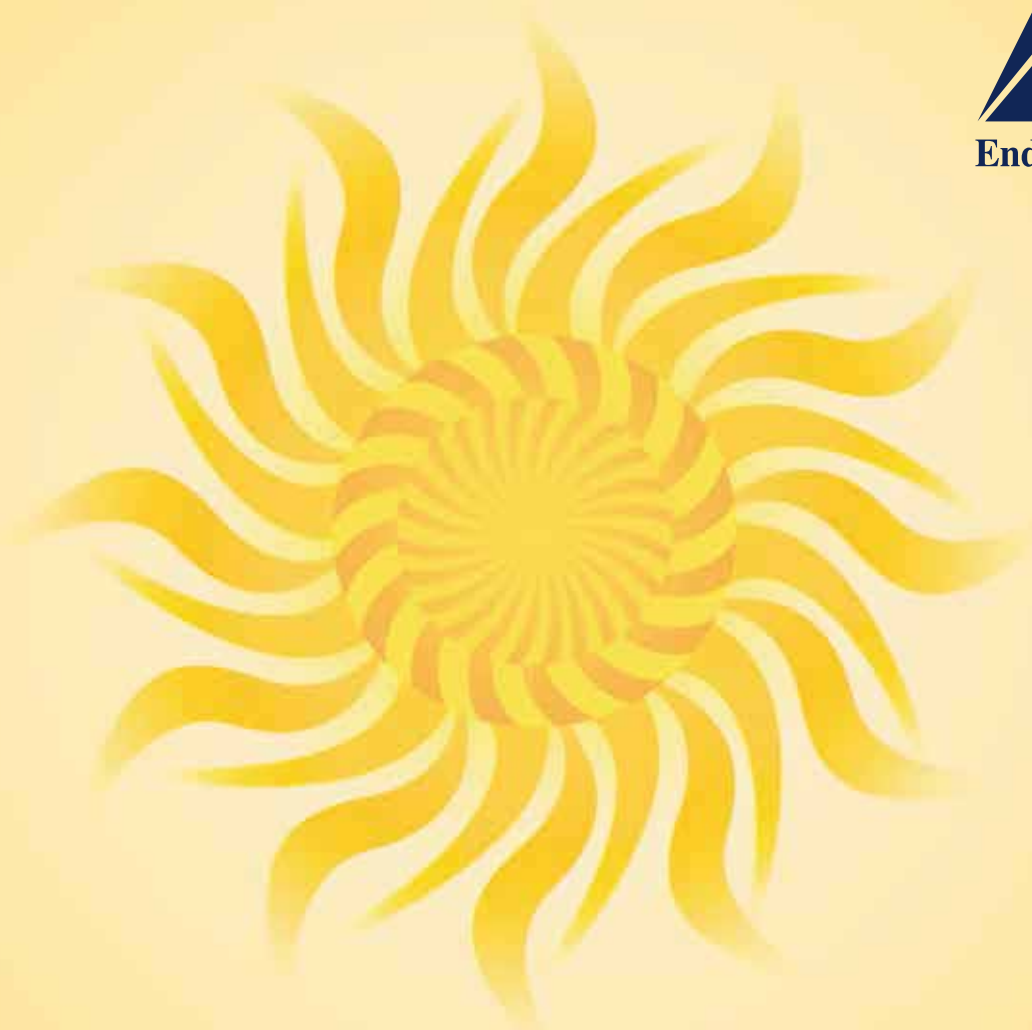
Financial Highlights

Business Responsibility Report I-XVI

Creating Enduring Institutions

Business Update : ITC Infotech

Awards & Accolades



## **ITC: The Making of a National Champion**

ITC's aspiration to be a National Champion is driven by its abiding Vision to put Country before Corporation and the Institution before the Individual. This vision has inspired a journey to transform ITC into a vibrant engine of growth with substantial and growing contribution to the Indian economy. It is the Company's belief that by making societal value creation a core strategic purpose, it has laid strong foundations for a future-ready corporation – an exemplary national enterprise committed to building enduring value for its stakeholders.

This commitment is manifest in many ways — in its strategy to pursue multiple drivers of growth to make a multi-dimensional contribution to economic growth; in the creation of world-class Indian brands that create, capture and retain larger value in the country; in establishing state-of-the-art brick and mortar assets that enrich the nation's industrial capability as well as livelihood generation opportunities; and in its multi-pronged social investment programmes that help in addressing some of the key challenges facing the country today, namely widespread poverty, unemployment and environmental degradation.

The Hon'ble Prime Minister's vision to build a dynamic, progressive and self-reliant India through impactful programmes such as the Make in India, Skill India, Digital India and Swachh Bharat resonates deeply with the Company's efforts to create a national institution of pride. The following pages encapsulate some of these endeavours.



## Creating Multiple Drivers of Growth for the Economy

ITC's diversified portfolio of businesses, spanning FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology, enables it to have a significant presence in all 3 sectors of the economy, namely, agriculture, manufacturing and services, providing the Company with the unique opportunity to contribute meaningfully to the growth and development of the country.

In agriculture, driven by the acclaimed ITC e-Choupal, the Company's deep farmer relationships and productivity enhancing agri-interventions have raised rural incomes, improving the quality of life and transforming village ecosystems. ITC e-Choupal has empowered more than 4 million farmers in 40,000 villages.

In manufacturing, supported by substantial investments in state-of-the-art technology, ITC has created world-class manufacturing facilities for its FMCG, Paperboards, Packaging and Printing businesses. ITC's products are manufactured in over 250 owned or outsourced units and exported to 90 countries globally, earning precious foreign exchange for the country. The Company continues to invest in India's future with 65 projects in the pipeline, including 20 factories for FMCG products, covering an area of 28 million square feet with an outlay of over Rs 25,000 crore.

In services, ITC Hotels is acknowledged worldwide for its fine art of hospitality, for being an epitome of luxury and the greenest luxury hotel chain in the world. The Company's subsidiary, ITC Infotech, is one of India's fastest growing mid-tier Information Technology companies.

It is ITC's belief that tomorrow's world belongs to those who create, nurture and own intellectual capital. Investing in contributing to the India of tomorrow, the Company has established the ITC Life Sciences & Technology Centre with state-of-the-art infrastructure and powered by an over 350-strong diverse pool of world-class scientists and technologists. In a short span of time, the competencies developed have enabled the Company to file as many as 351 unique patents, originating from India, helping build intellectual assets for our Nation.

## Building World-class Indian Brands

Successful brands reflect the innovative capabilities of a nation and is a badge of honour for the country it belongs to, apart from being a sustained source of wealth creation. It has been ITC's tireless endeavour to create and nurture world-class Indian brands. Powered by deep consumer insights, cutting-edge R&D, superior agri-sourcing capabilities, internationally benchmarked manufacturing, and an extensive trade marketing and distribution infrastructure, ITC's wide spectrum of over 50 trusted FMCG brands continues to gain consumer franchise, earning significant market standing across segments. Some of the popular brands include 'Aashirvaad', 'Sunfeast Dark Fantasy', 'Sunfeast Dream Cream', 'Sunfeast Delishus', 'Sunfeast Bounce', 'Bingo!', 'Yumitos', 'YiPPeel!', 'Candyman', 'mint-o', 'GumOn' and 'Kitchens of India' in the Branded Packaged Foods space; 'Classmate' and 'Paperkraft' in Education & Stationery products market; 'Essenza Di Wills',

‘Fiama Di Wills’, ‘Vivel’, ‘Superia’ and ‘Engage’ in the Personal Care Products segment; ‘Wills Lifestyle’ and ‘John Players’ in the Lifestyle Retailing Business; ‘Mangaldeep’ in Agarbattis and ‘Aim’ in Matches.

ITC’s energetic brands have already garnered an annualised consumer spend of over Rs 11,000 crore. It is ITC’s avowed aspiration to become India’s no 1 FMCG player. The Company aims at achieving a revenue of Rs 1,00,000 crore from the new FMCG businesses by 2030.

## Global Exemplar in Sustainability

ITC is today widely recognised as a global exemplar in sustainability. The Company’s sustainability strategy aims to significantly enhance value creation for the nation through superior ‘Triple Bottom Line’ performance that builds and enriches the country’s economic, environmental and societal capital. The sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

Its wide spectrum of sustainability initiatives and social investments are manifest in several large-scale programmes. The celebrated ITC e-Choupal initiative has empowered over 4 million Indian farmers. Integrated Watershed Development programmes bring soil and moisture conservation today to over 2,00,000 hectares. Afforestation initiatives have greened nearly 2,00,000 hectares, providing nearly 90 million person-days of employment. The Women Empowerment programme provides livelihood opportunities to over 40,000 women. The Primary Education programme has reached out to over 4,00,000 children. The Livestock Development programme has covered over 11,00,000 milch animals. It is indeed a matter of pride that ITC’s businesses and value chains today provide sustainable livelihoods to around 6 million people, many of whom represent the weakest in rural India.

ITC’s Skilling & Vocational Training Programme, in line with the national Skill India mission, works towards building market relevant skills among rural youth. ITC has, so far, trained over 19,000 youths and plans to cover 10,000 youths annually. ITC’s Health & Sanitation programme aims at improving overall health and hygiene through prevention of open defecation and reducing incidence of water-borne diseases. ITC has constructed over 8,200 individual household toilets across the country. In addition, the Company’s Wellbeing Out of Waste (WOW) initiative inculcates the habit of source segregation and waste paper recycling among school children, housewives and general public as well as industries and business enterprises. It helps conserve natural resources, generates cost-effective raw materials for the paper, plastics, metal and glass industries and creates employment. The WOW movement today extends to Hyderabad, Chennai, Bengaluru, Coimbatore and some towns of Telangana. These initiatives also contribute to the national Swachh Bharat campaign.

ITC is the only enterprise in the world of comparable dimensions to be carbon-positive (10 years in a row), sequestering twice the amount of carbon it emits; water-positive (13 consecutive years), creating twice the rainwater harvesting potential that it consumes; and solid waste recycling positive (for the last 8 years). Over 43% of the total energy requirement of the Company is met from renewable sources, a testimony to its commitment to a low carbon growth path. All ITC’s premium luxury hotels have the unique distinction of being LEED® Platinum certified. ITC’s Sustainability Report, which is available on [www.itportal.com](http://www.itportal.com), provides more details of these programmes and initiatives.



# FMCG: Branded Packaged Foods

ITC's Branded Packaged Foods Business is one of the fastest growing foods businesses in India. A spread of delectable offerings in Staples, Snacks & Meals, Confections and Beverages is available under several popular brands like Aashirvaad, Sunfeast, Bingo!, Yippee!, Kitchens of India, mint-o, B Natural, Candyman and GumOn.







In line with the Company's strategic objective of being the leader in the premium segment, ITC Foods offers an array of top-end products like Aashirvaad Select, Aashirvaad Atta with Multigrains and Aashirvaad Atta with Methi; Sunfeast Dark Fantasy Choco Fills and Sunfeast Dark Fantasy Choco Meltz; Sunfeast Delishus Nuts & Raisins and Sunfeast Delishus Nut Biscotti biscuits. Adding to this bouquet, the Business launched the health biscuit, Sunfeast Farmlite in two variants (Almonds and Raisins), and a new range of cookies, Sunfeast Mom's Magic (Rich Butter and Cashew & Almonds). To further its presence in the premium segment, it also entered the cakes category with the launch of the delicious Yumfills Whoopie Pie. The Business forayed into the Juices segment during the year with its new range under the B Natural brand and the gums segment with the GumOn brand.





# FMCG: Branded Packaged Foods

ITC's Foods Business is able to offer value-added differentiated products by sourcing ingredients directly from farmers, given the deep rural linkages fostered by the Company's Agri Business, including the renowned e-Choupal initiative. This is manifest in brands like Aashirvaad Atta, Aashirvaad Spices, Bingo! chips and B Natural juices that source identity-preserved wheat, chillies, potato and fruits from the farmer.







ITC is well positioned to establish itself as the 'most trusted provider of food products in the Indian market' leveraging a strong portfolio of world-class Indian brands, deep understanding of the diverse tastes and preferences of Indian consumers, focus on best-in-class quality and operational excellence across the value chain. Today, Aashirvaad is the No 1 atta brand in India, Sunfeast is the leader in the cream biscuit segment and 3rd largest biscuit brand, Yippee! is the No. 2 in instant noodles, Bingo! is the 2nd largest brand in the salted snacks segment, Candyman is a leading confectionery brand and Kitchens of India is a leader in the premium Ready-to-Eat packaged foods market.



# FMCG: Personal Care Products

Specially crafted for Indian preferences, ITC's personal care products portfolio offers a range of internationally benchmarked grooming and personal wash products. Anchored on extensive consumer and market research based product development, ITC's personal care brands, 'Essenza Di Wills', 'Fiama Di Wills', 'Engage', 'Vivel' and 'Superia', offer products with relevant, differentiated benefits to the discerning consumer.



Essenza Di Wills has been created to encapsulate the essence of fine living through an exclusive, internationally developed range of fine fragrances and grooming products.



Fiama Di Wills offers a range of shower gels, gel bars and skin care products exquisitely created to give gentle and effective care for timeless youthfulness.