

ITC: Organisational Profile



ITC has been ranked among Asia's 'Fabulous 50' by Forbes magazine

ITC Limited is one of India's foremost private sector companies with a market capitalisation in excess of US \$ 16 billion and a turnover of more than US \$ 3.5 billion. ITC ranks third in pre-tax profits among India's private sector corporations. ITC is ranked among the World's Best Big Companies and Asia's 'Fabulous 50' by Forbes magazine, among India's Most Respected Companies by BusinessWorld magazine and among India's Most Valuable Companies by Business Today magazine.

ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri Business, Packaged Foods & Confectionery, Branded Apparel, Greeting Cards, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel and Greeting Cards & Stationery. The Company's successful strategy of creating multiple drivers of growth leveraging the diverse competencies residing in its portfolio of businesses is evident in its impressive track record of growth in the last decade and its strong debt-free balance sheet.

FMCG

It is a measure of the continued trust reposed in the Company by its consumers that the top two FMCG brands in the country today belong to ITC. The Company's FMCG businesses leverage one of the largest retail networks in the country, consisting of about 2 million directly serviced dealers. Its reach covers a wide range of the retail spectrum, from premium outlets in the metros to small shops in the interiors of rural India. The Cigarette business continues to occupy its position of leadership on the strength of continued value addition.

The Company rapidly scaled up the Branded Packaged Foods business during the year in the four current categories – Snack Foods, Staples, Confectionery and Ready-to-Eat – now offering over 100 distinctive products. In the Staples category, 'Aashirvaad Atta' further consolidated its position as the clear leader amongst national branded players with market share touching 45%. The year marked the expansion of the 'Sunfeast' range of biscuits with the launch of Cookies ('Sunfeast Golden Bakes')

in 3 variants and Sweet & Salt Crackers ('Sunfeast Snacky') in 2 variants. During the year, outsourced and distributed manufacturing capacities were geared up to support the increase in scale of operations. The business is in the process of establishing its own production facilities across the country with a view to servicing proximal markets in an efficient and cost-effective manner.

The year also saw the roll out to target markets of 'Sunfeast Pasta Treat', a whole-wheat based non-fried product. Product range in the 'Confectionery' segment was expanded with the launch of 'mint-o masti blue' in a new pack design and 'Cofitino' in the hitherto unrepresented Toffees segment. The Ready-to-Eat product portfolio was augmented with the introduction of Instant Mixes in the 'popular' range under the 'Aashirvaad ReadyMeals' banner, launch of new variants of cooking pastes under the 'Aashirvaad' umbrella brand and a range of packaged desserts, conserves and chutneys under the flagship brand 'Kitchens of India'.





The 'Wills Lifestyle' range was further augmented during the year with the extension of 'EsSENZA Di Wills', an exclusive line of prestige fragrance products, to select 'Wills Lifestyle' stores. The products have met with encouraging response from discerning consumers. The year also marked the launch of the 'Wills Lifestyle India Fashion Week' (WIFW), billed as the country's premier fashion event. In the popular segment, the 'John Players' brand delivered a strong performance during the year and created a buzz among its youthful target audience.

The year witnessed the rapid scale-up of the stationery business with volumes of 'Classmate' notebooks trebling over last year – making 'Classmate' the most widely distributed notebook brand across the country. The 'Expressions' brand of greeting cards sustained its leadership status in multi-brand outlets across the country.

In the Safety Matches business, the Company's brands, including 'Aim' which is the largest selling brand of matches in the country, continued to enjoy strong consumer preference, resulting in enhanced market standing. The year also witnessed the successful acquisition of Wimco by a wholly owned subsidiary of the Company.

The Company's incense sticks (Agarbatti) business made rapid gains during the year with the 'Mangaldeep' brand emerging as the only national brand in its first full year of operations.

Hotels

During 2005-06, the Hotels business posted a strong financial performance with Segment Revenues growing by 35.7%. ITC Grand Central, the Company's second property in Mumbai, which was commissioned in January 2005, posted an impressive performance to record a positive bottom line in its first full year of operations. The business also progressed a product upgradation programme during the year with a view to maintaining the contemporariness of the Company's properties.



ITC Hotel Grand Central, Mumbai

Paperboards and Packaging

The Paperboards, Specialty Paper and Packaging segment recorded strong growth during the year both in terms of sales and operating profits. The year marked significant growth in the Paperboards segment on the back of enhanced capacity utilisation at the Kovai unit and the addition of Paper Machine V (capacity 75,000 TPA) at the Bhadrachalam mill. In fulfilment of its commitment to a cleaner environment, the Company's Elemental Chlorine Free (ECF) pulp mill, the only one of its kind in the country, continues to meet world-class environmental standards. The superior quality of the ECF pulp has enabled expansion of the market for value-added paperboards.

The Packaging and Printing business leveraged its recent investments in technology upgradation to expand its range of

offerings to include a wider variety of contemporary packaging formats. During the year, the business entered the high growth flexible packaging business with the induction of world-class equipment.

Agri Business

In the Agri Business segment, ITC is engaged in innovatively leveraging digital technology to transform the rural sector, and strengthening its position in domestic and global markets as a leading supplier of high quality, identity-preserved agri commodities. This digital infrastructure, known as e-Choupal, constitutes the basis for the Company's deeper engagement with the rural economy through the progressive development of low cost, broadband fulfilment capability for two-way flow



ITC's paperboards mill at Bhadrachalam, Andhra Pradesh



The e-Choupal empowers farmers with relevant information

of goods and services. This pioneering initiative comprising nearly 6,000 choupals, currently reaches out to over 3.5 million farmers in the States of Madhya Pradesh, Haryana, Uttaranchal, Uttar Pradesh, Rajasthan, Karnataka, Maharashtra, Andhra Pradesh and Kerala.

The Company's investments in creating rural infrastructure to support this two-way flow of goods and services is being strengthened through the creation of rural hubs, christened 'Choupal Saagar'. 10 Choupal Saagars are operational in the 3 states of Madhya Pradesh, Maharashtra and Uttar Pradesh while 9 more are in an advanced stage of construction. These Choupal Saagars, in synergistic combination with the e-Choupal network, would serve as the core infrastructure to support ITC's rural distribution strategy.

Information Technology

ITC's wholly owned information technology subsidiary, ITC Infotech, is one of India's fastest growing IT and IT-enabled outsourced solutions providers. The Company leverages domain

knowledge from its parent's market-leading position in Manufacturing, CPG & Retail and Travel & Hospitality, as well as in other domains like Banking, Financial Services & Insurance, to devise business solutions for global customers. ITC Infotech is a US \$ 64 million company with over 1,700 employees. In addition to IT Solutions, Services and Co-sourcing, the Company has a joint venture with ClientLogic in the BPO space that offers a technical helpdesk with over 2,500 employees. ITC Infotech has offices in the United States, Europe and the Asia Pacific, serving Fortune-listed customers across 42 countries.

Overseas Subsidiary

Surya Nepal Private Limited (SNPL) is an Indo-Nepal-UK joint venture, which started operations in Nepal in 1986. SNPL is the largest private sector enterprise in Nepal and a subsidiary of ITC Limited. Its businesses include manufacture and marketing of cigarettes and readymade garments, as well as export of readymade garments with a total turnover of US \$ 60 million and a pre-tax profit of US \$ 8 million.

Citizen First

ITC is driven by the compelling vision of enlarging its contribution to society. It seeks to achieve this value objective by not only driving each of its businesses towards international competitiveness, but by also consciously contributing to the competitiveness of the entire value chain. As a Company that continuously strives to be 'Citizen First', ITC attaches critical importance to its responsibility to contribute to the 'Triple Bottom Line', namely the augmentation of economic, ecological and social capital.

Pan-Indian Organisation

ITC employs over 20,000 people at more than 60 locations across India. ITC continuously endeavours to enhance its wealth generating capabilities in a globalising environment to consistently reward more than 4,45,000 shareholders, fulfil the aspirations of its stakeholders and meet societal expectations. This over-arching vision of the Company is expressively captured in its corporate positioning statement: 'Enduring Value. For the nation. For the shareholder.'



ITC's afforestation programme greens over 41,000 hectares



A women's self-help group supported by ITC