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25th July, 2016

The Secretary
National Stock Exchange
of India Ltd.
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Plot No. C/1, G Block
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Bandra (East)
Mumbai 400 051

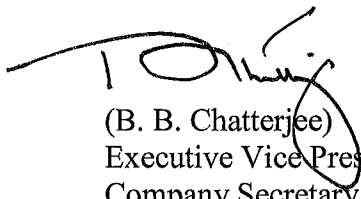
The General Manager
Dept. of Corporate Services
BSE Ltd.
1st floor, New Trading Ring
Rotunda Building
P. J. Towers
Dalal Street, Fort
Mumbai 400 001

The Secretary
The Calcutta Stock Exchange
Ltd.
7, Lyons Range
Kolkata 700 001

Dear Sirs,

We enclose a copy of the Chairman's Speech on 'ITC: Building an Exemplary Indian Enterprise' delivered at the 105th Annual General Meeting of the Company held on 22nd July, 2016.

Yours faithfully,
ITC Limited



(B. B. Chatterjee)
Executive Vice President &
Company Secretary

Encl. as above.



cc: Securities Exchange Commission
Division of Corporate Finance
Office of International Corporate Finance
Mail Stop 3-9
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Washington DC 20549
U.S.A.

cc: Societe de la Bourse de Luxembourg
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105th Annual General Meeting

ITC Limited

Julv 22, 2016

ITC : BUILDING AN EXEMPLARY INDIAN ENTERPRISE

Address by Chairman, Mr. Y C Deveshwar

It gives me great pleasure to welcome you to the 105th Annual General Meeting of your Company.

This meeting marks a personal milestone for me. Although I hope to continue to address you in the coming years as Chairman of your Company, today is the last time I am addressing you in the joint capacity of Chairman & Chief Executive Officer of ITC. It is natural, at this juncture, to reflect on the years gone by. It is also my intention to give you a glimpse of the future direction of your Company, and a sense of its sinews that are in the process of being shaped that will lend it an abiding source of competitive strength.

But before that, I would like to place on record my sincere gratitude to you, our valued shareholders, for having given me this privilege. It has been a momentous journey in shaping one of India's most admired corporations. Your unstinted support has made this voyage deeply fulfilling.

ITC Credo: India First

Some of you may recall the turbulent times that engulfed your Company around the time you placed me at the helm. Indeed those were trying circumstances and a far cry from the ITC you are familiar with today. The Company was confronted with formidable challenges that threatened the very foundation of future progress. Its earlier diversification forays had either faltered or failed. A battle for control of the Company had ensued amidst a public smear campaign. Doubts were raised even about the very integrity of the organisation. A media trial, on the encouragement of the then representatives of our overseas shareholder, had already pronounced the Indian Management inept, fraudulent and guilty, ahead of any independent investigation. The momentum of sentiment seemed to encourage the enforcement authorities to use the powers vested under the draconian FERA law to incarcerate 14 members of the then current and past management, including 2 past Chairmen of the Company, even before

any substantial investigation had progressed. A retrospective excise demand of Rs.803 crores, on the very first day of my assuming charge as Chairman & CEO, amounting to three times the annual profit, imperiled your Company's financial stability. The shareholders and the members of the Board stood divided on the future direction of the Company.

Amidst all this adversity, the challenge was to steady the ship and articulate a superordinate Vision for the Company re-emphasising commitment to abiding Values, and revitalise its human resource around a common purpose. There was an urgent need to restructure and reposition the Company for extreme competitiveness in an increasingly globalising Indian market.

It was at such a juncture that we resolved to **build an exemplary Indian enterprise that would create enduring value for our country**. An organisation that would adopt the credo of putting **INDIA FIRST - keeping Country before Corporation and the Institution before the Individual**.

The journey since then has been purposeful, though at times arduous, testing our very grit and determination. A multi-pronged strategy was put into play to transform ITC into an engine of growth that would make a substantial contribution to the Indian economy, whilst rewarding shareholders by creating growing value for the Indian Society. The portfolio of businesses was rationalised by exiting from those that were not well positioned to create long-term value. Leveraging internal competencies that best matched the opportunities of an emerging economy, a fresh portfolio of businesses was arrived at creating multiple drivers of growth.

Over the years, the patriotic sense of 'India First' has grown into a full-blown aspiration to be a National Champion subserving the country's larger priorities. This is not only manifest in the creation of world-class Indian brands, but also in the Triple Bottom Line goals of the Company to nurture larger societal value. The need to sustain global competitiveness in economic value creation, whilst simultaneously creating larger societal value, has led to innovation in business models that seek to synergise the building of economic, ecological and social capital as a unified strategy.

ITC: Triple Bottom Line Contribution

The progress of ITC is thus best captured in the outcomes achieved along the triple bottom line dimensions.

The appreciation of these outcomes would become more meaningful when seen in the context of the challenges facing our society. Therefore, I wish to spend a few moments to outline before you these challenges.

India is home to one-third of the world's poor. Nearly 300 million people need critical support to move out of endemic poverty. With close to 12 million youth joining the workforce every year, there is a crying need to create opportunities for gainful employment. These challenges will get further compounded as India becomes the most populous country in the world by 2030. More than 1.5 billion people will need food, nutrition, water, energy, education and health security. Already, environmental resources are under huge stress given the fact that with 17% of the world's population, India has only 2.4 % of world's land, 4% of global water and 1% of forest resources. The need to create sustainable livelihoods and replenish our environmental resources has never been more urgent.

Undoubtedly, high growth rates are necessary to address these challenges; but that by itself may not be sufficient to ensure social equity or environmental replenishment. A new paradigm of growth is therefore called for -- an integrated triple bottom line approach that builds competitiveness whilst at the same time ensuring that the environment is nourished and large-scale sustainable livelihoods are created. I call this new paradigm "Responsible Competitiveness", which to my mind is a pre-requisite to creating a more sustainable future.

Your Company was among the first to make triple bottom line performance a core purpose of its business strategy, much before Sustainability took centre-stage in the world of business. Over the years, every address to you at the annual meetings has been preceded by an account of your Company's contribution to the triple bottom line. Today, it is indeed heartening that your Company's 'commitment beyond the market' is not only

evident in the range, scale and scope of its businesses but also in the larger contribution it has made to sustainable and inclusive growth. Let me highlight some of the key facets of this inspiring contribution.

Economic Contribution

Your Company'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.

- The strategy to pursue multiple drivers of growth has led to a remarkable **17-fold growth in your Company's non-cigarette businesses since 1996, registering a net segment revenue of Rs. 23,000 crores.** Compared to the size of ITC in 1996, the non-cigarette businesses alone represent a size akin to **creating 5 ITCs of that time.**
- Your Company today ranks **amongst the top 3 in the private sector in terms of Contribution to the Exchequer.** In FY 15-16 alone, your Company's contribution stood at Rs. 30,750 crores. Many would be unaware that, in the year gone by, **as much as 81% of the Company's Value Addition accrued to the Exchequer at the Central and State levels,** including the share of dividend and retained earnings attributable to government-owned institutions.
- Over the years, the ITC Group has also emerged as a large exporter of goods and services. **Foreign exchange earnings** of the ITC Group in the last 10 years aggregate nearly **US\$ 6.8 billion.** Of this, **agri-exports constitute 57%,** thereby creating value for the rural economy by effectively linking the small farmer to international markets.
- Your Company has today emerged as **India's leading FMCG marketer, a globally acclaimed icon in green hoteliering, a market leader in the Indian Paperboard and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri-Business, and a player of promise in the field of Information Technology.**

- **ITC's Paperboards business** has sustained leadership in its segment as well as in environmental stewardship and grown from a capacity of around **1 lakh tons in 1996 to around 7 lakh tons today**. The **Packaging business** has fortified its position in both cartons and flexibles, winning global acclaim for packaging excellence. The net segment revenue of Paperboards, Paper & Packaging has grown nearly **10-fold to over Rs 5,000 crores** in this period, in the face of intense international competition.
- The **hospitality business** of your Company, which operated 12 hotels in 1996, has grown to over a **100 properties** today, comprising **4 brands**, namely, **ITC Hotels, WelcomHotels, Fortune and WelcomHeritage**. Its signature luxury properties have won international acclaim. **The iconic ITC Grand Bharat was ranked 4th in the world and no.1 in Asia** by Conde Nast. The luxury chain comprising the brand ITC Hotels has earned **global distinction for pioneering a new ethos of Responsible Luxury**. The contribution of your Company's hotels business to India's tourism landscape has multiplied manifold over these years.
- **The new FMCG businesses**, nurtured over the last decade or so, have crafted a vibrant portfolio of around **25 mother brands** that are increasingly gaining market standing. These brands have recorded a **consumer spend of more than Rs. 12,000 crores**. The **'Aashirvaad'** brand crossed the **Rs. 3,000 crore** mark, **'Sunfeast'** over **Rs. 2,500 crore** while **'Bingo!' & 'Classmate'** exceeded **Rs. 1,000 crore** each.
- In comparison to 25 factories that serviced your Company's operations in 1996, **ITC's businesses are today served by over 200 factories** spread across the country, reflecting a symphony of local, regional and national scales.
- Over the years, there has been a transformation in the scale and complexity of your Company's **distribution and logistics infrastructure**. From fewer than a 100 SKUs in 1996, the distribution highway today handles over 1,500 SKUs of multiple businesses directly **servicing over 2 million retail outlets across trade channels in 1,00,000 markets**.

- This transformational growth in the range and scale of businesses has led to a **10-fold increase** in the **Company's Revenue** to over **Rs.51,000 crores** since 1996, whilst **Profit Before Tax** grew **33 times** to over **Rs.14,900 crores**. In the last two decades, market capitalisation has grown over **50-fold** to touch an **all-time high** of **Rs.3,00,000 crores** recently. **Total Shareholder Returns** during this period clocked a **Compound Annual Growth Rate** of **24%**.

It is deeply satisfying that your Company has built an **impressive presence across all the 3 sectors of the economy, namely, agriculture, manufacturing and services**. This has created a repertoire of diverse skills, the harnessing of which in a synergistic manner has provided many a unique source of competitive advantage to your Company.

Environmental & Social Contribution

What gives me a sense of fulfilment, however, is your Company's global leadership in Sustainability Performance. Your Company's large-scale programme in societal value creation has been focusing on creating sustainable livelihoods, empowering local communities, conserving and replenishing the environment thereby helping to address the challenges of climate change. This multi-dimensional effort has transformed many a life and contributed towards a sustainable environment for future generations.

- I am sure you share our collective pride that **ITC has emerged as the only Company in the world of comparable dimensions to be carbon positive, water positive and solid waste recycling positive** for several consecutive years now. It is a source of deep satisfaction that ITC, with its operations, far from being a burden on environment, has been a net contributor to its enrichment.
- In our country, where employment generation is an urgent priority, your Company has progressively been able to **sustain livelihoods for over 6 million people**, embracing the weakest in our society.
- Your Company's commitment to a low carbon path has created some of the **finest exemplars of Sustainability in the world**. Today, **over 47 % of energy consumed in**

the ITC Group is from renewable sources. A remarkable feat given the large spread, scale and energy intensity of your Company's operations.

- Your Company's brand **ITC Hotels** has emerged the **greenest luxury hotel chain in the world**. All its properties are today LEED certified at the highest Platinum level. ITC Grand Chola is the world's largest LEED Platinum hotel. The ITC Green Centre in Gurgaon was rated the world's highest scoring LEED Platinum green building, whilst ITC Sankhya, the Data Centre in Bengaluru is the world's first such utility to receive the LEED Platinum certification.
- The **ITC e-Choupal eco-system** has over the years **benefitted 4 million farmers** and has been acclaimed as one of the most successful rural empowerment programmes in the world. Its global acclaim is evident in the numerous case studies written on it across the world including the one at Harvard Business School.
- A shining example of triple bottom line contribution lies in ITC's large-scale **Afforestation programme**. This initiative has expanded to **green over 2,25,000 hectares, generating more than a 100 million person days of employment** for poor tribals and farm workers.
- India's finite land faces competing demand for food, fodder, fibre, fuel and forest, among others. Your Company's innovative **agro-forestry initiative** has demonstrated that such competing demands can be largely reconciled on a single farm, multiplying farmer income and farm outcome. This programme has already covered **25,000 hectares** and has the potential to grow rapidly.
- Water stress remains a critical challenge for India's agriculture. Your Company's **Soil and Moisture Conservation programme** has been addressing this challenge by promoting integrated watershed development in moisture-stressed areas. The programme currently extends to **42 districts across 10 States covering nearly 2,60,000 hectares**.

- Livestock is one of the primary sources of livelihood in rural areas. Your Company's extensive **Animal Husbandry** programme, implemented for over a decade now, has **served nearly 13,00,000 milch animals**, improving productivity manifold, thereby supplementing rural incomes.
- Over the years, the **women empowerment** programme of your Company has made an impactful difference to the lives of over **50,000 rural women**. Taking the initiative further, a new programme that seeks to mainstream ultra-poor women has been launched. Over 10,000 women are currently being trained in entrepreneurial skills and provided with assets for income generation.
- The extensive intervention of your Company in strengthening the reach and quality of **primary education** has **benefitted over 4,60,000 disadvantaged children**. In addition, a **Skilling & Vocational Training** Programme has **trained over 31,000 youth** making them more employable.
- A **Health & Sanitation** programme has also been in operation for a while promoting a hygienic environment through prevention of open defecation, thereby reducing incidence of water-borne diseases. So far, **over 15,000 low-cost sanitary units have been constructed covering 20 districts in 10 states**.
- Your Company's **WOW programme** - '**Well-being out of Waste**' - has been promoting extensive segregation and recycling of waste. It has so far mobilised, among others, the support of many commercial and industrial establishments, households and schools comprising **5 million citizens including 5,00,000 students**.
- You will be pleased to know that **ITC's Social Investments Programme this year has covered 166 districts in 26 states**.

Despite all these accomplishments, more than anyone else, I know that your Company's quest is far from over. There are yet new frontiers to cross and new horizons to explore. We must continue to strengthen and fortify the businesses of the Company -- protect, nurture, build, challenge, innovate, expand and grow - thereby continuously revitalising and shaping a National Champion that can generate even more value for our stakeholders and our society.

Towards this end, **multiple projects have been planned with an outlay of Rs. 25,000 crores over the next 5 years.**

Most of your Company's businesses are well positioned to contribute, in good measure, to the triple bottom line objectives of your Company. However, it is the new FMCG businesses, through the establishment of world-class Indian brands, that hold the highest promise for value-creation, both for the Company and for the Indian economy.

Tomorrow's world will belong to those who create, own and nurture intellectual capital. Such ownership of intellectual property, manifest in brands, provides a superior basis for sustaining competitive advantage over the long run. World-class brands lend a huge intangible value to products and services, enabling them to command a premium and loyalty from consumers. When a country's institutions build world-class brands, they enrich its economy. **Successful brands are not only a perpetual source of value-creation but also a badge of honour for the country of their origin.**

The mission to create world-class brands in India must, therefore, assume the fervour of a national movement. Such world-class Indian brands will help create, capture and retain larger value for the economy. Creation of a new generation of world-class brands demands tremendous staying power with substantial investment commitment over the long haul. It requires deep consumer insight, continuous application of cutting-edge R&D, differentiated product development capacity, state-of-the-art manufacturing, and an extensive trade marketing and distribution network. Above all, it demands a determination to succeed against all odds.

I am happy to be able to state that in a short period of a decade or so, your Company has been able to build many successful brands that are fast gaining strength. **Consumer spend in the new FMCG brands today is almost twice the size of ITC in 1996.** The 25 newly created mother brands of your Company spanning a wide range of goods are expected to continuously expand consumer franchise. Some of the noteworthy brands include ‘Aashirvaad’, ‘Sunfeast’, ‘Bingo!’, ‘YiPPee!’, ‘B Natural’ and ‘Candyman’ in the foods space; ‘Fiama’, ‘Vivel’, ‘Engage’ and ‘Savlon’ in the personal care arena; ‘Classmate’ in the Education and Stationery segment; ‘Wills Lifestyle’ and ‘John Players’ in Lifestyle Apparel; ‘Mangaldeep’ in Agarbattis and ‘Aim’ in Matches.

ITC: Towards the 1,00,000 crore New FMCG Goal

Your Company aspires to be the **No 1 player in the new FMCG businesses** and has set a **revenue target of Rs 1,00,000 crores by 2030.**

What may be uppermost in your mind is the question as to how ITC will achieve this audacious goal. Undoubtedly, such an aspiration in an intensely competitive market calls for an orchestra of effort that demands significantly superior enterprise strengths. It is, therefore, very reassuring that your Company has, over the years, built an impressive array of competitive strengths, whilst several others are in early stages of formation.

Let me now take this opportunity to give you a brief overview of the Company’s enterprise strengths and a glimpse of the future potential that resides in their application.

ITC’s Institutional Strengths

- Over the years, your Company’s deep association with the farm sector, through ITC e-Choupal, has built a **formidable capacity for production and procurement of demand-led, identity-preserved, superior quality agri-commodities.** Coupled with the Agri-Business’s extensive knowledge of farming and crops, this age-old

engagement provides a unique source of competitive advantage to your Company's Foods Business.

- Recognising the critical role of breakthrough innovation in shaping game-changing products of the future, your Company has invested substantially in creating intellectual capital through a globally benchmarked **ITC Life Sciences & Technology Centre** in Bengaluru. This Centre, along with other facilities spread over 4,00,000 sq ft, is driving science-led product innovation with a **world-class team of 350 highly qualified scientists**. In a short span of time, **over 480 patent applications have been filed**. The intellectual property so created will strengthen leadership of your Company's brands and enrich our country's intellectual capital.
- The **culinary expertise of a galaxy of world-class Chefs** of your Company's hotels business lends an invaluable strength to ITC's Foods Business. The intimate knowledge of consumer preferences gained from close engagement with guests all over India provides unmatched insight in shaping newer and differentiated products to win in the marketplace.
- The capability to drive superior efficiencies in **supply-chain management** is critical to sustaining the competitiveness of your Company's FMCG businesses. Your Company is **investing substantially in physical infrastructure assets** close to markets to reduce wastage from multiple handling and transportation by co-locating manufacturing and distribution facilities. Around **20 such modern Integrated Consumer Goods Manufacturing and Logistics facilities** are under development. This will substantially enhance supply-chain efficiency at much lower cost.
- In addition to the enterprise strengths I have touched upon, lies the traditional marketing prowess of ITC that encompasses **deep consumer insight, superior branding skills, packaging excellence and an extensive trade marketing & distribution capacity**. This synergy of institutional strengths drawn from different parts of your Company's businesses provides unique sources of competitive advantage.

Glimpses of the Potential

Having said that, let me give you a few examples of how this synergy of strengths will create new opportunities for your Company in the foreseeable future.

- Given the unique construct of your Company, with its strong presence in Agri, Packaged Foods and Personal Care products, a convergence of R&D capabilities is being leveraged by ITC's Life Sciences Centre to deliver products of the future aimed at **nutrition, health and well-being**. This will also address widespread concern of the Indian population about maladies relating to **diabetes, cognition, gut and cardiovascular health**. Similarly, **product development in the personal care arena** will be inspired from research **focusing on 'Indianness'**, namely, a blend of Indian genetics as well as environmental factors of prime relevance to the Indian consumer of personal care products.
- Your Company's Foods Business is adding a new dimension by progressively entering the **'health and wellness space'**. A recent innovation in this space was the launch of "Aashirvaad Sugar Release Control Atta", a first-of-its-kind atta with a lower Glycaemic Index (GI), which helps in managing blood sugar. A plethora of possibilities is being examined in functional foods and food fortification for better nutrition. In the not-too-distant future, these science-led innovations will add another vibrant driver to the Foods Business.
- An example of synergy of superior agri-sourcing and culinary expertise of hotel chefs is manifest in the remarkable success you have witnessed in the leadership of Aashirvaad atta. Its strong emotional bond with consumers is a direct result of the specially crafted unique blends of identity preserved wheat customised to meet regional preferences. **Such synergy is expected to infuse competitiveness to your Company's 'Sunbean' brand of premium coffee, that is due to be launched shortly.** The expertise of ITC Hotels' coffee Baristas, the knowledge of coffee garnered over 25 years of global trading by your Company's Agri-Business and the skill of our master-blenders can co-create differentiated coffee offerings for true connoisseurs.

- You may have also learnt from media reports, the warm reception accorded to ITC's **luxury chocolates, launched under the Fabelle brand**. These world-class chocolates have elicited, without exception, superlative comments from discerning consumers. This is once again testimony to the unique sources of competitive advantage that ITC's diverse institutional strengths combine to generate. Very soon, Fabelle chocolates, launched recently at ITC Gardenia in Bengaluru, will be available at all ITC Hotels, before being extended more widely.
- As we speak, plans to **cultivate medicinal and aromatic plants are making rapid progress** lending potential strength to your Company's Foods Business in the health and wellness space. In addition, in line with your Company's stringent processes relating to food safety, ITC has engaged with farmers to implement an Integrated Farm Management Programme to grow **high quality super-safe Spices**. A new range of such spices, **tested for as many as 450 contaminants at par with European standards**, in comparison to only 10 in the domestic market, will be available shortly for the Indian health-conscious consumer.

ITC: Leadership in the Farm-to-Fork Value-Chain

Going forward, with progressive development in the areas of future potential, some of which I have outlined today, **your Company will increasingly enhance its leadership in the farm-to-fork value chain**, making a large and growing contribution to the twin priority sectors of the economy, namely, Agriculture and Food Processing.

Your Company's strong presence in the agri-food value chain also places it in a unique position to explore **new opportunities, particularly in the area of perishables including fruits and vegetables**. As you may be aware, only 10% of India's agri-produce, including milk, is processed. Colossal agri-wastage, particularly in perishables, not only poses a constraint on farmer income, but also fuels supply-side shortages, leading to food inflation. Unfortunately, the weak cold-chain infrastructure and the virtual absence of well-established end-to-end players impede the growth of Processed Food industry, more so in the case of perishables where it is most needed.

It is for this reason that your Company is exploring the opportunity to invest in a state-of-the-art cold-chain to cover farm produce, including fresh, frozen and dehydrated fruits and vegetables. Towards this end, the physical infrastructure being developed by your Company will be utilised to establish cost-effective regional cold-chains across the country.

Such new opportunities will further strengthen ITC's leadership across the farm-to-fork value chain, enabling greater value realisation to the farmer, reduction of wastage, and a year-round availability of high-quality products for the consumer.

I am confident that the collective energies that reside in these new opportunities, as well as in the potential arising from your Company's traditional, new and developing enterprise strengths, will impart strong growth drivers to achieve the Rs 1,00,000 crores new FMCG goal by 2030.

ITC: Shaping a National Champion

There are inspiring examples of national champions world-wide who enrich their economies in many dimensions bringing honour to their countries by their innovative excellence. Apple in the US, Samsung in Korea, Toyota in Japan are some of these exemplary corporations. **Can we in India not dream of building our own institutions that stand amongst the finest in the world? I believe we can, and we must.**

As a Company deeply rooted in India's soil, ITC has passionately pursued its compelling Vision to create an exemplary national institution of great value to our society. I must confess that a deep sense of patriotism has driven me to traverse many an untrodden path in leading ITC's aspiration to be such a national champion. From the transformation that I have outlined before you today, I draw comfort that collectively we have made remarkable progress. The best though is yet to come and it is my hope that our dream, in its fullness would be realised, sooner than later.

Before I conclude, I would like to place on record my deepest appreciation of the tireless effort of all my colleagues, past and present, who have travelled with me in this journey,

lending their shoulder to build this great institution. I draw solace that with such a world-class team of professionals at ITC, at all levels, our shared aspiration is surely within reach. I would also like to thank the Members of the Corporate Management Committee for their contribution and unwavering support over the years. I also extend my sincere gratitude to the Members of the Board for the richness of their counsel, encouragement, due-diligence in supervision and commitment to the Vision & Values of ITC. And finally, a special word of thanks to you, our valued shareholders, for your unstinted support and encouragement. I know Team ITC can continue to look to you for your goodwill in the years ahead.

Thank you, Ladies & Gentlemen. Let's Put India First.
