



**ITC Limited**  
Virginia House  
37 J. L. Nehru Road  
Kolkata 700 071, India  
Tel. : 91 33 2288 9371  
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

26<sup>th</sup> May, 2017

The Manager  
Listing Department  
National Stock Exchange  
of India Limited  
Exchange Plaza,  
Plot No. C-1, G Block  
Bandra-Kurla Complex  
Banda (East)  
Mumbai 400 051

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

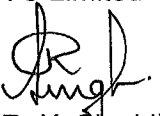
The Secretary  
The Calcutta Stock  
Exchange Limited  
7, Lyons Range  
Kolkata 700 001

Dear Sirs,

**Audited Financial Results for the  
Quarter and Twelve Months ended 31<sup>st</sup> March, 2017**

Further to our letter dated 26<sup>th</sup> May, 2017 forwarding the Audited Financial Results of the Company for the Quarter and Twelve Months ended 31<sup>st</sup> March, 2017, we now enclose a copy of the Media Statement issued by the Company on the subject.

Yours faithfully,  
ITC Limited

  
(R. K. Singhi)  
Sr. Deputy Secretary

Encl. as above.



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

cc: Societe de la Bourse de Luxembourg  
35A Boulevard Joseph II  
L – 1840 Luxembourg



ITC Limited  
Virginia House  
37 J. L. Nehru Road  
Kolkata 700 071, India  
Tel. : 91 33 2288 9371  
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

## Media Statement

May 26, 2017

### Financial Results for the Quarter and Year ended 31st March, 2017

#### Highlights

- Gross Revenue and Post-tax profit for the quarter up 6.1% and 12.1% respectively.
- Gross Revenue and Post-tax profit for the year up 6.6% and 9.4% respectively amidst a sluggish demand environment exacerbated by the impact of currency crunch during the second half of the year.
- Modest recovery in Q4 performance after severe disruption in operations in Q3 due to currency crunch. Wholesale channel and rural markets remain sluggish.
- Board recommends Dividend of Rs. 4.75 per share for FY17 (previous year: Ordinary Dividend Rs. 4.33 per share adjusted for Bonus Issue).

---

#### Financial year ended 31st March 2017

- FMCG-Cigarettes performance continues to be impacted by severe pressure on legal cigarette industry volumes even as illegal trade grows unabated.
- FMCG-Others Segment Revenue up 8% amidst a challenging operating environment - most major Businesses/categories improved market standing.
  - The Company sustained its position as one of the fastest growing branded packaged foods businesses in the country.
  - Overall performance impacted by cash crunch especially in Q3, calibration of trade pipeline in Education & Stationery Products Business and lower consumer offtake & heavy discounting in Apparel. Segment Results reflect the sharp escalation in input prices during the year, gestation costs of new categories and sustained investment in brand building.
- Hotels Segment Revenue up 4.3% driven by improvement in ARR's and robust growth in F&B sales. Steady progress in the construction of ITC Hotels at Hyderabad, Kolkata, Ahmedabad, Srinagar and WelcomHotels in Coimbatore, Guntur and Bhubaneswar.
- Agri Business Segment Revenue up 10.8% on the back of supplies of imported wheat in the domestic market, thereby easing the acute shortage in the country.

Continued to provide strategic support to the FMCG businesses in the area of wheat, chip stock potato, spices, fruit pulp and leaf tobacco sourcing. Segment Results reflect the slowdown in FMCG & legal cigarette industry, adverse mix and increase in leaf tobacco prices.

- Paperboards, Paper & Packaging Segment impacted by slowdown in the FMCG & legal cigarette industry, cheap imports and unabsorbed capacity in domestic paperboard industry. Segment Results improved on the strength of richer product mix and benign input prices.
- India's first Bleached Chemical Thermo Mechanical Pulp mill commissioned at the Bhadrachalam facility - will further reduce dependence on imported pulp and the Company's carbon footprint.

#### Quarter ended 31st March 2017

- Modest recovery in growth amidst overhang of liquidity squeeze and persistent weakness in the wholesale channel and rural markets.
- Overall revenue growth driven by Agri commodities, Branded Packaged Foods businesses, Personal Care Products Business offset by ongoing pipeline calibration in the Education and Stationery Product Business and lower consumer offtake & heavy discounting in Apparel.
- Sharp hike in input prices, gestation costs of new categories (Juices, Dairy, Chocolates, Coffee) and heavy discounting in Apparel impacted FMCG-Others Segment Results.

=====

#### **Financial Performance**

The Company delivered steady performance during the year in the backdrop of a persistently sluggish demand environment, continuing pressure on the legal cigarette industry due to the cumulative impact of steep increase in taxation and regulatory pressures, sharp hike in input costs and gestation costs relating to new products/categories especially in the non-cigarette FMCG segment. The operating environment was rendered particularly challenging in the second half of the year with the currency crunch impacting the incipient recovery in demand. The business environment in the Hotels industry also remained subdued, with only a marginal improvement in room rates reflecting the overhang of excess room inventory in key markets. The Paperboards, Paper and Packaging segment also had to contend with a weak demand and pricing environment.

Despite the challenging business environment as aforesaid, Gross Revenue at Rs. 55001.69 crores grew by 6.6% primarily driven by an 8.0% growth in the non-cigarette FMCG segment, 10.8% growth in Agri Business and 5.1% growth in the Cigarettes segment. Profit Before Tax registered a growth of 7.4% to Rs. 15502.96 crores while Profit After Tax at Rs. 10200.90 crores increased by 9.4%. Total Comprehensive Income for the year stood at Rs. 10277.90 crores (previous year Rs. 9261.79 crores). Earnings

Per Share for the year stood at Rs. 8.43 (previous year Rs. 7.74). Cash flows from Operations aggregated Rs. 15214.98 crores, compared to Rs. 14039.64 crores in the previous year.

During the 4th quarter of the year, Gross Revenue grew by 6.1% to Rs. 14882.75 crores while Profit After Tax stood at Rs. 2669.47 crores representing a growth of 12.1%. The modest recovery in growth during the quarter, after severe disruption in operations in Q3, was driven mainly by Agri commodities, Branded Packaged Foods businesses, Personal Care Products Business, which was partially offset by ongoing pipeline calibration in the Education and Stationery Product Business and lower consumer offtake & heavy discounting in Apparel. Overall performance, however, remained relatively subdued reflecting the continuing tightness in the liquidity position in the market, persistent weakness in the wholesale channel and rural markets and sharp rise in input costs particularly in the FMCG businesses.

The Directors are pleased to recommend an Ordinary Dividend of Rs. 4.75 per share (previous year Ordinary Dividend of Rs. 4.33 per share and Special Dividend of Rs. 1.33 per share; adjusted for Bonus Issue) for the year ended 31st March, 2017. Total cash outflow in this regard will be Rs. 6944.65 crores including Dividend Distribution Tax of Rs. 1174.64 crores.

#### **FMCG-Others**

The FMCG industry witnessed further deceleration in growth rate during the year with demand conditions remaining subdued for the fourth successive year. The much anticipated pick-up in consumption expenditure on the back of good monsoons in 2016, low inflation and implementation of the recommendations of the 7th Pay Commission did not play out fully. The incipient recovery in demand witnessed around the middle of the year was adversely impacted by the cash crunch especially during the third quarter. Further, the industry had to contend with sharp escalation in the cost of major commodities in the midst of heightened competitive intensity, leading to compression in margins.

Segment Revenue growth during the year was relatively subdued due to reasons as aforesaid. While most categories recovered progressively after severe disruption in operations in the initial period of the cash crunch, the impact on the Lifestyle Retailing and Education & Stationery Products Businesses was more amplified and prolonged. This, inter alia, led to heavy discounting, earlier 'end of season sales' and rebalancing of inventory pipelines by trade in these Businesses. Consequently, Segment Revenue at Rs. 10511.83 crores grew by 8.0% over the previous year. Segment Results also reflect the impact of sustained investment in brand building and gestation costs of new categories (Juices, Dairy, Chocolates and Coffee), sharp increase in input cost besides disruption in sales momentum due to the cash crunch.

During the year, three Company-owned units were commissioned to cater to the requirements of the Branded Packaged Foods and Personal Care Products Businesses.

Significant progress was also made during the year in constructing several state-of-the-art owned Integrated Consumer Goods Manufacturing and Logistics facilities across regions to secure capacity and enable the FMCG businesses to rapidly scale up in line with long-term demand forecast. Currently, over 20 projects are underway and in various stages of development – from land acquisition/site development to construction of buildings and other infrastructure.

### **Branded Packaged Foods**

Demand conditions in the Branded Packaged Foods industry remained sluggish during the year, with consumers curbing discretionary spending and rural demand remaining tepid. While signs of recovery were visible in the first half of the year, the second half reflected significant deceleration in growth rates across most categories largely due to the cash crunch. Industry players intensified consumer promotions and trade schemes in a bid to garner volumes. The year also witnessed a sharp rise in input costs, the impact of which was partially offset through a calibrated pricing approach adopted by most players.

Despite such a challenging operating environment, the Company sustained its position as one of the fastest growing branded packaged foods businesses in the country leveraging a robust portfolio of brands, a range of differentiated products customised to address regional tastes and preferences along with an efficient supply chain and distribution network that ensures benchmark levels of visibility, availability and freshness of products in the market.

During the year, the Business launched a luxury range of chocolates under the 'Fabelle' brand at exclusive 'Fabelle Chocolate Boutiques' set up in seven ITC Hotels across the country. The Business also launched two exquisitely crafted blends of gourmet coffee during the year, under the 'Sunbean' brand. The brand is currently available at all ITC Hotels and select outlets. The products have met with excellent response from discerning consumers.

The Staples Business posted robust performance during the year, growing well ahead of the industry. In the Staples category, 'Aashirvaad' atta further consolidated its position as India's No. 1 Atta brand while maintaining its price leadership in the market. The value-added product portfolio, comprising Multigrains, Select and Sugar Release Control atta, continued to record robust growth. In the branded spices category, the Business launched ITC Master Chef 'Super Safe Spices', which are tested for over 470 pesticide residues in accordance with European standards as compared to only nine required under Indian regulations. In the Snacks and Meals Business, the 'Bingo!' range of finger snacks recorded robust growth during the year driven by the Tedhe Medhe and Mad Angles sub-brands. Yumitos Original Style potato chips was extended to target markets during the year, posting impressive growth in sales. The finger snacks portfolio was augmented with the launch of Tedhe Medhe Achari Masti and Tangles Cheese variants while the Yumitos potato chips portfolio was revamped with an improved product and a new vibrant pack. The Instant Noodles industry saw a steady recovery during the year after significant

disruption caused by regulatory issues in the previous year largely pertaining to a competitor's product. The recovery was largely led by metro cities and large towns while rural demand remained sluggish. YiPPee! noodles, which had garnered significant volumes in the previous year on the strength of superior quality and safety, sustained its robust growth momentum during the year despite the entry of several regional discount players and relaunch of products by the lead competitor. The year also saw the launch of 'Power Up Atta Noodles' - a differentiated product with vegetable additions - which received good consumer response.

The Confections Business scaled up operations and improved its market standing during the year. In the Biscuits category, the Business continued to focus on premiumising its product portfolio. The 'Sunfeast Mom's Magic' range of premium cookies sustained its strong growth momentum driven by superior product attributes and investment in brand building. The recently launched 'Sunfeast Farmlite All Good Digestive' - 'No maida & No added sugar' cookie made from Aashirvaad whole-wheat atta - was well received by target consumers. Sunfeast Marie Light biscuit doubled its sales in focus geographies, while Bounce strengthened its market leadership position in the creams segment. The Business leveraged its recently commissioned biscuits manufacturing unit owned by North East Nutrients Private Limited, a joint venture company, to record impressive gains in market standing in the Northeast markets. The Confectionery category continued with its portfolio premiumisation strategy by increasing the salience of 'Re. 1 & above' products in the sales mix. During the year, the Business launched 'Candyman Jellicious Jelimals' - a soft fruit bear shaped jelly, 'Candyman Jellicious DubbleZ' - an innovative twin flavoured jelly and 'Candyman Masala Tadka' in the hard boiled candy segment. These products have received encouraging consumer response.

In the Dairy & Beverages Business, the B Natural range of juices continue to gain traction amongst target consumers aided by a clutter-breaking media campaign, on-ground trial generation initiatives and visibility & availability enhancement drives. During the year, the Business launched another unique and first-to-market offer - 'B Natural 100% Pomegranate Juice Not from Concentrate'. Unlike most other packaged fruit juices available in the market which are made from fruit concentrates, B Natural 100% Pomegranate Juice is made directly from the fruit pulp and has no added sugar, colour, preservatives or flavour. The year also witnessed the launch of 'Punjab Da Kinnow' variant catering to the taste and preference of the North markets. These products have been well received by consumers. Aashirvaad Svasti Ghee was extended to other focus markets during the year, gaining consumer franchise.

### **Personal Care Products**

The Personal Care Products Business delivered a resilient performance during the year against a backdrop of sluggish demand conditions, consumers curbing discretionary spending and seeking value-for-money offers and sharp uptick in input costs. Most industry players adopted a calibrated pricing strategy despite sharp escalation in input costs towards supporting volume growth, thereby impacting margins. The Company's Personal Care Products Business responded proactively to these challenges by pursuing

a balanced approach to deliver steady growth and improvement in market standing. This was driven largely by enriching the product portfolio, expanding distribution, proactive cost management and enhancing supply chain responsiveness.

The Business launched several differentiated products during the year in the Soaps, Shower Gel, Skin Care and Fragrance categories under the 'Fiama', 'Vivel', 'Engage' and 'Superia' brands. Affordability and convenience were the two key vectors of innovation during the year which marked the introduction of 'Engage ON Pocket Perfumes' in six exciting variants and two differentiated variants of Savlon Hand Wash in 10 ml. multi-use sachets. These first-to-market offers are available in select markets and have received encouraging consumer response. The Business also strengthened its presence in the Health & Hygiene space leveraging the 'Savlon' and 'Shower to Shower' brands. Within a short span of time, Savlon has strengthened its equity around the core value proposition of germ protection. During the year, the Business launched new variants in the Hand Wash and Antiseptic Liquid categories under the Savlon brand thereby expanding its product portfolio and gaining access to new consumer segments and markets. Engage Perfume Sprays continued to gain consumer franchise in the 'No Gas' segment with the launch of several new variants both for men and women. The Business also augmented its skin care portfolio with the launch of 'Vivel Cell Renew – Aqua Quench Cleansing Mousse'.

### **Education and Stationery Products**

During the year, the Education & Stationery Products Business had to contend with a very challenging operating environment marked by subdued demand and tight liquidity conditions exacerbated by the cash crunch in the latter half. This led to significant disruption in the wholesale channel. Consequently, the trade channel maintained leaner inventory pipelines and shifted the timing of purchase closer to the consumer buying cycle thereby impacting revenue growth during the year. Despite these challenging conditions, the Business sustained its leadership position in the Indian Education and Stationery Products industry by leveraging a portfolio of world-class products and brands.

During the year, the Business further enriched its product portfolio by launching several new products including educative board games (puzzles), innovative products in the notebook category under the Classmate brand, premium Paperkraft notebooks with paper having 100 years archival life, pens with enhanced writing experience and several premium offerings in the scholastics category.

### **Lifestyle Retailing Business**

The Branded Apparel industry witnessed severe pressure during the year in the wake of consumers cutting back on discretionary spends, heavy discounting by industry players and emergence of value retailing by e-commerce majors. Squeeze in liquidity during the third quarter further impacted consumer spending in the apparel category. While sales recovered progressively after significant disruption in the immediate aftermath of the currency shortage, the industry had to contend with a significantly shorter window for the

Autumn – Winter season leading to build-up of unsold inventory. In addition, industry players resorted to early rollout of 'End of Season Sales' besides offering additional special discounts. The performance of the Lifestyle Retailing Business was significantly impacted by the challenging environment as aforesated.

### **Incense Sticks (Agarbattis) and Safety Matches**

The Agarbatti category sustained its growth momentum during the year anchored on a robust product portfolio and enhanced distribution reach. Mangaldeep fortified its market standing in the Agarbatti and Dhoop segment during the year. Investments in media coupled with on-ground activation activities were made during the year towards enhancing Mangaldeep's salience as the most preferred brand in the devotional space. During the year, the Business launched an innovative app developed in partnership with several subject matter experts and carefully curated to cater to regional nuances. In a relatively short span of time, the app has received excellent response with over 1,00,000 installations, with more than 50% of the users belonging to the age group 'below 35 years'.

In the Safety Matches category, the Company sustained its market leadership position by leveraging a robust portfolio of offerings across market segments. 'Aim' continues to be the largest selling brand in the industry. The Business continues to focus on enriching product mix by expanding the share of value-added products in the portfolio.

### **Cigarettes**

The legal cigarette industry remained severely impacted due to the cumulative impact of steep increase in taxation, intense regulatory pressures and the tight liquidity conditions - especially in the wholesale channel - prevailing in the market during the latter half of the year. However, illegal trade continues to grow unabated resulting in significant revenue loss to the Exchequer.

Over the last 5 years, the incidence of Excise Duty and VAT on cigarettes, at a per unit level, has gone up cumulatively by 131% and 157% respectively. Due to the steep hike in taxation over the past several years, at levels well above the rate of inflation, duty-paid cigarettes have become less affordable in the country, leading to a drop in volumes.

Research indicates that a significant number of cigarette consumers in India also consume some other tobacco product. The high incidence of taxation and a discriminatory regulatory regime on cigarettes in India have over the years only served to divert consumption of tobacco to lightly taxed or tax-evaded tobacco products like bidis, chewing tobacco, guthka and illegal cigarettes. In fact, India's per capita cigarette consumption is amongst the lowest in the world and is significantly lower in comparison to Russia, Japan, China, United States, and even neighbouring countries like Pakistan and Bangladesh.

Although legal cigarettes account for only about 11% of total tobacco consumption in the country, they contribute more than 87% of tax revenue from the tobacco sector. The other types of tobacco products contribute barely 13% of tax revenue from the tobacco sector despite accounting for 89% of total tobacco consumption. Since these products are

predominantly manufactured in a fragmented manner in the unorganised sector, there is rampant tax evasion. Moreover, most of these products escape regulatory oversight as well and tend to be manufactured in unhygienic conditions with ingredients of questionable quality. Consequently, most of these products are of inferior quality and their growing volumes undermine the health objectives of tobacco control.

Further, the high rates of tax on cigarettes also provide attractive tax arbitrage opportunities to unscrupulous players. Consequently, the illegal cigarette market, consisting of duty-evaded cigarettes manufactured within the country and offered to consumers at Re. 1 / Rs. 2 per stick and the contraband international brands of cigarettes have been growing rapidly over the years and currently accounts for one-fifth of the market. According to an independent study conducted by Euromonitor International, India is today the 4th largest market for illegal cigarettes in the world. It is estimated that almost 68% of the tobacco consumed in the country remains outside the tax net on account of evasion. The proliferation of these tax-evaded products has resulted in significant losses to the Exchequer, in excess of Rs. 9000 crores per annum according to an independent study conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI). Seizure of large quantum of smuggled cigarettes by enforcement agencies across the country over the past couple of years confirm the growing menace of illegal cigarette trade in the country. A conducive policy framework, which effectively reduces the huge tax arbitrage opportunity enjoyed by unscrupulous players presently, is critical to arrest the unabated growth of illegal cigarette trade in the country.

As reported last year, the significant decline in legal cigarette volumes and the consequent reduction in the utilisation of Indian Flue-cured Virginia (FCV) tobacco has adversely impacted the livelihoods of over 45 million tobacco farmers, farm workers and others dependent on the tobacco sector. Besides, the soft demand for Indian FCV tobacco has prompted consecutive reductions in the authorised tobacco crop size in 2015-16 and 2016-17. This, in turn, has also led to lower exports of tobacco. Consequently, the acute distress of the tobacco farming community continues unabated, particularly in Andhra Pradesh with an estimated drop of over Rs. 900 crores in earnings in 2016-17.

Unfortunately, the taxation policy of the country is largely cigarette centric and based on western models of tobacco taxation. This policy is not suitable for India since duty-paid cigarettes account for only about 11% of tobacco consumption in the country as compared to the global average of more than 90%. The Company continues to engage with policy makers for a tobacco taxation policy that is non-discriminatory, helps combat the problem of illegal cigarettes and addresses the issues of all stakeholders, particularly the tobacco farmers, Exchequer and consumers. Such a policy will not only help maximisation of the revenue potential of tobacco even in a shrinking basket of tobacco consumption but also address the tobacco control and health objectives of the Government.

Despite the extremely challenging operating environment, the Company retained its leadership position in the industry and improved its standing in key competitive markets across the country. This demonstrates the resilience of the Company's strong portfolio of brands, superior execution of competitive strategies, relentless focus on value creation through innovation and deep consumer insights. Some of the strategic initiatives during

the year include the launch of Gold Flake Kings Blue Tropical Switch, Classic Citric Burst, Classic Tangy Burst, Classic Fine Taste Plus Low Smell, American Club, Players Fruity Cool Flavour, Flake Mint Capsule, Silk Cut Mint Capsule and Navy Cut Mint Capsule.

## **Hotels**

The operating environment in the hospitality sector remained challenging during the year. While second half initially indicated signs of pick-up in the Hotels industry, collateral impact on the economy on account of currency crunch limited the recovery. Segment Revenue recorded a growth of 4.3% during the year driven by improvement in average room rates and higher Food & Beverage sales. While Segment Results improved significantly as compared to the previous year, profitability remained relatively muted due to the challenging business context as aforesaid and gestation costs of the recently commissioned ITC Grand Bharat, Gurgaon.

The Company remains committed to building world-class hotel properties in view of the long-term potential of the Indian hospitality sector. The Business made steady progress during the year in the construction of luxury hotels at Hyderabad, Kolkata, Ahmedabad and Srinagar. In addition, the Company's wholly-owned subsidiary in Sri Lanka made good progress towards setting up a luxury hotel christened 'ITC One' and a super-premium residential apartment complex, 'Colombo One – Private Residences', situated at a strategic location in Colombo. Excavation and allied works have been completed and the main construction activity is underway. The Business is progressing growth plans towards enhancing its presence in the Upper-Upscale segment under the WelcomHotel brand. Construction of WelcomHotel Coimbatore is nearing completion with the hotel expected to be commissioned in the first quarter of 2017-18. During the year, the Business also commenced construction of WelcomHotels at Guntur and Bhubaneswar.

## **Agri Business**

As per latest estimates, leaf tobacco exports from India dropped to an eight-year low of 200 million kgs. during the year. Decline in cigarette consumption, lower domestic crop production coupled with significant currency depreciation in competing origins weighed on leaf tobacco exports, thereby impacting farmers' earnings. Despite the challenging business environment, the Company sustained its pre-eminent position as the leading exporter of unmanufactured tobacco from India through focused strategies aimed at strengthening trade with existing customers along with robust new business development.

During the year, wheat availability in India (2015 crop output marketed in 2016) was adversely impacted due to unfavourable weather conditions. In order to alleviate the shortage of supplies and rising prices in the domestic market, the Food Corporation of India scaled down procurement levels and released higher quantum of wheat from its buffer stocks. In addition, the Government reduced Customs Duty on wheat leading to the import of over 5 million tonnes from Ukraine and Australia during the year. The Business leveraged its wide geographical sourcing network, multiple sourcing models including imports and customised infrastructure to secure supplies of critical grades with benchmark quality while scaling up operations significantly towards meeting the growing

requirements for Aashirvaad atta. The Business delivered substantial savings to the system through efficient logistics management and other cost-optimisation initiatives. The Business also leveraged its strong network comprising suppliers, millers and customers to supply significant quantities of imported wheat in the domestic market.

The Business continues to provide strategic sourcing support to the Company's Cigarette business and leverage its deep rural linkages to source identity-preserved specific grades of superior quality wheat and high quality chip stock potatoes for the Branded Packaged Foods Businesses. The Business also leveraged its extensive sourcing network and associated infrastructure in key growing areas coupled with well-entrenched farmer linkages to source high quality fruit pulp and spices for the 'B Natural' and 'ITC Master Chef' brands.

### **Paperboards, Paper & Packaging**

The performance of Paperboards, Paper & Packaging Segment continued to be impacted by sluggish demand conditions prevailing in the FMCG and legal Cigarette industry. Zero duty imports under ASEAN Free Trade Agreement, cheap imports from China along with capacity ramp up by other industry players adversely impacted Segment Revenue during the quarter. Segment Results, however, improved on the back of benign input costs and improved mix.

During the year, the Paperboards and Specialty Papers Business sustained its leadership position in the VAP segment and consolidated its preferred supplier status amongst leading end-use customers and brands. In an endeavour to further reduce its dependence on imported pulp, the Business commissioned India's first Bleached Chemical Thermo Mechanical Pulp mill at its Bhadrachalam unit during the quarter. Capacity expansion in the Value Added Paperboards and Décor segments is also underway.

The Packaging and Printing Business consolidated its position as a 'one-stop shop for packaging solutions'. During the year the Business invested in new product lines viz., rigid boxes and flexo corrugated packaging, and augmented capacity in the carton and flexibles packaging segments with the addition of state-of-the-art lines at its facility at Tiruvottiyur.

### **Contribution to Sustainable Development**

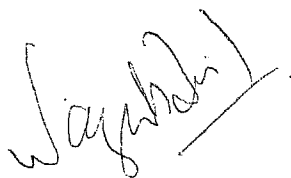
The Company's Social Investments Programme aims to address the challenges arising out of poverty, environmental degradation and climate change through a range of activities with the overarching objective of creating sustainable sources of livelihood for stakeholders.



The footprint of the Company's Social Investments Programme can be viewed at a glance in the following chart:

| Intervention Areas                                               | Unit of Measurement                 | Cumulative till date |
|------------------------------------------------------------------|-------------------------------------|----------------------|
| Social and Farm Forestry                                         | Acre                                | 620,027              |
| Soil and Moisture Conservation Programme                         | Acre                                | 776,316              |
| Sustainable Agricultural Practices<br>Compost Units              | Number                              | 34,799               |
| Sustainable Livelihoods Initiative<br>Cattle Development Centres | Number                              | 223                  |
| Animal Husbandry Services                                        | Artificial Inseminations (in lakhs) | 20.19                |
| Economic Empowerment of Women<br>Ultra Poor Women covered        | Number                              | 13,800               |
| Self Help Group Members                                          | Number                              | 33,205               |
| Livelihoods created                                              | Number                              | 54,731               |
| Primary Education<br>Children covered                            | Number (in lakhs)                   | 5.14                 |
| Health and Sanitation<br>Low Cost Sanitary Units                 | Number                              | 23,979               |
| Households covered under Solid Waste Management                  | Number                              | 61,200               |
| Vocational Training<br>Students Enrolled                         | Number                              | 43,705               |

The Board of Directors, at its meeting in Kolkata on 26<sup>th</sup> May 2017, approved the financial results for the year ended 31<sup>st</sup> March 2017, which are enclosed.



(Nazeeb Arif)  
Executive Vice President &  
Head – Corporate Communications