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Media Statement

May 22, 2015

Financial Results for the Year ended 31st March, 2015 FY15 Post-tax Profits up 12.5% on a comparable basis

Highlights

Net Turnover	:	+9.7%
Pre-tax Profits (comparable)	:	+13.0%
Post-tax Profits (comparable)	:	+12.5%

- Board recommends Dividend of Rs. 6.25 per share for FY15 (previous year Rs. 6.00 per share).
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Financial year ended 31st March 2015

- Non-Cigarette FMCG segment registers a healthy revenue growth of 11.3% amidst subdued demand conditions.
- Hospitality sector continues to be impacted by a weak pricing scenario in the backdrop of excessive room inventory in key domestic markets and a sluggish macro-economic environment. Segment Results include additional depreciation charge due to revision in useful life of fixed assets in accordance with Companies Act, 2013 and gestation costs of new hotels.
- Agri Business profits up 8.3% driven by enriched mix and higher realisation.
- Paperboards, Paper & Packaging Segment impacted by the continuing slowdown in the FMCG industry, reduction of import duty under various regional Free Trade Agreements and input cost pressures.

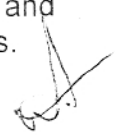
Quarter ended 31st March, 2015

- Q4 performance impacted by steep increase in Excise Duty and VAT on cigarettes and weak demand environment.
 - Muted growth in Net Revenue primarily due to lack of trading opportunities in agri-commodities and continuing pressure on cigarette volumes.
 - Excluding expenditure on CSR / Social Investment programmes, comparable Profit Before Tax and Net Profit grew by 6.4% and 7.8% respectively.
 - Financials for the quarter include Rs. 58 crores towards costs associated with rationalisation of Safety Matches manufacturing operations.
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The Company delivered another year of steady performance in the backdrop of continuing sluggishness in the macro-economic environment, exacerbated by a steep increase in taxes/duties on cigarettes which led to unprecedented pressure on legal cigarette industry sales volumes. The Company also had to contend with start-up costs relating to the launch of new products and categories in the non-cigarette FMCG segment, input cost pressures in the Paperboards, Paper & Packaging Businesses and a weak pricing environment in the Hotels business.

Net Revenue at Rs. 36083.21 crores grew by 9.7% primarily driven by a 11.3% growth in the non-cigarette FMCG segment, 8.1% growth in the Agribusiness segment and 8.7% growth in the Cigarettes segment. Profit Before Tax registered a growth of 10.6% to Rs. 13997.52 crores while Net Profit at Rs. 9607.73 crores increased by 9.4%. After adjusting for liability written back in Q2 FY14 (towards Rates and Taxes and Interest thereon pertaining to earlier years, aggregating Rs. 192.68 crores) and expenditure on Corporate Social Responsibility / Social Investment programmes, Profit Before Tax and Net Profit for the year grew by 13.0% and 12.5% respectively on a comparable basis. Earnings Per Share for the year stood at Rs. 12.05 (previous year Rs. 11.09). Cash flows from Operations aggregated Rs. 13534.65 crores compared to Rs. 10759.50 crores in the previous year.

During the 4th quarter of the year, Net Turnover and Profit Before Tax stood at Rs. 9188.25 crores and Rs. 3348.40 crores respectively. The muted growth in revenue and profits during the quarter reflects, inter alia, the continuing impact of the steep hike in taxation on cigarettes, sluggish demand conditions in the FMCG industry, start-up costs of the Juices category, lack of trading opportunities in agri-commodities and costs relating to rationalisation of Safety Matches manufacturing operations. Excluding expenditure on Corporate Social Responsibility/Social Investment programmes, Profit Before Tax and Net Profit for the quarter grew by 6.4% and 7.8% respectively on a comparable basis.



The Directors are pleased to recommend a Dividend of Rs. 6.25 per share (previous year – Dividend Rs. 6.00 per share) for the year ended 31st March, 2015. Total cash outflow in this regard will be Rs. 6029.56 crores (previous year Rs. 5582.90 crores) including Dividend Distribution Tax of Rs. 1019.86 crores (previous year Rs. 810.99 crores).

FMCG

FMCG-Others

Segment Revenues recorded a robust growth of 11.3% during the year, crossing the Rs. 9000 crores mark. This was achieved in the backdrop of sluggish demand conditions and intense competitive activity with industry players stepping up consumer and trade offers with a view to garnering volumes, offsetting the benefit accruing from benign inflation in input costs. Segment Results for the year stood at Rs. 34 crores after absorbing the start-up costs of two new categories viz., Juices and Gums, scale-up costs of Deodorants launched in 2013, besides a host of new launches in existing categories.

Branded Packaged Foods Businesses

Demand conditions in the Branded Packaged Foods industry remained subdued for the second year in succession with consumers seeking value-for-money offers and curbing discretionary spending. Against the backdrop of 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, differentiated range of products customised to regional tastes and preferences along with enhanced product visibility and availability in key markets.

In the **Bakery and Confectionery Foods** Business, the Company increased the scale of its operations and improved its market standing. The Sunfeast range of biscuits was augmented during the year with the launch of 'Mom's Magic' in the premium cookies space in two variants - 'Rich Butter' and 'Cashew & Almond'. In addition to the several product development and brand enhancement initiatives undertaken during the year, the Business migrated the popular range of cream biscuits under a new sub-brand - 'Bounce' - which emerged as the largest cream brand in the industry and helped sustain the Company's leadership position in the overall creams segment. The Business also forayed into the Cakes segment with the launch of 'Yumfills Whoopie Pie' – a premium chocolate-enrobed cake – which has seen good traction.

In the Confectionery category, the Business continued to leverage the 'Candyman' and 'mint-o' brands and focused on premiumising its product portfolio by enhancing the share of variants priced at 'Re. 1 & above' in the sales mix. The year also marked the Company's foray into the Gums segment with the launch of 'GumOn' brand, which has garnered impressive consumer franchise in launch markets. The product is being rolled out to target markets.

In the **Snack Foods** Business, the Company recorded impressive gains in market standing in the Savoury Snacks and Noodles & Pasta categories. In the Noodles category, 'Sunfeast YiPPee!' clocked a healthy revenue growth far exceeding the industry growth rate. During the year, Sunfeast YiPPee! entered the league of Top 100 FMCG brands in India – a reflection of its growing stature in the fast growing Noodles category.



'Sunfeast YiPPee! Tricolor Pasta', a differentiated premium offering launched last year, continued to grow at a fast pace and gain consumer franchise.

In the Savoury Snacks category, the Business registered significant growth in its Bingo! range of finger snacks driven by the 'Mad Angles' and 'Tedhe Medhe' sub-brands through sustained expansion of distribution, activation of passive channels in the North and East markets and measured brand investments. In the potato chips portfolio, 'Bingo! Yumitos' also grew at a robust pace on the strength of region-specific interventions.

The **Staples, Spices and Ready to Eat Foods** Business posted a robust performance during the year, growing well ahead of the industry. In the Staples category, 'Aashirvaad' atta consolidated its leadership position in the industry and grew at a rapid pace driven by the value-added portfolio comprising the 'Multigrain', 'Select' and 'Superior MP' variants. The Business also augmented its product range during the year with the launch of 'Aashirvaad Atta with Methi' in the value-added segment.

The Company forayed into the fast-growing Juices category during the year with the launch of 7 exciting variants under the 'B Natural' brand in January 2015. These highly innovative and differentiated products, including the unique offering 'Jamun Joy', have received promising consumer response. The Company seeks to leverage its agri-sourcing expertise and deep distribution reach and rapidly scale up the B Natural brand in the years ahead.

Personal Care Products

The Personal Care Products Business posted robust growth in revenue during the year driven by increasing consumer franchise for its products and a series of new launches and range extensions. During the year, the Business rolled out several differentiated product offerings in the Deodorants, Soaps, Shower Gel and Skin Care categories under the 'Engage', 'Fiama Di Wills', 'Vivel', and 'Superia' brands, and improved in-store brand salience of offerings under the 'Essenza Di Wills' brand.

In February 2015, the Company acquired the 'Savlon' and 'Shower to Shower' trademarks and other intellectual property rights for identified markets from the Johnson & Johnson group. The Company intends to leverage these assets to strengthen its position in the personal care space by expanding its existing product portfolio and gaining access to newer consumer segments and markets.

In the fast-growing Deodorants category, Engage has emerged as the No.2 player in the country within a relatively short span of 2 years since launch. The year also saw the launch of '0% gas' variants of 'Engage Cologne Sprays' thereby providing consumers a wider repertoire of choice. These interventions have been well received by consumers strengthening the Company's presence in the Personal Care industry.

Education & Stationery Products

The Education & Stationery Products Business consolidated its leadership position in the Education and Stationery products industry in India. In the Notebooks category, the Business fortified its market standing and expanded its product portfolio with the launch of several differentiated offerings under the 'Classmate', 'Classmate Pulse', 'Paperkraft'

and 'Saathi' brands. The Business launched a premium 'Signature' range of products under the Paperkraft brand exclusively in the e-commerce space. The Classmate portfolio of notebooks was enriched with refreshing designs, finishes and binding styles. Complementary categories comprising writing instruments, art stationery and scholastic products witnessed robust growth during the year leveraging the strong equity of Paperkraft and Classmate brands.

On the distribution front, the Business expanded the availability of its products through a multi-pronged approach of channel proliferation, market penetration and outlet coverage increase. The Business also implemented a specific distribution network to cater to the Saathi brand in the value segment and expanded presence amongst leading e-tailers.

Lifestyle Retailing

During the year, the Lifestyle Retailing business was impacted by the slowdown in discretionary consumption expenditure. The rise of online apparel retail, aided by heavy discounting and consumer offers, also impacted performance.

In the Premium segment, brand equity of 'Wills Lifestyle' was enhanced with heightened focus on premium product platforms. Retail presence was consolidated during the year with the brand currently present in 104 exclusive stores in 44 cities and more than 500 'shop-in-shops' in leading departmental stores and multi-brand outlets. The brand is also present in 6 Wills Lifestyle boutique stores in select ITC Hotels enhancing its availability to high-end and leisure travellers.

'John Players' has emerged as a leading brand in the 'Youth fashion' segment. The brand has earned the distinction of being featured amongst the top five brands in the apparel category in 'Brand Equity - The Most Exciting Brands' list published by The Economic Times.

Safety Matches and Incense sticks (Agarbatti)

The Company recorded yet another year of impressive revenue growth in the Agarbatti category, growing well ahead of the industry. Growing franchise for the 'Mangaldeep' brand, superior consumer experience and enhanced distribution reach contributed to a robust performance during the year. Product portfolio was strengthened during the year with a series of new launches and range extensions such as 'Mangaldeep - Flora' and 'Mangaldeep - Dhoop Cones' in the premium segment.

The Company also consolidated its leadership position in the 'Dhoop' segment. Investments were made during the year to enhance quality, availability and improving supply chain responsiveness.

During the year, pursuant to the scheme of demerger of the Non-Engineering Business of Wimco Limited becoming effective on 27th June 2014, the Safety Matches business of Wimco Limited was seamlessly integrated with the Company's Safety Matches Business. The Business rationalised its manufacturing operations and implemented a Voluntary Separation Scheme at the Bareilly factory during the quarter, with all permanent workmen and trainees opting for the same. The Business scaled up sourcing from the small-scale



sector to meet its requirements and progressively regionalised its sourcing footprint with the induction of units in the North and West towards more efficient servicing of the market.

Cigarettes

The legal cigarette industry in India continues to be impacted by a punitive taxation and discriminatory regulatory regime. The operating environment for the legal cigarette industry in India was rendered even more challenging during the year, with two rounds of sharp increase in Excise Duty – in July 2014 and February 2015. This includes a cumulative increase of 115% on filter cigarettes of 'length not exceeding 65 mm', which has widened the price differential between legal and illegal cigarettes and made it extremely difficult for the legal cigarette industry to counter the unabated growth of illegal cigarettes in the country.

Over the last 3 years, the incidence of Excise Duty and VAT on cigarettes, at a per unit level, has gone up cumulatively by 98% and 104% respectively. It is pertinent to note that Kerala, Tamil Nadu and Assam, which together account for a significant portion of the Company's sales volumes, sharply increased VAT rate on cigarettes during the year.

The combined impact of the sharp increase in Excise Duty and VAT as stated above, is exerting unprecedented pressure on legal industry sales volumes. Besides adversely impacting the performance of the legal cigarette industry, this has led to sub-optimisation of the revenue potential from the tobacco sector.

High incidence of taxation and a discriminatory regulatory regime on cigarettes in India have over the years, led to a significant shift in tobacco consumption to lightly taxed or tax evaded tobacco products like bidi, khaini, chewing tobacco, gutkha and illegal cigarettes which presently constitute over 88% of total tobacco consumption in the country. Thus, the share of legal cigarettes in overall tobacco consumption has progressively declined from 21% in 1981-82 to below 12% in 2014-15 even as overall tobacco consumption has increased in India.

As per a recent independent study, it is estimated that products representing 68% of overall tobacco consumption in the country escape taxation as they are manufactured in the unorganised sector with little statutory oversight. While India accounts for around 17% of world population and constitutes over 84% of global consumption of smokeless tobacco, it has a miniscule share of only 1.8% of global cigarette consumption. As a result, revenue collections from the tobacco sector are sub-optimised even as the overall tobacco control and health objectives remain substantially unfulfilled. The requirement therefore is an India-centric tax and policy framework for tobacco that cognises for the unique tobacco consumption pattern in the country.

The imposition of discriminatory and punitive VAT rates by some States provides an attractive tax arbitrage opportunity for illegal cigarette trade by criminal elements. The consequential decline in legal cigarette volumes in such States have led to stagnation/decline in revenue collections, even as illegal cigarettes gained significant traction. On the other hand, the pragmatic decisions of several State Governments to rationalise VAT on cigarettes have facilitated improvement in revenue buoyancy and arresting the growth of illegal trade.

According to an independent study conducted by Euromonitor International - a renowned global research organisation - India is now the 5th largest market for illegal cigarettes in the world. In fact, illegal trade comprising smuggled foreign and domestically manufactured tax-evaded cigarettes is estimated to constitute one-fifth of the overall cigarette industry in India resulting in a huge revenue loss of over Rs.7000 crores per annum to the national exchequer.

Notwithstanding the challenging regulatory and taxation environment, the Company strengthened its product portfolio across segments to reinforce its leadership position in the industry. During the year, specific emphasis was laid on developing and launching products with differentiated tobacco blends, special filters and flavour bouquets. Several innovative variants like Classic Blue Leaf with Jet Flo filter, Gold Flake Gold with Quad Core filter, Classic Ice Burst with Capsule filter and Classic Fine Taste with Triple Solid filter were launched during the year in line with the Company's philosophy to offer world-class products to the Indian consumer.

HOTELS

The hospitality sector continued to be adversely impacted by a weak pricing scenario in the backdrop of excessive room inventory in key domestic markets and sluggish macroeconomic environment both in India and key source markets. While there was marginal improvement in occupancy rate, average room rates remained under pressure in the backdrop of the addition of 8000 rooms in the key markets of Delhi/National Capital Region, Mumbai, Bengaluru and Chennai over the last 2 years. Against the backdrop of such a challenging business environment, Segment Revenue saw a modest increase of 4.8% during the year. Segment Results were mainly impacted by additional depreciation charge for the quarter due to revision in the useful life of fixed assets in accordance with the provisions of Schedule II to the Companies Act, 2013 and gestation costs of new properties - ITC Grand Bharat, near Gurgaon and My Fortune, Bengaluru.

The Company's Hotels Business continues to be rated amongst the fastest growing hospitality chains with over 100 properties across the country under 4 distinct brands - 'ITC Hotels' in the Luxury segment, 'WelcomHotel' in the 'upper-upscale' segment, 'Fortune Hotels' in the 'upscale & mid-market' space and 'WelcomHeritage' in the 'leisure & heritage' segment.

The Company was declared the successful bidder for a 250 room luxury beach resort located in South Goa operating under the name Park Hyatt Goa Resort and Spa, following an auction held by IFCI Limited in February 2015 in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002. Subsequent to the Company making full payment of the bid amount, IFCI issued the requisite Sale Certificates in favour of the Company on 25th February, 2015. The erstwhile owners of the property have thereafter challenged the sale. The matter is pending before the Honourable Bombay High Court, and the hearing is in progress.

Construction activity at the luxury hotel projects in Kolkata and Hyderabad is progressing satisfactorily. Requisite clearances from the Sri Lankan authorities have been received by WelcomHotels Lanka (Private) Ltd., a wholly-owned subsidiary of the Company, to progress the Company's first overseas project in Colombo. Excavation and allied works commenced in November 2014.



PAPERBOARDS, PAPER & PACKAGING

During the year, the Paperboards, Paper and Packaging segment was impacted by the continuing slowdown in the FMCG industry and input cost pressures. Reduction of import duties under various Free Trade Agreements, especially with ASEAN which became effective from 1st January 2014, also weighed on the profitability of the domestic Paper and Paperboard industry. Cheap imports from China also impacted the domestic industry. Consequently, Segment Revenue and Profits grew a muted 2.3% and 3.3% respectively.

In the Paperboards and Specialty Papers Business, despite a challenging operating environment and heightened competitive intensity, the Company continued to drive volume growth and improve realisations during the year. This was achieved by focusing on identified end-use segments, investments in quality systems and processes, and enhancing customer service levels.

The Business consolidated its clear market leadership position in the Value Added Paperboard (VAP) segment with the entire capacity of the recently commissioned paperboard machine being dedicated to the manufacture of VAP grades since the beginning of the year.

The Business expanded its presence in the hosiery, apparels and publishing segments during the year. Product portfolio was strengthened with the launch of new products which were developed to address the specific needs of end-users. The Business also strengthened its distribution network during the year with the addition of new distributors and stockists. Service levels were also improved on the back of strategically located 'quick service centres'.

Sales of the flexibles and cartons packaging recorded healthy growth during the year, driven by increased offtake by existing customers and new business development. The Company's world-class facility at Haridwar is operating at benchmark standards and has strengthened the Business's ability to service demand in the northern markets more effectively. With investments in world-class technology, best-in-class quality management systems, multiple locations and a wide packaging solutions portfolio, the Packaging and Printing Business has established itself as a one-stop shop offering superior packaging solutions.

AGRI BUSINESS

In the backdrop of a declining trend in cigarette consumption and record crop output, and high levels of uncommitted stocks globally and in India, leaf tobacco export from India is estimated to have degrown by 11% during 2014-15 to around 210 Million Kgs. 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 and robust new business development.

The Business continued 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.

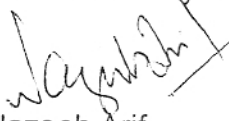
Contribution to Sustainable Development

The Company's Corporate Social Responsibility (CSR) 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 CSR programmes has spread to 71 districts across the country and can be viewed at a glance in the following chart:

Intervention Areas	Unit of Measurement	Cumulative till 14-15
Total Districts Covered	Number	71
Social and Farm Forestry	Hectare	195,649
Soil and Moisture Conservation Programme	Hectare	200,186
Sustainable Agricultural Practices Compost Units	Number	23,554
Sustainable Livelihoods Initiative	Number	256
Cattle Development Centres	Artificial Insemination doses	15.61
Animal Husbandry Services	(in lakhs)	
Economic Empowerment of Women	Persons	23,001
Self Help Group Members	Persons	43,858
Livelihoods created		
Primary Education Beneficiaries	Children (in lakhs)	4.06
Health and Sanitation		
Low Cost Sanitary Units	Number	8,254
Vocational Training		
Students Enrolled	Number	19,495

The Board of Directors, at its meeting in Kolkata on 22nd May 2015, approved the financial results for the year ended 31st March 2015, which are enclosed.


Nazeeb Arif
Vice President
Corporate Communications