



Enduring Value

ITC Limited

Statement of Unaudited Consolidated Financial Results for the Quarter and Nine Months ended 31st December, 2019

(₹ in Crores)

| Particulars | | 3 Months ended | Corresponding | Preceding | 9 Months ended | 9 Months ended | Twelve Months ended |
|---|------|----------------|---------------|-------------|----------------|----------------|---------------------|
| | | 31.12.2019 | 31.12.2018 | 30.09.2019 | 31.12.2019 | 31.12.2018 | 31.03.2019 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Gross Revenue from sale of products and services | (i) | 13220.30 | 12506.05 | 12759.44 | 38512.05 | 36270.34 | 49348.43 |
| Other operating revenue | (ii) | 87.24 | 77.72 | 107.95 | 320.78 | 379.58 | 513.68 |
| REVENUE FROM OPERATIONS[(i)+(ii)] | 1 | 13307.54 | 12583.77 | 12867.39 | 38832.83 | 36649.92 | 49862.11 |
| OTHER INCOME | 2 | 652.96 | 585.03 | 629.88 | 1930.13 | 1483.68 | 2173.79 |
| TOTAL INCOME (1+2) | 3 | 13960.50 | 13168.80 | 13497.27 | 40762.96 | 38133.60 | 52035.90 |
| EXPENSES | | | | | | | |
| a) Cost of materials consumed | | 3827.86 | 3468.81 | 3461.47 | 10414.34 | 10002.04 | 13403.01 |
| b) Purchases of stock-in-trade | | 728.88 | 816.00 | 720.74 | 3246.02 | 2894.69 | 4220.51 |
| c) Changes in inventories of finished goods, stock-in-trade, work-in-progress and intermediates | | 130.58 | 187.59 | 255.49 | (350.66) | (43.46) | (203.19) |
| d) Employee benefits expense | | 1085.21 | 1014.77 | 1035.95 | 3200.03 | 3047.23 | 4177.88 |
| e) Finance costs | | 11.43 | 5.70 | 13.99 | 40.00 | 35.79 | 45.42 |
| f) Depreciation and amortization expense | | 436.90 | 356.43 | 415.84 | 1231.68 | 1025.83 | 1396.61 |
| g) Other expenses | | 2558.28 | 2491.31 | 2551.68 | 7566.56 | 7175.30 | 9857.54 |
| TOTAL EXPENSES | 4 | 8779.14 | 8340.61 | 8455.16 | 25347.97 | 24137.42 | 32897.78 |
| PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3-4) | 5 | 5181.36 | 4828.19 | 5042.11 | 15414.99 | 13996.18 | 19138.12 |
| EXCEPTIONAL ITEMS (Refer Note 5) | 6 | (132.11) | - | - | (132.11) | - | - |
| PROFIT BEFORE TAX (5+6) | 7 | 5049.25 | 4828.19 | 5042.11 | 15282.88 | 13996.18 | 19138.12 |
| TAX EXPENSE (Refer Note 6) | 8 | 1001.38 | 1691.24 | 868.39 | 3624.78 | 4764.78 | 6313.92 |
| a) Current Tax | | 1183.18 | 1620.25 | 1029.68 | 3893.26 | 4539.81 | 6191.62 |
| b) Deferred Tax | | (181.80) | 70.99 | (161.29) | (268.48) | 224.97 | 122.30 |
| PROFIT FOR THE PERIOD (7-8) | 9 | 4047.87 | 3136.95 | 4173.72 | 11658.10 | 9231.40 | 12824.20 |
| SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND JOINT VENTURES | 10 | 2.53 | 3.57 | 0.97 | 7.96 | 7.86 | 11.70 |
| PROFIT AFTER TAX, SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES (9+10) | 11 | 4050.40 | 3140.52 | 4174.69 | 11666.06 | 9239.26 | 12835.90 |
| OTHER COMPREHENSIVE INCOME | 12 | (368.03) | 325.07 | (52.18) | (663.16) | 228.56 | 326.40 |
| A (i) Items that will not be reclassified to profit or loss | | (393.78) | 420.39 | (43.21) | (673.28) | 329.54 | 383.04 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 0.43 | 13.21 | 2.58 | 5.24 | 4.15 | 3.04 |
| B (i) Items that will be reclassified to profit or loss | | 25.87 | (95.42) | (16.28) | 2.49 | (110.36) | (59.38) |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | (0.55) | (13.11) | 4.73 | 2.39 | 5.23 | (0.30) |
| TOTAL COMPREHENSIVE INCOME (11+12) | 13 | 3682.37 | 3465.59 | 4122.51 | 11002.90 | 9467.82 | 13162.30 |
| PROFIT FOR THE PERIOD ATTRIBUTABLE TO : | | | | | | | |
| OWNERS OF THE PARENT | | 3975.54 | 3078.67 | 4119.16 | 11449.71 | 9057.22 | 12592.33 |
| NON-CONTROLLING INTERESTS | | 74.86 | 61.85 | 55.53 | 216.35 | 182.04 | 243.57 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO : | | | | | | | |
| OWNERS OF THE PARENT | | 3607.51 | 3403.74 | 4067.27 | 10786.84 | 9287.00 | 12919.28 |
| NON-CONTROLLING INTERESTS | | 74.86 | 61.85 | 55.24 | 216.06 | 180.82 | 243.02 |
| PAID UP EQUITY SHARE CAPITAL (Ordinary Shares of ₹ 1/- each) | 14 | 1229.11 | 1224.69 | 1228.65 | 1229.11 | 1224.69 | 1225.86 |
| RESERVES EXCLUDING REVALUATION RESERVES | 15 | | | | | | 57915.01 |
| EARNINGS PER SHARE (of ₹ 1/- each) (not annualised): | 16 | | | | | | |
| (a) Basic (₹) | | 3.24 | 2.51 | 3.35 | 9.33 | 7.41 | 10.30 |
| (b) Diluted (₹) | | 3.23 | 2.50 | 3.34 | 9.30 | 7.36 | 10.24 |

Notes :

- The Unaudited Consolidated Financial Results and Segment Results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at the meeting held on 31st January, 2020.
- The continuing significant brand building costs covering a range of personal care and branded packaged food products are reflected under 'Other expenses' stated above and in Segment Results under 'FMCG-Others'.
- During the quarter ended 31st December, 2019, 46,35,560 Ordinary Shares of ₹ 1/- each were issued and allotted under the Company's Employee Stock Option Schemes. Consequently, the issued and paid-up Share Capital of the Company as on 31st December, 2019 stands increased to ₹ 1229,11,25,771/-.
- The Company, on 6th December, 2019, acquired 100 Equity Shares and 1,864 Compulsorily Convertible Preference Shares, both of ₹ 10/- each, of Delectable Technologies Private Limited, representing 11.15% of its share capital on a fully diluted basis, at an aggregate consideration of ₹ 1.87 crores.
- Exceptional items represent cost of leaf tobacco stocks (including taxes) destroyed at a third party owned warehouse due to fire, for which insurance claim has been filed and is under process.
- The Company and some of its subsidiaries have exercised the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Deferred Tax Liabilities (net) as at 31st March, 2019 and the estimate of Tax Expense for the year ended 31st March, 2020 have been re-measured. The resultant impact is being recognised over the three quarters of the financial year commencing from the quarter ended 30th September, 2019. Consequently, Tax Expense for the quarter and nine months ended 31st December, 2019 includes a credit of ₹ 331.48 Crores and ₹ 681.10 Crores respectively (quarter ended 30th September, 2019 - ₹ 349.62 Crores).
- This statement is as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Limited Review

The Limited Review, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been completed and the related Report does not have any impact on the above 'Results and Notes' for the quarter and nine months ended 31st December, 2019 which needs to be explained.

ITC LIMITED
Unaudited Segment-wise Revenue, Results, Assets and Liabilities
for the Quarter and Nine Months ended 31st December, 2019

(₹ in Crores)

| Particulars | CONSOLIDATED | | | | | |
|---|------------------------------|--|--|------------------------------|------------------------------|-----------------------------------|
| | 3 Months ended 31.12.2019 | Corresponding 3 Months ended 31.12.2018 | Preceding 3 Months ended 30.09.2019 | 9 Months ended 31.12.2019 | 9 Months ended 31.12.2018 | Twelve Months ended 31.03.2019 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1. Segment Revenue | | | | | | |
| a) FMCG - Cigarettes | 5944.86 | 5645.05 | 5841.91 | 17928.69 | 16863.77 | 22913.27 |
| - Others | 3320.45 | 3207.00 | 3296.22 | 9684.74 | 9253.49 | 12535.04 |
| Total FMCG | 9265.31 | 8852.05 | 9138.13 | 27613.43 | 26117.26 | 35448.31 |
| b) Hotels | 574.26 | 474.06 | 445.82 | 1431.68 | 1216.55 | 1746.74 |
| c) Agri Business | 2258.87 | 2045.38 | 2673.59 | 8554.86 | 7454.36 | 9565.39 |
| d) Paperboards, Paper & Packaging | 1555.36 | 1542.51 | 1565.42 | 4648.31 | 4322.80 | 5860.16 |
| e) Others | 563.69 | 512.48 | 540.18 | 1627.09 | 1,475.12 | 1966.62 |
| Total | 14217.49 | 13426.48 | 14363.14 | 43875.37 | 40586.09 | 54587.22 |
| Less : Inter-segment revenue | 997.19 | 920.43 | 1603.70 | 5363.32 | 4315.75 | 5238.79 |
| Gross Revenue from sale of products and services | 13220.30 | 12506.05 | 12759.44 | 38512.05 | 36270.34 | 49348.43 |
| 2. Segment Results | | | | | | |
| a) FMCG - Cigarettes | 4006.39 | 3765.36 | 4036.44 | 12188.58 | 11329.13 | 15411.77 |
| - Others | 108.64 | 79.55 | 92.04 | 280.57 | 194.42 | 325.55 |
| - Restructuring of Lifestyle Retailing Business | - | - | - | - | - | 70.47 |
| Total FMCG | 4115.03 | 3844.91 | 4128.48 | 12469.15 | 11523.55 | 15807.79 |
| b) Hotels | 88.90 | 66.72 | 17.01 | 115.73 | 98.91 | 185.69 |
| c) Agri Business | 251.51 | 215.50 | 249.40 | 702.69 | 648.78 | 793.38 |
| d) Paperboards, Paper & Packaging | 333.95 | 332.13 | 355.91 | 1019.62 | 938.70 | 1239.23 |
| e) Others | 65.15 | 34.84 | 77.01 | 210.98 | 145.01 | 172.45 |
| Total | 4854.54 | 4494.10 | 4827.81 | 14518.17 | 13354.95 | 18198.54 |
| Less : i) Finance Costs | 11.43 | 5.70 | 13.99 | 40.00 | 35.79 | 45.42 |
| ii) Other un-allocable (income) net of un-allocable expenditure [Note(i)] | (338.25) | (339.79) | (228.29) | (936.82) | (677.02) | (985.00) |
| iii) Exceptional items * | 132.11 | - | - | 132.11 | - | - |
| Profit Before Tax | 5049.25 | 4828.19 | 5042.11 | 15282.88 | 13996.18 | 19138.12 |
| 3. Segment Assets | | | | | | |
| a) FMCG - Cigarettes | 8594.50 | 8929.27 | 9013.44 | 8594.50 | 8929.27 | 8863.69 |
| - Others | 9153.51 | 8363.06 | 9683.03 | 9153.51 | 8363.06 | 8224.57 |
| Total FMCG | 17748.01 | 17292.33 | 18696.47 | 17748.01 | 17292.33 | 17088.26 |
| b) Hotels | 7527.69 | 7092.86 | 7832.54 | 7527.69 | 7092.86 | 7302.46 |
| c) Agri Business | 4096.02 | 3843.18 | 4172.49 | 4096.02 | 3843.18 | 4191.18 |
| d) Paperboards, Paper & Packaging | 6925.15 | 6933.23 | 6917.79 | 6925.15 | 6933.23 | 6960.54 |
| e) Others | 1525.06 | 987.90 | 999.92 | 1525.06 | 987.90 | 901.55 |
| Total | 37821.93 | 36149.50 | 38619.21 | 37821.93 | 36149.50 | 36443.99 |
| Unallocated Corporate Assets | 37241.09 | 31934.41 | 33078.02 | 37241.09 | 31934.41 | 35354.42 |
| Total Assets | 75063.02 | 68083.91 | 71697.23 | 75063.02 | 68083.91 | 71798.41 |
| 4. Segment Liabilities | | | | | | |
| a) FMCG - Cigarettes | 4686.26 | 4898.27 | 4891.28 | 4686.26 | 4898.27 | 4888.65 |
| - Others | 2194.47 | 2103.26 | 2223.78 | 2194.47 | 2103.26 | 2020.85 |
| Total FMCG | 6880.73 | 7001.53 | 7115.06 | 6880.73 | 7001.53 | 6909.50 |
| b) Hotels | 912.55 | 662.24 | 888.07 | 912.55 | 662.24 | 637.39 |
| c) Agri Business | 662.80 | 744.42 | 784.00 | 662.80 | 744.42 | 785.36 |
| d) Paperboards, Paper & Packaging | 795.65 | 804.34 | 844.82 | 795.65 | 804.34 | 755.48 |
| e) Others | 366.20 | 317.74 | 298.53 | 366.20 | 317.74 | 296.42 |
| Total | 9617.93 | 9530.27 | 9930.48 | 9617.93 | 9530.27 | 9384.15 |
| Unallocated Corporate Liabilities | 2941.78 | 3039.42 | 2794.84 | 2941.78 | 3039.42 | 2929.92 |
| Total Liabilities | 12559.71 | 12569.69 | 12725.32 | 12559.71 | 12569.69 | 12314.07 |

*Refer note 5 to the consolidated financial results.

Note (i): As stock options and stock appreciation linked reward units are granted under the ITC Employee Stock Option Schemes (ITC ESOS) and ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESARP), respectively, to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.

Notes:

- (1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

- (2) The business groups comprise the following :

| | | | | |
|--------------------------------|---|------------|---|--|
| FMCG | : | Cigarettes | - | Cigarettes, Cigars etc. |
| | : | Others | - | Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis. |
| Hotels | | | - | Hoteliering. |
| Paperboards, Paper & Packaging | | | - | Paperboards, Paper including Specialty Paper & Packaging including Flexibles. |
| Agri Business | | | - | Agri commodities such as soya, spices, coffee and leaf tobacco. |
| Others | | | - | Information Technology services, Branded Residences etc. |

- (3) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of Branded Packaged Foods businesses and Personal Care Products business.

Registered Office :
Virginia House, 37 J.L. Nehru Road,
Kolkata 700 071, India

For and on behalf of the Board

Dated : 31st January, 2020
Place : Kolkata, India

Director & Chief Financial Officer

Chairman & Managing Director

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