

ITC Ltd: Developing Competitive Advantage via Rural Digital Initiative

Dr V S Pai,¹ Sr. Professor

ITC Ltd was India's largest producer of cigarettes and tobacco. With the growing awareness of tobacco's ill effects on humans and the ban imposed on its consumption in public places by the Government, the company wanted to diversify into other profitable businesses. It decided to move from marketing health hazards to deal with healthy agricultural products. Since it already had an association with farmers for procuring tobacco, it decided to further venture into agribusiness by further exploring the supply chain.

With this strategy in view, the company put in place an e-Choupal initiative that placed computers with Internet access in rural

farming villages. The e-Choupals served as both a social gathering place to exchange information (choupal means gathering place in the Indian language Hindi) and an e-commerce hub. What began to procure agricultural items like shrimp, processed fruits, wheat, rice, and other crops in rural India also created a highly profitable distribution channel for the company. This e-commerce platform also became a low-cost fulfillment system focused on the needs of rural India. Besides enabling the company to diversify its business portfolio, the e-Choupal system catalyzed rural transformation that helped alleviate rural isolation, create more transparency for farmers, and improve their productivity and incomes. By 2020, this initiative became the world's most extensive rural digital infrastructure².

ITC's e-Choupal initiative, a market-led business model, began in 2000 with soya bean³ farmers in Madhya Pradesh. The

¹ Dr V S Pai is Senior Professor, Strategy Area, KIAMS-Harihar. This case is intended to be used as the framework for an educational discussion and does not imply any judgement on the administrative situation presented.

² <https://www.itcportal.com/businesses/agribusiness/e-choupal.aspx> Accessed May 16, 2020.

³ The soya bean is a species of legume native to East Asia, widely grown for its edible bean which has numerous uses. The plant is classed as an oilseed rather than a pulse by the UN Food and Agriculture Organization

initiative expanded to serve more than 4 million farmers in over 40,000 villages through a network of 6,500 Internet kiosks spread across 11 states⁴. Mr. S Sivakumar, the CEO of ITC's Agri-Business Division (ABD) and architect of e-Choupal, was happy as his dream of providing a fair and open platform to farmers to wriggle out of the clutches of exploitative middlemen and improve their economic condition became a reality.

It also unshackled the potential of a sizeable section of the Indian farmer population, which had been trapped in a vicious cycle of low risk-taking ability > low investment > low productivity > weak market orientation > low-value addition > low margin > low risk-taking ability. This made the farmers and Indian agribusiness sector globally uncompetitive, despite rich & abundant natural resources. e-Choupal being a market-led business model, enhanced the competitiveness of Indian agriculture and

triggered a virtuous cycle of higher productivity, higher incomes, enlarged capacity for farmer risk management, larger investments, and higher quality and productivity.

However, despite all his efforts, Sivakumar was acutely aware that there were several roadblocks that the division was still facing. Even after 20 years of the e-Choupal initiative commencement, it could penetrate only 10⁵ out of the 28 states and 8 union territories in India. He was concerned about how to grow the business by penetrating other geographic territories. One obstacle was the existing APMC Act⁶. The original idea behind the setting up of APMCs was to protect farmers from wily intermediaries, ensuring competitive prices to farmers and optimising farm incomes from agricultural produce. However, empirical evidence suggested that APMCs had fallen prey to the very vices they were supposed to mend⁷.

⁵ These states include Madhya Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Rajasthan, Maharashtra, of north as well as west and Karnataka, Kerala, Telangana, Andhra Pradesh and Tamil Nadu from south.

⁶ Agricultural Produce Marketing Committee (APMC) Act empower state governments to demarcate their geographical region into various 'notified market areas', headed by a market committee for each market

area. Over time these committees became authoritarian, leading to a monopolistic structure, antithetical to the cause of welfare of the farming community.

⁷ <https://www.firstpost.com/india/defanging-outmoded-apmc-model-and-altering-essential-commodities-act-will-unlock-value-empower-farmer-writes-bjp-economist-8374491.html> Accessed May 17, 2020.

ITC Ltd.: A Profile

ITC was one of India's leading multi-business enterprises with a market capitalisation of INR 3,69,259 crore and a turnover of INR 49,862 crore in 2019. It had a diversified portfolio of businesses, spanning FMCG, Paperboards & Packaging, Agri-Business, Hotels, Information Technology, and retailing. ITC was rated among the World's Best Big Companies, Asia's 'Fab 50' and the World's Most Reputable Companies by Forbes magazine and as 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group. ITC also featured as one of the world's largest sustainable value creators in the consumer goods industry in a Boston Consulting Group study.

ITC's ABD was one of India's largest agribusiness players. It was also one of India's leading exporters of agricultural commodities. The business's leadership

position was anchored in the healthy and enduring partnerships it had built with farmers across the country. The Business worked with farmers to improve the productivity and quality of crops and sourced the finest grains, oilseeds, pulses, and a range of high-value agricultural products such as fruits, coffee, and shrimps across multiple geographies in India. ITC ABD provided a competitive edge to the company's sister business unit ITC Foods Division, by sourcing high-quality agricultural raw material directly from farmers to enable manufacturing of the food products with consumer-preferred value traits.

The Business Model Innovation

When ITC ABD entered the supply chain to source agricultural produce, they realized that the existing intermediaries gave the farmers a raw deal. They found that the existing government-mandated trading system via mandis⁸ (major agricultural

⁸To prevent farmers from being exploited by middlemen-traders the government made it compulsory for farmers to bring their produce and sell the same via designated village agricultural marketing

centres called mandis. However, the exploitation of farmers continued as the middlemen found other ingenious ways to take advantage of farmers.

marketing centers in India's rural areas) exploited the farmers. The middlemen used to make most of the profit. These middlemen used unscientific and sometimes outright unfair means to judge the product's quality to set the price. The price difference between good quality and inferior quality was less, and hence there was no incentive for a farmer to invest and produce good quality output. Besides, farmers rarely had any information on market conditions before the sale. On the other hand, the middlemen-traders knew about crop prices prevailing in different markets and the prices offered by processing companies. This was the single biggest reason why middlemen-traders were able to exploit the farmers.

Waiting for long hours (3 to 4 hours and even more) to have their produce weighed was a typical scene at the mandis. Farmers complained that the weighing scales used were of suspect quality, designed to weigh the produce to their disadvantage, leading to revenue loss. The payments were also not necessarily made on the same day. A delay of a couple of days to a week was a common phenomenon. The farmers were frustrated and helpless—the entire mandi trading

system as per the Agricultural Produce Market Committee Act (APMC Act). ITC explained to several state governments about the benefits of e-Choupal and got the APMC Act modified to have the e-Choupal system run parallel to the APMC system. However, ITC continued to pay mandi tax to the Government.

ITC ABD wanted to bring about radical change to the mandi system by creating high transparency and fairness, thus building trust in the farmers. To realize this vision, it decided to set up e-Choupals. The e-Choupal was a unique hub-and-spoke intervention model. The hub-and-spoke model had two dimensions. The first dimension or spoke was the Internet kiosk (e-Choupal) – set up in villages to enable farmers to access daily wholesale prices of agricultural products, both in the local mandis and the price offered by ITC ABD. The second dimension was the hub – which included warehouses and farmer training centers to support every 40-60 e-Choupals. About 25 percent of these warehouse hubs were full-service Choupal

Saagars⁹ – which essentially were retail stores cum fuel stations cum soil testing labs, and food courts¹⁰ (Vishy, 2011).

The e-Choupal model required that ITC make significant investments to create and maintain its information technology (IT) network in rural India and identify and train a local farmer to manage each e-Choupal. The computer, typically housed in the farmer's house, was linked to the Internet via phone lines or by a VSAT connection¹¹ and served an average of 600 farmers in 10 surrounding villages within a five-kilometer radius. Each e-Choupal costs between US\$3,000 and US\$6,000 to set up and about US\$100 per year to maintain. The farmers did not incur any cost for using the system. But the host farmer, called a sanchalak (coordinator in Hindi), incurred some operating costs and was obligated by a public oath to serve the entire community; the sanchalak benefited from increased

prestige and a commission paid to him for all e-Choupal transactions.

The samyojaks, or commission agents, played a secondary, but still significant, role. Samyojaks earned income from ITC by providing logistical services that substituted for the lack of rural infrastructure, by providing information and market signals on trading transactions to the e-Choupal system. ITC was firmly committed to involving samyojaks in the on-going operation of the e-Choupal system, allowing them revenue streams through providing services such as management of cash, bagging and labor in remote ITC procurement hubs, handling of mandi paperwork for ITC procurement, and as licensed principals for the retail transactions of the e-Choupal. In effect, ITC used commission agents as providers of essential services, not as principals in a trading transaction. The sanchalaks played an

⁹These are hyper markets owned by ITC in which several of ITC's products along with other items were sold to farmers at a price lower than that available in the shops nearby.

¹⁰Vishy, (2011). ITC's e-Choupal model to increase farmer revenue and its own bottom-line, September 20, 2011. Retrieved Sept 06, 2015, from

<http://www.techsangam.com>

¹¹*VSAT (Very Small Aperture Terminal)* is a satellite communications system that serves home and business users. A *VSAT* end user needs a box that interfaces between the user's computer and an outside antenna with a transceiver. The transceiver receives or sends a signal to a satellite transponder in the sky.

essential role during the initial stages of setting up the e-Choupals. The sanchalak played a crucial role as they intimately knew which farmers grew which crop, what kind of families they had, their financial situation, and who was seen as acceptable in the villages and might make a good sanchalak.

At the e-Choupal, farmers used the computer to access daily closing prices on local mandis and track global price trends or find information about new farming techniques—either directly or, because many farmers were illiterate, via the sanchalak. The weather condition was also available to farmers via the Internet, assisting them in timely sowing of seeds and harvesting. They used the e-Choupal to order seed, fertilizer, and other products such as consumer goods from ITC or its partners, at prices lower than those available from village traders; the sanchalak typically aggregated the village demand for these products and transmitted the order to an ITC representative. At harvest time, ITC offered to buy the crop directly from any farmer at the previous day's closing price; the farmer then transported his crop to an ITC processing center. The crop was weighed

electronically and assessed for quality. The farmer was then paid for the crop and a transport fee. Bonus points, which were exchangeable for products that ITC sold, were given for crops with quality above the norm. The e-Choupal strategy completely changed farmers' lives from exploitation by intermediaries, leading to frustration and fair and professional business dealings. This transformation happened because ITC removed opaqueness and ushered in radical openness to the mandi procurement process.

The success of the Initiative

The e-Choupal drive had a positive impact on both farmers and the company. The former benefited from more accurate weighing, faster processing time, prompt payment, and access to a wide range of information, including accurate market price knowledge, and market trends, which helped them decide when, where, and at what price to sell. Farmers selling directly to ITC through an e-Choupal typically received a higher price for their crops than what they received through the mandi system, on average about 2.5% higher (about US\$6 per ton). The e-

Choupal system had a measurable impact on what farmers chose to do: in areas covered by e-Choupals, the percentage of farmers planting crops sourced by e-Choupal increased dramatically, from 50 to 90% in some regions, while the volume of the same produce marketed through mandis dropped as much as half¹².

The ITC procurement center was a professionally run operation where the farmer was treated with respect and served as a customer. The dignity accorded to farmers by the professional process of the e-Choupal could not be understated. ITC's recognition that farmers were agricultural producers and integral partners in the supply process elevated the level of respect paid to them. Simple provisions such as a shaded seating area where farmers could sit while waiting for their paperwork served as indicators of ITC's respect for farmers and their produce. Though intangible, the self-confidence created by this professional

treatment affected the way farmers conducted themselves and their willingness to do business with ITC.

Another farmer-oriented initiative - the '**Choupal Pradarshan Khet' (demonstration centers)**¹³, brought the benefits of agricultural best practices to small and marginal farmers. Backed by intensive research and knowledge, this initiative provided agri-extension services that were qualitatively superior to what was available in the market and involved pro-active farmers' handholding to ensure productivity gains. The services were customised to meet local conditions and ensured the timely availability of farm inputs, including credit. These agri-extension services reached out to over 1.6 million farmers¹⁴.

At the same time, ITC benefited in multiple ways. The net procurement costs came down by 2.5% (it saved the commission fee and part of the transport costs earlier paid to

¹²World Resource Institute, (August 2003). ITC's e-Choupal and Profitable Rural Transformation. P-14. Retrieved September 10, 2015, from pdf.wri.org/dd_echoupal.pdf

¹³Choupal Pradarshan Khets acted as demonstration and selling points for agriculture companies; and

companies sold their products and service through Choupal Haats (market place). ITC typically organized 60,000 Pradharhan Khets and 6,000 Choupal Haats in a year.

¹⁴<https://www.itcportal.com/businesses/agri-business/e-choupal.aspx> Accessed May 16, 2020.

traders who served as its buying agents at the mandi). Besides, ITC secured more direct control over the quality of what it bought. The system also provided direct access to the farmer and information about conditions on the ground, improving planning and building relationships that increased ITC's security of supply. The company recovered its equipment costs from an e-Choupal in the first year of operation, and the venture was profitable¹⁵.

The network had also become a big rural sales and distribution channel for ITC. The company sold its fast-moving consumer goods (FMCG)¹⁶ in rural India through e-Choupal. For example, farmers bought seeds, fertilizer, and some consumer goods at the ITC processing center when they brought in their grain. ITC also partnered with banks to offer farmers access to credit, insurance, and other services that were otherwise prohibitively expensive or inaccessible to them. Moreover, farmers

started to suggest—and in some cases, demand—that ITC supplies new products or services or expand into additional crops, such as onions and potatoes. Thus farmers become a source of product innovation for ITC.

ITC started to monetize its e-Choupal network, which had 20 million rural consumers according to the company's estimates (the market-led model reaches 4 million farmers, each of whom on average is part of a five-member household). The company leveraged this captive base by offering the platform to 160 companies (including Bayer, State Bank of India, Bharat Petroleum, Nokia Ltd, TVS Motors, Maruti Suzuki India, Tata Motors, and Monster.com) who wanted to tap rural markets¹⁷ (Mukherjee, 2012).

Hurdles along the way

There were reasons why this farmer-friendly model could not penetrate further into other

¹⁵ World Resource Institute, (August 2003). ITC's e-Choupal and Profitable Rural Transformation. P-14. Retrieved September 10, 2015, from pdf.wri.org/dd_echoupal.pdf

¹⁶Some of the FMCG products ITC sold were soaps, talcum powder, biscuits, salted snacks, candy, hair care products, etc.

¹⁷ Mukherjee, Writankar. (2012, July 25). ITC's e-choupal boosting company's FMCG business. Retrieved September 10, 2015 from <http://articles.economicstimes.indiatimes.com>

Indian states and union territories. There were allegations that the e-Choupal ecosystem locked in many farmers into its network and made them more vulnerable to a shift from more or less a sustainable subsistence existence to more materialistic consumerism, which may not be sustainable. This was primarily because of overdependence on rain-fed rather than irrigation-based agriculture. If monsoon fails in a particular year leading to low farm output, farmers' consumerist lifestyle could be badly affected. Further, as local demand for goods and services shifted to ITC and Choupal Sagar, village shopkeepers/traders' livelihood got jeopardized¹⁸ (Dangi and Singh, 210). The shopkeepers could not match the prices offered by ITC.

Shivkumar made efforts to commence e-Choupal in the remaining states, but he encountered obstacles. Several states did not modify the APMC Act to accommodate e-Choupal's trading system alongside the mandi system. For ITC, this was a significant

¹⁸ Dangi, Neeraj., and Singh, Harjit. (2010). e-Choupal: Hope or Hype? *American Journal of Economics and Business Administration*, 2 (2): 179-184.

obstacle. The potential to source agricultural produce and market their products to farmers and the rural population was enormous in the remaining 18 states and six union territories (see table 2). The intermediaries (especially the middlemen-traders) and politicians were linked. To win state and central elections, these market intermediaries' support and active involvement were crucial as they would campaign and convince their vote-bank¹⁹ to cast their vote in favor of a politician. The political leaders of both the ruling and opposition parties did not think it prudent to jeopardize their political party's future by displeasing these middlemen with the introduction of e-Choupal.

Because of this nexus between politicians and intermediaries, farmers were not keen to shift from the existing mandi system to the progressive and more remunerative e-Choupal system in these states. Farmers were aware of exploitation by intermediaries and were willing to endure

¹⁹Vote-bank politics is the practice of creating and maintaining vote-banks through divisive policies. As this brand of politics encourages voters to vote on the basis of narrow communal considerations, often against their better judgement, it is considered harmful to the principles of representative democracy.

the same for justifiable reasons. Whenever farmers were in any trouble, they had to form a group and agitate to make their voices heard by the Government in power. In such situations, they needed political support and leadership for their cause. The politicians came to the farmers' rescue and, in the process, won their goodwill and trust. Shivakumar knew that he had to break this undesirable nexus and somehow convince the state governments to permit e-Choupal to operate in states where it did not have a presence. Nevertheless, he was not sure how to make this happen.

Another area of concern for ITC was the Sanchalaks. Initially, the Sanchalaks were a satisfied lot because of the prominence and the better-earning potential that the e-Choupal system accorded them in the rural setting. However, as time passed by, there appeared to be a sense of disgruntlement amongst them. The Sanchalaks realized, for example, the potential of Indian onions and potatoes in the global market. They

requested – several times – for the supply of better quality of onion and potato seeds but without success. ITC had to provide faster and more responsive customer service to maintain its distribution system in a competitive environment. However, this did not happen. Further, as the number and power of the sanchalaks increased, there was a threat that they would unionize and extract 'rents' – unwarranted additional payments from ITC based on their increasing influence on the system.

Observing the success of e-Choupal, several other players started to build their portals and set up kiosks to operate e-Choupal kind of business model. Two well-known Tata group²⁰ companies, Tata Chemicals, and Rallis India stepped in. They set up their kiosks called Tata Kissan Kendra (TTK) and roped in National Remote Sensing Agency²¹ (NRSA) to use satellite imagery service to enable precision farming. This service combined the use of information technology and satellite mapping techniques to advise

²⁰The Tata group was an India-based global enterprise, headquartered in India, comprising over 100 independent operating companies. The group operates in more than 100 countries across six continents, with group revenue of \$108.78 billion in 2014-15.

²¹National Remote Sensing Centre, was a part of Indian Space Research Organisation, that strove to realise the Indian Space Vision, as a key player in Earth Observation Programme and Disaster Management Support programme

farmers to adopt farming practices that maximize agricultural yields. These companies started attracting some of the disgruntled sanchalaks into their fold, which posed a threat to ITC. The reward system these competitors adopted was different and somewhat superior. Whenever the quality of the produce was superior, the farmer got a higher price. This acted as a powerful motivation for the farmer to sell his produce to these companies²² (Bowonder, Gupta, and Singh, 2009).

The e-Choupal system by-passed the agent-controlled mandis and had considerably reduced their commission income; still, these commission agents agreed to cooperate with ITC. This had happened because of several factors. First, the company had made it clear that they would continue to buy produce through the mandis, not just e-Choupals. Second, the company offered significant commissions for samyojak services. Finally, the agents were fragmented and feared that if they do not agree to work with ITC, another agent will

gain the promised e-Choupal revenues. One samyojak reported that he saw globalization as an irresistible trend. Although he saw a loss of revenue in the short-term, his long-term interest lay in cooperating with a large company. Despite ITC's best efforts to maintain mandi volumes and compensate commission agents for lost income, there was little doubt that on the whole, their incomes reduced as a result of the introduction of e-Choupal. Over time, therefore, ITC's relationship with the samyojaks seemed to be uneasy. Competitors with the financial muscle to invest for scale could conceivably use discontented samyojaks as the base to obtain market share.

Future of E-Choupal

ITC's e-Choupal business model focused on the bottom of the pyramid farmers, employing IT-enabled infrastructure leading to value co-creation. There was adequate evidence to demonstrate that farmers had benefitted because of this initiative, and so

²² Bowonder, B., Gupta, Vinay., and Singh, Amit. (2009). Developing a Rural Market e-hub: The case study of e-Choupal experience of ITC.

P-19. Retrieved September 10, 2015 from <http://www.planningcommission.gov.in/reports/>

had ITC. Both were partners in the value creation ably assisted by sanchalks and samyojaks. The challenge, as well as the opportunity was to take this model forward. While attempting to explore future growth, several possibilities emerged. Since ITC wanted to extend e-Choupal to other states of India, it realized that it would have to diversify the agricultural products being purchased. The agro-climatic conditions in several states were not the same as those from which the company was sourcing.

As a consequence, the cropping patterns of farmers were different. The company had to contend with procuring other agro products and selling the same domestically or abroad. Simultaneously, as ITC had planned to extend e-Choupal's reach in new states, the scope for selling its products to farmers and rural customers will grow exponentially.

Another possibility to strengthen ITC's competitive advantage through e-Choupal was to build the concept of traceability into the supply chain. Traceability will permit the company to track agricultural produce from start to finish, which implies the awareness of the quality of seeds planted, type and nature of fertilizer and pesticides used.

Consequently, the actual quality of the final produce purchased by the company will be an open book. Traceability will allow ITC to address food safety concerns, especially for perishables, and provide a value that the customer is willing to pay. Shrimp or wheat would be examples for which ITC could provide required intervention. ITC should define standards that producers must adhere to and work with farmers to ensure product quality. Customers demanding premium quality will look forward to buying such products. In turn, farmers will get the best price from ITC because they would command a traceability premium from customers.

The computer in backward villages was revolutionary, but since villages were stratified, not everybody could walk up to the sanchalak and ask him to show the computer. There were some village society segments, including the entire adult female population in many villages that did not have access to the computer. The presence of the computer by itself did not transcend this barrier unaided. This was not a reflection on ITC, but rather the nature of society in rural India. The solution might lie in observing

where the system had driven social change. Village farmers belonged to many social and economic strata. However, the sanchalaks were servicing all of them equally. In this case, the potential for commerce had broken a barrier that society had built. Similarly, engagement with lower segments of society and women may be possible through the active distribution of products tailored specifically to them. ITC could work in this direction to benefit the underprivileged.

A significant development in the form of an ordinance by the central Government modified the APMC Act at the state level to reform the practices that restricted farmers from selling their produce outside APMC yards. This would unchain and empower the farmer to sell the farm produce wherever the best price was offered. The amended act christened Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017,²³ was probably the opportunity Shivkumar was looking to

galvanize his division's growth. With the Covid-19 pandemic threatening global supply chains and several western MNCs wanting to either pull out of China²⁴ or partially diversify their sourcing to safer geographic locations would mean opportunities and challenges for ITCs ABD division. He was well aware that he had to move fast and decisively.

References:

- The Model in Action. (n. d.) Retrieved Dec 15, 2015, from <http://www.itcportal.com/businesses/agri-business/e-choupal>
- Farmer Empowerment Through e-Choupals. (n. d.) Retrieved Dec 12, 2015, from <http://www.itcportal.com/about-itc/profile/index.aspx>
- The Status of Execution. (n. d.) Retrieved Dec 20, 2015, from <http://www.itcportal.com/businesses/agri-business/e-choupal>
- Bowonder, B., Gupta, Vinay., and Singh, Amit. (2009). Developing a Rural Market e-hub: The case study of e-Choupal experience of ITC. P-19. Retrieved September 10, 2015 from [http://www.planningcommission.gov.in/reports/ITC Ltd Annual Report 2015](http://www.planningcommission.gov.in/reports/ITC%20Ltd%20Annual%20Report%202015). Retrieved October 10, 2015 from report-accounts-

²³

http://agricoop.nic.in/sites/default/files/APLM_ACT_2017_1.pdf accessed May 16, 2020. Page 4.

²⁴ Several western nations had accused China of not having done enough to sensitize other countries about

the enormity of the danger from the Covid-19 pandemic. Had China done so the rest of the world would have been better prepared to face the virus. Consequently, several heads of states suggested MNCs to move out of China to reduce their risks in future.

2015.pdf World Resource Institute, (August 2003). ITC's e-Choupal and Profitable Rural Transformation. P-14. Retrieved September 10, 2015, from pdf.wri.org/dd_echoupal.pdf

Vishy, (2011). ITC's e-Choupal model to increase farmer revenue and its own bottom-line,

September 20, 2011. Retrieved Sept 06, 2015, from <http://www.techsangam.com>

Dangi, Neeraj., and Singh, Harjit. (2010). e-Choupal: Hope or Hype? American Journal of Economics and Business Administration, 2 (2): 179-184.

Mukherjee, Writankar. (2012, July 25). ITC's e-choupal boosting company's FMCG business.

Retrieved September 10, 2015 from <http://articles.economictimes.indiatimes.com>

ANNEXURE

Table 1: ITC Ltd - Financials

Standalone Operating Results 2010 - 2019

(₹ in Crores)

Year ended 31st March	2010	2011	2012	2013	2014	2015	2016 [§]	2017 [§]	2018 [§]	2019 [§]
Gross Sales Value (net of rebates & discounts) #	28866	33918	39353	47755	53889	57799	60196	64174	67082	75309
Gross Revenue from sale of products & services #	26260	30528	34872	41810	46713	49965	51582	55002	43957	45221
Total Income #	26814	31399	36046	43044	48176	51932	53714	57434	46460	48269
PBDIT	6689	7993	9674	11566	13562	15017	15484	16564	17671	19790
Depreciation & amortization	609	656	699	795	900	962	1001	1038	1145	1312
PBIT	6080	7337	8975	10771	12662	14055	14483	15526	16526	18478
PBT	6015	7268	8898	10684	12659	13998	14434	15503	16439	18444
Exceptional Items									413	
PBT after Exceptional items	6015	7268	8898	10684	12659	13998	14434	15503	16852	18444
Tax	1954	2280	2736	3266	3874	4390	5106	5302	5628	5980
PAT	4061	4988	6162	7418	8785	9608	9328	10201	11223	12464
Proposed Dividends *	4453	4002	4089	4853	5583	6030	8233	6945	7577	8498
- Ordinary Dividend	2004	2518	4089	4853	5583	6030	6296	6945	7577	8498
- Special Dividend	2449	1484					1937			
Earnings Per Share **										
Actual (₹)	10.64	6.45	7.88	9.39	11.05	11.99	11.59	8.40	9.20	10.17
Adjusted (₹) @	3.55	4.30	5.25	6.26	7.36	7.99	7.73	8.40	9.20	10.17
Dividend Per Share **										
Actual - Ordinary (₹)	4.50	2.80	4.50	5.25	6.00	6.25	6.50	4.75	5.15	5.75
Actual - Special (₹)	5.50	1.65					2.00			
Adjusted - Ordinary (₹) @	1.50	1.87	3.00	3.50	4.00	4.17	4.33	4.75	5.15	5.75
Adjusted - Special (₹) @	1.83	1.10					1.33			

§ 2016 to 2019 as per Indian Accounting Standards (Ind AS); previous GAAP for earlier years

Gross Sales Value (net of rebates & discounts) has been provided to facilitate comparison as the figures of Gross Revenue from sale of products & services and Total Income are not comparable consequent to the introduction of Goods & Services Tax with effect from 1st July 2017, which replaced Central Excise (other than National Calamity Contingent Duty on cigarettes), Value Added Tax etc.

* Including Dividend Distribution Tax.

** Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.

@ To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

Source: <https://www.itcportal.com/about-itc/shareholder-value/annual-reports/itc-annual-report-2019/pdf/ITC-Report-and-Accounts-2019.pdf> Accessed May 16, 2020.

Table 2: Urban and Rural Population of India as per 2011 Census Report

Code	India/State/UT	Total Population	Rural Population	Urban Population	Rural Pop Percentage	Urban Pop Percentage
	INDIA	1,21,01,93,422	83,30,87,662	37,71,05,760	68.84	31.16
01	JAMMU & KASHMIR	1,25,48,926	91,34,820	34,14,106	72.79	27.21
02	HIMACHAL PRADESH	68,56,509	61,67,805	6,88,704	89.96	10.04
03	PUNJAB	2,77,04,236	1,73,16,800	1,03,87,436	62.51	37.49
04	CHANDIGARH	10,54,686	29,004	10,25,682	2.75	97.25
05	UTTARAKHAND	1,01,16,752	70,25,583	30,91,169	69.45	30.55
06	HARYANA	2,53,53,081	1,65,31,493	88,21,588	65.21	34.79
07	NCT OF DELHI	1,67,53,235	4,19,319	1,63,33,916	2.50	97.50
08	RAJASTHAN	6,86,21,012	5,15,40,236	1,70,80,776	75.11	24.89
09	UTTAR PRADESH	19,95,81,477	15,51,11,022	4,44,70,455	77.72	22.28
10	BIHAR	10,38,04,637	9,20,75,028	1,17,29,609	88.70	11.30
11	SIKKIM	6,07,688	4,55,962	1,51,726	75.03	24.97
12	ARUNACHAL PRADESH	13,82,611	10,69,165	3,13,446	77.33	22.67
13	NAGALAND	19,80,602	14,06,861	5,73,741	71.03	28.97
14	MANIPUR	27,21,756	18,99,624	8,22,132	69.79	30.21
15	MIZORAM	10,91,014	5,29,037	5,61,977	48.49	51.51
16	TRIPURA	36,71,032	27,10,051	9,60,981	73.82	26.18
17	MEGHALAYA	29,64,007	23,68,971	5,95,036	79.92	20.08
18	ASSAM	3,11,69,272	2,67,80,516	43,88,756	85.92	14.08
19	WEST BENGAL	9,13,47,736	6,22,13,676	2,91,34,060	68.11	31.89
20	JHARKHAND	3,29,66,238	2,50,36,946	79,29,292	75.95	24.05
21	ORISSA	4,19,47,358	3,49,51,234	69,96,124	83.32	16.68
22	CHHATTISGARH	2,55,40,196	1,96,03,658	59,36,538	76.76	23.24

Code	India/State/UT	Total Population	Rural Population	Urban Population	Rural Pop Percentage	Urban Pop Percentage
23	MADHYA PRADESH	7,25,97,565	5,25,37,899	2,00,59,666	72.37	27.63
24	GUJARAT	6,03,83,628	3,46,70,817	2,57,12,811	57.42	42.58
25	DAMAN & DIU	2,42,911	60,331	1,82,580	24.84	75.16
26	DADRA & NAGAR HAVELI	3,42,853	1,83,024	1,59,829	53.38	46.62
27	MAHARASHTRA	11,23,72,972	6,15,45,441	5,08,27,531	54.77	45.23
28	ANDHRA PRADESH	8,46,65,533	5,63,11,788	2,83,53,745	66.51	33.49
29	KARNATAKA	6,11,30,704	3,75,52,529	2,35,78,175	61.43	38.57
30	GOA	14,57,723	5,51,414	9,06,309	37.83	62.17
31	LAKSHADWEEP	64,429	14,121	50,308	21.92	78.08
32	KERALA	3,33,87,677	1,74,55,506	1,59,32,171	52.28	47.72
33	TAMIL NADU	7,21,38,958	3,71,89,229	3,49,49,729	51.55	48.45
34	PUDUCHERRY	12,44,464	3,94,341	8,50,123	31.69	68.31
35	A & N ISLANDS	3,79,944	2,44,411	1,35,533	64.33	35.67

Source: <http://indiafacts.in/india-census-2011/urban-rural-population-o-india/>