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ITC LTD.: TOWARD A TRIPLE BOTTOM LINE PERFORMANCE

INTRODUCTION

With a population of more than 1 billion, India has been a major market for all kinds of products and services, including tobacco products. Despite significant opposition to the consumption of tobacco products by citizen groups, and government efforts to restrict their consumption through a variety of legislations, India has been a very attractive market for the tobacco industry in general, and the cigarette industry in particular. The decline in smoking in the developed world, as a result of government-imposed restrictions and changing attitudes toward smoking has made India one of the few opportunities for growth for the global cigarette industry. However, the tobacco industry, including the cigarette industry, has been a source of significant health problems. Some estimates suggest that globally 11,000 people die because of tobacco in a dayⁱ. Other estimates suggest that 100 million died because of tobacco in the 20th century and one billion could die in the 21st centuryⁱⁱ. The dilemma for industry captains has been to decide on the future direction of their firms such that it addresses the interest of all stakeholders, including the society at large, while maintaining short-term and long-term viabilities.

ITC Ltd. has been a diversified company. In addition to being a dominant player in the cigarette industry in India, it had interests in hotels, agri-business (which included tobacco), packaged foods, lifestyle products, personal care products, education and stationery products, paperboard and packaging, and more. It also had subsidiaries in other businesses, including information technology. It has been trying to keep the interest of all the stakeholders in mind and position itself as a socially-responsible organization. The Chairman of ITC Ltd., while addressing the shareholders on July 27, 2007 emphasized the need for corporate social responsibility and suggested that ITC Ltd. would pursue a responsible path even if the “market for virtue” may be weak. In his address on July 30, 2008 to the same group, he indicated that ITC Ltd was “an acknowledged exemplar in Triple Bottom Line Performance” producing economic, environmental and social values, and thus contributing to national progress. His July 24, 2009 address to the shareholders, highlighted a wide range of initiatives in the communities within which the company has reach, including watershed development, animal husbandry services, education services, and self-help services as part of the efforts of the company to live up to the promise emphasized in its vision.

ITC Ltd. had to chart its future direction for the next phase of its lifecycle in light of the tremendous opportunities for growth in the cigarette industry and the controversies around significant social costs, largely owing to health risks for primary and even secondary smokers. Sanjiv Puri, a long time manager with ITC Ltd. with a wide range of experience, in various segments of the company, had just then taken over the tobacco division as the chief executive. What advice would one provide him given the strong evidence of high growth possibilities for the cigarette industry in India, but also the health risks associated with the consumption of tobacco, including cigarette smoking?

TOBACCO INDUSTRY IN INDIA

Although some types of tobacco and tobacco products existed in India for long, the tobacco we know today was brought to India by Portuguese merchants about 400 years agoⁱⁱⁱ. After that the British East India Company extensively used tobacco as a cash crop for trade primarily to the United Kingdom. After India came under the control of the British government, there were several initiatives to encourage the cultivation of tobacco across different parts of the country with primary focus on markets outside India. However, various forms of tobacco consumption became quite common in India too. After independence also, the tobacco industry continued to make a significant contribution to the overall Indian economy. The Indian government established the Tobacco Board that

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started functioning from 1976. The board “aimed at planned development of tobacco industry in the country.” It has regulated the tobacco industry in India. Even as the government tried to discourage the consumption of tobacco products owing to increasing opposition to consumption of tobacco products, it provided a number of subsidies to the tobacco industry^{iv} as it provided significant employment to people and income to farmers in the rural areas.

Table 1 shows the growth of the tobacco industry between 1970 and 2000. It shows that production of cigarettes grew modestly although tobacco leaf production grew significantly. Although the land devoted to tobacco production remained about the same, there was an increase in the number of people employed in the industry. Imports of cigarettes and tobacco had fluctuated but grown modestly, and exports of tobacco and tobacco products had increased significantly.

In 2011, India was one of the three largest producers of tobacco along with China and Brazil^v. It was estimated that 229 million males and 11 million females in India consumed tobacco in some form^{vi}. According to the National Family Health Survey, 57% of men and 11% of women in India aged 15–49 years consumed one form of tobacco or another^{vii}. Tobacco consumption in India could be broadly classified into three categories: (i) chewing tobacco, including zarda, khaini, and gutka, which comprised about 48% of the consumption; (ii) bidis, tobacco rolled in leaves largely produced in the unorganized sector, which comprised about 38% of the consumption; and (iii) cigarettes, largely produced in the organized sector, which comprised the remaining about 14% of consumption. Cigars, hookah and some other forms of tobacco consumption contributed very little to the overall market.

India has been the eighth largest exporter of tobacco and tobacco products in the world. According to the Tobacco Board data, exports of tobacco and tobacco products rose by about 67% in rupee terms to Rs. 3,383 crore in the year 2008–2009 on a year-on-year basis. In dollar terms, exports increased by a record 47% to US\$ 737 million^{viii}. Cigarettes accounted for 85% of the country's total tobacco exports. Some tobacco products were also imported into the country.

The tobacco industry provided employment to over 10 million people who were directly involved with the various stages of cultivation, manufacturing and distributions processes and contributed over Rs. 70 billion to government earnings. The commercial cultivation of tobacco was concentrated in Andhra Pradesh, Karnataka, Gujarat, Maharashtra, Bihar, Tamil Nadu, and West Bengal^{ix}, with about 80% of the tobacco grown in Andhra Pradesh, Gujarat and Karnataka. The tobacco production in India was expected to increase in the next few years. The increase in demand for tobacco leaf was reflected in the fact that the average price received by tobacco farmers in Andhra Pradesh increased from Rs. 84.75 in 2008 to Rs. 108.27 in 2009^x.

CIGARETTE INDUSTRY IN INDIA

There were 14 major cigarette manufacturing companies in India^{xi}. Four companies, ITC Ltd., Godfrey Phillips India Ltd., Vazir Sultan Tobacco Ltd., and Golden Tobacco Ltd. accounted for over 95% of the cigarette market. ITC Ltd. was the largest of these and comprised about 75% of the market. It was involved with cigarette manufacturing, tobacco leaf procurement and processing, as well as investments in the manufacture and export of cigarette packaging materials. In addition to serving the growing domestic market, the company also exported cigarettes and unmanufactured tobacco. Other tobacco companies included Kanhayya Tobacco Company, M.R. Tobacco, Sapna Enterprises, Sudarshan Tobacco, Dalmia Consumer Care, and Kothari Products Ltd.

According to the Tobacco Institute of India, the number of cigarettes sold in the country had remained more or less constant since the late 1980s, barring a few fluctuations. However, there had been some changes. Cigarette production in India increased from 87,568 million pieces in the year 2001–2002 to 113,835 million pieces in the year 2006–2007, which was a 30% increase. However, there was a slight decline in output owing to the impact of the new taxes levied. The consumption of cigarettes declined from 19% to 14% as a proportion of overall tobacco consumption over the previous 10 years. Largely because of the impact of high taxes on cigarettes, which were lower for bidis and other products, people had moved to those forms of tobacco that were less taxed. Smuggling, also as a result of high taxes, had an impact on the market. In the year 2008–2009, cigarette production dropped to 109,231 million pieces^{xii}. However, most firms in the industry did not experience a drop in revenues; rather they experienced an increase in revenues, as they raised prices to compensate for the drop in consumption.

GROWTH OPPORTUNITY

The number of smokers in India has remained about constant for a long time^{xiii}. Even after an increase in the number of smokers, India has one of the lowest per capita consumption of cigarettes in the world. As shown in **Table 2**, the per capita consumption of cigarettes in India was significantly lower than the world average. In most countries, cigarettes accounted for about 85% of tobacco consumption. In India, cigarette consumption was about 14% in 2011^{xiv}. Studies show that the urban low and lower-middle income households consumed more cigarettes compared to the similar income groups in rural areas^{xv}. Growing disposable incomes and increased media exposure for this segment of the population provided growth opportunities for the industry. As affluence increased the possibility of increase in cigarette smoking, many people moved from other forms of tobacco consumption to cigarettes. Further, India is demographically very attractive to the industry as 65% of the population was below the age of 35 years. A significant proportion of this segment of population is likely to have higher disposable incomes and possibly a lower level of aversion to smoking, providing a potential for growth for the cigarette industry. A top executive of one of the largest cigarette companies in India, Godfrey Philips, a subsidiary of Philip Morris, was quoted as saying “When people become more prosperous and have more disposable income, consumption of cigarettes will go up. Cigarettes are a much more modern and superior product.”^{xvi}

Further, there were growth opportunities in exports. India's share in world cigarette production had remained at around 1.7% whereas India's exports of around 2.8 billion sticks of cigarette per year accounted for less than 1% of the world export of cigarette^{xvii}. There was significant opportunity for the cigarette industry to extend and consolidate its position in the international market owing to some recent trends such as withdrawal/reduction of agricultural subsidy and escalating cost in the traditional cigarette exporting countries.

THE HEALTH HAZARD

Globally, about one billion men in the world smoke: of them, about 35% of men live in high-resource countries, and 50% of men in developing countries. About 250 million women are daily smokers. Estimates suggest that in 2010, tobacco accounted for about 8.8% of all global deaths and 4.2% of disabilities^{xviii}, and around 5.4 million people died prematurely owing to tobacco-related illness. According to World Health Organization (WHO) estimates, about 80% of those who were negatively affected come from low and middle-income nations that would pay a heavy price in terms of financial and social costs. Statistics indicate that more than half of the world's smokers live in 15 countries such as India, Bangladesh, Russia, China, and Indonesia^{xix}.

According to the WHO, India is home to 12% of the world's smokers. Surveys suggest that there was an increase in smoking in urban areas, and just 2% of the smokers were inclined to quit smoking^{xx}. A study by the Centre for Global Health Research, University of Toronto, Canada estimated that around 0.5 million people are likely to die of smoking in India in one year¹. A researcher from the study group was quoted as saying, “India is in the midst of a catastrophic epidemic of smoking deaths”^{xxi}. A study, “A Nationally Representative Case-Control Study of Smoking and Death in India,” covered as many as 1.1 million homes across India and involved 900 field workers. The smoking histories of 74,000 who had died were studied. It concluded that men who smoked bidis lost 6 years of average life while women lost 8 years. Men who smoked cigarettes lost 10 years^{xxii}.

Nicotine from tobacco led to an acceleration of coronary artery disease, peptic ulcer disease, reproductive disturbances, esophageal reflux, hypertension, fetal illnesses and death, chronic bronchitis, and delayed wound healing. Studies suggested that tobacco acted on cells as a mutagen, disrupting the inherited regulation mechanisms for repair and reproduction, making them susceptible to cancer^{xxiii}. According to estimates, cancer of the oral cavity, pharynx, esophagus, and lungs together accounted for 75% of tobacco-related cancers in the country^{xxiv}.

¹ It is worth noting, however, that bidi smoking was one of the largest killers in India. Estimates indicated that bidis killed 6,00,000 people in India every year¹. According to a study done by the Health Ministry, 70% of tobacco smoked in the country was in the form of bidis. The states with maximum bidi smoking were Manipur, Mizoram, Nagaland, and Sikkim. Some studies suggested that the mortality rate from bidi smoking was much higher than cigarette smoking and overall mortality rate from tobacco smoking was even higher.

The National Family Health Survey (1998–1999) revealed that smoking and chewing tobacco affected different strata of society differently. Individuals with no education were 2.69 times more likely to smoke and chew tobacco than those with post-graduate education. Households belonging to the lowest fifth of a standard of living index were 2.54 times more likely to consume tobacco than those in the highest fifth^{xxv}. According to a study by the Indian Council of Medical Research, the average economic cost of major diseases owing to tobacco use in India in 1999 was estimated at Rs. 350,000 for cancer, Rs. 29,000 for coronary artery disease and over Rs. 23,000 for chronic obstructive lung disease. Total losses from these tobacco-related diseases in 1999 was about Rs 277.6 billion, equivalent to US \$6.5 billion^{xxvi}.

The Government of India tried to control the consumption of tobacco in a variety of ways, including taxation, ban on advertising, ban on sales to minors, and ban on smoking in public places, etc. Many of these initiatives focused more on the organized sector, particularly the cigarette industry. In September 2009, the Union Minister of State for Health and Family Welfare indicated that India was committed to bring down tobacco production as per the provisions of Framework Convention on Tobacco Control^{xxvii}. He acknowledged that there was a need for concentrating on alternative livelihood for the millions of farmers and cottage industry workers who were engaged in tobacco-related activities. However, he also emphasized that the “tobacco lobby has used these two stakeholders to stall many serious steps to curb the tobacco menace in the country,”^{xxviii}. He outlined various initiatives of the Government of India to control tobacco consumption which, according to available estimates, killed about 0.9 million people every year in the country.

TAXATION

One of the tools that the government used to control the consumption of cigarette was taxes. Industry experts suggested that cigarettes were taxed the highest among all tobacco products which was about 132% of the value of the product^{xxix}. Cigarettes contributed more than 90% of the total tax revenue from the tobacco sector despite constituting only 14% of the tobacco consumption in the country. Since 1979, when duty on raw tobacco was removed, the burden of tobacco tax had increasingly shifted to the cigarette industry^{xxx}. However, the high taxes on cigarettes continuously drove consumers to cheaper tobacco products². In addition to the central government, the state governments also imposed other taxes. A Supreme Court verdict ended a 12-year-long legal battle against the imposition of luxury tax on cigarettes by 10 states declaring them illegal^{xxxi}. However, the cigarette industry was still heavily taxed. In 2007, the government increased excise duty by 6% and added 12.5% in VAT, bringing the total effective tax to about 20%. This was a big challenge for the cigarette industry^{xxxii}. Some argued that the decline in domestic cigarette consumption discouraged investment in R&D and quality enhancement of tobacco varieties and thereby undermined the export potential of high-value Indian cigarette tobaccos.

Analysts saw a conflict between the tax objectives of the government. The cigarette sector was taxed at higher rates to meet government revenue needs. This did not serve the objective of discouraging tobacco consumption, as the consumption pattern shifted to tobacco that was less taxed or not taxed at all. At the same time, other considerations, such as employment and income generation in rural area hindered any serious effort toward reducing non-cigarette consumption of tobacco. Some analysts argued that tobacco taxation in India achieved neither revenue optimization nor tobacco control as an objective^{xxxiii}.

² The non-smoking tobacco products, commonly used among rural masses, were not taxed. Bidis, which were used by people in lower economic strata, were not taxed till the early 1990s, and in 2011 were taxed only lightly. In 2011, taxes on bidis were 30 times lower than that of cigarettes on per kilo basis. The Health Ministry recommended that taxes be on par with non-filter cigarettes, which would raise the price of a pack of 25 bidis from Rs. 4 to Rs. 8². Non-filter cigarettes attracted a much lower tax than filter cigarettes. The central government policy of keeping the prices of certain tobacco products cheaper for low-income groups ignored the potential of higher occurrence of tobacco-related diseases.

CIGARETTES AND OTHER TOBACCO PRODUCTS ACT, 2003

The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) was being implemented in a phased manner with effect from May 1, 2004. The purpose of this act was to reduce the consumption of tobacco consumption and also make it more difficult for producers to reach potential consumers. In line with the provisions, the Government of India banned the advertising of cigarettes. Advertising of cigarettes was banned on television and commercial radio stations, and in government-owned premises. Cinema, outdoor advertising and sponsorship of sports, and other events and cultural activities were permitted^{xxxiv}.

The government had put a ban on smoking in public, and a ban on sale to minors. Smoking was banned in government offices, public transport, cinema halls, theatres, and government-run stadiums. The law prohibited smoking in workplaces and public places including hotels, restaurants, coffee houses, pubs, airport lounges, shopping malls, cinemas, educational institutions, and libraries, hospitals, auditoriums and railway stations. A poll conducted in four Indian cities, Mumbai, New Delhi, Chennai, and Kolkata found that there was near-universal support for prohibiting smoking inside all public places and workplaces in India. Overall, 97% of the Indians surveyed expressed support for the smoke-free law, with 92% expressing strong support. The level of strong support ranged from 89% in New Delhi to 97% in Mumbai. In addition, 84% said that they thought secondhand smoke was a serious health hazard, and 99% agreed that workers should be protected from secondhand smoke^{xxxv}.

Under the provisions of the Act and rules approved in 2006, companies would have to display pictures of the potential health dangers of smoking cigarettes, such as oral cancer and lung cancer. This provision had just been implemented, and the industry was fearful that this may have a negative impact on volume sales.

CHALLENGES IN THE MARKET

Given the prevalence of high taxes on cigarettes, other unscrupulous elements could enter the industry illegally and often create a market loss for the legal industry. For example, smuggled cigarettes posed a major threat to the legal industry. According to industry estimates, cigarettes were the world's most widely smuggled legal consumer product. In 2006, about 600 billion smuggled cigarettes were consumed, which was a missed tax opportunity for governments, as well as a missed opportunity to prevent many people from starting to smoke and encourage others to quit^{xxxvi}. According to estimates, contraband cigarette sales caused a loss of Rs. 1,500–2,000 crore per annum to the Indian government in terms of taxes and forex outflow^{xxxvii}. As both imported and smuggled cigarettes did not use Indian tobacco, their influx also served to erode the demand for Indian cigarette tobacco, thereby negatively impacting farmers^{xxxviii}.

Some illegal manufacturers in the small-scale industry or unorganized sector entered the market without formal licenses. Some of these firms manufactured products illegally to avoid the high taxes. This not only led to the presence of inferior products, which did not conform to strict quality standards, in the market but also hurt the markets available to the legitimate cigarette industry.

Although imports constituted only a negligible proportion of the domestic pie, their rising share posed a threat to players.

ITC LTD.

ITC Ltd. has been one of India's foremost private sector companies with a market capitalization of nearly US \$14 billion and a turnover of over US \$5 billion^{xxxix}. In the year 2009–2010, ITC employed over 29,000 people at more than 60 locations across India. It was rated amongst the best organizations in the world by *Forbes* magazine and in Asia by *Business Week*^{xl} and in India by *Business World* and *Business Today*. ITC Ltd. was established in India by a U.K.-based tobacco company in 1910 as a sales organization named the Imperial Tobacco Company of India Ltd. Under pressure from the government of India, Imperial divested its equity in 1969 through a public offer, which raised the shareholdings of the Indian individual and institutional investors from 6.6% to 26%. After this, the holdings of Indian financial institutions were 38% and the foreign collaborator held 36%.

In 2011, ITC Ltd. was a dominant player in the cigarette industry, with about 75% of the market. Although ITC Ltd. dominated the cigarette business, it realized very early that making only a single product, especially one that was considered injurious to health, could be a problem. Similar to other global tobacco companies, it diversified into other markets. It had a presence in hotels, paperboards, specialty papers and packaging, agri-business, packaged goods and confectionery, information technology, branded apparel, personal care, stationery, safety matches, and other products. **Table 3** shows the performance of the various business segments.

Although ITC Ltd. continued to be a market leader in the cigarette industry, it was doing reasonably well in its new businesses in which it had diversified^{xli}. The trend suggested that the other FMCG business would be profitable in the near future. ITC Ltd. had been constantly making efforts to de-emphasize its tobacco business. However, in the year 2009–2010, cigarettes contributed over 65% of its gross revenues, about 45% of its net revenues, and over 80% of its profits. If the tobacco component of the agri-business was included, then the dependence of ITC Ltd. on tobacco and tobacco products for the near future cannot be under-emphasized.

ITC Ltd.'s corporate strategy had focused on creating multiple avenues of growth based on its core competencies^{xlii}. ITC had built on its core competencies: distribution reach, brand-building capabilities, supply chain management and service skills. The vision of the company was to continuously enhance the wealth of its more than 3,53,000 shareholders, while fulfilling the aspirations of its other stakeholders and meeting societal expectations. Its vision has been captured in its corporate positioning statement: "Enduring Value. For the Nation. For the Shareholder."

This vision is reflected in the address of the Chairman of ITC to the shareholder on July 27, 2007.

It is only when market forces make CSR a crucial component of shareholder value creation that new competitive forces will emerge in favor of responsible corporate action. The key to corporates' sustaining a meaningful strategy for constructive social action therefore lies in the ability to create strong market drivers that incentivize CSR.

And on July 30, 2008:

In the past, I have shared with you the abiding vision that inspires us to create sustainable stakeholder wealth and enlarge our contribution to the Indian society. This commitment goes far beyond the market to create simultaneously financial, environmental and social capital for the nation... The Triple Bottom Line approach to creating economic, environmental and social capital unleashes strong multipliers that contribute to making national progress more inclusive and sustainable.

ITC Ltd.'s triple bottom line approach is apparent in its various strategic efforts. The success on the economic and financial parameters is quite apparent as the organization had a turnover of over US \$6 billion and a market capitalization of nearly US \$30 billion. Returns to the shareholder, including increases in market capitalization and dividends, grew at the compounded rate of over 24% per annum for 15 years before 2010. In order to continue the creation of economic value, the organization diversified into other businesses to provide multiple drivers of growth.

ITC Ltd.'s efforts to create environmental value are visible in the various initiatives. It had been a carbon positive company, which was storing twice the amount of carbon than it emitted, for five years earlier to 2010. It had been a water positive company, which was harvesting three times the water it consumed, for eight consecutive years. Besides, it also had several water recycling initiatives. Nearly 31% of its energy consumed was generated from renewable resources. Two of its new hotels, ITC Royal Gardenia and ITC Green Centre, were awarded for being green buildings.

ITC Ltd.'s also created social value in its context. Its businesses generated direct and indirect employment for over 5 million people. Its e-Choupal initiative benefitted over 4 million farmers. It greened over 1,07,000 hectares of land and its watershed initiatives helped provide water to 54,000 hectares of dry lands. In addition, ITC Ltd. had many programs for women's empowerment, supplementary education, and integrated animal husbandry.

ITC Ltd.'s efforts to pursue the triple bottom line approach had also been appreciated by the Vice-President of India, M. Hamid Ansari.

It is indeed gratifying that sustainability and inclusiveness of growth not only remains the Government's objective but also guides key organizations in the private sector, such as ITC. I hope your initiatives would prove to be a trendsetter for the Indian Industry.

THE DECISION

How can Sanjiv Puri guide the future of the Tobacco Division to live up to the promises of the triple bottom line approach as articulated in ITC Ltd.'s vision and the commitment of the Chairman to the shareholders of the company?

- (i) Given the overwhelming evidence of health problems caused by tobacco, including cigarettes, should he work toward progressively winding down the cigarette operations? What are the implications for the shareholders and other stakeholders, including employees, suppliers and farmers, associated with the business?
- (ii) Should he work on strategies to continue to grow the cigarette operations, and maybe invest afresh in the industry, but also invest significantly into research on the health problems caused by the consumption of tobacco, particularly cigarette smoking? Should he invest in research to make cigarette smoking less harmful?
- (iii) Should he increase efforts to counter the negative publicity for the tobacco industry as it might result in further taxes and restrictions that might make the cigarette industry unviable? Should he lobby the government and educate the general public on the needs for a fairer tax regime across all tobacco products? Should he highlight all the positives that ITC Ltd. generates, despite the negatives that are associated with the industry, to shore up support?
- (iv) Should he try to focus entirely on export of tobacco products in the long run? This would allow the positives to accrue to the stakeholders in the country with the potential negatives being "exported" to other countries in which the cigarettes might be consumed.

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- ii timesofindia.indiatimes.com/.../india/229-million-males-in-India-consume-tobacco-/.../4239447.cms
- iii <http://www.businessworld.in/index.php/Economy-and-Banking/Tobacco-Timeline.html>
- iv <http://www.businessworld.in/index.php/Economy-and-Banking/Tobacco-Timeline.html>
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- xxxⁱ <http://www.outlookindia.com/article.aspx?226427>
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ANNEXURE I

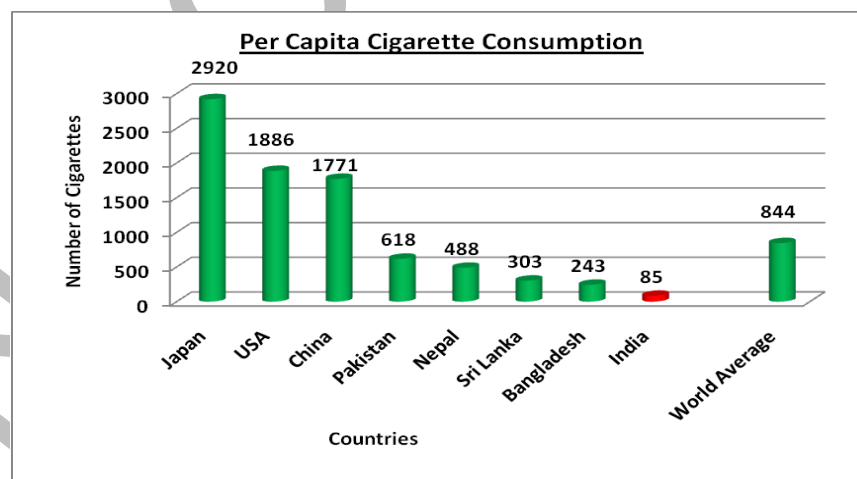
Table 1

Annual Tobacco Trade and Agriculture Statistics in India

	Unit	1970	1980	1990	1995	2000
Cigarette imports		5	8	68	169	44
Cigarette exports	Sticks in millions	27	2187	6363	1220	3655
Tobacco leaf imports	Sticks in millions	32	88	38	409	1423
Tobacco leaf exports	Metric tons	47905	71146	69965	77678	97363
	Metric tons					
Cigarette production		62930	77376	61162	69589	75085
Tobacco leaf production	Sticks in millions	337100	438500	551600	566700	609000
Land devoted to tobacco	Metric tons	437900	425400	413100	381000	433400
	Hectares					
Employment		121000	358000	431452	471657	NA
	People					

Source: Regional Tobacco Surveillance System Country Profile India

Table 2



Source: ITC Web site

Table 3

Segment-wise Revenues and Profits at ITC Ltd. (Rs. crores)

	2009–2010			2008–2009		
	Gross Revenue	Net Revenue	Profit	Gross Revenue	Net Revenue	Profit
FMCG – Cigarettes	17293.00	9321.00	4938.00	15115.00	7781.00	4184.00
- Others	6642.00	3634.00	(350.00)	3,014.00	3006.00	(483.00)
Total FMCG	20925.00	12955.00	4589.00	18,129.00	10786.00	3700.00
Hotels	911.00	851.00	217.00	1020.00	935.00	316.00
Agri-business	3862.00	3862.00	436.00	3846.00	3846.00	256.00
Paperboards, paper & pack	3234	3108.00	684.00	2800.00	2647.00	509.00
Total ITC Ltd.	28931.00	20776.00	5926.00	25817.00	18215.00	4781.00
Less: inter-segment revenue	2672.00	2622.00		2674.00	2603.00	
Gross/net sales	26260.00	18153.00		23144.00	15612.00	
Less: interest			53.00			18.00
Other expenditure/income			(143.00)			(63.00)
Total profit before tax			6015.00			4826.00

Source: Corporate presentation on ITC web site