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Media Statement
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Financial Results for the Quarter ended 30th June, 2012

Highlights

Net Revenue	**: +15.3%**
Profit from Operations	**: +21.3%**
Profit Before Tax	**: +20.6%**
Net Profit	**: +20.2%**

- **Non-Cigarette FMCG segment registers robust revenue growth of 23% and improved profitability**
- **Hotels business continues to be impacted by weak global and domestic economic environment**
- **Agri Business profits grow, driven by improved realisations and enriched porfolio**
- **Robust performance by Paperboards, Paper and Packaging business driven by product mix enrichment**
- **ITC awarded the prestigious 'World Business and Development Award 2012' at the Rio+20 UN summit for its social and farm forestry initiative**

The Company posted yet another strong performance during the quarter with healthy topline growth and high quality earnings. Gross Revenue/Income from Operations at Rs 9457 crores grew by 15.3% driven primarily by Branded Packaged Foods, Education & Stationery and the Cigarettes businesses. Profits from Operations grew by 21.3% to Rs 2174 crores while Profit Before Tax and Net Profit at Rs 2337 crores and Rs 1602 crores registered a growth of 20.6% and 20.2% respectively. Earnings Per Share for the quarter stood at Rs 2.05.

FMCG

Branded Packaged Foods

The business enhanced its market standing across categories and posted significant growth in revenues during the quarter. Sales of value-added and premium products grew at a faster pace based on an enriched portfolio mix. Improvement in profitability was further aided by smart commodity sourcing and several strategic cost management initiatives.

'Aashirvaad' atta strengthened its leadership position across markets. With an increasing number of consumers shifting to value-added and premium offerings of Aashirvaad under the 'Multi-grain' and 'Select' brands, the Staples category continued to improve its realisations and margins. 'Sunfeast Yippee!' noodles continued to garner consumer franchise during the quarter. Significant investments in product development and marketing are being pursued to further strengthen market standing in this fast growing category. During the quarter, 'Sunfeast' biscuits sustained its robust growth trajectory, especially at the value-added and premium end, aided by the launch of 'first to market' variants. During the quarter, 'Kaju Badam Cookies' was launched in select markets and initial consumer response has been encouraging. The Bingo! range of potato chips and finger snacks grew at a rapid pace. Recent launches in this category viz., 'Tangles' in an innovative format and 'Mad Angles Masti Chaat' were well received by target consumers and are being extended to more markets.

The business continues to invest in manufacturing and distribution infrastructure to support larger scale in view of the growing demand for its products and maximise the benefits of distributed manufacture for efficient servicing of proximal markets.

Personal Care Products

The Personal Care Products business made significant strides during the quarter with its carefully crafted portfolio of product offerings under the 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel' and 'Superia' brands, further gaining consumer franchise. Research and product development expertise focused on addressing various consumer benefit segments are being leveraged to launch innovative products and variants in soaps, shampoos and skin care categories. A state of the art Consumer Interaction Centre in Bengaluru called 'Laboratoire Naturel' is adding value to the business by fostering innovation through extensive consumer engagement. During the quarter, the skin care category was fortified with the launch of 'Vivel Summer Fair', a differentiated summer specific offering with Triple Filter SPF 15 and Aloe Vera for fresh, fair skin. Together with 'Vivel Active Fair' and 'Superia Super Fair', the augmented portfolio of fairness creams continues to receive encouraging consumer response and is being rolled out to target markets.

Education & Stationery Products

The Education & Stationery Products business registered impressive growth during the quarter powered by the 'Classmate' brand which continued to consolidate its leadership position in the student notebooks category. In the writing instruments and scholastic products categories, the business introduced a number of new products and variants in pens, pencils and scholastic products under the 'Classmate and 'Paperkraft' brands.

Cigarettes

The cigarette industry in India continues to be impacted by a discriminatory taxation and regulatory policy framework. While cigarettes contribute nearly 75% of the tax revenues generated by the tobacco sector, it accounts for less than 15% of tobacco consumption in the country. Steep increases in Excise duty and VAT on cigarettes during the quarter have further exacerbated the situation vis-à-vis lightly taxed or tax evaded tobacco products like Bidi, Khaini, Chewing Tobacco and Gutkha. These lightly taxed or tax evaded tobacco products are the most dominant forms of tobacco consumption in India and constitute as much as 85% of total usage. Further, the high incidence of tax on cigarettes has helped create tax arbitrage opportunities leading to the growth of illegal cigarettes in the country.

Despite this challenging environment, the Company's unwavering focus on providing world-class products to consumers enabled it to sustain its leadership position in the industry. Consumer centricity and product innovation have enabled the business to deliver superior value through its portfolio of world-class brands, contemporary packaging styles and state-of-the-art manufacturing technology and processes. Several initiatives were launched during the quarter across the portfolio in terms of pack modernization and introduction of variants and limited edition packs under the Classic', 'Flake', 'Gold Flake Premium Filter' brands further bolstering market standing . The business is also test marketing filter cigarettes of length not exceeding 65 mm. On the manufacturing front, investments continued to be made towards enhancement of quality, productivity and variety.

HOTELS

The Hotels industry continues to be impacted by the weak global and domestic economic environment and significant additions to room supply in key Indian cities. Consequently, Segment Revenue has remained at the same level as the corresponding quarter of the previous year. In line with its investment led growth strategy, given the compelling longer term potential of this sector, the Company, through a newly formed subsidiary, acquired a prime plot of land in Colombo, Sri Lanka on a 99-year lease from the Government of Sri Lanka, for developing a 5-star luxury property. The new super luxury property, ITC Grand Chola at Chennai, is complete and is awaiting statutory clearances prior to commercial launch. The

construction activity of the new luxury properties at Kolkata and at Classic Golf Resort near Gurgaon are progressing satisfactorily.

PAPERBOARDS, PAPER & PACKAGING

Segment Revenues recorded a growth of 9% while Segment Results grew faster at 17% driven primarily by continuous enhancement in the product mix. The business continues to leverage its state-of-the-art facilities to provide strategic sourcing support to the FMCG businesses, enabling product differentiation and faster speed-to-market. To further expand its scale of operations, the business is investing in a state-of-the-art paperboard machine at Bhadrachalam and a new carton line at Haridwar which are expected to become operational by end FY13.

AGRI BUSINESS

Segment Revenues were impacted during the quarter given the surplus leaf tobacco inventory and the prevailing adverse commodity price parities. The business recorded significant improvement in profitability during the quarter aided by better realisations and richer mix across the portfolio. The business continues to provide strategic sourcing support to the Company's Cigarettes and Branded Packaged Foods business by ensuring high quality supplies at optimal costs. The new green leaf tobacco threshing facility in Karnataka was fully operationalised during the quarter and will further enhance quality and improve supply chain efficiencies.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

ITC was awarded the prestigious 'World Business and Development award 2012' for its transformational rural initiatives in social and farm forestry programmes in India. It was the only Indian company to receive this honour at the historic Rio+20 UN Summit 2012. The World Business and Development Awards are the first global business awards to recognize the crucial role of the private sector in implementing the millennium goals — eight internationally agreed targets to reduce poverty and environmental degradation and improve education, health conditions and gender equality by 2015.

The Company's Social Investments Programme aims to address the challenges arising out of poverty, environmental degradation and climate change through a range of activities with the overarching objective of creating sustainable sources of livelihood for the stakeholders. The footprint of the Company's Social Investments Programme has spread to 68 districts in the States of Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

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

Intervention Areas	Unit of Measurement	Cumulative till date
Total Districts Covered	Number	**68**
Social Farm Forestry	Hectare	**125868**
Soil and Moisture Conservation Programme	Hectare	**94143**
Sustainable Agricultural Practices		
Organic Fertiliser Units	Number	**13947**
Sustainable Livelihoods Initiative		
Cattle Development Centres	Number	**274**
Animal Husbandry Services	Artificial Insemination doses (in lakhs)	**8.38**
Economic Empowerment of Women		
Self Help Groups Members	Persons	**16212**
Livelihoods created	Persons	**39791**
Primary Education		
Beneficiaries	Children (in lakhs)	**2.72**
Health and Sanitation		
Low Cost Sanitary Units	Number	**3664**

The Board of Directors, at its meeting in Kolkata on 26th July 2012, approved the financial results for the quarter ended 30th June 2012, which are enclosed.

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