

## EDUCATIONAL EQUITY RESEARCH REPORT :

# ITC LTD.

(NSE : ITC , BSE : 500875 )



DATE : 20/4/24

WE AT AS RESEARCH ,INITIATE OUR COVERAGE ON ITC LTD.

ITC is one of India's foremost private sector companies and a diversified conglomerate with businesses spanning Fast Moving Consumer Goods, Hotels, Paperboards and Packaging, Agri Business and Information Technology.

### ABOUT THE BUSINESS :

ITC Limited is an Indian company headquartered in Kolkata. ITC has a diversified presence across industries such as FMCG, hotels, software, packaging, paperboards, specialty papers and agribusiness. The company has 13 businesses in 5 segments. It exports its products in 90 countries. Its products are available in 6 million retail outlets. On 17 April 2023, its market cap crossed the milestone of ₹500,000 crore (US\$63 billion) for the first time in company's history, followed by crossing the ₹600,000 crore (US\$75 billion) mark on 20 July 2023 and becoming the biggest FMCG Company in India passing the Hindustan Unilever's market cap the very next day. It employs 36,500 people at more than 60 locations across India.

### PROS :

- Company is almost debt free.
- Company has a good return on equity (ROE) track record: 3 Years ROE 25.0%.
- Company has been maintaining a healthy dividend payout of 98.0%.
- Company's working capital requirements have reduced from 29.1 days to 20.1 days.

### CONS :

- Stock is trading at 7.64 times its book value.
- The company has delivered a poor sales growth of 10.3% over past five years.

### FINANCIAL SNAP SHOT :

MARKET CAP	₹ 5,29,727 Cr.
STOCK P/E	25.8
ROE	29.1 %
CURRENT PRICE	424.75
BOOK VALUE	₹ 55.4
ROCE	39.0 %
HIGH	₹ 500
LOW	398
DIVIDEND YIELD	2.99 %
FACE VALUE	₹ 1.00

### SHARE HOLDING PATTERN:

PROMOTERS	0.00%
FIIS	43.26%
DIIS	41.98%
PUBLIC	14.71%
GOVERNMENT	0.04%
OTHERS :	0
NO.OF SHAREHOLDERS	33,35,815

**PEER COMPARISON :****SECTOR: TOBACCO PRODUCTS****INDUSTRY: CIGARETTES**

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Sales Qtr Rs.Cr.	ROCE %
1	ITC	424.3	25.85	529726.73	2.99	18019.37	39.01
2	Godfrey Phillips	3029.9	19.33	15753.62	1.44	1249.68	21.51
3	VST Industries	3875.8	21.24	5984.26	3.89	362.58	38.05
4	NTC Industries	111.5	28.39	133.16	0	7.35	10.03

**KEY POINTS :**

- ITC CONTRIBUTES TO NATION BUILDING BY UNLEASHING MULTIPLE DRIVERS OF GROWTH THAT ARE MANIFESTING IN ITS GROWING PRESENCE ACROSS THE THREE SECTORS OF THE ECONOMY- AGRICULTURE, MANUFACTURING AND SERVICES; CREATION OF WORLS CLASS INDIAN BRANDS, INVESTMENTS IN CREATING STATE-OF-THE-ART MANUFACTURING ASSETS; BUILDING OF WORLD- CLASS HOSPITALITY ASSETS AND EMPOWERING FARMERS AS WELL AS RURAL COMMUNITY.
- AS A CORE ELEMENT OF ITC NEXT, ITC HAS BEEN EXPLORING OPPORTUNITIES TO CRAFT DISRUPTIVE BUSINESS MODELS ANCHORED AT THE INTERSECTION OF THE TWO MEGA TRENDS OF DIGITAL AND SUSTAINABILITY, WHILE LEVERAGING THE COMPANY'S INSTITUTIONAL STRENGTHS.
- THIS HAS ENABLED ITC TO UNLEASH NEW VECTORS OF GROWTH WITH INTERVENTIONS LIKE ITCMAARS- A 'PHYGITAL' FARMER EMPOWERMENT ECOSYSTEM, FOOD TECH SERVICES AND SUSTAINABLE PACKAGING.
- ITC'S DIVERSIFIED PORTFOLI OF FUTURE- READY BUSINESSES, SPANNING FMCG, PAPERBOARDS AND PACKAGING, AGRI BUSINESS, HOTELS AND INFORMATIVE TECHNOLOGY, ENABLES IT TO CONTRIBUTE MEANINGFULLY TO ALL THREE SECTORS OF INDIAN ECONOMY.
- TO INFUSE NEW ENERGY INTO THE GROWTH DRIVERS OF THE FUTURE, SIGNIFICANT INVESTMENTS ARE BEING MADE ACROSS BUILDING ASSETS, ACCELERATING DIGITAL TRANSFORMATION, POWERING R&D INFRASTRUCTURE AND IN RAISING THE BAR IN SUSTAINABILITY TO BUILD AN ENTERPRISE OF TOMORROW.
- RECOGNISING THAT IT IS IMPORTANT TO CREATE NATIONAL ASSETS AND IN ALIGNMENT WITH THE GOVERNMENT'S VISION TO 'MAKE IN INDIA', ITC HAS INVESTED SIGNIFICANTLY IN BUILDING WORLD CLASS MANUFACTURING INTELLECTUAL AND HOSPITALITY ASSETS FOR INDIA.
- ITC'S CONTRIBUTION INCLUDES CREATING WORLD-CLASS INDIAN BRANDS THAT BRING OUT SUPERIOR VALUE- CAPTURE IN THE ECONOMY.

- ONE OF THE LEADING PRIVATE SECTOR BANKS IN INDIA, ICICI BANK CONTINUES TO FOCUS ON REIMAGINING BANKING AND LEVERAGING DIGITAL CAPABILITIES, ANCHORED TO THEIR COMMITMENT TO BE A TRUSTED FINANCIAL PARTNER . FOR COSTUMERS
- SOME OF THE BANK'S APPROACHES ARE AS FOLLOWS:
  - 360 DEGREE CUSTOMER CENTRIC APPROACH
  - FOCUS ON MICRO MARKETS
  - FOCUS ON ECOSYSTEMS
  - COLLABORATION AND EXTERNAL PARTNERSHIPS
  - BANK TO BANK TECH LEVERAGING TECHNOLOGY AND DIGITAL.
  - PROCESS DECONGESTION AND OPERATIONAL FLEXIBILITY .
  - RISK AND COMPLIANCE CULTURE.
- THE VOLUME OF UPI PERSON TO MERCHANT (P2M) TRANCACTIONS INCREASED BY 55.0% YEAR-ON-YEAR IN FISCAL 2023 AND THE VALUE OF THESE TRANSACTIONS WAS 2.1 TIMES THE VALUE IN FISCAL 2022.
- THE BANK HAS INCREASED ITS MARKET SHARE IN VALUE OF UPI P2M TRANSACTIONS TO 19.3% IN MARCH 2023.
- THE SHARE PRICE CAN GO UPTO 1125.26 IF IT BREAKS 1114.83 ON THE UPPER SIDE.
- THE SHARE PRICE CAN GO UPTO 1023.92 IF IT BREAKS 1037 ON THE LOWER SIDE.

### PIVOT TABLE :

		SUPPORT				RESISTANCE			
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
18-04-2024	1067.25	1023.9	1037.2	1052.12	1065.4	1080.32	1093.58	1108.52	1067.05
16-04-2024	1067.25	1057.3	1060	1069.17	1071.9	1081.07	1083.78	1092.97	1078.35
15-04-2024	1067.25	1055.7	1066.2	1085.28	1095.7	1114.83	1125.27	1144.38	1104.4
12-04-2024	1104.4	1083.5	1089.6	1099.52	1105.7	1115.57	1121.73	1131.62	1109.4
10-04-2024	1104.4	1091.2	1098.2	1102.62	1109.6	1114.02	1120.98	1125.42	1107.05
09-04-2024	1104.4	1051.6	1070	1078.55	1096.9	1105.5	1123.85	1132.45	1087.15

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK, PAST PERFORMANCE IS NOT A GUARENTEE OF FUTURE PERFORMANCE.THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKETS INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.

