

EDUCATIONAL EQUITY RESEARCH REPORT : JUNE

ITC LTD.

(NSE : ITC , BSE : 500875)



DATE : 1/6/24

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 agri business. The company has 13 businesses in 5 segments. It exports its products in 90 countries. Its products are IT exports its products in 90 countries. Its products are available in 6 million retail outlets.

PREVIOUS MONTH FOLLOWUP

AS MENTIONED IN THE PREVIOUS REPORT, THE SHARE PRICE BROKE 437 ON THE UPPER SIDE. THE STOCK PRICE WENT UPTO 446 AFTER BREAKING THE RESISTANCE 429 ON THE UPPER SIDE.

PROS :

- Company is almost debt free.
- Company has a good return on equity (ROE) track record: 3 Years ROE 27.5%
- Company has been maintaining a healthy dividend payout of 92.0%

CONS :

- Stock is trading at 7.14 times its book value
- The company has delivered a poor sales growth of 7.96% over past five years.
- Working capital days have increased from 51.9 days to 104 days

RESEARCH ANALYST :

P.SUNANDINI @ AS RESEARCH TECHNIC.

FINANCIAL SNAP SHOT :

MARKET CAP	₹ 5,33,410 Cr.
STOCK P/E	26.1
ROE	29.1 %
CURRENT PRICE	₹ 427
BOOK VALUE	₹ 55.4
ROCE	39.0 %
HIGH	₹ 500
LOW	399
DIVIDEND YIELD	2.98 %
FACE VALUE	₹ 1.00

SHARE HOLDING PATTERN:

PROMOTERS	0.00%
FIIS	40.95%
DIIS	43.76%
PUBLIC	15.23%
GOVERNMENT	0.04%
OTHERS :	0
NO.OF SHAREHOLDERS	36,48,537

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	426.15	25.98	531785.48	2.99	17922.7	37.46
2	Godfrey Phillips	3971.25	23.46	20710.82	1.1	965.78	22.62
3	VST Industries	4052	20.76	6258.48	3.7	375.06	32.46
4	NTC Industries	120.5	21.07	143.92	0	12.61	8.18

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 world 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 ITC maars- a 'phygital' farmer empowerment ecosystem, food tech services and sustainable packaging.
- ITC's diversified portfolio 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.
- Recognizing 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.

- For decades, it's has been acclaimed as a global exemplar in sustainability.
- Aligning with the nation's climate action plan, ITC has now crafted a comprehensive strategy to pursue a low carbon growth path through extensive decarbonization programmes across its operations and value chains, while also implementing largescale adaptation initiatives encompassing water stewardship, biodiversity, CSA, among others.
- ITC is also included in the dow jones sustainability emerging markets index for the third year in a row.
- some of the no.1 leadership brands of ITC are - Aashirvaad, Sunfeast, bingo, Classmate, Yippee, Mangaldeep etc.
- ITC is a leading Agri business player in India, supporting 20 value chain clusters.
- The company has been sourcing over 4.5 million tonnes of Agri commodities from 22 states and is today the largest procurer of wheat in the private sector.
- ITC has a century- old legacy of farmer empowerment.

- **THE SHARE PRICE CAN GO UPTO 451.25 IF IT BREAKS 446.85 ON THE UPPER SIDE.**
- **THE SHARE PRICE CAN GO UPTO 416.61 IF IT BREAKS 419.5 ON THE UPPER SIDE.**

PIVOT TABLE :

	SUPPORT				RESISTANCE				
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
31-05-2024	426.45	416.92	420.58	422.22	425.883	427.52	431.18	432.82	423.85
30-05-2024	426.45	416.62	419.48	425.22	428.083	433.82	436.68	442.42	430.95
29-05-2024	426.45	418.63	422.07	425.53	428.967	432.43	435.87	439.33	429
28-05-2024	426.45	424.75	426.5	429	430.75	433.25	435	437.5	431.5
27-05-2024	426.45	423.43	427.07	431.63	435.267	439.83	443.47	448.03	436.2
24-05-2024	436.2	429.8	432.55	436.95	439.7	444.1	446.85	451.25	441.35

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