

ITC LTD

(ITC | BSE Code: 500875)

INR 407

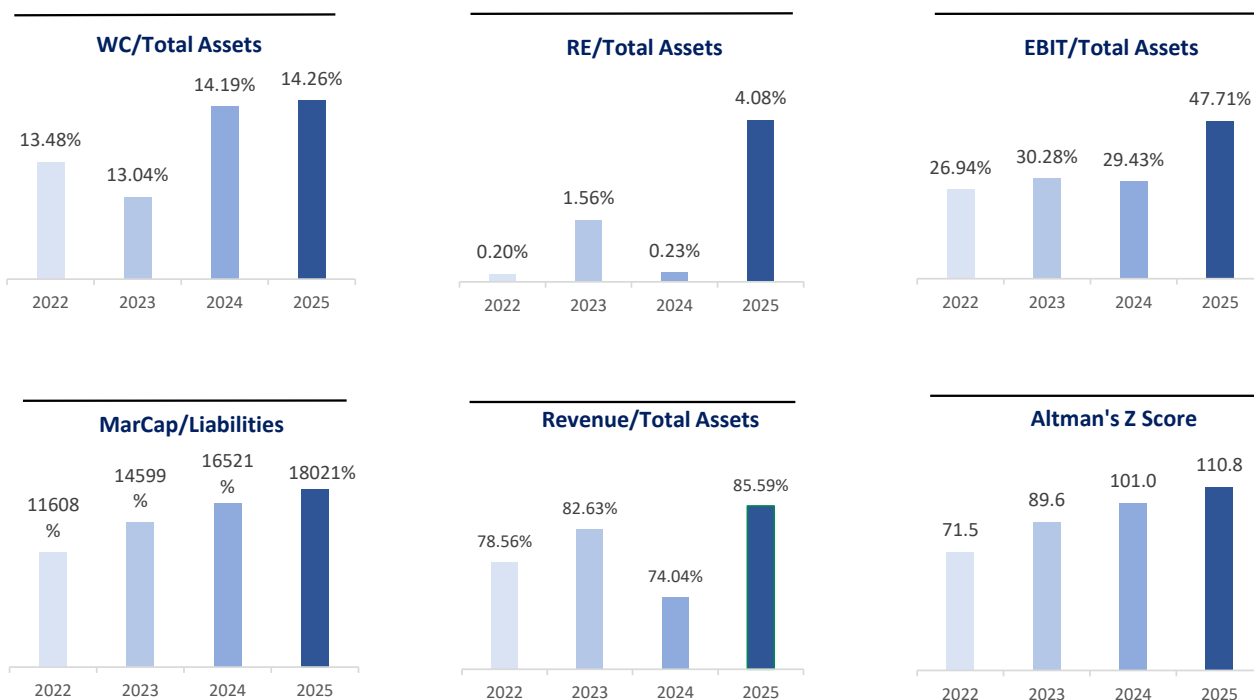
52 Week (High - INR 528 & Low - 390)



Altman's Z Score Analysis Summary

The company maintains a consistently strong financial position across all years, with exceptionally high Z-scores indicating negligible risk of financial distress. This strength is primarily driven by robust earnings performance relative to total assets, exceptionally high market capitalization compared to long-term liabilities, and stable asset turnover. While retained earnings as a percentage of assets saw some fluctuations, other components like working capital and EBIT ratios remained solid. Overall, the firm demonstrates excellent financial stability and a strong

Financial Summary



Recent Updates

- Q1 FY 2025-26 revenue grew **20% YoY** to around ₹20,910-₹21,500 crore Q1 FY 2025-26 net profit was ₹5,243-₹5,343 crore, up 3-5% YoY.
- **Gross Margin down 748 basis points YoY; EBITDA margin down 547 bps YoY (to 31.7%)** driven by high input /leaf tobacco & change in revenue mix..
- **Paperboards, Paper & Packaging (PPP) revenue grew 7% YoY** (₹2,115-2,116 crore) but EBIT margin & PBIT dropped sharply (**550bps decline**). With the discretionary product mix being impacted, gross margins for the quarter came in below our estimate at 14.0%.
- **Cigarette business revenue grew 7.6-7.7% YoY**; volumes up 6
- **Agri business posted ~38.9% YoY growth in revenues** (~₹9,685 crore) with ~22% YoY growth in EBIT/PBIT.
- Acquired **Sresta Natural Bioproducts** (organic staples) fully in June 2025.
- Acquired **Mother Sparsh** (premium natural/ayurvedic baby care & hygiene).
- Laid out plans to invest **₹20,000 crore** over the medium term in new manufacturing units to boost capacity.

Altman's Z Score Analysis Calculation

Working Capital / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Working Capital	10,600.2	11,917.6	8,437.5	10,406.9	11,191.7	13,015.4	12,549.0
Total Assets	71,739.0	77,310.8	73,760.8	77,196.0	85,831.0	91,754.0	88,002.7
Working Capital/Total Assets	14.78%	15.42%	11.44%	13.48%	13.04%	14.19%	14.26%

Retained Earnings / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Retained Earnings	5,230.6	5,803.1	3,120.4	151.1	1,342.6	214.3	3,593.3
Total Assets	71,739.0	77,310.8	73,760.8	77,196.0	85,831.0	91,754.0	88,002.7
Retained Earnings/Total Assets	7.29%	7.51%	4.23%	0.20%	1.56%	0.23%	4.08%

EBIT/Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
EBIT	19,221.2	20,116.0	17,996.1	20,800.5	25,992.9	26,999.9	41,988.0
Total Assets	71,739.0	77,310.8	73,760.8	77,196.0	85,831.0	91,754.0	88,002.7
EBIT/Total Assets	26.79%	26.02%	24.40%	26.94%	30.28%	29.43%	47.71%

Market Cap / Long term Liabilities							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Market Cap	34,157.5	19,784.3	25,211.0	28,954.7	44,677.5	50,129.8	51,276.6
Long Term Liabilities	13.4	277.5	270.8	249.4	306.0	303.4	284.5
Market Cap/Long term Liabilities	254148%	7131%	9309%	11608%	14599%	16521%	18021%

Revenue / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	48,339.6	49,387.7	49,257.5	60,644.5	70,919.0	67,931.9	75,323.3
Total Assets	71,739.0	77,310.8	73,760.8	77,196.0	85,831.0	91,754.0	88,002.7
Total Asset Turnover Ratio	67.38%	63.88%	66.78%	78.56%	82.63%	74.04%	85.59%

Altman's Z Score							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Final Score	1,526.7	44.6	57.5	71.5	89.6	101.0	110.8
Financial Stability	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>	<i>Strong</i>

Altman Z-Score Summary

The Altman Z-Score show an exceptionally strong financial position for the company across the 7Yr period. Liquidity ratios remained stable around 14–15%, ensuring short-term solvency. Retained earnings briefly declined in 2022, but the company has since rebuilt its profit reserves. EBIT/Assets and Revenue/Assets ratios both show strong and improving operational efficiency, representing robust profitability and efficient asset utilization. With almost no long-term debt and an enormous Equity/Debt parameter, the firm maintains a virtually debt-free structure, showing very strong stance against the possibility of bankruptcy. The Z-Score have consistently signaled way over **safe zone** meaning minimal default risk and outstanding financial stability.

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