

## EDUCATIONAL EQUITY RESEARCH REPORT : MAY

# ITC LTD.

(NSE : ITC , BSE : 500875 )



DATE : 16/5/24

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 available in 6 million retail outlets.

### PREVIOUS MONTH FOLLOWUP

AS MENTIONED IN THE PREVIOUS REPORT, THE SHARE PRICE BROKE 442 ON THE UPPER SIDE. THE STOCK PRICE WENT UPTO 434 AFTER BREAKING THE RESISTANCE 434.18 ON THE UPPER SIDE.

### 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 pay-out 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.

### 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	36,48,537

### SHAREHOLDERS

## 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	427.25	26.06	533409.66	2.98	18019.37	39.01
2	Godfrey Phillips	3582	22.83	18624.19	1.25	1249.68	21.51
3	VST Industries	3916.95	20.07	6047.77	3.81	375.06	32.46
4	NTC Industries	125.2	31.89	149.54	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 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 465.36 IF IT BREAKS 453.3 ON THE UPPER SIDE.**
- **THE SHARE PRICE CAN GO UPTO 410.91 IF IT BREAKS 417 ON THE UPPER SIDE.**

### PIVOT TABLE :

	SUPPORT				RESISTANCE				
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
15-05-2024	423.7	419.95	423.35	426.45	429.85	432.95	436.35	439.45	429.55
14-05-2024	423.7	424.42	426.48	429.17	431.23	433.92	435.98	438.67	431.85
13-05-2024	423.7	424.13	426.82	430.08	432.77	436.03	438.72	441.98	433.35
10-05-2024	433.35	412.43	419.47	422.28	429.32	432.13	439.17	441.98	425.1
09-05-2024	433.35	410.92	417.13	429.07	435.28	447.22	453.43	465.37	441
08-05-2024	433.35	430.97	434.58	437.47	441.08	443.97	447.58	450.47	440.35

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.