

COMPANY ANALYSIS ON ITC LIMITED

Company Analysis Report in partial fulfillment of the requirements for the
award of the Degree of

BACHELOR OF COMMERCE

of

DAVANGERE UNIVERSITY



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DAVANGERE UNIVERSITY

2023-24



Davangere University

DEPARTMENT OF COMMERCE

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DECLARATION

I hereby declare that the company analysis report entitled "**ITC LIMITED**" submitted to the Department of Commerce, Davangere University, Davangere is a record of an original work done by me under the guidance of *Prof. B.M. SWAMY*, HOD of Commerce, Associated with the Davangere University and this Company Analysis Report is submitted in the partial fulfillment for the award of **Bachelor Degree in Commerce** by Davangere University.

I also declare that, this Report is the outcome of my own efforts and that it has not been submitted to any other university or institute for the award of any Degree or Diploma or Certificate.

Place: Chitradurga

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CERTIFICATE OF ORIGINALITY

Date:

This is to certify that the company analysis report titled **“ITC LIMITED”** is an original work of **Mr.MANOJ .D.R.S;** bearing University Register Number *U13SJ21C0017* and is being submitted in partial fulfillment for the award of the Bachelor Degree in Commerce of Davangere University. The report has not been submitted earlier either to this university/ Institution for the fulfillment of the requirement of a course of study.

Signature of the Guide

Date:

Signature of the HOD

Date:

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CHAPTER-1


INTRODUCTION

1.1 Introduction

ITC Limited is an Indian conglomerate 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.

Table No. 1.1
About ITC Limited

ITC Limited	
	
Formerly	Imperial Tobacco Company of India Limited (1910–1970) India Tobacco Company Limited (1970–1974) I.T.C. Limited (1974–2001) ITC Limited (2001–present)
Type	Public
Traded as	BSE: 500875

Company Analysis Report on ITC Limited

	NSE: ITC BSE SENSEX constituent NSE NIFTY 50 constituent
ISIN	INE154A01025
Industry	Conglomerate ^[1]
Predecessor	W.D. & H.O. Wills
Founded	24 August 1910; 113 years ago
Headquarters	Virginia House, Kolkata, West Bengal, India
Area served	Indian subcontinent Gulf countries
Key people	Sanjiv Puri (Chairman & MD)
Products	Consumer goods Apparel Education Hotels and Resorts Paperboards & Specialty papers Packaging Agribusiness Information technology Cigarettes
Brands	Gold Flake Wills Navy Cut Classic Aashirvaad Fiama Di Wills Savlon Classmate Dark Fantasy
Number of employees	36,500 (2021)

Divisions	ITC Hotels ITC Paperboards and Specialty Papers Division ITC Infotech Sunrise Foods
Website	www.itcportal.com 

1.2 History and Evolution

Established in 1910, ITC Limited is a diversified conglomerate with businesses spanning Fast Moving Consumer Goods comprising Foods, Personal Care, Cigarettes and Cigars, Education & Stationery Products, Incense Sticks and Safety Matches; Hotels, Paperboards and Packaging, Agri Business and Information Technology. The Company was incorporated on August 24, 1910 under the name Imperial Tobacco Company of India Limited. As the Company's ownership progressively Indianised, the name of the Company was changed to India Tobacco Company Limited in 1970 and then to I.T.C. Limited in 1974. In recognition of the ITC's multi-business portfolio encompassing a wide range of businesses, the full stops in the Company's name were removed effective September 18, 2001. The Company now stands rechristened 'ITC Limited,' where 'ITC' is today no longer an acronym or an initialised form.

A Modest Beginning

The Company's beginnings were humble. A leased office on Radha Bazar Lane, Kolkata, was the centre of the Company's existence. The Company celebrated its 16th birthday on August 24, 1926, by purchasing the plot of land situated at 37, Chowringhee, (now renamed J.L. Nehru Road) Kolkata, for the sum of Rs 310,000. This decision of the Company was historic in more ways than one. It was to mark the beginning of a long and eventful journey into India's future. The Company's headquarter building, 'Virginia House', which came up on that plot of land two years later, would go on to become one of Kolkata's most venerated landmarks.

1925: Packaging and Printing: Backward Integration

Though the first six decades of the Company's existence were primarily devoted to the growth and consolidation of the **Cigarettes and Leaf Tobacco businesses, ITC's Packaging &**

Printing Business was set up in 1925 as a strategic backward integration for ITC's Cigarettes business. It is today India's most sophisticated packaging house.

1975: Entry into the Hospitality Sector - A 'Welcom' Move

The Seventies witnessed the beginnings of a corporate transformation that would usher in momentous changes in the life of the Company. In 1975, the Company launched its **Hotels business** with the acquisition of a hotel in Chennai which was rechristened '**ITC-Welcomgroup Hotel Chola**' (now renamed **Welcomhotel by ITC Hotels, Cathedral Road, Chennai**). The objective of ITC's entry into the hotels business was rooted in the concept of creating value for the nation. ITC chose the Hotels business for its potential to earn high levels of foreign exchange, create tourism infrastructure and generate large scale direct and indirect employment. The business also launched The two new brands: **Mementos by ITC Hotels** - A new brand of luxury hotels & resorts that offers those rarest of luxuries i.e Great Memories and **Storii by ITC Hotels**- A collection of handpicked boutique properties, offering bespoke stays & immersive experiences. Since then ITC's Hotels business has grown to occupy a position of leadership, with over 115 owned and managed properties spread across India under six brands namely, **ITC Hotels, Mementos, Welcomhotel, Storii, Fortune Hotels and WelcomHeritage**.

ITC Hotels recently took its first step toward **international expansion** with an **upcoming super**

1990: Agri Business - Strengthening Farmer Linkages

Also in 1990, leveraging its agri-sourcing competency, ITC set up the **Agri Business Division** for export of agri-commodities. The Division is today one of India's largest exporters. ITC's unique and now widely acknowledged e-Choupal initiative began in 2000 with soya farmers in Madhya Pradesh. Now it extends to 10 states covering over 4 million farmers. Also, through the 'Choupal Pradarshan Khet' initiative, the agri services vertical has been focusing on improving productivity of crops while deepening the relationship with the farming community.

2002: Education & Stationery Products - Offering the Greenest products

ITC launched line of premium range of notebooks under brand **Paperkraft** in 2002. To augment its offering and to reach a wider student population, the **Classmate** range of notebooks was launched in 2003. **Classmate** over the years has grown to become **India's largest notebook**

brand and has also increased its portfolio to occupy a greater share of the school bag. Years 2007- 2009 saw the launch of Practical Books, Drawing Books, Geometry Boxes, Pens and Pencils under the '**Classmate**' brand. '**Paperkraft**' offers a diverse portfolio in the premium executive stationery and office consumables segment.

2001: Branded Packaged Foods - Delighting Millions of Households

ITC's foray into the Foods business is an outstanding example of successfully blending multiple internal competencies to create a new driver of business growth. It began in August 2001 with the introduction of '**Kitchens of India**' ready-to-eat Indian gourmet dishes. In 2002, ITC entered the confectionery and staples segments with the launch of the brands **mint-o** and **Candyman** confectionery and **Aashirvaad Atta** (wheat flour). 2003 witnessed the introduction of **Sunfeast** as the Company entered the biscuits segment. ITC entered the fast growing branded snacks category with **Bingo!** in 2007. In 2010, ITC launched **Sunfeast Yippee!** to enter the Indian instant noodles market. In September 2014, ITC launched **GumOn** Chewing Gum marking the entry into the category of gums. The Company entered the Fruit-based juices and beverages market with the launch of **B Natural** Fruit beverages in January 2015. ITC's forayed into the dairy segment with the launch of **Aashirvaad Svasti** Ghee in November 2015. Launched in April 2016, **Fabelle** chocolates are ITC's premier offering in the luxury chocolate space. ITC forayed into the branded coffee category in July 2016 with the launch of **Sunbean** Gourmet Coffee. In February 2017, ITC launched **ITC MasterChef super safe spices** - the first-of-its-kind spices launched in India, offering export quality super safe spices to the Indian homemaker. **ITC MasterChef Prawns** were launched in June 2017 as the Company entered the Frozen foods segment. ITC's first foray into fresh fruits and vegetables segment was marked with the launch of **Farmland** Potatoes in November 2017. In 2018, ITC forayed into the packaged milk segment with the launch of **Aashirvaad Svasti** pouch milk and into dairy-based beverages with the **Sunfeast Wonderz** range of milkshakes. The **ITC Master Chef Frozen Snacks** range was also introduced the same year, marking the Company's first venture into the frozen snacks segment. In July 2020, ITC acquired spices maker Sunrise Foods, looking to augment its product portfolio. In just over a decade and a half, the Foods business has grown to a significant size under numerous distinctive brands, with an enviable distribution reach, a rapidly growing market share and a solid market standing.

2002: Agarbattis & Safety Matches - Supporting the Small and Cottage Sector

In 2002, ITC's philosophy of contributing to enhancing the competitiveness of the entire value chain found yet another expression in the **Safety Matches** initiative. ITC now markets popular **safety matches** brands like **iKno**, **Mangaldeep** and **Aim**.

ITC's foray into the marketing of **Agarbattis (incense sticks)** in 2003 marked the manifestation of its partnership with the cottage sector. **Mangaldeep** is a highly established national brand and is available across a range of fragrances like Rose, Jasmine, Bouquet, Sandalwood and 'Fragrance of Temple'.

2005: Personal Care Products - Expert Solutions for Discerning Consumers

ITC entered the Personal Care Business in 2005 and the portfolio has grown under '**Essenza Di Wills**', '**Fiama**', '**Vivel**' '**Superia**' brands which have received encouraging consumer response and have been progressively extended nationally. In May 2013, the business expanded its product portfolio with the launch of **Engage** deodorants. ITC marked its foray into the health space with the acquisition of the brand Savlon and Shower to Shower in 2015. In 2017, the business acquired the brand **Charmis** to enhance its skincare portfolio. In 2018, ITC acquired the brand **Nimyle** to enter the floor cleaner space. In 2018, the business also launched the **Dermafique** brand, foraying into the premium skincare product territory. In 2020, the Personal Care Product Business launched multiple personal and home hygiene products and entered the fruit and vegetable wash category with the launch of brand **Nimwash**. In 2021, dishwash gel Nimeasy was launched.

2010: Expanding the Tobacco Portfolio

In 2010, ITC launched its handrolled cigar, **Armenteros**, in the Indian market. Armenteros cigars are available exclusively at tobacco selling outlets in select hotels, fine dining restaurants and exclusive clubs.

ITC's equity shares are listed on Bombay Stock Exchange (BSE), National Stock Exchange of India (NSE) and Calcutta Stock Exchange (CSE).^[20] The company's Global Depository Receipts (GDRs) are listed on the Luxembourg Stock Exchange. ITC is a constituent

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of two major stock market indices of India: BSE SENSEX and NIFTY 50 of NSE. In July 2023, ITC Ltd.'s board of directors approved in principle the demerger of its hotel business and the formation of a wholly owned subsidiary called ITC Hotels.

1.3 Features

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders:

TRUSTEESHIP

As professional managers, we are conscious that ITC has been given to us in "trust" by all our stakeholders. We will actualise stakeholder value and interest on a long term sustainable basis.

CUSTOMER FOCUS

We are always customer focused and will deliver what the customer needs in terms of value, quality and satisfaction.

RESPECT FOR PEOPLE

We are result oriented, setting high performance standards for ourselves as individuals and teams. We will simultaneously respect and value people and uphold humanness and human dignity. We acknowledge that every individual brings different perspectives and capabilities to the team and that a strong team is founded on a variety of perspectives. We want individuals to dream, value differences, create and experiment in pursuit of opportunities and achieve leadership through teamwork.

EXCELLENCE

We do what is right, do it well and win. We will strive for excellence in whatever we do.

INNOVATION

We will constantly pursue newer and better processes, products, services and management practices.

NATION ORIENTATION

We are aware of our responsibility to generate economic value for the Nation. In pursuit of our goals, we will make no compromise in complying with applicable laws and regulations at all levels.

1.4 Nature of Business

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**. The Company is acknowledged as one of India's most valuable business corporations with a Gross Revenue of ₹ 69,481 crores and Net Profit of ₹ 18,753.31 crores (as on 31.03.2023). ITC was ranked as India's most admired company, according to a survey conducted by Fortune India, in association with Hay Group.

ITC is the country's leading FMCG marketer, the clear market leader in the Indian Paperboard and Packaging industry, a globally acknowledged pioneer in farmer empowerment through its wide-reaching Agri Business, a pre-eminent hotel chain in India that is a trailblazer in 'Responsible Luxury'. ITC's wholly-owned subsidiary, ITC Infotech, is a specialized global digital solutions provider.

Over the last decade, ITC's new Consumer Goods Businesses have established a vibrant portfolio of **25+ world-class Indian brands** that create and retain value in India. ITC's world class FMCG brands including Aashirvaad, Sunfeast, Yippee!, Bingo!, B Natural, ITC Master Chef, Fabelle, Sunbean, Fiama, Engage, Vivel, Savlon, Classmate, Paperkraft, Mangaldeep, Aim and others have garnered encouraging consumer franchise within a short span of time. While several of these brands are market leaders in their segments, others are making appreciable progress.

1.5 Vision

Sustain ITC's position as one of India's most valuable corporations through world class performance, creating growing value for Indian economy and the Companies Stakeholders.

1.6 Mission

To enhance the wealth generating capability of the enterprise in a globalising environment, delivering superior and sustainable Stakeholder value.

1.7 Objectives

- Maintain contact and communication between tribology societies and groups worldwide
- Facilitate exchange of views, comments and opinions on tribology matters between member societies
- Ensure that international congresses are arranged at agreed intervals
- Advise and assist in the founding of new tribology societies in countries where such do not exist
- Assist through international co-operation in matters connected with tribology science, technology and education
- To undertake such other actions within the field of tribology when at least three-quarters of all member groups so desire

1.8 Competitors

1) HUL

Hindustan Unilever Limited (HUL) is the largest Fast Moving Consumer Goods Company located in India. It has a rich 80 years of legacy in this field. Almost, nine out of ten Indian households make use of the products of HUL.

The company works daily for a better future to make people feel and look good with their various brands and services. The main product includes cleaning agents, food products, personal care products, and water purifiers. Unilever annual net income for 2022 was \$8.052B. Unilever annual gross profit for 2022 was \$63.293B. Unilever has over 400 brand names in over 190 countries.

2) P&G

A popular American multinational consumer goods corporation, P&G is headquartered in Ohio, United States. It manufactures a wide range of consumer goods. The company has its business operations in five main segments, Grooming, Health Care, Fabric & Home Care, Beauty, and Baby, Feminine & Family Care. The company sells their products in about 180 countries and territories mainly through grocery stores, department stores, merchandisers, membership club stores, baby stores, online store and through many other channels. It is one of the major providers of hygiene and healthcare consumables.

3) Nestle

Nestle is a food processing industry located in Switzerland. Established in the year 1866, Nestle is the largest food company in the world based on revenue. The various products of Nestle include medical food, baby food, breakfast cereals, bottled water, tea, coffee, dairy products, confectionery, frozen food, ice cream, snacks, and pet foods. The company's net income in 2022 was CHF 9.596 billion, which is a 45% decrease from the previous year. Nestlé's profit margin in 2022 was 9.8%, which is a decrease from 19% in the previous year. Nestle annual gross profit for 2022 was \$45.096B. Nestle annual operating income for 2022 was \$12.916B.

4) Godrej Consumer Products

Indian Consumer Goods, Godrej Consumer Products Limited (GCPL) is based out in Mumbai. It is engaged in manufacturing of various products which includes hair colorants, soap, liquid detergents, and toiletries.

The company has many brands which include, Godrej Fair Glow, Cinthol, Godrej No.1, and many more. At present, the Group has about 1.1 billion consumers worldwide and across various businesses. The company is ranked the largest in household insecticide and hair care players.

It had a net profit of ₹363.24 crore in Q4FY22. GCPL's total expenses were at ₹2,680.39 crore in Q4, FY22. Its consolidated revenue from operations in FY23 increased 8.41 per cent to ₹13,198.69 crore.

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The company is also at the top in producing the hair care needs of the consumers. GCPL creates own strong brands in various business segments. It focuses on innovation and expands their product portfolio by introducing many new products. Due to their strong market position in many categories, GCPL is considered a top ITC competitor.

5) Godfrey Philips India Ltd

Godfrey Phillips India Limited is a lead company of the Modi Enterprises. It is one of the largest cigarette manufacturers in India. The company produces some of the best cigarette brands in the country which includes Red & White, FourSquare, and Cavanders. Over the years, Godfrey Phillips India has expanded its portfolio of products outside cigarettes and tobacco.

6) Danone

A popular French food product company, Danone is based out in Paris. It operates in food and beverage industry worldwide. The company has their business operations through their four segments, EDP Norma, EDP International, Waters, and Specialized Nutrition. It offers various products like Yogurt, almond and soy milk, ice creams, powdered proteins, and many more. The company also provides oral and tube feeding products which are used for the nutritional treatment of babies and children; hypoallergenic products, liquid oral nutritional supplements for babies and children.

7) Coca-Cola

The Coca-Cola Company is a main player in the beverage industry. It is a producer, supplier, and marketer of concentrated syrups and beverages. The company consists of the corporate division which is headquartered in Atlanta, Georgia and also partners with 300 companies for bottling. It is top in producing aerated beverages, ready-to-drink coffees, and juices.

1.9 Area of Operation

ITC Limited is an Indian conglomerate 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.

1.10 Awards and Achievements

2022:

- ITC Paperboards & Specialty Paper Business wins the prestigious **Pulp & Paper International (PPI) Awards** by Fastmarkets RISI
- ITC Wins First Prize At **National Water Awards, 2022**, in the 'Best Industry for CSR Activities' category at the third National Water Awards by the Ministry of Jal Shakti.

2021:

- The **SABRE Award** for Superior Achievement in **Reputation Management**, 2021 - ITC Limited Living the **Swabhiman Bharat Dream - 'Vocal for Local'**

2020:

- ITC Limited has been adjudged '**Best Governed Company**' at the 20th **ICSI National Awards for Excellence in Corporate Governance**, 2020 in the Listed Segment: Large Category
- ITC's Communications campaign on **Well Being Out of Waste (WOW)** was adjudged as one of the **best global communication campaigns at the Global SABRE Awards 2020**
- **Diamond SABRE**: Superior Achievement in Reputation Management WOW: Saving India from 6 Chandigarh Equivalent Landfills - ITC Limited with First Partners - 2020
- ITC's Paperboard and Specialty Papers Division's Bhadrachalam Unit won a **CII National Award For Excellence In Water Management**, 2020
- ITC's India Tobacco Division received a **CII National HR Excellence Award for 'Significant Achievement in HR Excellence'**, 2020

2019:

- Mr Nakul Anand, Executive Director, won '**The Corporate Hotelier of the World**' Award 2019 from HOTELS, USA

- ITC has been **globally ranked no.1 amongst peers and no.3 overall in 2019** by **~Sustainalytics'**, a global Environmental, Social and Governance (ESG) rating company, **for ESG performance in the ~Food Products Industry'**.
- **ITC Head Office, Kolkata** received the **~LEED Platinum' Certification** in Existing Building Operation & Maintenance category from the **U.S. Green Building Council**.
- **ITC Green Centre, Guntur** received **LEED PLATINUM Rating** by the US Green Building Council (USGBC) in 2019
- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of **India's Most Valuable CEOs by BW Businessworld (2019)**

2018:

- Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the **'Distinguished Alumnus Award of the Year 2018'** conferred by **IIT, Kanpur** in recognition of his achievements of exceptional merit (2018)
- **Best In-house Legal Team of the Year Award** from Legal Era Magazine at the **Indian Legal Awards 2018-19**
- **ITC Mudfort**, the first residential building in India to have received the **5 Star rating from GRIHA**. Also received the **highest Indian Green Building Council (IGBC) Platinum Rating in 2018**.
- ITC received the **'Diamond Award for Excellence in Public Relations'** (ITC Aashirvaad) and **'Gold Award in the consumer products category'** (ITC Classmate) at the **SABRE Awards South Asia, 2018**
- ITC's leading hygiene brand Savlon, became the first Indian brand to win the **Grand Prix for 'Creative Effectiveness'** at the coveted **Cannes Lions 2018**.
- ITC Hotels was awarded the **Best Luxury Hotel Chain**, ITC Kohenur - **Best New Luxury Hotel (India)**, ITC Grand Bharat - **Best Luxury Resort (India)** & ITC International Terminal Lounge, New Delhi - **Best Airport Lounge**, by **Travel+Leisure India & South Asia at the 'India's Best Awards'**, 2018

1.10 Infrastructure Facilities

An aspect central to ITC's capability to constantly craft and deliver best-in-class brands and products is creating top-notch physical infrastructure in the form of state-of-the-art manufacturing facilities. Significant investments made in creating world-class manufacturing infrastructure across India provide ITC's brands the much required competitive edge in terms of scale, quality and time-to-market whilst ensuring rigorous standards of safety and hygiene. As a manifestation of ITC's exemplary efforts towards sustainable growth, several of ITC's factories have also received the Platinum Green Factory Building Rating from the Indian Green Building Council.

ITC's investment-led business growth strategy includes over 60 ongoing infrastructure projects in the country, spanning luxury hotels, globally benchmarked factories, warehouses, R&D, office and residential complexes.

CHAPTER-2

FINANCIAL AND MARKET ANALYSIS

2.1. Introduction of Balance Sheet:

In financial accounting, a balance sheet or statement of financial position is a summary of the financial balances of a sole proprietorship, a business partnership, a corporation or other business organization, such as an LLC or LLP. Assets, liabilities and ownership equity are listed as a specific date, such as the end of its financial year. a balance sheet or often described as a “snapshot of a company’s financial condition”. Of the three basic financial statements, the balance sheet is the only statement which applies to a single point in time of a business calendar year.

A standard company balance sheet has three parts: assets, liabilities and ownership equity. The main categories of assets are usually listed first and typically in order of liquidity.

Assets are followed by the liabilities. The difference between the assets and the liabilities is known as equity or the net assets or the net worth or capital of the company and according to the accounting equation, net worth must equal assets minus, liabilities.

Another way to look at the balance sheet equation is that total assets equals liabilities plus owner’s equity. Looking at the equation in this way shows how assets were financed: either by borrowing money (liability) or by using the owner’s money (owner’s or shareholders’ equity). Balance sheets are usually presented with assets in one section and liabilities and net worth in the other section with the two sections “balancing”.

A business operating entirely in cash can measure its profits by withdrawing the entire ITC balance at the end of the period, plus any cash in hand. However, many business are not paid immediately; they build up inventories of goods and they acquire buildings and equipment. In other words: businesses have assets and so they cannot, even if they want to, immediately turn these into cash at the end of each period. Often, these businesses owe money to suppliers and to

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tax authorities, and the proprietors do not withdraw all their original capital and profits at the end of each period. In other words businesses also have liabilities.

Table No. 2.1
Balance Sheet of ITC

(Rs. in Crores)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Equity & Liability					
Shareholders fund	52844.58	59484.34	65650.73	60694.15	62821.87
Non current liability	2194.13	2302.08	2156.54	2435.47	2273.97
Current Liability	9250.15	10011.99	9559.77	10689.68	12163.71
Total	64288.86	71798.41	77367.04	73819.30	77259.55
Assets					
Fixed Assets	21829.76	23308.08	24767.27	26530.04	26677.40
Non current investment	16065.48	16743.06	13094.42	12297.27	16349.70
Current Assets	26393.62	31747.27	39505.35	34991.99	34232.45
Total	64288.86	71798.41	77367.06	73819.30	77259.55

Source: Annual Report

2.2 Profit and Loss account

Table No. 2.2
Profit and Loss Account

(Rs. in Crores)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Income					
Revenue from operation	47688.55	49862.11	51393.47	53155.12	65204.96
Other Income	1831.86	2173.79	2597.87	2632.56	1836.35
Total Income	49520.41	52035.90	53991.36	55787.68	67041.31
Expenses					
Cost of Materials	11943.75	13403.01	13810.70	13939.84	16399.94
Purchase	2883.97	4220.51	4237.90	6836.87	10671.13

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Changes in Inventories	1027.76	(203.19)	(703.13)	(645.27)	(686.00)
Excise duty	4239.61	1509.43	1989.42	388.34	4536.87
Employee Benefits Expenses	3760.90	4177.88	4295.79	4463.33	4890.55
Finance Cost	89.91	45.42	54.68	44.58	39.36
Depreciation & Amortization expenses	1236.28	1396.61	1644.91	1645.59	1732.41
Other Expenses	7349.60	8348.11	8502.63	7675.31	8734.06
Share of Profit / (Loss) of Associates and joint venture	7.58	11.70	8.22	(6.92)	17.48
Profit Before Exceptional Items and tax	16996.21	19149.82	20166.88	17938.17	20740.47
Exceptional Items	412.90	0	(132.11)	0	0
Profit Before Tax	17409.11	19149.22	20034.57	17938.17	20740.47
Tax Expenses	5916.43	6316.92	4441.79	4555.29	5237.34
Profit for the Year	11492.68	12835.90	15592.78	13382.88	15503.13

Source: Annual Report

Introduction of Ratio Analysis:

Ratio analysis isn't just comparing different numbers from the balance sheet, income statement and cash flow statement. It's comparing the number against previous years, other companies, the industry or even the economy in general. Ratios look at the relationships between individual values and relate them to how a company has performed in the past, and how it might perform in the future.

As an integral aspect of fundamental analysis, performing what many would call "ratio analysis". This involves calculating a number of different industry standard ratios and comparing them to various benchmarks. The benchmarks can be the ratio of other competitors, industry average ratios, or industry "rules-of-thumb". There's no set procedure for performing ratio analysis because it all depends on the type of company you're analyzing—certain industries

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have industry specific ratios. Regardless, this article will give you an overview of some of the standard ratios and what they may tell us about a company.

Meaning of Ratio:

In mathematics, a ratio is a relationship between two numbers of the same kind (e.g., objects, persons, students, spoonfuls, units of whatever identical dimension), expressed as “a to b” or a:b, sometimes expressed arithmetically as a dimensionless quotient of the two that explicitly indicates how many times the first number contains the second (not necessarily an integer).

In general, a ratio is a way of concisely showing the relationship between two quantities of something. The most formal way of stating a ratio is by separating the two quantities with a colon (:) although sometimes a division sign (/) is used in place of the colon. Thus, where there is a ratio of 5:2 between apples and oranges, for each five apples, there are two oranges.

A ratio is defined as “the relationship between two or more things and an indicated quotient of the two mathematical expansions”.

A. Current Ratio:

Current ratio may be defined as the ratio of current assets to current liabilities. Current ratio indicates the liquidity or the short term solvency of the organization concern. In other words it indicates the ability of a concern to meet its current liabilities. This ratio is a measure of the working capital available in a concern at any time.

$$\text{Current Ratio} = \frac{\text{current Asset (CA)}}{\text{Current Liability (CL)}}$$

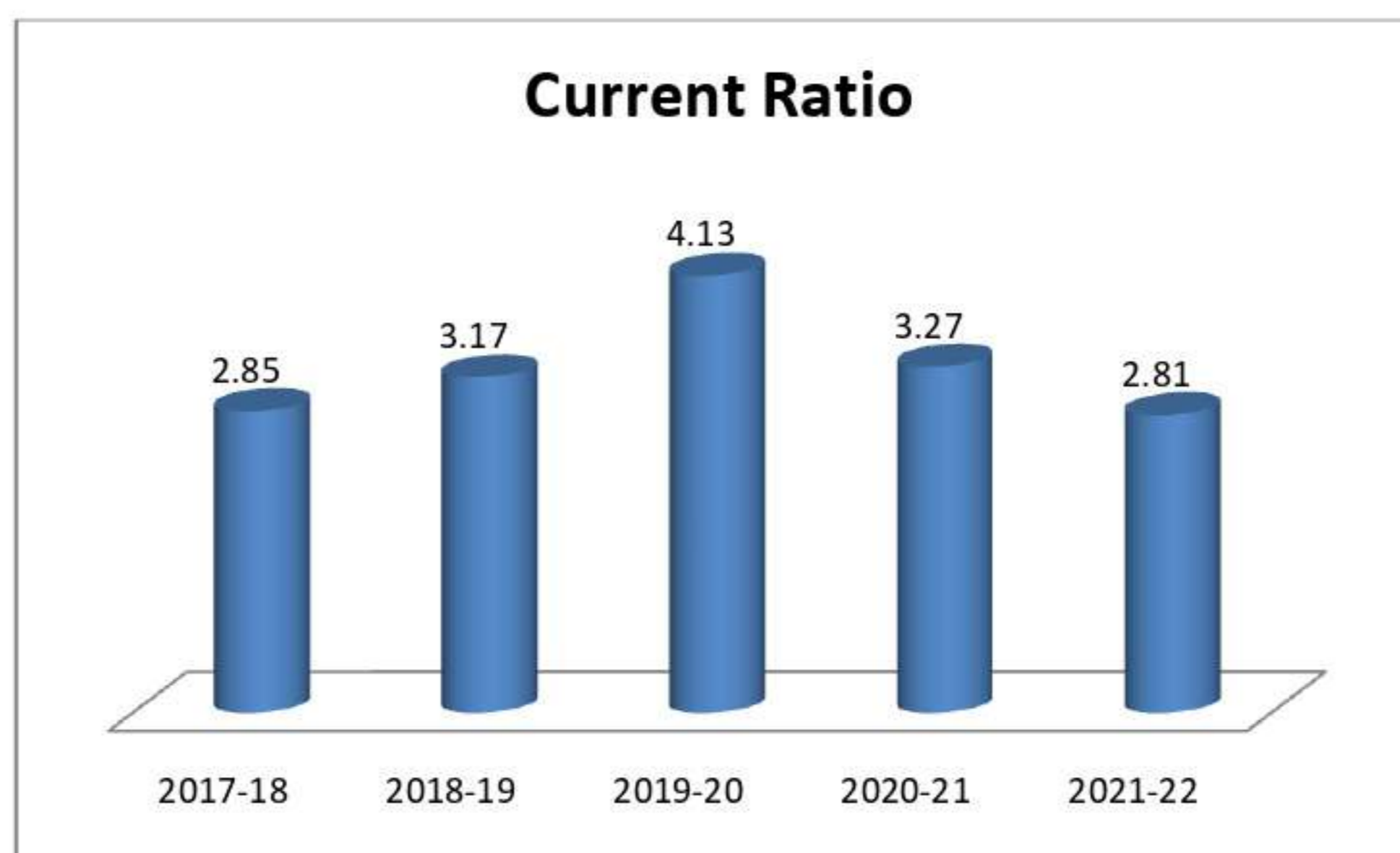
Current assets means cash are those assets convertible or expected to be converted into cash within a year and current liabilities are those liabilities to be paid off within the same time. Current assets normally includes cash in hand, cash at Bank, Bills Receivable, Sundry debtors, inventories (stock), readily marketable securities advances granted to staff, prepaid expenses, accrued income etc.. Current liabilities include items such as bills payable, sundry creditors, Bank overdraft, cash credit, short term income tax, proposed dividend, any position of long term loans falling due and payment in the current year out of current assets.

Table No.2.3
Current Ratio

(Rs. in Crores)

Year	Current Asset	Current Liabilities	Current Ratio
2017-18	26393.62	9250.16	2.85
2018-19	31747.27	10011.99	3.17
2019-20	39505.35	9559.77	4.13
2020-21	34991.99	10689.68	3.27
2021-22	34232.45	12163.71	2.81

Graph No. 2.1



Interpretation:

The ideal current ratio is 2:1. From the above table it is clear that the current ratio of 2017-18 is 2.85, 2018-19 it increases 3.17, 2019-20 it also increases to 4.13 and 2020-21 it decreases to 3.27 and 2021-22 it also decreases to 2.81.

B. Liquidity/Quick/Acid test ratio:

Current ratio does not measure accurately the liquid or short term solvency of a concern. It is because current asset include item such as stock and prepaid expenses which are not easily realizable. So liquid ratio has been evolved to determine the liquidity of an organisation. The

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quick ratio is also known as acid test ratio because it affords the real test of the liquidity of organisation. This ratio is calculated by comparing the liquid asset with liquid liability.

Quick assets includes all current assets except inventories (stock) and prepaid expenses. Inventories are excluded as they are not sufficiently liquid. Prepaid expenses are excluded as they are not realizable in cash. Bank overdraft and cash credit are excluded from the list of quick liabilities because in most of the cases they are a permanent form of arrangement and continue for more than a year. Some authors do not make any distinction between current liabilities and quick liabilities.

Quick ratio can be expressed as follows:

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Quick Liability}}$$

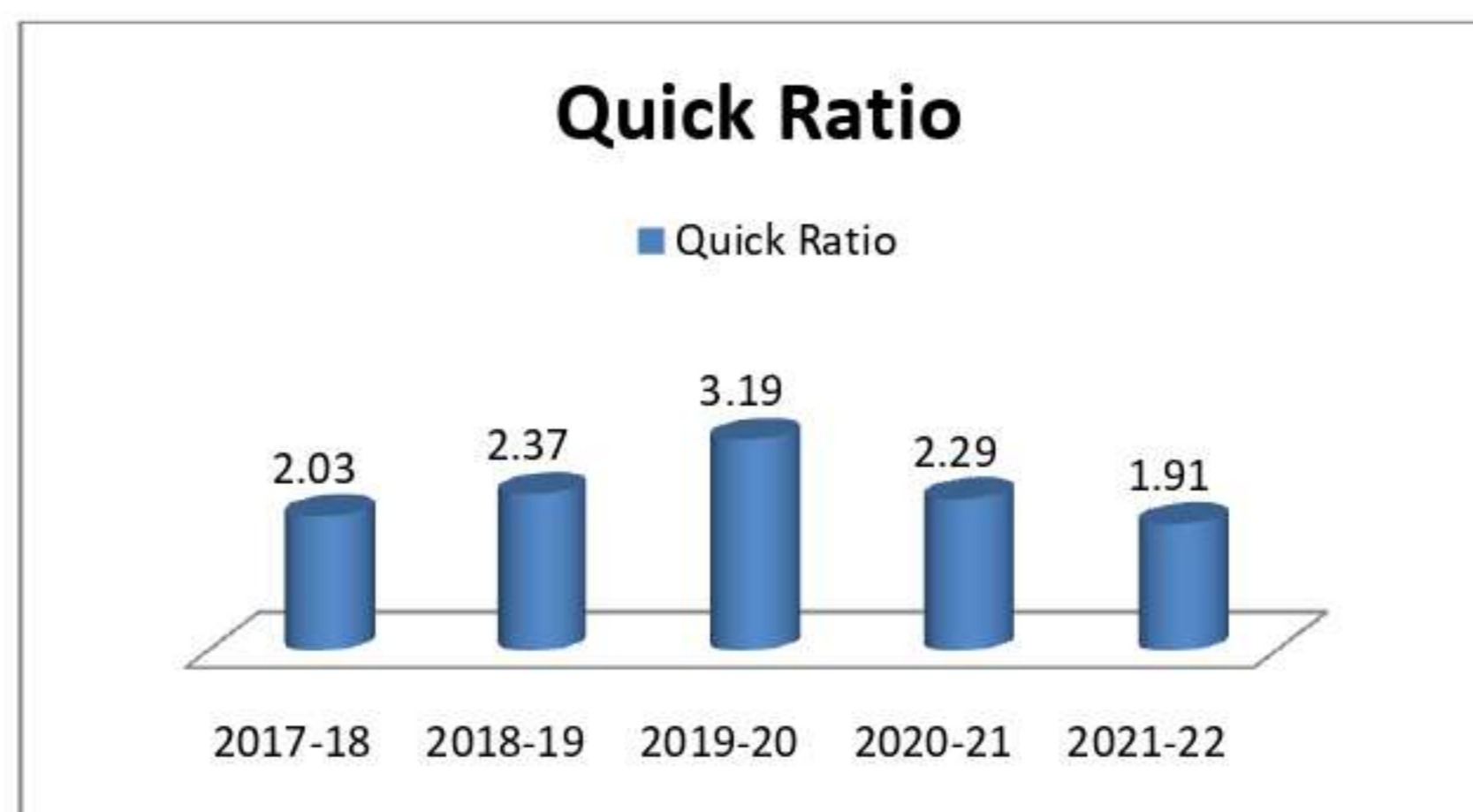
Table No.2.4

Quick Ratio

(Rs. in Crores)

Year	Quick Asset	Quick Liabilities	Quick Ratio
2017-18	18809.09	9250.15	2.03
2018-19	23803.30	10011.99	2.37
2019-20	30539.82	9559.77	3.19
2020-21	24484.77	10689.68	2.29
2021-22	23258.86	12163.71	1.91

Graph No. 2.2



Interpretation:

The ideal quick ratio is 1:1. From the above table it is clear that the company has attained the ideal quick ratio. The ratio is increasing year by year. This indicates that the short term solvency position of the company is good.

C. Debt-Equity Ratio:

This is ratio which express the relationship between debt and equity. Debt generally refers to long term liabilities. Some authors consider debt was short term as well as long term liabilities. Equity means owners fund, it consists of capital, reserves and profits. If these are fixations assets they should be deducted from owner fund.

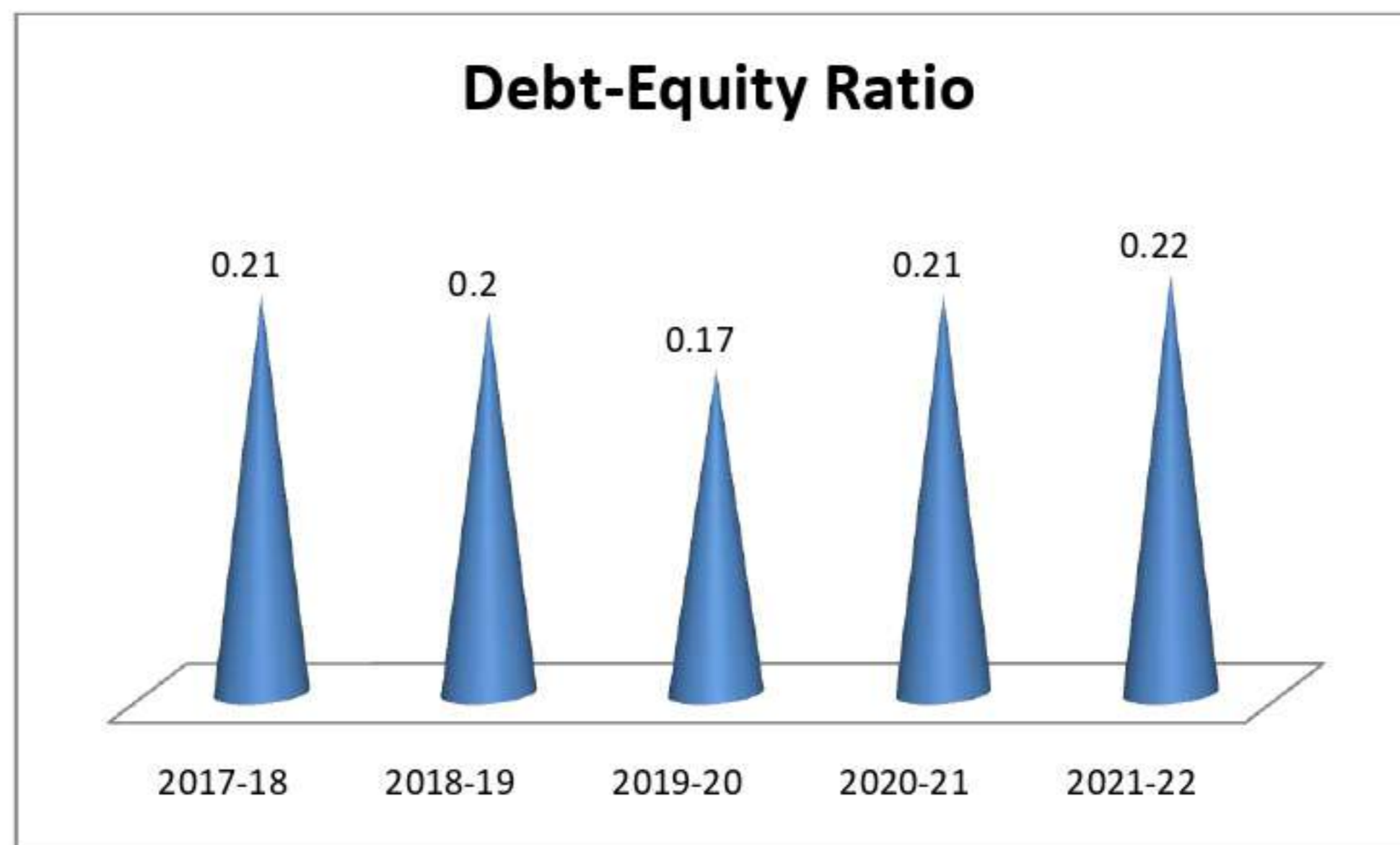
$$\text{Debt-Equity Ratio} = \frac{\text{Debt}}{\text{Equity}}$$

Table No.2.5
Calculation of Debt-Equity Ratio of ITC

(Rs. in Crores)

Year	Debt	Equity	Debt-Equity Ratio
2017-18	11444.28	52844.58	0.21
2018-19	12314.07	59484.34	0.20
2019-20	11716.31	65650.73	0.17
2020-21	13125.15	60694.15	0.21
2021-22	14437.68	62821.87	0.22

Graph No. 2.3



Interpretation:

The Standard debt equity ratio is 1:1. From the above table it is clear that the company has not attained the ideal debt equity ratio. It shows that the company tends to use more of the owners fund than the borrowers fund.

D. Proprietor Ratio or Networth Ratio:

It is the ratio which expresses the relationship between network or equity and total assets. Net worth or equity means the excess of total assets over total liabilities. In other words it means the where fund or proprietors fund.

Total assets refer to all realizable assets. They also include intangible assets like patent rights. Copy rights and trade marks if they can be realize. However they do not include good.

This ratio indicates the proportion between shareholders fund and borrowed fund. It also indicated the relative risk of the owners and creditors of ITC.

$$\text{Proprietary Ratio} = \frac{\text{Shareholder's Fund}}{\text{Total Assets}}$$

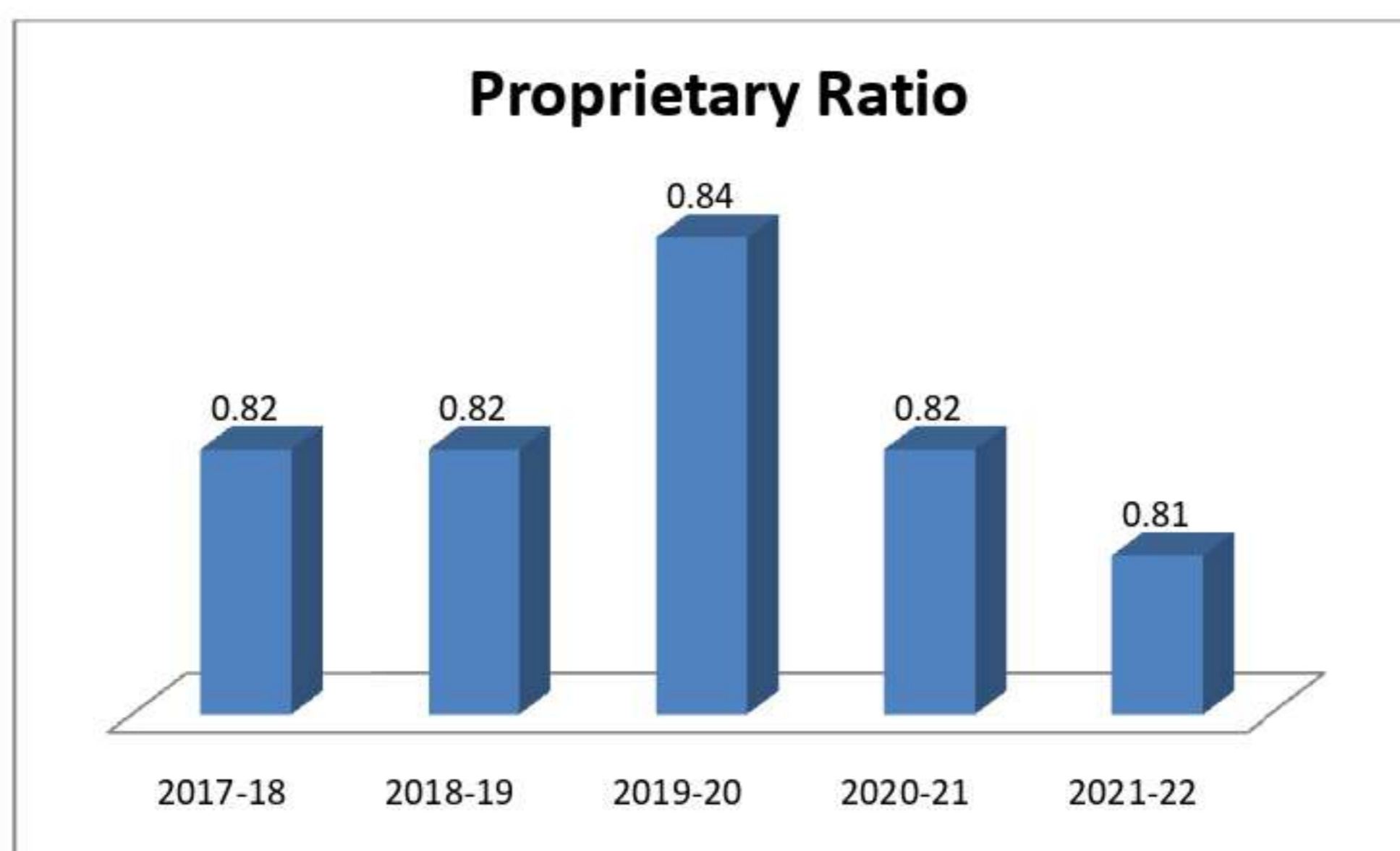
Table No.2.6
Calculation of Proprietary Ratio of ITC

(Rs. in Crores)

Year	Proprietary Ratio	Total Assets	Proprietary Ratio
2017-18	52844.58	64288.86	0.82
2018-19	59484.34	71798.41	0.82
2019-20	65650.73	77367.04	0.84
2020-21	60694.15	73819.30	0.82
2021-22	62821.87	77259.55	0.81

Source: Annual Report

Graph No. 2.4



Interpretation:

The ideal proprietary ratio is 0.5:1. From the above table it is clear that the company has attained the ideal proprietary ratio. The company maintains a constant proprietary ratio over the last 5 years.

E. Return on Capital Employed / Over All Profitability Ratio:

It is the ratio between return on capital employed and capital employed means operating profit or net profit before deducting interest on long term loans, deposits, debentures and taxes.

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Capital employed refers to the total long term funds employed in the business. Return on capital employed indicates the earning power of capital employed. It is the best method for measuring the overall efficiency or performance of a business.

$$\text{Return on Capital Employed Ratio} = \frac{\text{EBIT}}{\text{Capital Employed}}$$

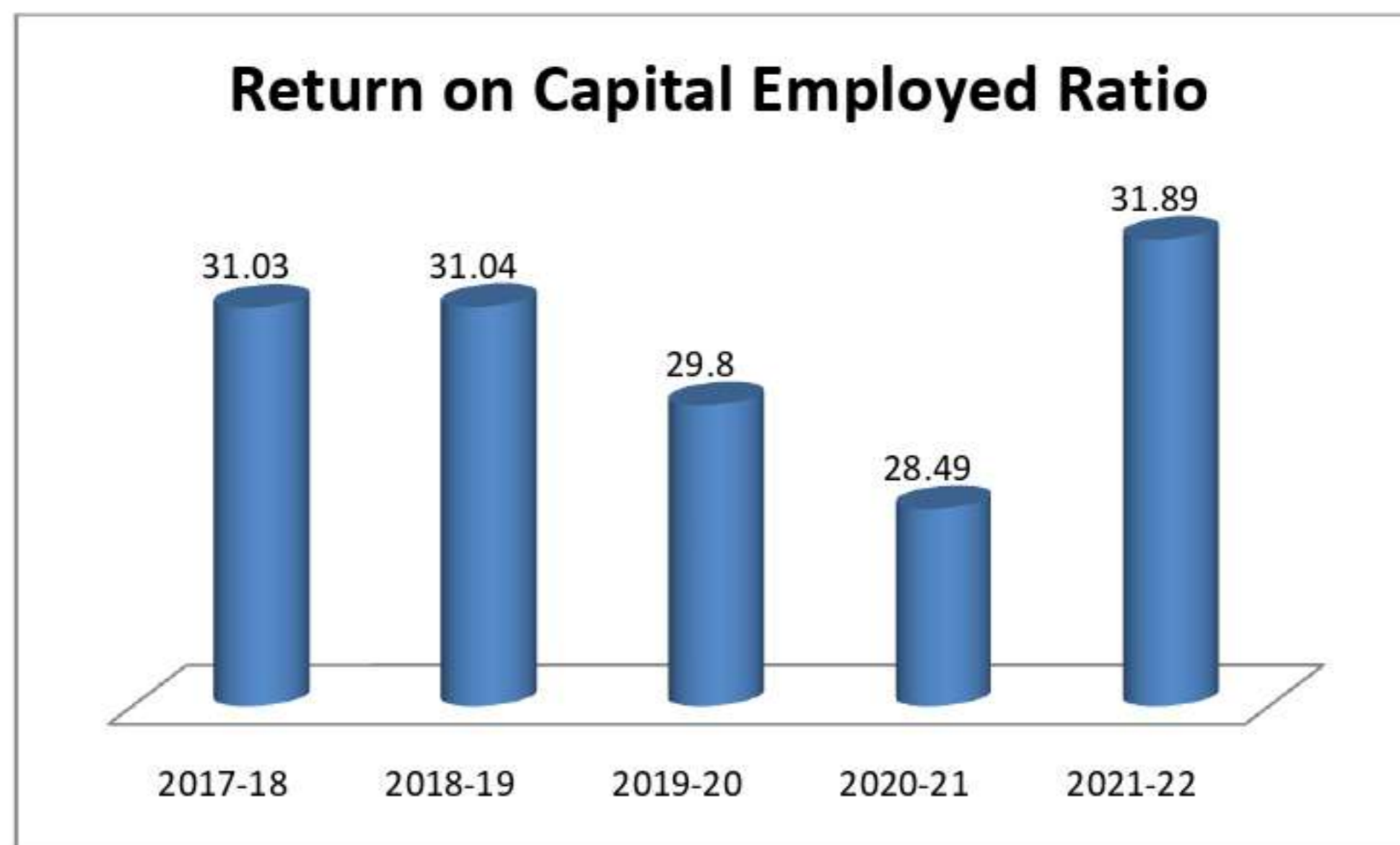
Table No.2.7

Calculation of Return on Capital Employed Ratio of ITC

(Rs. in Crores)

Year	EBIT	Capital Employed	Return on Capital Employed Ratio
2017-18	17409.11	56104.12	31.03
2018-19	19149.82	61694.00	31.04
2019-20	20034.57	67230.10	29.80
2020-21	17938.17	62963.03	28.49
2021-22	20740.47	65037.53	31.89

Graph No. 2.5



Interpretation:

The ideal ROCE is 10%. The above data shows that the ROCE is more than the ideal ratio and it is increasing year by year. This indicates that the return on capital employed shows a positive trend.

F. Net Profit Ratio

It is calculated by dividing the net profit by the net sales. This ratio is the overall measure of firms profitability. High ratio indicates the profit concern is good & low ratio indicates that profitability of the concern is poor.

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

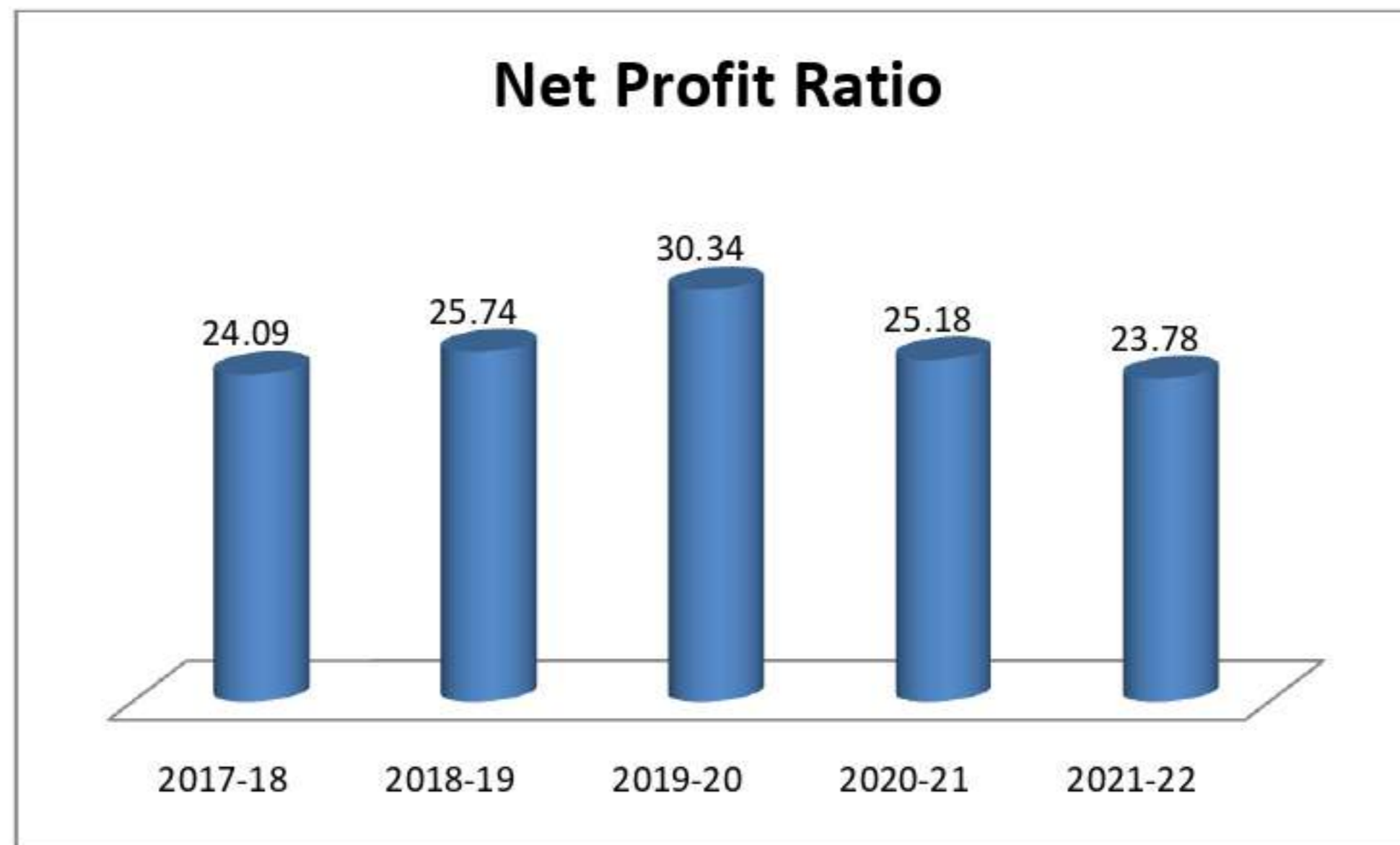
Table No.2.8

Calculation of Net Profit Ratio of ITC

(Rs. in Crores)

Year	Net Profit	Net Sales	x	Net Profit Ratio
2017-18	11492.68	47688.55	X100	24.09
2018-19	12835.90	49862.11	X100	25.74
2019-20	15592.78	51393.47	X100	30.34
2020-21	13382.88	53155.12	X100	25.18
2021-22	15503.13	65204.96	X100	23.78

Graph No. 2.6



Interpretation:

The ideal net profit ratio is 5% to 10%. From the above table it is clear that company has attained the ideal net profit ratio and the ratio is increasing year by year.

G. Total Assets Turnover Ratio:

This ratio expresses the relationship between total assets and turnover or sales. Total assets mean all current and fixed assets. This ratio indicates the efficiency or inefficiency in the uses of total resources.

$$\text{Total Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Total Asset}}$$

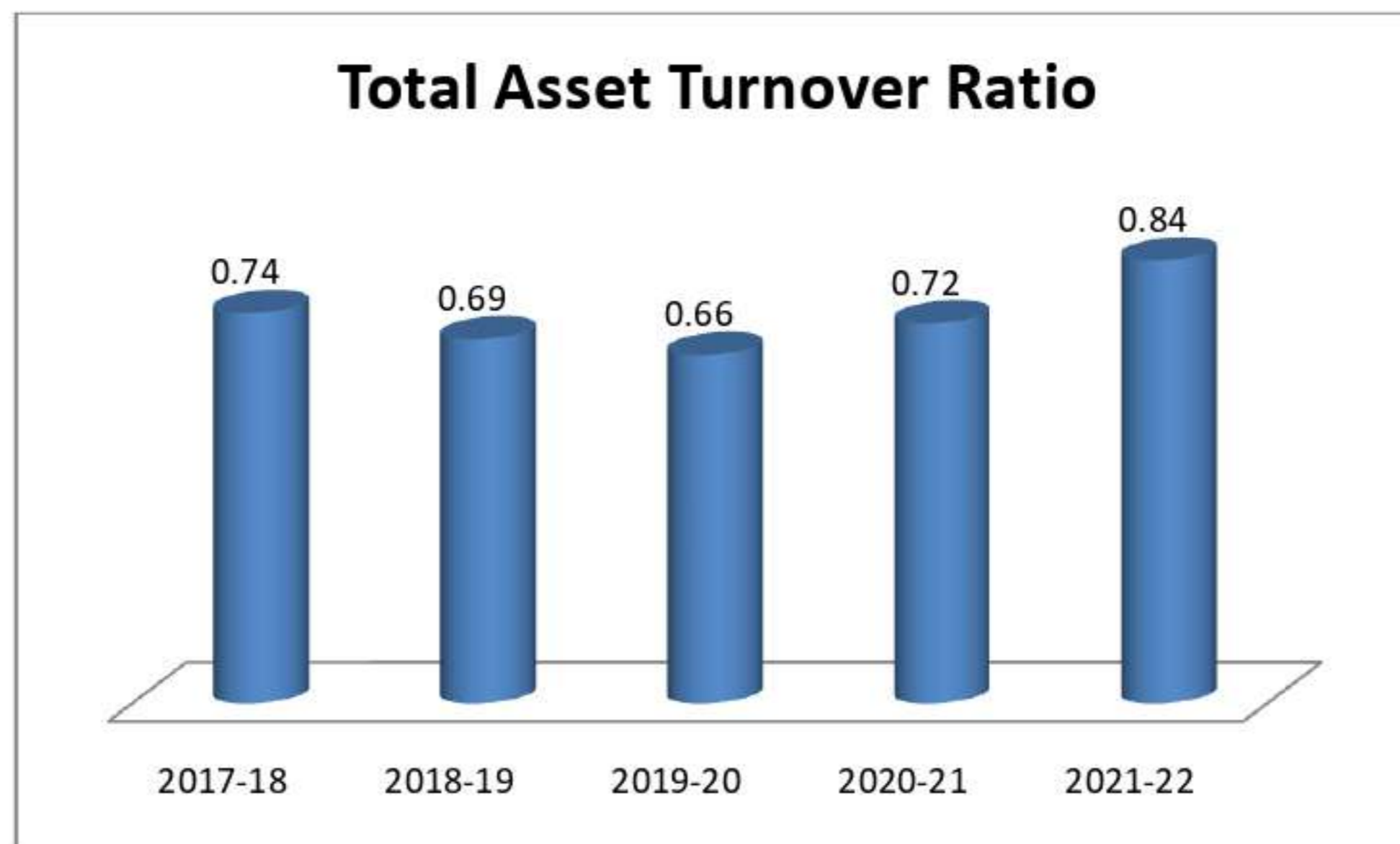
Table No.2.9

Calculation of Total Asset Turnover Ratio of ITC

(Rs. in Crores)

Year	Net Sales	Total Asset	Total Asset Turnover Ratio
2017-18	47688.55	64288.86	0.74
2018-19	49862.11	71798.41	0.69
2019-20	51393.47	77367.04	0.66
2020-21	53155.12	73819.30	0.72
2021-22	65204.96	77259.55	0.84

Graph No. 2.7



Interpretation:

The above table shows that the Total Asset Turnover Ratio is Fluctuating. The highest turnover ratio is in the year 2021-22 and the lowest turnover ratio in the year 2019-20.

CHAPTER-3

MANAGEMENT AND LEADERSHIP

3.1 Leadership Team of ITC

Sanjiv Puri , Chairman & Managing Director



Sanjiv Puri (61) is the Chairman & Managing Director of ITC Limited. Puri was appointed as a Wholetime Director on the Board of ITC with effect from December 6, 2015, Chief Executive Officer in February 2017 and re-designated as the Managing Director in May 2018. He was appointed as the Chairman effective May 13, 2019. He is an alumnus of the Indian Institute of Technology, Kanpur, and the Wharton School of Business, USA.

Puri joined ITC in January 1986. During his career of over three decades at ITC and its subsidiaries, he has held several business leadership positions and also handled a wide range of responsibilities in manufacturing, operations and information & digital technology. Puri served as the Chief Operating Officer of ITC between July 2016 and January 2017, and prior to that as President - FMCG Businesses since December 2014. Earlier, he was the Divisional Chief Executive of the Tobacco Division since December 2009, with additional responsibility for the Company's Trade Marketing & Distribution Vertical from August 2012. He led ITC Infotech India Limited ('I3L'), a wholly owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. Presently, Puri is the Chairman of I3L and its wholly owned subsidiaries in the UK and the USA. Puri served between October 2001 and April 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal, and is presently its Chairman.

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Presently, Puri is the President-Designate of CII. He is the Chairman of the Board of Governors of the Indian Institute of Technology, Gandhinagar, Advisory Council of the CII-ITC Centre of Excellence for Sustainable Development, CII Associations Council as well as the CII Membership Council, and a Member of the CII Economic Affairs Council. Puri is also on the Governing Board and the Executive Board of the Indian School of Business, Hyderabad. He is a Director on the Board of US-India Strategic Partnership Forum, Co-Chair of the 'Business Commission to Tackle Inequality' set up by the World Business Council for Sustainable Development, Member of the BRICS Business Council, and also a Member of the Governing Body of the National Council of Applied Economic Research.

Puri was conferred with the 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur. He was bestowed with an Honorary Doctorate by the XIM University, Bhubaneswar, and also honoured with the 'IMPACT Person of the Year, 2020' Award by exchange4media.

Nakul Anand, Executive Director



Nakul Anand (67) was appointed as a Wholetime Director on the Board of ITC effective January 3, 2011. He oversees the Hospitality and Travel & Tourism Businesses of ITC. An Economics Honours Graduate from Delhi University with an AMP Degree from the Bond University, Australia, Anand joined erstwhile ITC Hotels Limited as a Management Trainee in 1978. He has also served as the Managing Director of that company from 2003 to 2005.

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In a career that spans more than four decades, Anand has been acknowledged for his vision, commitment and for his role as a thought leader to the tourism and hospitality industry. Building on ITC's ethos as an exemplar in sustainability, he has passionately advocated the imperative for a sustainable business model of hoteliering. Leveraging the significant learnings of sustainable excellence within ITC, he has led the team at ITC Hotels to pioneer the concept of 'Responsible Luxury' in the hospitality industry. This commitment has won global recognition for ITC Hotels as the largest chain of hotels in the world having the maximum number of LEED® Platinum certified properties.

Anand has been a past President of the Hotel Association of India and past Chairman of the CII National Tourism Committee. He was also a Member of the India-Sri Lanka CEOs Forum, and Council Member & Executive Committee Member of the National Culture Fund, Ministry of Culture - Government of India. He is presently a Member of the National Tourism Advisory Council constituted by the Ministry of Tourism - Government of India, Chairman of the Federation of Associations in Indian Tourism & Hospitality, and a Member of the Executive Committee of the Hotel Association of India. He is also a Member of the Senior Advisory Council of the Sustainability Hospitality Alliance.

Anand was recognised as the 'Corporate Hotelier of the World 2019' by Hotels Magazine USA. He was also conferred with Lifetime Achievement Awards at the Hotel Investment Conference - South Asia 2022 and by the Iconic Forum 2023, and the 'Outstanding Exemplar in the Promotion of Travel, Tourism & Hospitality Award' by FOODFOOD Awards 2022. In April 2023, he has been honoured with the prestigious 'Hall of Fame Award' at the Global Hospitality Awards 2023 organised by the International Hospitality Council, London, in collaboration with the International Institute of Hotel Management.

Anand is presently on the Boards of International Travel House Limited, Gujarat Hotels Limited and Landbase India Limited, amongst others.

Sumant Bhargavan, Executive Director



Sumant Bhargavan (59) was appointed as a Wholetime Director on the Board of ITC effective November 16, 2018. He oversees the Paperboards, Paper and Packaging as well as the Personal Care and Education & Stationery Products Businesses of the Company, and also the Trade Marketing & Distribution ('TM&D') Vertical. Sumant, an alumnus of the National Institute of Technology, Durgapur, joined ITC in January 1986, and has handled a wide range of responsibilities across several businesses.

Prior to his appointment as a Director on the Board of ITC, he was President - FMCG Businesses since April 2016. Earlier, he was the Divisional Chief Executive of the Tobacco Division. He also held additional responsibility of the TM&D Vertical as its Chief Executive for a period of one year from October 2016. He spent his first 19 years with ITC in Manufacturing operations of the Tobacco Division and has worked in four production units as well as at the Head Office. In October 2004, he moved to the Foods Business and set up the Snack Food category under the brand name 'Bingo!'. He has led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from September 2009 to October 2014, and has been on the Boards of ITC Infotech's wholly owned subsidiaries in the UK and the USA.

Sumant has also been on the Boards of Surya Nepal Private Limited and The Tobacco Institute of India. Presently, he is the Chairman of ITC Fibre Innovations Limited, and also serves as a Member of the CII Eastern Region Council and of the General Committee of The Tollygunge Club Limited.

Supratim Dutta, Executive Director & Chief Financial Officer



Supratim Dutta (57) was appointed as a Wholetime Director on the Board of ITC effective July 22, 2022. He is, inter alia, responsible for Finance, Accounting, Internal Audit & IT Functions and also for the Investment Subsidiaries of the Company. He continues to be the Chief Financial Officer ('CFO') of the Company.

A qualified Chartered Accountant and Cost Accountant, Dutta joined ITC in November 1990. In a career spanning over three decades at ITC, he has held various senior roles in the finance function, both at the business and corporate level. Before becoming the CFO, he held the position of the Corporate Financial Controller of the Company responsible for Accounts, Taxation and Finance operations, and prior to that, he was Executive Vice President - Corporate Finance in charge of the Corporate Treasury, Strategic Planning and Corporate Planning Functions of the Company. He has handled various aspects of finance including Planning, Treasury, M&A, Accounting, Taxation, IT, Investor Relations and business strategy. He is a Member of the CII National Committee on Financial Reporting and of the World Business Council for Sustainable Development CFO Network.

Dutta is presently on the Boards of ITC Infotech India Limited, Surya Nepal Private Limited, Russell Credit Limited and WelcomHotels Lanka (Private) Limited, amongst others.

Hemant Malik, Executive Director



Hemant Malik (57) was appointed as a Wholetime Director on the Board of ITC effective August 12, 2023. He is in charge of the Foods Business Division of the Company. He completed his B.A. from Delhi University and M.B.A. from the Indian Institute of Management, Calcutta. He joined ITC in 1989 and has more than 33 years of experience.

Prior to becoming the Divisional Chief Executive of the Foods Business Division in October 2016, Malik headed the Trade Marketing & Distribution ('TM&D') Vertical. He has worked across multiple businesses including Tobacco, Lifestyle Retailing and Packaged Foods. He headed the all India Tobacco Sales function in 2001, where he contributed meaningfully to the development of the FMCG Sales Network. He assumed charge as Head of Marketing of the Foods Business in 2002. He became the Chief Operating Officer ('COO') of TM&D in 2008, where he was mandated to set up the new FMCG distribution highway. Taking over as the COO of Cigarette Brands and Supply Chain, India Tobacco Division ('ITD'), in 2012, he was elevated as the Divisional Chief Executive of ITD in 2015.

Malik is the Chairman of the Food Processing Committee of FICCI and was a Member of the CII FMCG Committee. He does not hold directorship of any other company.

Sandeep Kaul, ITD, MAB & Start-up Cell



Sandeep Kaul oversees ITD, the Matches and Agarbatti Business, and ITC's Start-up Cell, effective May 1, 2022. A Mechanical Engineer from BIT, Ranchi and MBA from IIM Ahmedabad, he joined ITC in the Marketing function of the Tobacco Division in 1990. Between 1990 and 1999, Kaul handled a variety of assignments in both Sales as well as Brand Management. He has been Branch Manager at ITC's Delhi and Bengaluru branches. Between 1999 and 2001, he headed the Market Research group.

Kaul became associated with ITC's new FMCG initiatives in 2001, focusing on the development of the Personal Care Business from inception overseeing the creation of the Brand portfolio of Fiama, Vivel, Engage, acquisition of Savlon and setting up greenfield manufacturing sites at Haridwar and Manpura. He took over as its Chief Executive in 2007. Thereafter, he took over as the Divisional Chief Executive of India Tobacco Division in 2016.

Sandeep has been invited to serve on the Jury at the International Festival of Creativity at Cannes in 2013 and has also served on the Executive Council of The Indian Society of Advertisers. He is a director on the Board of the Tobacco Institute of India.

Anil Rajput, President, ITC Corporate Affairs



Anil Rajput is President, ITC Corporate Affairs since November 2022. He has been heading the function as Senior Vice President since 2007. He joined this function in 2003 after holding many different positions in the organization ever since he joined the Company in 1976. He holds an MBA degree from FMS, Delhi.

He was part of the Hotels Division during its initial years. In 1983, he was seconded to International Travel House Limited, an associate company, as part of the start-up team. In 1989, he moved back to the Hotels Division where he was engaged in finance, projects and development. He was associated with various prestigious ITC hotel projects, some of which include, Rajputana, Kakatiya, Maratha, Grand Central, and Sonar.

As part of his current role in public advocacy for the Company, he represents ITC in all major Chambers of the country like CII, FICCI, ASSOCHAM, PHD, and International Chamber of Commerce. He is on the Managing Committee of FICCI, ASSOCHAM, as well as PHD, and also chairs Sectoral Committees in FICCI and ASSOCHAM. He holds the Membership of Academic / Professional organisations such as FMS and Skal International. He is a Non-Official Member of the Managing Body of the Indian Red Cross Society (Delhi Branch) and the Executive Council of St. John's Ambulance (India) Delhi Centre. He is also a Non-Executive Director of International Travel House Limited.

S Sivakumar, Agri & IT Businesses



S Sivakumar oversees Agri and IT Businesses of the Company. He also holds responsibility for ITC's Social Investments Programme. Additionally, he is the Chairman of Technico Agri Sciences Limited and Vice Chairman of ITC Infotech India Limited and its subsidiaries in the UK and USA.

Topper of the Class of 1983 from the Institute of Rural Management (IRMA), Sivakumar worked with a farmers' cooperative for six years before joining ITC in 1989. He was the Divisional Chief Executive of the Agri Business Division from 1996 till 2017, during which the e-Choupal initiative was developed and executed under his leadership.

Sivakumar serves on the Advisory Council to the Ministry of Rural Development on National Rural Livelihoods Mission, the Commodity Derivatives Advisory Committee of SEBI and on the Management Committee of National Agricultural Higher Education Project of the Ministry of Agriculture & Farmers Welfare.

Earlier, Sivakumar has been a member on the Boards of NABARD and IRMA. He was the Chairman of the National Agricultural Council of the CII, Vice Chairman of the WEF's Global Agenda Council on Social Innovation and UN Global Compact's Core Advisory Group to develop Sustainable Agriculture Business Principles.

R K Singhi, Executive Vice President and Company Secretary



Rajendra Kumar Singhi is the Executive Vice President & Company Secretary of ITC Limited effective February 4, 2018. Singhi is a Fellow Member of the Institute of Company Secretaries of India (ICSI) and is a Law Graduate.

He has over 38 years of experience in corporate laws and governance related matters. Prior to appointment as Company Secretary, Singhi was the Senior Deputy Secretary of ITC Limited. He has been the Chairman of the Corporate Governance Committee of The Bengal Chamber of Commerce and Industry, and Co-Chairman of the Governance Committee of the CII Eastern Region.

Singhi is presently on the Boards of some of the subsidiary companies of ITC Limited. In addition, he is a Member of the Secretarial Standards Board of the ICSI, and Member of the CII National Committee on Regulatory Affairs as well as the Legal Sub-Committee of Calcutta Club Limited.

During the year 2020-21, Singhi was awarded the 'Governance Professional of the year Award' by the ICSI for his contribution towards adoption of effective governance processes in the Company.

3.2 Corporate Governance and Decision Making Process

The Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). ITC Limited has been one of the frontrunners in India to have put in place a formalised system of Corporate Governance. Its governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

The Company's Governance Philosophy

ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the "triple bottom line", namely conservation and development of the nation's economic, social and environmental capital.

ITC's Corporate Governance structure, systems and processes are based on two core principles: (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and (ii) This freedom of management should be exercised within a framework of effective accountability.

ITC believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance should create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control. ITC believes that the practice

of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

The Governance Structure

The practice of Corporate Governance in ITC takes place at three interlinked levels: The three-tier governance structure ensures that: (a) Strategic supervision (on behalf of the Shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management; (b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and (c) Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance. The core roles of the key entities flow from this structure. These roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers. The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

Roles Of Various Entities

Board of Directors ('Board'): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC and its wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, annually reviews its role and evaluates its performance and that of the Board Committees & the Directors.

Board Committees: The roles of the Board Committees are determined by the Board from time to time, details of which are provided below under the heading 'Committees of the Board'.

Corporate Management Committee ('CMC'): The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC also assesses the performance of the businesses and allocates resources, and operates under the strategic supervision and control of the Board.

Divisional Management Committee ('DMC'): The primary role of the DMC is executive management of the business to realise tactical and strategic objectives in accordance with the Board approved Business Plan. The Executive Committee for Business Vertical within the Division is responsible to deliver comprehensive business results under the overall direction and supervision of the Divisional Chief Executive supported by the DMC.

Chairman: The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC, and also presides over General Meetings of Shareholders. His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and that all Directors and CMC Members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for balance of membership of the Board, subject to Board and Shareholder approvals.

Non-Executive Director: Non-Executive Directors, including Independent Directors, play a critical role in imparting balance to the Board processes by bringing independent judgement on issues of strategy, performance, resources, standards of Company conduct etc.

Executive Director: The Executive Director assists the Board in realising its role of strategic supervision of the Company in pursuit of its purpose and goals. As a member of the CMC, the Executive Director contributes to the strategic management of the Company's businesses within Board approved direction / framework. An Executive Director accountable to the Board for a business, assumes overall responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, as Director accountable to the Board for

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a corporate function, the overall strategic responsibility for its performance forms part of the Executive Director's role. In the context of the multi-business character of the Company, an Executive Director is in the nature of a Managing Director for those businesses and functions reporting to him.

CMC Member: The CMC Member contributes to the strategic management of the Company's businesses within Board approved direction / framework. A CMC Member accountable for a business, assumes responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, where accountable for a corporate function, the overall strategic responsibility for its performance forms part of the CMC Member's role.

Divisional Chief Executive: The Divisional Chief Executive for a business has the executive responsibility for its day-to-day operations and provides leadership to the DMC in its task of executive management of the business and the Verticals within the Division. The Chief Operating Officer of a Business Vertical is responsible for providing leadership to the Vertical and realising the tactical & strategic objectives of the respective business area.

Board of Directors

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. Independent Directors represent at least 50% of the total strength of the Board. The Governance Policy of the Company, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business / finance / law / public administration and enterprises. The present composition of the Board represents an optimal mix of professionalism, knowledge and experience. The Policy on Board Diversity requires the Board to have balance of skills, competencies, experience and diversity of perspectives appropriate to the Company. **The Directors of the Company possess the skills, expertise and competencies, as identified by the Board, and provided in the Annexure forming part of this Report.**

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In terms of the applicable regulatory requirements read with the Articles of Association of the Company, the strength of the Board shall not be fewer than six nor more than eighteen. The present strength of the Board is sixteen comprising the Chairman & Managing Director, three Executive Directors, eight Non-Executive Independent Directors, of which two are Women Directors, and four other Non-Executive Directors.

Meetings and Attendance

The Company's Governance Policy requires the Board to meet at least five times a year. The tentative annual calendar of meetings is broadly determined at the beginning of each year. The intervening period between two Board Meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations.

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven to fourteen days prior to the Board Meeting.

Information placed before the Board

In terms of the Company's Governance Policy, all statutory and other significant & material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of Shareholders. The following in particular are also tabled for the Board's approval / periodic review or information: Annual operating plans & budgets and periodic review of the Company's businesses. Quarterly performance including business-wise financials.

External Audit Management Reports (through the Audit Committee). Status of safety and legal compliance. Status and effectiveness of risk management plans. Succession to senior management (through the Nomination & Compensation Committee). Statutory compliance reports from business units / corporate functions. Show cause / demand / prosecution /

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adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.

Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image. Product liability claims of a substantial nature, if any. Default, if any, in payment of dues to any major creditor. Write-offs / disposals of fixed assets, inventories, receivables, advances etc. Significant development in Human Resources / Industrial Relations. Non-compliance of any regulatory or listing requirements and in relation to shareholders' services.

Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board, the Board Committees, the CMC and the DMCs.

Committees Of The Board

Currently, there are five Board Committees the Audit Committee, the Nomination & Compensation Committee, the Security holders Relationship Committee, the CSR and Sustainability Committee and the Independent Directors Committee. The terms of reference of the Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law. Meetings of Board Committees are normally convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee Meetings, are placed before the Board with clearance of the Committee Chairman.

All the recommendations made by Board Committees during the year were accepted by the Board. Minutes of Board Committee Meetings are placed before the Board. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. Audit Committee

The Audit Committee provides reassurance to the Board on the existence of an effective internal control environment that ensures: efficiency and effectiveness of operations, both domestic and overseas. safeguarding of assets and adequacy of provisions for all liabilities. reliability of financial and other management information and adequacy of disclosures. compliance with all relevant statutes. The role of the Committee includes the following:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) To recommend the appointment, remuneration and removal of Statutory and Cost Auditors;
- (c) To recommend the appointment of the Chief Financial Officer of the Company;
- (d) To approve transactions with related parties, including modifications thereto;
- (e) To evaluate the Company's internal financial controls and risk management systems;
- (f) To review with the management the following:
 - (i) Annual financial statements and Auditor's Report thereon before submission to the Board for approval;
 - (ii) Quarterly financial statements before submission to the Board for approval;
- (g) To review the following:
 - (i) Management discussion and analysis of financial condition & results of operations, and matters required to be included in the Directors' Responsibility Statement;
 - (ii) Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, and Statutory & Internal Auditors;
 - (iii) Adequacy and effectiveness of internal control systems laid down in the Company for compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iv) Internal Audit Reports and discussion with Internal Auditors on any significant findings and follow-up thereon;
 - (v) Statutory Auditors' independence and performance, and effectiveness of the audit process;
 - (vi) System for storage, retrieval, security etc. of books of accounts maintained in the electronic form;

- (vii) Functioning of Whistleblower mechanism in the Company;
- (viii) Financial statements, including investments, of subsidiary companies;
- (ix) Utilisation of loans and / or advances and investments by the Company to / in the subsidiary companies.

Composition

The Audit Committee presently comprises four Independent Directors. The Chairman of the Committee is also an Independent Director. The Executive Director & Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to the meetings of the Audit Committee. The Head of Internal Audit is the Coordinator and the Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditors are invited to meetings of the Audit Committee whenever matters relating to cost audit are considered. All members of the Committee are financially literate; three members, including the Chairman of the Committee, have accounting and financial management expertise. The names of the members of the Audit Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

II. Nomination & Compensation Committee

The Nomination and Remuneration Committee of the Board, under the nomenclature 'Nomination & Compensation Committee', inter alia, identifies persons qualified to become Directors, and recommends to the Board the appointment, remuneration and removal of the Directors and senior management. The Committee's role also includes formulation of criteria for evaluation of performance of the Directors & the Board as a whole, and administration of the Employee Stock Option Schemes of the Company.

Composition

The Nomination & Compensation Committee presently comprises three Independent Directors and the Chairman of the Company. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee. The names of the members of the Nomination & Compensation Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Remuneration Policy

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with the Company's "triple bottom line" approach to business, to attract and retain high quality talent and is anchored on ITC's values, all of which are integral in pursuit of the Company's vision and mission of enhancing the wealth generating capability of the enterprise in a globalised environment, while delivering superior and sustainable stakeholder value. The Remuneration Policy of the Company is market-led and factors in the competitive context of each business. The Company has adopted a comprehensive 'Total Rewards' approach to remuneration that, inter alia, promotes a superior quality of personal and work life by combining both cash and non-cash components / benefits.

Remuneration of Directors

Remuneration of the Chairman and the other Executive Directors is determined by the Board on the recommendation of the Nomination & Compensation Committee, subject to the approval of the Shareholders. The Chairman and the other Executive Directors are entitled to performance bonus for each financial year up to a maximum of 300% and 200% of their basic / consolidated salary, respectively, as may be determined by the Board on the recommendation of the Nomination & Compensation Committee; such remuneration is linked to the performance of the Company inasmuch as the performance bonus is based on various qualitative and quantitative performance criteria. Apart from fixed elements of remuneration and benefits / perquisites, the Chairman and the other Executive Directors are also eligible for Long Term Incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee and / or the Board; such incentives are linked to individual performance and the overall performance of the Company, including Sustainability goals. The maximum annual value of such Long Term Incentives is 0.10% and 0.05% for the Chairman and each of the other Executive Directors, respectively, of the net profits of the Company for the immediately preceding financial year. Non-Executive Directors, including Independent Directors, are entitled to remuneration by way of commission for each financial year, ranging between ` 70,00,000/- and ` 1,00,00,000/- individually, as approved by the Shareholders. Non-Executive Directors' commission is determined by the Board, based inter alia on Company performance and regulatory provisions, and is payable on a uniform basis to reinforce the principle of collective responsibility. Non-

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Executive Directors are also entitled to sitting fees for attending the meetings of the Board and its Committees. The sitting fees as determined by the Board are ` 1,00,000/- for each meeting of the Board, ` 50,000/- for each meeting of the Audit Committee, Nomination & Compensation Committee, CSR and Sustainability Committee, and Independent Directors Committee, and 10,000/- for each meeting of the Securityholders Relationship Committee. Non-Executive Directors are also entitled to coverage under Personal Accident Insurance.

Employee Stock Option Schemes

The Company granted 13,76,300 Options during the financial year to certain eligible employees and Directors of the Company at 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ` 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of such vesting.

Service Contract, Severance Fee and Notice Period

The appointment of the Chairman and the other Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board from the management cadre, since they already have a Service Contract with the Company. Letters of appointment have been issued by the Company to the Independent Directors, detailing their roles, duties, responsibilities etc.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors who have all been drawn from the management cadre. The statutory provisions will however apply. With respect to notice period, the service rules of the Company read with the statutory provisions will apply.

Performance Evaluation

Performance evaluation of the Board, the Board Committees and the individual Directors was carried out by the Board in accordance with the Policy approved by the Nomination & Compensation Committee in this regard; brief details of the same are provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.

III. Security holders Relationship Committee

The Stakeholders Relationship Committee of the Board, under the nomenclature 'Securityholders Relationship Committee', primarily oversees redressal of shareholder and investor grievances, approves transfer & transmission of shares, sub-division / consolidation / renewal of share certificates, issue of duplicate share certificates, and allots shares upon exercise of Options under the Company's Employee Stock Option Schemes. The Committee also reviews adherence to the service standards adopted by the Company in respect of its in-house share registration and related activities, and the measures taken for effective exercise of voting rights by the Shareholders.

IV. CSR and Sustainability Committee

The role of the CSR Committee of the Board, under the nomenclature 'CSR and Sustainability Committee', is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy, the Sustainability Policies and the annual CSR Action Plan, including making recommendation to the Board as necessary, form part of the role of the Committee.

V. Independent Directors Committee

The statutory role of the Independent Directors Committee of the Board is to review the performance of the non-Independent Directors including the Chairman of the Company, and the Board, and also to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

Risk Management Committee

The role of the Risk Management Committee is, inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies and results of risk identification, prioritisation & mitigation plans for all business units / corporate functions, as also the measures taken for cyber security. The Committee also formulates the Risk Management Policy, and reviews the implementation, effectiveness and adequacy of the risk management systems, processes & plans of the Company.

Corporate Management Committee

The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC, inter alia, formulates the Company's business plans and organisational policies, systems & processes, reviews business performance against approved plans, allocates resources, and operates under the strategic supervision and control of the Board.

Meetings

The CMC normally meets once a month. Minutes of CMC Meetings are placed before the Board. Matters requiring the Board's attention / approval, as emanating from the CMC Meetings, are placed in the form of notes from the relevant Executive Director, backed by comprehensive background information.

Subsidiary Companies

All subsidiaries of the Company are managed by their respective Board of Directors in the best interest of those companies and their shareholders. The annual financial statements of the subsidiary companies are reviewed by the Audit Committee of the Company. Performance review reports of the subsidiary companies are placed before the Board of Directors of the Company on a half-yearly basis. The Minutes of Board Meetings of the subsidiary companies, including details of significant transactions & arrangements entered into by them, are also placed before the Board of Directors of the Company. The Company does not have any material subsidiary.

Familiarisation Programme For Directors

ITC believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on material changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation & economic environment, and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also kept abreast on all business related matters including risk assessment & minimisation procedures, CSR & sustainability interventions, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors from time to time. During the year, the Directors attended a 'Strategy Session' where the Company's overall strategy, including ITC Sustainability 2.0 vision and goals, were discussed / reviewed.

ITC Code Of Conduct

The ITC Code of Conduct, as adopted by the Board, is applicable to the Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles viz., good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business and reputation. The Code covers ITC's commitment to CSR and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance, avoidance of conflict of interest, and the philosophy of leading by personal example.

CHAPTER-4

SWOT ANALYSIS

4.1 ITC Strengths

The following are the strengths that have helped ITC remain in business for over a century:

Diversified Portfolio

In the highly competitive business landscape, companies that possess a diversified portfolio enjoy a distinct advantage. ITC has strategically ventured into multiple industries, including fast-moving consumer goods (FMCG), agribusiness, hotels, paperboard, and information technology.

This diversification has proven to be a pillar of strength for the company. ITC Ltd's diversified portfolio provides a buffer against market fluctuations that may affect individual sectors. By operating in multiple industries, the company can mitigate the impact of adverse conditions in any one sector. Diversification reduces ITC Ltd's reliance on any single industry, particularly its historical association with tobacco.

Strong Brand Equity

Brand equity plays a pivotal role in the success and sustainability of any business. For ITC Ltd, a conglomerate operating in various industries, solid brand equity is undeniably a significant strength. ITC Ltd's substantial brand equity fosters a high level of consumer trust and loyalty. Through consistent delivery of quality products and services, the company has cultivated a positive reputation among its target audience.

Extensive Distribution Network

An extensive distribution network is often a critical factor that can propel a company to success. ITC Ltd possesses an extensive distribution network that spans urban and rural areas in India. This enables the company to reach a vast and diverse consumer base. By establishing a strong foothold across different regions and markets, ITC Ltd can tap into a wide range of customers with varied preferences and purchasing power. ITC Ltd's extensive distribution

network also provides a competitive advantage when launching new products or expanding into new markets. When introducing a new product, the company can leverage its established distribution channels to reach a broad audience quickly.

Sustainable Practices

Companies are increasingly realizing the importance of adopting sustainable practices, as the business landscape changes rapidly. By integrating sustainability into its operations, ITC has shown its deep commitment to environmental stewardship, social responsibility, and ethical governance. The company has implemented numerous initiatives to reduce its ecological footprint and promote conservation.

Strong Research and Development (R&D) Capabilities

ITC stands out for its strong research and development (R&D) capabilities that help it stay ahead of the curve. The company's R&D capabilities serve as a driving force behind product innovation. The company invests heavily in R&D activities to develop cutting-edge technologies, novel product formulations, and unique solutions that meet evolving customer needs.

4.2 ITC Weaknesses

The following are the weaknesses that pose challenges to ITC's growth and development:

Dependence on Cigarette Business

While ITC Ltd has established itself as a diversified conglomerate with interests spanning various sectors, its significant reliance on the cigarette industry poses challenges and vulnerabilities. The cigarette market is highly saturated and fiercely competitive. ITC Ltd faces intense competition from both domestic and international tobacco companies.

Geographic Concentration

Despite the advantages of ITC's domestic market, it also exposes the company to vulnerabilities and limitations. Geographic concentration restricts ITC Ltd's exposure to a single

market, namely India. While the Indian market is vast and offers tremendous growth potential, over-reliance on a single market limits the company's ability to diversify its revenue streams. Market fluctuations, economic downturns, or regulatory changes specific to India can have a significant impact on ITC Ltd's overall financial performance. Also, operating primarily in the Indian market exposes ITC Ltd to intense competition from domestic and regional players.

Slow Adoption of E-commerce

In an era marked by rapid digital transformation and changing consumer preferences, the slow adoption of e-commerce poses a serious challenge to ITC. The slow adoption of e-commerce means that ITC Ltd needs to fully tap into the potential revenue and growth opportunities offered by online retail channels. With the increasing popularity of online shopping, consumers are seeking convenience, broader product selections, and competitive pricing.

High Debt Levels

While ITC operates across diverse sectors and has achieved considerable success, its burden of substantial debt can hinder its growth potential and financial stability. High levels of debt restrict ITC Ltd's financial flexibility and limit its ability to allocate resources efficiently. The company's cash flow and profitability may be impacted by the need to service debt obligations, including interest payments and debt repayments.

Vulnerability to Commodity Price Volatility

ITC Ltd heavily relies on commodities as raw materials for its products; therefore, fluctuations in commodity prices can significantly impact the company's profitability, supply chain, and overall financial performance. Commodity price volatility exposes ITC Ltd to cost pressures that can directly affect its profitability.

4.3 ITC Opportunities

The following are opportunities for ITC's growth and development:

Growing FMCG Market

ITC Ltd has the potential to capitalize on the expanding Fast-Moving Consumer Goods (FMCG) market. The growing FMCG market offers ITC Ltd an opportunity to diversify its revenue streams beyond its core businesses. While the company has a strong presence in sectors such as tobacco, hotels, paperboard, and agribusiness, the FMCG market provides a new avenue for expansion. The FMCG market thrives on innovation and new product development, providing ITC Ltd with an opportunity to showcase its research and development capabilities. The company can leverage its expertise in product development, packaging, and formulation to introduce innovative and value-added FMCG products. In conclusion, ITC Ltd's diverse portfolio of businesses can create synergies and cross-promotional opportunities within the FMCG market.

Expansion into Emerging Markets

ITC Ltd has the potential to leverage its capabilities and resources to tap into the growing economies of emerging markets. Emerging markets offer ITC Ltd access to a large and relatively untapped consumer base. A growing middle class, rising disposable incomes, and increasing consumer spending power characterize these markets.

By expanding its presence into emerging markets, ITC Ltd can target a new set of consumers who are eager to explore and adopt new products and brands. By strategically entering and expanding in emerging markets, ITC Ltd can position itself for long-term growth, enhanced profitability, and sustainable business performance.

Focus on Health and Wellness

ITC Ltd can leverage the growing consumer demand for health and wellness products and services. There is a global shift towards health consciousness, with consumers increasingly prioritizing their well-being and seeking healthier lifestyle choices. This presents a significant opportunity for ITC Ltd to align its product portfolio with the growing demand for health and wellness products.

Acquisitions and partnerships

Through strategic acquisitions and partnerships, ITC can fuel its growth, expand its market presence, and enhance its competitive advantage. Acquisitions and partnerships offer ITC Ltd an opportunity to expand its market presence and diversify its business portfolio.

By acquiring businesses in related or complementary sectors, ITC Ltd can enter new markets, gain access to new customer segments, and broaden its product offerings. These strategic moves allow the company to reduce its reliance on specific sectors, mitigate risks associated with market fluctuations, and create a more balanced revenue stream.

Adoption of E-commerce

The growing popularity of e-commerce platforms and other digital channels can help ITC to enhance its market reach, improve customer experience, and drive revenue growth. The adoption of e-commerce allows ITC Ltd to expand its customer reach beyond traditional brick-and-mortar stores.

By establishing a strong online presence, the company can tap into a larger customer base, including those who prefer the convenience of shopping online. E-commerce enables ITC Ltd to reach customers in remote areas, international markets, and underserved regions, thereby increasing its market penetration and potential revenue streams.

4.4 ITC Threat

The following are some of the threats that ITC faces:

Intense Competition

ITC Ltd faces fierce competition from both domestic and international players across its business segments. Intense competition often leads to price wars as companies strive to capture market share. Price-based competition can result in reduced profit margins for ITC Ltd, as it may be forced to lower prices to remain competitive.

Changing Regulatory Landscape

ITC Ltd is subject to a wide range of regulations and policies imposed by governments and regulatory bodies. The evolving regulatory landscape often brings about increased compliance costs and regulatory burdens for companies. New regulations, amendments to existing laws, or stringent enforcement can necessitate changes in processes, systems, and operations.

Compliance with these regulations may require significant investments in technology, infrastructure, training, and monitoring systems. Such costs can impact ITC Ltd's profitability and financial resources, diverting funds from growth initiatives and hindering the company's ability to compete effectively.

Rising Input Costs

ITC Ltd is reliant on various inputs such as raw materials, energy, labor, and other resources to produce its goods and services. Higher input costs can put ITC Ltd at a competitive disadvantage compared to its rivals. If competitors can procure inputs at lower costs, they may be able to offer products at more competitive prices, potentially capturing market share from ITC Ltd.

Rapid Technological Advancements

ITC Ltd has existed for over a century and is now operating in an era of unprecedented technological disruption. Rapid technological advancements can render existing products and services obsolete. Also, it often comes with a significant cost of implementation, such as investing in new technologies, upgrading infrastructure, and training employees.

As new technologies emerge, customer preferences and demands change accordingly. ITC Ltd may face the challenge of maintaining the relevance and competitiveness of its offerings in the face of disruptive technologies.

Environmental Factors

Despite being a diversified conglomerate operating in various sectors, ITC Ltd is subject to the growing scrutiny and impact of environmental issues. Environmental factors, including climate change and the increasing frequency and intensity of natural disasters, pose a threat to ITC Ltd. Climate change can lead to disruptions in the availability and quality of resources, affecting the company's operations and supply chains.

Natural disasters such as floods, hurricanes, or droughts can damage infrastructure, interrupt production processes, and impact distribution networks. Negative publicity related to environmental damage, pollution incidents, or unsustainable practices can erode customer trust, investor confidence, and brand value.

CHAPTER-5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 Findings

- The company was able to attain the ideal current ratio for the previous 5 years i.e. from 2017-18 to 2021-22.
- The company attained the ideal quick asset ratio during the time period in which the study was undertaken and it also shows a positive trend.
- ITC limited has a fair liquidity position.
- The company has not attained the ideal debt equity ratio which means that the company tends to use more of the owners fund than the borrowers fund.
- The proprietary ratio indicates that the ITC Limited has a strong financial position and the company provides greater security to its creditors.
- The net profit ratio of the ITC Limited is more than the ideal ratio which means that the company was able to obtain a fair amount as profit after the deduction of tax and other expenses.
- The Total asset turnover ratio of ITC Ltd is fluctuating trend over the period which means that the company decrease the value of financial resources
- The current asset turnover ratio is fluctuating year by year. Increase in Current asset turnover ratio decrease the value of financial resources.

5.2. Suggestions

- The company should use more borrowers fund than the owners fund to attain the ideal debt equity ratio.
- The company should try to reduce the current asset turnover ratio for getting increase in the value of the financial resources.
- The return on investment of ITC limited is more than the ideal ratio but it is showing a decreasing trend therefore the management should think for more strategies to increase the return on investment so that they can attract more investors to invest in their firm.
- The company should try to increase the value of goodwill that the company possess.

- The liability of ITC limited is showing an increase in the years in which the study was undertaken which is not good for the company so the company should try to reduce their liabilities in the coming years.

5.3 Conclusion

The company analysis helps to get a critical analyses of the overall financial health of a ITC over a given period of time and comparison between financial health of similar firms. The study reveals that the financial performance of ITC limited is satisfactory and the company has a fair Liquidity, solvency and profitability position. The financial statement is analyzed and interpreted with the help of Balance sheet and Profit and loss account of the last 5 years. The financial performance of ITC limited proves that the company has a bright future.

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