A

RESEARCH PROJECT

ON

"AN ANALYTICAL STUDY OF WORKING CAPITAL MANAGEMENT OF ITC COMPANY LTD, NAGPUR."

Submitted to

G.S. College of Commerce and Economics (Autonomous), Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University

In Partial fulfilment for the award of the degree of

Bachelor of Business Administration

Submitted by

SANKET RAJESH KUMBHARE

Under the Guidance of

Dr. FARHA HUSSAIN

G.S. College of Commerce and Economics, Nagpur

Academic Year 2023-24

G.S. College of Commerce and Economics, Nagpur

Academic Year 2023-24

CERTIFICATE

This is to certify that "**SANKET.R.KUMBHARE**" has submitted the project report titled "**AN ANALYTICAL STUDY OF WORKING CAPITAL MANAGEMENT OF ITC COMPANY LTD"**, towards partial fulfilment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate. It is further certified that he has ingeniously completed our project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

DR. FARHA HUSSAIN
(Project Guide)

DR. AFSAR SHEIKH
(Co-Ordinator)

Place:

Date:

G.S. College of Commerce and Economics, Nagpur

Academic Year 2023-24

DECLARATION

I here-by declare that the project with title "**AN ANALYTICAL STUDY OF WORKING CAPITAL MANAGEMENT OF ITC COMPANY LTD**'', has been completed by me in partial fulfilment of '**BACHELOR OF BUSINESS ADMINISTRATION**' degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Place: Nagpur **SANKET.R.KUMBHARE**

Date:

ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to **Dr. Praveen Mustoor** Principal of **G.S. College of Commerce & Economics, Nagpur.** I am extremely thankful to my project guide **DR. FARHA HUSSAIN** for his guideline throughout the project. I tender my sincere regards to Co-ordinator**, DR. Afsar Sheikh** for giving me outstanding guidance, enthusiastic suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the Non- Teaching staff of the college of the college for their co-operation.

I would like to thank all those who helped me in making this project report complete and successful.

Place: **Nagpur** **SANKET.R.KUMBHARE**

Date:

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CHAPTER:1

INTRODUCTION

This project research is related to the working capital management by analysing the company's data with the help of working capital to know the performance of the company and the working capital efficiency.

Working capital refers to that part of the firm's capital which is required for financing short- term or current assets such as cash, marketable securities, debtors & inventories .Funds, thus, invested in current assets keep revolving fast and are being constantly converted in to cash and this cash flows out again in exchange for other current assets

Hence, it is also known as revolving or circulating capital or short term capital. Working capital management is concerned with the problems arise in attempting to manage the current assets, the current liabilities and the inter relationship that exist between them

The term current assets refers to those assets which in ordinary course of business can be, or, will be, turned in to cash within one year without undergoing a diminution in value and without disrupting the operation of the firm. The major current assets are cash, marketable securities, account receivable and inventory. Current liabilities ware those liabilities which intended at there inception to be paid in ordinary course of business, within a year, out of the current assets or earnings of the concern. The basic current liabilities are account payable, bill payable, bank over-draft, and outstanding expenses.

The goal of working capital management is to manage the firm's current assets and current liabilities in such way that the satisfactory level of working capital is mentioned.

Definition:-

According to Guttmann & Dougall-

"Excess of current assets over current liabilities".

According to Park & Gladson-

"The excess of current assets of a business (i.e. cash, accounts receivables, inventories) over current items owned to employees and others (such as salaries & wages payable. accounts payable, taxes owned to Government)".

Capital required for a business can be classified under two main categories via,

1) Fixed Capital **2) Working Capital**

Every business needs funds for two purposes for its establishment and to carry out its day- to-day operations. Long terms funds are required to create production facilities through purchase of fixed assets such as land, building, furniture, etc. Investments in these assets represent that part of firm's capital which is blocked on permanentorfixed basis and is called fixed capital. Funds are also needed for short-
term purposes for the purchase of raw material, payment of wages and other day – to- day expenses etc.

CONCEPT OF WORKING CAPITAL

There are two concepts of working capital:
1. Gross working capital
2. Net working capital

The gross working capital is the capital invested in the total current assets of the enterprises current assets are those assets which can convert in to cash within a short period normally one accounting year.

CONSTITUENTS OF CURRENT ASSETS

1. Cash in hand and cash at bank.
2. Bills receivables.
3. Sundry debtors.
4. Short term loans and advances.
5. Inventories of stock as:
    a. Raw material
    b. Work in process
    c. Stores and spares
    d. Finished goods
6. Temporary investment of surplus funds.
7. Prepaid expenses
8. Accrued incomes
9. Marketable securities.

In a narrow sense, the term working capital refers to the networking. Networking capital is the excess of current assets over current liability.

NET WORKING CAPITAL = CURRENT ASSETS – CURRENT LIABILITIES.

Net working capital can be positive or negative. When the current assetsexceeds the current liabilities are more than the current assets. Current liabilities are those liabilities, which are intended to be paid in the ordinary course of business within a short period of normally one accounting year out of the current assets or the income business.

CONSTITUENTS OF CURRENT LIABILITIES

1. Accrued or outstanding expenses.
2. Short term loans, advances and deposits.
3. Dividends payable.
4. Bank overdraft.
5. Provision for taxation.
6. Bills payable.
7. Sundry creditors.

CLASSIFICATION OF WORKING CAPITAL

Working capital may be classified in to ways

- On the basis of concept.
- On the basis of time.

On the basis of concept working capital can be classified as gross working capital and net working capital. On the basis of time, working capital may be classified as:

- **Permanent or fixed working capital.**
- **Temporary or variable working capital.**

- **PERMANENT OR FIXED WORKING CAPITAL**

Permanent or fixed working capital is minimum amount which is required to ensure effective utilization of fixed facilities and for maintaining the circulation of currentassets. Every firm has to maintain a minimum level of raw material, work- in-process, finished goods and cash balance. This minimum level of current assets is called permanent or fixed working capital as this part of working is permanently blocked in current assets. As the business grow the requirements of working capital also increases due to crease in current assets.

- **TEMPORARY OR VARIABLE WORKING CAPITAL**

Temporary or variable working capital is the amount of working capital which is required to meet the seasonal demands and some special exigencies. Variable working capital can further be classified as seasonal working capital and special working capital. The capital required to meet the seasonal need of the enterprise is called seasonal working capital. Special working capital is that part of working capital which is required to meet special exigencies such as launching of extensive marketing for conducting research, etc.

Temporary working capital differs from permanent working capital in the sense that is required for short periods and cannot be permanently employed gainfully in the business.

IMPORTANCE OR ADVANTAGE OF ADEQUATE WORKINGCAPITAL

- **SOLVENCY OF THE BUSINESS:**

Adequate working capital helps in maintaining the solvency of the business by providing uninterrupted of production.

- **Goodwill:**

Sufficient amount of working capital enables a firm to make prompt payments and makes and maintain the goodwill.

- **Easy loans:**

Adequate working capital leads to high solvency and credit standing can arrange loans from banks and other on easy and favour able terms.

- **Cash Discounts:**

Adequate working capital also enables a concern to avail cash discounts on the purchases and hence reduces cost.

- **Regular Supply of Raw Material:**

Sufficient working capital ensures regular supply of raw material and continuous production.

- **Regular Payment Of Salaries, Wages And Other Day TO day Commitments:**

It leads to the satisfaction of the employees and raises the morale of its employees, increases their efficiency, reduces wastage and costs and enhances production and profits.

- **Ability to Face Crises:**

A concern can face the situation during the depression.

FACTORS DETERMINING THE WORKING CAPITALREQUIREMENTS

1. NATURE OF BUSINESS:

The requirements of working is very limited in public utility undertakings such aselectricity, water supply and railways because they offer cash sale only and supply services not products, and no funds are tied up in inventories and receivables. On the other hand the trading and financial firms requires less investment in fixed assets but have to invest large amt. of working capital along with fixed investments.

2. SIZE OF THE BUSINESS:

Greater the size of the business, greater is the requirement of working capital.

3. PRODUCTION POLICY:

If the policy is to keep production steady by accumulating inventories it will require higher working capital.

4. LENTH OF PRDUCTION CYCLE:

The longer the manufacturing time the raw material and other supplies have to be carried for a longer in the process with progressive increment of labor and servicecosts before the final product is obtained. So working capital is directly proportional to the length of the manufacturing process.

Sources of working capital

The company can choose to finance its current assets by:

1. Long term sources **2. Short term sources**

Long term sources of permanent working capital include.

Equity and preference shares, retained earn, debentures and other long term debts from public deposits and financial institution. The long term working capital needs should meet through long term means of financing. Financing through long term means provides stability, reduces risk or payment and increases liquidity of the business concern. Various types of long termsources of working capital are summarized as follow:

1. Issue of shares:

It is the primary and most important sources of regular or permanent working capital. Issuing equity shares as it does not create and burden on the income of the concern.

Nor the concern is obliged to refund capital should preferably raise permanent working capital.

2. Retained earnings:

Retain earning accumulated profits are a permanent sources of regular working capital. Itis regular and cheapest. It creates not charge on future profits of the enterprises.

3. Issue of debentures:

It creates a fixed charge on future earnings of the company. Company is obliged to pay interest. Management should make wise choice in procuring funds by issue of debentures

Short term sources of temporary working capital

Temporary working capital is required to meet the day to day business expenditures. The variable working capital would finance from short term sources of funds. And only the period needed. It has the benefits of, low cost and establishes closer relationships with banker.

Some sources of temporary working capital are given below:

1. Commercial bank:

A commercial bank constitutes significant sources for short term or temporary working capital. This will be in the form of short term loans, cash credit, and overdraft and though discounting the bills of exchanges.

2. Public deposits:

Most of the companies in recent years depend on this source to meet their short term working capital requirements ranging for six month to three years.

3. Various credits:

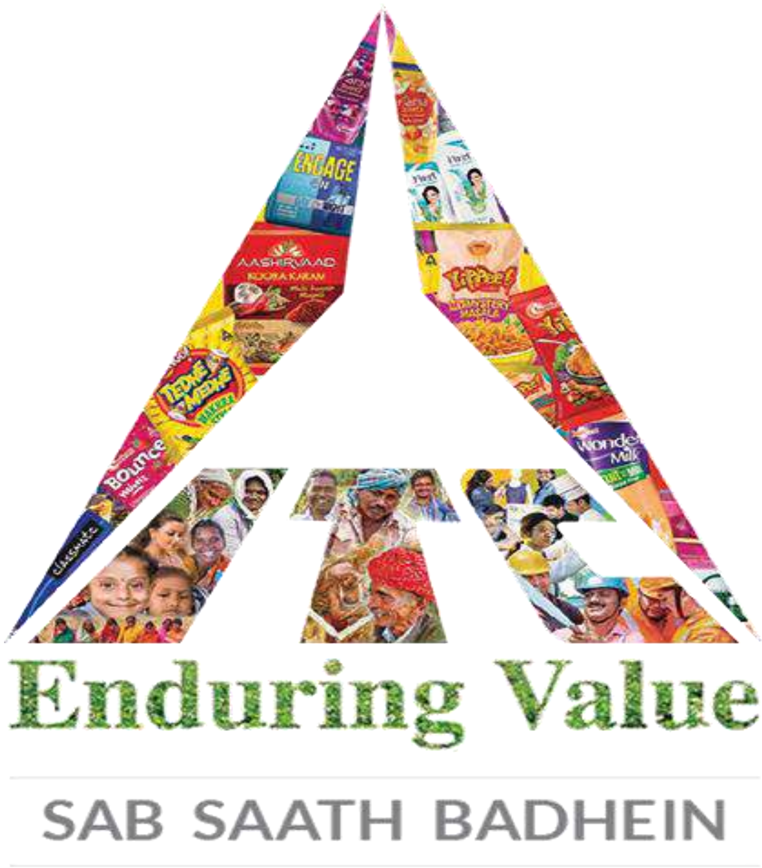
Trade credit, business credit papers and customer credit are other sources of short term working capital. Credit from suppliers, advances from customers, bills of exchanges, helps to raise temporary working capital.

4. Reserves and other funds:

Various funds of the company like depreciation fund. Provision fortax and other provisions kept with the co mpany can be used as temporary working capital.Thecompany should meet its working capital needs through both long term and short term funds. It will be appropriate to meet at least 2/3 of the permanent working capital equipment form long term sources, whereas the variables working capital should be financed from short term sources. The working capital financing mix should be designed in such a way that the overall cost of working capital is the lowest, and the funds are available on time and for the period they are really required.

CHAPTER:2

COMPANY PROFILE



'Nation First: Sab Saath Badhein'

ITC's **'Nation First: Sab Saath Badhein'** philosophy underlines its core belief in building a globally competitive and profitable Indian enterprise that makes an exemplary contribution to creating larger societal value. As a company deeply rooted in Indian soil, ITC is inspired by the opportunity to serve larger national priorities. A global exemplar in Sustainability, ITC is the only enterprise in the world of comparable dimensions to be carbon-positive, water-positive and solid waste recycling positive for over a decade now. ITC has created over 6 million sustainable livelihoods. Nearly 42% of the total energy consumed in ITC is from renewable sources. ITC's premium luxury hotels have the unique distinction of being LEED Platinum certified.

ITC's Well-being Out of Waste program (WOW) that comprehensively addresses the problem of solid waste management, of which plastic waste is a significant component, provides an end-to-end sustainable and scalable solution that has reached out to over 1.8 crores citizens in the country.

Together with farmers and local communities, ITC has implemented largescale interventions in climate-smart and sustainable agriculture that make a meaningful contribution to the Hon'ble Prime Minister's vision of doubling farmer incomes. Towards this, ITC has launched an integrated program titled **'Baareh Mahine Hariyali'** (maximsing farm utilization over 12 months of the year) to give a new dimension to the complex task of multiplying farmer incomes. ITC is collaborating with NITI Aayog to progressively build capacity of 2 million farmers in 27 Aspirational Districts to help enhance rural incomes.

ITC is investing in India's future by building world-class consumer goods factories and iconic hospitality assets that will contribute to the country's competitive capacity. These investment projects underpin the Company's support to the Government's "Make in India" vision.

ITC Limited which previously stood for Imperial Tobacco Company one of India's foremost private sector companies. •Transform itself from a leading Cigarette manufacturer to an umbrella group which offers diversified products •Forayed into field of FMCG, IT, Agricultural business to obtain different revenue stream. •Successful in Hotel Business(ITC welcome group) and collaborated with Sheraton Corporation .•ITC's wholly owned Information Technology subsidiary, ITC Info Tech India Limited, is pursuing emerging opportunities in providing end-to-end IT solutions, including e-enabled services and business process out sourcing. •ITC's Agri-Business is one of India's largest exporters of agricultural products.

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 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.

Established in 1910 as the Imperial Tobacco Company of India Limited, the company was renamed as the India Tobacco Company Limited in 1970 and later to I.T.C. Limited in 1974. The company now stands renamed to ITC Limited, where "ITC" today is no longer an acronym. As of 2019–20, ITC had an annual turnover of US$10.74 billion and a market capital of US$35 billion. It employs 36,500 people at more than 60 locations across India.

The company was converted into a Public Limited Company on 27 October 1954. The first step towards Indian was taken in the same year with 6% of the Indian shareholding of the company. ITC also became the first Indian company to foray into consumer research during this time. During the 1960s, technology was given more focus on setting up cigarette machinery and filter-rod manufacturing facilities aimed at achieving self-sufficiency in cigarette-making.

Ajit Narain Haskar became the company's first Indian chairman in 1969 and this was crucial in building up the Indian management for the company. As the company's ownership was progressively Indian used, under Haskar's leadership, the name of the company was changed from "Imperial Tobacco Company of India Limited" to "India Tobacco Company Limited" in 1970. ITC also became the first company in India to start from the 1971 Scissor's Cup. Innovative market campaigns and electronic data processing were started in the 1970s.

In 1973, ITC set up its integrated research center in Bangalore, aimed at diversification and venturing into never businesses with research and development. With the unfolding diversification plans, the name of the company was changed to 'I.T.C. Limited' in 1974. The Indian shareholding grew further to 40% during this time. ITC entered into the hospitality sector with hotel business in 1975 with the acquisition renaming of ITC Welcome group Hotel Chola in Madras. ITC chose the hospitality sector for its potential to earn high levels of foreign exchange, create tourism infrastructure and generate large-scale direct and indirect employment.

The shareholding went over 60% in 1976 and more hotels were started by the company in the following years. ITC Research Academy was set up at Calcutta in 1977. In 1979, ITC entered the paperboards business by promoting ITC Bhadrachalam Paperboards Limited. J N Sapru took over as the company's chairman in 1983 and the international expansion started with the acquisition of Surya Nepal Private Limited in 1985. The year 1986 saw vigorous moves from the company with the opening of an Indian restaurant in the city of New York, acquisition and renaming of Vish varama Hotels to ITC Hotels Limited, setting up of two new ventures – the ITC Classic Finance Limited and ITC Agro Tech Limited under its umbrella.

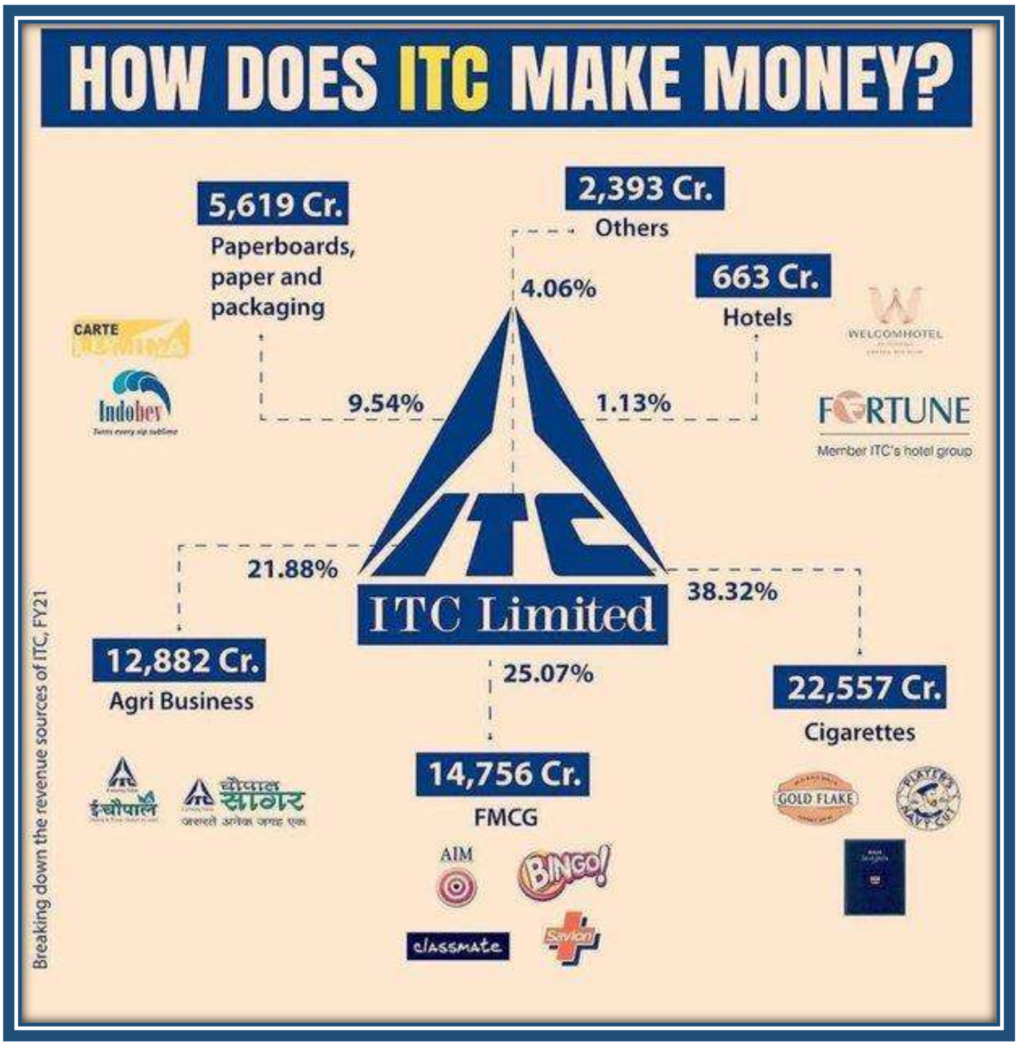
ITC also entered into the edible oils industry with the launch of the Sundrop brand of cooking oils in 1988. Tribeni Tissues Limited was acquired in 1990. K L Chugh assumed the role of chairman in 1991 and ITC Global Holding Private limited was started as an international trading company.

Y.C. Deveshwar took over as the company's chairman in 1996 and the corporate governance structure was re-crafted to support the effective management of multiple businesses. ITC exited from edible oils business and financial services; sold the ITC Classic Finance Limited to ICICI Limited and handled the Sundrop business to ConAgra Foods Limited in 1998. In the year 2000, an innovative initiative for farmers called "e-Choupal" was started in Madhya Pradesh 2000. The same year witnessed the launch of ITC's Wills Sport range of casual wear with its first retail outlet in New Delhi and ITC's entry into stationery products and gifting business introducing the 'Expressions' range of greeting cards and Classmate notebooks.

A wholly owned information technology subsidiary, ITC Infotech India Limited was also started in 2000 and the ITC Bhadrachalam Paperboards Limited was merged into ITC Limited. The name of the company was changed to "ITC Limited" omitting the dots and adapting the strategy "No stops for ITC" in 2001.

An employee stock option scheme was introduced for the first time and a web portal for the company was launched. Subsidiaries for ITC Infotech were set up in the United Kingdom and the USA.

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 sales value of ₹ 90,104 crores and Net Profit of ₹ 15,058 crores (as on 31.03.2022). ITC was ranked as India's most admired company, according to a survey conducted by Fortune India, in association with Hay Group.



TRUSTEESHIP

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

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.

CUSTOMER FOCUS

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

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.

CORPORATE STRATEGIES

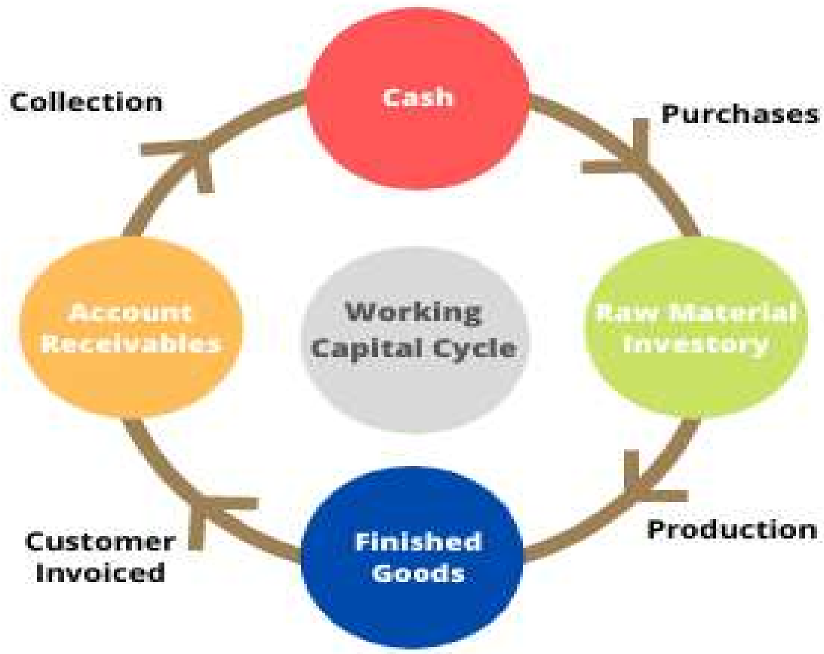
ITC is a board-managed professional company, committed to creating enduring value for the nation and the shareholder. It has a rich organizational culture rooted in its core values of respect for people and belief in empowerment. Its philosophy of all-round value creation is backed by strong corporate governance policies and systems.

ITC'S CORPORATE STRATEGIES ARE:

- Create multiple drivers of growth by developing a portfolio of world class businesses that best matches organizational capability with opportunities in domestic and export markets.
- Continue to focus on the chosen portfolio of FMCG, Hotels, Paper, Paperboards & Packaging, Agri Business and Information Technology.
- Benchmark the health of each business comprehensively across the criteria of Market Standing, Profitability and Internal Vitality.
- Ensure that each of its businesses is world class and internationally competitive.
- Enhance the competitive power of the portfolio through synergies derived by blending the diverse skills and capabilities residing in ITC's various businesses.
- Create distributed leadership within the organization by nurturing talented and focused top management teams for each of the businesses.
- Continuously strengthen and refine Corporate Governance processes and systems to catalyse the entrepreneurial energies of management by striking the golden balance between executive freedom and the need for effective control and accountability.

OPERATING CYCLE OF WORKING CAPITAL

The working capital cycle reserves to the length of time between the firm paying cash for materials etc., this working capital also known as operating cycle. Working capital cycle or operating cycle indicates the length of time between companies paying for materials entering into stock and receiving the cash from sales of finished goods. The operating cycle (Working Capital) consists of the following events.



Understanding Working Capital

- Working capital is the difference between a company's current assets and its current liabilities.
- Current assets include cash, accounts receivable, and inventories.
- Current liabilities include accounts payable, short-term borrowings, and accrued liabilities.
- Some approaches may subtract cash from current assets and financial debt from current liabilities.

ITC BRANDS

LIST OF PRODUCTS OF ITC

CHAPTER: 3

RESEARCH METHODOLOGY

RESEARCH DESIGN

RESEARCH TYPES : -

Descriptive research: - In a descriptive design, a researcher is solely interested in describing the situation or case under their research study. It is a theory-based design method which is created by gathering, analyzing, and presenting collected data

Sample Design: -

Non-Probability: - In non-probability sampling, the researcher chooses members for research at random. This sampling method is not a fixed or predefined selection process.

Convenience sampling: - This method is dependent on the ease of access to subjects such as surveying customers at a mall or passers-by on a busy street.

Data Collection

1.Primary Data-

Primary data are those which are collected fresh and for the firsh time. Primary data for study is collected through questionnaire and surveys. This was done by preparing questionnaire and giving surveys.

2. Secondary Data-

Secondary data is the data which has been already collected to evaluate the level of public awareness and Secondary data is collected through-

- Collected through Internet
- Collected through Websites

OBJECTIVES OF THE STUDY

- To study the working capital management of the concern so as to analyse and interpret the inventory position of the ITC Limited.
- To assess the strength and weakness of the concern in various areas.
- To assess the overall efficiency and performance of the company.

LIMITATIONS OF THE STUDY

- Non-monetary aspects are not considered making the results unreliable.
- Different accounting procedures may make results misleading.
- In spite of precautions taken there are certain procedural and technical limitations.
- Accounting concepts and conventions cause serious limitation to financial analysis.
- Lack of sufficient time to exhaust the detail study of the above topic became a hindering factor in my research.

HYPOTHESIS

- H0:- Working Capital Ratio at ITC company does not leads to profitability.
- H1:- Working Capital Ratio at ITC company leads to profitability.

CHAPTER: 4

Data Analysis & Interpretation.

BALANCE SHEET OF ITC (in Rs. Cr.)	MAR 21	MAR 20	MAR 19	MAR 18
	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	1,230.88	1,229.22	1,225.86	1,220.43
TOTAL SHARE CAPITAL	1,230.88	1,229.22	1,225.86	1,220.43
Reserves and Surplus	56,067.22	60,777.76	54,725.99	50,179.64
TOTAL RESERVES AND SURPLUS	56,067.22	60,777.76	54,725.99	50,179.64
TOTAL SHAREHOLDERS FUNDS	59,004.62	64,029.16	57,949.79	51,400.07
NON-CURRENT LIABILITIES				
Long Term Borrowings	5.28	5.63	7.89	11.13
Deferred Tax Liabilities [Net]	1,727.73	1,617.65	2,044.14	1,917.94
Other Long Term Liabilities	511.71	349.72	41.90	73.66
Long Term Provisions	157.07	143.79	132.64	121.91
TOTAL NON-CURRENT LIABILITIES	2,401.79	2,116.79	2,226.57	2,124.64
CURRENT LIABILITIES				
Short Term Borrowings	0.35	0.00	0.00	0.00
Trade Payables	4,119.31	3,446.74	3,368.28	3,382.28
Other Current Liabilities	5,885.24	5,524.73	6,228.04	5,435.08
Short Term Provisions	169.05	117.94	25.24	39.24
TOTAL CURRENT LIABILITIES	10,173.95	9,089.41	9,621.56	8,856.60
TOTAL CAPITAL AND LIABILITIES	71,580.36	75,235.36	69,797.92	62,381.31
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	19,216.75	19,612.74	17,945.65	15,120.00
Intangible Assets	2,581.52	519.45	540.75	445.99
Capital Work-In-Progress	3,329.97	2,776.31	3,391.47	5,016.85
Other Assets	376.56	385.36	0.00	0.00
FIXED ASSETS	25,508.30	23,297.75	21,887.76	20,591.57
Non-Current Investments	12,950.38	13,455.59	14,071.45	13,493.77

Deferred Tax Assets [Net]	0.00	0.00	0.00	0.00
Long Term Loans And Advances	2.37	3.31	6.21	7.40
Other Non-Current Assets	1,304.07	1,971.80	4,263.54	3,785.57
TOTAL NON-CURRENT ASSETS	39,765.12	38,728.45	40,228.96	37,878.31
CURRENT ASSETS				
Current Investments	14,046.71	17,175.02	12,506.55	9,903.45
Inventories	9,470.87	8,038.07	7,587.24	7,237.15
Trade Receivables	2,090.29	2,092.00	3,646.22	2,357.01
Cash And Cash Equivalents	4,001.53	6,843.27	3,768.73	2,594.88
Short Term Loans And Advances	2.77	4.87	5.02	4.15
Other Current Assets	2,203.07	2,353.68	2,055.20	2,406.36
TOTAL CURRENT ASSETS	31,815.24	36,506.91	29,568.96	24,503.00
TOTAL ASSETS	71,580.36	75,235.36	69,797.92	62,381.31
OTHER ADDITIONAL INFORMATION				
CONTINGENT LIABILITIES, COMMITMENTS				
Contingent Liabilities	2,339.15	2,357.74	2,491.31	2,257.52
CIF VALUE OF IMPORTS				
Raw Materials	1,366.00	1,503.00	1,947.00	1,506.00
Stores, Spares And Loose Tools	0.00	0.00	0.00	0.00
Trade/Other Goods	0.00	0.00	0.00	0.00
Capital Goods	298.00	382.00	426.00	532.00
EXPENDITURE IN FOREIGN EXCHANGE				
Expenditure In Foreign Currency	0.00	0.00	0.00	0.00
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS				
Dividend Remittance In Foreign Currency	--	--	--	--
EARNINGS IN FOREIGN EXCHANGE				
FOB Value Of Goods	5,934.00	3,506.00	3,828.00	3,480.00
Other Earnings	--	--	--	--

BONUS DETAILS				
Bonus Equity Share Capital	**1,113.14**	**1,113.14**	**1,113.14**	**1,113.14**
NON-CURRENT INVESTMENTS				
Non-Current Investments Quoted Market Value	**9,984.03**	**10,592.71**	**11,218.74**	**11,096.58**
Non-Current Investments Unquoted Book Value	**3,465.92**	**3,091.69**	**2,882.13**	**2,432.64**
CURRENT INVESTMENTS				
Current Investments Quoted Market Value	**4,302.03**	**3,122.85**	**4,624.25**	**1,792.59**
Current Investments Unquoted Book Value	**9,774.63**	**14,061.11**	**7,885.76**	**8,111.65**

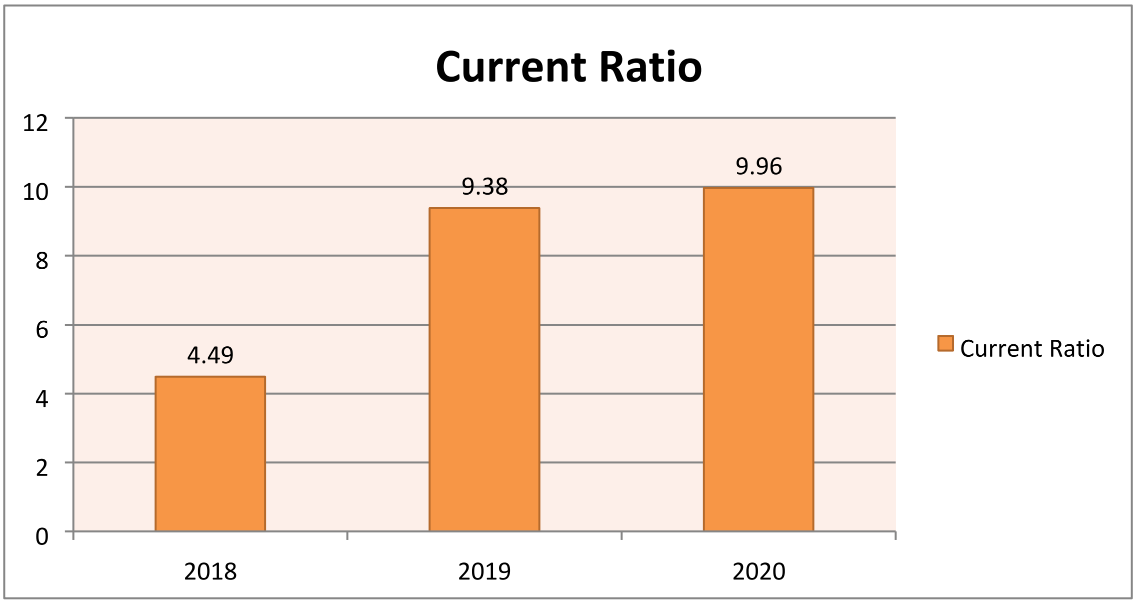
1) CURRENT RATIO

Formula of current ratio

Current ratio = Current Assets / Current Liabilities

Table showing current ratio of current assets and current liability

Year	2018	2019	2020
Current Assets	6225790	4739895	5412291
Current Liabilities	1384893	505238	542947
Current Ratio	4.49	9.38	9.96



INTERPRETATION:

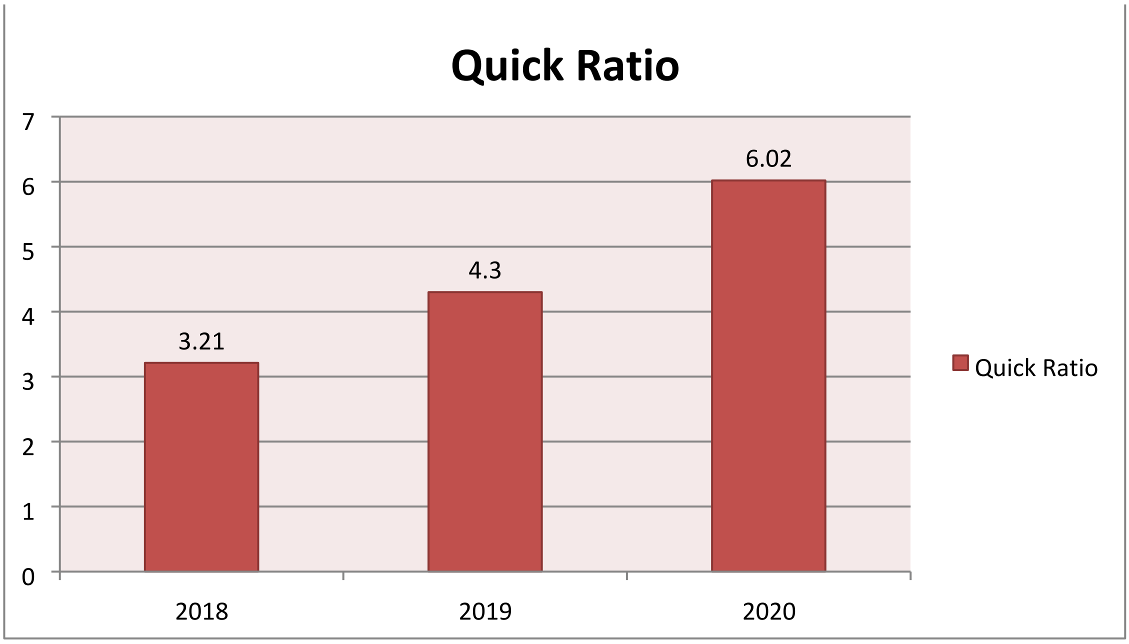
The ideal Ratio of current ratio is between 1.5 and 3 is generally considered healthy though in this company last three years current ratio is more than the ideal Ratio the impact of this, the company is not efficiently using its current assets or its short term financing facilities, comparison between these three years ratio of 2018 ratio indicates little healthy as compare to others.

2) QUICK RATIO

Formula of Quick Ratio

Quick Ratio = Current Assets – Inventory /Current Liabilities.

Year	2018	2019	2020
Quick Assets	4450340	2176920	3273066
Current Liabilities	1384893	505238	542947
Quick Ratio	3.21	4.30	6.02



INTERPRETATION:

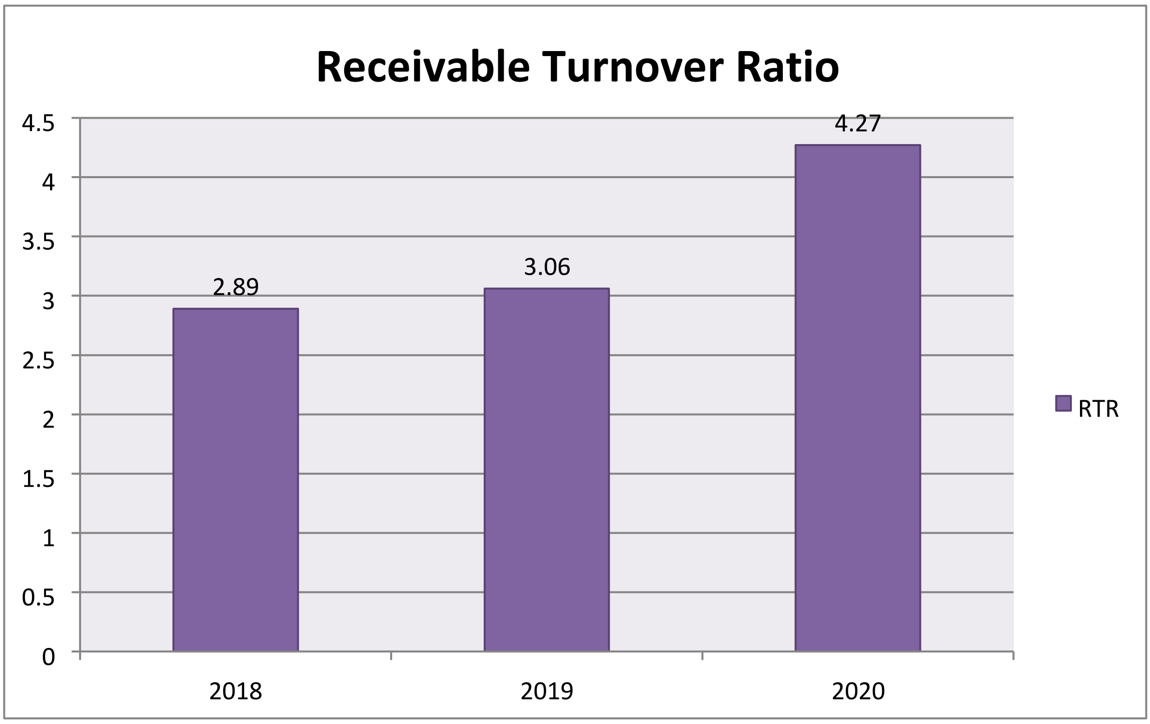
The ideal ratio is considered to be 1:1 so that company is able to pay off all quick assets with no liquidity problems but in this company last three years quick ratio is more than the ideal ratio, a quick ratio is too high means that some of your money is not being put to work, It indicates that the company is fully equipped with exactly enough assets to be instantly liquidated to pay off its current liabilities.

3) RECEIVABLE TURNOVER RATIO

Formula of Receivable turnover ratio

Receivable turnover ratio = Credit sales / Average Receivable

Year	2018	2019	2020
Credit Sales	7356428	8945740	9200650
Average R	2542290	2918427	2152537
RTR	2.89	3.06	4.27



INTERPRETATION:

According to this analysis above ratio indicates, a low accounts receivable turnover ratio suggests that the company's collection process is poor in the year 2018 and in the year 2020 company collection process is at good level.

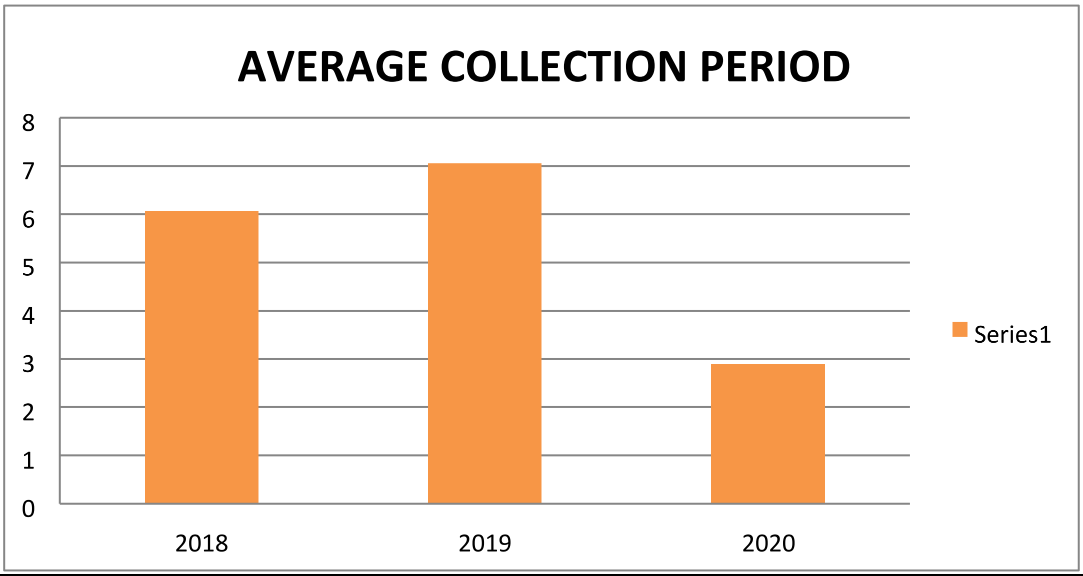
Company should collect funds owed from clients timely.

4) DEBTORS COLLECTION PERIOD IN DAYS RATIO

Formula of debtor's collection period

Average Collection Period = Days in a year / Receivable turnover ratio

Year	Days in a year	Debtors turnover ratio	Debtors collection period
2018	365	2.89	126 days
2019	365	3.06	119 days
2020	365	4.27	85 days



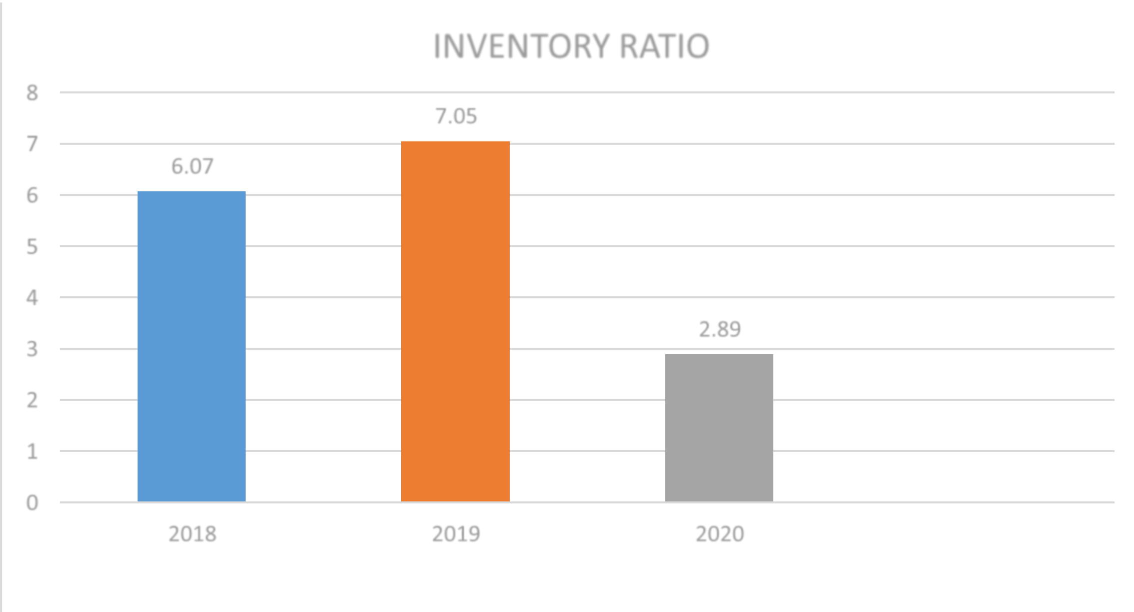
INTERPRETATION:

According to this analysis the collection period is calculated in days that mean average collection period for the year 2018, 2019 and 2020 is about 180 to 130 days it is high when you consider that company should try to collect payment within 30 to 45 days Company may change their credit policy period to get collections on early basis.

5) INVENTORY RATIO

Formula of inventory Ratio Inventory Ratio = Cost of goods sold / Average inventory

Year	2018	2019	2020
Cost of goods sold	17550541	15311930	11650757
Average Inventory	2890236	2169212	4027835
Inventory Ratio	6.07	7.05	2.89



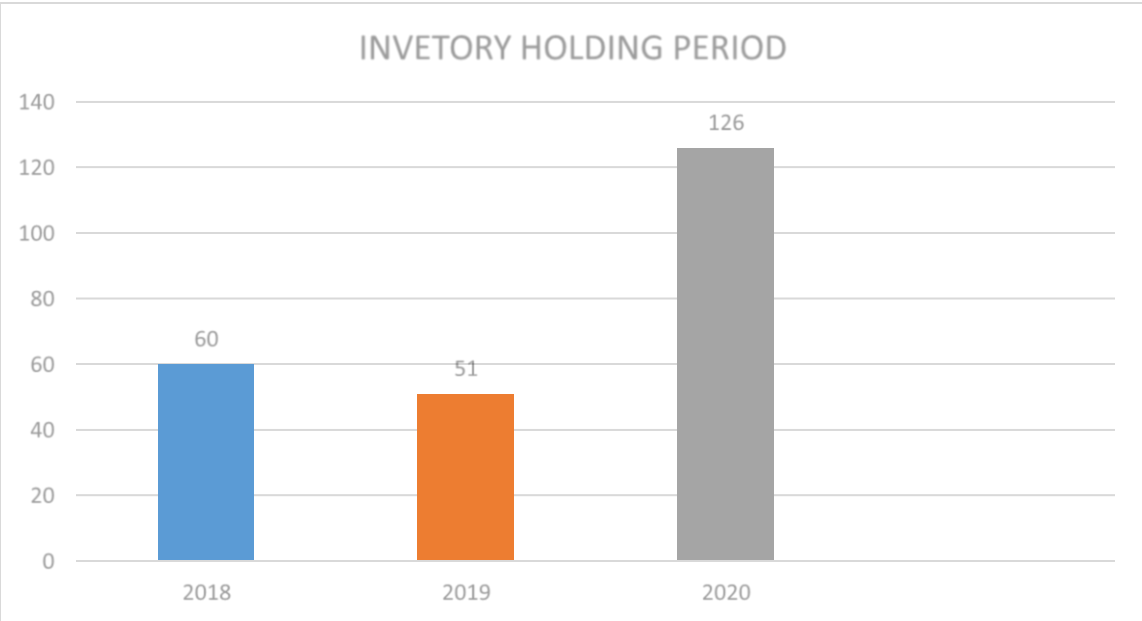
INTERPRETATION:

For most industries, the ideal inventory ratio is between 5 and 10 thus above the calculations it shows the healthy ratio of 2018 and 2019 but in 2020 its shows less ratio that is 2.89 it is adverse effect of COVID 19 pandemic, the demand was low as compare to past years and that shows the overstocking.

6) INVENTORY HOLDING PERIOD

Formula of inventory holding period:
Inventory Holding Period = days in year / Inventory Turnover Ratio

Year	Days in year	Inventory turnover ratio	Inventory holding period
2018	365	6.07	60 days
2019	365	7.05	51 days
2020	365	2.89	126 days



INTEPRETATION:

As shown in the above graph the inventory convergent period is fluctuating as we seen in the year of 2018 it was 60 days and it decrease to 51 days in the year of 2019 but in the year of 2020 it increased to 126 this is because of overstocking in the year of 2020

CHAPTER: 5

FINDING&CONCLUSION

FINDING

1. The current ratio has shown an increase of more than 50% from 2018 to 2019, current ratio is continuously increasing.

2. The Quick ratio is also in a fluctuating trend throughout the period 2018 to 2020 resulting as 3:21, 4:30 and 6:02 the company present liquidity position is satisfactory.

3. The receivable turnover ratio is increasing in a minimal slightly manner. Poor turnover ratio leads to poor working capital ratio is increasing from 2:89 to 3:06 to 4:27 it is increasing.

4. Inventory turnover ratio is completely showing much upward and downward movement, in 2018 it was 6:07 and in 2019 it was 7:05, but there was completely downfall from 2019 to 2020, it was completely reduced by 4:16.

5. It has been found that the calculations of inventory ratio shows the healthy ratio of 2018 and 2019 but in 2020 its shows less ratio that is 2.89 it is adverse effect of COVID 19 pandemic, the demand was low as compare to past years and that shows the overstocking.

6. Inventory holding period in the year of 2018 it was 60 days and it decrease to 51 days in the year of 2019 but in the year of 2020 it increased to 126 this is because of overstocking in the year of 2020.

CONCLUSION

Finance is the blood of every business. Without effective financial management a company cannot survive in this competitive world. financial manager has to measure the working capital policy followed by the company.

The companies overall position is at good position. particularly the current year position is well due to the rise in the profit level from the last year position. It is better for the organisation to diversify funds to different sector in the present market scenario.

In conclusion, the analysis of ITC's financial ratios, including the current ratio, liquid ratio, inventory turnover ratio, and receivable turnover ratio, provides valuable insights into the company's financial health and operational efficiency. By examining these ratios, we have gained a comprehensive understanding of ITC's liquidity, inventory management practices, and ability to collect receivables. The findings of this report highlight areas of strength and areas for improvement, guiding strategic decision-making and financial management processes. Moving forward, continued monitoring and analysis of these ratios will be essential for maintaining financial stability and maximizing shareholder value for ITC.

CHAPTER: 6

SUGGESTIONS

SUGGESTIONS

1. From the study, it is found that there is a lack of periodic review and analysis which is leading to inefficient utilisation of resources and its leads to loss when its compare to previous year apart from current year. so the firm should conduct quarterly analysis and the problem can be amended in time.

2. Liquidity refers to the ability of the concern to meet its current obligation as and when those become due. The company should improve its liquidity position.

3. After the analysis of current ratio, there is a very better status for the company as it is doubled from the last year. So company is in position to take better working capital decision.

4. Company needs to have stringent credit policy, to reduce the funds required for working capital.

5. The company is utilizing the fixed assets, which majorly help to the growth of the organization. The company should maintain that perfectly.

CHAPTER: 7

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