November 27, 2025

ITC Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Commercial Paper	500.00	500.00	[ICRA]A1+; reaffirmed
Total	**500.00**	**500.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating reaffirmation continues to consider the leadership position of ITC Limited (ITC) in the domestic cigarettes market, translating into strong cash flow and a robust financial profile, characterised by healthy return metrics, a conservative capital structure, strong debt protection metrics and a superior liquidity profile. ICRA expects ITC's strong brand value in the segment and established market position to continue to support its operating as well as financial performances. ITC continues to maintain its leading position in the domestic cigarette industry, a strong market position in the paperboards and specialty packaging segments, a robust and widening presence in the fast-moving consumer goods (FMCG) space, and a steady performance in the trading of agricultural commodities and IT solutions/services divisions.

ICRA notes the demerger of hotel and hospitality business of ITC into a new entity, ITC Hotels Limited (ITCHL), effective from January 1, 2025. Post the demerger, ITC holds around 40% share in ITCHL and consequently, the entity has become an associate of ITC. As expected, the demerger did not have a material impact on the financial risk profile of ITC as the hotels business accounted for less than 5% of its revenue and profits, on a consolidated basis.

ITC plans to invest Rs. 20,000 crore across businesses over the medium term, depending on growth opportunities, market dynamics and other business considerations. ITC is in the process of acquiring Century Pulp and Paper (CPP) of Aditya Birla Real Estate Limited at an estimated capital outlay of Rs. 3,500 crore, proposed to be funded through internal accruals. The aforesaid business transfer will be undertaken after receipt of necessary regulatory approvals. In addition, ITC would continue to carry out other regular capex and look for inorganic growth opportunities.

The FMCG-Cigarettes segment continues to record a healthy revenue growth and stable margin, aided by the relatively stable tax regime. The growth of FMCG-Others segment is marked by healthy traction from staples, dairy, premium personal care products and convenience foods with stable margins despite headwinds from commodity cost inflation. The revenues from the agri-business witnessed a significant growth of around 25% in FY2025, on a YoY basis, owing to ease of various trade restrictions on agricultural commodities, supported by volume growth of leaf tobacco and value-added agricultural products. The paperboards, paper & packaging segment continues to contend with soft domestic and export demand, and low-cost supplies in international markets, which impacted realisations. Additionally, elevated wood prices had a bearing on the margins of this segment. While the top line of the segment remained flat, there was a decline in PBIT by around 36% in FY2025 on a YoY basis. ICRA notes that there has been a revenue recovery of around 6% on a YoY basis in H1 FY2026, driven by higher volumes. Specialty paper also witnessed a robust growth during the period. However, segment PBIT in H1 FY2026 stood around 32% lower on a YoY basis. ICRA notes that there has been PBIT margin expansion of around 100 bps in Q2 FY2026 over Q1 FY2026. The performance of the 'Others' segment, which primarily includes IT solutions/services, remained comfortable with increasing revenue and relatively stable margin over the past few years. ICRA expects the company to continue to register a healthy revenue growth with elevated margin over the medium term. Further, negligible debt and substantial free cash and liquid investments remain strong sources of financial flexibility for the company.

Key rating drivers and their description

Credit strengths

Market leader in the domestic cigarettes industry – ITC continues to remain the leader in the organised domestic cigarettes industry with a market share of around 75% and healthy brand equity through its focus on continuous product innovation, supported by consumer insights and strong on-ground execution capabilities. The cigarettes business accounted for around 40% of the segment revenue and approximately 80% of the company's profits (earnings before interest and taxes – EBIT), on a consolidated basis, in FY2025.

Increasing revenue diversity of business with strong inter-business synergies – ITC's business portfolio is diversified with substantial presence across cigarettes, FMCG, paperboards and packaging, agri business, and IT solutions/services. The contribution of cigarettes to ITC's segment revenue, on a consolidated basis, has successively reduced to around 37% in H1 FY2026 from around 47% in FY2018. Segment revenue contribution from FMCG-Others stood at 23%, agri-business stood at 27%, paperboards and packaging stood at 8%, and others segment stood at 5% in H1 FY2026. The integrated nature of ITC's business models, including proficiency in agri-commodity sourcing (handling ~3.5 million tonnes of annual volume across 22 states and more than 20 agri-value chains), cost-competitive manufacturing and strong omni-channel distribution platform are sources of competitive advantages for the company.

Robust financial profile, characterised by healthy profitability, negligible debt and substantial liquid investments – The operating profit margin (OPM) of ITC, on a consolidated basis, stood healthy over the past years, primarily supported by strong margins from its cigarette business. The net profit margin (NPM), although moderated to some extent compared to FY2024, also stood at a healthy level of around 26% in FY2025. Despite some moderation of its OPM to around 33% in H1 FY2026 vis-à-vis 35% in H1 FY2025, largely owing to weak performance of its paperboard division, along with increased share of relatively lower margin agri-business in the overall revenue mix, ICRA expects the company to maintain its healthy profitability, going forward. The capital structure of the company continues to remain highly conservative on the back of healthy net worth with negligible external borrowings. As on March 31, 2025, the company had substantial free cash and liquid investments of more than Rs. 20,000 crore with nominal debt. In addition to this, the company had non-current investments of more than Rs. 13,000 crore (mainly in market securities) as on March 31, 2025, strengthening its liquidity position.

Credit challenges

Exposure of cigarettes business to Government policies and regulations – The cigarettes business is highly regulated in India with stringent taxation and statutory compliance requirements. Any material regulatory development can have a significant impact on the business. However, a strong brand equity, presence across categories and price segments and an extensive nationwide distribution network are expected to aid ITC in maintaining its leadership position and mitigating the risks to a large extent.

Environmental and social risks

Environmental considerations – ITC remains exposed to physical climate risks as the key raw materials for most of its business segments are agricultural commodities. Vagaries of climate translating into variation in crop output could adversely impact ITC's operations in terms of both availability of raw materials and increase in commodity costs. The company remains exposed to the impact of changes in the regulatory norms with respect to the treatment of manufacturing residual discharge/waste. Further, increasing awareness and restrictions on usage of different grades of plastics for packaging and the need to find eco-friendly solutions could impact ITC's cost structure.

Social considerations – Tobacco consumption is considered a social hazard due to its ill effects on public health and is thus strictly regulated. Any significant change in the regulatory environment for cigarettes could adversely impact the business prospects of the company. However, a strong brand equity, presence across categories and price segments and an extensive nationwide distribution network are expected to aid ITC in maintaining its leadership position and mitigating the risks to a large extent.

Liquidity position: Superior

The company, on a consolidated basis, generated positive cash flow from operations over the past years, which is likely to continue, going forward. The liquidity position of ITC, on a consolidated basis, continues to remain Superior, as reflected in its healthy cash and liquid investments portfolio of more than Rs. 20,000 crore as on March 31, 2025, despite sizeable dividend payouts, supported by robust cash flow from operations. In addition to this, the company had non-current investments of more than Rs. 13,000 crore (mainly in market securities) as on March 31, 2025, which provides additional liquidity buffer. There were hardly any utilisation of fund-based working capital limits in the past. The company has long-term debt repayment obligations of around Rs. 58 crore, including lease liabilities, in the current fiscal. ITC is expected to continue to generate healthy cash accruals from the business to meet its capex and working capital requirements and debt servicing obligations.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on ITC's rating could arise if regulatory developments in the cigarettes industry have a material adverse impact on the profitability of the company or any unanticipated large debt-funded organic/inorganic growth plan, relative to the size of the company's balance sheet, affects its coverage indicators and liquidity position on a sustained basis.[1]

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ITC Limited, including its subsidiaries, step-down subsidiaries, joint ventures and associates, which are enlisted in Annexure – II.

About the company

ITC Limited (ITC) is the largest cigarette manufacturer and seller in the country. It was established in 1910 and devoted its first six decades to the growth and consolidation of the cigarettes and leaf tobacco businesses. It currently operates in five business segments — FMCG-Cigarettes, FMCG-Others, Paperboards, Paper and Packaging, Agri Business and Other businesses, which mainly include IT solutions/services.

[1] The company currently enjoys a superior liquidity position to fund both organic/inorganic growth.

Key financial indicators (audited)

ITC	Standalone		Consolidated			
	FY2024	FY2025	FY2024	FY2025	H1 FY2026*	H1 FY2025*
Operating income	62,628	69,324	67,932	75,323	40,996	37,768
PAT	19,910	20,092	20,176	19,926	10,395	10,064
OPBDIT/OI	37.4%	34.5%	37.1%	34.3%	33.0%	34.7%
PAT/OI	31.8%	29.0%	29.7%	26.5%	25.4%	26.6%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	0.2	0.3	0.3	0.2
Total debt/OPBDIT (times)	0.0	0.0	0.0	0.0	0.0	0.0
Interest coverage (times)	681.5	658.0	644.0	573.4	370.0	538.3

*Source: ITC Limited, ICRA Research; * Unaudited numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 27, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial Paper	Short Term	500.00	**[ICRA]A1+**	Nov 29, 2024	[ICRA]A1+	Nov 30, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity indicator
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA*	**Commercial Paper**	-	-	-	500.00	[ICRA]A1+

*Source: ITC Limited; * yet to be placed*

Annexure II: List of entities considered for consolidated analysis

Company Name	ITC's Ownership	Consolidation Approach
ITC Infotech India Limited	100.00%	Full consolidation
ITC Infotech Limited@	100.00%	Full consolidation
ITC Infotech (USA), Inc.@	100.00%	Full consolidation
Indivate Inc. (a subsidiary of ITC Infotech (USA), Inc.)	100.00%	Full consolidation
ITC Infotech Do Brasil LTDA.@	100.00%	Full consolidation
ITC Infotech Malaysia SDN. BHD.@	100.00%	Full consolidation
ITC Infotech France SAS@	100.00%	Full consolidation
ITC Infotech GmbH@	100.00%	Full consolidation
ITC Infotech de Mexico, S.A. de C.V. @	100.00%	Full consolidation
ITC Infotech Arabia Limited@	100.00%	Full consolidation
ITC Infotech Italia s.r.l. (w.e.f. July 23, 2024)@	100.00%	Full consolidation
Blazeclan Technologies Private Limited (w.e.f. October 1, 2024)@	100.00%	Full consolidation
Cloudlytics Technologies Private Limited (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies Pty. Limited (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies Limited (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Americas Inc. (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies PTE Limited (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies SDN. BHD. (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies Corporation (BTC) (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Europe SRL. (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies LLC (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Blazeclan Technologies Inc. (w.e.f. October 1, 2024)*	100.00%	Full consolidation
Surya Nepal Private Limited	59.00%	Full consolidation
Surya Nepal Ventures Private Limited	59.00%	Full consolidation
Technico Agri Sciences Limited	100.00%	Full consolidation
Technico Pty Limited	100.00%	Full consolidation
Technico Technologies Inc. (a subsidiary of Technico Pty Limited)	100.00%	Full consolidation
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	100.00%	Full consolidation
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	100.00%	Full consolidation
Russell Credit Limited	100.00%	Full consolidation
Greenacre Holdings Limited	100.00%	Full consolidation
Wimco Limited	100.00%	Full consolidation
Gold Flake Corporation Limited	100.00%	Full consolidation
ITC Integrated Business Services Limited	100.00%	Full consolidation
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Integrated Business Services Limited)	100.00%	Full consolidation
North East Nutrients Private Limited	76.00%	Full consolidation
Prag Agro Farm Limited	100.00%	Full consolidation
Pavan Poplar Limited	100.00%	Full consolidation
ITC IndiVision Limited	100.00%	Full consolidation
ITC Fibre Innovations Limited	100.00%	Full consolidation
Logix Developers Private Limited	27.90%	Equity method
ITC Filtrona Limited (a joint venture of Gold Flake Corporation Limited)	50.00%	Equity method

Company Name	ITC's Ownership	Consolidation Approach
Russell Investments Limited*	25.43%	Equity method
Divya Management Limited	33.33%	Equity method
Antrang Finance Limited	33.33%	Equity method
ATC Limited (an associate of Gold Flake Corporation Limited)	47.50%	Equity method
Delectable Technologies Private Limited	39.32%#	Equity method
Mother Sparsh Baby Care Private Limited	26.50%#	Equity method
Sproutlife Foods Private Limited	47.50%#	Equity method
ITC Hotels Limited (w.e.f. January 1, 2025)	39.88%	Equity method

Source: Annual report of 2024-25 of ITC Limited

*@ subsidiaries of ITC Infotech India Limited; * subsidiaries of Blazeclan Technologies Private Limited*

 # on a fully diluted basis

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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