



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

A STUDY ON THE FINANCIAL PERFORMANCE WITH REFERENCE TO ITC LIMITED – STRATEGIC BUSINESS UNIT PACKAGING & PRINTING

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Abstract

This study evaluates the financial performance of ITC Limited's Packaging & Printing Strategic Business Unit over a five-year period from 2019-20 to 2023-24 with the objective of examining its financial stability, profitability, liquidity position, capital structure, and overall operational efficiency. The analysis is based entirely on secondary data obtained from published annual reports and reliable financial databases, ensuring accuracy and consistency in evaluation. To provide a comprehensive assessment, key financial tools including liquidity ratios, profitability ratios, solvency measures, trend analysis, and common-size statements are systematically applied to interpret performance patterns across the selected years. Liquidity indicators

are used to determine the company's ability to meet short-term obligations, while profitability ratios measure its efficiency in generating earnings from operations. Solvency measures evaluate long-term financial soundness and dependence on external borrowings, and trend analysis helps identify growth patterns in assets, revenue, and capital employed. The results of the study indicate that the company maintains a strong equity foundation with minimal reliance on debt financing, reflecting a conservative and low-risk capital structure. Profit margins remain stable throughout the study period, demonstrating effective cost control and operational management. The steady growth in total assets and revenue further indicates consistent expansion and sound financial planning.



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Keywords: Financial Performance, Ratio Analysis, Liquidity, Profitability, Solvency, ITC Limited, Trend Analysis.

Introduction

Financial performance shows how well a company earns profit and manages its financial resources. It explains how effectively a company uses its assets, capital, and management strategies to create value for shareholders and other stakeholders. Financial performance analysis is important because it helps to understand a company's profitability, liquidity, solvency, and efficiency. Investors use this analysis to check risk and return, creditors use it to know the company's repayment ability, and management uses it for planning and decision-making. Strong financial performance helps a company remain stable, grow, and compete in the market. ITC Limited is one of India's leading diversified companies with businesses in FMCG, Hotels, Agri-business, Information Technology, and Packaging & Printing. The Packaging & Printing division plays an important role in supporting ITC's FMCG products and provides packaging services to other industries. This division focuses on paperboard packaging, flexible packaging, and eco-friendly products. With the growing demand for sustainable packaging, this division has become very important for the company. Its performance helps improve

operational efficiency, control costs, and increase overall revenue.

Statement of the Problem

Despite ITC Limited being recognized as a financially strong company, fluctuations in certain financial indicators require detailed examination. Although the company operates with very low debt, questions arise regarding optimal utilization of capital structure.

Further, variations in liquidity ratios and operating efficiency during the study period highlight the need for comprehensive financial evaluation. Therefore, the problem of the study is to assess whether ITC Limited maintains consistent financial performance and identify areas requiring strategic improvement.

Objectives of the Study

- To analyse the liquidity position of ITC Limited using Current Ratio and Liquid Ratio.
- To examine the solvency position using Debt-Equity Ratio and Proprietary Ratio.
- To study trend analysis of assets and liabilities.
- To provide suggestions for improving financial performance.

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Review of Literature

Singaravel (2025) studied the financial performance of ITC Ltd for the period 2019–2024. The study found that ITC maintained strong liquidity and high profitability with very low dependence on debt. The Return on Capital Employed showed improvement over the years, indicating efficient utilization of capital.

Methodology

For the study, data is collected through secondary sources such as annual reports of ITC Limited and financial websites.

The study period covers five financial years from 2019–20 to 2023–24.

The tools used for analysis include:

- Ratio Analysis
- Trend Analysis
- Common Size Balance Sheet

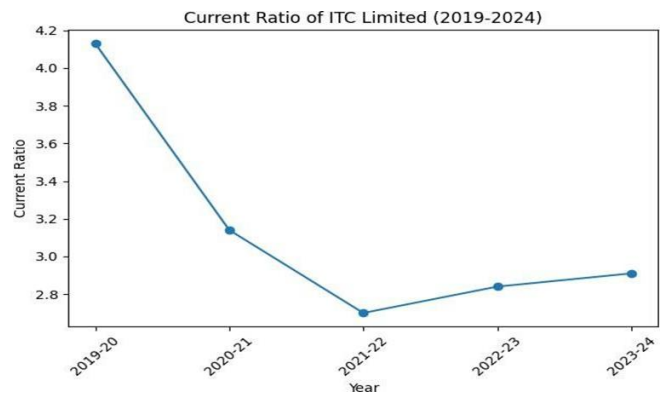
These tools help with systematic financial evaluation.

Data Analysis

Liquidity Analysis Current Ratio Analysis

| YEAR | Current Assets (₹ Cr) | Current Liabilities (₹ Cr) | Current Ratio |
|---------|-----------------------|----------------------------|---------------|
| 2019–20 | 39505.91 | 9559.41 | 4.13 |
| 2020–21 | 31505.35 | 10173.77 | 3.14 |
| 2021–22 | 30991.99 | 11478.68 | 2.70 |
| 2022–23 | 35232.45 | 12415.62 | 2.84 |
| 2023–24 | 36670.89 | 12415.41 | 2.91 |

Chart 1: Current Ratio of ITC Limited (2019–2024)



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Solvency Analysis

Net Profit Ratio Analysis

| Year | Net Profit (₹ Cr) | Revenue (₹ Cr) | Net Profit Ratio (%) |
|---------|-------------------|----------------|----------------------|
| 2019-20 | 14817.19 | 47415 | 31.25 |
| 2020-21 | 13479.42 | 50128 | 26.89 |
| 2021-22 | 15328.30 | 60419 | 25.37 |
| 2022-23 | 17878.48 | 65441 | 27.32 |
| 2023-24 | 20400.56 | 70105 | 29.10 |

Trend Analysis

The current ratio of ITC Limited remained above the standard level during the study period, showing that the company can easily meet its short-term limitations. Although it decreased from 4.13 in 2019-20 to 2.91 in 2023-24, the company still maintains a strong liquidity position. The proprietary ratio stayed above 0.80, showing that most assets are financed by equity. Trend analysis also shows that current assets

Findings of the Study

- ITC Limited maintains strong liquidity position.
- The company has very low financial risk due to minimal debt.
- Profitability ratios indicate strong operational efficiency.

- Finance costs have significantly reduced over five years.
- Working in capital management requires close monitoring.

Conclusion

The study concludes that ITC Limited demonstrates strong financial performance during the study period. The company maintains excellent solvency with negligible debt and strong equity base. Profitability ratios reflect efficient management and cost control. Although certain fluctuations exist in operating and liquidity ratios, overall financial health remains stable and sustainable. With proper working capital management and strategic investments, ITC Limited is expected to maintain steady growth in the future.

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