ITC Ltd Intrinsic Value Calculation

Applying the Futurecaps Intrinsic Value framework to ITC (NSE/BSE) — data as of Jul 2026

This report applies the Intrinsic Value framework described by Futurecaps Stocks, adapted from Benjamin Graham's *The Intelligent Investor*, to ITC Ltd using current publicly available financial data.

1. Current Snapshot — ITC Ltd (NSE/BSE)

Metric	Value
Sector	FMCG
Current Market Price (CMP)	Rs. 289
Market Cap	Rs. 3,61,850 Cr
Stock P/E	17.3
Book Value / share	Rs. 57.9
Dividend Yield	5.01%
ROCE	38.9%
ROE	29.3%
EPS (TTM)	Rs. 16.51

2. Framework Inputs

The framework requires three inputs — EPS, a projected growth rate (G), and a no-risk reference return (Y), typically a bank fixed deposit rate:

Input	Value Used	Basis
EPS	Rs. 16.51	Trailing twelve months (TTM), consolidated
G (Growth Rate)	3%	3-year compounded profit growth
Y (No-Risk Return)	6%	SBI 5-year fixed deposit rate

Note: ITC's reported TTM profit growth is distorted by a large one-off other-income item in the Mar 2025 quarter; the 3-year compounded figure (3%) is used here as a steadier base.

3. Intrinsic Value Calculation

Intrinsic Value = EPS × (8.5 + 2G) × 4.4 / Y

Substituting ITC Ltd's figures (EPS = 16.51, G = 3, Y = 6):

$$\textbf{Intrinsic Value} = 16.51 \times (8.5 + 6) \times 4.4 / 6 = 16.51 \times 10.63 \approx \text{Rs. } 176$$

4. Margin of Safety & Fair Value

ITC Ltd is a large-cap constituent of the Nifty 50 / BSE Sensex, so a 20% margin of safety is applied, per the framework's guidance for large-caps.

Fair Value = Intrinsic Value – 20% = Rs. 176 × 0.80 ≈ Rs. 140

Metric	Value
Intrinsic Value	Rs. 176
Margin of Safety (large-cap)	20%
Fair Value	Rs. 140
Current Market Price (CMP)	Rs. 289
Decision	**SELL**

5. Decision Rule Applied

Decision	Condition	ITC Status
BUY	CMP < Fair Value	No
HOLD	Fair Value < CMP < Intrinsic Value	No
SELL	CMP > Intrinsic Value	Yes

6. Takeaway

At a CMP of Rs. 289, ITC trades well above both its estimated Fair Value (Rs. 140) and Intrinsic Value (Rs. 176) on this conservative-growth framework, placing it in SELL territory — consistent with ITC's slow, low-single-digit underlying profit growth.

This is an educational, formula-based estimate — not investment advice. Intrinsic Value depends heavily on the growth and discount-rate assumptions used, both of which are inherently uncertain. Please do your own research or consult a qualified financial advisor before making investment decisions.

Source: Futurecaps Stocks Intrinsic Value framework; company public financial filings and stock exchange disclosures, data as of Jul 2026.