Profit or cash?

For the teacher. Every number comes from the filing named next to it.

Part A. Your guess

Any guess counts. The point is to check it against ITC's real numbers in Part C.

Part B. From profit to cash

B1: ₹20,000 + ₹5,000 = ₹25,000. B2: ₹25,000 − ₹15,000 = ₹10,000 from operations. B3: ₹10,000 − ₹12,000 = −₹2,000 of free cash flow. The shop is made up.

Part C. ITC

C1: profit, by ₹2,225 crore (₹20,689 crore against ₹18,464 crore). C2: ₹18,464 crore − ₹2,183 crore = ₹16,281 crore.

Where: Report and Accounts 2026, consolidated cash flow statement

C3: any of cash already held at the start of the year, borrowings or the sale of investments. ITC's dividends were ₹18,271 crore against free cash flow of ₹16,281 crore. Students check the financing and investing sections for the real answer.

Part D. Eternal

D1: cash from operating activities (₹632 crore against profit of ₹366 crore). D2: Blinkit now pays for goods before it sells them, so stock on hand rose to ₹2,181 crore.

Where: Annual Report FY26, consolidated statements

D3: capex of ₹1,751 crore was larger than cash from operating activities of ₹632 crore, so free cash flow was −₹1,119 crore.

Part E. Compare without ranking

Any business reason tied to a number counts: Eternal's stock build-up, ITC's other income, or capex. Good answers name the cash flow statement or a note as the page to read next. Never award marks for an investment choice.

Exit ticket

1: cash that came in from running the main business in the year. 2: any correct reason, such as costs that use no cash, stock bought but not sold, or income not yet received. 3: cash from operating activities minus capex; it is negative when capex is larger.

Notes

- Eternal: when goods are bought but not sold, the cost of goods sold leaves them out, so profit is not reduced. The cash has still gone. Eternal set aside ₹2,002 crore of unsold stock in FY26.

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- Eternal's operating cash was still above profit, so other adjustments added more than the stock took away. The Cityfort page does not list them. Students can find them in the reconciliation at the top of the consolidated cash flow statement.
- Look for costs that used no cash in the year, such as depreciation and employee stock option (ESOP) costs. Also look for changes in money owed to suppliers.
- ITC: the Cityfort page gives no company reason for the gap. Two items inside ITC's profit are not operating cash in the textbook format. One is other income (₹2,426 crore), which includes interest and dividends. The other is its share of part-owned companies' profit (₹377 crore).
- Ind AS 7 (para 31) puts interest and dividends received under investing activities for a company that is not a financial institution, so ITC's interest and dividend income is taken out of profit in the operating section.
- Every number uses the consolidated statements for FY26 (April 2025 to March 2026).

Sources

1. S1: Report and Accounts 2026 (FY26), with standalone and consolidated financial statements and BRSR, ITC Limited, filed with NSE, 26 Jun 2026. https://nsearchives.nseindia.com/annual_reports/AR_29459_ITC_2025_2026_A_14678177_26062026165422.pdf
2. S2: Annual Report FY26 (2025-26), with consolidated financial statements and BRSR, Eternal Limited, filed with NSE, 29 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_30059_ETERNAL_2025_2026_A_48211721_29072026204435.pdf
3. S3: Shareholders' letter Q2 FY27 (21 Oct 2026), Eternal Limited, filed with NSE, 21 Oct 2026. https://nsearchives.nseindia.com/corporate/ZOMATO_21102026152512_SHLsigned.pdf
4. S4: Ind AS 7, Statement of Cash Flows (as notified by MCA, amended to 13 Aug 2025), ICAI, Compendium of Indian Accounting Standards 2025-26, 13 Aug 2025. https://indasaccess.icai.org/download/2026/asb2026/1098/1098indas2025-26-7.pdf

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