

## ITC (ITC) – BUY

### Result Update

Current Market Price (CMP) <b>Rs.204</b>	Target Price <b>Rs.265</b>
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**Our fair value of Rs 265 offers upside of 29.9% from the current market price.**

### Rationale:

- ITC offer a combination of decent growth and inexpensive valuation.
- There is promise of solid long term growth in FMCG.
- We expect earnings to grow by 18.7% in FY22E & grow by 8.1% in FY23E.
- Stock is currently trading at valuation of 15.3x P/E FY23E EPS.
- We value ITC using Sum of the Parts (SoTP) methodology.

### Q3FY21 Earnings update:

#### **Positives:**

- Operating profit declined 7% yoy to Rs4281 cr (KIE: Rs4246 cr) in Q3FY21.
- Cigarettes reported 92% recovery in net sales & earnings before interest & tax.
- Discretionary/out of home segment in other FMCG have recovered.
- Agri business registered 18% yoy revenue growth led by trading opportunities.

#### **Negatives:**

- Hotels segments' performance was a shade weaker than expected in Q3FY21.
- Paperboards witnessed 5% yoy sales decline with subdued domestic demand.

[Click here](#)

To read detailed report dated 12th February 2021. Note: CMP and Valuation may differ due to difference in dates.



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Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>