

ITC (ITC)-BUY

Result Update

Current Market Price (CMP)
Rs. 205

Target Price
Rs. 275

Our fair value of Rs 275 offers upside of 34.1% from current market price.

Rationale:

- ITC offer combination of decent growth, dividend yield & inexpensive valuation.
- We are now attributing Rs10/share to ITC InfoTech that has scaled up well.
- We expect earnings to grow by 9.0% in FY22E & by 13.2% in FY23E.
- Stock is currently trading at valuation of 15.7x P/E FY23E EPS.
- We value ITC using Sum of the Parts (SoTP) methodology

Q1FY22 Earnings Update:

👍 Positives:

- Revenues grew 37% yoy to Rs12217 cr, 19% ahead of our estimate.
- We estimate cigarette volume growth at 30% yoy.
- FMCG business witnessed 10.4% yoy revenue growth.
- Paperboard, paper & packaging segment witnessed 54% yoy revenue growth.

👎 Negatives:

- The hotels segment registered 56% qoq decline in revenues.
- FMCG EBIT (earnings before interest & tax) margin at 4.7% (KIE 4.9%).

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For detailed report dated 25th July 2021. Note: CMP & valuation may differ due to difference in dates



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