

ITC (ITC)-ADD

Result Update

Current Market Price (CMP)

Rs.395

Target Price

Rs. 500

Rationale:

- ITC reported 8.6%/1.6%/2.1% yoy growth in revenues/EBITDA/PAT.
- We incorporate ITC Hotels' demerger & margin pressure & cut FY25-27E EPS.
- We expect earnings to grow by 7.0% in FY26E & grow by 9.0% in FY27E.
- Stock is currently trading at valuation of 20.9x P/E FY27E EPS.
- We value ITC using Sum of the Parts (SoTP) methodology.

Q3FY25 Earnings Update:

Positives:

- ITC's gross revenue (ex-agri business) grew 5.8% yoy.
- Cigarette volume growth is resilient in weak consumption environment.
- There are incipient signs of recovery in urban demand as well.
- Announced the acquisition of Prasuma, a leading player in frozen, ready food.

Negatives:

- Paperboard & packaging remained impacted by low-priced Chinese supplies.
- FMCG revenue growth moderated further to 4% yoy.

[Click here](#)For detailed report dated 7th Feb 2025. Note: CMP & valuation may differ due to difference in dates.

This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months / Disclaimer: <https://www.kotaksecurities.com/disclaimer/research/>