

ITC

Refer to important disclosures at the end of this report

# Cigarette recovery to drive upsides

- ITC reported a sequential recovery in Q3. Cigarette sales/EBIT declined 8%, in line with estimates. PBT fell 6% to Rs48.5bn, 5% below estimates, due to a slight miss on margins in FMCG, Agribusiness and Paper. PAT declined 12% yoy on lower ETR in Q3FY20.
- Cigarette recovery continued mom with Dec20 being better. Further reopening and stable taxation should support recovery and growth in cigarettes sales/EBIT ahead. ITC's initiatives on portfolio expansion and innovations targeting gaps appear positive.
- FMCG comparable growth of 11% and EBITDA margin expansion of 150bps (230bps including Sunrise) were healthy but lower than expectations due to moderation in staples/convenience foods and high ad spends. Strong traction in the Health & Hygiene portfolio, pick-up in ESPB and aggressive innovation should boost growth and margin gains.
- We keep estimates unchanged currently and believe that further recovery in cigarettes and other divisions can lead to an upgrade in FY22/23 forecasts. ITC's increased aggression on innovations and cost efficiencies are encouraging. Valuations at 16x FY23E provide attractive upsides. Maintain Buy with a revised TP of Rs265, based on 18x Mar'23E EPS.

**Cigarette recovery in-line; expect full recovery in Q4:** Cigarette sales declined 8% (post excise adjustments), with a similar volume decline. The decline was limited by a recovery in metros and uptown markets; management also mentioned MoM improvement. EBIT margins were down only 20bps, driven by cost control measures, restricting the EBIT decline to 8%. Variants in Gold Flake and Navy cut have been launched at competitive price points to address competition, resulting in market share gains of 10-20bps. Cigarette recovery continued mom with Dec20 being better. Further reopening, stable taxation and ITC's initiatives on portfolio expansion and innovations targeting gaps should support recovery and growth in cigarettes sales/EBIT ahead.

**FMCG comparable growth at 11%; mixed performance of other divisions:** FMCG sales grew 8% (11% comparable growth), with Staples, Convenience Foods and Health & Hygiene products growing at 11%. Sales in the discretionary category bounced back to 11% vs. -2%/-25% in Q2/Q1. FMCG margin improvement was slightly below expectations due to higher commodity costs and IPL-led higher ad spends in Q3. EBITDA was up 28% and margins were up 140bps to 9.2% (10% including Sunrise) vs. a 290bps gain to 9.7% in Q2. Agri business grew 19%; margins declined 230bps on lower leaf tobacco exports. Paper fell 5% with a 15% EBIT decline on softer realizations and weak mix. Hotels picked up qoq and turned EBITDA positive in Dec'20 on strong cost savings.

**Further recovery may drive upsides; maintain Buy:** We keep estimates unchanged currently but believe that further recovery in cigarettes/other divisions can lead to an upgrade in FY22/23 forecasts. ITC's increased aggression on innovations and cost efficiencies are encouraging. Valuations at 16x FY23E provide attractive upsides. Maintain Buy with a revised TP of Rs265 (from Rs250 earlier), based on 18x Mar'23E EPS.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Goods & Retail \(page 8\)](#)

## Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	4,49,957	4,56,197	4,42,596	5,19,273	5,67,401
EBITDA	1,73,055	1,79,043	1,58,900	1,96,094	2,16,490
EBITDA Margin (%)	38.5	39.2	35.9	37.8	38.2
APAT	1,24,643	1,52,682	1,28,936	1,58,469	1,76,129
EPS (Rs)	10.2	12.4	10.5	12.9	14.3
EPS (% chg)	13.3	22.2	(15.6)	22.9	11.1
ROE (%)	22.8	25.0	20.4	24.8	26.2
P/E (x)	22.3	18.2	21.6	17.6	15.8
EV/EBITDA (x)	15.1	14.2	16.2	13.1	11.7
P/BV (x)	4.8	4.3	4.5	4.3	4.0

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 226</b> as of (February 11, 2021)	<b>Rs 265 (▲)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>17.0 %</b>

### Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	6.0
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	10.5	12.9
Consensus	10.9	13.1
Mean Consensus TP (12M)	Rs 246	

### Stock Details

Bloomberg Code	ITC IN
Face Value (Rs)	1
Shares outstanding (mn)	12,305
52 Week H/L	239 / 135
M Cap (Rs bn/USD bn)	2,787 / 38.25
Daily Avg Volume (nos.)	41,076,420
Daily Avg Turnover (US\$ mn)	117.6

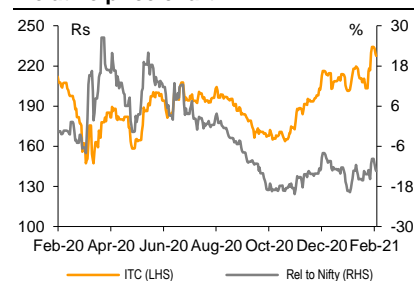
### Shareholding Pattern Dec '20

Promoters	-%
FIIIs	13.3%
DIIIs	42.9%
Public and Others	43.8%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	12	22	12	7
<b>Rel. to Nifty</b>	7	3	(17)	(15)

### Relative price chart



Source: Bloomberg

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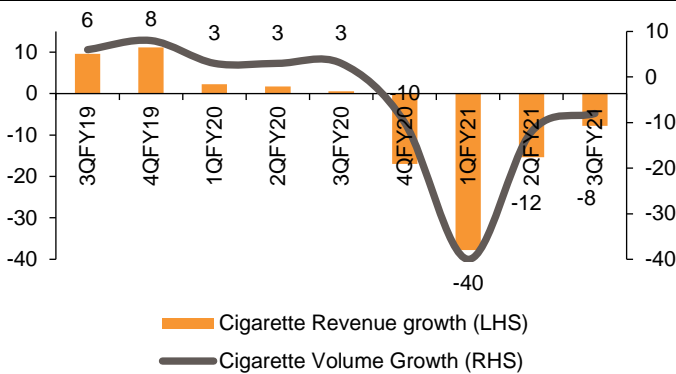
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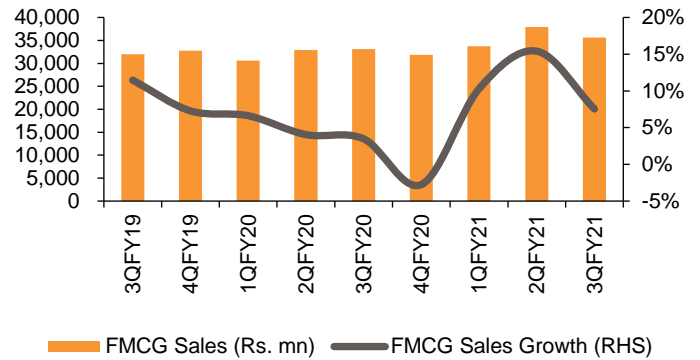
# Story in Charts

**Exhibit 1: Cigarette sales and volumes continue to recover**



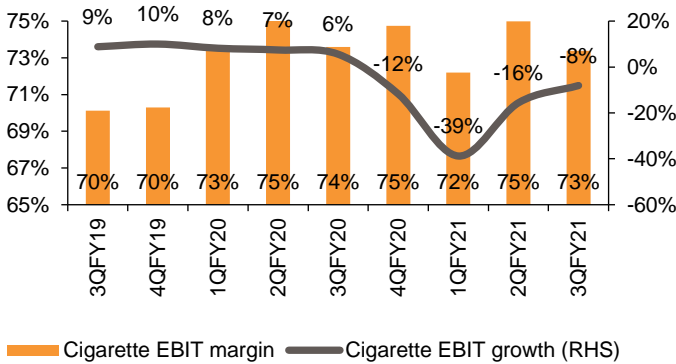
Source: Company, Emkay Research

**Exhibit 2: Moderation in sales growth driven by staples and convenience foods; discretionary segments recovering**



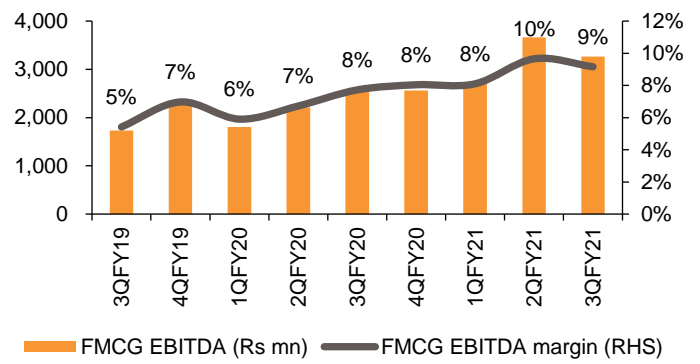
Source: Company, Emkay Research

**Exhibit 3: Cost savings support cigarette EBIT margin**



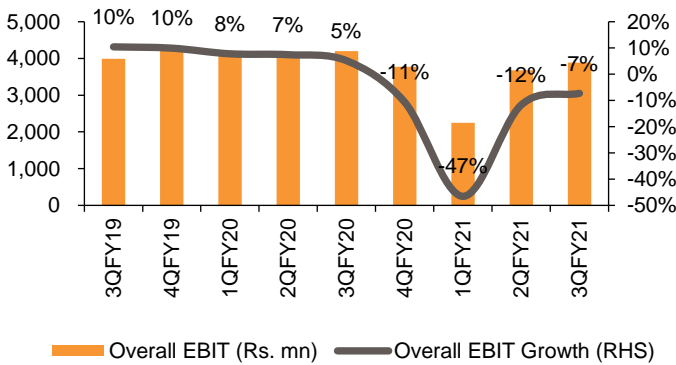
Source: Company, Emkay Research

**Exhibit 4: FMCG margin gains remain steady YoY**



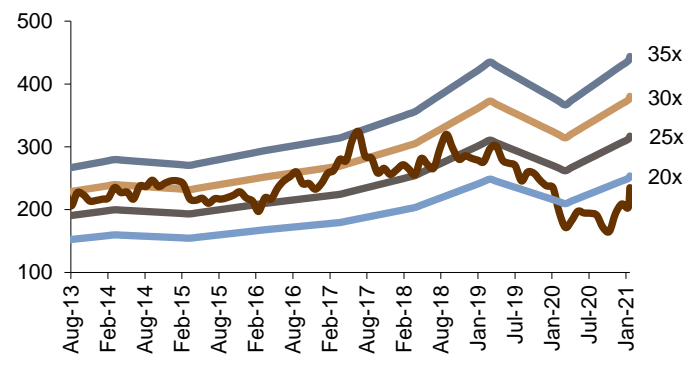
Source: Company, Emkay Research

**Exhibit 5: Sequential recovery in overall EBIT growth**



Source: Company, Emkay Research

**Exhibit 6: One-year forward P/E band chart**



Source: Company, Emkay Research

## Exhibit 7: Actual vs. Estimates (Q3FY21)

Rs mn	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenues	1,17,874	1,19,172	1,19,349	-1.1%	-1.2%	FMCG and Agri drive revenue growth
EBITDA	42,814	44,859	43,567	-4.6%	-1.7%	
EBITDA Margin (%)	36.3%	37.6%	36.5%	-132	-18	
APAT	36,629	38,107	36,135	-3.9%	1.4%	Slight margin miss in FMCG/Agri/Paper

Source: Company, Emkay Research

## Exhibit 8: Quarterly Performance (Standalone)

Y/E, Mar (Rs. mn)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)	9MFY20	9MFY21	Gr (%)
<b>Revenue</b>	<b>1,18,056</b>	<b>1,08,422</b>	<b>89,113</b>	<b>1,11,831</b>	<b>1,17,874</b>	<b>-0.2</b>	<b>5.4</b>	<b>3,47,774</b>	<b>3,18,818</b>	<b>-8.3</b>
<b>Expenditure</b>	<b>71,930</b>	<b>66,788</b>	<b>62,647</b>	<b>71,225</b>	<b>75,060</b>	<b>4.4</b>	<b>5.4</b>	<b>2,10,368</b>	<b>2,08,932</b>	<b>-0.7</b>
Consumption of RM	45,465	40,671	39,469	47,370	50,131	10.3	5.8	1,31,681	1,36,969	4.0
as % of sales	38.5%	37.5%	44.3%	42.4%	42.5%			37.9%	43.0%	
Employee Cost	6,691	6,665	6,969	6,610	7,201	7.6	8.9	19,917	20,780	4.3
as % of sales	5.7%	6.1%	7.8%	5.9%	6.1%			5.7%	6.5%	
Other expenditure	19,774	19,452	16,209	17,245	17,729	-10.3	2.8	58,770	51,183	-12.9
as % of sales	16.7%	17.9%	18.2%	15.4%	15.0%			16.9%	16.1%	
<b>EBITDA</b>	<b>46,127</b>	<b>41,635</b>	<b>26,466</b>	<b>40,606</b>	<b>42,814</b>	<b>-7.2</b>	<b>5.4</b>	<b>1,37,407</b>	<b>1,09,886</b>	<b>-20.0</b>
Depreciation	4,162	3,925	3,982	3,825	3,909	-6.1	2.2	11,708	11,716	0.1
<b>EBIT</b>	<b>41,965</b>	<b>37,710</b>	<b>22,484</b>	<b>36,781</b>	<b>38,904</b>	<b>-7.3</b>	<b>5.8</b>	<b>1,25,699</b>	<b>98,170</b>	<b>-21.9</b>
Other Income	9,836	7,555	8,968	6,100	9,710	-1.3	59.2	22,581	24,778	9.7
Interest	124	147	168	138	138	10.8	0.1	410	443	8.1
Exceptional Items	1,321	0	0	0	0			1,321	0	
<b>PBT</b>	<b>50,355</b>	<b>45,118</b>	<b>31,284</b>	<b>42,743</b>	<b>48,476</b>	<b>-3.7</b>	<b>13.4</b>	<b>1,49,191</b>	<b>1,22,504</b>	<b>-17.9</b>
Total Tax	8,936	7,148	7,857	10,419	11,848	32.6	13.7	33,160	30,124	-9.2
<b>PAT</b>	<b>41,419</b>	<b>37,970</b>	<b>23,428</b>	<b>32,324</b>	<b>36,629</b>	<b>-11.6</b>	<b>13.3</b>	<b>1,16,031</b>	<b>92,380</b>	<b>-20.4</b>
<b>Adjusted PAT</b>	<b>41,419</b>	<b>37,970</b>	<b>23,428</b>	<b>32,324</b>	<b>36,629</b>	<b>-11.6</b>	<b>13.3</b>	<b>1,13,389</b>	<b>92,380</b>	<b>-18.5</b>
<b>Adjusted EPS (Rs)</b>	<b>3.4</b>	<b>3.1</b>	<b>1.9</b>	<b>2.6</b>	<b>3.0</b>	<b>-11.9</b>	<b>13.3</b>	<b>9</b>	<b>8</b>	<b>-18.8</b>
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
Gross Margin	61.5	62.5	55.7	57.6	57.5	-400	-20	62.1	57.0	-510
EBIDTA	39.1	38.4	29.7	36.3	36.3	-280	0	39.5	34.5	-500
EBIT	35.5	34.8	25.2	32.9	33.0	-250	10	36.1	30.8	-540
EBT	42.7	41.6	35.1	38.2	41.1	-150	290	42.9	38.4	-450
PAT	35.1	35.0	26.3	28.9	31.1	-400	220	32.6	29.0	-360
Effective Tax rate	17.7	15.8	25.1	24.4	24.4	670	10	22.2	24.6	240

Source: Company, Emkay Research

**Exhibit 9: Segment-wise Performance**

Y/E, Mar (Rs. mn)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)	9MFY20	9MFY21	Gr (%)
<b>Segment Revenues</b>										
Cigarette*	51,036	45,528	32,638	43,276	47,054	-7.8	8.7	15,461	12,297	-20.5
FMCG	33,123	31,836	33,746	37,950	35,618	7.5	-6.1	9,661	10,731	11.1
Hotels	5,523	4,658	226	820	2,352	-57.4	187.0	1,372	340	-75.2
Agri	20,947	18,873	37,463	29,853	24,818	18.5	-16.9	8,353	9,213	10.3
Paperboards, Paper & Packaging	15,554	14,589	10,264	14,587	14,775	-5.0	1.3	4,648	3,963	-14.8
Less: Inter-segment revenue	9,135	8,259	25,881	15,502	7,631			5,082	4,901	-3.5
<b>Total</b>	<b>1,17,048</b>	<b>1,07,223</b>	<b>88,456</b>	<b>1,10,982</b>	<b>1,16,986</b>	<b>-0.1</b>	<b>5.4</b>	<b>34,413</b>	<b>31,642</b>	<b>-8.1</b>
<b>Segment Results</b>										
Cigarette	37,560	34,030	23,564	32,448	34,528	-8.1	6.4	11,450	9,054	-20.9
FMCG	1,076	1,470	1,254	2,527	2,074	92.7	-17.9	276	585	112.0
Hotels	873	426	-2,426	-1,849	-673			115	-495	-529.7
Agri	2,134	1,231	1,787	2,561	1,961	-8.1	-23.4	666	631	-5.2
Paperboards, Paper & Packaging	3,340	2,857	1,601	3,303	2,850	-14.7	-13.7	1,020	775	-23.9
<b>Total</b>	<b>44,983</b>	<b>40,014</b>	<b>25,781</b>	<b>38,989</b>	<b>40,739</b>	<b>-9.4</b>	<b>4.5</b>	<b>13,526</b>	<b>10,551</b>	<b>-22.0</b>
<b>Segment Margins (%)</b>										
						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
Cigarette	73.6	74.7	72.2	75.0	73.4	-20	-160	74.1	73.6	-40
FMCG	3.2	4.6	3.7	6.7	5.8	260	-80	2.9	5.5	260
Hotels	15.8	9.1	-1074.3	-225.6	-28.6			8.4	-145.6	-15400
Agri	10.2	6.5	4.8	8.6	7.9	-230	-70	8.0	6.8	-110
Paperboards, Paper & Packaging	21.5	19.6	15.6	22.6	19.3	-220	-340	21.9	19.6	-240
<b>Total</b>	<b>38.4</b>	<b>37.3</b>	<b>29.1</b>	<b>35.1</b>	<b>34.8</b>	<b>-360</b>	<b>-30</b>	<b>39.3</b>	<b>33.3</b>	<b>-600</b>

Source: Company, Emkay Research

**Exhibit 10: Relative Valuation**

Companies	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV / EBITDA (x)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Asian Paints	2,506	2,403	Hold	2,460	34.2	43.0	49.1	73.3	58.3	51.0	47.8	38.8	34.2
Berger Paints	772	750	Sell	560	7.5	10.4	12.1	103.2	73.9	63.5	61.3	46.1	39.9
Britannia	3,463	834	Buy	4,500	80.0	83.4	94.8	43.3	41.5	36.5	32.8	31.4	27.8
Colgate	1,607	437	Buy	1,800	35.6	39.3	44.1	45.2	40.9	36.4	29.5	26.8	24.0
Dabur	536	947	Hold	560	10.2	11.9	13.7	52.3	44.9	39.1	42.7	35.7	30.9
Emami	488	217	Buy	580	14.5	15.5	17.4	33.7	31.4	28.0	23.9	21.5	18.8
GCPL	759	776	Hold	750	17.0	18.8	21.2	44.7	40.4	35.8	31.5	28.8	25.8
HUL	2,263	5,317	Hold	2,300	34.4	41.6	48.2	65.8	54.4	47.0	45.5	37.8	32.8
<b>ITC</b>	<b>226</b>	<b>2,787</b>	<b>Buy</b>	<b>265</b>	<b>10.5</b>	<b>12.9</b>	<b>14.3</b>	<b>21.6</b>	<b>17.6</b>	<b>15.8</b>	<b>16.2</b>	<b>13.1</b>	<b>11.7</b>
Marico	417	538	Hold	420	9.1	10.3	11.5	45.6	40.4	36.2	32.7	28.9	25.9
Nestle	17,412	1,679	Hold	15,800	229.6	269.3	310.6	75.8	64.7	56.1	52.2	44.8	39.0
Pidilite	1,772	900	Sell	1,320	24.1	27.7	32.1	73.7	63.9	55.2	50.9	44.3	38.4
Radico Khaitan	526	70	Buy	640	18.9	23.0	26.7	27.8	22.9	19.7	17.3	14.5	12.4
United Breweries	1,265	335	Buy	1,450	2.1	24.1	29.9	591.5	52.6	42.4	89.2	28.7	24.1
United Spirits	572	415	Buy	660	6.1	13.4	16.5	94.2	42.7	34.7	45.1	26.2	22.2

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>4,49,957</b>	<b>4,56,197</b>	<b>4,42,596</b>	<b>5,19,273</b>	<b>5,67,401</b>
<b>Expenditure</b>	<b>2,76,901</b>	<b>2,77,155</b>	<b>2,83,697</b>	<b>3,23,178</b>	<b>3,50,911</b>
<b>EBITDA</b>	<b>1,73,055</b>	<b>1,79,043</b>	<b>1,58,900</b>	<b>1,96,094</b>	<b>2,16,490</b>
Depreciation	13,117	15,633	16,411	17,373	17,993
<b>EBIT</b>	<b>1,59,938</b>	<b>1,63,410</b>	<b>1,42,489</b>	<b>1,78,721</b>	<b>1,98,497</b>
Other Income	24,845	30,137	30,443	33,693	37,526
Interest expenses	342	557	557	557	557
<b>PBT</b>	<b>1,84,442</b>	<b>1,92,989</b>	<b>1,72,375</b>	<b>2,11,857</b>	<b>2,35,466</b>
Tax	59,798	40,308	43,438	53,388	59,337
Extraordinary Items	0	(1,321)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>1,24,643</b>	<b>1,51,361</b>	<b>1,28,936</b>	<b>1,58,469</b>	<b>1,76,129</b>
<b>Adjusted PAT</b>	<b>1,24,643</b>	<b>1,52,682</b>	<b>1,28,936</b>	<b>1,58,469</b>	<b>1,76,129</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	12,259	12,292	12,305	12,305	12,305
Reserves & surplus	5,67,239	6,27,999	6,12,113	6,41,512	6,76,224
<b>Net worth</b>	<b>5,79,498</b>	<b>6,40,291</b>	<b>6,24,418</b>	<b>6,53,817</b>	<b>6,88,529</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>79</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net deferred tax liability	23,888	17,544	23,888	23,888	23,888
<b>Total Liabilities</b>	<b>6,03,465</b>	<b>6,57,891</b>	<b>6,48,306</b>	<b>6,77,705</b>	<b>7,12,417</b>
<b>Net block</b>	<b>1,84,864</b>	<b>2,01,322</b>	<b>1,87,033</b>	<b>1,88,424</b>	<b>1,89,084</b>
<b>Investment</b>	<b>2,65,780</b>	<b>3,10,160</b>	<b>2,65,780</b>	<b>2,65,780</b>	<b>2,65,780</b>
<b>Current Assets</b>	<b>2,13,322</b>	<b>2,13,070</b>	<b>2,48,752</b>	<b>2,91,757</b>	<b>3,35,389</b>
Cash & bank balance	37,687	68,433	79,868	97,349	1,22,430
Other Current Assets	25,780	22,125	29,620	33,088	36,347
<b>Current liabilities &amp; Provision</b>	<b>94,514</b>	<b>94,462</b>	<b>87,272</b>	<b>1,02,269</b>	<b>1,11,849</b>
<b>Net current assets</b>	<b>1,18,808</b>	<b>1,18,608</b>	<b>1,61,480</b>	<b>1,89,488</b>	<b>2,23,540</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>6,03,465</b>	<b>6,57,892</b>	<b>6,48,306</b>	<b>6,77,705</b>	<b>7,12,417</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>1,59,596</b>	<b>1,62,853</b>	<b>1,41,932</b>	<b>1,78,164</b>	<b>1,97,940</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(8,957)	24,600	(25,092)	(10,527)	(8,971)
<b>Operating Cashflow</b>	<b>1,29,146</b>	<b>1,92,151</b>	<b>1,20,813</b>	<b>1,65,872</b>	<b>1,85,708</b>
Capital expenditure	(26,079)	(25,879)	(8,334)	(18,764)	(18,653)
<b>Free Cash Flow</b>	<b>1,03,067</b>	<b>1,66,272</b>	<b>1,12,479</b>	<b>1,47,108</b>	<b>1,67,055</b>
Investments	(31,808)	(44,380)	44,380	0	0
Other Investing Cash Flow	(24,845)	(30,137)	(30,443)	(33,693)	(37,526)
<b>Investing Cashflow</b>	<b>(57,887)</b>	<b>(70,259)</b>	<b>36,046</b>	<b>(18,764)</b>	<b>(18,653)</b>
Equity Capital Raised	54	33	13	0	0
Loans Taken / (Repaid)	(32)	(23)	(56)	0	0
Dividend paid (incl tax)	(74,869)	(84,222)	(1,22,922)	(1,35,214)	(1,47,506)
Other Financing Cash Flow	15,669	(6,378)	(21,901)	6,144	6,090
<b>Financing Cashflow</b>	<b>(59,520)</b>	<b>(91,147)</b>	<b>(1,45,424)</b>	<b>(1,29,627)</b>	<b>(1,41,974)</b>
<b>Net chg in cash</b>	<b>11,739</b>	<b>30,745</b>	<b>11,435</b>	<b>17,481</b>	<b>25,081</b>
Opening cash position	25,949	37,687	68,433	79,868	97,349
<b>Closing cash position</b>	<b>37,687</b>	<b>68,433</b>	<b>79,868</b>	<b>97,349</b>	<b>1,22,430</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	38.5	39.2	35.9	37.8	38.2
EBIT Margin	35.5	35.8	32.2	34.4	35.0
Effective Tax Rate	32.4	20.9	25.2	25.2	25.2
Net Margin	27.7	33.5	29.1	30.5	31.0
ROCE	32.5	30.7	26.5	32.0	34.0
ROE	22.8	25.0	20.4	24.8	26.2
RoIC	65.4	63.2	54.8	65.1	69.6

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	10.2	12.4	10.5	12.9	14.3
CEPS	11.2	13.7	11.8	14.3	15.8
BVPS	47.3	52.1	50.7	53.1	56.0
DPS	5.1	5.7	10.0	11.0	12.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	22.3	18.2	21.6	17.6	15.8
P/CEPS	20.2	16.5	19.2	15.8	14.4
P/BV	4.8	4.3	4.5	4.3	4.0
EV / Sales	5.9	5.6	6.0	5.1	4.6
EV / EBITDA	15.1	14.2	16.2	13.1	11.7
Dividend Yield (%)	2.3	2.5	4.4	4.9	5.3

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	(0.3)	(0.4)	(0.3)	(0.3)	(0.4)
Net Debt/EBIDTA	(0.9)	(1.3)	(1.3)	(1.1)	(1.1)
Working Cap Cycle (days)	65.8	40.1	67.3	64.8	65.0

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	10.8	1.4	(3.0)	17.3	9.3
EBITDA	11.4	3.5	(11.3)	23.4	10.4
EBIT	11.1	2.2	(12.8)	25.4	11.1
PAT	11.1	21.4	(14.8)	22.9	11.1

<b>Quarterly (Rs mn)</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>
Revenue	1,18,056	1,08,422	89,113	1,11,831	1,17,874
EBITDA	46,127	41,635	26,466	40,606	42,814
<b>EBITDA Margin (%)</b>	<b>39.1</b>	<b>38.4</b>	<b>29.7</b>	<b>36.3</b>	<b>36.3</b>
PAT	41,419	37,970	23,428	32,324	36,629
<b>EPS (Rs)</b>	<b>3.4</b>	<b>3.1</b>	<b>1.9</b>	<b>2.6</b>	<b>3.0</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
Promoters	-	-	-	-	-
FII	15.2	14.6	14.6	12.9	13.3
DII	42.5	42.4	42.0	43.5	42.9
Public and Others	42.3	43.0	43.4	43.6	43.8

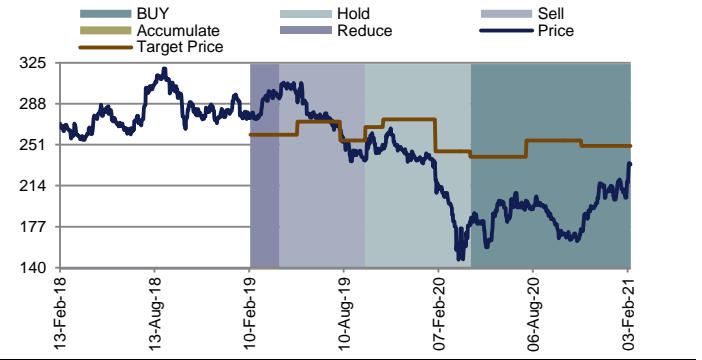
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
06-Nov-20	174	250	12m	Buy	Ashit Desai
25-Jul-20	200	255	12m	Buy	Ashit Desai
24-Jul-20	200	255	12m	Buy	Ashit Desai
28-Jun-20	195	240	12m	Buy	Ashit Desai
14-Apr-20	182	240	12m	Buy	Ashit Desai
08-Apr-20	179	240	12m	Buy	Ashit Desai
01-Feb-20	219	245	12m	Hold	Ashit Desai
25-Dec-19	239	274	12m	Hold	Ashit Desai
24-Oct-19	249	274	12m	Hold	Ashit Desai
20-Sep-19	238	267	12m	Hold	Ashit Desai
03-Aug-19	265	255	12m	Sell	Ashit Desai
13-May-19	289	272	12m	Sell	Ashit Desai
09-Apr-19	296	260	12m	Sell	Ashit Desai
12-Feb-19	275	260	12m	Reduce	Ashit Desai

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Alpha Portfolio – Consumer Goods & Retail



### Analyst: Ashit Desai

#### Contact Details

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+91 22 6612 1340

#### Sector

Consumer Goods & Retail

#### Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 12 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Consumer Goods &amp; Retail</b>	<b>10.64</b>	<b>10.64</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Asian Paints	1.35	0.56	-58%	-79	5.30
Berger Paints	0.22	0.00	-100%	-22	0.00
Britannia Industries	0.48	0.54	13%	6	5.10
Colgate-Palmolive	0.25	0.29	17%	4	2.76
Dabur India	0.35	0.40	14%	5	3.78
Emami	0.12	0.16	28%	3	1.49
Godrej Consumer Products	0.34	0.00	-100%	-34	0.00
Hindustan Unilever	2.38	1.92	-19%	-46	18.02
ITC	2.37	2.56	8%	19	24.07
Marico	0.25	0.29	13%	3	2.68
Nestle India	0.73	0.62	-15%	-11	5.84
Pidilite Industries	0.32	0.00	-100%	-32	0.00
Radico Khaitan	0.00	0.37	NA	37	3.44
United Breweries	0.10	0.58	462%	47	5.43
United Spirits	0.00	0.39	NA	39	3.70
Varun Beverages	0.10	0.21	108%	11	1.98
ABFRL	0.06	0.21	240%	15	2.00
Jubilant FoodWorks	0.21	0.23	10%	2	2.13
Page Industries	0.22	0.22	3%	1	2.09
Shoppers Stop	0.00	0.00	NA	0	0.00
Titan Company	0.78	1.08	39%	31	10.20
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	12-Feb-20	12-Aug-20	11-Nov-20	11-Jan-21	10-Feb-21
EAP - Consumer Goods & Retail	100.0	111.7	107.0	107.5	122.9	121.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	101.0	101.1	103.2	119.3	116.3

\*Performance measurement base date 1st April 2019

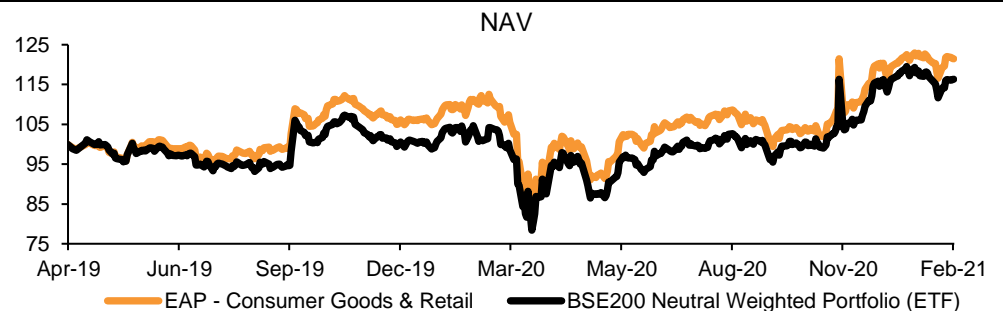
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Goods & Retail	-1.2%	12.9%	13.4%	8.7%
BSE200 Neutral Weighted Portfolio (ETF)	-2.5%	12.6%	15.1%	15.1%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”



## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 12 Feb 2021 03:05:34 (SGT)

Dissemination Date: 12 Feb 2021 03:06:34 (SGT)

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