

Swift recovery in Q4; second wave to hit again...

ITC reported a strong set of numbers with 24% revenue growth led by 14.2% growth in cigarettes, 78.5% growth in agri business and 15.8% growth in FMCG business. With the recovery in out of home activity, cigarettes & paper business witnessed a recovery to pre-Covid levels. Cigarette volume grew ~7% during the quarter. FMCG business also saw strong growth with recovery in discretionary (deco, confectionaries & extruded snacks) categories. FMCG EBITDA margins improved 20 bps to 8.3%. The pace of improvement in FMCG margin was slower in Q4 with continued slower sales growth in high margin stationary business. Hotels business revenues declined 38.2% YoY but grew 22% sequentially. Operating profit saw 7.4% growth to ₹ 4473 crore. Operating margins contracted 486 bps given the losses in hotels business and the impact of negative operating leverage. PAT witnessed a dip of 1.3% to ₹ 3748.4 crore with higher tax payment compared to the corresponding quarter. The company declared a dividend of ₹ 5.75 per share. With this the full year dividend is ₹ 10.75 per share (100% payout).

FMCG growth intact; continuous improvement in margins

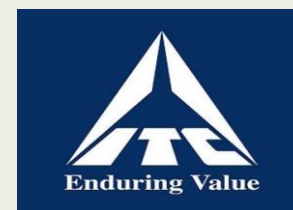
FMCG business saw 14.7% growth in FY21 with 20% growth in essential categories (atta, biscuits, soaps, hygiene products) & 2% growth in discretionary (deco, confectionaries) categories. Despite significant decline in high margins stationary business sales, ITC witnessed 44% growth in FMCG segment profit with 180 bps improvement in operating profit margins (8.9%). Over the last three years, FMCG segment saw 500 bps improvement in margin territory. We believe FMCG margins would continue to improve (150-200 bps every year) on a sustainable basis on the back of strong brands presence in foods category. The company is not foraying into any new category confirming that it is focusing on profitability. We believe packaged foods like atta, noodles, chocolates, milk based products have enormous potential to grow given penetration & consumption levels are relatively low. We expect 13.1% CAGR in FMCG revenue during FY21-23E.

Cigarette volumes to suffer until full recovery from pandemic

Though cigarette volumes grew strongly in Q4, we believe the second wave of the pandemic and subsequent localised lockdowns would again disrupt the recovery. We believe pre-Covid level cigarettes volume could be only registered in FY23. However, we believe taxation of cigarettes would remain stable as we have seen increase in excise duty only once post the rollout of GST. The prominence of illicit cigarettes is required to be curbed for strong volume growth in the segment.

Valuation & Outlook

The change in capital allocation strategy of restraining capex in hotels business, not foraying into any new FMCG category and increasing dividend-payout to 85% would result in improve RoE of the business. However, negative growth in cigarette volumes & low growth in hotels business continue to remain drag on valuation. We value ITC on an SOTP basis with a revised TP of ₹ 240 (earlier ₹ 245) & maintain our **HOLD** rating.



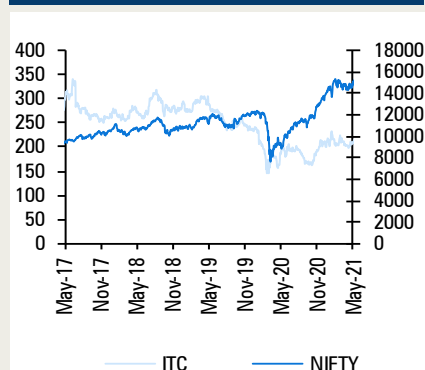
Particulars

| Particulars (₹ crore) | Amount |
|-----------------------------|-----------|
| Market Capitalization | 258,136.2 |
| Total Debt (FY21) | 56.6 |
| Cash and Investments (FY21) | 18,048.2 |
| EV | 240,144.6 |
| 52 week H/L (₹) | 239 / 134 |
| Equity capital | 1,230.9 |
| Face value (₹) | 1.0 |

Key Risk

- The prolonged disruption due to second wave of pandemic could impact recovery in cigarettes, hotels business
- FMCG business may witness strong growth momentum & also sharp improvement in segment margins given management's focus on profitability

Price Performance



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Key Financial Summary

| Key Financials | FY19 | FY20 | FY21 | FY22E | FY23E | CAGR (FY21-23E) |
|-----------------|---------|---------|---------|---------|---------|-----------------|
| Net Sales | 44432.7 | 46323.7 | 48151.2 | 52486.8 | 57184.0 | 9.0% |
| EBITDA | 17305.5 | 17904.3 | 15522.5 | 19017.3 | 21408.2 | 17.4% |
| EBITDA Margin % | 38.9 | 38.7 | 32.2 | 36.2 | 37.4 | |
| Net Profit | 12464.3 | 15136.1 | 13031.6 | 15181.0 | 16935.9 | 14.0% |
| EPS (₹) | 10.3 | 12.5 | 10.7 | 12.5 | 13.9 | 14.0% |
| P/E | 20.5 | 16.9 | 19.6 | 16.8 | 15.1 | |
| RoNW % | 21.5 | 23.8 | 22.5 | 25.4 | 26.8 | |
| RoCE (%) | 30.8 | 29.4 | 28.7 | 32.9 | 34.8 | |

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

| | Q4FY21 | Q4FY21E | Q4FY20 | YoY (%) | Q3FY21 | QoQ (%) | Comments |
|-----------------------------------|----------|----------|----------|----------|----------|----------|---|
| Total Operating Income | 14,157.0 | 12,547.5 | 11,420.0 | 24.0 | 12,762.3 | 10.9 | Net sales witnessed growth of 24% with strong recovery in cigarettes, paper segment & robust growth in agri business |
| Operating Income | 133.6 | 89.6 | 120.0 | 11.3 | 88.8 | 50.4 | |
| Raw Material Expenses | 6,076.2 | 4,821.1 | 4,067.1 | 49.4 | 5,013.1 | 21.2 | |
| Employee Expenses | 735.6 | 701.5 | 666.5 | 10.4 | 720.1 | 2.1 | |
| Other operating Expenses | 2,009.9 | 1,784.4 | 1,945.2 | 3.3 | 1,772.9 | 13.4 | |
| EBITDA | 4,473.0 | 4,368.1 | 4,163.5 | 7.4 | 4,463.2 | 0.2 | |
| EBITDA Margin (%) | 31.6 | 34.8 | 36.5 | -486 bps | 35.0 | -338 bps | Operating margins contracted 486 bps mainly due to losses in hotels business given lower ARR & lower occupancies compared to base quarter |
| Depreciation | 388.0 | 384.1 | 392.5 | -1.2 | 390.9 | -0.8 | |
| Interest | 3.1 | 15.7 | 14.7 | -78.7 | 13.8 | -77.2 | |
| Other Income | 772.0 | 1,034.0 | 755.5 | 2.2 | 971.0 | -20.5 | |
| PBT | 4,853.9 | 5,002.2 | 4,511.8 | 7.6 | 5,029.5 | -3.5 | |
| Tax Outgo | 1,105.5 | 1,250.6 | 714.8 | 54.7 | 1,184.8 | -6.7 | |
| PAT | 3,748.4 | 3,751.7 | 3,797.1 | -1.3 | 3,844.7 | -2.5 | Net profit declined 1.3% with increase in income tax provisioning |
| Adjusted PAT | 3,748.4 | 3,751.7 | 3,797.1 | -1.3 | 3,844.7 | -2.5 | |
| Key Metrics YoY growth (%) | | | | | | | |
| Cigarette Growth (%) | 14.2 | 7.5 | -6.5 | | -3.9 | | Cigarettes sales growth largely aided by ~7% volume growth and price hikes taken last year to pass on excise increase |
| FMCG (Others) Growth (%) | 15.8 | 15.0 | -8.6 | | 15.4 | | Strong growth momentum in FMCG business |
| Hotels Growth (%) | -38.2 | -30.0 | -10.2 | | -80.8 | | |
| Agri Business Growth (%) | 78.5 | 35.0 | -5.1 | | 12.8 | | Robust growth in agri business led by one-time export opportunity in wheat business |
| Paperboards Growth (%) | 13.5 | 5.0 | -2.8 | | -6.8 | | |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| (₹ Crore) | FY22E | | | FY23E | | | Comments |
|-------------------|---------|---------|----------|----------|----------|----------|--------------------------------------|
| | Old | New | % Change | Old | New | % Change | |
| Sales | 52185.3 | 52486.8 | 0.6 | 56,867.4 | 57,184.0 | 0.6 | No significant change in our numbers |
| EBITDA | 19142.4 | 19017.3 | -0.7 | 21399.1 | 21408.2 | 0.0 | |
| EBITDA Margin (%) | 36.7 | 35.9 | -76 bps | 37.6 | 37.4 | -19 bps | |
| PAT | 15494.4 | 15181.0 | -2.0 | 17148.9 | 16935.9 | -1.2 | |
| EPS (₹) | 12.8 | 12.5 | -2.4 | 13.9 | 13.8 | -1.0 | |

Source: Company, ICICI Direct Research

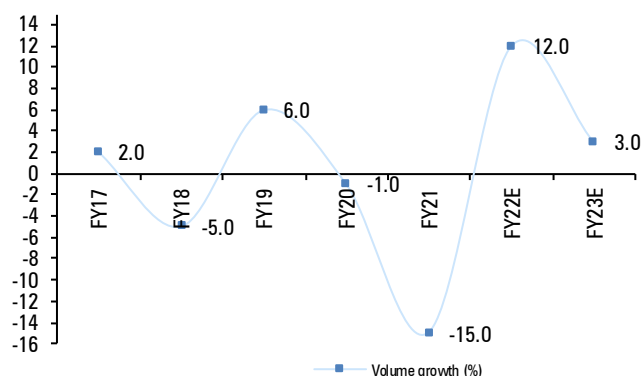
Exhibit 3: Assumptions

| | Current | | | | | | Earlier | | Comments |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|--------------------------|
| | FY18 | FY19 | FY20 | FY21E | FY22E | FY23E | FY22E | FY23E | |
| Cigarettes (₹ cr) | 22,894.0 | 20,713.0 | 21,201.7 | 19,808.3 | 22,406.2 | 23,655.3 | 22,406.2 | 23,655.3 | No change in our numbers |
| Cigarette Vol. Growth (%) | -4.0 | 6.0 | -1.0 | -15.0 | 12.0 | 3.0 | 12.0 | 3.0 | |
| Cigarette Price Growth (%) | 12.0 | 9.5 | 4.0 | 10.0 | 1.0 | 2.5 | 1.0 | 2.5 | |
| FMCG - Others (₹ cr) | 11,314.4 | 12,505.3 | 12,844.2 | 14,749.9 | 16,555.4 | 18,849.1 | 16,555.4 | 18,849.1 | |
| Hotels (₹ cr) | 1,404.1 | 1,665.5 | 1,837.3 | 544.1 | 1,329.4 | 1,361.8 | 1,329.4 | 1,361.8 | |
| Paperboards (₹ cr) | 5,249.6 | 5,860.2 | 6,107.2 | 5,826.4 | 6,173.5 | 6,576.8 | 6,173.5 | 6,576.8 | |

Source: Company, ICICI Direct Research

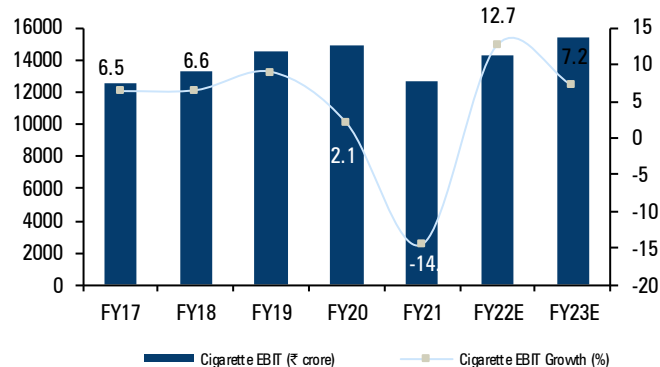
Key Metrics

Exhibit 4: Cigarette volume growth trend



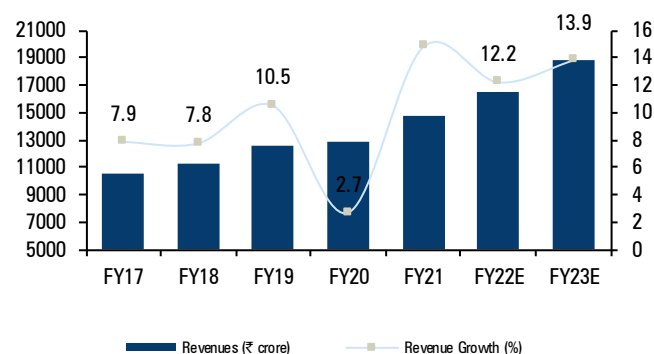
Source: Company, ICICI Direct Research

Exhibit 5: Cigarette EBIT growth trend



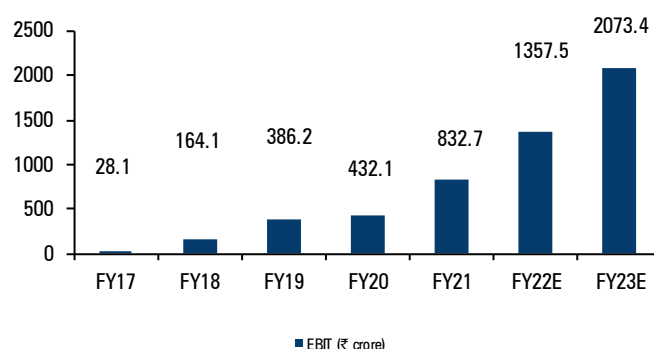
Source: Company, ICICI Direct Research

Exhibit 6: FMCG revenue (₹ crore) and growth (%) trend



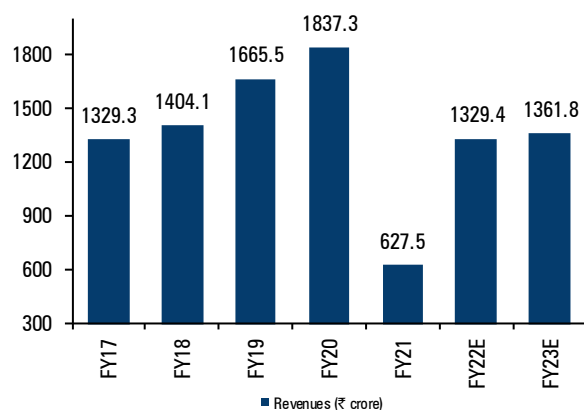
Source: Company, ICICI Direct Research

Exhibit 7: FMCG EBIT (₹ crore) trend



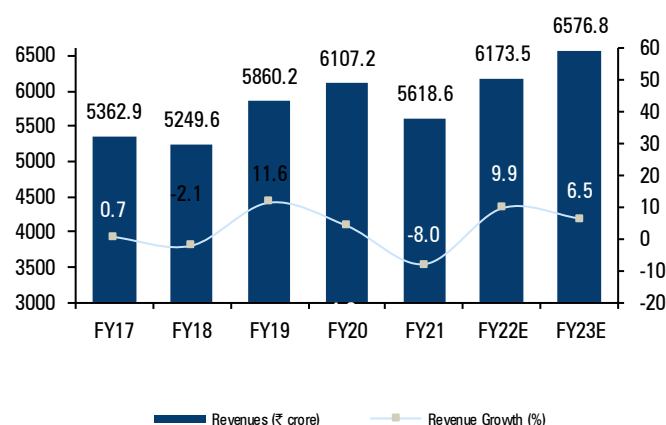
Source: Company, ICICI Direct Research

Exhibit 8: Hotel revenue (₹ crore) and growth (%) trend

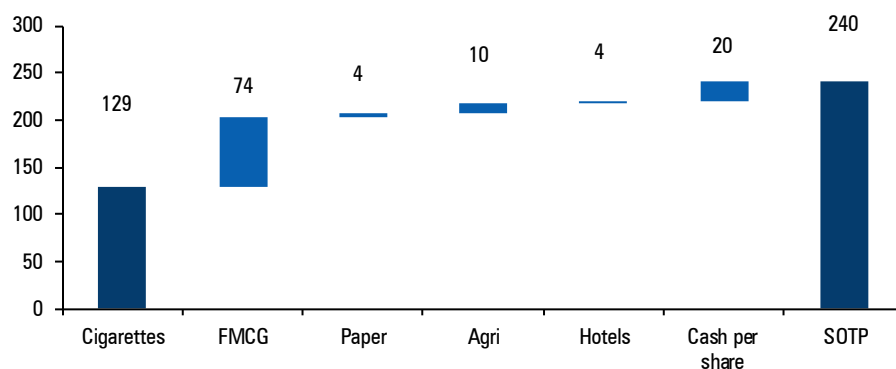


Source: Company, ICICI Direct Research

Exhibit 9: Paperboards revenue (₹ crore) and growth (%) trend



Source: Company, ICICI Direct Research

Exhibit 10: Sum of the part valuation


Source: Company, ICICI Direct Research

Exhibit 11: Valuations

| | Sales | Growth | EPS | Growth | PE | EV/EBITDA | RoNW | RoCE |
|-------|---------|--------|------|--------|------|-----------|------|------|
| | (₹ cr) | (%) | (₹) | (%) | (x) | (x) | (%) | (%) |
| FY20 | 46323.7 | 4.3 | 12.5 | 21.4 | 16.9 | 14.0 | 23.8 | 29.4 |
| FY21 | 48151.2 | 3.9 | 10.7 | -13.9 | 19.6 | 16.4 | 22.5 | 28.7 |
| FY22E | 52486.8 | 9.0 | 12.5 | 16.5 | 16.8 | 13.5 | 25.4 | 32.9 |
| FY23E | 57184.0 | 8.9 | 13.9 | 11.6 | 15.1 | 12.0 | 26.8 | 34.8 |

Source: Company, ICICI Direct Research

Financial summary

| Exhibit 12: Profit and loss statement ₹ crore | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Total operating Income | 46,807.3 | 48,524.5 | 52,947.9 | 57,691.2 |
| Growth (%) | 4.0 | 3.7 | 9.1 | 9.0 |
| Raw Material Expenses | 17,235.1 | 19,974.6 | 19,592.0 | 20,661.4 |
| Employee Expenses | 2,658.2 | 2,821.0 | 3,141.5 | 3,412.5 |
| Marketing Expenses | 0.0 | 0.0 | 942.4 | 1,023.8 |
| Administrative Expenses | 0.0 | 0.0 | 1,623.1 | 1,763.1 |
| Excise Duty | 1187.6 | 3039.4 | 3343.4 | 3677.7 |
| Other expenses | 7,822.1 | 7,167.1 | 5,288.2 | 5,744.4 |
| Total Operating Expenditure | 28,903.1 | 33,002.1 | 33,930.6 | 36,283.0 |
| EBITDA | 17,904.3 | 15,522.5 | 19,017.3 | 21,408.2 |
| Growth (%) | 3.5 | -13.3 | 22.5 | 12.6 |
| Depreciation | 1,563.3 | 1,561.8 | 1,531.6 | 1,571.6 |
| Interest | 55.7 | 47.5 | 51.9 | 56.6 |
| Other Income | 3,013.7 | 3,251.0 | 2,861.7 | 2,861.7 |
| PBT | 19,166.8 | 17,164.2 | 20,295.4 | 22,641.6 |
| Total Tax | 4,030.8 | 4,132.5 | 5,114.4 | 5,705.7 |
| PAT | 15,136.1 | 13,031.6 | 15,181.0 | 16,935.9 |
| Growth (%) | 21.4 | -13.9 | 16.5 | 11.6 |
| EPS (₹) | 12.5 | 10.7 | 12.5 | 13.9 |

Source: Company, ICICI Direct Research

| Exhibit 13: Cash flow statement ₹ crore | | | | |
|---|-----------------|------------------|------------------|------------------|
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Profit After Tax | 14,516.7 | 13,207.5 | 15,181.0 | 16,935.9 |
| Add: Depreciation | 1,563.3 | 1,561.8 | 1,531.6 | 1,571.6 |
| (Inc)/dec in Current Assets | 1,076.5 | -1,450.3 | 4,943.3 | -1,416.1 |
| Inc/(dec) in CL and Provisions | -658.5 | 1,055.4 | -746.0 | 839.2 |
| CF from operating activities | 13,806.2 | 11,494.0 | 20,909.9 | 17,930.6 |
| (Inc)/dec in Investments | 0.0 | 0.0 | -8,619.5 | -1,930.4 |
| (Inc)/dec in LT loans & advance | 0.0 | 0.0 | 0.0 | 0.0 |
| (Inc)/dec in Fixed Assets | -2,113.6 | -2,176.3 | -2,681.0 | -1,020.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| CF from investing activities | -5,516.7 | 6,497.9 | -10,819.9 | -3,050.4 |
| Issue/(Buy back) of Equity | 3.4 | -2.3 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | -3.2 | -52.0 | 10.0 | 10.0 |
| Dividend paid & dividend tax | -8,422.2 | -18,629.3 | -13,232.0 | -13,539.7 |
| Others | 0.0 | 14.0 | 25.1 | 21.1 |
| CF from financing activities | -7,890.9 | -18,378.9 | -13,196.9 | -13,508.6 |
| Net Cash flow | 398.6 | -387.1 | -3,106.8 | 1,371.6 |
| Opening Cash | 162.8 | 561.4 | 174.3 | -2,932.5 |
| Cash with Bank | 6,281.4 | 3,827.2 | 3,827.2 | 3,827.2 |
| Closing Cash | 6,842.8 | 4,001.5 | 894.7 | 2,266.3 |

Source: Company, ICICI Direct Research

| Exhibit 14: Balance sheet ₹ crore | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Liabilities | | | | |
| Equity Capital | 1,229.2 | 1,230.9 | 1,230.9 | 1,230.9 |
| Reserve and Surplus | 62,799.9 | 56,638.4 | 58,587.4 | 61,983.7 |
| Total Shareholders funds | 64,029.2 | 57,869.3 | 59,818.3 | 63,214.6 |
| LT Borrowings & Provisions | 5.6 | 5.3 | 15.3 | 25.3 |
| Deferred Tax Liability | 1,617.7 | 1,727.7 | 1,727.7 | 1,727.7 |
| Others Non-current Liability: | 234.3 | 396.4 | 421.5 | 442.6 |
| Total Liabilities | 65,886.7 | 59,998.7 | 61,982.8 | 65,410.2 |
| Assets | | | | |
| Gross Block | 32,180.3 | 34,960.5 | 38,290.5 | 39,290.5 |
| Less: Acc Depreciation | 13,247.7 | 14,809.5 | 16,341.2 | 17,912.8 |
| Net Block | 18,932.6 | 20,150.9 | 21,949.3 | 21,377.7 |
| Capital WIP | 2,780.2 | 3,330.0 | 1,000.0 | 1,000.0 |
| Net Intangible Assets | 1,199.6 | 2,731.2 | 2,751.2 | 2,771.2 |
| Non-current Investments | 13,455.6 | 12,950.4 | 21,569.9 | 23,500.3 |
| LT loans & advances | 3.3 | 2.4 | 2.4 | 2.4 |
| Current Assets | | | | |
| Inventory | 8,038.1 | 9,470.9 | 8,628.0 | 9,400.1 |
| Debtors | 2,092.0 | 2,090.4 | 4,314.0 | 4,700.1 |
| Loans and Advances | 4.9 | 2.8 | 5.9 | 6.5 |
| Other Current Assets | 2,353.7 | 2,203.2 | 2,876.0 | 3,133.4 |
| Cash | 6,843.3 | 4,001.5 | 894.7 | 2,266.3 |
| Current Investments | 17175.0 | 14046.7 | 7046.7 | 7046.7 |
| Current Liabilities | 9,089.4 | 10,174.2 | 9,428.1 | 10,267.3 |
| Creditors | 3,446.7 | 4,119.5 | 3,595.0 | 3,916.7 |
| Provisions | 117.9 | 169.1 | 29.8 | 32.5 |
| Short term debt & other CL | 5,524.7 | 5,885.6 | 5,803.3 | 6,318.1 |
| Application of Funds | 65,886.7 | 59,998.7 | 61,982.8 | 65,410.2 |

Source: Company, ICICI Direct Research

| Exhibit 15: Key ratios ₹ crore | | | | |
|--------------------------------|------|------|-------|-------|
| (Year-end March) | FY20 | FY21 | FY22E | FY23E |
| Per share data (₹) | | | | |
| EPS | 12.5 | 10.7 | 12.5 | 13.9 |
| Cash EPS | 13.7 | 12.0 | 13.8 | 15.2 |
| BV | 52.7 | 47.6 | 49.2 | 52.0 |
| DPS | 10.2 | 10.8 | 11.0 | 12.0 |
| Cash Per Share | 5.6 | 3.3 | 0.7 | 1.9 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 38.3 | 32.0 | 35.9 | 37.1 |
| PBT / Total Operating income | 41.2 | 35.4 | 38.3 | 39.2 |
| PAT Margin | 32.3 | 26.9 | 28.7 | 29.4 |
| Inventory days | 63.3 | 71.8 | 60.0 | 60.0 |
| Debtor days | 16.5 | 15.8 | 30.0 | 30.0 |
| Creditor days | 27.2 | 31.2 | 25.0 | 25.0 |
| Return Ratios (%) | | | | |
| RoE | 23.8 | 22.5 | 25.4 | 26.8 |
| RoCE | 29.4 | 28.7 | 32.9 | 34.8 |
| RoIC | 29.1 | 25.6 | 29.9 | 32.9 |
| Valuation Ratios (x) | | | | |
| P/E | 16.9 | 19.6 | 16.8 | 15.1 |
| EV / EBITDA | 14.0 | 16.4 | 13.5 | 12.0 |
| EV / Net Sales | 5.4 | 5.3 | 4.9 | 4.5 |
| Market Cap / Sales | 5.6 | 5.4 | 4.9 | 4.5 |
| Price to Book Value | 4.0 | 4.4 | 4.3 | 4.0 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt / Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | 3.3 | 2.7 | 2.4 | 2.4 |
| Quick Ratio | 2.4 | 1.8 | 1.5 | 1.5 |

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct coverage universe (FMCG)

| | CMP | TP | | M Cap | EPS (₹) | | | P/E (x) | | | Price/Sales (x) | | | RoCE (%) | | | RoE (%) | | |
|------------------------------|--------|--------|--------|---------|---------|-------|-------|---------|-------|-------|-----------------|-------|-------|----------|-------|-------|---------|-------|-------|
| | (₹) | (₹) | Rating | (₹ Cr) | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E |
| Colgate (COLPAL) | 1,725 | 1,900 | Buy | 42,892 | 38.1 | 39.1 | 42.7 | 45.3 | 44.2 | 40.4 | 8.9 | 8.3 | 7.7 | 106.4 | 110.4 | 111.7 | 88.8 | 85.1 | 86.1 |
| Dabur India (DABIND) | 531 | 620 | Buy | 94,540 | 9.6 | 10.9 | 12.2 | 55.4 | 48.5 | 43.5 | 9.9 | 8.7 | 7.9 | 24.5 | 26.5 | 27.1 | 22.1 | 22.9 | 23.2 |
| Hindustan Unilever (HINLEV) | 2,352 | 2,715 | Buy | 554,458 | 33.9 | 40.5 | 45.0 | 69.5 | 58.1 | 52.2 | 12.2 | 10.6 | 9.8 | 18.9 | 25.6 | 27.7 | 17.1 | 20.0 | 21.6 |
| ITC Limited (ITC) | 210 | 240 | Hold | 258,136 | 10.7 | 12.5 | 13.9 | 19.6 | 16.8 | 15.1 | 5.4 | 4.9 | 4.5 | 28.7 | 32.9 | 34.8 | 22.5 | 25.4 | 26.8 |
| Jyothy Lab (JYOLAB) | 160 | 160 | Hold | 5,324 | 5.2 | 6.3 | 7.1 | 30.8 | 25.3 | 22.5 | 2.8 | 2.6 | 2.4 | 26.0 | 27.2 | 28.5 | 20.4 | 22.7 | 23.7 |
| Marico (MARLIM) | 487 | 490 | Buy | 53,027 | 9.3 | 9.6 | 10.7 | 52.4 | 50.6 | 45.5 | 6.6 | 5.9 | 5.3 | 40.3 | 42.5 | 45.5 | 37.0 | 37.4 | 39.7 |
| Nestle (NESIND) | 17,544 | 19,300 | Hold | 164,840 | 216.0 | 254.8 | 283.8 | 81.2 | 68.9 | 61.8 | 12.4 | 11.2 | 10.2 | 54.6 | 62.7 | 69.1 | 103.1 | 124.2 | 142.1 |
| Tata Consumer Products (TAT) | 672 | 725 | Buy | 57,963 | 10.1 | 12.4 | 14.5 | 66.6 | 54.1 | 46.4 | 5.0 | 4.4 | 4.1 | 8.0 | 9.1 | 10.0 | 6.4 | 7.6 | 8.5 |
| VST Industries (VSTIND) | 3,310 | 3,600 | Hold | 5,090 | 201.3 | 218.8 | 234.9 | 16.4 | 15.1 | 14.1 | 4.6 | 4.2 | 3.9 | 43.4 | 45.6 | 48.2 | 33.0 | 33.9 | 36.1 |
| Varun Beverage (VARBEV) | 1,018 | 1,200 | Buy | 28,955 | 12.5 | 21.2 | 31.1 | 81.1 | 47.9 | 32.7 | 4.5 | 3.7 | 3.1 | 10.9 | 17.4 | 23.4 | 10.3 | 15.4 | 19.1 |
| Zydus Wellness (ZYDWEL) | 2,069 | 2,800 | Buy | 13,502 | 18.7 | 60.8 | 72.0 | 110.9 | 34.0 | 28.8 | 7.2 | 6.4 | 5.8 | 6.2 | 7.8 | 9.1 | 5.5 | 8.1 | 9.4 |

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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ANALYST CERTIFICATION

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