

August 2, 2022

Cigarettes, paperboards, agri volumes driving growth

About the stock: ITC is the biggest cigarettes & second largest FMCG company in India with ~78% of market share in cigarettes & presence in staples, biscuits, noodles, snacks, chocolate, dairy products & personal care products. It is also present in paperboard, printing & packaging business, agri & hotels businesses.

- The company has more than 200 manufacturing facilities in India. It has a distribution reach of over 6 million retail outlets across various trade channels and strong 25 brands across various categories

Q1FY23 Results: ITC reported robust growth across segments.

- Sales were up 41.4% YoY, with cigarette volumes growing at ~25%
- EBITDA was at ₹ 5647 crore, up 41.5% YoY, with margins at 30.8%
- Consequent PAT was at ₹ 4169 crore (up 38.4% YoY)

What should investors do? ITC's share price has underperformed FMCG index with mere 10% return (from ₹ 281 in August 2017 to 308 in August 2022)

- We expect cigarette volumes, FMCG business & paperboard industry to continue growth momentum in future
- We maintain our **BUY** recommendation

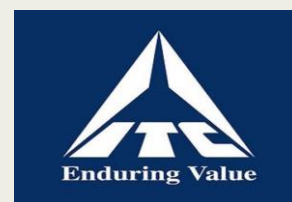
Target Price and Valuation: We value the stock at ₹ 360 on SOTP basis valuing cigarettes business at 16x FY24 earnings & FMCG business at 6x FY24 sales

Key triggers for future price performance:

- Stable taxation on cigarettes is expected to drive volumes, going forward. Moreover, the company has been gaining market share in cigarettes from last one year through new premium products & aggressive trade promotions
- FMCG business growing at a sustained pace with continuous improvement in margins in last five years. Opportunity size of existing foods portfolio is large. Given agri commodities constitute larger part of raw material, input cost pressures is relatively less for the company
- The demand for paperboard user industry is very high given global disruptions due to energy costs. This along with high pricing would continue the growth momentum in medium term

Alternate Stock Idea: We also like Dabur in our FMCG coverage.

- Significant shift in consumption towards healthier, natural & Ayurveda based products & aggressive foray in many big categories would be driving growth for Dabur
- Value the business at 52x FY24 earnings. BUY with a TP of ₹ 680



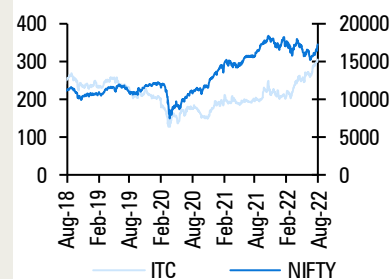
Particulars

Particulars (₹ crore)	Amount
Market Capitalization	3,78,046.6
Total Debt (FY22)	50.6
Cash and Investments (FY22)	15,502.9
EV	3,62,594.4
52 week H/L (₹)	309 / 204
Equity capital	1,230.9
Face value (₹)	1.0

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	0.0	0.0	0.0	0.0
FII	10.8	10.0	12.0	12.7
DII	43.7	43.8	42.8	42.8
Others	45.5	46.2	45.2	44.5

Price Chart



Recent event & key risks

- New products, aggressive trade promotions aiding growth in cigarette business
- Key Risk:** (i) Commodity inflation to keep FMCG margins under check (ii) Any abrupt increase in taxes or duties on cigarettes

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Key Financial Summary

Key Financials	FY20	FY21	FY22	5 Year CAGR (FY17-22E) (%)	FY23E	FY24E	CAGR (FY22-24E)
Net Sales	46323.7	48151.2	59101.1	8.3	69556.3	74433.5	12.2%
EBITDA	17904.3	15522.5	18933.7	5.4	22478.9	26284.2	17.8%
EBITDA Margin %	38.7	32.2	32.0		32.3	35.3	
Net Profit	15136.1	13031.6	15057.8	8.1	17240.7	19875.7	14.9%
EPS (₹)	12.5	10.7	12.4	8.1	14.2	16.4	14.9%
P/E	24.7	28.7	24.8		21.7	18.8	
RoNW %	23.8	22.1	24.5		27.0	29.4	
RoCE (%)	29.4	28.2	31.4		35.2	38.3	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter

Q4FY22 Results: Cigarettes volumes, agri exports, paperboard demand conditions & recovery in fmcg discretionary categories boosts growth

- Revenue witnessed growth of 41.4% to ₹ 18320.2 crore led by robust growth of 29% in cigarette business, 82.7% growth in agri business, 43.3% growth in paperboard business & 19.5% growth in FMCG business.
- On a three-year CAGR basis, cigarettes, agri, paperboard, FMCG & hotels business saw 6.7%, 27.4%, 14.1%, 13.3% & 12.2% sales growth. Given no major pricing intervention in cigarettes in the last one year, we believe volume growth would have been closer to ~25% with some product mix improvement
- Cigarette volume growth is also aided by deterrent action by enforcement agencies on illicit trade. Also stable tax in last five years helped the industry to regain volumes post pandemic. Our channel check suggests cigarette volume growth at ₹ 10/stick price point is robust. Product mix improvement led to realisation improvement of ~4%.
- It launched new products in the category like 'Classic Connect', 'Gold Flake Indie Mint', 'Gold Flake Neo SMART Filter', 'Capstan Excel', 'American Club Smash', 'Gold Flake Kings Mixpod', 'Wave Boss', 'Flake Nova' and 'Flake Excel Taste Pro'. ITC is driving premiumisation in the cigarette category with innovative new products
- The strong growth in FMCG business was led by recovery in education & stationary business & high growth in discretionary categories like snacks, juices, dairy & incense sticks. With increase in wheat prices, ITC took small price hikes in Aashirwad aata. Though volume growth in aata segment were muted on high base but brand also witnessed premiumisation trend in Q1. Despite high commodity inflation FMCG operating margin contraction was merely 20 bps to 7.7%
- The company launched new products in dairy segment like Litchi Lassi, Arm Doi, High Shelf Life Paneer. It also launched 'Sunfeast Mom's Magic Golden Edition' and 'Sunfeast Mom's Magic Butter Fills' in premium cookies segment. Other new products include variants of Bingo in snack category
- In FMCG, modern trade channels sales accelerated on the back of improved mobility & store footfalls. E-commerce channels sales has grown 4.2x in last three years and is now contributing 7% of sales. The company has increased the coverage of rural stockist by 2.7x in last three years. Similarly, direct distribution has increased by 1.3x from pre-pandemic levels
- Agri business sales witnessed growth of 82.7% led by high export demand for wheat, leaf tobacco & rice. The company contracted wheat export quantities before export restriction was imposed. However, agri export may taper town from H2FY23 given high base of last year. Segment profit grew by 45.1% & segment margin contracted by 98 bps given high contribution of commodity exports
- The 43.3% growth in paperboard business is led by strong demand from end user industries along with increasing prices of paper & paperboard. The high energy cost in Europe resulted in strong pricing growth in the segment. The company also witnessed high export for Value added paperboard along with realisation growth. Fine paper demand also recovered after opening up of educational institutes. All these factors resulted in 56% growth in segment profits & 220 bps improvement in segment margins to 27%
- Hotels occupancies were above 70% & ARRs witnessed strong double digit growth. Operating margins in hotels business were at 32.5% against 17.5% in Q1FY20. 'ITC Narmada', a hotel in Ahmedabad is expected to commissioned soon
- ITC Infotech witnessed 8% sales growth to ₹ 751 crore during the quarter with 40% de-growth in operating profit at ₹119 crore (15.8% margin).

Certain costs associated with strategic partner agreement signed with PTC Inc. Higher employee costs & overhead spends were inline with Industry trend. Comparable Operating profit margin at 19.5%

- Gross margins were down 162 bps, mainly due to higher contribution of low margin agri sales during the quarter & high commodity inflation in key raw materials of FMCG business. However, this was somewhat mitigated with high margins in paperboard business. Some softening of commodity inflation was seen at the end of June, which would be reflected in margin uptick in H2FY23
- Operating profit saw a growth of 41.5% to ₹ 5647.5 crore with operating margins remaining flat at 30.8%. Net profit witnessed growth of 38.4% to ₹ 4169.4 crore

Exhibit 1: Peer Comparison

Sector / Company	CMP	TP	M Cap	Sales growth (%)			EBITDA Margins (%)			P/E(x)			RoE (%)			RoCE (%)			
	(₹)	(₹) Rating		(₹ Cr)	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Hindustan Unilever (HINLEV)	2593	2700	Hold	610844	11.3	12.1	7.5	24.8	24.1	24.5	69.3	63.6	58.0	18.1	19.7	21.5	20.2	22.5	24.6
Nestle (NESIND)	19255	21600	Hold	184201	10.2	11.9	10.5	24.4	23.2	20.3	79.4	80.2	65.0	111.3	111.1	118.3	58.7	57.0	64.7
VST Industries (VSTIND)	3319	3425	Hold	4937	6.1	9.9	8.5	35.0	35.9	36.5	15.4	13.9	12.6	30.0	33.4	37.8	39.2	44.6	50.6
ITC Limited (ITC)	308	360	Buy	378047	23.1	17.5	7.0	32.0	32.3	35.3	24.8	21.7	18.8	24.5	27.0	29.4	31.3	34.6	38.3

Source: Company, ICICI Direct Research

The current quarter of sales growth accounts for full recovery across segments for the company. Moreover, on a three-year CAGR basis, the sales growth is 16.9%, which is much better than many other FMCG companies. We also believe the company has taken multiples initiatives in cigarettes category like new product innovation and aggressive trade promotions. We believe ₹ 10/stick is witnessing very strong volume growth in last few quarters. Further, education & stationary and discretionary category in FMCG has witnessed full recovery with fully operations schools, colleges, restaurants, hotels and movies threatens. Agri business also witnessing strong export demand conditions, which is aiding growth for the company. Paperboard business growth from end user industry & sharp increase in prices globally is also supporting profitability of the company. After many quarters of disruption & lacklustre growth, ITC has witnessed robust growth across segments. We believe the company would be able to continue to grow in high single digit in cigarettes & double digit growth in all the other segments going forward. We remain positive on growth prospects. We maintain our **BUY** recommendation with a revised target price on stock to ₹ 360/share (earlier ₹ 310 /share).

Exhibit 2: Variance Analysis

	Q1FY23	Q1FY22E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Total Operating Income	18,320.2	15,972.9	12,959.2	41.4	16,426.0	11.5	Robust growth in cigarette volumes, high agri exports & strong demand for end user industry in paperboard driving high growth for the company
Operating Income	156.6	154.0	74.7	109.6	199.4	-21.5	
Raw Material Expenses	8,476.8	7,201.7	5,786.1	46.5	7,279.9	16.4	Gross margins contracted by 162 bps on account of steep inflation in commodities
Employee Expenses	862.1	843.1	734.1	17.4	809.5	6.5	
Other operating Expenses	2,303.2	2,207.3	1,704.8	35.1	2,217.1	3.9	
EBITDA	5,647.5	4,791.4	3,992.2	41.5	5,224.4	8.1	
EBITDA Margin (%)	30.8	30.0	30.8	2 bps	31.8	-98 bps	The company was able to mitigate gross margins contraction with operating leverage through high volumes
Depreciation	411.5	423.1	395.5	4.1	445.9	-7.7	
Interest	9.1	15.8	10.3	-11.5	10.5	-13.0	
Other Income	312.7	577.1	429.0	-27.1	674.1	-53.6	
PBT	5,539.6	4,929.5	4,015.4	38.0	5,442.0	1.8	
Tax Outgo	1,370.2	1,242.2	1,001.9	36.8	1,251.1	9.5	
PAT	4,169.4	3,687.3	3,013.5	38.4	4,191.0	-0.5	Net pprofit grew by strong 38.4%
Adjusted PAT	4,169.4	3,687.3	3,013.5	38.4	4,191.0	-0.5	
Key Metrics YoY growth (%)							
Cigarette Growth (%)	29.0	21.8	32.9		10.0		Volume growth of 25% & production mix improvement
FMCG (Others) Growth (%)	19.5	17.5	10.4		35.4		FMCG growth was led by discretionary categories recovering & premiumisation trend in Aashirwad atta
Hotels Growth (%)	336.2	260.5	463.5		29.6		Hotels business recovering to pre-Covid levels
Agri Business Growth (%)	82.7	1.5	9.2		31.8		Strong agri export for wheat, leaf tobacco & rice
Paperboards Growth (%)	43.3	28.0	54.2		12.3		Paperboard business witnessing strong demand conditions from end user & pricing growth

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Sales	64,037.2	69,556.3	8.6	70461.6	74433.5	5.6	We have changed our cigarette volume estimates, hotels & paperboard business numbers upwards
EBITDA	22203.8	22478.9	1.2	24954.8	26284.2	5.3	
EBITDA Margin (%)	34.7	32.3	-236 bps	35.4	35.3	-10 bps	However, inflation would continue to impact in Q2FY23 as well
PAT	17021.9	17240.7	1.3	18806.3	19875.7	5.7	
EPS (₹)	13.8	14.0	1.3	15.3	16.1	5.7	

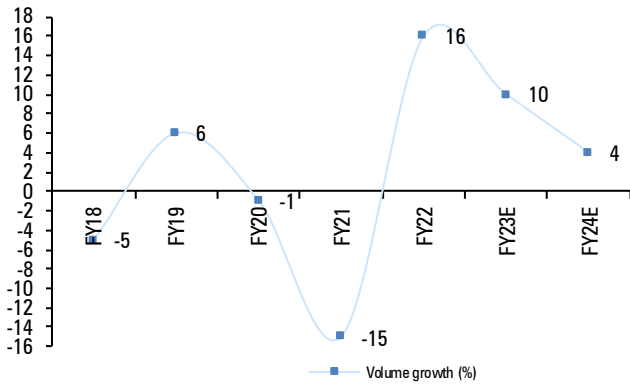
Source: ICICI Direct Research

Exhibit 4: Assumptions

	Current					Earlier			Comments
	FY19	FY20	FY21E	FY22E	FY23E	FY24E	FY23E	FY24E	
Cigarettes (₹ cr)	20,713.0	21,201.7	20,333.1	23,206.0	26,163.9	27,754.5	24,950.5	26,467.3	We changed our volume estimates upwards for cigarettes for FY23
Cigarette Vol. Growth (%)	6	-1	-15	16	10	4	5	4	
Cigarette Price Growth (%)	10	4	10	1	3	2	3	2	
FMCG - Others (₹ cr)	12,505.3	12,844.2	14,728.2	16,021.5	18,241.6	20,770.2	18,241.6	20,770.2	
Hotels (₹ cr)	1,665.5	1,837.3	627.5	1,323.8	2,016.0	2,197.4	1,529.0	1,721.6	With full reovery in hotels occupancy & ARR, hotels business to grow faster
Paperboards (₹ cr)	5,860.2	6,107.2	5,826.4	7,592.6	8,934.4	10,018.9	8,441.0	9,459.4	We changed our paperboard sales estimates upwards with strong user industry demand & pricing growth

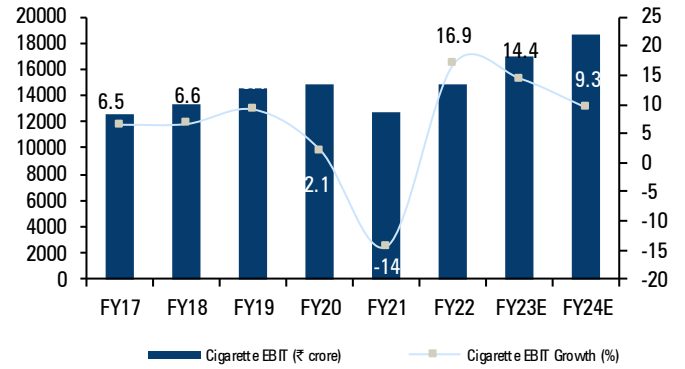
Source: ICICI Direct Research

Exhibit 1: Cigarette volume growth trend



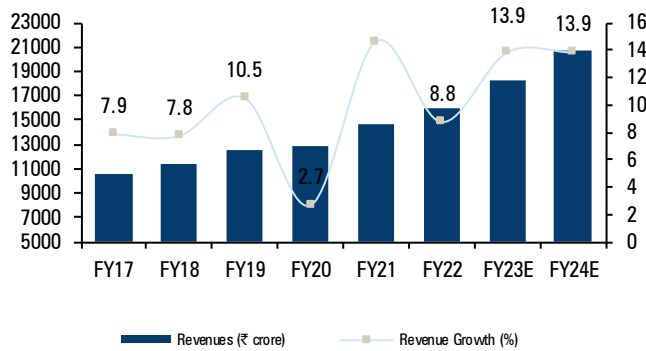
Source: ICICI Direct Research, Company

Exhibit 2: Cigarette EBIT growth trend



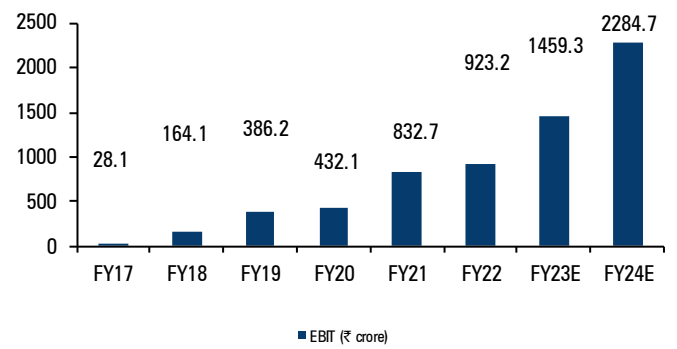
Source: ICICI Direct Research, Company

Exhibit 3: FMCG revenue (₹ crore) and growth (%) trend



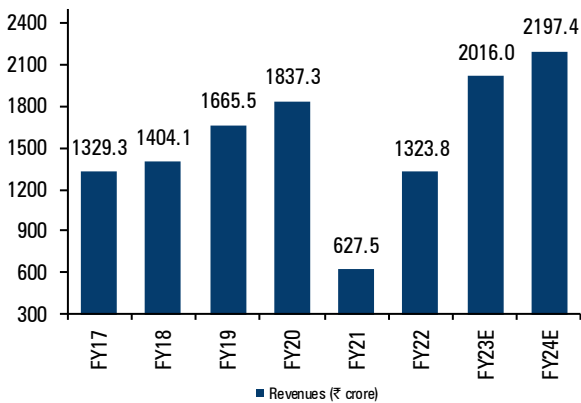
Source: ICICI Direct Research, Company

Exhibit 4: FMCG EBIT (₹ crore) trend



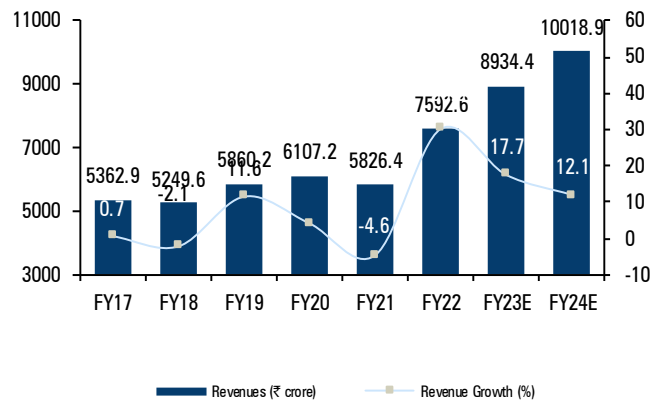
Source: ICICI Direct Research, Company

Exhibit 5: Hotel revenue (₹ crore) and growth (%) trend



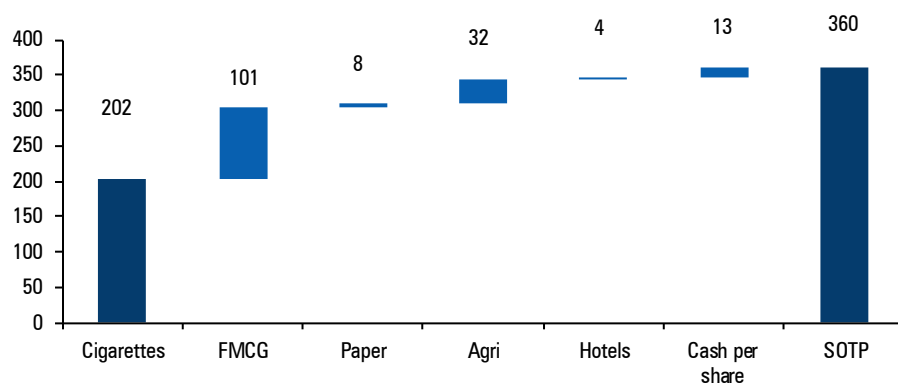
Source: ICICI Direct Research, Company

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



Source: ICICI Direct Research, Company

Exhibit 7: Sum of the part valuation



Source: Company, ICICI Direct Research

Exhibit 8: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY21	48151.2	3.9	10.7	-13.9	28.7	24.1	22.1	28.2
FY22	59101.1	22.7	12.4	15.5	24.8	19.8	24.5	31.4
FY23E	69556.3	17.7	14.2	14.5	21.7	16.7	27.0	35.2
FY24E	74433.5	7.0	16.4	15.3	18.8	14.3	29.4	38.3

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 9: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total operating Income	48,524.5	59,745.6	70,172.2	75,055.6
Growth (%)	3.7	23.1	17.5	7.0
Raw Material Expenses	19,974.6	26,232.5	30,799.9	30,333.5
Employee Expenses	2,821.0	3,062.0	3,410.2	3,872.9
Marketing Expenses	0.0	0.0	1,158.2	1,197.1
Administrative Expenses	0.0	0.0	2,187.6	1,971.7
Excise Duty	3039.4	3404.3	3574.5	3932.0
Other expenses	7,167.1	8,113.1	6,562.9	7,464.2
Total Operating Expenditure	33,002.1	40,811.9	47,693.3	48,771.4
EBITDA	15,522.5	18,933.7	22,478.9	26,284.2
Growth (%)	-13.3	22.0	18.7	16.9
Depreciation	1,561.8	1,652.2	1,692.4	1,739.9
Interest	47.5	42.0	45.8	73.6
Other Income	3,251.0	2,590.0	2,308.4	2,101.1
PBT	17,164.2	19,829.5	23,049.1	26,571.8
Total Tax	4,132.5	4,771.7	5,808.4	6,696.1
PAT	13,031.6	15,057.8	17,240.7	19,875.7
Growth (%)	-13.9	15.5	14.5	15.3
EPS (₹)	10.7	12.4	14.2	16.4

Source: Company, ICICI Direct Research

Exhibit 10: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit After Tax	13,207.5	15,319.5	17,240.7	19,875.7
Add: Depreciation	1,561.8	1,652.2	1,692.4	1,739.9
(Inc)/dec in Current Assets	-1,450.3	-762.3	-2,291.3	-1,243.2
Inc/(dec) in CL and Provisions	1,055.4	946.4	1,210.7	886.5
CF from operating activities	11,494.0	14,807.8	17,852.5	21,258.9
(Inc)/dec in Investments	0.0	0.0	-2,970.2	-1,416.4
(Inc)/dec in LT loans & advance	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-2,176.3	-1,674.8	-2,020.0	-2,020.0
Others	0.0	0.0	0.0	0.0
CF from investing activities	6,497.9	-1,517.1	-4,989.1	-5,536.4
Issue/(Buy back) of Equity	-2.3	-0.4	0.0	0.0
Inc/(dec) in loan funds	-52.0	-81.4	10.0	10.0
Dividend paid & dividend tax	-18,629.3	-13,547.1	-14,788.0	-16,020.3
Others	14.0	0.0	20.0	31.6
CF from financing activities	-18,378.9	-13,337.0	-14,757.9	-15,978.7
Net Cash flow	-387.1	-46.3	-1,894.6	-256.2
Opening Cash	561.4	231.3	185.0	-1,709.6
Cash with Bank	3,827.2	3,693.0	3,693.0	3,693.0
Closing Cash	4,001.5	3,877.9	1,983.3	1,727.1

Source: Company, ICICI Direct Research

Exhibit 11: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Liabilities				
Equity Capital	1,230.9	1,232.3	1,232.3	1,232.3
Reserve and Surplus	57,773.7	60,167.2	62,620.0	66,475.4
Total Shareholders funds	59,004.6	61,399.6	63,852.3	67,707.7
LT Borrowings & Provisions	5.3	4.5	14.5	24.5
Deferred Tax Liability	1,727.7	1,667.1	1,667.1	1,667.1
Others Non-current Liabilities	396.4	283.4	303.4	335.0
Total Liabilities	61,134.0	63,354.6	65,837.4	69,734.4
Assets				
Gross Block	33,299.5	36,020.8	38,463.2	40,463.2
Less: Acc Depreciation	14,809.5	16,461.7	18,154.1	19,894.0
Net Block	18,489.9	19,559.2	20,309.1	20,569.2
Capital WIP	3,330.0	2,442.3	2,000.0	2,000.0
Net Intangible Assets	2,731.2	2,720.1	2,740.1	2,760.1
Non-current Investments	12,950.4	17,229.7	20,199.9	21,616.3
LT loans & advances	2.4	5.1	5.1	5.1
Current Assets				
Inventory	9,470.9	9,997.8	11,624.5	12,439.6
Debtors	2,090.4	1,952.5	2,286.8	2,447.1
Loans and Advances	2.8	5.7	7.9	8.4
Other Current Assets	2,203.2	3,483.1	3,811.3	4,078.6
Cash	4,001.5	3,877.9	1,983.3	1,727.1
Current Investments	14046.7	11625.0	12125.0	14125.0
Current Liabilities	10,174.2	11,478.1	12,688.8	13,575.3
Creditors	4,119.5	4,223.4	4,954.7	5,302.1
Provisions	169.1	55.6	65.4	70.0
Short term debt & other CL	5,885.6	7,199.1	7,668.7	8,203.2
Application of Funds	61,134.0	63,354.6	65,837.4	69,734.4

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	10.7	12.4	14.2	16.4
Cash EPS	12.0	13.8	15.6	17.8
BV	48.6	50.5	52.6	55.7
DPS	10.8	12.0	13.0	15.0
Cash Per Share	3.3	3.2	1.6	1.4
Operating Ratios (%)				
EBITDA Margin	32.0	31.7	32.0	35.0
PBT / Total Operating income	35.4	33.2	32.8	35.4
PAT Margin	26.9	25.2	24.6	26.5
Inventory days	71.8	61.7	61.0	61.0
Debtor days	15.8	12.1	12.0	12.0
Creditor days	31.2	26.1	26.0	26.0
Return Ratios (%)				
RoE	22.1	24.5	27.0	29.4
RoCE	28.2	31.4	35.2	38.3
RoIC	26.4	31.3	34.6	38.3
Valuation Ratios (x)				
P/E	28.7	24.8	21.7	18.8
EV / EBITDA	24.1	19.8	16.7	14.3
EV / Net Sales	7.8	6.3	5.4	5.1
Market Cap / Sales	7.9	6.4	5.4	5.1
Price to Book Value	6.3	6.1	5.9	5.5
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.7	2.4	2.4	2.4
Quick Ratio	1.8	1.5	1.4	1.5

Source: Company, ICICI Direct Research

Exhibit 13: ICICI Direct coverage universe (FMCG)

	CMP	TP	M Cap	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)			
	(₹)	(₹) Rating		(₹ Cr)	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Colgate (COLPAL)	1,575	1,690	Hold	42,548	39.6	40.6	44.4	39.7	38.8	35.5	8.4	7.8	7.2	77.8	84.1	91.2	62.2	64.1	69.6
Dabur India (DABIND)	581	680	Buy	96,113	9.9	11.7	13.1	58.9	49.4	44.3	8.8	8.0	7.2	24.9	25.3	26.1	20.8	22.7	22.9
Hindustan Unilever (HINLEV)	2,593	2,700	Hold	6,10,844	37.5	40.9	44.8	69.1	63.4	57.8	12.1	10.8	10.1	20.2	22.5	24.6	18.1	19.7	21.5
ITC Limited (ITC)	308	360	Buy	3,78,047	12.4	14.2	16.4	24.8	21.7	18.8	6.4	5.4	5.1	31.4	35.2	38.3	24.5	27.0	29.4
Jyothy Lab (JYOLAB)	173	145	Hold	6,077	4.3	5.6	6.4	40.6	30.9	27.1	2.8	2.5	2.3	18.7	24.2	27.7	16.6	21.2	23.8
Marico (MARLIM)	523	530	Hold	64,929	9.7	10.6	11.7	53.8	49.5	44.6	6.8	6.3	5.8	41.2	46.8	52.9	37.5	41.4	47.4
Nestle (NESIND)	19,255	21,600	Hold	1,84,201	222.4	238.3	294.0	86.6	80.8	65.5	12.6	11.2	10.2	58.7	57.0	64.7	111.3	111.1	118.3
Tata Consumer Products (TAT)	811	910	Buy	67,201	11.0	15.0	17.5	73.6	54.2	46.4	5.4	4.9	4.5	8.4	10.3	11.3	7.0	8.8	9.8
VST Industries (VSTIND)	3,319	3,425	Hold	4,937	207.4	229.3	252.9	16.0	14.5	13.1	4.2	3.8	3.5	39.2	44.6	50.6	30.0	33.4	37.8
Varun Beverage (VARBEV)	926	1,100	Buy	60,171	17.2	20.6	23.4	53.8	45.0	39.6	6.8	4.9	4.3	17.1	28.1	30.8	18.3	26.3	25.3
Zydus Wellness (ZYDWEL)	1,620	2,100	Buy	10,254	48.5	57.5	71.0	33.4	28.2	22.8	5.1	4.5	4.1	6.1	7.1	8.4	6.4	7.3	8.7

Source: Bloomberg, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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