

STOCK MARKET REPORT

तन्नो लक्ष्मीः प्रचोदयात्
VISHWAS
आपके सुदृढ़ विश्वास का आधार

Fundamental Report

6th/Nov/2014



BUY**ITC****(Target 400)**

ITC Ltd (ITC) was incorporated on August 24, 1910, under the name Imperial Tobacco Company of India Ltd. to make cigarettes and tobacco. In 1975, the company entered the hospitality business with the acquisition of ITC-Welcomegroup Hotel Chola. the name of the Company was changed to I.T.C. Limited in 1974.

ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery. As one of India's most valuable and respected corporations, ITC is widely perceived to be dedicatedly nation-oriented.

ITC's Agri-Business is one of India's largest exporters of agricultural products. ITC is one of the country's biggest foreign exchange earners (\$ 3.2 billion in the last decade). The Company's 'e-Choupal' initiative is enabling Indian agriculture significantly enhance its competitiveness by empowering Indian farmers through the power of the Internet. This transformational strategy, which has already become the subject matter of a case study at Harvard Business School, is expected to progressively create for ITC a huge rural distribution infrastructure, significantly enhancing the Company's marketing reach.

Business area:

FMCG – Cigarettes, Foods, Lifestyle Retailing and Personal Care.

Education & Stationery Safety Matches Agarbattis Hotels Paperboards & Packaging

Specialty Papers Packaging Agri-Businesses Agri Commodities e-Choupal Leaf Tobacco Information Technology

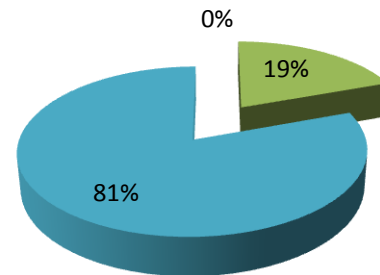
Share Data

03.11.2014

C.M.P	354.95
52 Week High (Rs)	386.75
52 Week Low (Rs)	307.6
Beta	0.52
Face Value (Rs)	1
Mkt Cap (Rs. In Cr)	283274.86

Share Holding

■ Promoter ■ FII ■ Free Float



Company Details

Industry	Cigarettes/Tobacco
Chairman	Yogesh Chander Deveshwar
Managing Dir.	
NSE Code.	ITC
BSE Code.	500875

Share Holding Pattern (as on 201409)

Promoter No of shares (In Crores)	
Promoter %	
FII No of Shares (In Crores)	155.32
FII %	19.48
Total No of Shares (In Crores)	797.43
Free Float %	100.00

Milestones:

- ITC was incorporated on August 24, 1910 under the name of 'Imperial Tobacco Company of India Limited'
- In 1975 through its acquisition of a hotel in Chennai, the company launched its hotel business by the name 'ITC-Welcomgroup Hotel Chola'.
- In 1979 it entered into manufacturing paperboards, packaging & printing business.
- In 1985 it set up Surya Tobacco Co. in Nepal, now a subsidiary of ITC.
- In 1990 ITC set up the Agri Business Division for export of agri-commodities based on partnership with farmers, for revolutionizing the rural agricultural sector.
- In 2000, ITC launched a line of greeting cards under the brand name 'Expressions'. There has been further extension in productline with introduction of gift wrappers, autograph books, stationery and stationery.
- In 2000, it entered in lifestyle retailing business with the Wills Sport, a range of international quality wear for men and women.
- ITC InfoTech India was set up in 2000 to provide outsourcing solutions to manufacturing, BFSI (Banking, Financial Services & Insurance), CPG&R (Consumer Packaged Goods & Retail), THT (Travel, Hospitality and Transportation) and media & entertainment.
- ITC entered food business in 2001, its product line in this segment consist of brands 'Kitchens of India', 'Aashirvaad atta', 'Candyman', 'Sunfeast' & 'Bingo!'.
- In 2002 it entered in marketing of matches, ITC now markets popular safety matches brands like iKno, Mangaldeep, Aim, Aim Mega and Aim Metro.
- In 2003 ITC's forayed into the marketing of Agarbattis (incense sticks), creating brands like Mangaldeep, Spriha, Aim Metro and so on.
- ITC introduced Essenza Di Wills, an exclusive range of fine fragrances and bath & body care products for men and women in July 2005.
- The Company also launched the 'Superia' range of Soaps and Shampoos in the mass-market segment at select markets in October 2007 and Vivel De Wills & Vivel range of soaps in February and Vivel range of shampoos in June 2008.
- In 2013- ITC Hotels tied up with RP Group Hotels & Resorts to manage 5 hotels in India and Dubai, under ITC Hotels' 5-star 'WelcomHotel' brand and the group's mid-market to upscale 'Fortune' brand.

Achievements/ recognition:

- In 2014 -ITC has been voted among the top two 'Buzziest Brands' in the 'Corporate' category by 'afaqs', one of the world's largest marketing and advertising portals.
- 2013 - ITC Infotech becomes the 1st PTC Authorized Training Partner in India
ITC Hotels ties up with RP Group Hotels & Resorts to manage 5 hotels in India and Dubai
Fiama Di Wills Launches Second Edition of Couture Spa Range of Gel Bathing Bars
- In 2012- Mr Y C Deveshwar, Chairman, ITC Limited has been ranked the 7th Best Performing CEO in the World in the global scorecard on '100 Best Performing CEOs in the World' published by the Harvard Business Review (HBR) in its January-February 2013 edition.
- ITC Bags Asian CSR Award-2012
- ITC Infotech collaborates with Oracle to develop the Oracle Airline Data Model, part of Oracle's Passenger Data Management solution for the Airline Industry
ITC launches its iconic hotel in Chennai
- 2011- ITC Hotels adjudged 'People's Choice - Most Trusted Hotel Brand'
- 2011 -ITC Infotech launches first indigenously developed sustainability management and reporting tool

- 'Best Manufacturer of Cigarettes' for the year 2008 & 2007 and Best Exporter of Cigarettes for 2008 by the Tobacco Board based on previous three years' performance.
- Occupational Health and Safety Award 2007 for Excellence in Safety Management to the Bengaluru, Saharanpur and Kolkata factories from the Royal Society for Prevention of Accidents (ROSPA), U.K.
- 5 Star Health and Safety Rating in 2007 from the British Safety Council to the Bengaluru, Munger, Kolkata and Saharanpur factories and the 'Sword of Honour' for Bengaluru & Saharanpur factories in 2006.
- Greentech Gold Award for excellence in Safety Management for the year 2007 to the Bengaluru, Kolkata and Saharanpur cigarette factories for the high level of performance that the units have achieved in Environment Health and Safety (EHS). Saharanpur along with Kolkata and Munger factories were honoured with the Gold award and the Bengaluru Factory with the Platinum Award in 2006.
- Greentech Gold Award for Excellence in Environment Management 2007 to the Bengaluru, Kolkata and Munger factories.
- Safety Innovation Award for 2007 and 2006 for Innovative Safety Management System to the Bengaluru Factory from the Institution of Engineers and also the Unnatha Suraksha Puraskara Award 2006 from NSC Karnataka Chapter.
- Golden Peacock Award for Occupational Health and Safety from the Institute of Directors, New Delhi; Award for Outstanding Performance in Environment Health and Safety from the CII and the Suraksha Puraskar Award from the National Safety Council, Mumbai to the Kolkata factory in 2007 and the '1st National Security Today Award ' in the category of Best Maintained Fire Safety System in 2005.
- Occupational Health and Safety Gold Award from the ROSPA, UK; the Winners Trophy ' Safety Health and Environment Award from the CII Eastern region; National Award for Excellence in Water Management and Innovative Project Award Initiatives for Energy Conservation from the CII to the Munger factory in 2007 and also the Excellence in Water Management Award from CII-GBC for 2006.
- All the four factories are certified by Det Norske Veritas (DNV) for ISO 14001, for their Environment Management Systems, OHSAS 18001 for their Occupational Health and Safety Management Systems (OHSMS) and the ISO 9000-2000 for Quality Management Systems. The Kolkata factory is the first cigarette factory in India to be awarded the SA 8000 Certificate for Social Accountability by Det Norske Veritas (DNV) in June 2004.
- ITC's R&D Centre at Peenya, Bengaluru has the distinction of being the first independent R&D centre in India to get ISO 9001 accreditation and certified with ISO 14001 for Environment Management Systems by DNV. The R&D Centre is also certified for the standard ISO/IEC17025:2005, by National Accreditation Board for Testing and Calibration Laboratories (NABL). This certification is awarded for 'General requirement for the competence of Testing & Calibration Laboratories'.

2010

ITC launched its handrolled cigar, Armenteros, in the Indian market. Armenteros cigars are available exclusively at tobacco selling outlets in select hotels, fine dining restaurants and exclusive clubs.

ITC's Bhadrachalam Facility gets coveted Forest Stewardship Council Certification

Vivel Launches Deo Spirit to turn the heat on!

USIBC honours Y C Deveshwar with its Global Leadership Award

ITC Infotech Achieves Platinum Partner status in the Oracle(R) PartnerNetwork

ITC Infotech Launches Services for Life Sciences Industry

Top Holdings (as on 201409):

Name	Category	Holding %
Tobacco Manufacturers India Ltd	Non - Promoters	24.90
Life Insurance Corporation of India	Non - Promoters	14.50
Specified Undertaking Of the Unit Trust Of India	Non - Promoters	11.25
Myddleton Investment Company Ltd	Non - Promoters	4.07
New India Assurance Company Ltd	Non - Promoters	1.95
General Insurance Corporation of India	Non - Promoters	1.80
Oriental Insurance Company Ltd	Non - Promoters	1.54

Financial Health:

Y-o-Y Performance (Standalone)(Rs in Crore):

Description	201403	201303	201203	201103	201003
Net Sales	33238.60	29901.27	25147.46	21458.98	18153.19
Total Income	34345.74	30868.37	25972.80	22038.80	18776.18
Total Expenditure	20763.08	19282.72	16278.80	14026.67	12061.88
PBIDT	13582.66	11585.65	9694.00	8012.13	6714.30
PAT	8785.21	7418.39	6162.37	4987.61	4061.00
Dividend %	600.00	525.00	450.00	445.00	1000.00
Adj. EPS(Rs)	11.05	9.39	7.88	6.45	5.32

Balance Sheet: (Standalone) as on 201409 (Rs in Crore)

Share Capital	797.43	Net Block	14990.36
Reserve	30295.58	Long term Investments	2377.15
Share Holder's Funds	31093.01	Short term investments	6603.65
Long Term Debt - Calc	50.02	Total Investments	8980.80
Short Term Debt - Calc	566.36	Cash and Bank Bal	3593.11
Total Debt - Calc	616.38	Net Current Assets	13935.68

Quarter On Quarter (Standalone, Rs in cr.)

Particulars	201409	201406	Q on Q Var%	201309	Y on Y Var%
Net Sales	8930.32	9164.42	-2.55	7775.79	14.85
Total Expenditure	5535.09	5970.70	-7.30	4686.69	18.10
PBIDT (Excl OI)	3488.65	3277.59	6.44	3175.84	9.85
PAT	2425.16	2186.39	10.92	2230.53	8.73
PBIDTM% (Excl OI)	38.66	35.44	9.09	40.39	-4.28
PBIDTM%	42.61	37.98	12.19	43.94	-3.03
PATM%	26.88	23.64	13.71	28.37	-5.25
Adj. EPS(Rs)	3.04	2.75	10.55	2.82	7.80

Company news:

Date	News
31-Oct-2014	Results Commentary
31-Oct-2014	ITC reports 8% rise in Q2 net profit

Peer Group Comparison (Standalone)(Rs in Crore):

Company Name	Godfrey Phillips	Golden Tobacco	ITC	Virat Crane Inds	VST Industries
Year End	201403	201403	201403	201403	201403
Net Sales	2482.12	70.29	33238.60	45.63	789.17
PBIDT	405.30	1.88	13582.66	2.73	250.55
PAT	170.64	-21.90	8785.21	1.41	150.15
Adj. EPS(Rs)	164.10	-12.45	11.05	0.69	97.24
PBIDTM%	9.66	1.60	28.86	5.98	15.36
PATM%	4.07	-18.62	18.66	3.10	9.20
ROCE%	20.63	11.25	52.20	10.67	71.67
ROE%	15.47	0.00	36.27	6.24	48.05
TTM Ratios	03-Nov-2014	03-Nov-2014	03-Nov-2014	03-Nov-2014	03-Nov-2014
Latest EPS(Rs)	218.76	-13.14	11.62	0.93	111.22
Latest CEPS(Rs)	308.17	-12.50	12.80	1.04	130.73
Price/TTM CEPS(x)	9.70	-2.64	27.74	9.85	14.13
TTM PE (x)	13.66	0.00	30.54	11.05	16.60
Price/BV(x)	2.50	-0.62	9.13	0.86	7.08
EV/TTM EBIDTA(x)	7.16	137.30	19.31	6.22	9.74
EV/TTM Sales(x)	1.33	2.02	7.81	0.41	3.44
Dividend Yield%	1.34	0.00	1.69	4.88	3.79
MCap/TTM Sales(x)	1.24	0.92	7.90	0.40	3.50
Latest Book Value (Rs)	1196.19	-53.50	38.90	11.96	261.00

Price Chart:



Investment Conclusion:

Basis of analysis:

1. ITC **Q2 net profit rise by 8%.**
2. Fundamental and business profile aspects of Company. Company involve in FMCG – Cigarettes, Foods, Lifestyle Retailing and Personal Care. Education & Stationery Safety Matches Agarbattis Hotels Paperboards & Packaging. Specialty Papers Packaging Agri-Businesses Agri Commodities e-Choupal Leaf Tobacco Information Technology

“Great risk reward offer for patient long term investors.”

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