


STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Consumer Goods

COMPANY DETAILS

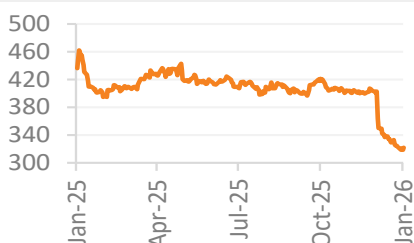
Market cap:	Rs. 4,03,683 cr
52-week high/low:	Rs. 471 / 316
NSE volume: (No of shares)	176.4 lakh
BSE code:	500875
NSE code:	ITC
Free float: (No of shares)	1252.9 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	0.0
FII	37.0
DII	48.9
Others	14.1

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART


Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-19.6	-23.1	-21.0	-26.1
Relative to Sensex	-16.7	-20.5	-21.9	-33.3

Source: Mirae Asset Sharekhan Research, Bloomberg

ITC Ltd
Healthy Cigarette and FMCG biz performance

 Reco/View: **BUY**

 CMP: **Rs. 322**

 Price Target: **Rs. 400**
Quick Snapshot

- ITC's Q3FY26 performance was driven by better-than-expected cigarette volume growth and healthy performance by FMCG-others business.
- Standalone net revenue grew 5.7% y-o-y and OPM rose by 63 bps y-o-y to 34.8%, driving up adjusted PAT by 5.9% y-o-y.
- Cigarette volumes and margins to be under pressure in the near term, offsetting factors such as soft tobacco prices, recovery in FMCG and paper businesses and comfort on valuation.
- Stock trades at 20x/18x/17x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with a revised PT of Rs. 400.

Result overview

- Net revenues (net of excise) grew by 5.7% y-o-y to Rs. 18,017 crore. Cigarette business net revenues grew by 8% y-o-y. We believe volume growth to be at ~6.5% (beating our expectation of 5-6%).
- Non-cigarette FMCG business grew by 11.1% y-o-y, Paper, paperboard & packaging (PPP) and Agri businesses registered revenue growth of 2.7% and 6.3% y-o-y respectively.
- Gross margin and OPM rose 46 bps and 63 bps y-o-y to 54.9% and 34.8%, respectively, OPM came in higher than our expectation of 33.3%.
- Operating profit grew 7.6% y-o-y to Rs. 6,271 crore. Higher interest cost led to 5.9% y-o-y growth in adjusted PAT to Rs. 5,294 crore, ahead of our expectation of Rs. 5,133 crore.
- In 9MFY26, net revenue grew by 7.1% y-o-y to Rs. 55,788 crore, while OPM declined by 97 bps y-o-y to 33.7% leading to 3.6% y-o-y growth in the adjusted PAT to Rs. 15,320 crore.
- Board has recommended an interim dividend of Rs. 6.5 per share for FY26.

Our Call

Maintain Buy with a revised PT of Rs. 400: Higher taxation on cigarettes has raised concerns on ITC's near-term growth and is likely to impact volumes and margins in the coming quarters. ITC has undertaken relevant strategic actions to revive growth in the non-cigarette FMCG business. Long-term growth trajectory remains intact, with most business segments maintaining steady progress. Stock has corrected by ~20% in the past one month and trades at 20x/18x/17x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 400.

Key Risks

Further hike in taxes on cigarettes, slow recovery in consumer demand or sustained volatility in raw material prices would act as key risks.

Valuations (Consolidated)

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net revenues	62,628	69,324	73,731	78,222	84,436
OPM (%)	37.5	34.7	33.0	33.4	33.9
Adjusted PAT	19,910	19,669	20,000	21,363	23,075
Adjusted EPS (Rs.)	15.9	16.1	16.0	17.1	18.4
P/E (x)	19.7	19.6	19.6	18.4	17.0
P/B (x)	5.6	5.9	5.8	5.9	6.1
EV/EBIDTA (x)	16.2	16.0	15.8	14.7	13.4
RoNW (%)	28.5	28.7	29.2	31.2	34.4
RoCE (%)	30.0	30.4	31.6	33.9	37.9

Source: Company; Mirae Asset Sharekhan estimates

Result highlights

Cigarettes

- Sustained strong volume-led momentum, with revenue growth of 7.9% y-o-y, led by volume growth of 6-6.5% (ahead of 5-6% estimate), driven by premiumisation and innovation.
- ITC continued its focus on strategic portfolio and market interventions to reinforce market standing and counter illicit trade.
- While leaf tobacco costs remain high, procurement prices are showing early signs of moderation.
- Cigarette EBIT grew 5.1% y-o-y, while EBIT margin contracted 187 bps y-o-y to 69.5%, impacted by high leaf tobacco prices.

FMCG - Others

- Revenue growth healthy at 11.1% y-o-y and PBIT margins expanding 163 bps y-o-y to 7.5%.
- Revenue growth was driven by broad-based category performance and continued outperformance in premium and NewGen channels, while margin expansion was led by improving mix and operating leverage.
- There was broad-based growth across staples, biscuits, noodles, dairy, premium personal wash, homecare and agarbattis.
- Digital first and Organic portfolios sustained high growth trajectory (up 60% y-o-y), while notebooks witnessed early signs of recovery amidst continued low-priced paper imports and opportunistic play by local/regional players.

Paperboards, paper & packaging

- Performance was muted owing to planned shutdown for maintenance of high pressure recovery boiler and paper machines.
- Revenue grew 2.7% y-o-y with EBIT margins contracting by 59 bps y-o-y to 9%.
- However, the company has seen early signs of moderation in wood prices with improving availability.

Agri business

- Revenue rose 6.3% y-o-y, driven by strong growth in Leaf Tobacco and robust traction in value-added agri products (VAAP), led by aqua and coffee.
- Strategic focus continues to be on accelerating growth by rapidly scaling up its VAAP portfolio, straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits, amongst others.
- EBIT margin fell by 40 bps y-o-y to 11.9%.

Results (Consolidated)

					Rs cr
Particulars	Q3FY26	Q3FY25	y-o-y (%)	Q2FY26	q-o-q (%)
Gross revenue	19,359.5	18,290.2	5.8	19,382.0	-0.1
Excise duty	1,342.3	1,237.4	8.5	1,360.7	-1.4
Net revenue	18,017.1	17,052.8	5.7	18,021.3	0.0
Raw Material Consumed	8,126.0	7,770.1	4.6	8,185.3	-0.7
Employee Expenses	902.5	867.8	4.0	873.5	3.3
Other Expenses	2,717.4	2,586.5	5.1	2,710.5	0.3
Total expenditure	11,746.0	11,224.4	4.6	11,769.2	-0.2
Operating Profit	6,271.2	5,828.3	7.6	6,252.0	0.3
Other income	1,071.9	1,086.6	-1.4	898.0	19.4
Interest	15.0	7.6	97.6	15.9	-5.8
Depreciation	369.2	361.8	2.0	370.7	-0.4
Profit before tax	6,958.9	6,545.6	6.3	6,763.4	2.9
Tax	1,665.2	1,546.6	7.7	1,649.5	1.0
Adjusted PAT	5,293.7	4,998.9	5.9	5,113.9	3.5
Exceptional item	-204.8	422.4	-	65.9	-
Reported PAT	5,088.8	5,421.3	-6.1	5,179.8	-1.8
EPS (Rs.)	4.2	4.0	5.9	4.1	3.5
			BPS		BPS
GPM (%)	54.9	54.4	46	54.6	32
OPM (%)	34.8	34.2	63	34.7	11
NPM (%)	29.4	29.3	7	28.4	100
Tax rate (%)	23.9	23.6	30	24.4	-46

Source: Company; Mirae Asset Sharekhan Research

Segment-wise revenue break-up

					Rs cr
Particulars	Q3FY26	Q3FY25	y-o-y (%)	Q2FY26	q-o-q (%)
FMCG - cigarettes (net)	7,448.4	6,898.9	8.0	7,362.1	1.2
FMCG - others	6,019.7	5,418.2	11.1	5,964.4	0.9
Agri	3,560.3	3,350.8	6.3	3,976.2	-10.5
Paperboard, Paper and Packaging	2,202.4	2,144.5	2.7	2,219.9	-0.8
Others	95.0	44.6	-	75.3	26.2
Total	19,325.8	17,857.0	8.2	19,598.0	-1.4
Less: Inter segment sales	1,468.3	1,038.9	41.3	1,810.4	-18.9
Net Sales	17,857.6	16,818.0	6.2	17,787.6	0.4
Other operating income	159.6	234.7	-32.0	233.6	-31.7
Net revenue	18,017.1	17,052.8	5.7	18,021.3	0.0

Source: Company; Mirae Asset Sharekhan Research

Segment PBIT and PBIT margins

Particulars	PBIT (Rs. crore)			Margins (%)		
	Q3FY26	Q3FY25	YoY %	Q3FY26	Q3FY25	Chg in BPS
FMCG - cigarettes	5,177.0	4,924.0	5.1	69.5	71.4	-187
FMCG - others	450.4	317.1	42.0	7.5	5.9	163
Agri	424.0	412.5	2.8	11.9	12.3	-40
Paperboard, Paper and Packaging	197.9	205.5	-3.7	9.0	9.6	-59
Total	6,249.4	5,859.1	6.7	32.3	32.8	-47

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	British American Tobacco PLC.	22.90
2	Life Insurance Corp of India	15.69
3	Unit Trust of India	7.78
4	SBI Funds Management Ltd.	3.29
5	ICICI Prudential Asset Management Co Ltd.	3.12
6	GQG Partners LLC	2.18
7	General Insurance Corp of India	1.73
8	Goldman Sachs Group Inc.	1.70
9	NPS Trust A/c UTI Retirement Solutions Ltd.	1.61
10	New India Assurance Co. Ltd.	1.44

Source: Bloomberg

Key management personnel

Name	Designation
Sanjiv Puri	Chairman and Managing Director
Supratim Dutta	Chief Financial Officer
Rajendra Kumar Singhi	Executive Vice President & Company Secretary & Compliance Officer

Source: Company Website

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