



# **Equity Report – FMCG**

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**SYLVA INVESTMENTS**



Table 1: Stock Price Data

Metric	Value
P/E Ratio	31.15
EPS - TTM (₹)	16.38
Div. Yield (%)	2.70
VWAP (₹)	509.97
MCap/Sales	7.55
52W H/L (₹)	512.9/399.3
P/B Ratio	8.37
MCap (₹ Cr.)	6,36,783
Face Value (₹)	1.00
Beta	0.91

Figure 1: ITC

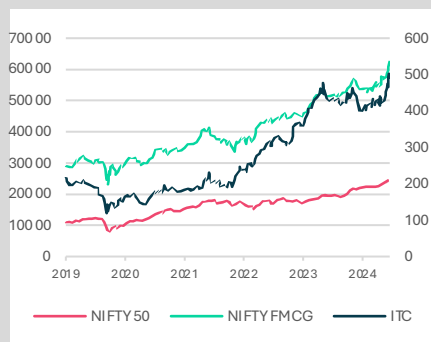


Table 2: Fundamental Ratios

Metric	FY 2024	FY 2023
ROE (%)	27.45	27.75
ROCE (%)	34.76	35.81
ROA (%)	22.27	22.34
Int. Cov. Ratio	630.60	639.94
Asset Turnover Ratio	0.80	0.83
EV/EBITDA (x)	18.23	17.08
EBITDA Margin (%)	40.88	38.97

## ITC Limited

(NSE: ITC)

### Fundamentals:

- **Net Profit Margin:** ITC's margin of 29.23%. This surpasses the Indian cigarette industry's margin of 26.65%, indicating that ITC operates more efficiently and can retain a larger portion of its revenue as profit compared to its peers.
- **Debt-to-Equity Ratio:** A D/E ratio of 0% means that ITC has no debt on its balance sheet.
- **Liquidity:** These ratios indicate that ITC has a robust liquidity position. The Current Ratio of 3.0 means the company has three times the current assets to cover its current liabilities.
- **Return on Equity (ROE):** With an ROE of 27.45%, ITC is marginally better than the industry average of 27.33%, reflecting efficient use of equity to generate returns.
- **Petroski Score:** A Pitroski Score of 7 indicates that ITC is financially sound. This score is based on several metrics, including profitability, leverage, and liquidity, with 9 being the highest.

### Growth:

- **3-Year Sales CAGR (12.75%):** Suggests solid growth over time. However, the **annual sales growth of -0.08%** indicates a minor decline in the most recent year. While long-term sales are growing, the recent dip may warrant closer attention.
- **Annual Profit Growth (6.6%):** In the most recent year, ITC's profits grew by 6.6%. This steady growth, although lower than its 3-year average, still indicates resilience, especially when factoring in industry challenges.

### Valuation:

- **Price-to-Earnings (P/E) Ratio (30.65):** ITC's P/E ratio of 30.65 is slightly higher than the industry average of 28.79. A higher P/E suggests that investors are willing to pay a premium for ITC's earnings, which could reflect their confidence in the company's future growth. However, it also implies that the stock may be slightly more expensive than its peers.

### Risks & Insights:

- **3-Month Beta & Standard Deviation:** A Beta of 0.603 suggests that ITC's stock is less volatile than the broader market over the short term. The standard deviation measures the stock's historical price fluctuations, and at 2.86%.

### Key Highlights:

- Interest expenses are less than 1% of operating revenues, with 8.65% spent on employee costs for the year ending Mar 31, 2024.
- ITC reported annual revenue of Rs. 70,881 Cr. in FY24, 0.9% above analyst estimates.
- The reported annual EPS was Rs. 16.38 in FY24, slightly below analyst estimates of Rs. 16.42 by -0.24%.



Table 1: Stock Price Data

Metric	Value
P/E Ratio	55.52
EPS - TTM (₹)	11.73
Div. Yield (%)	1.46
VWAP (₹)	647.92
MCap/Sales	6.64
52W H/L (₹)	692.8/486.3
P/B Ratio	20.10
MCap (₹ Cr.)	84,274.24
Face Value (₹)	1.00
Beta	0.57

Figure 1: MARICO

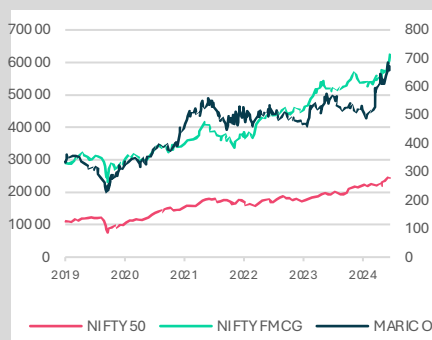


Table 2: Fundamental Ratios

Metric	FY 2024	FY 2023
ROE (%)	38.64	34.27
ROCE (%)	40.38	39.82
ROA (%)	19.95	18.74
Int. Cov. Ratio	29.70	34.89
Asset Turnover Ratio	1.34	1.53
EV/EBITDA (x)	29.46	31.61
EBITDA Margin (%)	22.45	20.01

## Marico Limited

(NSE: MARICO)

### Fundamentals:

- **Net Profit Margin:** Marico's margin of 15.55% surpasses the Indian Personal Care Industry's 15.41%.
- **Debt-to-Equity Ratio:** A remarkably low D/E ratio of 0.1% which is relatively high.
- **Liquidity:** Marico has a Current Ratio of 1.64 and a Quick Ratio of 1.09, indicating decent liquidity.
- **Return on Equity (ROE):** Marico has an ROE of 38.64%, higher than the Indian Personal Care Industry of 21%.

### Growth:

- **Sales Growth:** Marico has Quarterly Sales Growth of 16.88% on QoQ and 6.22% on a YoY basis.
- **Profit Growth:** Marico has a 3Y Profit CAGR of 8.03% and annual profit growth of 13.75%.
- **Quarterly Profit Growth:** Marico has Quarterly Profit Growth of 45.91% on QoQ and 8.67% on a YoY basis.

### Valuation:

- **PEG Ratio:** Marico has a PE ratio of 55.19, lower than the industry average of 60.51.

### Risks & Insights:

- **Volatility:** Marico has a 3M Beta of 0.5319 and a 3M standard deviation of 2.6304%; the company is moderately volatile in the short run. Marico has a 1Y Beta of 0.7796 and a 1Y standard deviation of 1.8851%; the company is less volatile in the long run.

### Key Highlights:

- **Price Target:** We predict a median 12-month price target of Rs. 710, with a high estimate of Rs. 801 and a low of Rs. 460 by 37 analysts.
- **FY24 Performance:** Marico reported annual revenue of Rs. 9653 Cr. in FY24, slightly below analyst estimates by -0.4%. The reported annual EPS was Rs. 11.43 in FY24, slightly below analyst estimates of Rs. 11.51 by -0.71%. Interest expenses are <1% of operating revenues, with 7.7% spent on employee costs for the year ending Mar 31, 2024.
- **Stock Returns:** 23.28% return versus Nifty FMCG's 62.71% over three years.

### Insights:

- In the past 19 years, only 1.47% of trading sessions saw intraday gains higher than 5%.
- Marico's sales declined by 1.14%, marking the first revenue contraction in three years.
- A 50-day moving average crossover appeared today, typically leading to a 4.39% average price gain within 30 days over the last five years.
- Marico's stock returned 23.28% over three years, underperforming the Nifty 100's 54.68% return.



Table 1: Stock Price Data

Metric	Value
P/E Ratio	65.20
EPS - TTM (₹)	90.83
Div. Yield (%)	1.24
VWAP (₹)	5,897.61
MCap/Sales	7.06
52W H/L (₹)	6,005.0/4,347.7
P/B Ratio	35.56
MCap (₹ Cr.)	1,42,645
Face Value (₹)	1.00
Beta	0.69

Figure 1: BRITANNIA

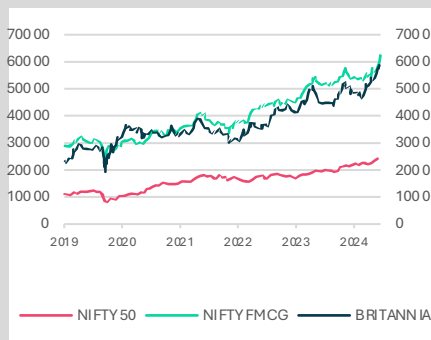


Table 2: Fundamental Ratios

Metric	FY 2024	FY 2023
ROE (%)	54.28	65.69
ROCE (%)	61.80	54.05
ROA (%)	23.58	24.82
Int. Cov. Ratio	20.63	18.02
Asset Turnover Ratio	1.82	1.93
EV/EBITDA (x)	35.45	35.10
EBITDA Margin (%)	20.17	18.69

## Britannia Industries Limited (NSE: BRITANNIA)

### Fundamentals:

- **Net Profit Margin:** Britannia has a net profit margin of 12.74%, higher than the Indian FMCG industry's net profit margin of 6%.
- **Debt-to-Equity Ratio:** Britannia's ROE is 54.28%, which is much higher than the industry average of 17.64%. Britannia's high ROE suggests it is extremely efficient in generating returns on invested capital.
- **Petroski Score:** A Pitroski Score of 8 (out of 9) indicates that Britannia is in a very strong financial position.

### Growth:

- Britannia's Compound Annual Growth Rate (CAGR) for sales over the past three years is **8.39%**, showing steady long-term growth in revenue.
- In the most recent year, Britannia's sales grew by **2.88%**. While not as strong as its 3-year average, this still reflects growth, though it may indicate some slowdown compared to previous years.

### Valuation:

- **PEG Ratio:** The Price-to-Earnings-to-Growth (PEG) ratio of 19.35 indicates that while Britannia has a high valuation (as shown by the P/E ratio), its growth is not high enough to justify the premium price.

### Risks & Insights:

- **3-Month Beta (0.5774) & Standard Deviation (2.97%):** A Beta of **0.5774** means that Britannia is less volatile than the broader market over the short term, suggesting that its stock tends to fluctuate less than the market average. However, the standard deviation of **2.97%** reflects some volatility, meaning short-term price swings may occur.
- **1-Year Beta (0.8081) & Standard Deviation (2.40%):** Over the longer term, Britannia's **Beta of 0.8081** suggests moderate volatility, closer to market levels. The **2.40% standard deviation** indicates that while the stock experiences fluctuations, these are more predictable and less extreme than in the short term.

### Key Highlights:

- **Stock Returns:** Over three years, Britannia's stock returned **48.55%**, which underperformed both the **Nifty 100's 54.68%** return and the **Nifty FMCG index's 62.71%** return. This reflects weaker relative performance in the broader market and sector.
- **Minimal Interest Expenses & Employee Costs:** Interest expenses are less than 1% of operating revenues, and 4.23% is spent on employee costs, indicating a highly efficient cost structure.
- **Price Target:** Analysts predict a **12-month median price target of ₹5,800**, with estimates ranging from a low of ₹4,750 to a high of ₹7,010. This range reflects varying opinions on Britannia's potential upside, but overall expectations suggest a relatively flat performance compared to the current price.