

Gemini Stock Analysis Report

Based on the detailed analysis of the attached report dated 2026-01-03, here is the evaluation from the perspective of a Positional Equity Trader.

Step 1: Audit the Data

- **Data Present:**
 - **Price Action:** 3-Year Daily Charts, Candle Stick patterns.
 - **Trend Indicators:** Moving Averages (EMA 20, 50, 200), Supertrend, MACD.
 - **Momentum/Oscillators:** RSI (14), Bollinger Bands, Relative Strength (RS) comparative analysis.
 - **Fundamentals:** 4-Year Long-term and 6-Quarter Short-term analysis.
 - **Catalysts:** News snapshots regarding excise duty and analyst estimates.
- **Data Missing:**
 - **Volume Profile:** While volume bars are present, a Volume Profile (Price by Volume) is missing, which would help identify the next significant support levels below current prices.
 - **Weekly/Monthly specific charts:** The daily chart is provided, but isolated weekly candle charts for broader structure are not explicitly separated (though inferable).
- **Confidence Level: High.**
 - The report provides a comprehensive confluence of technical, fundamental, and sentiment data sufficient to make an informed risk assessment. The visual confirmation of the price crash is clear.

Step 2: Analyze the Setup

- **Price Structure:** The stock has experienced a catastrophic breakdown, dropping from ~480 to ~350 (approx. 27% correction). The price is effectively in "free fall," trading well below the Lower Bollinger Band, indicating an extreme deviation from the mean.
- **Trend Direction: Bearish.** The stock is trading below all key Exponential Moving Averages (20, 50, 200). The "EMA Crossover Summary" explicitly flags a "Strong **Downtrend**." The Supertrend (10, 3) is also in a Sell signal.
- **Momentum:**
 - **RSI:** Currently at **14.69**. This is deeply oversold. While this often precedes a bounce, an RSI below 20 in the face of negative news (Excise Duty) indicates capitulation rather than a standard dip.
 - **MACD:** The histogram and signal lines are diving, showing accelerating bearish momentum.
- **Fundamentals & Catalyst:** The Trendlyne snapshot identifies the root cause: "ITC falls on Friday as the government imposes a new excise duty." This fundamentally alters the valuation models, explaining the -73% drop in recent Net Income shown in the Short-term Fundamental Analysis.
- **Relative Strength:** The stock is severely lagging the benchmark (CNXFMCG) and the broader market, with a 1-year RS of 0.799.

Step 3: Formulate the Recommendation

Decision: NO.

Analysis: Entering ITC.NS right now is attempting to "catch a falling knife." While the RSI of 14 suggests the stock is oversold, the move is driven by a fundamental shift (taxation) which usually leads to a structural de-rating of the stock. As a positional trader targeting intermediate trends, the current trend is broken. There is no "setup" yet; there is only a crash. The probability of further downside or dead money (time correction) is higher than a V-shaped recovery.

Conditional Plan (Watchlist Strategy): You must wait for the selling pressure to exhaust and for a new

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"floor" to be established. Do not buy until the market proves the panic is over.

- **Condition to Buy:** The stock must establish a base and successfully close above its **EMA 20** on the Daily timeframe. Alternatively, wait for a confirmed "Double Bottom" pattern where the second low is accompanied by a **Bullish** RSI Divergence (RSI making a higher low while Price makes a lower/equal low).
- **Entry Price (Hypothetical): ~385.00** (Allowing for the EMA 20 to slope down and meet price, or for price to rally slightly to reclaim it).
- **Stop Loss (Hypothetical): 340.00** (Placing risk below the capitulation candle wick/recent low).
- **Take Profit (Hypothetical): 413.00** (Targeting the EMA 200 and the gap-fill region for a 7-8% conservative gain).

News & Analyst Targets

Based on the latest market data and news available as of **January 3, 2026**, here is the research update on ITC Limited.

1) Latest News for ITC This Week

The headline story for ITC this week is the **steep government-mandated tax hike** on tobacco products, which has triggered a sharp sell-off in the stock.

- **Massive Excise Duty Hike:** The Finance Ministry notified a revised excise duty structure for cigarettes effective **February 1, 2026**. The new duty ranges from **INR 2,050 to INR 8,500 per 1,000 sticks** (depending on length), which is significantly higher than previous levels. This is on top of a **40% GST** slab on tobacco products.
- **Stock Price Crash:** ITC shares have plummeted to a **52-week low**, trading around **INR 345-INR 350**. The stock fell approximately **10% on Thursday** and extended losses by another **~5% on Friday**, wiping out over **\$7 billion (approx. INR 63,000 Cr)** in market capitalization in just two sessions.
- **Price Hike Necessity:** Analysts estimate ITC will need to take price hikes of **20% to 40%** across its portfolio to pass on the increased tax burden. There are fears this will severely impact sales volumes and push consumers toward the illicit/smuggled cigarette market.
- **Market Cap Erosion:** The fall represents one of the worst single-week performances for ITC in recent years, erasing gains made over the last 12 months.

2) Brokerage Upgrades & Downgrades

There has been a **wave of downgrades** from the analyst community this week. The consensus has shifted from "Buy" to "Hold/Neutral/Reduce" due to the uncertainty surrounding volume growth under the new tax regime.

- **Downgrades:** Major brokerages including **Motilal Oswal, Nuvama, Emkay, Jefferies, and JP Morgan** have downgraded the stock. The primary concern is the "unprecedented" scale of the tax hike, which breaks the trend of a stable tax environment seen in recent years.
- **Valuation Reset:** Analysts are de-rating the stock (lowering the P/E multiple they are willing to pay) because the predictability of earnings growth has been damaged.
- **Exceptions:** **DAM Capital** has maintained a **Buy** rating but slashed its target price, suggesting that while the near-term is painful, the long-term value might persist.

3) Indirect News Impacting ITC

- **Sector-Wide Sell-Off:** The **Nifty FMCG Index** hit a 9-month low, dragged down by ITC. Peers like **Godfrey Phillips** and **VST Industries** also saw massive declines (Godfrey Phillips fell ~17-19%), confirming that this is a sectoral blow rather than a company-specific issue.

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- **Illicit Trade Concerns:** Industry bodies and analysts have flagged that such a steep hike (\$2-3 per stick increase expected) will widen the price gap between legal and illegal cigarettes, potentially boosting the smuggled cigarette trade which pays no tax.
- **FMCG & Hotels Cushion:** While the cigarette business (which contributes ~80% of profits) is under fire, news on the non-cigarette FMCG and Hotels business remains stable. However, these segments are currently not large enough to offset the sentiment damage from the tobacco tax shock.

4) Latest Analyst Targets (Markdown Table)

The following table summarizes the revised ratings and target prices from major brokerages following the tax announcement.

Brokerage Firm	New Rating	New Target Price (INR)	Previous Target	Sentiment / Key Commentary
DAM Capital	Buy	440	500	Maintained Buy but cut target; expects volume recovery post-shock.
Nuvama	Hold	415	534	Downgraded from Buy; cites "magnitude of hike higher than anticipated."
Motilal Oswal	Neutral	400	--	Downgraded from Buy; warns of "unprecedented tax hike" resetting valuations.
Centrum	Neutral	390	--	Cautious on near-term volume disruption.
JP Morgan	Neutral	375	475	Downgraded from Buy; cites "unprecedented taxation blues."
Emkay Global	Reduce	350	475	Downgraded from Add; expects sharp de-rating of cigarette business.
PhillipCapital	Reduce	348	528	Downgraded from Buy; sees tax hike opening a "Pandora's box" for future levies.
Jefferies	Hold	--	--	Downgraded from Buy; cut earnings estimates by ~15%.

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Analyst Note: *The sharp divergence in target prices (ranging from INR 348 to INR 440) indicates high uncertainty. Investors are advised to watch for the management's pricing strategy announcement in response to the tax hike.*

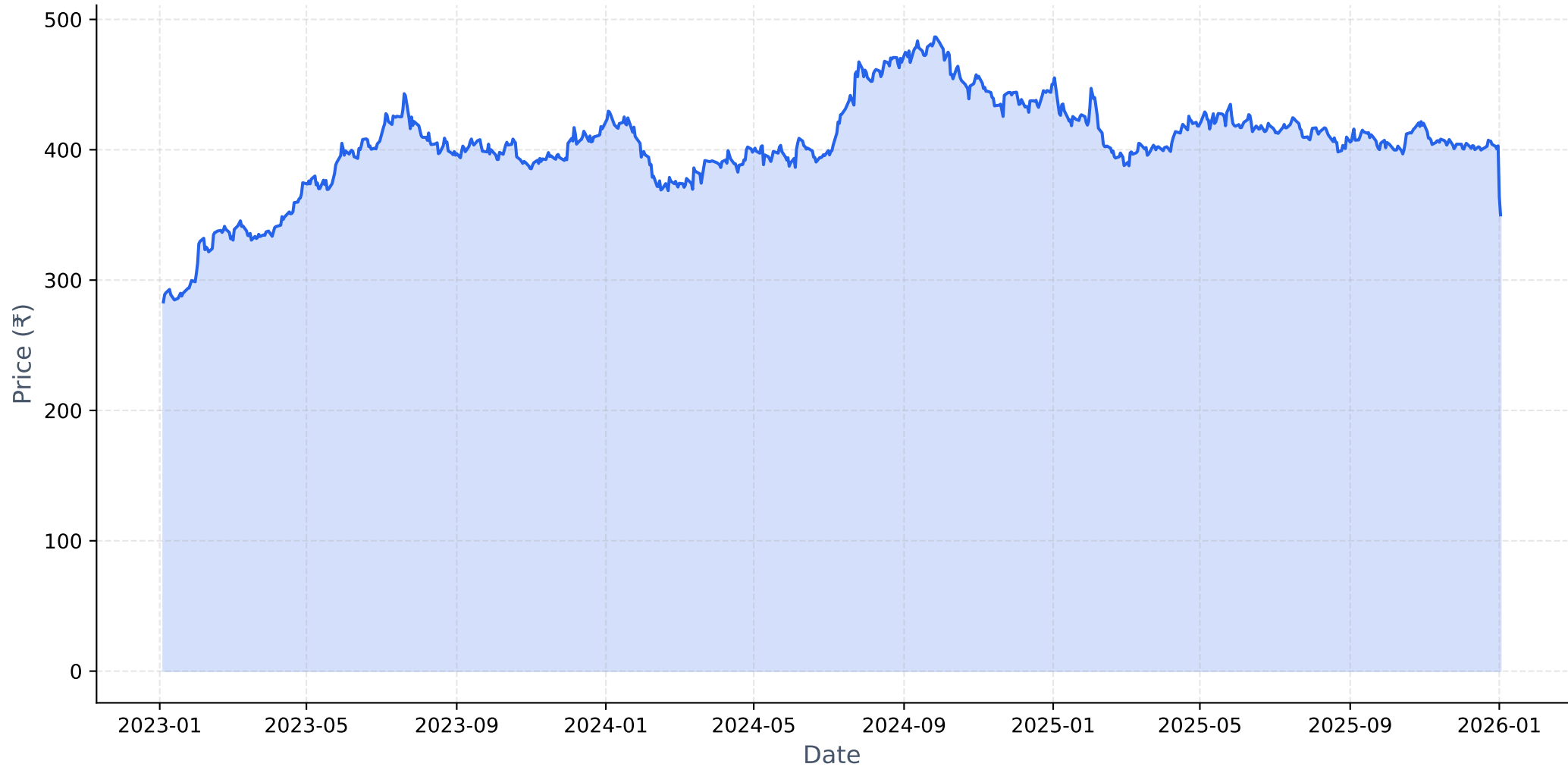
Stock Detailed Analysis Report

ITC.NS

Current Price: ₹350.05

Generated: 2026-01-03 12:40

ITC.NS - 3 Year Daily Price Chart



Long-term Fundamental Analysis (4 Years)

Metric	Is Growing?	Accelerating?	1Y Growth	3Y CAGR
Revenue	Yes	Yes	10.78%	7.51%
Net Income	Yes	Yes	69.84%	31.61%
ROE	Yes	Yes	80.69%	26.68%
EPS	Yes	Yes	69.24%	30.97%

Short-term Fundamental Analysis (6 Quarters)

Metric	Is Growing?	Recent QoQ	Avg QoQ
Revenue	Yes	15.12%	5.25%
Net Income	Yes	-73.42%	55.81%
ROE	Yes	324.65%	324.65%
EPS	No	-1.00%	-1.60%

ITC.NS - Relative Strength Analysis

== OVERVIEW ==:

Benchmark Index: ^CNXFMCG

Sector: FMCG

Classification: **Neutral**

RS Score: 44.0/100

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== RS RATIOS ==:

1M RS: **0.906 [Neutral]**

3M RS: **0.900 [Neutral]**

6M RS: **0.871 [Neutral]**

1Y RS: **0.799 [Lagging]**

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== TURNAROUND ANALYSIS ==:

Turnaround Status: **!! DETECTED !!**

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SIGNAL CRITERIA::

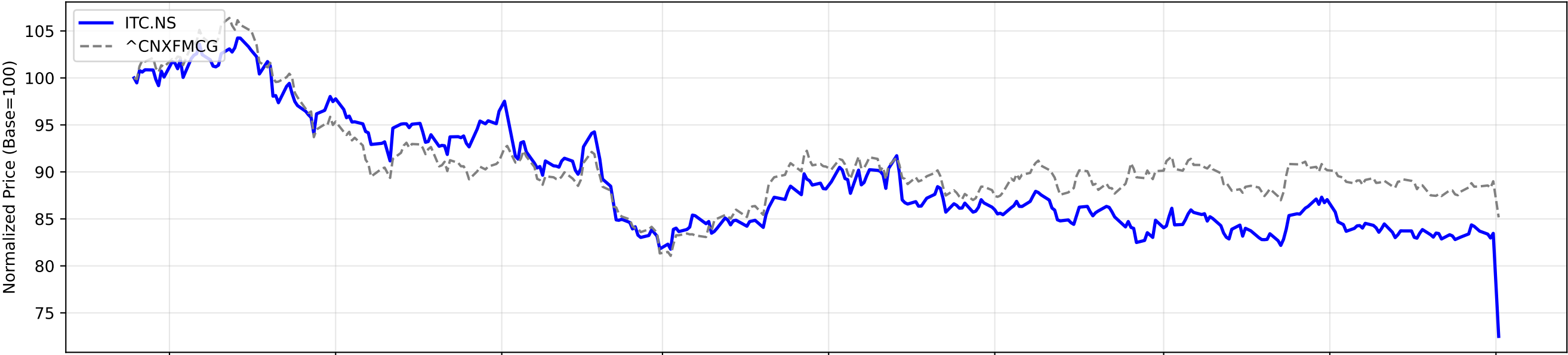
✓ **Emerging RS:** 1M (0.906) > 3M (0.900)

✓ **Medium-term Lagging:** 6M=0.871, 1Y=0.799 (≤ 1.0)

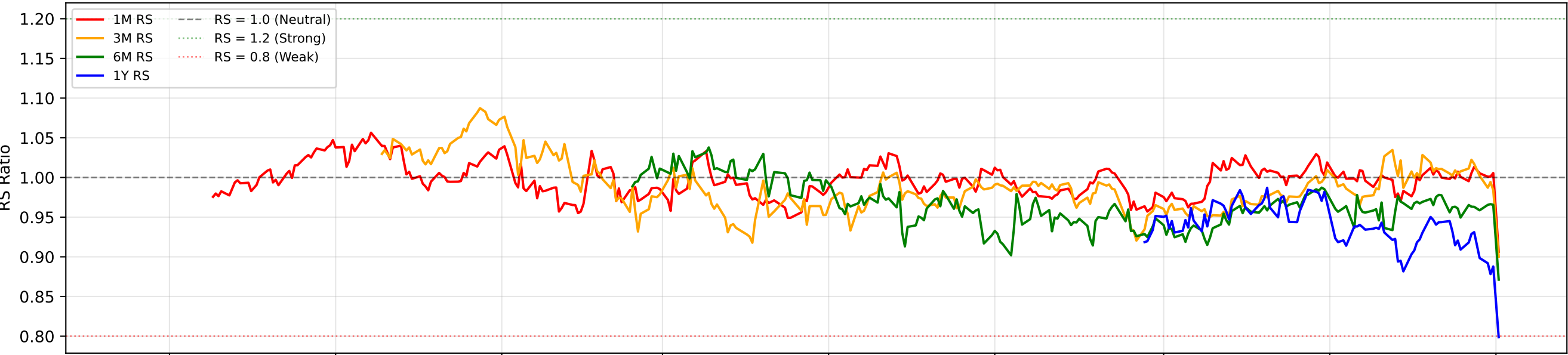
✓ **Performance Improving:** 3M (-13.7%) > 6M (-15.2%)

Relative Strength Analysis: ITC.NS vs ^CNXFMCG
Classification: Neutral

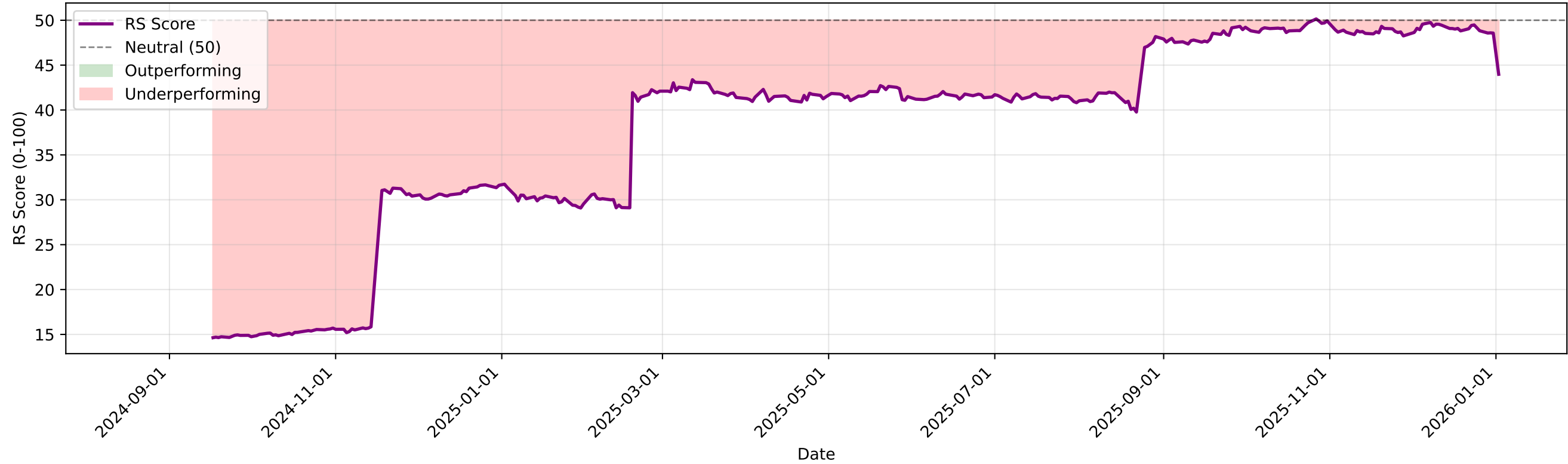
Price Performance Comparison (Normalized)



RS Ratio Trends (Multiple Timeframes)



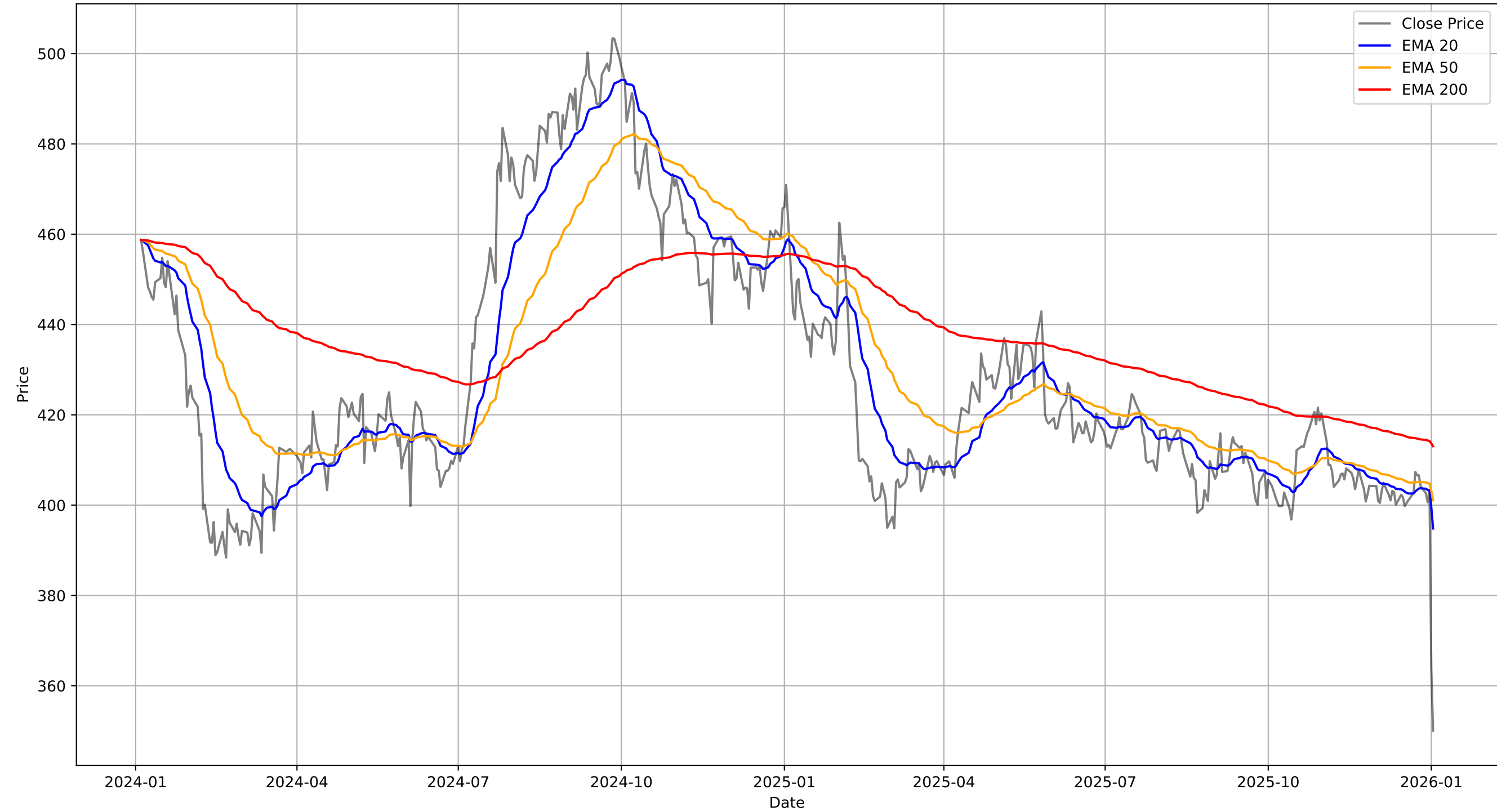
RS Composite Score Timeline



ITC.NS - EMA Crossover Summary

EMA 20:	394.83
EMA 50:	401.09
EMA 200:	413.05
Trend Status:	Strong Downtrend

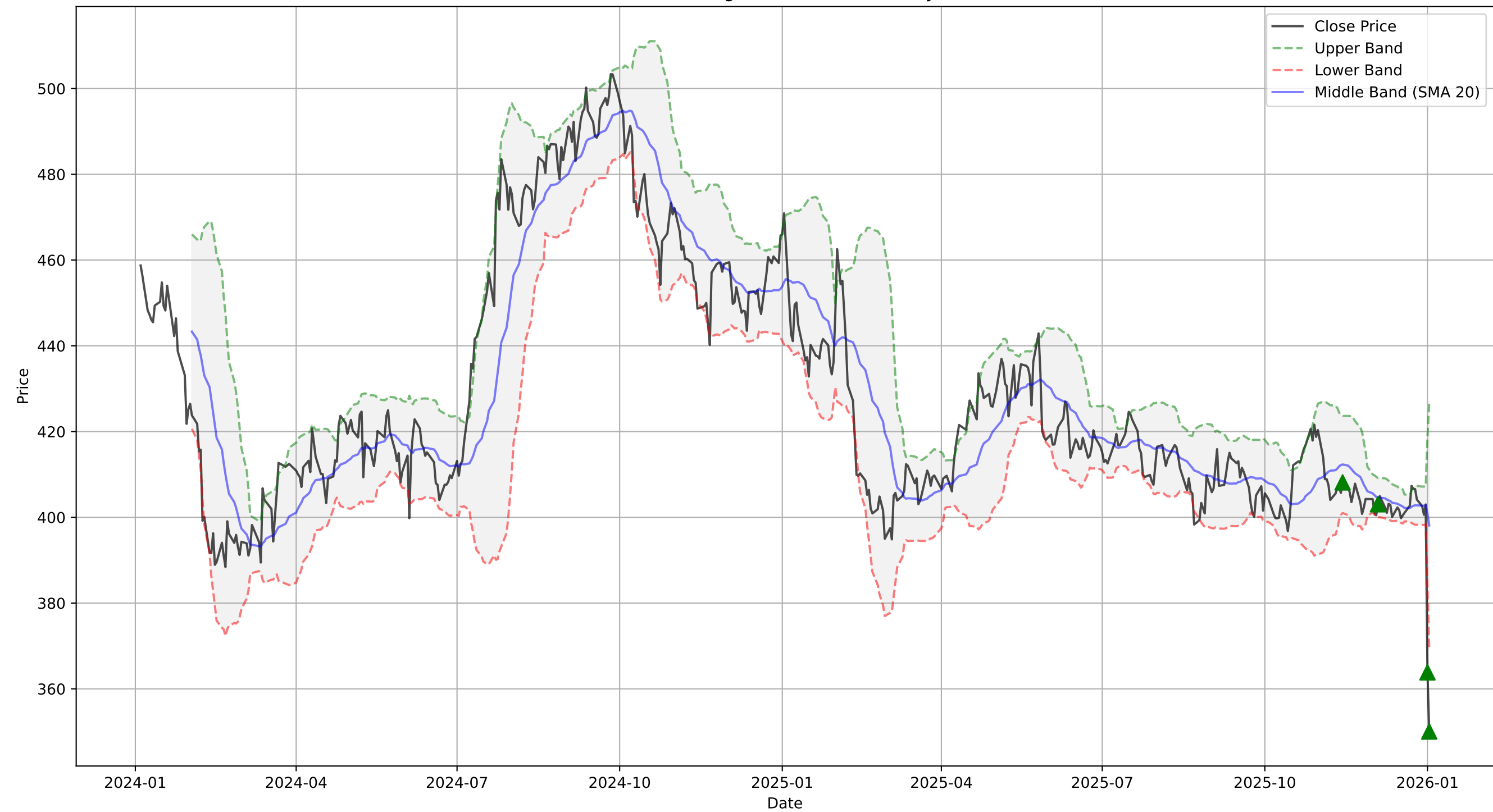
ITC.NS EMA Crossover Analysis



ITC.NS - Bollinger Bands Summary

Current Price:	350.05
Upper Band:	426.94
Middle Band (SMA 20):	398.11
Lower Band:	369.29
%B:	-0.3337
Band Width:	0.1448
Status:	Below Lower Band
Signal:	Buy Signal
Recent Signal 1:	Buy Signal at 2025-12-04 00:00:00
Recent Signal 2:	Buy Signal at 2026-01-01 00:00:00
Recent Signal 3:	Buy Signal at 2026-01-02 00:00:00

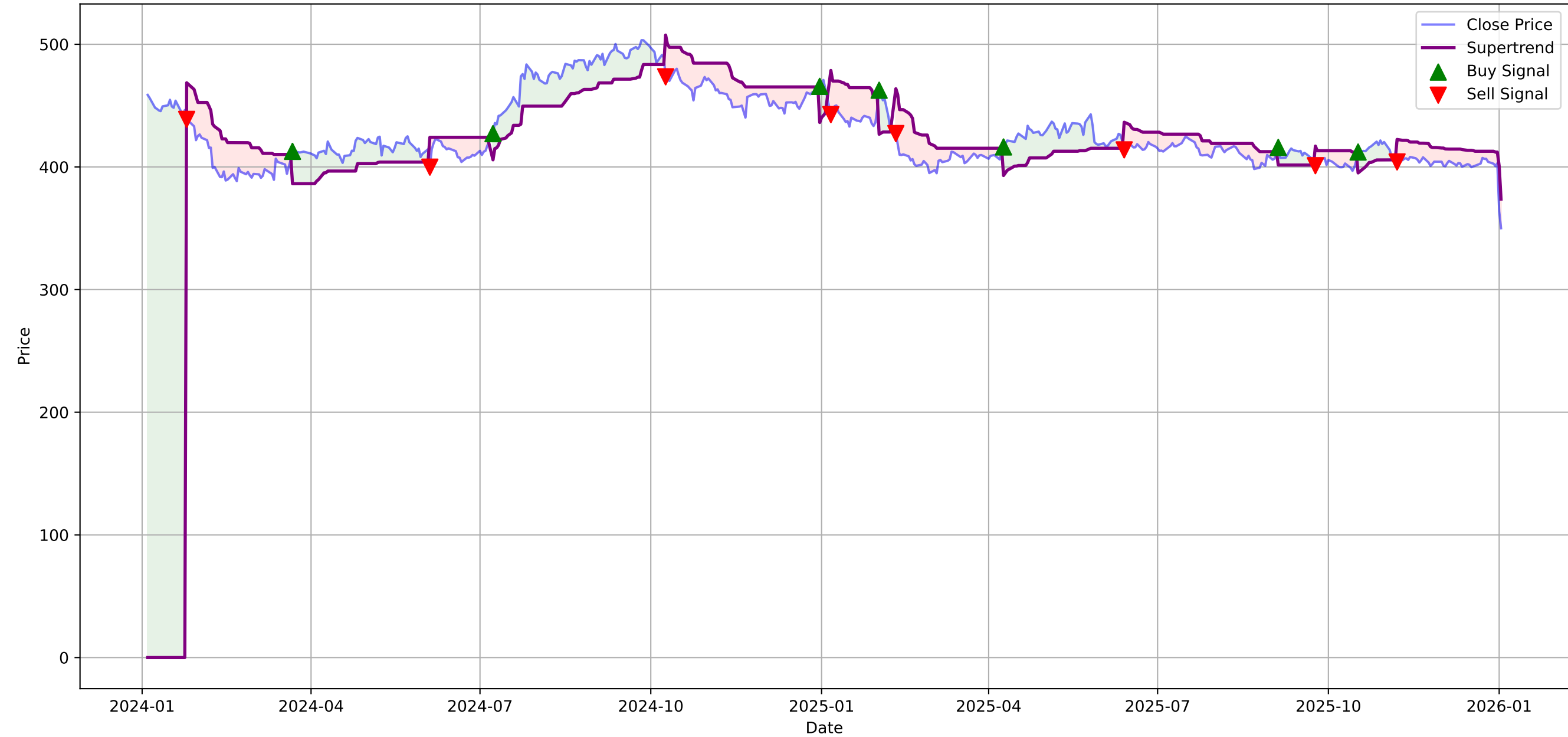
ITC.NS Bollinger Bands (20, 2) Analysis



ITC.NS - Supertrend Summary

Status:	DOWNTREND (Sell)
Supertrend Value:	373.76
Signal Identified On:	2025-11-07

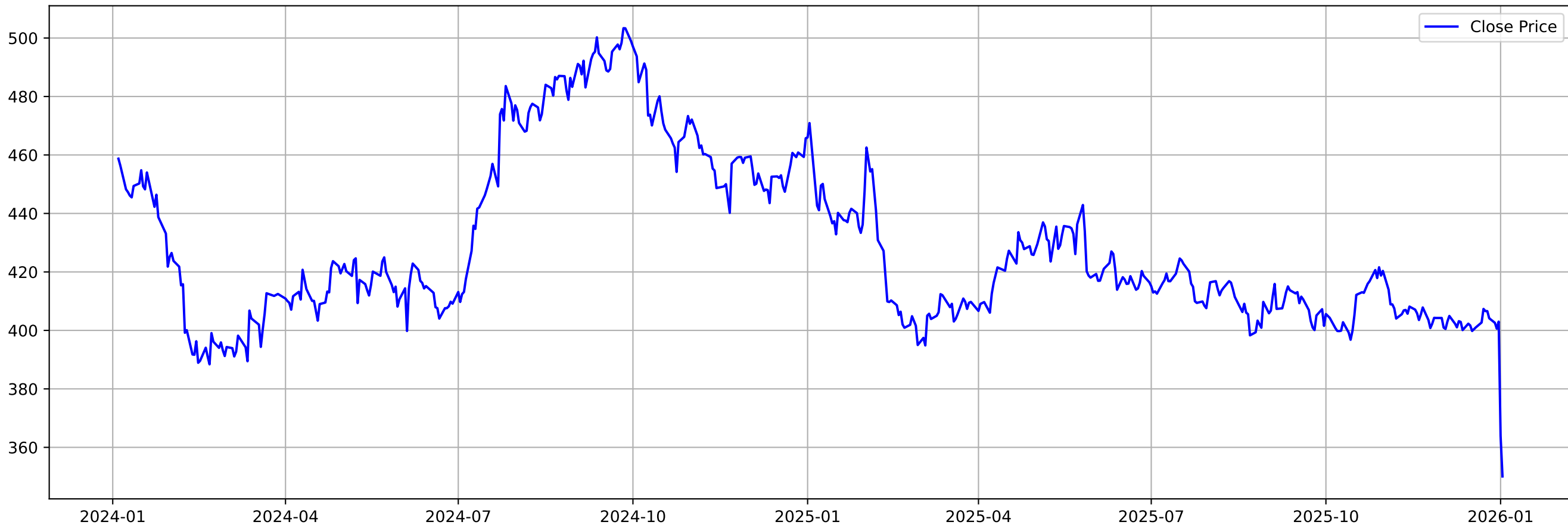
Supertrend Analysis for ITC.NS (Period: 14, Multiplier: 3.0, Interval: 1d)



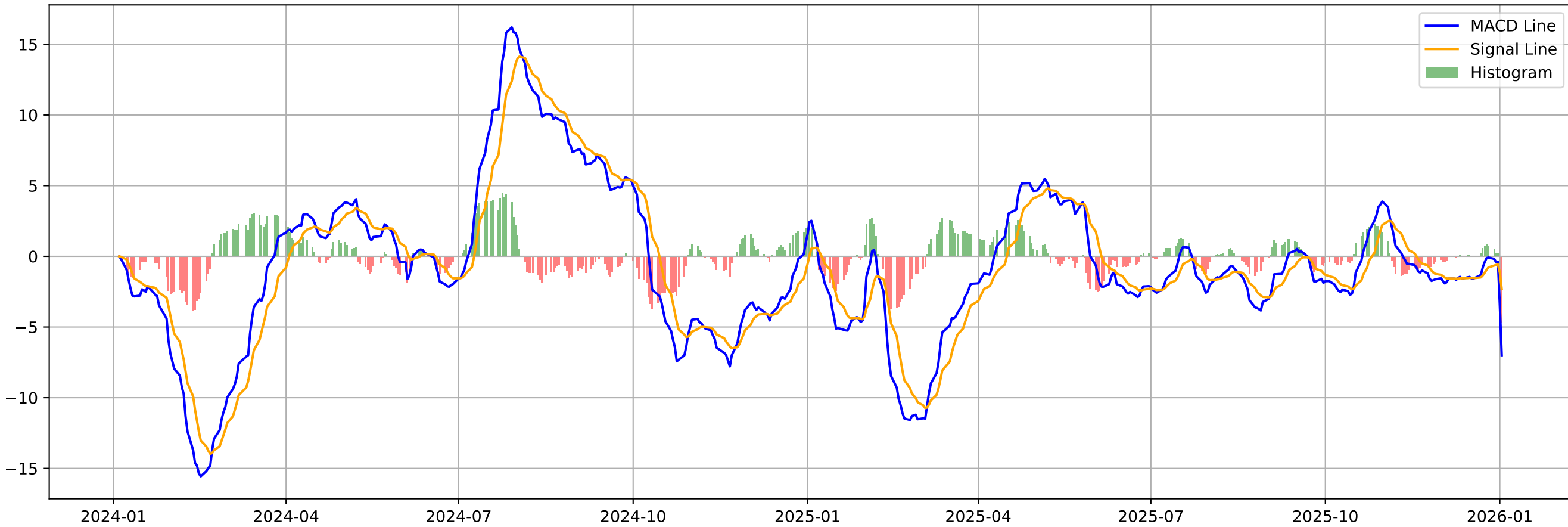
ITC.NS - MACD Summary

MACD Line:	-7.00
Signal Line:	-2.32
Histogram:	-4.67
Trend:	Bearish
Momentum:	Strengthening
Signal:	None

ITC.NS Price



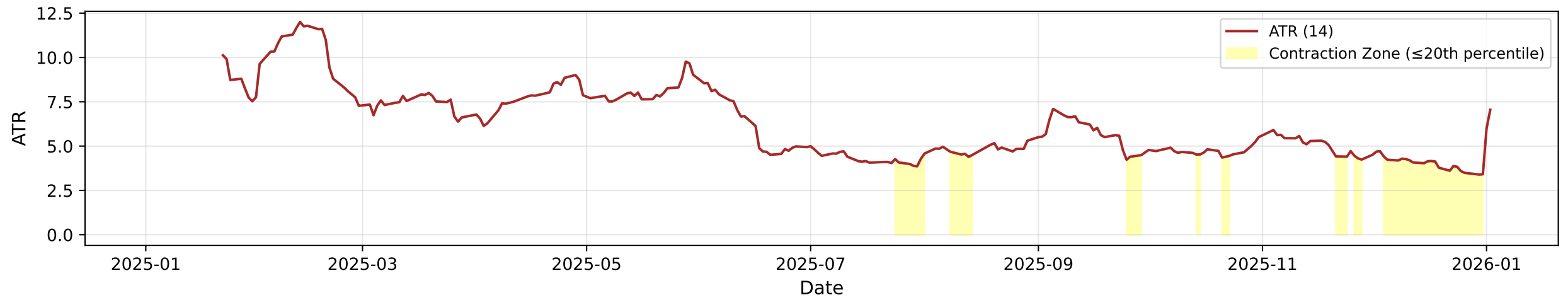
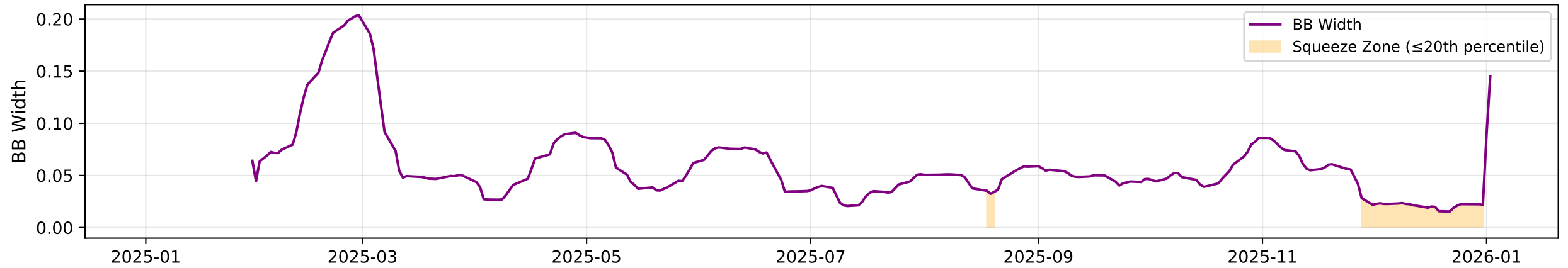
ITC.NS MACD (12, 26, 9)



ITC.NS - Volatility Squeeze Summary

BB Width:	0.1448
ATR:	7.0464
Total Signals:	32
Signal 1:	BB Squeeze + ATR Contraction at 2025-12-25 00:00:00 (Price: 403.00)
Signal 2:	BB Squeeze + ATR Contraction at 2025-12-26 00:00:00 (Price: 403.00)
Signal 3:	BB Squeeze + ATR Contraction at 2025-12-29 00:00:00 (Price: 403.00)
Signal 4:	BB Squeeze + ATR Contraction at 2025-12-30 00:00:00 (Price: 403.00)
Signal 5:	BB Squeeze + ATR Contraction at 2025-12-31 00:00:00 (Price: 403.00)

ITC.NS - Volatility Squeeze Analysis



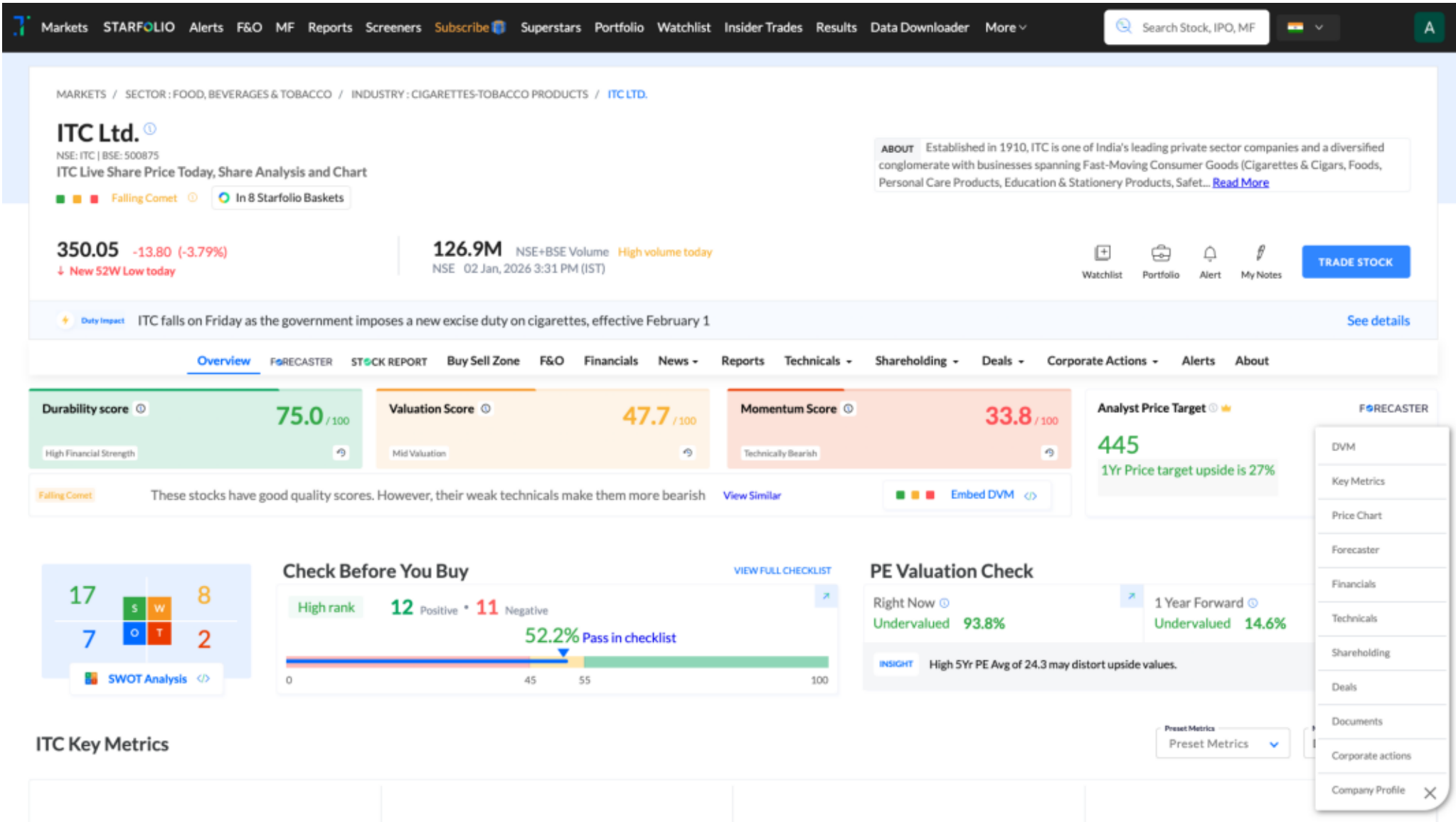
ITC.NS - RSI-Volume Summary

Current RSI:	14.69
Current Volume:	118790358
Volume MA 20:	27206225
Bullish Divergences:	2
Bearish Divergences:	4
Bullish Div 1:	Date: 2025-10-14 00:00:00, Price: 396.80
Bullish Div 2:	Date: 2025-12-17 00:00:00, Price: 399.80
Bearish Div 1:	Date: 2024-09-26 00:00:00, Price: 503.36
Bearish Div 2:	Date: 2025-05-05 00:00:00, Price: 436.95

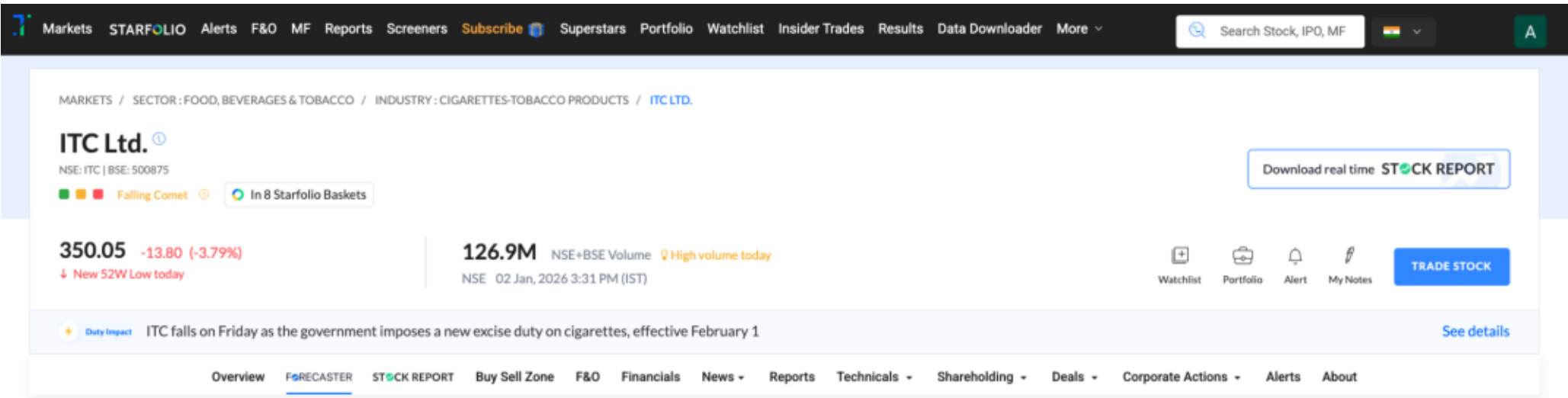
ITC.NS RSI-Volume Divergence Analysis



Trendlyne Snapshot - ITC_main



Trendlyne Snapshot - ITC_forecaster



ITC - ITC - stock price prediction, stock forecast, target price, analyst ratings from 35 analysts

ITC has a share price target of Rs 445, revenue growth forecast of 9.8%, and profit growth estimate of -41.5% for FY26, based on top 35 analyst calls.

ITC FORECASTER - Analyst Estimates

FORECASTER DASHBOARD

