Twitter Thread by SKJ

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Individual decisions will always supercede to those of masses.

One of the theories which justifies why ITC struggles to have a big rally as other stocks have.

FMCG stocks' analysis from a different view

Thread:

It is always easy to convince 10 people that you have something valuable to offer than to convince the same thing to 1000 people.

The same thing happens with ITC too.

The total number of shares outstanding of various FMCG companies are as follows

PGHH : 3.2 Crores
Nestle : 9.6 Crores
Marico: 129 Crores
Dabur : 177 Crores
HUL : 216 Crores

And just have a guess at what might be the number for ITC.

ITC has 1229 Crore Shares outstanding!!!!

Obviously some portion is held by promoters and FII/DIIs and some portion is not available for trading on a daily basis because it has some lock-in period.

When does a rally happens in a stock?

When every investor is just trying to buy the shares and the supply is too low.

This is what happened in Ruchi Soya when the free float was so less that even a small demand caused the upper circuit in the stock.

Eventually, when the time comes, when every investor believes that ITC do have something valuable which can sustain for a long term, a re-rating will happen and then probably if some people start believing it, the story will spread and others will follow.

So overall, in addition to ESG concerns (which actually is not at all a concern because ITC is rated highest in ESG), too much dependency on Cigarettes for profits (which the company is working upon and getting aggressive in FMCG)

Cont...

Diversification into hotels (which probably has started getting better), ITC has to go through a bigger issue on the number of shares outstanding.

So when all these people at a time will believe ITC is a great company to own, which will definitely take some time, ITC as a company will be unstoppable.

Do like and spread the word.

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