

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ITC IN
Equity Shares (m)	12514
M.Cap.(INRb)/(USD\$)	5332.3 / 62
52-Week Range (INR)	500 / 381
1, 6, 12 Rel. Per (%)	-4/-8/-7
12M Avg Val (INR M)	6905

#### Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	767.5	814.5	878.6
Sales Gr. (%)	8.3	6.1	7.9
EBITDA	263.9	283.3	306.6
EBITDA Mrg. %	34.4	34.8	34.9
Adj. PAT	198.9	215.3	232.6
Adj. EPS (INR)	16.0	17.2	18.6
EPS Gr. (%)	-2.5	7.7	8.0
BV/Sh.(INR)	56.0	58.3	60.5

#### Ratios

RoE (%)	27.7	30.1	31.3
RoCE (%)	27.0	29.6	30.8
Payout (%)	90.3	92.1	93.4

#### Valuations

P/E (x)	26.6	24.7	22.9
P/BV (x)	7.6	7.3	7.0
EV/EBITDA (x)	18.3	16.9	15.5
Div. Yield (%)	3.4	3.7	4.1

#### Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	0.0	0.0	0.0
DII	45.2	44.9	43.8
FII	39.9	40.2	41.0
Others	14.9	14.9	15.2

FII Includes depository receipts

**CMP: INR426**

**TP: INR525 (+23%)**

**Buy**

### Resilient cigarette business; FMCG remains muted

- ITC delivered consolidated revenue growth (ex-hotel business) of 10% YoY (est. INR187.7b) in 4QFY25, mainly led by the cigarette business. EBITDA grew 3% YoY to INR65.2b. APAT also increased 3% YoY to INR50.7b.
- Gross cigarette revenue rose 6% YoY (in line). Cigarette volume grew ~5% YoY (est. 4.5%). The premium cigarette segment continued to outperform. Cigarette's EBIT growth was 5% YoY (in line). EBIT margin contracted 80bp YoY to 58.5%, partially hit by the spike in leaf tobacco costs.
- The FMCG segment's revenue grew 4% YoY (5% YoY ex-notebooks). Besides sluggish demand, competition also impacting performance for noodles, snacks, biscuits, etc. Atta, spices, home care, etc growth was still steady. Notebooks sustained weakness hit by intensified local competition due to a sharp decline in paper prices. EBIT margin contracted 270bp to 6.3% (est. 6.6%). This was due to rising competition, higher commodity costs, and weak demand, which led to a 28% YoY decline in EBIT for the quarter.
- The paper business struggled due to weak demand, rising low-cost Chinese imports, falling pulp prices, and increasing input costs. Revenue grew 6% YoY, and EBIT margin contracted 510bp to 8.9% (an all-time low). A partial recovery is expected by FY26-end as new crops arrive.
- Agribusiness revenue increased 18% YoY, driven by leaf tobacco and value-added agri products, with an EBIT margin expansion of 90bp YoY to 6.8%.
- Cigarette performance was quite healthy in FY25 (~7% growth) in the backdrop of stable taxes and consistent product innovation by the company. The company is looking to counter illegal cigarette and rising competition from other brands. We model 6.5% revenue CAGR in FY25-27. FMCG performance was sluggish in FY25 (~5%) both revenue and EBIT were under-pressure. In anticipation of overall consumption improvement along with company's own product innovation drive, we model 9% revenue CAGR during FY25-27.
- Cigarette volume is not only better as compared to its FMCG business but also as compared to several other FMCG companies. If ITC sustains mid-single digit volume growth in cigarette and FMCG business sees recovery in FY26, we expect valuation re-rating. **We reiterate our BUY rating** on ITC with an SoTP-based **TP of INR525 (premised on 30x Mar'27E P/E)**.

### Cigarette volume up ~5% YoY; but FMCG's performance muted

- **Consolidated performance (ex-hotel business):** ITC's 4QFY25 net revenue grew by 10% YoY at INR187.7b (est. INR183.5b), mainly led by the cigarette business. Gross margin contracted 300bp YoY to 58.8% (est. 61.5%), impacted by high food inflation and the rise of certain input costs (leaf, wood, etc.). EBITDA margin contracted 220bp YoY to 34.7% (est. 35.3%). EBITDA grew 3% YoY to INR65.2b (est. INR64.7b). PBT and APAT grew 2% and 3% YoY, respectively. In FY25, net revenue and EBITDA grew 11% and 3% YoY, while APAT declined 1% YoY.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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- **Cigarette volume up ~5% YoY, with 5% EBIT growth:** ITC's gross cigarette sales grew 6% YoY to INR92.3b (est. INR92.3b). Cigarette volume growth was 5% YoY (est. 4%). Differentiated and premium offerings **continue** to perform well. EBIT grew 5% YoY to INR54b (est. INR54.1b). Cigarette's EBIT margin contracted 80bp YoY to 58.5% (est. 58.7%). Sharp cost escalation in leaf tobacco was partly mitigated through an improved mix.
- **FMCG—Others** sales grew 4% YoY to INR55b (est. INR54.4b), while ex-notebook growth was at 5% YoY. The Notebook business was hit by the high base effect and opportunistic play by local brands due to a sharp drop in paper prices. EBIT declined 28% YoY to INR3.5b (est. INR3.6bn) in 4QFY25. EBIT margin contracted by 270bp to 6.3% (est. 6.6%). Severe inflationary pressures were experienced across key inputs such as edible oil, wheat, maida, potatoes, cocoa, and packaging materials.
- **Agribusiness** sales increased 18% YoY to INR36.9b (in line). EBIT grew 36% YoY to INR2.5b. EBIT margin expanded 90bp YoY to 6.8% (est. 7.2%).
- **The Paperboards** business sales grew 6% YoY to INR21.9b (est. INR21.1b). EBIT declined 33% YoY to INR1.9b and EBIT margin contracted 510bp YoY to 8.9% (est. 8.9%).
- The Board declared a final dividend of INR7.85. The total dividend in FY25 was INR14.35.

#### Valuation and view

- There are no material changes to our EPS estimates for FY26 and FY27.
- ITC's core business of cigarettes has shown steady performance. With stable taxes on cigarettes, we anticipate sustainable growth in this business. While the FMCG sector is seeing moderation due to the rising commodity prices, ITC is enjoying industry-leading growth over peers due to its category presence (large unorganized mix, under-penetrated, etc.).
- We reiterate our **BUY** rating on ITC with our SOTP-based **TP of INR525 (implied 30x Mar'27E P/E)**.

#### Consol. Quarterly Performance

Y/E March	FY24				FY25				(INR b)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q*	4Q*	FY24	FY25	FY25 4QE	Var.
Est. cigarette vol. gr. (%)	8.0	5.0	-2.0	2.0	3.0	3.5	6.0	5.0	3.3	4.4	4.5	
Net Sales	171.6	177.7	180.2	179.2	184.6	207.4	187.9	187.7	708.8	767.5	183.5	2.3%
YoY change (%)	-7.2	3.9	1.8	1.6	7.5	16.7	4.3	4.7	-0.1	8.3	2.4	
Gross Profit	106.1	107.1	109.8	113.4	111.7	115.9	108.3	110.3	436.3	446.2	112.9	
Margin (%)	61.8	60.2	60.9	63.2	60.5	55.9	57.6	58.8	61.6	58.1	61.5	
EBITDA	66.7	64.5	65.0	66.3	67.5	67.6	63.6	65.2	262.5	263.9	64.7	0.7%
Growth (%)	9.8	3.1	-3.0	0.0	1.2	4.8	-2.2	-1.6	2.3	0.5	-2.3	
Margins (%)	38.9	36.3	36.1	37.0	36.6	32.6	33.9	34.7	37.0	34.4	35.3	
Depreciation	4.4	4.5	4.6	4.6	5.0	5.2	4.2	4.1	18.2	18.5	4.1	
Interest	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.5	0.5	0.1	
Other Income	7.2	6.6	6.6	6.8	6.9	6.2	6.0	6.4	27.3	25.5	6.8	
PBT	69.4	66.6	66.9	68.4	69.3	68.4	65.3	67.4	271.2	270.4	67.3	0.1%
Tax	17.6	17.0	12.8	16.5	17.6	17.9	17.3	16.8	63.9	69.6	15.6	
Rate (%)	25.4	25.5	19.2	24.1	25.4	26.2	26.4	24.9	23.6	25.7	23.2	
Adj PAT	51.0	49.0	53.4	51.2	50.9	49.9	47.3	50.7	204.6	198.9	50.9	-0.4%
YoY change (%)	16.3	6.0	6.7	0.0	-0.2	2.0	-11.4	-0.9	6.9	-2.8	-0.5	
Reported PAT	51.0	49.0	53.4	51.2	50.9	49.9	47.3	50.7	204.6	199.9	50.9	-0.4%

E: MOFSL estimate; \*Excluding the hotel business data, therefore not comparable YoY

### Consol. Quarterly Performance (Ex- hotel business)

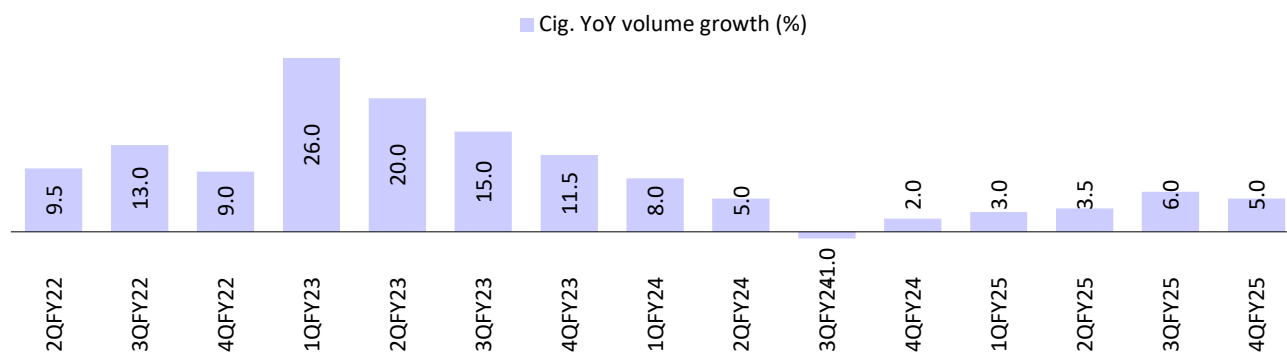
(INR b)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	FY24	FY25
Est. cigarette vol. gr. (%)	-2.0	2.0	3.0	3.5	6.0	5.0	3.3	4.4
Net Sales	172.0	170.4	177.8	199.9	187.9	187.7	679.3	753.2
YoY change (%)					9.3	10.1		10.9
Gross Profit	102.3	105.3	105.7	109.2	108.3	110.3	409.5	433.4
Margin (%)	59.5	61.8	59.4	54.6	57.6	58.8	60.3	57.5
EBITDA	62.1	63.0	65.4	65.5	63.6	65.2	252.5	259.8
Growth (%)					2.4	3.4		2.9
Margins (%)	36.1	37.0	36.8	32.8	33.9	34.7	37.2	34.5
Depreciation	3.8	3.9	4.0	4.2	4.2	4.1	15.2	16.5
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.5
Other Income	6.5	6.8	6.8	6.1	6.0	6.4	26.9	25.3
PBT	64.6	65.9	68.1	67.3	65.3	67.4	263.9	268.2
Tax	12.3	15.8	17.3	17.6	17.3	16.8	62.1	68.9
Rate (%)	19.0	24.0	25.3	26.1	26.4	24.9	23.5	25.7
Adj PAT	51.7	49.4	50.1	49.2	47.3	50.7	199.0	197.3
YoY change (%)					-8.4	2.8		-0.8
Reported PAT	51.7	49.4	50.1	49.2	47.3	50.7	199.0	197.3

E: MOFSL estimate

### Cigarette volumes up ~5% YoY in 4QFY25

- **Gross cigarette** sales grew 6% YoY to INR92.3b (est. INR92.3b). Cigarette volume growth was ~5% (est. 4%). Differentiated and premium offerings continue to perform well. EBIT grew 5% YoY to INR54b (est. INR54.1b). Cigarette EBIT margin contracted 80bp YoY to 58.5% (est. 58.7%). Sharp cost escalation in leaf tobacco partly mitigated through an improved mix.
- In FY25, the cigarette business delivered 7% YoY revenue growth and 5% YoY EBIT growth. The EBIT margin stood at 58.8%.
- ITC reinforced its market standing through strategic interventions in competitive markets and focused efforts to counter illicit trade. Premium and differentiated offerings, such as Classic Connect and Gold Flake Indie Mint, continued to perform well.
- The sharp cost escalation in leaf tobacco was partly offset by an improved product mix, calibrated pricing actions, and strategic cost management. Trade marketing spending was restructured to enhance the last-mile execution and strengthen focus on key markets.
- Stability in cigarette taxes, coupled with enforcement actions against illicit trade, facilitated volume recovery for the legal cigarette industry. This boosted demand for Indian tobaccos and supported government revenue.
- The Union Budget 2025 has proposed amendments to the Central Goods and Services Tax Act, introducing a 'Track and Trace' mechanism to enhance enforcement against illicit cigarette trade.

**Exhibit 1: Cigarette volumes up ~5% YoY in 4QFY25**

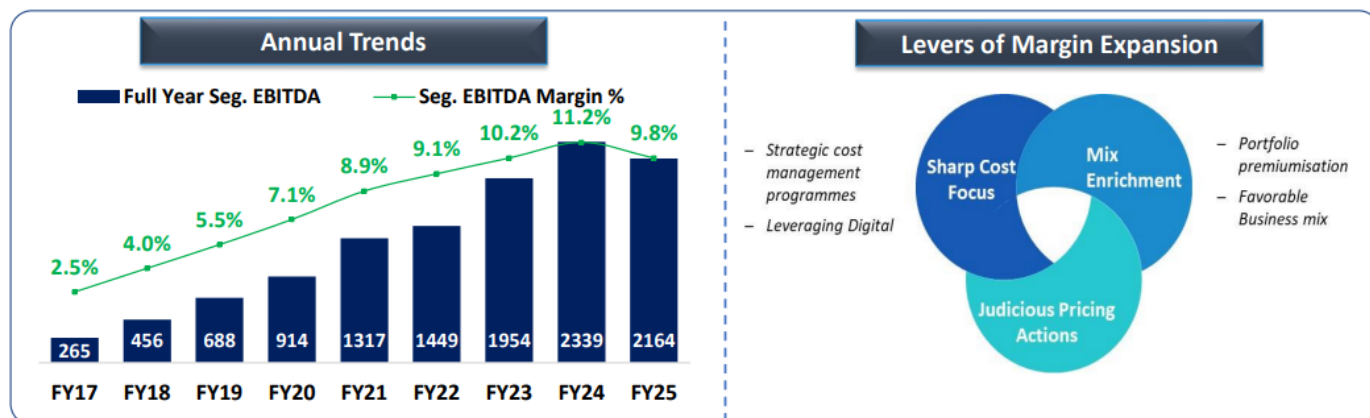


Source: Company, MOFSL

### FMCG – Others: Subdued performance; pressure on margins

- **FMCG-Others** sales grew 4% YoY to INR55b (est. INR54.4b), while ex-notebook growth was at 5%. Notebooks were hit by the high base effect and opportunistic play by local brands due to a sharp drop in paper prices.
- EBIT declined 28% YoY to INR3.5b (est. INR3.6b) in 4QFY25. EBIT margin contracted by 270bp to 6.3% (est. 6.6%).
- In FY25, the FMCG business delivered 5% revenue growth while EBIT declined 11%. The EBIT margin stood at 7.2%. Ex-notebook, FMCG's revenue rose 6% YoY.
- Notebooks were hit by heightened competitive intensity with opportunistic play by local/regional brands led by a sharp drop in paper prices.
- Growth was driven by categories such as Atta, Spices, Snacks, Frozen Snacks, Dairy, Premium Personal Wash, Homecare, and Agarbatti.
- Severe inflationary pressures were experienced across key inputs such as edible oil, wheat, maida, potatoes, cocoa, and packaging materials during the quarter. The sharp rise in input costs was partially mitigated through effective cost management, calibrated pricing actions, and premiumization.
- Sustained competitive levels of trade & marketing investments to support growth and market standing.
- The competitive intensity remains high, particularly from local players in categories such as noodles, snacks, biscuits, and popular soaps.

**Exhibit 2: FMCG – Segmental EBITDA and EBITDA margin**



Source: Company Presentation

### Paperboards, Paper, and Packaging

- The **Paperboards** business sales grew 6% YoY to INR21.9b (est. INR21.1b). EBIT declined 33% YoY to INR1.9b, and EBIT margin contracted 510bp YoY to 8.9% (est. 8.9%).
- In FY25, the paperboards business delivered a marginal 1% revenue growth, while EBIT declined 36% YoY.
- The paperboards, paper, and packaging segment faced challenges due to low-priced Chinese imports affecting global markets (including India), soft domestic demand, a surge in domestic wood costs, and subdued realizations due to increased competition and costs.
- The specialty paper segment witnessed robust growth driven by capacity augmentation in Décor paper.
- ITC focuses on accelerating plantation, developing new areas, and satellite-based plantation monitoring to mitigate near-term challenges of unprecedented rises in wood prices.

### Agri business

- **The Agri business** sales increased 18% YoY to INR36.9b (est. INR36.9b). EBIT grew by 36% YoY to INR2.5b. EBIT margin expanded by 90bp YoY to 6.8% (est. 7.2%).
- In FY25, agribusiness delivered revenue growth of 25% and EBIT growth of 21%.
- Strong customer relationships and quick execution are helping the company grow its Leaf Tobacco and value-added Agri exports (like coffee, spices, etc.).
- The company has started shipping Nicotine and related products from its advanced new facility in 4QFY25. Production is expected to ramp up further in FY26.
- The company is also working closely with farmers to help them deal with extreme weather conditions. Its Climate Smart Agriculture program now covers over 31.7 lakh acres and supports around 12 lakh farmers across India.

## Key exhibits

### Exhibit 3: Segmental information

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Net sales (INR b)</b>								
Cigarettes	83.6	83.3	83.0	86.9	88.4	88.8	89.4	92.3
FMCG - Others	51.7	53.0	52.2	53.1	55.0	55.9	54.3	55.0
Agri business	57.3	39.9	32.7	31.4	70.0	58.5	36.3	36.9
Paper and packaging	21.2	20.7	20.8	20.7	19.8	21.1	21.4	21.9
<b>Sales growth (YoY)</b>								
Cigarettes	11.9	9.1	2.6	7.5	5.8	6.6	7.8	6.2
FMCG - Others	16.0	8.4	7.6	7.2	6.3	5.3	4.0	3.7
Agri business	(23.6)	(1.3)	(1.0)	(13.1)	22.2	46.6	10.8	17.8
Paper and packaging	(6.5)	(9.5)	(9.7)	(6.7)	(6.8)	2.1	3.1	5.6
<b>Volume growth (YoY)</b>								
Cigarettes	8.0	5.0	(2.0)	2.0	3.0	3.5	6.0	5.0
<b>EBIT (INR b)</b>								
Cigarettes	49.4	50.0	49.7	51.6	52.6	52.4	51.9	54.0
FMCG - Others	4.3	4.4	4.3	4.8	4.8	4.4	3.2	3.5
Agri business	3.5	3.6	3.8	1.9	3.4	4.5	5.0	2.5
Paper and packaging	4.7	3.1	3.0	2.9	2.6	2.3	2.0	1.9
<b>EBIT growth (YoY)</b>								
Cigarettes	10.6	7.9	2.1	4.9	6.3	4.8	4.5	4.8
FMCG - Others	109.8	36.5	23.3	(4.7)	10.4	0.4	(26.1)	(27.9)
Agri business	24.4	0.8	(12.8)	(38.8)	(2.2)	24.5	30.3	35.5
Paper and packaging	(23.1)	(50.0)	(51.3)	(34.6)	(45.6)	(25.4)	(33.2)	(33.0)
<b>EBIT margin (%)</b>								
Cigarettes	59.2	60.1	59.9	59.4	59.4	59.0	58.0	58.5
FMCG - Others	8.4	8.3	8.3	9.0	8.7	8.0	5.9	6.3
Agri business	6.2	9.0	11.6	5.9	4.9	7.6	13.7	6.8
Paper and packaging	22.2	15.2	14.2	14.0	13.0	11.1	9.2	8.9
<b>EBIT margin change (%)</b>								
Cigarettes	(0.7)	(0.6)	(0.3)	(1.5)	0.3	(1.0)	(1.8)	(0.8)
FMCG - Others	3.7	1.7	1.1	(1.1)	0.3	(0.4)	(2.4)	(2.7)
Agri business	2.4	0.2	(1.6)	(2.5)	(1.2)	(1.4)	2.1	0.9
Paper and packaging	(4.8)	(12.3)	(12.1)	(6.0)	(9.3)	(4.1)	(5.0)	(5.1)

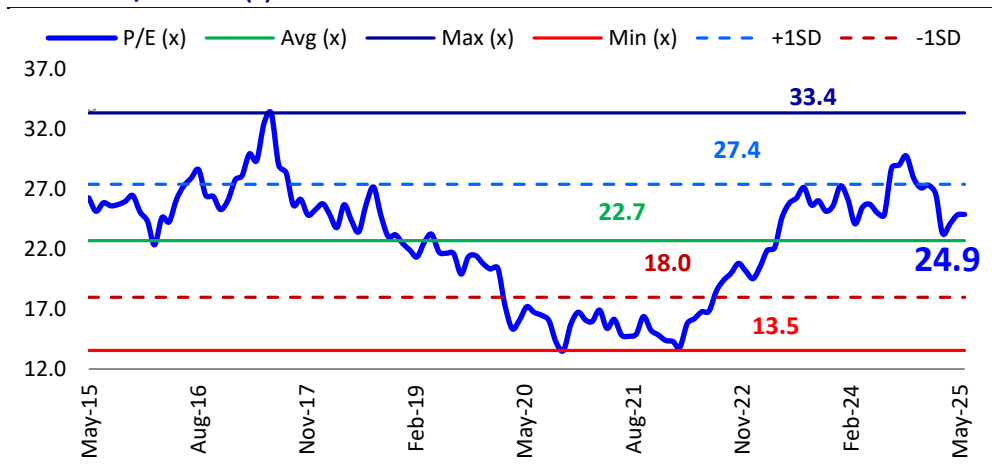
### Valuation and view

- There are no material changes to our EPS estimates for FY26 and FY27.
- ITC's core business of cigarettes has shown steady performance. With stable taxes on cigarettes, we anticipate sustainable growth in this business. While the FMCG sector is seeing moderation due to the rising commodity prices, ITC is enjoying industry-leading growth over peers due to its category presence (large unorganized mix, under-penetrated, etc.).
- We reiterate our **BUY** rating on ITC with our SOTP-based **TP of INR525 (implied 30x Mar'27E P/E)**.

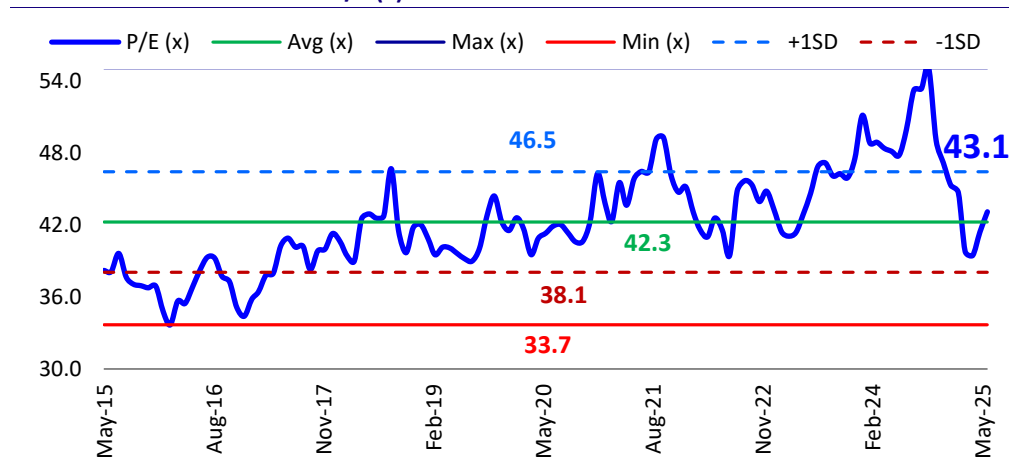
**Exhibit 4: No material changes to our EPS estimates for FY26 and FY27**

	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	814.5	878.6	806.3	869.0	1.0	1.1
EBITDA	283.3	306.6	281.1	305.6	0.8	0.3
PAT	215.3	232.6	212.7	229.7	1.2	1.2

Source: Company, MOFSL

**Exhibit 5: P/E for ITC (x)**


Source: Bloomberg, MOFSL

**Exhibit 6: Consumer sector's P/E (x)**


Source: Bloomberg, MOFSL



## Financials and valuations

### Income Statement

(INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Net Sales</b>	<b>498.6</b>	<b>513.9</b>	<b>531.6</b>	<b>652.0</b>	<b>765.2</b>	<b>768.4</b>	<b>830.4</b>	<b>881.3</b>	<b>950.5</b>
Excise duty	15.1	19.9	38.8	45.4	55.8	59.6	62.9	66.7	72.0
<b>Total Revenue</b>	<b>483.5</b>	<b>494.0</b>	<b>492.7</b>	<b>606.7</b>	<b>709.4</b>	<b>708.8</b>	<b>767.5</b>	<b>814.5</b>	<b>878.6</b>
Change (%)	11.3	2.2	-0.3	23.1	16.9	-0.1	8.3	6.1	7.9
<b>Gross Profit</b>	<b>309.3</b>	<b>320.6</b>	<b>291.4</b>	<b>342.8</b>	<b>419.3</b>	<b>436.3</b>	<b>446.2</b>	<b>484.6</b>	<b>527.2</b>
Margin (%)	64.0	64.9	59.1	56.5	59.1	61.6	58.1	59.5	60.0
Other operating expenditure	125.3	128.0	121.4	136.2	162.7	173.8	182.3	201.3	220.5
<b>EBITDA</b>	<b>184.1</b>	<b>192.6</b>	<b>170.0</b>	<b>206.6</b>	<b>256.6</b>	<b>262.5</b>	<b>263.9</b>	<b>283.3</b>	<b>306.6</b>
Change (%)	11.7	4.6	-11.7	21.5	24.2	2.3	0.5	7.4	8.2
Margin (%)	38.1	39.0	34.5	34.1	36.2	37.0	34.4	34.8	34.9
Depreciation	14.0	16.4	16.5	17.3	18.1	18.2	18.5	19.6	21.0
Int. and Fin. Charges	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Other Inc. - Recurring	21.7	26.0	26.3	18.4	19.8	27.3	25.5	27.5	29.4
<b>Profit before Taxes</b>	<b>191.4</b>	<b>201.6</b>	<b>179.5</b>	<b>207.2</b>	<b>257.9</b>	<b>271.2</b>	<b>270.4</b>	<b>290.7</b>	<b>314.5</b>
Change (%)	12.7	5.3	-11.0	15.5	24.5	5.1	-0.3	7.5	8.2
Margin (%)	39.6	40.8	36.4	34.2	36.4	38.3	35.2	35.7	35.8
Tax	61.9	48.5	44.6	53.1	64.5	61.7	69.6	73.2	79.1
Deferred Tax	1.2	-4.0	0.9	-0.7	-0.1	2.2	0.0	0.0	0.0
Tax Rate (%)	33.0	22.0	25.4	25.3	25.0	23.6	25.7	25.2	25.2
<b>Profit after Taxes</b>	<b>124.6</b>	<b>152.7</b>	<b>130.3</b>	<b>150.6</b>	<b>186.8</b>	<b>204.6</b>	<b>199.9</b>	<b>215.3</b>	<b>232.6</b>
Change (%)	15.3	22.5	-14.6	15.5	24.1	9.5	-2.3	7.7	8.0
Margin (%)	25.8	30.9	26.4	24.8	26.3	28.9	26.1	26.4	26.5
<b>Reported PAT</b>	<b>127.9</b>	<b>146.0</b>	<b>131.6</b>	<b>152.4</b>	<b>191.4</b>	<b>204.6</b>	<b>198.9</b>	<b>215.3</b>	<b>232.6</b>

### Balance Sheet

(INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Share Capital	12.3	12.3	12.3	12.3	12.4	12.5	12.5	12.5	12.5
Reserves	579.2	640.4	585.6	602.4	679.1	732.6	687.8	717.2	745.2
<b>Net Worth</b>	<b>591.4</b>	<b>652.7</b>	<b>597.9</b>	<b>614.8</b>	<b>691.6</b>	<b>745.1</b>	<b>700.3</b>	<b>729.7</b>	<b>757.7</b>
Loans	0.1	0.1	0.1	0.1	0.4	0.1	0.9	1.0	1.1
Deferred Liability	19.9	15.7	16.8	16.1	15.8	20.7	20.7	20.7	20.7
<b>Capital Employed</b>	<b>611.4</b>	<b>668.5</b>	<b>614.8</b>	<b>630.9</b>	<b>707.7</b>	<b>765.9</b>	<b>721.9</b>	<b>751.4</b>	<b>779.5</b>
Gross Block	324.4	364.2	396.5	423.4	457.6	476.6	436.3	463.8	494.7
Less: Accum. Depn.	130.6	147.0	163.5	180.8	198.9	217.1	216.7	236.4	257.4
<b>Net Fixed Assets</b>	<b>193.8</b>	<b>217.2</b>	<b>233.1</b>	<b>242.6</b>	<b>258.7</b>	<b>278.3</b>	<b>219.6</b>	<b>227.5</b>	<b>237.4</b>
Capital WIP	41.3	32.5	40.0	32.0	29.8	28.5	10.9	8.7	7.0
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Investments</b>	<b>250.4</b>	<b>286.6</b>	<b>248.7</b>	<b>248.4</b>	<b>294.2</b>	<b>311.1</b>	<b>347.2</b>	<b>362.2</b>	<b>377.2</b>
Current	133.5	179.5	148.5	122.6	172.3	129.4	162.9	177.9	192.9
Non-current	117.0	107.2	100.2	125.8	121.8	181.7	184.3	184.3	184.3
<b>Curr. Assets, L&amp;A</b>	<b>231.8</b>	<b>236.8</b>	<b>210.2</b>	<b>239.2</b>	<b>275.6</b>	<b>299.6</b>	<b>298.1</b>	<b>321.3</b>	<b>344.0</b>
Inventory	79.4	89.7	104.0	108.6	117.7	141.5	156.4	144.6	154.5
Account Receivables	40.4	25.6	25.0	24.6	29.6	40.3	47.2	47.2	50.1
Cash and Bank Balance	41.5	72.8	41.0	36.8	48.8	72.2	40.1	67.9	74.8
Others	70.5	48.7	40.2	69.2	79.5	45.6	54.4	61.6	64.7
<b>Curr. Liab. and Prov.</b>	<b>102.5</b>	<b>100.8</b>	<b>113.8</b>	<b>127.6</b>	<b>146.8</b>	<b>147.8</b>	<b>150.2</b>	<b>161.1</b>	<b>174.8</b>
Account Payables	35.1	36.3	43.2	44.2	46.6	48.0	48.1	51.7	55.8
Other Liabilities	62.7	59.9	65.3	75.7	98.6	98.2	100.8	107.8	117.2
<b>Net Current Assets</b>	<b>129.3</b>	<b>136.0</b>	<b>96.4</b>	<b>111.6</b>	<b>128.8</b>	<b>151.8</b>	<b>147.9</b>	<b>160.2</b>	<b>169.2</b>
<b>Application of Funds</b>	<b>614.9</b>	<b>672.3</b>	<b>618.2</b>	<b>634.6</b>	<b>711.5</b>	<b>769.7</b>	<b>725.6</b>	<b>758.6</b>	<b>790.7</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>10.2</b>	<b>12.4</b>	<b>10.6</b>	<b>12.2</b>	<b>15.0</b>	<b>16.4</b>	<b>16.0</b>	<b>17.2</b>	<b>18.6</b>
Cash EPS	11.3	13.8	11.9	13.6	16.5	17.8	17.5	18.8	20.3
BV/Share	48.2	53.1	48.6	49.9	55.6	59.7	56.0	58.3	60.5
DPS	5.8	10.2	10.8	11.5	15.5	13.8	14.4	15.9	17.4
Payout %	66	85	101	93	101	84	90	92	93
<b>Valuation (x)</b>									
P/E	41.8	34.2	40.1	34.8	28.3	25.9	26.6	24.7	22.9
Cash P/E	37.6	30.9	35.6	31.2	25.8	23.8	24.4	22.6	21.0
EV/Sales	9.9	9.4	9.3	7.6	6.4	6.3	5.8	5.4	5.0
EV/EBITDA	26.7	25.2	28.9	23.8	19.0	18.4	18.3	16.9	15.5
P/BV	8.8	8.0	8.7	8.5	7.6	7.1	7.6	7.3	7.0
Dividend Yield (%)	1.4	2.4	2.5	2.7	3.6	3.2	3.4	3.7	4.1
<b>Return Ratios (%)</b>									
RoE	22.3	24.5	20.8	24.8	28.6	28.5	27.7	30.1	31.3
RoCE	22.2	24.6	20.9	24.9	29.0	28.2	27.0	29.6	30.8
RoIC	44.0	49.5	40.8	47.2	55.2	54.2	53.8	62.0	67.5
<b>Working Capital Ratios</b>									
Debtor (Days)	25	24	19	15	14	18	21	21	20
Asset Turnover (x)	0.8	0.8	0.9	1.0	1.1	1.0	1.2	1.2	1.2

### Cash Flow Statement

(INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
OP/(loss) before Tax	191.5	200.3	179.5	207.2	259.2	271.4	269.3	290.7	314.5
Financial other income	-4.2	-8.0	-0.1	0.2	-3.0	-6.6	-7.0	1.2	1.3
Depreciation and Amort.	14.0	16.4	16.5	17.3	18.1	18.2	19.5	19.6	21.0
Interest Paid	-12.7	-14.7	-15.3	-6.9	-15.3	-16.6	-14.6	-19.4	-21.0
Direct Taxes Paid	-58.0	-50.2	-44.6	-53.1	-62.5	-61.2	-63.5	-73.2	-79.1
Incr in WC	-4.8	3.0	6.1	-18.5	-7.7	-33.4	-27.4	15.4	-2.1
<b>CF from Operations</b>	<b>125.8</b>	<b>146.9</b>	<b>142.0</b>	<b>146.3</b>	<b>188.8</b>	<b>171.8</b>	<b>176.3</b>	<b>234.4</b>	<b>234.6</b>
Other items	-27.4	44.7	14.6	3.5	24.0	42.0	-26.1	19.4	21.0
Incr Decr in FA	31.4	24.1	39.9	18.8	26.9	34.6	21.0	25.3	29.2
<b>Free Cash Flow</b>	<b>94.4</b>	<b>122.8</b>	<b>102.2</b>	<b>127.5</b>	<b>161.8</b>	<b>137.2</b>	<b>155.2</b>	<b>209.1</b>	<b>205.4</b>
Pur of Investments	-14.2	54.4	-37.9	-0.3	43.7	-29.6	-9.2	15.0	15.0
<b>CF from Invest.</b>	<b>-44.6</b>	<b>-33.8</b>	<b>12.7</b>	<b>-15.0</b>	<b>-46.7</b>	<b>37.1</b>	<b>-38.0</b>	<b>-20.9</b>	<b>-23.2</b>
Issue of shares	9.7	6.3	0.0	0.0	24.8	14.4	8.0	0.0	0.0
Incr in Debt	-0.1	0.0	0.0	0.0	-0.6	-0.6	-0.3	0.1	0.1
Net Interest Paid	1.0	0.4	0.0	0.0	0.4	0.5	0.5	0.0	0.0
Dividend Paid	77.3	87.1	186.5	135.6	154.0	199.0	177.6	185.8	204.6
Others	0.0	-0.5	0.0	0.0	0.1	0.1	0.1	0.0	0.0
<b>CF from Fin. Activity</b>	<b>-68.7</b>	<b>-81.8</b>	<b>-186.4</b>	<b>-135.6</b>	<b>-130.1</b>	<b>-185.5</b>	<b>-170.4</b>	<b>-185.7</b>	<b>-204.5</b>
<b>Incr of Cash</b>	<b>12.5</b>	<b>31.3</b>	<b>-31.7</b>	<b>-4.3</b>	<b>12.0</b>	<b>23.4</b>	<b>-32.1</b>	<b>27.8</b>	<b>6.9</b>
Add: Opening Balance	29.0	41.5	72.8	41.0	36.8	48.8	72.2	40.1	67.9
<b>Closing Balance</b>	<b>41.5</b>	<b>72.8</b>	<b>41.0</b>	<b>36.8</b>	<b>48.8</b>	<b>72.2</b>	<b>40.1</b>	<b>67.9</b>	<b>74.8</b>

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.