

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR494 **TP: INR575 (+16%)** **Buy**

Resilient cigarette, but muted FMCG performance

	ITC IN
Equity Shares (m)	12485
M.Cap.(INRb)/(USD\$b)	6169.2 / 73.7
52-Week Range (INR)	511 / 399
1, 6, 12 Rel. Per (%)	11/-4/-21
12M Avg Val (INR M)	7262

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	708.8	769.5	833.6
Sales Gr. (%)	-0.1	8.6	8.3
EBITDA	262.5	283.7	308.8
EBITDA Mrg. %	37.0	36.9	37.0
Adj. PAT	204.6	215.8	234.6
Adj. EPS (INR)	16.4	17.3	18.8
EPS Gr. (%)	9.0	5.5	8.7
BV/Sh.(INR)	59.7	62.7	66.3
Ratios			
RoE (%)	28.5	28.2	29.1
RoCE (%)	28.2	27.9	28.9
Payout (%)	83.9	80.0	80.0
Valuations			
P/E (x)	30.1	28.5	26.2
P/BV (x)	8.3	7.9	7.4
EV/EBITDA (x)	18.4	16.8	15.3
Div. Yield (%)	2.8	3.0	3.2

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	0.0	0.0	0.0
DII	44.0	43.8	38.8
FII	40.5	41.0	46.8
Others	15.5	15.2	14.4

FII Includes depository receipts

- ITC delivered a consolidated revenue growth of 8% YoY (in line) in 1QFY25. Gross cigarette revenue grew 6% YoY led by volume growth of ~3% YoY (in line), mix improvement, and price hikes. The premium cigarette segment continued to outperform; while the value segment sustained weakness.
- FMCG segments delivered 6% revenue growth, adversely impacted by the severe heat waves and slow packaged food growth. The margins were slightly hurt by rising competitive pressure (from local and regional players), increased commodity prices, and weak demand. EBIT margin stood at 8.7% (est. 9.0%) in 1QFY25.
- The paper business continued to face challenges from demand issues, competition from China, lower pulp prices, and higher input costs, resulting in weak revenue and margins. Recovery is anticipated with improvements in domestic demand and a reduction in wood prices following the arrival of new crops. The agri business exhibited improvement during the quarter; however, stock limits on wheat and restrictions on exports continued to hurt the business. Hotels sustained healthy performance, though margins were hit by operating deleverage.
- **We reiterate our BUY rating on ITC with an SOTP-based TP of INR575 (premised on 30x Jun'26E P/E).**

Cigarette in line; other segments below expectations

- **Consol. performance:** ITC's 1QFY25 net revenue grew 8% YoY to INR184.6b (est. INR183.6b). Consol. gross margin contracted ~130bp YoY to 60.5% (est. 62.5%) and EBITDA margin dipped 230bp YoY to 36.6% (est. 38.5%).
- **Flat growth:** EBITDA inched up 1% YoY to INR67.5b (est. INR70.7). PBT/Adj PAT remained flat YoY at INR69.3b (est. INR73.5b)/INR51.0b (est. INR54.3b).
- **Cigarette volumes up ~3% YoY:** Gross cigarette sales grew 6% YoY to INR88.4b (in line). Cigarette volume growth was expected to be ~3% (in line). EBIT rose 6% YoY to INR52.6b (in line). Cigarette EBIT margin expanded 30bp YoY to 59.4%.
- **FMCG-Others** sales grew 6% YoY (est. 8%) to INR55b; heat waves also hit part of the portfolio (more for beverage portfolio). EBIT grew 10% YoY to INR4.8b in 1QFY25. EBIT margin expanded 30bp to 8.7% (est. 9.0%).
- **Hotels business** sales rose 14% YoY to INR7.1b. The segmental EBIT declined 9% YoY to INR1.2b and the EBIT margin contracted 440bp YoY to 17.1%.
- **The agri business** exhibited improvement, and sales increased 22% YoY to INR70b. However, the segment reported a 2% YoY decline in EBIT to INR3.4b. EBIT margin contracted 120bp YoY to 4.9%.
- **The paperboards** business continued to experience contraction and clocked a 7% YoY decline in revenue to INR20.0b. EBIT declined 46% YoY to INR2.6b and EBIT margin contracted 930bp YoY to 13%.

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

Key management takeaways

- Cigarette volume growth stood at ~3% in 1QFY25.
- The pressure on tobacco costs, which was not reflected in 1Q, is expected to impact margins from 2Q.
- Competitive intensity remained high in categories such as Biscuits, Snacks, Noodles, Popular Soaps, and Education & Stationery Products, including competition from local and regional players.
- Commodity prices were largely stable during the quarter compared to the base period. However, commodities such as sugar, potatoes, choco cream, and edible oil experienced a sequential uptick in prices.
- The Paper business experienced stress due to Chinese market dumping, resulting in higher pulp and wood costs. Subdued realizations and increased domestic wood costs impacted margins. However, green shoots of recovery in domestic demand were also visible ahead of the festive season.
- In the paperboard business, improvement is anticipated as wood costs decrease with the harvesting of new crops, leading to ~20% margins in the business.
- Hotel business added 32 properties to its portfolio in the last 24 months (Jul'22-Jun'24) and plans to add 28 managed hotels in the next 24 months (Jul'24-Jun'26).

Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- ITC's core businesses of cigarettes and FMCG are witnessing steady growth. FMCG continues to enjoy industry leading growth over peers due to ITC's category presence (large unorganized mix, under-penetrated, etc.). Consistent margin improvement further provides confidence in growth without compromising profitability.
- After the demerger of its asset-heavy hotels business, ITC's return profile will also improve. Margin improvements in the other FMCG business will further enhance return ratios and valuation multiples.
- Capital efficiency will further improve operating cash flow, leading to a healthy, sustainable dividend yield (3-4%).
- With a stable tax on cigarettes, we anticipate sustainable growth in the business. We value the cigarette business at 20x Jun'26 EV/EBITDA (earlier 17x EV/EBITDA).
We reiterate our BUY rating with an SOTP-based TP of INR575 (implied 30x Jun'26E EPS).

Consol. Quarterly Performance**(INR b)**

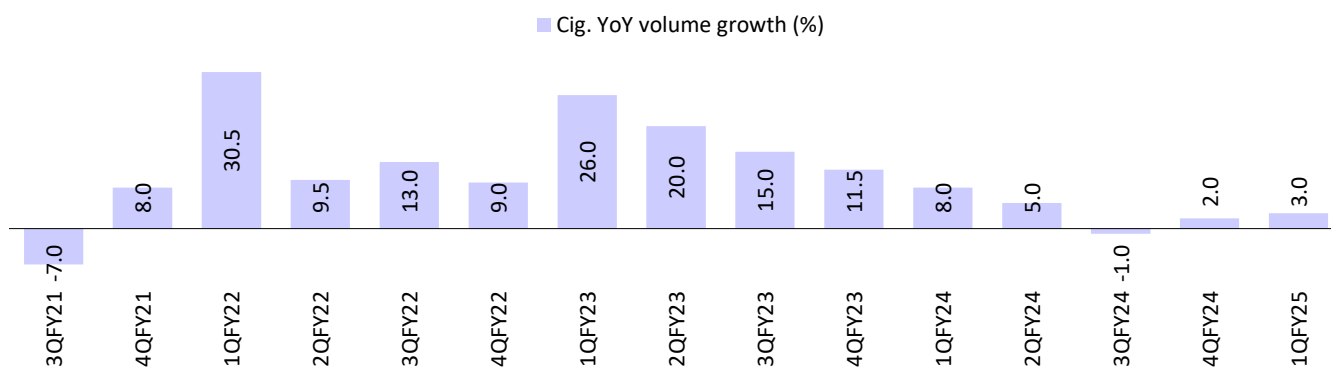
Y/E March	FY24				FY25				FY24	FY25E	FY25 1QE	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Est. cigarette vol. gr. (%)	8.0	5.0	-1.0	2.0	3.0	3.0	4.5	3.5	3.0	3.5	2.5	
Net Sales	171.6	177.7	180.2	179.2	184.6	192.2	194.8	197.9	708.8	769.5	183.6	0.5%
YoY change (%)	-7.2	3.9	1.8	1.6	7.5	8.1	8.1	10.4	-0.1	8.6	7.0	
Gross Profit	106.1	107.1	109.8	113.4	111.7	119.2	120.8	123.9	436.3	475.5	114.8	
Margin (%)	61.8	60.2	60.9	63.2	60.5	62.0	62.0	62.6	61.6	61.8	62.5	
EBITDA	66.7	64.5	65.0	66.3	67.5	69.3	72.4	74.5	262.5	283.7	70.7	-4.5%
Growth (%)	9.8	3.1	-3.0	0.0	1.2	7.4	11.3	12.5	2.3	8.1	5.9	
Margins (%)	38.9	36.3	36.1	37.0	36.6	36.1	37.2	37.7	37.0	36.9	38.5	
Depreciation	4.4	4.5	4.6	4.6	5.0	5.0	5.0	4.9	18.2	19.8	4.7	
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.1	
Other Income	7.2	6.6	6.6	6.8	6.9	7.2	7.4	7.7	27.3	29.2	7.7	
PBT	69.4	66.6	66.9	68.4	69.3	71.4	74.6	77.1	271.2	292.5	73.5	-5.7%
Tax	17.6	17.0	12.8	16.5	17.6	17.9	18.7	19.5	63.9	73.6	18.5	
Rate (%)	25.4	25.5	19.2	24.1	25.4	25.0	25.0	25.3	23.6	25.2	25.2	
Adj PAT	51.0	49.0	53.4	51.2	50.9	52.8	55.2	56.8	204.6	215.8	54.3	-6.1%
YoY change (%)	16.3	6.0	6.7	0.0	-0.2	7.8	3.4	11.0	6.9	5.5	6.3	

E: MOFSL estimate;

Cigarette volumes up ~3% YoY in 1QFY25

- ITC's cigarette revenue grew 6% YoY to INR88.4b led by ~3% volume growth, price hikes, and product mix.
- Sharp cost escalation in leaf tobacco and other inputs were largely mitigated through improved mix, strategic cost management, and calibrated pricing.
- Differentiated variants and the premium segment continued to perform well, with a sequential improvement in the value segment.
- Focus on portfolio/market interventions and agility in execution to reinforce market standing.
- Relative stability in taxes, backed by enforcement actions, enables continued volume recovery from illicit trade.
- **Recent launches:** Classic Icon Kings, Gold Flake Indie Mint Kings, Gold Flake Social Super Slims, American Club Super Slims, Gold Flake North Star, Bristol Maja Mix, Flight, Uni Klov, and Gold Flake Tango Mix.
- EBIT for the cigarette segment grew 6% YoY to INR52.6b. Its EBIT margin expanded slightly by ~30bp YoY to 59.4% in 1QFY25.

Exhibit 1: Cigarette volumes up ~3% YoY in 1QFY25



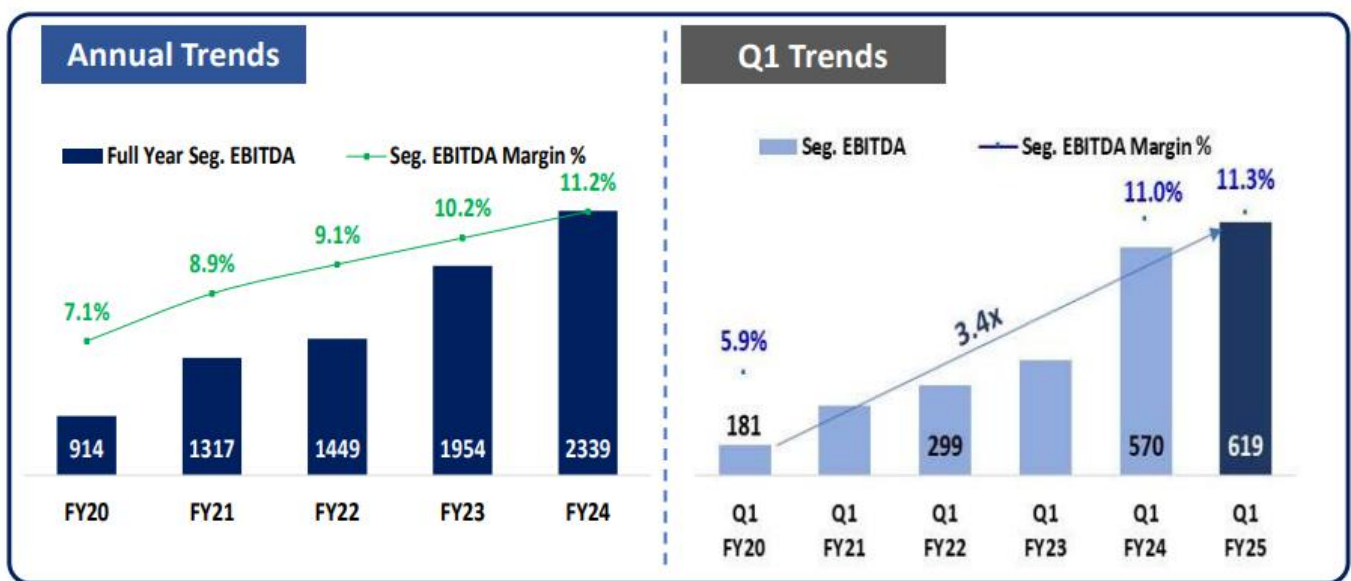
Source: Company, MOFSL

FMCG – Others: Steady performance marred by heat waves

- Segmental sales grew 6% YoY (est. 8%) to INR55b. Heat waves also adversely impacted part of the portfolio (more on the beverage portfolio).
- EBIT grew 10% YoY to INR4.8b in 1QFY25. EBIT margin expanded by 30bp to 8.7% (est. 9%). Margin expansion was sustained through multiple interventions, including premiumization, supply chain optimization, digital initiatives across the value chain, and strategic cost management.
- Emerging channels, such as modern trade, e-Commerce, and quick commerce, delivered robust growth due to the sharp execution of channel-specific business plans, collaborations, format-based assortments, and category-specific sell-out strategies.
- Extreme heat waves adversely impacted categories with a higher salience of discretionary/out-of-home consumption.
- The competitive intensity remained high (including regional and local players) in categories such as Biscuits, Snacks, Noodles, Popular Soaps, and Education & Stationery Products, including competition from local/regional players.

- Commodity prices were largely stable during the quarter compared to the base period. However, commodities like sugar, potatoes, choco cream, and edible oil experienced a sequential uptick in prices.
- The Trade Marketing & Distribution vertical (TM&D) continued to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for focused interventions, augment sales force capability, and deepen the connection with retailers.
- The UNNATI app, now available in several vernacular languages, covers nearly 7 lakh outlets, facilitating direct engagement with retailers, superior analytics, personalized recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement.

Exhibit 2: Segmental EBITDA and EBITDA margins



Source: Company Presentation

Paperboards, Paper, and Packaging business

- The paperboards business continued to experience contraction and clocked a 7% YoY decline in revenue to INR20.0b.
- EBIT declined 46% YoY to INR2.6b and EBIT margin contracted 930bp YoY to 13%. It was hit due to subdued realizations, and increased cost of inputs (mainly wood and coal).
- There was significant competition from low-cost Chinese products in both the global and Indian markets. Weak demand within the domestic market further pressured revenue and profitability. However, green shoots of recovery are visible ahead of the festive season.
- ITC focused on expanding the product portfolio to mitigate the near-term challenges. It introduced innovative products such as Ecobyte, a germ-free and grease-resistant sustainable packaging solution.

Agri business

- The agri business exhibited improvement, and sales increased 22% YoY to INR70b driven primarily by value-added agri products, leaf tobacco, and wheat. However, stock limits on wheat and restrictions on exports continued to restrict business opportunities in the bulk commodities space.
- The segment reported a 2% YoY decline in EBIT to INR3.4b and EBIT margin contracted 120bp YoY to 4.9%.
- The strategy focused on scaling up the value-added agri portfolio, leading to significant growth in the export of spices and coffee. The state-of-the-art spice processing facility in Guntur played a key role in this expansion.
- Robust growth in leaf tobacco exports was facilitated by agility in operations, strong customer relationships, and new business development. Despite steep increases in green leaf procurement prices, strategic cost management initiatives helped mitigate margin pressures. The AI/ML-powered real-time buying platform continues to enhance efficiency in leaf tobacco procurement across auction platforms.
- The ITC Meta market for Advanced Agriculture and Rural Services (ITCMAARS) platform has been scaled up across 10 states. Over 1,650 Farmer Producer Organizations (FPOs) comprising more than 1.5m farmers have been added to the network.
- The facility to manufacture and export nicotine and nicotine derivative products, set up by ITC's wholly-owned subsidiary, ITC IndiVision Limited, has received EU REACH approvals. Customer trials are underway, and export shipments are expected to scale up progressively.

Hotels

- The hotels business sales grew 14% YoY to INR7.1b, despite challenges such as fewer wedding dates, extreme heat waves, and the impact of general elections on domestic travel and out-of-home dining.
- The segmental EBIT declined 9% YoY to INR1.2b and EBIT margin contracted by 440bp YoY to 17.1% due to an increase in operating expenses.
- ITC Ratnadipa, Colombo launched in Apr'24 has received a healthy consumer response. It has 225 rooms and eight F&B outlets.
- Seven managed hotels with approximately 460 keys were operationalized during the quarter, including the first Fortune property outside India - Fortune Resort & Wellness Spa, Bhaktapur, Nepal.
- The business added 32 properties to its portfolio in the last 24 months (Jul'22-Jun'24) and plans to add 28 managed hotels in the next 24 months (Jul'24-Jun'26).

Key exhibits

Exhibit 3: Segmental Information

Segmental Information	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Net sales (INR b)									
Cigarettes	74.6	76.4	80.9	80.8	83.6	83.3	83.0	86.9	88.4
FMCG - Others	44.6	48.9	48.5	49.5	51.7	53.0	52.2	53.1	55.0
Hotels	5.8	5.6	7.4	8.1	6.2	6.8	8.7	9.3	7.1
Agri business	74.9	40.4	33.1	36.1	57.3	39.9	32.7	31.4	70.0
Paper and packaging	22.7	22.9	23.1	22.2	21.2	20.7	20.8	20.7	19.8
Sales growth (YoY)									
Cigarettes	28.6	22.8	16.2	12.6	11.9	9.1	2.6	7.5	5.8
FMCG - Others	19.5	21.0	18.3	19.3	16.0	8.4	7.6	7.2	6.3
Hotels	334.4	80.2	49.2	98.5	7.6	20.5	18.0	15.1	14.1
Agri business	82.3	43.1	(35.9)	(17.6)	(23.6)	(1.3)	(1.0)	(13.1)	22.2
Paper and packaging	43.3	25.0	12.7	1.8	(6.5)	(9.5)	(9.7)	(6.7)	(6.8)
Volume growth (YoY)									
Cigarettes	26.0	20.0	15.0	11.5	8.0	5.0	(1.0)	2.0	3.0
EBIT (INR b)									
Cigarettes	44.7	46.3	48.6	49.2	49.4	50.0	49.7	51.6	52.6
FMCG - Others	2.1	3.2	3.5	5.0	4.3	4.4	4.3	4.8	4.8
Hotels	1.2	0.9	1.5	2.0	1.3	1.3	2.3	2.6	1.2
Agri business	2.8	3.6	4.4	3.0	3.5	3.6	3.8	1.9	3.4
Paper and packaging	6.1	6.3	6.1	4.4	4.7	3.1	3.0	2.9	2.6
EBIT growth (YoY)									
Cigarettes	29.1	23.2	16.1	12.8	10.6	7.9	2.1	4.9	6.3
FMCG - Others	18.7	17.4	42.9	111.2	109.8	36.5	23.3	(4.7)	10.4
Hotels	L/P	L/P	181.9	L/P	15.5	53.1	56.4	29.0	(9.0)
Agri business	45.2	19.4	25.2	24.7	24.4	0.8	(12.8)	(38.8)	(2.2)
Paper and packaging	56.0	54.0	35.2	(1.0)	(23.1)	(50.0)	(51.3)	(34.6)	(45.6)
EBIT margin (%)									
Cigarettes	59.9	60.7	60.1	60.8	59.2	60.1	59.9	59.4	59.4
FMCG - Others	4.6	6.6	7.3	10.2	8.4	8.3	8.3	9.0	8.7
Hotels	20.0	15.5	20.2	25.3	21.5	19.7	26.8	28.4	17.1
Agri business	3.8	8.8	13.2	8.4	6.2	9.0	11.6	5.9	4.9
Paper and packaging	27.0	27.5	26.3	20.0	22.2	15.2	14.2	14.0	13.0
EBIT margin change (%)									
Cigarettes	0.2	0.2	(0.0)	0.1	(0.7)	(0.6)	(0.3)	(1.5)	0.3
FMCG - Others	(0.0)	(0.2)	1.3	4.4	3.7	1.7	1.1	(1.1)	0.3
Hotels	139.4	31.4	9.5	32.5	1.5	4.2	6.6	3.0	(4.4)
Agri business	(1.0)	(1.7)	6.4	2.9	2.4	0.2	(1.6)	(2.5)	(1.2)
Paper and packaging	2.2	5.2	4.4	(0.6)	(4.8)	(12.3)	(12.1)	(6.0)	(9.3)

Valuation and view

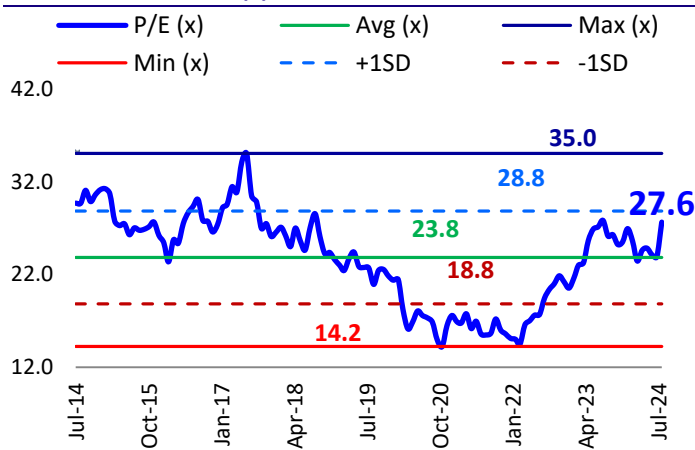
- There are no material changes to our EPS estimates for FY25 and FY26.
- ITC’s core businesses of cigarettes and FMCG are witnessing steady growth. FMCG continues to enjoy industry leading growth over peers due to ITC’s category presence (large unorganized mix, under-penetrated, etc.). Consistent margin improvement further provides confidence in growth without compromising profitability.
- After the demerger of its asset-heavy hotels business, ITC’s return profile will also improve. Margin improvements in the other FMCG business will further enhance return ratios and valuation multiples.
- Capital efficiency will further improve operating cash flow, leading to a healthy, sustainable dividend yield (3-4%).
- With a stable tax on cigarettes, we anticipate sustainable growth in the business. We value the cigarette business at 20x Jun’26 EV/EBITDA (earlier 17x EV/EBITDA). **We reiterate our BUY rating with an SOTP-based TP of INR575 (implied 30x Jun’26E EPS).**

Exhibit 4: No material changes to our EPS estimates for FY25 and FY26

	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	769.5	833.6	761.3	824.1	1.1	1.2
EBITDA	283.7	308.8	284.9	309.6	-0.4	-0.3
PAT	215.8	234.6	217.4	236.0	-0.7	-0.6

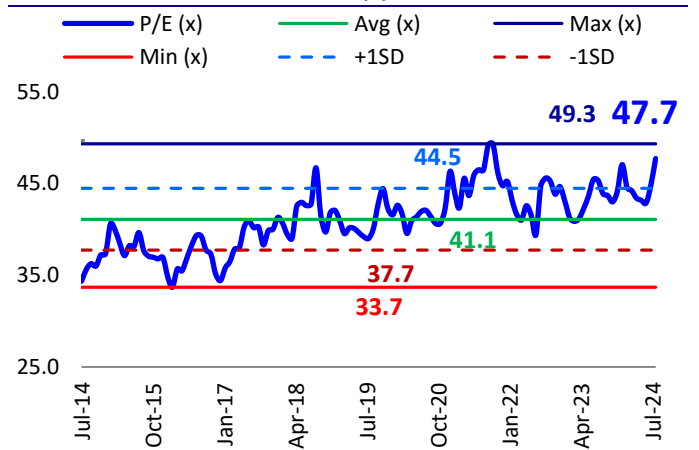
Source: Company, MOFSL

Exhibit 5: P/E for ITC (x)



Source: Bloomberg, MOFSL

Exhibit 6: Consumer sector P/E (x)



Source: Bloomberg, MOFSL

Financials and valuations

Income Statement								(INR b)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Net Sales	498.6	513.9	531.6	652.0	765.2	768.4	834.1	903.7	979.4
Operational Income	15.1	19.9	38.8	45.4	55.8	59.6	64.7	70.0	75.9
Total Revenue	483.5	494.0	492.7	606.7	709.4	708.8	769.5	833.6	903.5
Change (%)	11.3	2.2	-0.3	23.1	16.9	-0.1	8.6	8.3	8.4
Gross Profit	309.3	320.6	291.4	342.8	419.3	436.3	475.5	518.5	563.8
Margin (%)	64.0	64.9	59.1	56.5	59.1	61.6	61.8	62.2	62.4
Other operating expenditure	125.3	128.0	121.4	136.2	162.7	173.8	191.8	209.7	229.6
EBITDA	184.1	192.6	170.0	206.6	256.6	262.5	283.7	308.8	334.2
Change (%)	11.7	4.6	-11.7	21.5	24.2	2.3	8.1	8.9	8.2
Margin (%)	38.1	39.0	34.5	34.1	36.2	37.0	36.9	37.0	37.0
Depreciation	14.0	16.4	16.5	17.3	18.1	18.2	19.8	20.9	21.9
Int. and Fin. Charges	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.6	0.6
Other Inc. - Recurring	21.7	26.0	26.3	18.4	19.8	27.3	29.2	30.9	32.8
Profit before Taxes	191.4	201.6	179.5	207.2	257.9	271.2	292.5	318.3	344.4
Change (%)	12.7	5.3	-11.0	15.5	24.5	5.1	7.9	8.8	8.2
Margin (%)	39.6	40.8	36.4	34.2	36.4	38.3	38.0	38.2	38.1
Tax	61.9	48.5	44.6	53.1	64.5	61.7	73.6	80.1	86.7
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	25.2	25.2	25.2
Profit after Taxes	124.6	152.7	130.3	150.6	186.8	204.6	215.8	234.6	253.6
Change (%)	15.3	22.5	-14.6	15.5	24.1	9.5	5.5	8.7	8.1
Margin (%)	25.8	30.9	26.4	24.8	26.3	28.9	28.1	28.1	28.1
Reported PAT	127.9	146.0	131.6	152.4	191.4	204.6	215.8	234.6	253.6

Balance Sheet								(INR b)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	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	770.5	814.8	865.5
Net Worth	591.4	652.7	597.9	614.8	691.6	745.1	783.0	827.2	878.0
Loans	0.1	0.1	0.1	0.1	0.4	0.1	0.5	0.5	0.6
Deferred Liability	19.9	15.7	16.8	16.1	15.8	20.7	20.7	20.7	20.7
Capital Employed	611.4	668.5	614.8	630.9	707.7	765.9	804.2	848.4	899.2
Gross Block	324.4	364.2	396.5	423.4	457.6	476.6	503.3	530.0	556.7
Less: Accum. Depn.	130.6	147.0	163.5	180.8	198.9	217.1	236.9	257.8	279.7
Net Fixed Assets	193.8	217.2	233.1	242.6	258.7	278.3	266.4	272.3	277.0
Capital WIP	41.3	32.5	40.0	32.0	29.8	28.5	22.8	18.2	14.6
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments	250.4	286.6	248.7	248.4	294.2	311.1	326.1	341.1	356.1
Current	133.5	179.5	148.5	122.6	172.3	129.4	144.4	159.4	174.4
Non-current	117.0	107.2	100.2	125.8	121.8	181.7	181.7	181.7	181.7
Curr. Assets, L&A	231.8	236.8	210.2	239.2	275.6	299.6	361.3	407.8	463.0
Inventory	79.4	89.7	104.0	108.6	117.7	141.5	121.7	130.8	141.2
Account Receivables	40.4	25.6	25.0	24.6	29.6	40.3	32.1	34.7	37.7
Cash and Bank Balance	41.5	72.8	41.0	36.8	48.8	72.2	125.6	155.5	192.2
Others	70.5	48.7	40.2	69.2	79.5	45.6	81.9	86.8	92.0
Curr. Liab. and Prov.	102.5	100.8	113.8	127.6	146.8	147.8	165.3	180.0	196.1
Account Payables	35.1	36.3	43.2	44.2	46.6	48.0	51.2	55.5	60.2
Other Liabilities	62.7	59.9	65.3	75.7	98.6	98.2	102.4	111.1	120.5
Net Current Assets	129.3	136.0	96.4	111.6	128.8	151.8	196.0	227.9	267.0
Application of Funds	614.9	672.3	618.2	634.6	711.5	769.7	811.3	859.5	914.7

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Basic (INR)									
EPS	10.2	12.4	10.6	12.2	15.0	16.4	17.3	18.8	20.3
Cash EPS	11.3	13.8	11.9	13.6	16.5	17.8	18.9	20.5	22.1
BV/Share	48.2	53.1	48.6	49.9	55.6	59.7	62.7	66.3	70.3
DPS	5.8	10.2	10.8	11.5	15.5	13.8	14.8	15.8	16.8
Payout %	66	85	101	93	101	84	80	80	80
Valuation (x)									
P/E	48.5	39.7	46.6	40.3	32.8	30.1	28.5	26.2	24.3
Cash P/E	43.6	35.8	41.3	36.2	29.9	27.6	26.1	24.1	22.3
EV/Sales	9.9	9.4	9.3	7.6	6.4	6.3	5.7	5.2	4.8
EV/EBITDA	26.7	25.2	28.9	23.8	19.0	18.4	16.8	15.3	14.0
P/BV	10.2	9.3	10.1	9.9	8.9	8.3	7.9	7.4	7.0
Dividend Yield (%)	1.2	2.1	2.2	2.3	3.1	2.8	3.0	3.2	3.4
Return Ratios (%)									
RoE	22.3	24.5	20.8	24.8	28.6	28.5	28.2	29.1	29.7
RoCE	22.2	24.6	20.9	24.9	29.0	28.2	27.9	28.9	29.5
RoIC	44.0	49.5	40.8	47.2	55.2	54.2	57.8	65.0	69.8
Working Capital Ratios									
Debtor (Days)	25	24	19	15	14	18	17	15	15
Asset Turnover (x)	0.8	0.8	0.9	1.0	1.1	1.0	1.0	1.1	1.1

Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
(INR b)									
OP/(loss) before Tax	191.5	200.3	179.5	207.2	259.2	271.4	292.5	318.3	344.4
Financial other income	-4.2	-8.0	-0.1	0.2	-3.0	-6.6	0.3	0.3	0.3
Depreciation and Amort.	14.0	16.4	16.5	17.3	18.1	18.2	19.8	20.9	21.9
Interest Paid	-12.7	-14.7	-15.3	-6.9	-15.3	-16.6	-8.4	-9.1	-9.8
Direct Taxes Paid	-58.0	-50.2	-44.6	-53.1	-62.5	-61.2	-73.6	-80.1	-86.7
Incr in WC	-4.8	3.0	6.1	-18.5	-7.7	-33.4	9.2	-2.0	-2.4
CF from Operations	125.8	146.9	142.0	146.3	188.8	171.8	239.8	248.3	267.8
Other items	-27.4	44.7	14.6	3.5	24.0	42.0	27.1	9.1	9.8
Incr Decr in FA	31.4	24.1	39.9	18.8	26.9	34.6	21.0	22.1	23.1
Free Cash Flow	94.4	122.8	102.2	127.5	161.8	137.2	218.8	226.2	244.7
Pur of Investments	-14.2	54.4	-37.9	-0.3	43.7	-29.6	15.0	15.0	15.0
CF from Invest.	-44.6	-33.8	12.7	-15.0	-46.7	37.1	-8.9	-28.1	-28.3
Issue of shares	9.7	6.3	0.0	0.0	24.8	14.4	0.0	0.0	0.0
Incr in Debt	-0.1	0.0	0.0	0.0	-0.6	-0.6	0.3	0.0	0.0
Net Interest Paid	1.0	0.4	0.0	0.0	0.4	0.5	0.0	0.0	0.0
Dividend Paid	77.3	87.1	186.5	135.6	154.0	199.0	177.9	190.4	202.9
Others	0.0	-0.5	0.0	0.0	0.1	0.1	0.0	0.0	0.0
CF from Fin. Activity	-68.7	-81.8	-186.4	-135.6	-130.1	-185.5	-177.6	-190.3	-202.8
Incr of Cash	12.5	31.3	-31.7	-4.3	12.0	23.4	53.4	29.9	36.7
Add: Opening Balance	29.0	41.5	72.8	41.0	36.8	48.8	72.2	125.6	155.5
Closing Balance	41.5	72.8	41.0	36.8	48.8	72.2	125.6	155.5	192.2

E: MOFSL Estimates

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NOTES

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SELL	< - 10%
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