

Estimate change 
TP change 
Rating change 

Motilal Oswal values your support in the Asiamoney Brokers Poll 2022 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	ITC IN
Equity Shares (m)	12,259
M.Cap.(INRb)/(USD\$b)	3800.1 / 48.1
52-Week Range (INR)	309 / 205
1, 6, 12 Rel. Per (%)	-2/36/40
12M Avg Val (INR M)	5558
Free float (%)	100.0

Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	563.4	667.0	713.4
Sales Gr. (%)	23.9	18.4	7.0
EBITDA	189.5	228.5	254.2
EBITDA Mrg. %	33.6	34.3	35.6
Adj. PAT	150.6	178.3	202.0
Adj. EPS (INR)	12.2	14.5	16.4
EPS Gr. (%)	15.4	18.4	13.3
BV/Sh.(INR)	49.8	52.2	56.3
Ratios			
RoE (%)	25.0	28.4	30.2
RoCE (%)	24.3	27.6	29.5
Payout (%)	94.1	90.0	80.0
Valuations			
P/E (x)	25.2	21.3	18.8
P/BV (x)	6.2	5.9	5.5
EV/EBITDA (x)	18.3	15.1	13.4
Div. Yield (%)	3.7	4.2	4.3

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	0.0	0.0	0.0
DII	42.8	42.7	42.4
FII	12.8	12.1	11.9
Others	44.5	45.2	45.8

FII Includes depository receipts

CMP: INR308

TP: INR355 (+15%)

Buy

Broad-based sales growth drives EBITDA beat

- Sales growth momentum was better than expected across businesses in 1QFY23. Barring the Agri business, where the ban on wheat exports may result in relatively muted growth in subsequent quarters, momentum in other businesses is expected to remain robust.
- As highlighted in our [upgrade to Buy](#) note as well as our [FY22 annual report note](#), strong earnings momentum (16% EPS CAGR over FY22-24 v/s ~5% in the preceding five years) is being led by good performance from Cigarettes in a stable tax environment, healthy recovery in profitability for the Hotels business, and continued good performance from FMCG-Others. Unlike peers, pressure on material costs is far lower. Allied with better capital allocation and continued healthy dividend payout, the path towards high 20s or early 30s RoE is visible. We maintain our **Buy** rating.

EBITDA beat on strong growth across segments, led by the Agri business

- **Net revenue grew 41.5% YoY to INR172.9b** (est. INR148.8b). EBITDA rose 41.5% YoY to INR56.5b (est. INR50.8b). PBT/adjusted PAT grew 38%/38.4% YoY to INR55.4b/INR41.7b (in line).
- **Gross margin fell 170bp YoY to 51%** (est. 54.5%), while EBITDA margin remained flat YoY at 32.7% in 1QFY23 (est. 34.1%).
- **Cigarette volumes are likely to have increased by 26% YoY in 1QFY23** (est. 11%). Volume growth in the base quarter was 31%. However, three-year volume CAGR stood at 1.3%. Net Cigarette sales grew 27.4% YoY to INR55.8b (in line). **Cigarette EBIT grew 30.1% YoY to INR41.9b** (est. INR40.3b). Three year Cigarette EBIT CAGR stood at 2.9%. Net Cigarette EBIT margin expanded by 160bp YoY to 75.1%.
- **FMCG-Others** sales grew 19.5% YoY to INR44.5b. EBIT rose 17.6% YoY to INR2b in 1QFY23.
- Sales from the **Agri business** grew 82.7% YoY to INR74.7b.
- Sales from the **Paperboards business** rose 43.3% YoY to INR22.7b.
- Sales from the **Hotels business** increased by 336% YoY to INR5.5b.
- Other income fell 27.1% YoY to INR3.1b.

Valuation and view

- Changes to our model have resulted in a 3%/4% increase in our FY23/FY24 EPS estimate. If not for the significant compression to other income from the mark-to-market impact on bond investments in 1QFY23, the increase in our EPS forecasts would have been higher.
- We have turned constructive on the stock, led by: a) a better than expected demand recovery and a healthy margin outlook in Cigarettes, b) robust sales momentum in the FMCG business, c) lower drag from the Hotels business, and d) better capital allocation in recent years.

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- A stable tax environment for Cigarettes in recent years has allowed ITC to calibrate price increases to avoid a disruption in demand. We expect this trend to continue and result in improved Cigarette volumes and earnings visibility over the medium-term.
- While valuations of global Tobacco peers have returned to pre-COVID levels (Jan'19), at 18.8x FY24 EPS, ITC still trades at a 26% discount to its Jan'19 valuations of 25.4x one-year forward EPS. We maintain our earlier assigned 21x EPS multiple, a 65% premium to its global peer average, and roll forward to Jun'24 earnings. The stock has done well, with gains of ~17% since our [upgrade to Buy](#) in Jun'22. We see scope for further upside, based on a healthy earnings outlook. We maintain our **Buy** rating.

Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E	FY22	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Est. cigarette vol. gr. (%)	31.0	9.0	12.5	9.0	26.0	13.0	4.0	-3.0	15.4	11.5	11.0	
Net Sales	122.2	127.3	158.6	155.3	172.9	152.2	163.8	178.1	563.4	667.0	148.8	16.2%
YoY change (%)	37.1	12.6	32.5	16.8	41.5	19.6	3.2	14.7	23.9	18.4	21.8	
Gross Profit	64.3	72.8	81.4	82.5	88.1	81.1	90.3	100.9	292.9	360.4	81.1	
Margin (%)	52.6	57.2	51.3	53.1	51.0	53.2	55.2	56.7	52.0	54.0	54.5	
EBITDA	39.9	46.2	51.0	52.2	56.5	50.2	57.4	64.4	189.5	228.5	50.8	11.2%
Growth (%)	50.8	12.9	18.2	16.8	41.5	8.8	12.6	23.3	22.0	20.6	27.2	
Margins (%)	32.7	36.3	32.2	33.6	32.7	33.0	35.1	36.2	33.6	34.3	34.1	
Depreciation	4.0	4.0	4.1	4.5	4.1	4.4	4.5	4.8	16.5	17.9	4.4	
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.4	0.1	
Other Income	4.3	6.8	8.1	6.7	3.1	7.1	8.2	9.6	25.9	28.0	7.9	
PBT	40.2	48.8	54.9	54.4	55.4	52.8	61.0	69.1	198.3	238.3	54.3	2.0%
Tax	10.0	11.8	13.4	12.5	13.7	13.3	15.4	17.6	47.7	60.0	13.7	
Rate (%)	25.0	24.2	24.3	23.0	24.7	25.2	25.2	25.5	24.1	25.2	25.2	
Adj PAT	30.1	37.0	41.6	41.9	41.7	39.5	45.7	51.5	150.6	178.3	40.6	2.6%
YoY change (%)	28.6	13.7	12.7	11.8	38.4	6.9	9.9	22.8	15.5	18.4	34.8	

E: MOFSL estimate; Full year COGS also includes contract processing charges (included in other op. exps. in quarterly)

Key Performance Indicators

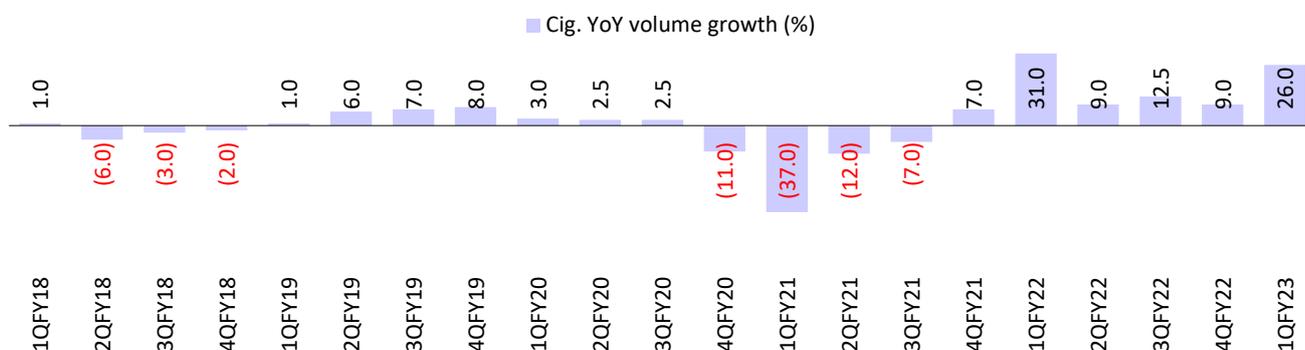
Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
Cig Realization Gr %	3.2	2.4	0.1	2.0	1.4	1.1	0.8	0.3
2Y average growth %								
Cig Volumes	-3.0	-1.5	2.8	8.0	28.5	11.0	9.3	5.0
Sales	7.9	4.8	17.0	19.7	39.3	16.1	17.9	15.7
EBITDA	4.4	1.2	5.9	12.1	46.2	10.9	15.4	20.0
PAT	1.2	-2.7	-0.5	5.3	33.5	10.3	11.2	17.4
% sales								
COGS	47.4	42.8	48.7	46.9	49.0	46.8	44.8	43.3
Others	20.0	21.0	19.2	19.5	18.3	20.3	20.1	20.5
Depreciation	3.2	3.2	2.6	2.9	2.4	2.9	2.7	2.7
YoY change %								
COGS	46.6	13.0	50.5	19.8	46.5	30.7	-4.9	6.0
Others	5.2	11.2	20.5	10.2	29.8	15.5	8.2	20.7
Other income	-52.2	10.9	-16.7	-12.7	-27.1	5.0	0.0	44.0
EBIT	60.0	13.7	19.6	17.0	45.6	8.7	12.8	24.7

E: MOFSL estimate

Cigarette volumes likely to have grown by 26% YoY in 1QFY23

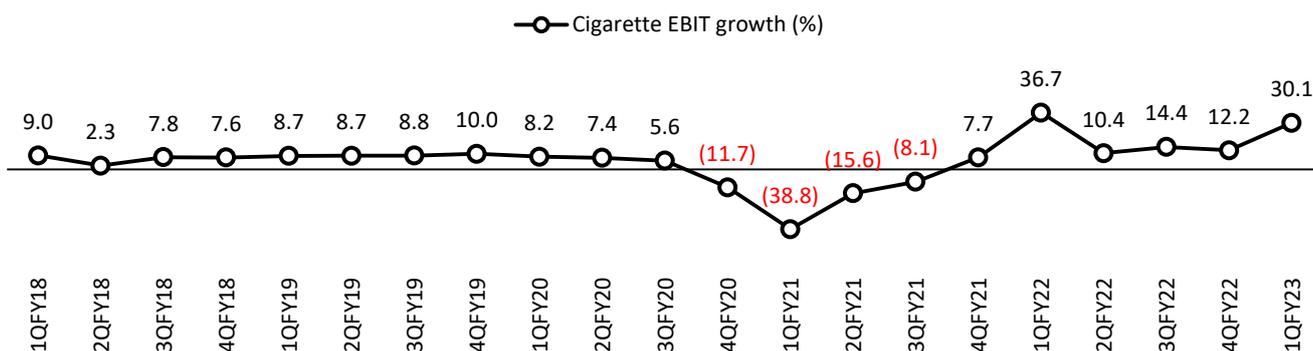
- Net Cigarette revenue grew 27.4% YoY to INR55.8b, with likely volume growth of 26% YoY on a base of 31% growth. Volumes surpassed pre-pandemic levels in 1QFY23.
- ITC was able to maintain its market share by enhancing the product portfolio through innovation, premiumization across segments, and improving product availability.
- Recent launches included 'Classic Connect', 'Gold Flake Indie Mint', 'Gold Flake Neo SMART Filter', 'Capstan Excel', 'American Club Smash', 'Gold Flake Kings Mixpod', 'Wave Boss', 'Flake Nova' and 'Flake Excel Taste Pro'.
- ITC continues to engage with policy makers to work on creating a framework of regulations and taxation policies in India.
- EBIT in cigarettes grew 30.1% YoY to INR41.9b (est. INR40.3b). Net EBIT margin for the segment expanded 160bp YoY to 75.1%.

Exhibit 1: Cigarette volumes up 26% YoY in 1QFY23



Source: Company, MOFSL

Exhibit 2: Cigarette EBIT up 30.1% YoY to INR41.9b in 1QFY23



Source: Company, MOFSL

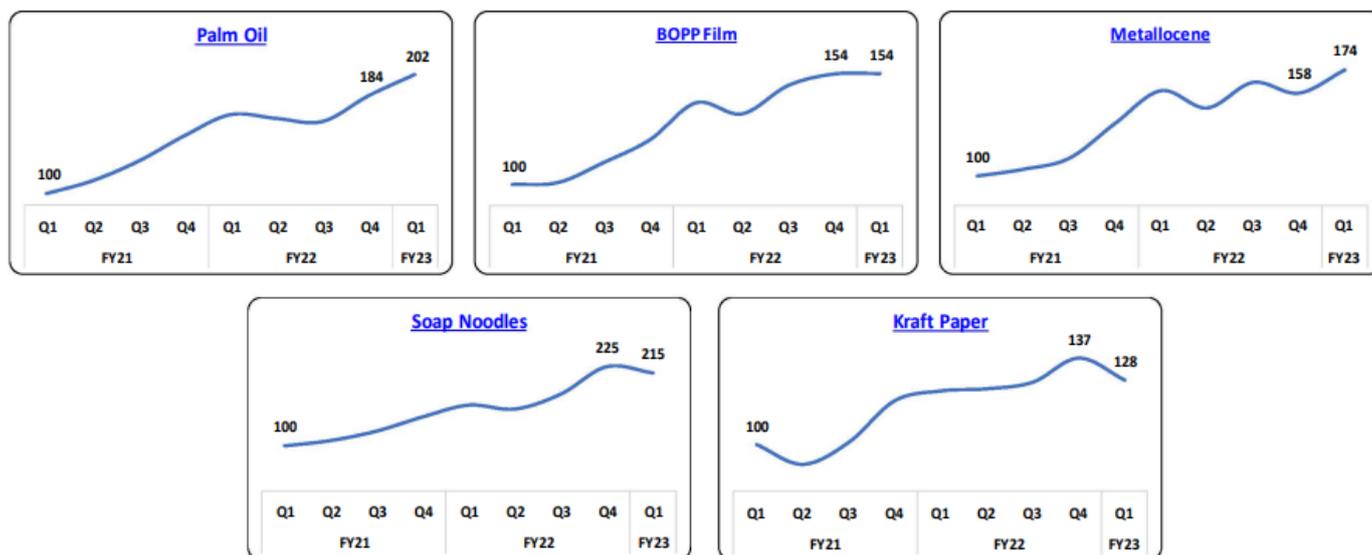
Exhibit 3: Sharp growth in Agri business sales results in its salience increasing to 36.8% in 1QFY23

Revenue contribution (%)	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23
Cigarettes	37.9	39.2	40.4	39.4	28.5	34.2	37.2	35.7	31.5	35.0	31.4	33.4	27.4
FMCG - Others	22.1	25.2	26.3	27.6	29.5	30.0	29.6	26.3	26.8	29.3	24.2	24.9	21.9
Hotels	2.8	3.3	4.4	4.0	0.2	0.6	1.9	2.1	0.9	2.1	2.8	2.3	2.7
Agri. business	26.1	20.3	16.6	16.3	32.8	23.6	19.6	24.1	29.4	20.2	29.4	26.3	36.8
Paper and Packaging	11.0	12.0	12.3	12.6	9.0	11.5	11.7	11.8	11.4	13.3	12.1	13.1	11.2
Total	100.0												

Source: Company, MOFSL

FMCG – Others: Discretionary/Out-of-Home categories record strong growth

- Segmental sales grew 19.5% YoY to INR44.5b, while segmental EBIT grew 17.6% YoY at INR2b in 1QFY23. EBIT margin contracted 10bp YoY to 4.6%.
- Discretionary/Out-of-Home categories such as Snacks, Beverages, Confectionery, Frozen Snacks, Fragrances and Agarbattis recorded strong growth.
- Staples & Convenience Foods posted resilient performance driven by robust growth mainly in Sunfeast Biscuits, Sunrise Spices, Aashirvaad Salt and Aashirvaad Svasti Dairy products.
- Sales of ITC's Hygiene portfolio were subdued; but remain above pre-pandemic levels.
- Education & Stationery Products Business bounced back with re-opening of educational institutions.
- ITC's market and outlet coverage were stepped up to 2x and 1.3x, of pre-pandemic levels respectively. Direct reach enhancement in rural markets was aided by a hub-and-spoke distribution model with the expansion of rural stockists network to 2.7x over pre-pandemic levels.
- E-commerce sales grew to 4.2x 1QFY20 levels, taking the channel salience to 7%. The company's eB2B platform, UNNATI, continued to scale up and now covers 320k outlets.
- A new ICML at Medak, Telangana was commissioned in Mar'22. With this, ten ICMLs are operational in locations close to large demand centers enabling delivery of fresher products, reduction in distance to market and better cost efficiency.

Exhibit 4: While commodity prices continue to remain elevated, they witnessed some moderation in Jun'22

Source: Company, MOFSL

Paperboards, Paper, and Packaging

- Paper and Paperboard sales grew 43.3% YoY to INR22.7b.
- Segmental EBIT grew 56% YoY to INR6.1b. EBIT margin expanded 220bp YoY to 27%.
- Segment revenue growth was driven by continued strong demand across end-user segments and exports.

- Value Added Paperboard segment grew at a rapid pace aided by higher realisation, strategic capacity expansion and strong exports performance.
- Fine Paper segment bounced back with re-opening of educational institutions.
- The packaging and printing business witnessed robust growth in domestic and exports segments across the 'Cartons & Flexibles' platforms.
- ITC is actively engaged in developing and promoting suitable paper and paperboard substrates to substitute single-use plastics.

Agri

- Revenue grew 82.7% YoY to INR74.7b, driven by strong revenue growth in led by wheat, rice and leaf tobacco exports. The segment reported an EBIT growth of 45.1% YoY to INR2.8b, with EBIT margin remaining contracting 100bp YoY to 3.8%.
- The Agri business leveraged the e-Choupal network to provide strategic sourcing support to the branded Packaged Foods businesses.
- ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) - a crop-agnostic 'phygital' full stack AgriTech platform was launched with 200+ FPOs in 7 states encompassing 75,000+ farmers. The platform provides farmers with AI/ML driven personalized and hyperlocal crop advisories, access to good quality inputs and market linkages as well as allied services like pre-approved loans. It also offers advanced technologies like real-time soil testing, quality assaying and precision farming at the doorstep of farmers.
- The Business continues to make steady progress towards rapidly growing its value-added portfolio to enhance value capture.

Hotels

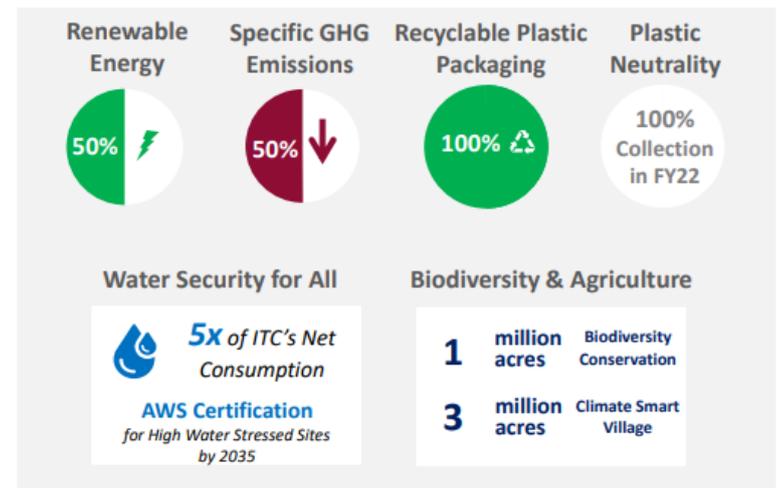
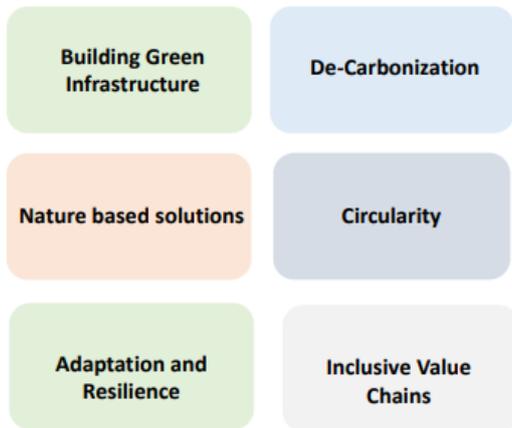
- Revenue grew 336.2% YoY to INR5.5b. Segmental EBIT came in at INR1.1b in 1QFY23 v/s a loss of INR1.5b in 1QFY22.
- The Hotels segment witnessed ARR and occupancy rates ahead of pre-pandemic levels driven by Retail (packages), Leisure, Weddings and MICE segments.
- In line with its 'asset-right' strategy, ITC has generated a healthy pipeline of management contracts under its brands Welcomhotel, Fortune, Mementos and Storii. Properties under these brands are expected to be launched in a phased manner over the next few quarters.
- Digital investments continue to be leveraged towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency.

ITC Infotech

- ITC Infotech delivered a revenue growth of 7.9% YoY to INR7.5b, with EBITDA declining 39.3% YoY to INR1.2b in 1QFY23.
- EBITDA margin contracted 1,230bp YoY to 15.8% in 1QFY23.
- Investments continue to be made towards capability building in strategic focus areas & infrastructure

Exhibit 5: ITC’s contribution to sustainable development

Strategic Interventions to Combat Climate Change



Proactively work towards achieving 'Net Zero' emission status

Source: Company, MOFSL

Key exhibits

Exhibit 6: Segmental performance

Net Sales (INR b)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Cigarettes	32.6	43.3	47.1	50.0	43.8	48.2	53.0	55.5	55.8
FMCG - Others	33.7	39.2	35.6	36.9	37.3	40.4	40.9	41.4	44.5
Hotels	0.2	0.8	2.4	2.9	1.3	2.9	4.7	3.9	5.5
Agri business	37.5	29.9	24.8	33.7	40.9	27.8	49.6	43.7	74.7
Paper and Packaging	10.3	14.6	14.8	16.6	15.8	18.3	20.5	21.8	22.7
Sales growth (YoY %)									
Cigarettes	(39.9)	(18.8)	(11.4)	(2.6)	34.2	11.4	12.6	11.0	27.4
FMCG - Others	10.3	19.3	7.5	15.8	10.4	2.9	9.3	12.3	19.5
Hotels	(94.2)	(80.8)	(57.4)	(38.2)	463.5	259.6	101.3	35.4	336.2
Agri business	3.7	12.8	18.5	78.5	9.2	(7.0)	100.0	29.6	82.7
Paper and Packaging	(32.8)	(6.8)	(5.0)	13.5	54.2	25.4	38.5	31.8	43.3
Estimated volume growth (YoY)									
Cigarettes (%)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	9.0	26.0
EBIT (INR b)									
Cigarettes	23.6	32.4	34.5	36.7	32.2	35.8	39.5	41.1	41.9
FMCG – Others	1.3	2.5	2.1	1.9	1.7	2.7	2.4	2.4	2.0
Hotels	(2.4)	(1.8)	(0.7)	(0.4)	(1.5)	(0.5)	0.5	(0.3)	1.1
Agri business	1.8	2.6	2.0	1.9	2.0	3.0	3.0	2.4	2.8
Paper and Packaging	1.6	3.3	2.9	3.2	3.9	4.1	4.5	4.5	6.1
EBIT growth (YoY %)									
Cigarettes	(38.8)	(15.6)	(8.1)	7.7	36.7	10.4	14.4	12.2	30.1
FMCG – Others	60.8	179.3	92.7	28.4	38.3	7.6	1.1	25.1	17.6
Hotels	P/L	P/L	P/L	P/L	(37.6)	#	L/P	#	L/P
Agri business	(11.9)	2.7	(8.1)	54.2	9.5	15.7	50.6	28.5	45.1
Paper and Packaging	(51.4)	(7.2)	(14.7)	13.1	145.3	23.8	57.3	39.1	56.0
EBIT margin (%)									
Cigarettes	72.2	75.0	73.4	73.4	73.5	74.4	74.5	74.2	75.1
FMCG – Others	3.7	6.4	5.8	5.1	4.7	6.7	5.9	5.7	4.6
Hotels	(1,074.3)	(225.6)	(28.6)	(13.9)	(119.0)	(16.3)	10.7	(8.8)	20.2
Agri business	4.8	8.6	7.9	5.6	4.8	10.7	6.0	5.6	3.8
Paper and Packaging	15.6	22.6	19.3	19.5	24.8	22.4	21.9	20.6	27.0

Source: Company, MOFSL

Valuation and view

What has happened over the last 10 years?

- ITC’s financial performance over the last 10 years has been a story of two halves.
- It performed strongly in the first half of the decade, with a 16-22% CAGR in sales, EBITDA, PBT, and PAT.
- However, in the subsequent five years, sales/EBITDA/PBT CAGR declined to 4.6%/5.8%/6.6% – one-third of the growth seen in the preceding five years. PAT growth has been in the high single-digits, led by the corporate tax cut.

Our view

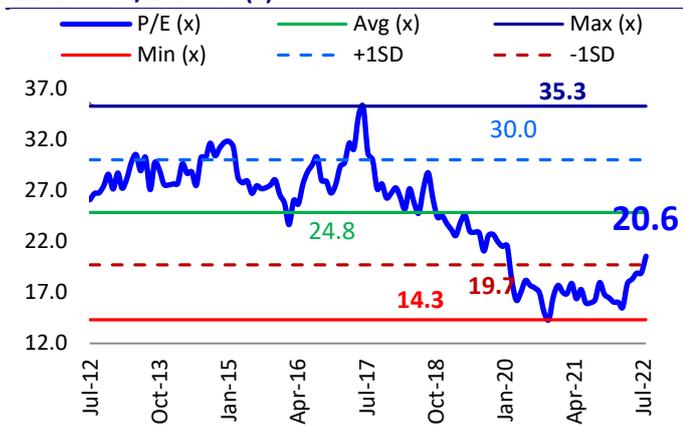
- Changes to our model have resulted in a 3-4% increase in FY23/FY24 EPS. If not for the significant compression to other income from the mark-to-market impact on bond investments in 1QFY23, the increase in our EPS forecasts would have been higher.
- A) A better than expected demand recovery and a healthy margin outlook in Cigarettes, b) healthy sales momentum in the FMCG business, c) lower drag from the Hotels business, and d) better capital allocation in recent years leads us to turn constructive on the stock.
- A stable tax environment for Cigarettes in recent years has allowed ITC to calibrate price increases to avoid a disruption in demand. We expect this trend to continue and should result in improved Cigarette volumes and earnings visibility over the medium-term.
- While valuations of global Tobacco peers have been restored to their pre-pandemic levels (Jan’19), at 18.8x FY24 EPS, ITC still trades at a 26% discount to its Jan’19 valuations of 25.4x one-year forward EPS. We maintain our earlier assigned 21x EPS multiple, representing a 65% premium to the global peer average, and roll forward to Jun’24 earnings. The stock has done well with ~17% gain since our [upgrade to Buy](#) in Jun’22 and we believe there is further scope for upside based on healthy earnings outlook. Maintain Buy.

Exhibit 7: We revise our FY23/FY24E EPS by 3.1%/4.2%, respectively

(INR b)	New estimate		Old estimate		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Sales	660.2	706.3	606.3	661.4	8.9	6.8
EBITDA	228.5	254.2	215.9	243.3	5.8	4.5
PAT	178.3	202.0	173.0	194.0	3.1	4.2

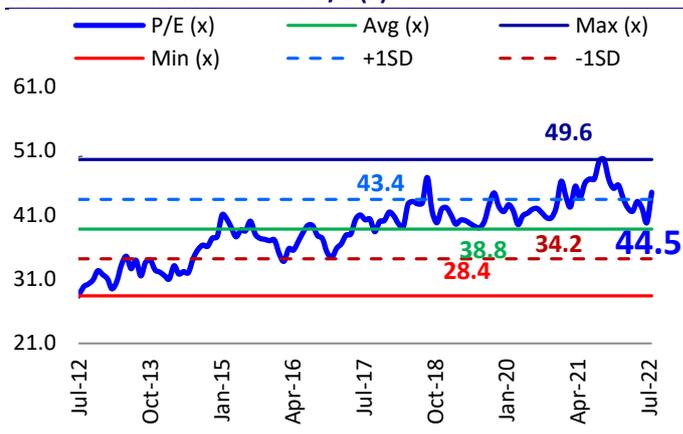
Source: Company, MOFSL

Exhibit 8: P/E for ITC (x)



Source: Bloomberg, MOFSL

Exhibit 9: Consumer sector P/E (x)



Source: Bloomberg, MOFSL

Financials and valuations

Income Statement							(INR b)	
Y/E March	2018	2019	2020	2021	2022	2023E	2024E	
Net Sales	402.5	444.3	451.4	451.1	557.0	660.2	706.3	
Operational Income	3.7	5.6	4.8	3.7	6.4	6.8	7.1	
Total Revenue	406.3	450.0	456.2	454.9	563.4	667.0	713.4	
Change (%)	1.3	10.8	1.4	-0.3	23.9	18.4	7.0	
Gross Profit	240.1	268.3	275.5	248.4	292.9	360.4	403.5	
Margin (%)	59.1	59.6	60.4	54.6	52.0	54.0	56.6	
Other operating expenditure	84.5	95.0	96.2	93.0	103.4	131.9	149.3	
EBITDA	155.6	173.3	179.3	155.3	189.5	228.5	254.2	
Change (%)	6.6	11.3	3.5	-13.4	22.0	20.6	11.2	
Margin (%)	38.3	38.5	39.3	34.2	33.6	34.3	35.6	
Depreciation	11.5	13.1	15.6	15.6	16.5	17.9	19.2	
Int. and Fin. Charges	1.1	0.6	0.8	0.6	0.6	0.4	0.4	
Other Inc. - Recurring	21.3	24.8	30.1	32.5	25.9	28.0	35.3	
Profit before Taxes	164.4	184.4	193.0	171.6	198.3	238.3	270.0	
Change (%)	6.0	12.2	4.6	-11.1	15.5	20.2	13.3	
Margin (%)	40.5	41.0	42.3	37.7	35.2	35.7	37.8	
Tax	56.0	58.5	44.4	40.4	48.3	60.0	68.0	
Deferred Tax	0.3	1.3	-4.1	1.0	-0.6	0.0	0.0	
Tax Rate (%)	34.2	32.4	20.9	24.1	24.1	25.2	25.2	
Profit after Taxes	108.1	124.6	152.7	130.3	150.6	178.3	202.0	
Change (%)	6.0	15.3	22.5	-14.6	15.5	18.4	13.3	
Margin (%)	26.6	27.7	33.5	28.7	26.7	26.7	28.3	
Non-rec. (Exp)/Income	4.1	0.0	-1.3	0.0	0.0	0.0	0.0	
Reported PAT	112.2	124.6	151.4	130.3	150.6	178.3	202.0	

Balance Sheet							(INR b)	
Y/E March	2018	2019	2020	2021	2022	2023E	2024E	
Share Capital	12.2	12.3	12.3	12.3	12.3	12.3	12.3	
Reserves	501.8	567.2	628.0	577.7	601.7	630.5	681.9	
Net Worth	514.0	579.5	640.3	590.0	614.0	642.8	694.2	
Loans	0.1	0.0	3.3	3.3	3.1	0.0	0.0	
Deferred Liability	19.2	20.4	16.2	17.3	16.7	16.7	16.7	
Capital Employed	533.2	600.0	659.8	610.6	633.8	659.5	710.9	
Gross Block	258.1	300.4	336.3	362.7	389.7	405.7	425.7	
Less: Accum. Depn.	102.3	115.5	131.1	146.7	163.2	181.1	200.2	
Net Fixed Assets	155.7	185.0	205.2	216.0	226.4	224.6	225.4	
Capital WIP	50.2	33.9	27.8	33.3	24.7	24.7	24.7	
Goodwill	0.0	0.0	0.0	5.8	5.8	5.8	5.8	
Investments	234.0	265.8	306.3	270.0	272.8	271.4	310.2	
Curr. Assets, L&A	183.9	213.3	213.1	190.8	221.2	277.3	298.1	
Inventory	72.4	75.9	80.4	94.7	100.0	123.8	127.1	
Account Receivables	23.6	36.5	20.9	20.9	19.5	30.7	32.9	
Cash and Bank Balance	25.9	37.7	68.4	40.0	38.8	52.3	65.8	
Others	62.0	63.3	43.3	35.1	63.0	70.5	72.3	
Curr. Liab. and Prov.	90.6	98.0	92.6	105.2	117.1	144.2	153.2	
Account Payables	33.8	33.7	34.5	41.2	42.2	62.1	63.1	
Other Liabilities	56.7	64.3	58.1	64.0	74.9	82.2	90.1	
Net Current Assets	93.4	115.3	120.5	85.6	104.1	133.1	144.8	
Application of Funds	533.2	600.0	659.8	610.6	633.8	659.5	710.9	

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
Basic (INR)							
EPS	8.9	10.2	12.4	10.6	12.2	14.5	16.4
Cash EPS	9.8	11.2	13.7	11.9	13.6	15.9	17.9
BV/Share	42.1	47.3	52.1	47.9	49.8	52.2	56.3
DPS	6.2	6.9	10.2	10.8	11.5	13.0	13.1
Payout %	68	68	82	102	94	90	80
Valuation (x)							
P/E	34.7	30.2	24.8	29.0	25.2	21.3	18.8
Cash P/E	31.4	27.4	22.5	25.9	22.7	19.3	17.1
EV/Sales	8.7	7.8	7.5	7.7	6.2	5.2	4.8
EV/EBITDA	22.6	20.0	19.0	22.3	18.3	15.1	13.4
P/BV	7.3	6.5	5.9	6.4	6.2	5.9	5.5
Dividend Yield (%)	2.0	2.3	3.3	3.5	3.7	4.2	4.3
Return Ratios (%)							
RoE	22.3	22.8	25.0	21.2	25.0	28.4	30.2
RoCE	21.6	22.1	24.3	20.6	24.3	27.6	29.5
RoIC	42.4	44.6	49.8	40.4	46.5	51.8	56.6
Working Capital Ratios							
Debtor (Days)	21	25	23	17	13	14	16
Asset Turnover (x)	0.8	0.7	0.7	0.7	0.9	1.0	1.0
Leverage Ratio							
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
(INR b)							
OP/(loss) before Tax	168.5	184.4	191.7	171.6	198.3	238.3	270.0
Financial other income	7.2	8.1	13.1	17.0	13.9	28.0	35.3
Depreciation and Amort.	11.5	13.1	15.6	15.6	16.5	17.9	19.2
Interest Paid	-8.3	-12.1	-13.8	-11.8	-9.6	0.4	0.4
Direct Taxes Paid	57.2	54.9	46.5	39.6	45.1	60.0	68.0
Incr in WC	-19.2	5.0	-4.2	3.9	-1.8	15.5	-1.7
CF from Operations	126.5	117.5	138.1	114.9	148.1	153.0	188.0
Other items	-7.6	3.2	44.6	-30.8	12.4	10.1	35.0
Incr Decr in FA	25.5	27.6	21.1	15.8	16.7	16.0	20.0
Free Cash Flow	101.0	89.9	116.9	99.1	131.3	137.0	168.0
Pur of Investments	34.8	15.3	51.9	-87.0	11.6	-1.4	38.8
CF from Invest.	-67.8	-39.7	-28.4	40.4	-15.9	-4.5	-23.8
Issue of shares	9.1	9.7	6.3	2.9	2.9	10.0	10.0
Incr in Debt	-0.1	-0.1	-0.5	-0.5	-0.5	-3.1	0.0
Net Interest Paid	0.5	0.9	0.5	0.4	0.4	0.4	0.4
Dividend Paid	57.7	62.9	84.2	186.2	135.5	141.7	160.5
Others	-11.1	-11.9	0.0	0.4	0.2	0.2	0.2
CF from Fin. Activity	-60.2	-66.0	-78.9	-183.8	-133.4	-135.1	-150.7
Incr of Cash	-1.5	11.7	30.7	-28.4	-1.2	13.5	13.5
Add: Opening Balance	27.5	25.9	37.7	68.4	40.0	38.8	52.3
Closing Balance	25.9	37.7	68.4	40.0	38.8	52.3	65.8

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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