

August 15, 2023

Q1FY24 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	478		478	
Sales (Rs. m)	7,25,509	7,93,354	7,25,509	7,93,354
% Chng.	-	-	-	-
EBITDA (Rs. m)	2,65,073	2,92,833	2,65,073	2,92,833
% Chng.	-	-	-	-
EPS (Rs.)	16.8	18.4	16.8	18.4
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. bn)	563	660	726	793
EBITDA (Rs. bn)	189	239	265	293
Margin (%)	33.6	36.3	36.5	36.9
PAT (Rs. bn)	151	187	209	229
EPS (Rs.)	12.2	15.0	16.8	18.4
Gr. (%)	15.4	23.0	11.8	9.4
DPS (Rs.)	11.1	15.5	13.5	15.0
Yield (%)	2.5	3.5	3.0	3.3
RoE (%)	25.0	29.0	30.5	31.6
RoCE (%)	28.7	34.5	36.1	37.8
EV/Sales (x)	9.6	8.1	7.4	6.8
EV/EBITDA (x)	28.4	22.5	20.4	18.3
PE (x)	36.8	29.9	26.7	24.4
P/BV (x)	9.0	8.3	8.0	7.4

Key Data

ITC.BO | ITC IN

52-W High / Low	Rs.500 / Rs.307
Sensex / Nifty	65,402 / 19,435
Market Cap	Rs.5,599bn/ \$ 67,497m
Shares Outstanding	12,465m
3M Avg. Daily Value	Rs.5394.4m

Shareholding Pattern (%)

Promoter's	-
Foreign	13.07
Domestic Institution	41.93
Public & Others	45.00
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.0)	17.0	46.5
Relative	(4.1)	9.2	33.2

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Cigarette and FMCG business lead growth

Quick Pointers:

- Cig volumes up ~9.8%, FMCG sales grow 16.1% with margins up 376bps YoY
- Hotel outlook remains strong with higher ARR and occupancy outlook

ITC reported another quarter of strong growth across segments. Cigarette volume growth for 1Q was ~9.8% supported by stability in taxes, and volume recovery from illicit trade. Outlook remains positive although we expect growth to moderate to mid-single digits in medium term. FMCG growth was ahead of industry and margins got a boost due to improving scale, lower raw material costs and PLI incentives, we expect calibrated margin expansion to sustain in coming years. Hotel outlook is positive (despite planned renovations) due to G20 and revival in business & foreign tourist travel. Paper and Paperboard segment has started showing QoQ margin expansion and margins are expected to sustain around current levels. ITC has announced swap ratio of 1:10 for ITC Hotels demerger which is likely to be completed over next 15 months, it will improve ROCE and cash flows.

Near term outlook remains strong, we estimate 10.7% EPS CAGR over FY23-25. ITC trades at 25.3x FY25 EPS with ROE/ROCE of 30%+/35%+ and ~80%+ dividend payout. Retain Accumulate.

1Q PAT up 17.6%: Revenues declined by 8.5% YoY to Rs158.3bn (PLe: Rs169.4bn). EBITDA grew by 10.7% YoY to Rs62.5bn (PLe: Rs 61.0bn); Margins expanded by 682bps YoY/162bps QoQ to 39.5% (PLe:36.0%). Adj PAT grew by 17.6% YoY to Rs49bn (PLe: Rs47.2bn).

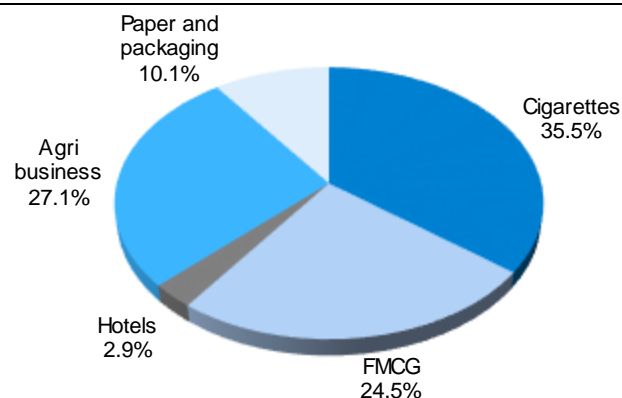
1QFY24 Segment Wise Performance

- Cigarette Revenues grew by 13% YoY to Rs74.7bn; EBIT grew by 11% YoY to 46.6bn. Margins contracted by 101bps YoY/138bps QoQ to 62.4%. Cigarettes volume growth of 9.8% (PLe: 9.0%).
- FMCG Revenues grew by 16.1% YoY to Rs51.7bn; EBIT grew by 111% YoY to 4.3bn. Margins expanded by 376bps YoY but contracted 180bps QoQ to 8.3%.
- Hotel Revenues grew by 8.1% YoY to Rs6bn; EBIT grew by 17% YoY to 1.3bn. Margins expanded 165bps YoY but contracted 367bps QoQ to 21.9%.
- Agri Revenues declined by 23.7% YoY to Rs57.1bn; EBIT grew by 25% YoY to 3.6bn. Margins expand by 244bps YoY but contracted 234bps QoQ to 6.2%.
- Paperboard & Paper Revenues declined by 6.5% YoY to Rs21.2bn; EBIT declined by 23% YoY to 4.7bn. Margins contracted by 476bps YoY but expanded by 224bps QoQ to 22.3%.
- ITC Infotech Revenues grew 11.6% YoY to Rs8.4bn; EBITDA declined 4.2% YoY to 1.1bn. Margins contracted 224bps YoY/441bps QoQ to 13.6%.

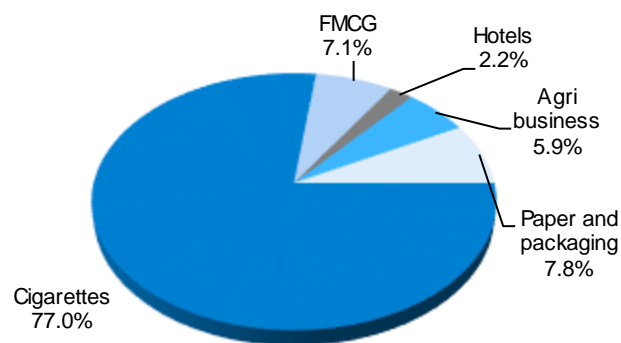
Exhibit 1: 1QFY24 Result Overview: Net Sales down 8.5%, Adj. PAT up 17.6%

Y/e March	1QFY24	1QFY23	YoY gr. (%)	4QFY23	FY23	FY22	YoY gr. (%)
Net Sales	158,282	172,897	(8.5)	163,980	660,433	563,413	17.2
EBITDA	62,501	56,475	10.7	62,094	239,445	189,337	26.5
<i>Margins (%)</i>	<i>39.5</i>	<i>32.7</i>	<i>6.8</i>	<i>37.9</i>	<i>36.3</i>	<i>33.6</i>	<i>2.7</i>
Depreciation	4,025	4,115	(2.2)	4,219	16,627	16,522	0.6
Interest	107.2	91.3	17.4	118.3	418.1	419.5	(0.3)
Other Income	7,087	3,127	126.7	7,463	24,376	25,900	(5.9)
PBT	65,456	55,396	18.2	65,219	246,775	198,295	24.4
Tax	16,429	13,702	19.9	15,079	59,971	47,717	25.7
<i>Tax Rate (%)</i>	<i>25.1</i>	<i>24.7</i>	<i>0.4</i>	<i>23.1</i>	<i>24.3</i>	<i>24.1</i>	<i>0.2</i>
Adjusted PAT	49,027	41,694	17.6	50,140	186,804	150,578	24.1

Source: Company, PL

Exhibit 2: Sales Mix: Cigarettes 35.5%, FMCG 24.5%


Source: Company, PL

Exhibit 3: Cigarettes contribute 77.0% of EBIT


Source: Company, PL

Exhibit 4: SOTP on Mar25 - cigarette account of 62% of value

SOTP	Basis	X	EV (Rs mn)	PAT (Rs mn)	% of PAT	EPS (Rs)	Value/Share
Cigarettes	P/E	22		167312	89.7	13.4	296
FMCG - Others	EV/Sales	4.5	1108487	14839	8.0	1.2	89
Hotels	EV/EBIDTA	25	289,775	6243	3.3	0.5	23
Agri business	P/E	15		11379	6.1	0.9	14
Paper and packaging	P/E	12		17700	9.5	1.4	17
ITC Infotech	PE	20		5941		0.5	10
Business Value						17.5	448
Cash and Invst			378901				30
Total Value/share							478

Source: PL

Strong growth in Staples, Biscuits, Noodles, Beverages, Dairy, Agarbatti and premium Soaps. Education & Stationery Products Business continued to witness strong traction

FMCG saw strong traction in both traditional and emerging channels (viz. MT, e-Comm and Quick Commerce)

Hotels occupancy moderated on a high base due to relatively fewer wedding dates during the quarter and pre-planned renovations

Paperboard segment saw subdued demand conditions (domestic and exports), low priced Chinese supplies in global markets, sharp reduction in global pulp prices and high-base effect weigh on the segment

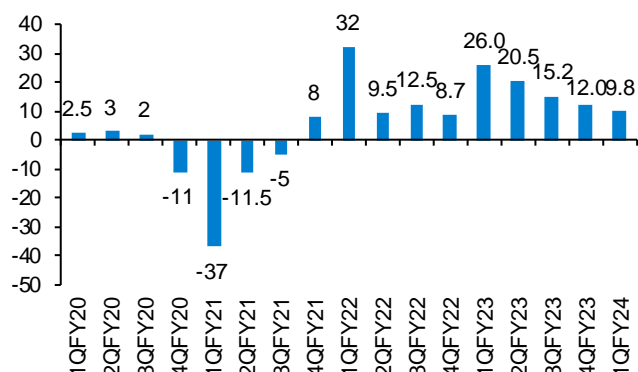
Strong customer relationships and agile execution in Leaf Tobacco & Value Added Agri products drive growth and margins

Exhibit 5: Cigarette volumes grew 9.8%, FMCG margins at 8.3%

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Cigarette Volume gr %	8.7	26.0	20.5	15.2	12.0	9.8
Sales (INR m)	175,241	213,555	186,591	182,713	188,821	210,576
Cigarettes	64,434	66,090	69,538	72,882	73,558	74,653
FMCG	41,420	44,514	48,848	48,414	49,450	51,660
Hotels	3,896	5,550	5,360	7,124	7,817	6,002
Agri business	43,663	74,730	39,970	31,238	35,786	57,054
Paper and packaging	21,828	22,672	22,876	23,055	22,210	21,208
Sales growth (YoY)	17.9	45.8	28.0	2.6	7.7	-1.4
Cigarettes	10.0	29.0	23.3	16.7	14.2	13.0
FMCG	12.3	19.5	21.0	18.4	19.4	16.1
Hotels	35.4	336.2	81.8	50.5	100.6	8.1
Agri business	29.6	82.7	44.0	(37.1)	(18.0)	(23.7)
Paper and packaging	31.8	43.3	25.0	12.7	1.8	(6.5)
EBIT (INR m)	50,097	54,020	58,088	61,116	61,424	60,466
Cigarettes	41,143	41,889	44,293	46,197	46,891	46,561
FMCG	2,360	2,039	3,206	3,481	5,016	4,309
Hotels	(342)	1,122	840	1,462	1,996	1,312
Agri business	2,440	2,840	3,452	3,915	3,071	3,560
Paper and packaging	4,497	6,130	6,298	6,062	4,450	4,725
EBIT growth (YoY)	15.7	41.0	28.7	22.6	22.6	11.9
Cigarettes	12.2	30.1	23.6	16.9	14.0	11.2
FMCG	25.1	17.6	17.9	43.9	112.6	111.3
Hotels	NA	NA	NA	189.1	NA	17.0
Agri business	28.5	45.1	16.6	32.6	25.9	25.3
Paper and packaging	39.1	56.0	54.0	35.2	(1.0)	(22.9)
EBIT Margin (%)						
Cigarettes	63.9	63.4	63.7	63.4	63.7	62.4
FMCG	5.7	4.6	6.6	7.2	10.1	8.3
Hotels	(8.8)	20.2	15.7	20.5	25.5	21.9
Agri business	5.6	3.8	8.6	12.5	8.6	6.2
Paper and packaging	20.6	27.0	27.5	26.3	20.0	22.3

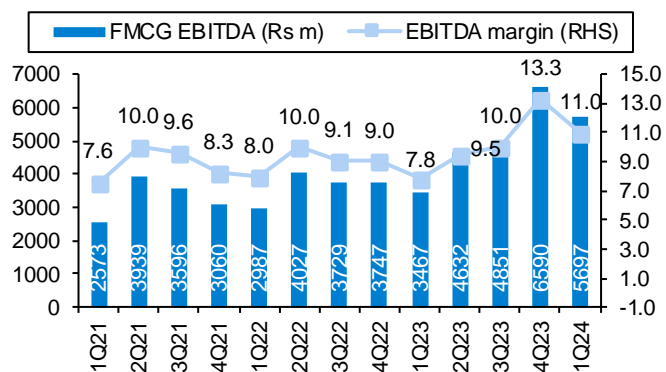
Source: Company, PL

Exhibit 6: Cigarette Volumes up 9.8%



Source: Company, PL

Exhibit 7: Margins at 11.0%, Margins increase by 324bps YoY



Source: Company, PL

- Cigarette volumes grew 9.8%; EBIT up 11.0%:** Revenues grew by 13% YoY to Rs74.7bn; EBIT grew by 11% YoY to 46.6bn. Margins contracted by 101bps YoY/138bps QoQ to 62.4%. Several differentiated variants launched recently continue to perform well. Market standing reinforced by fortifying the product portfolio. Relative stability in taxes, backed by deterrent actions by enforcement agencies, enables continued volume recovery from illicit trade.
- FMCG EBITDA margins increase 324bps YoY:** Revenues grew by 16.1% YoY to Rs51.7bn; EBIT grew by 111% YoY to 4.3bn. Margins expanded by 376bps YoY but contracted 180bps QoQ to 8.3%. EBITDA margin up 324bps YoY to 11.0%. Strong traction witnessed in both traditional and emerging channels (viz. MT, e-Comm, Quick Comm). Strong growth in Staples, Biscuits, Noodles, Beverages, Dairy, Agarbatti and premium Soaps. Education & Stationery Products Business continued to witness strong traction. Margin expansion driven by multi-pronged interventions viz. premiumisation, supply chain optimisation, judicious pricing actions, digital initiatives, strategic cost management and fiscal incentives.
- Hotels Revenues up 8.1% YoY:** Revenues grew by 8.1% YoY to Rs6bn; EBIT grew by 17% YoY to 1.3bn. Margins expanded by 165bps YoY but contracted by 367bps QoQ to 21.9% led by strong growth in ARR's. Occupancy moderated on a high base due to relatively fewer wedding dates and pre-planned renovations. Hotel outlook remains very positive.
- Paperboards, Paper & Packaging:** Revenues declined by 6.5% YoY to Rs21.2bn; EBIT declined by 23% YoY to 4.7bn. Margins contracted by 476bps YoY but expanded by 224bps QoQ to 22.3%. Subdued demand conditions (domestic and exports), low priced Chinese supplies in global markets, sharp reduction in global pulp prices and high-base effect weigh on the segment.
- Agri Business:** Agri Revenues declined by 23.7% YoY to Rs57.1bn; EBIT grew by 25% YoY to 3.6bn. Margins expanded by 244bps YoY but contracted 234bps QoQ to 6.2%. Strong customer relationships and agile execution in Leaf Tobacco & Value Added Agri products drive growth and margins.

Exhibit 8: Cigarettes and FMCG to drive growth over FY23-25

	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Sales (Rs m)						
Cigarettes	201,439	182,663	2,09,598	2,39,988	285,091	305,332
FMCG	128,137	147,086	1,59,648	1,91,225	216,967	246,330
Hotel	18,234	6,236	12,793	25,850	28,014	30,707
Agri	102,407	125,822	1,61,961	1,81,723	182,017	201,496
Paper and Paperboard	61,072	56,186	76,416	90,814	97,748	104,471
Sales Growth (%)						
Cigarettes	1.2	(9.3)	14.7	19.7	10.5	7.1
FMCG	2.6	14.8	8.5	19.6	13.9	13.5
Hotel	10.6	(65.8)	105.2	101.2	14.3	9.6
Agri	9.0	22.9	28.7	12.2	(2.2)	10.7
Paper and Paperboard	4.2	(8.0)	36.0	18.8	1.7	6.9
EBIT (Rs m)						
Cigarettes	148,526	127,204	1,48,691	1,79,271	203,713	222,193
FMCG	4,231	8,327	9,232	13,742	16,273	19,706
Hotel	1,578	(5,349)	-1,831	5,419	7,003	8,291
Agri	7,889	8,207	10,312	13,277	13,651	15,112
Paper and Paperboard	13,053	10,987	17,000	22,940	22,482	23,506
EBIT Margin (%)						
Cigarettes	73.7	62.6	63.4	74.7	64.5	65.5
FMCG	3.3	5.7	5.8	7.2	7.5	8.0
Hotel	8.7	-85.8	-14.3	21.0	25.0	27.0
Agri	7.7	6.5	6.4	7.3	7.5	7.5
Paper and Paperboard	21.4	19.6	22.2	25.3	23.0	22.5
EBIT Growth (%)						
Cigarettes	2.1	-14.4	16.9	20.6	13.0	9.1
FMCG	9.5	96.8	10.9	48.8	37.8	21.1
Hotel	-11.2	-439.1	-65.8	NA	42.9	18.4
Agri	1.6	4.0	25.6	28.8	7.8	10.7
Paper and Paperboard	5.3	-15.8	54.7	34.9	-10.0	4.6

Source: Company, PL

Exhibit 9: ITC Infotech – Revenues up 12%, EBITDA down 4% YoY

(INR m)	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
ITC Infotech	6,560	6,960	7,490	7,360	6,720	7,510	8,210	8,720	8770	8,380
Sales growth (YoY)		21	26	17	2	8	10	18	31	12
EBITDA	1,960	1,960	2,110	1,920	1,180	1,190	1,350	1,660	1,580	1,140
EBITDA growth (YoY)		79	50	12	-40	-39	-36	(14)	34	(4)
Margin (%)	29.9	28.2	28.2	26.1	17.6	15.8	16.4	19.0	18.0	13.6

Source: Company, PL

Exhibit 10: Leveraging enterprise strengths in Agri, Food and Hospitality

Millets: The humble Superfood

Good-For-You millet based product portfolio

Finest culinary experience with Millets @ ITC Hotels

EMPOWER

Empowering Farmers

Powering an agri-value chain, anchored by ITCMAARS

Source: PL, Company

Exhibit 11: Creation of a future ready portfolio

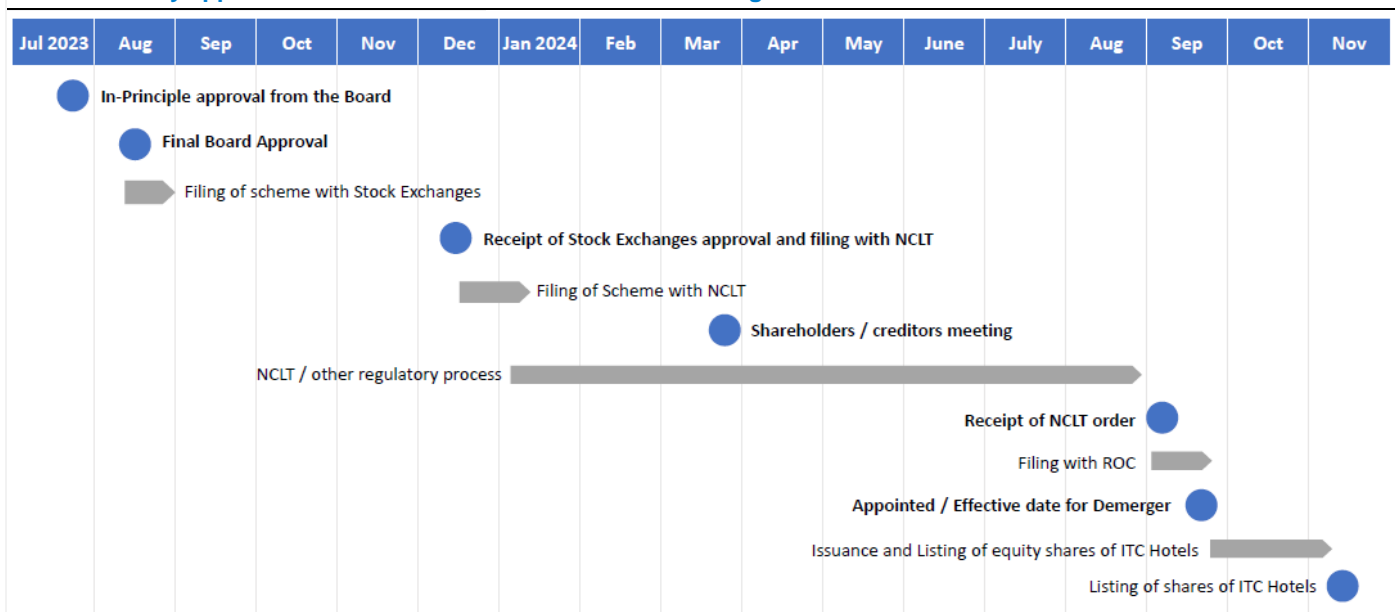
<p>Tedhe Medhe Potato Chips Chatpata Twist Chilli Charged</p>	<p>Aashirvaad Namma Chakki M.P. Chakki Atta Freshly Ground Customised 100% Madhya Pradesh Wheat</p>	<p>Dark Fantasy Dairy Beverages Choco Nut Shake Café Mocha</p>	<p>Sunfeast Rose Milk & Badam Milk Goodness of Milk</p>	<p>Sunrise Rajshahi & Haah Salkumura Garam Masala Duck Curry Masala</p>	
<p>All Rounder Sweet & Salty</p>	<p>Engage L'amante Luxury Perfume Spray with Eco-Friendly Propellant</p>	<p>Fima Golden Sandalwood Oil & Patchouli</p>	<p>Dazzle Premium Match Sticks</p>	<p>Anushri Aqua & Woody Agarbatti Refreshing & Exotic fragrances</p>	

Source: PL, Company

Exhibit 12: Share entitlement ratio for Hotels shares

Particulars	Reference	Value
Total no. of equity shares of ITC Hotels (pre demerger)	A	83 cr.
Equity stake of ITC in ITC Hotels (post demerger)	B	40%
Total no. of equity shares of ITC Hotels (post demerger)	$C = (A/B)$	208 cr.
No. of equity shares of ITC Hotels to be issued to ITC's shareholders	$D = C - A$	125 cr.
Total no. of equity shares of ITC	E	1246.5 cr.
Number of ITC shares against which 1 share of ITC Hotels will be issued (rounded off)	E/D	10

Source: Company, PL

Exhibit 13: Key approvals and indicative timelines for Hotel listing


Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Revenues	5,63,413	6,60,433	7,25,509	7,93,354
YoY gr. (%)	23.9	17.2	9.9	9.4
Cost of Goods Sold	2,62,325	2,88,802	3,16,652	3,46,870
Gross Profit	3,01,087	3,71,631	4,08,856	4,46,484
Margin (%)	53.4	56.3	56.4	56.3
Employee Cost	30,620	35,695	39,528	43,219
Other Expenses	40,728	48,183	51,440	54,642
EBITDA	1,89,337	2,39,445	2,65,073	2,92,833
YoY gr. (%)	22.0	26.5	10.7	10.5
Margin (%)	33.6	36.3	36.5	36.9
Depreciation and Amortization	16,523	16,627	17,675	19,058
EBIT	1,72,814	2,22,817	2,47,398	2,73,776
Margin (%)	30.7	33.7	34.1	34.5
Net Interest	420	418	471	471
Other Income	25,900	24,376	30,754	30,809
Profit Before Tax	1,98,294	2,46,775	2,77,682	3,04,114
Margin (%)	35.2	37.4	38.3	38.3
Total Tax	47,717	59,971	68,588	75,116
Effective tax rate (%)	24.1	24.3	24.7	24.7
Profit after tax	1,50,577	1,86,804	2,09,095	2,28,998
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,50,577	1,86,804	2,09,095	2,28,998
YoY gr. (%)	15.5	24.1	11.9	9.5
Margin (%)	26.7	28.3	28.8	28.9
Extra Ord. Income / (Exp)	-	729	-	-
Reported PAT	1,50,577	1,87,533	2,09,095	2,28,998
YoY gr. (%)	15.5	24.5	11.5	9.5
Margin (%)	26.7	28.4	28.8	28.9
Other Comprehensive Income	-	293	-	-
Total Comprehensive Income	1,50,577	1,87,826	2,09,095	2,28,998
Equity Shares O/s (m)	12,323	12,428	12,442	12,456
EPS (Rs)	12.2	15.0	16.8	18.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Non-Current Assets				
Gross Block	3,04,561	3,29,004	3,59,204	3,89,404
Tangibles	2,82,197	3,06,110	3,36,110	3,66,110
Intangibles	22,363	22,894	23,094	23,294
Acc: Dep / Amortization	85,016	1,00,043	1,16,510	1,34,422
Tangibles	82,725	97,522	1,13,575	1,31,067
Intangibles	2,291	2,520	2,936	3,355
Net fixed assets	2,19,544	2,28,962	2,42,694	2,54,982
Tangibles	1,99,472	2,08,588	2,22,535	2,35,043
Intangibles	20,072	20,374	20,159	19,939
Capital Work In Progress	24,423	16,815	25,000	25,000
Goodwill	5,772	5,772	5,772	5,772
Non-Current Investments	1,56,624	1,63,676	1,69,424	1,82,036
Net Deferred tax assets	(16,671)	(16,211)	(15,401)	(14,631)
Other Non-Current Assets	35,142	55,359	58,881	59,635
Current Assets				
Investments	1,16,250	1,63,571	1,65,885	1,96,909
Inventories	99,978	1,05,939	1,17,869	1,28,883
Trade receivables	19,525	23,213	25,538	27,925
Cash & Bank Balance	38,779	38,313	28,143	26,544
Other Current Assets	11,952	13,881	15,236	16,660
Total Assets	7,50,925	8,22,618	8,62,622	9,33,746
Equity				
Equity Share Capital	12,323	12,428	12,442	12,456
Other Equity	6,01,672	6,63,510	6,83,413	7,41,649
Total Network	6,13,996	6,75,938	6,95,856	7,54,105
Non-Current Liabilities				
Long Term borrowings	45	33	-	-
Provisions	1,869	2,018	2,442	2,670
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	0	0	0	0
Trade payables	42,234	43,513	51,129	55,702
Other current liabilities	72,547	80,644	93,665	1,02,415
Total Equity & Liabilities	7,50,925	8,22,618	8,62,622	9,33,747

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	1,98,294	2,46,416	2,77,682	3,04,114
Add. Depreciation	16,523	16,720	17,675	19,058
Add. Interest	420	471	471	471
Less Financial Other Income	25,900	24,376	30,754	30,809
Add. Other	(16,736)	(19,927)	(4,080)	(1,471)
Op. profit before WC changes	1,98,500	2,43,679	2,91,747	3,22,171
Net Changes-WC	21,462	(35,308)	21,263	(33,211)
Direct tax	(47,717)	(59,953)	(68,588)	(75,116)
Net cash from Op. activities	1,72,245	1,48,419	2,44,423	2,13,843
Capital expenditures	(18,318)	(18,529)	(39,592)	(31,346)
Interest / Dividend Income	-	-	-	-
Others	(27,199)	(7,062)	(5,747)	(12,610)
Net Cash from Inv. activities	(45,517)	(25,591)	(45,339)	(43,957)
Issue of share cap. / premium	5,692	11,652	3,457	(2,778)
Debt changes	(7)	(13)	(33)	-
Dividend paid	(1,32,320)	(1,36,172)	(1,92,634)	(1,67,970)
Interest paid	(420)	(471)	(471)	(471)
Others	14	266	266	248
Net cash from Fin. activities	(1,27,040)	(1,24,738)	(1,89,414)	(1,70,971)
Net change in cash	(312)	(1,910)	9,669	(1,084)
Free Cash Flow	1,53,927	1,29,890	2,04,830	1,82,497

Source: Company Data, PL Research

Quarterly Financials (Rs m)

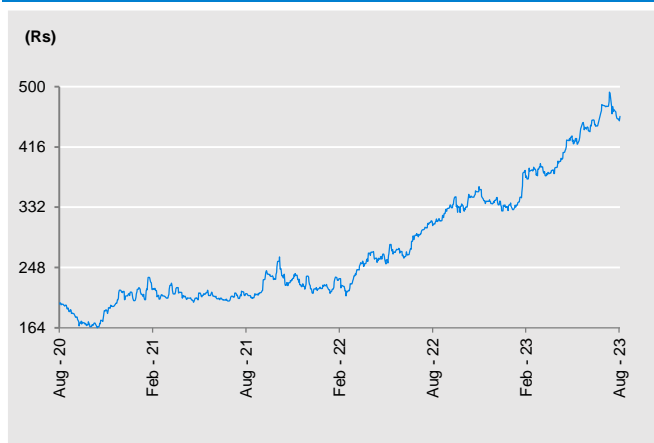
Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Net Revenue	1,61,299	1,62,257	1,63,980	1,58,282
YoY gr. (%)	26.7	2.3	5.6	(8.5)
Raw Material Expenses	69,380	66,712	67,941	64,155
Gross Profit	91,919	95,545	96,038	94,127
Margin (%)	57.0	58.9	58.6	59.5
EBITDA	58,643	62,232	62,094	62,501
YoY gr. (%)	27.1	22.0	18.9	10.7
Margin (%)	36.4	38.4	37.9	39.5
Depreciation / Depletion	4,220	4,072	4,219	4,025
EBIT	54,423	58,160	57,875	58,476
Margin (%)	33.7	35.8	35.3	36.9
Net Interest	107	102	118	107
Other Income	5,069	8,717	7,463	7,087
Profit before Tax	59,385	66,775	65,219	65,456
Margin (%)	36.8	41.2	39.8	41.4
Total Tax	14,725	16,465	15,079	16,429
Effective tax rate (%)	24.8	24.7	23.1	25.1
Profit after Tax	44,661	50,310	50,140	49,027
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	44,661	50,310	50,140	49,027
YoY gr. (%)	20.8	21.0	19.6	17.6
Margin (%)	27.7	31.0	30.6	31.0
Extra Ord. Income / (Exp)	-	-	729	-
Reported PAT	44,661	50,310	50,869	49,027
YoY gr. (%)	20.8	21.0	21.4	17.6
Margin (%)	27.7	31.0	31.0	31.0
Other Comprehensive Income	5,301	(373)	(1,279)	4,230
Total Comprehensive Income	49,962	49,938	49,590	53,257
Avg. Shares O/s (m)	12,309	12,309	12,309	12,309
EPS (Rs)	3.6	4.1	4.1	4.0

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY22	FY23	FY24E	FY25E
Per Share(Rs)				
EPS	12.2	15.0	16.8	18.4
CEPS	13.6	16.4	18.2	19.9
BVPS	49.8	54.4	55.9	60.5
FCF	12.5	10.5	16.5	14.7
DPS	11.1	15.5	13.5	15.0
Return Ratio(%)				
RoCE	28.7	34.5	36.1	37.8
ROIC	29.0	35.9	37.0	38.5
RoE	25.0	29.0	30.5	31.6
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	50	47	46	47
Valuation(x)				
PER	36.8	29.9	26.7	24.4
P/B	9.0	8.3	8.0	7.4
P/CEPS	13.6	16.4	18.2	19.9
EV/EBITDA	28.4	22.5	20.4	18.3
EV/Sales	9.6	8.1	7.4	6.8
Dividend Yield (%)	2.5	3.5	3.0	3.3

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	28-Jul-23	Accumulate	478	465
2	06-Jul-23	Accumulate	455	474
3	18-May-23	Accumulate	455	420
4	11-Apr-23	Accumulate	444	389
5	03-Feb-23	Accumulate	438	381
6	06-Jan-23	Accumulate	365	335
7	20-Oct-22	Accumulate	365	350
8	04-Oct-22	Accumulate	340	324

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Hold	3,527	3,400
2	Avenue Supermarts	BUY	4,574	3,678
3	Britannia Industries	Hold	4,500	4,670
4	Colgate Palmolive	Hold	1,869	1,898
5	Dabur India	Accumulate	600	555
6	Emami	Accumulate	517	460
7	Hindustan Unilever	Hold	2,775	2,700
8	ITC	Accumulate	478	465
9	Jubilant FoodWorks	Hold	490	476
10	Kansai Nerolac Paints	Accumulate	351	327
11	Marico	Hold	581	574
12	Mold-tek Packaging	Hold	956	1,003
13	Nestle India	Accumulate	23,585	22,325
14	Pidilite Industries	Hold	2,610	2,545
15	Restaurant Brands Asia	Accumulate	142	117
16	Titan Company	Accumulate	3,240	2,977
17	Westlife Foodworld	Accumulate	932	898

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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