

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR449 **TP: INR535 (+19%)** **Buy**

Cigarettes volume growth continues

- ITC reported healthy cigarette volume growth of ~8% in 1QFY24 vs. our estimate of 5%. The 3-year/4-year average volume CAGRs stood at 21.7%/7.0%, indicating strong demand momentum. With no material increase in Cigarette GST/National Calamities Duty, the volume growth outlook remains healthy.
- Unlike its staple peers, ITC has consistently posted impressive performance in the Other FMCG business (16% revenue growth and margin improvement despite elevated RM costs compared to pre-pandemic levels).
- The Agri business faced setbacks due to export restrictions, while the Paper segment was affected by demand issues, competition from China, lower pulp prices, and higher input costs. However, the Hotels segment reported a robust performance. We maintain **BUY** on ITC as we believe its earnings visibility remains better than peers'.



Bloomberg	ITC IN
Equity Shares (m)	12259
M.Cap.(INRb)/(USDb)	5596.1 / 67.5
52-Week Range (INR)	500 / 307
1, 6, 12 Rel. Per (%)	-4/8/36
12M Avg Val (INR M)	4715

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	660.4	727.2	806.6
Sales Gr. (%)	17.2	10.1	10.9
EBITDA	239.8	272.6	306.6
EBITDA Mrg. %	36.3	37.5	38.0
Adj. PAT	186.8	211.6	240.9
Adj. EPS (INR)	15.1	17.0	19.4
EPS Gr. (%)	23.5	12.8	13.8
BV/Sh.(INR)	54.4	57.3	60.5

Ratios

RoE (%)	29.0	30.5	32.9
RoCE (%)	28.2	29.8	32.2
Payout (%)	102.7	85.0	85.0

Valuations

P/E (x)	29.9	26.4	23.2
P/BV (x)	8.3	7.8	7.4
EV/EBITDA (x)	21.4	18.8	16.6
Div. Yield (%)	3.5	3.2	3.7

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	0.0	0.0	0.0
DII	67.9	71.2	42.8
FII	17.7	14.3	12.8
Others	14.4	14.5	44.5

FII Includes depository receipts

Sales disappoint; Cigarette EBIT up 11.2%

- **Net revenue declined 8.5% YoY to INR158.3b (est. INR181.4b)**, EBITDA grew 10.7% YoY to INR62.5b (est. INR68.1b), PBT rose 18.2% YoY to INR65.5b (est. INR68.9b), and adj. PAT grew 17.6% YoY to INR49.0b (est. INR51.8b).
- **Gross margin expanded ~850bp YoY to 59.5%** (est. 58.1%), while EBITDA margin expanded ~680bp YoY to 39.5% (est. 37.2%).
- **Cigarette volumes are likely to have increased ~8% YoY in 1QFY24** (est. +5%). Net cigarette sales grew 12.6% YoY to INR63.0b (est. INR57.1b). Net cigarette EBIT margin contracted 120bp YoY to 73.9%.
- **FMCG-Others** sales grew 16.1% YoY to INR51.7b. EBIT more than doubled YoY to INR4.3b in 1QFY24.
- **Hotels business** sales grew 8.1% YoY to INR6.0b. The segmental EBIT grew 17% YoY to INR1.3b, while EBIT margin expanded by 170bp YoY to 21.9%.
- **Agri business** sales declined 23.7% YoY to INR57.0b. The segment recorded 25.3% YoY growth in EBIT to INR3.6b, while EBIT margin expanded by 240bp YoY to 6.2%.
- **Paperboards** sales declined 6.5 YoY at INR21.2b. EBIT declined 22.9% YoY to 4.7b, while EBIT margin contracted 480bp YoY to 22.3%.

Valuation and view

- Changes to our model have resulted in a 2.4%/2.5% decrease in our FY24/FY25 EPS estimates due to persistent challenges in the Agri and Paper businesses. With the Cigarettes business likely to contribute ~80% to ITC's overall EBIT, there was no significant decline in earnings.
- ITC demonstrated healthy ~23.5% EPS growth in FY23 and we expect an EPS CAGR of ~14% over the next two years as well. ITC's earnings outlook is better than other large-cap staples players in FY25 and in terms of a two-year CAGR ending FY24.
- At a time when uncertainty looms over the industry, led by high inflation, unpredictable monsoons and continued weak rural sales, ITC's recovery in Cigarette volumes offer decent earnings visibility at reasonable valuations and attractive dividend yield. **We maintain our BUY rating with a TP of INR535, based on 28x FY25E EPS.**

Pratik Bipinchandra Prajapati – Research Analyst (pratik.prajapati@motilaloswal.com)

Tanu Jindal – Research Analyst (Tanu.Jindal@MotilalOswal.com)

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.

Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Est. cigarette vol. gr. (%)	26.0	21.0	15.0	12.0	8.0	9.0	11.0	18.0	18.5	11.5	5.0	
Net Sales	172.9	161.3	162.3	164.0	158.3	178.9	186.1	203.9	660.4	727.2	182.8	-13.4%
YoY change (%)	41.5	26.7	2.3	5.6	-8.5	10.9	14.7	24.3	17.2	10.1	5.8	
Gross Profit	88.1	91.9	95.5	96.0	94.1	103.4	109.2	117.3	362.2	424.1	106.3	
Margin (%)	51.0	57.0	58.9	58.6	59.5	57.8	58.7	57.5	54.8	58.3	58.1	
EBITDA	56.5	58.6	62.2	62.1	62.5	66.1	69.2	74.8	239.8	272.6	68.1	-8.2%
Growth (%)	41.5	27.1	22.0	18.9	10.7	12.7	11.2	20.5	26.5	13.7	20.6	
Margins (%)	32.7	36.4	38.4	37.9	39.5	36.9	37.2	36.7	36.3	37.5	37.2	
Depreciation	4.1	4.2	4.1	4.2	4.0	4.9	4.7	5.1	16.6	18.7	4.7	
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.7	0.8	0.1	
Other Income	3.1	5.1	8.7	7.5	7.1	6.8	6.5	6.4	24.4	26.8	5.6	
PBT	55.4	59.4	66.8	65.2	65.5	67.9	70.9	75.6	246.8	279.9	68.9	-5.1%
Tax	13.7	14.7	16.5	15.1	16.4	16.8	17.4	17.7	60.0	68.3	17.1	
Rate (%)	24.7	24.8	24.7	23.1	25.1	24.7	24.5	23.4	24.3	24.4	24.8	
Adj PAT	41.7	44.7	50.3	50.1	49.0	51.1	53.5	57.9	186.8	211.6	51.8	-5.4%
YoY change (%)	38.4	20.8	21.0	19.6	17.6	14.5	6.4	15.5	24.1	13.3	24.3	

E: MOFSL estimate;

Key Performance Indicators

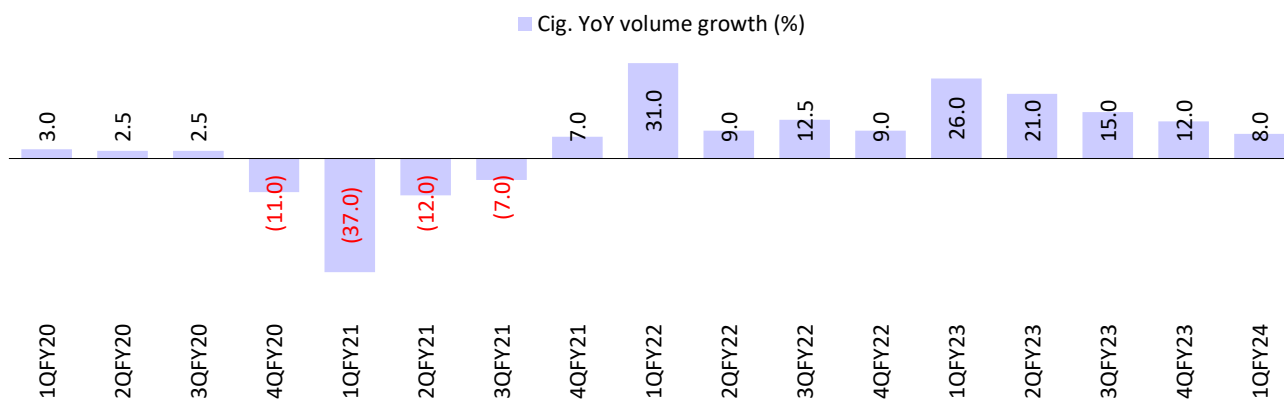
Y/E March	FY23				FY24
	1Q	2Q	3Q	4Q	
Cig Realization Gr %	1.4	1.9	2.9	0.6	2.9
2Y average growth %					
Cig Volumes	28.5	15.0	13.8	10.5	17.0
Sales	39.3	19.6	17.4	11.2	16.5
EBITDA	46.2	20.0	20.1	17.8	26.1
PAT	33.5	17.2	16.9	15.7	28.0
% sales					
COGS	49.0	43.0	41.1	41.4	40.5
Others	18.3	20.6	20.5	20.7	20.0
Depreciation	2.4	2.6	2.5	2.6	2.5
YoY change %					
COGS	46.5	27.4	-13.6	-6.7	-24.3
Others	29.8	24.6	9.6	12.2	-0.1
Other income	-27.1	-25.1	7.6	10.7	126.7
EBIT	45.6	29.2	23.9	21.1	11.7

E: MOFSL estimate

Cigarette volumes likely to have grown ~8% YoY in 1QFY24

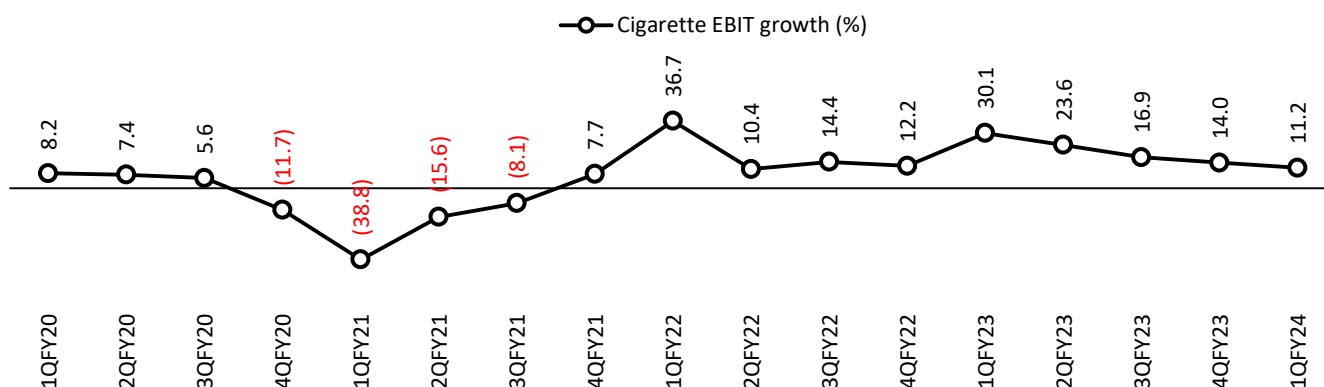
- ITC’s net Cigarette revenue grew 12.9% YoY to INR63b, with likely volume growth of ~8% YoY on a base of 26% growth. Average three-year volume growth was 21.7% in 1QFY24.
- The primary focus is on innovating products, making premium experiences accessible across different segments, and improving product availability.
- ITC's recent additions to portfolio include Classic Alphatec, American Club NY cool & LA Twist, Classic verve balanced taste, American club smash, Players Klov, Players Rush, and GF Glostar.
- Steady cigarette taxes, coupled with strong enforcement measures, have aided the legal cigarette industry in reclaiming some volumes lost to illicit trade.
- EBIT in Cigarettes grew 11.2% YoY to INR46.6b. Net EBIT margin for the segment contracted ~120bp YoY to 73.9% in 1QFY24.

Exhibit 1: Cigarette volumes likely up ~8% YoY in 1QFY24



Source: Company, MOFSL

Exhibit 2: Cigarette EBIT up 11.2% YoY to INR46.6b in 1QFY24



Source: Company, MOFSL

Exhibit 3: Cigarette sales salience is stable at 31.7% QoQ

Revenue contribution (%)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24
Cigarettes	28.5	34.2	37.2	35.7	31.5	35.0	31.4	33.4	27.4	33.6	36.3	35.2	31.7
FMCG - Others	29.5	30.0	29.6	26.3	26.8	29.3	24.2	24.9	21.9	27.7	28.1	27.8	26.0
Hotels	0.2	0.6	1.9	2.1	0.9	2.1	2.8	2.3	2.7	3.0	4.1	4.4	3.0
Agri. business	32.8	23.6	19.6	24.1	29.4	20.2	29.4	26.3	36.8	22.7	18.1	20.1	28.7
Paper and Packaging	9.0	11.5	11.7	11.8	11.4	13.3	12.1	13.1	11.2	13.0	13.4	12.5	10.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, MOFSL

FMCG – Others: Strong growth in overall portfolio

- Segmental sales grew 16.1% YoY to INR51.7b, while segmental EBIT doubled YoY to INR4.3b in 1QFY24. EBIT margin expanded 380bp YoY to 8.3%.
- The segment achieved EBITDA of INR5.7b, with a margin of 11.0%, marking a 325bp increase YoY.
- Overall, input costs remained higher compared to pre-pandemic levels, although certain commodities experienced price moderation due to a strong previous year base.
- Growth was broad-based across urban and rural markets, driven by deep consumer understanding, purpose-driven innovation, elevated product mix, expanding distribution reach, and leveraging digital strategies.
- With channel-specific business plans, collaboration and format-based assortments, both traditional and emerging channels (viz. Modern Trade, e-Commerce, Quick Commerce) witnessed strong growth.
- Market coverage has been expanded by ~1.9x its previous level, rural stockiest network has tripled, the reach of direct outlets has grown by 1.2x, and the total outlets have increased by 1.1x compared to the pre-pandemic levels.
- Growth in branded packaged foods was led by staples, biscuits, noodles, beverages and dairy. Personal Wash products like 'Fiama' recorded healthy growth and recently launched 'Fiama Golden Sandalwood Oil & Patchouli' also received good response. It launched 'Engage L'amante Luxury Perfume Sprays' in the premium perfume space. Stationery also witnessed strong sales growth during the quarter.
- **Company eB2B platform- UNNATI** was rapidly scaled up covering nearly 5.7 lakhs outlets facilitating sharp and direct engagement with retailers, superior analytics and deeper brand engagement.
- **Channel performance:** ITC e-store, a D2C platform, is operational in 24,000+ pin codes and continues to receive excellent customer response. It has transformed its trade marketing and distribution network into a smart omni-channel network, including six D2C platforms.

Paperboards, Paper, and Packaging

- Paper and Paperboard sales declined 6.5% YoY to INR21.2b in 1QFY24. EBIT declined 22.9% YoY to 4.7b, while EBIT margin contracted 480bp YoY to 22.3%. A sharp increase in input costs (i.e., wood, coal) and lower realization exert pressure on margins.
- An integrated business model and strategic interventions in import pulp substitution, high Pressure Recovery Boiler, digital interventions and cost competitive fibre chain partially mitigated inflationary impacts.
- Segment revenue growth was impacted by a softening in pulp prices on a high base, low-priced Chinese supply in global markets and muted demand in EU, China and domestic markets.
- Capacity utilization at the Nadiad unit in Gujarat is being progressively scaled up.
- The décor and fine paper grades witnessed robust performance.
- Its subsidiary plans to set up a state-of-the-art premium moulded fibre products manufacturing facility in Badiyakhedi, Madhya Pradesh.

Agri Business

- In 1QFY24, revenue declined 23.7% YoY to INR57.1b, attributed to the ban on wheat and rice exports. It grew 31% YoY (ex-Wheat exports). The segment recorded 25.3% YoY growth in EBIT to INR3.6b, while EBIT margin expanded by 240bp YoY to 6.2%. This expansion was driven by growth in leaf tobacco exports and value-added agricultural products.
- The government implemented export restrictions on wheat and rice due to concerns related to inflation and food security.
- ITC's wholly owned subsidiary, ITC IndiVision Ltd, successfully completed trials and acquired necessary clearances for its state-of-the-art manufacturing and export facility for Nicotine & Nicotine Derivative products in Mysuru.
- The scaling up of ITCMAARS (Metamarket for Advanced Agriculture and Rural Services), a versatile 'phygital' AgriTech platform, includes over 1,150 Farmer Producer Organizations (FPOs) across nine states, engaging more than 740,000+ farmers. The platform's total app downloads have reached 6.3lacs.

Hotels

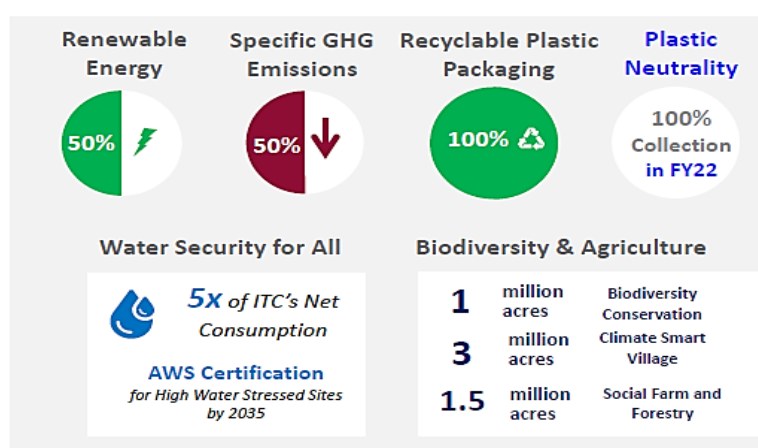
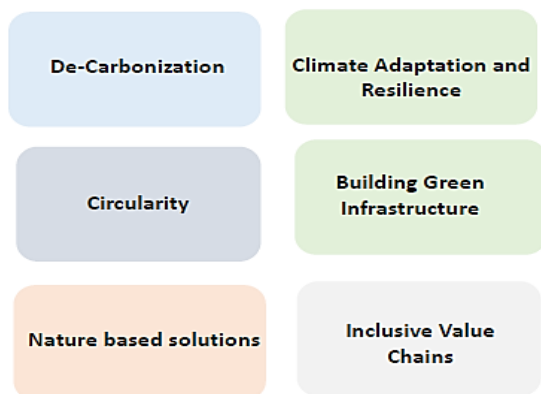
- Revenue grew 8.1% YoY to INR6.0b in 1QFY24. Segment EBITDA margin expanded 140bp YoY to 33.9%.
- Segmental EBIT grew 17% YoY to INR1.3b. This margin expansion was driven by higher RevPAR, operating leverage and structural cost interventions.
- Occupancy moderated from a high base due to fewer wedding dates during the quarter and pre-scheduled renovation activities.
- The ITC Hotels website and ITC Hotels App for Food Delivery, Room & Table Reservations, Loyalty Benefits, Exclusive Offers and more, continue to receive excellent responses and are being leveraged effectively to enhance guest engagement and enable revenue growth.
- In 1QFY24, six new properties were added to the group portfolio.
- **Hotel Demerger**
 - The management has indicated timelines for listing of the Hotel business in 15 months.
 - Existing ITC shareholders will hold 100% of Hotels Co, about 60% directly and balance of about 40% through their shareholding in ITC.
 - Share entitlement ratio is 1:10, means ITC shareholders will get 1 share of ITC hotel for every 10 shares held in ITC Ltd.
 - ITC also acquired 45.4% stake in international travel house Ltd and 25% from Russell credit Ltd in maharaja Heritage Resorts Ltd.

ITC Infotech

- ITC Infotech delivered revenue growth of 11.6% YoY to INR8.4b, while EBITDA declined 4.2% YoY to INR1.1b with EBITDA margin of ~13.6%.
- Investments are being made toward capability building in strategic focus areas and infrastructure.
- Its DXP service integration has been completed.
- It constantly increases total contract value by signing deals with a leading Fortune 500 client and a top-10 global hospitality chain.

Exhibit 4: ITC's contribution to sustainable development

Strategic Interventions to Combat Climate Change



Proactively work towards achieving 'Net Zero' emission status

Source: Company Presentation

Key exhibits

Segmental Information	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Net sales (INR b)									
Cigarettes	43.8	48.2	53.0	55.5	55.8	59.2	62.5	62.5	63.0
FMCG - Others	37.3	40.4	40.9	41.4	44.5	48.8	48.4	49.4	51.7
Hotels	1.3	2.9	4.7	3.9	5.5	5.4	7.1	7.8	6.0
Agri business	40.9	27.8	49.6	43.7	74.7	40.0	31.2	35.8	57.1
Paper and packaging	15.8	18.3	20.5	21.8	22.7	22.9	23.1	22.2	21.2
Sales growth (YoY)									
Cigarettes	34.2	11.4	12.6	11.0	27.4	22.9	17.9	12.6	12.9
FMCG - Others	10.4	2.9	9.3	12.3	19.5	21.0	18.4	19.4	16.1
Hotels	463.5	259.6	101.3	35.4	336.2	81.8	50.5	100.6	8.1
Agri business	9.2	(7.0)	100.0	29.6	82.7	44.0	(37.1)	(18.0)	(23.7)
Paper and packaging	54.2	25.4	38.5	31.8	43.3	25.0	12.7	1.8	(6.5)
Volume growth (YoY)									
Cigarettes	31.0	9.0	12.5	9.0	26.0	21.0	15.0	12.0	10.0
EBIT (INR b)									
Cigarettes	32.2	35.8	39.5	41.1	41.9	44.3	46.2	46.9	46.6
FMCG - Others	1.7	2.7	2.4	2.4	2.0	3.2	3.5	5.0	4.3
Hotels	(1.5)	(0.5)	0.5	(0.3)	1.1	0.8	1.5	2.0	1.3
Agri business	2.0	3.0	3.0	2.4	2.8	3.5	3.9	3.1	3.6
Paper and packaging	3.9	4.1	4.5	4.5	6.1	6.3	6.1	4.5	4.7
EBIT growth (YoY)									
Cigarettes	36.7	10.4	14.4	12.2	30.1	23.6	16.9	14.0	11.2
FMCG - Others	38.3	(2.7)	1.1	25.1	17.6	17.9	43.9	112.6	111.3
Hotels	#	#	L/P	#	L/P	L/P	189.1	L/P	17.0
Agri business	9.5	15.7	50.6	28.5	45.1	16.6	32.6	25.9	25.3
Paper and packaging	145.3	23.8	57.3	39.1	56.0	54.0	35.2	(1.0)	(22.9)
EBIT margin (%)									
Cigarettes	73.5	74.4	74.5	74.2	75.1	74.8	73.9	75.1	73.9
FMCG - Others	4.7	6.7	5.9	5.7	4.6	6.6	7.2	10.1	8.3
Hotels	(119.0)	(16.3)	10.7	(8.8)	20.2	15.7	20.5	25.5	21.9
Agri business	4.8	10.7	6.0	5.6	3.8	8.6	12.5	8.6	6.2
Paper and packaging	24.8	22.4	21.9	20.6	27.0	27.5	26.3	20.0	22.3
EBIT margin change (%)									
Cigarettes	1.3	(0.6)	1.2	0.8	1.6	0.4	(0.6)	0.9	(1.2)
FMCG - Others	0.9	(0.4)	(0.5)	0.6	(0.1)	(0.2)	1.3	4.4	3.8
Hotels	955.3	209.3	39.3	5.2	139.2	32.0	9.8	34.3	1.7
Agri business	0.0	2.1	(2.0)	(0.0)	(1.0)	(2.0)	6.6	3.0	2.4
Paper and packaging	9.2	(0.3)	2.6	1.1	2.2	5.2	4.4	(0.6)	(4.8)

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.
- The first half witnessed modest growth, with sales, EBITDA, PBT, and PAT registering a 6-8% CAGR due to factors like increased taxation and the impact of GST.
- However, in the subsequent five years, the company experienced improvement, achieving a 10.1% CAGR in sales, 9% CAGR in EBITDA, and 11.6% CAGR in PAT. This growth in the latter period resulted in a stabilization of taxes, stemming from the progress observed in the preceding five years.

Our view

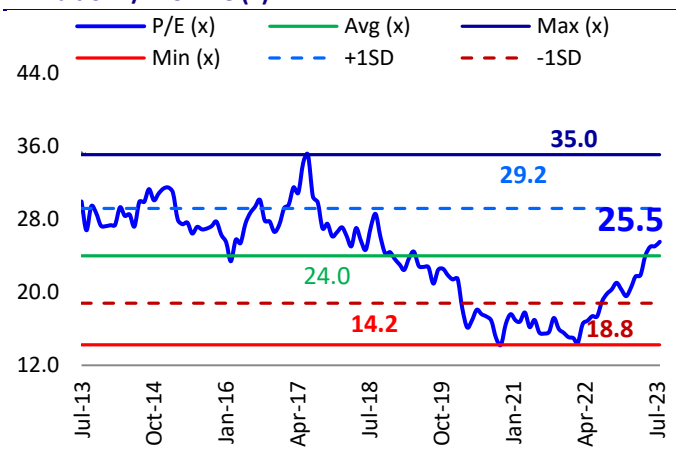
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- ITC demonstrated healthy ~23.5% EPS growth in FY23 and we expect an EPS CAGR of ~14% over the next two years as well. ITC’s earnings outlook is better than other large-cap staples players in FY25 as well as in terms of a two-year CAGR ending FY24.
- At a time when uncertainty looms over the industry, led by high inflation, unpredictable monsoons and continued weak rural sales, ITC’s recovery in Cigarette volumes offer decent earnings visibility at reasonable valuations and attractive dividend yield. We maintain our BUY rating with a TP of INR535, based on 28x FY25E EPS.

Exhibit 5: We revise our FY24E/FY25E EPS by -2.4%/-2.5%, respectively

	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	719.1	798.1	729.0	807.8	-1.4	-1.2
EBITDA	272.6	306.6	278.9	314.4	-2.3	-2.5
PAT	211.6	240.9	216.7	247.2	-2.4	-2.5

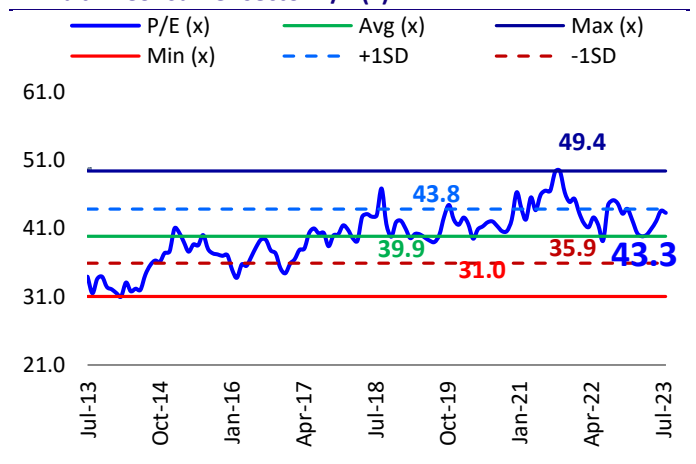
Source: Company, MOFSL

Exhibit 6: P/E for ITC (x)



Source: Bloomberg, MOFSL

Exhibit 7: Consumer sector P/E (x)



Source: Bloomberg, MOFSL

Financials and valuations

Income Statement							(INR b)	
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
Net Sales	402.5	444.3	451.4	451.1	557.0	652.7	719.1	798.1
Operational Income	3.7	5.6	4.8	3.7	6.4	7.7	8.1	8.5
Total Revenue	406.3	450.0	456.2	454.9	563.4	660.4	727.2	806.6
Change (%)	1.3	10.8	1.4	-0.3	23.9	17.2	10.1	10.9
Gross Profit	240.1	268.3	275.5	248.4	292.9	362.2	424.1	476.6
Margin (%)	59.1	59.6	60.4	54.6	52.0	54.8	58.3	59.1
Other operating expenditure	84.5	95.0	96.2	93.0	103.4	122.5	151.5	170.1
EBITDA	155.6	173.3	179.3	155.3	189.5	239.8	272.6	306.6
Change (%)	6.6	11.3	3.5	-13.4	22.0	26.5	13.7	12.5
Margin (%)	38.3	38.5	39.3	34.2	33.6	36.3	37.5	38.0
Depreciation	11.5	13.1	15.6	15.6	16.5	16.6	18.7	20.0
Int. and Fin. Charges	1.1	0.6	0.8	0.6	0.6	0.7	0.8	0.8
Other Inc. - Recurring	21.3	24.8	30.1	32.5	25.9	24.4	26.8	32.0
Profit before Taxes	164.4	184.4	193.0	171.6	198.3	246.8	279.9	317.8
Change (%)	6.0	12.2	4.6	-11.1	15.5	24.4	13.4	13.5
Margin (%)	40.5	41.0	42.3	37.7	35.2	37.4	38.5	39.4
Tax	56.0	58.5	44.4	40.4	48.3	60.3	68.3	76.9
Deferred Tax	0.3	1.3	-4.1	1.0	-0.6	-0.3	0.0	0.0
Tax Rate (%)	34.2	32.4	20.9	24.1	24.1	24.3	24.4	24.2
Profit after Taxes	108.1	124.6	152.7	130.3	150.6	186.8	211.6	240.9
Change (%)	6.0	15.3	22.5	-14.6	15.5	24.1	13.3	13.8
Margin (%)	26.6	27.7	33.5	28.7	26.7	28.3	29.1	29.9
Non-rec. (Exp)/Income	4.1	0.0	-1.3	0.0	0.0	0.7	0.0	0.0
Reported PAT	112.2	124.6	151.4	130.3	150.6	187.5	211.6	240.9

Balance Sheet							(INR b)	
Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
Share Capital	12.2	12.3	12.3	12.3	12.3	12.4	12.4	12.4
Reserves	501.8	567.2	628.0	577.7	601.7	663.5	699.2	739.4
Net Worth	514.0	579.5	640.3	590.0	614.0	675.9	711.7	751.8
Loans	0.1	0.0	3.3	3.3	3.1	3.2	2.8	2.8
Deferred Liability	19.2	20.4	16.2	17.3	16.7	16.2	16.2	16.2
Capital Employed	533.2	600.0	659.8	610.6	633.8	695.4	730.7	770.8
Gross Block	258.1	300.4	336.3	362.7	389.7	415.8	445.8	475.8
Less: Accum. Depn.	102.3	115.5	131.1	146.7	163.2	179.9	198.6	218.6
Net Fixed Assets	155.7	185.0	205.2	216.0	226.4	236.0	247.2	257.3
Capital WIP	50.2	33.9	27.8	33.3	24.7	17.0	17.0	17.0
Goodwill	0.0	0.0	0.0	5.8	5.8	5.8	5.8	5.8
Investments	234.0	265.8	306.3	270.0	272.8	327.2	317.9	330.1
Curr. Assets, L&A	183.9	213.3	213.1	190.8	221.2	236.7	296.3	334.6
Inventory	72.4	75.9	80.4	94.7	100.0	105.9	124.9	137.1
Account Receivables	23.6	36.5	20.9	20.9	19.5	23.2	33.5	37.2
Cash and Bank Balance	25.9	37.7	68.4	40.0	38.8	38.3	65.2	83.9
Others	62.0	63.3	43.3	35.1	63.0	69.2	72.7	76.3
Curr. Liab. and Prov.	90.6	98.0	92.6	105.2	117.1	127.2	153.5	168.0
Account Payables	33.8	33.7	34.5	41.2	42.2	43.5	61.7	67.3
Other Liabilities	56.7	64.3	58.1	64.0	74.9	83.7	91.8	100.7
Net Current Assets	93.4	115.3	120.5	85.6	104.1	109.5	142.7	166.5
Application of Funds	533.2	600.0	659.8	610.6	633.8	695.4	730.7	770.8

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
Basic (INR)								
EPS	8.9	10.2	12.4	10.6	12.2	15.1	17.0	19.4
Cash EPS	9.8	11.2	13.7	11.9	13.6	16.4	18.5	21.0
BV/Share	42.1	47.3	52.1	47.9	49.8	54.4	57.3	60.5
DPS	6.2	6.9	10.2	10.8	11.5	15.5	14.5	16.5
Payout %	68	68	82	102	94	103	85	85

Valuation (x)

P/E	50.7	44.2	36.1	42.4	36.7	29.9	26.4	23.2
Cash P/E	45.8	40.0	32.8	37.9	33.1	27.4	24.2	21.4
EV/Sales	13.0	11.7	11.4	11.5	9.3	7.9	7.1	6.4
EV/EBITDA	33.7	30.0	28.6	33.5	27.4	21.4	18.8	16.6
P/BV	10.7	9.5	8.6	9.4	9.0	8.3	7.8	7.4
Dividend Yield (%)	1.4	1.5	2.3	2.4	2.6	3.5	3.2	3.7

Return Ratios (%)

RoE	22.3	22.8	25.0	21.2	25.0	29.0	30.5	32.9
RoCE	21.6	22.1	24.3	20.6	24.3	28.2	29.8	32.2
RoIC	42.4	44.6	49.8	40.4	46.5	55.3	59.6	64.8

Working Capital Ratios

Debtor (Days)	21	25	23	17	13	12	14	16
Asset Turnover (x)	0.8	0.7	0.7	0.7	0.9	0.9	1.0	1.0

Cash Flow Statement

Y/E March	2018	2019	2020	2021	2022	2023	2024E	2025E
(INR b)								
OP/(loss) before Tax	168.5	184.4	191.7	171.6	198.3	247.5	279.9	317.8
Financial other income	7.2	8.1	13.1	17.0	13.9	8.6	26.8	32.0
Depreciation and Amort.	11.5	13.1	15.6	15.6	16.5	16.6	18.7	20.0
Interest Paid	-8.3	-12.1	-13.8	-11.8	-9.6	-13.9	0.8	0.8
Direct Taxes Paid	57.2	54.9	46.5	39.6	45.1	58.0	68.3	76.9
Incr in WC	-19.2	5.0	-4.2	3.9	-1.8	4.4	6.4	5.1
CF from Operations	126.5	117.5	138.1	114.9	148.1	179.1	197.9	224.6
Other items	-7.6	3.2	44.6	-30.8	12.4	5.3	40.2	13.5
Incr Decr in FA	25.5	27.6	21.1	15.8	16.7	18.1	30.0	30.0
Free Cash Flow	101.0	89.9	116.9	99.1	131.3	161.0	167.9	194.6
Pur of Investments	34.8	15.3	51.9	-87.0	11.6	39.5	-9.3	12.1
CF from Invest.	-67.8	-39.7	-28.4	40.4	-15.9	-52.3	19.5	-28.6
Issue of shares	9.1	9.7	6.3	2.9	2.9	24.8	3.0	3.0
Incr in Debt	-0.1	-0.1	-0.5	-0.5	-0.5	-0.5	-0.5	0.0
Net Interest Paid	0.5	0.9	0.5	0.4	0.4	0.4	0.8	0.8
Dividend Paid	57.7	62.9	84.2	186.2	135.5	151.5	192.6	179.8
Others	-11.1	-11.9	0.0	0.4	0.2	0.4	0.4	0.4
CF from Fin. Activity	-60.2	-66.0	-78.9	-183.8	-133.4	-127.3	-190.5	-177.3
Incr of Cash	-1.5	11.7	30.7	-28.4	-1.2	-0.5	26.9	18.7
Add: Opening Balance	27.5	25.9	37.7	68.4	40.0	38.8	38.3	65.2
Closing Balance	25.9	37.7	68.4	40.0	38.8	38.3	65.2	83.9

E: MOFSL Estimates

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NOTES

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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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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

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