

Estimate change 

TP change 

Rating change 

Bloomberg	ITC IN
Equity Shares (m)	12259
M.Cap.(INRb)/(USDb)	5616.9 / 67.5
52-Week Range (INR)	500 / 323
1, 6, 12 Rel. Per (%)	2/2/18
12M Avg Val (INR M)	4772

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	660.4	682.5	759.4
Sales Gr. (%)	17.2	3.3	11.3
EBITDA	239.8	261.1	297.0
EBITDA Mrg. %	36.3	38.3	39.1
Adj. PAT	186.8	206.3	236.6
Adj. EPS (INR)	15.1	16.6	19.0
EPS Gr. (%)	23.5	10.0	14.7
BV/Sh.(INR)	54.4	57.2	60.4

Ratios

RoE (%)	29.0	29.8	32.4
RoCE (%)	28.2	29.0	31.6
Payout (%)	102.7	85.0	85.0

Valuations

P/E (x)	29.9	27.1	23.6
P/BV (x)	8.3	7.9	7.5
EV/EBITDA (x)	21.5	19.7	17.2
Div. Yield (%)	3.4	3.1	3.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	0.0	0.0	0.0
DII	41.9	38.8	42.4
FII	43.4	46.8	42.7
Others	14.7	14.4	14.9

FII Includes depository receipts

CMP: INR450

TP: INR535 (+19%)

Buy

Delivers on expectation; competition intensifies in other FMCG businesses

- ITC's 2QFY24 results were in line with our estimates. The cigarette business posted ~4% YoY volume growth in 2QFY24 vs. our estimate of +6%. With no material increase in the Cigarette GST/National Calamities Duty, the volume growth outlook remains healthy. However, the near-term margin would remain under pressure due to cost inflation.
- ITC has posted only 8.3% revenue growth in the Other FMCG business due to subdued demand. It also faces heightened competition from local and regional players like the other large FMCG companies, in the backdrop of commodity price deflation.
- The Agri business, excluding wheat and rice exports, delivered a healthy performance driven by value-added agri and leaf tobacco. The Paper segment was hit by demand issues, competition from China, lower pulp prices, and higher input costs. However, there were signs of revival towards the end of the quarter. The Hotels segment reported a robust performance despite the flat occupancy YoY due to renovations and relatively smaller number of wedding dates.
- We retain our **BUY** rating on ITC as we believe its earnings visibility remains better than that of peers. Our **TP of INR535 is based on 28x FY25E EPS.**

Overall in-line results; cigarette volume likely to grow in mid-single digit

- **ITC's 2QFY24 net revenue grew 2.6% YoY to INR165.5b (est. INR168b).** EBITDA grew 3% YoY to INR60.4b (est. INR62.7b); PBT rose 9.7% YoY to INR65.1b (est. INR64.6b); while adj. PAT was up 10.3% YoY to INR49.3b (est. INR48.7b).
- **Gross margin expanded ~30bp YoY to 57.3%** (est. 57.8%) while the EBITDA margin remained flat at 36.5% (est. 37.3%).
- **Cigarette volumes likely to have increased ~4% YoY in 2QFY24** (est. +6%). Net Cigarette sales jumped 9.8% YoY to INR65b (est. INR65.2b). Net Cigarette EBIT margin contracted 120bp YoY to 73.5%.
- **FMCG-Others** sales grew 8.3% YoY to INR52.9b. EBIT jumped 36.8% YoY to INR4.4b in 2QFY24.
- **Hotels business** sales rose 21.2% YoY to INR6.5b. The segmental EBIT grew 49.8% YoY to INR1.3b, while EBIT margin expanded 370bp YoY to 19.4%.
- **Agri business** sales declined 1.7% YoY to INR39.3b. The segment posted 3.3% YoY growth in EBIT to INR3.6b, while EBIT margin was up 40bp YoY to 9.1%.
- **Paperboards** sales declined 9.5% YoY to INR20.7b. EBIT declined 49.9% YoY to 3.2b, while EBIT margin contracted 1,230bp YoY to 15.3%.
- **In 1HFY24**, net sales declined 3.1% YoY while EBITDA/adj. PAT growth stood at 6.8%/13.8% YoY, respectively.

Valuation and view

- There are no material changes to our EPS estimates for FY24 and FY25.
- ITC demonstrated a healthy ~23.5% EPS growth in FY23 and we expect an EPS CAGR of ~12% over the next two years as well. ITC's earnings outlook is better than other large-cap staple players in FY25 and also 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 offers 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.**

Quarterly Performance**(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E	FY22	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Est. cigarette vol. gr. (%)	26.0	21.0	15.0	12.0	8.0	4.0	7.0	6.0	18.5	6.3	6.0	
Net Sales	172.9	161.3	162.3	164.0	158.3	165.5	179.0	179.8	660.4	682.5	168.0	-1.5%
YoY change (%)	41.5	26.7	2.3	5.6	-8.5	2.6	10.3	9.6	17.2	3.3	4.2	
Gross Profit	88.1	91.9	95.5	96.0	94.1	94.9	105.2	105.1	362.2	399.3	97.0	
Margin (%)	51.0	57.0	58.9	58.6	59.5	57.3	58.8	58.5	54.8	58.5	57.8	
EBITDA	56.5	58.6	62.2	62.1	62.5	60.4	70.2	67.9	239.8	261.1	62.7	-3.6%
Growth (%)	41.5	27.1	22.0	18.9	10.7	3.0	12.8	9.4	26.5	8.9	6.9	
Margins (%)	32.7	36.4	38.4	37.9	39.5	36.5	39.2	37.8	36.3	38.3	37.3	
Depreciation	4.1	4.2	4.1	4.2	4.0	4.1	4.5	4.4	16.6	17.0	4.7	
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7	0.8	0.1	
Other Income	3.1	5.1	8.7	7.5	7.1	9.0	6.5	8.5	24.4	31.1	6.8	
PBT	55.4	59.4	66.8	65.2	65.5	65.1	72.2	71.9	246.8	274.4	64.6	0.8%
Tax	13.7	14.7	16.5	15.1	16.4	15.9	17.7	18.1	60.0	68.0	16.0	
Rate (%)	24.7	24.8	24.7	23.1	25.1	24.4	24.5	25.1	24.3	24.8	24.7	
Adj PAT	41.7	44.7	50.3	50.1	49.0	49.3	54.5	53.9	186.8	206.3	48.7	1.3%
YoY change (%)	38.4	20.8	21.0	19.6	17.6	10.3	8.3	7.4	24.1	10.4	8.9	

E: MOFSL estimate;

Key Performance Indicators

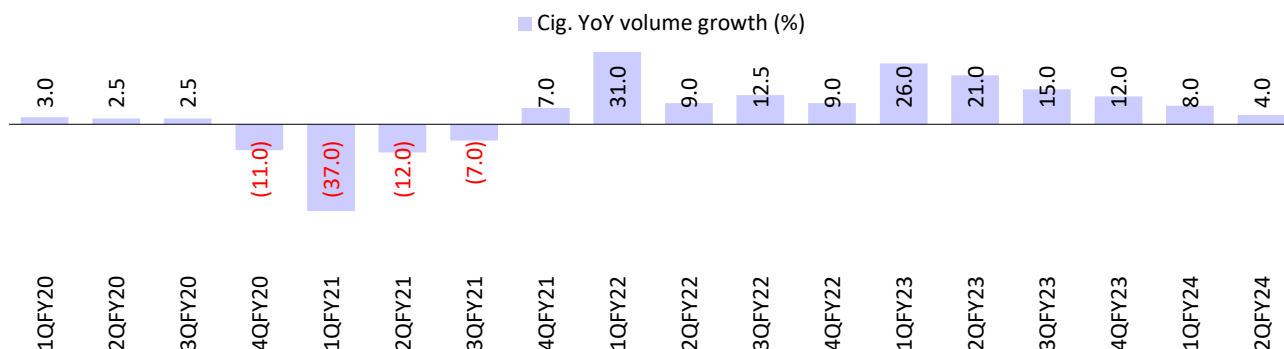
Y/E March	FY23				FY24	
	1Q	2Q	3Q	4Q	1Q	2Q
Cig Realization Gr %	1.4	1.9	2.9	0.6	4.9	5.8
2Y average growth %						
Cig Volumes	28.5	15.0	13.8	10.5	17.0	12.5
Sales	39.3	19.6	17.4	11.2	16.5	14.7
EBITDA	46.2	20.0	20.1	17.8	26.1	15.0
PAT	33.5	17.2	16.9	15.7	28.0	15.6
% sales						
COGS	49.0	43.0	41.1	41.4	40.5	42.7
Others	18.3	20.6	20.5	20.7	20.0	20.8
Depreciation	2.4	2.6	2.5	2.6	2.5	2.5
YoY change %						
COGS	46.5	27.4	-13.6	-6.7	-24.3	1.8
Others	29.8	24.6	9.6	12.2	-0.1	3.5
Other income	-27.1	-25.1	7.6	10.7	126.7	76.7
EBIT	45.6	29.2	23.9	21.1	11.7	3.4

E: MOFSL estimate

Cigarette volumes likely to have grown ~4% YoY in 2QFY24

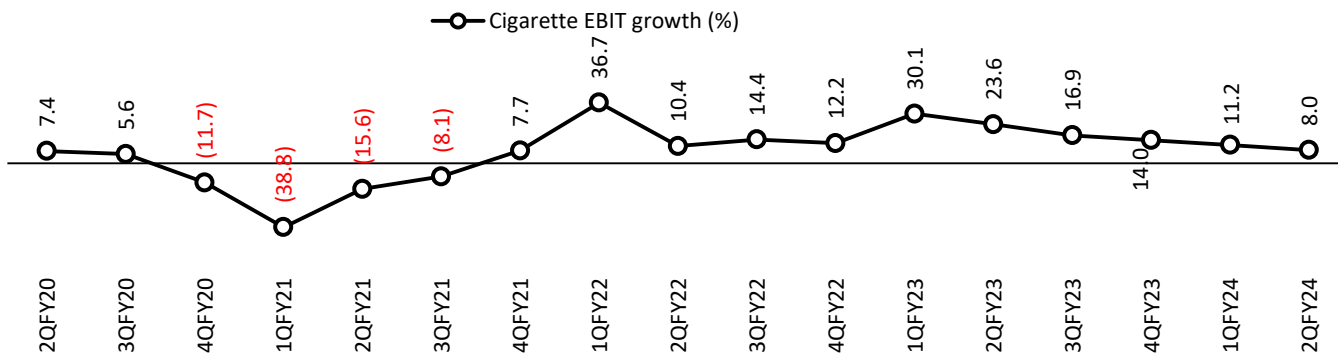
- ITC’s net Cigarette revenue grew 9.8% YoY to INR65b, with likely volume growth of ~4% YoY on a base of 21% growth. Average three-year volume growth stood at 11.7% in 2QFY24.
- ITC’s primary focus is on innovating products, making premium experiences accessible across different segments, and improving product availability.
- Steady cigarette taxes, coupled with strong enforcement measures, have aided the legal cigarette industry in reclaiming some lost volumes to illicit trade.
- The sharp rise in leaf tobacco and certain other input costs, along with the increase in taxes, was largely mitigated through improved mix, strategic cost management, and calibrated pricing.
- EBIT in Cigarettes grew 8% YoY to INR47.8b. Net EBIT margin for the segment contracted ~120bp YoY to 73.5% in 2QFY24.

Exhibit 1: Cigarette volumes likely up ~4% YoY in 2QFY24



Source: Company, MOFSL

Exhibit 2: Cigarette EBIT up 8% YoY to INR47.8b in 2QFY24



Source: Company, MOFSL

Exhibit 3: Cigarette sales salience rose 3.6% QoQ

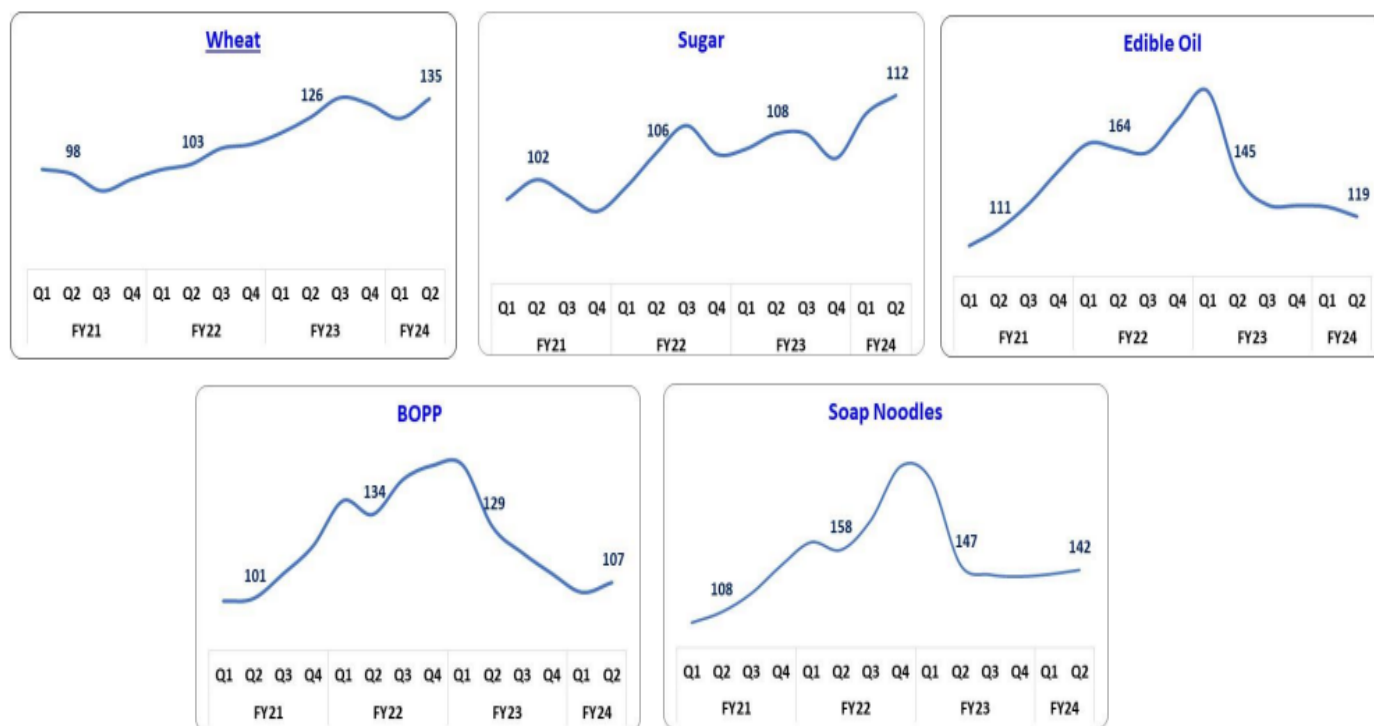
Revenue contribution (%)	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Cigarettes	34.2	37.2	35.7	31.5	35.0	31.4	33.4	27.4	33.6	36.3	35.2	31.7	35.3
FMCG - Others	30.0	29.6	26.3	26.8	29.3	24.2	24.9	21.9	27.7	28.1	27.8	26.0	28.7
Hotels	0.6	1.9	2.1	0.9	2.1	2.8	2.3	2.7	3.0	4.1	4.4	3.0	3.5
Agri. business	23.6	19.6	24.1	29.4	20.2	29.4	26.3	36.8	22.7	18.1	20.1	28.7	21.3
Paper and Packaging	11.5	11.7	11.8	11.4	13.3	12.1	13.1	11.2	13.0	13.4	12.5	10.6	11.2
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 8.3% YoY to INR52.9b led by Atta, Spices, Personal Wash, and Agarbatti.
- The EBIT jumped 36.8% YoY to INR4.4b in 2QFY24. EBIT margin expanded 170bp YoY to 8.3%. The segment EBITDA margin improved 150bp YoY to 11%.
- Overall, input costs remained higher compared to pre-pandemic levels, although certain commodities experienced price moderation due to a strong previous-year base. On the other hand, a few commodities, such as wheat, maida, sugar, potato etc., witnessed a sequential uptick in prices.
- Growth was broad-based across urban and rural markets, led by an enhanced distribution footprint, superior last-mile execution, deep consumer insights, purposeful innovation, and portfolio premiumization.
- Consumption demand has been relatively subdued, especially in the value segment and rural markets, due to sub-par monsoons and persistent food inflation that saw a sharp spike during the quarter.
- Certain categories, like Biscuits, Snacks, Noodles, and popular Soaps, witnessed enhanced competitive intensity from local/regional players in the backdrop of commodity price deflation.
- 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 during the quarter.
- ITC's market coverage has expanded by ~2.0x of the pre-pandemic level, the rural stockiest network has expanded by 3.4x, the reach of direct outlets has grown 1.25x, and the total outlets have increased 1.12x vs. the pre-pandemic levels.
- The segment drove profitability through premiumization, supply chain optimization, digital interventions across the value chain, strategic cost management, and judicious pricing actions.
- Growth in branded packaged foods was led by staples, biscuits, noodles, beverages, and dairy. Personal Wash products like 'Fiama' recorded healthy growth and 'Savlon Cool' skin-friendly germ protection soap also received good response. In the Home Care portfolio, Nimyle posted robust growth with its unique proposition of '100% Natural Action' and hygienic floors for children/pets.
- In the Stationery business, Classmate Notebooks and Pens witnessed a strong growth on YoY basis. Exports continued to scale up, leveraging the capabilities of the state-of-the-art owned manufacturing facility.
- **ITC's eB2B platform: UNNATI** was rapidly scaled up, covering nearly 0.63m outlets, facilitating a 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. Category-specific D2C platforms also received good consumer responses.

Exhibit 4: Mixed bag in commodity price trends



Source: Company Presentation

Paperboards, Paper, and Packaging

- Paper and Paperboard sales declined 9.5% YoY to INR20.7b in 2QFY24. The performance was hit by low-priced Chinese supplies, muted demand in export markets, sharp reduction in global pulp prices, relatively subdued domestic demand, and high base effect.
- EBIT declined 49.9% YoY to 3.2b, while EBIT margin contracted 1,230bp YoY to 15.3%. It was hit primarily by a sharp drop in realizations, and increased cost of inputs (mainly wood and coal).
- The green shoots of a revival in demand for VAP and recycled boards were visible towards the end of the quarter.
- Fine paper prices remained relatively firm and Décor paper witnessed a strong traction.
- The project for augmentation of in-house chemical pulp capacity by ~20% was completed during the quarter; this initiative will further enhance substitution of imported pulp, and enable a reduction in operating costs.
- An integrated business model and strategic interventions in import pulp substitution, high Pressure Recovery Boiler, digital interventions and cost competitive fiber chain, partially mitigated the inflationary impact.
- New business development is being accelerated, offering innovative and customized solutions, with a special focus on consumer electronics, QSR, and personal care products.
- Capacity utilization at the Nadiad unit in Gujarat is being progressively scaled up.
- Its subsidiary plans to set up a state-of-the-art premium molded fiber product manufacturing facility in Badiyakhedi, Madhya Pradesh.

Agri Business

- In 2QFY24, revenue declined 1.7% YoY to INR39.3b, attributed to the ban on wheat and rice exports. It grew 26.4% YoY (ex-Wheat exports). The segment recorded 3.3% YoY growth in EBIT to INR3.6b, while the EBIT margin expanded 40bp YoY to 9.1%. 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.
- The company ramped up capacity utilization of the recently commissioned value-added spices processing facility in Guntur to grow the salience of the portfolio.
- ITC's wholly owned subsidiary, ITC IndiVision Ltd, has been commissioned for its state-of-the-art manufacturing and export facility for Nicotine & Nicotine Derivative products in Mysuru. Exports are likely to commence over the next few months.
- The scaling up of ITCMAARS (Metamarket for Advanced Agriculture and Rural Services), a versatile 'phygital' AgriTech platform, includes over 1,250 Farmer Producer Organizations (FPOs) across nine states, engaging more than 1.06m farmers.

Hotels

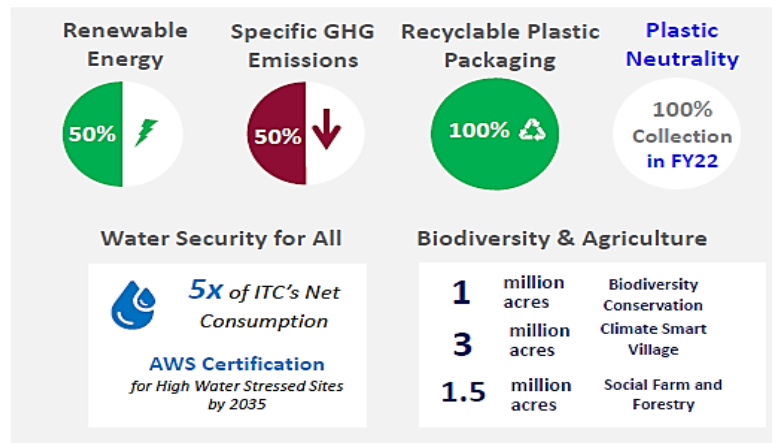
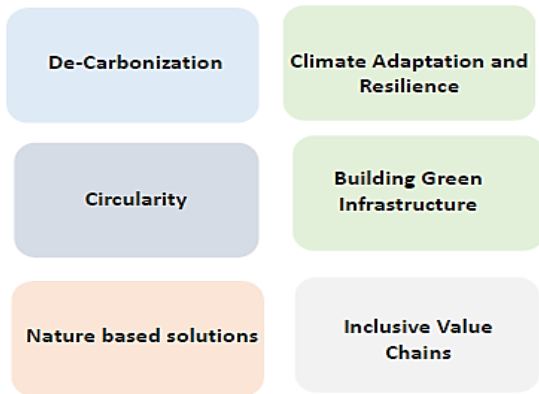
- Revenue grew 21.2% YoY to INR6.5b in 2QFY24. Segment EBITDA margin expanded 170bp YoY to 30.7%.
- Segmental EBIT grew 49.8% YoY to INR1.3b. This margin expansion was driven by higher RevPAR, operating leverage, and structural cost interventions.
- Occupancy remained flat YoY mainly due to renovations and relatively fewer wedding dates during the quarter.
- Digital investments continued to be leveraged towards enhancing the guest experience, facilitating guest acquisition, augmenting revenue generation, and driving operational efficiency.
- In 2QFY24, three new properties were added to the group portfolio.
- ITC Hotels was honored to have exclusively curated and served from the best of India's culinary heritage at the prestigious G20 summit, Bharat Mandapam, New Delhi.

ITC Infotech

- ITC Infotech delivered revenue growth of 13.3% YoY to INR9.3b. EBITDA grew 23.7% YoY to INR1.7b with an EBITDA margin of ~18%.
- Investments are being made towards capability building in strategic focus areas and infrastructure.
- There are healthy signings of total contract value.

Exhibit 5: 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

Exhibit 6: Segmental Information

	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Net sales (INR b)									
Cigarettes	48.2	53.0	55.5	55.8	59.2	62.5	62.5	63.0	65.0
FMCG - Others	40.4	40.9	41.4	44.5	48.8	48.4	49.4	51.7	52.9
Hotels	2.9	4.7	3.9	5.5	5.4	7.1	7.8	6.0	6.5
Agri business	27.8	49.6	43.7	74.7	40.0	31.2	35.8	57.1	39.3
Paper and packaging	18.3	20.5	21.8	22.7	22.9	23.1	22.2	21.2	20.7
Sales growth (YoY)									
Cigarettes	11.4	12.6	11.0	27.4	22.9	17.9	12.6	12.9	9.8
FMCG - Others	2.9	9.3	12.3	19.5	21.0	18.4	19.4	16.1	8.3
Hotels	259.6	101.3	35.4	336.2	81.8	50.5	100.6	8.1	21.2
Agri business	(7.0)	100.0	29.6	82.7	44.0	(37.1)	(18.0)	(23.7)	(1.7)
Paper and packaging	25.4	38.5	31.8	43.3	25.0	12.7	1.8	(6.5)	(9.5)
Volume growth (YoY)									
Cigarettes	9.0	12.5	9.0	26.0	21.0	15.0	12.0	8.0	4.0
EBIT (INR b)									
Cigarettes	35.8	39.5	41.1	41.9	44.3	46.2	46.9	46.6	47.8
FMCG - Others	2.7	2.4	2.4	2.0	3.2	3.5	5.0	4.3	4.4
Hotels	(0.5)	0.5	(0.3)	1.1	0.8	1.5	2.0	1.3	1.3
Agri business	3.0	3.0	2.4	2.8	3.5	3.9	3.1	3.6	3.6
Paper and packaging	4.1	4.5	4.5	6.1	6.3	6.1	4.5	4.7	3.2
EBIT growth (YoY)									
Cigarettes	10.4	14.4	12.2	30.1	23.6	16.9	14.0	11.2	8.0
FMCG - Others	(2.7)	1.1	25.1	17.6	17.9	43.9	112.6	111.3	36.8
Hotels	#	L/P	#	L/P	L/P	189.1	L/P	17.0	49.8
Agri business	15.7	50.6	28.5	45.1	16.6	32.6	25.9	25.3	3.3
Paper and packaging	23.8	57.3	39.1	56.0	54.0	35.2	(1.0)	(22.9)	(49.9)
EBIT margin (%)									
Cigarettes	74.4	74.5	74.2	75.1	74.8	73.9	75.1	73.9	73.5
FMCG - Others	6.7	5.9	5.7	4.6	6.6	7.2	10.1	8.3	8.3
Hotels	(16.3)	10.7	(8.8)	20.2	15.7	20.5	25.5	21.9	19.4
Agri business	10.7	6.0	5.6	3.8	8.6	12.5	8.6	6.2	9.1
Paper and packaging	22.4	21.9	20.6	27.0	27.5	26.3	20.0	22.3	15.3
EBIT margin change (%)									
Cigarettes	(0.6)	1.2	0.8	1.6	0.4	(0.6)	0.9	(1.2)	(1.2)
FMCG - Others	(0.4)	(0.5)	0.6	(0.1)	(0.2)	1.3	4.4	3.8	1.7
Hotels	209.3	39.3	5.2	139.2	32.0	9.8	34.3	1.7	3.7
Agri business	2.1	(2.0)	(0.0)	(1.0)	(2.0)	6.6	3.0	2.4	0.4
Paper and packaging	(0.3)	2.6	1.1	2.2	5.2	4.4	(0.6)	(4.8)	(12.3)

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.
- The first half (FY13-18) witnessed modest growth, with sales, EBITDA, PBT, and PAT registering a 6-8% CAGR, due to factors such as increased taxation and the impact of GST.
- However, in the subsequent five years (FY19-23), the company experienced improvement, achieving a 10.1% CAGR in sales, a 9% CAGR in EBITDA, and an 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

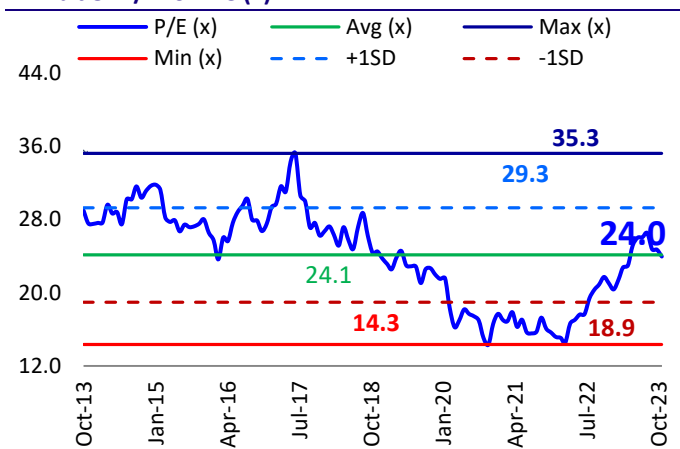
- There are no material changes to our EPS estimates for FY24 and FY25.
- ITC demonstrated a healthy ~23.5% EPS growth in FY23 and we expect an EPS CAGR of ~12% over the next two years as well. ITC’s earnings outlook is better than other large-cap staple players in FY25 and also in terms of a two-year 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 offers 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 7: No material changes to our EPS estimates

	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	674.4	750.9	703.0	788.8	-4.1	-4.8
EBITDA	261.1	297.0	267.4	307.6	-2.4	-3.4
PAT	206.3	236.6	207.3	239.5	-0.5	-1.2

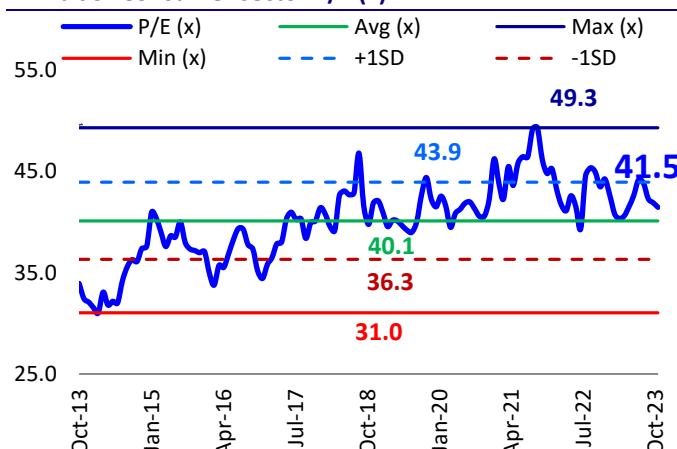
Source: Company, MOFSL

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	2023	2024E	2025E
Net Sales	402.5	444.3	451.4	451.1	557.0	652.7	674.4	750.9
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	682.5	759.4
Change (%)	1.3	10.8	1.4	-0.3	23.9	17.2	3.3	11.3
Gross Profit	240.1	268.3	275.5	248.4	292.9	362.2	399.3	454.9
Margin (%)	59.1	59.6	60.4	54.6	52.0	54.8	58.5	59.9
Other operating expenditure	84.5	95.0	96.2	93.0	103.4	122.5	138.2	158.0
EBITDA	155.6	173.3	179.3	155.3	189.5	239.8	261.1	297.0
Change (%)	6.6	11.3	3.5	-13.4	22.0	26.5	8.9	13.8
Margin (%)	38.3	38.5	39.3	34.2	33.6	36.3	38.3	39.1
Depreciation	11.5	13.1	15.6	15.6	16.5	16.6	17.0	17.8
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	31.1	37.1
Profit before Taxes	164.4	184.4	193.0	171.6	198.3	246.8	274.4	315.4
Change (%)	6.0	12.2	4.6	-11.1	15.5	24.4	11.2	15.0
Margin (%)	40.5	41.0	42.3	37.7	35.2	37.4	40.2	41.5
Tax	56.0	58.5	44.4	40.4	48.3	60.3	68.0	78.9
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	24.8	25.0
Profit after Taxes	108.1	124.6	152.7	130.3	150.6	186.8	206.3	236.6
Change (%)	6.0	15.3	22.5	-14.6	15.5	24.1	10.4	14.7
Margin (%)	26.6	27.7	33.5	28.7	26.7	28.3	30.2	31.2
Reported PAT	112.2	124.6	151.4	130.3	150.6	187.5	206.3	236.6

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	698.5	737.9
Net Worth	514.0	579.5	640.3	590.0	614.0	675.9	710.9	750.4
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	729.9	769.4
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	196.9	214.7
Net Fixed Assets	155.7	185.0	205.2	216.0	226.4	236.0	248.9	261.1
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	320.5	325.0
Curr. Assets, L&A	183.9	213.3	213.1	190.8	221.2	236.7	287.2	323.2
Inventory	72.4	75.9	80.4	94.7	100.0	105.9	117.8	128.0
Account Receivables	23.6	36.5	20.9	20.9	19.5	23.2	31.4	35.0
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	149.5	162.7
Account Payables	33.8	33.7	34.5	41.2	42.2	43.5	57.7	62.0
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	137.7	160.6
Application of Funds	533.2	600.0	659.8	610.6	633.8	695.4	729.9	769.4

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	16.6	19.0
Cash EPS	9.8	11.2	13.7	11.9	13.6	16.4	18.0	20.5
BV/Share	42.1	47.3	52.1	47.9	49.8	54.4	57.2	60.4
DPS	6.2	6.9	10.2	10.8	11.5	15.5	14.1	16.2
Payout %	68	68	82	102	94	103	85	85

Valuation (x)

P/E	50.8	44.3	36.2	42.5	36.8	29.9	27.1	23.6
Cash P/E	45.9	40.0	32.9	38.0	33.2	27.5	25.0	22.0
EV/Sales	13.1	11.7	11.4	11.5	9.4	7.9	7.6	6.8
EV/EBITDA	33.8	30.1	28.7	33.5	27.5	21.5	19.7	17.2
P/BV	10.7	9.5	8.6	9.4	9.0	8.3	7.9	7.5
Dividend Yield (%)	1.4	1.5	2.3	2.4	2.6	3.4	3.1	3.6

Return Ratios (%)

RoE	22.3	22.8	25.0	21.2	25.0	29.0	29.8	32.4
RoCE	21.6	22.1	24.3	20.6	24.3	28.2	29.0	31.6
RoIC	42.4	44.6	49.8	40.4	46.5	55.3	57.3	62.4

Working Capital Ratios

Debtor (Days)	21	25	23	17	13	12	15	16
Asset Turnover (x)	0.8	0.7	0.7	0.7	0.9	0.9	0.9	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	274.4	315.4
Financial other income	7.2	8.1	13.1	17.0	13.9	8.6	31.1	37.1
Depreciation and Amort.	11.5	13.1	15.6	15.6	16.5	16.6	17.0	17.8
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	68.0	78.9
Incr in WC	-19.2	5.0	-4.2	3.9	-1.8	4.4	1.3	4.2
CF from Operations	126.5	117.5	138.1	114.9	148.1	179.1	191.7	213.9
Other items	-7.6	3.2	44.6	-30.8	12.4	5.3	49.0	12.0
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	161.7	183.9
Pur of Investments	34.8	15.3	51.9	-87.0	11.6	39.5	-6.7	4.4
CF from Invest.	-67.8	-39.7	-28.4	40.4	-15.9	-52.3	25.7	-22.4
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	175.4
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	-172.8
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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Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

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