

May 22, 2025

## Q4FY25 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

|                     | Current  |          | Previous   |          |
|---------------------|----------|----------|------------|----------|
|                     | FY26E    | FY27E    | FY26E      | FY27E    |
| <b>Rating</b>       | BUY      |          | ACCUMULATE |          |
| <b>Target Price</b> | 538      |          | 524        |          |
| Sales (Rs. m)       | 7,36,904 | 7,92,467 | 7,35,051   | 7,92,944 |
| % Chng.             | 0.3      | (0.1)    |            |          |
| EBITDA (Rs. m)      | 2,61,676 | 2,95,289 | 2,76,682   | 3,01,325 |
| % Chng.             | (5.4)    | (2.0)    |            |          |
| EPS (Rs.)           | 17.5     | 19.9     | 18.1       | 19.7     |
| % Chng.             | (3.4)    | 1.2      |            |          |

### Key Financials - Standalone

| Y/e Mar         | FY24 | FY25  | FY26E | FY27E |
|-----------------|------|-------|-------|-------|
| Sales (Rs. bn)  | 654  | 693   | 737   | 792   |
| EBITDA (Rs. bn) | 244  | 240   | 262   | 295   |
| Margin (%)      | 37.3 | 34.7  | 35.5  | 37.3  |
| PAT (Rs. bn)    | 204  | 200   | 219   | 250   |
| EPS (Rs.)       | 16.3 | 16.0  | 17.5  | 19.9  |
| Gr. (%)         | 8.5  | (2.0) | 9.7   | 13.9  |
| DPS (Rs.)       | 13.8 | 14.0  | 15.0  | 16.0  |
| Yield (%)       | 3.2  | 3.3   | 3.5   | 3.8   |
| RoE (%)         | 29.1 | 28.5  | 29.8  | 30.5  |
| RoCE (%)        | 32.6 | 32.2  | 33.9  | 34.4  |
| EV/Sales (x)    | 7.9  | 7.4   | 6.9   | 6.3   |
| EV/EBITDA (x)   | 21.1 | 21.4  | 19.3  | 17.0  |
| PE (x)          | 26.1 | 26.7  | 24.3  | 21.4  |
| P/BV (x)        | 7.4  | 7.9   | 6.7   | 6.3   |

### Key Data

ITC.BO | ITC IN

|                     |                        |
|---------------------|------------------------|
| 52-W High / Low     | Rs.500 / Rs.381        |
| Sensex / Nifty      | 80,952 / 24,610        |
| Market Cap          | Rs.5,332bn/ \$ 61,999m |
| Shares Outstanding  | 12,514m                |
| 3M Avg. Daily Value | Rs.6470.26m            |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | -     |
| Foreign                 | 14.90 |
| Domestic Institution    | 39.86 |
| Public & Others         | 45.17 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M    | 12M   |
|----------|-------|-------|-------|
| Absolute | (1.7) | (5.1) | 2.4   |
| Relative | (3.4) | (7.3) | (6.1) |

### Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

### Hasti Savla

hastisavla@plindia.com | 91-22-66322531

### Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

## Recovery to set in from 2H26

### Quick Pointers:

- Cig volumes up ~5% on volume led strategy, Agri outperforms
- FMCG shows QoQ uptick; Paper margins pressure likely till 1H26

**We are upgrading ITC from Accumulate to BUY as we expect current margin/growth pressures to subside post 1H26. ITC is suffering margin pressure in cigarettes (high leaf tobacco prices and volume focused strategy), Paper (High wood prices and dumping) and FMCG (Tepid volumes, high input costs and hit in stationary business). However, we expect the scenario to change as leaf tobacco prices have started softening in current season, new wood supplies, integration of century paper and bottomed out margins (~40% of normal levels) and expected recovery in demand margins in FMCG business.**

**4Q cigarette volume growth of 5% with QoQ margin improvement reinforces success of volume driven strategy. FMCG business has shown resilience, and we expect ITC to be more aggressive in new acquisitions than in the recent past which should push growth. Nicotine exports in leaf tobacco have started which should support margin recovery in Agri business.**

**We make a change of -3.4/1.2% to our estimates for FY26/27 and estimate 11% PAT CAGR over FY25-27. We believe ITC offers a favorable risk reward at 21.4x FY27 EPS and a dividend yield of 3.5%. We assign SOTP based target price of Rs538 (Rs528 earlier). Upgrade to BUY.**

**4Q Revenue up 9.6%, ~5% volume growth:** Revenues grew by 9.6% YoY to Rs172.5bn (PLe: Rs169bn). EBITDA grew by 2.5% YoY to Rs59.9bn (PLe:Rs 63.4bn); Margins contracted by 242bps YoY to 34.7% (PLe:37.5%). Adj. PAT has declined 2.9% YoY, excluding the impact of hotel business spin off in the base quarter, PAT increased by 0.8% YoY. Board declared a final dividend of Rs.7.85/share.

## 4QFY25: Cigarette volumes up 5%, broad based margin pressure across segments

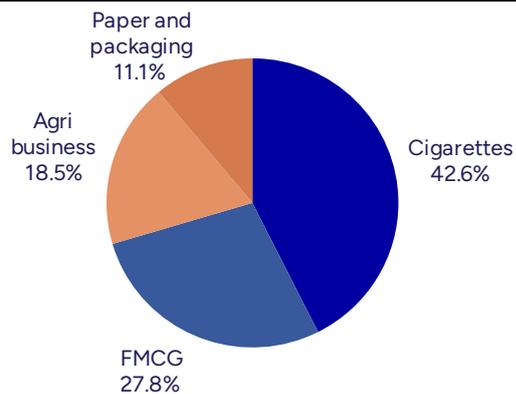
- Cigarette Revenues grew 6% YoY to Rs84bn on account led by 5% volume growth, premium portfolio & micro-market interventions; EBIT grew 4% YoY to 51.2bn. Margins contracted 120bps YoY to 60.9% Margins were supported by product mix enrichment and cost control, despite high leaf tobacco prices
- FMCG Revenues grew by 3.7% YoY (~5% excluding notebooks) to Rs54.9bn; EBIT de-grew by 28% YoY to 3.4bn. Margins contracted by 273bp to s YoY to 6.3%. EBIDTA margins were 8.4%.
- Agri sales grew 17.7% YoY to Rs36.5bn led by strong export growth of leaf tobacco; EBIT grew 26% YoY to 2.6bn. Margins expanded 46bps YoY to 7%
- Paperboard & Paper Revenues grew by 5.5% YoY to Rs21.9bn; EBIT de-grew by 31% YoY to 2bn. Margins contracted by 491bps YoY to 9.2% on high wood prices and pressure on paper prices due to Chinese dumping

**Exhibit 1: 4QFY25: Net Sales up 9.6%, Margins pressure across segments**

| Y/e March           | Q4FY25          | Q4FY24          | YoY gr. (%)   | Q3FY25          | FY25            | FY24            | YoY gr. (%)  |
|---------------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|--------------|
| <b>Net Sales</b>    | <b>1,72,482</b> | <b>1,57,336</b> | <b>9.6</b>    | <b>1,70,528</b> | <b>6,99,502</b> | <b>6,38,076</b> | <b>9.6</b>   |
| Gross profit        | 81,903          | 79,798          | 2.6           | 80,453          | 3,32,393        | 3,23,031        | 2.9          |
| <b>Margins</b>      | <b>47.5</b>     | <b>50.7</b>     | <b>(3.23)</b> | <b>47.2</b>     | <b>47.5</b>     | <b>50.6</b>     | <b>(3.1)</b> |
| Other Exp           | 22,039          | 21,383          | 3.1           | 22,169          | 90,057          | 84,305          | 6.8          |
| <b>EBITDA</b>       | <b>59,864</b>   | <b>58,415</b>   | <b>2.5</b>    | <b>58,284</b>   | <b>2,42,335</b> | <b>2,38,726</b> | <b>1.5</b>   |
| <b>Margins (%)</b>  | <b>34.7</b>     | <b>37.1</b>     | <b>(2.4)</b>  | <b>34.2</b>     | <b>34.6</b>     | <b>37.4</b>     | <b>(2.8)</b> |
| Depreciation        | 3,565           | 3,412           | 4.5           | 3,618           | 15,174          | 15,001          | 1.2          |
| Interest            | 85.1            | 92.9            | (8.4)         | 75.7            | 391.6           | 400.5           | (2.2)        |
| Other Income        | 7,955           | 7,966           | (0.1)         | 10,866          | 34,570          | 35,345          | (2.2)        |
| <b>PBT</b>          | <b>64,169</b>   | <b>65,338</b>   | <b>(1.8)</b>  | <b>68,471</b>   | <b>2,61,340</b> | <b>2,58,669</b> | <b>1.0</b>   |
| Tax                 | 15,421          | 15,115          | 2.0           | 17,246          | 65,762          | 58,938          | 11.6         |
| <b>Rate (%)</b>     | <b>24.0</b>     | <b>23.1</b>     | <b>0.9</b>    | <b>25.2</b>     | <b>25.2</b>     | <b>22.8</b>     | <b>2.4</b>   |
| <b>Adjusted PAT</b> | <b>48,747</b>   | <b>50,223</b>   | <b>(2.9)</b>  | <b>51,225</b>   | <b>1,95,578</b> | <b>1,99,731</b> | <b>(2.1)</b> |

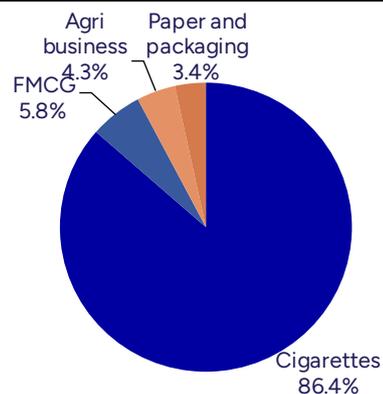
Source: Company, PL

**Exhibit 2: Sales Mix: Cigarettes 42.6%, FMCG 27.8%**



Source: Company, PL

**Exhibit 3: Cigarettes contribute ~86.4% of EBIT**



Source: Company, PL

**Exhibit 4: SOTP on FY27- cigarette account for 61% of value**

| SOTP                     | Basis    | X   | EV (Rs mn) | PAT (Rs mn) | % of PAT | EPS (Rs) | Value/Share |
|--------------------------|----------|-----|------------|-------------|----------|----------|-------------|
| Cigarettes               | P/E      | 24  |            | 171566      | 78.2     | 13.7     | 329         |
| FMCG - Others            | EV/Sales | 5.5 | 1430754    | 17676       | 8.1      | 1.4      | 114         |
| Agri business            | P/E      | 15  |            | 14568       | 6.6      | 1.2      | 17          |
| Paper and packaging      | P/E      | 14  |            | 11220       | 5.1      | 0.9      | 13          |
| ITC Infotech             | P/E      | 20  |            | 8288        |          | 0.7      | 13          |
| Business Value           |          |     |            |             |          | 17.2     | 486         |
| ITC Hotels               | Mkt Cap  | 40% |            |             |          |          | 12          |
| Cash and Invst           |          |     | 500041     |             |          |          | 40          |
| <b>Total Value/share</b> |          |     |            |             |          |          | <b>538</b>  |

Source: PL

Staples, Biscuits, Snacks, Frozen Snacks, Dairy, Premium Soaps, Homecare and Agarbatti continue to drive Growth

Notebooks are under pressure due to competitive pricing by regional brands.

Competitive intensity remained high in certain categories such as Snacks, Noodles, popular Soaps, including from local/regional players.

ITC continues to focus on premiumization. and growth in alternate channels. Over 100 new product launches; strong momentum in digital and modern trade (31% of branded FMCG sales).

FMCG EBIDTA margins at 8.4% amidst inflationary headwinds in input costs (edible oil, wheat, maida, potato, cocoa, packaging inputs)

Paperboards remain impacted by low-priced Chinese supplies in global markets, muted domestic demand, unprecedented increase in domestic wood costs and high base effect. Near term outlook bleak.

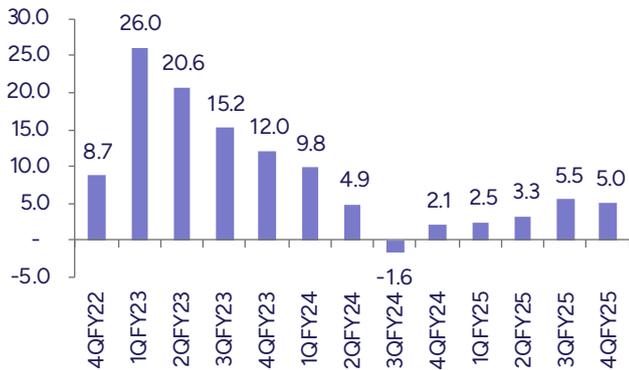
Agri outperforms due to growth in exports of Leaf Tobacco, Spices, Coffee, and Rice

**Exhibit 5: Cigarette volumes grew ~5%, Cigarettes margins at 60.9%**

|                              | 3Q24            | 4Q24            | 1Q25            | 2Q25            | 3Q25           | 4Q25            |
|------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
| <b>Cigarette Volume gr %</b> | -1.6            | 2.0             | 2.5             | 3.3             | 5.5            | 5.0             |
| <b>Sales (INR m)</b>         | <b>1,87,355</b> | <b>1,92,965</b> | <b>2,30,247</b> | <b>2,23,773</b> | <b>199,810</b> | <b>1,97,310</b> |
| Cigarettes                   | 75,488          | 79,248          | 79,181          | 81,773          | 81,363         | 83,996          |
| FMCG                         | 52,091          | 53,002          | 54,910          | 55,777          | 54,182         | 54,946          |
| Hotels                       | 8,420           | 8,979           | 6,656           | 7,277           | 9,313          | 0               |
| Agri business                | 30,547          | 31,007          | 69,733          | 57,805          | 33,508         | 36,492          |
| Paper and packaging          | 20,809          | 20,729          | 19,767          | 21,141          | 21,445         | 21,876          |
| <b>Sales growth (YoY)</b>    | <b>2.5</b>      | <b>2.2</b>      | <b>9.3</b>      | <b>14.2</b>     | <b>6.6</b>     | <b>2.3</b>      |
| Cigarettes                   | 3.6             | 7.7             | 6.1             | 6.8             | 7.8            | 6.0             |
| FMCG                         | 7.6             | 7.2             | 6.3             | 5.4             | 4.0            | 3.7             |
| Hotels                       | 18.2            | 14.9            | 10.9            | 12.1            | 10.6           | NA              |
| Agri business                | (2.2)           | (13.4)          | 22.2            | 47.1            | 9.7            | 17.7            |
| Paper and packaging          | (9.7)           | (6.7)           | (6.8)           | 2.1             | 3.1            | 5.5             |
| <b>EBIT (INR m)</b>          | <b>60,248</b>   | <b>61,636</b>   | <b>61,990</b>   | <b>63,135</b>   | <b>61,606</b>  | <b>59,200</b>   |
| Cigarettes                   | 47,281          | 49,233          | 49,596          | 50,234          | 49,240         | 51,179          |
| FMCG                         | 4,318           | 4,773           | 4,759           | 4,418           | 3,171          | 3,449           |
| Hotels                       | 2,297           | 2,671           | 1,464           | 1,512           | 3,015          | 0               |
| Agri business                | 3,393           | 2,026           | 3,558           | 4,547           | 4,125          | 2,551           |
| Paper and packaging          | 2,960           | 2,934           | 2,613           | 2,425           | 2,055          | 2,022           |
| <b>EBIT growth (YoY)</b>     | <b>(1.4)</b>    | <b>0.3</b>      | <b>2.5</b>      | <b>4.9</b>      | <b>2.3</b>     | <b>(4.0)</b>    |
| Cigarettes                   | 2.3             | 5.0             | 6.5             | 5.1             | 4.1            | 4.0             |
| FMCG                         | 24.1            | (4.9)           | 10.4            | 0.7             | (26.6)         | (27.7)          |
| Hotels                       | 57.1            | 33.8            | 11.5            | 20.2            | 31.3           | NA              |
| Agri business                | (13.3)          | (34.0)          | (0.0)           | 27.5            | 21.6           | 25.9            |
| Paper and packaging          | (51.2)          | (34.1)          | (44.7)          | (23.2)          | (30.6)         | (31.1)          |
| <b>EBIT Margin (%)</b>       |                 |                 |                 |                 |                |                 |
| Cigarettes                   | 62.6            | 62.1            | 62.6            | 61.4            | 60.5           | 60.9            |
| FMCG                         | 8.3             | 9.0             | 8.7             | 7.9             | 5.9            | 6.3             |
| Hotels                       | 27.3            | 29.7            | 22.0            | 20.8            | 32.4           | NA              |
| Agri business                | 11.1            | 6.5             | 5.1             | 7.9             | 12.3           | 7.0             |
| Paper and packaging          | 14.2            | 14.2            | 13.2            | 11.5            | 9.6            | 9.2             |

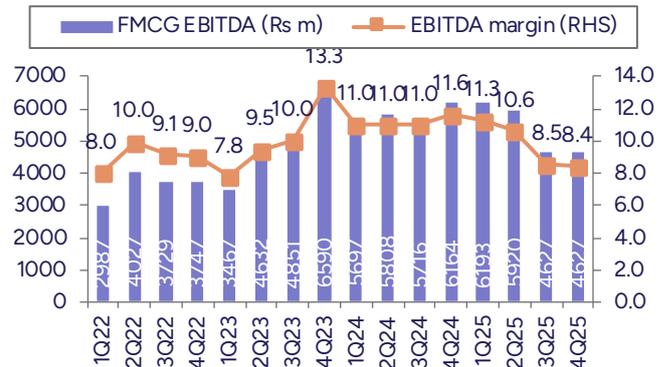
Source: Company, PL (Note: Hotels business was demerged in FY25)

**Exhibit 6: Cigarette Volumes up ~5%**



Source: Company, PL

**Exhibit 7: FMCG margins down 321bps at 8.4%**



Source: Company, PL

- Cigarette volumes grew ~5%; EBIT up 4%:** Cigarette Revenues grew by 6% YoY to Rs84bn on account of volume-led growth driven by portfolio & micro-market interventions; EBIT grew by 4% YoY to 51.2bn. Margins contracted by 120bps YoY to 60.9% due to high leaf tobacco costs—partly offset by product mix and cost efficiencies. Growth was supported by stable taxes and the strong performance of premium offerings, with new launches like Classic Clove and Gold Flake Indie Clove. ITC remains focused on the volume-led growth strategy. We expect margins to recover post 1H26 once the leaf tobacco prices cool off.
- FMCG EBITDA margins 8.4%:** FMCG revenues grew 3.7% YoY to Rs.54.9 billion (~5% YoY excluding), led by categories like Atta, Spices, Snacks, Frozen Foods, Dairy, Premium Personal Wash, Homecare, and Agarbatti. EBIT declined 28% YoY to Rs.3.4 billion, with margins contracting 273 bps to 6.3%, impacted by high input cost inflation in palm oil, potato, wheat, cocoa, and packaging materials. The notebooks segment faced pressure due to increased competition from local/regional players amid a sharp decline in paper prices. Premium offerings and alternate channels continued to deliver strong performance.
- Paperboards, Paper & Packaging:** Paperboards & Paper revenues grew 5.5% YoY to Rs. 21.9 billion, while EBIT declined 31% to Rs. 2 billion, with margins contracting 491 bps to 9.2% due to subdued realization and surge in domestic wood prices. The segment faced continued pressure from low-cost Chinese and Indonesian imports, weak domestic demand, and high wood prices. Specialty Papers saw strong growth, aided by capacity expansion in Décor paper. ITC should gain from lower wood prices, integration of century paper acquisition and any increase in import duty given huge amounts of dumping. We expect margins to show some improvement from 2H26.
- Agri Business:** Agri Revenues grew by 17.7% YoY to Rs36.5bn lead by Leaf Tobacco, Value Added Agri Products and Rice exports; EBIT grew by 26% YoY to 2.6bn. Margins expanded by 46bps YoY to 7%. Following extensive product development and customer trials, shipments of Nicotine and Nicotine derivative products from state-of-the-art manufacturing and export facility commenced in Q4 FY25. A progressive scale-up in production and distribution is anticipated throughout FY26

**Exhibit 8: Cigarettes and FMCG to drive growth over FY25-27**

|                         | FY22     | FY23     | FY24     | FY25E    | FY26E    | FY27E    |
|-------------------------|----------|----------|----------|----------|----------|----------|
| <b>Net Sales (Rs m)</b> |          |          |          |          |          |          |
| Cigarettes              | 2,00,748 | 2,41,527 | 2,58,633 | 2,79,109 | 2,95,683 | 3,11,287 |
| FMCG                    | 1,59,648 | 1,90,815 | 2,09,225 | 2,19,865 | 2,35,259 | 2,60,137 |
| Agri                    | 1,61,961 | 1,81,723 | 1,57,918 | 1,97,510 | 2,16,752 | 2,35,306 |
| Paper and Paperboard    | 76,416   | 90,814   | 83,444   | 84,207   | 87,544   | 92,884   |
| <b>Sales Growth (%)</b> |          |          |          |          |          |          |
| Cigarettes              | 15.4     | 20.3     | 7.1      | 7.9      | 5.9      | 5.3      |
| FMCG                    | 8.5      | 19.5     | 9.6      | 5.1      | 7.0      | 10.6     |
| Agri                    | 28.7     | 12.2     | (13.1)   | 25.1     | 9.7      | 8.6      |
| Paper and Paperboard    | 36.0     | 18.8     | (8.1)    | 0.9      | 4.0      | 6.1      |
| <b>EBIT (Rs m)</b>      |          |          |          |          |          |          |
| Cigarettes              | 1,48,691 | 1,79,271 | 1,90,892 | 2,00,249 | 2,13,258 | 2,27,240 |
| FMCG                    | 9,232    | 13,742   | 17,786   | 15,797   | 19,291   | 23,412   |
| Agri                    | 10,312   | 13,277   | 12,544   | 14,780   | 17,340   | 19,295   |
| Paper and Paperboard    | 17,000   | 22,940   | 13,776   | 9,115    | 10,505   | 14,861   |
| <b>EBIT Margin (%)</b>  |          |          |          |          |          |          |
| Cigarettes              | 63.4     | 63.6     | 62.4     | 61.4     | 61.8     | 62.5     |
| FMCG                    | 5.8      | 7.2      | 8.5      | 7.2      | 8.2      | 9.0      |
| Agri                    | 6.4      | 7.3      | 7.9      | 7.5      | 8.0      | 8.2      |
| Paper and Paperboard    | 22.2     | 25.3     | 16.5     | 10.8     | 12.0     | 16.0     |
| <b>EBIT Growth (%)</b>  |          |          |          |          |          |          |
| Cigarettes              | 16.9     | 20.6     | 6.5      | 4.9      | 6.5      | 6.6      |
| FMCG                    | 10.9     | 48.8     | 29.4     | -11.2    | 22.1     | 21.4     |
| Agri                    | 25.6     | 28.8     | -5.5     | 17.8     | 17.3     | 11.3     |
| Paper and Paperboard    | 54.7     | 34.9     | -39.9    | -33.8    | 15.3     | 41.5     |

Source: Company, PL

**Exhibit 9: ITC has acquired 100% stake in 24 Mantra Organics**

*Vision to promote sustainable livelihood for farmers with healthy lifestyle for consumers*

|                                                                                                                                       |  |                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------|
| <p><b>Pioneer in Organic Staples</b><br/>Founded by Rajashekar Seelam (IIM-A)<br/>  Championing the organic movement for 21 years</p> |  | <p><b>Strong presence in US Organic Staples Market</b><br/>Own Distribution setup</p>                       |
| <p><b>~Rs. 300 cr. Revenue</b><br/>International ~50%; primarily US</p>                                                               |  | <p><b>Unparalleled Backend &amp; Sourcing Network</b><br/>1.4 Lakh acres of Certified Organic Land</p>      |
| <p><b>Omni-channel Presence</b><br/>Strong salience of Alternate Channels</p>                                                         |  | <p><b>Extensive Certifications</b><br/>USDA Organic NOP   India APEDA Organic NPOP   FSSC 22000   FSSAI</p> |

Source: Company, PL

**Exhibit 10: ITC has increased its stake in Mother Sparsh from 26.5% to 49.3%**

|                                                                                                                                     |                                                                                                                                              |                                                                                                                              |                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| <p><b>Baby Wipes</b><br/>(99% Pure Water Wipes<br/>Plant powered Wipes)</p>                                                         | <p><b>Baby Hygiene</b><br/>(Baby Detergent &amp; Liquid Bottle Cleanser)</p>                                                                 | <p><b>Baby Care</b><br/>(Soaps, Baby Cream, Lotions, Oil etc.)</p>                                                           | <p><b>Expert Baby Care</b><br/>(Tummy Roll on, After-bite balm etc.)</p> |
| <p><b>Natural Based Products</b><br/>Crafted with love &amp; <b>Plant powered ingredients</b> for your baby's safety &amp; care</p> | <p><b>Proven by Science</b><br/>99% Pure Water Unscented Baby Wipes are clinically proven to be made with the <b>safest</b> formulation.</p> | <p><b>Trusted by Moms</b><br/>The products have earned the trust of moms through <b>quality, reliability &amp; care.</b></p> |                                                                          |

Source: Company, PL

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY24            | FY25            | FY26E           | FY27E           |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net Revenues</b>           | <b>6,54,408</b> | <b>6,93,235</b> | <b>7,36,904</b> | <b>7,92,467</b> |
| YoY gr. (%)                   | (0.9)           | 5.9             | 6.3             | 7.5             |
| Cost of Goods Sold            | 2,69,821        | 3,17,359        | 3,38,631        | 3,51,074        |
| Gross Profit                  | 3,84,587        | 3,75,876        | 3,98,273        | 4,41,394        |
| Margin (%)                    | 58.8            | 54.2            | 54.0            | 55.7            |
| Employee Cost                 | 37,322          | 34,167          | 37,377          | 39,182          |
| Other Expenses                | 49,057          | 49,872          | 45,647          | 49,085          |
| <b>EBITDA</b>                 | <b>2,44,066</b> | <b>2,40,248</b> | <b>2,61,676</b> | <b>2,95,289</b> |
| YoY gr. (%)                   | 1.9             | (1.6)           | 8.9             | 12.8            |
| Margin (%)                    | 37.3            | 34.7            | 35.5            | 37.3            |
| Depreciation and Amortization | 16,478          | 14,419          | 12,560          | 13,271          |
| <b>EBIT</b>                   | <b>2,27,588</b> | <b>2,25,828</b> | <b>2,49,116</b> | <b>2,82,018</b> |
| Margin (%)                    | 34.8            | 32.6            | 33.8            | 35.6            |
| Net Interest                  | 457             | 364             | 364             | 364             |
| Other Income                  | 35,383          | 34,543          | 37,774          | 44,911          |
| <b>Profit Before Tax</b>      | <b>2,62,513</b> | <b>2,60,008</b> | <b>2,86,526</b> | <b>3,26,566</b> |
| Margin (%)                    | 40.1            | 37.5            | 38.9            | 41.2            |
| Total Tax                     | 58,938          | 64,370          | 70,199          | 80,009          |
| Effective tax rate (%)        | 22.5            | 24.8            | 24.5            | 24.5            |
| <b>Profit after tax</b>       | <b>2,03,575</b> | <b>1,95,638</b> | <b>2,16,327</b> | <b>2,46,558</b> |
| Minority interest             | -               | -               | -               | -               |
| Share Profit from Associate   | -               | -               | 2,976           | 3,237           |
| <b>Adjusted PAT</b>           | <b>2,03,575</b> | <b>1,99,903</b> | <b>2,19,303</b> | <b>2,49,795</b> |
| YoY gr. (%)                   | 9.0             | (1.8)           | 9.7             | 13.9            |
| Margin (%)                    | 31.1            | 28.8            | 29.8            | 31.5            |
| Extra Ord. Income / (Exp)     | (76)            | 16,118          | -               | -               |
| <b>Reported PAT</b>           | <b>2,03,500</b> | <b>2,16,022</b> | <b>2,19,303</b> | <b>2,49,795</b> |
| YoY gr. (%)                   | 8.5             | 6.2             | 1.5             | 13.9            |
| Margin (%)                    | 31.1            | 31.2            | 29.8            | 31.5            |
| Other Comprehensive Income    | 22,811          | (9,294)         | -               | -               |
| Total Comprehensive Income    | 2,26,310        | 2,06,728        | 2,19,303        | 2,49,795        |
| <b>Equity Shares O/s (m)</b>  | <b>12,485</b>   | <b>12,514</b>   | <b>12,520</b>   | <b>12,526</b>   |
| <b>EPS (Rs)</b>               | <b>16.3</b>     | <b>16.0</b>     | <b>17.5</b>     | <b>19.9</b>     |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY24            | FY25            | FY26E           | FY27E            |
|---------------------------------------|-----------------|-----------------|-----------------|------------------|
| <b>Non-Current Assets</b>             |                 |                 |                 |                  |
| <b>Gross Block</b>                    | <b>3,58,249</b> | <b>3,16,177</b> | <b>3,31,377</b> | <b>3,46,577</b>  |
| Tangibles                             | 3,34,647        | 2,92,568        | 3,07,568        | 3,22,568         |
| Intangibles                           | 23,601          | 23,609          | 23,809          | 24,009           |
| <b>Acc: Dep / Amortization</b>        | <b>1,13,715</b> | <b>1,27,454</b> | <b>1,39,483</b> | <b>1,52,085</b>  |
| Tangibles                             | 1,10,671        | 1,24,085        | 1,35,733        | 1,47,951         |
| Intangibles                           | 3,044           | 3,369           | 3,750           | 4,134            |
| <b>Net fixed assets</b>               | <b>2,44,534</b> | <b>1,88,723</b> | <b>1,91,894</b> | <b>1,94,493</b>  |
| Tangibles                             | 2,23,977        | 1,68,483        | 1,71,835        | 1,74,617         |
| Intangibles                           | 20,557          | 20,240          | 20,059          | 19,875           |
| Capital Work In Progress              | 10,780          | 10,678          | 12,000          | 12,000           |
| Goodwill                              | 5,772           | 5,772           | 5,772           | 5,772            |
| Non-Current Investments               | 2,28,246        | 2,07,075        | 2,19,378        | 2,32,745         |
| Net Deferred tax assets               | (20,837)        | (25,564)        | (24,285)        | (23,071)         |
| Other Non-Current Assets              | 23,238          | 30,285          | 36,074          | 37,844           |
| <b>Current Assets</b>                 |                 |                 |                 |                  |
| Investments                           | 1,19,169        | 1,52,859        | 2,43,178        | 2,77,363         |
| Inventories                           | 1,26,315        | 1,50,610        | 1,59,687        | 1,67,426         |
| Trade receivables                     | 33,115          | 39,108          | 25,949          | 27,904           |
| Cash & Bank Balance                   | 62,177          | 31,844          | 40,464          | 39,359           |
| Other Current Assets                  | 11,342          | 10,437          | 15,475          | 16,642           |
| <b>Total Assets</b>                   | <b>8,73,276</b> | <b>8,40,092</b> | <b>9,64,470</b> | <b>10,28,326</b> |
| <b>Equity</b>                         |                 |                 |                 |                  |
| Equity Share Capital                  | 12,485          | 12,514          | 12,520          | 12,526           |
| Other Equity                          | 7,09,848        | 6,66,487        | 7,78,663        | 8,35,107         |
| <b>Total Networkth</b>                | <b>7,22,333</b> | <b>6,79,001</b> | <b>7,91,183</b> | <b>8,47,633</b>  |
| <b>Non-Current Liabilities</b>        |                 |                 |                 |                  |
| Long Term borrowings                  | 18              | -               | -               | -                |
| Provisions                            | 2,215           | 2,252           | 2,182           | 2,312            |
| Other non current liabilities         | -               | -               | -               | -                |
| <b>Current Liabilities</b>            |                 |                 |                 |                  |
| ST Debt / Current of LT Debt          | -               | -               | -               | -                |
| Trade payables                        | 44,896          | 44,898          | 50,084          | 52,135           |
| Other current liabilities             | 79,261          | 86,323          | 93,335          | 99,796           |
| <b>Total Equity &amp; Liabilities</b> | <b>8,73,276</b> | <b>8,40,092</b> | <b>9,64,471</b> | <b>10,28,326</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                               | FY24              | FY25              | FY26E             | FY27E             |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| PBT                                   | 2,62,513          | 2,60,008          | 2,86,526          | 3,26,566          |
| Add. Depreciation                     | 16,478            | 14,419            | 12,560            | 13,271            |
| Add. Interest                         | 457               | 364               | 364               | 364               |
| Less Financial Other Income           | 35,383            | 34,543            | 37,774            | 44,911            |
| Add. Other                            | 36,588            | (4,337)           | (6,363)           | (2,102)           |
| Op. profit before WC changes          | 3,16,037          | 2,70,454          | 2,93,087          | 3,38,099          |
| Net Changes-WC                        | (8,470)           | (32,231)          | (82,651)          | (40,241)          |
| Direct tax                            | (58,938)          | (64,370)          | (70,199)          | (80,009)          |
| <b>Net cash from Op. activities</b>   | <b>2,48,630</b>   | <b>1,73,853</b>   | <b>1,40,237</b>   | <b>2,17,849</b>   |
| Capital expenditures                  | (26,016)          | 41,493            | (17,053)          | (15,869)          |
| Interest / Dividend Income            | -                 | -                 | -                 | -                 |
| Others                                | (64,584)          | 21,208            | (12,302)          | (13,364)          |
| <b>Net Cash from Invt. activities</b> | <b>(90,600)</b>   | <b>62,701</b>     | <b>(29,355)</b>   | <b>(29,233)</b>   |
| Issue of share cap. / premium         | 34,459            | (67,305)          | 71,052            | (2,306)           |
| Debt changes                          | (15)              | (18)              | -                 | -                 |
| Dividend paid                         | (1,91,639)        | (1,71,665)        | (1,75,197)        | (1,87,802)        |
| Interest paid                         | (457)             | (364)             | (364)             | (364)             |
| Others                                | (174)             | 353               | 571               | (777)             |
| <b>Net cash from Fin. activities</b>  | <b>(1,57,827)</b> | <b>(2,38,998)</b> | <b>(1,03,938)</b> | <b>(1,91,248)</b> |
| <b>Net change in cash</b>             | <b>203</b>        | <b>(2,444)</b>    | <b>6,943</b>      | <b>(2,632)</b>    |
| Free Cash Flow                        | 2,22,614          | 2,15,346          | 1,23,183          | 2,01,980          |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY24  | FY25  | FY26E | FY27E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 16.3  | 16.0  | 17.5  | 19.9  |
| CEPS                       | 17.6  | 17.1  | 18.5  | 21.0  |
| BVPS                       | 57.9  | 54.3  | 63.2  | 67.7  |
| FCF                        | 17.8  | 17.2  | 9.8   | 16.1  |
| DPS                        | 13.8  | 14.0  | 15.0  | 16.0  |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 32.6  | 32.2  | 33.9  | 34.4  |
| ROIC                       | 32.9  | 34.5  | 36.6  | 39.6  |
| RoE                        | 29.1  | 28.5  | 29.8  | 30.5  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | (0.3) | (0.3) | (0.4) | (0.4) |
| Net Working Capital (Days) | 64    | 76    | 67    | 66    |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 26.1  | 26.7  | 24.3  | 21.4  |
| P/B                        | 7.4   | 7.9   | 6.7   | 6.3   |
| P/CEPS                     | 17.6  | 17.1  | 18.5  | 21.0  |
| EV/EBITDA                  | 21.1  | 21.4  | 19.3  | 17.0  |
| EV/Sales                   | 7.9   | 7.4   | 6.9   | 6.3   |
| Dividend Yield (%)         | 3.2   | 3.3   | 3.5   | 3.8   |

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

| Y/e Mar                           | Q1FY25          | Q2FY25          | Q3FY25          | Q4FY25          |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net Revenue</b>                | <b>1,70,001</b> | <b>1,86,491</b> | <b>1,70,528</b> | <b>1,72,482</b> |
| YoY gr. (%)                       | 7.4             | 12.7            | 3.5             | 4.0             |
| Raw Material Expenses             | 71,885          | 90,278          | 77,701          | 78,121          |
| Gross Profit                      | 98,116          | 96,213          | 92,827          | 94,362          |
| Margin (%)                        | 57.7            | 51.6            | 54.4            | 54.7            |
| <b>EBITDA</b>                     | <b>62,955</b>   | <b>61,233</b>   | <b>58,284</b>   | <b>59,864</b>   |
| YoY gr. (%)                       | 0.7             | 1.4             | (3.3)           | (2.9)           |
| Margin (%)                        | 37.0            | 32.8            | 34.2            | 34.7            |
| Depreciation / Depletion          | 4,309           | 3,683           | 3,618           | 3,565           |
| <b>EBIT</b>                       | <b>58,646</b>   | <b>57,550</b>   | <b>54,666</b>   | <b>56,299</b>   |
| Margin (%)                        | 34.5            | 30.9            | 32.1            | 32.6            |
| Net Interest                      | 111             | 119             | 76              | 85              |
| Other Income                      | 7,013           | 8,737           | 10,866          | 7,955           |
| <b>Profit before Tax</b>          | <b>65,547</b>   | <b>67,547</b>   | <b>68,471</b>   | <b>64,169</b>   |
| Margin (%)                        | 38.6            | 36.2            | 40.2            | 37.2            |
| Total Tax                         | 16,343          | 16,752          | 17,246          | 15,421          |
| Effective tax rate (%)            | 24.9            | 24.8            | 25.2            | 24.0            |
| <b>Profit after Tax</b>           | <b>49,205</b>   | <b>50,795</b>   | <b>51,225</b>   | <b>48,747</b>   |
| Minority interest                 | -               | -               | -               | -               |
| Share Profit from Associates      | -               | -               | -               | -               |
| <b>Adjusted PAT</b>               | <b>49,205</b>   | <b>50,795</b>   | <b>51,225</b>   | <b>48,747</b>   |
| YoY gr. (%)                       | 0.4             | 3.1             | (8.2)           | (2.9)           |
| Margin (%)                        | 28.9            | 27.2            | 30.0            | 28.3            |
| Extra Ord. Income / (Exp)         | (30)            | (12)            | 5,158           | 1,46,869        |
| <b>Reported PAT</b>               | <b>49,175</b>   | <b>50,783</b>   | <b>56,383</b>   | <b>1,95,616</b> |
| YoY gr. (%)                       | 0.3             | 3.1             | 1.2             | 289.7           |
| Margin (%)                        | 28.9            | 27.2            | 33.1            | 113.4           |
| Other Comprehensive Income        | (1,476)         | (4,499)         | 2,763           | (6,083)         |
| <b>Total Comprehensive Income</b> | <b>47,699</b>   | <b>46,285</b>   | <b>59,146</b>   | <b>1,89,533</b> |
| Avg. Shares O/s (m)               | 12,309          | 12,309          | 12,309          | 12,309          |
| <b>EPS (Rs)</b>                   | <b>4.0</b>      | <b>4.1</b>      | <b>4.2</b>      | <b>4.0</b>      |

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 09-Apr-25 | Accumulate | 524      | 413               |
| 2   | 06-Feb-25 | Accumulate | 530      | 443               |
| 3   | 08-Jan-25 | Accumulate | 536      | 450               |
| 4   | 24-Oct-24 | Accumulate | 539      | 472               |
| 5   | 07-Oct-24 | Accumulate | 541      | 504               |
| 6   | 01-Aug-24 | Accumulate | 519      | 494               |
| 7   | 09-Jul-24 | Accumulate | 491      | 434               |
| 8   | 23-May-24 | Accumulate | 491      | 441               |

**Analyst Coverage Universe**

| Sr. No. | Company Name           | Rating     | TP (Rs) | Share Price (Rs) |
|---------|------------------------|------------|---------|------------------|
| 1       | Asian Paints           | Reduce     | 2,142   | 2,303            |
| 2       | Avenue Supermarts      | Hold       | 3,975   | 4,059            |
| 3       | Britannia Industries   | BUY        | 5,941   | 5,613            |
| 4       | Colgate Palmolive      | Hold       | 2,650   | 2,440            |
| 5       | Dabur India            | Hold       | 501     | 482              |
| 6       | Emami                  | Accumulate | 697     | 636              |
| 7       | Hindustan Unilever     | Accumulate | 2,601   | 2,325            |
| 8       | ITC                    | Accumulate | 524     | 413              |
| 9       | Jubilant FoodWorks     | Hold       | 689     | 693              |
| 10      | Kansai Nerolac Paints  | Accumulate | 284     | 255              |
| 11      | Marico                 | Accumulate | 718     | 699              |
| 12      | Metro Brands           | Hold       | 1,162   | 1,046            |
| 13      | Mold-tek Packaging     | Accumulate | 636     | 565              |
| 14      | Nestle India           | Accumulate | 2,559   | 2,433            |
| 15      | Pidilite Industries    | BUY        | 3,428   | 2,980            |
| 16      | Restaurant Brands Asia | Accumulate | 89      | 82               |
| 17      | Titan Company          | BUY        | 3,752   | 3,369            |
| 18      | Westlife Foodworld     | Hold       | 738     | 700              |

**PL's Recommendation Nomenclature (Absolute Performance)**

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

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**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

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