

January 1, 2026

Event Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

| | Current | | Previous | |
|---------------------|---------------|----------|------------|----------|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | REDUCE | | BUY | |
| Target Price | 348 | | 530 | |
| Sales (Rs. m) | 7,66,565 | 8,28,012 | 8,08,491 | 8,82,889 |
| % Chng. | (5.2) | (6.2) | | |
| EBITDA (Rs. m) | 2,56,636 | 2,79,746 | 2,90,290 | 3,18,184 |
| % Chng. | (11.6) | (12.1) | | |
| EPS (Rs.) | 16.5 | 17.9 | 18.6 | 20.3 |
| % Chng. | (11.2) | (11.9) | | |

Key Financials - Standalone

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-----------------|------|-------|-------|-------|
| Sales (Rs. bn) | 693 | 750 | 767 | 828 |
| EBITDA (Rs. bn) | 240 | 254 | 257 | 280 |
| Margin (%) | 34.7 | 33.9 | 33.5 | 33.8 |
| PAT (Rs. bn) | 200 | 204 | 207 | 225 |
| EPS (Rs.) | 16.0 | 16.3 | 16.5 | 17.9 |
| Gr. (%) | 0.2 | 1.9 | 1.2 | 8.7 |
| DPS (Rs.) | 14.0 | 14.5 | 15.0 | 16.0 |
| Yield (%) | 3.8 | 4.0 | 4.1 | 4.4 |
| RoE (%) | 28.5 | 29.5 | 28.8 | 30.2 |
| RoCE (%) | 32.2 | 34.5 | 33.5 | 35.3 |
| EV/Sales (x) | 6.3 | 5.8 | 5.7 | 5.3 |
| EV/EBITDA (x) | 18.2 | 17.1 | 17.0 | 15.6 |
| PE (x) | 22.8 | 22.4 | 22.1 | 20.3 |
| P/BV (x) | 6.7 | 6.5 | 6.3 | 6.0 |

Key Data

ITC.BO | ITC IN

| | |
|---------------------|-------------------------|
| 52-W High / Low | Rs.472 / Rs.363 |
| Sensex / Nifty | 85,189 / 26,147 |
| Market Cap | Rs.4,559bn / \$ 50,670m |
| Shares Outstanding | 12,529m |
| 3M Avg. Daily Value | Rs.5300.08m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | - |
| Foreign | 15.17 |
| Domestic Institution | 37.39 |
| Public & Others | 47.41 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|--------|--------|--------|
| Absolute | (10.0) | (12.3) | (20.5) |
| Relative | (9.5) | (13.9) | (26.8) |

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Parth Thakker

parththakker@plindia.com |

Cigarette excise opens pandora's box

Quick Pointers:

- We estimate 23-50% hike in prices of various cigarettes post imposition of new excise rates.
- We expect 12.5% decline in cigarette volumes in FY27 and 2.5% growth in FY28 (4.7% and 4.5% growth earlier). Mix might deteriorate as we anticipate downtrading from RSFT to <64mm cigarettes

We cut EPS estimates by 3.2/11.2/11.9% and rating from Buy to reduce as we factor in the expected impact of cigarette excise on volumes and profitability. We estimate that the excise duty will increase the product prices by 23-50% and hit volumes by 12.5% in FY27. The imposition of sharp duty shows a major shift in benign duty structure stance of GOI which had resulted in industry gaining lost ground from illicit trade in past few years. As new rates imposed are 29-43% lower than peak rates mentioned in excise act, this opens a pandora's box for future increase in excise duty.

The current move takes the overall taxation on cigarettes from 50% to 61%, which is still significantly lower than WHO recommended rate of 75%. Although benefits of lower leaf tobacco prices and some price hikes will improve margins, overall profitability will suffer in medium term. Despite expected uptick in profitability in FMCG and Paperboard, we now expect ITC to post an EPS CAGR of only 4.5% over FY26-28. We cut SOTP based target price to Rs348 (based on Sept27, Rs528 earlier) and cut the rating to reduce.

Central Excise on Cigarettes Raised significantly

- The government has revived and expanded the central excise duty regime for cigarettes and other tobacco products under the Central Excise (Amendment) Act, 2025. This reintroduces Excise duties that were previously replaced by the GST compensation cess and allows significantly higher specified duties on tobacco products with rate for non-filter length ≤65mm is Rs 2,050/'000 sticks, >65-70mm is Rs 3,600/'000, and filter segments such as 65mm and >65-70mm move to Rs 2,100/'000 and Rs 4,000/'000 respectively, with "other" cigarettes at Rs 8,500/'000.
- We estimate total tax incidence including GST to increase by Rs1.2/3.3/4.5 and 7.6 for <64mm filter/RSFT/Long and king's segment.
- we estimate an increase in price of <64mm/RSFT/Long/Kings by 22/38/42/57% respectively.
- This mechanically widens the price gap between tax-paid cigarettes and illicit products, which can be sold at steep discounts. The risk is most acute in the mid-price segments that account for a large part of ITC's volumes, where consumers are more price-elastic and more likely to downgrade to smuggled or counterfeit sticks rather than exit consumption.

Exhibit 1: <64mm/RSFT to see price increase of ~22.6%/38.6%

| | < 64mm | | RSFT (64mm -69mm) | |
|----------------------|--------|-------|-------------------|-------|
| Price/ Stick | old | New | old | New |
| Ex Factory | 2.10 | 2.10 | 4.05 | 4.05 |
| Specific GST/ Excise | 2.08 | 2.1 | 2.75 | 4.0 |
| NCC | 0.5 | 0.5 | 0.5 | 0.5 |
| GST+cess | 0.69 | 1.9 | 1.34 | 3.4 |
| Dealer Price | 5.38 | 6.59 | 8.64 | 11.98 |
| Trade Margin | 10.0% | 10.0% | 10.0% | 10.0% |
| Trade Margin | 0.60 | 0.73 | 0.96 | 1.33 |
| MRP | 6.0 | 7.3 | 9.6 | 13.3 |
| Price Increase | | 22.6% | | 38.6% |
| Total Tax | 3.3 | 4.5 | 4.6 | 7.9 |
| Tax/ MRP | 54.9% | 61.3% | 47.8% | 59.6% |

Source: Company, PL

Exhibit 2: Long/Kings to see price increase of 41.9%/57.3%

| | Long (69-74mm) | | Kings (> 74mm) | |
|----------------------|-----------------|-------|----------------|-------|
| Price/ Stick | old | New | old | New |
| Ex Factory | 4.90 | 4.90 | 7.50 | 7.50 |
| Specific GST/ Excise | 3.67 | 5.4 | 4.17 | 8.5 |
| NCC | 0.6 | 0.7 | 0.9 | 0.9 |
| GST+cess | 1.62 | 4.4 | 2.48 | 6.7 |
| Dealer Price | 10.82 | 15.35 | 15.00 | 23.6 |
| Trade Margin | 10.0% | 10.0% | 10.0% | 10.0% |
| Trade Margin | 1.20 | 1.71 | 1.67 | 2.62 |
| MRP | 12.0 | 17.1 | 16.7 | 26.2 |
| Price Increase | | 41.9% | | 57.3% |
| Total Tax | 5.9 | 10.4 | 7.5 | 16.1 |
| Tax/ MRP | 49% | 61% | 45% | 61% |

Source: Company, PL

Higher Specific Excise likely to put pressure on profitability

- We estimate that RSFT/longs and Kings are ~55% of cigarette volumes for ITC which will see significant price increase. Although price increase will be ~22% for <64mm, some downtrading from RSFT to this segment seems likely.
- We believe mix might see some deterioration with higher decline in longs and king's segment.
- We expect the industry to increase prices to pass on the excise hike, which will impact volumes in the near to medium term.

Excise duty implementation opens a pandora's box

We believe that current excise duty changes open a pandora box as the rates of excise under the new ACT are 29-43% higher than the rates imposed as of now. So, there is always a possibility that GOI might try to tinker with rates in the coming years.

GOI has been after illicit cigarettes and kept benign taxation over past few years which resulted in volumes comes to organised players. However, this move shows a change in policy quite detrimental to the interests of the industry and its growth prospects in coming years.

Exhibit 3: Excise act leaves room for further tax increases by 29%-43%.

| | New Excise Duty | Central Excise Bill | Difference |
|----------------------|-----------------|---------------------|------------|
| Small Filter | 2,100 | 3000 | 42.9% |
| Filter - Regular | 4,000 | 5200 | 30.0% |
| Filter - Long | 5,400 | 7000 | 29.6% |
| Filter - King | 8,500 | 11000 | 29.4% |
| Filter - Extra large | 8,500 | 11000 | 29.4% |

Source: Company, PL

RSP-Based GST Valuation Reduces Pricing Flexibility

The latest increase in cigarette taxes via higher specific excise duties and the shift to RSP-based GST valuation raises the all-in retail price of cigarettes while significantly reducing pricing and trade-margin flexibility for organized players.

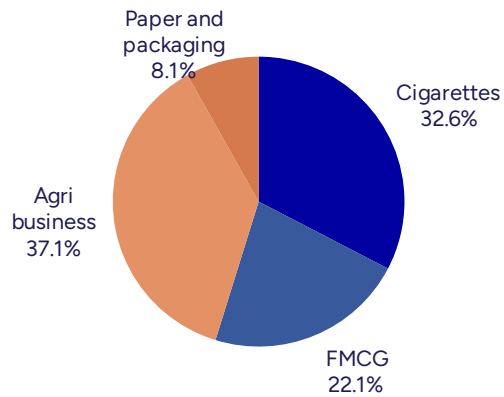
- With GST now deemed on RSP less tax, flexibility around ex-factory pricing, trade margins and promotional discounts is materially reduced.
- Any upward revision in printed MRP including post-printing sticker changes will automatically increases the GST base, raising the effective tax incidence on price actions.
- "Hidden" margin adjustments become tax-visible, limiting tactical levers historically used by manufacturers.

Exhibit 4: Our target price is based on Sept'27 with a value of Rs.348

| SOTP (FY28) | Basis | X | EV (Rs mn) | PAT (Rs mn) | % of PAT | EPS (Rs) | Value/Share |
|--------------------------|----------|-----|------------|-------------|----------|----------|-------------|
| Cigarettes | P/E | 15 | | 154253 | 68.6 | 12.3 | 184 |
| FMCG - Others | EV/Sales | 45 | | 20242 | 9.0 | 1.6 | 81 |
| Agri business | P/E | 15 | | 16958 | 7.5 | 1.4 | 20 |
| Paper and packaging | P/E | 14 | | 14941 | 6.6 | 1.2 | 17 |
| ITC Infotech | P/E | 20 | | 6479 | | 0.5 | 10 |
| Business Value | | | | | | 16.4 | 312 |
| ITC Hotels | Mkt Cap | 40% | | | | | 17 |
| Cash and Invst | | | 442620 | | | | 35 |
| Total Value/share | | | | | | | 365 |

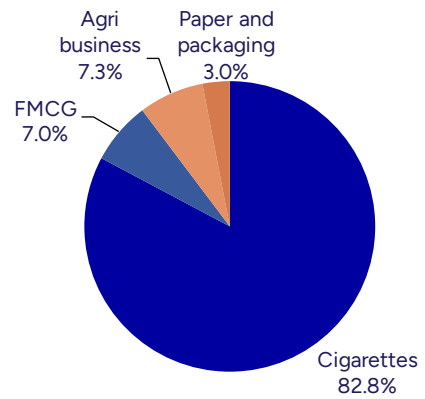
Source: PL

Exhibit 5: Sales Mix: Cigarettes 32.6%, Agri 37.1%



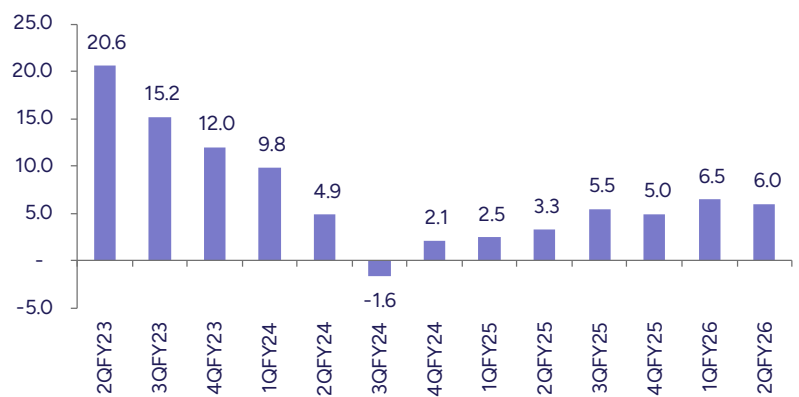
Source: Company, PL

Exhibit 6: Cigarettes contribute ~82.8% of EBIT



Source: Company, PL

Exhibit 7: Cigarette Volumes up ~6.0%



Source: Company, PL

Exhibit 8: Cigarettes to see sales decline of ~10.8% in FY27 amidst tax change

| | FY23 | FY24 | FY25E | FY26E | FY27E | FY28E |
|-------------------------|----------|----------|----------|----------|----------|----------|
| Net Sales (Rs m) | | | | | | |
| Cigarettes | 2,41,527 | 2,59,321 | 2,77,187 | 2,96,411 | 2,64,273 | 2,74,919 |
| FMCG | 1,90,815 | 2,09,583 | 2,19,753 | 2,34,857 | 2,57,558 | 2,83,349 |
| Agri | 1,81,723 | 1,57,918 | 1,97,538 | 2,20,354 | 2,51,757 | 2,81,874 |
| Paper and Paperboard | 90,814 | 83,444 | 84,228 | 85,592 | 93,428 | 99,339 |
| Sales Growth (%) | | | | | | |
| Cigarettes | 20.3 | 7.4 | 6.9 | 6.9 | (10.8) | 4.0 |
| FMCG | 19.5 | 9.8 | 4.9 | 6.9 | 9.7 | 10.0 |
| Agri | 12.2 | (13.1) | 25.1 | 11.6 | 14.3 | 12.0 |
| Paper and Paperboard | 18.8 | (8.1) | 0.9 | 1.6 | 9.2 | 6.3 |
| EBIT (Rs m) | | | | | | |
| Cigarettes | 1,79,271 | 1,90,892 | 2,00,249 | 2,10,711 | 1,94,076 | 2,05,124 |
| FMCG | 13,742 | 17,786 | 15,797 | 18,201 | 23,180 | 26,918 |
| Agri | 13,277 | 12,544 | 14,780 | 17,188 | 20,141 | 22,550 |
| Paper and Paperboard | 22,940 | 13,776 | 9,115 | 8,131 | 14,948 | 19,868 |
| EBIT Margin (%) | | | | | | |
| Cigarettes | 63.6 | 62.4 | 61.4 | 60.5 | 62.5 | 63.5 |
| FMCG | 7.2 | 8.5 | 7.2 | 7.8 | 9.0 | 9.5 |
| Agri | 7.3 | 7.9 | 7.5 | 7.8 | 8.0 | 8.0 |
| Paper and Paperboard | 25.3 | 16.5 | 10.8 | 9.5 | 16.0 | 20.0 |
| EBIT Growth (%) | | | | | | |
| Cigarettes | 20.6 | 6.5 | 4.9 | 5.2 | -7.9 | 5.7 |
| FMCG | 48.8 | 29.4 | -11.2 | 15.2 | 27.4 | 16.1 |
| Agri | 28.8 | -5.5 | 17.8 | 16.3 | 17.2 | 12.0 |
| Paper and Paperboard | 34.9 | -39.9 | -33.8 | -10.8 | 83.8 | 32.9 |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenues | 6,93,235 | 7,50,127 | 7,66,565 | 8,28,012 |
| YoY gr. (%) | 10.7 | 8.2 | 2.2 | 8.0 |
| Cost of Goods Sold | 3,17,358 | 3,46,406 | 3,56,482 | 3,82,960 |
| Gross Profit | 3,75,877 | 4,03,721 | 4,10,084 | 4,45,052 |
| Margin (%) | 54.2 | 53.8 | 53.5 | 53.7 |
| Employee Cost | 34,167 | 36,997 | 38,616 | 41,669 |
| Other Expenses | 51,394 | 55,301 | 57,089 | 61,311 |
| EBITDA | 2,40,248 | 2,54,354 | 2,56,636 | 2,79,746 |
| YoY gr. (%) | 2.3 | 5.9 | 0.9 | 9.0 |
| Margin (%) | 34.7 | 33.9 | 33.5 | 33.8 |
| Depreciation and Amortization | 14,419 | 15,350 | 16,045 | 16,788 |
| EBIT | 2,25,829 | 2,39,004 | 2,40,591 | 2,62,958 |
| Margin (%) | 32.6 | 31.9 | 31.4 | 31.8 |
| Net Interest | 364 | 528 | 582 | 645 |
| Other Income | 34,543 | 32,827 | 34,754 | 36,711 |
| Profit Before Tax | 2,60,009 | 2,71,302 | 2,74,763 | 2,99,024 |
| Margin (%) | 37.5 | 36.2 | 35.8 | 36.1 |
| Total Tax | 64,370 | 67,283 | 68,141 | 74,158 |
| Effective tax rate (%) | 24.8 | 24.8 | 24.8 | 24.8 |
| Profit after tax | 1,95,639 | 2,04,019 | 2,06,622 | 2,24,866 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 1,99,904 | 2,04,019 | 2,06,622 | 2,24,866 |
| YoY gr. (%) | 0.4 | 2.1 | 1.3 | 8.8 |
| Margin (%) | 28.8 | 27.2 | 27.0 | 27.2 |
| Extra Ord. Income / (Exp) | 16,118 | - | - | - |
| Reported PAT | 2,16,022 | 2,04,019 | 2,06,622 | 2,24,866 |
| YoY gr. (%) | 8.5 | (5.6) | 1.3 | 8.8 |
| Margin (%) | 31.2 | 27.2 | 27.0 | 27.2 |
| Other Comprehensive Income | (9,294) | - | - | - |
| Total Comprehensive Income | 2,06,729 | 2,04,019 | 2,06,622 | 2,24,866 |
| Equity Shares O/s (m) | 12,514 | 12,533 | 12,548 | 12,558 |
| EPS (Rs) | 16.0 | 16.3 | 16.5 | 17.9 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-Current Assets | | | | |
| Gross Block | 2,95,241 | 3,08,741 | 3,23,241 | 3,38,741 |
| Tangibles | 2,72,021 | 2,85,021 | 2,99,021 | 3,14,021 |
| Intangibles | 23,221 | 23,721 | 24,221 | 24,721 |
| Acc: Dep / Amortization | 1,06,518 | 1,20,582 | 1,35,327 | 1,50,803 |
| Tangibles | 1,03,538 | 1,17,127 | 1,31,389 | 1,46,370 |
| Intangibles | 2,980 | 3,455 | 3,939 | 4,433 |
| Net fixed assets | 1,88,723 | 1,88,159 | 1,87,914 | 1,87,938 |
| Tangibles | 1,68,483 | 1,67,893 | 1,67,632 | 1,67,651 |
| Intangibles | 20,240 | 20,266 | 20,282 | 20,287 |
| Capital Work In Progress | 10,678 | 11,000 | 11,000 | 11,000 |
| Goodwill | 5,772 | 5,772 | 5,772 | 5,772 |
| Non-Current Investments | 2,07,075 | 2,21,083 | 2,36,231 | 2,52,623 |
| Net Deferred tax assets | (25,564) | (24,285) | (23,071) | (21,918) |
| Other Non-Current Assets | 30,285 | 18,714 | 18,999 | 19,915 |
| Current Assets | | | | |
| Investments | 1,52,859 | 1,65,028 | 1,72,477 | 1,82,163 |
| Inventories | 1,50,610 | 1,62,585 | 1,66,042 | 1,79,411 |
| Trade receivables | 39,108 | 40,646 | 41,510 | 44,853 |
| Cash & Bank Balance | 31,844 | 37,162 | 33,680 | 29,238 |
| Other Current Assets | 10,437 | 11,252 | 11,498 | 12,420 |
| Total Assets | 8,40,092 | 8,76,000 | 9,01,903 | 9,44,618 |
| Equity | | | | |
| Equity Share Capital | 12,514 | 12,533 | 12,548 | 12,558 |
| Other Equity | 6,66,487 | 6,93,588 | 7,15,882 | 7,48,600 |
| Total Network | 6,79,002 | 7,06,121 | 7,28,431 | 7,61,158 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 2,252 | 2,370 | 2,454 | 2,649 |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 44,898 | 50,231 | 52,788 | 56,755 |
| Other current liabilities | 86,323 | 90,861 | 92,929 | 99,803 |
| Total Equity & Liabilities | 8,40,092 | 8,76,000 | 9,01,903 | 9,44,618 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| PBT | 2,60,009 | 2,71,302 | 2,74,763 | 2,99,024 |
| Add. Depreciation | 14,419 | 15,350 | 16,045 | 16,788 |
| Add. Interest | 364 | 528 | 582 | 645 |
| Less Financial Other Income | 34,543 | 32,827 | 34,754 | 36,711 |
| Add. Other | (4,337) | 10,561 | (1,266) | (1,714) |
| Op. profit before WC changes | 2,70,455 | 2,97,742 | 2,90,124 | 3,14,743 |
| Net Changes-WC | (29,584) | (20,200) | (11,099) | (20,512) |
| Direct tax | (64,370) | (67,283) | (68,141) | (74,158) |
| Net cash from Op. activities | 1,76,501 | 2,10,259 | 2,10,883 | 2,20,073 |
| Capital expenditures | 41,493 | (15,108) | (15,799) | (16,812) |
| Interest / Dividend Income | - | - | - | - |
| Others | 21,208 | (14,006) | (15,147) | (16,390) |
| Net Cash from Inv. activities | 62,701 | (29,115) | (30,946) | (33,202) |
| Issue of share cap. / premium | (67,306) | (1,699) | (2,584) | (3,916) |
| Debt changes | (18) | - | - | - |
| Dividend paid | (1,71,665) | (1,75,202) | (1,81,728) | (1,88,223) |
| Interest paid | (364) | (528) | (582) | (645) |
| Others | 353 | (74) | (53) | (56) |
| Net cash from Fin. activities | (2,38,998) | (1,77,503) | (1,84,947) | (1,92,840) |
| Net change in cash | 203 | 3,642 | (5,009) | (5,970) |
| Free Cash Flow | 2,17,994 | 1,95,151 | 1,95,084 | 2,03,261 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenue | 1,70,528 | 1,72,482 | 1,97,499 | 1,80,213 |
| YoY gr. (%) | 3.5 | 4.0 | 20.6 | (3.4) |
| Raw Material Expenses | 77,701 | 78,121 | 1,00,724 | 81,853 |
| Gross Profit | 92,827 | 94,362 | 96,775 | 98,359 |
| Margin (%) | 54.4 | 54.7 | 49.0 | 54.6 |
| EBITDA | 58,284 | 59,864 | 62,613 | 62,520 |
| YoY gr. (%) | (3.3) | (2.9) | 2.9 | 2.1 |
| Margin (%) | 34.2 | 34.7 | 31.7 | 34.7 |
| Depreciation / Depletion | 3,618 | 3,565 | 3,653 | 3,707 |
| EBIT | 54,666 | 56,299 | 58,960 | 58,813 |
| Margin (%) | 32.1 | 32.6 | 29.9 | 32.6 |
| Net Interest | 76 | 85 | 129 | 159 |
| Other Income | 10,866 | 7,955 | 6,621 | 8,980 |
| Profit before Tax | 68,471 | 64,169 | 65,451 | 67,634 |
| Margin (%) | 40.2 | 37.2 | 33.1 | 37.5 |
| Total Tax | 17,246 | 15,421 | 16,328 | 16,717 |
| Effective tax rate (%) | 25.2 | 24.0 | 24.9 | 24.7 |
| Profit after Tax | 51,225 | 48,747 | 49,124 | 50,917 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 51,225 | 48,747 | 49,124 | 50,917 |
| YoY gr. (%) | (8.2) | (2.9) | 1.9 | 0.2 |
| Margin (%) | 30.0 | 28.3 | 24.9 | 28.3 |
| Extra Ord. Income / (Exp) | 5,158 | 1,46,869 | - | 881 |
| Reported PAT | 56,383 | 1,95,616 | 49,124 | 51,798 |
| YoY gr. (%) | 1.2 | 289.7 | (0.1) | 2.0 |
| Margin (%) | 33.1 | 113.4 | 24.9 | 28.7 |
| Other Comprehensive Income | 2,763 | (6,083) | 1,888 | (1,883) |
| Total Comprehensive Income | 59,146 | 1,89,533 | 51,012 | 49,915 |
| Avg. Shares O/s (m) | 12,309 | 12,309 | 12,309 | 12,527 |
| EPS (Rs) | 4.2 | 4.0 | 4.0 | 4.1 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------------------|-------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 16.0 | 16.3 | 16.5 | 17.9 |
| CEPS | 17.1 | 17.5 | 17.7 | 19.2 |
| BVPS | 54.3 | 56.3 | 58.1 | 60.6 |
| FCF | 17.4 | 15.6 | 15.5 | 16.2 |
| DPS | 14.0 | 14.5 | 15.0 | 16.0 |
| Return Ratio(%) | | | | |
| RoCE | 32.2 | 34.5 | 33.5 | 35.3 |
| ROIC | 34.5 | 35.5 | 34.6 | 35.9 |
| RoE | 28.5 | 29.5 | 28.8 | 30.2 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.3) | (0.3) | (0.3) | (0.3) |
| Net Working Capital (Days) | 76 | 74 | 74 | 74 |
| Valuation(x) | | | | |
| PER | 22.8 | 22.4 | 22.1 | 20.3 |
| P/B | 6.7 | 6.5 | 6.3 | 6.0 |
| P/CEPS | 17.1 | 17.5 | 17.7 | 19.2 |
| EV/EBITDA | 18.2 | 17.1 | 17.0 | 15.6 |
| EV/Sales | 6.3 | 5.8 | 5.7 | 5.3 |
| Dividend Yield (%) | 3.8 | 4.0 | 4.1 | 4.4 |

Source: Company Data, PL Research

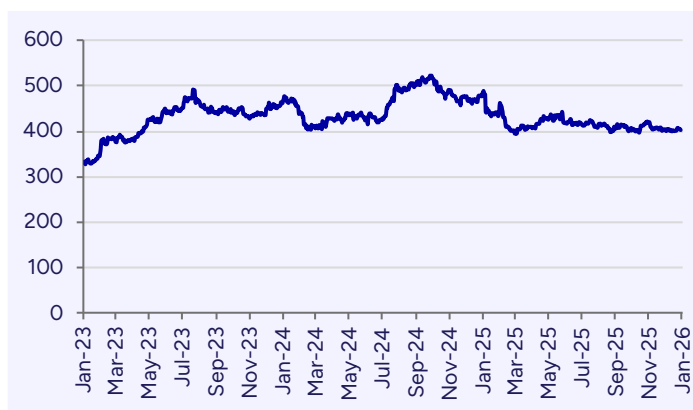
Key Operating Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------|------|-------|-------|-------|
| Cigarette Vol Gr % | (13) | 3 | 3 | 3 |
| EBIT Gr % | 1 | 1 | 1 | 1 |
| FMCG EBIT (Rs mn) | | | | |

Source: Company Data, PL Research

Price Chart

Recommendation History



| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 30-Oct-25 | BUY | 530 | 419 |
| 2 | 08-Oct-25 | BUY | 530 | 400 |
| 3 | 01-Aug-25 | BUY | 530 | 416 |
| 4 | 09-Jul-25 | BUY | 538 | 417 |
| 5 | 22-May-25 | BUY | 538 | 426 |
| 6 | 09-Apr-25 | Accumulate | 524 | 413 |
| 7 | 06-Feb-25 | Accumulate | 530 | 443 |
| 8 | 08-Jan-25 | Accumulate | 536 | 450 |

Analyst Coverage Universe

| Sr. No. | CompanyName | Rating | TP (Rs) | Share Price (Rs) |
|---------|------------------------|------------|---------|------------------|
| 1 | Asian Paints | Reduce | 2,448 | 2,770 |
| 2 | Avenue Supermarts | Hold | 4,111 | 4,320 |
| 3 | Britannia Industries | BUY | 6,761 | 6,158 |
| 4 | Colgate Palmolive | Hold | 2,534 | 2,287 |
| 5 | Dabur India | Hold | 490 | 502 |
| 6 | Emami | Accumulate | 608 | 525 |
| 7 | Hindustan Unilever | Accumulate | 2,772 | 2,602 |
| 8 | ITC | BUY | 530 | 419 |
| 9 | Jubilant FoodWorks | BUY | 700 | 574 |
| 10 | Kansai Nerolac Paints | Accumulate | 272 | 246 |
| 11 | Marico | Accumulate | 787 | 739 |
| 12 | Metro Brands | Hold | 1,276 | 1,203 |
| 13 | Mold-tekk Packaging | Accumulate | 821 | 761 |
| 14 | Nestle India | Hold | 1,359 | 1,277 |
| 15 | Pidilite Industries | BUY | 1,714 | 1,445 |
| 16 | Restaurant Brands Asia | Accumulate | 87 | 72 |
| 17 | Titan Company | BUY | 4,397 | 3,725 |
| 18 | Westlife Foodworld | Hold | 604 | 583 |

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Vishwa Solanki- PGDM - Finance, Mr. Parth Thakker- BFM, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Vishwa Solanki- PGDM - Finance, Mr. Parth Thakker- BFM, Passed CFA Level II Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

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

www.plindia.com