



ITC's Q3FY24 print was below our estimates; revenue/PAT grew by 1.4%/10.9% while EBITDA cut by 3.7%. On a high base cigarette net sales/EBIT grew 1.2%/2.3% yet with 16% growth in the base, cigarette volume declined ~1-2%. FMCG revenue/EBIT grew at 7.6%/24.1%, led by, (1) ~3% volume growth, (2) strong growth in staples/convenience food, education stationary and personal wash, (3) rapid scale up in digital and MT – 31% of sales, and (4) accelerating premiumisation. Hotels revenue/EBIT grew 18.2%/57%, yet revenues for Agri/Paper declined by 2.2%/9.7% (ex. Wheat/ rice exports +14.2%). Gross Margins remained flat at 58.0% (-50bp YoY) while improved 110bp QoQ despite higher RM/PM prices and leaf tobacco exports. EBITDA margin at 35.9% (-191bp) YoY, driven by healthy mix of price in FMCG, margin recovery in hotels, and better mix in agri, led by value add agri/leaf tobacco. We argued in our [Thematic report](#) that with strong operating leverage and improved product-mix, FMCG segment to deliver 12.9% EBITDA margin (Mar'24). With lower 9MFY24 performance we tweaked our earnings and retain BUY with a revised DCF-based TP of Rs556 (implying 29.4 avg. FY25E/FY26E EPS).

**Resilient performance in FMCG, yet lower exports cut agri revenues and high base in Paper** ITC-next-strategy across business verticals places emphasis on inclusive, future ready and consumer centric approach meeting fast-evolving consumer preferences and consumption patterns. That said FMCG-foods scale-up delivered revenue/volume growth of 7.6%/~3%. Moreover, stability in taxation and cut in illicit trade, and product innovation, despite high base in cigarette net sales grew 1.2% (2-year CAGR 9.3%), yet with 16% growth in base, cigarette volumes declined ~1-2%. Management indicated despite sharp escalation in RM/PM prices in cigarette business industry has delayed price increases due to weak volumes. We expect with stable prices cigarette business is now in a good position to capture further market share. With improved operating metrics, backed by strong occupancy rate/ARR, hotel business grew 18.2%, while subdued demand, higher export from China in globally cut Paper segment revenues by 9.7%. Agri business declined by 2.2% due to govt. policy interventions (ex. Wheat/rice export +14.2%).

#### Strong margin trajectory – Cigarette/FMCG EBIT grew 2.3%/24.1%, FMCG EBITDA at 11%

With strong revenue growth in cigarette/FMCG-foods portfolio segmental EBIT grew 2.3%/24.1% driven by (1) strategic cost management, (2) premiumisation, (3) supply chain agility, and (4) judicious pricing actions. That said, ITC's gross/EBITDA margin increased to 58.0%/35.9% in Q3. FMCG/Hotel EBITDA margin risen to 11.0%/36.2% (+100bp/+470bp), driven by operating leverage yet EBIT for Agri/Paper segment declined 13.3%/51.2% led by weak revenues. We expect recovery in margin for Agri/Paper business in FY25.

#### Valuation and risks

We believe with steady prices, the legal industry has been able to recoup volumes from illegal cigarettes, yet calibrated price increases holding strong demand for KFST/RSFT segment. We expect FMCG EBITDA/EBIT to move up to 12.9%/8.9% in FY24. With clarity on hotel demerger (value unlocking), we expect investor's focus to shift on core fundamentals of the business such as growth momentum and margin trajectory. ITC declared interim dividend of Rs6.25 per share. Considering moderate outlook, we cut FY24/25E earnings by 4.4%/6.8% and retain BUY, with a revised DCF-based TP of Rs556 (implying 29.4x FY25E/FY26E EPS). Risk: rising competitive intensity.

#### Financial and valuation summary

YE Mar (Rs mn)	3QFY24A	3QFY23A	YoY (%)	2QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	1,63,142	1,60,824	1.4	1,63,937	(0.5)	678,807	734,419	806,820
EBITDA	58,552	60,799	(3.7)	58,853	(0.5)	251,037	275,514	306,861
EBITDA margin (%)	35.9	37.8	(191bp)	35.9	(1bp)	37.0	37.5	38.0
Adj. Net profit	55,776	50,310	10.9	49,270	13.2	199,284	215,828	253,464
Adj. EPS (Rs)	4.5	4.1	10.9	4.0	12.9	16.0	17.4	20.4
EPS growth (%)						6.7	8.3	17.4
PE (x)						28.3	26.1	22.3
EV/EBITDA (x)						21.3	19.4	17.3
PBV (x)						8.0	7.6	7.3
RoE (%)						28.8	29.9	33.5
RoCE (%)						28.8	29.8	33.4

Source: Company, Centrum Broking

**BUY**

Target Price: Rs556  
Current Price: Rs454  
Forecast Return: 23%

#### Market data

Bloomberg:	ITC IN
52 week H/L:	500/323
Market cap:	Rs5616.9bn
Shares Outstanding:	12470.9mn
Free float:	52.5%
Avg. daily vol. 3mth:	11,660,110

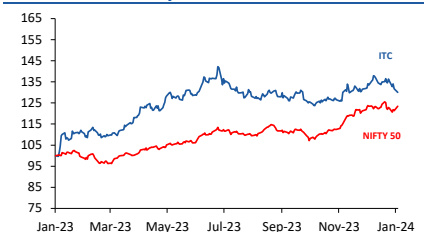
Source: Bloomberg

#### Changes in the report

Rating:	Unchanged
Target price:	Rs.556 3% down from Rs.574
EPS:	FY24E: Rs16.0; down 4.4% FY25E: Rs17.4; down 6.8%

Source: Centrum Broking

#### ITC relative to Nifty 50



Source: Bloomberg

#### Shareholding pattern

	Dec-23	Sep-23	Jun-23	Mar-23
Promoter	0.0	0.0	0.0	0.0
FIIs	43.3	43.3	43.6	43.4
DIIIs	42.0	42.0	42.0	42.1
Public/other	14.7	14.7	14.4	14.5

Source: BSE



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## Thesis Snapshot

### Estimate revisions

Rs mn	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	6,78,807	724,106	(6.3)	734,419	808,820	(9.2)
EBITDA	2,51,037	264,355	(5.0)	275,514	298,392	(7.7)
EBITDA margin (%)	37.0	36.5	47 bps	37.5	36.9	62 bps
Adj. PAT	1,99,284	208,693	(4.4)	215,828	232,349	(6.8)
Diluted EPS (Rs)	16.0	16.8	(4.4)	17.4	18.7	(6.8)

Source: Centrum Broking

### ITC versus Nifty 50

	1m	6m	1 year
ITC IN	(2.7)	(4.0)	30.8
Nifty 50	1.4	9.9	21.5

Source: Bloomberg, NSE

### Key assumptions

Rsm	FY24E	FY25E	FY26E
Cigarette Volume Growth (%)	4.0	6.0	7.0

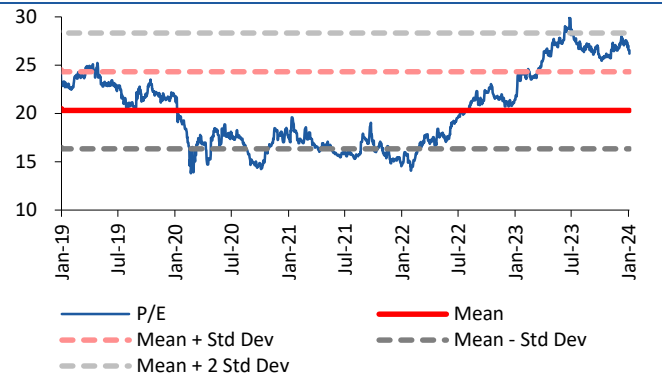
Source: Centrum Broking

### Valuations

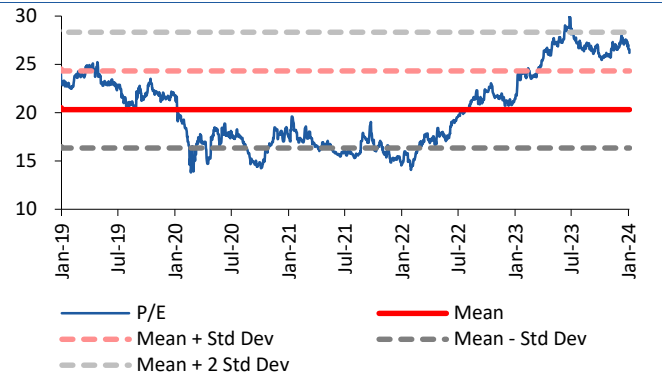
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Valuations	Rs/share
DCF-based target price (Rs)	556
WACC (%)	9.0
Terminal growth (%)	3.2

### P/E mean and standard deviation



### EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Mkt Cap	CAGR (FY23-25E)			P/E (x)			EV/EBITDA (x)			ROE(%)		
	(Rs bn)	Sales	EBITDA	EPS	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
ITC	5,621.5	9.0	10.6	12.8	30.0	26.2	23.3	23.2	21.3	19.4	29.0	28.8	29.9
Godfrey Phillip	114.1	13.3	15.0	21.1	18.0	14.3	12.3	11.6	9.4	7.8	20.6	21.9	21.3
VST Industries	56.1	8.0	17.2	19.0	17.2	20.2	16.0	13.7	14.3	11.3	29.0	23.0	26.5

Source: Company, Centrum Broking

## Press Release highlights

### Business-wise commentary

**Cigarettes:** Net revenue grew 2.1%, while cigarette volume declined ~1-2%; (2 year CAGR +9.3%)

- The business continues to counter illicit trade and growth was led by portfolio innovation, premiumisation and enhancing product availability backed by superior on-ground execution
- Several differentiated variants launched recently continue to perform well
- Sharp escalation in costs of leaf tobacco and certain other inputs largely mitigated through improved mix, strategic cost management and calibrated pricing
- Segment EBIT margins 62.6% (-75bp) due to higher inflation in leaf tobacco and packaging material

**Other FMCG:** Revenue up 7.6% YoY led by ~3% volume driven by staples Atta, Spices, Personal Wash and Agarbatti

- Packaged Foods Business – Staples led by strong growth in Aashirvaad, Sunfeast Biscuits & Cakes, YiPee Noodles and Bingo Snacks portfolio
- Personal Care Products – Fiamas' registered strong growth towards premium offerings, Engage portfolio has witnessed encouraging response
- Education & Stationery Products – 'Classmate' Notebooks fortified its leadership position, delivering a superior performance driven by premiumisation, judicious pricing, exports and institutional strengths
- Segment EBITDA margin sustained at 11.0% (+110bp) where EBIT margin at 8.3% (+110bp)

**Hotels:** Revenues up 18.2% despite higher base, on the back of strong ARR

- Strong growth was witnessed in ARRs across properties, though Occupancy remained flattish on a high base due to relatively fewer wedding dates during the quarter
- EBITDA margin at 36.2% (+470bp) led by operating leverage along with high RevPAR, EBIT margin stood at 27.3% (+676bp)

**Agri Business:** Segment revenue declined by 2.2% YoY while ex wheat exports it was up by 14.2% on the back of value-added agri products & leaf tobacco export

- Leveraging strong customer relations & agile execution and new state-of-the-art value-added Spices processing facility in Guntur
- During the quarter, stock limits on wheat, ban on non-basmati rice exports and export duty on parboiled rice, further limited business opportunities for the Agri Business
- Stock limits on wheat, ban on non-basmati rice exports and export duty on parboiled rice, limited business opportunities for the Agri Business

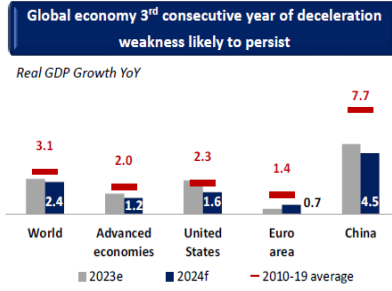
**Paperboards, Paper & Packaging:** Revenue dropped 9.7% due to low priced Chinese supplies in global markets as no major demand in china along with subdued domestic demand

- With correction in paper prices the demand conditions were muted, also steep decline in global pulp prices on a high base and relatively muted customer offtake
- EBIT margin stood at 14.2% (-1207bp)

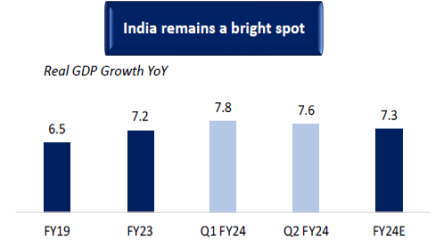
### Margin

- Segmental EBIT margin/EBIT growth (%): Cigarettes 62.6%/2.3%; Other FMCG 8.3%/24.1%; Hotels 27.3%/57.1%; Agri 11.1%/(13.3%); Paper 14.2%/ (-51.2%)
- Overall gross Margins remained flat at 58.0% (-50bp) YoY due to higher RM/PM prices for cigarette business along with incremental sales from leaf tobacco
- EBITDA decline 3.7% to Rs.58.5bn, due to rise in other exp./ employee +8.4%/8.3% respectively, resulting in EBITDA margin of 35.9% (-191bp) YoY
  - APAT increased by 10.9% to Rs55.8bn (CentE. Rs53.5bn) on the back of rise in other income by 30.2%

### Exhibit 1: Macro-Economic Environment



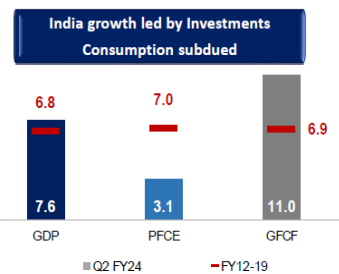
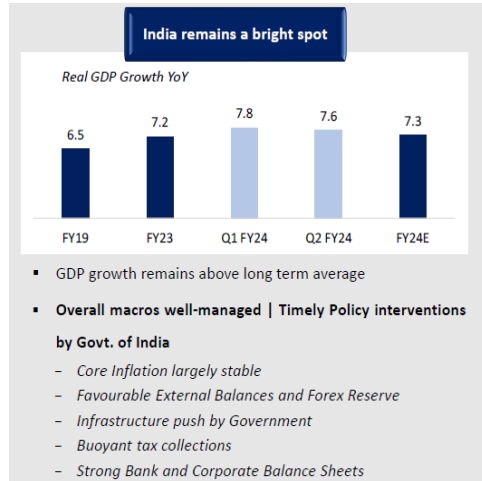
- Structural weakness in Chinese economy
- Geo-political & Climate dynamics pose downside risks
- Debt distress in emerging and low income economies



- GDP growth remains above long term average
- Overall macros well-managed | Timely Policy interventions by Govt. of India
  - Core Inflation largely stable
  - Favourable External Balances and Forex Reserve
  - Infrastructure push by Government
  - Buoyant tax collections
  - Strong Bank and Corporate Balance Sheets

Source: Company, Centrum Broking

### Exhibit 2: Macro-Economic Environment

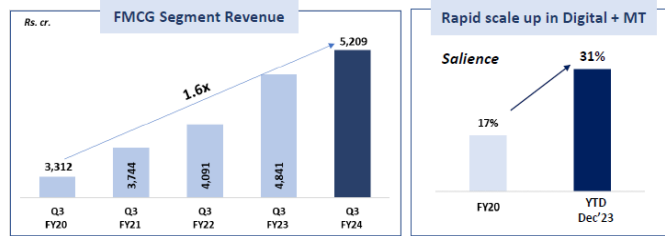


- GDP growth led by Investments (Government Capex)
  - Green shoots in Private Capex in certain sectors
- Private Consumption remains subdued; 400 bps below trend growth

Source: Company, Centrum Broking

### Exhibit 3: FMCG revenue up by 7.6% led by premiumisation

- **Segment Revenue up 7.6% YoY on a high base; 2-yr CAGR +12.8%**
  - Staples, Dairy, Beverages, Fragrances, Personal Wash, Homecare, Agarbattis and Notebooks drive growth
- Strategic **portfolio augmentation** leveraging agile and **purposeful innovation** continues to be stepped up towards addressing evolving consumer needs and accelerating **premiumisation**
- **Strong growth in Alternate Channels**
  - Channel-specific business plans, collaborations, format-based assortments and category-specific sell-out strategies drive growth
- **Commodity price deflation** on YoY basis; **sequential uptick** in certain commodities (viz. wheat, maida, sugar etc.)
  - Competitive intensity remained high in certain categories, including from local / regional players



Source: Company, Centrum Broking

### Exhibit 4: FMCG Cigarettes – Q3 FY24

**Segment Revenue**

7549 cr. ▲ 3.6%

**Segment Results**

4728 cr. ▲ 2.3%

- **Net Segment Revenue\* and Segment PBIT up 2.3% YoY**
  - 2-yr CAGR: Net Segment Revenue +9.3%, Segment PBIT +9.4%
- **Portfolio Vitality | Product Availability | Execution Excellence**
  - Differentiated variants and premium segments continue to perform well
  - Market standing reinforced by fortifying the product portfolio/ market interventions & agile execution
  - Innovation & democratising premiumisation across segments
- **Sharp cost escalation** (Leaf Tobacco & certain other inputs) + increase in taxes → largely mitigated through improved mix, strategic cost management and calibrated pricing

Relative stability in taxes, backed by deterrent actions by enforcement agencies, enables continued volume recovery from illicit trade

Source: Company, Centrum Broking

### Exhibit 5: Cigarettes Introduction

**Innovation**

- Classic Connect
- Gold Flake SLK
- American Club Clove Mint
- Gold Flake Indie Mint

**Portfolio Fortification**

- Gold Flake Neo SMART Filter
- Wills Deluxe
- Bristol Deluxe FT
- Flake XL
- Flake Skipper

**Recent Introductions**

• Classic Alphatec	• American Club Clove Magik	• Players Rush
• Classic Verve Balanced Taste	• Classic Icon	• Capstan Victory
• GF Glostar	• GF Rush	• Bristol Maja Mix

Source: Company, Centrum Broking

### Exhibit 6: Hotel business Update

**Segment Revenue**  
**842 cr.**  
*(+18%; 2 Yr. CAGR 33%)*

**Segment Results**  
**230 cr.**  
*(+57%)*

**Managed properties scaled up<sup>A</sup>**

**22** Hotels in last 24 months  
*(Jan 2022 – Dec 2023)*

**25** Hotels in next 24 months  
*(Jan 2024 – Dec 2025)*

- **Strong growth in ARR and Occupancy** witnessed across properties driven by retail, MICE segments and marquee events like the ICC Cricket World Cup
- **Segment EBITDA margin expanded by 470 bps YoY to 36.2%** driven mainly by higher RevPARs, operating leverage and strategic cost management initiatives
- Healthy pipeline of management contracts under **Mementos, Welcomhotel, Storii, Fortune and WelcomHeritage brands**
  - *Phased openings over the next few quarters*
- **Welcomhotel Chennai** has been reopened in January 2024 after a comprehensive renovation
- **Demerger update:** The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger.

**Avartana & Yi Jing launched at ITC Maratha**

Source: Company, Centrum Broking

### Exhibit 7: Agri business Q3FY24

**Segment Revenue**  
**3055 cr.** ▼ 2.2%

**Segment Results**  
**339 cr.** ▼ 13.3%

- Operating environment remained challenging due to various policy interventions of the Government of India to ensure food security and control inflation
- Strong **customer relationships & agile execution** in Leaf Tobacco & Value Added Agri products continue to drive growth
- **Strategic sourcing support** to Branded Packaged Foods – Wheat, Dairy, Beverages & Spices
- The **state-of-the-art facility<sup>A</sup>** to manufacture and export **Nicotine and Nicotine derivative products** has been commissioned
  - *Export shipments expected to commence from Q4 FY24*

**Robust growth in Value Added Agri Turnover**

CAGR denotes 2 yr. CAGR

Source: Company, Centrum Broking

### Exhibit 8: Paperboard, paper & packaging business

**Segment Revenue**  
**2081 cr.** ▼ 9.7%

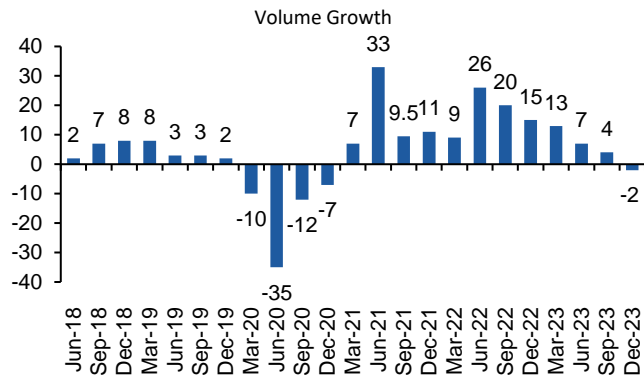
**Segment Results**  
**296 cr.** ▼ 51.2%

**Rapid scale up of Sustainable products**

- **Paperboards, Paper and Packaging Segment** remains impacted by low priced Chinese supplies in global markets, muted domestic demand, surge in wood cost and high base effect
- Demand for Fine paper remained relatively firm; Décor paper witnessed strong performance
- Margins impacted by sharp drop in realisations and unprecedented surge in domestic wood costs due to increased demand from competing industries
- Focus on accelerating New Business Development in domestic and export markets offering innovative and customised solutions, with special focus on consumer electronics, QSR and personal care products
- **Sustainable Products** portfolio continues to witness strong growth leveraging cutting-edge innovation platforms
  - *State-of-the-art premium Moulded Fibre Products manufacturing facility<sup>A</sup> being set up in Badiyakhedi, Madhya Pradesh; facility expected to be commissioned by the end of the financial year*

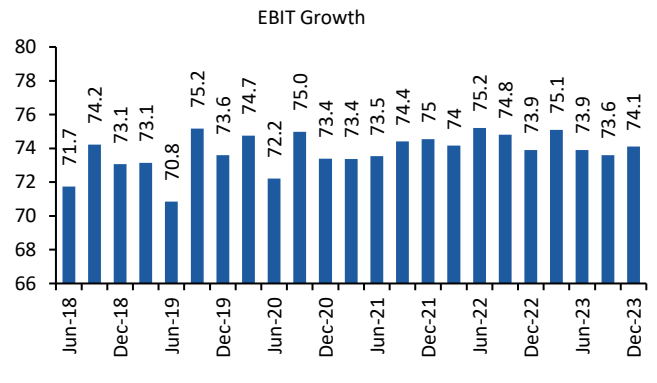
Source: Company, Centrum Broking

**Exhibit 9: ITC – Cigarette volume growth**



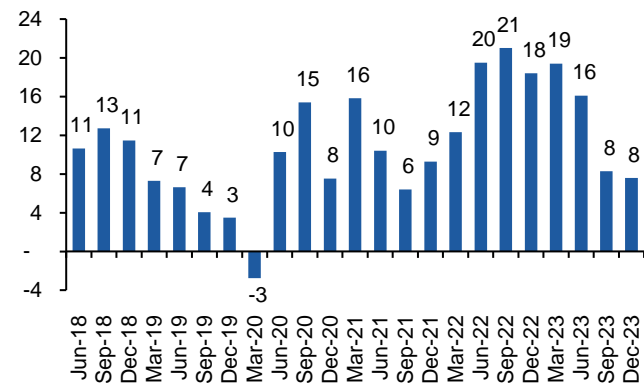
Source: Company, Centrum Broking

**Exhibit 10: ITC – Cigarette EBIT margin trend**



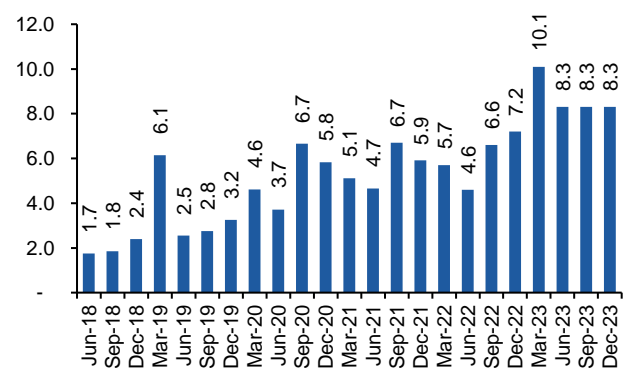
Source: Company, Centrum Broking

**Exhibit 11: ITC – Other FMCG revenue growth**



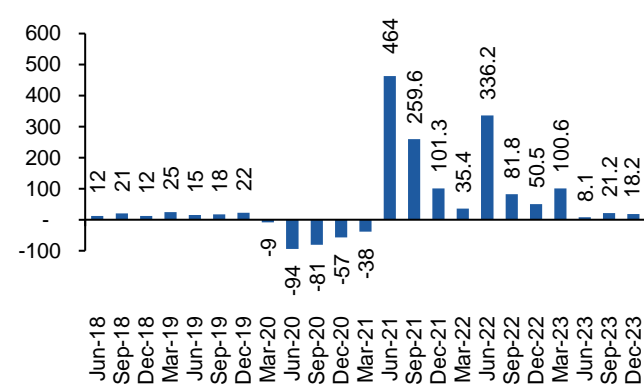
Source: Company, Centrum Broking

**Exhibit 12: ITC – Other FMCG EBIT margin trend**



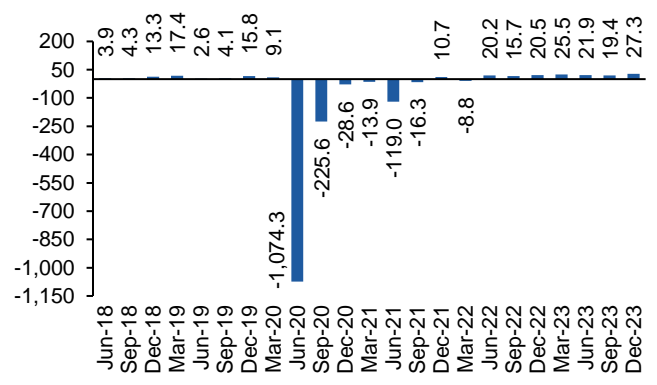
Source: Company, Centrum Broking

**Exhibit 13: ITC – Hotel revenue growth**

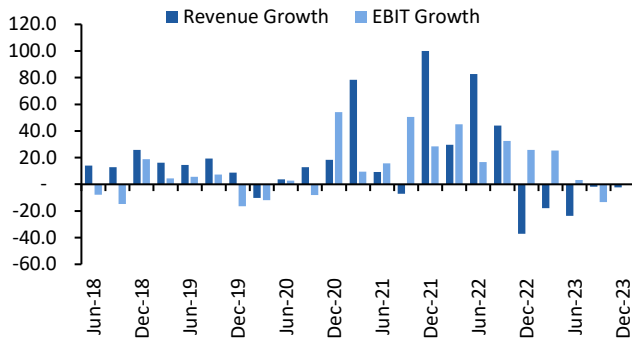


Source: Company, Centrum Broking

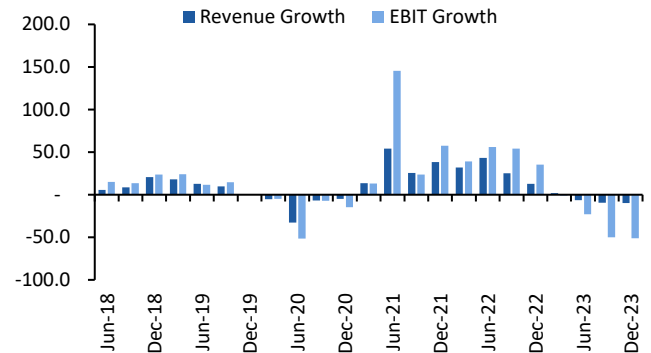
**Exhibit 14: ITC – Hotel EBIT margin growth trend**



Source: Company, Centrum Broking

**Exhibit 15: ITC – Agri-Business revenue & EBIT growth trends**

Source: Company, Centrum Broking

**Exhibit 16: ITC – Paperboard revenue & EBIT growth trends**

Source: Company, Centrum Broking

**Exhibit 17: Quarterly financials – Standalone**

(Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Sales</b>	<b>153,315</b>	<b>171,331</b>	<b>159,415</b>	<b>160,824</b>	<b>161,159</b>	<b>156,756</b>	<b>163,937</b>	<b>1,63,142</b>
Cost of goods sold	72,799	84,768	69,380	66,712	67,941	64,155	70,462	68,494
Employee Expenses	8,095	8,621	9,364	8,770	8,940	9,038	9,092	9,498
Other Exp	22,171	23,032	23,912	24,543	25,005	22,588	25,350	26,598
<b>Operating Profit (Core EBITDA)</b>	<b>50,250</b>	<b>54,909</b>	<b>56,760</b>	<b>60,799</b>	<b>59,273</b>	<b>60,975</b>	<b>58,853</b>	<b>58,552</b>
Depreciation	4,459	4,115	4,220	4,072	4,219	4,025	4,132	4,168
<b>EBIT</b>	<b>45,791</b>	<b>50,794</b>	<b>52,539</b>	<b>56,727</b>	<b>55,054</b>	<b>56,950</b>	<b>54,721</b>	<b>54,385</b>
Interest	105	91	107	102	118	107	105	124
Other Income	8,735	3,127	5,069	8,717	7,463	7,087	8,956	13,044
<b>Profit Before Tax</b>	<b>54,420</b>	<b>55,396</b>	<b>59,385</b>	<b>66,775</b>	<b>65,219</b>	<b>65,456</b>	<b>65,135</b>	<b>67,305</b>
Tax	12,511	13,702	14,725	16,465	15,079	16,429	15,865	11,529
Tax rate (%)	23.0	25.0	25.0	24.7	23.1	25.1	25.2	17.1%
<b>Adjusted PAT</b>	<b>41,910</b>	<b>41,694</b>	<b>44,661</b>	<b>50,310</b>	<b>50,140</b>	<b>49,027</b>	<b>49,270</b>	<b>55,776</b>
<b>Growth (%)</b>								
Net Sales	16.5	41.1	27.2	2.5	5.1	(8.5)	2.8	1.4
EBITDA	15.8	40.2	28.5	23.3	18.0	11.0	3.7	-3.7
Adj. PAT	11.8	38.4	20.8	21.0	19.6	17.6	10.3	0.8
<b>Margin (%)</b>								
Gross Margin	52.5	50.5	56.5	58.5	57.8	59.0	57.0	58.0
EBITDA	32.8	32.0	35.6	37.8	36.8	38.9	35.9	35.9
EBIT	29.9	29.6	33.0	35.3	34.2	36.3	33.4	33.3
PAT	27.3	24.3	28.0	31.3	31.1	31.3	30.1	34.2

Source: Company, Centrum Broking



**Exhibit 18: Quarterly financials- Segmental**

(Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Sales</b>								
Cigarettes	55,482	55,785	59,242	62,485	62,477	62,980	65,027	63,802
Other FMCG	41,420	44,514	48,848	48,414	49,450	51,660	52,916	52,091
Hotels	3,896	5,550	5,360	7,124	7,817	6,002	6,494	8,420
Agri business	43,663	74,730	39,970	31,238	35,786	57,054	39,310	30,547
Paperboards, paper, and packaging	21,828	22,672	22,876	23,055	22,210	21,208	20,699	20,809
<b>EBIT</b>								
Cigarettes	41,143	41,189	44,293	46,197	46,891	46,561	47,817	47,281
Other FMCG	2,360	2,039	3,206	3,481	5,016	4,309	4,386	4,318
Hotels	(342)	1,122	840	1,462	1,996	1,312	1,258	2,297
Agri business	2,440	2,840	3,452	3,915	3,071	3,560	3,567	3,393
Paperboards, paper, and packaging	4,497	6,130	6,298	6,062	4,450	4,725	3,158	2,960
<b>Growth (%)</b>								
Cigarettes	11.0	27.4	22.9	17.9	14.0	11.2	8.0	2.3
Other FMCG	12.3	19.5	21.0	18.4	112.6	111.3	8.3	24.1
Hotels	35.4	336.2	81.8	50.5	(683.3)	17.0	49.8	57.1
Agri business	29.6	82.7	44.0	(37.1)	25.9	25.3	3.3	(13.3)
Paperboards, paper, and packaging	31.8	43.3	25.0	12.7	(1.0)	(22.9)	(49.9)	(51.2)
Cigarettes	74.2	75.1	74.8	73.9	75.1	73.9	73.5	74.1
Other FMCG	5.7	4.6	6.6	7.2	10.1	8.3	8.3	8.3
Hotels	(8.8)	20.2	15.7	20.5	25.5	21.9	19.4	27.3
Agri business	5.6	3.8	8.6	12.5	8.6	6.2	9.1	11.1
Paperboards, paper, and packaging	20.6	27.0	27.5	26.3	20.0	22.3	15.3	14.2

Source: Company, Centrum Broking

<b>P&amp;L</b>					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Revenues</b>	<b>5,56,968</b>	<b>6,52,729</b>	<b>6,78,807</b>	<b>7,34,419</b>	<b>8,06,820</b>
Operating Expense	2,62,325	2,88,802	2,86,457	3,08,089	3,35,234
Employee cost	30,620	35,695	41,407	44,800	48,409
Others	81,131	96,492	99,907	1,06,017	1,16,316
<b>EBITDA</b>	<b>1,82,892</b>	<b>2,31,741</b>	<b>2,51,037</b>	<b>2,75,514</b>	<b>3,06,861</b>
Depreciation & Amortisation	16,522	16,627	16,774	17,786	19,369
<b>EBIT</b>	<b>1,66,370</b>	<b>2,15,114</b>	<b>2,34,263</b>	<b>2,57,728</b>	<b>2,87,492</b>
Interest expenses	420	418	436	436	436
Other income	32,344	32,080	30,476	28,952	49,103
<b>PBT</b>	<b>1,98,295</b>	<b>2,46,775</b>	<b>2,64,303</b>	<b>2,86,244</b>	<b>3,36,159</b>
Taxes	47,717	59,971	65,018	70,416	82,695
Effective tax rate (%)	24.1	24.3	24.6	24.6	24.6
<b>PAT</b>	<b>1,50,578</b>	<b>1,86,804</b>	<b>1,99,284</b>	<b>2,15,828</b>	<b>2,53,464</b>
Minority/Associates	0	0	0	0	0
<b>Recurring PAT</b>	<b>1,50,578</b>	<b>1,86,804</b>	<b>1,99,284</b>	<b>2,15,828</b>	<b>2,53,464</b>
Extraordinary items	0	729	0	0	0
<b>Reported PAT</b>	<b>1,50,578</b>	<b>1,87,533</b>	<b>1,99,284</b>	<b>2,15,828</b>	<b>2,53,464</b>

<b>Ratios</b>					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Growth (%)</b>					
Revenue	23.5	17.2	4.0	8.2	9.9
EBITDA	20.7	26.7	8.3	9.8	11.4
Adj. EPS	15.4	23.0	6.7	8.3	17.4
<b>Margins (%)</b>					
Gross	52.9	55.8	57.8	58.1	58.5
EBITDA	32.8	35.5	37.0	37.5	38.0
EBIT	29.9	33.0	34.5	35.1	35.6
Adjusted PAT	27.0	28.7	29.4	29.4	31.4
<b>Returns (%)</b>					
ROE	25.0	29.0	28.8	29.9	33.5
ROCE	24.9	28.9	28.8	29.8	33.4
ROIC	35.5	37.5	35.5	38.5	42.0
<b>Turnover (days)</b>					
Gross block turnover ratio (x)	1.9	2.1	2.1	2.1	2.2
Debtors	13	12	12	12	11
Inventory	135	130	231	316	316
Creditors	58	54	98	136	137
Net working capital	200	128	181	182	182
<b>Solvency (x)</b>					
Net debt-equity	(0.4)	(0.3)	(0.3)	(0.3)	(0.4)
Interest coverage ratio	436.0	554.3	575.8	631.9	703.8
Net debt/EBITDA	(1.4)	(0.9)	(0.9)	(0.9)	(0.9)
<b>Per share (Rs)</b>					
Adjusted EPS	12.2	15.0	16.0	17.4	20.4
BVPS	49.8	54.4	56.8	59.4	62.5
CEPS	13.6	16.4	17.4	18.8	22.0
DPS	11.5	12.8	13.6	14.8	17.3
Dividend payout (%)	94.1	84.7	85.0	85.0	85.0
<b>Valuation (x)</b>					
P/E	37.2	30.2	28.3	26.1	22.3
P/BV	9.1	8.3	8.0	7.6	7.3
EV/EBITDA	29.1	23.2	21.3	19.4	17.3
Dividend yield (%)	2.5	2.8	3.0	3.3	3.8

Source: Company, Centrum Broking

<b>Balance sheet</b>					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	12,323	12,428	12,428	12,428	12,428
Reserves & surplus	6,01,672	6,63,510	6,93,403	7,25,777	7,63,796
Shareholders fund	6,13,996	6,75,938	7,05,831	7,38,205	7,76,224
Minority Interest	0	0	0	0	0
Total debt	3,112	3,234	3,234	3,234	3,234
Non Current Liabilities	2,834	3,543	3,685	3,987	4,380
Def tax liab. (net)	16,671	16,211	16,211	16,211	16,211
<b>Total liabilities</b>	<b>6,36,612</b>	<b>6,98,927</b>	<b>7,28,961</b>	<b>7,61,637</b>	<b>8,00,050</b>
Gross block	2,89,087	3,11,425	3,29,440	3,47,755	3,66,121
Less: acc. Depreciation	(82,725)	(99,353)	(1,16,126)	(1,33,913)	(1,53,282)
Net block	2,06,362	2,12,072	2,13,313	2,13,842	2,12,839
Capital WIP	24,423	16,815	16,815	16,815	16,815
Net fixed assets	2,56,868	2,55,033	2,56,274	2,56,803	2,55,800
Non Current Assets	28,064	51,914	53,356	56,430	60,432
Investments	47,060	1,63,636	81,818	81,818	81,818
Inventories	99,978	1,05,939	2,56,848	2,76,885	3,03,075
Sundry debtors	19,525	23,213	22,866	24,237	26,073
Cash & Cash Equivalents	2,64,543	2,01,883	2,29,559	2,51,800	2,78,108
Loans & advances	22,937	7,117	7,402	8,008	8,798
Other current assets	11,952	13,881	14,435	15,618	17,158
Trade payables	42,234	43,513	1,10,217	1,19,750	1,32,107
Other current liab.	71,523	79,542	82,720	89,497	98,320
Provisions	556	636	661	715	786
Net current assets	3,04,621	2,28,343	3,37,512	3,66,585	4,01,998
<b>Total assets</b>	<b>6,36,612</b>	<b>6,98,927</b>	<b>7,28,961</b>	<b>7,61,637</b>	<b>8,00,050</b>

<b>Cashflow</b>					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	1,98,295	2,47,504	2,64,303	2,86,244	3,36,159
Depreciation & Amortisation	16,522	16,627	16,774	17,786	19,369
Net Interest	(18,201)	(14,838)	(17,611)	(19,383)	(21,412)
Net Change – WC	1,841	(5,169)	(82,793)	(9,604)	(12,715)
Direct taxes	(45,100)	(58,006)	(65,018)	(70,416)	(82,695)
<b>Net cash from operations</b>	<b>1,48,078</b>	<b>1,78,389</b>	<b>1,15,654</b>	<b>2,04,627</b>	<b>2,38,707</b>
Capital expenditure	(16,748)	(18,583)	(18,015)	(18,315)	(18,366)
Acquisitions, net	0	0	0	0	0
Investments	(16,570)	(54,384)	81,818	0	0
Others	18,148	21,373	18,047	19,819	21,848
<b>Net cash from investing</b>	<b>(15,171)</b>	<b>(51,594)</b>	<b>81,850</b>	<b>1,504</b>	<b>3,482</b>
<b>FCF</b>	<b>1,32,907</b>	<b>1,26,795</b>	<b>1,97,504</b>	<b>2,06,131</b>	<b>2,42,188</b>
Issue of share capital	2,918	24,774	0	0	0
Increase/(decrease) in debt	148	7	0	0	0
Dividend paid	(1,35,471)	(1,51,504)	(1,69,392)	(1,83,454)	(2,15,445)
Interest paid	(966)	(920)	(436)	(436)	(436)
Others	0	339	0	0	0
<b>Net cash from financing</b>	<b>(1,33,370)</b>	<b>(1,27,304)</b>	<b>(1,69,828)</b>	<b>(1,83,890)</b>	<b>(2,15,881)</b>
Net change in Cash	(463)	(509)	27,676	22,241	26,308

Source: Company, Centrum Broking

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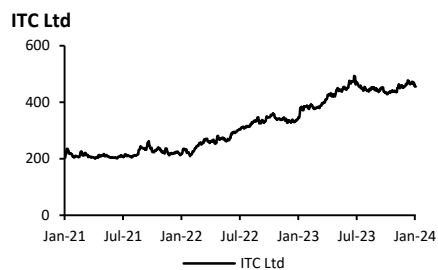
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Source: Bloomberg

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