21 May 2026

4QFY26 Results Update | Sector: Consumer

# ITC

| | |
|---|---|
| Estimate change | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | ITC IN |
| Equity Shares (m) | 12529 |
| M.Cap.(INRb)/(USDb) | 3859.7 / 40.1 |
| 52-Week Range (INR) | 444 / 287 |
| 1, 6, 12 Rel. Per (%) | 3/-15/-24 |
| 12M Avg Val (INR M) | 7649 |

**Financials & Valuations (INR b)**

| Y/E March | 2026 | 2027E | 2028E |
|---|---|---|---|
| Sales | 788.7 | 819.9 | 878.2 |
| Sales Gr. (%) | 2.8 | 4.0 | 7.1 |
| EBITDA | 273.2 | 254.9 | 274.8 |
| EBITDA Mrg. % | 34.6 | 31.1 | 31.3 |
| Adj. PAT | 209.1 | 194.4 | 209.3 |
| Adj. EPS (INR) | 16.5 | 15.8 | 17.0 |
| EPS Gr. (%) | 5.0 | -4.1 | 7.6 |
| BV/Sh.(INR) | 57.9 | 58.4 | 60.6 |
| **Ratios** | | | |
| RoE (%) | 29.0 | 27.2 | 28.6 |
| RoCE (%) | 28.3 | 25.4 | 26.7 |
| Payout (%) | 90.0 | 90.0 | 90.0 |
| **Valuations** | | | |
| P/E (x) | 18.7 | 19.5 | 18.1 |
| P/BV (x) | 5.3 | 5.3 | 5.1 |
| EV/EBITDA (x) | 17.6 | 18.7 | 17.3 |
| Div. Yield (%) | 4.7 | 4.5 | 4.9 |

**Shareholding pattern (%)**

| As On | Mar-26 | Dec-25 | Mar-25 |
|---|---|---|---|
| Promoter | 0.0 | 0.0 | 0.0 |
| DII | 49.2 | 48.9 | 45.2 |
| FII | 34.8 | 36.1 | 39.9 |
| Others | 16.0 | 15.0 | 14.9 |

FII Includes depository receipts

**CMP: INR308 TP: INR335 (+9%) Neutral**

## Cigarette price hike in transit; near-term volatility to sustain

- ITC reported consolidated gross cigarette sales growth of 30% YoY to INR119.5b (est. INR90.4b). Net cigarette sales (INR59.5b) declined 22% given the increase in excise duty. There was a month gap between the new tax announcement date and the implementation date (1st Feb), unprecedented in the history of tax increases. It led to a significant gap between primary and secondary sales, thereby 4Q performance is not comparable. Moreover, given such a sharp increase in taxes, ITC has adopted a calibrated price hike strategy (unlike immediate tax pass-on historically) to protect drop-out of consumers from legal to illegal cigarette markets. Cigarette price hikes are still active, and the cumulative hike has not reached the tax-neutral level.
- Consol. FMCG segment sales grew 15% YoY (beat). A recovery was seen in notebooks despite pressure from low-priced imports and local competition, driven by ITC's calibrated pricing actions. ITC has seen strong growth across products, with premium offerings continuing to perform well. EBIT grew 52% YoY to INR5.3b (beat) and EBIT margin expanded by 200bp to 8.3%.
- Agri business sales declined 15% YoY to INR31.7b (miss), impacted by geopolitical disruptions and a high base. EBIT margin contracted by 50bp YoY to 6.3% (est. 6%).
- Paper business sales grew 2% YoY to INR22.3b, with a similar muted performance in FY26 (4% growth). The minimum import price (MIP) on virgin multi-layer paperboard led to early signs of improvement in net realizations during the quarter. EBIT grew 19% YoY (on base of 33% decline), while EBIT margin expanded 150bp YoY to 10.4% (miss).
- In cigarette business, the tax hike pass-on to consumers is still in progress. Thus, cigarette revenue and EBIT performance will be quite volatile in the near term (at least up to 1QFY27). Earnings pressure on cigarettes would take away the near-term catalysts (recovery in FMCG and Paper) and valuation comfort. ITC has a full cigarette portfolio to better navigate the tax increase, but competitive pressure from illicit cigarettes will take a toll on the formal cigarette industry. A calibrated price hike is expected to impact cigarette EBIT performance in the near term. We maintain our Neutral rating on ITC with **our SoTP-based TP of INR335 (implying 20x FY28E EPS).**

## Cigarette performance not comparable YoY; beat in FMCG

- **Consolidated performance:** ITC's 4Q net revenue declined 5% YoY to INR178.2b (est. INR198.2b). EBITDA grew 6% YoY to INR69.2b (est. INR68.1b). PBT/APAT grew 5%/7% YoY.

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- **Cigarette performance not comparable; EBIT up 7%:** Consol. gross cigarette sales grew 30% YoY to INR119.5b (est. INR90.4b), while net cigarette sales (INR59.5b) declined 22% given the increase in excise duty. ITC witnessed strong performance till Jan'26, driven by strategic portfolio and market interventions. Standalone gross cigarette sales rose 32% YoY to INR110.6b. EBIT grew 7.3% YoY to INR58b (est. INR51.5b). Gross cigarette EBIT margin contracted 100bp YoY to 48.5% (est. 56.9%). 4QFY26 numbers are not comparable given there was a month gap between new tax announcement date and implication of tax hike (1st Feb). It has created a huge variance between primary and secondary sales (throughout the months, particularly in January).
- **FMCG – Others:** Consolidated FMCG-Others sales grew 15% YoY to INR63.5b (est. INR61.4b), driven by Staples, Biscuits, Noodles, Dairy, Premium Personal Wash, Home care & Agarbattis. ITC saw a rebound in Notebooks in 2HFY26, driven by focused interventions and calibrated pricing actions. EBIT grew 52% YoY to INR5.3b (est. INR4.7b) in 4QFY26. EBIT margin expanded by 200bp to 8.3% (est. 7.7%). The surge in prices of key input materials (viz. edible oil, soap noodles, packaging inputs, etc.) toward the end of the quarter amid the West Asia conflict is proactively mitigated through focused market interventions, supply chain agility, cost management and judicious pricing actions.
- **Agri business** declined 15% YoY to INR31.7b (est. INR41.6b). Exports remained relatively subdued during the quarter amid disruptions arising from the West Asia conflict. EBIT fell 21% YoY to INR2b. EBIT margin contracted by 50bp YoY to 6.3% (est. 6%).
- **Paperboard** business sales grew 2% YoY to INR22.3b (est. INR23.1b). EBIT was up 19% YoY at INR2.3b and EBIT margin expanded 150bp YoY to 10.4% (est.11.1%). Input costs moderated amid improved wood availability.
- In FY26, ITC's revenue/EBITDA/APAT grew 3%/4%/5%.

## Valuation and view

- The price hike on cigarettes is slower than expected and is expected to impact earnings in FY27. This strategy can lower the drop-out of consumers from legal to illegal, but it is adding near-term earnings risk. We cut our EPS estimates by ~3%
- ITC is still under the transitory phase in terms of passing on the entire tax hike to consumers. Thus, we believe the cigarette revenue and EBIT performance will be volatile in the near term (at least up to 1QFY27).
- The FMCG business continues to perform well with robust improvement in margins. However, we believe earnings pressure on cigarettes would take away the near-term catalysts (recovery in FMCG and Paper) and comfort on valuation. ITC has a full cigarette portfolio to better navigate the tax increase, but competitive pressure from illicit cigarettes will take a toll on the formal cigarette industry.
- We maintain our Neutral rating on ITC with **our SoTP-based TP of INR335 (implying 20x FY28E EPS).**

**Consol. Quarterly Performance (Reported)** **(INR b)**

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26 | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q* | 2Q* | 3Q | 4Q | | | 4QE | |
| **Est. cigarette vol. gr. (%)** | **3.0** | **3.5** | **6.0** | **5.0** | **6.0** | **6.0** | **6.5** | **NA** | **4.4** | **6.2** | **0.0** | |
| **Net Sales** | **184.6** | **207.4** | **187.9** | **187.7** | **214.9** | **195.0** | **200.5** | **178.2** | **767.5** | **788.7** | **198.7** | -10.3% |
| YoY change (%) | 7.5 | 16.7 | 4.3 | 4.7 | 16.5 | -6.0 | 6.7 | -5.0 | 8.3 | 2.8 | 5.9 | |
| **Gross Profit** | **111.7** | **115.9** | **108.3** | **110.3** | **112.6** | **113.6** | **116.3** | **120.7** | **446.2** | **463.2** | **113.8** | |
| Margin (%) | 60.5 | 55.9 | 57.6 | 58.8 | 52.4 | 58.3 | 58.0 | 67.7 | 58.1 | 58.7 | 57.3 | |
| **EBITDA** | **67.5** | **67.6** | **63.6** | **65.2** | **68.2** | **66.9** | **68.8** | **69.2** | **263.9** | **273.2** | **68.1** | 1.7% |
| Growth (%) | 1.2 | 4.8 | -2.2 | -1.6 | 1.0 | -1.0 | 8.2 | 6.2 | 0.5 | 3.5 | 4.4 | |
| Margins (%) | 36.6 | 32.6 | 33.9 | 34.7 | 31.7 | 34.3 | 34.3 | 38.8 | 34.4 | 34.6 | 34.3 | |
| Depreciation | 5.0 | 5.2 | 4.2 | 4.1 | 4.2 | 4.3 | 4.3 | 4.2 | 18.5 | 17.1 | 4.3 | |
| Interest | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.5 | 0.9 | 0.1 | |
| Other Income | 6.9 | 6.2 | 6.0 | 6.4 | 6.8 | 5.8 | 5.7 | 5.9 | 25.5 | 24.3 | 6.6 | |
| **PBT** | **69.4** | **68.5** | **65.4** | **68.4** | **71.3** | **68.9** | **71.1** | **72.0** | **271.6** | **283.3** | **69.0** | 4.3% |
| Tax | 17.6 | 17.9 | 17.3 | 16.8 | 17.8 | 17.9 | 17.4 | 17.0 | 69.6 | 70.2 | 17.1 | |
| Rate (%) | 25.4 | 26.2 | 26.4 | 24.6 | 25.0 | 26.0 | 24.4 | 23.7 | 25.6 | 24.8 | 24.3 | |
| **Adj PAT** | **50.9** | **49.9** | **46.8** | **50.7** | **52.4** | **50.6** | **51.9** | **54.1** | **198.4** | **209.1** | **50.9** | 6.1% |
| YoY change (%) | -0.2 | 2.0 | -12.4 | -0.9 | 3.0 | 1.3 | 11.1 | 6.6 | -2.9 | 5.4 | 0.4 | |
| **Reported PAT** | **50.9** | **49.9** | **45.3** | **50.7** | **52.4** | **51.3** | **49.3** | **53.9** | **196.9** | **206.9** | **50.9** | 5.8% |

*E: MOFSL estimate; *Excluding the hotel business data, therefore not comparable YoY*

## Cigarette performance not comparable

- Consolidated gross cigarette revenue rose 30% YoY to INR119.5b (est. INR90.4b), while net cigarette sales (INR59.5b) declined 22% given the increase in excise duty. ITC witnessed strong performance till Jan'26, driven by strategic portfolio and market interventions.
- EBIT grew by 7.3% YoY to INR58b (est. INR51.5b). Gross cigarette EBIT margin contracted 1,000bp YoY to 48.5% (est. 56.9%).
- ITC stated that the increase in the GST rate from 28% of transaction value to 40% of retail sale price, along with a steep hike in excise duties w.e.f. 1st Feb'26 upon phasing out of compensation cess, has resulted in an unprecedented increase in tax incidence on cigarettes.
- Illicit cigarette trade is estimated to cause a revenue loss of ~INR230b/year to the government and now accounts for nearly one-third of total cigarette consumption.
- The legal cigarette industry continues to engage with policymakers to advocate for pragmatic, fair, and evidence-based taxation and regulatory policies that balance economic priorities with tobacco control objectives, keeping in mind India's unique consumption patterns.

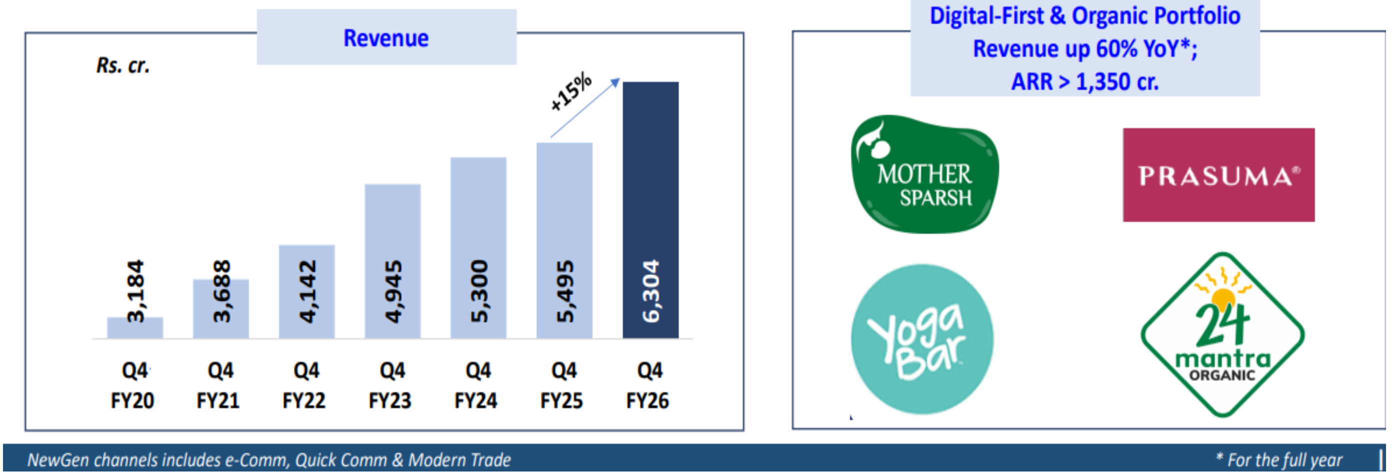
## FMCG – Others: Strong performance with robust EBIT margin expansion

- FMCG-Others sales grew 15% YoY to INR63.5b (est. INR61.4b), driven by staples, biscuits, snacks, frozen snacks, noodles, dairy, premium personal wash, homecare, and agarbattis.
- ITC saw a rebound in Notebooks in 2HFY26, driven by focused interventions and calibrated pricing actions amid continued low-priced paper imports and opportunistic play by local/regional players.
- EBITDA grew 37% YoY, while EBITDA margin expanded by 160bp to ~10.5%. EBIT grew 52% YoY to INR5.3b (est. INR4.7bn) and EBIT margin expanded by 200bp to 8.3% (est. 7.7%).
- ITC saw a surge in prices of key input materials toward the end of the quarter amid the West Asia conflict. However, the company is mitigating the same

through focused market interventions, supply chain agility, cost optimization and judicious pricing actions.

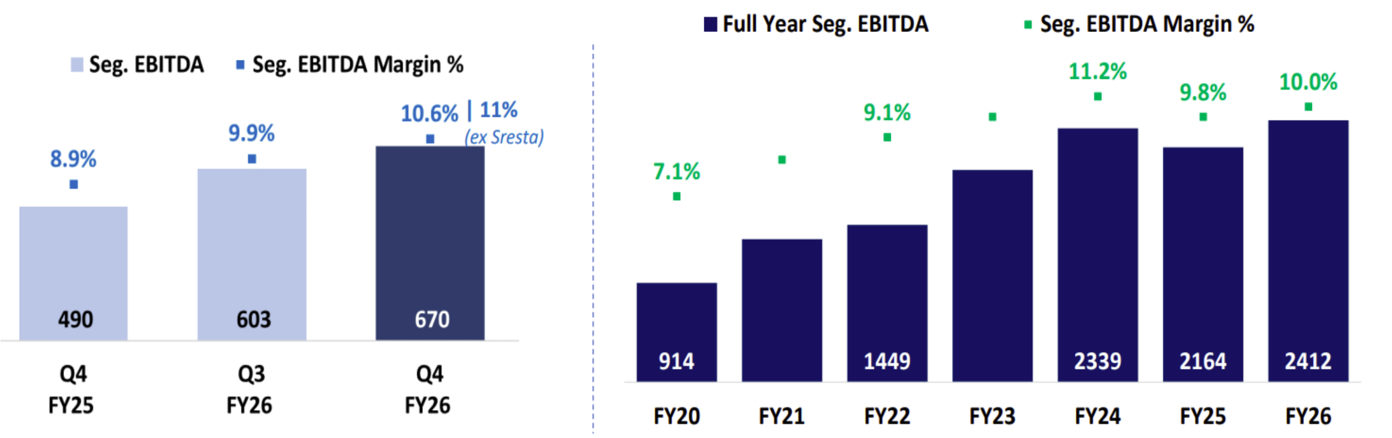
- The premium portfolio and NewGen channels continued to perform strongly, with the digital-first and organic portfolio delivering robust 60% YoY growth, with ARR surpassing INR13.5b.

**Exhibit 1: FMCG – segmental revenue growth**




Source: Company Presentation

**Exhibit 2: FMCG – segmental EBITDA growth and margins**




Source: Company Presentation

## Paperboards, Paper, and Packaging sales grow 2% YoY

- Paperboards business sales grew 2% YoY to INR22.3b (est. INR23.1b). EBIT grew 19% YoY (on base of 33% decline) to INR2.3b and EBIT margin expanded 150bp YoY to 10.4% (est. 11.1%).
- The MIP on virgin multi-layer paperboard, effective 22nd Aug'25, led to early signs of improvement in net realizations during the quarter.
- Wood prices remained elevated during the year, reflecting tight supply conditions. The cumulative impact of subdued realizations and a surge in wood costs, exerted pressure on margins. Wood prices are expected to moderate going forward as supply conditions improve.
- The industry continues to engage with policymakers to seek an extension of the MIP and sustained safeguard measures against low-priced imports of paperboards and coated as well as uncoated paper.

- The Packaging and Printing business delivered robust growth, driven by strong performance in Cartons portfolios.
- Strong growth in Specialty Paper was led by Décor portfolio.

## Agri business posts 15% decline YoY, impacted by geopolitical disruptions

- Agri business consol sales declined by 15% YoY to INR31.7b (est. INR41.6b). EBIT was down 21% YoY at INR2b. EBIT margin contracted by 50bp YoY to 6.3% (est. 6%).
- The business was impacted by geopolitical disruptions, timing difference and higher base. In 4Q, exports were subdued, impacted by West Asia conflict-led disruptions.
- ITC expects the sharp increase in cigarette taxation to weaken near-term domestic demand for leaf tobacco, adversely impacting key stakeholders across the Indian tobacco value chain. The operating environment remains challenging amid ongoing geopolitical tensions in West Asia and oversupply conditions in global tobacco markets.
- ITC is rapidly scaling up its value-added agri products (VAAP) portfolio, straddling multiple agri-value chains, including spices, coffee, frozen marine products and horticulture products etc. They have grown 1.4x over the last two years.
- The business continues to focus on market development and scaling up business, leveraging structural capabilities (sourcing, processing, customer relations).
- The company was able to leverage its state-of-the-art facility at Mysuru through rapid exports of Nicotine & Nicotine derivative products.

## Fresh food business

- Fresh food business aims to leverage the company's strengths in food science and manufacturing, FMCG food brands, and culinary expertise to capitalize on the rapidly growing online food services market.
- The business offers a diverse and expanding range of cuisines across four brands—ITC Master Chef Creations, ITC Aashirvaad Soul Creations, ITC Sunfeast Baked Creations, and Sansho by ITC Master Chef—which continue to gain strong consumer traction.
- The full-stack food-tech platform has scaled up and is being progressively rolled out across India. The business expanded its operating footprint to ~70 cloud kitchens, with 25 Kitchens opened in FY26.
- Gross merchandise value (GMV) more than doubled YoY to ~INR2,200m as of FY26 from ~INR1,050m in FY25.

## Key exhibits

**Exhibit 3: Segmental information**

| Segmental Information | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 |
|---|---|---|---|---|---|---|---|---|
| **Net sales (INR b)** | | | | | | | | |
| Gross Cigarettes | 88.4 | 88.8 | 89.4 | 92.3 | 95.5 | 94.1 | 96.8 | 119.5 |
| Cigarettes | 72.7 | 73.3 | 73.9 | 76.2 | 79.2 | 76.6 | 80.2 | 59.5 |
| FMCG - Others | 55.0 | 55.9 | 54.3 | 55.0 | 58.0 | 60.6 | 61.1 | 63.5 |
| Agri business | 70.0 | 58.5 | 36.3 | 36.9 | 97.2 | 40.4 | 38.6 | 31.7 |
| Paper and packaging | 19.8 | 21.1 | 21.4 | 21.9 | 21.2 | 22.2 | 22.0 | 22.3 |
| **Sales growth (YoY)** | | | | | | | | |
| Gross Cigarettes | 5.8 | 6.6 | 7.8 | 6.2 | 8.0 | 6.0 | 8.2 | 29.5 |
| Cigarettes | 5.7 | 7.3 | 8.1 | 6.3 | 8.9 | 4.5 | 8.6 | (21.8) |
| FMCG - Others | 6.3 | 5.3 | 4.0 | 3.7 | 5.5 | 8.5 | 12.6 | 15.4 |
| Agri business | 22.2 | 46.6 | 10.8 | 17.8 | 39.0 | (30.9) | 6.4 | (14.3) |
| Paper and packaging | (6.8) | 2.1 | 3.1 | 5.6 | 7.1 | 5.0 | 2.7 | 1.8 |
| **Volume growth (YoY)** | | | | | | | | |
| Cigarettes | 3.0 | 3.5 | 6.0 | 5.0 | 6.0 | 6.0 | 6.5 | 0.0 |
| **EBIT (INR b)** | | | | | | | | |
| Cigarettes | 52.6 | 52.4 | 51.9 | 54.0 | 55.0 | 54.6 | 54.9 | 58.0 |
| FMCG - Others | 4.8 | 4.4 | 3.2 | 3.5 | 4.0 | 4.4 | 4.5 | 5.3 |
| Agri business | 3.4 | 4.5 | 5.0 | 2.5 | 4.3 | 4.5 | 5.0 | 2.0 |
| Paper and packaging | 2.6 | 2.3 | 2.0 | 1.9 | 1.5 | 1.8 | 1.9 | 2.3 |
| **EBIT growth (YoY)** | | | | | | | | |
| Cigarettes | 6.3 | 4.8 | 4.5 | 4.8 | 4.6 | 4.2 | 5.7 | 7.3 |
| FMCG - Others | 10.4 | 0.4 | (26.1) | (27.9) | (16.7) | (1.2) | 39.8 | 51.9 |
| Agri business | (2.2) | 24.5 | 30.3 | 35.5 | 26.1 | 1.5 | (0.1) | (20.8) |
| Paper and packaging | (45.6) | (25.4) | (33.2) | (33.0) | (40.9) | (22.8) | (4.2) | 19.3 |
| **EBIT margin (%)** | | | | | | | | |
| Gross Cigarettes | 59.4 | 59.0 | 58.0 | 58.5 | 57.6 | 58.0 | 56.7 | 48.5 |
| Cigarettes | 72.3 | 71.5 | 70.3 | 70.9 | 69.4 | 71.3 | 68.4 | 97.4 |
| FMCG - Others | 8.7 | 8.0 | 5.9 | 6.3 | 6.9 | 7.2 | 7.3 | 8.3 |
| Agri business | 4.9 | 7.6 | 13.7 | 6.8 | 4.5 | 11.2 | 12.8 | 6.3 |
| Paper and packaging | 13.0 | 11.1 | 9.2 | 8.9 | 7.2 | 8.2 | 8.6 | 10.4 |
| **EBIT margin change (%)** | | | | | | | | |
| Gross Cigarettes | 0.3 | (1.0) | (1.8) | (0.8) | (1.9) | (1.0) | (1.4) | (10.0) |
| Cigarettes | 0.4 | (1.7) | (2.4) | (1.1) | (2.8) | (0.2) | (1.9) | 26.4 |
| FMCG - Others | 0.3 | (0.4) | (2.4) | (2.7) | (1.8) | (0.7) | 1.4 | 2.0 |
| Agri business | (1.2) | (1.4) | 2.1 | 0.9 | (0.5) | 3.6 | (0.8) | (0.5) |
| Paper and packaging | (9.3) | (4.1) | (5.0) | (5.1) | (5.8) | (2.9) | (0.6) | 1.5 |

## Valuation and view

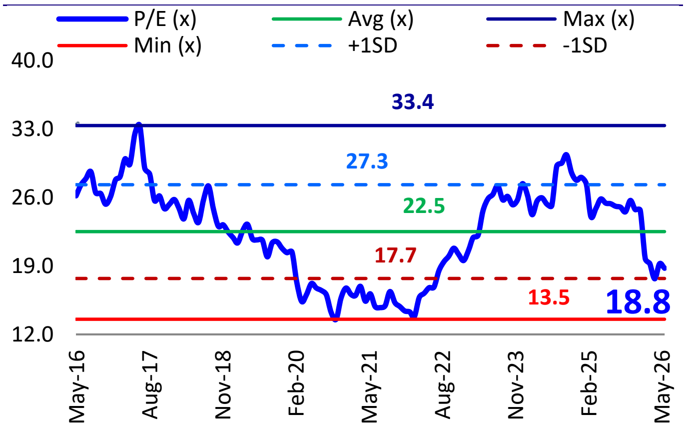
- The price hike in cigarettes is slower than expected and is expected to impact earnings in FY27. This strategy can lower the drop-out of consumers from legal to illegal, but it is adding near-term earnings risk. We cut our EPS estimates by ~3%.
- ITC is still under the transitory phase in terms of passing on the entire tax hike to consumers. Thus, we believe the cigarette revenue and EBIT performance will be volatile in the near term (at least up to 1QFY27).
- The FMCG business continues to perform well with robust improvement in margins. However, we believe earnings pressure on cigarettes would take away the near-term catalysts (recovery in FMCG and Paper) and comfort on valuation. ITC has a full cigarette portfolio to better navigate the tax increase, but competitive pressure from illicit cigarettes will take a toll on the formal cigarette industry.
- We maintain our Neutral rating on ITC with **our SoTP-based TP of INR335 (implying 20x FY28E EPS).**

**Exhibit 4: We cut our EPS estimates for FY27 and FY28 by 3%**

| | New | | Old | | Change (%) | |
|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY27E | FY28E | FY27E | FY28E |
| Sales | 819.9 | 878.2 | 859.3 | 915.2 | -4.6 | -4.0 |
| EBITDA | 254.9 | 274.8 | 268.6 | 291.6 | -5.1 | -5.8 |
| PAT | 198.4 | 213.5 | 203.8 | 220.9 | -2.6 | -3.4 |

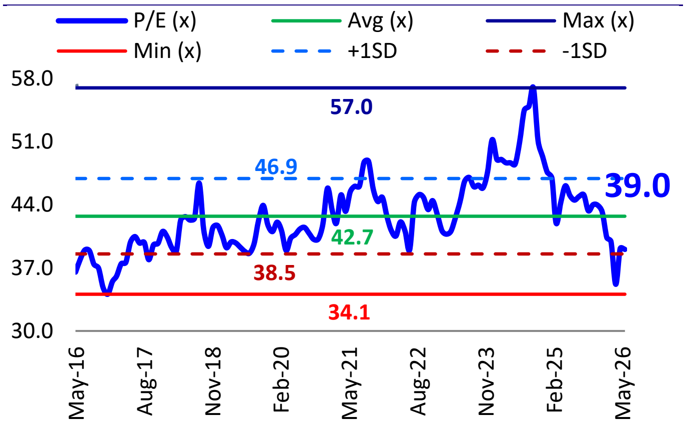
Source: MOFSL

**Exhibit 5: ITC P/E (x)**




Source: Bloomberg, MOFSL

**Exhibit 6: Consumer P/E (x)**




Source: Bloomberg, MOFSL

# Financials and valuations

| Income Statement | | | | | | | | | (INR b) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
| **Net Sales** | **513.9** | **531.6** | **652.0** | **765.2** | **768.4** | **830.4** | **899.1** | **934.7** | **1,001.1** |
| Excise duty | 19.9 | 38.8 | 45.4 | 55.8 | 59.6 | 62.9 | 110.4 | 114.8 | 122.9 |
| **Total Revenue** | **494.0** | **492.7** | **606.7** | **709.4** | **708.8** | **767.5** | **788.7** | **819.9** | **878.2** |
| Change (%) | 2.2 | -0.3 | 23.1 | 16.9 | -0.1 | 8.3 | 2.8 | 4.0 | 7.1 |
| **Gross Profit** | **320.6** | **291.4** | **342.8** | **419.3** | **436.3** | **446.2** | **463.2** | **446.9** | **483.0** |
| Margin (%) | 64.9 | 59.1 | 56.5 | 59.1 | 61.6 | 58.1 | 58.7 | 54.5 | 55.0 |
| Other operating expenditure | 128.0 | 121.4 | 136.2 | 162.7 | 173.8 | 182.3 | 190.0 | 191.9 | 208.2 |
| **EBITDA** | **192.6** | **170.0** | **206.6** | **256.6** | **262.5** | **263.9** | **273.2** | **254.9** | **274.8** |
| Change (%) | 4.6 | -11.7 | 21.5 | 24.2 | 2.3 | 0.5 | 3.5 | -6.7 | 7.8 |
| Margin (%) | 39.0 | 34.5 | 34.1 | 36.2 | 37.0 | 34.4 | 34.6 | 31.1 | 31.3 |
| Depreciation | 16.4 | 16.5 | 17.3 | 18.1 | 18.2 | 18.5 | 17.1 | 18.5 | 19.1 |
| Int. and Fin. Charges | 0.5 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.9 | 0.9 | 1.0 |
| Other Inc. - Recurring | 26.0 | 26.3 | 18.4 | 19.8 | 27.3 | 25.5 | 24.3 | 25.5 | 26.7 |
| **Profit before Taxes** | **201.7** | **179.4** | **207.4** | **258.4** | **271.5** | **271.6** | **283.3** | **264.9** | **285.6** |
| Change (%) | 5.4 | -11.1 | 15.6 | 24.6 | 5.1 | 0.1 | 4.3 | -6.5 | 7.8 |
| Margin (%) | 40.8 | 36.4 | 34.2 | 36.4 | 38.3 | 35.4 | 35.9 | 32.3 | 32.5 |
| Tax | 48.5 | 44.6 | 53.1 | 64.5 | 61.7 | 69.6 | 70.2 | 66.7 | 71.9 |
| Deferred Tax | -4.0 | 0.9 | -0.7 | -0.1 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tax Rate (%) | 22.0 | 25.4 | 25.3 | 24.9 | 23.5 | 25.6 | 24.8 | 25.2 | 25.2 |
| **Profit after Taxes** | **152.6** | **130.4** | **150.4** | **186.3** | **204.3** | **196.9** | **206.9** | **198.4** | **213.5** |
| Change (%) | 22.4 | -14.6 | 15.4 | 23.9 | 9.7 | -3.6 | 5.1 | -4.1 | 7.6 |
| Margin (%) | 30.9 | 26.5 | 24.8 | 26.3 | 28.8 | 25.7 | 26.2 | 24.2 | 24.3 |
| **Reported PAT** | **145.9** | **131.7** | **152.2** | **190.9** | **204.4** | **198.4** | **209.1** | **194.4** | **209.3** |

| Balance Sheet | | | | | | | | | (INR b) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
| Share Capital | 12.3 | 12.3 | 12.3 | 12.4 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 |
| Reserves | 640.4 | 585.6 | 602.3 | 679.1 | 732.6 | 687.8 | 712.5 | 719.0 | 747.1 |
| **Net Worth** | **652.7** | **598.0** | **614.7** | **691.6** | **745.1** | **700.3** | **725.1** | **731.6** | **759.7** |
| Loans | 0.1 | 0.1 | 0.1 | 0.4 | 0.1 | 0.9 | 21.9 | 24.0 | 26.3 |
| Deferred Liability | 15.7 | 16.8 | 16.1 | 15.8 | 20.7 | 20.7 | 20.7 | 20.7 | 20.7 |
| **Capital Employed** | **668.5** | **614.8** | **630.8** | **707.7** | **765.9** | **721.9** | **767.6** | **776.3** | **806.7** |
| Gross Block | 364.2 | 396.5 | 423.4 | 457.6 | 476.6 | 436.3 | 463.8 | 494.7 | 525.6 |
| Less: Accum. Depn. | 147.0 | 163.5 | 180.8 | 198.9 | 217.1 | 216.7 | 238.4 | 256.9 | 276.0 |
| **Net Fixed Assets** | **217.2** | **233.1** | **242.6** | **258.7** | **278.3** | **219.6** | **225.5** | **237.8** | **249.6** |
| Capital WIP | 32.5 | 40.0 | 32.0 | 29.8 | 28.5 | 10.9 | 15.0 | 12.0 | 9.6 |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Investments** | **286.6** | **248.7** | **248.4** | **294.2** | **311.1** | **347.2** | **381.3** | **396.3** | **411.3** |
| Current | 179.5 | 148.5 | 122.6 | 172.3 | 129.4 | 162.9 | 207.5 | 222.5 | 237.5 |
| Non-current | 107.2 | 100.2 | 125.8 | 121.8 | 181.7 | 184.3 | 173.8 | 173.8 | 173.8 |
| **Curr. Assets, L&A** | **236.8** | **210.3** | **239.1** | **275.6** | **299.6** | **298.1** | **306.0** | **319.1** | **344.3** |
| Inventory | 89.7 | 104.0 | 108.6 | 117.7 | 141.5 | 156.4 | 186.2 | 160.7 | 170.8 |
| Account Receivables | 25.6 | 25.0 | 24.6 | 29.6 | 40.3 | 47.2 | 39.2 | 46.7 | 50.1 |
| Cash and Bank Balance | 72.8 | 41.1 | 36.6 | 48.8 | 72.2 | 40.1 | 30.1 | 58.7 | 67.8 |
| Others | 48.7 | 40.2 | 69.2 | 79.5 | 45.6 | 54.4 | 50.4 | 53.0 | 55.6 |
| **Curr. Liab. and Prov.** | **100.8** | **113.8** | **127.6** | **146.8** | **147.8** | **150.2** | **156.4** | **181.5** | **196.3** |
| Account Payables | 36.3 | 43.2 | 44.2 | 46.6 | 48.0 | 48.1 | 56.4 | 59.4 | 63.7 |
| Other Liabilities | 59.9 | 65.3 | 75.7 | 98.6 | 98.2 | 100.8 | 95.1 | 120.3 | 130.6 |
| **Net Current Assets** | **136.0** | **96.5** | **111.5** | **128.8** | **151.8** | **147.9** | **149.6** | **137.6** | **147.9** |
| **Application of Funds** | **672.3** | **618.3** | **634.5** | **711.5** | **769.7** | **725.6** | **771.3** | **783.7** | **818.5** |

E: MOFSL Estimates

# Financials and valuations

| Ratios | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
| **Basic (INR)** | | | | | | | | | |
| **EPS** | **12.4** | **10.6** | **12.2** | **15.0** | **16.4** | **15.7** | **16.5** | **15.8** | **17.0** |
| Cash EPS | 13.8 | 11.9 | 13.6 | 16.4 | 17.8 | 17.2 | 17.9 | 17.3 | 18.6 |
| BV/Share | 53.1 | 48.6 | 49.9 | 55.6 | 59.7 | 56.0 | 57.9 | 58.4 | 60.6 |
| DPS | 10.2 | 10.8 | 11.5 | 15.5 | 13.8 | 14.4 | 14.5 | 14.0 | 15.0 |
| Payout % | 85 | 100 | 93 | 101 | 84 | 91 | 90 | 90 | 90 |
| **Valuation (x)** | | | | | | | | | |
| P/E | 24.8 | 29.1 | 25.2 | 20.5 | 18.8 | 19.6 | 18.7 | 19.5 | 18.1 |
| Cash P/E | 22.4 | 25.8 | 22.6 | 18.7 | 17.3 | 17.9 | 17.2 | 17.8 | 16.6 |
| EV/Sales | 9.4 | 9.3 | 7.6 | 6.4 | 6.3 | 5.8 | 5.4 | 5.1 | 4.8 |
| EV/EBITDA | 25.2 | 28.9 | 23.8 | 19.0 | 18.4 | 18.3 | 17.6 | 18.7 | 17.3 |
| P/BV | 5.8 | 6.3 | 6.2 | 5.5 | 5.2 | 5.5 | 5.3 | 5.3 | 5.1 |
| Dividend Yield (%) | 3.3 | 3.5 | 3.7 | 5.0 | 4.5 | 4.7 | 4.7 | 4.5 | 4.9 |
| **Return Ratios (%)** | | | | | | | | | |
| RoE | 24.5 | 20.9 | 24.8 | 28.5 | 28.4 | 27.2 | 29.0 | 27.2 | 28.6 |
| RoCE | 24.6 | 20.9 | 24.9 | 29.0 | 28.2 | 27.1 | 28.3 | 25.4 | 26.7 |
| RoIC | 49.5 | 40.8 | 47.3 | 55.2 | 54.2 | 53.9 | 57.9 | 54.4 | 61.0 |
| **Working Capital Ratios** | | | | | | | | | |
| Debtor (Days) | 24 | 19 | 15 | 14 | 18 | 21 | 20 | 19 | 20 |
| Asset Turnover (x) | 0.8 | 0.9 | 1.0 | 1.1 | 1.0 | 1.2 | 1.2 | 1.2 | 1.2 |

| Cash Flow Statement | | | | | | | | | (INR b) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027E** | **2028E** |
| OP/(loss) before Tax | 200.3 | 179.5 | 207.2 | 259.2 | 271.4 | 269.3 | 280.3 | 264.9 | 285.6 |
| Financial other income | -8.0 | -0.1 | 0.2 | -3.0 | -6.6 | -7.0 | -7.7 | 4.0 | 4.2 |
| Depreciation and Amort. | 16.4 | 16.5 | 17.3 | 18.1 | 18.2 | 19.5 | 17.1 | 18.5 | 19.1 |
| Interest Paid | -14.7 | -15.3 | -6.9 | -15.3 | -16.6 | -14.6 | -13.8 | -20.6 | -22.2 |
| Direct Taxes Paid | -50.2 | -44.6 | -53.1 | -62.5 | -61.2 | -63.5 | -63.7 | -66.7 | -71.9 |
| Incr in WC | 3.0 | 6.1 | -18.5 | -7.7 | -33.4 | -27.4 | -27.6 | 40.6 | -1.2 |
| **CF from Operations** | **146.9** | **142.0** | **146.3** | **188.8** | **171.8** | **176.3** | **184.6** | **240.7** | **213.5** |
| Other items | 44.7 | 14.7 | 3.3 | 24.1 | 42.0 | -26.1 | 20.1 | 16.7 | 18.1 |
| Incr Decr in FA | 24.1 | 39.9 | 18.8 | 26.9 | 34.6 | 21.0 | 21.3 | 27.9 | 28.5 |
| **Free Cash Flow** | **122.8** | **102.2** | **127.5** | **161.8** | **137.2** | **155.2** | **163.3** | **212.8** | **185.0** |
| Pur of Investments | 54.4 | -37.9 | -0.3 | 43.7 | -29.6 | -9.2 | 32.0 | 15.0 | 15.0 |
| **CF from Invest.** | **-33.8** | **12.8** | **-15.2** | **-46.6** | **37.1** | **-38.0** | **-33.2** | **-26.2** | **-25.4** |
| Issue of shares | 6.3 | 0.0 | 0.0 | 24.8 | 14.4 | 8.0 | 4.0 | 0.0 | 0.0 |
| Incr in Debt | 0.0 | 0.0 | 0.0 | -0.6 | -0.6 | -0.3 | 19.5 | 2.1 | 2.3 |
| Net Interest Paid | 0.4 | 0.0 | 0.0 | 0.4 | 0.5 | 0.5 | 0.8 | 0.0 | 0.0 |
| Dividend Paid | 87.1 | 186.5 | 135.6 | 154.0 | 199.0 | 177.6 | 182.7 | 187.9 | 181.3 |
| Others | -0.5 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | -1.5 | 0.0 | 0.0 |
| **CF from Fin. Activity** | **-81.8** | **-186.4** | **-135.6** | **-130.1** | **-185.5** | **-170.4** | **-161.5** | **-185.8** | **-178.9** |
| **Incr of Cash** | **31.3** | **-31.7** | **-4.5** | **12.2** | **23.4** | **-32.1** | **-10.0** | **28.6** | **9.1** |
| Add: Opening Balance | 41.5 | 72.8 | 41.1 | 36.6 | 48.8 | 72.2 | 40.1 | 30.1 | 58.7 |
| **Closing Balance** | **72.8** | **41.1** | **36.6** | **48.8** | **72.2** | **40.1** | **30.1** | **58.7** | **67.8** |

E: MOFSL Estimates

# NOTES

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|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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