

Rating: ACCUMULATE | CMP: Rs441 | TP: Rs491

May 23, 2024

Q4FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current	Previous		
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE	ACCUMULATE		
Target Price	491	488		
Sales (Rs. m)	7,15,670	7,73,618	7,19,184	7,77,484
% Chng.	(0.5)	(0.5)		
EBITDA (Rs. m)	2,69,853	2,92,092	2,73,347	2,95,933
% Chng.	(1.3)	(1.3)		
EPS (Rs.)	17.6	18.8	17.7	19.0
% Chng.	(0.5)	(0.6)		

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. bn)	660	654	716	774
EBITDA (Rs. bn)	239	245	270	292
Margin (%)	36.3	37.4	37.7	37.8
PAT (Rs. bn)	187	204	220	236
EPS (Rs.)	15.0	16.4	17.6	18.8
Gr. (%)	23.0	8.9	7.5	7.1
DPS (Rs.)	15.4	13.8	14.5	15.5
Yield (%)	3.5	3.1	3.3	3.5
RoE (%)	29.0	29.2	30.2	31.1
RoCE (%)	34.5	32.7	34.5	35.9
EV/Sales (x)	8.0	8.1	7.4	6.9
EV/EBITDA (x)	22.1	21.8	19.7	18.1
PE (x)	29.4	27.0	25.1	23.4
P/BV (x)	8.1	7.6	7.5	7.0

Key Data	ITC.BO ITC IN
52-W High / Low	Rs.500 / Rs.399
Sensex / Nifty	75,418 / 22,968
Market Cap	Rs.5,510bn / \$ 66,164m
Shares Outstanding	12,485m
3M Avg. Daily Value	Rs.10512.78m

Shareholding Pattern (%)

Promoter's	-
Foreign	15.25
Domestic Institution	40.95
Public & Others	43.77
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.8	0.2	3.5
Relative	0.5	(12.3)	(15.0)

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Budget and Cigarette volumes key to returns

Quick Pointers:

- Cig volumes up ~2.1%, FMCG sales grow 7.2%, EBIT up 15% ex PLI in base
- Paper and Agri margins outlook tepid in 1H, Hotel demerger likely by CY24 end

ITC EBIDTA de-grew by 0.8% on ~2.1% volume growth and 160bps YoY and 50bps QoQ margin decline in cigarettes due to higher leaf tobacco prices and only calibrated price increases and pricing and input cost inflation in paper business. FMCG EBIDTA margins of 11.6% (15% EBIT de-growth ex of PLI gains in 4Q23) whereas 33.8% EBIT growth in hotels have been positive.

Demand scenario remains mixed with mass segment under pressure across cigarettes and FMCG. We expect ~4% cigarette volume growth in FY25/26 in a steady state while FMCG will continue to expand margins by ~80-100bps annually. Although Hotels have, a high, base, strong demand will continue to drive growth. We expect paper margins to improve post 2Q only given high base in 1Q and tough operating environment. Agri business margins will expand in 2H25 only due to high leaf tobacco prices.

We are largely retaining our estimates and estimate 7.3% EPS CAGR over FY24-26. ITC trades at 26x FY26 EPS with ROE/ROCE of 31.1/41.2% and ~75%+ dividend payout. We assign SOTP based target price of Rs491 (Rs488 earlier) as we roll forward to FY26. We expect returns to be driven by cigarette volume numbers and budget outcome in July. Retain Accumulate.

4Q Revenue up 1.1%: Revenues grew by 1.1% YoY to Rs165.8bn (PLe: Rs173.8bn) EBITDA declined by 0.8% YoY to Rs61.6bn (PLe: Rs 63.5bn); Margins contracted by 70bps YoY to 37.2% (PLe:38.4%) Adj PAT grew by 0.2% YoY to Rs50.2bn (PLe: Rs51.2bn). ITC declared final dividend of Rs. 7.5/share for FY 24

4QFY24 Segment Wise Performance

- Cigarette Revenues grew by 7.7% YoY to Rs79.2bn; EBIT grew by 5% YoY to 49.2bn. Margins contracted by 162bps YoY to 62.1%. We estimate ~2.1% cigarette volume growth
- FMCG Revenues grew by 7.2% YoY to Rs53bn; EBIT de-grew by 5% YoY to 4.8bn. Margins contracted by 114bps YoY to 9%. Excluding PLI gains in base quarter, EBIT margins are up 60bps and EBIT is up 15%.
- Hotels Revenues grew by 14.9% YoY to Rs9bn; EBIT grew by 34% YoY to 2.7bn. Margins expanded by 421bps YoY to 9.7%.
- Agri Revenues declined by 13.4% YoY to Rs31bn; EBIT de-grew by 34% YoY to 2bn. Margins contracted by 205bps YoY to 6.5% impacted by trade restrictions on agri commodities and sharp jump in leaf tobacco prices.
- Paperboard & Paper - Revenues declined 6.7% YoY to Rs20.7bn; EBIT grew -34% YoY to 2.9bn. Margins contracted 588bps YoY to 14.2%. Segment

remains impacted by low priced Chinese supplies in international markets (including India), muted domestic demand, surge in wood cost and high base.

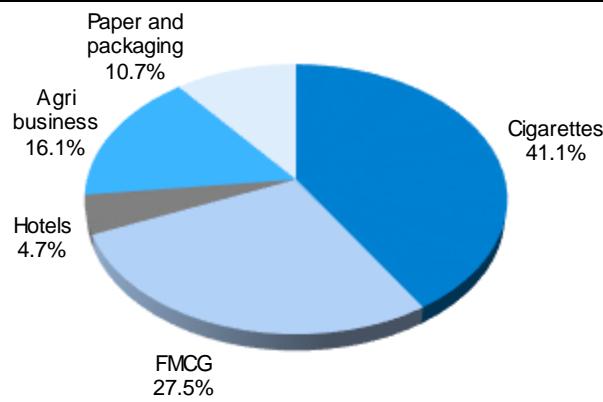
- ITC InfoTech Revenues grew 13.3% YoY to Rs9.9bn; EBITDA grew by 37.3% YoY to 2.1bn. Margins expanded by 382bps YoY to 21.8%.

Exhibit 1: 2QFY24 Result Overview: Net Sales up 1.1%, Adj. PAT up 0.2%

Y/e March	Q4FY24	Q4FY23	YoY gr. (%)	Q3FY24	FY24	FY23	YoY gr. (%)
Net Sales	1,65,793	1,63,980	1.1	1,64,833	6,54,408	6,60,433	(0.9)
EBITDA	87,528	60,108	45.6	84,653	3,37,942	3,29,551	2.5
Margins (%)	52.8	36.7	16.14	51.4	51.6	49.9	1.7
Depreciation	25,901	-	1,986	(1,404.3)	24,410	93,156	90,106
Interest	61,626	62,094	(0.8)	60,243	2,44,786	2,39,445	2.2
Other Income	37.2	37.9	(0.7)	36.5	37.4	36.3	1.1
PBT	4,154	4,219	(1.6)	4,168	16,478	16,627	(0.9)
Tax	121.2	118.3	2.5	123.8	457.3	418.1	9.4
Tax Rate (%)	7,986	7,463	7.0	11,353	35,383	24,376	45.2
Adjusted PAT	65,338	65,219	0.2	67,305	2,63,233	2,46,775	6.7

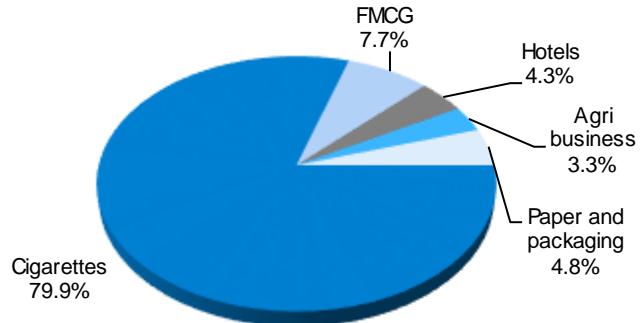
Source: Company, PL

Exhibit 2: Sales Mix: Cigarettes 41.1%, FMCG 27.5%



Source: Company, PL

Exhibit 3: Cigarettes contribute 79.9% of EBIT



Source: Company, PL

Exhibit 4: SOTP on FY26- cigarette account of 57% of value

SOTP	Basis	X	EV (Rs mn)	PAT (Rs mn)	% of PAT	EPS (Rs)	Value/Share
Cigarettes	P/E	22		159970	67.9	12.8	281
FMCG - Others	EV/Sales	5.0	1341541	21270	9.0	1.7	107
Hotels	EV/EBIDTA	25	3,12,960	6733	2.9	0.5	25
Agri business	P/E	15		14217	6.0	1.1	17
Paper and packaging	P/E	14		15420	6.5	1.2	17
ITC Infotech	P/E	20		7207		0.6	12
Business Value						17.4	460
Cash and Invst			391855				31
Total Value/share							491

Source: PL

Staples, Biscuits, Snacks, Dairy, Homecare, Agarbatti drive growth while Education & stationery products continue to witness strong traction

Steep increase in green leaf prices exerted pressure on Agri margins

Competitive intensity remained high in certain categories such as Biscuits, Snacks, Noodles, popular Soaps, including from local/regional players. ITC to continue focus on premiumisation.

FMCG EBITDA margins at 11.6% given benefits of input costs, supply chain efficiencies and scale benefits.

Paperboards remains impacted by low-priced Chinese supplies in global markets, muted domestic demand, unprecedented increase in domestic wood costs and high base effect;

Hotels continue to make headway on higher ARR and Occupancy. Demerger likely to be completed in another 6 months

Exhibit 5: Cigarette volumes grew ~2.1%, FMCG margins at 9%

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Cigarette Volume gr %	15.2	12.0	9.8	4.9	-1.6	2.1
Sales (INR m)	1,82,713	1,88,821	2,10,576	1,95,995	1,87,355	1,92,965
Cigarettes	72,882	73,558	74,653	76,577	75,488	79,248
FMCG	48,414	49,450	51,660	52,916	52,091	53,002
Hotels	7,124	7,817	6,002	6,494	8,420	8,979
Agri business	31,238	35,786	57,054	39,310	30,547	31,007
Paper and packaging	23,055	22,210	21,208	20,699	20,809	20,729
Sales growth (YoY)	2.6	7.7	-1.4	5.0	2.5	2.2
Cigarettes	16.7	14.2	13.0	10.1	3.6	7.7
FMCG	18.4	19.4	16.1	8.3	7.6	7.2
Hotels	50.5	100.6	8.1	21.2	18.2	14.9
Agri business	(37.1)	(18.0)	(23.7)	(1.7)	(2.2)	(13.4)
Paper and packaging	12.7	1.8	(6.5)	(9.5)	(9.7)	(6.7)
EBIT (INR m)	61,116	61,424	60,466	60,186	60,248	61,636
Cigarettes	46,197	46,891	46,561	47,817	47,281	49,233
FMCG	3,481	5,016	4,309	4,386	4,318	4,773
Hotels	1,462	1,996	1,312	1,258	2,297	2,671
Agri business	3,915	3,071	3,560	3,567	3,393	2,026
Paper and packaging	6,062	4,450	4,725	3,158	2,960	2,934
EBIT growth (YoY)	22.6	22.6	11.9	3.6	(1.4)	0.3
Cigarettes	16.9	14.0	11.2	8.0	2.3	5.0
FMCG	43.9	112.6	111.3	36.8	24.1	(4.9)
Hotels	189.1	NA	17.0	49.8	57.1	33.8
Agri business	32.6	25.9	25.3	3.3	(13.3)	(34.0)
Paper and packaging	35.2	(1.0)	(22.9)	(49.9)	(51.2)	(34.1)
EBIT Margin (%)						
Cigarettes	63.4	63.7	62.4	62.4	62.6	62.1
FMCG	7.2	10.1	8.3	8.3	8.3	9.0
Hotels	20.5	25.5	21.9	19.4	27.3	29.7
Agri business	12.5	8.6	6.2	9.1	11.1	6.5
Paper and packaging	26.3	20.0	22.3	15.3	14.2	14.2

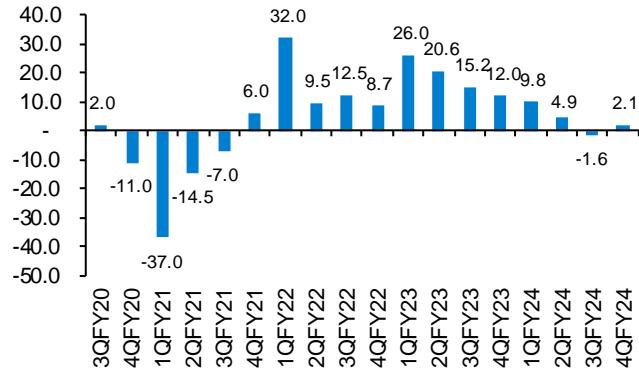
Source: Company, PL

Exhibit 6: ITC Infotech – Revenues up 13.3%, EBITDA up 37.3% YoY

(INR m)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
ITC Infotech	7,360	6,720	7,510	8,210	8,720	8,770	8,380	9,300	9,680	9,940
<i>Sales growth (YoY %)</i>	<i>17</i>	<i>2</i>	<i>8</i>	<i>10</i>	<i>18</i>	<i>31</i>	<i>12</i>	<i>13.3</i>	<i>11.0</i>	<i>13.3</i>
EBITDA	1,920	1,180	1,190	1,350	1,660	1,580	1,140	1,670	1,930	2,170
<i>EBITDA growth (YoY %)</i>	<i>12</i>	<i>-40</i>	<i>-39</i>	<i>-36</i>	<i>-14</i>	<i>34</i>	<i>-4</i>	<i>23.7</i>	<i>16.3</i>	<i>37.3</i>
<i>Margin (%)</i>	<i>26.1</i>	<i>17.6</i>	<i>15.8</i>	<i>16.4</i>	<i>19.0</i>	<i>18.0</i>	<i>13.6</i>	<i>18.0</i>	<i>19.9</i>	<i>21.8</i>

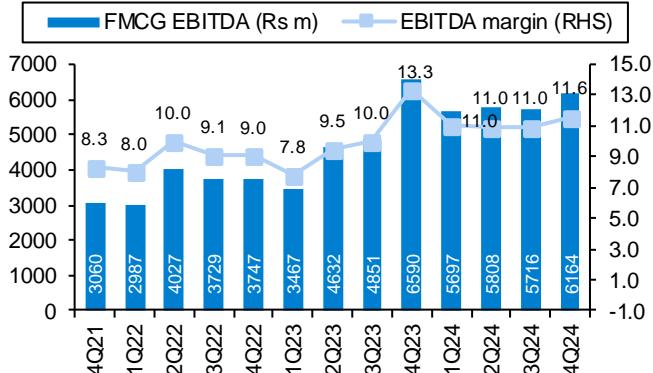
Source: Company, PL

Exhibit 7: Cigarette Volumes up 2.1%



Source: Company, PL

Exhibit 8: Margins at 11.6%, up 60bps ex PLI in 4Q23



Source: Company, PL

- **Cigarette volumes grew 2.1%; EBIT up 5%:** Cigarette Revenues grew by 7.7% YoY to Rs79.2bn; EBIT grew by 5% YoY to 49.2bn. Margins contracted by 162bps YoY to 62.1%. Cigarettes Segment witnessed consolidation of volumes on a high base after a period of sustained growth momentum new offerings and premium segments in both RSFT and longs grew faster mitigating partly the impact of higher leaf tobacco prices. Largely mitigated sharp input cost escalation & increased taxes through improved mix, strategic cost management and calibrated pricing. Stability in taxes post 2024 budget is key to ITC achieving our volume growth estimates of ~4% in FY25/26.
- **FMCG EBITDA margins up 60bps on comparable basis:** FMCG Revenues grew by 7.2% YoY to Rs53bn; EBIT de-grew by 5% YoY to 4.8bn. Margins contracted by 114bps YoY to 9%. EBITDA margin down 170bps YoY to 11.6%. Excluding PLI gains in the base, EBIT margins improved by 60bps and EBIT increased by 15%. The FMCG Businesses delivered resilient performance amidst slowdown in consumer demand. Growth in both traditional and emerging channels (viz. Modern Trade, e-Commerce, Quick Commerce) continued to be driven by sharp execution of channel-specific business plans and category-specific sell-out strategies. 'ITC e-Store', the Company's exclusive Direct to Consumer (D2C) platform, is now operational in 24,000+ pin-codes and continues to receive excellent consumer response. Competitive intensity remained high in certain categories such as Biscuits, Snacks, Noodles, popular Soaps, including from local/regional players.
- **Hotels Revenues up 21.2% YoY:** Hotels Revenues grew by 14.9% YoY to Rs9bn; EBIT grew by 34% YoY to 2.7bn. Margins expanded by 421bps YoY to 9.7% led by strong growth in ARR's across properties. Occupancy witnessed strong growth driven by retail, Contracted and MICE segment. ITC Limited's wholly owned subsidiary has launched its maiden overseas (352 room) hotel in Colombo in April'24. ITC has obtained a 'No-objection' from stock exchanges & de-merger is likely to be completed in 6 months.
- **Paperboards, Paper & Packaging:** Revenues declined by 6.7% YoY to Rs20.7bn; EBIT grew by -34% YoY to 2.9bn. Margins contracted by 588bps YoY to 14.2%. Segment remains impacted by low priced Chinese supplies in international markets (including India), muted domestic demand, surge in wood cost and high base effect. State-of-the-art premium Moulded Fibre Products

manufacturing facility in Badiyakhedi, MP commissioned in Q4. We expect sustained margin pressure in 1Q and 2Q with some stability and recovery from 3Q25 on a low base.

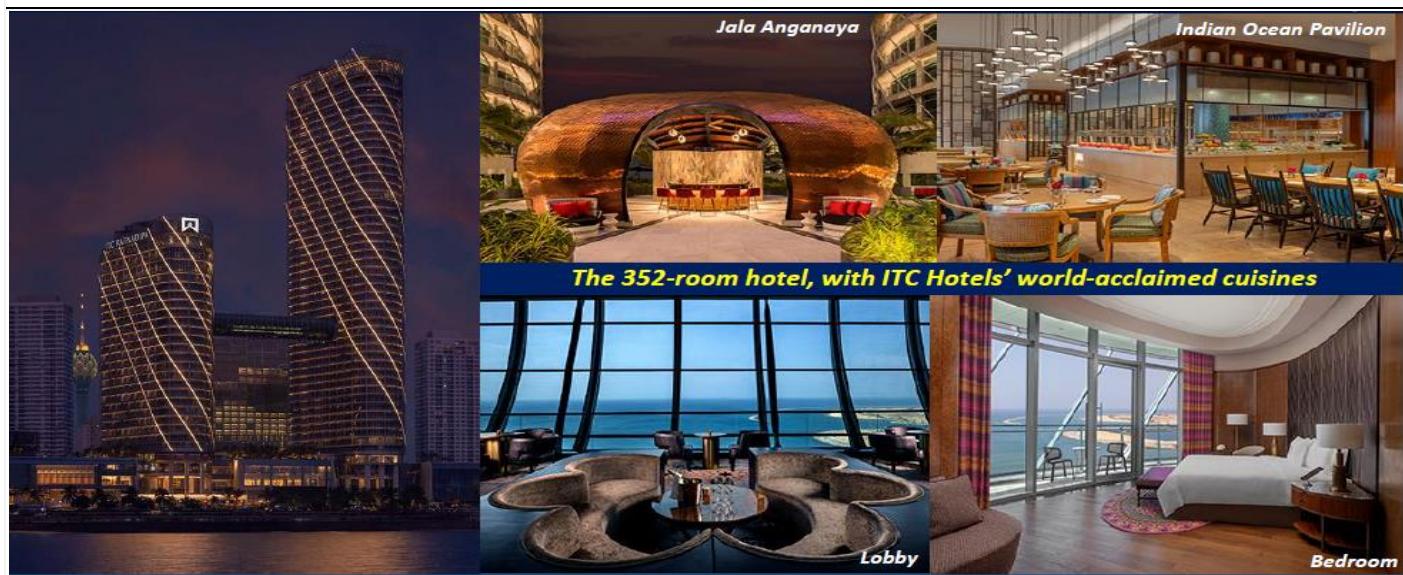
- **Agri Business:** Revenues declined by 13.4% YoY to Rs31bn; EBIT de-grew by 34% YoY to 2bn. Margins contracted by 205bps YoY to 6.5% impacted by trade restrictions on agri commodities. The operating environment remained challenging due to various policy interventions of the Government of India to ensure food security and control inflation which limited business opportunities for the Agri Business. Steep increase in green leaf prices exerted pressure on margins.

Exhibit 9: Cigarettes and FMCG to drive growth over FY23-26

	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales (Rs m)						
Cigarettes	1,73,976	2,00,748	2,41,527	2,59,770	2,74,129	2,87,945
FMCG	1,47,086	1,59,648	1,90,815	2,10,479	2,37,736	2,68,308
Hotel	6,236	12,793	25,732	29,944	32,167	33,654
Agri	1,25,822	1,61,961	1,81,723	1,62,059	1,79,242	1,98,210
Paper and Paperboard	56,186	76,416	90,814	80,627	89,783	97,257
Sales Growth (%)						
Cigarettes	(13.6)	15.4	20.3	7.6	5.5	5.0
FMCG	14.8	8.5	19.5	10.3	12.9	12.9
Hotel	(65.8)	105.2	101.1	16.4	7.4	4.6
Agri	22.9	28.7	12.2	(10.8)	10.6	10.6
Paper and Paperboard	(8.0)	36.0	18.8	(11.2)	11.4	8.3
EBIT (Rs m)						
Cigarettes	1,27,204	1,48,691	1,79,271	1,89,329	2,00,114	2,11,881
FMCG	8,327	9,232	13,742	17,891	22,585	28,172
Hotel	-5,349	-1,831	5,419	7,546	8,203	8,918
Agri	8,207	10,312	13,277	12,803	15,773	18,830
Paper and Paperboard	10,987	17,000	22,940	13,303	17,059	20,424
EBIT Margin (%)						
Cigarettes	62.6	63.4	63.6	62.4	62.5	63.0
FMCG	5.7	5.8	7.2	8.5	9.5	10.5
Hotel	-85.8	-14.3	21.1	25.2	25.5	26.5
Agri	6.5	6.4	7.3	7.9	8.8	9.5
Paper and Paperboard	19.6	22.2	25.3	16.5	19.0	21.0
EBIT Growth (%)						
Cigarettes	-14.4	16.9	20.6	5.6	5.7	5.9
FMCG	96.8	10.9	48.8	30.2	26.2	24.7
Hotel	-439.1	-65.8	-396.0	39.2	8.7	8.7
Agri	4.0	25.6	28.8	-3.6	23.2	19.4
Paper and Paperboard	-15.8	54.7	34.9	-42.0	28.2	19.7

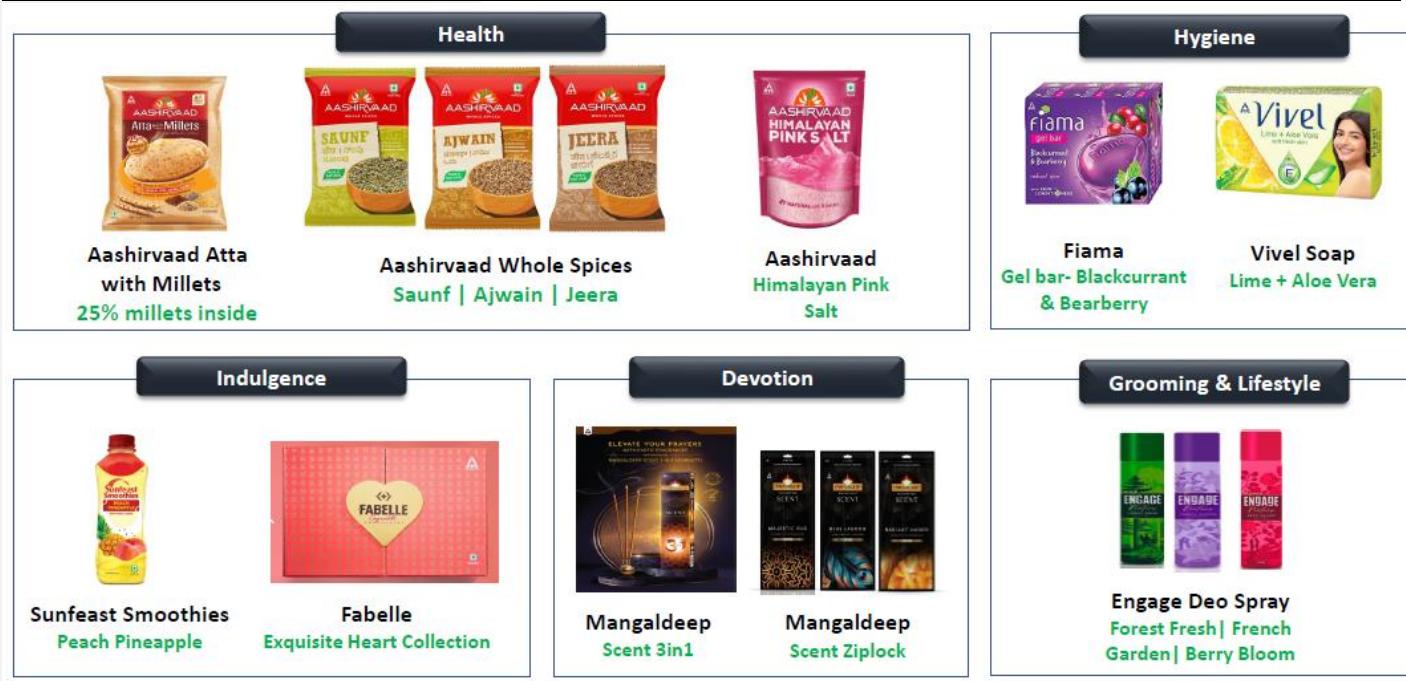
Source: Company, PL

Exhibit 10: ITC launches maiden overseas hotel venture in Colombo



Source: PL, Company

Exhibit 11: Innovation-led launches in FMCG business



Source: PL, Company

Exhibit 12: Purposeful innovation across FMCG portfolio

Convenience



Aashirvaad Svasti
Paneer Slices



Aashirvaad
Besan



ITC MasterChef
Paneer Pakoda



B Natural
Gluco Orange



B Natural
Tender Coconut water



Aashirvaad
Kasuri Methi



Aashirvaad
Chilli Powder

Taste Adventure



Bingo! Snacks
Hot & Spicy Korean Style | Hashtags



Classmate
Spin Ball Pen



Paparkraft
Designer Wiro notebooks



Classmate Interaktiv
Play Series

Education

Source: Company, PL

Exhibit 13: ITC's FMCG infrastructure continues to improve

ICML Khordha



Personal Care Facility, Uluberia





Shorter
Distance-to-market,
Reduced Emissions



Quality, Hygiene
& Freshness



Responsive
Supply Chain



Co-hosted Automated
Warehouses

Solar Plant, Dindigul



Augmenting the Renewable Energy footprint

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	6,60,433	6,54,408	7,15,670	7,73,618
YoY gr. (%)	17.2	(0.9)	9.4	8.1
Cost of Goods Sold	2,88,802	2,69,821	3,03,992	3,30,401
Gross Profit	3,71,631	3,84,587	4,11,678	4,43,217
Margin (%)	56.3	58.8	57.5	57.3
Employee Cost	35,695	37,322	39,423	41,559
Other Expenses	46,079	45,215	48,122	50,747
EBITDA	2,39,445	2,44,786	2,69,853	2,92,092
YoY gr. (%)	26.5	2.2	10.2	8.2
Margin (%)	36.3	37.4	37.7	37.8
Depreciation and Amortization	16,627	16,478	18,638	19,728
EBIT	2,22,817	2,28,308	2,51,215	2,72,365
Margin (%)	33.7	34.9	35.1	35.2
Net Interest	418	457	457	457
Other Income	24,376	35,383	40,297	40,184
Profit Before Tax	2,46,775	2,63,233	2,91,055	3,12,092
Margin (%)	37.4	40.2	40.7	40.3
Total Tax	59,971	58,938	71,308	76,462
Effective tax rate (%)	24.3	22.4	24.5	24.5
Profit after tax	1,86,804	2,04,295	2,19,746	2,35,629
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,86,804	2,04,295	2,19,746	2,35,629
YoY gr. (%)	24.1	9.4	7.6	7.2
Margin (%)	28.3	31.2	30.7	30.5
Extra Ord. Income / (Exp)	729	(76)	-	-
Reported PAT	1,87,533	2,04,220	2,19,746	2,35,629
YoY gr. (%)	24.5	8.9	7.6	7.2
Margin (%)	28.4	31.2	30.7	30.5
Other Comprehensive Income	293	22,811	-	-
Total Comprehensive Income	1,87,826	2,27,030	2,19,746	2,35,629
Equity Shares O/s (m)	12,428	12,485	12,497	12,509
EPS (Rs)	15.0	16.4	17.6	18.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	3,28,360	3,59,599	3,86,799	4,13,999
Tangibles	3,05,362	3,36,105	3,63,105	3,90,105
Intangibles	22,998	23,494	23,694	23,894
Acc: Dep / Amortization	99,399	1,15,065	1,32,228	1,50,456
Tangibles	96,775	1,12,128	1,28,935	1,46,805
Intangibles	2,624	2,937	3,292	3,651
Net fixed assets	2,28,961	2,44,534	2,54,571	2,63,543
Tangibles	2,08,587	2,23,977	2,34,169	2,43,300
Intangibles	20,374	20,557	20,402	20,244
Capital Work In Progress	16,815	10,780	20,000	20,000
Goodwill	5,772	5,772	5,772	5,772
Non-Current Investments	1,63,676	2,28,246	2,27,711	2,44,896
Net Deferred tax assets	(16,211)	(20,837)	(19,795)	(18,805)
Other Non-Current Assets	55,359	23,238	25,509	26,957
Current Assets				
Investments	1,63,571	1,19,169	1,35,977	1,46,987
Inventories	1,05,939	1,26,315	1,10,630	1,17,469
Trade receivables	23,213	33,115	25,231	27,269
Cash & Bank Balance	38,313	62,177	64,840	74,144
Other Current Assets	13,881	11,342	15,029	16,246
Total Assets	8,22,617	8,73,276	8,95,141	9,54,624
Equity				
Equity Share Capital	12,428	12,485	12,497	12,509
Other Equity	6,63,510	7,09,848	7,21,297	7,71,087
Total Networth	6,75,938	7,22,333	7,33,794	7,83,596
Non-Current Liabilities				
Long Term borrowings	33	18	18	18
Provisions	2,018	2,215	2,230	2,373
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	43,513	44,896	46,222	49,989
Other current liabilities	80,644	79,261	88,967	95,510
Total Equity & Liabilities	8,22,617	8,73,276	8,95,141	9,54,624

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	2,46,775	2,63,233	2,91,055	3,12,092
Add. Depreciation	16,629	16,478	18,638	19,728
Add. Interest	418	457	457	457
Less Financial Other Income	24,376	35,383	40,297	40,184
Add. Other	(19,927)	36,588	(2,939)	(1,885)
Op. profit before WC changes	2,43,894	3,16,757	3,07,212	3,30,392
Net Changes-WC	(32,870)	(11,158)	13,360	(13,942)
Direct tax	(59,971)	(58,938)	(71,308)	(76,462)
Net cash from Op. activities	1,51,052	2,46,661	2,49,263	2,39,987
Capital expenditures	(18,437)	(26,016)	(37,896)	(28,699)
Interest / Dividend Income	-	-	-	-
Others	(7,062)	(64,584)	535	(17,184)
Net Cash from Invt. activities	(25,499)	(90,600)	(37,360)	(45,883)
Issue of share cap. / premium	10,612	33,739	(36,621)	(4,617)
Debt changes	(13)	(15)	-	-
Dividend paid	(1,35,473)	(1,91,639)	(1,71,665)	(1,81,210)
Interest paid	(418)	(457)	(457)	(457)
Others	107	(174)	37	(192)
Net cash from Fin. activities	(1,25,185)	(1,58,547)	(2,08,705)	(1,86,477)
Net change in cash	368	(2,485)	3,197	7,627
Free Cash Flow	1,32,615	2,20,645	2,11,367	2,11,287

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	15.0	16.4	17.6	18.8
CEPS	16.4	17.7	19.1	20.4
BVPS	54.4	57.9	58.7	62.6
FCF	10.7	17.7	16.9	16.9
DPS	15.4	13.8	14.5	15.5
Return Ratio(%)				
RoCE	34.5	32.7	34.5	35.9
ROIC	35.9	33.0	36.2	37.1
RoE	29.0	29.2	30.2	31.1
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	47	64	46	45
Valuation(x)				
PER	29.4	27.0	25.1	23.4
P/B	8.1	7.6	7.5	7.0
P/CEPS	16.6	17.9	19.3	20.6
EV/EBITDA	22.1	21.8	19.7	18.1
EV/Sales	8.0	8.1	7.4	6.9
Dividend Yield (%)	3.5	3.1	3.3	3.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	1,58,282	1,65,501	1,64,833	1,65,793
YoY gr. (%)	(8.5)	2.6	1.6	1.1
Raw Material Expenses	64,155	70,642	68,494	66,529
Gross Profit	94,127	94,858	96,339	99,264
Margin (%)	59.5	57.3	58.4	59.9
EBITDA	62,501	60,416	60,243	61,626
YoY gr. (%)	10.7	3.0	(3.2)	(0.8)
Margin (%)	39.5	36.5	36.5	37.2
Depreciation / Depletion	4,025	4,132	4,168	4,154
EBIT	58,476	56,284	56,075	57,473
Margin (%)	36.9	34.0	34.0	34.7
Net Interest	107	105	124	121
Other Income	7,087	8,956	11,353	7,986
Profit before Tax	65,456	65,135	67,305	65,338
Margin (%)	41.4	39.4	40.8	39.4
Total Tax	16,429	15,865	11,529	15,115
Effective tax rate (%)	25.1	24.4	17.1	23.1
Profit after Tax	49,027	49,270	55,776	50,223
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	49,027	49,270	55,776	50,223
YoY gr. (%)	17.6	10.3	10.9	0.2
Margin (%)	31.0	29.8	33.8	30.3
Extra Ord. Income / (Exp)	-	-	(55)	(21)
Reported PAT	49,027	49,270	55,721	50,202
YoY gr. (%)	17.6	10.3	10.8	(1.3)
Margin (%)	31.0	29.8	33.8	30.3
Other Comprehensive Income	4,230	907	2,424	15,250
Total Comprehensive Income	53,257	50,176	58,145	65,452
Avg. Shares O/s (m)	12,309	12,309	12,309	12,309
EPS (Rs)	4.0	4.0	4.5	4.1

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Cigarette Vol Gr %	4	4	4	4
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	09-Apr-24	Accumulate	488	426
2	30-Jan-24	Accumulate	489	450
3	08-Jan-24	Accumulate	487	466
4	12-Dec-23	Accumulate	492	453
5	20-Oct-23	Accumulate	492	450
6	07-Oct-23	Accumulate	475	442
7	15-Aug-23	Accumulate	478	449
8	28-Jul-23	Accumulate	478	465
9	06-Jul-23	Accumulate	455	474

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,672	2,710
2	Avenue Supermarts	BUY	5,031	4,612
3	Britannia Industries	Hold	5,315	5,062
4	Colgate Palmolive	Reduce	2,373	2,673
5	Dabur India	Accumulate	563	525
6	Emami	Accumulate	496	457
7	Hindustan Unilever	Accumulate	2,543	2,260
8	ITC	Accumulate	488	426
9	Jubilant FoodWorks	Hold	490	480
10	Kansai Nerolac Paints	Reduce	273	284
11	Marico	Accumulate	588	530
12	Metro Brands	Hold	1,063	1,038
13	Mold-tek Packaging	Hold	891	871
14	Nestle India	Accumulate	2,695	2,563
15	Pidilite Industries	Accumulate	2,980	2,815
16	Restaurant Brands Asia	Accumulate	134	106
17	Titan Company	Accumulate	3,767	3,534
18	Westlife Foodworld	Hold	815	870

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

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