

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	ITC IN
Equity Shares (m)	12524
M.Cap.(INRb)/(USD\$)	5215.5 / 59.6
52-Week Range (INR)	500 / 390
1, 6, 12 Rel. Per (%)	4/-15/-9
12M Avg Val (INR M)	7002

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	833.2	896.0	966.3
Sales Gr. (%)	8.6	7.5	7.8
EBITDA	279.9	305.1	327.1
EBITDA Mrg. %	33.6	34.1	33.8
Adj. PAT	213.7	232.5	248.9
Adj. EPS (INR)	17.1	18.6	19.9
EPS Gr. (%)	6.9	8.8	7.1
BV/Sh.(INR)	58.2	60.4	62.5

Ratios

RoE (%)	29.9	31.3	32.4
RoCE (%)	29.4	30.9	32.0
Payout (%)	92.8	93.4	94.8

Valuations

P/E (x)	24.4	22.4	21.0
P/BV (x)	7.2	6.9	6.7
EV/EBITDA (x)	17.1	15.6	14.5
Div. Yield (%)	3.8	4.2	4.5

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	0.0	0.0	0.0
DII	46.9	45.2	44.0
FII	38.0	39.9	40.5
Others	15.1	14.9	15.5

FII Includes depository receipts

CMP: INR416

TP: INR500 (+20%)

Buy

Healthy cigarette growth; margin weakness persists

- ITC sustained healthy performance in core segments in a tepid consumption environment, though margins remained under pressure. Gross cigarette sales grew 8% YoY (est. 6%) and volume growth was ~6% (vs. est. 5%). The premium cigarette segment continued to outperform. Cigarette EBIT grew by 4.6% YoY (est. 5.2% YoY). EBIT margin contracted 190bp YoY to 57.6% (est. 59%), impacted by the sharp escalation in the leaf tobacco cost.
- FMCG segment sales grew 5.5% YoY (ex-notebook 8.6%). Notebook industry continued to operate under deflationary conditions, while unseasonal rains during the quarter impacted beverages sales. Growth was driven by Staples, Dairy, Premium Personal Wash, Homecare and Agarbattis. EBIT declined 17% YoY. EBIT margin contracted by 180bp to 6.9% (in line).
- Agri business sales increased significantly by 39% YoY (est. 15%), driven by trading opportunities in bulk commodities and leaf tobacco exports. EBIT margin contracted by 45bp YoY to 4.5% (est. 6%).
- Paper business continued to struggle due to low-priced supplies into global markets (including India), subdued realizations and elevated wood prices. Revenue grew 7% and EBIT margin contracted 580bp to 7.2% (all-time low).
- ITC's core business growth has been steady, with cigarette growth coming in better than expected. Consistent focus on new launches, stable taxes and a variety of other initiatives led to 7% cigarette growth in FY25 and the momentum continued in 1QFY26. FMCG performance was below par in FY25, but with demand recovery, we expect improving trends. **We reiterate our BUY rating on ITC with our SOTP-based TP of INR500 (implying 26x Jun'27E P/E).**

Cigarette volume up ~6%, but FMCG and paper remain soft

- **Consolidated performance (ex-hotel business):** ITC's 1QFY26 net revenue grew by 21% YoY to INR214.9b (est. INR194b), mainly led by cigarette and agri businesses. Gross margin contracted 700bp YoY to 52.4% (est. 58.7%), impacted by high food inflation and the rise of certain input costs (leaf, wood, etc.). EBITDA margin contracted 510bp YoY to 31.7% (est. 34.9%). EBITDA grew 4% YoY to INR68.2b (est. INR67.8b). PBT and APAT grew by 4% and 5%, respectively.
- **Cigarette volumes up ~6%, with 5% EBIT growth:** Gross cigarette sales grew 8% YoY to INR95.5b (est. INR93.7b). Cigarette volume growth was ~6% (est. 5%). Differentiated and premium offerings continued to perform well. EBIT grew by 4.6% YoY to INR55b (est. INR55.3b). Cigarette EBIT margin contracted 190bp YoY to 57.6% (est. 59%). Consumption of high-cost leaf tobacco inventory weighed on margins. Procurement prices moderated in the current crop cycle.

Naveen Trivedi – Research Analyst (Naveen.Trivedi@MotilalOswal.com)

Research Analyst: Amey Tiwari (Amey.Tiwari@MotilalOswal.com) | **Tanu Jindal** (Tanu.Jindal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **FMCG-Others** sales grew 5.5% YoY to INR58b (est. INR57.1b), while ex-notebook growth was 8.6%. Notebook industry continues to operate under deflationary conditions on account of low-priced paper imports and opportunistic play by local/regional players. Unseasonal rains during the quarter impacted beverages sales. EBIT declined 17% YoY to INR4b (est. INR4b) in 1QFY26. EBIT margin contracted by 180bp to 6.9% (est. 7%).
- **Agri business** sales increased significantly by 39% YoY to INR97.2b (est. INR80.5b). EBIT grew by 26% YoY to INR4.3b. EBIT margin contracted by 45bp YoY to 4.5% (est. 6%).
- **Paperboards** business sales grew 7% YoY to INR21.1b (est. INR20.7b). EBIT fell 41% YoY to INR1.5b and EBIT margin contracted 580bp YoY to 7.2% (est. 9%).
- **FoodTech Business**, a key growth area in ITC Next strategy, combines ITC's food science, FMCG brands, and culinary expertise to rapidly build a capital-efficient, tech-enabled full-stack platform with ~60 cloud kitchens in five cities currently. It achieved GMV of INR1b in FY25.

Valuation and view

- There is no material change in our EPS estimates for FY26 and FY27.
- ITC's core business of cigarettes saw steady performance. With stable taxes on cigarettes, we anticipate stable growth in this business. We model a 5% revenue CAGR in FY26-28.
- While the FMCG segment is seeing moderation due to multiple headwinds. ITC has historically enjoyed industry-leading growth due to several category drivers, e.g., a large unorganized mix, under-penetration, etc. With the overall demand environment expected to improve, we expect FMCG performance to improve in the coming quarters. We model an 11% revenue CAGR during FY26-28.
- If ITC sustains mid-single digit volume growth in cigarette, and FMCG business sees a recovery in FY26, we expect valuation re-rating. **We reiterate our BUY rating on ITC with our SOTP-based TP of INR500 (implying 26x Jun'27E P/E).**

Consol. Quarterly Performance (Reported)

(INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY25	Var.
	1Q	2Q	3Q*	4Q*	1QE*	2QE*	3QE	4QE			1QE*	
Est. cigarette vol. gr. (%)	3.0	3.5	6.0	5.0	6.0	5.0	4.0	4.5	4.4	4.5	5.0	
Net Sales	184.6	207.4	187.9	187.7	214.9	215.3	203.0	200.0	767.5	833.2	194.0	10.8%
YoY change (%)	7.5	16.7	4.3	4.7	16.5	3.8	8.0	6.6	8.3	8.6	5.1	
Gross Profit	111.7	115.9	108.3	110.3	112.6	126.0	121.8	127.0	446.2	487.4	113.9	
Margin (%)	60.5	55.9	57.6	58.8	52.4	58.5	60.0	63.5	58.1	58.5	58.7	
EBITDA	67.5	67.6	63.6	65.2	68.2	69.4	70.7	71.0	263.9	279.9	67.8	0.6%
Growth (%)	1.2	4.8	-2.2	-1.6	1.0	2.6	11.2	8.9	0.5	6.1	0.5	
Margins (%)	36.6	32.6	33.9	34.7	31.7	32.2	34.8	35.5	34.4	33.6	34.9	
Depreciation	5.0	5.2	4.2	4.1	4.2	4.4	4.6	4.8	18.5	18.1	4.4	
Interest	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.5	0.5	0.1	
Other Income	6.9	6.2	6.0	6.4	6.8	6.8	6.6	7.1	25.5	27.3	7.2	
PBT	69.3	68.4	65.3	67.4	70.6	71.6	72.6	73.1	270.4	288.6	70.5	0.1%
Tax	17.6	17.9	17.3	16.8	17.8	18.0	18.3	18.5	69.6	72.6	17.8	
Rate (%)	25.4	26.2	26.4	24.9	25.3	25.2	25.2	25.2	25.7	25.2	25.2	
Adj PAT	50.9	49.9	47.3	50.7	52.4	53.0	53.7	53.8	198.9	213.7	52.2	0.5%
YoY change (%)	-0.2	2.0	-11.4	-0.9	3.0	6.1	13.5	6.0	-2.8	7.4	2.5	
Reported PAT	50.9	49.9	47.3	50.7	52.4	53.0	53.7	53.8	199.9	213.7	52.2	0.5%

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

Consol. Quarterly Performance (Ex- hotel business)
(INR b)

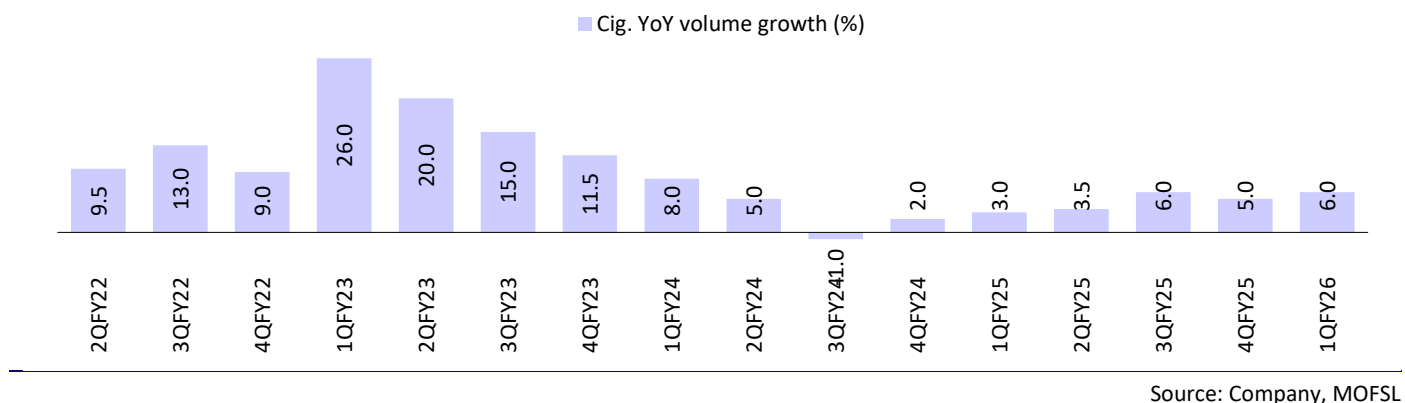
(INR b)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	FY24	FY25	FY26E
Est. cigarette vol. gr. (%)	-2.0	2.0	3.0	3.5	6.0	5.0	6.0	3.3	4.4	4.5
Net Sales	172.0	170.4	177.8	199.9	187.9	187.7	214.9	679.3	753.2	833.2
YoY change (%)					9.3	10.1	20.9	0.0	10.9	10.6
Gross Profit	102.3	105.3	105.7	109.2	108.3	110.3	112.6	409.5	433.4	487.4
Margin (%)	59.5	61.8	59.4	54.6	57.6	58.8	52.4	60.3	57.5	58.5
EBITDA	62.1	63.0	65.4	65.5	63.6	65.2	68.2	252.5	259.8	279.9
Growth (%)					2.4	3.4	4.2	0.0	2.9	7.8
Margins (%)	36.1	37.0	36.8	32.8	33.9	34.7	31.7	37.2	34.5	33.6
Depreciation	3.8	3.9	4.0	4.2	4.2	4.1	4.2	15.2	16.5	18.1
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.5	0.5
Other Income	6.5	6.8	6.8	6.1	6.0	6.4	6.8	26.9	25.3	27.3
PBT	64.6	65.9	68.1	67.3	65.3	67.4	70.6	263.9	268.2	288.6
Tax	12.3	15.8	17.3	17.6	17.3	16.8	17.8	62.1	68.9	72.6
Rate (%)	19.0	24.0	25.3	26.1	26.4	24.9	25.3	23.5	25.7	25.2
Adj PAT	51.7	49.4	50.1	49.2	47.3	50.7	52.4	199.0	197.3	213.7
YoY change (%)					-8.4	2.8	4.7	0.0	-0.8	8.3
Reported PAT	51.7	49.4	50.1	49.2	47.3	50.7	52.4	199.0	197.3	213.7

E: MOFSL estimate;

Cigarette volumes up ~6% YoY in 1QFY26

- **Gross cigarette** sales grew 8% YoY to INR95.5b (est. INR93.7b). Cigarette volume is likely to have grown 6% (est. 5%). Differentiated and premium offerings continued to perform well. EBIT grew by 4.6% YoY to INR55b (est. INR55.3b). Cigarette EBIT margin contracted 190bp YoY to 57.6% (est. 59%). Consumption of high-cost leaf tobacco inventory weighed on margins. Procurement prices moderated in the current crop cycle.
- ITC reinforced its market standing through strategic interventions in competitive markets and focused efforts to counter illicit trade. Premium and differentiated offerings, such as Classic Connect and Gold Flake Indie mint, continued to perform well.
- The sharp cost escalation in leaf tobacco was partly offset by an improved product mix, calibrated pricing actions, and strategic cost management. Trade marketing spending was restructured to enhance the last-mile execution and strengthen focus on key markets.
- Stability in cigarette taxes, coupled with enforcement actions against illicit trade, facilitated volume recovery for the legal cigarette industry. This boosted demand for Indian tobaccos and supported government revenue.
- The Union Budget 2025 has proposed amendments to the Central Goods and Services Tax Act, introducing a track-and-trace mechanism to enhance enforcement against illicit cigarette trade.

Exhibit 1: Cigarette volumes up ~6% YoY in 1QFY26



FMCG – Others: Subdued performance; margin pressure persists

- **FMCG-Others** sales grew 5.5% YoY to INR58b (est. INR57.1b), while ex-notebook growth was 8.6%. Notebook industry continues to operate under deflationary conditions on account of low-priced paper imports and opportunistic play by local/regional players. Unseasonal rains during the quarter impacted beverages sales.
- EBIT declined 17% YoY to INR4b (est. INR4b) in 1QFY26. EBIT margin contracted by 180bp to 6.9% (est. 7%).
- Growth was driven by categories such as atta, spices, snacks, frozen snacks, dairy, premium personal wash, homecare, and agarbatti.
- Severe inflationary pressures were seen across key inputs such as edible oil, wheat, maida, potato, cocoa, and packaging materials during the quarter. The sharp rise in input costs was partially mitigated through effective cost management, calibrated pricing actions, and premiumization.
- Continued investments in trade and marketing will support growth and market standing.

Exhibit 2: FMCG - Segmental EBITDA and EBITDA margins



Source: Company Presentation

Paperboards, Paper, and Packaging

- **Paperboards** business sales grew 7% YoY to INR21.1b (est. INR20.7b). EBIT declined 41% YoY to INR1.5b and EBIT margin contracted 580bp YoY to 7.2% (est. 9%).
- The paperboards, paper, and packaging segment faced challenges due to low-priced Chinese imports affecting global markets (including India), soft domestic demand, a surge in domestic wood costs, and subdued realizations due to increased competition and costs.
- Muted realizations and high wood prices continued to weigh on margins.
- Specialty Papers segment witnessed robust growth, driven by capacity augmentation in Décor paper.
- ITC focuses on accelerating plantation, developing new area, and satellite-based plantation monitoring to mitigate near-term challenges of unprecedented growth in wood prices.

Agri Business saw robust sales growth

- **Agri business** sales increased significantly by 39% YoY to INR97.2b (est. INR80.5b). EBIT grew by 26% YoY to INR4.3b. EBIT margin contracted by 45bp YoY to 4.5% (est. 6%).
- The company is demonstrating agile execution of trading opportunities by leveraging its multi-channel, digitally enabled agri-commodity sourcing network, ensuring responsiveness to market dynamics.
- Geopolitical volatility and climate-related disruptions have intensified concerns over food security and inflation; in response, the government reintroduced stock limits on wheat in Jun'25 to manage domestic supply and pricing.
- Growth in leaf tobacco exports is being driven by the company's crop development expertise, superior product quality, and long-standing customer relationships in international markets.
- The company is progressively scaling up exports of Nicotine and Nicotine derivative products, tapping into rising global demand and expanding its specialty chemicals portfolio.

FoodTech business

- FoodTech Business, a new vector of growth envisioned in the ITC Next strategy, leverages the company's institutional strengths in foods science & manufacturing, FMCG food brands and culinary expertise to tap into the fast-growing online food services segment.
- The initiative has scaled up rapidly in a capital-efficient manner since inception, setting new benchmarks in culinary innovation and tech-enabled operations; GMV crossed INR1b in FY25.
- The full-stack food-tech platform has already scaled up to appx. 60 cloud kitchens across five cities and is now being progressively introduced across India. It operates under four brands - ITC Master Chef Creations, ITC Aashirvaad Soul Creations, ITC Sunfeast Baked Creations and Sansho by ITC Master Chef.

Key exhibits

Exhibit 3: Segmental Information

Segmental Information	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Net sales (INR b)					
Cigarettes	88.4	88.8	89.4	92.3	95.5
FMCG - Others	55.0	55.9	54.3	55.0	58.0
Agri business	70.0	58.5	36.3	36.9	97.2
Paper and packaging	19.8	21.1	21.4	21.9	21.2
Sales growth (YoY)					
Cigarettes	5.8	6.6	7.8	6.2	8.0
FMCG - Others	6.3	5.3	4.0	3.7	5.5
Agri business	22.2	46.6	10.8	17.8	39.0
Paper and packaging	(6.8)	2.1	3.1	5.6	7.1
Volume growth (YoY)					
Cigarettes	3.0	3.5	6.0	5.0	6.0
EBIT (INR b)					
Cigarettes	52.6	52.4	51.9	54.0	55.0
FMCG - Others	4.8	4.4	3.2	3.5	4.0
Agri business	3.4	4.5	5.0	2.5	4.3
Paper and packaging	2.6	2.3	2.0	1.9	1.5
EBIT growth (YoY)					
Cigarettes	6.3	4.8	4.5	4.8	4.6
FMCG - Others	10.4	0.4	(26.1)	(27.9)	(16.7)
Agri business	(2.2)	24.5	30.3	35.5	26.1
Paper and packaging	(45.6)	(25.4)	(33.2)	(33.0)	(40.9)
EBIT margin (%)					
Cigarettes	59.4	59.0	58.0	58.5	57.6
FMCG - Others	8.7	8.0	5.9	6.3	6.9
Agri business	4.9	7.6	13.7	6.8	4.5
Paper and packaging	13.0	11.1	9.2	8.9	7.2
EBIT margin change (%)					
Cigarettes	0.3	(1.0)	(1.8)	(0.8)	(1.9)
FMCG - Others	0.3	(0.4)	(2.4)	(2.7)	(1.8)
Agri business	(1.2)	(1.4)	2.1	0.9	(0.5)
Paper and packaging	(9.3)	(4.1)	(5.0)	(5.1)	(5.8)

Valuation and view

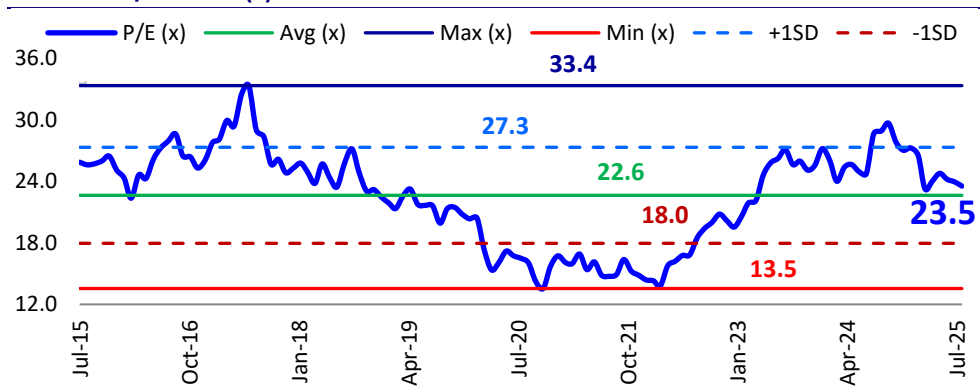
- There is no material change in our EPS estimates for FY26 and FY27.
- ITC's core business of cigarettes saw steady performance. With stable taxes on cigarettes, we anticipate sustainable growth in this business. We model a 5% revenue CAGR in FY26-28.
- The FMCG segment is seeing moderation due to multiple headwinds. ITC has historically enjoyed industry-leading growth due to several category drivers, e.g., a large unorganized mix, under-penetration, etc. With the overall demand environment expected to improve, we expect FMCG performance to improve in the coming quarters. We model an 11% revenue CAGR during FY26-28.
- If ITC sustains mid-single digit volume growth in cigarette and the FMCG business sees recovery in FY26, we expect valuation re-rating. **We reiterate our BUY rating on ITC with our SOTP-based TP of INR500 (implying 26x Jun'27E P/E).**

Exhibit 4: No material change in our EPS estimates for FY26 and FY27

	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	833.2	896.0	814.2	876.3	2.3	2.3
EBITDA	279.9	305.1	279.4	301.8	0.2	1.1
PAT	213.7	232.5	213.3	230.0	0.2	1.1

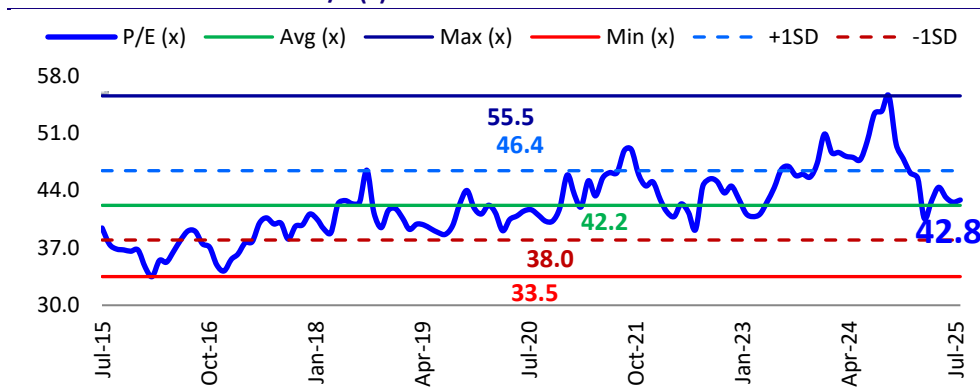
Source: Company, MOFSL

Exhibit 5: P/E for ITC (x)



Source: Bloomberg, MOFSL

Exhibit 6: Consumer sector P/E (x)



Source: Bloomberg, MOFSL

Financials and valuations

Income Statement								(INR b)		
Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net Sales	498.6	513.9	531.6	652.0	765.2	768.4	830.4	901.5	969.4	1,045.4
Excise duty	15.1	19.9	38.8	45.4	55.8	59.6	62.9	68.3	73.4	79.1
Total Revenue	483.5	494.0	492.7	606.7	709.4	708.8	767.5	833.2	896.0	966.3
Change (%)	11.3	2.2	-0.3	23.1	16.9	-0.1	8.3	8.6	7.5	7.8
Gross Profit	309.3	320.6	291.4	342.8	419.3	436.3	446.2	487.4	533.1	579.8
Margin (%)	64.0	64.9	59.1	56.5	59.1	61.6	58.1	58.5	59.5	60.0
Other operating expenditure	125.3	128.0	121.4	136.2	162.7	173.8	182.3	207.5	228.0	252.7
EBITDA	184.1	192.6	170.0	206.6	256.6	262.5	263.9	279.9	305.1	327.1
Change (%)	11.7	4.6	-11.7	21.5	24.2	2.3	0.5	6.1	9.0	7.2
Margin (%)	38.1	39.0	34.5	34.1	36.2	37.0	34.4	33.6	34.1	33.8
Depreciation	14.0	16.4	16.5	17.3	18.1	18.2	18.5	18.1	19.4	20.6
Int. and Fin. Charges	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6
Other Inc. - Recurring	21.7	26.0	26.3	18.4	19.8	27.3	25.5	27.3	29.2	31.2
Profit before Taxes	191.4	201.6	179.5	207.2	257.9	271.2	270.4	288.6	314.3	337.0
Change (%)	12.7	5.3	-11.0	15.5	24.5	5.1	-0.3	6.7	8.9	7.2
Margin (%)	39.6	40.8	36.4	34.2	36.4	38.3	35.2	34.6	35.1	34.9
Tax	61.9	48.5	44.6	53.1	64.5	61.7	69.6	72.6	79.1	84.8
Deferred Tax	1.2	-4.0	0.9	-0.7	-0.1	2.2	0.0	0.0	0.0	0.0
Tax Rate (%)	33.0	22.0	25.4	25.3	25.0	23.6	25.7	25.2	25.2	25.2
Profit after Taxes	124.6	152.7	130.3	150.6	186.8	204.6	199.9	213.7	232.5	248.9
Change (%)	15.3	22.5	-14.6	15.5	24.1	9.5	-2.3	6.9	8.8	7.1
Margin (%)	25.8	30.9	26.4	24.8	26.3	28.9	26.1	25.6	25.9	25.8
Reported PAT	127.9	146.0	131.6	152.4	191.4	204.6	198.9	213.7	232.5	248.9

Balance Sheet								(INR b)		
Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Share Capital	12.3	12.3	12.3	12.3	12.4	12.5	12.5	12.5	12.5	12.5
Reserves	579.2	640.4	585.6	602.4	679.1	732.6	687.8	715.6	743.5	769.0
Net Worth	591.4	652.7	597.9	614.8	691.6	745.1	700.3	728.1	756.0	781.5
Loans	0.1	0.1	0.1	0.1	0.4	0.1	0.9	1.0	1.1	1.2
Deferred Liability	19.9	15.7	16.8	16.1	15.8	20.7	20.7	20.7	20.7	20.7
Capital Employed	611.4	668.5	614.8	630.9	707.7	765.9	721.9	749.8	777.8	803.4
Gross Block	324.4	364.2	396.5	423.4	457.6	476.6	436.3	463.8	494.7	525.6
Less: Accum. Depn.	130.6	147.0	163.5	180.8	198.9	217.1	216.7	234.8	254.2	274.8
Net Fixed Assets	193.8	217.2	233.1	242.6	258.7	278.3	219.6	229.0	240.6	250.8
Capital WIP	41.3	32.5	40.0	32.0	29.8	28.5	10.9	8.7	7.0	5.6
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments	250.4	286.6	248.7	248.4	294.2	311.1	347.2	362.2	377.2	392.2
Current	133.5	179.5	148.5	122.6	172.3	129.4	162.9	177.9	192.9	207.9
Non-current	117.0	107.2	100.2	125.8	121.8	181.7	184.3	184.3	184.3	184.3
Curr. Assets, L&A	231.8	236.8	210.2	239.2	275.6	299.6	298.1	319.4	340.3	361.7
Inventory	79.4	89.7	104.0	108.6	117.7	141.5	156.4	150.6	158.9	169.7
Account Receivables	40.4	25.6	25.0	24.6	29.6	40.3	47.2	48.3	51.1	55.1
Cash and Bank Balance	41.5	72.8	41.0	36.8	48.8	72.2	40.1	58.9	65.6	68.9
Others	70.5	48.7	40.2	69.2	79.5	45.6	54.4	61.6	64.7	67.9
Curr. Liab. and Prov.	102.5	100.8	113.8	127.6	146.8	147.8	150.2	162.3	175.9	191.0
Account Payables	35.1	36.3	43.2	44.2	46.6	48.0	48.1	52.9	56.9	61.4
Other Liabilities	62.7	59.9	65.3	75.7	98.6	98.2	100.8	107.8	117.2	127.5
Net Current Assets	129.3	136.0	96.4	111.6	128.8	151.8	147.9	157.1	164.3	170.7
Application of Funds	614.9	672.3	618.2	634.6	711.5	769.7	725.6	757.0	789.0	819.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Basic (INR)										
EPS	10.2	12.4	10.6	12.2	15.0	16.4	16.0	17.1	18.6	19.9
Cash EPS	11.3	13.8	11.9	13.6	16.5	17.8	17.5	18.5	20.1	21.5
BV/Share	48.2	53.1	48.6	49.9	55.6	59.7	56.0	58.2	60.4	62.5
DPS	5.8	10.2	10.8	11.5	15.5	13.8	14.4	15.9	17.4	18.9
Payout %	66	85	101	93	101	84	90	93	93	95
Valuation (x)										
P/E	41.0	33.6	39.4	34.1	27.7	25.4	26.1	24.4	22.4	21.0
Cash P/E	36.9	30.3	35.0	30.6	25.3	23.4	23.9	22.5	20.7	19.4
EV/Sales	9.9	9.4	9.3	7.6	6.4	6.3	5.8	5.3	4.9	4.5
EV/EBITDA	26.7	25.2	28.9	23.8	19.0	18.4	18.3	17.1	15.6	14.5
P/BV	8.6	7.9	8.6	8.4	7.5	7.0	7.5	7.2	6.9	6.7
Dividend Yield (%)	1.4	2.4	2.6	2.8	3.7	3.3	3.4	3.8	4.2	4.5
Return Ratios (%)										
RoE	22.3	24.5	20.8	24.8	28.6	28.5	27.7	29.9	31.3	32.4
RoCE	22.2	24.6	20.9	24.9	29.0	28.2	27.0	29.4	30.9	32.0
RoIC	44.0	49.5	40.8	47.2	55.2	54.2	53.8	60.9	66.0	69.0
Working Capital Ratios										
Debtor (Days)	25	24	19	15	14	18	21	21	20	0
Asset Turnover (x)	0.8	0.8	0.9	1.0	1.1	1.0	1.2	1.2	1.2	1.3

Cash Flow Statement

(INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
OP/(loss) before Tax	191.5	200.3	179.5	207.2	259.2	271.4	269.3	288.6	314.3	337.0
Financial other income	-4.2	-8.0	-0.1	0.2	-3.0	-6.6	-7.0	1.2	1.3	1.4
Depreciation and Amort.	14.0	16.4	16.5	17.3	18.1	18.2	19.5	18.1	19.4	20.6
Interest Paid	-12.7	-14.7	-15.3	-6.9	-15.3	-16.6	-14.6	-19.4	-21.0	-22.6
Direct Taxes Paid	-58.0	-50.2	-44.6	-53.1	-62.5	-61.2	-63.5	-72.6	-79.1	-84.8
Incr in WC	-4.8	3.0	6.1	-18.5	-7.7	-33.4	-27.4	9.6	-0.5	-3.0
CF from Operations	125.8	146.9	142.0	146.3	188.8	171.8	176.3	225.4	234.4	248.5
Other items	-27.4	44.7	14.6	3.5	24.0	42.0	-26.1	19.4	21.0	22.6
Incr Decr in FA	31.4	24.1	39.9	18.8	26.9	34.6	21.0	25.3	29.2	29.5
Free Cash Flow	94.4	122.8	102.2	127.5	161.8	137.2	155.2	200.1	205.3	219.0
Pur of Investments	-14.2	54.4	-37.9	-0.3	43.7	-29.6	-9.2	15.0	15.0	15.0
CF from Invest.	-44.6	-33.8	12.7	-15.0	-46.7	37.1	-38.0	-20.9	-23.2	-21.9
Issue of shares	9.7	6.3	0.0	0.0	24.8	14.4	8.0	0.0	0.0	0.0
Incr in Debt	-0.1	0.0	0.0	0.0	-0.6	-0.6	-0.3	0.1	0.1	0.1
Net Interest Paid	1.0	0.4	0.0	0.0	0.4	0.5	0.5	0.0	0.0	0.0
Dividend Paid	77.3	87.1	186.5	135.6	154.0	199.0	177.6	185.8	204.6	223.4
Others	0.0	-0.5	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0
CF from Fin. Activity	-68.7	-81.8	-186.4	-135.6	-130.1	-185.5	-170.4	-185.7	-204.5	-223.3
Incr of Cash	12.5	31.3	-31.7	-4.3	12.0	23.4	-32.1	18.8	6.7	3.4
Add: Opening Balance	29.0	41.5	72.8	41.0	36.8	48.8	72.2	40.1	58.9	65.6
Closing Balance	41.5	72.8	41.0	36.8	48.8	72.2	40.1	58.9	65.6	68.9

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited, ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

financial interest in the subject company

actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.

received compensation/other benefits from the subject company in the past 12 months

any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document.

They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.