motilal oswal
Financial Services

2 August 2026
1QFY27 Results Update | Sector: Consumer

ITC

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	ITC IN
Equity Shares (m)	12529
M.Cap.(INRb)/(USDb)	3520.8 / 36.9
52-Week Range (INR)	427 / 275
1, 6, 12 Rel. Per (%)	-4/-9/-30
12M Avg Val (INR M)	6804

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	788.7	812.3	868.5
Sales Gr. (%)	2.8	3.0	6.9
EBITDA	273.2	238.9	259.7
EBITDA Mrg. %	34.6	29.4	29.9
Adj. PAT	209.1	183.0	198.1
Adj. EPS (INR)	16.5	14.9	16.1
EPS Gr. (%)	5.0	-9.7	8.2
BV/Sh.(INR)	57.9	57.5	59.6
Ratios			
RoE (%)	29.0	25.9	27.6
RoCE (%)	28.3	24.1	25.7
Payout (%)	90.0	90.0	90.0
Valuations			
P/E (x)	17.0	18.8	17.4
P/BV (x)	4.9	4.9	4.7
EV/EBITDA (x)	17.6	20.1	18.4
Div. Yield (%)	5.2	4.7	5.1

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	0.0	0.0	0.0
DII	49.2	49.2	46.9
FII	34.2	34.8	38.0
Others	16.6	16.0	15.1

FII Includes depository receipts

CMP: INR281 TP: INR300 (+7%) Neutral

Cigarette EBIT miss; near-term volatility to continue

- ITC reported a 22% YoY decline in consolidated net cigarette revenue (INR104.1b) vs. our expectation of an 18% decline. Given a sharp increase in taxes, ITC has adopted a calibrated price hike strategy (unlike immediate tax pass-on historically) to protect the loss of consumers to illegal cigarette markets. Volume declined by high single digits. Cigarette price hikes are still in progress, and the cumulative hike has not reached the tax-neutral level. Consolidated EBIT declined by 32% YoY to INR37.7b (est. INR41.1b). Standalone EBIT fell 35% YoY.
- Consol. FMCG segment sales grew 15% YoY (in line). Standalone FMCG revenue grew 12% (up 16% ex-staples). EBIT rose 22% YoY to INR4.9b (est. INR5.2b), while EBIT margin expanded by 40bp (-180bp in base) to 7.3%.
- Agri business sales declined 16% YoY to INR81.4b (miss), impacted by geopolitical disruptions and a high base, and EBIT margin contracted by 10bp YoY to 4.4% (est. 6.5%). Paper business sales grew 9% YoY to INR23.1b, EBIT rose 43% YoY to INR2.2b (est. INR2.7b), and EBIT margin expanded by 220bp YoY to 9.4%.
- In cigarette business, the pass-through of the tax hike to consumers is still in progress. Thus, cigarette revenue and EBIT performance would remain weak. Earnings pressure on cigarettes offsets the benefits of recovery in FMCG and Paper. ITC has been trying to lower the tax impact (launched 30 new SKUs recently), but the sharp tax increase and competition from illicit cigarettes would take time to normalize. A calibrated price hike will continue to impact cigarette EBIT performance in the coming quarters. We maintain our Neutral rating on ITC with **our SoTP-based TP of INR300 (implying 18x FY28E EPS).**

Cigarette EBIT down 35%; In-line FMCG performance

- **Consolidated performance:** ITC's 1QFY27 net revenue declined 11% YoY to INR191.1b (est. INR219b). EBITDA fell 24% YoY to INR 51.8b (est. INR59.4b). PBT and APAT decreased by 23% and 22%, respectively.
- **Net cigarette sales down 25%; EBIT dipped 35%:** Consolidated net cigarette sales declined 22% YoY to INR61.9b (est. INR61.7bn) given the sharp increase in excise duty. Standalone cigarette net revenue fell 25%. Consolidated EBIT declined by 32% YoY to INR37.7b (est. INR41.1b). Standalone EBIT decreased by 35% YoY. Management highlighted that it adopted staggered and agile pricing actions to minimize the loss to illicit trade while protecting its consumer franchise. ITC is still under the transitory phase in terms of passing on the entire tax hike to consumers. We believe cigarette revenue and EBIT performance will remain volatile.

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- **Healthy FMCG performance:** Consolidated FMCG-Others sales grew 15% YoY to INR66.9b (est. INR66.7b). Standalone FMCG revenue growth was at 12% (ex-staples up 16%). Dairy, Snacks, Noodles and Frozen Snacks delivered strong growth of over 20% YoY, and the Personal Care portfolio registered mid-teen growth during the quarter. Atta business remained impacted by transient factors, including heat waves, LPG shortages, and benign wheat prices. Notebooks business registered a strong rebound during the quarter, reflecting improving business momentum. EBIT grew 22% YoY to INR4.9b (est. INR5.2b) in 1QFY27. EBIT margin expanded by 40bp to 7.3% (est. 7.8%). The sharp cost increase in fuel, edible oil, soap noodles, packaging inputs, etc. amid the West Asia conflict is cushioned by strategic inventory covers & commodity hedges. The impact is proactively mitigated through focused cost-management initiatives, smart net revenue management and price-volume rebalancing. Digital-first and organic portfolio maintained strong growth momentum, with ARR surpassing INR15b.
- **Agri business** sales fell 16% YoY to INR81.4b (est. INR107.9b), impacted by the West Asia conflict-led trade disruptions and a high base in 1QFY26. EBIT fell 17% YoY to INR3.6b and EBIT margin contracted by 10bp YoY to 4.4% (est. 6.5%).
- **Paperboard** sales grew 9% YoY to INR23.1b (est. INR22.6b), EBIT rose 43% YoY to INR2.2b, and EBIT margin expanded 220bp YoY to 9.4% (est. 12%). ITC saw broad-based improvement in net realizations, while wood costs moderated on a YoY basis. Both the Flexibles and Cartons packaging portfolios delivered robust growth during the quarter. Cost escalations in West Asia were effectively mitigated through agile cost management initiatives and judicious pricing actions.

Valuation and view

- We cut our EPS estimates by 2% for FY27 and FY28.
- The price hike on cigarettes is slower than expected and is expected to impact earnings in FY27. This strategy can lower the loss of consumers to illegal cigarettes, but it is adding a near-term earnings risk.
- 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.
- FMCG business continues to perform well with robust improvement in margins. However, we believe earnings pressure on cigarettes would offset 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 INR300 (implying 18x FY28E EPS).**

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

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Est. cigarette vol. gr. (%)	**6.0**	**6.0**	**6.5**	**0.0**	**-8.0**	**-11.0**	**-11.0**	**-10.0**	**6.2**	**-10.0**	**-11.0**	
Net Sales	**214.9**	**195.0**	**200.5**	**178.2**	**191.1**	**207.3**	**207.3**	**206.7**	**788.7**	**812.3**	**219.0**	-12.7%
YoY change (%)	16.5	-6.0	6.7	-5.0	-11.1	6.3	3.4	15.9	2.8	3.0	1.9	
Gross Profit	**112.6**	**113.6**	**116.3**	**120.7**	**102.2**	**111.9**	**111.9**	**116.6**	**463.2**	**442.7**	**118.3**	
Margin (%)	52.4	58.3	58.0	67.7	53.5	54.0	54.0	56.4	58.7	54.5	54.0	
EBITDA	**68.2**	**66.9**	**68.8**	**69.2**	**51.8**	**58.8**	**56.2**	**67.2**	**273.2**	**238.9**	**59.4**	-12.8%
Growth (%)	1.0	-1.0	8.2	6.2	-24.0	-12.1	-18.4	-3.0	3.5	-12.6	-12.8	
Margins (%)	31.7	34.3	34.3	38.8	27.1	28.4	27.1	32.5	34.6	29.4	27.1	
Depreciation	4.2	4.3	4.3	4.2	4.3	4.5	4.4	4.6	17.1	17.8	4.4	
Interest	0.2	0.2	0.2	0.3	0.4	0.2	0.2	0.1	0.9	0.9	0.2	
Other Income	6.8	5.8	5.7	5.9	6.6	6.1	6.0	6.8	24.3	25.5	7.2	
PBT	**71.3**	**68.9**	**71.1**	**72.0**	**54.5**	**61.2**	**58.5**	**70.3**	**283.3**	**249.6**	**62.9**	-13.3%
Tax	17.8	17.9	17.4	17.0	13.5	15.4	14.7	19.3	70.2	62.8	15.8	
Rate (%)	25.0	26.0	24.4	23.7	24.8	25.1	25.1	27.4	24.8	25.2	25.1	
Adj PAT	**52.4**	**50.6**	**51.9**	**54.1**	**40.8**	**44.9**	**42.9**	**50.3**	**209.1**	**183.0**	**46.2**	-11.6%
YoY change (%)	3.0	1.3	11.1	6.6	-22.2	-11.2	-17.4	-6.9	5.4	-12.5	-12.0	
Reported PAT	**52.4**	**51.3**	**49.3**	**53.9**	**43.9**	**44.9**	**42.9**	**50.3**	**206.9**	**186.9**	**46.2**	-4.8%

E: MOFSL estimate

Cigarette standalone EBIT down 35%

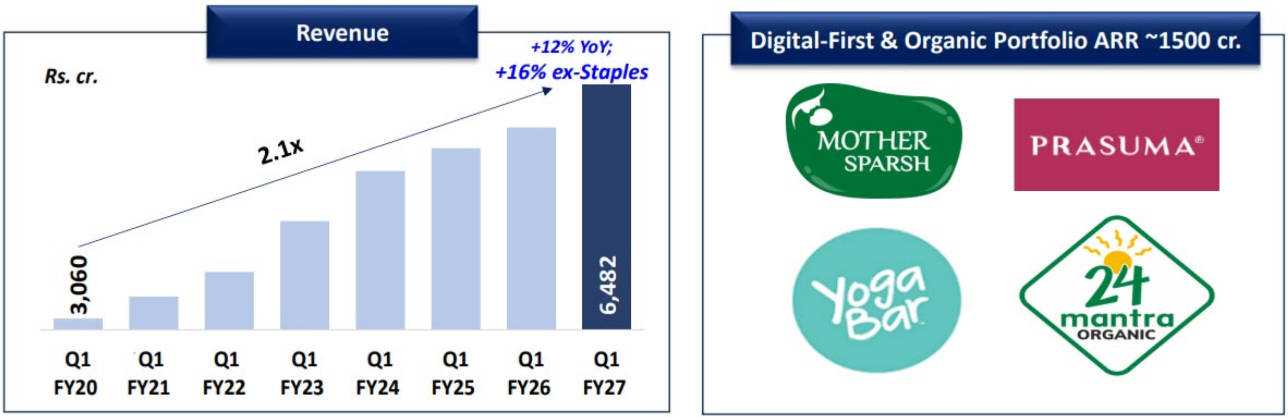
- Consolidated gross cigarette revenue rose 74% YoY to INR166b, while net cigarette sales declined 22% YoY to INR61.9b (est. INR61.7b) given the increase in excise duty. Standalone cigarette net revenue fell 25%.
- Consolidated EBIT declined by 32% YoY to INR37.7b (est. INR41.1b). Gross cigarette EBIT margin contracted to 22.7% in 1QFY27 vs. 57.6% in 1QFY26. Standalone EBIT declined by 35% YoY.
- 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.
- Cigarettes business adopted a calibrated strategy to address the sharp tax hike, balancing market competitiveness with stakeholder interests.
- The company implemented over 30 portfolio interventions across brands, segments, and price points to strengthen its product architecture, with several initiatives already gaining meaningful traction.
- Staggered and agile pricing actions helped mitigate the risk of downtrading to illicit cigarettes while protecting the consumer franchise.
- Strong execution and swift market response enabled the business to adapt to evolving market dynamics and reinforce its competitive position.

FMCG – Others: In-line performance; EBIT up 22%

- Consolidated FMCG-Others sales grew 15% YoY to INR66.9b (est. INR66.7b). Standalone FMCG revenue growth was 12% (ex-staples up 16%).
- Dairy, Snacks, Noodles, and Frozen Snacks delivered strong growth of over 20% YoY, and the Personal Care portfolio registered mid-teen growth during the quarter.
- Atta business remained impacted by transient factors, including heat waves, LPG shortages, and benign wheat prices.

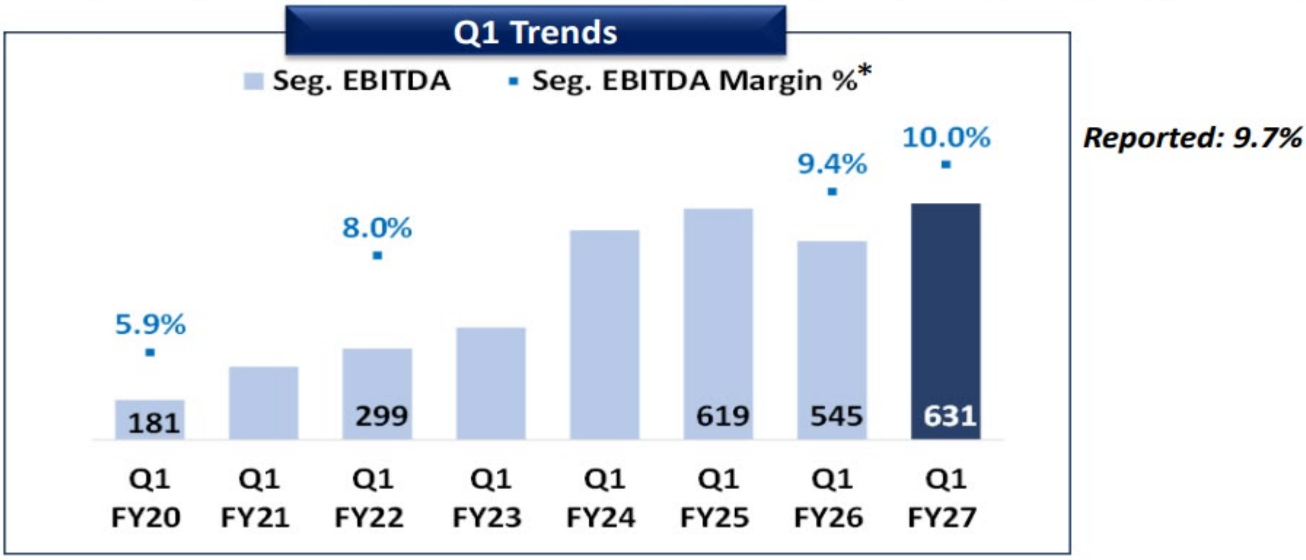
- Notebooks business registered a strong rebound during the quarter, reflecting improving business momentum.
- EBIT grew 22% YoY to INR4.9b (est. INR5.2bn) in 1QFY27. EBIT margin expanded by 40bp to 7.3% (est. 7.8%).
- The sharp cost increase in fuel, edible oil, soap noodles, packaging inputs, etc. amid the West Asia conflict is cushioned by strategic inventory covers and commodity hedges. The impact is proactively mitigated through focused cost-management initiatives, smart net revenue management and price-volume rebalancing.
- Digital-first and organic portfolio maintained strong growth momentum, with ARR surpassing INR15b.

Exhibit 1: FMCG – segmental revenue growth



Source: Company Presentation

Exhibit 2: FMCG – segmental EBITDA and margins



Source: Company Presentation

Paperboards, Paper, and Packaging sales grow 9% YoY

- Sales grew 9% YoY to INR23.1b (est. INR22.6b).
- EBIT rose 43% YoY to INR2.2b and EBIT margin expanded 220bp YoY to 9.4% (est. 12%).
- Paperboards, Paper & Packaging delivered healthy growth, driven by higher realizations, volume growth, and robust traction in value-added paperboards, sustainable packaging solutions, and exports.
- Wood costs moderated YoY, while ITC continued to strengthen its wood sourcing ecosystem through plantation expansion and technology-led initiatives.
- The industry continues to seek protection against low-priced imports, with the MIP on virgin multi-layer paperboard extended till Sep'26 and anti-dumping duties on Indonesian imports awaiting approval.
- Packaging & Printing reported robust growth across both Flexibles and Cartons portfolios, supported by new business development, innovative packaging solutions, and strategic support to the Cigarettes business for faster new product launches.
- Strong growth in Specialty Paper was led by Décor portfolio.

Agri business posts 16% decline YoY, impacted by geopolitical disruptions

- Agri sales fell 16% YoY to INR81.4b (est. INR107.9b), impacted by the West Asia conflict-led trade disruptions and a high base in 1QFY26.
- EBIT fell 17% YoY to INR3.6b and EBIT margin contracted by 10bp YoY to 4.4% (est. 6.5%).
- Agri business witnessed subdued exports due to trade disruptions and delayed customer offtake, while the value-added agri portfolio (spices, fruits and vegetables) continued to deliver strong growth, with management focused on scaling up the VAAP business across multiple categories.
- Indian Leaf Tobacco remained under pressure due to weak domestic demand, subdued global offtake, and delayed customer call-offs, although the company continues to leverage its sourcing, processing, and sustainability capabilities to drive new business.
- The business continued to support branded foods and cigarettes through aligned procurement strategies, with 95% of Aashirvaad Atta's wheat requirement secured and ~40% of wheat sourced directly through the ITCMAARS platform, improving procurement efficiency and quality.
- Nicotine & Nicotine Derivatives continued to scale up commercial operations, with the business remaining PBIT positive for the second consecutive quarter.

Fresh food business

- The business continued to scale up, leveraging ITC's food brands, manufacturing, and culinary capabilities to capitalize on the growing online food services market.
- Consumer traction remained strong across its four brands, driving 90% YoY GMV growth, with ARR surpassing INR30b and the platform expanding to 75 cloud kitchens across five cities, with a gradual pan-India rollout underway.

Key exhibits

Exhibit 3: Segmental information

Segmental Information	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Net sales (INR b)									
Gross Cigarettes	88.4	88.8	89.4	92.3	95.5	94.1	96.8	119.5	166.0
Net Cigarettes	72.7	73.3	73.9	76.2	79.2	76.6	80.2	59.5	61.9
FMCG - Others	55.0	55.9	54.3	55.0	58.0	60.6	61.1	63.5	66.9
Agri business	70.0	58.5	36.3	36.9	97.2	40.4	38.6	31.7	81.4
Paper and packaging	19.8	21.1	21.4	21.9	21.2	22.2	22.0	22.3	23.1
Sales growth (YoY)									
Gross Cigarettes	5.8	6.6	7.8	6.2	8.0	6.0	8.2	29.5	73.7
Net Cigarettes	5.7	7.3	8.1	6.3	8.9	4.5	8.6	(21.8)	(21.9)
FMCG - Others	6.3	5.3	4.0	3.7	5.5	8.5	12.6	15.4	15.3
Agri business	22.2	46.6	10.8	17.8	39.0	(30.9)	6.4	(14.3)	(16.3)
Paper and packaging	(6.8)	2.1	3.1	5.6	7.1	5.0	2.7	1.8	9.1
Volume growth (YoY)									
Cigarettes	3.0	3.5	6.0	5.0	6.0	6.0	6.5	0.0	(8.0)
EBIT (INR b)									
Cigarettes	52.6	52.4	51.9	54.0	55.0	54.6	54.9	58.0	37.7
FMCG - Others	4.8	4.4	3.2	3.5	4.0	4.4	4.5	5.3	4.8
Agri business	3.4	4.5	5.0	2.5	4.3	4.5	5.0	2.0	3.6
Paper and packaging	2.6	2.3	2.0	1.9	1.5	1.8	1.9	2.3	2.2
EBIT growth (YoY)									
Cigarettes	6.3	4.8	4.5	4.8	4.6	4.2	5.7	7.3	(31.5)
FMCG - Others	10.4	0.4	(26.1)	(27.9)	(16.7)	(1.2)	39.8	51.9	21.5
Agri business	(2.2)	24.5	30.3	35.5	26.1	1.5	(0.1)	(20.8)	(17.3)
Paper and packaging	(45.6)	(25.4)	(33.2)	(33.0)	(40.9)	(22.8)	(4.2)	19.3	43.2
EBIT margin (%)									
Gross Cigarettes	59.4	59.0	58.0	58.5	57.6	58.0	56.7	48.5	22.7
Net Cigarettes	72.3	71.5	70.3	70.9	69.4	71.3	68.4	97.4	60.9
FMCG - Others	8.7	8.0	5.9	6.3	6.9	7.2	7.3	8.3	7.3
Agri business	4.9	7.6	13.7	6.8	4.5	11.2	12.8	6.3	4.4
Paper and packaging	13.0	11.1	9.2	8.9	7.2	8.2	8.6	10.4	9.4
EBIT margin change (%)									
Gross Cigarettes	0.3	(1.0)	(1.8)	(0.8)	(1.9)	(1.0)	(1.4)	(10.0)	(34.8)
Net Cigarettes	0.4	(1.7)	(2.4)	(1.1)	(2.8)	(0.2)	(1.9)	26.4	(8.5)
FMCG - Others	0.3	(0.4)	(2.4)	(2.7)	(1.8)	(0.7)	1.4	2.0	0.4
Agri business	(1.2)	(1.4)	2.1	0.9	(0.5)	3.6	(0.8)	(0.5)	(0.1)
Paper and packaging	(9.3)	(4.1)	(5.0)	(5.1)	(5.8)	(2.9)	(0.6)	1.5	2.2

Valuation and view

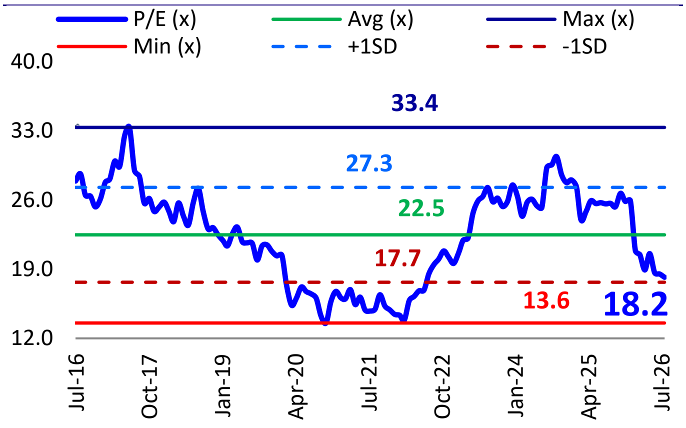
- We cut our EPS estimates by 2% for FY27 and FY28.
- The price hike on cigarettes is slower than expected and is expected to impact earnings in FY27. This strategy can lower the loss of consumers to illegal cigarettes, but it is adding a near-term earnings risk.
- ITC is still under the transitory phase 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.
- FMCG business continues to perform well with robust improvement in margins. However, we believe earnings pressure on cigarettes would offset 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 INR300 (implying 18x FY28E EPS).**

Exhibit 4: We cut our EPS estimates for FY27 and FY28 by 2%

	New		Old		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	812.3	868.5	804.0	861.7	1.0	0.8
EBITDA	238.9	259.7	243.7	263.7	-2.0	-1.5
PAT	186.9	202.2	190.5	205.2	-1.9	-1.5

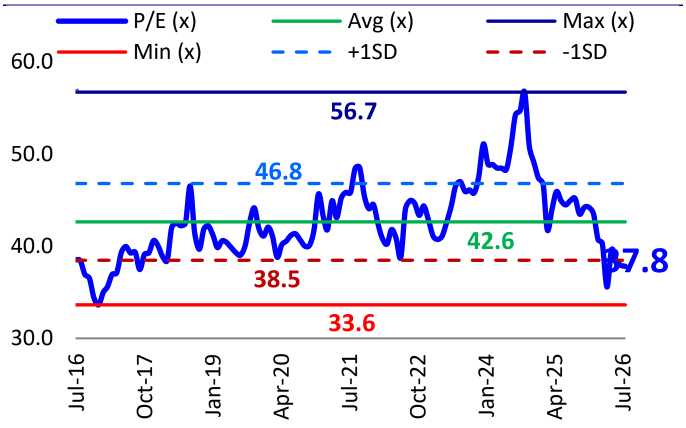
Source: MOFSL

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**	**1,248.2**	**1,317.4**
Excise duty	19.9	38.8	45.4	55.8	59.6	62.9	110.4	435.8	448.9
Total Revenue	**494.0**	**492.7**	**606.7**	**709.4**	**708.8**	**767.5**	**788.7**	**812.3**	**868.5**
Change (%)	2.2	-0.3	23.1	16.9	-0.1	8.3	2.8	3.0	6.9
Gross Profit	**320.6**	**291.4**	**342.8**	**419.3**	**436.3**	**446.2**	**463.2**	**442.7**	**477.7**
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	203.8	218.0
EBITDA	**192.6**	**170.0**	**206.6**	**256.6**	**262.5**	**263.9**	**273.2**	**238.9**	**259.7**
Change (%)	4.6	-11.7	21.5	24.2	2.3	0.5	3.5	-12.6	8.7
Margin (%)	39.0	34.5	34.1	36.2	37.0	34.4	34.6	29.4	29.9
Depreciation	16.4	16.5	17.3	18.1	18.2	18.5	17.1	17.8	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**	**249.6**	**270.5**
Change (%)	5.4	-11.1	15.6	24.6	5.1	0.1	4.3	-11.9	8.4
Margin (%)	40.8	36.4	34.2	36.4	38.3	35.4	35.9	30.7	31.1
Tax	48.5	44.6	53.1	64.5	61.7	69.6	70.2	62.8	68.1
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**	**186.9**	**202.2**
Change (%)	22.4	-14.6	15.4	23.9	9.7	-3.6	5.1	-9.7	8.2
Margin (%)	30.9	26.5	24.8	26.3	28.8	25.7	26.2	23.0	23.3
Reported PAT	**145.9**	**131.7**	**152.2**	**190.9**	**204.4**	**198.4**	**209.1**	**183.0**	**198.1**

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	707.6	734.7
Net Worth	**652.7**	**598.0**	**614.7**	**691.6**	**745.1**	**700.3**	**725.1**	**720.1**	**747.2**
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**	**764.8**	**794.2**
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	256.2	275.3
Net Fixed Assets	**217.2**	**233.1**	**242.6**	**258.7**	**278.3**	**219.6**	**225.5**	**238.5**	**250.3**
Capital WIP	32.5	40.0	32.0	29.8	28.5	10.9	15.0	12.0	9.6
Goodwill	-3.8	-3.5	-3.7	-3.8	-3.8	-3.7	-3.7	-7.4	-11.8
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**	**306.4**	**330.4**
Inventory	89.7	104.0	108.6	117.7	141.5	156.4	186.2	159.3	169.0
Account Receivables	25.6	25.0	24.6	29.6	40.3	47.2	39.2	46.3	49.5
Cash and Bank Balance	72.8	41.1	36.6	48.8	72.2	40.1	30.1	47.8	56.3
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**	**181.0**	**195.6**
Account Payables	36.3	43.2	44.2	46.6	48.0	48.1	56.4	58.9	63.0
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**	**125.4**	**134.8**
Application of Funds	**668.5**	**614.8**	**630.8**	**707.7**	**765.9**	**721.9**	**767.6**	**764.8**	**794.2**

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**	**14.9**	**16.1**
Cash EPS	13.8	11.9	13.6	16.4	17.8	17.2	17.9	16.3	17.7
BV/Share	53.1	48.6	49.9	55.6	59.7	56.0	57.9	57.5	59.6
DPS	10.2	10.8	11.5	15.5	13.8	14.4	14.5	13.1	14.2
Payout %	85	100	93	101	84	91	90	90	90
Valuation (x)									
P/E	22.6	26.5	23.0	18.7	17.2	17.9	17.0	18.8	17.4
Cash P/E	20.4	23.6	20.6	17.1	15.8	16.3	15.7	17.2	15.9
EV/Sales	9.4	9.3	7.6	6.4	6.3	5.8	5.4	3.8	3.6
EV/EBITDA	25.2	28.9	23.8	19.0	18.4	18.3	17.6	20.1	18.4
P/BV	5.3	5.8	5.6	5.0	4.7	5.0	4.9	4.9	4.7
Dividend Yield (%)	3.6	3.8	4.1	5.5	4.9	5.1	5.2	4.7	5.1
Return Ratios (%)									
RoE	24.5	20.9	24.8	28.5	28.4	27.2	29.0	25.9	27.6
RoCE	24.6	20.9	24.9	29.0	28.2	27.1	28.3	24.1	25.7
RoIC	49.5	40.8	47.3	55.2	54.2	53.9	57.9	50.9	57.5
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	1.6	1.7

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	249.6	270.5
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	17.8	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	-62.8	-68.1
Incr in WC	3.0	6.1	-18.5	-7.7	-33.4	-27.4	-27.6	41.8	-0.9
CF from Operations	**146.9**	**142.0**	**146.3**	**188.8**	**171.8**	**176.3**	**184.6**	**229.8**	**202.5**
Other items	16.8	16.8	6.3	13.4	20.5	7.9	30.1	16.8	17.9
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**	**201.9**	**174.0**
Pur of Investments	54.4	-37.9	-0.3	43.7	-29.6	-9.2	32.0	15.0	15.0
CF from Invest.	**-61.7**	**14.8**	**-12.2**	**-57.3**	**15.6**	**-4.0**	**-23.2**	**-26.1**	**-25.6**
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	170.9
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**	**-168.6**
Incr of Cash	**3.3**	**-29.6**	**-1.5**	**1.4**	**1.9**	**1.9**	**0.0**	**17.9**	**8.3**
Add: Opening Balance	30.7	34.0	4.4	2.9	4.3	6.2	8.2	8.1	26.0
Closing Balance	**34.0**	**4.4**	**2.9**	**4.3**	**6.2**	**8.2**	**8.1**	**26.0**	**34.4**

E: MOFSL Estimates

NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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