



Indian Tobacco Company Limited

Financial model

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INR (Cr.)

ITC LTD - One Page Profile

Established in 1910, ITC Limited is an Indian conglomerate company, headquartered in Kolkata. It has a presence across six business segments, namely FMCG, hotels, agribusiness, information technology, paper products, and packaging. It generates a plurality of its revenue from tobacco products. In terms of market capitalization, ITC is the second-largest FMCG company in India and the third-largest tobacco company in the world. Its products are available in 6 million retail outlets in India and exported to 90 countries.

Key Financial metrics	2020	2021	2022	2023	2024	Share Price - 5Y						
						550	500	450	400	350	300	250
Total Sales	51,393.47	53,155.12	65,204.96	76,518.21	76,840.49	550	500	450	400	350	300	250
<i>sales growth (y-o-y)</i>	<i>3.07%</i>	<i>3.43%</i>	<i>22.67%</i>	<i>17.35%</i>	<i>0.42%</i>	500	500	450	400	350	300	250
Gross Profit	36,037.42	36,906.02	43,356.76	53,093.80	55,552.77	450	400	350	300	250	200	150
Gross Profit Margin %	70%	69%	66%	69%	72%	400	350	300	250	200	150	100
EBITDA Margins %	45%	47%	46%	48%	50%	350	300	250	200	150	100	50
EBIT Margins %	42%	43%	43%	46%	47%	300	250	200	150	100	50	0
Net Profit Margins %	38%	40%	38%	40%	43%	250	200	150	100	50	0	0
Earnings Per Share (in Rs.)	15.92	17.18	19.94	24.65	26.17	200	150	100	50	0	0	0
<i>EPS Growth (y-o-y)</i>	<i>23%</i>	<i>8%</i>	<i>16%</i>	<i>24%</i>	<i>6%</i>	200	150	100	50	0	0	0
Dividend Per share	10.15	10.75	11.50	15.50	13.75	150	100	50	0	0	0	0
<i>DPS Growth(y-o-y)</i>	<i>77%</i>	<i>6%</i>	<i>7%</i>	<i>35%</i>	<i>-11%</i>	100	50	0	0	0	0	0

Key Fianancial ratios	2020	2021	2022	2023	2024	Volumes - 5Y	
						200m	150m
Price to earnings	10.78x	12.72x	12.57x	15.56x	16.37x	100m	50m
EV/EBITDA	8.78x	10.68x	10.24x	12.82x	13.83x	50m	0m
EV/Sales	3.97x	4.98x	4.67x	6.17x	6.87x	50m	0m
Return on Equity %	30%	35%	39%	44%	44%	50m	0m
Return on Capital employed %	33%	38%	45%	50%	49%	50m	0m

Top 10 ShareHolders	No. of shares (crs.)	% Holding	Market Value (in Crs.)	Shareholding Pattern	
				Government	Public
Tobacco Manufacturers (India) Limited	254.15	20.37%	126032.78	0.04%	
Life Insurance Corporation of India	189.69	15.20%	94065.35		15.47%
Specified Undertaking of the Unit Trust of India	97.45	7.81%	48327.01		
Myddleton Investment Company Limited	48.63	3.90%	24116.21		
GQG Partners Emerging Markets Equity Fund	22.26	1.78%	11040.54		
General Insurance Corporation of India	21.70	1.74%	10760.81		
The New India Assurance Company Limited	18.40	1.47%	9126.91		
SBI Nifty 50 ETF	16.79	1.35%	8324.97		
Rothmans International Enterprises Limited	15.50	1.24%	7684.21		
Goldman Sachs Trust II - Goldman Sachs GQG Partners IOF	14.13	1.13%	7008.19		

Managerial Remuneration	Designation	Remuneration	X of Median salary	Capital Structure	
				Share Price as on Aug 2023	490
Mr. Sanjeev Puri	CMD	25.17	401:1	Number of shares o/s	1,248.47
N Anand	Exec. Director (ED)	13.36	192:1	Market Capitalisation	611,750.30
Mr. Supritam Dutta	ED & CFO	5.66	191:1	Less: Cash & Equivalents	7,217.68
B Suman	ED	11.91	116:1	Add: Total Debt	11.28
<i>Compared to the financial year 2022-23, the figures for the financial year 2023-24 reflect that:</i>				Add: Minority Interest	382.97
1. Median remuneration of employees - Increased by 5%				Enterprise value	604,926.87
2. Average remuneration of employees - Increased by 10%					
3. Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 9%					

Recent Updates

ITC Sunfeast launches nutritious biscuits for kids 'Super Egg Milk'.

ITC Ltd has achieved a significant milestone, surpassing Britannia Industries to claim the title of India's second-largest listed packaged foods company by sales.

ITC's hotels business is witnessing growing interest amongst property owners to partner with its brands, resulting in healthy generation of leads and pipeline of management contracts.

ITC Ltd has reported a significant increase in the number of employees earning over Rs 1 crore annually, with a 24.11% rise in FY24 compared to the previous year.

ITC Limited is looking to acquire Shakti Bhog food company's brands



All figures are in INR(crores)

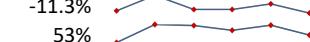
Historical Financial Statements -ITC Ltd.

Years	2019	2020	2021	2022	2023	2024
Income statement						
Revenue From Operations	49,862.11	51,393.47	53,155.12	65,204.96	76,518.21	76,840.49
Net Revenue	49,862.11	51,393.47	53,155.12	65,204.96	76,518.21	76,840.49
Cost of Goods Sold	(15,910.90)	(15,356.05)	(16,249.10)	(21,848.20)	(23,424.41)	(21,287.72)
Gross profit	33,951.21	36,037.42	36,906.02	43,356.76	53,093.80	55,552.77
Operating Expenses:						
Employee benefits expense	(4,177.88)	(4,295.79)	(4,463.33)	(4,890.55)	(5,736.22)	(6,134.35)
Other expenses	(8,348.11)	(8,502.63)	(7,675.31)	(8,734.06)	(10,529.93)	(11,245.09)
Total operating expenses	(12,525.99)	(12,798.42)	(12,138.64)	(13,624.61)	(16,266.15)	(17,379.44)
EBITDA	21,425.22	23,239.00	24,767.38	29,732.15	36,827.65	38,173.33
Depreciation and amortization expense	(1,396.61)	(1,644.91)	(1,645.59)	(1,732.41)	(1,809.01)	(1,816.39)
EBIT	20,028.61	21,594.09	23,121.79	27,999.74	35,018.64	36,356.94
Other Income	2,173.79	2,597.89	2,632.56	1,836.35	1,980.49	2,727.84
Finance costs	(45.42)	(54.68)	(44.58)	(39.36)	(43.20)	(45.96)
Share of profit/(loss) of Associates	11.70	8.22	(6.92)	17.48	49.04	27.61
Exceptional Items	-	(132.11)	-	-	72.87	(7.57)
Profit before tax	22,168.68	24,013.41	25,702.85	29,814.21	37,077.84	39,058.86
Total Tax expense	(6,313.92)	(4,441.79)	(4,555.29)	(5,237.34)	(6,438.40)	(6,388.52)
Net profit after tax	15,854.76	19,571.62	21,147.56	24,576.87	30,639.44	32,670.34
Balance sheet						
ASSETS						
Non-current assets						
Property, Plant and Equipment	18,625.74	19,632.92	19,153.94	20,207.43	21,117.08	23,082.33
Capital work-in-progress	4,126.18	3,251.61	4,004.45	3,198.45	2,984.71	2,851.14
Investment Property	-	385.36	376.56	364.20	352.26	340.93
Goodwill	202.53	202.53	779.73	779.73	779.73	779.73
Other Intangible assets	545.92	525.37	2,011.06	2,013.10	2,727.32	2,678.11
Intangible assets under development	10.24	4.85	6.84	27.09	18.59	9.64
Right-of-use assets	-	967.16	977.19	867.13	874.88	939.12
Investment accounted for using the equity method	23,510.61	24,969.80	262.55	269.24	337.59	549.73
Investments	11,695.99	10,715.02	9,761.99	12,307.49	11,844.57	17,619.87
Loans	8.34	5.27	4.07	6.61	5.48	4.05
Others	2,385.17	615.65	101.87	1,589.58	3,739.75	408.99
Deferred tax assets (Net)	59.37	56.29	58.54	63.53	52.02	72.19
Income Tax Assets (Net)	28.53	38.42	33.04	42.30	66.16	44.93
<i>Other non-current assets</i>	<i>2,363.13</i>	<i>1,461.24</i>	<i>1,295.48</i>	<i>1,291.22</i>	<i>1,311.95</i>	<i>1,379.86</i>
Total Non-current assets	40,051.14	37,861.69	38,827.31	43,027.10	46,212.09	50,760.62
Current assets						
Inventories	7,859.56	8,879.33	10,397.16	10,864.15	11,771.16	14,152.88
Biological assets other than bearer plants	84.41	86.20	110.06	109.44	142.97	150.00
Investments	13,347.50	17,948.33	14,846.33	12,264.28	17,232.86	12,944.42
Trade receivables	4,035.28	2,562.48	2,501.70	2,461.90	2,956.17	4,025.82
Cash and cash equivalents	317.81	650.35	290.42	271.37	463.35	625.89
Other Bank Balances	3,834.22	6,626.99	4,368.60	4,383.05	4,416.84	6,591.79
Loans	6.75	6.33	3.47	6.77	7.12	9.81
Others	1,499.68	1,818.54	1,379.02	2,565.41	1,118.67	1,181.74
Other current assets	762.06	926.80	1,095.23	1,306.08	1,561.75	1,383.19
Total Current assets	31,747.27	39,505.35	34,991.99	34,232.45	39,670.89	41,065.54
TOTAL ASSETS	71,798.41	77,367.04	73,819.30	77,259.55	85,882.98	91,826.16
EQUITY AND LIABILITIES						
Equity						
Equity Share capital	1,225.86	1,229.22	1,230.88	1,232.33	1,242.80	1,248.47
Other Equity	57,915.01	64,044.04	-	-	67,912.46	73,258.53
Attributable to owners of the parent	59,140.87	65,273.26	60,347.34	62,455.57	69,155.26	74,507.00
Non-controlling interests	343.47	377.47	346.81	366.30	383.53	382.97

Total Equity	59,484.34	65,650.73	60,694.15	62,821.87	69,538.79	74,889.97
Liabilities						
Non-current liabilities						
Financial Liabilities						
Borrowings	8.15	5.90	5.58	4.85	3.49	1.76
Lease liabilities	-	204.00	206.96	193.67	213.37	230.61
Other financial liabilities	73.41	127.87	283.50	144.50	416.87	433.96
Total Financial Liabilities	81.56	337.77	496.04	343.02	633.73	666.33
Provisions	161.95	175.37	187.50	221.05	259.21	288.30
Deferred tax liabilities (Net)	2,052.06	1,627.20	1,736.39	1,673.47	1,629.00	2,141.44
Other non-current liabilities	6.51	16.20	15.54	36.43	82.84	149.72
<i>Total Non-current liabilities</i>	<i>2,302.08</i>	<i>2,156.54</i>	<i>2,435.47</i>	<i>2,273.97</i>	<i>2,604.78</i>	<i>3,245.79</i>
Current liabilities						
Financial Liabilities						
Borrowings	1.86	1.42	4.23	0.74	35.32	9.52
Lease liabilities	-	63.87	54.06	50.18	53.86	61.54
Trade payables	3,509.58	3,629.83	4,318.73	4,417.26	4,658.99	4,797.83
Other financial liabilities	1,187.16	1,394.88	1,491.50	1,812.85	2,407.71	2,179.00
Total Financial Liabilities	4,698.60	5,089.00	5,868.52	6,281.03	7,155.88	7,047.89
Other current liabilities	4,838.32	4,072.72	4,294.40	5,116.03	5,571.35	5,594.72
Provisions	51.38	148.18	194.01	79.56	100.56	106.91
Current Tax Liabilities (Net)	423.69	248.87	332.75	687.09	911.62	940.88
<i>Total Current liabilities</i>	<i>10,011.99</i>	<i>9,559.77</i>	<i>10,689.68</i>	<i>12,163.71</i>	<i>13,739.41</i>	<i>13,690.40</i>
TOTAL EQUITY AND LIABILITIES	71,798.41	77,367.04	73,819.30	77,259.55	85,882.98	91,826.16
Cash Flow statement						
Operating activities						
Profit from operations	18,862.00	19,416.00	17,326.00	20,857.00	26,052.00	26,635.00
Receivables	(755.00)	1,411.00	(66.00)	(732.00)	(884.00)	(934.00)
Inventory	(359.00)	(508.00)	(1,460.00)	(466.00)	(1,098.00)	(2,545.00)
Payables	639.00	(607.00)	1,112.00	1,099.00	1,058.00	141.00
Other WC items	-	-	-	-	-	-
Working capital changes	(476.00)	296.00	(413.00)	(100.00)	(924.00)	(3,337.00)
Direct taxes	(5,803.00)	(5,023.00)	(4,387.00)	(4,982.00)	(6,250.00)	(6,120.00)
Cash from Operating Activity	12,583.00	14,690.00	12,527.00	15,776.00	18,878.00	17,179.00
Investing activities						
Fixed assets purchased	(3,169.00)	(2,441.00)	(1,837.00)	(2,142.00)	(2,743.00)	(3,563.00)
Fixed assets sold	28.00	27.00	3.00	133.00	49.00	107.00
Investments purchased	(94,187.00)	(79,835.00)	(57,553.00)	(69,776.00)	(80,932.00)	(75,107.00)
Investments sold	92,454.00	75,835.00	62,797.00	70,992.00	77,230.00	77,830.00
Interest received	1,184.00	1,513.00	1,275.00	1,035.00	1,324.00	1,138.00
Dividends received	13.00	17.00	7.00	16.00	19.00	36.00
Invest in subsidiaries	-	-	-	-	-	-
Investment in group cos	-	-	(2.00)	(2.00)	(2.00)	(65.00)
Redemp n Canc of Shares	18.00	-	-	-	56.00	-
Other investing items	(1,887.00)	(1,290.00)	1,051.00	(2,494.00)	(733.00)	1,187.00
Cash from Investing activities	(5,546.00)	(6,174.00)	5,740.00	(2,238.00)	(5,732.00)	1,563.00
Financing activities						
Proceeds from shares	969.00	625.00	291.00	292.00	2,477.00	1,443.00
Proceeds from borrowings	-	-	-	-	-	8.00
Repayment of borrowings	(18.00)	(3.00)	(2.00)	(1.00)	(1.00)	(2.00)
Interest paid fin	(98.00)	(44.00)	(41.00)	(40.00)	(41.00)	(46.00)
Dividends paid	(6,519.00)	(7,302.00)	(18,881.00)	(13,788.00)	(15,418.00)	(19,899.00)
Financial liabilities	-	(49.00)	(55.00)	(59.00)	(59.00)	(67.00)
Other financing items	(1,203.00)	(1,409.00)	55.00	15.00	35.00	12.00
Net Cash Flow	169.00	334.00	(367.00)	(43.00)	139.00	191.00
Cash from Financing activities	(6,869.00)	(8,181.00)	(18,634.00)	(13,580.00)	(13,006.00)	(18,551.00)
Net cash flow	168.00	335.00	(367.00)	(42.00)	140.00	191.00



Indian Tobacco Company Limited

Years	Ratio analysis -ITC Ltd.						Trend	Mean	Median
	2019	2020	2021	2022	2023	2024			
Sales Growth	-	3.1%	3.4%	22.7%	17.4%	0.4%		9.4%	3.2%
EBITDA Growth	-	8.5%	6.6%	20.0%	23.9%	3.7%		12.5%	7.5%
EBIT Growth	-	7.8%	7.1%	21.1%	25.1%	3.8%		13.0%	7.4%
Net Profit Growth	-	23.4%	8.1%	16.2%	24.7%	6.6%		15.8%	12.1%
Dividend Growth	-	76.5%	5.9%	7.0%	34.8%	-11.3%		22.6%	6.4%
Dividend payout ratio	44%	64%	63%	58%	63%	53%		57.3%	60.1%
Gross Margin	68%	70%	69%	66%	69%	72%		69.3%	69.4%
EBITDA Margin	43%	45%	47%	46%	48%	50%		46.4%	46.1%
EBIT/operating Margin	40%	42%	43%	43%	46%	47%		43.6%	43.2%
EBT Margin	44%	47%	48%	46%	48%	51%		47.4%	47.5%
Net Profit Margin	32%	38%	40%	38%	40%	43%		38.3%	38.9%
Depreciation % Sales	3%	3%	3%	3%	2%	2%		2.7%	2.7%
Operating income % sales	40%	42%	43%	43%	46%	47%		43.6%	43.2%
Return on Capital Employed %	34%	33%	38%	45%	50%	49%		41.4%	41.3%
Return on Equity%	27%	30%	35%	39%	44%	44%		36.4%	37.0%
Self Sustained Growth Rate	9%	10%	13%	17%	22%	21%		15.5%	15.4%
Interest Coverage Ratio	440.96x	394.92x	518.66x	711.38x	810.62x	791.06x		611.26x	615.02x
Debtor Turnover Ratio	12.36x	20.06x	21.25x	26.49x	25.88x	19.09x		20.85x	20.65x
Creditor Turnover Ratio	14.21x	14.16x	12.31x	14.76x	16.42x	16.02x		14.65x	14.48x
Inventory Turnover Ratio	6.34x	5.79x	5.11x	6.00x	6.50x	5.43x		5.86x	5.89x
Capital Turnover Ratio	0.84x	0.78x	0.88x	1.04x	1.10x	1.03x		0.94x	0.95x



Indian Tobacco Company Limited

P&L assumptions

INR in Crores	Selected case						2				Case 1 ->	Optimistic	
	FY 19 Actual	FY 20 Actual	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Actual	FY 25 Estimate	FY 26 Estimate	FY 27 Estimate	FY 28 Estimate	FY 29 Estimate	Case 2 ->	Base
Revenue growth %	49,862.11	51,393.47	53,155.12	65,204.96	76,518.21	76,840.49	84,054.22	91,945.17	100,576.91	110,019.00	120,347.50	9.39%	9.39%
Case 1							17.35%	17.35%	17.35%	17.35%	17.35%		
Case 2							9.39%	9.39%	9.39%	9.39%	9.39%		
Case 3							0.42%	0.42%	0.42%	0.42%	0.42%		
COGS % of sales	(15,910.90)	(15,356.05)	(16,249.10)	(21,848.20)	(23,424.41)	(21,287.72)	(25,802.12)	(28,224.41)	(30,874.09)	(33,772.53)	(36,943.07)	30.70%	30.70%
Case 1							29.88%	29.88%	29.88%	29.88%	29.88%		
Case 2							30.70%	30.70%	30.70%	30.70%	30.70%		
Case 3							33.51%	33.51%	33.51%	33.51%	33.51%		
Employee benefit expenses % of sales	(4,177.88)	(4,295.79)	(4,463.33)	(4,890.55)	(5,736.22)	(6,134.35)	(6,868.01)	(7,512.77)	(8,218.07)	(8,989.57)	(9,833.51)	8.17%	8.17%
Case 1							7.50%	7.50%	7.50%	7.50%	7.50%		
Case 2							8.17%	8.17%	8.17%	8.17%	8.17%		
Case 3							8.40%	8.40%	8.40%	8.40%	8.40%		
other operating expenses % of sales	(8,348.11)	(8,502.63)	(7,675.31)	(8,734.06)	(10,529.93)	(11,245.09)	(12,540.40)	(13,717.68)	(15,005.48)	(16,414.19)	(17,955.14)	14.92%	14.92%
Case 1							13.39%	13.39%	13.39%	13.39%	13.39%		
Case 2							14.92%	14.92%	14.92%	14.92%	14.92%		
Case 3							16.74%	16.74%	16.74%	16.74%	16.74%		
depreciation and amortization % of sales	(1,396.61)	(1,644.91)	(1,645.59)	(1,732.41)	(1,809.01)	(1,816.39)	(2,309.01)	(2,525.77)	(2,762.89)	(3,022.27)	(3,306.00)	2.75%	2.75%
Case 1							2.36%	2.36%	2.36%	2.36%	2.36%		
Case 2							2.75%	2.75%	2.75%	2.75%	2.75%		
Case 3							3.20%	3.20%	3.20%	3.20%	3.20%		
Tax percentage	25.17%	25.17%	25.17%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%		
Case 1							25.17%	25.17%	25.17%	25.17%	25.17%		
Case 2							34.94%	34.94%	34.94%	34.94%	34.94%		
Case 3							34.94%	34.94%	34.94%	34.94%	34.94%		

Balance sheet assumptions

INR in Crores	Selected case						2				FY 25 Estimate	FY 26 Estimate	
	FY 19 Actual	FY 20 Actual	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Actual	FY 25 Estimate	FY 26 Estimate	FY 27 Estimate	FY 28 Estimate	FY 29 Estimate		
Account receivable Days sales outstanding	4,035.28	2,562.48	2,501.70	2,461.90	2,956.17	4,025.82	4,403.76	4,817.18	5,269.42	5,764.11	6,305.24	19.12	19.12
Inventory Days inventory outstanding	7,859.56	8,879.33	10,397.16	10,864.15	11,771.16	14,152.88	17,154.22	18,764.65	20,526.26	22,453.25	24,561.15	242.67	242.67
Account Payable Days payed outstanding	3,509.58	3,629.83	4,318.73	4,417.26	4,658.99	4,797.83	5,815.29	6,361.22	6,958.41	7,611.66	8,326.24	82.26	82.26
cash conversion cycle	129.33	142.97	153.72	121.48	124.92	179.53	179.53	179.53	179.53	179.53	179.53		
Plant property and equipment % of sales	18,625.74	19,632.92	19,153.94	20,207.43	21,117.08	23,082.33	25,249.28	27,619.67	30,212.58	33,048.91	36,151.52	30.04%	30.04%



Indian Tobacco Company Limited

Income Statement

INR in Crores	FY 19 Actual	FY 20 Actual	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Actual	FY 25 Estimate	FY 26 Estimate	FY 27 Estimate	FY 28 Estimate	FY 29 Estimate
Revenue	49,862.11	51,393.47	53,155.12	65,204.96	76,518.21	76,840.49	84,054.22	91,945.17	100,576.91	110,019.00	120,347.50
COGS	(15,910.90)	(15,356.05)	(16,249.10)	(21,848.20)	(23,424.41)	(21,287.72)	(25,802.12)	(28,224.41)	(30,874.09)	(33,772.53)	(36,943.07)
Gross Margin	33,951.21	36,037.42	36,906.02	43,356.76	53,093.80	55,552.77	58,252.10	63,720.76	69,702.82	76,246.47	83,404.43
Total operating expenses	(12,525.99)	(12,798.42)	(12,138.64)	(13,624.61)	(16,266.15)	(17,379.44)	(19,408.41)	(21,230.45)	(23,223.55)	(25,403.76)	(27,788.65)
EBITDA	21,425.22	23,239.00	24,767.38	29,732.15	36,827.65	38,173.33	38,843.69	42,490.31	46,479.27	50,842.71	55,615.78
Depreciation and amortization	(1,396.61)	(1,644.91)	(1,645.59)	(1,732.41)	(1,809.01)	(1,816.39)	(2,309.01)	(2,525.77)	(2,762.89)	(3,022.27)	(3,306.00)
EBIT	20,028.61	21,594.09	23,121.79	27,999.74	35,018.64	36,356.94	36,534.69	39,964.53	43,716.38	47,820.44	52,309.78
Tax rate	25.17%	25.17%	25.17%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%
Tax	(5,041.20)	(5,435.23)	(5,819.75)	(9,783.11)	(12,235.51)	(12,703.11)	(12,765.22)	(13,963.61)	(15,274.50)	(16,708.46)	(18,277.04)
NOPAT	14,987.41	16,158.86	17,302.04	18,216.63	22,783.13	23,653.83	23,769.47	26,000.93	28,441.87	31,111.98	34,032.75

Balance sheet

INR in Crores	FY 19 Actual	FY 20 Actual	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Actual	FY 25 Estimate	FY 26 Estimate	FY 27 Estimate	FY 28 Estimate	FY 29 Estimate
Plant property and equipment	18,625.74	19,632.92	19,153.94	20,207.43	21,117.08	23,082.33	25,249.28	27,619.67	30,212.58	33,048.91	
Depreciation	(1,396.61)	(1,644.91)	(1,645.59)	(1,732.41)	(1,809.01)	(1,816.39)	(2,309.01)	(2,525.77)	(2,762.89)	(3,022.27)	(3,306.00)
Capex	2,652.09	1,166.61	2,785.90	2,718.66	3,781.64	4,475.96	4,896.16	5,355.81	5,858.60	6,408.61	
Ending value	18,625.74	19,632.92	19,153.94	20,207.43	21,117.08	23,082.33	25,249.28	27,619.67	30,212.58	33,048.91	36,151.52
Accounts Receivable	4,035.28	2,562.48	2,501.70	2,461.90	2,956.17	4,025.82	4,403.76	4,817.18	5,269.42	5,764.11	6,305.24
Inventories	7,859.56	8,879.33	10,397.16	10,864.15	11,771.16	14,152.88	17,154.22	18,764.65	20,526.26	22,453.25	24,561.15
Accounts Payable	3,509.58	3,629.83	4,318.73	4,417.26	4,658.99	4,797.83	5,815.29	6,361.22	6,958.41	7,611.66	8,326.24
Working capital	8,385.26	7,811.98	8,580.13	8,908.79	10,068.34	13,380.87	15,742.70	17,220.61	18,837.27	20,605.70	22,540.15
Changes in working capital	(573.28)	768.15	328.66	1,159.55	3,312.53	2,361.83	1,477.91	1,616.66	1,768.43	1,934.45	

Cash Flow Statement

INR in Crores	FY 20 Actual	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Actual	FY 25 Estimate	FY 26 Estimate	FY 27 Estimate	FY 28 Estimate	FY 29 Estimate	
NOPAT	16,158.86	17,302.04	18,216.63	22,783.13	23,653.83	23,769.47	26,000.93	28,441.87	31,111.98	34,032.75	
Add:											
Depreciation	(1,644.91)	(1,645.59)	(1,732.41)	(1,809.01)	(1,816.39)	(2,309.01)	(2,525.77)	(2,762.89)	(3,022.27)	(3,306.00)	
Gross Cash Flow	14,513.95	15,656.45	16,484.22	20,974.12	21,837.44	21,460.46	23,475.15	25,678.98	28,089.71	30,726.75	
Less:											
Capex	2652.09	1166.61	2785.9	2718.66	3781.64	4475.957951	4896.157573	5355.805226	5858.60426	6408.605696	
Investment in working capital	-573.28	768.15	328.66	1159.55	3312.53	2361.828994	1477.912941	1616.658315	1768.429002	1934.447809	
Net Cash Flow	12,435.14	13,721.69	13,369.66	17,095.91	14,743.27	14,622.67	17,101.08	18,706.52	20,462.67	22,383.69	



Indian Tobacco Company Limited

DCF Valuation

INR in Crores	FY 20	Actual	FY 21	Actual	FY 22	Actual	FY 23	Actual	FY 24	Actual	FY 25	Estimate	FY 26	Estimate	FY 27	Estimate	FY 28	Estimate	FY 29	Estimate
Net cash flow		12,435.14		13,721.69		13,369.66		17,095.91		14,743.27		14,622.67		17,101.08		18,706.52		20,462.67		22,383.69
Mid year convention												0.5		1.5		2.5		3.5		4.5
Discount Factor												0.94		0.82		0.72		0.63		0.55
Discounted Cash Flow												13678.89		13998.96		13400.27		12827.18		12278.59

WACC	14.28%
Terminal Value	7%

Calculation of Present Value of continuing value

WACC	14.28%
Terminal Value	7%
Continuing value	329210.297
Discounted Cash flow	66183.89
Present Value of continuing value	180588.571

Calcuation of equity value

Discounted Cash flow	66183.89
Present Value of continuing value	180588.571
Value of operating assets :	246772.46
Add : Cash	7,217.68
Add: Minority interest	382.97
Less : Debt	11.28
Enterprise value/ Equity value	254,361.83
No. of equity shares	1,250.29
equity value per share	203.44
current share price	490
Dicount/premium	1.41x

Sensitivity analysis

Growth	WACC				
	12%	13%	14%	15%	16%
5%	222.95	196.05	170.09	158.42	144.75
6%	251.62	216.90	184.70	170.62	154.43
7%	291.76	244.69	203.31	185.86	166.26
8%	351.96	283.59	227.86	205.46	181.05
9%	452.30	341.95	261.70	231.60	200.07



Weighted average cost of capital

All figures are in INR unless stated

Companies	Countries	Total debt	Total equity	Tax Rate	Debt/ Equity	Debt/ Capital	Levered Beta ¹	Unlevered beta ²
ITC	India	303.43	611173.19	34.94%	0.05%	0.05%	0.73	0.73
Godfrey Phillips	India	345.39	21749.84	34.94%	1.59%	1.56%	0.17	0.17
VST Industries	India	0	6611.79	34.94%	0.00%	0.00%	0.43	0.43
NTC Industries	India	46.33	278.35	34.94%	16.64%	14.27%	1.23	1.11
Indian Wood Prod	India	77.74	248.53	34.94%	31.28%	23.83%	1.11	0.92
					average	9.91%	7.94%	0.73
					median	1.59%	1.56%	0.73

cost of debt

Pre tax cost of debt	15%
Marginal Tax	34.94%
Cost of debt	10%

Cost of equity

Risk free rate	6.97%
Market return premium	9.87%
Levered beta ³	0.78
Cost of equity	14.64%

Capital Structure	Actual	Target
Debt	303.43	0.05%
Equity	611173.19	99.95%
Total Capital	611476.62	100.00%

Levered beta ³

Comps median unlevered beta ²	0.73
Marginal tax rate	34.94%
Debt/equity	9.91%
Levered beta ³	0.78

Note:

Tax rates are considered marginal tax rates of country

Levered beta is based on 5 year monthly return

Levered beta = Unlevered beta / (1+(1-tax rate)*debt/equity)

unlevered beta = Levered beta * (1+(1-tax rate)*debt/equity)

WACC

	Total cost	Total weight
Debt	10%	7.94%
Equity	14.64%	92.06%
WACC :		14.28%



BETA CALCULATION

Indian Tobacco Company Limited

Regressive beta of ITC Ltd.

Date	ITC		NIFTY-50	
	Adjusted Close	Monthly return	Adjusted Close	Monthly return
9/1/2019	212.539001	-	11474.4502	-
10/1/2019	210.739578	-1%	11877.4502	4%
11/1/2019	201.537857	-4%	12056.04981	2%
12/1/2019	194.42186	-4%	12168.4502	1%
1/1/2020	192.336136	-1%	11962.09961	-2%
2/1/2020	161.581985	-16%	11201.75	-6%
3/1/2020	140.438507	-13%	8597.75	-23%
4/1/2020	148.904083	6%	9859.900391	15%
5/1/2020	161.418411	8%	9580.299805	-3%
6/1/2020	159.209991	-1%	10302.09961	8%
7/1/2020	158.801025	0%	11073.4502	7%
8/1/2020	164.343384	3%	11387.5	3%
9/1/2020	147.659637	-10%	11247.54981	-1%
10/1/2020	142.112717	-4%	11642.40039	4%
11/1/2020	166.536331	17%	12968.9502	11%
12/1/2020	179.737152	8%	13981.75	8%
1/1/2021	174.792221	-3%	13634.59961	-2%
2/1/2021	175.308197	0%	14529.15039	7%
3/1/2021	192.36084	10%	14690.7002	1%
4/1/2021	178.362946	-7%	14631.09961	0%
5/1/2021	190.68811	7%	15582.79981	7%
6/1/2021	178.450989	-6%	15721.5	1%
7/1/2021	185.44986	4%	15763.04981	0%
8/1/2021	191.195679	3%	17132.19922	9%
9/1/2021	213.68129	12%	17618.15039	3%
10/1/2021	201.963455	-5%	17671.65039	0%
11/1/2021	200.108521	-1%	16983.19922	-4%
12/1/2021	197.303467	-1%	17354.05078	2%
1/1/2022	199.248886	1%	17339.84961	0%
2/1/2022	195.312805	-2%	16793.90039	-3%
3/1/2022	232.042511	19%	17464.75	4%
4/1/2022	240.281784	4%	17102.55078	-2%
5/1/2022	250.55777	4%	16584.55078	-3%
6/1/2022	259.135315	3%	15780.25	-5%
7/1/2022	287.13327	11%	17158.25	9%
8/1/2022	303.666779	6%	17759.30078	4%
9/1/2022	314.752289	4%	17094.34961	-4%
10/1/2022	330.385681	5%	18012.19922	5%
11/1/2022	322.142609	-2%	18758.34961	4%
12/1/2022	314.136383	-2%	18105.30078	-3%
1/1/2023	333.843964	6%	17662.15039	-2%
2/1/2023	356.91507	7%	17303.94922	-2%
3/1/2023	369.088348	3%	17359.75	0%
4/1/2023	409.558136	11%	18065	4%
5/1/2023	428.758423	5%	18534.40039	3%
6/1/2023	437.306976	2%	19189.05078	4%
7/1/2023	450.960754	3%	19753.80078	3%
8/1/2023	425.78363	-6%	19253.80078	-3%
9/1/2023	430.334869	1%	19638.30078	2%
10/1/2023	414.841278	-4%	19079.59961	-3%
11/1/2023	422.00705	2%	20133.15039	6%
12/1/2023	447.47467	6%	21731.40039	8%
1/1/2024	427.575073	-4%	21725.69922	0%
2/1/2024	393.440735	-8%	21982.80078	1%
3/1/2024	420.884857	7%	22326.90039	2%
4/1/2024	428.057617	2%	22604.84961	1%
5/1/2024	419.017975	-2%	22530.69922	0%
6/1/2024	417.494965	0%	24010.59961	7%
7/1/2024	495.350006	19%	24951.15039	4%

Beta 0.64

Beta Drifting	
Levered Raw Beta :	0.64
Raw Beta Weight :	75%
Levered Market Beta :	1
Market Beta Weight :	25%
Adjusted Beta :	0.73



comparable company valuation

All values are in INR (crore)

Company	Ticker	Market Data					Financials			Valuation		
		share price	share outstanding	Market capitalization	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	Price/Earnings
ITC		485.25	1,250.29	606703.22	(6,914.25)	599,787.13	72,173.87	29,031.32	20,751.36	8.31x	20.66x	28.90x
Godfrey Phillips		4,071.20	5.20	21170.24	320.41	21,488.17	4,419.59	1,106.50	883.97	4.86x	19.42x	24.31x
VST Industries		4,150.00	1.54	6391.00	(35.16)	6,372.44	1,408.51	397.78	301.57	4.52x	16.02x	21.13x
NTC Industries		219.10	1.19	260.73	45.60	307.29	42.13	12.09	5.06	7.29x	25.42x	60.73x
Indian Wood Prod		38.90	6.40	248.96	75.85	324.70	197.84	16.49	3.66	1.64x	19.69x	88.72x
Sinnar Bidi Udy.		795.00	0.04	31.80	(4.04)	27.76	4.80	0.23	0.12	5.78x	120.70x	231.33x

High

75th percentile

Average

Median

25th percentile

Low

8.31x

120.70x

231.33x

6.92x

24.23x

81.72x

5.40x

36.99x

75.85x

5.32x

20.18x

44.82x

4.61x

19.49x

25.46x

1.64x

16.02x

21.13x

ITC Comparable Valuation

Implied enterprise value	384,158.46	585,706.94	923,086.57
Net Debt	(6,914.25)	(6,914.25)	(6,914.25)
Implied equity value	391,072.71	592,621.19	930,000.82
share outstanding	1,250.29	1,250.29	1,250.29
Implied value per share	312.79	473.99	743.83

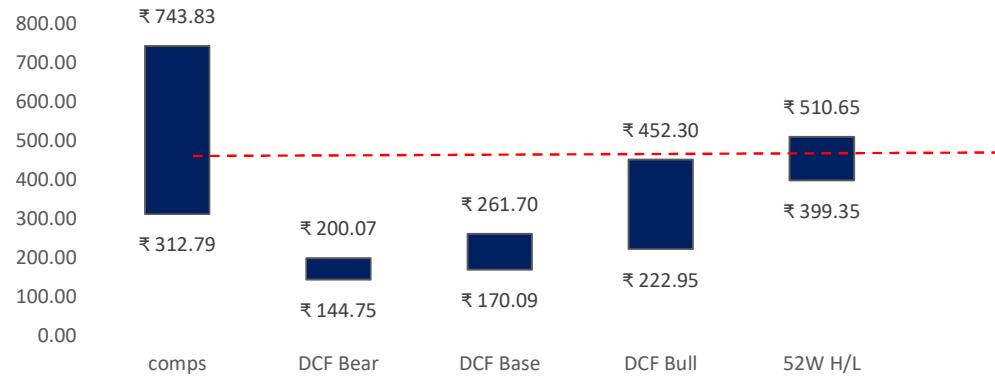
overvalued

overvalued

undervalued



Football Field analysis - Valuation summary (Rs.)



Football Field analysis - data

	Open	Low	Open	High	High
comps	312.79	312.79	743.83	743.83	743.83
DCF Bear	144.75	144.75	200.07	200.07	200.07
DCF Base	170.09	170.09	261.70	261.70	261.70
DCF Bull	222.95	222.95	452.30	452.30	452.30
52W H/L	399.35	399.35	510.65	510.65	510.65