

ITC

Performance Highlights

(Rs cr)	1QFY11	1QFY10	% yoy	Angel Est	% Diff
Revenue	4,816.6	4,147.6	16.1	4,839.6	(0.5)
EBITDA	1,606.4	1,337.1	20.1	1,597.1	0.6
OPM (%)	33.4	32.2	111	33.0	35
PAT	1,070.3	878.7	21.8	1,042.5	2.7

Source: Company, Angel Research

ITC posted strong set of numbers for 1QFY2011 in line with expectations. We estimate cigarette volumes declined ~3%, which is likely to pick up in the coming quarters. Other key highlights of the results include: 1) double-digit sales and EBIT growth in cigarettes, 2) ~Rs10cr yoy decline in non-cigarette losses but similar increase qoq, 3) 44% yoy jump in agri-business revenues, and 4) 524bp margin expansion in Paperboards. We have marginally tweaked our numbers to account for: 1) higher sales in Agri-business, and 2) higher margins in paperboards. **We maintain Neutral view on the stock.**

Agri-business drives top-line, paperboards aid margins: ITC declared a modest top-line growth of 16% yoy to Rs4,816cr (Rs4,148cr) aided by a 12.2% growth in cigarette gross revenues (estimated decline of ~3% in volumes, growth driven by ~15% price hikes) along with strong growth of 44% and 32% in agri-business and non-cigarette FMCG business, respectively. Earnings grew by a robust 22% yoy to Rs1,070cr (Rs879cr) largely due to top-line growth, 147bp decline in tax rate and margin expansion. Operating margin expanded 111bp yoy to 33.4% (32.2%) due to the 192bp decline in other expenditure aided by 90bp expansion in cigarettes (driven by price hikes), ~Rs10cr yoy decline in non-cigarette FMCG losses to Rs89cr and 524bp expansion in paperboards margins.

Outlook and Valuation: At the CMP of Rs298, the stock is trading at 21.1x FY2012E earnings (~10% discount to other FMCG companies). However, owing to the recent run up in stock price (12% over last 3 months vis-à-vis 3% in Sensex), we retain our Neutral rating on the stock, with a revised fair value of Rs310 based on our SOTP model (in line with its historical P/E multiple of 22x one-yr forward earnings).

Key Financials

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
Net Sales	15,612	18,153	21,050	23,757
% chg	11.9	16.3	16.0	12.9
Net Profit (Adj)	3,264	4,061	4,803	5,386
% chg	4.6	24.4	18.3	12.2
EBITDA (%)	31.1	33.5	34.7	34.3
EPS (Rs)	8.5	10.6	12.6	14.1
P/E (x)	34.9	28.0	23.7	21.1
P/BV (x)	8.2	8.1	6.9	5.9
RoE (%)	25.3	29.2	31.4	30.1
RoCE (%)	31.2	36.8	41.0	39.6
EV/Sales (x)	6.9	5.8	5.0	4.4
EV/EBITDA (x)	22.3	17.3	14.5	12.8

Source: Company, Angel Research

NEUTRAL

CMP	Rs298
Target Price	-

Investment Period	-
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Stock Info

Sector	FMCG
Market Cap (Rs cr)	1,13,826
Beta	0.8
52 Week High / Low	308/215
Avg. Daily Volume	498,356
Face Value (Rs)	1.0
BSE Sensex	18,113
Nifty	5,442
Reuters Code	ITC.BO
Bloomberg Code	ITC@IN

Shareholding Pattern (%)

Promoters	-
MF /Banks /Indian FIs	42.3
FII /NRIs /OCBs	46.0
Indian Public /Others	11.7

Abs. (%)	3m	1yr	3yr
Sensex	3.1	22.0	16.4
ITC	12.8	36.6	92.8

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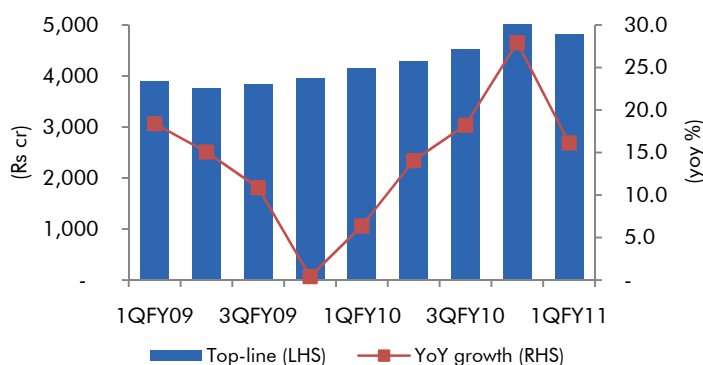
Exhibit 1: Quarterly performance

Y/E March (Rs cr)	1QFY11	1QFY10	% yoy	FY2010	FY2009	% chg
Net Sales	4,816.6	4,147.6	16.1	18,153.2	15,611.9	16.3
Consumption of RM (% of Sales)	1,791.1 37.2	1,521.3 36.7	17.7	6,971.4 38.4	5,957.9 38.2	17.0
Staff Costs (% of Sales)	341.9 7.1	282.2 6.8	21.2	1,002.8 5.5	890.9 5.7	12.6
Other Expenses (% of Sales)	1,077.2 22.4	1,007.0 24.3	7.0	4,105.0 22.6	3,904.6 25.0	5.1
Total Expenditure	3,210.3	2,810.5	14.2	12,079.2	10,753.4	12.3
Operating Profit	1,606.4	1,337.1	20.1	6,074.0	4,858.5	25.0
OPM (%)	33.4	32.2		33.5	31.1	
Interest	5.8	5.8	(0.7)	53.4	18.3	191.3
Depreciation	159.7	151.6	5.3	608.7	549.4	10.8
Other Income	129.2	137.8	(6.3)	603.4	534.9	12.8
PBT (excl. Extr. Items)	1,570.1	1,317.5	19.2	6,015.3	4,825.7	24.7
Extr. Income/(Expense)	-	-		-	-	
PBT (incl. Extr. Items)	1,570.1	1,317.5	19.2	6,015.3	4,825.7	24.7
(% of Sales)	32.6	31.8		33.1	30.9	
Provision for Taxation (% of PBT)	499.8 31.8	438.8 33.3	13.9	1,954.3 32.5	1,562.2 32.4	25.1
Reported PAT	1,070.3	878.7	21.8	4,061.0	3,263.6	24.4
PATM (%)	22.2	21.2		22.4	20.9	
Equity shares (cr)	381.8	377.4		381.8	377.4	
Adjusted EPS (Rs)	2.8	2.3	20.4	10.6	8.5	23.0

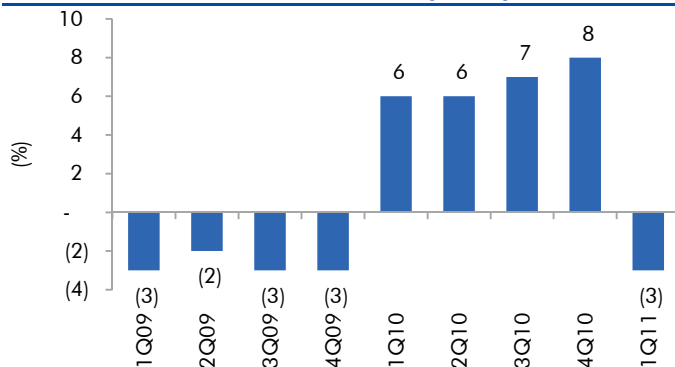
Source: Company, Angel Research

Non-cigarette FMCG and agri-business aid top-line growth

ITC declared a steady top-line growth of 16% yoy to Rs4,817cr (Rs4,148cr). The cigarette division registered 12.2% growth in gross revenues (12.4% yoy growth in net revenues) on the back of better realisation (price hike of ~15%) and improved product mix. In terms of volumes, we expect ITC registered a ~3% decline in volume for the quarter, which is likely to pick up in coming quarters.

Exhibit 2: Steady top-line growth, up 16% yoy


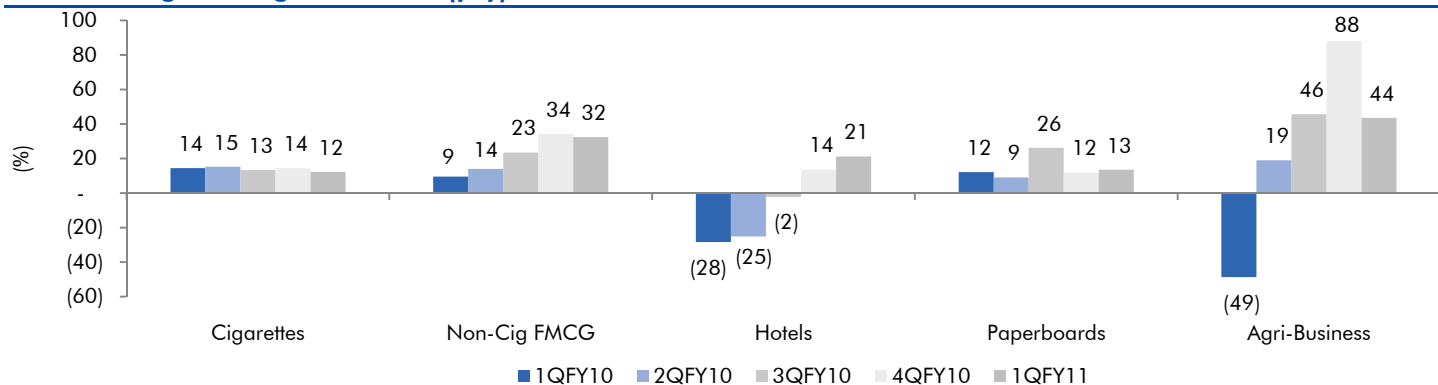
Source: Company, Angel Research

Exhibit 3: Volumes decline ~3%, expect up-tick in 2HFY11


Source: Company, Angel Research

Amongst other segments, agri-business and non-cigarette FMCG business posted strong growth of 44% and 32% yoy respectively, while hotels and paperboards registered modest growth to 21% and 13% yoy, respectively.

Exhibit 4: Segmental growth trend (yoy)

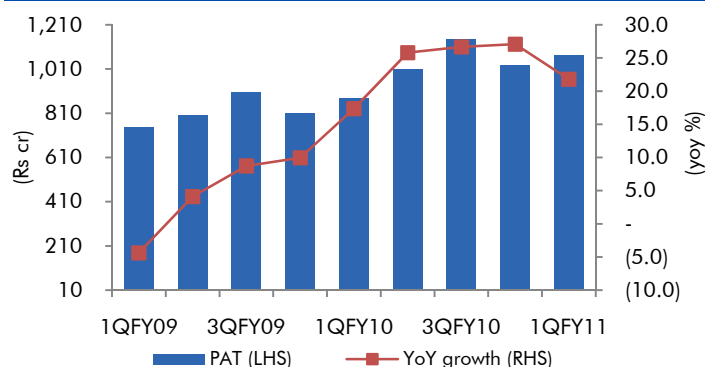


Source: Company, Angel Research

22% earnings growth aided by cigarettes and paperboards

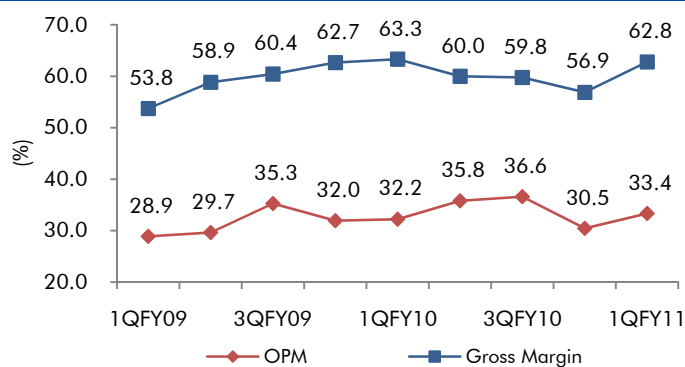
Earnings grew by a robust 22% yoy to Rs1,070cr (Rs879cr) largely on account of steady top-line growth, 147bp yoy decline in tax rate and modest margin expansion. Operating margin expanded 111bp yoy to 33.4% (32.2%) due to 192bp decline in other expenditure aided by 90bp expansion in cigarette EBIT margins (driven by price hikes), ~Rs10cr yoy decline in non-cigarette FMCG losses to Rs89cr and 524bp expansion in paperboards margins. However, losses in non-cigarette FMCG increased sequentially by ~Rs10cr indicating step-up in spends for new launches like skin-care.

Exhibit 5: 20%+ earnings growth rate maintained



Source: Company, Angel Research

Exhibit 6: Cigarettes/ Paperboards expand OPM



Source: Company, Angel Research

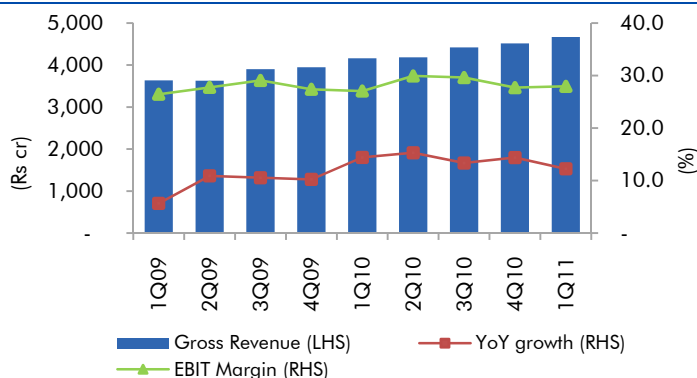
Exhibit 7: Segment-wise Performance

Y/E March (Rs cr)	1QFY11	1QFY10	% chg	FY2010	FY2009	% chg
Cigarettes	4,669.7	4,160.6	12.2	17,283.0	15,115.1	14.3
Others	1,005.6	759.4	32.4	3,641.7	3,014.0	20.8
Hotels	225.1	185.7	21.2	910.8	1,020.3	(10.7)
Agri Business	1,349.8	940.6	43.5	3,862.1	3,846.0	0.4
Paperboards & Packg.	829.1	730.6	13.5	3,233.6	2,822.0	14.6
Less: Inter-Seg. Rev.	1,036.5	646.0	60.4	2,671.7	2,673.8	(0.1)
Total Gross Income	7,043.0	6,130.9	14.9	26,259.6	23,143.5	13.5
Cigarettes	1,305.0	1,125.4	16.0	4,938.1	4,183.8	18.0
Others	(89.3)	(99.8)		(349.5)	(483.5)	
Hotels	38.5	30.6	25.9	216.6	316.2	(31.5)
Agri Business	123.1	99.9	23.2	436.4	256.2	70.3
Paperboards & Packg.	188.5	127.8	47.5	684.3	508.6	34.5
Total PBIT	1,565.8	1,283.9	22.0	5,925.9	4,781.3	23.9
PBIT Margin (%)						
Cigarettes	27.9	27.0		28.6	27.7	
Others	(8.9)	(13.1)		(9.6)	(16.0)	
Hotels	17.1	16.5		23.8	31.0	
Agri Business	9.1	10.6		11.3	6.7	
Paperboards & Packg.	22.7	17.5		21.2	18.0	

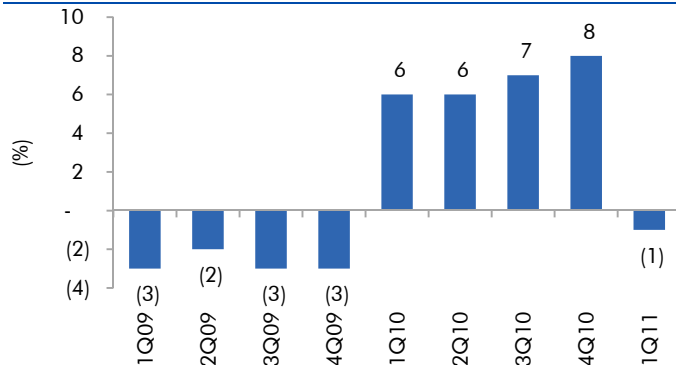
Source: Company, Angel Research

Cigarette segment registered double-digit sales and EBIT growth

ITC's cigarette division, for the quarter, registered 12.2% growth in gross revenues (12.4% yoy growth in net revenues) on the back of ~15% weighted average price hikes taken across portfolio post excise duty hike of ~17%. In terms of volume, we expect ITC registered a ~3% decline for the quarter, which is likely to pick up in the coming quarters. EBIT margins expanded 90bp to 27.9% (27%) aided by price hikes driving a steady 16% growth in EBIT. **We believe the cigarette business is well poised to post double-digit revenue and EBIT growth in FY2011E. We have modeled in a 1.4% volume growth in cigarette volumes for FY2011E (likely to be back-ended in 2HFY2011E).**

Exhibit 8: Cigarette sales, EBIT grow double-digit


Source: Company, Angel Research

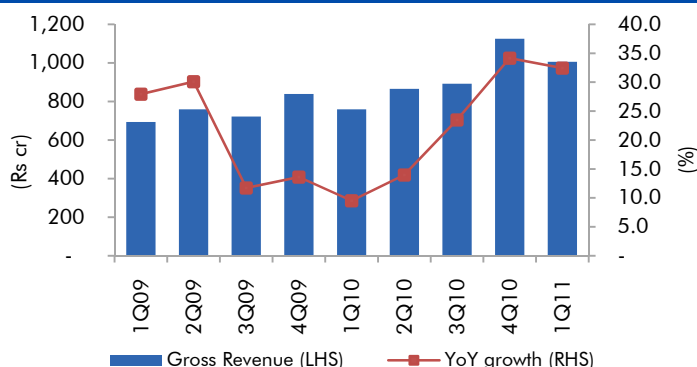
Exhibit 9: Volumes decline ~3%, expect up-tick in 2H


Source: Company, Angel Research

Non-cigarette FMCG witnessing strong revenue traction

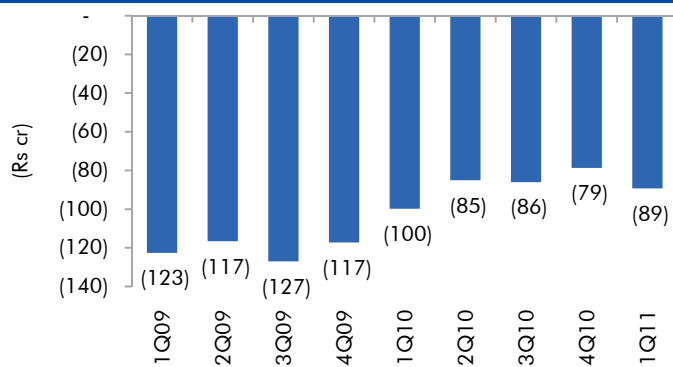
ITC's non-cigarette FMCG business registered a strong uptick in revenue growth to 32% yoy to Rs1,006cr (Rs759cr) driven by the impressive performance from its branded packaged foods (up 34% yoy) and personal care (up 86% yoy). However, while losses reduced by ~Rs10cr yoy to Rs89cr (Rs100cr), it increased by similar amount on a sequential basis indicating step-up in investments to support new launches like skin-care. During the quarter, *Sunfeast*, *Aashirvaad* atta and confectioneries grew 43%, 21% and 25%, respectively. ITC made a foray into the fast growing domestic skin-care market with the launch of *Vivel Active Fair Cream* in June 2010 in select markets and achieved a volume share of 5% in soaps. **Going ahead, we expect revenue traction in the segment to continue and losses to reduce, albeit at a slower pace than FY2010, though break-even is likely to be achieved only in FY2013E.**

Exhibit 10: Revenue growth maintained at 30%+



Source: Company, Angel Research

Exhibit 11: Losses reduce yoy, up qoq by ~Rs10cr

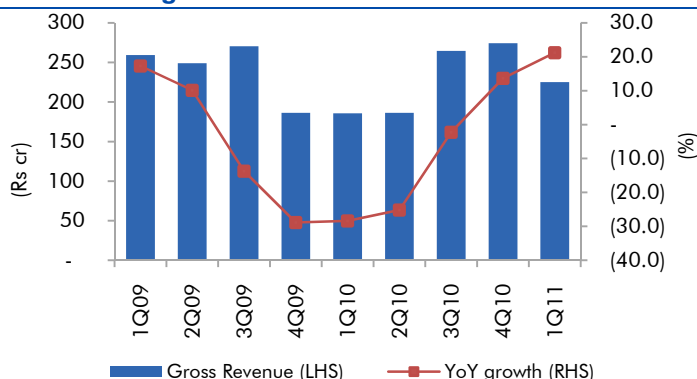


Source: Company, Angel Research

Hotel business on road to recovery

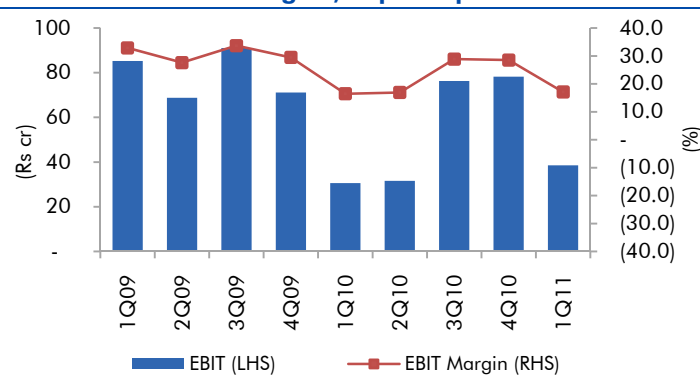
ITC's hotel business registered a robust growth of 21.2% yoy to Rs225cr (Rs186cr) during the quarter. Moreover, EBIT margins expanded by 64bp yoy to 17.1% driving a strong 25.9% yoy growth in EBIT. Construction activity of the new super luxury properties at Chennai and Kolkata are progressing satisfactorily. **We believe the hotel business is well on track to post 20% CAGR in revenues during FY2010-12E aided by low base and up-tick in economic activity. Moreover, margins are likely to register significant improvement as average room rate (ARRs) recover.**

Exhibit 12: Significant traction in revenue



Source: Company, Angel Research

Exhibit 13: Stable margins, expect up-tick in 2HFY11E

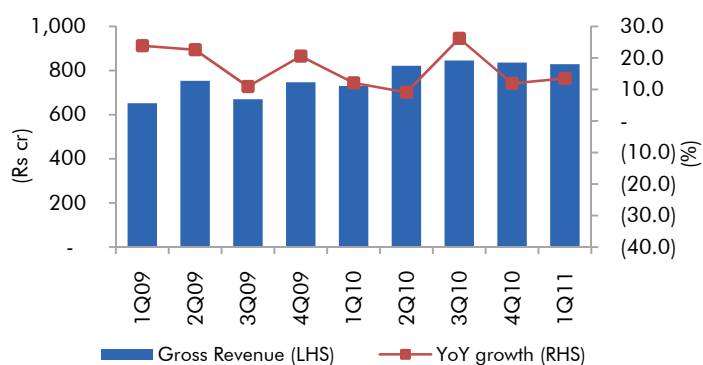


Source: Company, Angel Research

Paperboard and packaging surprise on margins front

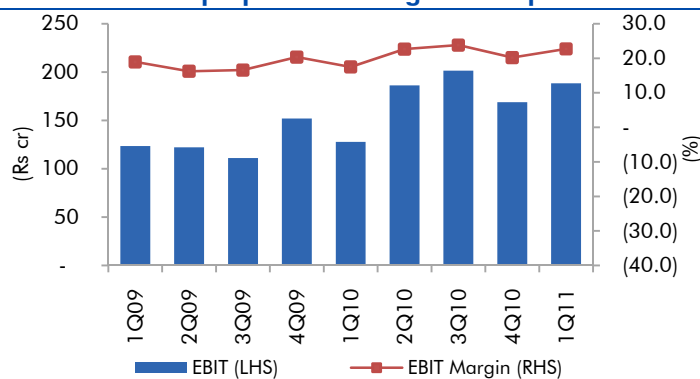
The segment registered a modest growth in revenue of 13.5% yoy (13% at the net level) to Rs829cr (Rs371cr). However, EBIT Margins of the segment registered a significant expansion of 524bp yoy to 22.7% (17.5%) driving a strong 47.5% yoy jump in EBIT aided by a combination of product mix enrichment, higher realisations and enhanced value capture through in-house pulp production. **Going forward, we expect the segment to post a modest 16% CAGR in revenues during FY2010-12E driven by commencement of new units and margins to improve by ~100bp from current levels aided largely by better product mix.**

Exhibit 14: Sales growth stable at ~10-15%



Source: Company, Angel Research

Exhibit 15: Sharp up-tick in margins this quarter

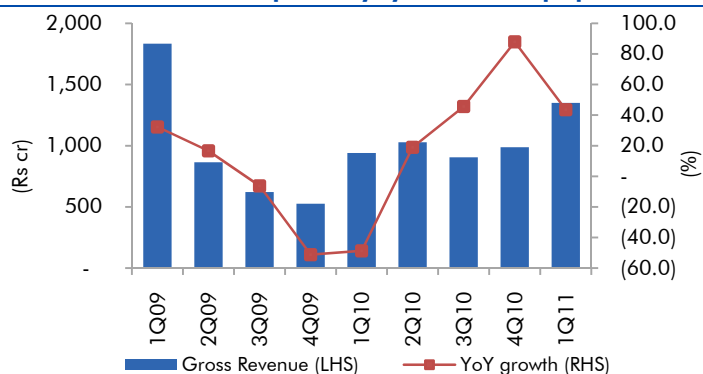


Source: Company, Angel Research

Agri business registers another quarter of strong revenue growth

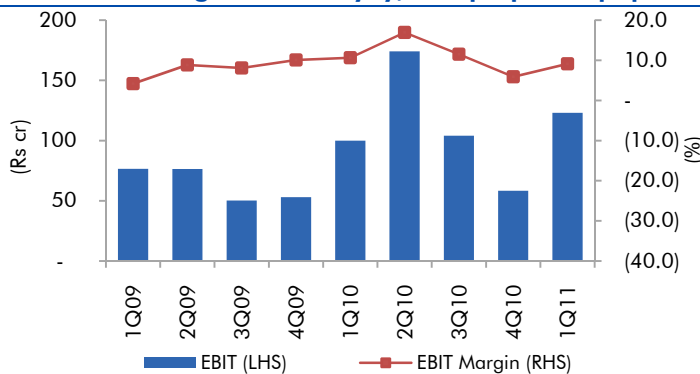
ITC's agri business registered a strong 44% yoy growth in revenues to Rs1,350cr (Rs941cr), partially aided by low base and driven by increased sales of soya, leaf tobacco and wheat. The business maintained its position as the foremost exporter of leaf tobacco, leveraging the growing demand for Indian tobaccos. However, EBIT margins contracted 150bp yoy to 9.1% resulting in a 23% yoy growth in segmental EBIT largely due to adverse product mix (higher volumes of soya in the quarter). **Going ahead, we expect this segment to register 21% CAGR in revenues over FY2010-12E and margins to remain stable at 10% levels owing to management's focus to shift to higher profitability products and firm leaf tobacco prices.**

Exhibit 16: Revenue up 44% yoy and 37% qoq



Source: Company, Angel Research

Exhibit 17: Margins decline yoy, sharp up-tick qoq



Source: Company, Angel Research

Investment Rationale

- Model double-digit sales and EBIT growth in cigarettes:** We have modeled in 1.4% volume growth in cigarette volumes for FY2011E (likely to be back-ended in 2HFY2011E) despite ~15% weighted average price hikes, which is likely to fully offset: 1) ~17% excise hike in the Budget, and 2) rise in VAT announced in several states. We believe the cigarette business is well poised to post double-digit sales and EBIT growth in FY2011E. Moreover, we highlight that over the last 12 months, ITC has strengthened its brand portfolio significantly with brands such as *Flake Excel* and *Duke Filter*, launched *Lucky Strike* at the premium end and test-marketed 59mm mid-size filters (micro-filters).
- Non-cigarette EBIT to log 30% CAGR over FY2010-12E:** While cigarettes remain the main profit center, investments in non-cigarette businesses like FMCG, hotels and paperboards have started yielding positive contribution. During FY2010-12E, we expect non-cigarette EBIT to post 30% CAGR aided by: 1) reduction in non-cigarette FMCG losses, 2) improvement in hotel margins aided by higher ARR, and 3) higher margin in paperboards.
- Return ratios to improve across segments boosting cash flow generation:** Over FY2010-12E, we expect return ratios to improve across segments driven by higher margins (refer Exhibit 20). Moreover, going ahead, we expect capex to plateau from the peak of FY2007-08 driving strong cash flow generation post dividend payout of ~50%. Hence, we expect ITC to achieve strong net cash surplus of Rs~5,800cr (US \$125mn) in FY2012E equating to Rs15 per share.

Outlook and Valuation

We have marginally tweaked our numbers to account for – 1) higher sales in agri-business, and 2) higher margins in paperboards.

Exhibit 18: Change in estimates

Parameter (Rs cr)	Old Estimate		New Estimate		% chg	
	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Revenue	20,827	23,076	21,050	23,757	1.1	2.9
OPM (%)	34.4	34.2	34.7	34.3	29bp	12bp
EPS (Rs)	12.5	13.7	12.6	14.1	0.6	3.0

Source: Company, Angel Research

At the CMP of Rs298, the stock is trading at 21.1x FY2012E earnings (~10% discount to other FMCG companies). However, owing to the recent run up in the stock price (12% over last the 3 months vis-à-vis 3% in Sensex), we retain our Neutral rating on the stock with a revised fair value of Rs310 based on our SOTP model (in line with its historical P/E multiple of 22x one-yr forward earnings).

Exhibit 19: Sum-of-the-parts (SOTP) valuation

Segment	Parameter	Multiple (x)	EV (Rs cr)	Per Share Value (Rs)
Cigarettes	EV/EBITDA	13.0	83,349	218
Non-Cigarette FMCG (Others)	EV/Sales	2.0	10,352	27
Hotels	EV/EBITDA	12.0	5,778	15
Paperboards	EV/EBITDA	8.0	9,814	26
Agri-Business	EV/EBITDA	5.0	3,075	8
Less: Net Debt/ (Cash)			(5,808)	(15)
Total Equity Value			118,176	310

Source: Company, Angel Research

Exhibit 20: Key Assumptions

	FY2009	FY2010	FY2011E	FY2012E
Top-line growth (%)				
Cigarettes	9.3	14.3	14.3	9.9
Volume growth (%)	(2.9)	7.2	1.4	5.2
Realisation growth (%)	12.6	6.7	12.8	4.4
Non-Cigarette FMCG	20.0	20.8	21.2	17.6
Hotels	(7.3)	(10.7)	20.1	20.0
Paperboards	19.4	14.6	18.6	13.9
Agri-Business	(0.6)	0.4	27.6	14.8
PBIT Margin (%)				
Cigarettes	27.7	28.6	29.1	28.7
Non-Cigarette FMCG	(16.0)	(9.6)	(6.5)	(4.5)
Hotels	31.0	23.8	26.0	28.5
Paperboards	18.0	21.2	22.0	22.3
Agri-Business	6.7	11.3	10.2	10.0
RoCE (%)				
Cigarettes	142.5	164.7	177.1	180.5
Non-Cigarette FMCG	(23.0)	(20.3)	(14.6)	(10.8)
Hotels	14.4	8.8	10.1	11.5
Paperboards	13.5	18.4	20.8	21.8
Agri-Business	24.7	27.6	26.1	25.4

Source: Company, Angel Research

Exhibit 21: Peer Valuation

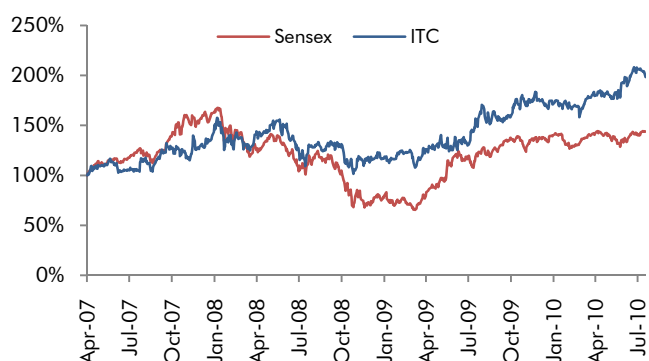
Company	Reco	Mcap (Rs cr)	CMP (Rs)	TP* (Rs)	Upside (%)	P/E (x)		EV/Sales (x)		RoE (%)		CAGR #	
						FY11E	FY12E	FY11E	FY12E	FY11E	FY12E	Sales	PAT
Asian Paints	Neutral	24,137	2,516	2,461	(2.2)	28.2	23.5	3.2	2.7	39.9	38.5	15.5	15.3
Colgate	Reduce	11,549	849	798	(6.0)	26.9	23.5	4.9	4.3	117.3	108.8	14.3	7.8
Dabur	Reduce	18,013	209	192	(7.9)	30.3	26.0	4.5	3.9	41.5	39.2	16.0	17.4
GSKCHL	Reduce	7,538	1,792	1,622	(9.5)	27.5	23.2	3.0	2.5	27.7	27.8	17.8	18.8
HUL	Reduce	57,104	262	237	(9.6)	25.9	23.1	2.8	2.5	73.5	72.1	10.8	8.6
ITC	Neutral	1,13,826	298	310	4.1	23.7	21.1	5.0	4.4	31.4	30.1	14.4	15.2
Marico	Reduce	7,591	125	115	(8.0)	26.9	22.8	2.5	2.2	36.6	32.3	14.4	17.4
Nestle	Neutral	28,432	2,949	2,955	0.2	36.2	29.9	4.7	4.0	118.2	118.6	16.5	20.4

Source: Company, Angel Research, Note: #denotes CAGR for FY2010-12E, * In case of Neutral recommendation, TP = Fair value

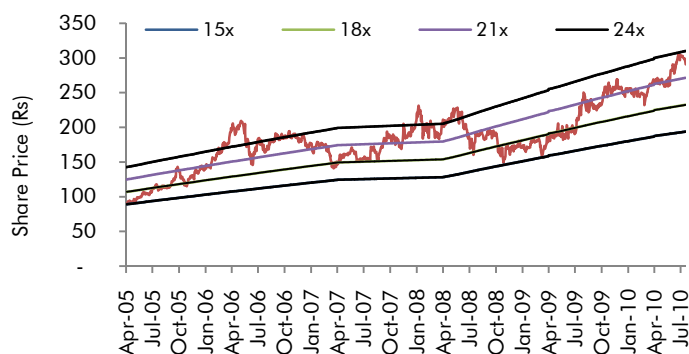
Exhibit 22: Angel v/s Consensus estimates

Top-line (Rs cr)	FY2011E	FY2012E	EPS (Rs)	FY2011E	FY2012E
Angel estimates	21,050	23,757	Angel estimates	12.6	14.1
Consensus	21,089	23,996	Consensus	12.5	14.4
Diff (%)	(0.2)	(1.0)	Diff (%)	0.9	(2.0)

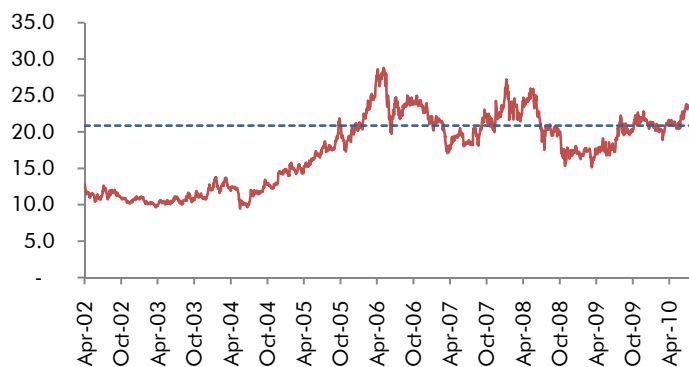
Source: Company, Angel Research

Exhibit 23: Returns - ITC v/s Sensex (Indexed to 100)


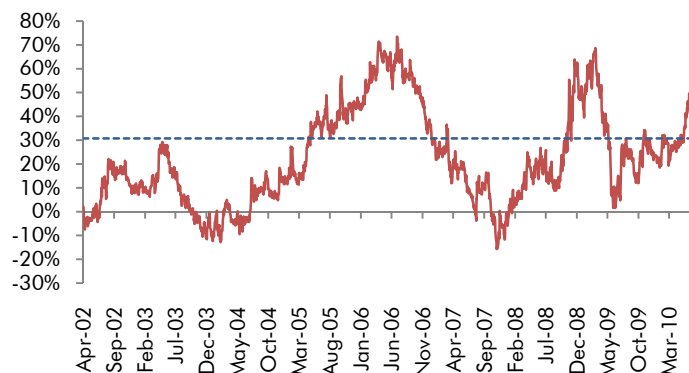
Source: Company, Angel Research

Exhibit 24: One-yr forward P/E band


Source: Company, Angel Research

Exhibit 25: One-yr forward P/E chart


Source: Company, Angel Research, Note: Red line indicates 5-year average

Exhibit 26: One-yr forward Premium v/s Sensex chart


Source: Company, Angel Research, Note: Red line indicates 5-year average

Profit & Loss Statement		Rs crore				
Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Gross sales	19,300	21,356	23,144	26,260	30,507	34,303
Less: Excise duty	7,136	7,408	7,532	8,106	9,456	10,547
Net Sales	12,164	13,948	15,612	18,153	21,050	23,757
Total operating income	12,164	13,948	15,612	18,153	21,050	23,757
% chg	982.0	14.7	11.9	16.3	16.0	12.9
Total Expenditure	8,208	9,544	10,753	12,079	13,748	15,603
Cost of Materials	5,195	6,017	5,958	6,971	8,020	9,094
Advertising Exp	288	378	502	515	600	713
Personnel	630	733	891	1,003	1,179	1,339
Others	2,095	2,416	3,402	3,590	3,949	4,458
EBITDA	3,956	4,404	4,859	6,074	7,303	8,154
% chg	2176.4	11.3	10.3	25.0	20.2	11.7
(% of Net Sales)	32.5	31.6	31.1	33.5	34.7	34.3
Depreciation & Amortisation	363	438	549	609	665	730
EBIT	3,593	3,965	4,309	5,465	6,638	7,424
% chg	2423.9	10.4	8.7	26.8	21.5	11.8
(% of Net Sales)	29.5	28.4	27.6	30.1	31.5	31.3
Interest & other Charges	3	5	18	53	25	15
Other Income	336	611	535	603	555	630
(% of PBT)	8.6	13.4	11.1	10.0	7.7	7.8
Share in profit of Associates	-	-	-	-	-	-
Recurring PBT	3,927	4,572	4,826	6,015	7,168	8,039
% chg	1990.0	16.4	5.6	24.7	19.2	12.2
Extraordinary Expense/(Inc.)	0	0	0	0	0	0
PBT (reported)	3,927	4,572	4,826	6,015	7,168	8,039
Tax	1,227	1,452	1,562	1,954	2,365	2,653
(% of PBT)	31.2	31.8	32.4	32.5	33.0	33.0
PAT (reported)	2,700	3,120	3,264	4,061	4,803	5,386
Add: Share of associates	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
PAT after MI (reported)	2,700	3,120	3,264	4,061	4,803	5,386
ADJ. PAT	2,700	3,120	3,264	4,061	4,803	5,386
% chg	1862.2	15.6	4.6	24.4	18.3	12.2
(% of Net Sales)	22.2	22.4	20.9	22.4	22.8	22.7
Basic EPS (Rs)	7.1	8.2	8.5	10.6	12.6	14.1
Fully Diluted EPS (Rs)	7.1	8.2	8.5	10.6	12.6	14.1
% chg	(30.1)	15.6	4.6	24.4	18.3	12.2

Balance Sheet		Rs crore				
Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
SOURCES OF FUNDS						
Equity Share Capital	376	377	377	382	382	382
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	10,061	11,681	13,358	13,683	16,140	18,845
Shareholders Funds	10,437	12,058	13,735	14,064	16,522	19,227
Minority Interest	-	-	-	-	-	-
Total Loans	201	214	178	108	83	58
Deferred Tax Liability	473	545	867	785	785	785
Total Liabilities	11,111	12,817	14,780	14,957	17,389	20,070
APPLICATION OF FUNDS						
Gross Block	7,134	8,960	10,559	11,968	13,494	15,180
Less: Acc. Depreciation	2,390	2,791	3,287	3,825	4,490	5,220
Net Block	4,745	6,169	7,272	8,142	9,004	9,960
Capital Work-in-Progress	866	1,127	1,214	1,009	1,080	1,214
Goodwill	-	-	-	-	-	-
Investments	3,068	2,935	2,838	5,727	5,227	5,977
Current Assets	6,301	7,031	8,172	8,142	8,686	10,463
Cash	900	570	1,031	1,126	727	1,628
Loans & Advances	1,399	1,662	1,860	1,593	1,895	2,186
Other	4,002	4,799	5,280	5,423	6,065	6,650
Current liabilities	3,869	4,444	4,716	8,064	6,607	7,545
Net Current Assets	2,432	2,587	3,456	79	2,079	2,919
Misc Exp	-	-	-	-	-	-
Total Assets	11,111	12,817	14,780	14,957	17,389	20,070

Cash Flow Statement		Rs crore				
Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Profit before tax	3,927	4,572	4,826	6,015	7,168	8,039
Depreciation	363	438	549	609	665	730
Change in Working Capital	(667)	(432)	(326)	392	(258)	(246)
Interest / Dividend (Net)	(222)	(337)	(276)	(279)	(275)	(325)
Direct taxes paid	1,227	1,452	1,562	1,954	2,365	2,653
Others	(37)	(80)	51	105	(35)	(27)
Cash Flow from Operations	2,137	2,710	3,262	4,888	4,899	5,518
(Inc.)/ Dec. in Fixed Assets	(1,739)	(2,242)	(1,686)	(1,204)	(1,597)	(1,821)
(Inc.)/ Dec. in Investments	435	172	144	(2,889)	500	(750)
Cash Flow from Investing	(1,304)	(2,071)	(1,542)	(4,093)	(1,097)	(2,571)
Issue of Equity	42	45	45	721	0	0
Inc./(Dec.) in loans	81	14	(37)	(70)	(25)	(25)
Dividend Paid (Incl. Tax)	1,135	1,365	1,543	1,630	4,452	2,345
Interest / Dividend (Net)	(222)	(337)	(276)	(279)	(275)	(325)
Cash Flow from Financing	(789)	(969)	(1,259)	(700)	(4,202)	(2,045)
Inc./(Dec.) in Cash	44	(330)	461	95	(399)	901
Opening Cash balances	856	900	570	1,031	1,126	727
Closing Cash balances	900	570	1,031	1,126	727	1,628

Key Ratios

Y/E March	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Valuation Ratio (x)						
P/E (on FDEPS)	42.1	36.5	34.9	28.0	23.7	21.1
P/CEPS	36.6	31.6	29.5	24.4	20.8	18.6
P/BV	10.7	9.3	8.2	8.1	6.9	5.9
Dividend yield (%)	1.0	1.2	1.2	3.4	1.8	2.0
EV/Sales	8.9	7.8	6.9	5.8	5.0	4.4
EV/EBITDA	27.4	24.7	22.3	17.3	14.5	12.8
EV / Total Assets	9.8	8.5	7.3	7.0	6.1	5.2
Per Share Data (Rs)						
EPS (Basic)	7.1	8.2	8.5	10.6	12.6	14.1
EPS (fully diluted)	7.1	8.2	8.5	10.6	12.6	14.1
Cash EPS	8.1	9.4	10.1	12.2	14.3	16.0
DPS	3.1	3.5	3.7	10.0	5.3	6.0
Book Value	27.7	32.0	36.4	36.8	43.3	50.4
Returns (%)						
RoCE	34.9	33.1	31.2	36.8	41.0	39.6
Angel RoIC (Pre-tax)	51.0	43.2	38.8	50.2	57.7	54.2
RoE	27.7	27.7	25.3	29.2	31.4	30.1
Turnover ratios (x)						
Asset Turnover	1.8	1.7	1.6	1.6	1.7	1.7
Inventory / Sales (days)	101	106	108	91	87	83
Receivables (days)	19	20	16	18	18	19
Payables (days)	72	73	70	71	72	72
Net Working capital (days)	46	53	57	(21)	23	20

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Disclosure of Interest Statement

	ITC
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	Yes
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below Rs 1 lakh for Angel, its Group companies and Directors.

Ratings (Returns) :	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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