Marico

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	MRCO IN
Equity Shares (m)	1298
M.Cap.(INRb)/(USDb)	1136.1 / 11.9
52-Week Range (INR)	890 / 690
1, 6, 12 Rel. Per (%)	3/24/21
12M Avg Val (INR M)	1513

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	134.8	155.2	171.9
Sales Gr. (%)	24.4	15.1	10.8
EBITDA	23.3	29.1	34.8
EBITDA Margin. %	17.3	18.8	20.2
Adj. PAT	17.7	22.0	26.7
Adj. EPS (INR)	13.6	16.9	20.6
EPS Gr. (%)	9.7	24.7	21.4
BV/Sh.(INR)	32.4	35.8	41.9
Ratios			
RoE (%)	43.2	49.7	52.9
RoCE (%)	39.2	45.5	48.9
Payout (%)	92.2	79.7	70.5
Valuations			
P/E (x)	64.4	51.6	42.5
P/BV (x)	27.0	24.4	20.9
EV/EBITDA (x)	47.8	37.9	31.4
Div. Yield (%)	1.4	1.5	1.7

Shareholding Pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	58.9	58.9	59.0
DII	13.0	12.3	12.7
FII	23.6	24.3	23.7
Others	4.5	4.5	4.5

FII includes depository receipts

CMP: INR875 TP: INR1,050 (+20%) Buy

Robust start to FY27; growth momentum intact

- Marico (MRCO) witnessed a strong start to FY27 with consolidated revenue growth of 23% YoY (in line) in 1QFY27. Domestic revenue growth was 21% YoY, with volume growth of 11%. International revenue growth was 15% YoY CCG (+29% INR). Demand remained steady in 1Q, supported by healthy economic activity. Management continues to monitor inflation and monsoon developments amid evolving El Niño forecasts.
- GM expanded by 30bp YoY to 46.6% (in line) and improved 220bp QoQ owing to recent corrections in copra prices. While crude oil prices are steady, vegetable oil prices remain inflationary amid the ongoing geopolitical developments. EBITDA margin expanded by 40bp YoY to 20.7% (in line). Management expects to deliver high-teen EBITDA growth in FY27.
- MRCO expects to sustain high single-digit volume growth in India business in FY27, aided by both core portfolio and new growth engines. International business is expected to sustain its mid-teen constant-currency growth. At the consolidated level, the company aims to achieve double-digit revenue growth, crossing INR150b in FY27. In the medium term, MRCO aims to cross the INR200b revenue mark by FY30 (10-11% CAGR), along with mid-teen EBITDA CAGR. Management expects EBITDA margin to expand 140-150bp. We model EBITDA margins of 18.8%/20.0% for FY27/FY28.
- The company aims to deliver a double-digit revenue CAGR over FY26-30, backed by strong volume growth and CC growth in teens in international business with mid-teen EBITDA CAGR. In line with its aspiration, we model a CAGR of 13% in revenue and 22% in EBITDA over FY26-28E. Given the stable growth trajectory, diversifying revenue streams and strong focus on TAM expansion, we believe the stock's premium valuation is likely to be sustained. The stock is trading at 52x/46x FY27E/FY28E EPS. MRCO has delivered 20% return in the last six months and remains one of our top picks in our coverage universe. **We reiterate our BUY rating on the stock with a TP of INR1,050 (based on 50x Mar'28E EPS).**

Robust 25% EBITDA growth; volume up 11%

- **Revenue continues to grow in 20%+ trajectory**: Consolidated net sales grew 23% YoY to INR39.6b (est. INR39.3b) in 1QFY27. Domestic sales rose 21% YoY with 11% domestic volume growth, one of the strongest performances in recent years. The international business delivered 15% CC growth (29% in INR terms), supported by broad-based contribution across markets. Vietnam/MENA/South Africa posted a robust 27%/24%/8% CC growth, while Bangladesh reported 4% CC growth on a high base amid elevated inflation and pricing anniversarization. NCD and exports also remained healthy with 16% growth during the quarter.

Naveen Trivedi – Research Analyst (Naveen.Trivedi@motilaloswal.com
Research Analyst: Amey Tiwari (Amey.Tiwari@MotilalOswal.com) | **Tanu Jindal** –(Tanu.Jindal@MotilalOswal.com)

- **Broad-based growth across categories**: Parachute Coconut Oil (PCNO) reported 23% revenue growth and 10% volume growth, aided by strong consumer offtake and calibrated pricing actions despite easing copra prices. Value-added hair oils (VAHO) sustained their strong momentum with 22% value growth, supported by healthy performance across key franchises. Saffola edible oils registered 7% revenue growth, although volumes fell in high-single digits as MRCO rationalized the supply of select variants to protect profitability amid edible oil inflation. The Foods portfolio grew 43% YoY, crossing INR13b+ in an annualized revenue run rate.
- **Steady expansion in margins:** Consolidated gross margin expanded by 30bp YoY to 46.6% (est. 47%) and improved 220bp QoQ owing to recent corrections in copra prices. MRCO indicated that copra prices have dropped ~35% from the peak levels, and the company expects them to remain range-bound in the near term. However, vegetable oil prices remain inflationary. Employee expenses rose 22% YoY, ad-spends grew 25% YoY and other expenses increased 21% YoY. EBITDA margin expanded by 40bp YoY to 20.7% in 1QFY27 (est. 21%).
- **Stable double-digit growth in profitability:** EBITDA grew 25% YoY (est. 26%) to INR8.2b. PBT/PAT grew 20%/25% YoY to INR7.9b/INR6.3b (est. INR8.2b/INR6.1b).

Highlights from the management commentary

- In PCNO, MRCO has already reduced prices by ~10% in non-price point packs following the correction in copra prices.
- Crude has corrected moderately from its peak in 1Q; however, prices remain volatile. Vegetable oil prices inflated further and remain at elevated levels.
- QC now contributes approximately 5% of total India business revenue.
- **MRCO targets double-digit consolidated revenue growth in FY27 with revenue expected to cross INR150b.**
- **Management expects ~150bp operating margin expansion in FY27, considering the uncertain operating environment.**
- Management guided for a consolidated effective tax rate of 18% for FY27, which is expected to increase to 19-20% in FY28.

Valuation and view

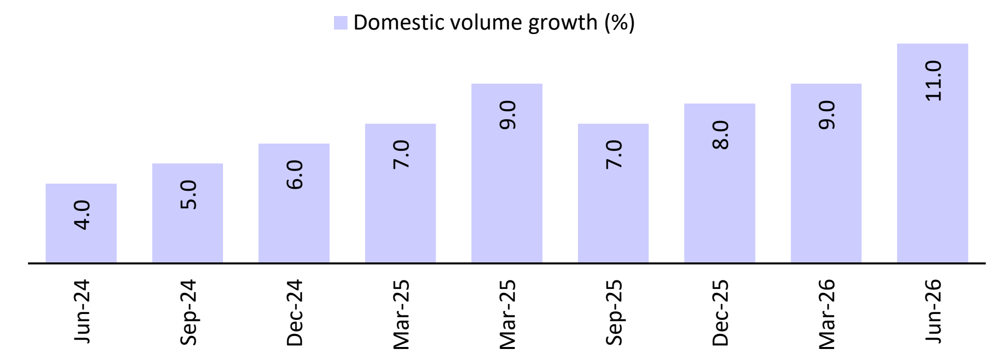
- We largely maintain our EBITDA estimates for FY27 and FY28, but the company's lower tax rate guidance led to an increase in our EPS estimates for FY28.
- MRCO plans to cross INR150b in revenue in FY27 and INR200b by FY30. It aims to deliver a double-digit revenue CAGR over FY26-30, backed by strong volume growth and CC growth in teens in the international business with a mid-teen EBITDA CAGR.
- Diversification is steadily improving the resilience of the international portfolio, with Bangladesh's revenue share declining from ~50% in FY20 to ~45% in FY26 and expected to reduce further to ~35% by FY30.
- To improve its domestic distribution reach, MRCO has also started Project SETU, which helps to drive growth in GT through a transformative expansion of its direct reach.
- In line with its aim of delivering a double-digit revenue CAGR and a mid-teen EBITDA CAGR over FY26-30, we model a CAGR of 13% in revenue and 22% in EBITDA over FY26-28E. Given the stable growth trajectory, diversifying revenue streams and strong focus on TAM expansion, we believe the stock's premium valuation is likely to be sustained. MRCO remains one of our top picks in our coverage universe. **We reiterate our BUY rating on the stock with a TP of INR1,050 (based on 50x Mar'28E EPS).**

Quarterly Performance **(INR m)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Domestic volume growth (%)	9.0	7.0	8.0	9.0	11.0	11.3	11.3	12.4	8.3	11.5	14.7	
Net Sales	**32,210**	**34,500**	**35,060**	**33,010**	**39,570**	**40,735**	**39,493**	**35,381**	**1,34,780**	**1,55,180**	**39,306**	0.7%
YoY Change (%)	21.9	29.5	25.5	20.9	22.9	18.1	12.6	7.2	24.4	15.1	20.6	
Gross Profit	**14,910**	**14,530**	**15,090**	**14,660**	**18,450**	**18,005**	**18,562**	**16,366**	**59,190**	**71,383**	**18,474**	-0.1%
Gross margin (%)	46.3	42.1	43.0	44.4	46.6	44.2	47.0	46.3	43.9	46.0	47.0	
EBITDA	**6,550**	**5,600**	**5,980**	**5,210**	**8,190**	**7,091**	**7,906**	**5,932**	**23,340**	**29,119**	**8,235**	-0.6%
Margins (%)	20.3	16.2	17.1	15.8	20.7	17.4	20.0	16.8	17.3	18.8	21.0	
YoY Change (%)	4.6	7.3	12.2	13.8	25.0	26.6	32.2	13.9	9.1	24.8	25.7	
Depreciation	450	470	500	600	560	575	590	624	2,020	2,349	520	
Interest	100	120	140	170	210	200	150	140	530	700	105	
Other Income	560	490	390	600	480	540	450	566	2,040	2,036	590	
PBT	**6,560**	**5,500**	**5,730**	**5,040**	**7,900**	**6,856**	**7,616**	**5,734**	**22,830**	**28,106**	**8,200**	-3.7%
Tax	1,430	1,180	1,070	960	1,380	1,371	1,523	1,347	4,640	5,621	1,968	
Rate (%)	21.8	21.5	18.7	19.0	17.5	20.0	20.0	23.5	20.3	20.0	24.0	
Adjusted PAT	**5,040**	**4,200**	**4,515**	**3,910**	**6,300**	**5,358**	**5,965**	**4,403**	**17,665**	**22,026**	**6,105**	3.2%
YoY Change (%)	8.6	7.3	13.2	14.0	25.0	27.6	32.1	12.6	10.6	24.7	21.1	
Reported PAT	**5,040**	**4,200**	**4,470**	**3,910**	**6,300**	**5,358**	**5,965**	**4,403**	**17,620**	**22,026**	**6,105**	

E: MOFSL Estimates

Exhibit 1: Domestic volume grew 11% YoY in 1QFY27



Source: Company

Exhibit 2: Consolidated segmental details

Particulars	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Sales growth (%)					
Domestic	26.6	34.8	27.6	20.5	20.9
International	8.4	19.0	23.5	22.2	29.3
Total	**21.9**	**30.7**	**26.6**	**20.9**	**22.9**
EBIT margin (%)					
Domestic EBIT margin	18.9	14.9	16.0	14.7	19.3
International EBIT margin	28.9	23.9	24.1	24.6	26.9
Total	**21.2**	**17.0**	**17.9**	**17.1**	**21.2**

Source: Company, MOFSL

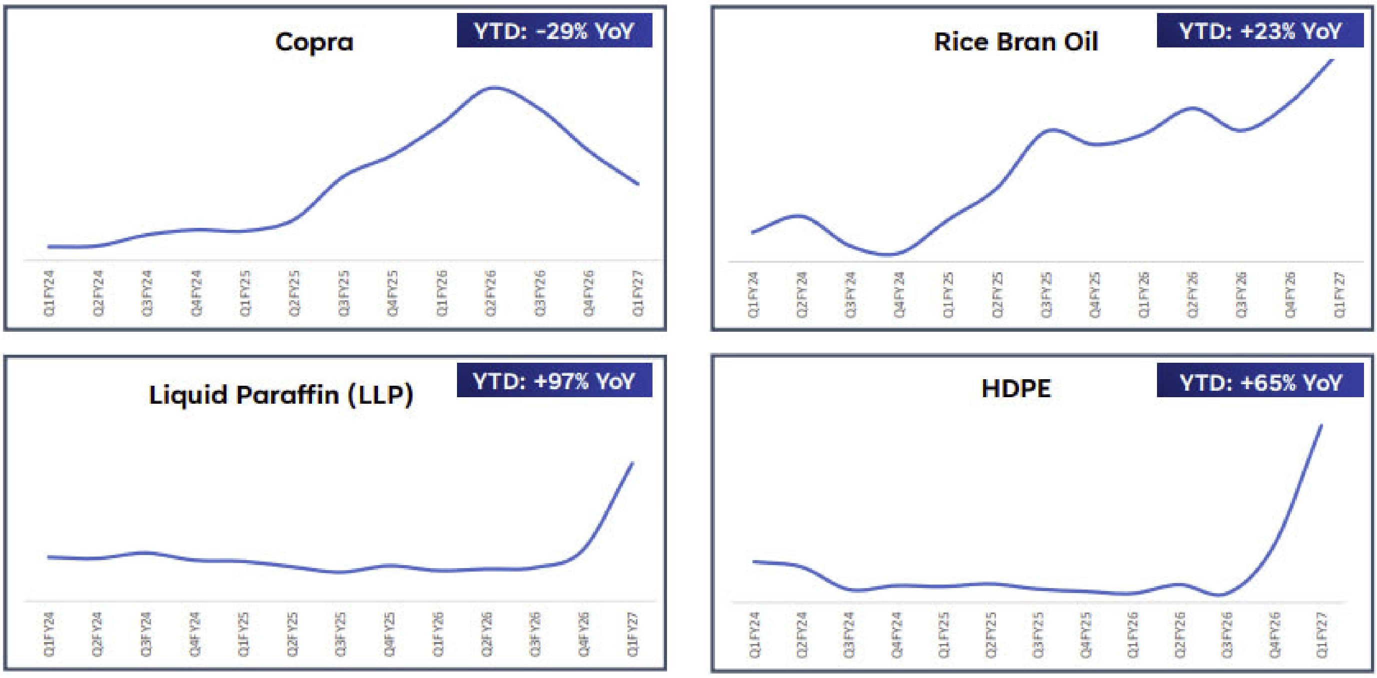
Exhibit 3: Market share of key categories in the Indian business

Franchise	~MS%
^ Parachute Rigids within Coconut Oil	59%
* Saffola Oats	42%
* Value Added Hair Oils	29%
^ Post wash Leave-on Serums	44%
^ Hair Gels/Waxes/Creams	51%

^ Volume market share, *Value market share

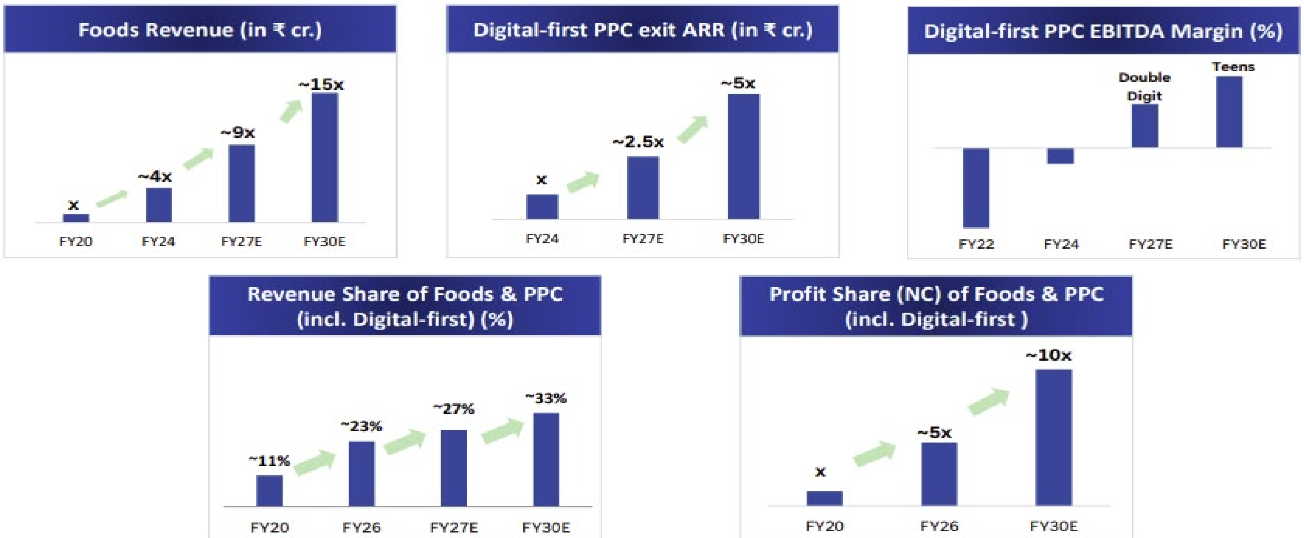
Source: Company

Exhibit 4: Movements of key raw material prices



Source: Company

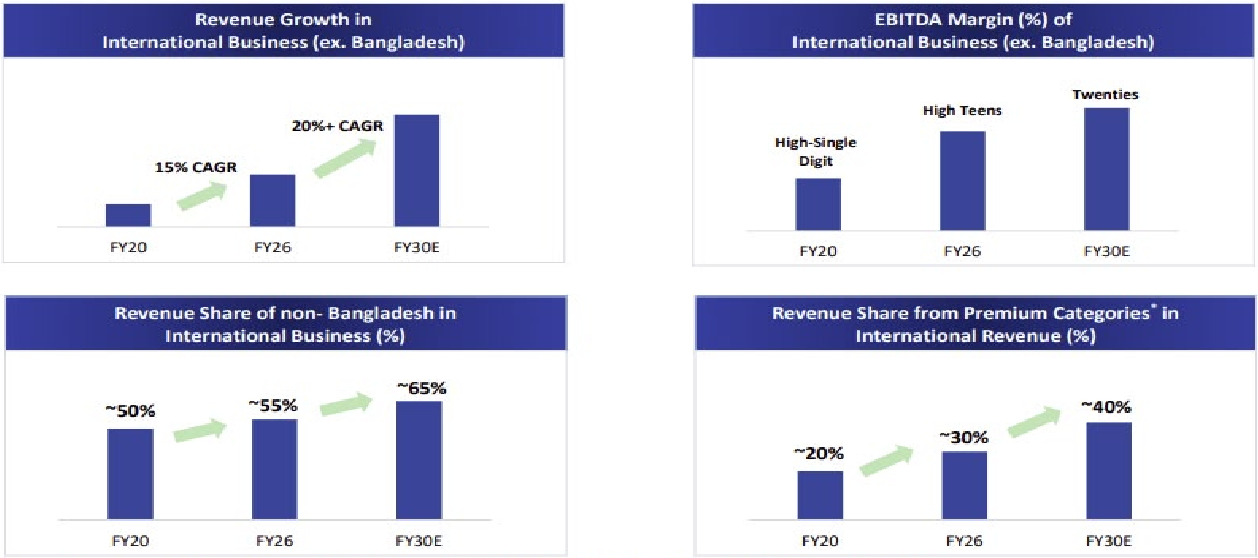
Exhibit 5: MRCO to focus on profitable scale-up of high-growth businesses



*Profit refers to Net Contribution (NC) calculated as Net Revenues less all variable costs and marketing expenses – equivalent to CM3.

Source: Company

Exhibit 6: Revenue salience of Bangladesh business to come down from ~45% in FY26 to ~35% by FY30



*Premium Categories – Beauty & Personal Care incl. Hair Cleansing, Hair Styling/ Care (ex-Hair oils), Skin Care and Baby Care

Source: Company

CONFERENCE CALL

Key highlights from the management commentary

Business environment and outlook

- During the quarter, demand trends remained steady, supported by resilient economic activity. While MRCO remains optimistic about the consumption trends, it continues to closely monitor inflationary conditions and the progression of monsoon amid the evolving El Nino forecast.
- Over 96% of its business gained or sustained market share and over 99% of the business gained or sustained penetration on a MAT basis.
- Management is strategically shifting the portfolio toward more profitable categories and reducing commodity-linked businesses.
- Both traditional and organized trade recorded double-digit growth, while e-commerce continued to grow at an accelerated pace, led by >50% growth in quick commerce.
- QC now contributes approximately 5% of total India business revenue.
- All digital channels combined, including digital-first brands, now account for over 20% of Marico’s India business revenue.
- Project SETU investments have significantly improved direct distribution reach and GT execution capabilities.
- Management believes GT remains a key competitive advantage despite rising importance of organized retail and e-commerce.
- **Management guided for a consolidated effective tax rate of 18% for FY27, which is expected to increase to 19-20% in FY28.**

Near-term outlook

- **India business is expected to sustain high single-digit volume growth in FY27.**
- International business is likely to maintain healthy momentum, with mid-teen constant-currency growth, aided by broad-based performance across geographies.

- **The company targets double-digit consolidated revenue growth in FY27, with revenue expected to cross INR150b.**
- **Management guided for high-teen EBITDA growth in FY27.**

Material costs, margin, and guidance

- Among key inputs, copra prices have corrected meaningfully from its peak levels and are expected to remain range-bound with a slight upward bias.
- Crude has corrected moderately from its peak in 1Q; however, prices remain volatile due to the ongoing developments in the Middle East. Vegetable oil prices have increased further and remain at elevated levels.
- While copra prices have corrected and are expected to remain 35% below the peak levels, costs for crude derivatives (like polymers) and vegetable oils are showing an upward bias, which may impact 2Q input costs.
- Advertising expenses surged by 25% as the company chose to invest heavily in brand equity, innovation, and consumer salience.
- **Management expects 140-150bp operating margin expansion in FY27 considering the uncertain operating environment.**

Segmental performance

Parachute coconut oil

- Parachute Rigids reported 10% volume growth, delivering one of its strongest performances in the recent years.
- Revenue grew 23% and price growth moderated as MRCO took selective price actions to pass on value to consumers amid easing copra prices.
- Management currently expects copra prices to remain rangebound and does not foresee an immediate need for further major pricing actions.
- Parachute Rigid's revenue grew 23% due to the prior year's price increase anniversarization and proactive price reductions (~10%) in non-price point large 'loyalty' packs.
- The brand strengthened its leadership, expanding its volume market share by over 400bp to a new high of 59%.

Saffola oil

- Saffola edible oils reported 7% revenue growth during the quarter with a high-single-digit volume decline as MRCO rationalized the supply of select variants to maintain threshold profitability in the trade-off with volume growth.
- The brand continued to see strong consumer traction in its cold-pressed oil portfolio, supported by its focus on premium offerings.
- Selective price increases were taken during the quarter in response to rising input costs.

VAHO

- The segment sustained its strong growth trajectory, registering 22% value growth in 1Q and increasing its value market share by 80bp on a MAT basis.
- The growth was driven by strong performance across key franchises.
- Almond hair oil franchise is scaling up well, with healthy offtake growth. It is showing encouraging progress, and MRCO aims to scale it up to an annualized revenue run rate of INR1b+ by FY28.

- VAHOs continued to gain market share handsomely, driven by the mid and premium segments.

Foods

- Foods portfolio registered 43% growth, crossing INR13b+ in annualized revenue run rate.
- Saffola Foods portfolio delivered double-digit growth, led by Saffola Soya Chunks, Oats and Muesli.
- Saffola Oats gained market share and further strengthened its leadership position. True Elements scaled up in line with MRCO's aspirations, while the recently acquired brands 4700BC and Cosmix, delivered healthy sequential growth.
- Cosmix further expanded its portfolio with the launch of fermented yeast protein across multiple flavours such as Ratnagiri Mango and Indonesian Cacao.

Premium Personal Care

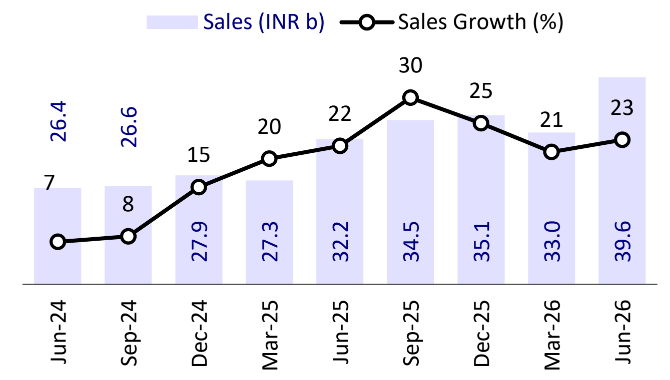
- Premium Personal Care delivered strong growth during the quarter.
- The portfolio, including Premium Hair Nourishment, Hair Cleansing, Male Grooming and Skin Care, recorded an ARR of ~INR4.5b. The recently launched Parachute Advanced Protein Shampoo had an encouraging start with healthy consumer offtakes.
- Marico aspires for its new shampoo category to achieve nearly INR1b of revenue in FY27, leveraging strong equity and distribution advantages.
- The digital-first portfolio continued to deliver strong growth, supported by healthy consumer traction in both Beardo and Plix.
- The digital-first portfolio, led by brands like Purite and Plix, is scaling up profitably and has achieved an ARR of over INR11b.
- Purite has double-digit profitability, Plix is in high-single digits, and Cosmix was acquired with mid-to-high teens profitable growth.
- Management is growing these brands responsibly, targeting 20-25% growth with profitability in focus rather than higher growth at the expense of cash burn.
- India revenue share of Foods and Premium Personal Care stood at ~23% in FY26 and is expected to increase to ~27% by FY27 and ~33% by FY30.
- Digital-first portfolio is expected to achieve double-digit EBITDA margins by end-FY27, with margins likely to expand to the teens over medium term.

International business

- International business delivered 15% CCG during the quarter, driven by outperformance in Vietnam and MENA and positive contribution from all markets.
- Certain international markets faced transient headwinds, such as persistently high inflation and sharp rises in energy costs, particularly in Bangladesh.
- Bangladesh delivered 4% CCG on a high base of last year. The business witnessed a transient moderation in growth due to pricing anniversarization and consumer demand softness amid elevated inflation. MRCO continued to strengthen its market position through focused category initiatives and consistent market share gains.

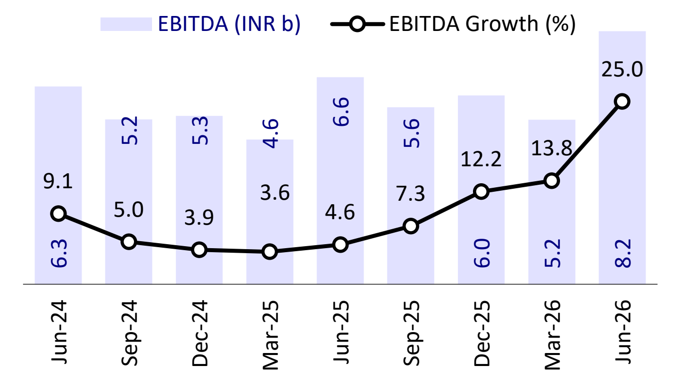
- Vietnam continued to deliver strong performance and recorded 27% CCG during the quarter, with robust growth in male/female grooming portfolios. Growth was driven by MRCO's focused investments in innovation, go-to-market and e-commerce capabilities.
- MENA delivered 24% CCG, with both Gulf and Egypt delivering resilient performance on the back of strong execution.
- South Africa registered 8% CCG, led by Hair Care.
- NCD and exports grew 16% in 1QFY27.

Exhibit 7: Consolidated sales grew 23% YoY to INR39.6b



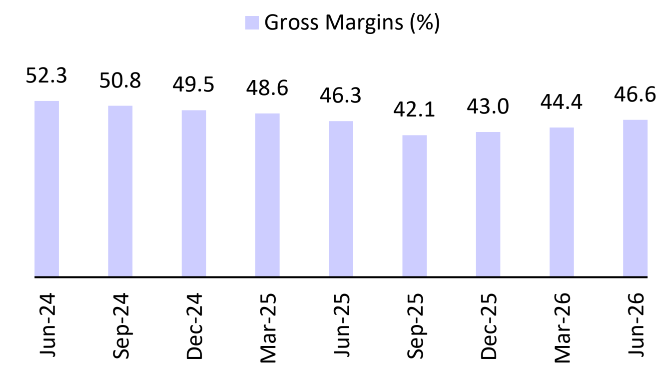
Source: Company, MOFSL

Exhibit 8: EBITDA grew 25% YoY to INR8.2b



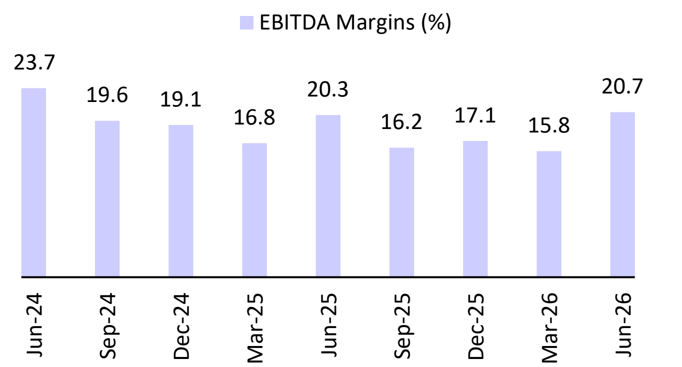
Source: Company, MOFSL

Exhibit 9: GP margin expanded 30bp YoY to 46.6%



Source: Company, MOFSL

Exhibit 10: EBITDA margin expanded 40bp YoY to 20.7%



Source: Company, MOFSL

Valuation and view

- We largely maintain our EBITDA estimates for FY27 and FY28, but the company's lower tax rate guidance led to an increase in our EPS estimates for FY28.
- MRCO plans to cross INR150b in revenue in FY27 and INR200b by FY30. The company aims to deliver a double-digit revenue CAGR over FY26-30, backed by strong volume growth and teens CCG in the international business with a mid-teen EBITDA CAGR.
- Diversification is steadily improving the resilience of the international portfolio, with Bangladesh's revenue share declining from ~50% in FY20 to ~45% in FY26 and expected to fall further to ~35% by FY30.
- To improve its domestic distribution reach, MRCO has also started Project SETU, which helps to drive growth in GT through a transformative expansion of its direct reach.

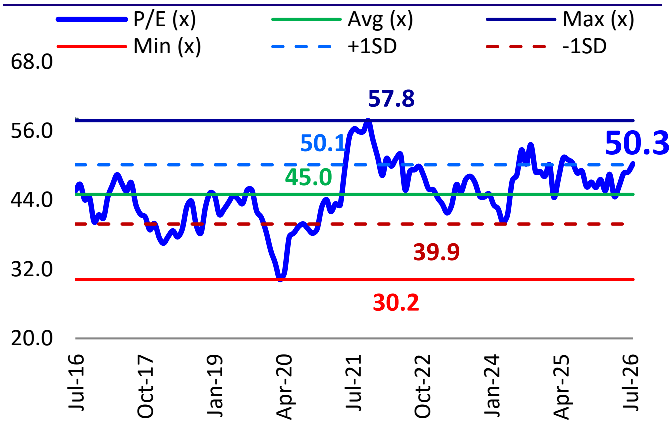
- In line with its aim of delivering a double-digit revenue CAGR and a mid-teen EBITDA CAGR over FY26-30, we model a 13% revenue and 22% EBITDA CAGR over FY26-28E. Given the stable growth trajectory, diversifying revenue streams and strong focus on TAM expansion, we believe the stock's premium valuation is likely to be sustained. Marico remains one of our top picks in our coverage universe. **We reiterate our BUY rating on the stock with a TP of INR1,050 (based on 50x Mar'28E EPS).**

Exhibit 11: We raise our EPS estimates for FY28 on the back of lower tax rate guidance

	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	1,56,112	1,73,169	1,55,180	1,71,890	-0.6	-0.7
EBITDA	29,513	34,026	29,119	34,805	-1.3	2.3
PAT	21,447	24,575	22,026	26,739	2.7	8.8

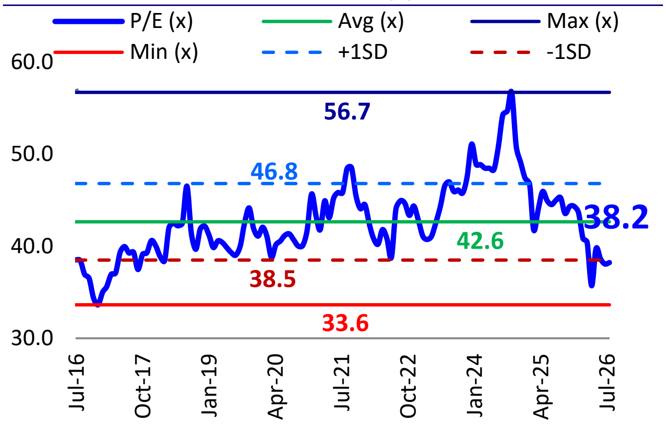
Source: Company, MOFSL

Exhibit 12: MRCO's P/E (x)



Source: Company, MOFSL

Exhibit 13: Consumer sector's P/E (x)



Source: Company, MOFSL

Financials and valuations

Income Statement

(INR m)

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Net Sales	**73,150**	**80,480**	**94,266**	**97,640**	**96,530**	**1,08,310**	**1,34,780**	**1,55,180**	**1,71,890**
Change (%)	-0.3	10.0	17.1	3.6	-1.1	12.2	24.4	15.1	10.8
COGS	37,450	42,740	54,360	53,510	47,480	53,880	75,590	83,797	90,242
Gross Profit	**35,700**	**37,740**	**39,906**	**44,130**	**49,050**	**54,430**	**59,190**	**71,383**	**81,648**
Margin (%)	48.8	46.9	42.3	45.2	50.8	50.3	43.9	46.0	47.5
Operating Expenses	21,010	21,860	23,096	26,030	28,790	33,040	35,850	42,263	46,843
EBITDA	**14,690**	**15,880**	**16,810**	**18,100**	**20,260**	**21,390**	**23,340**	**29,119**	**34,805**
Change (%)	10.8	8.1	5.9	7.7	11.9	5.6	9.1	24.8	19.5
Margin (%)	20.1	19.7	17.8	18.5	21.0	19.7	17.3	18.8	20.2
Depreciation	1,400	1,390	1,390	1,550	1,580	1,780	2,020	2,349	2,488
Int. and Fin. Charges	500	340	390	560	730	530	530	700	735
Other Income - Recurring	1,240	1,131	958	1,440	1,420	1,660	2,040	2,036	2,358
Profit before Taxes	**14,030**	**15,281**	**15,988**	**17,430**	**19,370**	**20,740**	**22,830**	**28,106**	**33,940**
Change (%)	11.6	8.9	4.6	9.0	11.1	7.1	10.1	23.1	20.8
Margin (%)	19.2	19.0	17.0	17.9	20.1	19.1	16.9	18.1	19.7
Current Tax (excl MAT Ent)	3,470	3,240	3,460	4,210	4,350	4,580	4,640	5,621	6,788
Deferred Tax	-160	0	0	0	0	0	0	0	0
Tax Rate (%)	23.6	21.2	21.6	24.2	22.5	22.1	20.3	20.0	20.0
Minority Interest	-220	-310	-290	-200	-210	-290	-510	-459	-413
Profit after Taxes	**10,500**	**11,731**	**12,238**	**13,020**	**14,810**	**15,975**	**17,665**	**22,026**	**26,739**
Change (%)	-5.9	11.7	4.3	6.4	13.7	7.9	10.6	24.7	21.4
Margin (%)	14.4	14.6	13.0	13.3	15.3	14.7	13.1	14.2	15.6
Extraordinary items	-154	231	-22	0	0	315	-45	0	0
Reported PAT	**10,346**	**11,962**	**12,216**	**13,020**	**14,810**	**16,290**	**17,620**	**22,026**	**26,739**

Balance Sheet

(INR m)

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Share Capital	1,290	1,290	1,290	1,290	1,290	1,290	1,300	1,300	1,300
Reserves	28,940	31,110	31,890	36,700	37,030	38,460	40,800	45,276	53,165
Net Worth	**30,230**	**32,400**	**33,180**	**37,990**	**38,320**	**39,750**	**42,100**	**46,576**	**54,465**
Minority Interest	130	180	570	1,570	3,370	2,910	2,840	3,299	3,712
Loans	3,350	3,480	3,450	4,750	3,830	3,790	3,550	2,850	2,650
Capital Employed	**33,710**	**36,060**	**37,200**	**44,310**	**45,520**	**46,450**	**48,490**	**52,725**	**60,827**
Gross Fixed Assets	12,650	15,450	17,910	22,240	28,590	30,770	41,540	43,540	45,540
Less: Accum. Depn.	-4,070	-5,460	-6,850	-8,400	-9,980	-11,760	-13,780	-16,129	-18,617
Net Fixed Assets	**8,580**	**9,990**	**11,060**	**13,840**	**18,610**	**19,010**	**27,760**	**27,411**	**26,923**
Capital WIP	580	240	390	670	440	400	850	850	850
Goodwill	5,380	6,130	6,540	8,620	8,630	8,570	8,570	8,570	8,570
Investments	**7,330**	**8,540**	**8,280**	**10,960**	**6,020**	**15,900**	**20,830**	**20,830**	**20,830**
Current	6,280	6,280	6,410	5,780	2,590	13,750	19,480	19,480	19,480
Non-current	1,050	2,260	1,870	5,180	3,430	2,150	1,350	1,350	1,350
Deferred Charges	0	0	0	0	0	0	0	0	0
Curr. Assets, L&A	**26,560**	**28,340**	**29,420**	**33,910**	**39,830**	**38,930**	**41,490**	**53,420**	**68,113**
Inventory	13,800	11,280	14,009	12,250	13,360	12,350	16,110	19,755	21,831
Account Receivables	5,390	3,880	6,520	10,150	10,690	12,710	13,040	9,776	10,829
Cash and Bank Balance	2,790	9,250	5,391	7,560	9,430	7,770	4,930	15,709	26,644
Others	4,580	3,930	3,500	3,950	6,350	6,100	7,410	8,179	8,809
Curr. Liab. and Prov.	**16,250**	**18,200**	**19,270**	**23,370**	**25,900**	**34,450**	**48,520**	**55,866**	**61,969**
Current Liabilities	4,240	5,190	4,430	7,260	8,780	19,090	30,500	33,550	36,905
Accounts Payable	9,780	11,340	13,440	14,520	15,810	13,630	16,340	20,380	22,832
Provisions	2,230	1,670	1,400	1,590	1,310	1,730	1,680	1,937	2,232
Net Current Assets	**10,310**	**10,140**	**10,150**	**10,540**	**13,930**	**4,480**	**-7,030**	**-2,446**	**6,144**
Deferred Tax Liability	1,530	1,020	780	-320	-2,110	-1,910	-2,490	-2,490	-2,490
Application of Funds	**33,710**	**36,060**	**37,200**	**44,310**	**45,520**	**46,450**	**48,490**	**52,725**	**60,827**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Basic (INR)									
EPS	**8.1**	**9.1**	**9.5**	**10.1**	**11.5**	**12.4**	**13.6**	**16.9**	**20.6**
Cash EPS	9.1	10.1	10.6	11.3	12.7	13.8	15.1	18.7	22.5
BV/Share	23.4	25.1	25.7	29.4	29.7	30.8	32.4	35.8	41.9
DPS	6.8	7.5	9.3	9.5	10.5	11.5	12.5	13.5	14.5
Payout %	84.2	80.9	97.7	94.1	91.5	91.1	92.2	79.7	70.5
Valuation (x)									
P/E	107.5	96.2	92.2	86.7	76.2	70.7	64.4	51.6	42.5
Cash P/E	96.0	86.8	82.7	77.5	68.9	63.6	57.8	46.7	38.9
EV/Sales	15.3	13.8	11.9	11.4	11.6	10.2	8.3	7.1	6.4
EV/EBITDA	76.4	70.2	66.5	61.6	55.1	51.8	47.8	37.9	31.4
P/BV	37.3	34.8	34.0	29.7	29.5	28.4	27.0	24.4	20.9
Dividend Yield (%)	0.8	0.9	1.1	1.1	1.2	1.3	1.4	1.5	1.7
Return Ratios (%)									
RoE	35.0	37.5	37.3	36.6	38.8	40.9	43.2	49.7	52.9
RoCE	33.1	35.3	35.0	33.5	34.7	36.0	39.2	45.5	48.9
RoIC	44.2	55.6	58.7	52.0	52.9	58.8	76.8	115.1	185.7
Working Capital Ratios									
Debtor (Days)	27	18	25	38	40	43	35	23	23
Asset Turnover (x)	2.2	2.2	2.5	2.2	2.1	2.3	2.8	2.9	2.8
Leverage Ratio									
Debt/Equity (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0

Cash Flow Statement (INR m)

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
OP/(loss) before Tax	13,740	15,401	15,988	17,430	19,370	21,160	22,770	28,106	33,940
Others	-100	-231	22	-580	-1,000	-1,300	-1,220	0	0
Depreciation	1,500	1,390	1,390	1,550	1,580	1,780	2,020	2,349	2,488
Interest Paid	-220	340	390	70	-40	-240	390	700	735
Direct Taxes Paid	-2,900	-3,240	-3,460	-3,690	-3,780	-4,840	-5,650	-5,621	-6,788
(Incr)/Decr in WC	330	7,230	-3,728	-590	-2,260	-2,930	2,530	5,963	2,076
CF from Operations	**12,350**	**20,890**	**10,602**	**14,190**	**13,870**	**13,630**	**20,840**	**31,497**	**32,451**
(Incr)/Decr in FA	-1,860	-3,210	-3,020	-1,570	-1,350	-1,220	-7,640	-2,000	-2,000
Free Cash Flow	**10,490**	**17,680**	**7,582**	**12,620**	**12,520**	**12,410**	**13,200**	**29,497**	**30,451**
(Pur)/Sale of Investments	-1,890	0	-130	-7,560	2,450	-5,690	180	0	0
Others	130	-1,380	870	2,709	2,320	-1,890	-3,430	-6	-5
CF from Invest.	**-3,620**	**-4,590**	**-2,280**	**-6,421**	**3,420**	**-8,800**	**-10,890**	**-2,006**	**-2,005**
Issue of Shares	0	225	453	90	340	460	1,540	0	0
(Incr)/Decr in Debt	-690	130	-30	1,280	-910	-50	-240	-700	-200
Dividend Paid	-10,250	-9,675	-11,933	-6,070	-12,290	-4,530	-9,080	-17,550	-18,850
Others	-520	-520	-670	-900	-2,560	-2,370	-5,010	-462	-461
CF from Fin. Activity	**-11,460**	**-9,840**	**-12,180**	**-5,600**	**-15,420**	**-6,490**	**-12,790**	**-18,712**	**-19,511**
Incr/Decr of Cash	**-2,730**	**6,460**	**-3,858**	**2,169**	**1,870**	**-1,660**	**-2,840**	**10,779**	**10,935**
Add: Opening Balance	5,520	2,790	9,250	5,391	7,560	9,430	7,770	4,930	15,709
Closing Balance	**2,790**	**9,250**	**5,391**	**7,560**	**9,430**	**7,770**	**4,930**	**15,709**	**26,644**

E: MOFSL Estimates

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 and BSE enlistment no. 5028. 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 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.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. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

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

1. 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
2. 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
3. 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.
4. 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.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).

6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. 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.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. 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, enlistment as RA with Exchange 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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.