

Sales momentum to sustain, copra inflation to weigh on near term margins

Marico's 1QFY26 earnings print was tad better than our estimate. Domestic revenue growth of 27% (with volume growth of 9%) is likely to be best in class among the Staples peers. Volume growth was driven by new franchises (Foods & Premium Personal Care portfolio) as well as recovery in volumes for Saffola edible oils & VAHO. In terms of outlook, mgmt. has guided for revenue growth of 25% - with strong pricing growth in core continuing in 1H along with sustained momentum in Foods & PC portfolio. We don't see a challenge in achieving the same. Profitability is likely to be under pressure (especially in 1HFY26 which has high margins in base) with copra inflation cycle extending. As a result, EBITDA growth is expected to be lower – mgmt. didn't give guidance on the same, expects more clarity on copra cycle in coming quarters but will strive to achieve high-single-digit EBITDA growth in FY26. Medium term guidance remains unchanged – double-digit revenue growth along with uptick in margins. Having said that, Marico has navigated inflation cycle well by demonstrating strong pricing power in core & also has other margin levers (margin expansion in Foods/D2C & recovery in VAHO) to cushion the impact on profitability. We continue to like Marico within our HPC coverage; execution on portfolio diversification remains strong. Estimates remain broadly unchanged; we would monitor how copra prices play out going ahead. We roll forward, maintain BUY with a revised TP of INR 800 (47x Sep'27 EPS). Pace of recovery in core portfolio volumes & movement in copra prices will be key monitorables.

- **Healthy earnings print with volume growth ahead of Staples peers:** Marico's 1QFY26 consolidated revenue grew 23.3% yoy to INR 32.6bn led by domestic sales growth of 27%. This was driven by volume growth of 9% (16-qtr high, JMFe: 8%) & price hikes in Parachute/Saffola Edible Oils. International sales grew 12%. GM contracted 533bps to 46.9% (c.60bps below estimate) as copra/vegetable oil costs remain elevated. Staff costs grew 8.4% (3.5% below estimate) while A&P spends & other expenses were largely inline. Resultant EBITDA grew 4.6% yoy to INR 6.6bn (2% above estimate) with EBITDA margin at 20.1% (inline). Lower depreciation/interest & higher other income led to PAT growth of 8.6% to INR 5bn (c.9% above forecast). Management remains confident about double-digit revenue growth in FY26 & operating margin to inch up in the medium term.
- **Robust revenue performance across businesses; VAHO surprises positively:** 1) **Parachute** volumes declined 1% due to consumption titration amidst multiple rounds of price hikes & ml-age reduction (cumulative increase 60%+, price hike of c.30% in 1QFY26); pricing-led growth was c.32% resulting in sales growth of 31%. 2) **Saffola Edible Oils** grew 28% led by pricing; volume growth improved to mid-single-digit as company passed benefit of recent import duty cuts on vegetable oils to consumers. 3) **VAHO** recovered to low-double digit growth (+13% yoy) after witnessing 8 quarters of weakness. This was driven by sustained traction in mid and premium segments. 4) **Newer businesses'** performance – Foods grew 20% driven by Saffola Oats; Premium Personal Care continued its strong growth momentum led by Digital-first portfolio (reached INR 850+cr. ARR vs INR 750cr ARR at exit of FY25). 5) **International** business saw strong growth of 19% in CC terms (c.12% in INR terms) – MENA region saw robust 42% CC growth driven by Gulf region and Egypt. Bangladesh grew +17%, while South Africa & Vietnam remained muted.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,730	107,330	133,335	143,707	158,697
Sales Growth (%)	-1.2	12.1	24.2	7.8	10.4
EBITDA	20,260	21,390	23,187	26,556	30,085
EBITDA Margin (%)	21.0	19.7	17.2	18.3	18.8
Adjusted Net Profit	14,810	16,290	17,704	20,297	22,923
Diluted EPS (INR)	11.5	12.6	13.7	15.7	17.8
Diluted EPS Growth (%)	13.7	10.0	8.7	14.6	12.9
ROIC (%)	51.9	58.1	74.7	86.7	95.8
ROE (%)	38.8	41.7	43.4	47.1	50.9
P/E (x)	63.0	57.3	52.7	46.0	40.7
P/B (x)	24.3	23.5	22.3	21.1	20.4
EV/EBITDA (x)	45.8	42.9	39.5	34.4	30.4
Dividend Yield (%)	1.3	1.5	1.7	1.9	2.3

Source: Company data, JM Financial. Note: Valuations as of 04/Aug/2025

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	800
Upside/(Downside)	10.6%
Previous Price Target	765
Change	4.6%

Key Data – MRCO IN

Current Market Price	INR723
Market cap (bn)	INR938.7/US\$10.7
Free Float	38%
Shares in issue (mn)	1,290.0
Diluted share (mn)	1,290.0
3-mon avg daily val (mn)	INR1,635.8/US\$18.7
52-week range	745/578
Sensex/Nifty	81,019/24,723
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-0.7	6.8	9.2
Relative*	2.2	3.2	6.1

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Concall Highlights

■ Operating Environment

- **The sector has witnessed stable to improving demand trends in urban and rural areas.** The company is optimistic about gradual and broad based recovery in consumption sentiment supported by easing retail and food inflation, a favourable monsoon, increased government spending and higher MSP.
- Amidst this backdrop, it expects a steady growth trajectory in our core categories, despite input cost headwinds in the near term.
- The company continues its focus on driving differential growth in its urban-centric and premium portfolios through the organized retail and E-commerce channels.
- The company expects to sustain positive volume and revenue growth momentum through the year, while driving resilient profit growth amidst heightened input cost pressures. It expects the impact of these unprecedented margin headwinds to peak out in the first half of this year and ease gradually thereafter.

■ Domestic business

- **Parachute Rigid**s registered a 1% volume decline amidst unprecedented hyperinflationary input costs and pricing conditions. After normalising for ml-age changes (i.e. in terms of number of packs sold), the brand grew by 1% during the quarter. **The company has taken pricing of c.30% in 1QFY26.** The brand has continued to demonstrate resilience and pricing inelasticity, having absorbed multiple rounds of price hikes and ml-age reductions (amounting to cumulative increase of 60%+), with minimal impact on volumes and consolidation in market share on MAT basis. **Full effect will be visible from Q2.** From 2HFY26, price hikes will start to come in base so pricing growth will be trend lower. Market share gains should be able to hold volumes. With price normalization and smaller/unorganized players squeezed out of the market, management expects to hold on to volumes in Parachute.
- **Copra prices are down c.12% from the peak in July.** Management stated that the unprecedented inflation has been due to supply-demand gap caused by lower crop yield due to uneven weather and speculative activities in 1HCY24. This cycle was further extended due to unseasonal rains in Apr-May'25, which led to sharp spike in Apr (normally conversion starts in this period but got delayed). However, the company remains confident of navigating these short-term headwinds on the back of robust brand strength and scaled back-end capabilities. Over the years, vulnerability to copra prices has come down. **Management believes that copra market should settle down (does not expect further inflation) over the course of this FY** given the forecast of monsoons and the decent progress so far.
- **Marico is better placed vs regional/unorganized segment** given its scale, and buying & supply chain efficiencies. Given the higher impact (due to working capital needs) on smaller players, the competitive presence of these players has reduced.
- **Saffola Edible Oils** has bounced back with mid-single-digit volume growth. Company delivered price-led revenue growth by 28% yoy amidst to elevated vegetable oil prices. Management expects the brand to be steady on full year basis. During the quarter, it launched the Saffola Cold Pressed Oils range, offering a balanced blend of innovation and authentic taste through its Single Seed and Dual Seed variants. The range has been initially launched on E-commerce and Q-com platforms
- **VAHO** witnessed strong step up in recovery driven by **mid-single-digit volume growth** and steady performance in the mid and premium segments of the portfolio. The franchise gained 150 bps in value market share on a MAT basis. Growth was aided by improved brand-building efforts, a strategic pivot from aggressive trade promotions (BTL) to above-the-line marketing (ATL) and direct distribution

expansion through Project SETU. **Excluding Shanti Amla, brands like Hair & Care, Jasmine, Aloe and Ayurvedic posted double-digit growth. Management is extremely confident to deliver double-digit growth in FY26.**

- **Foods'** core portfolio continues to do well, anchored by the Saffola franchise. Core products like oats, masala oats, and honey continued their double-digit growth trajectory. **The company reiterated its target of 25%+ revenue growth in this segment in FY26.** On the margin front, it has improved gross margins by c.1,000 bps over the last 2 years and is still work-in-progress. Management highlighted that the Food business's low A&P intensity and improving gross margin profile will make it increasingly profitable as it scales.
- **Premium Personal Care, including Digital-first brands:** Strong momentum sustained led by Digital-first brands. Premium personal care portfolio, including Digital-first brands like Beardo, Just Herbs and Plix, together exited the quarter with INR 850+crores ARR (ahead of internal milestones). In terms of profitability, Beardo delivered near double-digit EBITDA margin, while Plix has crossed its break-even levels. Management highlighted that Just Herbs and True Elements will break even within the next 18 months.
- **A&P spends:** There have been some cuts in India A&P spends, largely in non-media, production and non-focus categories. No cuts in focus categories of premium VAHO, Foods, and Premium personal care. A&P spends have been trimmed in BPC and non-focus VAHO. Going ahead, management believes that **A&P will trend upwards in India business** and at a consolidated level as they continue to invest behind the focus categories and new parts of the business.

■ M&A

- The company is open to acquisitions in food and personal care spaces, with 1-2 spaces still available for potential acquisitions. It is looking at potential M&A opportunities in both existing and new geographies.
- Management views inorganic growth as an accelerator rather than a substitute for organic growth

- **Project SETU premise** – a) improve quality of direct distribution which will aid rural growth and b) better assortment in urban stores diversification & premiumisation. Management expects to see tangible results in volume growth (especially in VAHO) through project SETU. **The company is seeing the initial positive signs of Project SETU-led initiatives in rural and on mid and premium segments of VAHO. Better impact will be seen in 2HFY26. Management is quite confident to see GT improvement on qoq basis.**

■ Guidance

- **FY26:** The company is targeting ~25% revenue growth and high single-digit volume growth in India supported by pricing growth. Delivering double-digit EBITDA growth may be challenging, now striving for high-single-digit growth. Aiming for double-digit profit CAGR over next 2 years.
- **Medium term revenue guidance:** Company maintains its aspiration to deliver double-digit revenue growth in the medium term through consistent outperformance vis-à-vis the category and market share gains in the India core portfolios, accelerated growth in the Foods and Premium Personal Care and double-digit constant currency growth in the International business. **Aims to touch INR 15,000 cr. over the next two years and INR 20,000 cr. over the next five years.**
- **Medium term margin guidance:** It also expects operating margin to inch up over the medium term, with leverage benefits as well as premiumisation of the portfolios across both the India and International businesses.

- **Foods:** Foods stood at 5x of FY20 revenues in FY25, surpassing the INR 900 crore mark. It aims to grow Foods at 25%+ CAGR to ~8x of FY20 revenues (~2x of FY24 revenues) in FY27.
- **Digital-first:** The Digital-first portfolio clocked ARR of INR 850+ crores as on date. It aims to scale this portfolio to ~2.5x of FY24 ARR (earlier ~2x of FY24 ARR) in FY27. Aim to achieve double-digit EBITDA margin in this portfolio in FY27.
- Expect the India revenue share of the **Foods and Premium Personal Care** to expand to ~25% by FY27.
- **International:** Aim to maintain double-digit constant currency growth momentum over the medium term.

Exhibit 1. 1QFY26 consolidated snapshot: Operating performance better than expected

INR mn	CONSOLIDATED					PARENT		
	1QFY26	1QFY25	YoY growth	1QFY26E	% Var	1QFY26	1QFY25	YoY growth
Net Sales	32,590	26,430	23.3%	32,118	1.5%	22,810	18,860	20.9%
Gross Profit	15,290	13,810	10.7%	15,256	0.2%	8,930	8,760	1.9%
Gross Profit Margin %	46.9%	52.3%	-533 bps	47.5%	-58 bps	39.1%	46.4%	-730 bps
Staff Cost	2,200	2,030	8.4%	2,280	-3.5%	1,360	1,270	7.1%
Ad & Sales Promotion	2,990	2,400	24.6%	3,019	-1.0%	840	1,060	-20.8%
Other Expenses	3,550	3,120	13.8%	3,533	0.5%	2,240	2,150	4.2%
EBITDA	6,550	6,260	4.6%	6,424	2.0%	4,490	4,280	4.9%
EBITDA margin %	20.1%	23.7%	-359 bps	20.0%	10 bps	19.7%	22.7%	-301 bps
Depreciation	450	410	9.8%	514	-12.4%	300	280	7.1%
EBIT	6,100	5,850	4.3%	5,910	3.2%	4,190	4,000	4.8%
Interest Expense	100	170	-41.2%	130	-23.1%	50	50	0.0%
Financial Other Income	560	370	51.4%	482	16.2%	4,740	180	2533.3%
PBT	6,560	6,050	8.4%	6,261	4.8%	8,880	4,130	115.0%
Taxes	1,430	1,310	9.2%	1,378	3.8%	1,110	1,020	8.8%
Minority Interest	90	100	-10.0%	80	12.5%	NA	NA	NA
Reported Net Profit	5,040	4,640	8.6%	4,804	4.9%	7,770	3,110	149.8%
Adjusted Net Profit	5,040	4,640	8.6%	4,804	4.9%	7,770	3,110	149.8%

Source: Company, JM Financial

Exhibit 2. Quarterly financial performance - consolidated basis

INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Domestic Consumer volume growth	-6.0%	3.0%	4.0%	5.0%	3.0%	3.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	9.0%
Sales	25,580	24,960	24,700	22,400	24,770	24,760	24,220	22,780	26,430	26,640	27,940	27,300	32,590
YoY	1.3%	3.2%	2.6%	3.7%	-3.2%	-0.8%	-1.9%	1.7%	6.7%	7.6%	15.4%	19.8%	23.3%
Gross Profit	11,520	10,890	11,100	10,620	12,380	12,500	12,420	11,750	13,810	13,530	13,830	13,260	15,290
Staff cost	1,560	1,660	1,600	1,710	1,810	1,870	1,890	1,860	2,030	2,130	2,070	2,080	2,200
A&P spends	1,990	2,130	2,200	2,100	2,120	2,680	2,460	2,260	2,400	2,900	2,930	3,050	2,990
Other expenses	2,690	2,770	2,740	2,880	2,710	2,980	2,940	3,210	3,120	3,280	3,500	3,550	3,550
EBITDA	5,280	4,330	4,560	3,930	5,740	4,970	5,130	4,420	6,260	5,220	5,330	4,580	6,550
YoY	9.8%	2.4%	5.8%	13.6%	8.7%	14.8%	12.5%	12.5%	9.1%	5.0%	3.9%	3.6%	4.6%
Depreciation	360	370	390	430	360	390	420	410	410	410	440	520	450
Interest	100	150	140	170	170	200	190	170	170	110	130	120	100
Other income	170	190	400	680	320	380	430	150	370	820	420	470	560
PBT	4,990	4,000	4,430	4,010	5,530	4,760	4,950	3,990	6,050	5,520	5,180	4,410	6,560
YoY	6.9%	-1.2%	8.8%	24.5%	10.8%	19.0%	11.7%	-0.5%	9.4%	16.0%	4.6%	10.5%	8.4%
Pre-tax Exceptional Income/ (Exp)	-	-	-	-	140	-	-	-	-	-	-	-	-
Tax	1,220	930	1,100	960	1,310	1,160	1,090	790	1,310	1,190	1,120	960	1,430
PAT after exceptional item	3,770	3,070	3,330	3,050	4,360	3,600	3,860	3,200	4,740	4,330	4,060	3,450	5,130
Share of profit of associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority Interest	60	60	50	30	90	70	30	20	100	100	70	20	90
PAT	3,710	3,010	3,280	3,020	4,270	3,530	3,830	3,180	4,640	4,230	3,990	3,430	5,040
YoY	4.2%	-2.6%	5.8%	20.3%	15.1%	17.3%	16.8%	5.3%	8.7%	19.8%	4.2%	7.9%	8.6%
% to sales	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Gross margin	45.0%	43.6%	44.9%	47.4%	50.0%	50.5%	51.3%	51.6%	52.3%	50.8%	49.5%	48.6%	46.9%
Staff cost	6.1%	6.7%	6.5%	7.6%	7.3%	7.6%	7.8%	8.2%	7.7%	8.0%	7.4%	7.6%	6.8%
Other expenses	10.5%	11.1%	11.1%	12.9%	10.9%	12.0%	12.1%	14.1%	11.8%	12.3%	12.5%	13.0%	10.9%
EBITDA margin	20.6%	17.3%	18.5%	17.5%	23.2%	20.1%	21.2%	19.4%	23.7%	19.6%	19.1%	16.8%	20.1%

Source: Company, JM Financial

Exhibit 3. Quarterly financial performance - standalone basis

INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Sales	19,760	19,090	18,910	17,020	18,410	17,910	17,330	16,370	18,860	18,600	19,650	18,700	22,810
YoY	-3.3%	-0.4%	1.9%	0.9%	-6.8%	-6.2%	-8.4%	-3.8%	2.4%	3.9%	13.4%	14.2%	20.9%
Gross Profit	7,980	7,300	7,680	7,180	8,320	8,090	7,990	7,570	8,760	8,280	8,400	7,680	8,930
Staff cost	1,030	1,000	980	1,080	1,140	1,150	1,130	1,210	1,270	1,320	1,220	1,240	1,360
A&P spends	1,090	1,120	1,280	1,130	1,190	1,390	1,130	1,140	1,060	1,170	1,130	980	840
Other expenses	2,040	2,100	2,020	2,180	1,960	2,130	2,090	2,250	2,150	2,340	2,410	2,340	2,240
EBITDA	3,820	3,080	3,400	2,790	4,030	3,420	3,640	2,970	4,280	3,450	3,640	3,120	4,490
YoY	12.0%	4.1%	13.7%	13.0%	5.5%	11.0%	7.1%	6.5%	6.2%	0.9%	0.0%	5.1%	4.9%
Depreciation	250	250	280	310	250	260	290	270	280	280	290	380	300
Interest	80	100	90	90	70	100	80	70	50	70	60	50	50
Other income	1,320	1,310	350	300	370	350	350	280	180	3,020	1,220	1,490	4,740
PBT	4,810	4,040	3,380	2,690	4,080	3,410	3,620	2,910	4,130	6,120	4,510	4,180	8,880
YoY	41.5%	2.8%	-0.3%	-21.1%	-15.2%	-15.6%	7.1%	8.2%	1.2%	79.5%	24.6%	43.6%	115.0%
Pre tax Exceptional Income/ (Exp)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax	940	700	840	650	1,010	830	780	620	1,020	830	750	930	1,110
PAT	3,870	3,340	2,540	2,040	3,070	2,580	2,840	2,290	3,110	5,290	3,760	3,250	7,770
YoY	47.1%	1.5%	-8.6%	-30.4%	-20.7%	-22.8%	11.8%	12.3%	1.3%	105.0%	32.4%	41.9%	149.8%
% to sales	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Gross margin	40.4%	38.2%	40.6%	42.2%	45.2%	45.2%	46.1%	46.2%	46.4%	44.5%	42.7%	41.1%	39.1%
Staff cost	5.2%	5.2%	5.2%	6.3%	6.2%	6.4%	6.5%	7.4%	6.7%	7.1%	6.2%	6.6%	6.0%
Other expenses	10.3%	11.0%	10.7%	12.8%	10.6%	11.9%	12.1%	13.7%	11.4%	12.6%	12.3%	12.5%	9.8%
EBITDA margin	19.3%	16.1%	18.0%	16.4%	21.9%	19.1%	21.0%	18.1%	22.7%	18.5%	18.5%	16.7%	19.7%

Source: Company, JM Financial

Exhibit 4. Quarterly segmental overview

INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue - Consumer Products													
Domestic	19,210	18,960	18,510	16,830	18,270	18,320	17,930	16,800	19,620	19,790	21,010	20,680	24,950
YoY	-3.6%	1.4%	1.9%	1.8%	-4.9%	-3.4%	-3.1%	-0.2%	7.4%	8.0%	17.2%	23.1%	27.2%
International	6,370	6,000	6,190	5,570	6,500	6,440	6,290	5,980	6,810	6,850	6,930	6,620	7,640
YoY	19.5%	9.3%	4.9%	9.9%	2.0%	7.3%	1.6%	7.4%	4.8%	6.4%	10.2%	10.7%	12.2%
Total	25,580	24,960	24,700	22,400	24,770	24,760	24,220	22,780	26,430	26,640	27,940	27,300	32,590
YoY	1.3%	3.2%	2.6%	3.7%	-3.2%	-0.8%	-1.9%	1.7%	6.7%	7.6%	15.4%	19.8%	23.3%
EBIT - Consumer Products													
Domestic	3,980	3,290	3,440	3,020	4,280	3,760	3,800	3,390	4,440	3,920	3,920	3,220	4,690
Margin %	20.7%	17.4%	18.6%	17.9%	23.4%	20.5%	21.2%	20.2%	22.6%	19.8%	18.7%	15.6%	18.8%
International	1,560	1,270	1,340	1,180	1,810	1,500	1,560	1,470	1,970	1,750	1,800	1,590	2,130
Margin %	24.5%	21.2%	21.6%	21.2%	27.8%	23.3%	24.8%	24.6%	28.9%	25.5%	26.0%	24.0%	27.9%
Total	5,540	4,560	4,780	4,200	6,090	5,260	5,360	4,860	6,410	5,670	5,720	4,810	6,820
Margin %	21.7%	18.3%	19.4%	18.8%	24.6%	21.2%	22.1%	21.3%	24.3%	21.3%	20.5%	17.6%	20.9%
YoY	12.4%	4.6%	7.9%	15.7%	9.9%	15.4%	12.1%	15.7%	5.3%	7.8%	6.7%	-1.0%	6.4%

Source: Company, JM Financial

Exhibit 5. Volume-Value growth trends

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Domestic Consumer Volume Growth	-6%	3%	4%	5%	3%	3%	2%	3%	4%	5%	6%	7%	9%
Parachute Volume growth - Rigid Packs	-2%	-3%	2%	9%	-2%	1%	3%	2%	2%	4%	3%	-1%	-1%
Saffola Value Growth	-20%	1%	6%	-11%	-22%	-22%	-26%	-16%	-1%	2%	24%	26%	28%
Value Added Hair Oil Value Growth	5%	2%	-3%	13%	0%	1%	3%	-7%	-5%	-8%	-2%	1%	13%
International Revenue CC Growth	18%	11%	8%	16%	9%	13%	6%	10%	10%	13%	16%	16%	19%

Source: Company, JM Financial

Exhibit 6. Marico's 5yr avg PE Band



Exhibit 7. Marico's 10yr avg PE Band

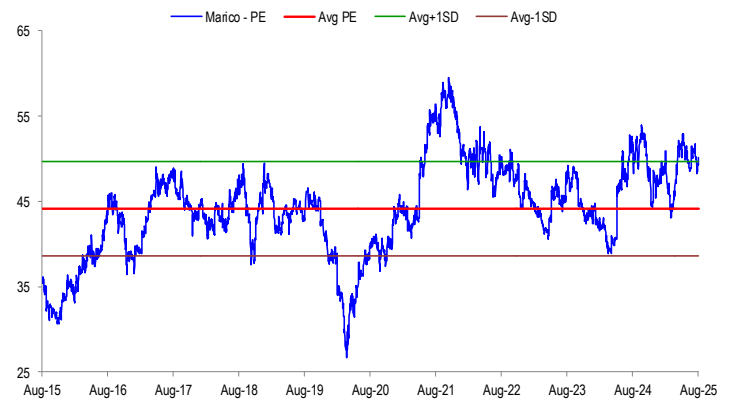


Exhibit 8. Revision in estimates

INR mn	Revised			Earlier			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	133,335	143,707	158,697	122,282	134,067	147,535	9.0%	7.2%	7.6%
EBITDA	23,187	26,556	30,085	23,329	26,414	29,849	-0.6%	0.5%	0.8%
PAT	17,704	20,297	22,923	17,769	20,157	22,775	-0.4%	0.7%	0.7%
EPS	13.7	15.7	17.8	13.8	15.6	17.7	-0.4%	0.7%	0.7%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,730	107,330	133,335	143,707	158,697
Sales Growth	-1.2%	12.1%	24.2%	7.8%	10.4%
Other Operating Income	800	980	1,217	1,312	1,449
Total Revenue	96,530	108,310	134,552	145,019	160,146
Cost of Goods Sold/Op. Exp	47,480	53,880	72,882	77,173	84,829
Personnel Cost	7,430	8,310	9,200	9,873	10,823
Other Expenses	21,360	24,730	29,283	31,417	34,409
EBITDA	20,260	21,390	23,187	26,556	30,085
EBITDA Margin	21.0%	19.7%	17.2%	18.3%	18.8%
EBITDA Growth	11.9%	5.6%	8.4%	14.5%	13.3%
Depn. & Amort.	1,580	1,780	1,920	2,115	2,330
EBIT	18,680	19,610	21,268	24,442	27,756
Other Income	1,420	2,080	2,273	2,465	2,566
Finance Cost	730	530	439	423	410
PBT before Excep. & Forex	19,370	21,160	23,102	26,485	29,912
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	19,370	21,160	23,102	26,485	29,912
Taxes	4,350	4,580	5,082	5,827	6,581
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	210	290	315	361	408
Reported Net Profit	14,810	16,290	17,704	20,297	22,923
Adjusted Net Profit	14,810	16,290	17,704	20,297	22,923
Net Margin	15.3%	15.0%	13.2%	14.0%	14.3%
Diluted Share Cap. (mn)	1,290.0	1,290.0	1,290.0	1,290.0	1,290.0
Diluted EPS (INR)	11.5	12.6	13.7	15.7	17.8
Diluted EPS Growth	13.7%	10.0%	8.7%	14.6%	12.9%
Total Dividend + Tax	12,290	13,545	15,606	17,891	21,353
Dividend Per Share (INR)	9.5	10.5	12.1	13.9	16.6

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	19,370	21,160	23,102	26,485	29,912
Depn. & Amort.	1,580	1,780	1,920	2,115	2,330
Net Interest Exp. / Inc. (-)	-690	-1,550	-1,834	-2,043	-2,156
Inc (-) / Dec in WCap.	-2,260	-2,930	1,374	-404	-124
Others	-350	10	0	0	0
Taxes Paid	-3,780	-4,840	-4,807	-5,652	-6,403
Operating Cash Flow	13,870	13,630	19,754	20,500	23,558
Capex	-1,350	-1,220	-2,400	-2,572	-2,825
Free Cash Flow	12,520	12,410	17,354	17,928	20,733
Inc (-) / Dec in Investments	2,450	-5,690	-3,180	-3,816	-4,579
Others	660	700	2,273	2,465	2,566
Investing Cash Flow	1,760	-6,210	-3,307	-3,923	-4,838
Inc / Dec (-) in Capital	340	460	0	0	0
Dividend + Tax thereon	-12,290	-4,530	-15,606	-17,891	-21,353
Inc / Dec (-) in Loans	-910	-50	-379	-341	-307
Others	-2,560	-2,370	-467	-451	-440
Financing Cash Flow	-15,420	-6,490	-16,452	-18,684	-22,100
Inc / Dec (-) in Cash	210	930	-4	-2,106	-3,380
Opening Cash Balance	9,220	6,840	7,770	7,766	5,659
Closing Cash Balance	9,430	7,770	7,766	5,659	2,280

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	38,320	39,750	41,848	44,253	45,824
Share Capital	1,290	1,290	1,290	1,290	1,290
Reserves & Surplus	37,030	38,460	40,558	42,963	44,534
Preference Share Capital	0	0	0	0	0
Minority Interest	3,370	2,910	3,225	3,587	3,995
Total Loans	3,830	3,790	3,411	3,070	2,763
Def. Tax Liab. / Assets (-)	2,110	1,910	1,910	1,910	1,910
Total - Equity & Liab.	47,630	48,360	50,394	52,820	54,491
Net Fixed Assets	27,680	27,980	28,575	29,154	29,776
Gross Fixed Assets	23,250	22,900	25,300	27,872	30,697
Intangible Assets	8,630	8,570	8,570	8,570	8,570
Less: Depn. & Amort.	6,730	6,190	8,110	10,224	12,554
Capital WIP	2,530	2,700	2,815	2,936	3,063
Investments	6,020	15,900	19,080	22,896	27,475
Current Assets	39,830	38,930	46,231	47,117	48,061
Inventories	13,360	12,350	15,342	16,536	18,261
Sundry Debtors	10,690	12,710	15,789	17,018	18,793
Cash & Bank Balances	9,430	7,770	7,766	5,659	2,280
Loans & Advances	2,120	1,480	1,733	1,868	2,063
Other Current Assets	4,230	4,620	5,600	6,036	6,665
Current Liab. & Prov.	25,900	34,450	43,492	46,347	50,821
Current Liabilities	24,010	32,120	40,749	43,321	47,469
Provisions & Others	1,890	2,330	2,743	3,026	3,352
Net Current Assets	13,930	4,480	2,739	770	-2,760
Total - Assets	47,630	48,360	50,394	52,820	54,491

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.3%	15.0%	13.2%	14.0%	14.3%
Asset Turnover (x)	2.1	2.3	2.7	2.8	3.0
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	38.8%	41.7%	43.4%	47.1%	50.9%

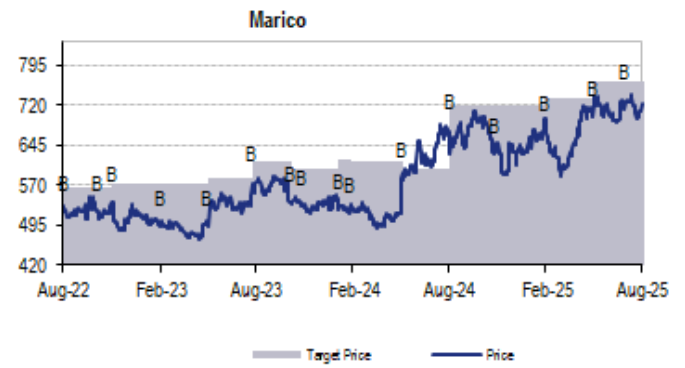
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	29.7	30.8	32.4	34.3	35.5
ROIC	51.9%	58.1%	74.7%	86.7%	95.8%
ROE	38.8%	41.7%	43.4%	47.1%	50.9%
Net Debt/Equity (x)	-0.2	-0.4	-0.5	-0.5	-0.5
P/E (x)	63.0	57.3	52.7	46.0	40.7
P/B (x)	24.3	23.5	22.3	21.1	20.4
EV/EBITDA (x)	45.8	42.9	39.5	34.4	30.4
EV/Sales (x)	9.6	8.5	6.8	6.3	5.7
Debtor days	40	43	43	43	43
Inventory days	51	42	42	42	42
Creditor days	108	128	128	128	128

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
30-Jul-21	Buy	595	
28-Oct-21	Buy	620	4.2
28-Jan-22	Buy	550	-11.3
6-May-22	Buy	560	1.8
6-Aug-22	Buy	565	0.9
7-Oct-22	Buy	565	0.0
5-Nov-22	Buy	575	1.8
3-Feb-23	Buy	575	0.0
5-May-23	Buy	585	1.7
28-Jul-23	Buy	615	5.1
9-Oct-23	Buy	600	-2.4
30-Oct-23	Buy	600	0.0
8-Jan-24	Buy	620	3.3
29-Jan-24	Buy	615	-0.8
7-May-24	Buy	600	-2.4
5-Aug-24	Buy	720	20.0
29-Oct-24	Buy	720	0.0
31-Jan-25	Buy	735	2.1
3-May-25	Buy	765	4.1
4-Jul-25	Buy	765	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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