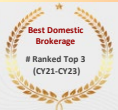


Estimate changes	↔
TP change	↔
Rating change	↔

Motilal Oswal values your support in the EXTEL POLL 2025 for India Research, Sales, Corporate Access and Trading team.
We request your ballot.

EXTEL POLL
2025



Bloomberg	MRCO IN
Equity Shares (m)	1298
M.Cap.(INRb)/(USD\$)	958.8 / 10.8
52-Week Range (INR)	761 / 578
1, 6, 12 Rel. Per (%)	1/-3/15
12M Avg Val (INR M)	1431

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	137.0	154.5	166.8
Sales Gr. (%)	26.5	12.8	7.9
EBITDA	23.4	28.6	31.9
EBITDA Margin. %	17.1	18.5	19.1
Adj. PAT	17.5	21.0	23.4
Adj. EPS (INR)	13.6	16.3	18.1
EPS Gr. (%)	9.6	20.1	11.3
BV/Sh.(INR)	31.9	34.7	38.3
Ratios			
RoE (%)	43.3	49.0	49.7
RoCE (%)	38.9	44.1	44.9
Payout (%)	92.1	82.8	79.9
Valuations			
P/E (x)	54.4	45.3	40.7
P/BV (x)	23.2	21.3	19.3
EV/EBITDA (x)	40.2	32.7	29.2
Div. Yield (%)	1.7	1.8	2.0

Shareholding Pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	58.9	59.0	59.2
DII	12.0	12.7	11.2
FII	24.5	23.7	25.0
Others	4.6	4.5	4.6

FII includes depository receipts

CMP: INR739

TP: INR850 (+15%)

Buy

Improving growth trajectory; all eyes on GM recovery

- Marico (MRCO) reported a consolidated revenue growth of 31% YoY (in line) in 2QFY26. Domestic revenue growth was 35% YoY with volume growth of 7%. The GST transition and trade pipeline adjustments impacted revenue growth by ~2%. International growth was 19% YoY (+20% CC).
- Domestic revenue growth was driven by strong core category growth and sustained success for its new growth drivers. Parachute coconut oil (PCNO) posted a 59% YoY value growth with a 3% volume decline, primarily driven by price hikes. Copra prices have already corrected by about 15% from the peak levels seen in 2Q, and management expects a more meaningful softening from March onward.
- Value-added Hair Oils (VAHO) sustained growth recovery and registered 16% revenue growth. Excluding the Amla segment, where the company continues to face intense competition, VAHO recorded double-digit volume growth. Saffola oil clocked flattish volume growth, with revenue growing 19% YoY, led by pricing. Foods delivered 12% YoY growth. Premium Personal Care sustained its healthy growth trajectory.
- Gross margin contracted 810bp YoY to 42.6% (est. 45.2%); it was at a 16-quarter low and was hit by a surge in copra prices. EBITDA margin contracted 350bp YoY to 16.1%. EBITDA grew 7% (est. 7%). Management expects to deliver double-digit EBITDA growth in 2HFY26 and foresees 200–250 bps margin expansion in FY27 as RM prices start to ease.
- Revenue growth is expected to remain in double digits in FY26 in the medium term (unlike other FMCG peers), driven by pricing, expanded direct reach, and strong performance in Foods and Premium Personal Care.
- Although rising input costs may weigh on near-term margins, the outlook for 2HFY26 remains positive. The company aims to deliver a double-digit PAT CAGR over the next two years, and we project 13% PAT CAGR over FY25–28E. Given the sustained growth trajectory, we believe the stock's premium valuation is likely to be sustained. **We reiterate our BUY rating on the stock with a TP of INR850 (based on 50x Sep'27E EPS).**

In-line earnings despite a sharp dip in GM; volume growth at 7% YoY

- **Sustaining strong revenue growth:** Consolidated net sales grew by 31% YoY to INR34.8b (est: INR34.2b) in 2QFY26. Domestic revenue growth was 35% YoY, and volumes grew 7% YoY (est. +6% YoY). Marico witnessed steady demand trends in India during the quarter, except for the transitional disruption in trade channels ahead of the implementation of new GST rates in September. International business delivered 20% CC growth, led by Bangladesh/MENA/Vietnam/ South Africa, which posted 22%/27%/6%/1% CC growth.

Naveen Trivedi – Research Analyst (Naveen.Trivedi@motilaloswal.com)

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

Investors are advised to refer through important disclosures made at the last page of the Research Report.

MotilalOswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Pressure on margins continued:** Consolidated gross margin contracted by a sharp 810bp YoY to 42.6% (est. 45.2%), as sharp inflation in key commodities (copra). Copra and vegetable prices remained at elevated levels, while crude oil derivatives remained range-bound.
- During 2QFY26, MRCO's employee expenses rose 2% YoY, ad spending was up 19% YoY, and other expenses also increased 10% YoY. EBITDA margin contracted by 350bp YoY to 16.1% in 2QFY26 (est. 16.6%). EBITDA grew by 7% YoY (est. 7%).
- MRCO's EBITDA/PBT/PAT grew 7%/8%/7% YoY to INR5.6b/INR5.5b/INR4.2b/ (est. INR5.6b/INR5.5b/INR4.2b).
- In 1HFY26, revenue/EBITDA/APAT grew 27%/6%/8%.

Highlights from the management commentary

- MRCO highlighted that volume growth should be better than 2Q in the coming quarters, supported by distribution gains and improved consumer offtake.
- Copra prices are likely to meaningfully correct from March onwards and will be rangebound for the next 2-3 months. Historically, whenever the industry enters a deflationary cycle after a prolonged inflationary period, the company sees 200–250bp margin expansion, and it expects a similar improvement in FY27.
- Towards the end of the quarter, True Elements expanded its ready-to-eat range with new high-protein, high-fiber protein bars and overnight oats, introduced across online channels.
- The profitability of these brands has improved steadily, with Beardo expected to surpass a double-digit EBITDA margin this year and Plix delivering single-digit EBITDA while scaling rapidly.

Valuation and view

- We slightly cut our FY26E EPS due to the recent copra inflation, but we maintain our FY27 and FY28 EPS estimates.
- The improvement in market share gain, accelerated growth in foods and premium personal care, healthy growth in the international business, and normalization of prices are likely to help MRCO deliver a better revenue print in FY26.
- To improve its distribution reach, MRCO has also started Project SETU, which helps drive growth in GT through a transformative expansion of its direct reach.
- We model a 15%/14% revenue and EBITDA CAGR during FY25-28E and **reiterate our BUY rating on the stock with a TP of INR850 (based on 50x Sep'27E EPS).**

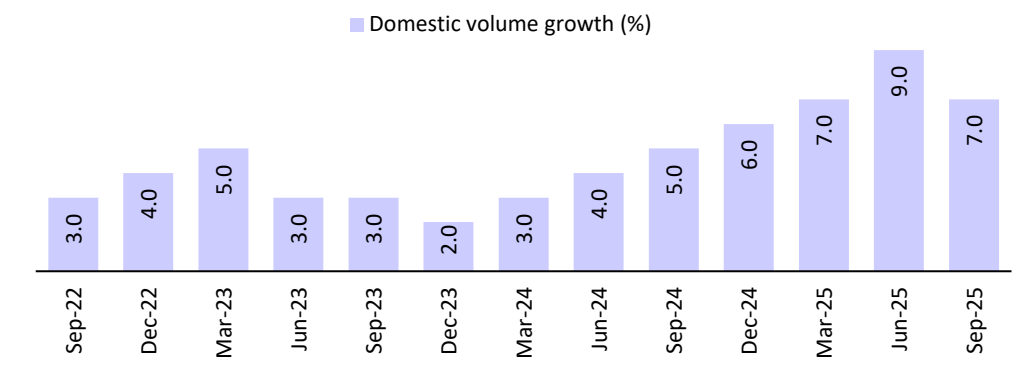
Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Domestic volume growth (%)	4.0	5.0	6.0	7.0	9.0	7.0	7.2	6.1	5.5	7.3	6.0	
Net Sales	26,430	26,640	27,940	27,300	32,590	34,820	35,689	33,922	1,08,310	1,37,021	34,168	1.9%
YoY Change (%)	6.7	7.6	15.4	19.8	23.3	30.7	27.7	24.3	12.2	26.5	28.3	
Gross Profit	13,810	13,530	13,830	13,260	15,290	14,850	15,400	14,887	54,430	60,426	15,444	-3.8%
Gross margin (%)	52.3	50.8	49.5	48.6	46.9	42.6	43.2	43.9	50.3	44.1	45.2	
EBITDA	6,260	5,220	5,330	4,580	6,550	5,600	5,971	5,257	21,390	23,378	5,563	0.7%
Margins (%)	23.7	19.6	19.1	16.8	20.1	16.1	16.7	15.5	19.7	17.1	16.3	
YoY Change (%)	9.1	5.0	3.9	3.6	4.6	7.3	12.0	14.8	5.6	9.3	6.6	
Depreciation	410	410	440	520	450	470	485	527	1,780	1,932	465	
Interest	170	110	130	120	100	120	125	132	530	477	120	
Other Income	370	400	420	470	560	490	500	562	1,660	2,112	550	
PBT	6,050	5,100	5,180	4,410	6,560	5,500	5,861	5,159	20,740	23,080	5,528	-0.5%
Tax	1,310	1,190	1,120	960	1,430	1,180	1,319	1,264	4,580	5,193	1,244	
Rate (%)	21.7	23.3	21.6	21.8	21.8	21.5	22.5	24.5	22.1	22.5	22.5	
Adjusted PAT	4,640	3,915	3,990	3,430	5,040	4,200	4,448	3,822	15,975	17,510	4,219	-0.4%
YoY Change (%)	8.7	10.9	4.2	7.9	8.6	7.3	11.5	11.4	7.9	9.6	7.8	
Reported PAT	4,640	4,230	3,990	3,430	5,040	4,200	4,448	3,822	16,290	17,510	4,219	

E: MOFSL Estimates

Exhibit 1: Domestic volume grew 7% YoY in 2QFY26



Source: Company

Exhibit 2: Consolidated segmental details

Particulars	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sales growth (%)									
Domestic	(3.4)	(3.1)	(0.2)	7.4	8.0	17.2	23.1	27.2	34.8
International	7.3	1.6	7.4	4.8	6.4	10.2	10.7	12.2	19.0
Total	(0.8)	(1.9)	1.7	6.7	7.6	15.4	19.8	23.3	30.7
EBIT margin (%)									
Domestic EBIT margin	21.2	20.2	22.6	19.8	18.7	15.6	18.8	14.9	20.2
International EBIT margin	24.8	24.6	28.9	25.5	26.0	24.0	27.9	23.9	24.5
Total	22.1	21.3	24.3	21.3	20.5	17.6	20.9	17.0	21.1

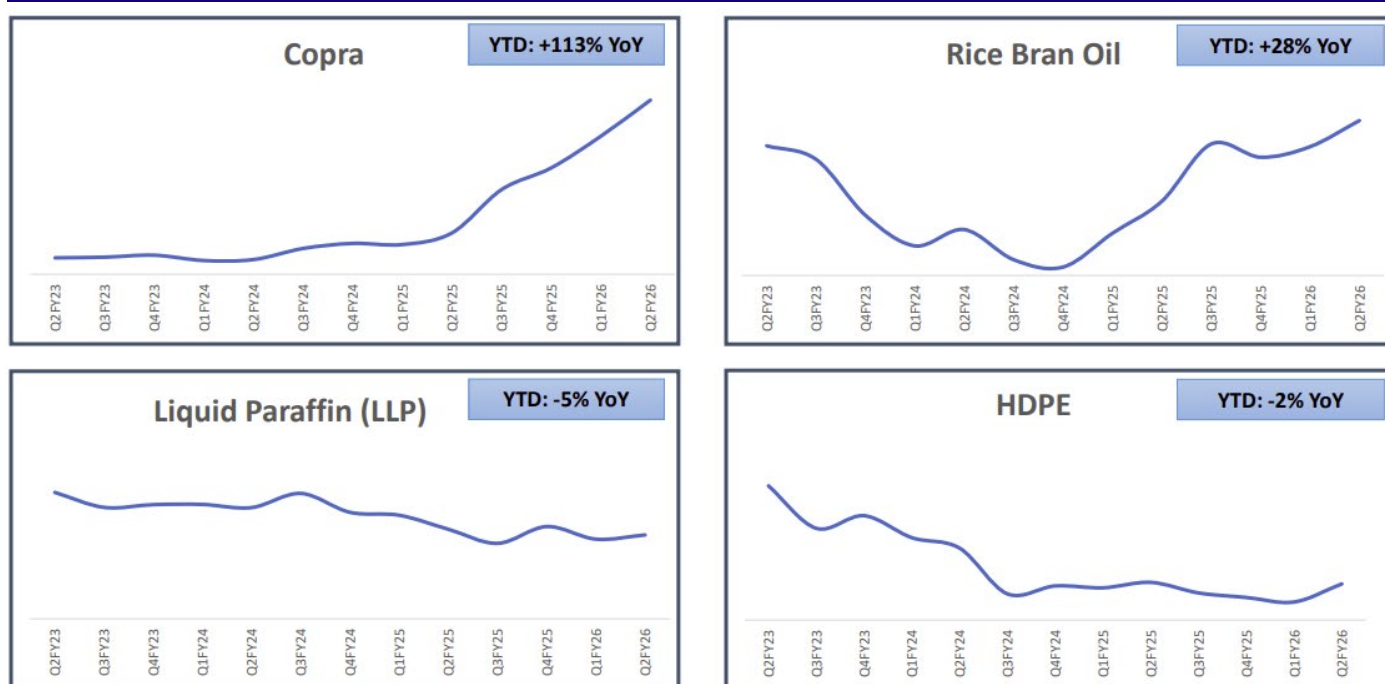
Source: Company, MOFSL

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

Franchise	~MS%	Rank
▲ Coconut Oil Franchise	63%	1 st
▲ Parachute Rigids within Coconut Oil	53%	1 st
* Saffola Oats	41%	1 st
* Value Added Hair Oils	29%	1 st
▲ Post wash Leave-on Serums	46%	1 st
▲ Hair Gels/Waxes/Creams	52%	1 st

^ Volume market share, *Value market share

Source: Company

Exhibit 4: Movements of key raw material prices


Source: Company



Key highlights from the management commentary

Business environment and outlook

- The company witnessed steady demand trends across India during the quarter, except for a temporary disruption in the trade channel ahead of the implementation of new GST rates in September.
- The India revenue grew 35% YoY, supported by timely price hikes in core portfolios to counter sharp inflation in key raw materials.
- Offtake remained strong, with over 95% of the business gaining or sustaining market share and more than 75% gaining or sustaining penetration on a MAT basis, reflecting healthy consumer traction.
- Around 30% of the India business benefited from the recent GST rate rationalization, and the company has passed on these benefits to consumers to enhance affordability and support category growth.
- The operating environment continues to favor organized players, with improved rural sentiment, gradual urban recovery, and government-driven consumption stimulus aiding demand.

- The business witnessed some impact in the first half of October due to the GST transition, but demand has now fully normalized across channels.
- **The GST-related disruption caused nearly a 2% revenue impact in 2Q.**
- **Management highlighted that volume growth should be better than 2Q levels in the coming quarters, supported by distribution gains and improved consumer offtake.**
- **Historically, whenever the industry enters a deflationary cycle after a prolonged inflationary period, the company sees 200–250 bps margin expansion, and it expects a similar improvement in FY27.**
- **The company expects to deliver double-digit EBITDA growth in 2HFY26, supported by improved operating leverage and normalization of input costs.**
- The VAHO portfolio operates at margins higher than the company average, driven by strong pricing, premiumization, and an improved product mix.
- **Copra prices are expected to meaningfully correct from March onwards and will be rangebound for the next 2-3 months.**

Material costs, margin, and guidance

- Copra prices remained elevated due to hyperinflation, although they corrected by nearly 15% from the early 2Q peak, providing marginal relief for the Parachute franchise.
- Vegetable oils also stayed at higher-than-normal levels, limiting immediate margin expansion opportunities within the edible oils and personal care categories.
- Crude oil derivatives remained largely rangebound during the quarter, allowing some stability in packaging and freight costs.
- The company continues to use a mix of calibrated price increases, ml-age reductions, and cost optimization initiatives to protect profitability.
- Profitability in the Foods segment improved meaningfully, with ~1000 bps gross margin expansion over FY24–25, reflecting scale benefits and portfolio premiumization.
- **Management expects gross and operating margins to gradually improve over the medium term as material cost inflation eases, scale efficiencies build, and premium personal care contributes a higher share.**

Segmental performance

Parachute coconut oil

- Parachute posted a 3% volume decline, primarily due to unprecedented hyperinflation in copra prices, which elevated consumer price points.
- After adjusting for the ML-age reductions that were introduced to offset inflation, the brand's underlying volume performance was broadly flattish.
- The company temporarily rationed supplies to selected institutional customers to safeguard brand profitability during the period of extreme input cost pressure.
- Despite multiple price interventions, Parachute maintained its market share on a MAT basis, underscoring its strong brand equity, loyalty, and pricing inelasticity.
- Revenue for the brand grew 59% YoY, led by price increases and mix.

- With copra prices stabilizing and correcting from peak levels, the company expects Parachute to deliver steady performance and reinforce its competitive strength in the coming quarters.

Saffola oil

- Saffola Edible Oils reported flattish volumes, given the relatively elevated pricing environment in the refined edible oils category.
- Despite volume softness, the business delivered 19% revenue growth, reflecting the price-led construct of the category.
- The newly launched Saffola Cold Pressed Oils range received encouraging consumer response, especially through E-commerce and Q-commerce channels.
- As part of its category-building initiatives, the brand launched an AI-powered “Heart to Heart Talk” campaign on World Heart Day to drive deeper awareness around heart health.
- The company remains focused on balancing category affordability and strengthening the brand’s premium positioning.

VAHO

- The VAHO portfolio grew 16% in value terms, marking the second consecutive quarter of strong double-digit growth and a sustained recovery trajectory.
- The franchise gained an additional 150 bps value market share on a MAT basis, supported by effective brand investments and distribution expansion.
- Growth within the portfolio was driven by stronger momentum in the mid-tier and premium segments, which continue to outperform the overall category.
- The company’s direct distribution expansion through Project SETU, along with benefits from GST rate reductions, further strengthened the growth outlook.
- Management expects the VAHO franchise to maintain healthy growth over the near and medium term, supported by portfolio renovation and improved channel reach.
- Excluding the Amla/Shanti Amla segment, which the company is consciously deprioritizing, the non-Amla VAHO portfolio grew in double digits, with management explicitly stating that the premium/non-Amla VAHO franchise reported double-digit volume growth during the quarter.
- Management highlighted that, on a two-year CAGR basis, the VAHO portfolio excluding Amla is growing at ~9% in volume terms, underscoring a structural recovery and stronger consumption momentum in the premium formats.

Foods

- The Foods portfolio grew 12% YoY, and its annualized revenue run rate crossed INR11bn, marking a significant milestone for the business.
- Saffola Oats continued to gain market share on a MAT basis and maintained its position as the #1 oats brand in India.
- True Elements and the plant-based nutraceuticals portfolio under Plix maintained strong growth momentum, supported by innovation and digital-led distribution.
- **Towards the end of the quarter, True Elements expanded its ready-to-eat range with new high-protein, high-fiber Protein Bars and Overnight Oats, introduced across online channels.**

- The company continues to target 25%+ CAGR in Foods, with a long-term aspiration to scale the portfolio to ~8x of FY20 revenue by FY27.

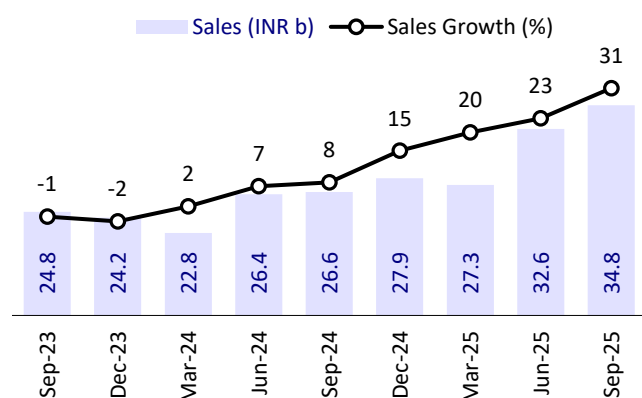
Premium Personal Care

- Premium Personal Care continued its strong double-digit growth trajectory, led by the robust performance of Digital-first brands such as Beardo, Just Herbs, and Plix Personal Care.
- The digital-first portfolio crossed INR10bn in ARR, reflecting the success of the company's digital acceleration strategy.
- **The profitability of these brands has improved steadily, with Beardo expected to surpass a double-digit EBITDA margin this year and Plix delivering single-digit EBITDA while scaling rapidly.**
- The company aims to scale the digital-first portfolio to ~2.5x of FY24 ARR by FY27, supported by TAM expansion, innovation, and deeper brand penetration across channels.
- Premium personal care continues to be a key pillar of diversification, progressively improving its share in India Net Contribution.

International business

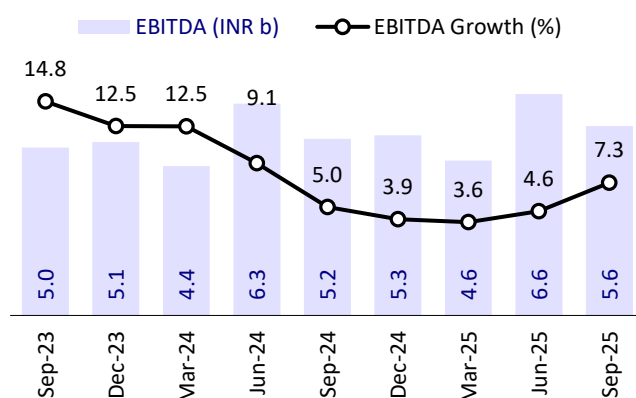
- The international business delivered 20% constant currency growth, showcasing broad-based strength across core markets.
- Bangladesh grew 22% in CC terms, supported by a stable core portfolio and the scaling up of newer categories.
- Vietnam reported 6% CCG and displayed early signs of recovery after a period of macro softness.
- MENA delivered a strong 27% CCG, driven by growth across the Gulf region and Egypt.
- South Africa grew 1% CCG, with recovery expected in the second half of the fiscal year.
- The NCD and exports segment posted a robust 53% growth, driven by renewed demand and improved route-to-market execution.
- Premium personal care in international markets has scaled at a 24% CAGR between FY21 and FY25, increasing its revenue share from ~20% to ~29%.
- **The company plans to maintain double-digit constant currency growth in the medium term through portfolio diversification, premiumization, innovation, and targeted investments across its key geographies.**

Exhibit 5: Consolidated sales grew 31% YoY to INR34.8b



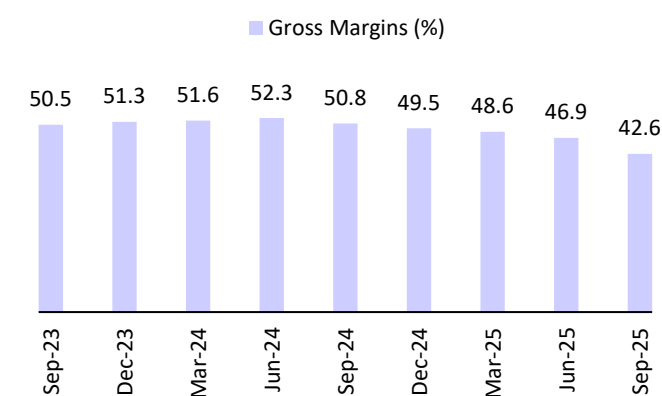
Source: Company, MOFSL

Exhibit 6: EBITDA grew 7% YoY to INR5.6b



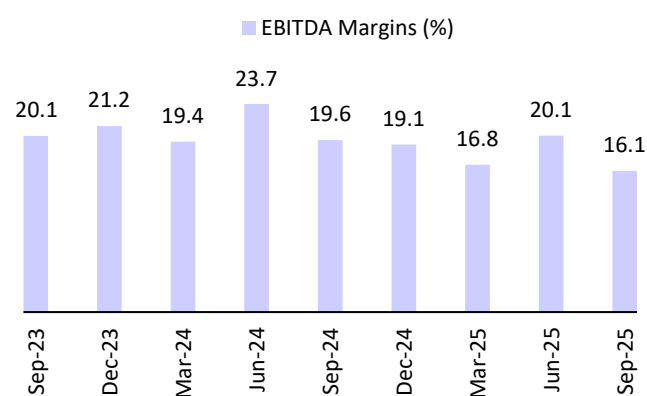
Source: Company, MOFSL

Exhibit 7: GP margin contracted 810bp YoY to 42.6%



Source: Company, MOFSL

Exhibit 8: EBITDA margin contracted 350bp YoY to 16.1%



Source: Company, MOFSL

Valuation and view

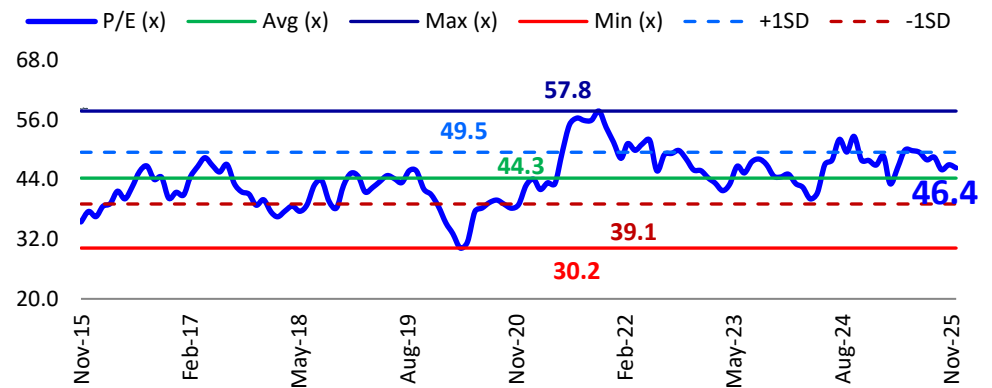
- We slightly cut our FY26E EPS due to the recent copra inflation, but we maintain our FY27 and FY28 EPS estimates.
- The improvement in market share gain, accelerated growth in foods and premium personal care, healthy growth in the international business, and normalization of prices are likely to help MRCO deliver a better revenue print in FY26.
- To improve its distribution reach, MRCO has also started Project SETU, which helps drive growth in GT through a transformative expansion of its direct reach.
- We model a 15%/14% revenue and EBITDA CAGR during FY25-28E and **reiterate our BUY rating on the stock with a TP of INR850 (based on 50x Sep'27E EPS).**

Exhibit 9: We cut our EPS estimate by 3% for FY26 and maintain our estimate for FY27

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	1,35,449	1,54,444	1,67,917	1,37,021	1,54,542	1,66,791	1.2	0.1	-0.7
EBITDA	23,898	28,338	31,695	23,378	28,604	31,898	-2.2	0.9	0.6
PAT	18,112	20,964	23,356	17,510	21,035	23,406	-3.3	0.3	0.2

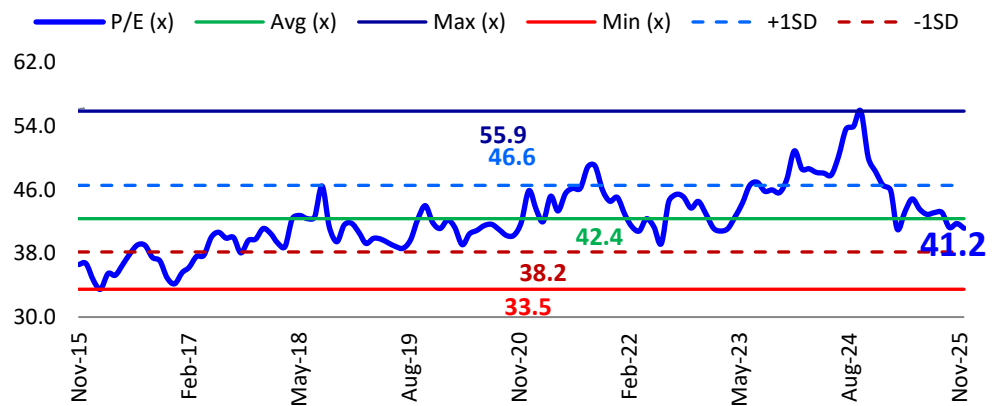
Source: Company, MOFSL

Exhibit 10: MRCO's P/E (x)



Source: Company, MOFSL

Exhibit 11: Consumer sector's P/E (x)



Source: Company, MOFSL

Financials and valuations

Income Statement

(INR m)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net Sales	73,336	73,150	80,480	94,266	97,640	96,530	1,08,310	1,37,021	1,54,542	1,66,791
Change (%)	16.0	-0.3	10.0	17.1	3.6	-1.1	12.2	26.5	12.8	7.9
COGS	40,170	37,450	42,740	54,360	53,510	47,480	53,880	76,595	84,225	88,399
Gross Profit	33,166	35,700	37,740	39,906	44,130	49,050	54,430	60,426	70,316	78,392
Margin (%)	45.2	48.8	46.9	42.3	45.2	50.8	50.3	44.1	45.5	47.0
Operating Expenses	19,910	21,010	21,860	23,096	26,030	28,790	33,040	37,049	41,712	46,494
EBITDA	13,256	14,690	15,880	16,810	18,100	20,260	21,390	23,378	28,604	31,898
Change (%)	16.5	10.8	8.1	5.9	7.7	11.9	5.6	9.3	22.4	11.5
Margin (%)	18.1	20.1	19.7	17.8	18.5	21.0	19.7	17.1	18.5	19.1
Depreciation	1,310	1,400	1,390	1,390	1,550	1,580	1,780	1,932	2,056	2,211
Int. and Fin. Charges	400	500	340	390	560	730	530	477	501	526
Other Income - Recurring	1,030	1,240	1,131	958	1,440	1,420	1,660	2,112	2,077	2,454
Profit before Taxes	12,576	14,030	15,281	15,988	17,430	19,370	20,740	23,080	28,125	31,615
Change (%)	12.6	11.6	8.9	4.6	9.0	11.1	7.1	11.3	21.9	12.4
Margin (%)	17.1	19.2	19.0	17.0	17.9	20.1	19.1	16.8	18.2	19.0
Current Tax (excl MAT Ent)	1,430	3,470	3,240	3,460	4,210	4,350	4,580	5,193	6,750	7,904
Deferred Tax	-170	-160	0	0	0	0	0	0	0	0
Tax Rate (%)	10.0	23.6	21.2	21.6	24.2	22.5	22.1	22.5	24.0	25.0
Minority Interest	-160	-220	-310	-290	-200	-210	-290	-377	-339	-305
Profit after Taxes	11,156	10,500	11,731	12,238	13,020	14,810	15,975	17,510	21,035	23,406
Change (%)	37.0	-5.9	11.7	4.3	6.4	13.7	7.9	9.6	20.1	11.3
Margin (%)	15.2	14.4	14.6	13.0	13.3	15.3	14.7	12.8	13.6	14.0
Extraordinary items	1,871	-154	231	-22	0	0	315	0	0	0
Reported PAT	13,027	10,346	11,962	12,216	13,020	14,810	16,290	17,510	21,035	23,406

Balance Sheet

(INR m)

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Share Capital	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290
Reserves	28,460	28,940	31,110	31,890	36,700	37,030	38,460	39,845	43,466	48,167
Net Worth	29,750	30,230	32,400	33,180	37,990	38,320	39,750	41,135	44,756	49,457
Minority Interest	120	130	180	570	1,570	3,370	2,910	3,287	3,626	3,932
Loans	3,490	3,350	3,480	3,450	4,750	3,830	3,790	3,050	2,850	2,650
Capital Employed	33,360	33,710	36,060	37,200	44,310	45,520	46,450	47,472	51,232	56,038
Gross Fixed Assets	11,180	12,650	15,450	17,910	22,240	28,590	30,770	32,770	34,770	36,770
Less: Accum. Depn.	-3,210	-4,070	-5,460	-6,850	-8,400	-9,980	-11,760	-13,692	-15,749	-17,959
Net Fixed Assets	7,970	8,580	9,990	11,060	13,840	18,610	19,010	19,078	19,021	18,811
Capital WIP	450	580	240	390	670	440	400	400	400	400
Goodwill	5,030	5,380	6,130	6,540	8,620	8,630	8,570	8,570	8,570	8,570
Investments	4,500	7,330	8,540	8,280	10,960	6,020	15,900	15,900	15,900	15,900
Current	3,910	6,280	6,280	6,410	5,780	2,590	13,750	13,750	13,750	13,750
Non-current	590	1,050	2,260	1,870	5,180	3,430	2,150	2,150	2,150	2,150
Deferred Charges	0	0	0	0	0	0	0	0	0	0
Curr. Assets, L&A	29,120	26,560	28,340	29,420	33,910	39,830	38,930	34,154	41,699	49,467
Inventory	14,110	13,800	11,280	14,009	12,250	13,360	12,350	17,547	19,687	21,283
Account Receivables	5,170	5,390	3,880	6,520	10,150	10,690	12,710	8,632	9,736	10,508
Cash and Bank Balance	5,520	2,790	9,250	5,391	7,560	9,430	7,770	732	4,336	9,249
Others	4,320	4,580	3,930	3,500	3,950	6,350	6,100	7,243	7,940	8,427
Curr. Liab. and Prov.	15,600	16,250	18,200	19,270	23,370	25,900	34,450	28,719	32,448	35,199
Current Liabilities	3,880	4,240	5,190	4,430	7,260	8,780	19,090	20,999	23,099	25,409
Accounts Payable	9,440	9,780	11,340	13,440	14,520	15,810	13,630	5,720	7,037	7,116
Provisions	2,280	2,230	1,670	1,400	1,590	1,310	1,730	2,000	2,313	2,675
Net Current Assets	13,520	10,310	10,140	10,150	10,540	13,930	4,480	5,435	9,251	14,268
Deferred Tax Liability	1,890	1,530	1,020	780	-320	-2,110	-1,910	-1,910	-1,910	-1,910
Application of Funds	33,360	33,710	36,060	37,200	44,310	45,520	46,450	47,472	51,232	56,038

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Basic (INR)										
EPS	8.6	8.1	9.1	9.5	10.1	11.5	12.4	13.6	16.3	18.1
Cash EPS	8.2	9.1	10.1	10.6	11.3	12.7	13.8	15.1	17.9	19.9
BV/Share	23.1	23.4	25.1	25.7	29.4	29.7	30.8	31.9	34.7	38.3
DPS	5.0	6.8	7.5	9.3	9.5	10.5	11.5	12.5	13.5	14.5
Payout %	49.5	84.2	80.9	97.7	94.1	91.5	91.1	92.1	82.8	79.9
Valuation (x)										
P/E	85.5	90.8	81.3	77.9	73.2	64.4	59.7	54.4	45.3	40.7
Cash P/E	90.0	81.0	73.3	69.8	65.4	58.2	53.7	49.0	41.3	37.2
EV/Sales	12.9	12.9	11.7	10.0	9.6	9.8	8.6	6.9	6.1	5.6
EV/EBITDA	71.4	64.4	59.1	56.1	51.9	46.5	43.6	40.2	32.7	29.2
P/BV	32.0	31.5	29.4	28.7	25.1	24.9	24.0	23.2	21.3	19.3
Dividend Yield (%)	0.7	0.9	1.0	1.3	1.3	1.4	1.6	1.7	1.8	2.0
Return Ratios (%)										
RoE	40.4	35.0	37.5	37.3	36.6	38.8	40.9	43.3	49.0	49.7
RoCE	37.7	33.1	35.3	35.0	33.5	34.7	36.0	38.9	44.1	44.9
RoIC	49.0	44.2	55.6	58.7	52.0	52.9	58.8	62.9	66.1	72.9
Working Capital Ratios										
Debtor (Days)	26	27	18	25	38	40	43	23	23	23
Asset Turnover (x)	2.2	2.2	2.2	2.5	2.2	2.1	2.3	2.9	3.0	3.0
Leverage Ratio										
Debt/Equity (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
(INR m)										
OP/(loss) before Tax	12,570	13,740	15,401	15,988	17,430	19,370	21,160	23,080	28,125	31,615
Others	-460	-100	-231	22	-580	-1,000	-1,300	0	0	0
Depreciation	1,310	1,500	1,390	1,390	1,550	1,580	1,780	1,932	2,056	2,211
Interest Paid	-140	-220	340	390	70	-40	-240	477	501	526
Direct Taxes Paid	-3,200	-2,900	-3,240	-3,460	-3,690	-3,780	-4,840	-5,193	-6,750	-7,904
(Incr)/Decr in WC	210	330	7,230	-3,728	-590	-2,260	-2,930	-8,205	-464	-399
CF from Operations	10,290	12,350	20,890	10,602	14,190	13,870	13,630	12,092	23,468	26,049
(Incr)/Decr in FA	-1,430	-1,860	-3,210	-3,020	-1,570	-1,350	-1,220	-2,000	-2,000	-2,000
Free Cash Flow	8,860	10,490	17,680	7,582	12,620	12,520	12,410	10,092	21,468	24,049
(Pur)/Sale of Investments	1,030	-1,890	0	-130	-7,560	2,450	-5,690	0	0	0
Others	609	130	-1,380	870	2,709	2,320	-1,890	-16	-10	-7
CF from Invest.	209	-3,620	-4,590	-2,280	-6,421	3,420	-8,800	-2,016	-2,010	-2,007
Issue of Shares	0	0	225	453	90	340	460	0	0	0
(Incr)/Decr in Debt	-50	-690	130	-30	1,280	-910	-50	-740	-200	-200
Dividend Paid	-6,820	-10,250	-9,675	-11,933	-6,070	-12,290	-4,530	-16,125	-17,415	-18,705
Others	-110	-520	-520	-670	-900	-2,560	-2,370	-249	-239	-224
CF from Fin. Activity	-6,980	-11,460	-9,840	-12,180	-5,600	-15,420	-6,490	-17,114	-17,854	-19,129
Incr/Decr of Cash	3,519	-2,730	6,460	-3,858	2,169	1,870	-1,660	-7,038	3,604	4,912
Add: Opening Balance	2,001	5,520	2,790	9,250	5,391	7,560	9,430	7,770	732	4,336
Closing Balance	5,520	2,790	9,250	5,391	7,560	9,430	7,770	732	4,336	9,249

E: MOFSL Estimates

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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

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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
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