

Revenue print remains strong; pace of volume recovery in core will be key

Marico's 4QFY25 earnings print was largely inline with its pre-quarter update. Domestic revenue growth of 20% (with volume growth of 7%) is likely to be best in class among the Staples peers. Volume growth was entirely driven by new franchises (Foods & Premium Personal Care portfolio) while volumes in core portfolio declined in low single digits (impacted by steep price hikes & ml-age reduction). Mgmt reiterated its guidance of double digit revenue growth for FY26E - with strong pricing growth 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 1QFY25 which has high margins in base) with copra inflation cycle extending. 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 & some recovery in VAHO) to cushion the impact on profitability. We continue to like Marico within our HPC coverage; execution on portfolio diversification remains strong and earnings visibility is relatively better. Maintain BUY with a revised TP of INR 765 (47x June'27 EPS). Pace of recovery in core portfolio volumes & movement in copra prices will be key monitorable.

- **Strong revenue growth print while copra inflation weighs on profitability:** Marico's 4QFY25 consolidated revenue grew 19.8% yoy to INR 27.3bn led by domestic sales growth of 23% (led by volume growth of 7% & price hikes in Parachute/Saffola Edible Oils) and International sales growth of 11%. GM contracted by 301bps (standalone GM down 520bps) to 48.6% as input costs remained elevated (copra/vegetable oil). Staff costs and other expenses grew by c.11%-12% yoy, while A&P spends rose 35% yoy to 11.2% of sales (highest levels seen since 2017). EBITDA margins fell by 263bps to 16.8%, resulting in EBITDA and PAT growth being lower at c.4% and c.8% respectively. Management remains confident about double-digit revenue growth momentum and will strive to deliver double-digit operating profit growth in FY26E.
- **Pricing-led growth drives core portfolio sales as volumes remain weak; Newer businesses continue to deliver ahead of expectations:** 1) **Parachute** volumes declined 1% due to consumption titration amidst steep price hikes and ml-age reduction in select packs (impact of c.2%); pricing-led growth was c.23%, resulting in sales growth of 22%. Marico has taken another round of price increase of c.8-9% in 1QFY26 as copra prices remain firm. 2) **Saffola Edible Oils** grew 26% led by pricing interventions in response to elevated vegetable oil prices. Volumes saw marginal drop as a result. 3) **VAHO** sales grew 1% led by mid and premium segments. While performance is weaker vs other core businesses, growth of 1% was better than decline witnessed in the last four quarters. 4) **Newer businesses'** performance – Foods grew 44% (Saffola Oats grew in double digits); Premium Personal Care continued strong performance led by Digital-first portfolio (reached INR 750cr. ARR in FY25). 5) **International** growth improved to 16% CC (reported growth of 11%) – MENA region saw robust 47% CC driven by double digit growth in Gulf and Egypt. South Africa and Bangladesh grew 13% and 11% CC while Vietnam remained muted.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,730	107,344	122,282	134,067	147,535
Sales Growth (%)	-1.2	12.1	13.9	9.6	10.0
EBITDA	20,260	21,390	23,329	26,414	29,849
EBITDA Margin (%)	21.0	19.7	18.9	19.5	20.1
Adjusted Net Profit	14,810	16,289	17,769	20,157	22,775
Diluted EPS (INR)	11.5	12.6	13.8	15.6	17.7
Diluted EPS Growth (%)	13.7	10.0	9.1	13.4	13.0
ROIC (%)	51.9	58.1	73.0	81.9	90.9
ROE (%)	38.8	41.7	43.5	46.8	50.6
P/E (x)	60.8	55.3	50.7	44.7	39.5
P/B (x)	23.5	22.7	21.5	20.4	19.7
EV/EBITDA (x)	44.2	41.4	37.9	33.4	29.6
Dividend Yield (%)	1.4	1.5	1.7	2.0	2.4

Source: Company data, JM Financial. Note: Valuations as of 02/May/2025

Mehul Desai
mehul.desai@jmfl.com | Tel: (91 22) 66303065

Gaurav Jogani
gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Sumanyu Saraf
sumanyu.saraf@jmfl.com | Tel: (91 22) 66303077

Pooja Kubadia
pooja.kubadia@jmfl.com | Tel: (91 22) 66303074

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	765
Upside/(Downside)	9.6%
Previous Price Target	735
Change	4.1%

Key Data – MRCO IN

Current Market Price	INR698
Market cap (bn)	INR903.9/US\$10.7
Free Float	37%
Shares in issue (mn)	1,290.0
Diluted share (mn)	1,290.0
3-mon avg daily val (mn)	INR1,393.5/US\$16.5
52-week range	737/510
Sensex/Nifty	80,502/24,347
INR/US\$	84.5

Price Performance

%	1M	6M	12M
Absolute	6.3	8.0	34.7
Relative*	-0.5	6.6	23.7

* 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

- Consumer sentiments remained largely stable with improving rural demand but mixed trends in mass and affluent urban segments.
- Management believes ease in retail and food inflation to improve consumption trends going ahead.
- Demand drivers for rural growth: a) healthy monsoon season and b) higher MSPs and continued government spending.

Domestic business

- **Parachute business** witnessed a muted quarter as a result of consumption titration which is typical during hyperinflationary cycles like the one currently witnessed. In addition to price hikes, the company implemented ML reduction in select packs over the last 6-9 months. Adjusting for the impact of ml-reduction, the brand recorded low single-digit volume growth in Q4. The company has taken another round of pricing of c.8%-9% in 1QFY26. Management is hopeful of volume recovery in the core portfolios over next couple of quarters, as pricing stabilizes and ml-age reductions start coming into base.
- **Copra prices are higher than anticipated** which will keep gross margins under pressure in the next quarter post which they can soften and margins can ease out. Volumes are expected to pick up from 2QFY26.
- **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. Further, branded players also have price hikes inline with costs rather than going for any irrational competitive activity.
- **Saffola Edible Oils** grew 26% yoy led by pricing as the brand recorded a low single-digit volume decline amidst elevated pricing in response to elevated vegetable oil prices. Management expects modest volume growth provided no significant volatility in the raw material costs.
- **VAHO** grew 1% yoy in 4Q (declined in the previous four quarters), led by steady performance in the mid and premium segments of the portfolio. Focused interventions are being undertaken at the bottom of pyramid segment. Project SETU should further aid improvement in the volume growth trajectory. Management is confident that the improving trajectory will continue through FY26.
- **Foods'** core portfolio continues to do well, while green shoots are visible in recent launches of Muesli. With core portfolio growing in double-digits, management will now focus on strengthening the GT network and other categories such as honey, muesli, etc. to accelerate growth.
- **Premium Personal Care:** Strong momentum sustained by digital first brands. Beardo has scaled 4x (vs. FY21 scale) while Just herbs crossed the INR 100 crores revenue mark. Beardo delivered near double digit EBITDA margin while Plix maintained single digits.
- **Digital-first brands:** The company achieved INR 750 crores ARR by FY25. Management identified two cohorts with different growth journey: a) Beardo/Plix at EBITDA positive levels are expected to achieve INR 1,000 crores ARR in FY26E and b) Just Herbs and True Elements to grow at 20-25% (sustainable levels) and break-even over the next 18-24 months.

International business

Revenue share of premium products grew to 29% in FY25 vs. 20% in FY21. Management is confident to deliver double-digit CC growth over the medium term. Geographically, management stated: a) **MENA** poses significant headroom for growth in topline as well as profitability, b) while growth remains robust, the diversification for **Bangladesh** continues, and c) Interventions are underway to transform GT portfolio in **Vietnam**.

Distribution Channel

- Alternate channel gained saliency vs. GT, specifically in Tier 1 cities. GT continues to remain sluggish.
- Quick commerce continues to grow rapidly and accounts for c.3% of the India business, while it contributes to 7% of BPC and Foods. Q-comm is a big driver for Foods business. The company focuses on building assortment of products across categories to effectively capitalise the channel's potential.
- 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.

Guidance

- **FY26 Guidance** – Management expects to sustain the double-digit revenue growth momentum and will strive to deliver double-digit operating profit growth in FY26E.
- **Copra prices** remain firm due to lower arrivals in the market which has extended the inflation cycle. Mgmt expects moderation in prices from Q2 and expects moderate inflation in copra for rest of the year.
- **Medium to Long-term guidance**
 - Management 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.
 - To grow Foods at 25%+ CAGR to 8x of FY20 revenues (~2x of FY24 revenue) in FY27E and gradual margin expansion as the business scales up.
 - Digital-first portfolio to scale to ~2.5x of FY24 ARR (earlier ~2x of FY24 ARR) in FY27E. Aim is to achieve double-digit EBITDA margin in the portfolio in FY27E.
 - Composite revenue share of Foods and Premium Personal Care to constitute 25% of India business by FY27E (presently 22% at INR 2,000 cr. ARR).
- **A&P spends** will broadly remain at similar levels as FY25. Management will continue to invest behind core alongside cost efficiency program which will cut down spends through: a) shift from BTL to ATL, and b) elimination of non-production spends.
- **Effective tax rate** – c. 22% for FY26/27E.

Exhibit 1. 4Q & FY25 consolidated snapshot: Overall performance inline with expectations

(INR mn)

	4QFY25	4QFY24	YoY chg	4QFY25E	% Var	FY25	FY24	YoY chg
Net Sales	27,300	22,780	19.8%	26,649	2.4%	108,310	96,530	12.2%
Gross Profit	13,260	11,750	12.9%	13,218	0.3%	54,430	49,050	11.0%
Gross Profit Margin %	48.6%	51.6%	-301 bps	49.6%	-103 bps	50.3%	50.8%	-56 bps
Staff Cost	2,080	1,860	11.8%	2,132	-2.4%	8,310	7,430	11.8%
Ad & Sales Promotion	3,050	2,260	35.0%	2,745	11.1%	11,280	9,520	18.5%
Other Expenses	3,550	3,210	10.6%	3,720	-4.6%	13,450	11,840	13.6%
EBITDA	4,580	4,420	3.6%	4,621	-0.9%	21,390	20,260	5.6%
EBITDA margin %	16.8%	19.4%	-263 bps	17.3%	-57 bps	19.7%	21.0%	-124 bps
Depreciation	520	410	26.8%	440	18.3%	1,780	1,580	12.7%
EBIT	4,060	4,010	1.2%	4,182	-2.9%	19,610	18,680	5.0%
Interest Expense	120	170	-29.4%	130	-7.7%	530	730	-27.4%
Financial Other Income	470	150	213.3%	346	35.7%	2,080	1,420	46.5%
PBT pre-exceptionals	4,410	3,990	10.5%	4,398	0.3%	21,160	19,370	9.2%
PBT post exceptionals	4,410	3,990	10.5%	4,398	0.3%	21,160	19,370	9.2%
Taxes	960	790	21.5%	950	1.1%	4,580	4,350	5.3%
Minority Interest	20	20	0.0%	50	-60.0%	290	210	38.1%
Reported Net Profit	3,430	3,180	7.9%	3,398	0.9%	16,290	14,810	10.0%
Adjusted Net Profit	3,430	3,180	7.9%	3,398	0.9%	15,930	14,700	8.4%

Source: Company, JM Financial

Exhibit 2. Quarterly financial performance - consolidated basis

INR mn	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Domestic Consumer Volume Growth	3.0%	4.0%	5.0%	3.0%	3.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%
Sales	24,960	24,700	22,400	24,770	24,760	24,220	22,780	26,430	26,640	27,940	27,300
YoY	3%	3%	4%	-3%	-1%	-2%	2%	7%	8%	15%	20%
Gross Profit	10890	11100	10620	12380	12500	12420	11750	13810	13530	13830	13260
Staff cost	1,660	1,600	1,710	1,810	1,870	1,890	1,860	2,030	2,130	2,070	2,080
A&P spends	2,130	2,200	2,100	2,120	2,680	2,460	2,260	2,400	2,900	2,930	3,050
Other expenses	2,770	2,740	2,880	2,710	2,980	2,940	3,210	3,120	3,280	3,500	3,550
EBITDA	4,330	4,560	3,930	5,740	4,970	5,130	4,420	6,260	5,220	5,330	4,580
YoY	2%	6%	14%	9%	15%	13%	12%	9%	5%	4%	4%
Depreciation	370	390	430	360	390	420	410	410	410	440	520
Interest	150	140	170	170	200	190	170	170	110	130	120
Other income	190	400	680	320	380	430	150	370	820	420	470
PBT	4,000	4,430	4,010	5,530	4,760	4,950	3,990	6,050	5,520	5,180	4,410
YoY	-1%	9%	25%	11%	19%	12%	0%	9%	16%	5%	11%
Pre-tax Exceptional Income/ (Exp)	0	0	0	140	0	0	0	0	0	0	0
Tax	930	1100	960	1310	1160	1090	790	1310	1190	1120	960
PAT after exceptional item	3,070	3,330	3,050	4,360	3,600	3,860	3,200	4,740	4,330	4,060	3,450
Share of profit of associates	0	0	0	0	0	0	0	0	0	0	0
Minority Interest	60	50	30	90	70	30	20	100	100	70	20
PAT	3,010	3,280	3,020	4,270	3,530	3,830	3,180	4,640	4,230	3,990	3,430
YoY	-3%	6%	20%	15%	17%	17%	5%	9%	20%	4%	8%
% to sales	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Gross margin	43.6%	44.9%	47.4%	50.0%	50.5%	51.3%	51.6%	52.3%	50.8%	49.5%	48.6%
Staff cost	6.7%	6.5%	7.6%	7.3%	7.6%	7.8%	8.2%	7.7%	8.0%	7.4%	7.6%
Other expenses	11.1%	11.1%	12.9%	10.9%	12.0%	12.1%	14.1%	11.8%	12.3%	12.5%	13.0%
EBITDA margin	17.3%	18.5%	17.5%	23.2%	20.1%	21.2%	19.4%	23.7%	19.6%	19.1%	16.8%

Source: Company, JM Financial

Exhibit 3. Quarterly financial performance - standalone basis

INR mn	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Sales	19,090	18,910	17,020	18,410	17,910	17,330	16,370	18,860	18,600	19,650	18,700
YoY	0%	2%	1%	-7%	-6%	-8%	-4%	2%	4%	13%	14%
Gross Profit	7300	7680	7180	8320	8090	7990	7570	8760	8280	8400	7680
Staff cost	1,000	980	1,080	1,140	1,150	1,130	1,210	1,270	1,320	1,220	1,240
A&P spends	1,120	1,280	1,130	1,190	1,390	1,130	1,140	1,060	1,170	1,130	980
Other expenses	2,100	2,020	2,180	1,960	2,130	2,090	2,250	2,150	2,340	2,410	2,340
EBITDA	3,080	3,400	2,790	4,030	3,420	3,640	2,970	4,280	3,450	3,640	3,120
YoY	4%	14%	13%	5%	11%	7%	6%	6%	1%	0%	5%
Depreciation	250	280	310	250	260	290	270	280	280	290	380
Interest	100	90	90	70	100	80	70	50	70	60	50
Other income	1,310	350	300	370	350	350	280	180	3,020	1,220	1,490
PBT	4,040	3,380	2,690	4,080	3,410	3,620	2,910	4,130	6,120	4,510	4,180
YoY	3%	0%	-21%	-15%	-16%	7%	8%	1%	79%	25%	44%
Pre tax Exceptional Income/ (Exp)	0	0	0	0	0	0	0	0	0	0	0
Tax	700	840	650	1010	830	780	620	1020	830	750	930
PAT	3,340	2,540	2,040	3,070	2,580	2,840	2,290	3,110	5,290	3,760	3,250
YoY	2%	-9%	-30%	-21%	-23%	12%	12%	1%	105%	32%	42%
% to sales	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Gross margin	38.2%	40.6%	42.2%	45.2%	45.2%	46.1%	46.2%	46.4%	44.5%	42.7%	41.1%
Staff cost	5.2%	5.2%	6.3%	6.2%	6.4%	6.5%	7.4%	6.7%	7.1%	6.2%	6.6%
Other expenses	11.0%	10.7%	12.8%	10.6%	11.9%	12.1%	13.7%	11.4%	12.6%	12.3%	12.5%
EBITDA margin	16.1%	18.0%	16.4%	21.9%	19.1%	21.0%	18.1%	22.7%	18.5%	18.5%	16.7%

Source: Company, JM Financial

Exhibit 4. Quarterly segmental overview

INR mn	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue - Consumer Products											
Domestic	18,960	18,510	16,830	18,270	18,320	17,930	16,800	19,620	19,790	21,010	20,680
YoY	1%	2%	2%	-5%	-3%	-3%	0%	7%	8%	17%	23%
International	6,000	6,190	5,570	6,500	6,440	6,290	5,980	6,810	6,850	6,930	6,620
YoY	9%	5%	10%	2%	7%	2%	7%	5%	6%	10%	11%
Total	24,960	24,700	22,400	24,770	24,760	24,220	22,780	26,430	26,640	27,940	27,300
YoY	3%	3%	4%	-3%	-1%	-2%	2%	7%	8%	15%	20%
EBIT - Consumer Products											
Domestic	3,290	3,440	3,020	4,280	3,760	3,800	3,390	4,440	3,920	3,920	3,220
Margin %	17%	19%	18%	23%	21%	21%	20%	23%	20%	19%	16%
International	1,270	1,340	1,180	1,810	1,500	1,560	1,470	1,970	1,750	1,800	1,590
Margin %	21%	22%	21%	28%	23%	25%	25%	29%	26%	26%	24%
Total	4,560	4,780	4,200	6,090	5,260	5,360	4,860	6,410	5,670	5,720	4,810
Margin %	18%	19%	19%	25%	21%	22%	21%	24%	21%	20%	18%
YoY	5%	8%	16%	10%	15%	12%	16%	5%	8%	7%	-1%

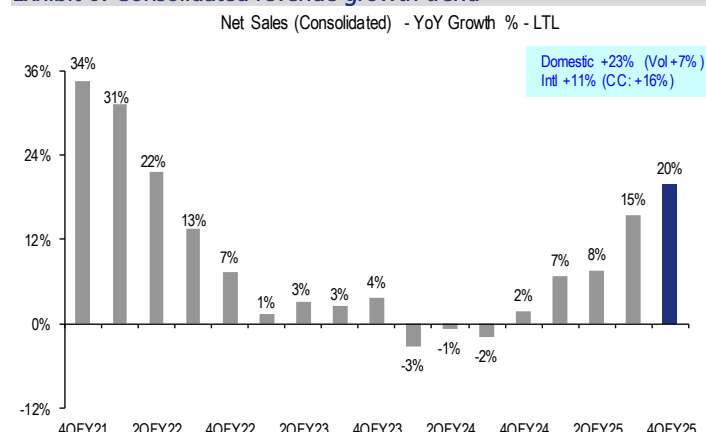
Source: Company, JM Financial

Exhibit 5. Volume-Value growth trends

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

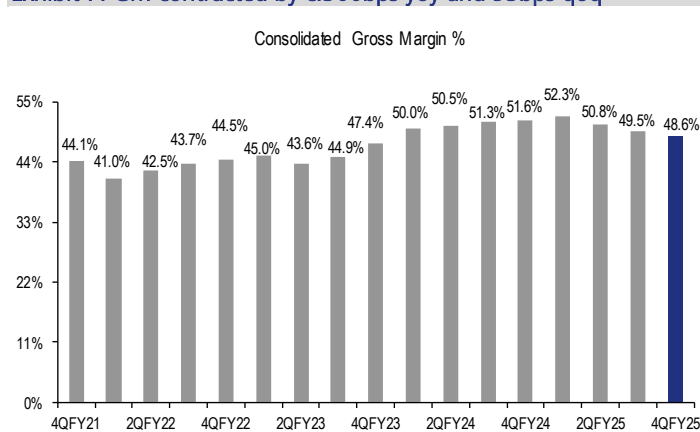
Source: Company, JM Financial

Exhibit 6. Consolidated revenue growth trend



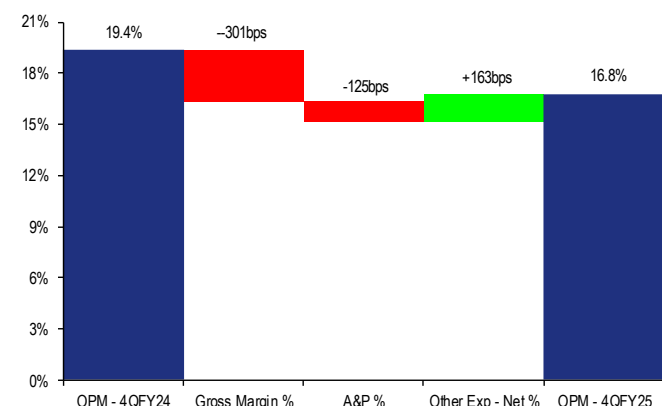
Source: Company, JM Financial

Exhibit 7. GM contracted by c.300bps yoy and 93bps qoq



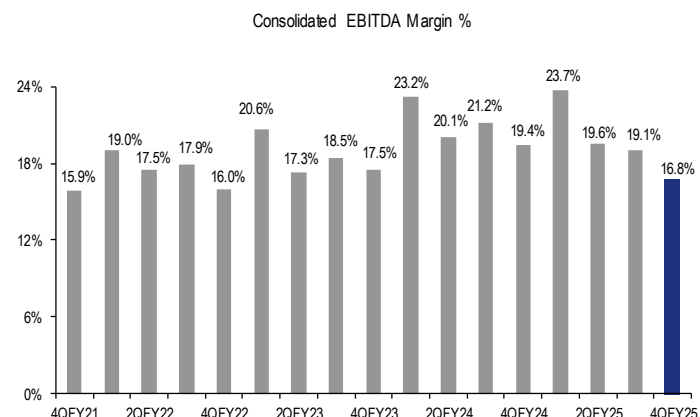
Source: Company, JM Financial

Exhibit 8. Weak GM performance along with high A&P spends only partially offset by lower other expenses...



Source: Company, JM Financial

Exhibit 9. ... leading to EBITDA margin compression by 263bps yoy, 230bps qoq



Source: Company, JM Financial

Exhibit 10. Marico's 5yr avg PE Band



Source: Bloomberg, Company, JM Financial

Exhibit 11. Marico's 10yr avg PE Band



Source: Bloomberg, Company, JM Financial

Exhibit 12. Revision in estimates

INR mn	Revised		Earlier		Change %	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	123,383	135,273	118,334	130,888	4.3%	3.4%
EBITDA	23,329	26,414	24,430	27,708	-4.5%	-4.7%
PAT	17,769	20,157	18,016	20,142	-1.4%	0.1%
EPS	13.8	15.6	14.0	15.6	-1.4%	0.1%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,730	107,344	122,282	134,067	147,535
Sales Growth	-1.2%	12.1%	13.9%	9.6%	10.0%
Other Operating Income	800	966	1,101	1,207	1,328
Total Revenue	96,530	108,310	123,383	135,273	148,863
Cost of Goods Sold/Op. Exp	47,480	53,880	62,888	68,434	74,704
Personnel Cost	7,430	8,310	9,232	10,082	11,050
Other Expenses	21,360	24,730	27,933	30,344	33,259
EBITDA	20,260	21,390	23,329	26,414	29,849
EBITDA Margin	21.0%	19.7%	18.9%	19.5%	20.1%
EBITDA Growth	11.9%	5.6%	9.1%	13.2%	13.0%
Depn. & Amort.	1,580	1,780	1,924	2,092	2,276
EBIT	18,680	19,610	21,405	24,322	27,573
Other Income	1,420	2,080	2,292	2,455	2,587
Finance Cost	730	530	511	474	442
PBT before Excep. & Forex	19,370	21,160	23,186	26,303	29,718
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	19,370	21,160	23,186	26,303	29,718
Taxes	4,350	4,580	5,101	5,787	6,538
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	210	290	316	359	405
Reported Net Profit	14,810	16,290	17,769	20,157	22,775
Adjusted Net Profit	14,810	16,289	17,769	20,157	22,775
Net Margin	15.3%	15.0%	14.4%	14.9%	15.3%
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	13.8	15.6	17.7
Diluted EPS Growth	13.7%	10.0%	9.1%	13.4%	13.0%
Total Dividend + Tax	12,290	13,545	15,663	17,769	21,214
Dividend Per Share (INR)	9.5	10.5	12.1	13.8	16.4

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	19,370	21,160	23,186	26,303	29,718
Depn. & Amort.	1,580	1,780	1,924	2,092	2,276
Net Interest Exp. / Inc. (-)	-690	-1,550	-1,781	-1,981	-2,145
Inc (-) / Dec in WCap.	-2,260	-2,930	-161	-319	-334
Others	140	10	0	0	0
Taxes Paid	-3,780	-4,840	-4,822	-5,625	-6,361
Operating Cash Flow	14,360	13,630	18,347	20,469	23,153
Capex	-1,350	-1,220	-2,186	-2,384	-2,608
Free Cash Flow	13,010	12,410	16,160	18,086	20,545
Inc (-) / Dec in Investments	2,450	-5,690	-3,180	-3,816	-4,579
Others	660	700	2,292	2,455	2,587
Investing Cash Flow	1,760	-6,210	-3,074	-3,745	-4,601
Inc / Dec (-) in Capital	340	460	0	0	0
Dividend + Tax thereon	-12,290	-4,530	-15,663	-17,769	-21,214
Inc / Dec (-) in Loans	-910	-50	-379	-341	-307
Others	-2,560	-2,370	-523	-486	-453
Financing Cash Flow	-15,420	-6,490	-16,565	-18,595	-21,974
Inc / Dec (-) in Cash	700	930	-1,293	-1,870	-3,422
Opening Cash Balance	8,730	6,840	7,770	6,477	4,607
Closing Cash Balance	9,430	7,770	6,477	4,607	1,185

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	38,320	39,750	41,856	44,245	45,805
Share Capital	1,290	1,290	1,290	1,290	1,290
Reserves & Surplus	37,030	38,460	40,566	42,955	44,515
Preference Share Capital	0	0	0	0	0
Minority Interest	3,370	2,910	3,226	3,585	3,991
Total Loans	3,830	3,790	3,411	3,070	2,763
Def. Tax Liab. / Assets (-)	2,110	2,480	2,480	2,480	2,480
Total - Equity & Liab.	47,630	48,930	50,973	53,380	55,038
Net Fixed Assets	27,680	27,980	28,219	28,488	28,798
Gross Fixed Assets	23,250	25,220	27,406	29,790	32,398
Intangible Assets	8,630	8,570	8,570	8,570	8,570
Less: Depn. & Amort.	6,730	8,510	10,434	12,526	14,802
Capital WIP	2,530	2,700	2,677	2,654	2,632
Investments	6,020	15,900	19,080	22,896	27,475
Current Assets	39,830	39,500	42,996	44,645	45,245
Inventories	13,360	12,350	14,069	15,424	16,974
Sundry Debtors	10,690	12,710	14,479	15,874	17,469
Cash & Bank Balances	9,430	7,770	6,477	4,607	1,185
Loans & Advances	2,120	2,050	2,708	2,969	3,267
Other Current Assets	4,230	4,620	5,263	5,770	6,350
Current Liab. & Prov.	25,900	34,450	39,322	42,649	46,480
Current Liabilities	24,010	32,120	36,674	39,716	43,231
Provisions & Others	1,890	2,330	2,648	2,933	3,249
Net Current Assets	13,930	5,050	3,674	1,995	-1,235
Total - Assets	47,630	48,930	50,973	53,380	55,038

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.3%	15.0%	14.4%	14.9%	15.3%
Asset Turnover (x)	2.1	2.3	2.5	2.6	2.8
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	38.8%	41.7%	43.5%	46.8%	50.6%

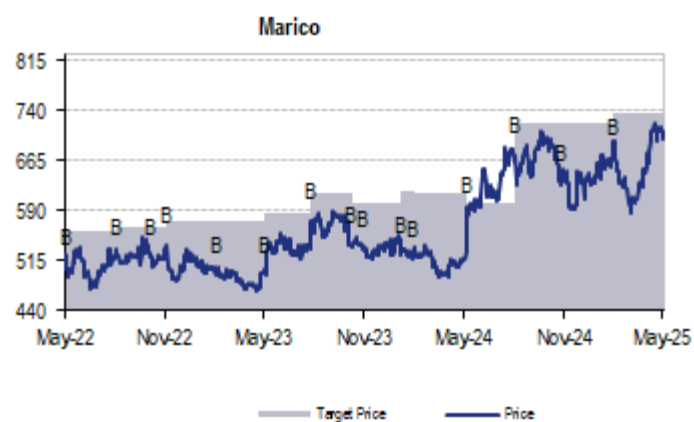
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	29.7	30.8	32.4	34.3	35.5
ROIC	51.9%	58.1%	73.0%	81.9%	90.9%
ROE	38.8%	41.7%	43.5%	46.8%	50.6%
Net Debt/Equity (x)	-0.2	-0.4	-0.5	-0.5	-0.5
P/E (x)	60.8	55.3	50.7	44.7	39.5
P/B (x)	23.5	22.7	21.5	20.4	19.7
EV/EBITDA (x)	44.2	41.4	37.9	33.4	29.6
EV/Sales (x)	9.3	8.2	7.2	6.5	5.9
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.
28-Jan-21	Buy	455	
30-Apr-21	Buy	455	0.0
30-Jul-21	Buy	595	30.8
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

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
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.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.