

Estimate changes



TP change



Rating change



|                       |              |
|-----------------------|--------------|
| Bloomberg             | MRCO IN      |
| Equity Shares (m)     | 1298         |
| M.Cap.(INRb)/(USDb)   | 938.7 / 10.7 |
| 52-Week Range (INR)   | 745 / 578    |
| 1, 6, 12 Rel. Per (%) | 2/3/9        |
| 12M Avg Val (INR M)   | 1551         |

#### Financials & Valuations (INR b)

| Y/E March        | 2026E | 2027E | 2028E |
|------------------|-------|-------|-------|
| Sales            | 131.0 | 142.7 | 155.1 |
| Sales Gr. (%)    | 21.0  | 8.9   | 8.6   |
| EBITDA           | 23.8  | 27.3  | 30.4  |
| EBITDA Margin. % | 18.2  | 19.1  | 19.6  |
| Adj. PAT         | 17.9  | 20.2  | 22.4  |
| Adj. EPS (INR)   | 13.9  | 15.7  | 17.4  |
| EPS Gr. (%)      | 12.2  | 12.7  | 10.9  |
| BV/Sh.(INR)      | 32.2  | 34.4  | 37.2  |

#### Ratios

|            |      |      |      |
|------------|------|------|------|
| RoE (%)    | 44.1 | 47.0 | 48.5 |
| RoCE (%)   | 39.4 | 42.2 | 43.7 |
| Payout (%) | 89.9 | 86.2 | 83.5 |

#### Valuations

|                |      |      |      |
|----------------|------|------|------|
| P/E (x)        | 52.2 | 46.3 | 41.7 |
| P/BV (x)       | 22.5 | 21.1 | 19.5 |
| EV/EBITDA (x)  | 38.7 | 33.6 | 30.1 |
| Div. Yield (%) | 1.7  | 1.9  | 2.0  |

#### Shareholding Pattern (%)

| As of    | Jun-25 | Mar-25 | Jun-24 |
|----------|--------|--------|--------|
| Promoter | 59.0   | 59.1   | 59.3   |
| DII      | 12.7   | 14.2   | 11.3   |
| FII      | 23.7   | 22.2   | 24.7   |
| Others   | 4.5    | 4.5    | 4.7    |

FII includes depository receipts

CMP: INR725

TP: INR825 (+14%)

Buy

#### Growth scorecard intact; a slight delay in margin recovery

- Marico (MRCO) reported consolidated revenue growth of 23% YoY (in line) in 1QFY26. Domestic revenue growth was 27% YoY with volume growth of 9%. International growth was 12% YoY (+19% CC).
- Domestic revenue growth was driven by strong core category growth and sustained success for its new growth drivers. Parachute coconut oil (PCNO) posted 31% YoY value growth with a 1% volume decline, primarily driven by price hikes. MRCO undertook an additional ~30% price hike in 1QFY26, the full impact of which is expected to be reflected in 2Q. Meanwhile, copra prices have begun to soften, currently down ~12% from their peak.
- Value-added Hair Oils (VAHO) recovered, and its revenue rose 13% YoY; volumes expanded in the mid-single digits. Excluding the Amla segment, where the company continues to face intense competition, VAHO recorded double-digit volume growth. Saffola oil clocked mid-single-digit volume growth, with revenue growing 28% YoY, led by pricing. Foods delivered 20% YoY growth. Premium Personal Care sustained its healthy growth trajectory.
- Gross margin contracted 530bp YoY to 46.9% (est. 48.7%). It was at a 10-quarter low and was hit by sharp RM inflation. EBITDA margin contracted 360bp YoY to 20.1%. EBITDA grew 5% (est. 8%). Management anticipates margin pressure to persist in 2QFY26 but projects a gradual easing in 2H FY26, as the impact of recent price hikes should be sufficient if RM stabilizes now. We model EBITDA margins of 18%-20% during FY26-FY28.
- 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 2H FY26 remains positive. The company aims to deliver a double-digit PAT CAGR over the next two years, and we project an 11% 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 INR825 (based on 50x Jun'27E EPS).**

#### Revenue outperformance continues; volume growth at 9%

- **Sustaining revenue outperformance:** Consolidated net sales grew 23% YoY to INR32.6b (in line) in 1QFY26. Domestic revenue growth was 27% YoY, and volumes grew 9% YoY (est. +8% YoY). International business delivered 19% CC growth, led by Bangladesh/MENA/Vietnam, which posted 17%/42%/1% CC growth, while South Africa saw flattish CC growth.
- **Pressure on margin:** Consolidated gross margin contracted 530bp YoY to 46.9% (est. 48.7%). Copra prices increased 18% sequentially and ~107% YoY in 1QFY26. Vegetable oil prices moderated due to reductions in import duties, while crude oil derivatives remained stable during the period.

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- During 1QFY26, MRCO's employee expenses rose 8% YoY, ad-spends were up 25% YoY, and other expenses also increased 14% YoY. EBITDA margin contracted by 360bp YoY to 20.1% in 1QFY26 (est. 21.2%). EBITDA grew by 5% YoY (est. 8%).
- EBITDA/PBT/PAT grew 5%/8%/9% YoY to INR6.6b/INR6.6b/INR5.0b/ (est. INR6.8b/INR6.6b/INR5.1b).

### Highlights from the management commentary

- The sector has witnessed stable to improving demand trends over the past couple of years, and a gradual uptick in overall demand is expected in the upcoming quarters, supported by easing inflation, a favorable monsoon, and continued policy support.
- The company expects to maintain positive momentum in volume and revenue growth through the year while delivering resilient profit growth despite elevated input costs.
- While achieving double-digit EBITDA growth in FY26 may be challenging, the management remains confident of delivering it in 2HFY26. Moreover, the company is targeting a double-digit CAGR in PAT over the next two years.
- Non-core distribution (NCD) and exports delivered 37% growth, reflecting strength in newer geographies and emerging business lines.

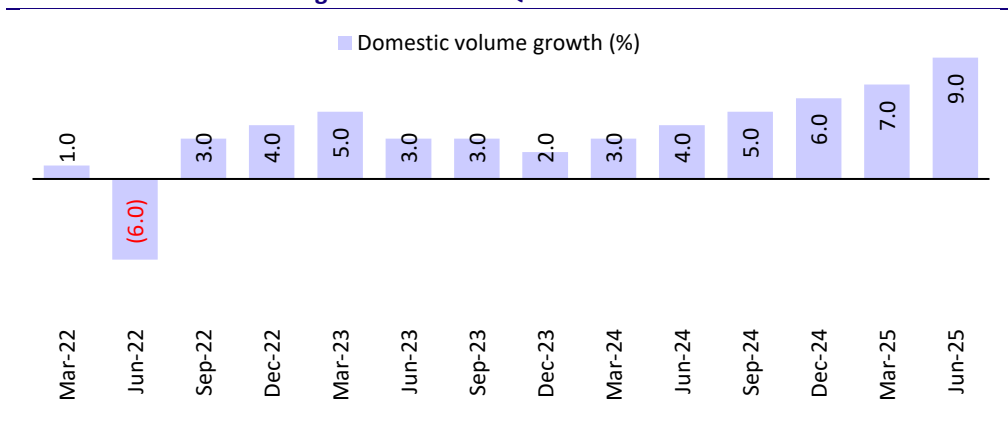
### Valuation and view

- We 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 expected 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 13%/12% revenue and EBITDA CAGR during FY25-28E and **reiterate our BUY rating on the stock with a TP of INR825 (based on 50x Jun'27E EPS).**

### Quarterly performance

| Y/E March                  | FY25   |        |        |        | FY26   |        |        |        | FY25     | FY26E    | FY26   | Var.  |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|--------|-------|
|                            | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2QE    | 3QE    | 4QE    |          |          | 1QE    | (%)   |
| Domestic volume growth (%) | 4.0    | 5.0    | 6.0    | 7.0    | 9.0    | 8.5    | 8.2    | 5.9    | 5.5      | 6.8      | 7.9    |       |
| Net Sales                  | 26,430 | 26,640 | 27,940 | 27,300 | 32,590 | 33,044 | 33,779 | 31,619 | 1,08,310 | 1,31,032 | 32,033 | 1.7%  |
| YoY Change (%)             | 6.7    | 7.6    | 15.4   | 19.8   | 23.3   | 24.0   | 20.9   | 15.8   | 12.2     | 21.0     | 21.2   |       |
| Gross Profit               | 13,810 | 13,530 | 13,830 | 13,260 | 15,290 | 15,233 | 15,842 | 14,957 | 54,430   | 61,323   | 15,600 | -2.0% |
| Gross margin (%)           | 52.3   | 50.8   | 49.5   | 48.6   | 46.9   | 46.1   | 46.9   | 47.3   | 50.3     | 46.8     | 48.7   |       |
| EBITDA                     | 6,260  | 5,220  | 5,330  | 4,580  | 6,550  | 5,679  | 6,188  | 5,377  | 21,390   | 23,794   | 6,789  | -3.5% |
| Margins (%)                | 23.7   | 19.6   | 19.1   | 16.8   | 20.1   | 17.2   | 18.3   | 17.0   | 19.7     | 18.2     | 21.2   |       |
| YoY Change (%)             | 9.1    | 5.0    | 3.9    | 3.6    | 4.6    | 8.8    | 16.1   | 17.4   | 5.6      | 11.2     | 8.4    |       |
| Depreciation               | 410    | 410    | 440    | 520    | 450    | 465    | 475    | 486    | 1,780    | 1,876    | 475    |       |
| Interest                   | 170    | 110    | 130    | 120    | 100    | 120    | 125    | 132    | 530      | 477      | 125    |       |
| Other Income               | 370    | 400    | 420    | 470    | 560    | 500    | 500    | 469    | 1,660    | 2,029    | 450    |       |
| PBT                        | 6,050  | 5,100  | 5,180  | 4,410  | 6,560  | 5,594  | 6,088  | 5,228  | 20,740   | 23,469   | 6,639  | -1.2% |
| Tax                        | 1,310  | 1,190  | 1,120  | 960    | 1,430  | 1,259  | 1,370  | 1,222  | 4,580    | 5,281    | 1,494  |       |
| Rate (%)                   | 21.7   | 23.3   | 21.6   | 21.8   | 21.8   | 22.5   | 22.5   | 23.4   | 22.1     | 22.5     | 22.5   |       |
| Adjusted PAT               | 4,640  | 3,915  | 3,990  | 3,430  | 5,040  | 4,270  | 4,653  | 3,965  | 15,975   | 17,928   | 5,080  | -0.8% |
| YoY Change (%)             | 8.7    | 10.9   | 4.2    | 7.9    | 8.6    | 9.1    | 16.6   | 15.6   | 7.9      | 12.2     | 9.5    |       |
| Reported PAT               | 4,640  | 4,230  | 3,990  | 3,430  | 5,040  | 4,270  | 4,653  | 3,965  | 16,290   | 17,928   | 5,080  |       |

E: MOFSL Estimates

**Exhibit 1: Domestic volume grew 9% YoY in 1QFY26**


Source: Company

**Exhibit 2: Consolidated segmental details**

| Particulars               | 1QFY24       | 2QFY24       | 3QFY24       | 4QFY24      | 1QFY25      | 2QFY25      | 3QFY25      | 4QFY25      | 1QFY26      |
|---------------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales growth (%)</b>   |              |              |              |             |             |             |             |             |             |
| Domestic                  | (4.9)        | (3.4)        | (3.1)        | (0.2)       | 7.4         | 8.0         | 17.2        | 23.1        | 27.2        |
| International             | 2.0          | 7.3          | 1.6          | 7.4         | 4.8         | 6.4         | 10.2        | 10.7        | 12.2        |
| <b>Total</b>              | <b>(3.2)</b> | <b>(0.8)</b> | <b>(1.9)</b> | <b>1.7</b>  | <b>6.7</b>  | <b>7.6</b>  | <b>15.4</b> | <b>19.8</b> | <b>23.3</b> |
| <b>EBIT margin (%)</b>    |              |              |              |             |             |             |             |             |             |
| Domestic EBIT margin      | 20.5         | 21.2         | 20.2         | 22.6        | 19.8        | 18.7        | 15.6        | 18.8        | 21.3        |
| International EBIT margin | 23.3         | 24.8         | 24.6         | 28.9        | 25.5        | 26.0        | 24.0        | 27.9        | 24.0        |
| <b>Total</b>              | <b>21.2</b>  | <b>22.1</b>  | <b>21.3</b>  | <b>24.3</b> | <b>21.3</b> | <b>20.5</b> | <b>17.6</b> | <b>20.9</b> | <b>21.9</b> |

Source: Company, MOFSL

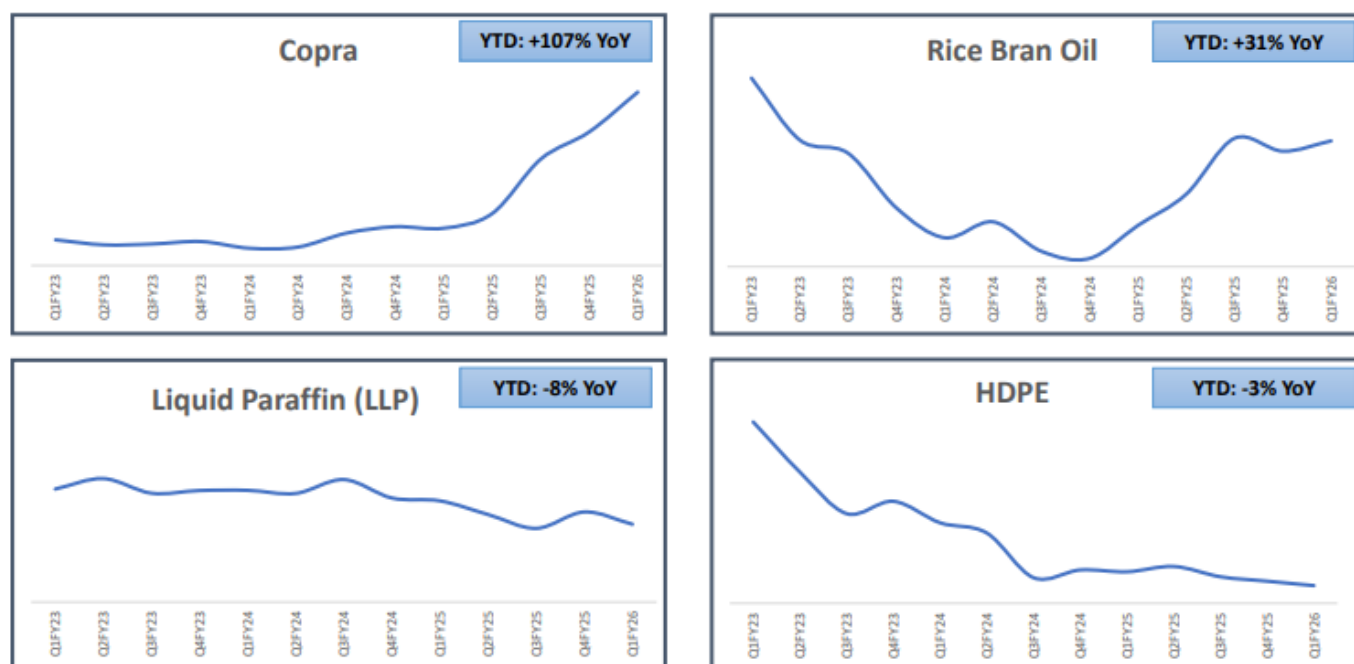
**Exhibit 3: Market share of key categories in the Indian business**

| Franchise                           | ~MS% | Rank            |
|-------------------------------------|------|-----------------|
| Coconut Oil Franchise               | 63%  | 1 <sup>st</sup> |
| Parachute Rigids within Coconut Oil | 53%  | 1 <sup>st</sup> |
| Saffola Oats                        | 41%  | 1 <sup>st</sup> |
| Value Added Hair Oils               | 29%  | 1 <sup>st</sup> |
| Post wash Leave-on Serums           | 47%  | 1 <sup>st</sup> |
| Hair Gels/Waxes/Creams              | 53%  | 1 <sup>st</sup> |

^ Volume market share, \*Value market share

Source: Company

**Exhibit 4: Movements of key raw material prices**



Source: Company



## Highlights from the management commentary

### Business environment and outlook

- The sector has witnessed stable to improving demand trends over the past couple of years, and a gradual uptick in overall demand is expected in the upcoming quarters, supported by easing inflation, a favorable monsoon, and continued policy support.
- The company anticipates a steady growth trajectory in its core categories, even as it navigates near-term input cost pressures.
- Growth will be supported by initiatives aimed at strengthening select General Trade channel partners and scaling up direct distribution through Project SETU.
- The company remains confident in its performance, driven by healthy offtakes, deeper penetration, and market share gains across key portfolios.
- **The company expects to maintain positive momentum in volume and revenue growth through the year, while delivering resilient profit growth despite elevated input costs.**
- The premium segment continues to outperform the mass segment, with growth primarily driven by e-commerce and modern trade channels. General Trade is also witnessing positive momentum, supported by the company's rural initiative, **Project SETU**.
- **While achieving double-digit EBITDA growth in FY26 may be challenging, the management remains confident of delivering it in 2HFY26. Moreover, the company is targeting a double-digit CAGR in PAT over the next two years.**
- The double-digit growth will be led by: 1) improving volume trajectory in the core business, 2) Margin expansion on easing of inflation, 3) sustained 25%+ growth in Foods, and 4) ongoing momentum in Digital-first brands.
- Project SETU has shown encouraging growth in 1QFY26, and the company expects even stronger performance in the 2HFY26. Market share gains have been observed across

both rural and urban markets, supported by better assortment, increased diversification, and ongoing premiumization efforts in urban stores.

### **Material costs, margin, and guidance**

- Copra prices increased by 18% sequentially and surged 107% on a YoY basis, driven by weather-related supply disruptions and market volatility.
- Vegetable oil prices moderated during the quarter, supported by the government's reduction in import duties.
- Crude oil derivatives remained largely rangebound, providing some stability on the input cost front.
- The company intends to continue expanding its consumer franchises while strategically utilizing its pricing power to manage margin pressures.
- **Margin pressures are expected to peak in the 1HFY26 and gradually ease thereafter.**

### **Segmental performance**

#### **Parachute coconut oil**

- Parachute Coconut Oil reported a 1% volume decline during the quarter, impacted by unprecedented hyperinflationary input costs and adverse pricing conditions.
- After adjusting for ml-age changes, the brand registered 1% growth in terms of number of packs sold, indicating stable consumer offtake.
- Despite multiple rounds of price hikes and pack-size reductions that have cumulatively increased effective pricing by over 60%, the brand demonstrated strong pricing inelasticity with minimal impact on volumes.
- Parachute consolidated its market share on a MAT basis and delivered robust revenue growth of 31% YoY.
- Copra prices rose sequentially due to irregular weather patterns and market-specific dynamics, but the company remains confident in managing these short-term headwinds through its brand strength and efficient supply chain.
- Copra prices are currently ~12% below their recent peak; however, copra productivity has declined by ~9%, leading to some inflationary pressure.
- The company implemented a ~30% cumulative price hike in 1QFY26, and the full impact of this will be visible in 2QFY26.
- No further price hikes are planned in the immediate term, although the pricing base will start normalizing from the latter half of 2Q.

#### **Saffola oil**

- Saffola Edible Oils posted mid-single-digit volume growth despite elevated pricing levels during the quarter.
- Revenue grew 28% YoY, supported by strong brand equity and value delivery to consumers.
- The company proactively passed on the benefits of recent import duty reductions on vegetable oils, reinforcing its consumer-first approach.
- The quarter saw the launch of the Saffola Cold Pressed Oils range, including Single Seed and Dual Seed variants, combining innovation with authentic taste.
- These products were initially launched on e-commerce and Q-commerce platforms to capture the digitally engaged health-conscious consumer base.

### **VAHO**

- The Value-Added Hair Oils (VAHO) portfolio grew 13% in value terms, showing a notable improvement in recovery momentum.
- The growth was driven by sustained traction in the mid and premium segments, reflecting improving category health.
- The franchise gained approximately 140 bps in value market share on a MAT basis.
- Going forward, the company is shifting investments from trade-led activations toward brand-building initiatives and plans to expand direct distribution through Project SETU.
- The company is facing heightened competition, particularly in the Amla sub-segment. To counter this, it is increasing investments in both ATL and BTL marketing. Excluding Amla oil, the VAHO portfolio recorded double-digit volume growth in 1QFY26, and overall volume growth would be in mid-single digits.

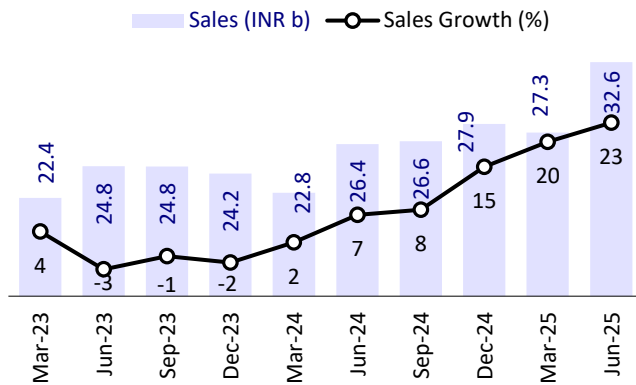
### **Foods and Premium Personal Care**

- The Foods business grew ~20% YoY in value terms, led by strong performance in core and newer categories.
- Saffola Oats continued to gain market share and retained its leadership position in the category.
- True Elements and the plant-based nutraceuticals portfolio of Plix sustained their strong growth momentum during the quarter.
- Saffola Muesli gained healthy consumer traction and saw the addition of two new variants—Mango Crunch and a no-added-sugar Berry Crunch—enhancing the portfolio's appeal.
- Premium Personal Care maintained its accelerated growth trajectory, led by its digital-first portfolio.
- The portfolio, comprising Beardo, Just Herbs, and Plix's personal care range, exited the quarter at an annualized revenue run-rate exceeding INR8.5bn.
- Growth was driven by digital-first strategies, product innovation, and growing consumer demand across key platforms.

### **International business**

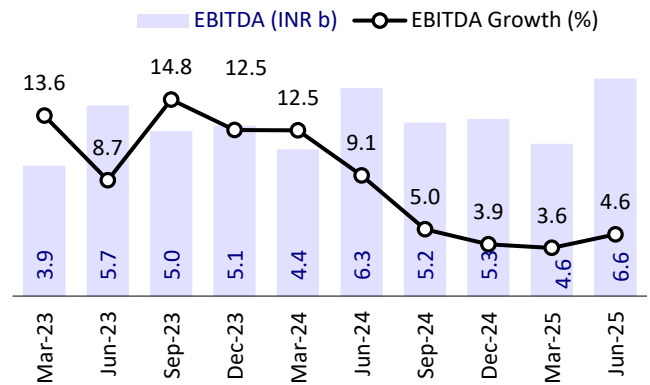
- In the international business, Bangladesh reported 17% constant currency growth and maintained strong business fundamentals. In Bangladesh, the company is witnessing volume growth in its core portfolio, along with significant contribution from NPDs, particularly in baby care and shampoo products.
- Vietnam experienced a muted quarter but is expected to gradually recover in the coming periods.
- MENA delivered 42% constant currency growth, with both the Gulf region and Egypt showing strong performance. In the MENA region, growth is being driven by the core product categories, with market share gains seen across key markets. The company had launched VAHO in Egypt 2–3 years ago and has backed it with aggressive distribution efforts. New product developments (NPDs) in categories such as shampoo, shower gel, and body lotion are also showing strong traction.
- South Africa recorded flattish growth in constant currency terms, though full-year growth aspirations remain unchanged.
- Non-core distribution (NCD) and exports delivered 37% growth, reflecting strength in newer geographies and emerging business lines.

**Exhibit 5: Consolidated sales grew 23% YoY to INR32.6b**



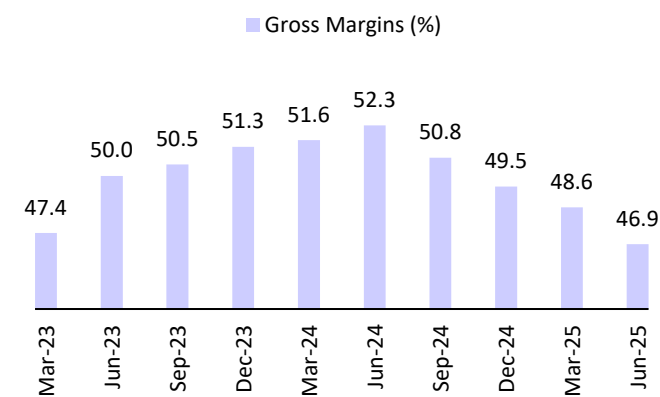
Source: Company, MOFSL

**Exhibit 6: EBITDA grew 5% YoY to INR6.6b**



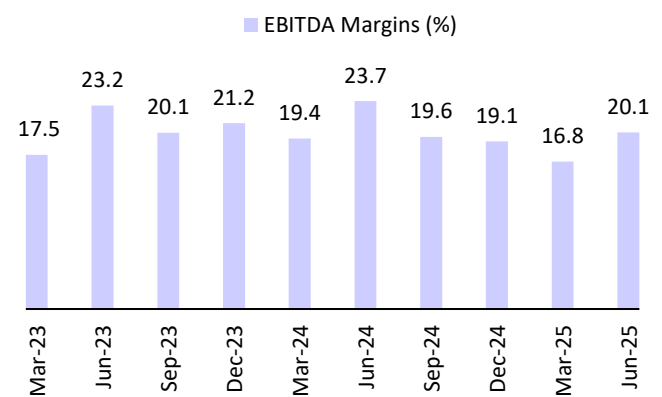
Source: Company, MOFSL

**Exhibit 7: GP margin contracted 530bp YoY to 46.9%**



Source: Company, MOFSL

**Exhibit 8: EBITDA margin contracted 360bp YoY to 20.1%**



Source: Company, MOFSL



### Valuation and view

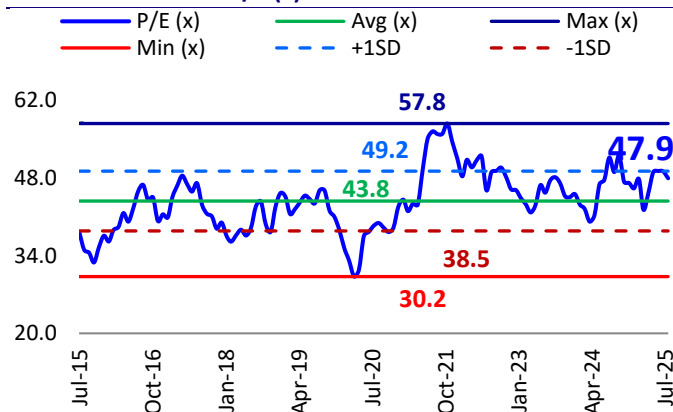
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- To improve its distribution reach, MRCO has also started Project SETU, which helps drive growth in GT through a transformative expansion of its direct reach.
- We model a 13%/12% revenue and EBITDA CAGR during FY25-28E and **reiterate our BUY rating on the stock with a TP of INR825 (based on 50x Jun'27E EPS).**

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

|               | Old      |          | New      |          | Change (%) |       |
|---------------|----------|----------|----------|----------|------------|-------|
|               | FY26E    | FY27E    | FY26E    | FY27E    | FY26E      | FY27E |
| <b>Sales</b>  | 1,25,186 | 1,35,419 | 1,31,032 | 1,42,745 | 4.7        | 5.4   |
| <b>EBITDA</b> | 24,813   | 27,427   | 23,794   | 27,328   | -4.1       | -0.4  |
| <b>PAT</b>    | 18,528   | 20,194   | 17,928   | 20,197   | -3.2       | 0.0   |

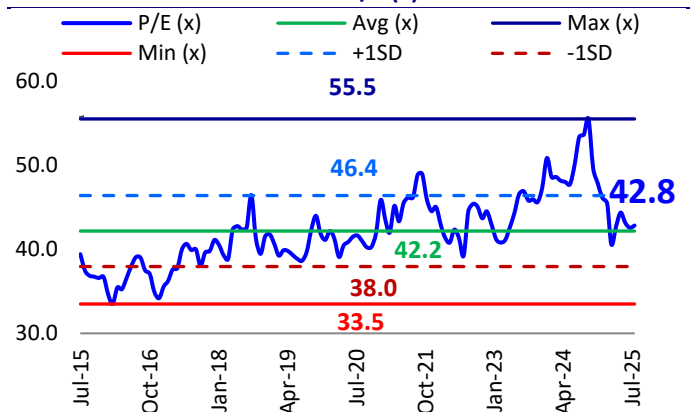
Source: Company, MOFSL

**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           |
| <b>Net Sales</b>           | <b>73,336</b> | <b>73,150</b> | <b>80,480</b> | <b>94,266</b> | <b>97,640</b> | <b>96,530</b> | <b>1,08,310</b> | <b>1,31,032</b> | <b>1,42,745</b> | <b>1,55,051</b> |
| Change (%)                 | 16.0          | -0.3          | 10.0          | 17.1          | 3.6           | -1.1          | 12.2            | 21.0            | 8.9             | 8.6             |
| <b>Gross Profit</b>        | <b>33,166</b> | <b>35,700</b> | <b>37,740</b> | <b>39,906</b> | <b>44,130</b> | <b>49,050</b> | <b>54,430</b>   | <b>61,323</b>   | <b>68,518</b>   | <b>75,975</b>   |
| Margin (%)                 | 45.2          | 48.8          | 46.9          | 42.3          | 45.2          | 50.8          | 50.3            | 46.8            | 48.0            | 49.0            |
| <b>EBITDA</b>              | <b>13,256</b> | <b>14,690</b> | <b>15,880</b> | <b>16,810</b> | <b>18,100</b> | <b>20,260</b> | <b>21,390</b>   | <b>23,794</b>   | <b>27,328</b>   | <b>30,430</b>   |
| Change (%)                 | 16.5          | 10.8          | 8.1           | 5.9           | 7.7           | 11.9          | 5.6             | 11.2            | 14.9            | 11.3            |
| Margin (%)                 | 18.1          | 20.1          | 19.7          | 17.8          | 18.5          | 21.0          | 19.7            | 18.2            | 19.1            | 19.6            |
| Depreciation               | 1,310         | 1,400         | 1,390         | 1,390         | 1,550         | 1,580         | 1,780           | 1,876           | 1,996           | 2,116           |
| Int. and Fin. Charges      | 400           | 500           | 340           | 390           | 560           | 730           | 530             | 477             | 429             | 386             |
| Other Income - Recurring   | 1,030         | 1,240         | 1,131         | 958           | 1,440         | 1,420         | 1,660           | 2,029           | 1,981           | 2,231           |
| <b>Profit before Taxes</b> | <b>12,576</b> | <b>14,030</b> | <b>15,281</b> | <b>15,988</b> | <b>17,430</b> | <b>19,370</b> | <b>20,740</b>   | <b>23,469</b>   | <b>26,884</b>   | <b>30,158</b>   |
| Change (%)                 | 12.6          | 11.6          | 8.9           | 4.6           | 9.0           | 11.1          | 7.1             | 13.2            | 14.5            | 12.2            |
| Margin (%)                 | 17.1          | 19.2          | 19.0          | 17.0          | 17.9          | 20.1          | 19.1            | 17.9            | 18.8            | 19.5            |
| Current Tax (excl MAT Ent) | 1,430         | 3,470         | 3,240         | 3,460         | 4,210         | 4,350         | 4,580           | 5,281           | 6,452           | 7,540           |
| 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            | -261            | -235            | -211            |
| <b>Profit after Taxes</b>  | <b>11,156</b> | <b>10,500</b> | <b>11,731</b> | <b>12,238</b> | <b>13,020</b> | <b>14,810</b> | <b>15,975</b>   | <b>17,928</b>   | <b>20,197</b>   | <b>22,407</b>   |
| Change (%)                 | 37.0          | -5.9          | 11.7          | 4.3           | 6.4           | 13.7          | 7.9             | 12.2            | 12.7            | 10.9            |
| Margin (%)                 | 15.2          | 14.4          | 14.6          | 13.0          | 13.3          | 15.3          | 14.7            | 13.7            | 14.1            | 14.5            |
| Extraordinary items        | 1,871         | -154          | 231           | -22           | 0             | 0             | 315             | 0               | 0               | 0               |
| <b>Reported PAT</b>        | <b>13,027</b> | <b>10,346</b> | <b>11,962</b> | <b>12,216</b> | <b>13,020</b> | <b>14,810</b> | <b>16,290</b>   | <b>17,928</b>   | <b>20,197</b>   | <b>22,407</b>   |

| 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        | 40,263        | 43,045        | 46,747        |
| <b>Net Worth</b>             | <b>29,750</b> | <b>30,230</b> | <b>32,400</b> | <b>33,180</b> | <b>37,990</b> | <b>38,320</b> | <b>39,750</b> | <b>41,553</b> | <b>44,335</b> | <b>48,037</b> |
| Minority Interest            | 120           | 130           | 180           | 570           | 1,570         | 3,370         | 2,910         | 3,171         | 3,406         | 3,617         |
| Loans                        | 3,490         | 3,350         | 3,480         | 3,450         | 4,750         | 3,830         | 3,790         | 3,050         | 2,850         | 2,650         |
| <b>Capital Employed</b>      | <b>33,360</b> | <b>33,710</b> | <b>36,060</b> | <b>37,200</b> | <b>44,310</b> | <b>45,520</b> | <b>46,450</b> | <b>47,774</b> | <b>50,591</b> | <b>54,304</b> |
| 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       | -13,636       | -15,632       | -17,749       |
| <b>Net Fixed Assets</b>      | <b>7,970</b>  | <b>8,580</b>  | <b>9,990</b>  | <b>11,060</b> | <b>13,840</b> | <b>18,610</b> | <b>19,010</b> | <b>19,134</b> | <b>19,138</b> | <b>19,021</b> |
| 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         |
| <b>Investments</b>           | <b>4,500</b>  | <b>7,330</b>  | <b>8,540</b>  | <b>8,280</b>  | <b>10,960</b> | <b>6,020</b>  | <b>15,900</b> | <b>15,900</b> | <b>15,900</b> | <b>15,900</b> |
| 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             |
| <b>Curr. Assets, L&amp;A</b> | <b>29,120</b> | <b>26,560</b> | <b>28,340</b> | <b>29,420</b> | <b>33,910</b> | <b>39,830</b> | <b>38,930</b> | <b>33,231</b> | <b>38,641</b> | <b>45,232</b> |
| Inventory                    | 14,110        | 13,800        | 11,280        | 14,009        | 12,250        | 13,360        | 12,350        | 16,903        | 18,419        | 20,021        |
| Account Receivables          | 5,170         | 5,390         | 3,880         | 6,520         | 10,150        | 10,690        | 12,710        | 8,255         | 8,993         | 9,768         |
| Cash and Bank Balance        | 5,520         | 2,790         | 9,250         | 5,391         | 7,560         | 9,430         | 7,770         | 1,069         | 3,759         | 7,483         |
| Others                       | 4,320         | 4,580         | 3,930         | 3,500         | 3,950         | 6,350         | 6,100         | 7,004         | 7,470         | 7,960         |
| <b>Curr. Liab. and Prov.</b> | <b>15,600</b> | <b>16,250</b> | <b>18,200</b> | <b>19,270</b> | <b>23,370</b> | <b>25,900</b> | <b>34,450</b> | <b>27,551</b> | <b>30,148</b> | <b>32,910</b> |
| 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        | 4,552         | 4,736         | 4,826         |
| Provisions                   | 2,280         | 2,230         | 1,670         | 1,400         | 1,590         | 1,310         | 1,730         | 2,000         | 2,313         | 2,675         |
| <b>Net Current Assets</b>    | <b>13,520</b> | <b>10,310</b> | <b>10,140</b> | <b>10,150</b> | <b>10,540</b> | <b>13,930</b> | <b>4,480</b>  | <b>5,680</b>  | <b>8,493</b>  | <b>12,323</b> |
| Deferred Tax Liability       | 1,890         | 1,530         | 1,020         | 780           | -320          | -2,110        | -1,910        | -1,910        | -1,910        | -1,910        |
| <b>Application of Funds</b>  | <b>33,360</b> | <b>33,710</b> | <b>36,060</b> | <b>37,200</b> | <b>44,310</b> | <b>45,520</b> | <b>46,450</b> | <b>47,774</b> | <b>50,591</b> | <b>54,304</b> |

E: MOFSL Estimates

## Financials and valuations

### Ratios

| Y/E March                     | 2019       | 2020       | 2021       | 2022       | 2023        | 2024        | 2025        | 2026E       | 2027E       | 2028E       |
|-------------------------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Basic (INR)</b>            |            |            |            |            |             |             |             |             |             |             |
| <b>EPS</b>                    | <b>8.6</b> | <b>8.1</b> | <b>9.1</b> | <b>9.5</b> | <b>10.1</b> | <b>11.5</b> | <b>12.4</b> | <b>13.9</b> | <b>15.7</b> | <b>17.4</b> |
| Cash EPS                      | 8.2        | 9.1        | 10.1       | 10.6       | 11.3        | 12.7        | 13.8        | 15.4        | 17.2        | 19.0        |
| BV/Share                      | 23.1       | 23.4       | 25.1       | 25.7       | 29.4        | 29.7        | 30.8        | 32.2        | 34.4        | 37.2        |
| 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        | 89.9        | 86.2        | 83.5        |
| <b>Valuation (x)</b>          |            |            |            |            |             |             |             |             |             |             |
| P/E                           | 83.8       | 89.1       | 79.7       | 76.4       | 71.8        | 63.1        | 58.5        | 52.2        | 46.3        | 41.7        |
| Cash P/E                      | 88.3       | 79.5       | 71.9       | 68.5       | 64.2        | 57.1        | 52.7        | 47.2        | 42.1        | 38.1        |
| EV/Sales                      | 12.7       | 12.7       | 11.4       | 9.8        | 9.4         | 9.6         | 8.5         | 7.0         | 6.4         | 5.9         |
| EV/EBITDA                     | 70.1       | 63.2       | 58.0       | 55.0       | 50.9        | 45.6        | 42.8        | 38.7        | 33.6        | 30.1        |
| P/BV                          | 31.4       | 30.9       | 28.9       | 28.2       | 24.6        | 24.4        | 23.5        | 22.5        | 21.1        | 19.5        |
| Dividend Yield (%)            | 0.7        | 0.9        | 1.0        | 1.3        | 1.3         | 1.4         | 1.6         | 1.7         | 1.9         | 2.0         |
| <b>Return Ratios (%)</b>      |            |            |            |            |             |             |             |             |             |             |
| RoE                           | 40.4       | 35.0       | 37.5       | 37.3       | 36.6        | 38.8        | 40.9        | 44.1        | 47.0        | 48.5        |
| RoCE                          | 37.7       | 33.1       | 35.3       | 35.0       | 33.5        | 34.7        | 36.0        | 39.4        | 42.2        | 43.7        |
| RoIC                          | 49.0       | 44.2       | 55.6       | 58.7       | 52.0        | 52.9        | 58.8        | 64.4        | 63.2        | 69.6        |
| <b>Working Capital Ratios</b> |            |            |            |            |             |             |             |             |             |             |
| 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         | 2.7         | 2.8         | 2.9         |
| <b>Leverage Ratio</b>         |            |            |            |            |             |             |             |             |             |             |
| 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          |
|------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|----------------|----------------|
| <b>(INR m)</b>               |               |                |               |                |               |                |               |                |                |                |
| OP/(loss) before Tax         | 12,570        | 13,740         | 15,401        | 15,988         | 17,430        | 19,370         | 21,160        | 23,469         | 26,884         | 30,158         |
| 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         | 1,876          | 1,996          | 2,116          |
| Interest Paid                | -140          | -220           | 340           | 390            | 70            | -40            | -240          | 477            | 429            | 386            |
| Direct Taxes Paid            | -3,200        | -2,900         | -3,240        | -3,460         | -3,690        | -3,780         | -4,840        | -5,281         | -6,452         | -7,540         |
| (Incr)/Decr in WC            | 210           | 330            | 7,230         | -3,728         | -590          | -2,260         | -2,930        | -8,117         | -378           | -400           |
| <b>CF from Operations</b>    | <b>10,290</b> | <b>12,350</b>  | <b>20,890</b> | <b>10,602</b>  | <b>14,190</b> | <b>13,870</b>  | <b>13,630</b> | <b>12,425</b>  | <b>22,479</b>  | <b>24,721</b>  |
| (Incr)/Decr in FA            | -1,430        | -1,860         | -3,210        | -3,020         | -1,570        | -1,350         | -1,220        | -2,000         | -2,000         | -2,000         |
| <b>Free Cash Flow</b>        | <b>8,860</b>  | <b>10,490</b>  | <b>17,680</b> | <b>7,582</b>   | <b>12,620</b> | <b>12,520</b>  | <b>12,410</b> | <b>10,425</b>  | <b>20,479</b>  | <b>22,721</b>  |
| (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        | -13            | -6             | -7             |
| <b>CF from Invest.</b>       | <b>209</b>    | <b>-3,620</b>  | <b>-4,590</b> | <b>-2,280</b>  | <b>-6,421</b> | <b>3,420</b>   | <b>-8,800</b> | <b>-2,013</b>  | <b>-2,006</b>  | <b>-2,007</b>  |
| 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           | -167           | -85            |
| <b>CF from Fin. Activity</b> | <b>-6,980</b> | <b>-11,460</b> | <b>-9,840</b> | <b>-12,180</b> | <b>-5,600</b> | <b>-15,420</b> | <b>-6,490</b> | <b>-17,114</b> | <b>-17,782</b> | <b>-18,990</b> |
| <b>Incr/Decr of Cash</b>     | <b>3,519</b>  | <b>-2,730</b>  | <b>6,460</b>  | <b>-3,858</b>  | <b>2,169</b>  | <b>1,870</b>   | <b>-1,660</b> | <b>-6,701</b>  | <b>2,690</b>   | <b>3,724</b>   |
| Add: Opening Balance         | 2,001         | 5,520          | 2,790         | 9,250          | 5,391         | 7,560          | 9,430         | 7,770          | 1,069          | 3,759          |
| <b>Closing Balance</b>       | <b>5,520</b>  | <b>2,790</b>   | <b>9,250</b>  | <b>5,391</b>   | <b>7,560</b>  | <b>9,430</b>   | <b>7,770</b>  | <b>1,069</b>   | <b>3,759</b>   | <b>7,483</b>   |

E: MOFSL Estimates

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| Explanation of Investment Rating |  |
|----------------------------------|--|
| Investment Rating                | Expected return (over 12-month)  |
| BUY                              | >=15%  |
| SELL                             | < - 10%  |
| NEUTRAL                          | < - 10 % to 15%  |
| UNDER REVIEW                     | Rating may undergo a change  |
| NOT RATED                        | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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