

BSE SENSEX	S&P CNX
34,300	10,540
Bloomberg	MRCO IN
Equity Shares (m)	1,289.6
M.Cap.(INRb)/(USDb)	400.2 / 6.0
52-Week Range (INR)	348 / 263
1, 6, 12 Rel. Per (%)	0/-12/-6
Avg Val, INRm/ Vol m	375.0
Free float (%)	40.3

CMP: INR310

TP: INR345(+11%)

Neutral

Results broadly in line, margin pressures to continue; Maintain Neutral


- **Marico's 3QFY18 sales grew 15.1% YoY to INR16.2b (est. of INR16.1b).** Domestic volume growth stood at 9.4% YoY (est. of +12%), while overall volume growth was 7% YoY. Domestic revenue grew 19% YoY, while reported international revenue increased 1% YoY (+9% on a constant currency basis).
- **Consol. gross margin contracted 540bp YoY to 46.5%**, mainly as copra costs were up 91% YoY. EBITDA increased 10.7% YoY to INR3b (est. of INR2.9b), with the margin shrinking 70bp YoY (est. of -100bp) to 18.6%. Adj. PAT rose 16.5% YoY to INR2.2b (est. of INR2.1b).
- **Segmental growth:** Parachute sales grew 41% YoY, with 15% volume growth (est. of +20%); Saffola sales declined 4% YoY, with flat volume growth (est. +10%); and Value Added Hair Oils (VAHO) sales grew 7% YoY, with 8% volume growth (est. of +12%). There was 26% realization increase YoY in Parachute; realization in VAHO was down 1% and in Saffola was down 4% YoY.
- **9MFY18 consolidated sales, EBITDA and adj. PAT stood at +5.2%, -1.6% and +0.6% YoY, respectively.**
- **Concall highlights:** Management believes it is unlikely that there will be further inflationary trend in copra. It expects softening only in 2HFY19, and thus, margins are likely to be under pressure in 1HFY19 as well.
- **Valuation view:** Steep copra price increase YoY and a rise in adspend over a low base could keep pace of earnings growth under check over the next few quarters. EPS CAGR of ~19% over FY18-FY20 over a weak base of FY17 and FY18E could be at risk if material costs do not come off as expected in 2HFY19 and if volume performance remains lackluster adjusted for a weak base. Valuations are fair at 36x Dec'19 EPS. While MRCO remains among best of breed among peers in terms balance sheet and management quality, rising bond yields mean that the market is likely to be unforgiving for companies with an uncertain earnings outlook. Maintain **Neutral**.

Financials & Valuations (INR b)

Y/E Mar	2018E	2019E	2020E
Net Sales	63.0	74.1	85.4
EBITDA	11.6	13.8	16.2
PAT	8.2	9.8	11.6
EPS (INR)	6.4	7.6	9.0
Gr. (%)	1.2	19.2	18.4
BV/Sh (INR)	20.5	21.6	24.0
RoE (%)	33.0	36.0	39.4
RoCE (%)	28.2	30.8	33.6
P/E (x)	48.8	40.9	34.6
P/BV (x)	15.1	14.4	12.9
EV/EBITDA (x)	33.9	28.6	24.2
Div. Yield (%)	1.0	1.8	1.8

Estimate change 

TP change 

Rating change 

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E	FY18	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Domestic volume growth (%)	8.0	3.4	-4.0	10.0	-9.0	8.0	9.4	4.0	3.6	5.0	12.0	
Net Sales	17,523	14,395	14,114	13,152	16,815	15,363	16,243	14,620	59,180	63,041	16,119	0.8%
YoY Change (%)	0.2	-0.8	-7.7	2.2	-4.0	6.7	15.1	11.2	-3.3	6.5	14.0	
COGS	8,400	6,815	6,785	6,365	8,782	8,144	8,688	7,540	28,491	33,154	8,302	
Gross Profit	9,123	7,581	7,328	6,787	8,033	7,219	7,556	7,080	30,690	29,887	7,817	-3.3%
Gross margin (%)	52.1	52.7	51.9	51.6	47.8	47.0	46.5	48.4	51.9	47.4	48.5	
Other Expenditure	5,384	5,050	4,600	4,262	4,790	4,628	4,535	4,370	19,276	18,322	4,904	
% to Sales	30.7	35.1	32.6	32.4	28.5	30.1	27.9	29.9	32.6	29.1	30.4	
EBITDA	3,740	2,530	2,729	2,525	3,243	2,591	3,021	2,711	11,414	11,565	2,913	3.7%
Margins (%)	21.3	17.6	19.3	19.2	19.3	16.9	18.6	18.5	19.3	18.3	18.1	
YoY Change (%)	18.2	11.4	-5.3	20.1	-13.3	2.4	10.7	7.4	8.1	1.3	8.0	
Depreciation	208	209	218	273	211	235	213	277	903	937	255	
Interest	54	21	44	47	35	35	39	83	166	192	66	
Other Income	275	247	233	293	229	214	174	198	1,152	816	273	
PBT	3,753	2,548	2,700	2,497	3,226	2,535	2,943	2,549	11,497	11,253	2,864	2.7%
Tax	1,072	740	781	784	866	679	709	785	3,377	3,038	773	
Rate (%)	28.6	29.1	28.9	31.4	26.8	26.8	24.1	30.8	29.4	27.0	27.0	
Minority Interest	2	2	2	4	1	6	1	2	10	10	2	
Adjusted PAT	2,679	1,806	1,916	1,709	2,359	1,850	2,233	1,762	8,110	8,205	2,089	6.9%
YoY Change (%)	17.2	18.0	-6.8	25.5	-11.9	2.5	16.5	3.1	14.4	1.2	9.0	

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

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

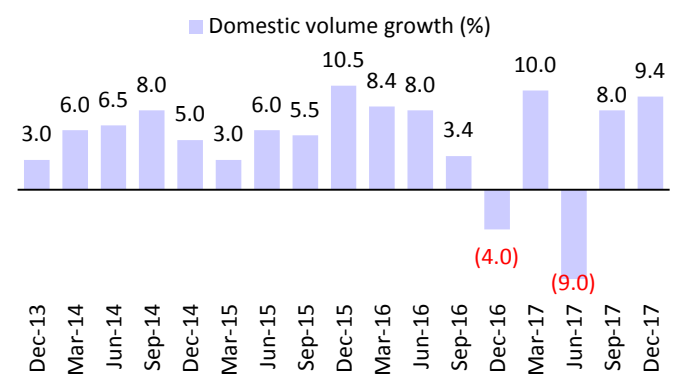
Key quarterly charts

Exhibit 1: Overall volumes grew by 5%YoY in 2QFY17 led by domestic volume growth of 8% YoY

Marico India Segment growth (%)	3QFY17		4QFY17		1QFY18		2QFY18		3QFY18	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Parachute Rigid	(1.0)	(12.0)	15.0	11.0	(9.0)	(4.0)	12.0	26.0	15.0	41.0
Saffola (Refined Edible Oil)	6.0	7.0	6.0	3.0	(9.0)	(8.0)	3.0	1.0	0.0	(4.0)
Value added hair oils	(12.0)	(13.0)	10.0	9.0	(8.0)	(7.0)	12.0	12.0	8.0	7.0
Domestic Business	(4.0)	(9.0)	10.0	6.0	(9.0)	(4.0)	8.0	12.0	9.4	15.0

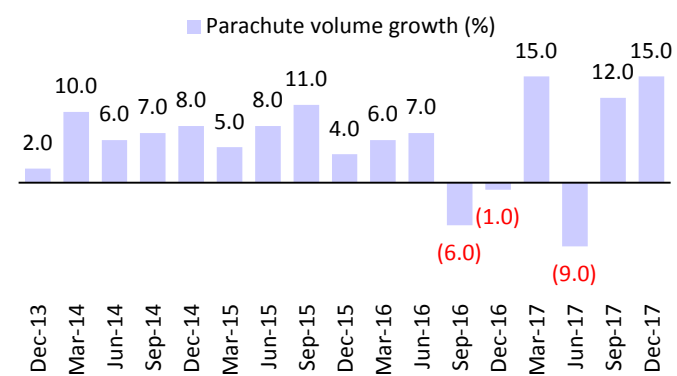
Source: Company, MOSL

Exhibit 2: Domestic volumes grew by 9.4% in 3QFY18



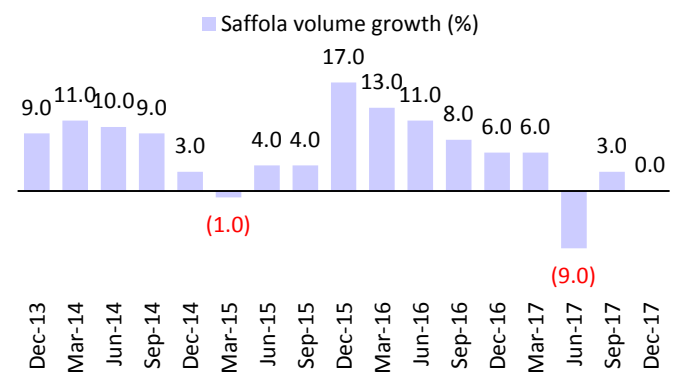
Source: MOSL, Company

Exhibit 3: ..with Parachute rigid volumes up 15%



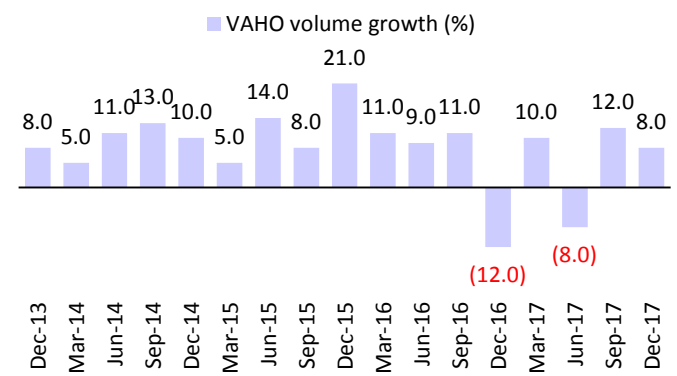
Source: MOSL, Company

Exhibit 4: ..Saffola volumes were flat



Source: MOSL, Company

Exhibit 5: ..VAHO volumes up by 8%



Source: MOSL, Company

Exhibit 6: Consolidated segmental details

	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18
Sales (INR m)									
Domestic	11,944	9,775	13,874	10,758	10,811	10,352	13,275	12,000	12,846
International	3,359	3,146	3,669	3,670	3,354	2,869	3,649	3,363	3,397
Total	15,303	12,920	17,543	14,428	14,165	13,222	16,924	15,363	16,243
EBIT									
Domestic	2,610	2,134	3,411	2,147	2,521	2,509	2,750	2,180	2,708
International	636	326	701	581	489	217	737	583	441
Total	3,247	2,461	4,112	2,728	3,010	2,726	3,487	2,763	3,149
EBIT margins									
Domestic EBIT margins	21.9%	21.8%	24.6%	20.0%	23.3%	24.2%	20.7%	18.2%	21.1%
International EBIT margins	18.9%	10.4%	19.1%	15.8%	14.6%	7.5%	20.2%	17.3%	13.0%
Total	21.2%	19.0%	23.4%	18.9%	21.2%	20.6%	20.6%	18.0%	19.4%

Source: Company, MOSL

Consolidated: Volumes below expectations, healthy domestic performance off a low based dragged down by international business

- Consolidated net sales grew 15.1% (est. 14% growth) off a low base to INR16.2b in 3QFY18. Domestic volume growth was 9.4% (est. 12%), while overall volume growth was 7%.
- Domestic revenues grew 19%, while reported international revenues increased 1% (9% growth on constant currency).
- Consol. gross margin declined 540bp YoY to 46.5%. Consol. A&P expenses declined 160 bp YoY and by 2.9% on an absolute basis YoY. There was a decrease in other expenditure by 250 bp YoY and staff costs decreased by 50bp YoY. EBITDA margin shrunk 70bp YoY (est. of -100bp) to 18.6% and EBITDA increased 10.7% YoY (est.8.0% YoY increase) to INR3.0b. EBITDA was 3.7% above expectations.
- Adj. PAT increased 16.5% YoY (est. of +9.0%) to INR2.2b. PAT was 6.9% above expectation.
- **9MFY18 performance:** Consolidated sales grew 5.2% YoY to INR 48.4b. EBITDA margin was down 130bp YoY to 18.3%. EBITDA was down 1.6% YoY to INR8.86b, while adj. PAT was up 0.6% YoY to INR6.44b.

Domestic: Good top-line growth; margins impacted by high input costs

- Domestic revenues grew 19%, with volume growth of 9.4% (est. 12%) off a low base. Rural sales grew 26% and urban sales by 15% in 3QFY18. CSD (7% of India turnover) declined 1% YoY in 2QFY18. Modern trade (10% of India turnover) grew sharply by 27% YoY.
- **Margins:** Standalone gross margin contracted 420bp YoY. Management has stated that margin contraction was due to higher input costs. Company has taken further 10% increase in Parachute rigids in January 2018.
- Copra costs were up 91% YoY for the quarter. Liquid Paraffin (LP) costs were up 28% YoY during the quarter. HDPE (a key ingredient in packaging material) price was down 1% compared to Q3FY17 and Rice Bran cost was down 3% YoY.
- EBITDA margins were actually up 10bp YoY to 18.9%, despite steep gross margin contraction, due to lower ad spends (-110bp YoY) and 290bp decline in other expenses. **Company expects ~20% EBITDA margins in the medium term.**
- **Parachute** coconut oil (rigid packs) posted volume growth of 15%, driving value growth of 41% led by market share gains. The portfolio (Parachute, Nihar and Oil of Malabar) grew ahead of the market in 12 months ended Dec'17 and thus gaining market share by 144bp to 59%. **Company expects ~5-7% volume growth in medium term.**
- **Value-added hair oils (VAHO)** reported value and volume growth of 8% and 7% respectively. The company took a price reduction of ~5% to pass on GST-related benefits. Growth continues to be higher than category growth. Volume market leadership was increased by 104bp YoY to 34% (12 month ended Dec'17), while value share increased 109bp YoY to 26% over the same period.
- **Saffola** refined edible oil value declined 4% despite flat volume growth. The company took a price reduction of ~3.5% to pass on GST related benefits. Saffola has a higher dependence on CSD, which also affected performance apart from higher pre-GST inventory (higher priced) in trade even post GST implementation. Saffola's maintained market leadership at 68% on an exit basis.

Saffola Oats delivered double-digit volume growth in 3QFY18 and its value market share stood at 27% in 3QFY18.

- The male grooming portfolio (Set Wet Gels, Set Wet Deodorants and Parachute Advanced Men Range) grew 36% YoY off a low demonetization affected base.
- Premium Hair Nourishment (Livon and Silk-n-Shine) portfolio had a flattish quarter.
- **For the domestic business, management has maintained its guidance of 8-10% volume growth, with EBITDA margins of ~20%.**

International:

- International reported revenues grew 1%. In constant currency (CC) terms, sales grew 9% YoY.
- **Bangladesh (44% of International business)** revenues grew 12% in 3QFY18 in CC terms with 3% volume growth. Parachute Coconut Oil reported 13% CC growth with volume growth of 1% and maintained 87% market share. VAHO sales reported healthy sales growth in the quarter with an increase of 300bp market share. Non coconut oil portfolio in Bangladesh grew by 22% in CC terms and is now 22% of sales v/s 10% five years ago. Management guided for 30-40% share of this business in sales from Bangladesh in the next two to three years. **For the Bangladesh business, management has guided for double-digit CC growth in the near term.**
- **South East Asia - majorly Vietnam (28% of International business)**, sales declines 4% in CC terms. The company is continuing to scale up presence in Myanmar, which had sales of USD7m in FY17.
- **Middle East and North Africa (15% of International business)** grew 15% YoY (CC). Management is cautiously optimistic on the business but environment remains tough.
- **South Africa (7% of International business)** grew by 32% (CC) despite tough macro conditions. Excluding Isoplus acquisition sales grew in mid-single digits.
- **New Country Development & Exports (5% of the International Business)**, which includes expansion in adjacent markets such as Sri Lanka, Nepal and Bhutan, is likely to be a USD12-13m business in FY18 and grew by 4% in constant currency growth in 3QFY18.
- **For the international business, management has guided for CC sales growth of 12-15% over the medium term with operating margins of 16-17%.**



Con-call highlights

Broad comments

- All segments/geographies did well barring Saffola and Vietnam.
- Traction in male grooming, Foods and VAHO is very encouraging.
- Over the next 2-3 quarters rural growth is likely to improve further if the government executes on their proposed plans.
- Rural growth is seeing green shoots but they are yet to see a full blown rural recovery.
- Sales growth of 15% YoY would have been 200-300 bps higher if not for GST accounting changes.
- India business A&P went up 15% YoY but international business A&P went down due to some restructuring.
- 15-20% sustainable value growth possible going forward on a consolidated basis.
- Marico is under-indexed in Chemist and specialty foods distribution. Management is working on the same.

On Copra costs and margins

- Near-term margins will be under pressure due to high copra prices. Management believes it is unlikely that there will be further inflationary trend in this commodity. First crop would start to come in by April. Expect softening in 2HFY19, and thus margins, are likely to be under pressure in 1HFY19 as well.

Recovery in Saffola/ Other edible oils performance

- Saffola recovery likely from 1QFY19. Have done deep diagnosis of all issues. Similar issues cropped up 3-4 years ago, and the company was able to combat that successfully. Super premium space is currently not growing as fast as the mid and lower end edible oil segment. Company is taking actions to boost growth.
- Olive Oil launch is still in early stages and has not gained traction yet. It is only available in modern trade as of now. The company had taken price decrease in the earlier quarter and remains confident about longer-term prospects.
- Saffola Foods: Foods sales are now ~INR1.25b and targeting INR2b to make money. Vending machines will dispense soups as well apart from oats as of now.

International business outlook

- Vietnam also likely to recover from 1QFY19.
- Apart from Vietnam, other geographies are doing very well.

Value added hair oils (VAHO)

- Potential for further market share gain on Shanti Amla is fairly high.
- Management also believes that there is very large growth potential in the premium plays in VAHO (Aloe Vera and similar products).

Valuation & view

- Steep copra price increase YoY and a rise in adspend over a low base could keep pace of earnings growth under check over the next few quarters. EPS CAGR of ~19% over FY18-FY20 over a weak base of FY17 and FY18E could be at risk if material costs do not come off as expected in 2HFY19 and if volumes performance remains lackluster adjusted for a weak base. Valuations are fair at 36x Dec'19 EPS.
- While MRCO remains among best-of-breed among peers in terms balance sheet and management quality, rising bond yields mean that the market is likely to be unforgiving for companies with an uncertain earnings outlook. Maintain **Neutral**.

Exhibit 7: Moderate EPS changes overall, but slight downward revision for FY19/FY20 due to challenging outlook

INR Mn	Old			New			Change		
	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
Sales	62,926	74,575	87,451	63,041	74,056	85,375	0.2%	-0.7%	-2.4%
EBITDA	11,228	13,905	16,590	11,565	13,768	16,201	3.0%	-1.0%	-2.3%
PAT	8,010	9,953	11,966	8,205	9,781	11,581	2.4%	-1.7%	-3.2%

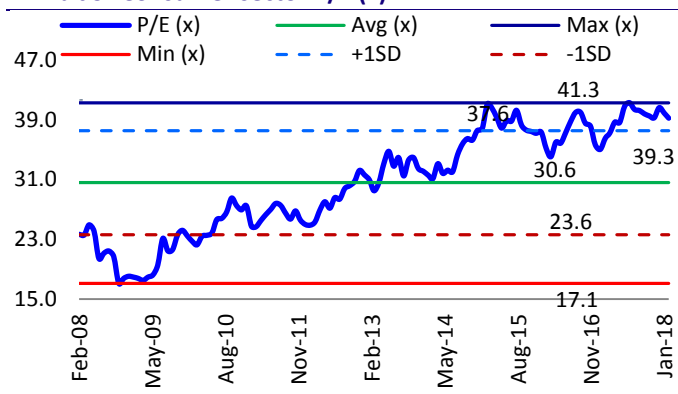
Source: Company, MOSL

Exhibit 8: Marico P/E (x)



Source: Company, MOSL

Exhibit 9: Consumer sector P/E (x)



Source: Company, MOSL

Exhibit 10: Valuation Matrix

Company	Reco	CMP	Target Price		Mkt Cap		EPS Growth YoY (%)			P/E (x)			RoE (%)	Div. (%)
			(INR)	(INR)	Upside (%)	(INR B)	(USD B)	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18
Consumer														
Asian Paints	Neutral	1,145	1,270	11	1,085	16.9	2.7	18.8	20.2	53.1	44.7	37.2	26.9	0.8
Britannia Inds.	Buy	4,767	6,098	28	556	8.6	14.7	26.4	25.2	56.4	44.6	35.6	34.0	0.0
Colgate-Palm.	Buy	1,092	1,365	25	300	4.7	12.9	17.9	19.7	45.6	38.6	32.3	49.9	0.9
Dabur India	Buy	345	415	20	599	9.3	4.5	19.2	16.2	45.5	38.2	32.9	25.4	0.7
Emami	Buy	1,082	1,505	39	247	3.8	-9.6	30.5	19.1	45.1	34.6	29.0	29.0	0.8
Godrej Consumer	Neutral	1,030	1,065	3	693	10.8	10.6	15.1	14.2	49.3	42.8	37.5	23.6	0.6
GlaxoSmith C H L	Neutral	5,980	5,785	-3	255	4.0	3.0	13.4	13.2	37.2	32.8	29.0	20.7	1.2
Hind. Unilever	Buy	1,346	1,585	18	2,890	44.9	17.6	20.7	18.1	58.3	48.3	40.9	76.5	1.2
ITC	Neutral	270	278	3	3,296	51.2	6.6	13.7	12.4	30.1	26.5	23.6	22.8	2.1
Jyothy Lab.	Neutral	353	380	8	64	1.0	-27.7	32.0	24.2	43.5	32.9	26.5	13.8	1.7
Marico	Neutral	310	345	11	400	6.0	1.2	19.2	18.4	48.8	40.9	34.6	33.0	1.0
Nestle India	Neutral	7,137	8,173	15	671	10.4	4.0	14.2	20.9	55.5	48.6	40.2	39.1	0.9
P & G Hygiene	Neutral	9,350	9,303	0	301	4.7	6.9	20.5	17.3	65.8	54.6	46.6	61.2	3.5
Page Industries	Buy	22,031	28,270	28	238	3.7	24.5	39.6	31.9	74.2	53.1	40.3	39.9	0.4
Parag Milk Foods	Neutral	293	314	7	25	0.4	147.7	38.7	35.6	32.8	23.7	17.5	10.8	0.0
Pidilite Inds.	Buy	892	1,050	18	450	7.0	5.7	17.8	15.5	50.5	42.8	37.1	25.2	0.5
United Breweries	Buy	1,075	1,380	28	282	4.4	62.0	23.9	31.2	76.4	61.7	47.0	14.9	0.1
United Spirits	Neutral	3,260	3,515	8	463	7.2	22.9	73.4	38.1	99.2	57.2	41.4	17.3	0.0
Retail														
Jubilant Food.	Neutral	2,028	2,185	8	132	2.0	186.2	29.6	31.3	66.8	51.6	39.3	22.5	0.1
PC Jeweller	Buy	424	685	62	146	2.3	44.4	26.6	27.6	24.9	19.7	15.4	16.9	0.3

Source: Company, MOSL

Financials and Valuations

Income Statement						(INR Million)
Y/E March	2015	2016	2017	2018E	2019E	2020E
Net Sales	57,203	60,148	59,180	63,041	74,056	85,375
Change (%)	22.3	7.0	-1.6	6.5	17.5	15.3
COGS	31,356	30,777	28,491	33,154	37,751	42,830
Gross Profit	25,847	29,371	30,690	29,887	36,305	42,545
Margin (%)	45.2	48.8	51.9	47.4	49.0	49.8
Operating Expenses	17,274	18,954	19,276	18,322	22,537	26,344
EBITDA	8,574	10,417	11,414	11,565	13,768	16,201
Change (%)	16.3	21.5	9.6	1.3	19.0	17.7
Margin (%)	15.0	17.3	19.3	18.3	18.6	19.0
Depreciation	843	949	903	937	1,101	1,208
Int. and Fin. Charges	230	206	166	192	237	257
Other Income - Recurring	716	1,030	1,152	816	982	1,142
Profit before Taxes	8,217	10,292	11,497	11,253	13,412	15,878
Change (%)	18.3	25.3	11.7	-2.1	19.2	18.4
Margin (%)	14.4	17.1	19.4	17.9	18.1	18.6
Current Tax (excl MAT Ent)	2,383	3,054	3,377	3,038	3,621	4,287
Tax Rate (%)	28.8	29.7	29.4	27.0	27.0	27.0
Minority Interest	-114	-5	-10	-10	-10	-10
Profit after Taxes	5,735	7,233	8,110	8,205	9,781	11,581
Change (%)	16.0	23.8	12.1	1.2	19.2	18.4
Margin (%)	10.0	12.0	13.7	13.0	13.2	13.6
Reported PAT	5,735	7,233	8,110	8,205	9,781	11,581
Balance Sheet						(INR Million)
Y/E March	2015	2016	2017	2018E	2019E	2020E
Share Capital	1,290	1,290	1,291	1,291	1,291	1,291
Reserves	16,958	19,678	21,966	25,227	26,569	29,687
Net Worth	18,248	20,968	23,257	26,517	27,860	30,978
Loans	4,279	3,317	4,667	4,917	5,367	5,817
Capital Employed	22,664	24,428	27,923	31,434	33,226	36,794
Gross Fixed Assets	8,807	9,267	10,707	11,707	12,957	14,207
Intangibles	1,034	1,060	1,020	1,020	1,020	1,020
Less: Accum. Depn.	-3,973	-4,868	-5,771	-6,707	-7,809	-9,016
Net Fixed Assets	5,868	5,458	5,957	6,020	6,169	6,211
Capital WIP	30	367	116	116	116	116
Goodwill	4,892	4,980	4,795	4,795	4,795	4,795
Investments	2,838	4,164	5,919	7,103	8,524	10,228
Current	2,838	4,164	5,919	7,103	8,524	10,228
Curr. Assets, L&A	17,625	19,261	21,866	24,579	27,220	30,884
Inventory	9,947	9,258	12,534	9,946	13,568	15,642
Account Receivables	1,768	2,524	2,470	2,888	3,392	3,911
Cash and Bank Balance	2,049	3,097	2,273	6,476	4,188	4,309
Others	3,861	4,382	4,589	5,269	6,072	7,023
Curr. Liab. and Prov.	8,511	9,804	10,518	11,152	13,479	15,206
Current Liabilities	7,471	8,642	9,087	9,696	11,832	13,346
Provisions	1,040	1,162	1,431	1,456	1,646	1,860
Net Current Assets	9,115	9,458	11,348	13,427	13,742	15,678
Deferred Tax Liability	-79	1	-211	-26	-118	-234
Application of Funds	22,664	24,428	27,923	31,434	33,226	36,794

E: MOSL Estimates

Financials and Valuations

Ratios

Y/E March	2015	2016	2017	2018E	2019E	2020E
Basic (INR)						
EPS	4.4	5.6	6.3	6.4	7.6	9.0
Cash EPS	5.1	6.3	7.0	7.0	8.3	9.8
BV/Share	14.1	16.3	18.0	20.5	21.6	24.0
DPS	1.2	3.4	3.0	3.2	5.5	5.5
Payout %	28.1	60.2	47.7	50.3	72.6	61.3

Valuation (x)

P/E	70.9	56.2	49.4	48.8	40.9	34.6
Cash P/E	61.8	49.7	44.4	44.4	37.3	31.7
EV/Sales	7.1	6.7	6.7	6.2	5.3	4.6
EV/EBITDA	47.3	38.6	34.8	33.9	28.6	24.2
P/BV	22.3	19.4	17.2	15.1	14.4	12.9
Dividend Yield (%)	0.4	1.1	1.0	1.0	1.8	1.8

Return Ratios (%)

RoE	36.0	36.9	36.7	33.0	36.0	39.4
RoCE	27.7	31.4	31.5	28.2	30.8	33.6
RoIC	35.2	38.6	40.8	41.5	48.5	51.5

Working Capital Ratios

Debtor (Days)	11	15	15	17	17	17
Asset Turnover (x)	2.5	2.5	2.1	2.0	2.2	2.3

Leverage Ratio

Debt/Equity (x)	0.2	0.2	0.2	0.2	0.2	0.2
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Cash Flow Statement

(INR Million)

Y/E March	2015	2016	2017	2018E	2019E	2020E
OP/(loss) before Tax	8,217	10,292	11,497	11,253	13,412	15,878
Int./Div. Received	-716	-1,030	-1,152	-816	-982	-1,142
Depreciation	843	949	903	937	1,101	1,208
Interest Paid	230	206	166	192	237	257
Direct Taxes Paid	-2,383	-3,054	-3,377	-3,038	-3,621	-4,287
(Incr)/Decr in WC	-2,296	705	-2,715	2,125	-2,604	-1,816
CF from Operations	3,895	8,068	5,322	10,652	7,543	10,098
(Incr)/Decr in FA	-193	-822	-1,150	-1,000	-1,250	-1,250
Free Cash Flow	3,702	7,246	4,172	9,652	6,293	8,848
(Pur)/Sale of Investments	267	-1,326	-1,755	-1,184	-1,421	-1,705
CF from Invest.	74	-2,148	-2,905	-2,184	-2,671	-2,955
(Incr)/Decr in Debt	-2,519	-963	1,350	250	450	450
Dividend Paid	-1,745	-5,025	-4,530	-4,832	-8,304	-8,304
Others	-1,720	1,115	-61	317	693	832
CF from Fin. Activity	-5,984	-4,872	-3,241	-4,265	-7,161	-7,022
Incr/Decr of Cash	-2,015	1,048	-824	4,204	-2,289	121
Add: Opening Balance	4,064	2,049	3,097	2,273	6,476	4,188
Closing Balance	2,049	3,097	2,273	6,477	4,187	4,308

E: MOSL Estimates

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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