

India

ADD (no change)

Consensus ratings*: Buy 31 Hold 9 Sell 3

Current price: Rs723
 Target price: ▲ Rs840
 Previous target: Rs750
 Up/downside: 16.2%
 InCred Research / Consensus: 9.2%

Reuters: MRCO.NS
 Bloomberg: MRCO IN
 Market cap: US\$10,710m
 Rs938,717m
 Average daily turnover: US\$17.3m
 Rs1513.1m
 Current shares o/s: 1,291.2m
 Free float: 40.6%
 *Source: Bloomberg

Key changes in this note

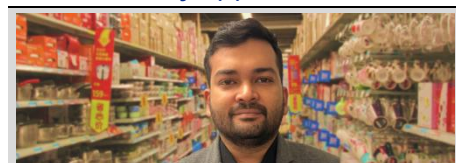
- Raise the target price to Rs840 from Rs750.
- Introduce FY28F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.7)	3.7	9.2
Relative (%)	2.2	3.4	6.1

Major shareholders	% held
Promoter	59.4
LIC	2.7
Blackrock	2.3

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Marico Ltd**Healthy delivery despite a weak environment**

- Domestic sales/volume grew 27%/9% yoy in 1QFY26. Rural markets continued to outperform urban markets. IBD grew 12% yoy on a reported basis.
- Margins are expected to remain range bound as Marico chases volume growth. Copra prices are expected to remain elevated in the near term.
- Initiatives to revive growth in general trade & scale new businesses are in the right direction. Retain ADD with a higher TP of Rs840 (50x Jun 2027F EPS).

Posts healthy volume growth despite sharp price hikes

Marico posted 23.3% sales growth on a consolidated basis in 1QFY26 led by a 20.9% yoy sales growth in the standalone business, with a 9% volume growth (vs. our estimate of 8.5%). Consolidated gross margin contracted by 533bp yoy to 46.9% led by a 730bp yoy contraction in standalone gross margin to 39.1%, largely dragged by a sharp rise in copra prices. The Parachute range grew by 31% yoy in value terms, with a 1% volume dip (1% growth when adjusted for grammage changes). The value-added hair oils (VAHO) category posted a 13% yoy sales growth, after multiple quarters, owing to sluggishness at the category level. Mid & premium formats fared well. Edible oils posted a 28% yoy sales growth, with mid-single digit volume growth. The foods business posted a 20% yoy sales growth while the premium personal care segment sustained its robust growth momentum. International business (IBD) was up 19%/12% on a constant currency/INR basis respectively, led by a 17% growth in Bangladesh and a 42% yoy growth in the MENA region while Vietnam/South Africa grew 1%/flat yoy, respectively.

Measures to improve distribution and mix should support growth

Marico's digital portfolio exited 1Q with a Rs8.5bn+ ARR, on track to top Rs10bn in FY26F and is targeting a Rs20bn revenue potential across Beardo, Just Herbs, Plix & True Elements. Beardo is nearing double-digit EBITDA margin. Marico will leverage its offline scale to deepen penetration. Marico retains its low double-digit sales growth guidance for FY26F, with 2HFY26F likely to be volume-led as cumulative pricing (+60% taken in Parachute range) normalizes. Margin recovery is likely from 2QFY26F as copra prices have eased from their peak in Jul 2025. The food portfolio continued to benefit from structural gross margin expansion and now stands at 5x FY20 revenue, which Marico wants to touch 8x by FY27F, led by a 25%+ CAGR in core categories (oats, honey, muesli), that will be driven by GT expansion, especially in categories like muesli & honey, where modern trade's share is higher. Food & premium personal care segments now account for 22% of India sales.

Outlook stays positive; retain ADD rating with a higher TP of Rs840

Marico's focus on driving volume growth, addressing GT channel issues, and scaling new verticals are in the right direction. Despite near-term gross margin headwinds from copra inflation, calibrated pricing and improvement in sales mix should aid EBITDA margin improvement to the 20% range. Retain ADD rating with a new target price of Rs840 (50x Jun 2027F EPS). Downside risk: Sustained weakness in demand from urban markets.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	96,530	108,310	123,008	137,824	153,834
Operating EBITDA (Rsm)	20,260	21,390	23,598	28,117	30,460
Net Profit (Rsm)	13,390	16,290	16,875	20,953	23,500
Core EPS (Rs)	10.4	12.6	13.1	16.2	18.2
Core EPS Growth	15.6%	21.7%	3.6%	24.2%	12.2%
FD Core P/E (x)	69.68	57.28	55.29	44.53	39.70
DPS (Rs)	5.5	7.9	8.9	10.9	12.1
Dividend Yield	0.89%	1.28%	1.45%	1.76%	1.95%
EV/EBITDA (x)	45.82	42.93	38.85	32.65	30.14
P/FCFE (x)	77.88	65.75	273.13	52.98	52.98
Net Gearing	(19.6%)	(41.5%)	(32.5%)	(29.1%)	(29.1%)
P/BV (x)	24.35	23.47	19.59	20.00	16.53
ROE	35.1%	41.7%	38.6%	44.4%	45.6%
% Change In Core EPS Estimates			(0.14%)	5.37%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Healthy delivery despite a weak environment

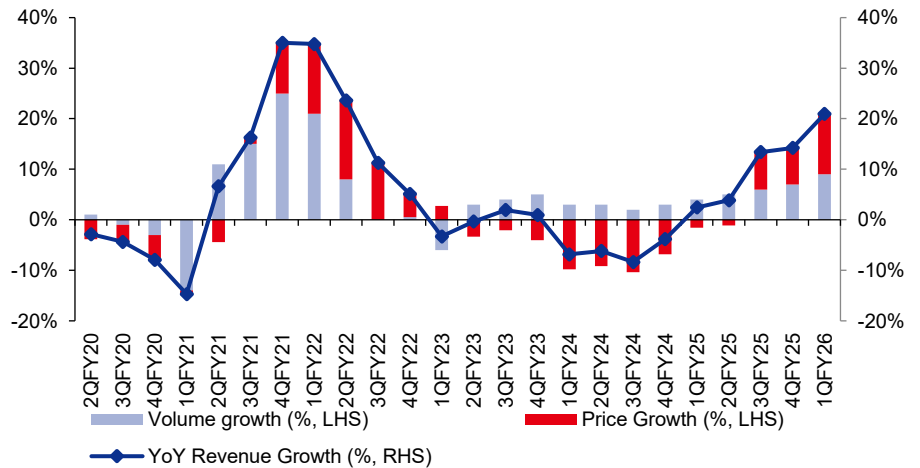
Figure 1: Quarterly results summary – consolidated

Y/E Mar (Rs. m)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)	FY24	FY25	Gr (%)
Revenue	26,430	27,300	32,590	23.3	19.4	96,530	1,08,310	12.2
Expenditure	20,170	22,720	26,040	29.1	14.6	76,270	86,920	14.0
Consumption of Raw Materials	12,620	14,040	17,300	37.1	23.2	47,480	53,880	13.5
as % of sales	47.7	51.4	53.1			49.2	49.7	
Employee Costs	2,030	2,080	2,200	8.4	5.8	7,430	8,310	11.8
as % of sales	7.7	7.6	6.8			7.7	7.7	
Other Expenditure	5,520	6,600	6,540	18.5	-0.9	21,360	24,730	15.8
as % of sales	20.9	24.2	20.1			22.1	22.8	
EBITDA	6,260	4,580	6,550	4.6	43.0	20,260	21,390	5.6
Depreciation	410	520	450	9.8	-13.5	1,580	1,780	12.7
EBIT	5,850	4,060	6,100	4.3	50.2	18,680	19,610	5.0
Other Income	370	470	560	51.4	19.1	1,420	2,080	46.5
Interest	170	120	100	-41.2	-16.7	730	530	-27.4
PBT	6,050	4,410	6,560	8.4	48.8	19,370	21,160	9.2
Total Tax	1,310	960	1,430	9.2	49.0	4,350	4,580	5.3
PAT	4,740	3,450	5,130	8.2	48.7	15,020	16,580	10.4
(Profit)/Loss From JVs/Ass./MI	100	20	90	-10.0	350.0	210	290	38.1
APAT after Minority Interest (MI)	4,640	3,430	5,040	8.6	46.9	14,810	16,290	10.0
Extraordinary Items	0	0	0	NA	NA	0	0	NA
Reported PAT	4,640	3,430	5,040	8.6	46.9	14,810	16,290	10.0
EPS	3.6	2.7	3.9	8.6	46.9	11.5	12.6	10.0

Margins (%)	1QFY25	4QFY25	1QFY26	YoY (bp)	QoQ (bp)	FY24	FY25	(bp)
Gross margin	52.3	48.6	46.9	-530	-170	50.8	50.3	-60
EBITDA	23.7	16.8	20.1	-360	330	21.0	19.7	-120
EBIT	22.1	14.9	18.7	-340	380	19.4	18.1	-120
EBT	22.9	16.2	20.1	-280	400	20.1	19.5	-50
PAT	17.9	12.6	15.7	-220	310	15.6	15.3	-30
Effective Tax Rate	21.7	21.8	21.8	10	0	22.5	21.6	-80

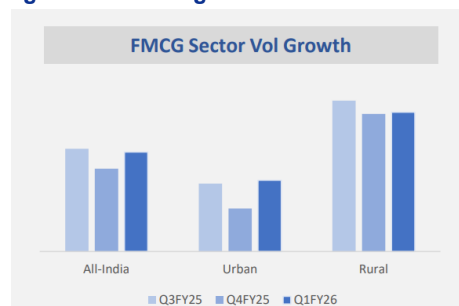
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Volume growth improves to 9% in 1QFY26



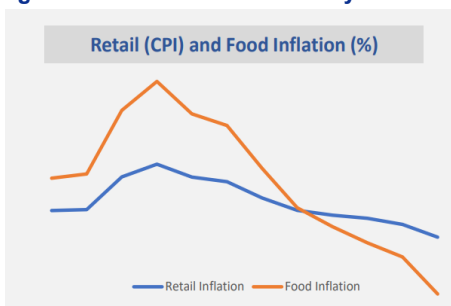
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Volume growth is stable



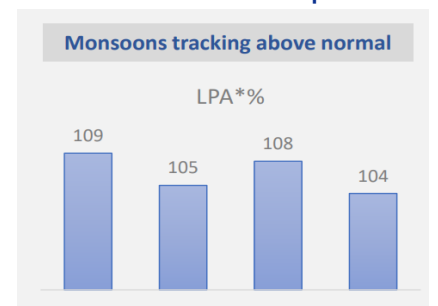
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Food inflation at multi-year low



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Normal monsoon is expected



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Food portfolio scaling well; gross margin improvement is expected to continue

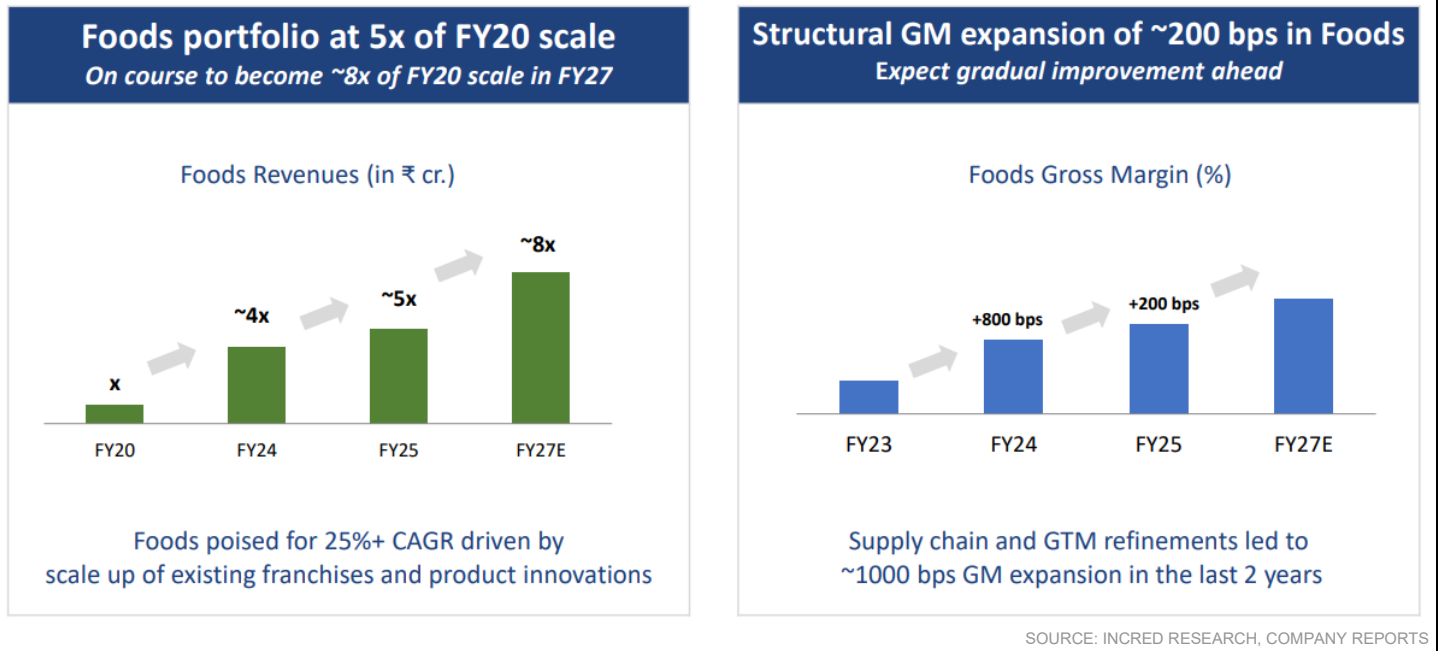


Figure 7: Digital portfolio likely to continue scaling and deliver double-digit EBITDA margin in FY27F

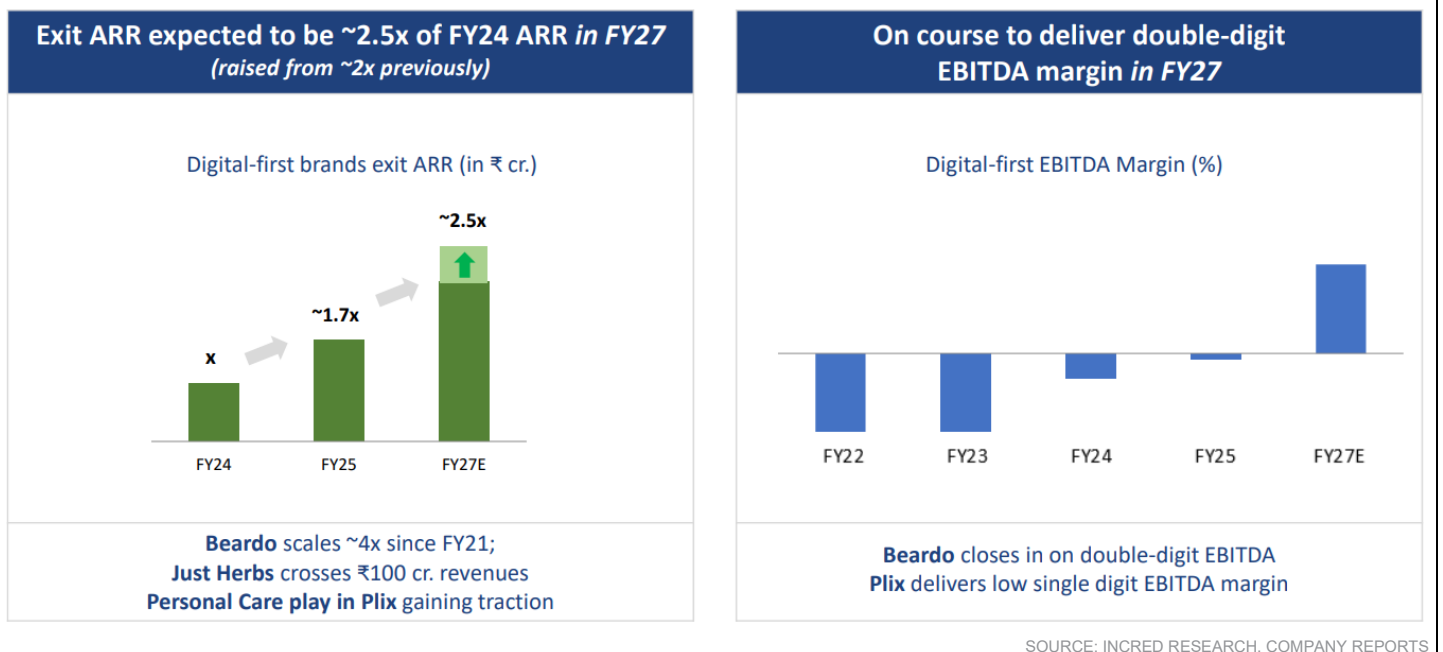


Figure 8: Drives expansion of total addressable market (TAM) in the right direction

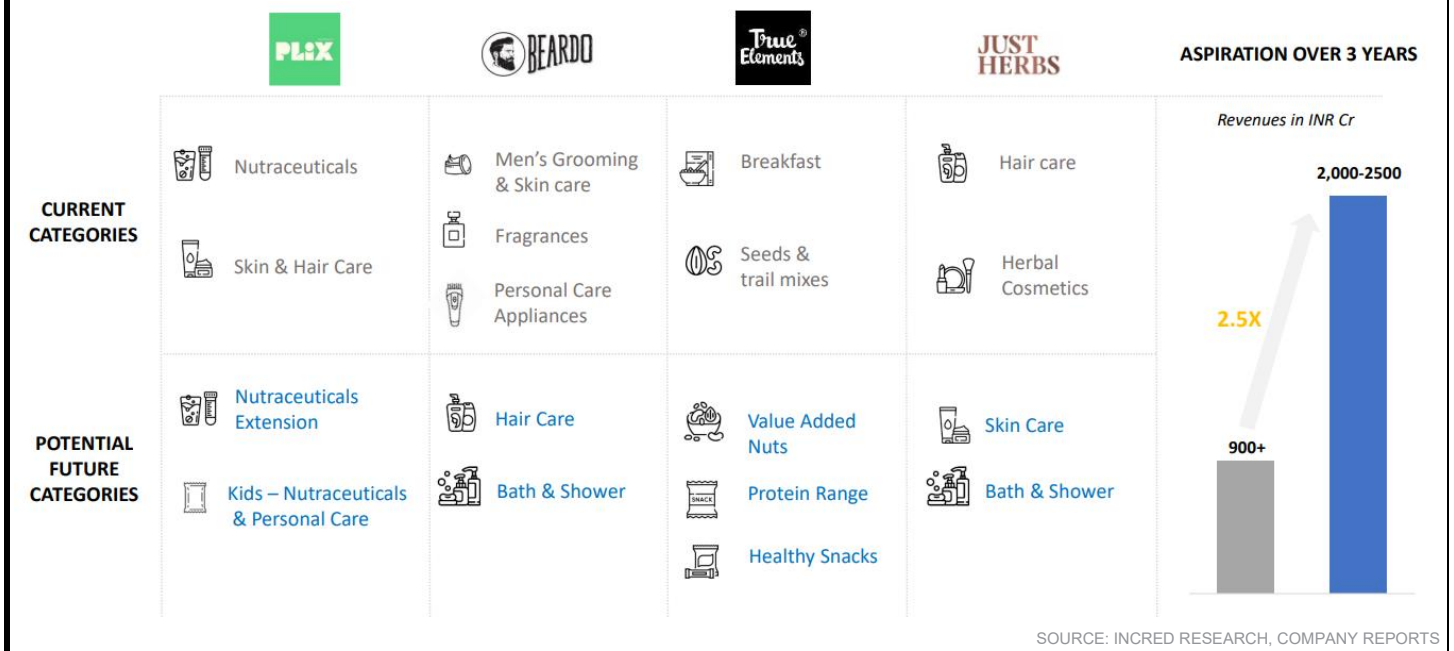


Figure 9: Double-digit revenue growth expected to be powered by improvement in India business and strong international business

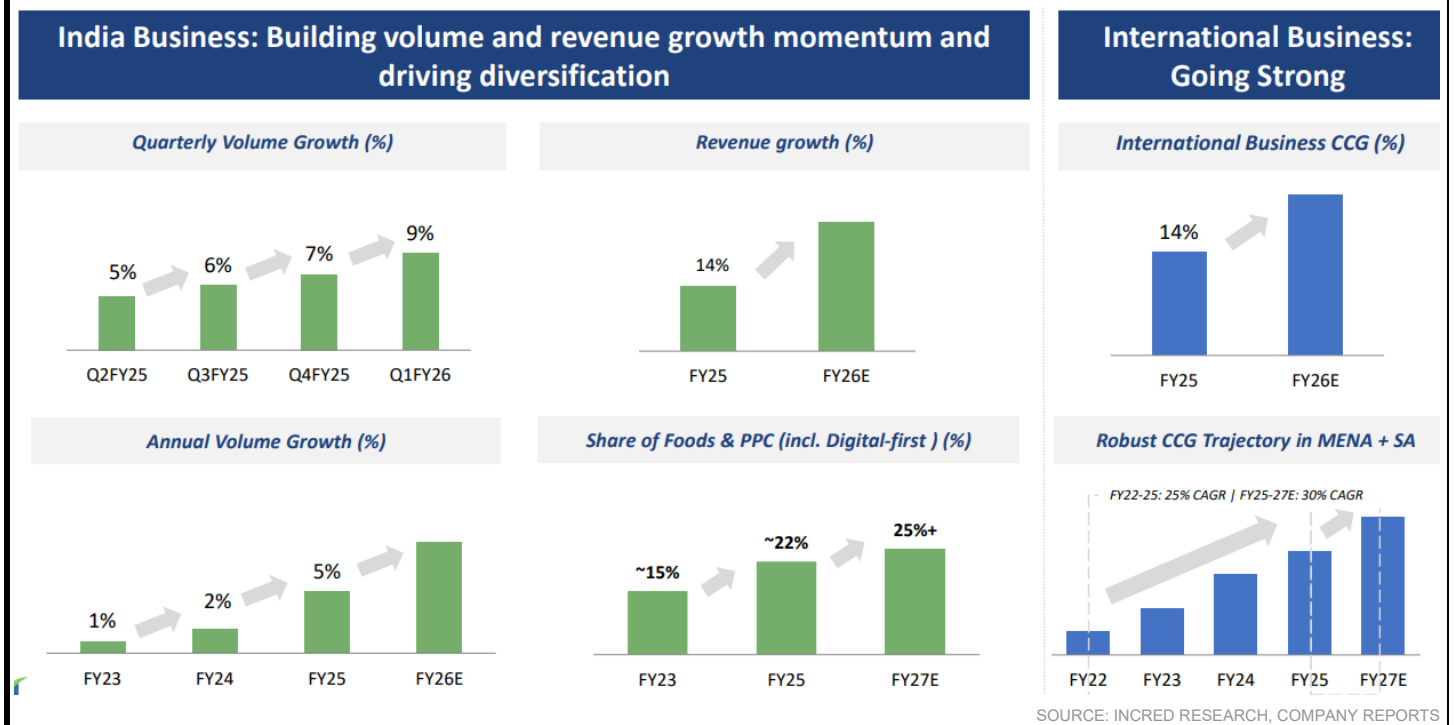
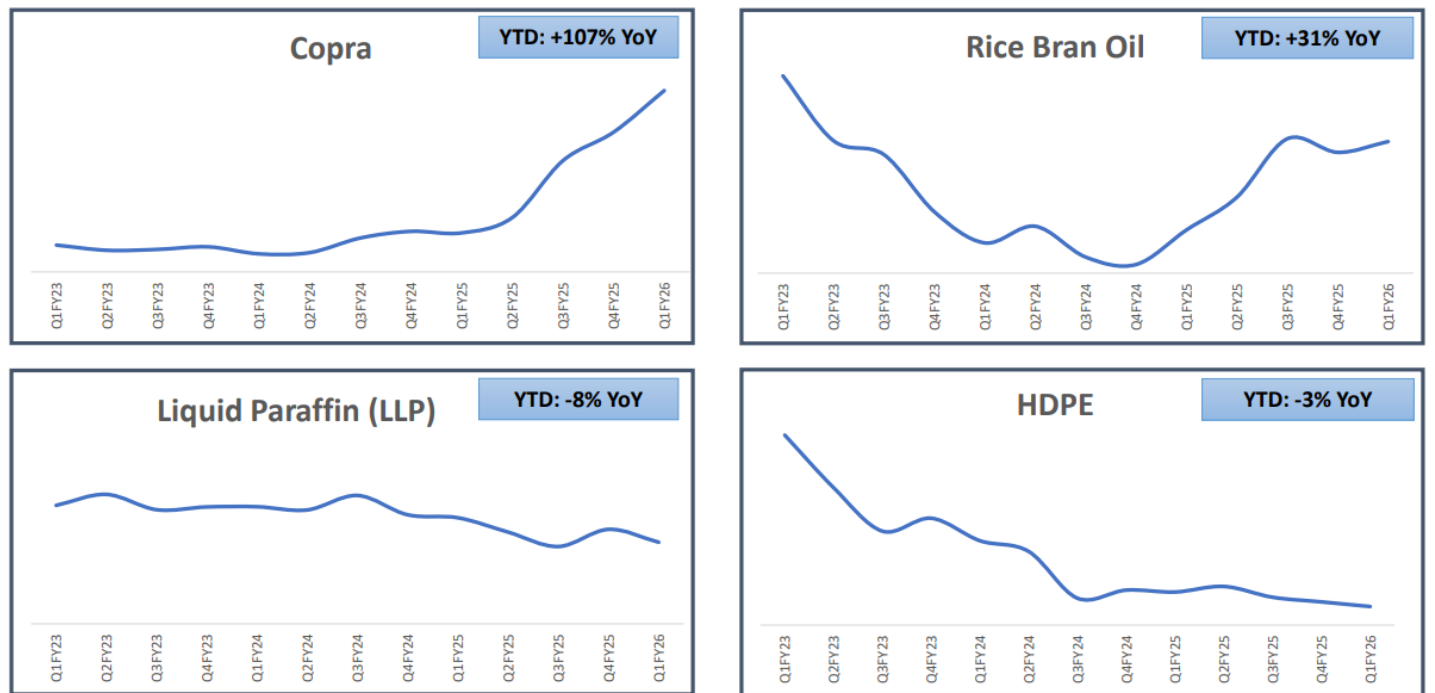


Figure 10: Key raw material prices are expected to remain elevated in the near term



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Market leadership across categories

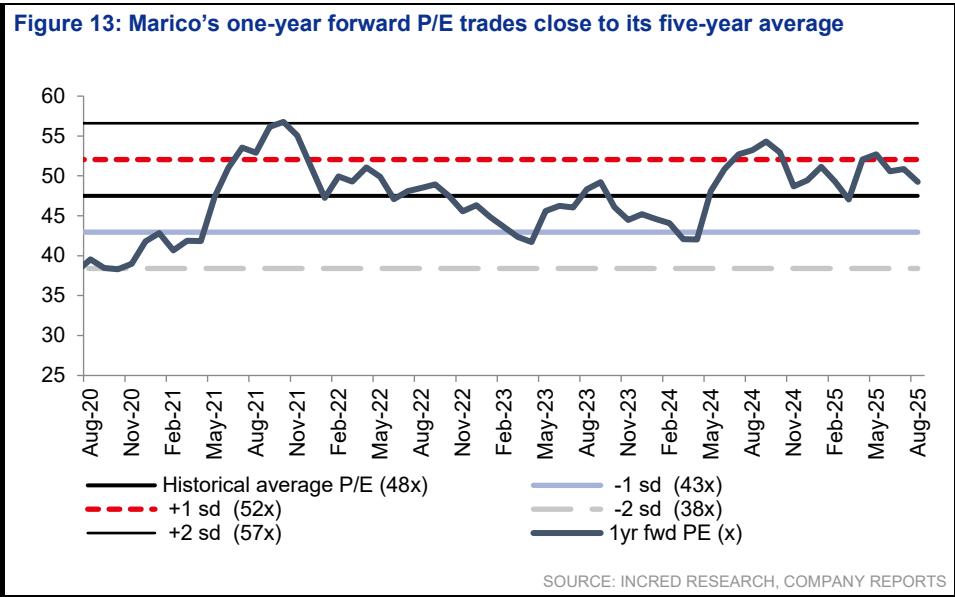
Franchise	~MS%	Rank
Coconut Oil Franchise	63%	1 st
Parachute Rigids within Coconut Oil	53%	1 st
Saffola Oats	41%	1 st
Value Added Hair Oils	29%	1 st
Post wash Leave-on Serums	47%	1 st
Hair Gels/Waxes/Creams	53%	1 st

SOURCE: INCRED RESEARCH, COMPANY REPORTS

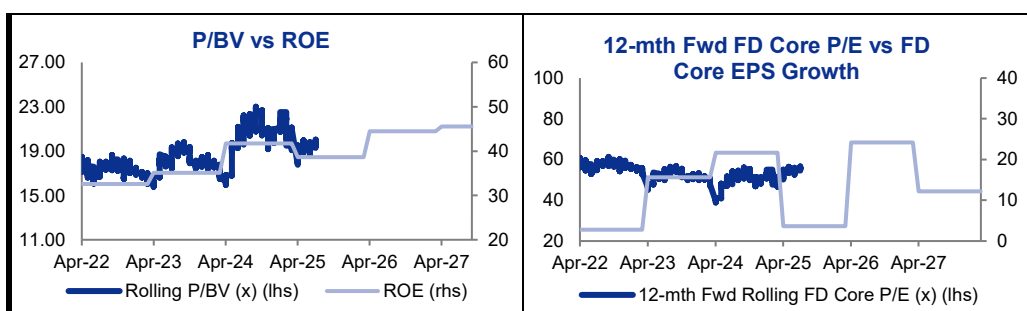
Figure 12: Our revised earnings estimates

Y/E Mar (Rs. m)	FY26F			FY27F			FY28F
	Earlier	Revised	% Change	Earlier	Revised	% Change	Introduced
Net Sales	1,16,892	1,23,008	5.2	1,28,687	1,37,824	7.1	1,53,834
EBITDA	23,645	23,598	-0.2	26,781	28,117	5.0	30,460
EBITDA Margin (%)	20.2	19.2	-100bp	20.8	20.4	-40bp	19.8
Net Income (Before Exceptional Items)	16,951	16,875	-0.5	19,903	20,953	5.3	23,500
EPS	13.1	13.1	-0.5	15.4	16.2	5.3	18.2

SOURCE: INCRED RESEARCH, COMPANY REPORTS



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	96,530	108,310	123,008	137,824	153,834
Gross Profit	49,050	54,430	60,153	68,129	76,220
Operating EBITDA	20,260	21,390	23,598	28,117	30,460
Depreciation And Amortisation	(1,580)	(1,780)	(2,254)	(2,729)	(3,203)
Operating EBIT	18,680	19,610	21,344	25,388	27,257
Financial Income/(Expense)	(730)	1,550	(522)	556	1,982
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	17,950	21,160	20,822	25,943	29,239
Exceptional Items					
Pre-tax Profit	17,950	21,160	20,822	25,943	29,239
Taxation	(4,350)	(4,580)	(3,747)	(4,791)	(5,539)
Exceptional Income - post-tax					
Profit After Tax	13,600	16,580	17,075	21,153	23,700
Minority Interests	(210)	(290)	(200)	(200)	(200)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	13,390	16,290	16,875	20,953	23,500
Recurring Net Profit	13,390	16,290	16,875	20,953	23,500
Fully Diluted Recurring Net Profit	13,390	16,290	16,875	20,953	23,500

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	20,260	21,390	23,598	28,117	30,460
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,520)	7,790	6,757	(2,830)	(7,152)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1,420	2,080	198	1,296	2,722
Net Interest (Paid)/Received	(730)	(530)	(720)	(740)	(740)
Tax Paid	(4,350)	(4,580)	(3,747)	(4,791)	(5,539)
Cashflow From Operations	15,080	26,150	26,086	21,051	19,751
Capex	(5,800)	(4,170)	2,118	(4,700)	(4,700)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,700	(7,790)	(3,000)	(3,000)	(3,000)
Cash Flow From Investing	(3,100)	(11,960)	(4,412)	(7,700)	(7,700)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(12,290)	(4,530)	(13,484)	(16,436)	(18,203)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(12,290)	(4,530)	(13,484)	(16,436)	(18,203)
Total Cash Generated	(310)	9,660	(10,243)	1,872	1,872
Free Cashflow To Equity	11,980	14,190	3,416	17,611	17,611
Free Cashflow To Firm	12,710	14,720	4,136	18,351	18,351

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	12,020	21,520	22,917	21,789	21,789
Total Debtors	10,690	12,710	20,788	26,176	32,425
Inventories	13,360	12,350	22,331	20,867	23,290
Total Other Current Assets	6,350	6,100	5,968	6,716	7,520
Total Current Assets	42,420	52,680	69,348	71,597	71,597
Fixed Assets	16,070	18,370	20,736	22,707	24,204
Total Investments	5,670	2,300	2,300	2,300	2,300
Intangible Assets	9,370	9,460	5,708	5,708	5,708
Total Other Non-Current Assets	(2,110)	(1,910)	(1,910)	(1,910)	(1,910)
Total Non-current Assets	29,000	28,220	27,810	29,852	29,852
Short-term Debt	3,830	3,830	3,830	3,830	3,830
Current Portion of Long-Term Debt					
Total Creditors	15,810	13,630	38,378	40,204	42,504
Other Current Liabilities					
Total Current Liabilities	19,640	17,460	42,208	44,034	46,334
Total Long-term Debt			20	20	20
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities			20	20	20
Total Provisions	80	220	157	173	196
Total Liabilities	19,720	17,680	29,277	30,898	30,898
Shareholders Equity	38,320	39,750	47,641	46,657	56,454
Minority Interests	3,370	2,910	2,910	2,910	2,910
Total Equity	41,690	42,660	50,551	49,567	59,364

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(1.1%)	12.2%	13.6%	12.0%	11.6%
Operating EBITDA Growth	11.9%	5.6%	10.3%	19.1%	8.3%
Operating EBITDA Margin	21.0%	19.7%	19.2%	20.4%	19.8%
Net Cash Per Share (Rs)	6.35	13.71	14.78	13.91	13.91
BVPS (Rs)	29.71	30.81	36.93	36.17	43.76
Gross Interest Cover	25.59	37.00	29.64	34.31	36.83
Effective Tax Rate	24.2%	21.6%	18.0%	18.5%	18.9%
Net Dividend Payout Ratio	62.2%	73.0%	79.9%	78.4%	77.5%
Accounts Receivables Days	39.40	39.43	49.70	62.19	69.52
Inventory Days	98.44	87.08	100.70	113.12	103.83
Accounts Payables Days	116.58	99.72	151.01	205.77	194.48
ROIC (%)	49.3%	45.1%	50.5%	52.1%	52.1%
ROCE (%)	41.6%	42.6%	39.9%	38.2%	38.2%
Return On Average Assets	20.9%	19.7%	17.6%	17.7%	17.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.