

Marico | BUY

Sales trajectory remains strong; earnings growth to accelerate from 2H

Continuing with the recent trend, Marico's pre-quarter update points to yet another strong quarter. Despite GST-led disruption, revenue growth in the 30s is better than our estimate of c.28% largely due to better-than-envisaged growth in VAHO and lower volume decline in Parachute. EBITDA/PAT growth is expected to be moderate given the steep inflation in copra and higher brand investments. While Marico has demonstrated strong pricing power in core portfolio, unprecedented copra inflation will weigh on FY26 profitability (especially in 1H). Going ahead we see margin pressures bottoming out with a) likely moderation in 2H (copra prices down c.10% from peak), b) recovery in better margin VAHO portfolio and c) improving execution on portfolio diversification (Foods & Premium personal care which is now c.22% of India sales with EBITDA margin at breakeven level) both in terms of sales/profitability. Successful execution should result in better EBITDA growth going ahead thereby driving overall earnings growth (est. c.13% CAGR over FY25-28E) and can also lead to upsides to our current margin estimates. We like Marico's strength in core, relatively better execution on portfolio diversification and International business vs. peers. We maintain BUY with a revised TP of INR 825 (48x Sep'27 EPS).

- **Revenue momentum remains strong led by strong pricing growth and high-single-digit UVG:** Marico's consolidated revenue is expected to grow in the 30s led by strong pricing-led growth in Parachute and Saffola edible oils, better-than-envisaged recovery in VAHO and sustained momentum in Foods and Premium personal care portfolio. On the domestic front, c.30% of its domestic business has benefitted from GST rate rationalisation. Despite disruption in trade channels and CSD, India business volume grew in high single digit but was a tad lower vs. 1QFY26 (we estimate UVG of c.7-8% vs. c.9% in 1Q). We estimate sales growth of c.30% YoY for 2QFY26E. International business momentum also remained healthy with constant currency growth in the 20s led by Bangladesh and MENA.
- **Parachute/Saffola to see strong pricing led sales growth, VAHO surprises positively with acceleration in growth:** Within the core portfolio, Parachute volume declined in low single digits (in line with our estimates), despite a strong price hike (c.60%). Adjusting for ml-age reductions in lieu of price increases, the brand saw flattish volume in the quarter. Saffola volume was flat (lower vs. estimates) impacted by GST-led disruption in the CSD channel. However, pricing resulted in high-teens sales growth for the brand. VAHO surprised positively yet again with high-teens growth (improvement vs. c.10% growth seen in 1Q) and momentum is likely to continue led by strategic focus on mid & premium portfolio, distribution expansion and recent GST rate rationalisation.
- **High input cost inflation, brand spends and trade discounts to result in modest EBITDA growth:** Consol. EBITDA growth is likely to be modest due to a) steep inflation in copra (+137%/40% YoY/QoQ), b) high A&P spends and c) discounts implemented in the trade channel to liquidate old inventory during the GST transition period. We expect EBITDA growth of c.4% YoY with margin compression of c.400bps YoY. Going forward we expect margin pressures to ease with copra prices likely to moderate in 2H, along with sustained recovery in VAHO (has better margins) and improving profitability in Foods and Premium personal care.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	825
Upside/(Downside)	16.0%
Previous Price Target	800
Change	3.1%

Key Data – MRCO IN

Current Market Price	INR711
Market cap (bn)	INR922.8/US\$10.4
Free Float	38%
Shares in issue (mn)	1,290.0
Diluted share (mn)	1,290.0
3-mon avg daily val (mn)	INR1,503.7/US\$16.9
52-week range	761/578
Sensex/Nifty	81,207/24,894
INR/US\$	88.8

Price Performance

%	1M	6M	12M
Absolute	-3.2	7.6	1.7
Relative*	-3.8	-0.2	2.3

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,730	1,07,330	1,33,350	1,43,735	1,58,740
Sales Growth (%)	-1.2	12.1	24.2	7.8	10.4
EBITDA	20,260	21,390	23,189	27,107	30,525
EBITDA Margin (%)	21.0	19.7	17.2	18.7	19.1
Adjusted Net Profit	14,810	16,290	17,723	20,739	23,287
Diluted EPS (INR)	11.5	12.6	13.7	16.1	18.1
Diluted EPS Growth (%)	13.7	10.0	8.8	17.0	12.3
ROIC (%)	51.9	58.1	74.7	88.3	96.6
ROE (%)	38.8	41.7	43.4	48.1	51.6
P/E (x)	61.9	56.3	51.8	44.2	39.4
P/B (x)	23.9	23.1	21.9	20.7	20.0
EV/EBITDA (x)	45.0	42.2	38.8	33.1	29.4
Dividend Yield (%)	1.3	1.5	1.7	2.0	2.4

Source: Company data, JM Financial. Note: Valuations as of 03/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. 2QFY26 estimates post pre-quarter update

INR Mn	Consolidated			Change (%)	
	2QFY25	1QFY26	2QFY26E	YoY	QoQ
Revenue from operations	26,640	32,590	34,660	30.1%	6.4%
Gross Profit	13,530	15,290	15,251	12.7%	-0.3%
Gross profit margin%	50.8%	46.9%	44.0%	-679 bps	-292 bps
EBITDA	5,220	6,550	5,435	4.1%	-17.0%
EBITDA margin %	19.6%	20.1%	15.7%	-391 bps	-442 bps
Adjusted Net Profit	4,230	5,040	4,421	4.5%	-12.3%

Source: Company, JM Financial

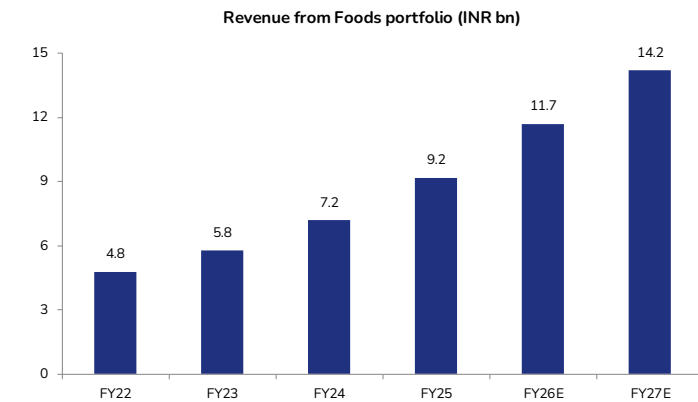
Exhibit 2. Price cuts across key product categories

Product	SKU size	New MRP	Old MRP	% cut in MRP
Nihar Shanti Badam Amla Hair Oil	275 ml	76	86	12%
Hair & Care Hair Oil	100 ml	60	68	12%
Nihar Naturals Jasmine Hair Oil	200 ml	81	92	12%
Mediker Anti-Lice Treatment Shampoo	50 ml	56	60	7%
Parachute Advansed Jasmine Hair Oil	190 ml	89	100	11%
Parachute Advansed Aloe Vera Hair Oil	250 ml	151	170	11%
Parachute Advansed Ayurvedic Hair Oil	180 ml	165	176	6%
Parachute Advansed Baby Shampoo	410 ml	507	570	11%
Saffola Soya Chunks	400 gm	140	150	7%
Revive Liquid Starch	200 ml	72	81	11%
Saffola Muesli Choco Crunch	400 gm	347	390	11%

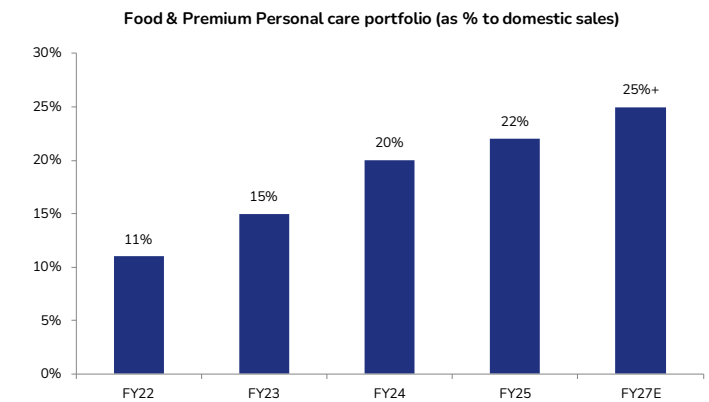
Source: Company, JM Financial

Exhibit 3. Unprecedented copra inflation seen in FY26**Copra prices (INR/Quintal)**

Source: Bloomberg, Company, JM Financial

Exhibit 4. Steady scale up seen in Foods portfolio led by Plix and True Elements


Source: Company, JM Financial

Exhibit 5. Food & Premium personal care portfolio is expected to contribute to 25% of domestic sales by FY27E


Source: Company, JM Financial

Exhibit 6. D2C brands seeing strong revenue momentum..

Revenue (INR mn)	FY23	FY24	FY25
Zed Lifestyle Private Limited (Beardo)	1,066	1,732	2,142
HW Wellness Solutions Private Limited (True Elements)	574	764	1,644
Apcos Naturals Private Limited (Just Herbs)	592	960	988
Satiya Nutraceuticals Private Limited (Plix)	989	1,450	4,182

Source: Company, Company, JM Financial

Exhibit 7. ..as well as improvement in profitability

EBITDA margin (%)	FY23	FY24	FY25
Zed Lifestyle Private Limited (Beardo)	-6.5%	4.2%	9.2%
HW Wellness Solutions Private Limited (True Elements)	-40.4%	-27.1%	-14.2%
Apcos Naturals Private Limited (Just Herbs)	-23.9%	-7.4%	-25.7%
Satiya Nutraceuticals Private Limited (Plix)	-9.6%	-10.1%	2.4%

Source: Company, Company, JM Financial

Exhibit 8. Marico's 5yr avg. PE band


Source: Bloomberg, Company, JM Financial

Exhibit 9. Marico's 10yr avg. PE band


Source: Bloomberg, Company, JM Financial

Exhibit 10. Change in estimates

INR mn	Revised			Earlier			% change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	133,350	143,735	158,740	133,335	143,707	158,697	0.0%	0.0%	0.0%
EBITDA	23,189	27,107	30,525	23,187	26,556	30,085	0.0%	2.1%	1.5%
PAT	17,723	20,739	23,287	17,704	20,297	22,923	0.1%	2.2%	1.6%
EPS	13.7	16.1	18.1	13.7	15.7	17.8	0.1%	2.2%	1.6%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,730	1,07,330	1,33,350	1,43,735	1,58,740
Sales Growth	-1.2%	12.1%	24.2%	7.8%	10.4%
Other Operating Income	800	980	1,218	1,312	1,449
Total Revenue	96,530	1,08,310	1,34,568	1,45,047	1,60,189
Cost of Goods Sold/Op. Exp	47,480	53,880	72,891	76,642	84,420
Personnel Cost	7,430	8,310	9,201	9,875	10,826
Other Expenses	21,360	24,730	29,286	31,423	34,418
EBITDA	20,260	21,390	23,189	27,107	30,525
EBITDA Margin	21.0%	19.7%	17.2%	18.7%	19.1%
EBITDA Growth	11.9%	5.6%	8.4%	16.9%	12.6%
Depn. & Amort.	1,580	1,780	1,895	2,081	2,282
EBIT	18,680	19,610	21,294	25,027	28,244
Other Income	1,420	2,080	2,272	2,457	2,553
Finance Cost	730	530	439	423	410
PBT before Excep. & Forex	19,370	21,160	23,127	27,062	30,386
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	19,370	21,160	23,127	27,062	30,386
Taxes	4,350	4,580	5,088	5,954	6,685
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	210	290	316	369	415
Reported Net Profit	14,810	16,290	17,723	20,739	23,287
Adjusted Net Profit	14,810	16,290	17,723	20,739	23,287
Net Margin	15.3%	15.0%	13.2%	14.3%	14.5%
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	13.7	16.1	18.1
Diluted EPS Growth	13.7%	10.0%	8.8%	17.0%	12.3%
Total Dividend + Tax	12,290	13,545	15,623	18,281	21,692
Dividend Per Share (INR)	9.5	10.5	12.1	14.2	16.8

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	19,370	21,160	23,127	27,062	30,386
Depn. & Amort.	1,580	1,780	1,895	2,081	2,282
Net Interest Exp. / Inc. (-)	-690	-1,550	-1,833	-2,035	-2,143
Inc (-) / Dec in WCap.	-2,260	-2,930	1,375	-595	-84
Others	-350	10	0	0	0
Taxes Paid	-3,780	-4,840	-4,812	-5,750	-6,513
Operating Cash Flow	13,870	13,630	19,752	20,762	23,928
Capex	-1,350	-1,220	-2,400	-2,573	-2,826
Free Cash Flow	12,520	12,410	17,352	18,189	21,103
Inc (-) / Dec in Investments	2,450	-5,690	-3,180	-3,816	-4,579
Others	660	700	2,272	2,457	2,553
Investing Cash Flow	1,760	-6,210	-3,308	-3,931	-4,852
Inc / Dec (-) in Capital	340	460	0	0	0
Dividend + Tax thereon	-12,290	-4,530	-15,623	-18,281	-21,692
Inc / Dec (-) in Loans	-910	-50	-379	-341	-307
Others	-2,560	-2,370	-467	-451	-440
Financing Cash Flow	-15,420	-6,490	-16,469	-19,074	-22,439
Inc / Dec (-) in Cash	210	930	-24	-2,243	-3,362
Opening Cash Balance	9,220	6,840	7,770	7,746	5,503
Closing Cash Balance	9,430	7,770	7,746	5,503	2,140

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	38,320	39,750	41,850	44,308	45,903
Share Capital	1,290	1,290	1,290	1,290	1,290
Reserves & Surplus	37,030	38,460	40,560	43,018	44,613
Preference Share Capital	0	0	0	0	0
Minority Interest	3,370	2,910	3,226	3,595	4,009
Total Loans	3,830	3,790	3,411	3,070	2,763
Def. Tax Liab. / Assets (-)	2,110	1,910	1,910	1,910	1,910
Total - Equity & Liab.	47,630	48,360	50,397	52,883	54,586
Net Fixed Assets	27,680	27,980	28,600	29,213	29,883
Gross Fixed Assets	23,250	22,900	25,300	27,873	30,699
Intangible Assets	8,630	8,570	8,570	8,570	8,570
Less: Depn. & Amort.	6,730	6,190	8,085	10,166	12,448
Capital WIP	2,530	2,700	2,815	2,936	3,063
Investments	6,020	15,900	19,080	22,896	27,475
Current Assets	39,830	38,930	46,215	46,968	47,935
Inventories	13,360	12,350	15,344	16,539	18,266
Sundry Debtors	10,690	12,710	15,791	17,021	18,798
Cash & Bank Balances	9,430	7,770	7,746	5,503	2,140
Loans & Advances	2,120	1,480	1,734	1,869	2,064
Other Current Assets	4,230	4,620	5,601	6,037	6,667
Current Liab. & Prov.	25,900	34,450	43,498	46,194	50,707
Current Liabilities	24,010	32,120	40,753	43,138	47,331
Provisions & Others	1,890	2,330	2,745	3,056	3,377
Net Current Assets	13,930	4,480	2,717	774	-2,773
Total - Assets	47,630	48,360	50,397	52,883	54,586

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.3%	15.0%	13.2%	14.3%	14.5%
Asset Turnover (x)	2.1	2.3	2.7	2.8	3.0
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	38.8%	41.7%	43.4%	48.1%	51.6%

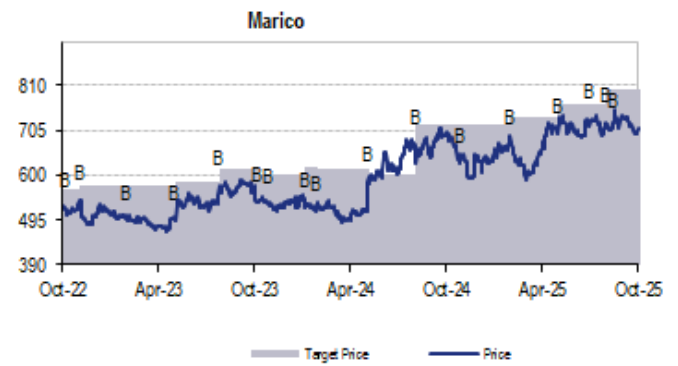
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	29.7	30.8	32.4	34.3	35.6
ROIC	51.9%	58.1%	74.7%	88.3%	96.6%
ROE	38.8%	41.7%	43.4%	48.1%	51.6%
Net Debt/Equity (x)	-0.2	-0.4	-0.5	-0.5	-0.5
P/E (x)	61.9	56.3	51.8	44.2	39.4
P/B (x)	23.9	23.1	21.9	20.7	20.0
EV/EBITDA (x)	45.0	42.2	38.8	33.1	29.4
EV/Sales (x)	9.5	8.3	6.7	6.2	5.6
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-22	Buy	550	
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
3-May-25	Buy	765	4.1
4-Jul-25	Buy	765	0.0
4-Aug-25	Buy	800	4.6
17-Aug-25	Buy	800	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: 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.

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