

CMP: INR 807

Rating: ACCUMULATE

Target Price: INR 920

Stock Info

BSE	531642
NSE	MARICO
Bloomberg	MRCO:IN
Reuters	MRCO.BO
Sector	Personal Products
Face Value (INR)	1
Equity Capital (INR cr)	130
Mkt Cap (INR cr)	1,04,774
52w H/L (INR)	813/680
Avg Daily Volume (in 000')	1,925

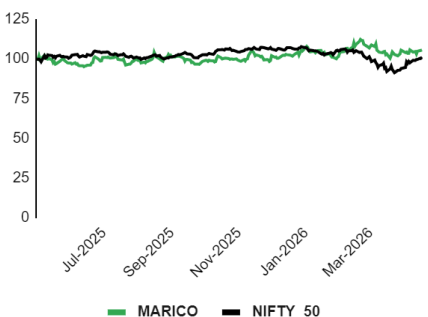
Shareholding Pattern %

(As on Mar 2026)

Promoters	58.93
FII	24.08
DII	12.17
Public & Others	4.82

Stock Performance (%)	1m	6m	12m
Marico	7.66	13.31	11.59
Nifty 50	4.63	(5.79)	(1.75)

Marico Vs Nifty 50



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Marico Ltd reported a mixed performance in Q4FY26, with revenue declining 5.8% QoQ to INR 3,333 crore, though it grew a healthy 22.1% YoY. Margins came under pressure, with EBITDA falling 12% QoQ to INR 521 crore and EBITDA margin contracting to 15.6%, impacted by higher other expenses despite some cost control in raw materials and employee costs. EBIT and PBT also declined sequentially, while PAT stood at INR 408 crore (-11.3% QoQ, +18.3% YoY). On a consolidated basis, PAT grew strongly by 33% YoY to INR 439 crore, though sequentially lower. Overall, the quarter reflects steady annual growth but short-term margin pressure and profitability moderation on a QoQ basis.

Structural De-risking via Portfolio Transformation: The company is aggressively pivoting its revenue mix away from a commodity-dependent model to a diversified consumer-centric portfolio. The company aims to reduce the revenue share of its commodity-linked business from over 70% to 50% by FY30. This transformation is already evident, with the combined share of Foods and Premium Personal Care (including digital brands) reaching 23% in FY26, with a target of 27% in FY27 and eventually one-third of the business by FY30.

Strategic Margin Expansion Driven by Favorable RM Tailwinds: The company has provided a robust profitability outlook, guiding for high-teen EBITDA growth in FY27. This is underpinned by a projected 150 bps expansion in operating margins, supported by a potential 300 to 400 bps improvement in gross margins as the company laps its high-cost base. While crude-linked inputs remain volatile, the 35% correction in Copra prices from peak levels provides a significant tailwind for the core portfolio.

Valuation & Outlook: The company has outlined a clear financial roadmap to scale revenues from INR 15,000 crores in FY27 to over INR 20,000 crores by FY30. This trajectory is supported by a projected high single-digit volume growth in the India business and mid-teen constant currency growth in international markets. Profitability is expected to outpace revenue growth in the near term, with the company guiding for high-teen EBITDA growth and a 150-bps expansion in operating margins for FY27, underpinned by a 300-400 bps improvement in gross margins. The long-term strategy focuses on a structural portfolio transformation to reduce commodity-linked business to 50% of revenue by FY30, while scaling the Foods and Premium Personal Care segments to contribute one-third of the total business. **We assign a TP of INR 920 valued at a P/E multiple of 44x the FY29E EPS of INR 20.9, yielding an upside of 14%, and a 'ACCUMULATE' rating.**

INR Cr	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenues	9,653	10,831	13,611	14,978	16,496	18,148
yoy growth (%)	(1.1)	12.2	25.7	10.0	10.1	10.0
Operating profit	2,027	2,139	2,328	2,921	3,217	3,539
OPM (%)	21.0	19.7	17.1	19.5	19.5	19.5
Reported PAT	1,524	1,678	1,830	2,214	2,462	2,719
yoy growth (%)	13.7	10.1	9.1	21.0	11.2	10.4
EPS (Rs)	11.8	13.0	14.1	17.0	18.9	20.9
P/E (x)	68.3	62.0	57.3	47.4	42.6	38.6
Price/Book (x)	27.2	26.2	24.9	22.2	19.1	16.1
EV/EBITDA (x)	51.1	49.1	45.5	35.9	32.3	29.0
Debt/Equity (x)	0.3	0.5	0.4	0.4	0.3	0.2
RoE (%)	37.5	40.6	45.9	47.6	46.5	43.9

Source: Company & Arihant Research

Particulars (INR Cr) (consolidated)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Net Revenue	3,333	3,537	2,730	-5.77%	22.09%
Raw Material Costs	1,835	1,997	1,404	-8.11%	30.70%
Gross Profit	1,498	1,540	1,326	-2.73%	12.97%
Gross Margin	44.94%	43.54%	48.57%	140bps	-363bps
Employee costs	237	241	208	-1.66%	13.94%
Advertising and Promotion Expenses	320	336	305	-4.76%	4.92%
Other Expenses	420	371	355	13.21%	18.31%
EBITDA	521	592	458	-11.99%	13.76%
<i>EBITDA margin %</i>	<i>15.63%</i>	<i>16.74%</i>	<i>16.78%</i>	<i>-111bps</i>	<i>-114bps</i>
Depreciation	60	50	52	20.00%	15.38%
EBIT	461	542	406	-14.94%	13.55%
Finance costs	17	14	12	21.43%	41.67%
Other Non Operating Income	60	39	47	53.85%	27.66%
PBT	504	567	441	-11.11%	14.29%
Tax Expense	96	107	96	-10.28%	0.00%
Effective tax rate %	19%	19%	22%	18bps	-272bps
PAT	408	460	345	-11.30%	18.26%
Other comprehensive income	31	26	-15	19.23%	-306.67%
Consolidated PAT	439	486	330	-9.67%	33.03%
<i>PAT margin %</i>	<i>12.82%</i>	<i>13.49%</i>	<i>11.95%</i>	<i>-67bps</i>	<i>87bps</i>
EPS (Rs)	3.04	3.45	2.65	-11.88%	14.72%

Supply Chain Agility as a Competitive Moat: The company's scale and backend capabilities provide a structural advantage over smaller, regional players, particularly during periods of supply chain disruption and inflation. The company highlighted that their strategic positioning across raw materials and packaging allows them to maintain supply assurance while smaller competitors face working capital constraints and availability issues. This has resulted in over 95% of the portfolio gaining or sustaining market share.

Scaling the House of Brands Digital Portfolio: The digital-first portfolio (including Beardo, Plix, and Cosmix) has achieved significant scale, exiting FY26 at an ARR of INR 1,100+ crores. Critically, this growth is becoming increasingly margin-accretive; the company aims to exit FY27 with double-digit EBITDA margins for this segment, with aspirations for mid-teens margins by FY30.

Sustainable Growth Momentum in International Markets: The international business has reached multi-year highs in constant currency (CC) growth, demonstrating successful geographic and category diversification. Bangladesh delivered 35% sales growth in Q4, while Vietnam and South Africa continue to scale. The company expects to maintain mid-teen CC growth in the international segment, driven by premiumization into the Beauty and Personal Care categories.

Aggressive Scaling of the Foods Vertical: The Foods business has transitioned into a significant growth engine, exiting FY26 at a revenue run rate of INR 1,000+ crores. With a portfolio spanning health, wellness, and gourmet snacking (Safola, 4700 BC, Soulfull), the company anticipates a sustainable 20-25% growth trajectory for this segment as it leverages cross-channel synergies and distribution expansion.

Resilience and Recovery in Core Categories: Despite a tough operating environment, the core India business is showing an improving volume growth trajectory. VAHO delivered 20%+ volume growth in Q4, driven by momentum in the mid and premium segments. Furthermore, as pricing stabilizes in the Parachute franchise following selective price cuts, the company expects a recovery in consumption and volume growth from Q1 FY27 onwards.

Income statement summary						
Income Statement (INR Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	9,653	10,831	13,611	14,978	16,496	18,148
Net Raw Materials	4,748	5,388	7,559	7,863	8,578	9,346
Advt & Promotion	952	1,128	1,300	1,468	1,650	1,851
Employee Cost	742	831	916	1,048	1,188	1,343
Other Expenses	1,184	1,345	1,508	1,678	1,864	2,069
Total Expenses	7,626	8,692	11,283	12,057	13,280	14,609
EBITDA	2,027	2,139	2,328	2,921	3,217	3,539
EBITDA %	21.0	19.7	17.1	19.5	19.5	19.5
Depreciation	(158)	(178)	(202)	(244)	(276)	(312)
Interest expense	(73)	(53)	(53)	(51)	(50)	(48)
Other income	142	208	204	225	280	327
Profit before tax	1,959	2,136	2,294	2,870	3,191	3,525
Taxes	(435)	(458)	(464)	(656)	(730)	(806)
Reported Net profit	1,524	1,678	1,830	2,214	2,462	2,719
Other Comprehensive income	-73	-74	67	67	67	67
Net profit	1,451	1,604	1,897	2,281	2,529	2,786
EPS (INR)	11.1	12.3	14.5	16.4	18.3	20.2

Balance sheet summary						
Consolidated Balance Sheet (INR Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	129	129	130	130	130	130
Reserves	3,703	3,846	4,080	4,595	5,358	6,368
Net worth	3,832	3,975	4,210	4,725	5,488	6,498
Minority Interest	337	291	284	284	284	284
Debt	992	1,997	1,725	1,675	1,625	1,575
Other non-current liabilities	19	27	31	31	31	31
Deferred tax liab (net)	362	340	450	450	450	450
Total liabilities	5,542	6,630	6,700	7,165	7,878	8,838
Fixed assets	909	955	1,099	887	900	913
Capital Work In Progress	44	40	85	89	125	170
Other Intangible assets	937	946	1,498	1,498	1,498	1,498
Goodwill	863	857	1,036	1,036	1,036	1,036
Investments	558	351	280	280	280	280
Other non current assets	108	106	217	42	46	50
Net working capital	910	1,220	38	1,093	775	382
Inventories	1,336	1,235	1,611	1,671	1,752	1,831
Sundry debtors	1,069	1,271	1,304	1,342	1,248	1,121
Loans & Advances	4	7	7	4	5	5
Other current assets	380	409	491	541	596	655
Sundry creditors	(1,581)	(1,306)	(1,634)	(2,013)	(2,327)	(2,682)
Other current liabilities & Prov	(298)	(396)	(1,741)	(453)	(499)	(548)
Cash	943	777	493	1,409	2,302	3,500
Other Financial Assets	270	1,378	1,954	832	916	1,008
Total assets	5,542	6,630	6,700	7,165	7,878	8,838

Source: Company & Arianth Research

Cashflow summary

Cash Flow Statement (INR Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	1,959	2,136	2,294	2,870	3,191	3,525
Depreciation	158	178	202	244	276	312
Tax paid	(435)	(458)	(464)	(656)	(730)	(806)
Working capital Δ	(226)	(310)	1,182	(1,055)	318	393
Other operating items	(1)	6	(179)	-	-	-
Operating cashflow	1,455	1,552	3,035	1,404	3,056	3,423
Capital expenditure	(411)	(220)	(391)	(36)	(325)	(370)
Free cash flow	1,044	1,332	2,644	1,368	2,730	3,053
Equity raised	(192)	(106)	(297)	(401)	(401)	(280)
Investments	12	207	71	-	-	-
Others	268	(1,115)	(1,239)	1,297	(89)	(96)
Debt financing/disposal	78	1,005	(272)	(50)	(50)	(50)
Dividends paid	(1,226)	(1,355)	(1,365)	(1,365)	(1,365)	(1,496)
Other items	203	(134)	174	67	67	67
Net Δ in cash	187	(166)	(284)	916	893	1,198
Opening Cash Flow	756	943	777	493	1,409	2,302
Closing Cash Flow	943	777	493	1,409	2,302	3,500

Ratio analysis

Ratio analysis	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)						
Revenue growth	(1.1)	12.2	25.7	10.0	10.1	10.0
Op profit growth	12.0	5.5	8.8	25.5	10.1	10.0
EBIT growth	11.8	7.9	7.4	24.5	11.0	10.3
Net profit growth	13.7	10.1	9.1	21.0	11.2	10.4
Profitability ratios (%)						
OPM	21.0	19.7	17.1	19.5	19.5	19.5
EBIT margin	20.8	20.0	17.1	19.4	19.5	19.6
Net profit margin	15.8	15.5	13.4	14.8	14.9	15.0
RoCE	32.7	31.5	31.2	36.2	36.7	36.0
RoNW	37.5	40.6	45.9	47.6	46.5	43.9
RoA	25.8	23.9	28.1	29.7	30.2	29.8
Per share ratios						
EPS	11.8	13.0	14.1	17.0	18.9	20.9
Dividend per share	9.5	10.5	10.5	10.5	10.5	11.5
Cash EPS	13.0	14.4	15.6	18.9	21.1	23.3
Book value per share	29.7	30.8	32.4	36.3	42.2	50.0
Valuation ratios						
P/E	68.3	62.0	57.3	47.4	42.6	38.6
P/CEPS	61.9	56.1	51.6	42.7	38.3	34.6
P/B	27.2	26.2	24.9	22.2	19.1	16.1
EV/EBIDTA	51.1	49.1	45.5	35.9	32.3	29.0
Payout (%)						
Dividend payout	80.4	80.7	74.6	61.6	55.4	55.0
Tax payout	22.2	21.4	20.2	22.8	22.9	22.9
Liquidity ratios						
Debtor days	39.9	42.2	34.5	32.2	27.2	22.2
Inventory days	101.3	82.5	76.7	76.5	73.5	70.5
Creditor days	74.6	54.1	52.1	60.1	63.1	66.1
Cash Conversion Cycle	66.5	70.7	59.1	48.7	37.7	26.7
Leverage ratios						
Interest coverage	27.5	40.9	44.0	56.9	65.1	74.0
Net debt / equity	0.0	0.3	0.3	0.1	(0.1)	(0.3)
Net debt / op. profit	0.0	0.6	0.5	0.1	(0.2)	(0.5)

Source: Company & Arianth Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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