



Stock Idea Note - Marico Ltd

Company Overview

Marico Limited is one of India's leading fast-moving consumer goods (FMCG) companies with a strong presence in the beauty and wellness, edible oils, and healthy foods segments. Founded in 1990 and headquartered in Mumbai, the company has built a strong portfolio of well recognized consumer brands across hair care, cooking oils, and nutrition products. Its flagship brands include Parachute coconut oil, Saffola edible oils and healthy foods, and Hair & Care hair oils, which collectively command strong market leadership in their respective categories. Over the years, Marico has also diversified into new-age consumer segments through digital-first brands such as Beardo in male grooming and Plix in plant-based nutrition. The company operates in more than 25 countries across Asia and Africa, with key international markets including Bangladesh, Vietnam, South Africa, and the Middle East region. Marico's business model is focused on building strong consumer brands, expanding distribution across rural and urban markets and leveraging premiumization and innovation to drive growth. The company has also been strengthening its presence in modern trade, e-commerce, and quick commerce channels to capture evolving consumer demand. With a combination of dominant core brands, growing foods and digital portfolios and strong international operations, Marico continues to position itself as a key player in India's evolving FMCG landscape.

Investment Rationale

Strong growth visibility from foods and digital first brands

Marico has been strategically diversifying its portfolio beyond its traditional coconut oil franchise toward high-growth food and digital-native brands, which are expected to drive incremental growth over the medium term. The company's foods portfolio under the Saffola franchise, including oats, muesli, peanut butter, honey, and healthy snacking products has scaled meaningfully over the last few years and has already crossed Rs. 1,100 crores in annualized revenues. Management expects the foods segment to sustain 20–25% growth over the medium term, supported by rising consumer awareness around health and nutrition, expansion in modern trade, and increasing penetration in quick-commerce channels. In addition, Marico's digital-first portfolio, which includes brands such as Beardo (male grooming) and Plix (plant-based nutrition), is scaling rapidly through online channels. These brands have already crossed Rs. 750 crores in annualized revenue, with management guiding that the portfolio could reach Rs. 1,000 crores ARR in the near term. Importantly, these businesses are expected to transition from an investment phase to profitability, with double digit EBITDA margins targeted by FY27. As a result, the share of new-age businesses in domestic revenue is expected to rise to around 20–25% over the next few years, which could structurally improve Marico's growth profile compared with traditional FMCG peers.

Recovery in core portfolio with premiumization and pricing normalization

Marico's core business, particularly its flagship coconut oil brand Parachute, continues to maintain dominant market share and strong brand equity, making it one of the most resilient franchises in India's FMCG sector. However, in recent quarters, the company witnessed volume pressure due to elevated copra prices, which forced price hikes and impacted consumption in price-sensitive segments. Management commentary in recent concall suggests that copra inflation is stabilizing, which should allow the company to recalibrate pricing and gradually improve volume growth in the core portfolio. Alongside this recovery, Marico is increasingly focusing on premiumization within its existing categories to drive higher realizations and margins. In the edible oils segment, the company has been expanding premium offerings such as Saffola Gold, Saffola Total, and cold-pressed oil variants, targeting urban and health conscious consumers. Similarly, in personal care, the company is strengthening its presence in value-added hair care products such as hair serums, hair creams, and specialty oils, which command higher margins compared to commoditized oil products. This strategy allows Marico to maintain leadership in core categories while improving profitability through premium products, supporting sustainable value growth even if volume growth in base categories moderates.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	790
Target Price (INR)	915
NSE Symbol	MARICO LTD
BSE Code	531642
Bloomberg	MRCO IN
Reuters	MRCO.BO

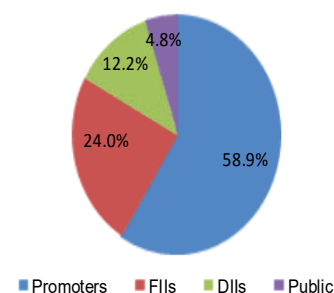
Key Data

Nifty	24,450
52WeekH/L(Rs.)	814/593
O/s Shares (Cr.)	130
Market Cap (Rs, Cr.)	1,01,209
Face Value (Rs.)	1

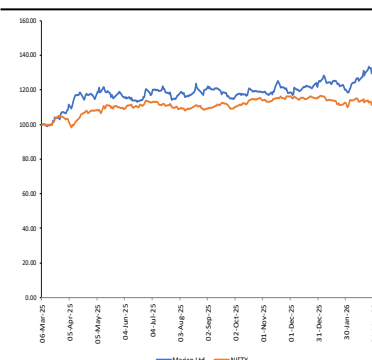
Average volume

3 months	17,33,580
6 months	17,92,859
1 year	20,15,238

Share Holding Pattern (%)



Relative Price Chart



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Valuation and Outlook

Marico's medium-term outlook remains positive, supported by improving input cost dynamics, a clear focus on volume-led growth, and sustained investments in higher-growth categories. The sharp correction in copra prices is expected to provide headroom for calibrated price reductions, aiding volume recovery in the core India business while also supporting EBITDA margin expansion of 150–200 bps on a consolidated basis over the coming quarters. In hair oils, SETU led interventions and a one-time price correction are likely to sustain double-digit growth in the value-added portfolio, while premiumization initiatives in Saffola edible oils should gradually improve volumes. The food portfolio is emerging as a key growth pillar, with strong traction in premium snacking through 4700BC, supported by expanding institutional and online channels; management's guidance of approximately 25% growth in foods underscores confidence in scalability. Digital-first brands are expected to turn meaningfully profitable by FY27, benefiting from operating leverage and scale. Overall, Marico appears well-positioned to deliver steady revenue growth with improving margins over the medium term, driven by a balanced mix of core portfolio recovery, premiumization, and adjacency-led expansion in foods and snacking. **So, valuing the company at 56x FY27E earnings, we arrive at a target price of Rs. 915, implying a 16% potential upside over a 12-month horizon.**

Key Financials						
YE March (INR. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	9,512	9,764	9,653	10,831	13,329	14,359
Revenue Growth (Y-o-Y)	18.2%	2.6%	(1.1%)	12.2%	23.1%	7.7%
EBITDA	1,678	1,810	1,993	2,138	2,350	2,794
EBIT Growth (Y-o-Y)	5.7%	7.9%	10.1%	7.3%	9.9%	18.9%
Net Profit	1,255	1,322	1,502	1,658	1,786	2,124
Net Profit Growth (Y-o-Y)	4.7%	5.3%	13.6%	10.4%	7.7%	18.9%
Diluted EPS	9.7	10.2	11.6	12.8	13.7	16.3
Diluted EPS Growth (Y-o-Y)	6.3%	5.3%	13.6%	10.4%	7.7%	18.9%
Key Ratios						
EBITDA margin (%)	17.6%	18.5%	20.6%	19.7%	17.6%	19.5%
NPM (%)	13.2%	13.5%	15.6%	15.3%	13.4%	14.8%
RoE (%)	36.9%	33.4%	36.0%	38.9%	38.8%	42.0%
RoCE (%)	45.2%	41.8%	44.0%	46.0%	47.0%	51.1%
Valuation Ratios						
P/E (x)	81.4x	77.3x	68.0x	61.6x	57.2x	48.1x
EV/EBITDA (x)	60.7x	56.3x	51.2x	47.6x	43.3x	36.4x
P/BV (x)	30.0x	25.8x	24.5x	24.0x	22.2x	20.2x
Market Cap. / Sales (x)	10.7x	10.5x	10.6x	9.4x	7.7x	7.1x

Source: Bloomberg, BP Equities Research



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