FundsIndia

Equity Research Desk

ALPHA

marico

Leading Consumer Wellness Brand

Founded: 1988
HQ: Mumbai

Manufacturing: 14 facilities (6 in India + 8 overseas)

Brands: Parachute, Saffola, Hair & Care, Nihar, Livon, Set Wet & more

Global Presence: Fiancée, HairCode, Caivil, Black Chic, X-Men

Distribution: 7,500+ stockists | 5.8M+ retail outlets | 60,000+ villages

Channels: Strong in modern trade, e-commerce & quick commerce

Subsidiaries

Subsidiaries: 21 subsidiaries; no associate companies/joint ventures (as of FY25)

Growth Strategies

Established Brands Driving Growth

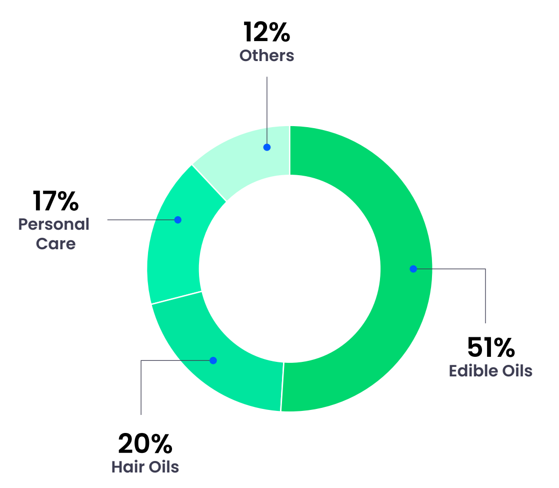
- Parachute (+31%), Saffola Oils (+28%) & VAHO (+13%) delivered resilient Q1FY26 performance
- Foods segment (+20%) led by Saffola, True Elements & Plix; new launches gaining traction
- International business clocked double-digit growth; premium portfolio = 29% of revenue
- Strong momentum in alternate channels — e-commerce, modern trade & quick commerce

Expansion & Strategic Investments

- Increased stake in **Plix** and made **True Elements** a 100% subsidiary
- Foods business targeted to grow **25%+ in FY26**
- Project **SETU:** Expanding direct distribution from 1M → 1.5M retail stores by FY27 (₹80–100 Cr capex)
- Sharp focus on premiumisation & digital-first brands to accelerate long-term growth

Revenue Breakup (FY25)

Total Revenue (FY25) - ₹10,831 crore



Financial Highlights

Q1FY26

- **Revenue:** ₹3,259 Cr (↑ 23% YoY)
- **Operating Profit:** ₹665 Cr (↑ 5% YoY)
- **Net Profit:** ₹504 Cr (↑ 9% YoY)
- **India Biz:** Revenue ↑ 27% YoY | Domestic Volumes ↑ 9%
- **International Biz:** Constant currency growth ↑ 19%

Steady topline momentum powered by strong domestic volumes and resilient international performance.

FY25

- **Revenue:** ₹10,831 Cr (↑ 12% YoY)
- **Operating Profit:** ₹2,139 Cr (↑ 6% YoY)
- **Net Profit:** ₹1,593 Cr (↑ 8% YoY)

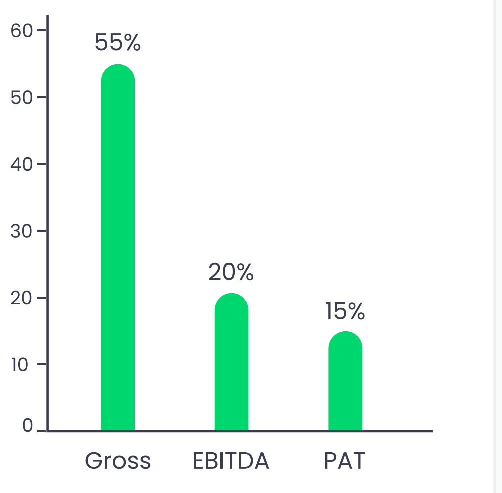
Performance: Resilient growth across core categories with steady profitability

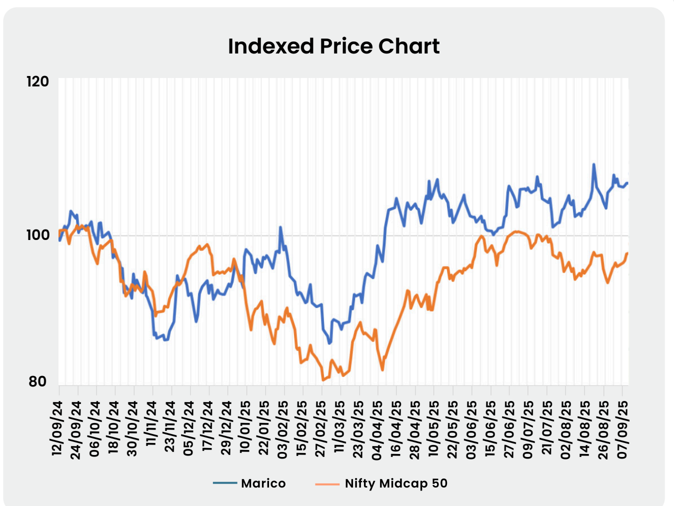
3 Year Financial Performance

- **Revenue CAGR:** ~4% (FY23–25)
- **Net Profit CAGR:** ~10%
- **Avg. ROE:** 39%
- **Avg. ROCE:** 43%
- **TTM Growth:** Revenue ↑ 17% | Net Profit ↑ 10%
- **Debt-to-Equity Ratio:** 0.14

Strong returns backed by a robust balance sheet and consistent growth momentum.

Margins-FY25

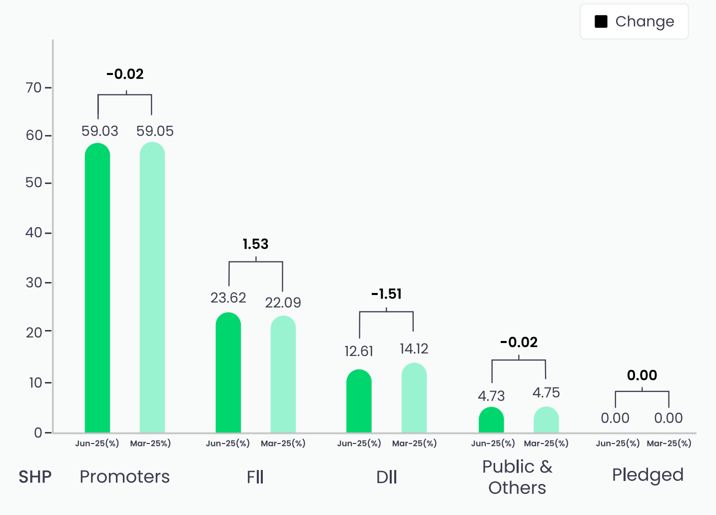




Market Data

CMP	₹735
Date	12-Sep-25
Target Price	₹866
Upside Potential	18%
52 Week High/Low	759/578
NSE Code	MARICO
Market Cap	Mid
Sector	Edible Oil
Rating	BUY

Shareholding Pattern



Ratios - FY25

ROE	42%
ROCE	47%
Div. Yield	1.41%
PE Ratio (x)	51.3
Face Value	1.00
EPS	12.57

Industry Outlook

FMCG Growth: India's FMCG sector expanding rapidly with rising incomes & urbanization

Food Processing: Market to hit US$547B by 2028 (CAGR ~9.5%)

Online Grocery: Projected to grow at 32.7% CAGR through 2032

Quick Commerce: FMCG sales jumped 50–100% in FY25

Rural Demand: Shift toward branded goods & organized retail

Beauty & Personal Care: US$21B market, set to reach US$34B by 2028 (10–11% CAGR)

Growth Drivers

Budget Push: FY26 tax reforms & allocations boosting FMCG demand

Rising Incomes: Lower tax burden → higher middle-class consumption

Digital Edge: Evolving lifestyles & e-commerce driving branded product demand

Competitive Advantage

Competes with Patanjali Foods Ltd, AWL Agri Business Ltd, and others, delivering superior financial performance through efficient capital allocation. Marico also stands out with operating margins of 19%, well ahead of Patanjali (5%) and AWL (3%), showcasing its operational strength and premium portfolio mix.

Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Marico	735	95539	45.00%	41.00%	4.00%	57	12.88
Patanjali	593	64497	16.00%	12.00%	12.00%	53	11.22
AWL Agri	260	33844	21.00%	14.00%	6.00%	29	8.84

Outlook

Growth Trajectory: Aiming 25% revenue growth in FY26, with plans to double revenue by FY30

Foods Focus: Foods business expected to grow 25% in FY26; strong headroom in General Trade

Acquisitions: Plix & True Elements scaling rapidly, set to cross ₹1,000 Cr ARR in FY26

Distribution Push: Project SETU expanding direct reach to 1.5M outlets, boosting visibility & profitability

BUY Rating with Target Price: ₹866 (41x FY27E EPS)

We also encourage maintaining a stop-loss at 20% from the entry price to manage potential downside risk effectively.

SWOT Analysis

Strengths

- Flagship brands with strong consumer recall in Indian households.
- Ability to pass on input cost increases to customers, protecting margins in core categories.
- Consistent product innovation and diversified portfolio.

Weaknesses

- Vulnerability to raw material price fluctuations (copra, edible oils) impacting margins.
- Dependence on rural recovery to sustain volume growth.

Opportunities

- Strong growth runway in Foods and Premium Personal Care, scaling fast and becoming profitable.
- Robust supply chain and distribution network expansion.
- Softening inflation and improving demand trends across urban and rural markets.

Threats

- Inflationary pressures or global demand slowdown may weigh on volumes.
- Risk of falling behind in adapting to evolving consumer trends.

Product Portfolio

Coconut Oil – Trusted Parachute range

Refined Edible Oils – Saffola & allied offerings

Value-Added Hair Oils – Nihar Naturals, Hair & Care, etc.

Hair Care – Leave-in conditioners & Livon

Male Grooming – Set Wet & other styling products

Packaged Foods – Saffola Oats, True Elements, Plix & more