MARICO

NUVAMA FLASH

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	711
12 month price target (INR)	850
52 Week High/Low	761/578
Market cap (INR bn/USD bn)	923/10.4
Free float (%)	40.4
Avg. daily value traded (INR mn)	1,503.7

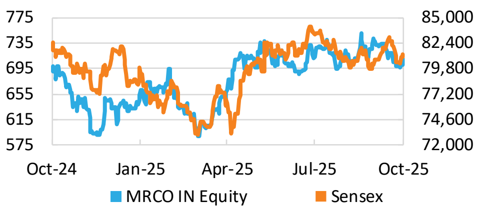
SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	59.03%	59.05%	59.11%
FII	23.62%	22.09%	23.35%
DII	12.61%	14.12%	12.76%
Pledge	2.03%	0.13%	0.13%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,08,310	1,23,908	1,39,715	1,55,084
EBITDA	21,390	24,162	29,201	32,568
Adjusted profit	16,290	18,716	23,486	27,018
Diluted EPS (INR)	12.6	14.5	18.2	20.9
EPS growth (%)	10.0	14.9	25.5	15.0
RoAE (%)	41.7	41.7	41.6	38.4
P/E (x)	57.5	50.0	39.8	34.6
EV/EBITDA (x)	42.2	36.9	30.1	26.6
Dividend yield (%)	1.0	0.9	1.1	1.3

PRICE PERFORMANCE



Volume and EBITDA in line

Marico's Q2FY26 update was in line with our published preview in terms of key numbers: India volume growth was 7% YoY with 4% YoY EBITDA growth. We now reckon revenue shall surge 30% YoY ahead of our estimates led by price hike in Parachute due to inflation in copra.

Parachute volume shall decrease in low single-digit though adjusted for ml-age cuts, volumes shall stay flat after price hike of 60% YoY. VAHO to expand 18% YoY (initial estimate: 10% YoY) while International business is likely to rise 23% YoY in CC terms (initial estimate: 16% YoY) both ahead of our estimates. Saffola franchise is likely to surge 24% YoY (in line with estimates). Gross margin pressures are likely to ease H2FY26 onwards; retain 'BUY' with a TP of INR850.

Strong domestic growth aided by pricing

Domestic business shall grow in thirties on a YoY basis on the back of pricing and improved mix with volume growth likely to be in high single-digit and moderating sequentially. Total 30% of India business benefitted from GST rate rationalisation.

Parachute shall report low single-digit decrease in volumes due to inflationary input cost and pricing. After normalising for ml-age reductions due to price hikes, volume will be flattish after effective price hikes of more than 60% on a YoY basis.

Saffola Oils shall post flattish volumes with a high base and revenue growth in the high teens while **VAHO** shall grow in high teens.

Outlook: Gross margin is likely to ease H2FY26 onwards while operating profit is likely to growth modestly on a YoY basis.

Q2FY26E updated preview

We reckon consolidated revenue shall expand 30% YoY (23.3% YoY in Q1FY26; 7.6% YoY in Q2FY25). Domestic pricing growth is estimated at ~26% (14% in Q1FY26; 2.6% in Q2FY25) while volumes are likely to rise 7% YoY (9% in Q1FY26; 5% in Q2FY25), led by Foods, Digital, and VAHO. Consolidated EBITDA shall grow 4% YoY in Q2FY26 (4.6% YoY in Q1FY26, 5% YoY in Q2FY26). Parachute sales are likely to grow 45% YoY (31%/10% YoY in Q1FY26/Q2FY25) with volumes decreasing 2% YoY (-1% in Q1FY26; +4% in Q2FY25). Normalised for ml-age (grammage) cuts, volumes were flat despite more than 60% YoY price hikes. VAHO to grow 18% YoY in Q2FY26 (up 13% YoY in Q1FY26; down 8% YoY in Q2FY25) while Saffola franchise sales are likely to surge 24% YoY (Edible Oils volume/value to grow flat/18% YoY; Foods to grow 25%-plus YoY). International business is likely to grow 23% YoY in CC terms (19% YoY in Q1FY26; 13% YoY in Q2FY25)—within which Bangladesh and MENA outperforms, while other markets steady. We forecast gross/EBITDA margin shall fall 729bp/384bp YoY to 43.5%/15.8%. Copra prices remained range bound after a 10–12% correction from recent highs. A&P is estimated to be 9.3% of revenue (9.2% in Q1FY26; 10.9% in Q2FY25). For Marico, ~30% of India business (VAHO, True Elements, Plix and Saffola Soya Chunks) has shifted from 18%/12% GST slabs to 5%. India business accounts for 74% of Marico's overall business.

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