

**BUY****TP: Rs 866 | ▲ 16%****MARICO**

| Consumer Staples

| 28 January 2026

## Resilient growth

- **Strong execution and distribution expansion support demand capture and position the company well for a consumption recovery**
- **Diversification improving growth mix via premium, Foods and digital-first brand**
- **Upgrade to BUY; TP Rs 866 per share**

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**Strong 3Q:** Marico delivered a strong Q3FY26 performance, with consolidated revenue growth of 26.6% YoY (vs. 30.7% in Q2FY26), led by a sharp sequential recovery in India volumes to 6%, despite a muted demand environment. Core franchises performed well, with Parachute posting 15% YoY growth and Saffola Edible Oil growing 24%, driven largely by price hikes. VAHO declined 2% YoY, though the contraction moderated sequentially. Foods and D2C brands sustained strong growth momentum. International business reported robust 16% cc growth, reflecting broad-based strength across markets. However, EBITDA margins declined 210bps YoY, impacted by higher-than-expected raw material inflation, particularly copra, even as the company maintained elevated A&P spends (+19% YoY) to support brand investments. While margins are likely to remain under pressure in Q4FY26E, management remains confident of delivering at least mid-teens topline growth for the year. We remain positive on Marico, supported by strong near-term growth visibility, a disciplined diversification strategy, and aggressive expansion of direct distribution, which should drive medium-term earnings accretion.

**Strategic acquisition:** Marico has acquired a 93.27% stake in “Zea Maize Private Limited”, owner of premium gourmet snacking brand 4700BC, with an option to acquire the balance after three years. 4700BC is the #1 ready-to-eat popcorn player in India with a diversified portfolio across gourmet popcorn, popped chips, makhana, crunchy corn and nachos. This acquisition aligns with Marico’s premiumisation strategy in Foods and is expected to benefit from synergies across distribution, sourcing and new product development; supporting an accelerated scale-up and profitability over the medium term.

**Our View:** We have marginally tweaked our estimates and model revenue/EBITDA/PAT CAGR of 4/8/10 (%) over FY26–28E. We upgrade the stock to BUY with a revised TP at Rs 866, valuing at 50x P/E multiple Dec'27E. Key downside risk: Higher-than-expected inflation in copra prices could impact volume growth and margins.

## Key changes

	Target	Rating
	▲	▲

Ticker/Price	MRCO IN/Rs 746
Market cap	US\$ 10.5bn
Free float	40%
3M ADV	US\$ 13.6mn
52wk high/low	Rs 780/Rs 578
Promoter/FPI/DII	59%/24%/12%

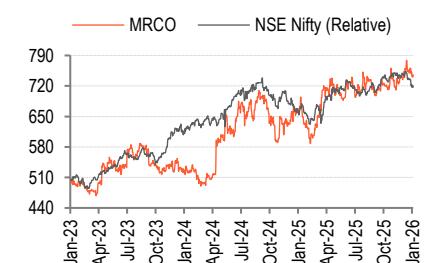
Source: NSE | Price as of 27 Jan 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	108,310	131,718	144,890
EBITDA (Rs mn)	21,390	22,881	25,910
Adj. net profit (Rs mn)	16,290	17,191	19,426
Adj. EPS (Rs)	12.6	13.3	15.1
Consensus EPS (Rs)	11.9	13.5	15.0
Adj. ROAE (%)	38.6	37.8	37.8
Adj. P/E (x)	59.1	56.0	49.5
EV/EBITDA (x)	45.0	42.0	37.1
Adj. EPS growth (%)	10.0	5.5	13.0

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



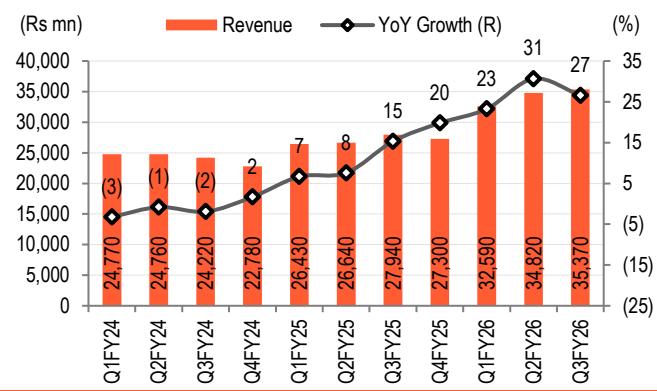
## Earnings Call KTAs

- Marico delivered a strong Q3FY26, supported by sequential recovery in India volumes and robust international growth, despite a muted demand environment; management remains confident of delivering at least mid-teens revenue growth, aided by moderating inflation, improving rural sentiment and stable consumption trends.
- India revenues grew in low-to-mid teens, driven by ~6–8% volume growth, strong market share gains across >95% of the portfolio, improving traditional trade performance and sustained momentum in e-commerce and quick commerce, reflecting effective execution and distribution interventions.
- Parachute reported strong price-led growth (~50% YoY) despite elevated consumer prices; while reported volumes declined marginally, due to ml-age reduction, underlying volumes remained positive, with management expecting gradual volume recovery as copra prices (down ~25–30% from peak) stabilise and calibrated price cuts are implemented.
- VAHO performance remained healthy, with ~29% value growth and continued market share gains (~170 bps MAT), driven by premiumisation, higher A&P investments and deeper distribution under Project SETU, supporting management's confidence in sustaining double-digit growth.
- Saffola Edible Oils growth moderated on elevated pricing and a conscious pullback from low-margin packs, with management focusing on premiumisation and expecting gradual volume recovery as pricing normalises.
- Foods delivered ~5% YoY growth, impacted by portfolio rationalisation and exit from low-margin categories; management expects growth to re-accelerate over the next 1–2 quarters, while maintaining its long-term ambition of 25%+ CAGR and scaling the Foods portfolio meaningfully by FY27E.
- Digital-first brands (incl. 4700BC) sustained strong momentum, with FY26 exit ARR guided at ₹1,000+ cr, while the acquisition of 4700BC (₹140 cr ARR) strengthens Marico's presence in premium snacking, with management targeting 3x scale-up over 3 years and double-digit EBITDA margins over the medium term.
- International revenues grew ~21% in cc terms, led by strong performance in Bangladesh, recovery in Vietnam and South Africa, and sustained momentum in MENA, with management confident of maintaining double-digit CC growth going forward.
- EBITDA margins declined ~234 bps YoY, driven by sharp copra inflation (+80%+ YoY) and sustained A&P investments (~15% YoY growth); margins are expected to remain soft in Q4, but improve progressively as input costs ease and operating leverage kicks in.
- Management reiterated focus on disciplined diversification, premiumisation and direct distribution expansion, targeting mid-teens near-term growth, sustained double-digit revenue CAGR, and ~150–200 bps operating margin improvement over the medium term.

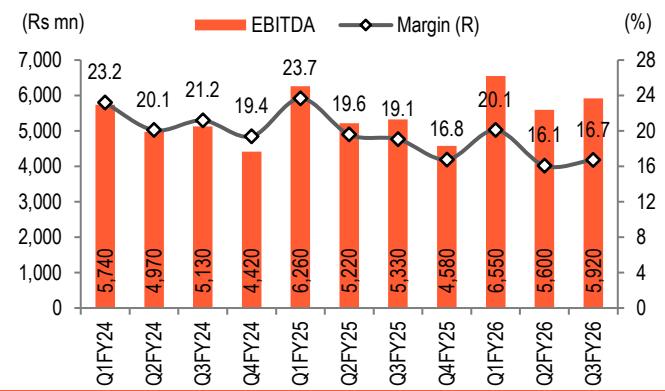
**Fig 1 – Quarterly Table**

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	35,370	27,940	27	32,590	8.5	102,780	81,010	26.9
Raw-Material expense	15,250	12,830	19	11,840	28.8	46,190	35,390	30.5
Gross Profit	15,400	13,830	11	15,290	0.7	45,540	41,170	10.6
Employee expense	2,410	2,070	16	2,200	9.5	6,790	6,230	9.0
Advertising & Promotion	3,360	2,930	15	2,990	12.4	9,800	8,230	19.1
Other expense	3,710	3,500	6	3,550	4.5	10,880	7,080	53.7
EBITDA	5,920	5,330	11	6,550	(9.6)	18,070	16,810	7.5
D&A	500	440	14	450	11.1	1,420	1,260	12.7
EBIT	5,420	4,890	11	6,100	(11.1)	16,650	15,550	7.1
Interest cost	140	130	8	100	40.0	360	410	(12.2)
Other income	390	420	(7)	560	(30.4)	1,440	1,610	(10.6)
PBT	5,670	5,180	9	6,560	(13.6)	17,730	16,750	5.9
Tax	1,070	1,120	(4)	1,430	(25.2)	3,680	3,620	1.7
Reported PAT	4,470	3,990	12	5,040	(11.3)	13,710	12,860	6.6
Adjusted PAT	4,470	3,990	12	5040	(11.3)	13,710	12,860	6.6
<b>As % of net revenues</b>								
Gross margin	44	49	(596)	47	(338)	44	51	(651)
Employee cost	7	7	(60)	7	6	7	8	(108)
Advertising & Promotion cost	22	23	(80)	25	(322)	21	23	(204)
Other cost	10	13	(204)	11	(40)	11	9	185
EBITDA margin	17	19	(234)	20	(336)	18	21	(317)
Tax rate	19	22	(275)	22	(293)	21	22	(86)
APAT margin	13	14	(164)	15	(283)	13	16	(254)

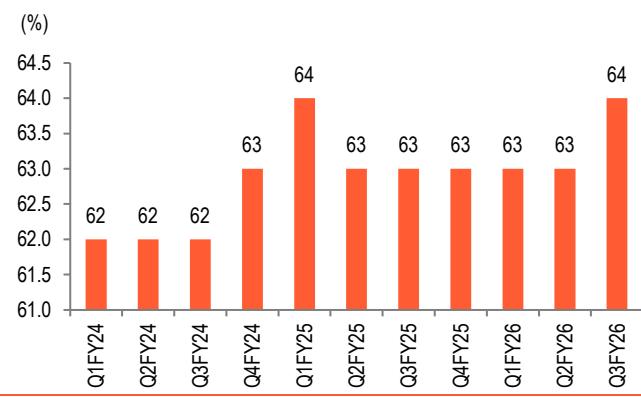
Source: Company, BOBCAPS Research

**Fig 2 – Revenue and its growth**

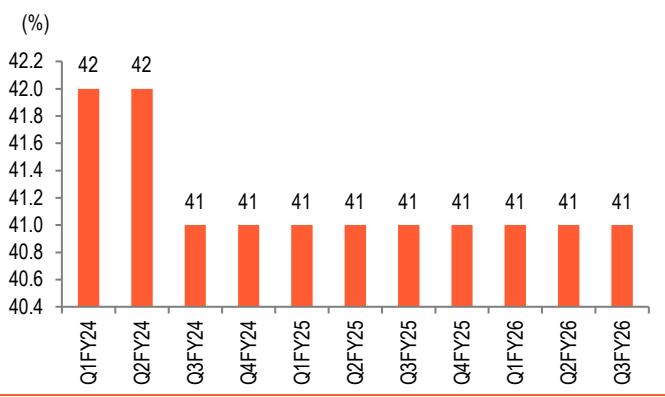
Source: Company, BOBCAPS Research

**Fig 3 – EBITDA & EBITDA Margins**

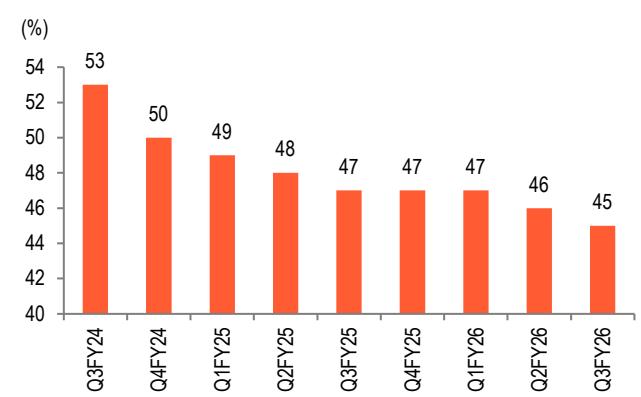
Source: Company, BOBCAPS Research

**Fig 4 – Coconut Oil franchise- Vol market share**

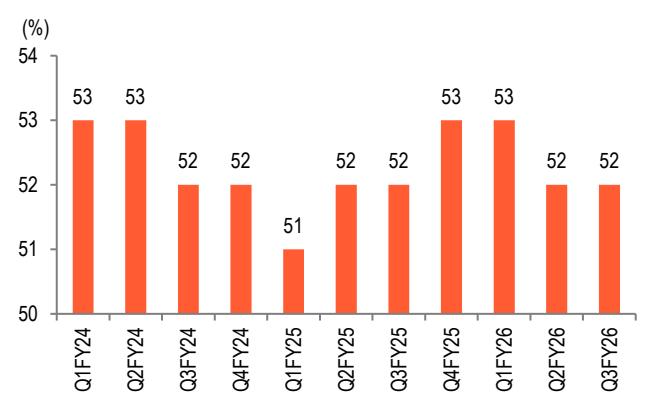
Source: Company, BOBCAPS Research

**Fig 5 – Saffola Oats- Vol market share**

Source: Company, BOBCAPS Research

**Fig 6 – Post wash leave on serum- Vol market share**

Source: Company, BOBCAPS Research

**Fig 7 – Hair gels/waxes/creams- Vol market share**

Source: Company, BOBCAPS Research

## Valuation Methodology

We have marginally tweaked our estimates and model revenue/EBITDA/PAT CAGR of 4/8/10 (%) over FY26–28E. We upgrade the stock to BUY with a revised TP at Rs 866, valuing at 50x P/E multiple Dec'27E. Key downside risk: Higher-than-expected inflation in copra prices could impact volume growth and margins.

**Fig 8 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	131,718	144,890	159,379	126,826	139,933	151,608	4	4	5
EBITDA	22,881	25,910	28,828	23,588	28,161	31,227	(3)	(8)	(8)
EBITDA Margin (%)	17	18	18	19	20	21	(123bps)	(222bps)	(251bps)
Adj PAT	17,191	19,426	22,567	18,196	21,912	24,460	(6)	(11)	(8)
Adj EPS	13	15	17	14	17	19	(6)	(11)	(8)

Source: BOBCAPS Research

## Key Risks

Key downside risks to our estimates:

- Lower / higher-than-expected volatility in sales due to inventory destocking from Project SETU
- Earlier / delayed and/or higher / lower-than-anticipated benefits from Project SETU
- Stronger / weaker-than-expected recovery from rural markets

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>96,530</b>	<b>108,310</b>	<b>131,718</b>	<b>144,890</b>	<b>159,379</b>
EBITDA	20,260	21,390	22,881	25,910	28,828
Depreciation	1,580	1,780	1,895	1,900	1,900
EBIT	18,680	19,610	20,986	24,010	26,928
Net interest inc./exp.)	730	530	500	652	0
Other inc./exp.)	1,420	2,080	1,934	2,030	2,132
Exceptional items	0	0	0	0	0
EBT	19,370	21,160	22,419	25,389	29,060
Income taxes	4,350	4,580	4,759	5,484	6,003
Extraordinary items	0	0	0	0	0
Min. int./inc. from assoc.	210	290	470	479	489
<b>Reported net profit</b>	<b>14,810</b>	<b>16,290</b>	<b>17,191</b>	<b>19,426</b>	<b>22,567</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>14,810</b>	<b>16,290</b>	<b>17,191</b>	<b>19,426</b>	<b>22,567</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	15,810	13,630	19,531	21,484	23,632
Other current liabilities	2,110	2,320	2,879	3,167	3,484
Provisions	80	220	224	225	227
Debt funds	3,830	3,790	8,830	7,830	6,830
Other liabilities	10,690	20,760	14,988	16,027	17,171
Equity capital	1,290	1,290	1,290	1,290	1,290
Reserves & surplus	40,400	41,370	46,997	53,304	60,563
Shareholders' fund	41,690	42,660	48,287	54,594	61,853
<b>Total liab. and equities</b>	<b>74,210</b>	<b>83,380</b>	<b>94,738</b>	<b>103,327</b>	<b>113,197</b>
Cash and cash eq.	9,430	7,770	6,196	7,570	11,652
Accounts receivables	10,690	12,710	15,157	16,672	18,339
Inventories	13,360	12,350	20,714	22,786	25,064
Other current assets	3,960	4,250	5,384	5,914	6,496
Investments	6,020	15,900	15,900	15,900	15,900
Net fixed assets	7,000	7,100	8,092	8,998	9,796
CWIP	440	400	400	400	400
Intangible assets	9,370	9,460	9,460	9,460	9,460
Deferred tax assets, net	680	570	570	1,021	1,123
Other assets	13,260	12,870	12,865	14,607	14,966
<b>Total assets</b>	<b>74,210</b>	<b>83,380</b>	<b>94,739</b>	<b>103,328</b>	<b>113,198</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>14,360</b>	<b>22,190</b>	<b>14,316</b>	<b>23,511</b>	<b>28,831</b>
Capital expenditures	(1,530)	(1,610)	(3,293)	(3,622)	(3,984)
Change in investments	1,480	(5,230)	0	0	0
Other investing cash flows	1,810	630	(6,073)	(3,387)	(3,436)
<b>Cash flow from investing</b>	<b>1,760</b>	<b>(6,210)</b>	<b>(9,366)</b>	<b>(7,009)</b>	<b>(7,421)</b>
Equities issued/Others	340	460	0	0	0
Debt raised/repaid	(910)	(50)	6,040	(1,000)	(1,000)
Interest expenses	(540)	(510)	(530)	(530)	(530)
Dividends paid	(12,290)	(4,530)	(12,034)	(13,598)	(15,797)
Other financing cash flows	(2,020)	(1,390)	0	0	0
<b>Cash flow from financing</b>	<b>(15,420)</b>	<b>(6,490)</b>	<b>(6,524)</b>	<b>(15,128)</b>	<b>(17,327)</b>
Chg in cash & cash eq.	700	9,490	(1,574)	1,373	4,083
<b>Closing cash &amp; cash eq.</b>	<b>2,280</b>	<b>3,210</b>	<b>1,636</b>	<b>3,010</b>	<b>7,092</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	11.5	12.6	13.3	15.1	17.5
Adjusted EPS	11.5	12.6	13.3	15.1	17.5
Dividend per share	9.5	9.5	9.3	10.5	12.2
Book value per share	32.3	33.1	37.4	42.3	0.0

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	10.0	8.9	7.3	6.6	6.0
EV/EBITDA	47.5	45.0	42.0	37.1	33.4
Adjusted P/E	65.0	59.1	56.0	49.5	42.6
P/BV	23.1	22.6	19.9	17.6	

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.5	77.0	76.7	76.5	77.7
Interest burden (PBT/EBIT)	103.7	107.9	106.8	105.7	107.9
EBIT margin (EBIT/Revenue)	19.4	18.1	15.9	16.6	16.9
Asset turnover (Rev./Avg TA)	130.1	129.9	139.0	140.2	140.8
Leverage (Avg TA/Avg Equity)	1.8	2.0	2.0	1.9	1.8
Adjusted ROAE	35.5	38.2	35.6	35.6	36.5

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	(1.1)	12.2	21.6	10.0	10.0
EBITDA	11.9	5.6	7.0	13.2	11.3
Adjusted EPS	13.7	10.0	5.5	13.0	16.2
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	21.0	19.7	17.4	17.9	18.1
EBIT margin	19.4	18.1	15.9	16.6	16.9
Adjusted profit margin	15.3	15.0	13.1	13.4	14.2
Adjusted ROAE	36.5	38.6	37.8	37.8	38.8
ROCE	28.0	26.5	25.1	26.1	27.1
<b>Working capital days (days)</b>					
Receivables	39	39	39	40	40
Inventory	98	87	84	100	100
Payables	117	100	84	95	95
<b>Ratios (x)</b>					
Gross asset turnover	1.2	1.2	1.2	1.2	1.2
Current ratio	1.6	2.1	1.8	1.9	2.0
Net interest coverage ratio	25.6	37.0	42.0	36.8	
Adjusted debt/equity	9.2	8.9	18.3	14.3	11.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

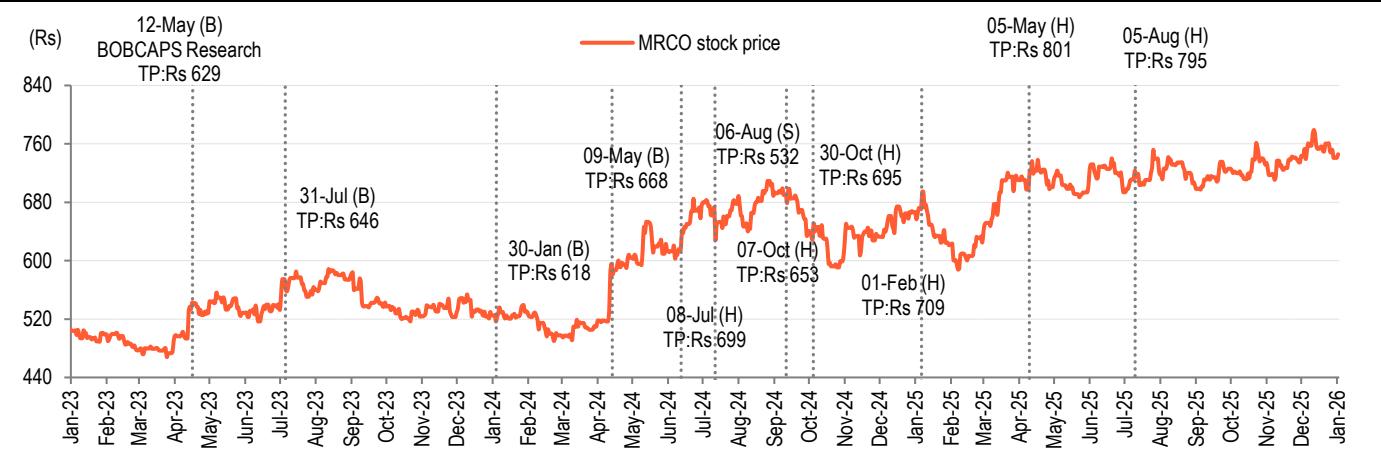
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): MARICO (MRCO IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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