

May 4, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	718		672	
Sales (Rs. m)	1,22,685	1,35,517	1,21,204	1,33,715
% Chng.	1.2	1.3		
EBITDA (Rs. m)	23,396	27,062	23,802	26,217
% Chng.	(1.7)	3.2		
EPS (Rs.)	13.4	15.3	13.4	14.6
% Chng.	(0.6)	4.5		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	96,530	1,08,310	1,22,685	1,35,517
EBITDA (Rs. m)	20,260	21,390	23,396	27,062
Margin (%)	21.0	19.7	19.1	20.0
PAT (Rs. m)	14,290	15,841	17,228	19,699
EPS (Rs.)	11.1	12.3	13.4	15.3
Gr. (%)	9.8	10.9	8.8	14.3
DPS (Rs.)	9.5	10.5	10.5	12.3
Yield (%)	1.4	1.5	1.5	1.8
RoE (%)	37.5	40.6	41.4	43.5
RoCE (%)	44.0	45.8	47.4	51.0
EV/Sales (x)	9.2	8.2	7.2	6.5
EV/EBITDA (x)	44.1	41.3	37.6	32.5
PE (x)	63.1	56.9	52.3	45.7
P/BV (x)	23.5	22.7	20.8	19.1

Key Data

MRCO.BO | MRCO IN

52-W High / Low	Rs.737 / Rs.510
Sensex / Nifty	80,502 / 24,347
Market Cap	Rs.905bn / \$ 10,703m
Shares Outstanding	1,295m
3M Avg. Daily Value	Rs.1393.47m

Shareholding Pattern (%)

Promoter's	59.12
Foreign	22.08
Domestic Institution	14.23
Public & Others	4.53
Promoter Pledge (Rs bn)	0.13

Stock Performance (%)

	1M	6M	12M
Absolute	6.4	8.1	34.9
Relative	1.3	7.1	25.0

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Foods and B2C personal care to drive LT growth

Quick Pointers:

- MRCO targets double-digit revenue growth and strives for double-digit EBITDA growth for FY26, despite near-term cost headwinds
- D2C brands like Beardo and Plix are already profitable and MRCO aims to reach double digit margins in these by FY27.

MRCO managed to deliver double-digit growth in FY25 led by Foods and Premium Personal Care revenue share increasing to ~22% in FY25 (11% in FY11) and double-digit INR sales growth in international business. Innovation funnel remains strong with portfolio diversification and scale up in Foods, D2C portfolio & B2C acquisitions. Beardo has ended FY25 with double-digit EBITDA margins whereas Plix has delivered low single digit EBITDA margin. MRCO plans to adopt the same strategy for scaling Digital-first franchises and targets double-digit margins by FY27. IBD is also focusing on improving mix by reducing reliance on Bangladesh and increasing sales of premium personal care.

Given that copra prices are yet to soften until 1Q26, MRCO has taken another price increase (8-9% in process and 30% overall). We expect margins to remain under pressure until 1HFY26 even as improved profits in Foods and B2C will provide some respite. We increase FY27EPS by 4.5% and estimate a CAGR of 11.9% in sales and 11.5% in EPS over FY25-27. We value MRCO at 47x FY27 EPS and assign a target price of Rs718. Retain Accumulate.

Sales up 19.8%, Domestic Volume up 7% (PLe: 6%): Revenues grew by 19.8% YoY to Rs27.3bn (PLe: Rs26.5bn). Domestic Volume Growth 7%: Parachute volumes decline by 1% (PLe:2%). Gross margins contracted by 301bps YoY to 48.6% (PLe: 49.3%). EBITDA grew by 3.6% YoY to Rs4.6bn (PLe:Rs 4.5bn); Margins contracted by 263bps YoY to 16.8% (PLe:17.2%). A&P Spends expanded by 125bps YoY to 11.2%. Adj PAT grew by 7.8% YoY to Rs3.5bn (PLe: Rs3.2bn).

Concall takeaways: 1) Consumer sentiment remained stable amidst improving demand in rural and mixed trends urban markets, however management expects gradual recovery in demand led by moderating inflation and a healthy monsoon season. 2) Copra prices rose 14% sequentially and approximately 48% YoY in FY25, exceeding company expectations, while vegetable oil prices remained firm with a ~25% YoY increase. 3) This pricing cycle has extended beyond the typical 18–24 months, and copra prices are expected to stay elevated in 1QFY26. Consequently, margin pressures are likely to ease after 1HFY26 4) Had A&P spends (+35% YoY in 4Q) grown in line with revenue, EBITDAM would have been 20.3% instead of 19.7% in FY25. 5) Parachute volumes declined 1% due to a sharp rise in consumer pricing and ml-age reduction in select packs, while VAHO saw sequential recovery driven by strong performance in the mid and premium segments. 6) Foods are poised for 25%+ CAGR, supported by scaling existing franchises and continued innovation. Exit ARR for FY27 is now projected at ~2.5x FY24 ARR (up from ~2x earlier). With profitability achieved, MRCO's focus is shifting to strengthening distribution in GT 7) Digital first portfolio clocked ARR of Rs7.5bn on exit basis in FY25. 8) There is significant headroom for TAM expansion in the nutraceuticals space in which Plix operates whereas true elements will see some significant new categories 9) MRCO posted a 16% CCG, with Bangladesh sustained its strong momentum, while Vietnam was muted amidst sluggishness in key category. MENA and SA continue to see traction with high pace growth. 10) While General Trade continues to remain under pressure, Quick commerce continues to be a big growth driver (3% contribution for FMCG whereas 7% contribution for Foods/BPC)

Exhibit 1: 4QFY25 Results: Revenues up 19.8%, EBITDA margins contracted by 263bps YoY led by higher % of ad spends

Consolidated	4QFY25	4QFY24	YoY gr. (%)	3QFY25	FY25	FY24	YoY gr. (%)
Net Sales	27,300	22,780	19.8	27,940	1,08,310	96,530	12.2
COGS	14,040	11,030	27.3	14,110	53,880	47,480	13.5
% of Net Sales	51.4	48.4	3.0	50.5	49.7	49.2	0.6
Gross Profit	13,260	11,750	12.9	13,830	54,430	49,050	11.0
% of NS	48.6	51.6	-3.0	49.5	50.3	50.8	-0.6
Advt. & Prom.	3,050	2,260	35.0	2,930	11,280	9,520	18.5
% of NS	11.2	9.9	1.3	10.5	10.4	9.9	0.6
Total Expenses	22,720	18,360	23.7	22,610	86,920	76,270	14.0
EBITDA	4,580	4,420	3.6	5,330	21,390	20,260	5.6
Margins (%)	16.8	19.4	-2.6	19.1	19.7	21.0	-1.2
Depreciation	520	410	26.8	440	1,780	1,580	12.7
EBIT	4,060	4,010	1.2	4,890	19,610	18,680	5.0
Interest	120	170	(29.4)	130	530	730	(27.4)
Other Income	470	150	213.3	420	2,080	1,420	46.5
PBT	4,410	3,990	10.5	5,180	21,160	19,370	9.2
Tax	960	790	21.5	1,120	4,580	4,350	5.3
Effective tax rate (%)	21.8	19.8	2.0	21.6	21.6	22.5	-0.8
Adjusted PAT	3,450	3,200	7.8	4,060	16,580	15,020	10.4

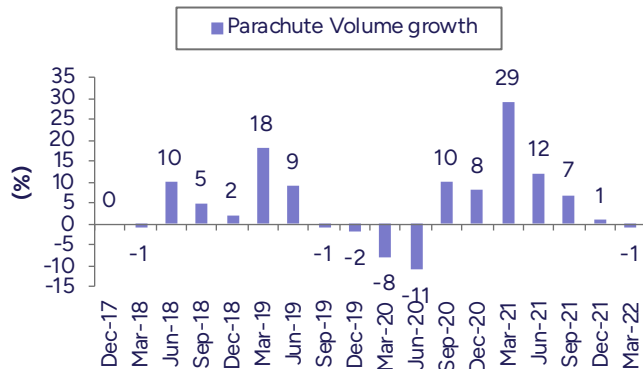
Source: Company, PL

Exhibit 2: Consolidated Segmental: IBD business delivered 16% CCG led by MENA with 47% and SA with 13% growth

(Rs m)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Net Sales	22,400	24,770	24,760	24,220	22,780	26,430	26,640	27,940	27,300
Domestic	16,830	18,270	18,320	17,930	16,800	19,620	19,790	21,010	20,680
International	5,570	6,500	6,440	6,290	5,980	6,810	6,850	6,930	6,620
Sales Growth %	3.7	-3.2	-0.8	-1.9	1.7	6.7	7.6	15.4	19.8
Domestic	1.8	-4.9	-3.4	-3.1	-0.2	7.4	8.0	17.2	23.1
International	9.9	2.0	7.3	1.6	7.4	4.8	6.4	10.2	10.7
EBIT	4,200	6,090	5,260	5,360	4,860	6,410	5,670	5,720	4,810
Domestic	3,020	4,280	3,760	3,800	3,390	4,440	3,920	3,920	3,220
International	1,180	1,810	1,500	1,560	1,470	1,970	1,750	1,800	1,590
EBIT Growth %	15.7	9.9	15.4	12.1	15.7	5.3	7.8	6.7	-1.0
Domestic	12.7	7.5	14.3	10.5	12.3	3.7	4.3	3.2	-5.0
International	24.2	16.0	18.1	16.4	24.6	8.8	16.7	15.4	8.2
EBIT Margins %	18.8	24.6	21.2	22.1	21.3	24.3	21.3	20.5	17.6
Domestic	17.9	23.4	20.5	21.2	20.2	22.6	19.8	18.7	15.6
International	21.2	27.8	23.3	24.8	24.6	28.9	25.5	26.0	24.0
Capital Employed	30,920	31,970	35,370	37,540	36,400	39,360	42,470	43,100	38,280
Domestic	22,400	18,740	22,540	24,560	24,260	27,080	29,420	30,800	26,540
International	8,520	13,230	12,830	12,980	12,140	12,280	13,050	12,300	11,740
International Sales Growth %									
Bangladesh (46%)	9.0	9.0	2.0	-6.0	8.0	10.0	8.0	20.0	11.0
MENA (15%)	37.0	15.0	34.0	26.0	19.0	20.0	43.0	35.0	47.0
South Africa (8%)	21.0	37.0	23.0	33.0	13.0	28.0	20.0	17.0	13.0
SE Asia (26%)	16.0	5.0	13.0	4.0	0.0	0.0	7.0	-1.0	-1.0

Source: Company, PL

Exhibit 3: Parachute volumes decline 1% YoY



Source: Company, PL

Exhibit 4: Domestic volumes up 7% YoY



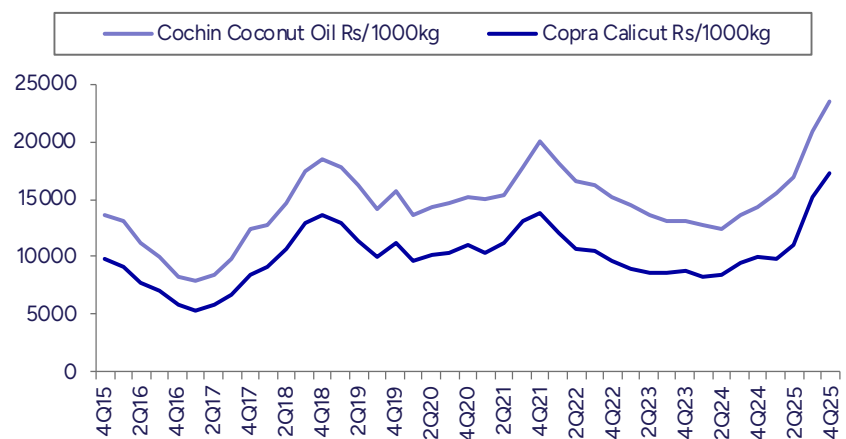
Source: Company, PL

Exhibit 5: Market share remains strong across brands (ex-VAHO)

Market Share (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Coconut Oil	62	62	62	62	63	64	63	63	63
Saffola		53	53	53	54	55	54	55	54
Hair Oil VAHO	28	28	27	27	27	27	28	28	28
Livon & Silk and Shine	60	57	55	53	50	49	48	47	47
Hair Creams/Gel	53	53	53	52	52	51	52	52	53
Saffola Oats	43	42	42	41	41	41	41	41	41

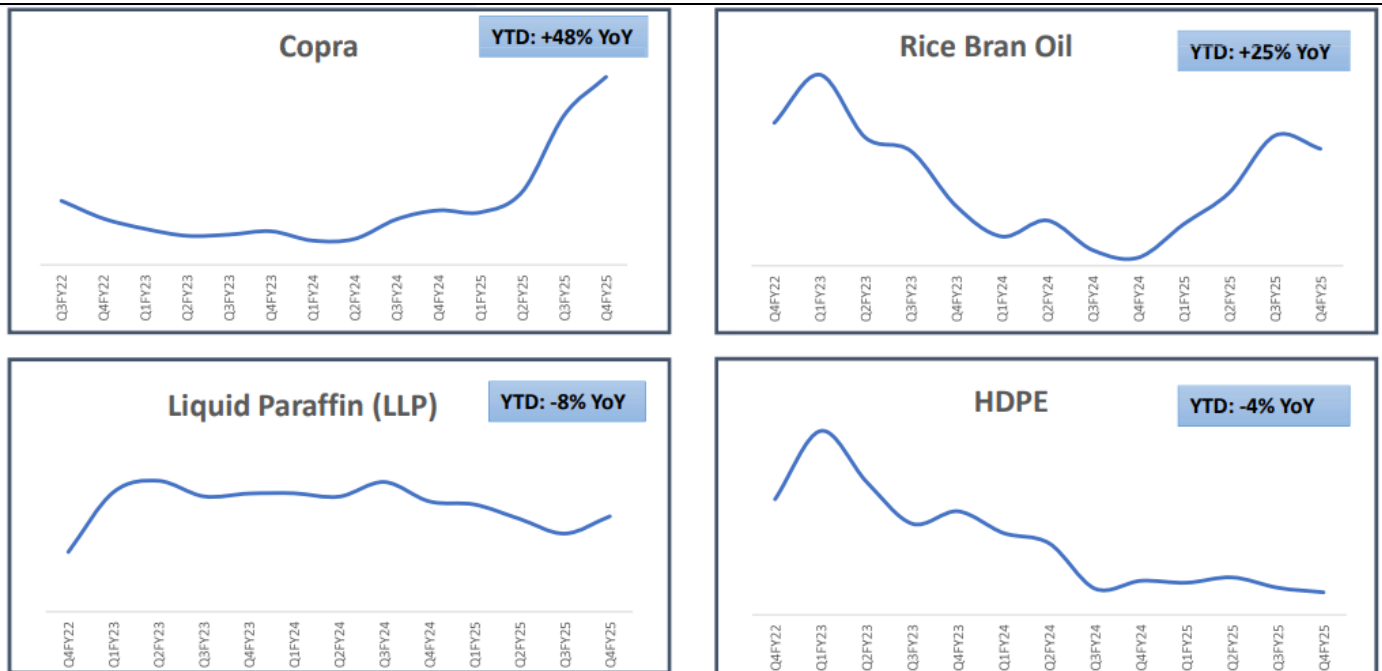
Source: Company, PL

Exhibit 6: Cochin/Calicut Copra prices continue to remain firm



Source: Company, PL

Exhibit 7: Movement of key raw material prices wherein Copra prices continue to remain firm



Source: Company, PL

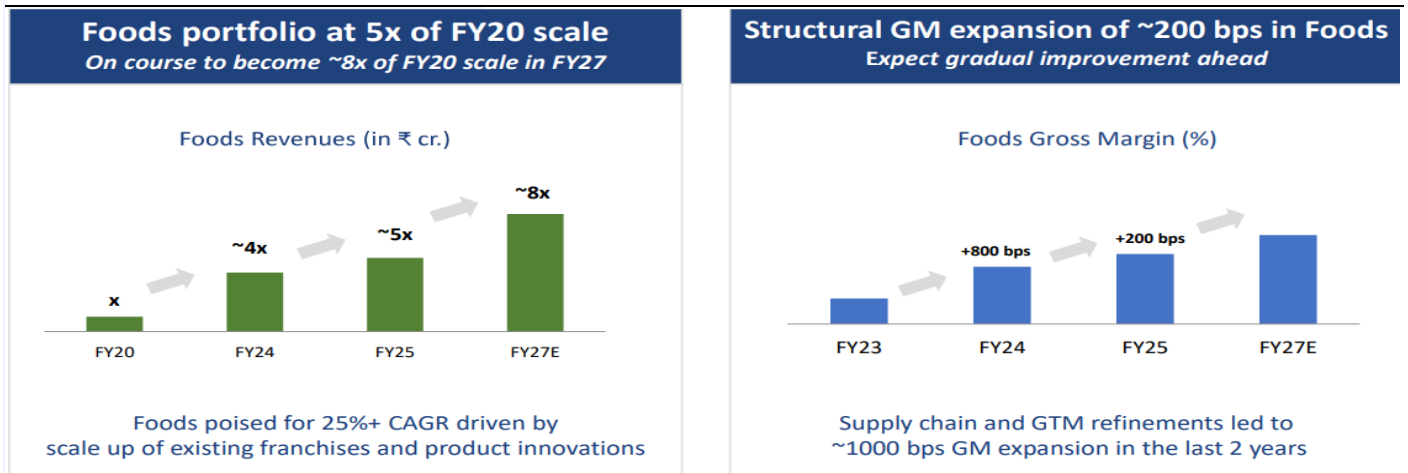
Exhibit 8: IBD(ex-Vietnam) saw double digit growth in Q4



International business records 16% CCG in Q4 & 14% in FY25

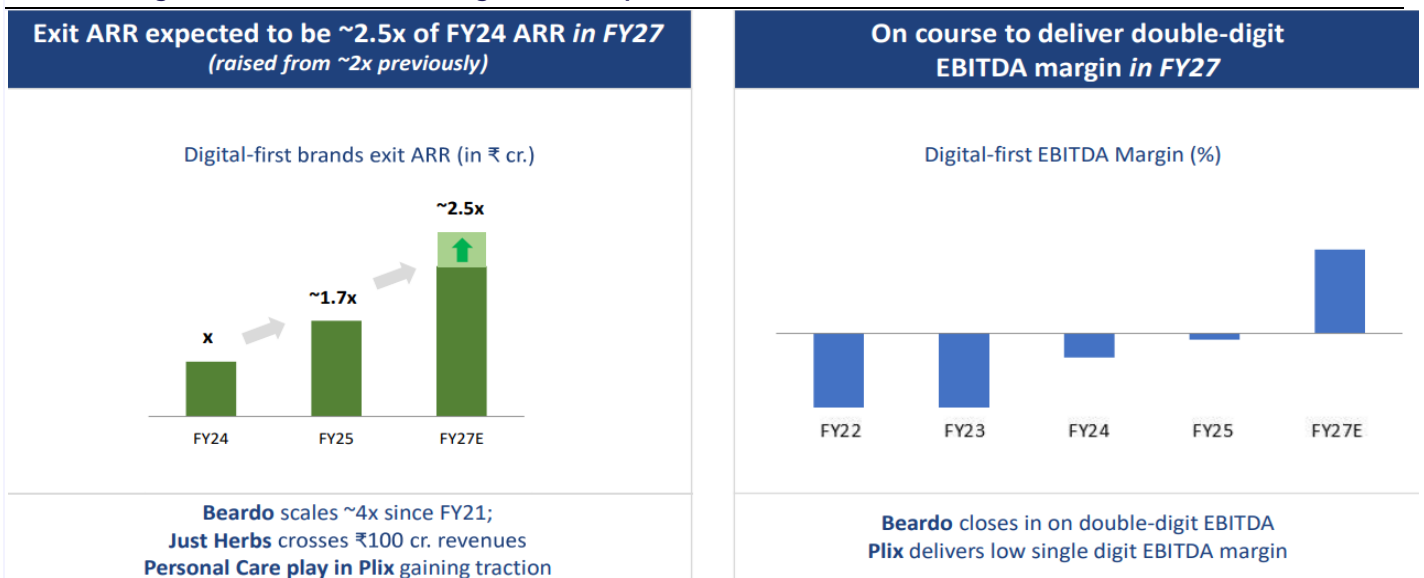
Source: Company, PL

Exhibit 9: MRCO's portfolio diversification is on track while GM expansion continues



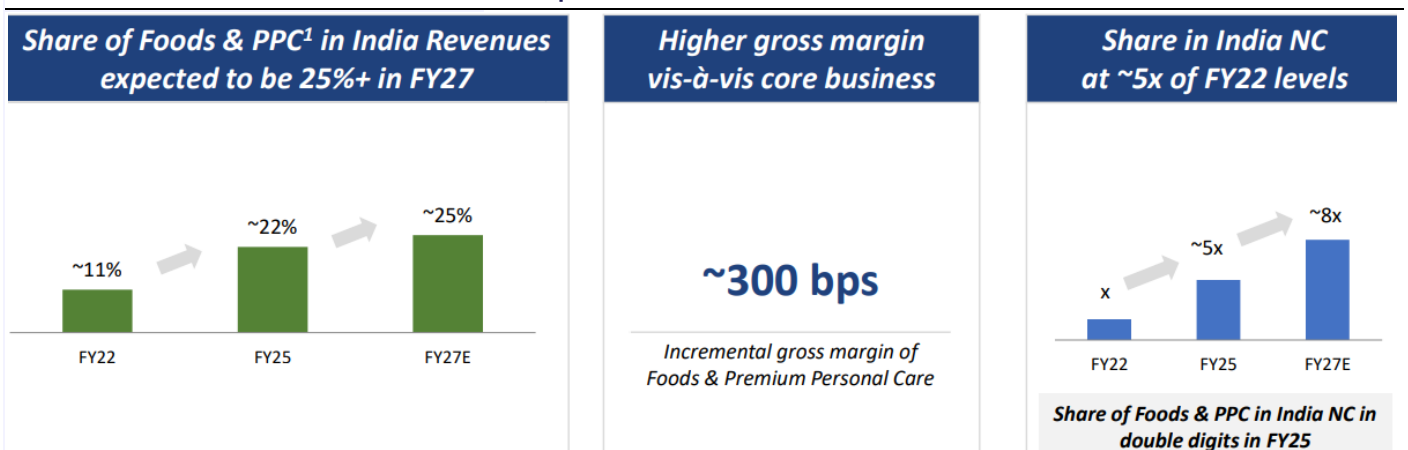
Source: Company, PL

Exhibit 10: Digital First brands are marching ahead with profitable unit economics



Source: Company, PL

Exhibit 11: Foods & Premium Personal Care scale up on track



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	96,530	1,08,310	1,22,685	1,35,517
YoY gr. (%)	(1.1)	12.2	13.3	10.5
Cost of Goods Sold	47,480	53,880	62,878	68,863
Gross Profit	49,050	54,430	59,807	66,653
Margin (%)	50.8	50.3	48.7	49.2
Employee Cost	7,430	8,310	9,447	10,299
Other Expenses	-	-	-	-
EBITDA	20,260	21,390	23,396	27,062
YoY gr. (%)	11.9	5.6	9.4	15.7
Margin (%)	21.0	19.7	19.1	20.0
Depreciation and Amortization	1,580	1,780	1,891	2,018
EBIT	18,680	19,610	21,505	25,044
Margin (%)	19.4	18.1	17.5	18.5
Net Interest	730	530	579	605
Other Income	1,420	2,080	2,204	2,135
Profit Before Tax	19,370	21,161	23,130	26,574
Margin (%)	20.1	19.5	18.9	19.6
Total Tax	4,350	4,580	5,089	5,979
Effective tax rate (%)	22.5	21.6	22.0	22.5
Profit after tax	15,020	16,581	18,042	20,595
Minority interest	730	740	814	895
Share Profit from Associate	-	-	-	-
Adjusted PAT	14,290	15,841	17,228	19,699
YoY gr. (%)	9.8	10.9	8.8	14.3
Margin (%)	14.8	14.6	14.0	14.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	14,290	15,841	17,228	19,699
YoY gr. (%)	9.8	10.9	8.8	14.3
Margin (%)	14.8	14.6	14.0	14.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	14,290	15,841	17,228	19,699
Equity Shares O/s (m)	1,290	1,290	1,290	1,290
EPS (Rs)	11.1	12.3	13.4	15.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	23,250	24,749	26,249	27,749
Tangibles	13,450	14,702	16,202	17,702
Intangibles	9,800	10,047	10,047	10,047
Acc: Dep / Amortization	6,730	8,039	9,397	10,867
Tangibles	6,300	7,452	8,659	9,979
Intangibles	430	587	738	888
Net fixed assets	16,520	16,710	16,852	16,882
Tangibles	7,150	7,250	7,543	7,723
Intangibles	9,370	9,460	9,309	9,159
Capital Work In Progress	440	400	500	500
Goodwill	8,630	8,570	8,569	8,569
Non-Current Investments	4,470	2,430	2,458	2,489
Net Deferred tax assets	(2,110)	(1,910)	(2,339)	(2,818)
Other Non-Current Assets	3,440	3,870	4,318	4,902
Current Assets				
Investments	2,590	13,750	12,882	12,197
Inventories	13,360	12,350	14,489	15,834
Trade receivables	10,690	12,710	8,403	8,911
Cash & Bank Balance	9,450	7,790	12,022	13,766
Other Current Assets	3,780	4,130	3,067	3,388
Total Assets	74,210	83,380	84,207	88,041
Equity				
Equity Share Capital	1,290	1,290	1,290	1,290
Other Equity	37,030	38,460	42,108	45,969
Total Network	38,320	39,750	43,398	47,259
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	10	10	-	-
Other non current liabilities	190	270	297	327
Current Liabilities				
ST Debt / Current of LT Debt	3,830	3,790	3,790	3,790
Trade payables	15,810	13,630	15,524	17,170
Other current liabilities	4,800	7,190	6,128	6,711
Total Equity & Liabilities	74,210	83,380	84,207	88,041

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	19,370	21,161	23,130	26,574
Add. Depreciation	1,580	1,780	1,891	2,018
Add. Interest	730	530	579	605
Less Financial Other Income	1,420	2,080	2,204	2,135
Add. Other	2,370	8,680	(3,962)	(2,719)
Op. profit before WC changes	24,050	32,150	21,638	26,479
Net Changes-WC	1,090	(12,250)	4,897	731
Direct tax	(4,350)	(4,580)	(5,089)	(5,979)
Net cash from Op. activities	20,790	15,320	21,446	21,231
Capital expenditures	(6,130)	(2,080)	(2,532)	(2,469)
Interest / Dividend Income	-	-	-	-
Others	1,750	1,280	-	-
Net Cash from Invst. activities	(4,380)	(800)	(2,532)	(2,469)
Issue of share cap. / premium	(600)	(2,066)	(537)	(586)
Debt changes	(920)	(40)	-	-
Dividend paid	(12,290)	(13,545)	(13,566)	(15,827)
Interest paid	(730)	(530)	(579)	(605)
Others	-	-	-	-
Net cash from Fin. activities	(14,540)	(16,180)	(14,682)	(17,018)
Net change in cash	1,870	(1,660)	4,232	1,744
Free Cash Flow	14,660	13,240	18,914	18,762

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	11.1	12.3	13.4	15.3
CEPS	12.3	13.7	14.8	16.8
BVPS	29.7	30.8	33.6	36.6
FCF	11.4	10.3	14.7	14.5
DPS	9.5	10.5	10.5	12.3
Return Ratio(%)				
RoCE	44.0	45.8	47.4	51.0
ROIC	30.0	31.7	36.3	40.3
RoE	37.5	40.6	41.4	43.5
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.4)	(0.5)	(0.5)
Net Working Capital (Days)	31	39	22	20
Valuation(x)				
PER	63.1	56.9	52.3	45.7
P/B	23.5	22.7	20.8	19.1
P/CEPS	56.8	51.1	47.1	41.5
EV/EBITDA	44.1	41.3	37.6	32.5
EV/Sales	9.2	8.2	7.2	6.5
Dividend Yield (%)	1.4	1.5	1.5	1.8

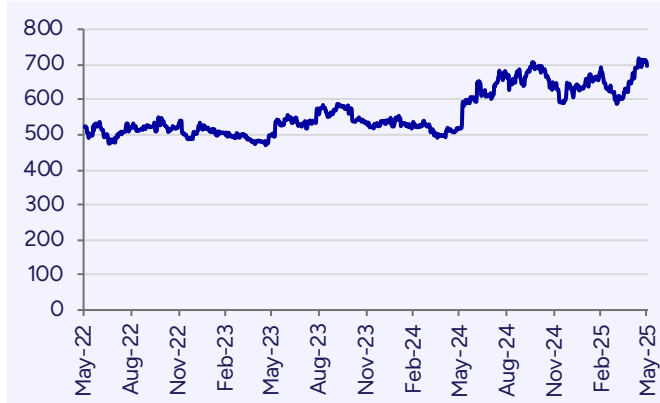
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	26,430	26,640	27,940	27,300
YoY gr. (%)	6.7	7.6	15.4	19.8
Raw Material Expenses	12,620	13,110	14,110	14,040
Gross Profit	13,810	13,530	13,830	13,260
Margin (%)	52.3	50.8	49.5	48.6
EBITDA	6,260	5,220	5,330	4,580
YoY gr. (%)	9.1	5.0	3.9	3.6
Margin (%)	23.7	19.6	19.1	16.8
Depreciation / Depletion	410	410	440	520
EBIT	5,850	4,810	4,890	4,060
Margin (%)	22.1	18.1	17.5	14.9
Net Interest	170	110	130	120
Other Income	370	400	420	470
Profit before Tax	6,050	5,100	5,180	4,410
Margin (%)	22.9	19.1	18.5	16.2
Total Tax	1,310	1,220	1,120	960
Effective tax rate (%)	21.7	23.9	21.6	21.8
Profit after Tax	4,740	3,880	4,060	3,450
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	4,740	3,880	4,060	3,450
YoY gr. (%)	8.7	7.8	5.2	7.8
Margin (%)	17.9	14.6	14.5	12.6
Extra Ord. Income / (Exp)	-	450	-	-
Reported PAT	4,740	4,330	4,060	3,450
YoY gr. (%)	8.7	20.3	5.2	7.8
Margin (%)	17.9	16.3	14.5	12.6
Other Comprehensive Income	(590)	170	(170)	(150)
Total Comprehensive Income	4,150	4,500	3,890	3,300
Avg. Shares O/s (m)	1,291	1,291	1,291	1,291
EPS (Rs)	3.7	3.0	3.1	2.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Accumulate	672	679
2	31-Jan-25	Accumulate	704	671
3	08-Jan-25	Accumulate	675	638
4	29-Oct-24	Accumulate	693	629
5	07-Oct-24	Hold	681	690
6	05-Aug-24	Hold	681	672
7	09-Jul-24	Accumulate	621	615
8	28-May-24	Accumulate	606	603
9	06-May-24	Accumulate	588	530

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,094	2,394
2	Avenue Supermarts	Hold	3,942	4,054
3	Britannia Industries	BUY	5,881	5,179
4	Colgate Palmolive	Hold	2,650	2,440
5	Dabur India	Hold	494	459
6	Emami	Accumulate	709	584
7	Hindustan Unilever	Accumulate	2,601	2,325
8	ITC	Accumulate	524	413
9	Jubilant FoodWorks	Hold	678	682
10	Kansai Nerolac Paints	Accumulate	288	258
11	Marico	Accumulate	672	679
12	Metro Brands	Hold	1,162	1,046
13	Mold-tek Packaging	Accumulate	621	470
14	Nestle India	Accumulate	2,559	2,433
15	Pidilite Industries	Accumulate	3,318	2,931
16	Restaurant Brands Asia	Accumulate	74	67
17	Titan Company	BUY	3,695	3,122
18	Westlife Foodworld	Hold	777	706

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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