

August 4, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	743		718	
Sales (Rs. m)	1,31,459	1,36,266	1,22,685	1,35,517
% Chng.	7.2	0.6		
EBITDA (Rs. m)	23,443	27,183	23,396	27,062
% Chng.	0.2	0.4		
EPS (Rs.)	13.3	15.4	13.4	15.3
% Chng.	(0.1)	1.0		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	96,530	1,08,310	1,31,459	1,36,266
EBITDA (Rs. m)	20,260	21,389	23,443	27,183
Margin (%)	21.0	19.7	17.8	19.9
PAT (Rs. m)	14,290	15,840	17,208	19,898
EPS (Rs.)	11.1	12.3	13.3	15.4
Gr. (%)	9.8	10.8	8.6	15.6
DPS (Rs.)	9.5	10.5	10.5	12.3
Yield (%)	1.3	1.5	1.5	1.7
RoE (%)	37.5	40.6	41.4	43.8
RoCE (%)	44.0	45.8	47.5	51.2
EV/Sales (x)	9.6	8.5	6.9	6.7
EV/EBITDA (x)	45.6	42.8	38.9	33.5
PE (x)	65.3	58.9	54.2	46.9
P/BV (x)	24.3	23.5	21.5	19.7

Key Data

MRCO.BO | MRCO IN

52-W High / Low	Rs.745 / Rs.578
Sensex / Nifty	81,019 / 24,723
Market Cap	Rs.939bn / \$ 10,708m
Shares Outstanding	1,298m
3M Avg. Daily Value	Rs.1635.8m

Shareholding Pattern (%)

Promoter's	58.68
Foreign	23.49
Domestic Institution	12.63
Public & Others	5.08
Promoter Pledge (Rs bn)	0.13

Stock Performance (%)

	1M	6M	12M
Absolute	(0.7)	6.8	9.2
Relative	2.2	3.6	9.1

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Margin Recovery expected post 2H26

Quick Pointers:

- VAHO posts ~13% growth while Saffola delivers mid-single digit volume growth
- ~60% price hikes taken in Parachute to combat continued rise in Copra prices
- FY26 guidance of ~25% revenue growth but double-digit bottom-line growth unlikely

MRCO delivered 22% revenue growth along with ~9% volume growth led by prices hikes taken in Parachute, robust growth in Foods and Premium Personal Care along with sustained recovery in VAHO. IBD continues to grow strong with ~19% CCG and is also focusing on improving mix by reducing reliance on Bangladesh and aspirations for double-digit CCG over medium term. Innovation funnel remains strong with portfolio diversification and scale up in Foods, D2C portfolio & B2C acquisitions. 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. Beardo has double-digit EBITDA margins whereas Plix has broken even. MRCO plans to adopt the same strategy for scaling Digital-first franchises and targets double-digit margins by FY27.

Given sharp spike in copra prices, MRCO has taken another price increase (60% effective overall YoY). We expect margins to remain under pressure until 1HFY26 even as improving profits in Foods and B2C will provide some respite. Although we expect near term volatility, strong sales momentum in B2C, Foods and revival of growth in VAHO are positive. We estimate a CAGR of 12% in EPS over FY25-27. We value MRCO at 47x June27 EPS and assign a target price of Rs 743(Rs718 earlier). Retain Accumulate.

Sales up 23.3%, Domestic Volume up 9% (PLe: 8%) whereas Parachute volumes down 1% (PLe: -2.0%). Revenues grew by 23.3% YoY to Rs32.6bn (PLe: Rs32.1bn). Domestic Volume Growth of 9%(PLe:8%) whereas Gross margins contracted by 533bps YoY to 46.9% (PLe: 47.0%). EBITDA grew by 4.6% YoY to Rs6.6bn (PLe:Rs 6.2bn); Margins contracted by 359bps YoY to 20.1% (PLe:19.3%). A&P Spends expanded by 9bps YoY to 9.2% (24.6% up at Rs2.99bn). Adj PAT grew by 8.2% YoY to Rs5.1bn (PLe: Rs4.7bn)

Concall takeaways: 1) Consumer sentiment remained stable with gradual & optimistic outlook given easing inflation & favorable monsoon. 2) Rural markets continue to grow ahead of urban whereas Premium products outperformed rest of portfolio 3) Copra prices surged 18% QoQ and ~107% YoY, surpassing company expectations. The copra inflation was driven by a 9% drop in productivity, combined with inelastic demand for religious/consumption purposes and delayed conversion due to unseasonal rains. Rapid ~60% effective price hikes have been implemented and are reflected on shelves. Margin pressures are expected to ease given copra prices begin to stabilize (~12% fall from peak) 4) 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. VAHO gained 150bps in value market share on MAT basis. 5) Premium Personal Care posted strong 1Q26 results, with serums, male grooming, and skincare driving Rs. 3bn+ ARR, while Digital-First brands reached Rs. 8.5bn+ ARR. 6) Foods continue to grow in-line with aspirations with ~20% value growth in 1Q26. Gross Margins have improved ~1000bps over past 2 years. 7) 1Q26 witnessed ~25% higher ad spends YoY with focus on VAHO, PPC & Foods whereas non-media spends were optimized through rationalization of Nielsen data frequency, deferral of discretionary film shoots, and reduced celebrity time costs. Additionally, improved efficiency across media and non-media spends is driving better ROI for the same outlay. 8) MRCO posted a 19% CCG, with Bangladesh (~17%) & MENA (~42%) sustained their strong momentum, Vietnam witnessed recovery & SA remained flattish. MRCO gained market share in Gulf & Egypt. 9) With current volatility in commodity prices, margins will likely remain under pressure with recovery expected to settle in post 3Q 11) MRCO guides for double-digit profit CAGR over FY26-28.

Exhibit 1: 1QFY26 Results: Revenues up 23.3%, GM and EBITDAM contract 129bps & 210bps YoY resp.

Consolidated	1QFY26	1QFY25	YoY gr. (%)	4QFY25	FY26E	FY25	YoY gr. 950
Net Sales	32,590	26,430	23.3	27,300	1,26,779	1,08,310	17.1
COGS	17,300	12,620	37.1	14,040	65,809	53,880	22.1
% of Net Sales	53.1	47.7	5.3	51.4	51.9	49.7	2.2
Gross Profit	15,290	13,810	10.7	13,260	60,969	54,430	12.0
% of NS	46.9	52.3	-5.3	48.6	48.1	50.3	-2.2
Advt. & Prom.	2,990	2,400	24.6	3,050	12,678	11,280	12.4
% of NS	9.2	9.1	0.1	11.2	10.0	10.4	-0.4
Total Expenses	26,040	20,170	29.1	22,720	1,02,788	86,920	18.3
EBITDA	6,550	6,260	4.6	4,580	23,991	21,390	12.2
Margins (%)	20.1	23.7	-3.6	16.8	18.9	19.7	-0.8
Depreciation	450	410	9.8	520	1,891	1,780	6.2
EBIT	6,100	5,850	4.3	4,060	22,100	19,610	12.7
Interest	100	170	(41.2)	120	579	530	9.2
Other Income	560	370	51.4	470	2,240	2,080	7.7
PBT	6,560	6,050	8.4	4,410	23,761	21,160	12.3
Tax	1,430	1,310	9.2	960	5,346	4,580	16.7
Effective tax rate (%)	21.8	21.7	0.1	21.8	22.5	21.6	0.9
Adjusted PAT	5,130	4,740	8.2	3,450	18,415	16,580	11.1

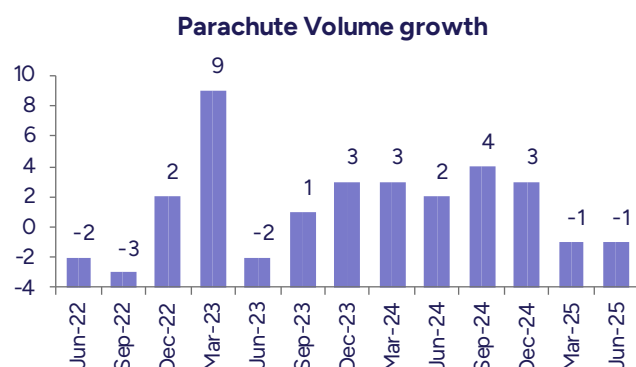
Source: Company, PL

Exhibit 2: Consolidated Segmental: IBD business delivered 19% CCG led by MENA with 42% and Bangladesh with 17% growth

(Rs m)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Net Sales	24,770	24,760	24,220	22,780	26,430	26,640	27,940	27,300	32,590
Domestic	18,270	18,320	17,930	16,800	19,620	19,790	21,010	20,680	24,950
International	6,500	6,440	6,290	5,980	6,810	6,850	6,930	6,620	7,640
Sales Growth %	-3.2	-0.8	-1.9	1.7	6.7	7.6	15.4	19.8	23.3
Domestic	-4.9	-3.4	-3.1	-0.2	7.4	8.0	17.2	23.1	27.2
International	2.0	7.3	1.6	7.4	4.8	6.4	10.2	10.7	12.2
EBIT	6,090	5,260	5,360	4,860	6,410	5,670	5,720	4,810	6,820
Domestic	4,280	3,760	3,800	3,390	4,440	3,920	3,920	3,220	4,690
International	1,810	1,500	1,560	1,470	1,970	1,750	1,800	1,590	2,130
EBIT Growth %	9.9	15.4	12.1	15.7	5.3	7.8	6.7	-1.0	6.4
Domestic	7.5	14.3	10.5	12.3	3.7	4.3	3.2	-5.0	5.6
International	16.0	18.1	16.4	24.6	8.8	16.7	15.4	8.2	8.1
EBIT Margins %	24.6	21.2	22.1	21.3	24.3	21.3	20.5	17.6	20.9
Domestic	23.4	20.5	21.2	20.2	22.6	19.8	18.7	15.6	18.8
International	27.8	23.3	24.8	24.6	28.9	25.5	26.0	24.0	27.9
Capital Employed	31,970	35,370	37,540	36,400	39,360	42,470	43,100	38,280	35,370
Domestic	18,740	22,540	24,560	24,260	27,080	29,420	30,800	26,540	23,700
International	13,230	12,830	12,980	12,140	12,280	13,050	12,300	11,740	11,670
International Sales Growth %									
Bangladesh (46%)	9.0	2.0	-6.0	8.0	10.0	8.0	20.0	11.0	17.0
MENA (15%)	15.0	34.0	26.0	19.0	20.0	43.0	35.0	47.0	42.0
South Africa (8%)	37.0	23.0	33.0	13.0	28.0	20.0	17.0	13.0	0.0
SE Asia (26%)	5.0	13.0	4.0	0.0	0.0	7.0	-1.0	-1.0	1.0

Source: Company, PL

Exhibit 3: Parachute volumes decline 1% YoY



Source: Company, PL

Exhibit 4: Domestic volumes up 9% YoY



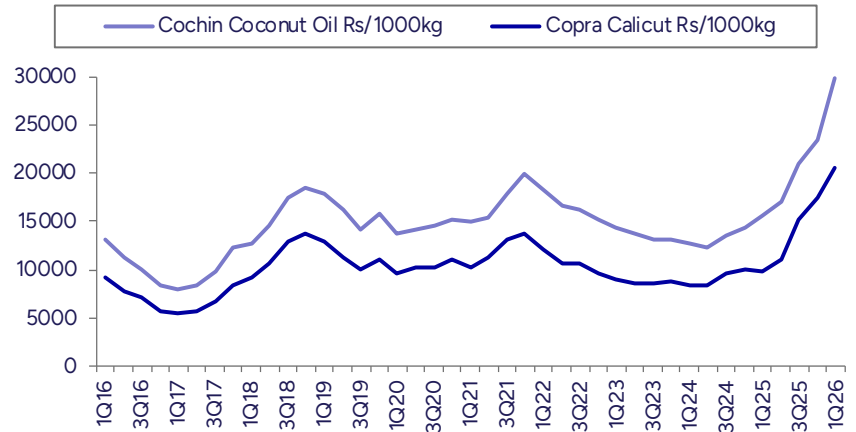
Source: Company, PL

Exhibit 5: Market share remains strong across brands with pick-up in VAHO

Market Share (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Coconut Oil	62	62	62	63	64	63	63	63	63
Saffola	53	53	53	54	55	54	55	54	53
Hair Oil VAHO	28	27	27	27	27	28	28	28	29
Livon & Silk and Shine	57	55	53	50	49	48	47	47	47
Hair Creams/Gel	53	53	52	52	51	52	52	53	53
Saffola Oats	42	42	41	41	41	41	41	41	41

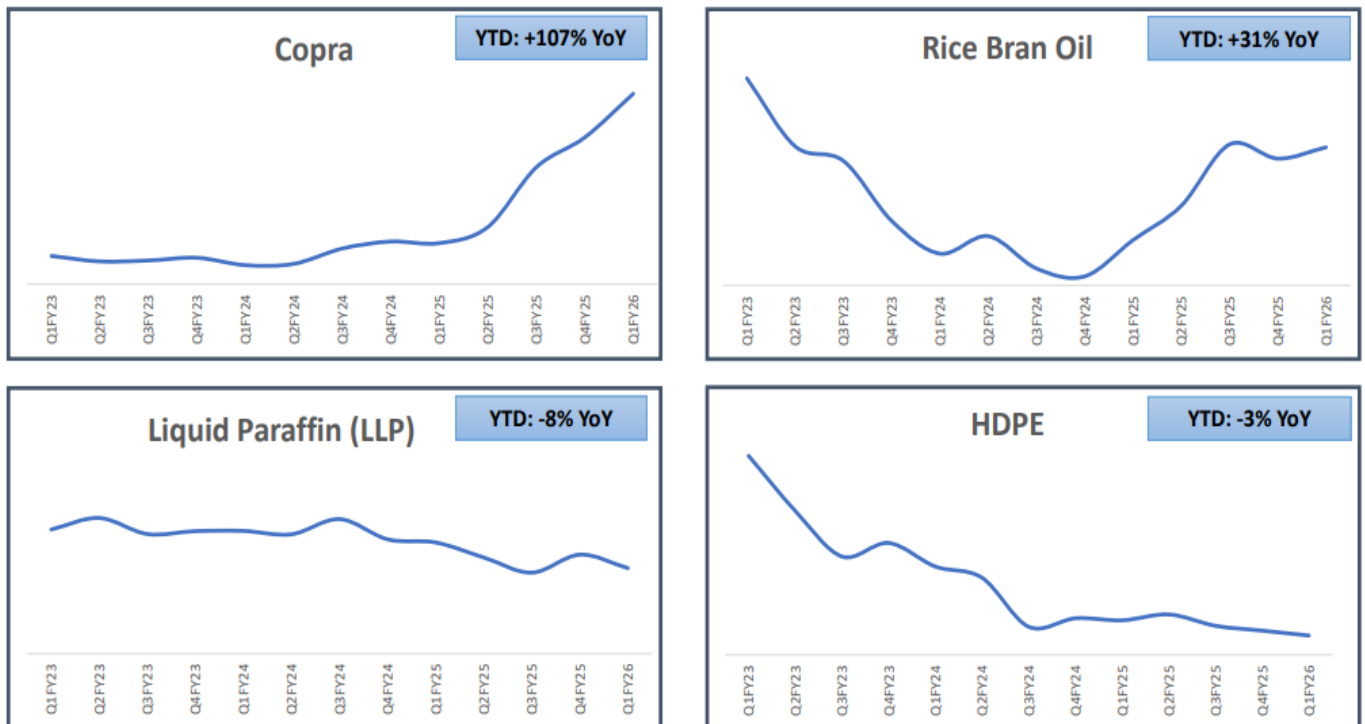
Source: Company, PL

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



Source: Company, PL

Exhibit 7: Movement of key raw material prices wherein Copra prices up 107% YoY
















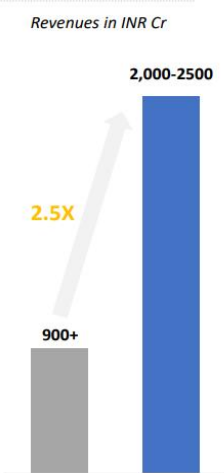









Source: Company, PL

Exhibit 8: International Markets continue to grow despite headwinds from macroeconomic volatility & currency devaluation

 Bangladesh	 Vietnam	 MENA	 South Africa
			
<p>17% Q1 CCG</p>	<p>1% Q1 CCG</p>	<p>42% Q1 CCG</p>	<p>Flattish Q1 CCG</p>
<p>Robust growth in core and new franchises</p>	<p>Expect gradual recovery in demand</p>	<p>Robust growth in Gulf and Egypt</p>	<p>Full year aspiration remains intact</p>

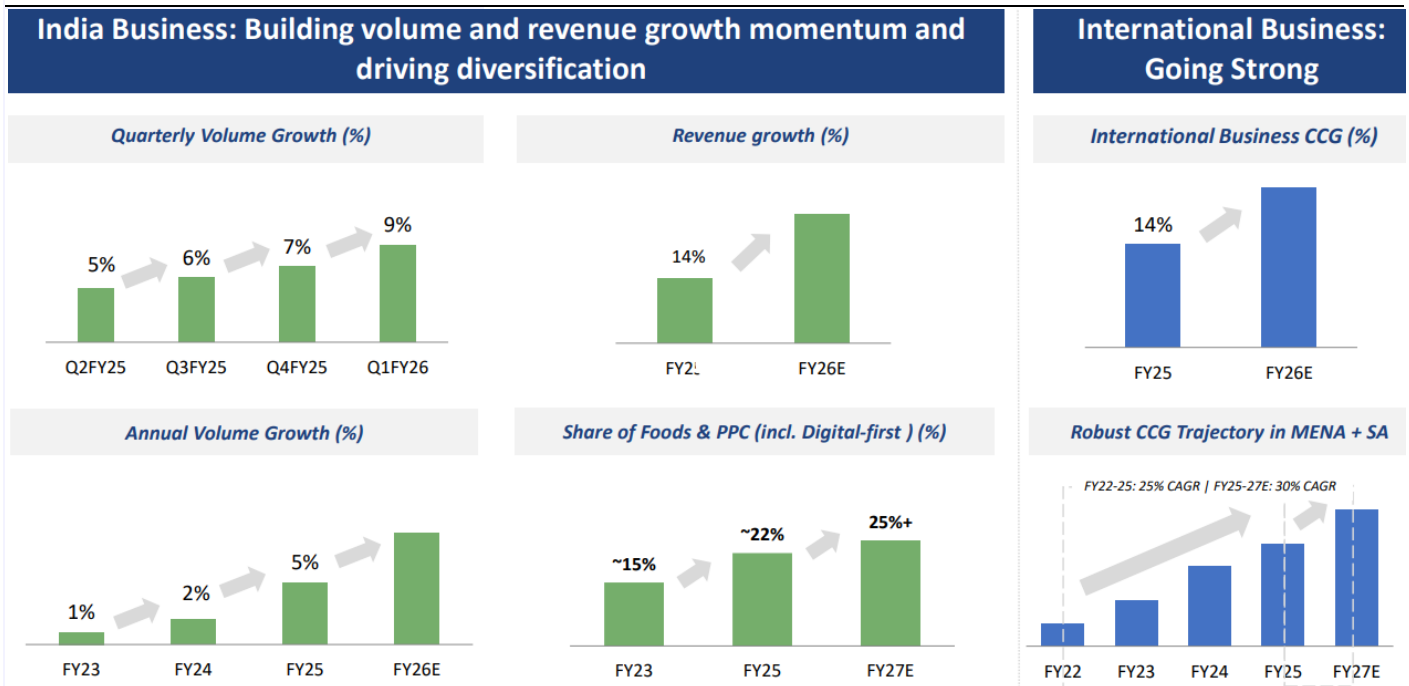
Source: Company, PL

Exhibit 9: Digital Businesses: Driving TAM Expansion & Brand Penetration

					ASPIRATION OVER 3 YEARS
CURRENT CATEGORIES	 Nutraceuticals  Skin & Hair Care	 Men's Grooming & Skin care  Fragrances  Personal Care Appliances	 Breakfast  Seeds & trail mixes	 Hair care  Herbal Cosmetics	<p>Revenues in INR Cr</p> 
POTENTIAL FUTURE CATEGORIES	 Nutraceuticals Extension  Kids – Nutraceuticals & Personal Care	 Hair Care  Bath & Shower	 Value Added Nuts  Protein Range  Healthy Snacks	 Skin Care  Bath & Shower	

Source: Company, PL

Exhibit 10: Powering double-digit revenue growth aspirations in near & medium term



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	96,530	1,08,310	1,31,459	1,36,266
YoY gr. (%)	(1.1)	12.2	21.4	3.7
Cost of Goods Sold	47,480	53,880	70,739	69,684
Gross Profit	49,050	54,430	60,720	66,582
Margin (%)	50.8	50.3	46.2	48.9
Employee Cost	7,430	8,310	9,334	10,084
Other Expenses	-	-	-	-
EBITDA	20,260	21,389	23,443	27,183
YoY gr. (%)	11.9	5.6	9.6	16.0
Margin (%)	21.0	19.7	17.8	19.9
Depreciation and Amortization	1,580	1,780	1,891	2,018
EBIT	18,680	19,610	21,552	25,165
Margin (%)	19.4	18.1	16.4	18.5
Net Interest	730	530	579	605
Other Income	1,420	2,080	2,281	2,271
Profit Before Tax	19,370	21,160	23,254	26,831
Margin (%)	20.1	19.5	17.7	19.7
Total Tax	4,350	4,580	5,232	6,037
Effective tax rate (%)	22.5	21.6	22.5	22.5
Profit after tax	15,020	16,580	18,022	20,794
Minority interest	730	740	814	895
Share Profit from Associate	-	-	-	-
Adjusted PAT	14,290	15,840	17,208	19,898
YoY gr. (%)	9.8	10.8	8.6	15.6
Margin (%)	14.8	14.6	13.1	14.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	14,290	15,840	17,208	19,898
YoY gr. (%)	9.8	10.8	8.6	15.6
Margin (%)	14.8	14.6	13.1	14.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	14,290	15,840	17,208	19,898
Equity Shares O/s (m)	1,290	1,290	1,290	1,290
EPS (Rs)	11.1	12.3	13.3	15.4

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	4,348	4,905
Current Assets				
Investments	2,590	13,750	13,803	12,264
Inventories	13,360	12,350	16,420	15,911
Trade receivables	10,690	12,710	9,004	8,960
Cash & Bank Balance	9,450	7,790	10,570	13,808
Other Current Assets	3,780	4,130	3,286	3,407
Total Assets	74,210	83,380	86,462	88,299
Equity				
Equity Share Capital	1,290	1,290	1,290	1,290
Other Equity	37,030	38,460	42,087	46,148
Total Networth	38,320	39,750	43,377	47,438
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	17,592	17,253
Other current liabilities	4,800	7,190	6,335	6,705
Total Equity & Liabilities	74,210	83,380	86,462	88,298

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	19,370	21,160	23,254	26,831
Add. Depreciation	1,580	1,780	1,891	2,018
Add. Interest	730	530	579	605
Less Financial Other Income	1,420	2,080	2,281	2,271
Add. Other	2,370	8,680	(3,993)	(2,691)
Op. profit before WC changes	24,050	32,149	21,731	26,764
Net Changes-WC	1,090	(12,250)	3,496	1,998
Direct tax	(4,350)	(4,580)	(5,232)	(6,037)
Net cash from Op. activities	20,790	15,319	19,994	22,725
Capital expenditures	(6,130)	(2,080)	(2,532)	(2,469)
Interest / Dividend Income	-	-	-	-
Others	1,750	1,280	-	-
Net Cash from Invt. 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)	2,780	3,238
Free Cash Flow	14,660	13,240	17,462	20,256

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	11.1	12.3	13.3	15.4
CEPS	12.3	13.7	14.8	17.0
BVPS	29.7	30.8	33.6	36.8
FCF	11.4	10.3	13.5	15.7
DPS	9.5	10.5	10.5	12.3
Return Ratio(%)				
RoCE	44.0	45.8	47.5	51.2
ROIC	30.0	31.7	34.7	40.4
RoE	37.5	40.6	41.4	43.8
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	65.3	58.9	54.2	46.9
P/B	24.3	23.5	21.5	19.7
P/CEPS	58.8	53.0	48.9	42.6
EV/EBITDA	45.6	42.8	38.9	33.5
EV/Sales	9.6	8.5	6.9	6.7
Dividend Yield (%)	1.3	1.5	1.5	1.7

Source: Company Data, PL Research

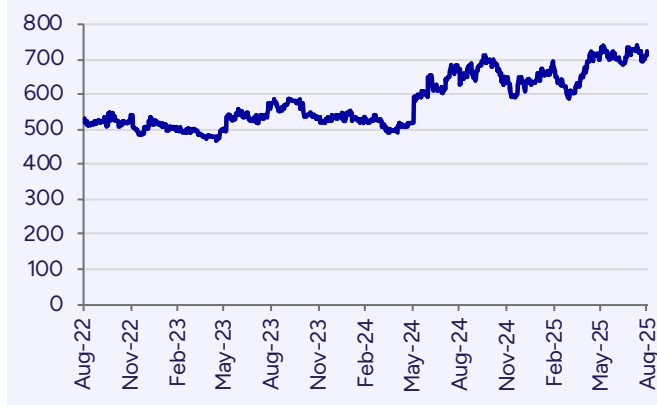
Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	26,640	27,940	27,300	32,590
YoY gr. (%)	7.6	15.4	19.8	23.3
Raw Material Expenses	13,110	14,110	14,040	17,300
Gross Profit	13,530	13,830	13,260	15,290
Margin (%)	50.8	49.5	48.6	46.9
EBITDA	5,220	5,330	4,580	6,550
YoY gr. (%)	5.0	3.9	3.6	4.6
Margin (%)	19.6	19.1	16.8	20.1
Depreciation / Depletion	410	440	520	450
EBIT	4,810	4,890	4,060	6,100
Margin (%)	18.1	17.5	14.9	18.7
Net Interest	110	130	120	100
Other Income	400	420	470	560
Profit before Tax	5,100	5,180	4,410	6,560
Margin (%)	19.1	18.5	16.2	20.1
Total Tax	1,220	1,120	960	1,430
Effective tax rate (%)	23.9	21.6	21.8	21.8
Profit after Tax	3,880	4,060	3,450	5,130
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	3,880	4,060	3,450	5,130
YoY gr. (%)	7.8	5.2	7.8	8.2
Margin (%)	14.6	14.5	12.6	15.7
Extra Ord. Income / (Exp)	450	-	-	-
Reported PAT	4,330	4,060	3,450	5,130
YoY gr. (%)	20.3	5.2	7.8	8.2
Margin (%)	16.3	14.5	12.6	15.7
Other Comprehensive Income	170	(170)	(150)	(140)
Total Comprehensive Income	4,500	3,890	3,300	4,990
Avg. Shares O/s (m)	1,291	1,291	1,291	1,291
EPS (Rs)	3.0	3.1	2.7	4.0

Source: Company Data, PL Research



Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Accumulate	718	726
2	04-May-25	Accumulate	718	699
3	09-Apr-25	Accumulate	672	679
4	31-Jan-25	Accumulate	704	671
5	08-Jan-25	Accumulate	675	638
6	29-Oct-24	Accumulate	693	629
7	07-Oct-24	Hold	681	690
8	05-Aug-24	Hold	681	672

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,248	2,402
2	Avenue Supermarts	Hold	3,994	4,281
3	Britannia Industries	BUY	5,941	5,839
4	Colgate Palmolive	Hold	2,453	2,376
5	Dabur India	Hold	524	529
6	Emami	Accumulate	683	601
7	Hindustan Unilever	Accumulate	2,686	2,521
8	ITC	BUY	530	416
9	Jubilant FoodWorks	Hold	689	688
10	Kansai Nerolac Paints	Accumulate	284	251
11	Marico	Accumulate	718	726
12	Metro Brands	Hold	1,195	1,167
13	Mold-tekk Packaging	Accumulate	805	761
14	Nestle India	Hold	2,392	2,322
15	Pidilite Industries	BUY	3,428	3,060
16	Restaurant Brands Asia	Accumulate	87	81
17	Titan Company	BUY	3,830	3,451
18	Westlife Foodworld	Hold	745	772

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

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