# Marico

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**Operator:** Ladies and gentlemen, good day and welcome to the Marico Limited Q4 FY26 earnings conference call. We have with us today the senior management team of Marico Limited: Mr. Saugata Gupta, MD and CEO, and Mr. Pawan Agrawal, Group CFO and CEO of International Business. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Before we get started, I would like to remind you that the Q&A session is only for institutional investors and analysts. Therefore, if there is anybody else who is not an institutional investor or analyst but would like to ask questions, please directly reach out to the Marico investor relations team. I now hand the conference over to Mr. Saugata Gupta. Thank you, and over to you, sir.

**Management:** Good evening everyone, and thank you to all those who have joined the call. With FY26 having concluded, I will begin with a brief overview of the operating environment, after which I will take you through our performance and strategic priorities going forward. During the quarter, demand sentiment remained broadly stable, supported by benign inflation, improving rural sentiment, and favorable policy stimulus. These factors were further aided by the enhanced affordability following the GST rate rationalization implemented during the financial year. We are optimistic about a gradual improvement in consumption trends in the quarters ahead supported by these factors. However, the onset and progression of the monsoon, as well as the inflationary impact of the vegetable oil crisis, will remain key monitorables.

I will now move to our performance. FY26 marked a year of strong execution in a tough operating environment. Volume growth in the India business, international business constant currency growth, and consolidated revenue of Marico reached multi-year highs. The India business continued its improving volume growth trajectory during the quarter. Offtakes remain robust with more than 95% of the portfolio gaining or sustaining market share and over 90% maintaining or improving penetration on a MAT basis. Investments under Project Setu are yielding visible results, particularly in rural reach and execution quality, supporting the revival and sustained growth of general trade this year. In parallel, alternate channels, including organized retail, e-commerce, and quick commerce, continue to scale strongly, driving differential growth in urban and premium portfolios.

Delving deeper into our key categories, Parachute continued to demonstrate strong resilience during the quarter and delivered low single-digit volume growth after adjusting for MLH adjustments. With copra prices having corrected by about 35% from peak levels and expected to remain range-bound from here on, we have passed on the benefit to consumers through some selective pricing actions. As pricing stabilizes, we expect a recovery in consumption with a pickup in volume growth, which will be evidently visible from Q1 FY27 itself. Our strengthened distribution and robust backend and supply chain capabilities position us well compared to smaller players in the current situation, while the brand has continued to strengthen its leadership position during the year.

Value-Added Hair Oils (VAHO) delivered robust growth in this quarter led by volume growth in the low 20s and meaningful market share gains. The portfolio grew 20% this year backed by strong momentum in the mid and premium segments, which is the non-Shanti Amla portfolio. These high-margin segments have delivered close to double-digit volume growth on a two-year CAGR basis. We have also entered the almond oil category under the Hair & Care franchise and we have made considerable inroads in modern trade already. We expect VAHO to sustain its double-digit volume-led growth trajectory supported by a focused innovation pipeline, improved availability following GST rationalization, and distribution expansion under Project Setu.

Saffola edible oils delivered steady performance in an elevated pricing environment. As we enter FY27, we expect stable growth while maintaining our focus on threshold levels of profitability. We will remain disciplined in passing on necessary input cost movements through calibrated pricing actions while continuing to drive premiumization and pushing for higher growth in cold-pressed oils, Saffola Gold, and Total variants.

Foods transitioned to mid-teen growth on the back of double-digit growth in core Saffola foods in Q4. The foods portfolio exited the year at 1,000+ crores in revenue. We now have a wholesome play in foods with a portfolio spanning from mainstream health and wellness with Saffola; clean-label and modern breakfast and snacking with True Elements; premium gourmet snacking with 4700BC; and functional nutrition with Cosmiq and Plix. You must note that this growth is being delivered alongside a significant improvement in profitability. Our focus remains on building fewer, bigger, and more profitable plays while driving category development through innovation and strong execution.

In premium personal care, we continue to scale with a clear focus on profitable growth. The portfolio comprising serums, male grooming, and skin care exited the year at an ARR of 350+ crores. The digital-first portfolio of premium personal care exited FY26 at a 1,100+ crores ARR. The scale-up of this portfolio is being accompanied by a structural improvement in profitability as we aim to exit FY27 at double-digit EBITDA margins and eventually mid-teen EBITDA margins by FY30. Beardo and Plix remain on an accelerated growth trajectory with improving profitability. Our digital transformation continues to accelerate, with 55% of Marico core advertising spends now directed towards digital media. Of course, it is 100% of spending for the digital brands. Consequently, the combined revenue share of foods and premium personal care, including digital-first brands in the India business, moved up to 23% this year despite the sharp pricing-led growth in the coconut oil portfolio. We expect the share of these new businesses to expand to about 27%, which was earlier targeted to reach 25% in FY27, and we aspire to reach about one-third of our business by FY30.

Moving to the international business, we delivered robust growth this year supported by broad-based performance across markets and portfolio diversification. Bangladesh maintained its strong momentum while Vietnam, South Africa, and the export markets continued scaling up as key growth engines, strengthening the resilience of the portfolio. In MENA, performance in the Gulf region during the quarter was impacted by near-term supply-side constraints in March, while Egypt continued to deliver strong growth. We will continue to monitor the impact on sales in some markets of the Middle East, which contributes only 4% of our total turnover, but we see no immediate major concern. We are also making steady progress in premiumizing our portfolio across markets, driven by expansion into beauty and personal care categories and supported by innovation. This is expected to drive both differential growth and margin expansion over the medium term.

Our ongoing diversification and premiumization efforts across the India and international mix are already reshaping our growth construct in a meaningful way. By FY30, we expect to have substantially transformed the portfolio, resulting in lowering the share of commodity-linked businesses from more than 70% to 50% over a decade. To sum up, we have delivered on our aspirations across key performance parameters while navigating a highly volatile input cost environment and strengthening the underlying growth drivers of the business. More notably, we have delivered double-digit profit growth despite facing unprecedented inflation in key inputs. This performance reflects the resilience and pricing power of our core categories, profitable scale-up of our new businesses, and the strength of our operating model anchored in supply chain agility, cost discipline, and the results of ramping up investments in future-ready capabilities.

Despite ongoing geopolitical tensions, we have maintained strong supply chain assurance through strategic positioning across raw materials, packaging materials, and finished goods, and do not foresee any material disruption in the near term. Further, we believe that our supply chain and backend advantages will act as a competitive edge over smaller players and drive superior volume growth and market share gains from these players during the next few quarters. We remain focused on consistently driving competitive top-quartile outcomes. In the near term, we expect to sustain high single-digit volume growth in the India business in FY27. The international business is expected to maintain strong momentum at mid-teen constant currency growth driven by broad-based performance across markets. At a consolidated level, we will aim to deliver double-digit revenue growth to cross 15,000 crores in revenue and high-teen EBITDA growth, subject to stable macros.

On the cost front, we are witnessing divergence in input trends. While copra prices have corrected meaningfully, declining by approximately 35% from peak levels, vegetable oils and other crude-linked inputs continue to exhibit an upward bias driven by ongoing geopolitical tensions in the Middle East. While we benefit from tailwinds in copra, we will mitigate cost pressures through calibrated pricing actions and cost management initiatives. So far, the weighted average input cost increase next year is therefore extremely marginal. We have already implemented price hikes to neutralize the impact.

Over the medium term, our strategy remains anchored in driving profitable growth through expansion of the total addressable market, sharper portfolio choices, accelerated premiumization, and continued investments in digital media analytics, automation, and AI capabilities. This calibrated, ambitious approach to growth, underpinned by strong execution capabilities and disciplined capital allocation, gives us confidence in our ability to deliver consistent, sustainable, and profitable growth. We will aim to maintain our current track record of top-quartile volume growth in India and mid-teen constant currency growth in international business. At a consolidated level, we will aim to sustain double-digit revenue growth to comfortably cross 20,000 crores in revenue and aspire for mid-teen EBITDA growth by FY30. Our growth trajectory reflects both ambition and execution, scaling from 10,000 crores to 15,000 crores in just two years and adding another 5,000+ crores by FY30. With a transformed portfolio, as we continue to build fewer, bigger, bolder, and faster plays, a resilient operating model, and disciplined capital allocation, we believe we are well-positioned to deliver this sustained profitable growth at scale as we cross our journey into 2030. With that, I conclude my remarks. Thank you, and we can now take some questions.

**Operator:** Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star followed by one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star followed by two. Participants are requested to use handsets while asking a question. We will wait for a moment while the question queue assembles. We have the first question from the line of Avneesh Roy from Nuvama Wealth. Please go ahead.

**Avneesh Roy – Nuvama Wealth:** Congratulations. I have three questions. First is on the international business, with two sub-parts. Regarding Bangladesh, there is a sharp acceleration of sales growth to 35% versus a full-year growth of 25%. Was there any one-off here? Was there delayed pricing that is benefiting now, or was it just a soft base? Given that for the entirety of FY27 there is a democratically elected government compared to the very fragile government in most of FY26, what is the outlook? The second sub-part is about MENA. Obviously, March was challenging for all FMCG companies operating there. In April, have alternate channels shown improvement? I understand March saw a sharp decline; how has April been?

**Management:** Regarding Bangladesh, we have been extremely steady. Sometimes there are quarterly fluctuations and pricing adjustments are taken into account, but overall, Bangladesh has been a critical component and remains resilient. We are happy with the annualized double-digit growth. We believe we have been resilient in Bangladesh and will continue to diversify, invest in brands, and deliver consistent growth. We are confident about these numbers. Regarding MENA, March saw issues with shipments and visibility. There is a difference between the impact on offtake and the impact on primary sales, as primary sales are a function of shipments. There are alternative routes; we do not just feed MENA from India as some products go through Egypt. As I alluded to in the call, the overall impact is limited, and we will see how the situation unfolds. In terms of offtake, we have no significant concerns.

**Avneesh Roy – Nuvama Wealth:** Understood. My second question is on recent acquisitions like 4700BC and others in India and Vietnam. What is the initial scale-up in distribution? Have there been any initial shocks? In M&A in India, things often look positive initially, but challenges like inventory build-up appear in the first year. Are there any learnings to share?

**Management:** Those challenges typically happen during a 100% sale. We now have a playbook for integration, valuations, and due diligence. It has been a positive start. We are privileged to partner with fantastic founders. These are unique brands. We have had positive starts with no hiccups. A big change is that we are now a "house of brands," seeing the impact of synergies in the backend which benefit long-term profitability and traction. For 4700BC, we have started immediate synergies in modern trade and general trade. We do not acquire stakes where the business is fundamentally weak or unit economics don't work. Our success rate on that front has been good.

**Avneesh Roy – Nuvama Wealth:** Last quick question. You are unique for FY27 as a key raw material is deflationary, while most companies face sharp inflation. Out of four materials, three are inflationary for you, but the large one is deflationary. As a basket, how much is the cost up now? Also, you mentioned price cuts in Parachute—is that an MRP cut or select grammage interventions and promotions? Finally, can you cross-subsidize the inflationary part of your portfolio with the Copra deflation to gain market share in foods and personal care?

**Management:** Regarding pricing, since Copra prices have come down approximately 35% from peaks, we have taken price cuts in non-price-point and small packs to the extent of about 10%. We haven't taken a call on increasing MLH yet.

**Management:** On cross-subsidization, we always take a portfolio approach while keeping profit delivery expectations in mind. We will keep calibrating those calls on pricing. Regarding margins for next year, there are many moving parts. We have a tailwind in Copra prices compared to last year's high base. However, crude-led derivatives remain uncertain. Our guidance targets high-teen EBITDA growth, which is slightly higher than our previous guidance. This assumes situations normalize soon.

**Management:** To add, whenever there is Parachute deflation, our proactiveness is high. This is a unique year where supply chain constraints will challenge smaller players, which is advantageous for us. Even if there is Copra deflation, inflation in other areas neutralizes the impact for smaller players, giving us a competitive advantage.

**Avneesh Roy - Nuvama Wealth:** And on the RM basket, any sense? Some companies have said 8-10%...

**Operator:** Sorry to interrupt, Avneesh. Please rejoin the queue for more questions. We will take the next question from the line of Mihir Shah from Nomura. Please go ahead.

**Mihir Shah - Nomura:** Thank you for taking my question and congratulations on a very good performance. I wanted to understand the rationale behind the upward revision of the EBITDA growth guidance to high teens, despite new acquisitions and sharp inflation in crude derivatives. What is driving the change in assumptions from the mid-teens highlighted in Q3?

**Management:** Two things. First, two of the three acquisitions—Cosmiq and Skinetics—are profitable. Skinetics is in the mid-20s and Cosmiq is in the high teens. Additionally, Plix, a large part of our digital business, is experiencing an upward trajectory in operating margins. Second, we now have a firmer view that Copra will be range-bound for the rest of the year. We have a stress-tested version of crude costs and have already taken pricing actions in those parts of the portfolio. We have better visibility of the digital business profitability agenda. As a "house of brands," we are realizing better gains in procurement and other cost drivers. Our ability to handle adversity, honed since COVID and through the Ukraine crisis, allows us to manage supply chain assurance proactively.

**Mihir Shah - Nomura:** Secondly, Saffola volume and pricing improved sequentially. The press note highlighted pantry stocking in early March due to the West Asia crisis. What level of pricing is required to maintain margins, and what are the sustainable volume levels for Saffola for FY27?

**Management:** In Saffola, we are comfortable with low to mid-single-digit volume growth subject to threshold margin levels. Where input costs increased, we have already passed those on. We are focusing on Saffola Gold, Total, and cold-pressed oils, which are higher-margin portfolios. Volume and value growth might fluctuate quarter to quarter, but annualized, that is our aspiration.

**Mihir Shah - Nomura:** One last clarification on VAHO. Was there 20% plus volume growth? Also, should we expect pricing adjustments in the first half of FY27?

**Management:** Yes, we have already taken about a 6-7% price increase in response to crude-led derivative costs. In Q4, the VAHO portfolio indeed saw 20% plus volume growth.

**Mihir Shah - Nomura:** Clear. Thank you and all the best.

**Operator:** Thank you. We will take the next question from the line of Abhi Mehta from Macquarie. Please go ahead.

**Abhi Mehta - Macquarie:** You mentioned supply chain constraints for smaller players in the Parachute category. Could you explain those constraints to help us appreciate your competitive advantage?

**Management:** It involves polymers, packaging material, and fuel. We ensure these are managed. A smart player would have bought in advance in early March when issues began on February 24. We had a window to ensure supply chain assurance, giving us both cost and supply advantages. Small players have slower response times and working capital constraints during high inflation, preventing them from building positions. We saw this during COVID. Normally, small players become active in deflationary environments, but we believe they will be less active now because inflation in other areas has neutralized the Copra impact for them.

**Abhi Mehta - Macquarie:** So the mix of inflation plus availability provides more confidence for Saffola as well?

**Management:** That's right.

**Abhi Mehta - Macquarie:** Regarding the Foods portfolio, is it fair to expect profitability plus 25% growth momentum going forward, or is inflation a concern?

**Management:** Let us take 20% as a base case and see.

**Abhi Mehta - Macquarie:** Perfect. Thank you very much.

**Operator:** Thank you. We will take the next question from the line of Harit Kapoor from Investec. Please go ahead.

**Harit Kapoor - Investec:** On the standalone gross margin, since there was not a sharp improvement sequentially, is it fair to assume the low-cost Copra base only starts playing out in Q1?

**Management:** It starts playing out from Q1. For the full year, a 300-400 basis points improvement over the exit of FY26 into FY27 is fairly possible.

**Harit Kapoor - Investec:** Regarding the consumption uptick in Q4, what is driving this sector-level progress?

**Management:** In the second half of the year, rural began to recover, and urban recovery followed due to GST rate rationalization and affordability. With everything at 5% GST, the conversion from unbranded to branded is accelerating. In VAHO, the gap between unbranded and branded is small. Low inflation also helps FMCG consumption as consumers move toward aspirational brands. The government has done a great job containing the shocks seen in other emerging markets. The organized sector has a better ability to handle this adversity. We feel good because we are inflation-neutralized to a large extent.

**Harit Kapoor - Investec:** One last bookkeeping item on the tax rate for FY27?

**Management:** You can consider around 20%.

**Operator:** Thank you. We will take the next question from the line of Tejas Shah from Avendus Spark Institutional Equities. Please go ahead.

**Tejas Shah - Avendus Spark Institutional Equities:** Our growth confidence for next year is driven by internal execution or signs of sustainable consumption recovery on the ground?

**Management:** The sector started accelerating in the second half of the year. We believe we have multiple vectors of growth: recovery of the core through Project Setu distribution, the VAHO turnaround, the diversification strategy, stable international business, and the profitable trajectory of digital. We have 8-10 vectors of growth working in symphony; even if one or two underperform, we are confident.

**Tejas Shah - Avendus Spark Institutional Equities:** Are you seeing divergent growth trends in states with fiscal pushes to put money in consumers' hands?

**Management:** It is pretty secular. For us, gains come from where Project Setu deepened our distribution. We need to get general trade (GT) back on track. We invested in Setu because GT creates significant employment and is a source of competitive advantage since entry barriers are decreasing in modern trade but remain in GT. This systematic investment helps our distribution partners and increases their viability, helping us grow consistently regardless of state-specific consumption.

**Operator:** Thank you. We will take the next question from the line of Arnab Mitra from Goldman Sachs. Please go ahead.

**Arnab Mitra - Goldman Sachs:** In Foods, does the 16% growth include turnover from new acquisitions? How has the organic business done relative to previous quarters?

**Management:** Saffola Foods grew in double digits this quarter. Overall Foods growth was affected because True Elements was lapping a high base and we took SKU rationalization calls on low-margin products there. Additionally, Plix is pivoting toward personal care, so its contribution to Foods growth is decreasing. We expect teen growth in True Elements in FY27. We believe Foods growth will be in the 20-25% range going forward. The Cosmics inclusion in Q4 was only for about 50 days.

**Arnab Mitra - Goldman Sachs:** So for next year, Foods growth could be higher than 25% with M&A a full year in?

**Management:** Take 20-25% as the base case. We have no concerns with Foods and you will see results from Q1.

**Arnab Mitra – Goldman Sachs:** Regarding Bangladesh, there was a strong acceleration to 35% growth. Is the pricing cycle on coconut oil there different from India? Will deflation happen there too?

**Management:** Do not read too much into quarterly swings; we expect double-digit growth in Bangladesh on a steady-state basis. Performance was driven by both the core and newer portfolios like Shampoo and Baby. We are watchful of inflation-led consumption changes, but our robust business foundation and favorable cost structure position us to weather those challenges.

**Operator:** Thank you. We will take the next question from the line of Vivek Maheshwari from Jefferies. Please go ahead.

**Vivek Maheshwari – Jefferies:** Regarding the FY27 revenue guidance of 15,000 crores and high-teen EBITDA growth, those margins seem lower than most years in the past despite Copra correcting and a better portfolio mix. Is this just conservative guidance due to uncertainty?

**Management:** Peak margins occurred when we had low inflation in all commodities. This year, while we have Copra tailwinds, high crude prices create headwinds in derivatives. We expect 350-400 basis points of gross margin expansion. We will up A&P investments by about 200-250 basis points. The remaining 150-200 basis points will lead to operating margin expansion. Also, with significant revenue growth, a denominator effect plays out on the percentage.

**Vivek Maheshwari – Jefferies:** In the past, margins were closer to 20%. Is it possible the current guidance is conservative?

**Management:** We are perhaps the only company giving a high-teens EBITDA growth guidance in this environment. Sticking our neck out to say we will deliver 150 basis points of expansion highlights our confidence despite high crude prices. Let the situation stabilize for a quarter or two for better visibility.

**Vivek Maheshwari – Jefferies:** What are the top things you worry about for FY27?

**Management:** Geopolitical factors are important, though our MENA contribution is low. In FMCG, high inflation can cause consumers to down-trade. Inflation is the biggest enemy of consumption in rural and the bottom of the pyramid. Another monitorable is a potential El Niño effect impacting consumption toward the back half of the year. Internally, the machine is running well; we are more focused on external factors.

**Operator:** Thank you. We will take the next question from the line of Nihal Mahesh Jha from HSBC Securities. Please go ahead.

**Nihal Mahesh Jha – HSBC Securities:** Regarding Pure Coconut Oil (PCNO), what is the relative price index after the price cuts? Is further pricing action planned?

**Management:** We have taken about a 10% cut on non-price-point packs. We believe Copra will be range-bound. We are in a relatively advantageous position compared to other deflationary cycles due to weaker competitive positioning of others facing supply chain issues.

**Nihal Mahesh Jha – HSBC Securities:** But a 10% cut still leaves a premium to loose coconut oil. Will you readjust further?

**Management:** Last year, when Copra prices increased by over 120%, we only took a 60% price increase. The current RPI is not significantly off. Depending on the Copra trajectory, we might take calls, but we intend to stay with this for now. The price elasticity model was challenged last year because Parachute's strong brand equity allowed us to maintain flat volume growth despite the 60% price increase.

**Nihal Mahesh Jha – HSBC Securities:** On Plix, what were the ballpark EBITDA margins this year? Regarding the shift from Apple Cider Vinegar (ACV) foods to personal care, why the move?

**Management:** Plix is currently hitting mid-to-high single digits, and we hope it reaches double digits soon. It pivoted because "Plix" stands for plant-based hair and skin food. Personal care has higher profitability and a larger addressable market. We have a strong D2C play, which is about 45% of the business, and it is a profitable CM2 play. We are focused on cross-selling. We also just launched an ACV canned drink in response to the global shift from carbonated drinks to healthy alternatives. Cosmiq will handle more serious nutraceuticals and protein, while Plix is a "fun" brand.

**Operator:** Thank you. We will take the next question from the line of Percy Panthaki from IIFL Capital. Please go ahead.

**Percy Panthaki – IIFL Capital:** VAHO has seen strong growth recently across companies. Is this because coconut oil became unaffordable, causing a shift? Will this reverse as Copra prices fall?

**Management:** We re-pivoted our VAHO strategy. There was a significant focus on price-point packs like Amla and Mustard between the two major players, so we decided to invest in category growth in mid and premium segments. Since Q2, our VAHO growth has accelerated. The GST reduction also helped the shift from unbranded to branded. We are confident in delivering consistent double-digit growth in VAHO.

**Percy Panthaki – IIFL Capital:** Regarding Plix, what kind of growth can we expect as the brand increases in size? Will it need new channels in addition to online?

**Management:** Plix has a broader addressable market than other brands because it plays in both wellness and personal care. As it reaches 1,000-2,000 crores, growth rates naturally adjust, but our philosophy is to build to last with sustainable, profitable growth. I value 20-30% growth with a steady increase in margins over 60% growth with no profit increase. Foods have better omni-channel potential than BPC, but we are open to all growth that is mindful rather than "pray and spray."

**Operator:** Thank you. We will take the next question from the line of Aditya Soman from CLSA. Please go ahead.

**Aditya Soman – CLSA:** Is the 15,000-crore revenue guidance lower due to Copra deflation or conservatism?

**Management:** Delivering double-digit revenue growth is not conservative. Last year had significant built-in inflation. We are confident in high single-digit growth in India and mid-teen constant currency growth internationally. We factored the 10% Parachute price correction into these expectations.

**Operator:** Thank you very much. That was the last question for today. I hand the conference back to management for closing comments.

**Management:** Thank you for joining the call. We closed FY26 on a very strong note, achieving multi-year highs on most key business parameters. These results underscore the strength of our brands, disciplined execution, and strategic diversification. In a volatile environment, our ability to manage risk will hold us in good stead. We are in a unique position regarding raw material costs. The positive shift in digital businesses, growth in premium VAHO, and international momentum give us confidence in our guidance. We remain focused on underlying volume growth and improving earnings in FY27 while investing for our FY30 aspirations. If you have further queries, please reach out to our IR team. Have a great evening.

**Operator:** Thank you to the management. On behalf of Marico Limited, that concludes this conference. You may now disconnect your lines.