Marico: Five-Pillar Analysis

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Companion to the Marico investment report (70/100, Selective Positive). This piece grades the business against the five-pillar engine, from Sunrise to Free Cash Flow.

Reference price: Rs 911.00 (NSE close, November 16, 2026). Good fit, 4 of 5 pass.

Grades at a glance

Pillar	Grade
Sunrise (FMCG demand)	PARTIAL
Leadership	PASS
Moat	PASS
Iron Fortress (balance sheet)	PASS
Free Cash Flow	PASS

Overall fit verdict: Good fit, 4 of 5 pass. Marico passes Leadership, Moat, Iron Fortress and Free Cash Flow and is partial on Sunrise: about 63 percent branded coconut oil volume share, borrowings of Rs 557 cr at March 2026, and free cash flow of Rs 1,772 cr in FY26, against a core category growing at mid single digits and a growth portfolio still at 23 percent of India revenue. Full investment report score: **70/100, Selective Positive**.

Pillar 1: Sunrise, PARTIAL

GRADE: PARTIAL

- **The core weather is mid single-digit.** India's hair oil market is sized at USD 1.94 billion in 2026 and forecast to grow at about 6.85 percent a year to 2032 (Mordor Intelligence). Coconut oil is about 46 percent of that market, and Marico's own medium-term volume aspiration for coconut oil is 5 to 7 percent.
- **The premium weather is much faster.** Premium is the fastest-growing hair oil tier at about 7.85 percent a year on the same research, and natural and organic lines grow faster still. Foods, premium personal care and digital-first brands are Marico's growth portfolio. They are targeted to grow at 20 to 25 percent.
- **The international weather is double-digit.** Emerging markets with low per-capita consumption are Marico's stated hunting ground, and the segment delivered constant currency growth of 14 percent in FY25 and 20 percent in FY26.
- **The mix is the deduction.** The growth portfolio was 23 percent of India revenue in FY26. Parachute alone, in the slowest category Marico plays in, is 34 percent. The fast weather is real, but most of the revenue still sits under the slow sky.
- **Policy and commodity cycles move the weather.** GST rate cuts in September 2025 benefited about 30 percent of the India business and disrupted the channel for weeks. Copra inflation then deflation swung gross margin by about 600 to 800 bps in both directions within five quarters.

A sunrise pillar asks whether the weather carries the company. For Marico the weather is split exactly as it is for HUL. A slow and enormous mass core sits underneath. Fast premium, foods and digital weather sits on top. Marico has moved toward the fast weather faster than most peers, with the growth portfolio targeted at 33 percent of India revenue by FY30. Until that mix shift is delivered, the bulk of the business still grows with the mass market. PARTIAL, with the upgrade test named: the growth portfolio at 30 percent of India revenue with group volume growth still in double digits.

Pillar 2: Leadership, PASS

GRADE: PASS

- **The succession record is long and stable.** Harsh Mariwala founded Marico in 1990 and remains Chairman. Saugata Gupta joined in 2004 and ran India from 2007. He has been MD and CEO since 2014, reappointed in May 2025 to March 2028.
- **Guidance was raised, not defended.** FY27 guidance rose twice in two quarters: high-teen EBITDA growth at Q1 FY27 became mid-twenties at Q2 FY27, and the Rs 20,000 crore revenue ambition was pulled forward from FY30 to FY29.
- **Dated projects landed early.** Project SETU took direct reach to more than 1.5x the FY24 base by Q2 FY27, ahead of the FY27 timetable, and SETU 2.0 was launched in the same quarter.
- **The deal record closes on announced terms.** Just Herbs and True Elements moved to 100 percent on the staged paths set at entry. Cosmix and Skinetiq closed on their February 2026 filings. The Kaya demerger in 2013 and the Nihar purchase in 2006 show the same pattern over decades.
- **The honest deduction is profit timing on new bets.** The first foods timeline was reset in FY24, and digital-first double-digit EBITDA remains an FY27 exit target rather than a delivered year. The Plix step-up price, Rs 1,012 crore for 24.09 percent in October 2026, is the boldest capital call of the tenure.

Leadership at Marico is a founder-chairman and a long-tenure professional CEO who have compounded revenue from about Rs 4,600 crore to Rs 13,611 crore while changing what the company sells. They date their scale promises and deliver them early, and they date their profit promises on new businesses more carefully. On delivery against stated commitments, PASS, with the digital EBITDA exit print in FY27 as the monitored item.

Pillar 3: Moat, PASS

GRADE: PASS

- **Share dominance in the core.** About 63 percent total volume share of branded coconut oil (company, March 2025 MAT), with Parachute at 55 percent and Nihar at number two inside the same house. Parachute Rigids hit a new high of 60 percent volume share in Q2 FY27.
- **Pricing power was stress-tested in public.** Copra rose 113 percent year on year at the FY26 peak. Parachute took about 60 percent pricing growth, held share through the volume dip, and gained share on the way down with Rigids volume up 13 percent in Q2 FY27.
- **Distribution density compounds the brand.** Reach of 5.8 million outlets, direct reach above 1.5 million after SETU, and over 95 percent of the business gaining or sustaining share and penetration in Q2 FY27.
- **VAHO leadership is the second wall.** About 28 to 30 percent value share in value added hair oils, leadership in amla oils, and six straight quarters of strong growth to Q2 FY27.
- **The erosion is real and named.** About 30 percent of coconut oil is still loose and unbranded. Patanjali and regional brands price beneath the umbrella. And in edible oils Saffola is a premium niche inside AWL's volume-led market, not the category leader.

The moat test is whether a well-funded rival can take the business. HUL tried with Nihar and ended up selling the brand to Marico. The FY26 copra shock was the second live test: rivals without pricing power or supply assurance were squeezed at both ends of the cycle while Marico extended its lead. The moat does not cover edible oils, where Marico is deliberately a niche player, and it does not need to. PASS, with the monitored item named: Parachute Rigids share holding at or above the high 50s as copra normalises.

Pillar 4: Iron Fortress, PASS

GRADE: PASS

- **Borrowings are small against the balance sheet.** Rs 557 crore at March 2026 against net worth of Rs 4,210 crore and total assets of Rs 9,950 crore.
- **The company is net cash on balance sheet lines.** Investments of Rs 2,083 crore plus cash, less borrowings of Rs 557 crore, give net cash of roughly Rs 1,900 to 2,000 crore at March 2026. That is a DalalBytes estimate from the balance sheet, not a company disclosure.
- **No pledging stress in the record reviewed.** The promoter family holds 58.83 percent (September 2026), and the large 2026 deal calendar was funded from internal resources and working capital lines, not equity issuance.
- **The watch item is the H1 FY27 borrowing rise.** Borrowings reached Rs 1,238 crore by September 2026 as seasonal working capital and about Rs 1,700 crore of 2026 deal commitments landed together. Net worth also rose to Rs 4,735 crore and investments to Rs 2,634 crore over the same period.

The fortress test is whether a bad year can force this company to do anything it does not choose. FY26 was the bad year for margin, with operating margin down to 17.1 percent, and it still produced Rs 2,084 crore of operating cash flow with no dilutive raise and no dividend panic. PASS, re-graded only if borrowings keep climbing to fund acquisitions after the Plix balance falls due in July 2027.

Pillar 5: Free Cash Flow, PASS

GRADE: PASS

- **Free cash flow is positive in every year of the series.** Rs 884 crore in FY22, Rs 1,237 crore in FY23, Rs 1,234 crore in FY24, Rs 1,241 crore in FY25 and Rs 1,772 crore in FY26.
- **Conversion matches the earnings quality claim.** FY26 free cash flow of Rs 1,772 crore sits almost exactly on recurring PAT of Rs 1,762 crore. The profit is cash, not accrual.
- **Capex stays light.** The gap between operating cash flow and free cash flow runs at roughly Rs 200 to 300 crore a year against sales above Rs 13,000 crore, because the model is formulation, brand and distribution.
- **The watch item is where the flow now goes.** Dividends were Rs 10.50 per share across FY25 with a Rs 4.00 final for FY26, and the 2026 acquisition calendar absorbed roughly a full year of free cash flow. At Rs 911.00 the FY26 free cash flow yield is about 1.5 percent.

Free cash flow is the pillar Marico has never failed in the series reviewed: five straight positive years through a demand stall, a GST transition and a commodity shock. The grade is PASS on generation. What has changed is the competition for the flow, with staged buyout balances now a standing claim beside the dividend, and that claim is priced in the investment report rather than hidden here.

Summary

- **Pillar 1. Sunrise:** PARTIAL, a mid single-digit mass core with Parachute at 34 percent of India revenue, against a growth portfolio of foods, premium personal care and digital at 23 percent and targeted at 33 percent by FY30
- **Pillar 2. Leadership:** PASS, guidance raised twice in FY27, SETU delivered early, staged deals closed on terms, with the digital EBITDA exit print as the open item
- **Pillar 3. Moat:** PASS, about 63 percent branded coconut oil volume share, 60 percent Rigids share, and pricing power proven through a 113 percent copra spike
- **Pillar 4. Iron Fortress:** PASS, borrowings of Rs 557 crore at March 2026 against estimated net cash of about Rs 1,900 to 2,000 crore, with the H1 FY27 borrowing rise to Rs 1,238 crore as the watch item
- **Pillar 5. Free Cash Flow:** PASS, free cash flow positive in all five years FY22 to FY26 and Rs 1,772 crore in FY26, matching recurring PAT of Rs 1,762 crore

Good fit, 4 of 5 pass. The engine's read: Marico passes every pillar that describes what it owns and how it is run, and is partial only on the weather: its largest category grows at mid single digits, and the fast categories are still a minority of revenue. That matches the investment report's 70/100 Selective Positive. The franchise and the management grade at the top of Indian FMCG. And at Rs 911.00, about 59 times trailing earnings and about 1.5 percent below the 52-week high, the price charges in advance for the mix shift that would upgrade Sunrise.

What changes the grade: Sunrise upgrades if the growth portfolio reaches 30 percent of India revenue with double-digit group volume growth intact. Moat downgrades if Parachute Rigids share falls back below the mid 50s on a normalised copra base. Iron Fortress downgrades if acquisition funding pushes borrowings above investments for two straight balance dates. Free Cash Flow downgrades only on a negative year, which this model has not produced in the series reviewed.

Sources

- Company filings and results: Q2 FY27 Information Update and media release (November 2, 2026), Q1 FY27 Information Update (August 4, 2026), Q4 FY26 Information Update (May 5, 2026), Integrated Annual Report 2025-26
- Company sources: Marico Corporate Presentation (June 2025) for category shares, market sizes and SETU. Exchange filings for the digital-first stake changes (2022 to 2026)
- Market and financial data: Screener consolidated series for MARICO (November 16 to 17, 2026). NSE close of Rs 911.00 on November 16, 2026. Mordor Intelligence India hair oil market summary (2026)
- Full source list in the companion investment report.