

Marico Ltd

We had revised our target on Marico to Rs329 in a call update dated [September 09, 2014](#). We extended our target to Rs365 in Q2 FY15 Result Update released on [November 10, 2014](#) and then to Rs402 in a call update dated [January 14, 2015](#). The stock has touched the target in today's trading session registering 10.1% returns. We remain positive on the growth prospects of the company and advise investors to hold on to the stock for a revised target of Rs455.

Previous reco price:	Rs365
Previous target price:	Rs402
Return achieved:	10.1%
New target price:	Rs455
Expected return:	13.1%

Sector:	FMCG
Sector view:	Positive
Sensex:	29,550
52 Week h/l (Rs):	404 / 200
Market cap (Rscr) :	25,545
6m Avg vol ('000Nos):	959
Bloomberg code:	MRCO IN
BSE code:	531642
NSE code:	MARICO
FV (Re):	1
<i>Price as on March 04, 2015</i>	

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth					
Cash Flow					
B/S Strength					
Valuation appeal					
Risk					

Share price trend



Share holding pattern

(%)	Jun-14	Sep-14	Dec-14
Promoters	59.7	59.7	59.7
Institutions	34.3	33.9	32.4
Others	6.0	6.4	7.9

Call Success and Update

Marico Ltd



We had revised our target on Marico to Rs329 in a call update dated [September 09, 2014](#). We extended our target to Rs365 in Q2 FY15 Result Update released on [November 10, 2014](#). The stock has touched the target in today's trading session registering 23.2% returns. We remain positive on the growth prospects of the company and advise investors to hold on to the stock for a revised target of Rs402.

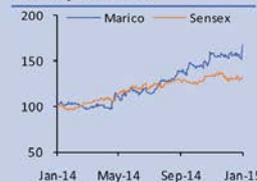
Previous reco price:	Rs296
Previous target price:	Rs365
Return achieved:	23.2%
New target price:	Rs402
Expected return:	10.1%

Sector:	FMCG
Sector view:	Positive
Sensex:	27,347
52 Week h/l (Rs):	365 / 200
Market cap (Rscr) :	22,691
6m Avg vol ('000Nos):	774
Bloomberg code:	MRCO IN
BSE code:	531642
NSE code:	MARICO
FV (Re):	1
<i>Price as on January 14, 2015</i>	

Company rating grid

	Low → High				
	1	2	3	4	5
Earnings Growth					
Cash Flow					
B/S Strength					
Valuation appeal					
Risk					

Share price trend



Share holding pattern

(%)	Mar-14	Jun-14	Sep-14
Promoters	59.7	59.7	59.7
Institutions	33.6	34.3	33.9
Others	6.7	6.0	6.4

Research Analyst:
Vanmala Nagwekar
research@indiaifoline.com

January 14, 2015

Call Success & Update

Marico Ltd

We had recommended a BUY call on Marico in Q1 FY15 Result Update released on [August 05, 2014](#), with a target price of Rs296. The stock has touched the target in today's trading session registering 15% return from our recommended price of Rs257. We remain positive on the growth prospects of the company and advise investors to hold on to the stock for a revised target of Rs329.

Previous reco price: Rs257
Previous target price: Rs296
Return achieved: 15.3%
New target price: Rs329
Expected return: 11.0%

Change in Estimates | **Rating** | **Target**

Marico

Marico matched our both revenue and PAT estimates by recording strong 28%/12% yoy increase at Rs14.3bn /Rs1.2bn respectively during Q2 FY15

Parachute's rigid portfolio registered 55% yoy growth in revenues driven by +7% yoy volume growth, while Saffola revenues grew by 18% yoy led by 9% volume growth

International business recorded 12% yoy growth in revenues at Rs3.5bn with constant currency growth 16% yoy

OPM contracted by 150bps to 13.7% due to sharp 570bps increase in raw material cost on account of sharp rise in copra prices. 250bps/140bps decline in overhead and staff cost restricted further margin erosion

We expect Marico to witness a revenue/PAT CAGR of 18%/22% respectively over FY14-16. Maintain Buy with a revised 9-month target price of Rs365 (earlier Rs329)

Rating: **BUY**
Target: Rs365
CMP: Rs317
Upside: 13.3%

Sector: FMCG
Sector view: Positive
Sensex: 27,375
52 Week h/l (Rs): 365 / 200
Market cap (Rscr) : 22,691
6m Avg vol ('000Nos): 774
Bloomberg code: MRCO IN
BSE code: 531642
NSE code: MARICO
FV (Re): 1
Price as on November 10, 2014

Result table	Q2 FY14	Q2 FY15	% yoy	Q1 FY13	% chg
Net sales	14,291	18,354	28.1	16,392	(11.7)
Other operating income	20	30	(33.3)	39	(47.8)
Total income	14,312	18,384	28.0	16,431	(11.8)
Operating profit	(7,974)	(5,991)	42.7	(8,911)	(50.5)
Depreciation	(828)	(905)	3.9	(854)	(3.1)
Interest	(1,678)	(1,352)	21.8	(1,922)	(12.9)
Other overheads	(1,800)	(1,740)	7.6	(1,878)	0.1
Operating profit	1,993	1,688	13.7	2,666	(26.8)
Tax	23.7	15.3	(147) bps	26.5	(280) bps
Minority interest	(205)	(171)	19.8	(206)	0.6
Reported PAT	(51)	(504)	(50.4)	(70)	(27.1)
Minority interest	117	139	(8.4)	133	(36.2)
Adjusted PAT	1,813	1,343	17.6	2,376	(29.6)
Tax	(599)	(431)	39.2	(878)	(11.7)
Effective tax rate (%)	33.0	27.9		26.8	(28.9)
Minority interest	(93)	(32)	(39.7)	(44)	(51.1)
Reported PAT	1,883	1,009	11.7	1,853	(36.2)
PAT margin (%)	8.2	6.5	(122) bps	11.4	(117) bps
Adj. Eps (Rs)	7.3	6.6	11.7	13.5	(58.2)

Revenue growth in line with our expectations
Marico recorded strong 28.1% yoy increase in consolidated revenues at Rs14.3bn during Q2 FY15 - in line with our expectations. Domestic FMCG revenues increased by +34% yoy at ~Rs1.1bn, with a healthy 8% volume growth driven by price hikes across the portfolio to mitigate the impact of input cost inflation. Rural market growth at (48%) continues to outpace the urban market growth (30%). Modern trade (9% of domestic turnover) reported +33% yoy growth while CSD and institutional business (7% of domestic turnover) grew by 27% yoy. International business recorded 12% yoy growth (constant currency growth 16%) in revenues at Rs3.5bn driven by strong growth in Bangladesh and MENA markets.

Share price trend

Share holding pattern

(%)	Mar-14	Jun-14	Sep-14
Promoters	59.7	59.7	59.7
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Research Analyst:
Vanmala Nagwekar
research@indiaifoline.com

November 10, 2014
Result Update

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Research Analyst:
Vanmala Nagwekar
research@indiaifoline.com

March 04, 2015

'Best Broker of the Year' – by Zee Business for contribution to broking

Nirmal Jain, Chairman, IIFL, received the award for The Best Broker of the Year (for contribution to broking in India) at India's Best Market Analyst Awards 2014 organised by the Zee Business in Mumbai. The award was presented by the guest of Honour Amit Shah, president of the Bharatiya Janata Party and Piyush Goel, Minister of state with independent charge for power, coal new and renewable energy.

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IIFL was awarded the 'Best Equity Broker of the Year' at the recently held Bloomberg UTV Financial Leadership Award, 2011. The award presented by the Hon'ble Finance Minister of India, Shri Pranab Mukherjee. The Bloomberg UTV Financial Leadership Awards acknowledge the extraordinary contribution of India's financial leaders and visionaries from January 2010 to January 2011.

'Best Broker in India' – Finance Asia, 2011

IIFL has been awarded the 'Best Broker in India' by Finance Asia. The award is the result of Finance Asia's annual quest for the best financial services firms across Asia, which culminated in the Country Awards 2011

Other awards



Recommendation parameters for fundamental reports:

Buy – Absolute return of over +15%

Accumulate – Absolute return between 0% to +15%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

Call Failure - In case of a Buy report, if the stock falls 20% below the recommended price on a closing basis, unless otherwise specified by the analyst; or, in case of a Sell report, if the stock rises 20% above the recommended price on a closing basis, unless otherwise specified by the analyst

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For Research related queries, write to: Amar Ambani, Head of Research at research@indiainfoline.com

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