

December 21, 2018

Company	Sector	CMP	Recommendation	Target	Potential Upside
Marico Ltd.	Personal Products	380	BUY	421	10%

Key Stock Data

BSE Script Code	MARICO
NSE Script Code	MARICO
No. of shares	129
FV (Rs.)	1
MCAP (Rs.)	49,607 Crs
MCAP (\$)	704 Crs
52 Week High	Rs. 397
52 week Low	Rs. 284
Time Frame	6 months

Marico Limited is one of India's leading consumer products companies operating in the beauty and wellness space. Currently present in 25 countries across emerging markets of Asia and Africa, Marico has nurtured multiple brands in the categories of hair care, skin care, edible oils, health foods, male grooming, and fabric care. The company primarily caters to the 'Beauty and Wellness' theme. It has a wide product portfolio comprising of the following segments ranging from coconut oils, leave-in hair nourishment, healthy foods and male grooming.

Investments Rationale**1. Volume growth in key segments to aid domestic business growth**

The Company is confident of delivering 8-10% volume growth coupled with healthy market share gains on the back of increased investment in the core portfolio, aggressive new product launches, distribution expansion & judicious pricing.

2. Strong distribution network

Marico has a strong distribution network, with overall reach spanning to almost 5 mn outlets out of 10.1 mn total outlets, this itself presents a huge opportunity for Marico to grow further in future.

3. Steady cash generating company with healthy dividend payout

During current financial year of FY19, Marico has continued to generate steady cashflows. The netcash flows for the company grew from 50 Crs as on March 18 to Rs. 117 Crs as on Sept 18. In absence of any strategic acquisitions, Marico will continue to maintain a healthy dividend payout.

Outlook & Valuations

The stock is currently trading at 46x FY20 E PE and looking at the demand for FMCG sector, we would like to allot a PE of we would like to allot a PE of 51x to arrive at a target price of Rs.421 per share.

Key Financial

Amt in Crs

Particulars	FY16 A	FY17 A	FY18 A	FY19 E	FY20 E
Total Revenue	6017	5918	6322	6890	7580
EBITDA	1051	1159	1138	1240	1440
PAT	711	799	814	887	1061
EPS	5.5	6.2	6.3	6.87	8.22
PE	69.45	61.61	60.63	55.60	46.67

Shareholding Pattern

Promoters	59.71%
DII's	6.79%
FII's	25%
Others	8.5%

3 yearsars Price Chart



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