

# Marico net profit increases 26% to ₹138 cr in March quarter

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Fast-moving consumer goods firm Marico Ltd reported a 26 per cent increase in net profit for the quarter ended March 31, 2016, to ₹138.4 crore from ₹110.03 crore a year ago. Net sales were up nearly seven per cent to ₹1,302.78 crore in the quarter under review versus ₹1,222.98 crore a year ago.

Overall volume growth for the quarter was 10.5 per cent led by the India business, which reported an 8.4 per cent volume growth. On a constant currency basis, the international business, which gives Marico about 25-30 per cent of its revenues, reported a 11 per cent top line growth.

On a like-to-like basis, said company executives, it was higher at 13 per cent for the quarter.

Within the India business, it was brands such as Saffola that reported double-digit volume growth at 13 per cent for the quarter. Parachute clocked a six per cent volume growth for the quarter led by price cuts. Analysts see this as a recovery since Parachute's volume growth in the year-ago period was three per cent only. In the December 2015 quarter, Parachute saw a four per cent volume growth.

Marico's bottom line was aided in part by lower raw material prices as well as a one-time gain of ₹7.5 crore due to the sale of a property in Goa. Excluding the exceptional item, Marico's profit after tax (PAT) grew 19 per cent, com-

pany executives said.

The PAT growth also came at a time when the firm saw a 34 per cent increase in year-on-year spends on advertising and sales promotions (ASP) for the March quarter. Marico's ASP expenditure as a percentage of sales is now 14 per cent. This is expected to remain high as the firm ploughs gains made on the input cost front into ASP.

Marico's stock climbed following the announcement of results during market hours on the BSE (formerly Bombay Stock Exchange) on Friday, closing trade at ₹258.3 per unit, up 2.77 per cent. The bump-up came as the broader Sensex rose 0.05 per cent only to close the day at ₹25,615.



**Parachute clocked a 6% volume growth for the quarter led by price reductions**