

Volume growth likely to be 8-10%: Marico

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Marico Ltd is focusing on volume growth and market share, said Saugata Gupta, MD and CEO. The company has recently increased prices following the price rise in copra, a key input. Edited excerpts from an interview:

We saw a sharp decline in the gross margins in this quarter due to the 90% increase in the input costs for the company. You have also announced a price hike effective January. Does that cover the entire uptick in copra?

I think copra prices have peaked out and we have taken next price increase also, it is not commensurate with the kind of an input cost increase, which we have experienced.

Having said that, as an organization we believe that we want to maximize volume growth and market share and I believe there is an opportunity there to provide the consumer with great value.

As you know the copra thing is cyclical, so sometime during the next financial year, it will start softening. So our objective is to ensure that we don't take a pricing call, which compromises the value proposition to the consumer.

As long as we are okay to take a short kind of margin pain, which would be there in the short-term but in the long-term it will be all okay because as I said as long as we drive vol-



Marico CEO and MD Saugata Gupta. ABHIJIT BHATLEKAR/MINT

ume growth and market share and we have a very aggressive cost management programme to manage other costs, we should be able to continue to deliver margins in that threshold level of 17-18%.

With this 11% hike, what is the cumulative price hike this fiscal so far?

We have taken a 20% total hike and you must realise that in the last previous two years, there was a price drop commensurate with the lower copra prices. So having said

that, I think you have to look at the volume growth in relation to the competition. We absorb a lot of price increase—input cost increases when there is inflation. So in terms of relative competitive pricing, we should be better off. That should ensure that the volume continues to be decent track as far as Parachute is concerned in the medium term.

What is the expected volume growth then in Q4 and for FY19, can we expect double-digit?

I think 8-10% is very much possible (in the coming quarters).

INTERVIEW