

FMCG major Marico looks to diversify product portfolio in Bangladesh

To focus on non-coconut oil products; the country accounts for 44% of the firm's global biz

ABHISHEK LAW

Kolkata, June 8

With operations in Bangladesh witnessing growth once again, FMCG major Marico Ltd will look to accelerate the diversification of its non-coconut oil-based offerings there.

Incidentally, Bangladesh accounts for 44 per cent of the company's international business. In FY17, the turnover from the international business stood at ₹1,356 crore.

The idea, market sources say, is to de-risk the portfolio from dependence on a single product by opting for value-added and high-margin offerings.

In the January-April quarter (Q4 of FY17) Marico witnessed a 5 per cent topline growth in its Bangladesh business after two

quarters (Q1 and Q2 of FY17) of negative growth and a flat third quarter.

According to Saugata Gupta, MD and CEO, Marico, the plan is to take the share of non-coconut oils to 30 per cent (of its total portfolio) over a two-year period.

Currently, about 77 per cent of the portfolio includes "Parachute" coconut oil, while 23 per cent is non-coconut oil (including value-added hair oils, deos, etc).

"We have started growing again in Bangladesh. We grew 7 per cent and that is why we are accelerating the diversification of our non-Parachute portfolio. We are pretty confident of delivering decent growth in Bangladesh this year (FY18)," Gupta told *Business-Line* during an interview.

Value-added hair oils and male-grooming products will be the growth drivers, he added.

A report by Edelweiss Securities maintains that the non-coconut oil portfolio was 10 per cent some five years back, and, is likely to stand at 30-40 per cent over a two-three-year period.

"With commodity prices increasing, Marico hiked prices in its coconut oil portfolio by 10 per cent towards the end FY17. This will ensure inflation-led value growth in FY18," the report said.

The FMCG major entered Bangladesh in 1999-2000, and started with the coconut oil portfolio which until recently accounted for more than 90 per cent of its business there.

Diversifying offerings

"As both the coconut oil category and our leadership in it matured over time, Marico recognised the need to diversify its offerings in



Saugata Gupta, MD and CEO

Bangladesh," Vivek Karve, Chief Financial Officer, Marico, said.

According to him, over the last three-to-four year period, it started pushing value-added hair oils like perfumed coconut oil, hair-fall control oil, amla oil and cooling oil; youth portfolio (deos and male grooming offerings) and so on.

"We'll accelerate our growth in these categories by investing behind the brands with focused dis-

tribution expansion strategy," the CFO added.

Marico has already set up a refining plant in Bangladesh to refine crude coconut oil. It has a distribution footprint across 7 lakh retail outlets there and plans to expand the same.

According to Abneesh Roy, Senior V-P, Institutional Equities - Research Analyst, Edelweiss Securities, Marico can leverage Parachute's distribution network and similarities between India and Bangladesh markets for pushing other offerings from its stable, including some from the Saffola portfolio.

Market share

"Parachute had a very high market share in Bangladesh. So it is only natural that growth would taper off. However, diversification of portfolio is the right way, in fact, the only way forward," he said.