

**Marico Ltd.**

CMP Rs. 87.65

Result Update  
**Q1FY10**Ruchak Mehta | [ruchak@ppfas.com](mailto:ruchak@ppfas.com)

Marico Ltd presented a satisfactory set of numbers for the June quarter FY10.

On a consolidated level, Y-o-Y basis, the topline grew by 16.8%, from Rs 5,965.8 Mn in Q1 FY09 to Rs 6,967.2 Mn. This comprised a 14% growth due to volume. The company benefited tremendously from the fall in input prices. Cost of Materials saw a sharp drop of 388 basis points from the quarter ended Jun 2008. Consequently OPM improved by 116 bps to 13.85%, inspite of an increase in Other expenses and Advertising and Promotional Spends. Reported PAT stood at Rs 559.8 Mn as against Rs 462.9 Mn for the same period a year ago, a rise of 20.93%. EPS stood at Rs 0.9.

The management expects the growth in topline and bottomline to continue except in the case of a worse monsoon. However the relative impact may be low as the company's contribution to Sales from rural markets is only about 25%. The company also commented that efforts for inorganic growth will continue and that they want to be an acquisitive company.

On the Kaya skin clinic front, the company added 12 new clinics in this quarter as against the plans for 15 to 20 new clinics in the whole year. While the existing clinics (in India) saw a flattish growth this quarter, the addition of a huge chunk of the yearly new clinic additions resulted in a loss of Rs 40 Mn for the quarter. Turnover increased by 26%.

Meanwhile, the company has also filed petitions with High Courts of Goa and Kerala, against charging Excise on coconut oil packs of below 200ml. The management said, it strongly believes that these should not fall under the Excisable category. However, on the basis of conservatism, Rs 48 Mn was set apart as a provision for the same.

International business continued to do well. It saw a 60% growth contributed by volumes as well as prices. The company expects margins in Bangladesh to improve. Egypt operations are also getting back on track. Overall, international business now comprises 21% of the Groups turnover.

During the 12 months as of May '09, the company's coconut oil franchise of Parachute, Nihar and Oil of Malabar had a market share of 55% while the overall basket of hair oils including Hair & Care and Shanti Badam Amla maintained its market share at 21%. The cooling oils segment has been witnessing fast paced growth in recent times for which the company has already begun prototyping two variants. The company's other flagship brand, Saffola, registered a growth of 13% over the same quarter, a year ago. While edible oil prices went down by 30%, Saffola reduced its prices only by 10% but backed it up with promotional offers.

At a CMP of Rs 87.65, Marico trades at a PE(ttm) of 25.11. With the raw material prices in check, on an annual basis, the company is expected to report better margins than last year. This coupled with topline growth (partly dependent on monsoons), may make the company attractive at lower levels.

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[Quarterly Financials >>](#)

## Marico : Quarterly Financials

Earnings Statement					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(%)	Q109	Y-Y(%)
Net Revenues	6,967.2	5611.6	24.16%	5,965.8	16.79%
Cost of Materials	3,501.4	2,851.2	22.80%	3,229.6	8.42%
Gross Profit	3,465.8	2,760.4	25.55%	2,736.2	26.66%
Staff Costs	487.6	427.1	14.17%	430.9	13.16%
Advertising and Sales Promotion	849.4	568.2	49.49%	669.3	26.91%
Other Expenses	1,164.1	1,032.2	12.78%	879.3	32.39%
Total Expenditure	6,002.5	4,878.7	23.03%	5,209.1	15.23%
Operating Profit	964.7	732.9	31.63%	756.7	27.49%
OPM (%)	13.85%	13.06%		12.68%	
Other Income	31.4	79.7	-60.60%	26.1	20.31%
EBITDA	996.1	812.6	22.58%	782.8	27.25%
Depreciation	99.2	104.2	-4.80%	74.5	33.15%
EBIT	896.9	708.4	26.61%	708.3	26.63%
Interest	86.3	113.4	-23.90%	96.1	-10.20%
Exceptional Items	40.5	150.3			
PBT	770.1	444.7	73.17%	612.2	25.79%
Tax	210.3	1.0		149.2	
PAT before Minority Interest	559.8	443.7	26.17%	463.0	20.91%
Minority Interest	0.0	(0.4)	-100.00%	0.1	
PAT	559.8	444.1	26.05%	462.9	20.93%
Equity Capital (FV Re 1)	609.0	609.0		609.0	
EPS	0.9	0.7	26.17%	0.8	20.91%
Ratio Analysis					
Profitability					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(bps)	Q109	Y-Y(bps)
OPM (%)	13.85%	13.06%	78.6	12.68%	116.2
EBITDA (%)	14.30%	14.48%	(18.4)	13.12%	117.6
EBIT (%)	12.87%	12.62%	24.9	11.87%	100.1
PAT (%)	8.03%	7.91%	12.8	7.76%	27.4
Operational Parameters					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(bps)	Q109	Y-Y(bps)
RM Consumed	50.26%	50.81%	(55.4)	54.14%	(388.0)
Advertising and Sales Promotion	12.19%	10.13%	206.6	11.22%	97.2
Staff Cost	7.00%	7.61%	(61.3)	7.22%	(22.4)
Other Expenditure	16.71%	18.39%	(168.6)	14.74%	196.9
Effective Tax Rate	27.31%	0.22%	2708.3	24.37%	293.7

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1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

Marico

NO  
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YES

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