MARICO LIMITED

Analysts/Investors Conference Call

July 27, 2006

Moderator

Good evening ladies and gentlemen. I am Gaurav the moderator for this conference. Welcome to the Marico conference call hosted by ICICI Securities. Mr. Anand Shah of ICICI Securities is your call leader today. For the duration of the presentation all participants' lines will be in the listen-only mode. I will be standing by for the question and answer session. I would now like to hand over to Mr. Anand Shah of ICICI Securities. Thank you and over to Mr. Shah.

Anand Shah

Thanks Gaurav. Good afternoon ladies and gentlemen. On behalf of ICICI Securities I would like to welcome you all to the Marico's conference call after first quarter financial year 2007 performance. We have with us Mr. Milind Sarwate, Chief Financial Officer of the company. Mr. Milind Sarwate would first briefly make opening remarks on the first quarter performance and thereafter we would move straightaway to question and answer session. Over to you Mr. Milind Sarwate.

Milind Sarwate

Good afternoon and welcome to the Marico conference call. The most important point about the quarter that has gone by has been that our growth story has continued to roll out. We have had a pretty good quarter. In fact, over the past few years this has been the best first quarter that we have had in terms of financial growth numbers.

We have had a turnover growth of 38% leading to a turnover of Rupees 373 crore and our bottom line touched-actually crossed-Rupees 30 crore leading to a growth of 46% over the corresponding quarter of last year. We have put in the public domain through our information update a lot of information on the quarter that has gone by as also how we see the outlook for the underlying business of the company.

I will cover a couple of highlights and then I would field the questions that you may have.

This quarter has seen all round growth in all the categories in which we are present. The growth has been achieved in organic areas, that means the businesses which we were already holding last year, as also in inorganic areas that is the brands that we acquired in the past 12 months or so. We have had growth very largely coming in volume terms, in fact out of the 38% value growth that we have had in all, 37% is on account of volume growth. So we have really grown in terms of the franchise with the consumers and not only in terms of a price increase. A corollary of this is that the potential to take prices up has not been explored by us at all in this quarter.

The other big point is in terms of our new products. Many of them have shown a good promise. Our pipeline is at this point is quite full, that is the pipeline that we are currently operating on. We have integrated the acquisitions that we had made in the past 12 months. So in terms of all the growth cylinders that we started firing upon in the recent past, we seem to be doing well.

In terms of the near-term outlook you all know that we are a very cautious and focused company. So we have typically refrained from giving any guidance in terms of specific numbers, but I would like to reiterate that we want to retain the consistency that we have displayed over the past nearly seven years in terms of quarterly as well as annual growth numbers.

We have had a fairly good jump in our operating margins and our key challenge as well as the key imperative for us would be to maintain that high level of operating margins. We are also looking at acquisitions, as any growth-oriented company should be. So these are the positives that we see in the air over the next few quarters.

A negative or a challenge that we have to overcome is the growing income tax rate and you would have analyzed that in the first quarter our income tax applicable to the company has gone up, that is because many of our manufacturing units are now in a higher tax bracket than before, that is one area that we would like to focus upon and work towards in whatever best way we can deal with it. The other area which we had mentioned even in the earlier conference calls is about the depreciating Taka. In Bangladesh we have a sizable operation and Taka, the Bangladesh currency, had depreciated quite a bit last year. This year the depreciation has not been severe, but looking at the various macroeconomic parameters, eventually Taka may depreciate and that may impact our earnings from Bangladesh.

With these few words I would invite questions from all of you.

Moderator

Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions may please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question participants may please press *1 now.

First in line we have Ms. Manasi from Radhitech Services.

Manasi

Good evening. Congratulations on the good numbers. My first question is regarding your increase in operating margins. If you see your raw material costs have gone down quite a bit in this quarter and also the personnel cost, do you expect this trend to continue in coming quarters also?

Milind Sarwate

Manasi good evening and thanks for the congratulations. You have asked about the raw material cost. Your observation is quite right and the main reason why our raw material costs have come down is that some of our inputs have had a very flat cost base unlike many commodities which have gone up in prices. Copra has not had a price increase and we have enjoyed the period of a favorable copra price regime. Year on year copra prices have actually come down a little bit, anyhow it is very difficult to predict the future of any commodity.However, in terms of whatever economics of the copra business that we know, we expect that there would be no dramatic up move in the copra prices, at least that does not seem visible at this point in time. Having said that, I would like to reiterate that we have been looking at our company more as a branded product player and less as a commodity oriented player, so we feel that with good pricing power of the brand we should be able to handle an average increase in copra prices. The other big factor is that over the years the share of non-copra based products in our turnover has gone up and that is an encouraging sign because that in some way de-risks us from copra price changes. Does this answer the question?

Manasi

And about the personnel cost, the personnel cost as a percentage of sales have also declined quite a bit in this quarter, so is there any particular reason for that?

Milind Sarwate

The reason is that we have added a lot of inorganic growth to the company without adding to people. Last year we acquired four brands in all and that added quite a bit of turnover to our business. For example, when we acquired Nihar, we have not acquired any employees at all, so you have straight away an addition to the top line with virtually no addition to the personnel cost. Obviously, we continue to provide handsome increases to our employees, but that is in absolute terms. In relation to the sales turnover there has been a decrease statistically.

Manasi

Okay. And my last question is regarding your tax rates, as you said that your manufacturing units are coming out of the tax brackets now, so do you plan to go into some areas where you will again get this new tax benefits or what would be your action for this?

Milind Sarwate

In terms of new tax holiday units there are very few, if at all, locations where you can now set up a new unit. We have optimized to whatever extent we can, but I doubt if we will setup new manufacturing facilities just to tap tax holidays in India at least. With regards to overseas operations there may be some pockets where we can exploit tax concessions given in a particular country, but by and large we have to ready ourselves for a situation where our tax rate will be higher than before. I think we have taken a call that instead of focusing on reducing the tax amount it makes much more economic sense to increase the PBT amount so that our PAT earnings go up nevertheless.

Manasi

Yes. That is all from my side. Thank you very much.

Moderator

Thank you very much ma'm. Next we have Mr. Mahesh Joshi from Edelweiss Capital.

Mahesh Joshi

Hi. Congratulations on a good set of numbers. My question is - you know you reported a good growth in this quarter. We just wanted to know if any of this growth is primarily due to the low base effect in Q1 FY06, by that I mean that in after Q1 results you said that a few of your brands were excluded from the canteen stores during the implementation of VAT. I mean so was there any base effect in the numbers is what I want to know?

Milind Sarwate

I must compliment you on your memory because last year indeed after the VAT introduction there was a brief period when there was some CSD dislocation, but CSD typically has constituted less than 5 % of our turnover. It is not a very significant base when it comes to quarter on quarter computation. So I would not say that there is a base effect which disturbs the overall growth numbers of 38% in top line. You see, there are obvious growth numbers which are independent of CSD, for example, the entire turnover of acquired products or acquired brands that constitutes about 17 to 18% of this total growth that has nothing to do with the CSD sales.

Mahesh Joshi

Okay. Also can you give us few numbers on I mean as you said Parachute in rigid packs volume growth has been 12%, can you give us a sense of how much has been domestic growth and you know in the other hair products as well, hair oils I mean, how much has been the domestic growth?

Milind Sarwate

We report numbers in the information update in such a way that the numbers for domestic business are clearly mentioned as such. We tend to measure the International business as a whole, and not by products and that has grown by a sizable number of about 56%. Growth numbers that you have read about in the information update for coconut oil and hair oil are therefore only of the domestic business.

Mahesh Joshi

Okay, thanks a lot.

Moderator

Thank you very much sir. Next we have Mr. Archit from Religare Securities.

Archit

Hello good evening sir. Sir you said that you are looking for acquisition in your company. Sir for this financial year are you looking for any acquisition or if yes, in which segments are you looking of acquisition?

Milind Sarwate

As a company, which wants to grow in a steady and sustainable manner we would obviously be looking at acquisitions. Also, we have mentioned to analysts and the investors from time to time that we view ourselves as a players in the beauty and wellness segment. Now beauty and wellness are sufficiently large categories in which we can seek acquisitions, but typically we have been a focused company so our first effort will be to acquire brand or businesses which are in areas similar to where we are today, which is hair care, health care, heart care, and skin care. In these categories we would look at brands or businesses, which are either into products or into services. We can look at brands or businesses in India as well as overseas. I think that has a pretty broad canvas and within that we will look for opportunities which are clearly adding value to the shareholders.

Archit

Okay. Thank you sir.

Moderator

Thank you very much sir. Next we have Ms. Shalini Gupta from East India Securities.

Shalini Gupta

Hello sir I am on my mobile phone, am I audible to you?

Milind Sarwate

Yes, yes, very much.

Shalini Gupta

Okay. Sir I have two questions. One was you know earlier in the presentation you had said that the increase in the gross margins for you has been primarily driven by lower copra prices, but you know there has been almost a 500 basis point deduction in your raw material to sales, so can you attribute that entirely to copra or are there some others reasons?

Milind Sarwate

In fact I explained that over the years our dependence on copra as primary determinant of our profit that has gone down. There are a couple of other things which have happened, the share of value added products in the overall turnover of the company has gone up, we have defocused on products that carry a low margin, for example, Sweekar which as a edible healthy oil carries low margins, we do not focus on Sweekar anymore, so in a growing business the proportion of Sweekar has been coming down; so all these factors have contributed to the operating margins going up. It is not that only because of copra prices the margins have gone up.

Shalini Gupta

Okay. Sir my second question was that in the presentation which was sent out to investors there was something which said that organic growth had been 23%, now my question here is that when I look at the volume growth of your larger products like say Parachute that grew by I think 11% in volumes, then Saffola grew by perhaps 14%, so I mean would you say that in your organic growth volume growth would have been around 20-22%? Would that be correct?

Milind Sarwate

See if you break up the growth of 38% that we have achieved overall, the inorganic growth is about 17-18% so the organic growth has been about 20% in terms of value. Now if you take only the domestic business as a base, may be the growth may be a little higher, but it is a matter of fact that we have not taken any significant price increases and also the share of new products in our overall business has gone up, so there is a certain new stream which comes up and makes our domestic turnover go up. If you combine all these factors you will find that there has been a healthy volume growth and very little inflationary growth, if that is your question.

Shalini Gupta

Yes that was my question.

Milind Sarwate

The inflationary part has been pretty low. In fact an example would be Parachute Coconut Oil- the largest selling pack is the 200 ml pack, and the price of that pack has been held by us at 34 rupees for quite a long time now.

Shalini Gupta

Fine. Thank you sir.

Moderator

Thank you very much Ma'm. Next we have Mr. Gaurav from First Global.

Gaurav

Hello good evening sir. Sir my question is in this quarter our Kaya Skin Clinic number has been static, so what we can expect in average revenue per clinic in future?

Milind Sarwate

In terms of opening of new clinics we had mentioned in the last conference call in April that we want to take some kind of a break in which we would consolidate our operations, we would raise our the level of service to the consumers, and as a consequence we will not set up a large number of clinics. So in this quarter we have set up just one clinic in India and we are focusing on the building blocks of business in Kaya. In the meantime the existing clinics, which were in operation last year as also this year they have shown about a 26% growth in terms of value. So the business keeps growing. Initially we were looking at a turnover potential per clinic of about 1.2 crores or so, that number would have gone up to the extent of another may be 20-30 lakhs at the full capacity levels. If you look at it sequentially the Kaya business has grown by about 11%, so there is growth happening in terms of per clinic revenue, this is also because in some services we had taken a price increase in the first half of last year. So, on the whole I think the business is consolidating and it is also providing us increasing revenue. The key challenge over the next few quarters or year would be to ensure that the service to the consumer is held at a very high level so that we do not have a fall-back in the revenue at any time in future.

Gaurav

Okay. Sir my next question is about the interest cost, since the loan is payable in 8 installment as quoted in annual report, so is that installment on annual basis or semiannual basis?

Milind Sarwate

It would be semiannual, that is every six months, but there would also be an option at the hands of the company as well as lender, so essentially we have not got locked into any very long-term debt, so we have the options in case we get any different kind of funding.

Gaurav

Okay. That is all from my side. Thank you.

Moderator

Thank you very much sir. Next we have Mr. Akshay from Share Khan.

Akshay

Hello. Good evening sir. Sir I just wanted to understand one thing you said that 17 to 18% of your growth comes from inorganic, now how much of that would be Nihar, and if you could give me something in absolute number terms?

Milind Sarwate

See when we acquired Nihar it had turnover of about 115 to 120 crores and as against that last year our turnover for the whole company itself was in the region of 1150 crores. So Nihar itself would provide as a ballpark about 10% growth. So the balance growth comes from the other acquired brands, which are Manjal, Camelia, and Aromatic.

Akshay

So would it have done around 27-30 crores of the business the first quarter?

Milind Sarwate

It would have done more than that because I gave you the numbers which were relevant to the last year. It would have done closer 40 crores.

Akshay

Okay, okay. Alright thank you.

Milind Sarwate

But my request is that you should not extrapolate this number straight-away – do not multiply it by 4 for the year, because there was a pipeline to be filled in. Typically during the acquisition phase the pipeline dries up because selling company does not supply to the market. So we still hold the ballpark annualized number of 120 or 125 crores for Nihar.

Akshay

Okay, thank you sir. My next question is sir do you plan to retire debt earliest because earlier we had communicated that we might be looking at a rights issue or something like that?

Milind Sarwate

Actually this question is somewhat of an isolated question. We have to look the total funds requirement of the company and within that we need to have a proper mix of debt and equity. Now, when we acquired Nihar, which was the largest acquisition last year, we funded it entirely by way of debt. While we are in a very healthy situation and we can probably raise even more debt than what we have right now, we may not want to do that and we may want to inject some bit of balance in the capital structure of the company by putting in equity to some extent and carrying forward the remaining debt, or we may want to restructure the debt and get in some different kind of a debt into the company. We will work out all these permutation and combination, whatever is in the best interest of the company. So you may find that we replace some part of the debt by infusion of the equity. That equity could come in the form of rights or it may come in some other form, we have not yet taken the final call on that, but as you would have observed that we have taken shareholder's permission for raising funds up to an aggregate of Rupees 500 crore.

Akshay

Right sir, okay. Sir the loan that we have raised, at what rate would we have raised it?

Milind Sarwate

We have typically not disclosed the precise rates of interest, but we have raised funds about five months ago and at time the interest rate scenario was not as hard as it is today, so we got a good rate. Typically, rates would get reset on an annual basis or so. So, I think we have a good credit standing and we have got one of the lowest rates that we could have got at that time.

Akshay

Sir, my question was more for finding out what probably would be an interest cost? So, may be can I extrapolate this quarter's interest cost into 4 from an annual interest cost?

Milind Sarwate

You can, but there may be some changes - you see typically when we restructure our funding, we may repay the existing debt and take new debt. In this transition there may be some bit of extra cost that we might have to pay. So you see, on the whole interest rates have gone up by between 100 and 150 basis points, you could take some increase for that if you are building a financial model for the company.

Akshay

Right. Sir your material cost year on year looks down a lot, but if I see it quarter on quarter it has in fact increased. Now, would you attribute it to increasing copra prices, are you seeing any increasing in copra prices or it is more or less that?

Milind Sarwate

Copra prices have been in the same range, more or less. It would depend upon on what kind of product mix we had in last quarter versus what product mix we had in this quarter.

Akshay

Okay but is there any particular reason because as per my calculation it has gone up from 46% as a percentage of sales to 51% as a percentage of sales, which is quite substantial move.

Milind Sarwate

Yeah. But this kind of a swing is unlikely- what you are talking about is a huge increase in the base. It is certainly not on account of copra price. See sometimes the method of accounting and calculations are also to be taken into account. For example, instead of making a product ourselves if we get it made from another person, then the entire cost gets accounted as purchase for resale and that obviously would be a higher cost than pure raw material because that would include packing material also. So in case of Nihar for some time we were getting the product manufactured on a total basis from a subcontractor whom we had inherited from HLL for sometime. So that could have caused some amount of accounting aberration, but if you ask me commercially copra prices have not gone up and there is no specific reason why we should have a sequentially growth in our raw material cost.

Akshay

Okay, alright. Sir just one last question. Basically, this is regarding our advertising and sales spends, the last quarter we met and you had said that you will be maintaining it at a higher range, this quarter it has been around 13% of sales, going forward would we see it in the similar range equal to 13% of sales?

Milind Sarwate

May be, it depends upon what is the phasing of new products launches that we have. You would have seen that over the past three years, we have moved from a bracket of 8-10% to a bracket of 10-12% initially and now this quarter we have crossed that 12% also to go to 13%. I think general the industry trend is to spend between 12% and 14% of sales on advertising and sales promotion. Our belief is that as we move into higher value added products, which require greater interaction with the consumers, we will have a high ASP, may not be significantly higher than 13, but the focus has to be on higher ASP. Actually the higher margins and higher ASP is the model which we are increasingly following as opposed to low ASP and low margin.

Akshay

Okay, alright. That is it from my side. I will get back to you sir with some more questions. Many thanks to you sir.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next we have Mr. Mahesh Joshi from Edelweiss Capital.

Mahesh Joshi

Hi! Sorry for bothering you once more, but I was wondering if you can give us a split for Nihar's turnover between coconut and value added hair oils?

Milind Sarwate

It was roughly in the range of two-thirds and one-third, so two-third in favor of coconut oil. Directionally, the coconut oil part of the Nihar franchise had a lower margin than the non coconut oil part because a perfumed hair oil carries higher value add than pure coconut oil. What we would try to do over the years is increase the portion of the non-coconut oil franchise, because that is more profitable. So in line with that you will see a higher share of the perfumed coconut oil in the coming days.

Mahesh Joshi

Okay, thanks a lot.

Moderator

Thank you very much sir. Next, we have Mr. Mithun from Kotak.

Mithun

Sir this is for your growing portfolio, that is, new launches like Sparsh, Parachute Therapie and you cholesterol management atta mix, can you give us some more color of this new launches, how they are growing and how do you see them for the full year?

Milind Sarwate

If you look at the new launches, first of all in case of Parachute Therapie as also in case of Saffola cholesterol control atta mix they are still at a prototype stage and while our initial response is in line with our action standard we are yet to take a final call as to how and when to go national. Our intention obviously is to scale them up into full-fledged products, but at this stage I would only say that they are doing well and we would have to observe them before we proceed further.

Mithun

What about Sparsh sir, which has been launched nationally?

Milind Sarwate

I am coming to that. That is why I finished the other two things first. In case of Sparsh, Sparsh denotes our entry in the baby care range. On the back of the baby oil that we had prototyped and then taken national, we are also entering baby soaps. You might have seen Sparsh baby soap also. We feel that room exists for players like us in the baby care segment, but since the category already has a very strong player and we need to watch the actions of the industry leader before we build our own plans, we would say that in case of Sparsh we have done well wherever we have had the prototype, but in terms of the national launch and the action standards that we have set for the national launch, it is still too early to talk about a complete success. We believe that we have a differentiated proposition and it will be something with which we will give a real hard try for this category. I would not be able to tell you in specific numbers how much we are targeting for obvious competitive reasons but we believe that there is a proposition that we have.

Mithun

Okay, okay. Thank you.

Moderator

Thank you very much sir. Next we have Mr. Hozefa from JM Morgan Stanley.

Hozefa

Hi Milind how are you?

Milind Sarwate

Hi! Hozefa.

Hozefa

I have just couple of quick questions. First is on the funding plan. Can you give us some more color on what is the expectation, what we should expect for next 12 months on the funding plan?

Milind Sarwate

Okay, you can deal with the funding plan in two separate ways. They are not mutually exclusive.

The first way is that our funds requirements remains static and we do not develop any new funds requirements, in which case we have to fund about Rs. 200 odd crores and from our thinking that we currently have we may have a small equity issue and we will continue the balance as debt. By a small issue I mean something which may not be in three digits crores, we may have a smallish issue. It may a rights issue or it may be a private placement or it may be a public issue. For very obvious regulatory reasons, I will not be able to spell out, but it would be in that ballpark. This we have already stated in our explanatory note for the shareholder approval that we sought.

The other scenario could be that our funds requirements are not static. We develop some more needs as and when we may acquire some more brands in which case we will need more money. In that case the incremental requirement will probably come through some more debt and some more equity. At this time I do not have a clear idea of what scale that would be but we have taken an outer limit sanction of Rupees 500 crores from shareholders and we think that definitely our new requirement will not exceed that number. In fact, we would want to leave some headroom in that approval for future expansion even beyond the acquisition proposals that we currently have in our hands, as in, we currently have on our drawing board.

Hozefa

Okay and the second question on advertising to sales ratio, you mentioned that you would maintain at 13%. Please correct me if I am wrong, that essentially means for the next quarters on an YOY basis you ad to sale ratio will be lower because the last three quarters of the last year had 13.3% ad spend to sales ratio. So would that be a correct assumption on a YOY basis going on?

Milind Sarwate

I think you are right that our quarter-to-quarter ASP ratio has been fluctuating. Even in the years when we were spending 10% on an average, in certain quarters it will go up from 10 to even 12 or 13. Now the key question is what kind of new products support is required from the marketing function. So it will depend on that. Directionally we have raised the level of spending on ASP from say 9% to 13%- that is the kind of increase we have. If you want precise number, it will be difficult to, but even 13 and 13.3 are not poles part, so, largely we will be in that ballpark.

Hozefa

No what I was directionally looking at is YOY going forward we may not see the same kind of increase that we saw in the first quarter.

Milind Sarwate

On a sequential quarter basis?

Hozefa

On a YOY basis.

Milind Sarwate

Maybe, see for example, if you find that Parachute Therapie needs to be quickly scaled up nationally then we will spend money on that. That is a call which has to be taken on the spur of the moment at that time.

Hozefa

Okay, perfect. The other question is which of the current production or pipeline you are seeing hold the most promise?

Milind Sarwate

Going by sheer demand that is visible, Parachute Therapie holds the highest promise because our system was actually constrained to supply Therapie to the market. Now with all new products we have to be careful that there is an initial surge in demand because it is a new product, people like the look of it and they want to try it out. I would wait until we get the second round of demand, typically the second purchaseand then a take call, but Therapie seems to be promising.

In case of Sparsh it is a new category that we have got in. So it is something, which we are keenly observing at this point since it is a new category unlike Therapie, which has been on our home turf. I am not able to say whether it is a strong response or it is not a strong response.

In case of atta mix it has been positioned by us as somewhat of a specialized product – we are selling by and large to modern trade etc. So we are putting some limits to what we want to do with atta mix at this stage. So let us see what we get out of these new products.

The other area where we see good growth coming is from Manjal, which is the brand we had acquired last year, we have done well in Kerala as also in Tamil Nadu where we have recently launched the product, but there again the soap category is such a large category that it is very easy to run off a share of half a percent and you real battle begins only thereafter. So in our typical cautious style, I would say that we are happy with what we are doing and we will observe things as they come along.

Hozefa

Any progress on Parachute jasmine soap?

Milind Sarwate

That again is still at a trial prototype stage in the East.

Hozefa

Okay and my last question is on looking at your margins now what do you think is the potential threat on increase in competition, realistically speaking, and you know how do think the company can gear up or will gear up for this?

Milind Sarwate

I think the competition threat can come in from two broad quarters, one is the organized player quarter and from organized players we are seeing some element of aggression but not too much because the two large players that exist today, which is VVD and Shalimar are focused on their respective regions. Other than that there may be players who are planning a foray in coconut oil, I would not know that at this stage. There has been a lot of competition from the unorganized sectors, and by unorganized I mean people who are selling coconut oil in blue bottle, which try to look like Parachute but are not illegal counterfeiters. There has been a huge surge in these other products, which I would call as pseudo-brands. There is bad news from them because to some extent they are eating away the share of the organized coconut oil players, but there is a lot of good news in that because these local players who are selling blue bottle coconut oil are actually helping us convert the demand from loose coconut to packed coconut oil in a locally relevant manner and our belief is that when consumers get converted from loose oil to packed coconut oil at some stage they do want to get converted to Parachute, which is an aspirationally attractive brand. The way the competition is looking at the coconut oil sectors I think competition from the unorganized sector is actually helping grow the branded category and competition from organized sector remains a threat. Now let us see how we are able to deal with that. Our response will typically be through the brand power, I think Parachute, which is 29th most powerful brand in the country, should be able to ward off a threat. If we are not able to do that then it is going to be difficult, I agree with you on that threat.

Hozefa

Has any player reduced prices of their finished product so far?

Milind Sarwate

No we have not taken a price cut yet.

Hozefa

No, any competitor?

Milind Sarwate

No not really. I am not sure, but some of the competitors may actually be using the Parachute pricing power as their umbrella for their pricing and their profit. At a retail levels not many would have reduced prices, but to the trade they may be paying more.

Hozefa

Okay, thanks.

Milind Sarwate

Thanks a lot.

Moderator

Thank you very much sir. Next we have Mr. Amnish Agarwal from Motilal Oswal.

Amnish Agarwal

Hi!. I have just a couple of questions. The first is that you have stated that the hair oil portfolio grew by 23%, which was excluding Nihar. So if we include Nihar also what could be the growth rate?

Milind Sarwate

It would move up dramatically, you know, because Nihar wasn't there last year and the entire turnover of rupees 20 crores of Nihar would get added to that. That would would give another 20% points, so it will move up to may be 45-50%, but that is statistical. So the key point is that our portfolio of hair oils, which we held last year, has grown by 23% this year.

Amnish Agarwal

Okay and how has Nihar coconut oil done during the quarter?

Milind Sarwate

It has done quite well. On a comparable basis it would have grown by may be 20-25%. So it has done well, but you have to keep in mind that this is the first good quarter that we have operated with Nihar and there is a pipeline filling that takes place, as I mentioned earlier. So we cannot read all these growth into the future.

Amnish Agarwal

Okay, The second thing is that as the Kaya has now stabilized, so what were the profit or loss figures from Kaya during this quarter?

Milind Sarwate

In terms of sheer accounting numbers, Kaya for the first quarter has still recorded a loss, but we believe that by the end of the year we would have a profit before tax breakeven for Kaya. At the cash level, Kaya has already broken even in the fourth quarter of last financial year and that situation continues.

Amnish Agarwal

Okay sir, can you get me exact loss figures if it is possible.

Milind Sarwate

The number would be actually available on our web site, but in terms of numbers it is about two crores of loss at the PBT level.

Amnish Agarwal

Okay sir. Thanks a lot.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next we have Mr. Balaji from Sundaram PNB.

Balaji

Hi. This is just an extension of Mr. Hozafa's question on competition. I just wanted to know, now you have more than 60% market share in coconut oil post acquisition of Nihar. From a trade perspective you know from the distributor angle, would they not be actually encouraged you know if the second player in the organized segment actually builds the brand, because one is copra prices are down and you still have a premium pricing and second is Parachute is seeing some kind of brand dilution in terms of launch of new variants. So is it only a matter of time before this market share actually starts falling or how are we actually prepared also for the modern trade which is also increasing as a percentage of total sales?

Milind Sarwate

Okay, I will break your questions into three parts. One would be about what you are referring to as the dilution of the brand equity. Second, I would talk about the distributors, and the third would be modern trade.

I do not agree with you that extensions of Parachute would have diluted the brand. Actually, extensions of the brand would add value to the brand because you are able to provide a whole range of products and services to the consumer. For example, with Parachute Therapie you have the problem solutions frame in mind. With Parachute Jasmine, you are providing a sensorial benefit and so on. So, extensions actually would go towards adding clout to the brand and making the consumer believe more and more that here is a brand, which caters to all my needs in various aspects of coconut oil and related products.

The second part was about distributors. Now, one has to keep in mind that the trade is not the be all and end all of an FMCG business. Finally, it is the consumer who has to pick up a product, and if she does not like a product or brand, she is not going to take it the second time. The first time the retailer might push it on to her, the second time she is not going to buy if it is not a good product. So, having a good product and a good brand is far more important than having mere trade equity or trade clout. We feel that the market share that we have is on account of proper marketing and a proper provision of value to the customer. I think that is the first and foremost point.

For a competitor to create that kind of a brand and value is not going to be easy on sheer pricing or sheer trade push. I appreciate that if a competitor comes along there would be an initial churn and there would be some element of shaking up of the market. Typically, where there is a single entrenched player in a category and a new entrant comes in, there are two three things which happen. One is because of the increased activity in the consumer communication area, the market actually expands. Secondly, the weaker players in the market who ever are there with 2%, 3%, 5% share, they get shaken out. So, it is not that when a new entrant comes in, the top most player immediately starts losing value. Having said all this, I do not think we are at all complacent and we would always want to ensure that the competition does not hurt us. At the same time, we are not a competition centric player and we would keep focusing on the consumer.

Your third question was about modern trade. Now modern trade is definitely a new animal on the scene and it is quite a ferocious animal, it definitely is going to impact the entire scenario. However, if you look at the way modern trade operates, it operates on the basis of who occupies the shelf space and for what purpose. So, we feel that good brands always are wanted on the shelf by the modern trade itself.

Balaji

But again here everyone will be on an equal footing in spite of you know ….

Milind Sarwate

I do not think so. I do not think a good and bad brand will sit on any modern trade's shelf with equal ease. It will depend upon what the consumers want. Just by putting a product on the shelf, it would not sell beyond the first time or the second time. So, modern trade is actually going to polarize the market into good brands which are present on the shelf and bad brands which are not present on the shelf. So, we believe that modern trade will accentuate this difference; it will help the good brands. The challenge could come in the form of a dis-intermediation which modern trade would do. For example, it would eliminate the distributor and the retailer and for that it will demand its pound of flesh. Now it depends upon what kind of negotiations the industry is able to carry out with the modern trade. So, at some plane it is an industry issue.

We are also seeing benefits of modern trade because it helps us create a greater visibility for a brand. For example, in case of Saffola, the cholesterol management atta mix product that we have is doing quite well in modern trade. Had modern trade not been there, it may have been difficult to position this kind of a product to the consumer in a very attractive manner. So, there are a lot of advantages of modern trade. There are some very bold disadvantages and so long as we are able to manage those, I do not think we would have a major problem. In any case the problems that we would have are the problems that the entire industry would have. So, it does not change the relative picture for a company. I have answered your queries?

Balaji

Yeah. On a modern trade again, what are the efforts being put by the management to counter the private labels?

Milind Sarwate

If you ask me there is very little that a company can do to counter the private label as such, because if somebody is setting up a private label, I cannot go and stop him, but the better part would be that a private label would mean that the brand is a store brand and it would have a limited equity. The right strategy would be to ensure that Parachute continues to have a strong equity and hence is able to counter the impact of private label equity if there is any.

Balaji

Lastly, of the current turnover how much is from modern trade, currently?

Milind Sarwate

See the industry average is about 3%. We are in the same ballpark about 3% to 5%. In some products like Saffola Oil or Saffola functional foods, the percentage is higher, especially in metros. So it depends upon the place where it is being sold and the product that is being sold, but the company average is still around 3% to 5%.

Balaji

Lastly, Shanthi Amla Oil, how is that brand faring and what are the plans for that?

Milind Sarwate

Out of the hair oils that we have, Shanthi Amla has been a bit of a laggard; it has still a sizeable market share of around 10%, but the initial promise which the Brand had shown has not materialized to that extent. We had a relaunch through Shanthi Amla Badam some time ago, and that we are still observing how that will fare in the long run. Essentially we have a franchise which is okay but which is not strong enough to counter the market leader. At the same time it is a product with a decent margin. So it is not an undesirable product to have in our portfolio.

Balaji

Okay sir, thanks a lot.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next is a followup question from Mr. Akshay of Share Khan.

Akshay

Hello. Sir just one more question. Sir your communication says that the effective tax rate going forward would increase. Would it be, could you just give us a ballpark figure as to where we can tap it at, because you said you have some tax shields from the Nihar acquisition?

Milind Sarwate

In the past we were very close to the MAT rate, which was around eight and odd percent at that time. Over a period we see that our tax rate will go up to 20%. There may be some quarter to quarter movement depending upon what tax shields are available through acquisitions or otherwise. There are other two factors which enter the total tax rate which I will just caution you. One is the FBT, which also gets bracketed as a tax payment, and the other is deferred tax. Typically when you acquire a brand, while you do get a tax shield, part of that has to be provided as a deferred tax liability. If you put all these things together, then you might see on a tax rate being much higher than 20% also, but you have to keep in mind that some of that is current tax and some of that is an accounting adjustment by way of deferred tax.

Akshay

Right, okay. Thank you sir.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next is Kiran Agarwal from Arisaig Partners.

Kiran Agarwal

Hi Milind. Just wanted to know if you could give me break up of your sales from the oil and refined oil separately.

Milind Sarwate

Yes, what do you mean by oil and refined oil?

Kiran Agarwal

I mean the hair care portfolio and the refined oil, how much.

Milind Sarwate

Broadly, the refined oil that we sell is under two brands, Saffola and Sweekar, and directionally, about 20% of our turnover comes from these oils, and the rest of the turnover is on account of either unrefined oils like coconut oil or personal care products like hair oils and the skin care business, etc.

Kiran Agarwal

Right, have you seen a change in this proportion over the years, say 2006 over 2005?

Milind Sarwate

2006 over 2005 may not be significant, but if you take a longer cut of say four or five years, the percentage has come down from something like 35% to now about 20% to 25%.

Kiran Agarwal

Right, and how would be the share in profit?

Milind Sarwate

Share in profits would be lower than the average profit because Sweekar, which is one of the components of the edible oil business, has been a low margin product, and one of the reasons why the total share has fallen from 35% is that we have been defocusing on Sweekar and since its ratio in the total turnover has been coming down.

Kiran Agarwal

Right, but in terms of percentage of profits?

Milind Sarwate

It would have come down because the absolute amount would have also kept on dwindling.

Kiran Agarwal

Right, any rough ballpark figure.

Milind Sarwate

Difficult to say that, but if you say that the turnover is between 20% and 25%, profit share is lower than that.

Kiran Agarwal

Okay, say around 15% or may be even lower.

Milind Sarwate

I will not be able to readily tell you, but you can work it out. See directionally, if you see we are increasingly saying that we are not into edible oils at all. We are saying that we are into health care. Even in case of Saffola, we view it as more a lifestyle health care brand, heart care brands rather than an edible oil brand. So much to say that we are not concerned so much as to what percentage of the edible oil market Saffola has, we have stopped measuring that market share percentage. Similarly, in Saffola we are introducing more functional foods, which are non-oil products. So, directionally if you want to know from a strategy angle, edible oil is not a business we are in.

Kiran Agarwal

Okay. Another question, how much do the prototypes contribute to your revenues?

Milind Sarwate

It will vary from quarter to quarter, but it would be a small number. It may be, see, if you take a number cut then it would be very small, it would be may be 1% or 2%. This is because prototype is typically carried out in a smaller area, may be one city or a one state, a smaller franchise; so it's turnover is not material.

Kiran Agarwal

Right. Okay, thanks.

Moderator

Thank you very much ma'm. Next we have Mr. Abhijeet from Prabhudas Liladhar.

Abhijeet

Hi Milind. Congrats on a very good set of numbers.

Milind Sarwate

Thank you sir!

Abhijeet

Just want to know about what is happening on the Aromatic and Camelia front; how are those two brands doing in Bangladesh, and what was your sales last year, because I think last year, end of the year, you had launched these products, re launched rather.

Milind Sarwate

In case of Camelia and Aromatic, they constituted the number three or number four players in the Bangladesh Soap market. They have been good brands. Camelia was more of a niche brand known for it floral fragrances and Aromatic was more a widely distributed soap present in rural areas. Together we find that they are a good fit in our portfolio in Bangladesh. Their integration with our business has followed the hockey stick kind of a pattern. Initially, since during the acquisition phase the brand would have got neglected by the seller, there was an initial dip in the turnover, but it has been recouped now and both the brands are now growing. On a YOY basis they are growing by may be 20 odd percent. There is a healthy growth. More importantly we have certain plans from these soaps and both the soaps are broadly in the same ballpark. We are, let me clarify, not as happy with Camelia and Aromatic as we are with Manjal in India. This is because the Bangladesh market is still new, we have to keep in mind that we are new to the entire soap business, and to then expect that we would immediately come out on top in Bangladesh would be expecting too much from our self. So let us see how we take this forward. They give us a certain different additional presence, they add a different color to our distribution in Bangladesh, that was the primary purpose for which they were taken.

Abhijeet

Okay. So, would it like it adds up to your distribution network or how is it?

Milind Sarwate

It does add to the distribution network, especially Aromatic, but then in terms of size the Bangladesh distribution universe may be about 7 to 8 lakh outlets. Somebody like HLL reaches about 5 to 5-1/2 lakh outlets, we are now at 3 lakh outlets. This number is up from about 260,000 to 270,000, so there is some addition to the outlet numbers, but we would expect much more from these. See, here again, I would say as I had answered one of the earlier question that distribution cannot create a brand, it has got to be at the brand level and the consumer level, so we are grappling with that in some in manner. We are in the process of launching and re-launching both these brands. The launches and re-launches are into various segments, so let us see how these pan out.

Abhijeet

And a question on the hair cream front. It has garnered about 41% market share in India, so what would be the total market, what could be the total market size?

Milind Sarwate

The market may be around 80 or 100 crores or so. It is not a very large market, but it is a visible market. It is an entry into male grooming in some way because in India the cream is typically associated with male using. It is unlike say the Middle East where the male female users ratio is almost 50%-50%. And another proof of the fact that Parachute cream has done very well is the burst of advertising you would have seen from Brylcreem, that is adding to Mahendra Dhoni's pockets also.

Abhijeet

Yeah. I had a question on the MAT adjustment that we have done. Just wanted to know like what would be the explanation, because, yeah one thing has been explained that the increase in tax provisioning was due to the expiry of tax holidays in backward area units; so that was one thing, but like I know that the adjustment of MAT is related to that but could you just explain that?

Milind Sarwate

I do not think the adjustment of MAT is related to the expiry of tax holidays. See, from financial year 2005-06 onwards, carry forward of MAT is allowed. So, if your effective tax rate in a particular year would be lower than the MAT and if you end up paying excess tax, then that tax is allowed to be carried forward. So that is the basic adjustment. What is happening is that the entire area of tax is becoming complex for various reasons. One is some units are in tax holidays, some units are not in tax holiday. Secondly, you have deferred tax liability for brand that has been acquired, at the same time you have a higher depreciation on account of the brands that you have acquired. The third thing is that some of our overseas operations are again in tax-free units. For example, in Bangladesh, we have a tax holiday for our coconut oil units. So, it has become a hotchpotch, add to that the FBT play. So all we are saying that directionally we are moving from a low tax regime to a higher tax regime. We are trying to counter it by some legitimate tax planning as much as we can do, but more importantly we are trying to increase the earning profile of the company so that we earn more at the PBT level and therefore are able to maintain the PAT at a higher level despite increasing tax rate.

Abhijeet

Okay, thanks.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next, we have Mr. Sumeet from Edelweiss Securities.

Sumeet

Good afternoon Milind, this is Sumeet. My question is on the new products launches that in the Middle East. How successful these have been.

Milind Sarwate

In the Middle East, we had Parachute cream that was the main new product that we launched with the help of some celebrity advertising over there. That has done quite well. There was another product in the hair cream area called Parachute Hamam Zait that we have to launch. Hamam Zait actually means bath oil in Arabic. That has not done as well as we thought. So, we have had a mixed experience in the Gulf, but the success of Parachute hair cream has been quite significant.

Sumeet

Right, thank you sir.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Participants who wish to ask questions, may please *1 now. Next, we have Harish Zaveri from HSBC.

Harish

Hi Milind. Just one thing on Sundari and I missed the earlier part of the con call; so, it is possible that you may have mentioned this. At some point in time, you said that may be a year later you could take a call on Sundari and whether you want to continue with it. Just want to know what is the extent of loss of Sundari in the first quarter and if you had time to take that call say may be two quarters later or three quarters later?

Milind Sarwate

At this point in time, Sundari has done in the first quarter better than it had done in the first quarter of last year. So, we are yet far away from taking any calls on Sundari, we are still investing in that business. In terms of the loss that Sundari had made, it is as compared to a loss of about 2 crores in the first quarter of last year, it has made a loss of 1.3 crores in the first quarter of this year. More importantly, in terms of the underlying business, we are seeing some kinds of improvements. It is still a long haul because we need a much larger sales base for operating this type of business, but on the underlying interface with the consumer and the product experience, we have had no issues whatsoever. So, we still want to believe in this business and take it on for a little longer.

Harish

And, one final thing on Kaya, looks like the PBIT breakeven is visible and going forward I remember you had mentioned this at an earlier part where you said 45 to 50 clinics and you were like wanting to consolidate first. Would you like now go forward a lot more faster or do you stick by what you have told me earlier?

Milind Sarwate

We would still want to consolidate because we do not want to take the Alexander approach and just launch new clinics without consolidating the old ones. That is a sure shot recipe for disaster , especially in a business which is very close to the consumer and it is a personal service that the consumer takes. So, we are currently at 43 clinics in India, and while we may set up one or two clinics here and there, in the near future it is unlikely that we will go on a binge and launch many more clinics. I think it is also important to establish the financial viability of the concept, record profits so that there is also an overall sense of belief in the business model.

Harish -

Okay. And one final question again on the Kaya part of the business. You do have some retailers who have taken on this concept of yours; want to use it as a part of their retail offering itself. How would you view competition in that sphere?

Milind Sarwate

You mean modern trade, who would have set up their own saloons ….?

Harish -

Exactly.

Milind Sarwate

See, in fact, I think between modern trade, especially with the higher end products, and Kaya there will have to be some kind of a co-opetition. There will be cooperation as well as competition. In some of the stores, for example. In the Inorbit Mall , we tried out a Kaya skin zone, - it will have to be a some kind of a relationship where both of us co-exist along with each other. I think the modern trade offers the utility of many foot falls, while it may be good for attracting initial enquiries to the clinic, it may not necessarily be resulting into business. Because Kaya kind of service remains a very personal service for which a proximity to residence is important. So, it depends on what catchment area you are targeting. I do not think the Kaya brand would get impacted by someone who is selling so many other things from stationery to apparel to edible oil, it may not necessarily work.

Harish

Fair enough. Yeah, thank you.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next we have Mr. Akshit Shah from UTI Securities.

Akshit

Hello, we have seen a 36% growth in our turnover. Can you please tell me what is the percentage breakup of it in terms of volume and value?

Milind Sarwate

I had answered this question earlier, but I will repeat it for your sake. Out of 38% growth that we have registered, almost 37% has come through volumes and 1% is on account of inflation.

Akshit -

Okay. So sir are we thinking of any hike, are we thinking of using a power brand to increase in the prices in future?

Milind Sarwate

We may do that but as of now there is no specific plan.

Akshit -

No specific plan till date. Sir in the other income part, we have seen a very good hike. Like last year, in the last quarter it was 4.2 million and this quarter it has gone to 11.4 million. So, what is the reason for that?

Milind Sarwate

See, in terms of the overall scale at which we are operating, the numbers that you have spoken about are not very large. In case of other income we have no other unrelated business. It is only some of the financial assets that we hold. For example, you know one particular quarter if you sell some of the financial assets, you may a record a profit on that. So, it is only on account of these things. There is no pattern in this other income part. Also, it is pretty small..

Akshit -

That is true. Okay sir, thanks a lot.

Moderator

Thank you very much sir. Next, is a followup question from Mr. Gaurav of First Global.

Gaurav

Hi Sir. I just have one question regarding working capital. Our working capital position has improved over last year, means I am talking about FY06 figures have increased from over FY05. It is due to increase in creditors, payable days. So, what efforts are going in regarding improving the payable days?

Milind Sarwate

First of all, one note of caution, that when you look at quarter end numbers and compare them, there is always a possibility that some period-end activity has created a certain statistical numbers.

Gaurav

No sir, this is regarding the whole year, I mean FY06 over FY05.

Milind Sarwate

I agree, but whatever period you take, even if it FY06, it will still be on a particular date. Now directionally, if you look at the way we manage our working capital, we would always try to maintain the inventory and debtors at a particular level, and over the past several quarters we have maintained that in a narrow band. In terms of payables, there could be specific import consignment which may be pending at a given time, and because of that the creditors may get pushed up and hence the net working capital may come down. What I want to state is that our net working capital is roughly in the same ballpark as in earlier quarters. There has been no major shift either towards much tighter working capital or much lax working capital.

Gaurav

Okay. Thank you sir, thank you.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next, we have Mr. Nikhil of SSKI.

Nikhil

Hi, Milind Nikhil here. Milind just a couple of things, one is, is it possible to give a break up of the new businesses and the earlier business in terms of revenue and profitability?

Milind Sarwate

In terms of the quarter if you look at Kaya, it is around ….

Nikhil

Not for a quarter, but in general if you look at the overall breakup of our business even for the year, if you can give the absolute numbers that would be great.

Milind Sarwate

I can talk in terms of percentages, our new businesses products will constitute about 16% of our total. In terms of profitability, net may be actually negative for the reason that these would be in early stages, there would be ASP strategic funding, etc.

Nikhil

How much would it be negative in terms of percentage?

Milind Sarwate

We have not put out that number in the public domain as yet, but it could be, for example, in case of Sundari we already lost about 2 crores this quarter; so …..

Nikhil

What would be a meaningful number in the overall scheme?

Milind Sarwate

It could be. It depends upon what is the aggregate of new products that we have going at any given point in time. For example, currently we have a pretty large number of new products prototypes which are parallelly on. So there would be a sizeable negative number.

Nikhil

Okay. On new businesses, basically you are defining new products as not extensions, right?

Milind Sarwate

It depends. For example, an extension like Parachute Therapie would call for a significant separate ASP. Whereas if you look at Saffola and you launch just another variant of Saffola, Saffola Gold, it may not necessarily qualify as a completely new product.

Nikhil

Okay fair enough. And second was, you know, if you look at Marico over the last may be five six years, we have historically been at that 8% to 9% broad margin gain. Now, we have scaled to 12% to 15%, is that sustainable moving forward and that would what is the benchmark with possibly most of the consumer businesses?

Milind Sarwate

I think the large part of this increase would be sustainable for the reason that the brand pricing power has been demonstrated over the past 12 months or so. We also tried to de-risk ourselves from copra prices by getting into other areas which have nothing to do with copra. We have also got into new businesses which are essentially higher margin businesses, like Kaya or Sundari, at core they are higher businesses, in the current year or quarter, they might not have earned positive net profit for us. Also, we have defocused on the low margin products like Sweekar. So, the increase in operating margin has been the result of all these and so long as these steps are sustainable, so long as the main flagship brands continue to have the clout with the consumer, I think we should have a sustainability of these increased margins. Having said this, we have to remember that we are in a business and there would be imponderables like what the competition would do or what kind of consumer sentiment would prevail in the country. So, with those usual questions, I feel there would be sustainability of these margins.

Nikhil

Okay. Thanks Milind for this.

Milind Sarwate

Thank you.

Moderator

Thank you very much sir. Next we have Mr. Janish Shah from Networth Stockbroking.

Janish

Good evening sir.

Milind Sarwate

Good evening.

Janish

I have a couple of questions. Could we have the contribution from Nihar in the current quarter and what kind of growth we have seen during this. Second is could we have some idea about new launches which would be coming up in the balance part of the year and if you can give some idea on the rural and urban growth and a breakup in terms of your sales during the quarter.

Milind Sarwate

The first two questions that you asked, I have already answered them.

Janish
I am sorry, because I joined late.

Milind Sarwate

There are several paragraphs in our information update on new products, you could refer to that. There is nothing more that I can state at this point in time because we do not have any other plans which are in a disclosable condition at this point. In case of Nihar, the turnover in the first quarter has been quite substantial, it has been around 38 to 40 crores, but that because we have been filling the pipeline and that is not extrapolatable for the whole year. Nihar would have a decent growth over the previous year, but which was not in our books of account; so that would add it to our top line growth straight away.

Janish
You started the year, I mean, you acquired the brand at a 120-odd crores revenues, right sir?

Milind Sarwate

Yes.

Janish
Okay sir. Thanks.

Milind Sarwate

So on that base when I say 38 or 40, you need not multiply it by four because that may not be sound …

Janish
Yeah, that is right.

Milind Sarwate

You asked about rural and urban, right? That was your third question. Now, typically the kind of products that we sell, we are largely an urban company, our products appeal more to the urban class and hence we do not focus on rural like many of the other FMCGs might be doing. Having said that, the boundaries between the rural and urban in the country are coming down, because we have now almost a common media all over the country. The means of communication have changed the way as to how people look at products. So, the urban rural divide is becoming less and less relevant, except that there are additional costs of selling in the rural areas. We are particularly not focusing on rural in a big way, but wherever we already have as a franchise, we are continuing to exploit that. About one-fourth of our turnover would come from areas, which you can call as rural.

Janish
Okay. Thank you sir.

Anand

Gaurav, Anand here. We may take one last question.

Moderator

Sir, currently there are no participants in the row.

Anand

Yeah, fine. I would like to handover to Milind Sarwate for final concluding remarks.

Milind Sarwate

First of all I would like to thank all the participants for logging on and for asking all these questions. I have one request from all the participants. We have been now holding these conference calls after every quarter results are declared. If any of you have any suggestions to us for making this process even better from an analyst's angle, please do tell us. You will find our email ID's in the information update, so you could send us an email.

To sum up on the company's performance, I feel that by sustaining the focus on improvement of margins and overall establishment in new categories, Marico is now more of a beauty and wellness company than an oil company it was about 8 or 10 years ago. We believe that we have attempted to change the margin profile of the company for good and the results of that have shown in this quarter's performance. We have also positioned the company as a strong growth-oriented company manifesting in the acquisition of 4 brands last year and continued efforts for inorganic growth this year. We hope that our plans continue to fructify as they have done last year and in the first quarter; and if we do that we will continue to extend our record of consistent quarter-over-quarter growth and that I think would be welcome by our shareholders. Thanks a lot and see you next quarter conference call.

Anand

Thanks Milind. On behalf of ICICI Securities, I would like to thank the management of Marico, Milind especially, and all the participants in the conference call. Thanks.

Milind Sarwate

Thanks Anand.

Moderator

Ladies and gentlemen, thank you for choosing WebEx conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.