Marico – An Information Update for Q2FY11
(Quarter ended September 30, 2010)

Group Turnover	**Rs**	**~ 779 Cr. Up ~13 %**
Profit Before Tax	**Rs.**	**~ 86 Cr. Up ~14 %**
Net Profit	**Rs .**	**~ 72 Cr. Up ~15%**

Marico achieved a turnover of Rs 779 crore during Q2FY11, a growth of 12.6% over Q2FY10. The volume growth underlying this revenue growth was healthy at ~15%. FY10 had witnessed deflation in key input prices and the company had passed a part of this on to the consumers only during H2FY10. The realizations in H1FY11 thus still have the higher base of H1FY10 for comparisons. Value growth during Q2FY11 is therefore lower than the volume growth. With the recent firming of input prices the company took price increases in the latter part of Q2FY11 in select SKUs. The full impact of these price increases will flow in from Q3FY11 leading to an inflationary impact on the top line.

Profit after tax (PAT) for Q2FY11 was Rs 72 crore, a growth of ~15% over Q2FY10.

Over the years, Marico has focused on sustainable profitable growth. In Q2FY11, Marico completed an uninterrupted 10 year period during which it recorded Y-o-Y revenue growth in each quarter. For Net Profits, the track record extends to 11 years. Q2FY11 is in Y-o-Y terms, the:

- 40^{th} consecutive Quarter of growth in Turnover and
- 44^{th} consecutive Quarter of growth in Profits

At its meeting held on October 26, 2010, the Board of Marico Limited, declared a first interim dividend of 30% on its equity share capital of ~ Rs. 61 Crore.

Marico's Investor Relations efforts are co-ordinated by

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Consumer Products Business - India:

Parachute & Nihar

The momentum that picked up in Marico's flagship brand Parachute, during Q1FY11 continued into Q2FY11. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by ~10% in volume as compared to Q2FY10.

Copra the raw material for coconut oil had witnessed a significant fall in prices in during FY10, particularly in Q2FY10 and Q3FY10. From this low base there has been a steep rise in copra prices. Average copra prices during Q2FY11 were higher than in Q2FY10 by ~26%. Part of this price increase can be attributed to rise in the global Palm oil table. (While pure coconut oil is the preferred cooking medium in parts of the country, it may be substituted with palm kernel oil when palm kernel oil prices remain at a normal discount to coconut oil. When palm kernel rises to close the gap, consumers may switch to coconut oil thus increasing its demand and consequently the market rates). Even though there isn't any significant decrease in the copra crop this year (being a plantation crop, palms continue to bear fruit each year), abnormal rainfall pattern in South India reduced the number of sunny days available to those copra convertors who are dependent on sun drying, leading to a temporary shortage in supplies and consequently fuelling a price rise.

The company increased the prices of select packs of Parachute in the month of August 2010. The weighted average price increase was ~5% which roughly compensates for a ~10% increase in input costs. However with a further rise in Copra prices the Company is in the process of taking another round of price increases to the tune of 7-8%.

The input cost increase in recent months has been rapid and implementation of price increases owing to pipeline stocks has not kept pace. Moreover while implementing price changes, the Company prefers to take a 5-6 month view of likely input price movements rather than make frequent retail price changes on the brand. There may thus be a temporary squeeze in the margins. The company endeavors to maintain the price point of its "recruiter packs" such as 20 ml and 50ml so as to continue to upgrade loose oil users into packed and branded coconut oil and provide the potential for sustained growth in the Parachute franchise over the medium term. The recent run up in copra prices however may necessitate a price increase in these packs as well while keeping the premium over loose oil at acceptable levels.

The focus part of Parachute's portfolio is the rigid packs. The non-focus component, predominantly flexi (pouch) packs with lower margins than rigids, comprises ~25% of Parachute sales in volume terms. This non-core part of the portfolio did not experience growth in volume over Q2FY10. Consequently the volume growth for Parachute Coconut oil as a whole was ~6%.

Parachute's volume market share during the 12 months ended August'10 was ~46%. Together with Nihar and Oil of Malabar, Marico's volume share in the Rs 1900 crore branded coconut oil segment in India was ~53%.

On June 3, 2009 (Q1FY10), the Central Board of Excise & Customs (CBEC) issued a circular wherein it classified coconut oil packed in container size up to 200 ml as hair oil, which is chargeable to excise duty at 10.3% (less abatement of 35%) on MRP with effect from the date of the circular. The company had filed writ petitions with the High Courts and believes it has a strong legal case on merits. The company continues to clear all coconut oil from its factories without payment of excise duty. The matter is currently sub-judice and it could take some time for it to resolve completely. Pending such outcome, as a matter of abundant caution, the company had decided to make a provision for the excise duty on packs up to 200 ml, to the extent of 75% of the duty payable in the unlikely event that the decision goes against the coconut oil manufacturers. There has not been any material development in the matter in Q2FY11 and therefore the Company continues to provide for 75% of duty payable on coconut oil packs of upto 200 ml. The provision for this quarter is Rs 8.2 crore (Q2FY10 Rs 12.4 crore). The provision made during FY10 was Rs 29.4 crore. The cumulative provision carried in the company's books as of September 30, 2010 is Rs 46.4 crore.

Saffola

Marico's second flagship brand, Saffola, continues to ride the trend in increasing concern around health and heart health in India. A new theme advertisement was launched in May 2010 based on the insight that fatigue due to a weak heart could lead to life not being lived to the fullest. Backed by the continued support of this campaign in Q2FY11, the Saffola refined oils franchise recorded a strong volume growth of ~18% over Q2FY10. The higher volumes are expected to increase the customer base for Saffola as the brand has a high retention rate. Saffola maintained its leadership position in the super premium refined edible oils market with a market share of ~51%during the 12 months ended September 2010.

Prices for two of Saffola's key inputs safflower oil and rice bran oil showed a ~6% decline and ~23% increase respectively over the corresponding quarter in the previous year. The Company has taken price increases in select packs to cover for this cost push.

In the longer term, Saffola would like to establish itself as a leading healthy lifestyle brand. It has commenced its journey in the foods space and in the long term plans to have a basket of offerings that provides healthy food options throughout the day. During Q4FY10, Saffola Arise was launched across key Saffola markets at an invitational price supported by insightful advertising. The performance so far has been encouraging with the West & South India markets where short grain rice is common showing better results. Repeat purchases of Saffola Arise are taking place and the brand is also receiving the support of influencers such as nutritionists. The packaged rice market in India is ~Rs 400 Cr and is growing at over 20%. With its innovative health positioning the company hopes to create a sizable franchise for itself over the next two to three years.

In line with its strategy to establish itself as a leading lifestyle brand, Saffola introduced Saffola Oats in the month of June 2010. The product is being prototyped primarily in the Modern Trade format in select cities across India. Based on the initial response in Modern Trade the Company is implementing a selective roll out in general trade in select markets. The Oats market in India is ~ Rs 120-140 crore and is growing at a healthy rate of ~40%. The nascent market and healthy trend provides room for all players to participate in this category growth and Saffola expects to create a sizeable franchise for itself over the next two to three years. Saffola Oats packs are accompanied with recipes that provide interesting options for a variety of "Indian" preparations. This enables the consumer to "do more with oats" and is expected to give the brand even better traction.

Hair Oils

Marico offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs in the Rs 2600 crore branded hair oils market. Hair oiling remains a deeply ingrained hair conditioning habit on the Indian sub-continent. With rising incomes in India there has been an opportunity to serve consumers looking for value added options to their hair oiling needs.

During the quarter, all Marico's hair oils brands recorded healthy growth. The company's hair oils portfolio in rigid packs grew by ~14% over Q2 FY10. Some of the pre-festive sales that are included in last year's Q2 base and are expected to take place only in Q3 in FY11. The growth would have been higher had this shift in Q3 not occurred.

Marico's hair oils franchise had a volume market share of ~22% during the 12 months ended August 2010. The share has grown from about ~ 17% about 4 years ago. There has been a 140 basis points gain in the market share in H1FY11 over the same period last year. This has been achieved through providing consumers with specific solutions, product innovation, packaging restaging and continued media support in some of the brands and penetrative pricing action in others.

The new thematic campaign "khoobsurat hai badhna" ("Growing is beautiful") for the brand Parachute Advansed Hair Oil was launched in July 2010. It leverages Marico's research that regular hair oiling can facilitate better hair growth. The company has also done research that evidences that Parachute Advansed has other distinct benefits for hair health such as reduction in protein loss from hair, improvement of hair strength and reduction in hair loss owing to breakage. Coconut hair oil also serves as an excellent pre-conditioner and protects hair from day to day damage. The company believes that educating consumers about the benefits of hair oiling will encourage continuance of a well entrenched habit.

Parachute Therapie a coconut oil based hair vitalizer that heals damaged roots and controls hair fall was relaunched in October 2009 in a 100 ml pack size at a price point of Rs 99. This has provided the brand with renewed traction. Extensive research has helped formulate an efficacious product based on natural ingredients. 89% consumers showed a reduction in hair fall.

With the objective of generating trials and expanding its base, Shanti Badam Amla, which comprises a relatively small part of Marico's hair oils portfolio, commenced an aggressive price off this calendar year. The market share in the Amla category on MAT August 2010 is ~11% and touching ~15% in August 2010. It is hoped that most of the trialists will remain with the brand.

The company plans to increase its participation in the hair oils category by entering the cooling oils segment which is estimated to be ~18% of the Hair oils market in volume terms. It is currently prototyping two differentiated cooling oil variants - Nihar Naturals Coconut Cooling Oil in Bihar and Parachute Advansed Coconut Cooling Oil in Andhra Pradesh which is meeting action standards. Having achieved a market share of ~8% in Andhra Pradesh during the prototype period, the brand footprint has been extended to two more Southern states - Tamil Nadu and Karnataka during September-October 2010.

Being a coconut oil based cooling oil, Parachute Advansed has a differentiated proposition in the cooling oil sub-segment. The brand is available in 3 ml sachet and 200 ml bottle priced at Re 1 and Rs 80 respectively. These are at par with the market leader.

During Q2FY11, the Company started prototyping Parachute Advansed Ayurvedic Hair oil for Hair fall control in Tamil Nadu. The market size is ~ Rs 235 cr growing at a healthy rate of ~19%. The company will continue to innovate and expand the basket of products offering specificity to consumers thus promoting incremental usage. The product is priced at Rs 35 for 100 ml and Rs 66 for 200 ml. We expect to get early indications of a response during Q3FY11.

Distribution:
Over the last few years rural incomes have been on the rise leading to higher consumption in the rural markets. Improved infrastructure and increased media reach has facilitated better coverage. In an attempt to tap this opportunity the company began to focus on expanding its distribution network through direct coverage of retail outlets in rural markets in select states. This has begun to yield early results. The company's rural sales have grown at ~13% during Q2FY11. Over the last two years or so, the company's direct retail reach has increased by about ~15% to ~750,000 outlets. In the medium to long term, the company will focus on both expansion of its rural reach and also the introduction of products and SKUs more amenable to the rural markets**.**

International FMCG Business

Marico's International FMCG business (its key geographical constituents being Bangladesh, MENA (Middle East and North Africa) and South Africa) now comprises ~23% of the Marico Group's turnover. The company's international business continued to grow handsomely in Q2FY11 registering a ~23% top line growth over Q2FY10 driven by ~18% volume growth and ~5% price led growth. However the overall reported growth is 18% taking into account a 5% impact of exchange rate fluctuations attributed to appreciation of the Indian Rupee.

Bangladesh
In Bangladesh, Parachute continues to focus its efforts on expanding the market through driving conversions from loose oil to packed oil. Its market leadership position has strengthened further and it now commands a volume share of ~76% during the 12 months ended August 2010 with shares in recent months going upto ~79%. Even as Marico continues to expand the Parachute franchise in Bangladesh it will complement this growth with that of other products by leveraging the extensive distribution network created by Parachute. Over the last 18 months Hair Code hair dye has been able to establish itself as a clear number 2 brand with a share of over 20%. Adding to its portfolio in the Bangladesh market, the company made a foray into the refined edible oil segment with the launch of Saffola in Q1FY11. The initial response is positive. With these initiatives, it is expected that the company can continue to clock a healthy growth rate in Bangladesh in the near term.

MENA (Middle East and North Africa)
Parachute Cream and Parachute Gold hair oil experienced healthy growths as compared to the corresponding quarter in the previous year. In the GCC (Gulf Cooperation Council) countries, Parachute cream maintained its market leadership position with a market share of ~27 % during the 12 months ended August 2010.

The performance of Parachute Therapie launched in the Middle East in Q1FY11 is in line with expectations. The launch is supported by ATL and BTL campaigns aimed at driving trials and building a user base.

Marico's business in Egypt comprising the hair gel and hair cream brands Hair Code and Fiancée continued to turn in healthy growths and maintained its market share of ~57%. As a part of Company's strategy to unlock portfolio synergies Parachute Gold hair oil was launched in Egypt during Q4FY10 and Parachute Hair Cream in Q1FY11. Launch of products under the Brand Hair code in the Middle East is in progress.

The new plant that was set up to exclusively manufacture the Parachute range of products for supplies to the MENA region has stabilized and is now fully operational. This is a key initiative for improving the operating margins of International Business Group going forward.

South Africa

The South African business continued to build on the momentum gained last year in Q2FY11 as well. The business achieved ~ 31% growth during Q2FY11 over the same quarter in the previous year. All the brands Caivil, Black Chic and Hercules performed in line with expectations.

During Q2FY11, the Company acquired the OTC healthcare **Ingwe** brand from Guideline Trading Company, South Africa. It complements the existing healthcare portfolio of Marico South Africa and strengthens access to the "independent trade" channel. This also serves as an effective bolt-on acquisition to the existing South African business. Integration of the brand with the existing business is progressing as per the plan.

Skin Care Solutions:

During Q2FY11, Kaya's skin solutions business recorded a revenue growth of 28% over Q2FY10, boosted by the acquisition of Derma Rx in May 2010. It achieved a turnover if Rs 62.4 crore. The acquisition also helped the Kaya business to post a PBT of Rs 0.85 crore in Q2FY11.

The revenue growth over Q2FY10 before Derma Rx was ~2%. The business had achieved a sequential quarter growth of 1% in Q1FY11. In Q2FY11, despite the closure of 6 clinics in Q1FY11 business continued to grow sequentially and recorded a growth of ~9% over Q1FY11. This was record a turnover posted by Kaya (excluding Derma Rx) since inception. On a same clinic basis however, there was a decline in revenue by ~3%. During Q2FY11, the Kaya business (excluding Derma Rx) incurred a loss of Rs ~ 3.5 crore, down from a loss of Rs 6.25 crore in Q1FY11.

Kaya business in India delivered double digit sequential quarter growth in Q2FY11. This was aided by the consumer promotions offered to invite customers to the clinics to experience Kaya. This promotion was designed to act as a traffic builder at a price point of Rs 990 for a single session of Everyday Radiance/ Aqua Radiance along with easy upgradable offers. It was backed by advertising on Radio & Press as well as robust Digital & CRM plans. The change in media strategy from TV to Radio & Press has resulted in better utilization of resources and sharper communication focus. Kaya will continue to use consumer promotions in future in the form of Loyalty and Referral offers to name a few.

On a same clinic basis, however, there is a decline of ~6% in India (This compares with a peak decline of ~13% in Q4FY10).

The Company was working on introducing the Derma Rx products in India and the Middle East to unlock portfolio synergies. Some of the Derma Rx products have been introduced in India in Q3FY11 and some more will be introduced in a phased manner. Derma Rx products will also be introduced in the Middle East by Q4FY11. We believe that introduction of these products makes the range of products at Kaya more complete. These products will set a new standard for Acne and Pigmentation management and enable us to offer to our customers a holistic skin care solution. Higher product sales will be able to generate more through-put from the clinics and help improve their ROCE. We intend to increase the overall share of products in Kaya's top line from the current ~ 13% to ~20% in the next 2 years.

During FY11, while Kaya plans to add 4-6 clinics in the Middle East, it is unlikely to open any new clinics in India. During Q2FY11 one clinic each was opened in Middle East and Bangladesh.

Kaya endeavors to maximize access to its guests by relocating to more convenient locations. In order to improve business performance Kaya will continue to review the clinics that are not profitable and do not have long term potential to be profitable. Kaya now offers its technology led cosmetic dermatological services through 101 clinics: 81 in India across 26 cities, 14 in the Middle East and 2 in Bangladesh in addition to the 4 clinics and medispas in Singapore and Malaysia through Derma Rx.

OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	Q2FY11	Q2FY10
Material Cost (Raw + Packaging)	49.8	47.3
Advertising & Sales Promotion (ASP)	12.2	13.4
Personnel Costs	7.5	7.3
Other Expenses	17.8	18.3
PBDIT margins	12.9	13.8
Gross Margins (PBDIT before ASP)	24.9	27.2

Notes:

1. The quarter witnessed steep inflation in prices of input materials. Market prices of Copra, the input for coconut oil, which accounts for about ~40% of the Group's raw material cost, was ~ 26% higher than in Q2 FY10. Prices of Rice Bran Oil and HDPE were higher by ~23% and ~5% compared to corresponding quarter in the last year. There was however a reduction in prices of Safflower oil by ~6% compared to Q2FY10.
2. Other expenses for Q2FY11 include provision for excise duty on coconut oil packed in container size upto 200 ml amounting to Rs 8.2 cr (Q2FY10 Rs 12.4 cr). It also includes a credit for Sales tax refund receivable of Rs 4.4 cr for earlier years arising pursuant to the orders passed during the period. (Please refer to Note 5 and 10 to the Consolidated Financial Results for the period).

3. The detailed Financial Results and other related useful information are available on Marico's website – http://www.marico.com/investor_relations/latest_updates.html

CAPITAL UTILIZATION

Over the years, Marico has been maintaining a healthy Return on Capital Employed (ROCE). Given below is a snapshot of various capital efficiency ratios for Marico:

Ratio	**Q2FY11**	**Q2FY10**
Return on Capital Employed - Marico Group	 30.3%	 34.4%
Return on Net Worth – (Group)	36.9%	45.8%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital Turnover (Days)	 23 49 55	 21 51 56
Debt: Equity (Group)	0.56	0.73
Finance Costs to Turnover (%) (Group)	0.83	0.79

* Turnover Ratios calculated on the basis of average balances

1. The debtor's turnover has increased partly on account of the international business constituting a larger share of turnover. The market norms from debtors in the international business are higher than in India.
2. As of September 30, 2010 the Marico Group had a net debt of Rs 207 Crore (Gross Rs. 403 Crore). Of the gross debt about Rs. 187 Crore is denominated in US Dollars. About Rs. 158 Crore of the USD debt is repayable with in a year. The entire debt denominated in Indian Rupees is payable within a year. The average cost of the debt is about ~6 %. The company may roll over some of the loans when they fall due during the year. Marico has adequate cash flows to maintain healthy debt service coverage.
3. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
4. The company has a natural hedge to the extent of payables and receivables in foreign currency. The Company adopts a conservative policy for hedging the remaining portion of its foreign currency exposures using a mix of forwards, plain vanilla options. Foreign currency trade loans and imports are hedged immediately on contracting the same.
5. The Company is in compliance with Accounting Standard (AS) 30 – Financial Instruments: Recognition & Measurement issued by The Institute of Chartered Accountants of India. Accordingly the net unrealized gains or losses in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting are reflected in the 'Hedge Reserve Account'. The gain or loss arising on actual occurrence of the underlying transaction will get adjusted against the "Hedge Reserve Account

marico
be more. every day.

Capital Expenditure and Depreciation:

- During H1FY11, the Company has invested in capital expenditure to the tune of ~ Rs 200 crores. The key investments have been towards acquisition of Derma Rx, Ingwe and Edible Oils factory in Baddi commissioned in March 2010.
- Depreciation during Q2FY11 was Rs ~14 crore as compared to Rs ~18 crore during Q2FY10. The depreciation last year was higher on account of impairment of assets to the extent of Rs ~ 8.6 crore.

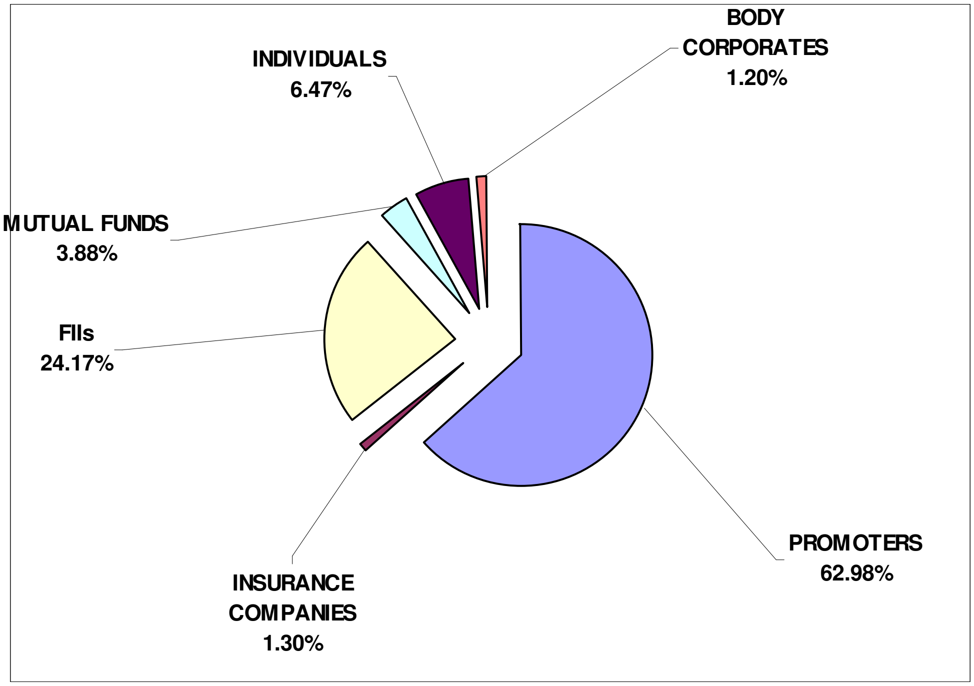
The company plans to invest a further ~Rs 40 crore in capital assets during H2FY11. Similarly the anticipated non-recurring capital expenditure in FY12 is Rs ~ 60 crore. This estimate excludes any potential acquisition opportunities. The Company's annual recurring capital expenditure is to the tune of Rs ~ 20 crore.

Effective Tax Rate:

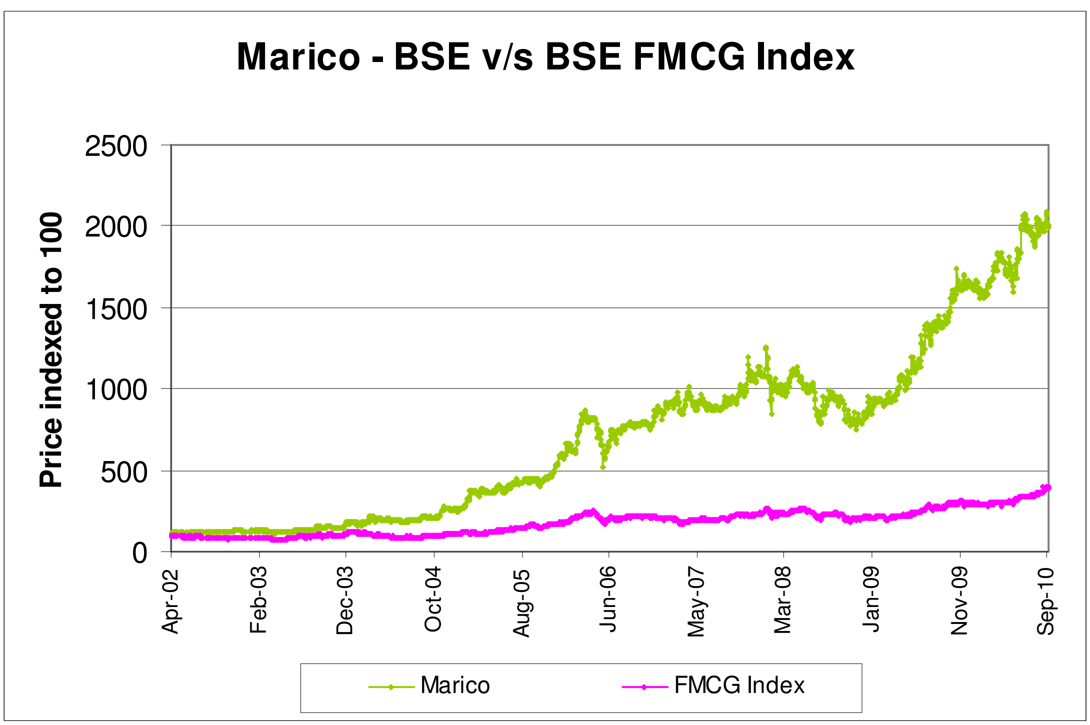
The total effective tax rate (as % of PBT) after considering MAT credit and deferred tax for Q2FY11 is ~15%. As a result of investing in manufacturing facilities in zones enjoying concessional tax rates and the share of International Business increasing in the Group, the Company expects to maintain the effective tax rate at ~16% for FY11. This could increase to ~20% in FY12 as the Pondicherry factory where Parachute Coconut Oil is manufactured will move out of the tax exemption period in FY12. The total effective tax for Q2FY11 reported in Standalone financials is ~4%. This is lower due to one time adjustments for MAT credit and credits for tax pertaining to earlier years. The normalized effective tax rate is ~10%

SHAREHOLDING PATTERN

The Shareholding pattern as on September 30, 2010 is as given in the graph below :



SHARE PERFORMANCE ON STOCK EXCHANGES



- Marico's long term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at Rs. 7726 on September 30, 2010. The average daily volume on BSE and NSE during Q2FY11 was about 33505 shares.

OUTLOOK

- **Fundamentals in place for organic volume growth in India – Secular growth story, rural markets, GDP growth**
- **New Product Pipeline being made robust – scalability a key objective**
- **Continued growth in International Business including in new geographies in Asia & Africa**
- **Kaya India showing early signs of recovery**

The consumer products business of the company expects to sustain overall volume growth and to improve value growth. Though there may be some increase in input costs from the low levels experienced in FY10, the company expects to be able pass most of these on to the consumer, given the strength of its brands. At the same time, in the medium term the company would like to focus on growing its brand franchise rather than increasing margins unduly. The Company believes that there is enough head room for growth in its categories With the rural markets growing faster than urban ones, the company has begun an initiative to focus on rural markets in order to drive deeper penetration for its existing products and also to create a basket of products more amenable to these markets. In coconut oils in India the company expects to grow by leading market expansion through its low unit size packs. In hair oils in India, Marico will focus on share gain through effective communications, and introduction of differentiated and innovative products and providing specificity to consumers. Saffola is riding a trend in healthy living being adopted by the Indian consumer. The brand expects to continue to expand its franchise in the premium refined edible oil niche. It will also extend its equity to healthy foods. Saffola Arise and Saffola Oats are the first two initiatives in this regard. The company will continue to prototype new product ideas to create new engines of growth for the future. Given the current size of Marico's consumer product business, the company will focus on new product initiatives with a potential more commensurate with its size.

In the International consumer products business, Marico will focus on growing the categories where it has dominant share -such as in coconut oil in Bangladesh and creams and gels in Egypt. In the Middle East it would work on maintaining the leader position in hair creams and in South Africa it would work on increasing share in key categories. The company has also commenced the process of expanding its distribution to neighboring countries from its hubs in the Middle East, Egypt and South Africa. This is expected to widen Marico's playing arena in West Asia and Africa in the medium to long term. The acquisition of Code 10 in Malaysia has marked Marico's entry into the South East Asian region. Integration is in line with plan and over time, this is expected to grow into a new pillar for growth for Marico's international business. Marico expects that its international business can clock a business growth of about 20% per annum over the next few years. It will also focus on improving its margins gradually to match current Company average. This is expected to be achieved through various supply chain initiatives and pricing.

Kaya skin business in India is showing early signs of recovery having posted sequential quarter growth for two consecutive quarters. In the short term therefore, the company plans to work on improving its revenue streams from the existing clinics in India and convert this sequential growth to year on year growth. It will continue to drive new clinic growth through expansion in the Middle East. It has taken Kaya longer to achieve profitability than the company had earlier anticipated. The longer term attractiveness of the business however remains intact and Kaya expects to deliver the targeted ROCE over the next 3 to 4 years.

Contents of the Update

This update covers the following:

1. Financial results and other developments during Q2FY11 for the Marico Group – Marico Limited and its subsidiaries - Kaya Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, CPF International (Pty) Limited, MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company SAE, Marico Egypt Industries Company SAE (erstwhile Pyramid for Modern Industries), Wind CO, Marico Malaysia Sdn. Bhd., Derma Rx International Aesthetics Pte. Ltd., The DRx Clinic Pte. Ltd., DRx Meditech Pte. Ltd., The DRx Medispa Pte. Ltd., DRx Investment Pte. Ltd. and DRx Aesthetics Sdn. Bhd.

2. A Profile containing basic/historical information on Marico.

We recommend that readers refer to the Marico Group financials to get a better appreciation of the business performance. A copy of the latest Annual Audited Financial Results of Marico Limited as also that of the Group is available on Marico's website

http://www.marico.com/investor_relations/annual_reports/Consolidated_Annual%20Report_2009-10.pdf

Disclosure Of Information, Communication With Investors / Analysts / Financial Community

Marico issues fresh information updates, like the one you are reading now; on the day it declares its Quarterly Financial Results. Some forward looking statements on projections, estimates, expectations, outlook etc. are included in such updates to help investors / analysts get a better comprehension of the Company's prospects and make informed investment decisions.

Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

All the aforesaid information is also available on Marico's Website: www.marico.com

In view of this, information contained in such updates is made public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 1992. Marico typically holds a general meeting with investors, analysts and other members of the financial community once a year, in April, apart from periodic meetings/ conference calls, from time to time, with individual members of the financial community.

Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products & Services in the Global Beauty and Wellness space. Marico's Products and Services in Hair care, Skin Care and Healthy Foods generated a Turnover of about Rs. 26.6 billion (about USD 600 Million) during 2009-10. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Derma Rx, Aromatic, Fiancée, HairCode, Caivil, Black Chic, Code 10 and Ingwe. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories- Coconut Oil, Hair Oils, Post wash hair care, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care etc. Marico is present in the Skin Care Solutions segment through Kaya Skin Clinics (81 in India, The Middle East, Bangladesh, Singapore and Malaysia).

Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South Africa and Malaysia. The Overseas Sales franchise of Marico's Consumer Products (whether as exports from India or as local operations in a foreign country) is one of the largest amongst Indian Companies and is entirely in branded products and services.

Marico's own manufacturing facilities in India are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman and Poanta Sahib, Baddi and supported by subcontracting units. Marico's wholly owned subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries), and Marico South Africa Pty Ltd. have their manufacturing facilities at Mouchak, near Gazipur in Bangladesh, 6th October City, Egypt, Salheya City, Egypt, Sadaat City, Egypt and Mobeni in Durban, South Africa respectively.

Marico was incorporated in 1988 and during 1990 took over the then 40-year old consumer products business of The Bombay Oil Industries Limited. It made its initial public offer for equity shares in March 1996. Given below is an overview of Marico's market standing.

Brands	Category	Indicative Market Share range %	Rank
Parachute, Oil Of Malabar, Nihar	Coconut Oil	51-53	1
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Shanti Badam Amla, Nihar)	Hair Oils	20-22	2
Mediker	Anti Lice Treatment	~ 90	1
Revive	Fabric Starch	~ 80	1

Source: A.C.Neilsen Urban Retail Market Research and Company Sources

Marico's frontline brands have shown remarkable resilience against competition - refer the market share statistics given below:

Brands	Category	1992 (%)	Now (%)
Parachute, Oil Of Malabar, Nihar	Coconut Oil	48-49	51-53
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Shanti Badam Amla, Nihar)	Hair Oils	_	20-22

Source: A.C.Neilsen Urban Retail Market Research and Company Sources

Marico has consistently sought to broadbase its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass and contribute 11% to the group business. In the process, Marico's dependence on Parachute has consistently been reducing. From a share in the range of 70% - 75% in early 90's, Parachute in India today contributes about 30% to the top line of Marico. Its share in profits too has come down.

Reach

Marico procures one out of every 13 coconuts produced in India. Marico sells over 7 Crore (70 Mio) packs to around 13 Crore (130 Mio) people every month. Marico's products reach around 2.3 Crore (23 Mio) households through over 33 Lac (3.3 Mio) retail outlets serviced by its nation-wide distribution network comprising 4 Regional offices, 32 carrying & forwarding agents (CFAs) and about 3600 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 20,000.

The table below provides an indicative summary of Marico's Distribution Network in India.

	Urban	**Rural**
Sales Territories	135	35
Towns Covered ('000's)	3.2	11.0
Distributors	850	-
Super Distributors	-	120
Stockists	-	3,600

In Bangladesh, Marico reaches over 370,000 outlets.

Skin Care Solutions

Marico entered the skin care solutions business through Kaya Skin Clinics offering a range of highly effective and safe services based on cosmetic dermatological procedures and products. Services offered at Kaya use US FDA approved technology and have been specifically customized for Indian skin. In-clinic dermatologists recommend a personalized series of treatments. The chain of Kaya clinics (all company owned) is now 97 strong, spread across 26 cities in India and a presence in the Middle East, Bangladesh, Singapore and Malaysia. Its customer base is now more than 600,000.

marico
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Financial Highlights

Marico has maintained a steady top line and bottom line growth over the past decade with a consistently healthy Operating Return on Capital Employed (ROCE).

Particulars (Rs crores)	FY 06	FY 07	FY 08	FY 09	FY 10	CAGR %
Sales & Services	1,144	1,557	1,905	2,388	2,661	21
Profit Before Tax	98	150	205	230	298	32
Net Profit (PAT)	87	113	169	189	232	27
Earnings per Share - Annualised (Rs)*	1.5	1.9	2.8	3.1	3.8	26
Book Value per Share (Rs)*	4.5	3.2	5.2	7.4	10.7	
Net Worth	261	192	315	453	654	
EBITDA%	12.6%	12.7%	12.9%	12.7%	14.1%	
ROCE %	26	36	42	35	34	

* For a meaningful comparison of EPS and Book Value, the numbers for the previous years have been re-computed taking into account sub-division of equity shares to a face value of Re 1 per share.

Business Model and Organization

Marico's business model is based on focused growth across all its brands and territories driven by continuously improving value propositions to consumers, market expansion and widening of retail reach. Marico aims to be the leader in each of the businesses; by heightened sensitivity to consumer needs, setting new standards in the delivery and quality of products and services through processes of continuous learning and improvement. The model ensures that Marico is present in unique / ethnic Indian Product or Services categories where typical MNCs would not be strong. Therefore, Marico does not, unlike many other Indian FMCG Companies, get caught in MNC cross fires.