Marico - Information Update for FY10

(Financial Year ended March 31, 2010)

Group Turnover	**Rs. ~**	**2661 Cr.**	**Up 11 %**
Profit Before Tax	**Rs. ~**	**298 Cr.**	**Up 30 %**
Net Profit	**Rs. ~**	**232 Cr.**	**Up 23%**

Marico –Profitable Growth Sustained

Marico achieved a turnover of Rs 2661 Cr during FY10, a growth of 11.4% over FY09. The volume growth underlying this revenue growth was healthy at 14%. The value growth was lower owing to deflation in some of the company's key input materials part of which the company chose to pass on to the consumer in order to expand its consumer franchise. During Q4FY10, the company achieved revenue of Rs 602.6 Cr, a growth of 6.5% over Q4FY09. Volume growth during the quarter was however higher at 14%.

Profit after tax (PAT) for FY10 was 232 Cr, a growth of 23% over FY09. These results include the following items that are not strictly comparable with FY09:

- A provision of Rs 29.4 Cr towards excise duty on dispatches of coconut oil in packs up to 200 ml, made by the Company on conservative principles.
- One time loss of Rs 4 Cr arising out of divestment of equity interest in Sundari LLC.
- A provision for Rs. 5.7 Cr made in respect of the withdrawal of the Kaya Life prototype by Kaya Limited

If these items were to be ignored, the PAT for the year would have been higher at Rs. 264 crore, 42% higher than in FY09.

The Profit after tax (PAT) during Q4FY10 stood at Rs 51 Cr, a growth of 15% over Q4FY09. The PAT growth before the exceptional items mentioned above that pertain to the quarter was 37%

Marico has kept up its track record of quarterly growth. Q4FY10 is in Y-o-Y terms, the:

- 38th consecutive Quarter of growth in Turnover and
- 42nd consecutive Quarter of growth in Profits

The Board of Directors of Marico Limited at its meeting on April 28, 2010 declared a second interim dividend of 36% on its equity share capital of Rs. 60.9 Crore.

Marico's Investor Relations efforts are co-ordinated by

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Consumer Products Business - India:

Parachute & Nihar

Parachute, Marico's flagship brand, continued to expand its franchise during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by over 10% in volume as compared to FY09. Similarly Nihar in rigid packs grew at about 9% in volume terms.

The year experienced a decline in copra (dried coconut kernel – the raw material input for coconut oil) prices, after a year of high prices in FY09. Average copra prices during FY10 were lower than in FY09 by 20%. This decline resulted in the premium of Parachute to loose coconut oils to expand significantly and had some impact on the rate of conversion from loose oil to packed oil. Lower prices also attracted more local players in the category. Softening of rural demand in the FMCG sector during the second half of the year especially in the basic high penetration categories due to high food inflation added to the pressure. As the company had begun observing a slow down in the "recruiter packs", it took pricing action to pass on part of the value to consumers of rigid packs – the more profitable part of its coconut oil franchise. It reduced the retail price of Parachute's 50 ml pack from Rs 12 to Rs 10 in November '09. In addition it initiated a reduction in the price of its 100 ml pack from Rs 21 to Rs 20 in January '10. The company also increased the price of the 200ml pack from Rs 39 to Rs 40 as it believes that the brand's equity has the ability to pass this on at the higher price points.

Volume growth has since accelerated and during Q4FY10 Parachute coconut oil in rigid packs grew by about 10% in volume terms over Q4FY09. Copra prices during the quarter were about 9% lower than in the corresponding quarter in the previous year.

The focus part of Parachute's portfolio is the rigid packs – the ubiquitous blue coconut oil bottle. The non-focus component, predominantly flexi (pouch) packs with lower margins than rigids, comprises about 25% of Parachute sales in volume terms. Being more sensitive to the premium over loose oil, this non-core part of the portfolio experienced a marginal decline in volume over FY09. Consequently the volume growth for Parachute Coconut oil as a whole was a little over 7%. In Nihar, where the component of non-core flexi packs is higher than in Parachute, the volume growth as a whole was marginal.

Parachute's volume share in the 12 months ended Febraury'10 was 42.9%. Together with Nihar and Oil of Malabar, Marico's share in the branded coconut oil segment in India was 53.3%.

During the year, the Central Board of Excise & Customs (CBEC) issued instructions vide a circular wherein it has classified coconut oil packed in container size up to 200 ml as hair oil, which is chargeable to excise duty with effect from the date of the circular that is June 3, 2009. The company has 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 has decided to make a provision for the excise duty on packs up to 200 ml, which the excise department has sought to classify as hair oil to the extent of 75% of the duty payable in the unlikely event that decision goes against the company. The provision for the year is Rs 29.4 Cr. During the first three quarters, the company had adopted an even more conservative approach of providing 100% of the excise duty amount. In the management's judgment a provision of 75% of the amount is conservative enough. Consequently, during Q4FY10, the provision on account of this excise duty amount is Rs 1.15 Cr. *(Please refer to note 5 to the Consolidated Financial Results to the year ended March 31, 2010)*.

Saffola

Marico's second flagship brand, Saffola, is positioned strongly on the "good for the heart" platform and rides the trend increasing concern around health and heart health in India. With the increasing awareness about health and a healthy lifestyle, Saffola has been able to steadily increase the number of households in which it is used. During FY10, Saffola refined oils recorded a strong volume growth of 16% over FY09.

FY10 saw a decline in the edible oil table following the sharp upward movement during the first part of FY09. Input prices for Saffola and particularly that of Safflower oil remained lower than those in the previous year by about 22%. The brand passed on a part of this to consumers using a strategic mix of promotions and price reductions across select packs during the year to keep the premium over other branded refined edible oils at sustainable levels. This was supported by a media campaign and other marketing efforts. The higher volumes are expected to increase the customer base for Saffola as the brand has a high retention rate. The households buying Saffola has steadily increased with the number of households estimated to have gone up by over 12% during FY10. During Q4FY10, the refined edible oils franchise of Saffola grew by about 13% as compared to the corresponding period in the previous year. The Saffola refined oil franchise continues to hold its market leadership position in the super premium ROCP (Refined Oil in Consumer Packs) segment.

In the longer term, Saffola would like to establish itself as a leading healthy lifestyle brand. It has commenced its journey in the functional foods space and in the long term plans to have a basket of offerings that provides healthy food options throughout the day to individuals conscious about heart health. During Q4FY09, Saffola Arise, rice that keeps you feeling light after eating, yet keeps you fuller for longer, was launched across key Saffola markets at invitational pricing and has been supported by insightful advertising. The initial performance has been in line with expectations. The packaged rice market in India is about Rs 400 Cr and is growing at high rate (over 20%), especially in Modern Trade a channel in which Saffola Arise is doing well. With its health positioning the company hopes to create a sizable niche for itself over the next two to three years.

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. Its key brands participating in this Rs 2600 Cr market are Parachute Advansed coconut hair oil, Parachute Jasmine non sticky coconut hair oil, Nihar Naturals perfumed coconut hair oil, Hair & Care nourishing non sticky hair oil, Hair & Care Almond Gold (enriched with almond proteins) and Shanti Badam Amla hair oil (enriched with almond and amla (gooseberry) extracts). With rising incomes there has been an opportunity to serve consumers looking for value added options to their hair oiling needs. During the year, all Marico's hair oils brands recorded healthy growth and the portfolio as a whole grew by about 16% over FY09.

Marico's hair oils franchise had a volume market share of 21% during the 12 months ended Feb 2010. Over the last few months however, it has been gaining share reaching about 23% in Feb 2010. This has been achieved through packaging and communication restaging in some of the brands and penetrative pricing action in others. With the objective of generating trails and expanding its base, Shanti Badam Amla, which comprises a relatively small part of Marico's hair oils portfolio, ran an aggressive price off during Q4FY10. This has provided some traction to the brand and it is hoped that most of the consumers who try the new offering would remain with the brand. Marico backed its portfolio of hair oils with continued media support and consumer offers through Q4FY10. During the period its hair oils portfolio grew by about 27% in volume over Q4FY09.

Parachute Advansed Hot Oil, a new product that was launched during FY10, received an encouraging response from consumers. 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 below Rs 100. The response is in line with expectations.

The company plans to increase its participation in the hair oils category by entering the cooling oils segment. 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.

In order to build capacity for the future and to take advantage of fiscal benefits provided by the government for making manufacturing investments in certain designated territories, the company commissioned a new plant for hair oils and value added personal care products at Paonta Sahib in Himachal Pradesh. The unit is designed to optimize quality, cost and flexibility and is environmentally friendly. It entailed a capital expenditure of Rs 23Cr and is expected to take care of the company's growth aspirations in this segment for the next few years.

International FMCG Business

From a single digit share in FY05, about 23% of the group's turnover is now contributed by Marico's International FMCG business. Its key geographical presence is in Bangladesh, MENA (Middle East and North Africa) and South Africa. In January 2010, Marico established an entry into the South East Asian region through the acquisition of the hair styling brand Code 10 in Malaysia. During FY10, the company's international business crossed the Rs 600 crore mark in turnover, a growth of 36% over FY09. Much of this growth was derived from consumer franchise expansion – about 21%, accompanied by price led growth of 9%. An additional 6% growth was on account of favourable foreign exchange rates.

During Q4FY10 the business grew by about 16% over Q4FY09. The growth in Indian Rupee terms was partly deflated owing to the appreciation of the Indian Rupee. Business growth (excluding the currency movement) was higher at 22%.

In Bangladesh, Parachute continues to focus its efforts on increasing the size of the market through driving conversions from loose oil to packed oil. Its market leadership position has been strengthened further and it now commands a volume share of about 75%. Parachute has achieved the status of second most trusted brand in the country (Bangladesh Brand Forum 2009), a testimony to its brand equity. Riding upon the extensive distribution network created by Parachute in Bangladesh, Hair Code hair dye has been able to establish itself as the second largest hair dye brand in the country. A strong 360 degree media campaign with presence on TV, print and outdoor media as well in-salon activations and in-store visibility has helped in this achievement. The company now plans to extend a few more products from its India portfolio into the Bangladesh market over the next few quarters.

In the Middle East, both Parachute Cream and Parachute Gold hair oil experienced healthy growths as compared to the corresponding quarter in the previous year registering improvement in market shares. In the GCC (Gulf Cooperation Council) countries, Parachute cream enjoys a leadership market share of about 27%, while the Parachute hair oil franchise has improved its share to 28%.

Marico's business in Egypt comprising the hair cream and hair gel brands Fiancée and Hair Code achieved a growth of 19% during FY10. Most of the issues faced as part of the distribution transition in FY09 have been resolved and the business is back on track. Several promotional campaigns, including digital and viral marketing initiatives have helped improve the salience of the brands with the market share now standing at 57%. The company is experiencing some challenge in fighting counterfeiting especially in the sachet packs. This is being tackled through packaging innovations to contain the problem.

During Q4FY10, Marico launched Parachute Gold hair oil in Egypt and the initial response has been encouraging. Marico also made inroads into the neighboring geographies in the MENA region launching its products in Morocco and Sudan. In addition 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.

Despite a difficult macro economic situation in South Africa, impacted by the global downturn, Marico's business in ethnic hair care and health care through its portfolio of brands Caivil, Black Chic and Hercules performed well. All the brands registered healthy growths and Marico improved its market share in ethnic hair care by about 100 basis points. Caivil scalp protector, which was launched during Q3FY10, had a good start and is generating trials as desired. Hercules' Healthy Body Healthy Mind campaign following up on the flavoured castor oil launch has been received well.

Marico entered the Malaysian hair cream and hair gels market (sized at RM 150 million at consumer prices) through the acquisition of Code 10 from Colgate Palmolive in January 2010. Code 10 is the number 3 player behind Brylcreem and Gatsby and has a share of about 10%. As part of the understanding Marico was supported by Colgate-Palmolive Malaysia for distribution of the Code 10 range in the immediate term. Marico has now identified a distribution partner and is in the process of moving to handling its distribution independently. The integration is progressing as per plan. Marico expects that this acquisition will serve as a stepping stone to Marico's designs for the South East Asian region.

Over the year FY10, Marico's International FMCG began the process of taking some of its brands to other geographies. The Egyptian brand Hair Code for instance was launched in Bangladesh as a hair dye. Similarly, the company has now launched Hair Code Gel in select GCC markets and Parachute Therapie has been introduced in the Middle East in Q4FY10.

The operating margins of the business have been steadily improving over the years. The company has also taken structural initiatives to improve its margins in the International FMCG business. The new factory commissioned in Egypt in FY09 has gradually begun taking over the hair cream servicing needs of the Middle East region. Similarly backward integration initiatives in Bangladesh have helped to improve the cost structure. It is expected that the International business will catch up with the current company average margins over the next three years or so.

Kaya Skin Clinic

Kaya is the first organized player in the segment of cosmetic dermatology and now enjoys a large first mover advantage in the segment in India. During Q4FY10, Kaya opened its first clinic in Dhaka, Bangladesh. It now offers its technology led cosmetic dermatological services through 101 clinics: 87 in India across 27 cities and 13 in the Middle East in addition to the most recent one in Dhaka.

The company had ended FY09 with revenue of Rs. 116 Crore. Even though there was some deceleration of the rate of growth, the business in India achieved same store growth rates of around 11% during the second half of FY09. The company thus continued with its growth plans and opened 10 new clinics in Q1 FY10. Kaya also launched its “designer skin” advertising campaign and it was expected that the revenue growth would sustain.

However, as FY10 unfolded, greater clarity on consumer trends emerged. Kaya’s offering are in the nature of discretionary spends. Apart from the impact of the overall economic downturn, the Kaya skin business in India faced two adverse developments during the first half of FY10. The outbreak of swine flu, though temporary, led to a drop in customer appointments particularly in cities such as Pune and Bangalore where the incidence of the outbreak was more acute. The introduction of service tax in the Union Budget in an already unfavorable ambience made growth more challenging.

While there has been some improvement in the macro environment in the latter part of the year, Kaya continues to experience a decline in same clinic revenue (revenue from clinics that have been in existence for over a year) in India. Same clinic revenue decline during Q4FY10 was 13%. Kaya’s performance in the Middle East however, despite the turbulence in Dubai, has been good with the clinics registering a same clinic growth of 17%. Consequently, the same clinic growth for Kaya skin as a whole was a negative 5%. Kaya skin business achieved a revenue of Rs 182 Cr, a growth of 15% (including revenue from new clinic additions) and incurred a loss of Rs 12.25 Cr. The revenue and the loss during Q4FY10 were Rs 45 Cr and Rs 5.3 Cr respectively.

The company has identified declining customer retention and high skin practitioner attrition as two of the issues being faced by Kaya skin business in India. It has begun to put measures in place to improve upon these. Kaya Everyday Radiance, a new service launched in Q3FY10 seeks to attract customers on a more repetitive basis. Other packages to increase the life time value of a customer to Kaya are being initiated. These will include the introduction of more products in the Kaya portfolio. Today products constitute only about 13% of revenues for Kaya. Providing training on a larger suite of services to bring variety into the skin practitioner’s routine and also making the clinic leadership directly responsible for retaining team members is expected to bring down skin practitioner attrition levels over time.

During Q4 FY10, the management also reviewed all its existing clinic operations and decided to close down / relocate 7 skin clinics which did not hold long term potential, by June 2010. In the process, the company has estimated a closure cost of Rs. 2.1 Cr. This has been provided for in Q4FY10 accounts of Kaya.

Our overall experience with Kaya Skin care business has been encouraging. This is a fairly young business- only 7 years since its inception. We have already experienced, in a few accounting periods, profitability at both clinic level and regional level. Marico's belief in the Kaya Business model is therefore intact, especially as we perceive the long term opportunity in skin care solutions to be significant. We would of course aim to perfect the offering and overcome the challenges that the Indian Business is currently facing. During FY11, while Kaya plans to add 3-5 clinics in the Middle East it is unlikely to open any new clinics in India. The company expects Kaya Skin Clinic to achieve its targeted ROCE over the next 3 to 4 year period.

Kaya Life Prototype

Marico had launched the Kaya Life prototype to offer customers holistic weight management solutions. The prototype had reached a capacity of 5 centers, all in the city of Mumbai.

While clients had been experiencing effective results on both weight loss and inch loss, the prototype has had less than expected progress in building a sustainable business model, despite the passage of a reasonably long period of time. Marico has therefore decided to withdraw the Kaya Life prototype from the market. The net cost of the Kaya Life prototype during FY10 is estimated to be about Rs. 5.7 Cr. This has been provided for in Q4 FY10 in the books of account of Kaya and disclosed separately as exceptional item.

The prototype withdrawal has already been set in motion. This will enable Marico to reallocate the company's financial resources and management bandwidth to initiatives expected to have a better potential, such as Kaya Skin Clinics or Marico's consumer products businesses in India and overseas.

OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY10	FY09
Material Cost (Raw + Packaging)	47.4	53.5
Advertising & Sales Promotion (ASP)	13.2	10.2
Personnel Costs	7.2	6.9
Other Expenses	18.1	16.7
PBDIT margins	14.1	12.7
Gross Margins (PBDIT before ASP)	27.3	22.9

Notes:

1. The year witnessed decline in some key input commodity prices. Copra, the input for coconut oil, which accounts for about 40% of the company's raw material cost, was ~ 20% lower than in FY09. Similarly, market prices of safflower oil, comprising about 13% of the company's raw material cost, were about 22% lower than in the previous year.

2. Part of the higher gross margins were ploughed back to make higher investments ASP across the three businesses to support new product introductions such as Saffola Arise, & Parachute Advansed Cooling oil in India and Hair Code Dye in Bangladesh and in brand building efforts on established brands such as Saffola & Parachute Advansed in India and Parachute cream in the Middle East.
3. Other expenses as a % of sales were higher primarily due to provisions made for excise on coconut oil pack size upto 200 ml and higher rental expenses due to expansion of Kaya clinics & higher storage costs.
4. 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	**FY10**	**FY09**
Return on Capital Employed - Marico Group	 34.3%	 37.4%
Return on Net Worth – (Group)	41.8%	49.1%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital Turnover (Days)	 18 54 58	 16 46 45
Debt: Equity (Group)	0.67	0.88
Finance Costs to Turnover (%) (Group)	1.0%	1.5%

* Turnover Ratios calculated on the basis of average balances

1. The debtors 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. Inventory days have increased primarily due to strategic build up particularly in safflower and copra.

2. As of March 31, 2010 the Marico Group had a net debt of Rs 251 Crore (Gross Rs. 446 Crore). Of the gross debt about Rs 186 crore is denominated in US Dollars. About Rs 147 crore of the USD debt is repayable within a year. About Rs 229 crore debt denominated in Indian Rupees is payable within a year. The average cost of the debt is ~ 5.0 %. 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.

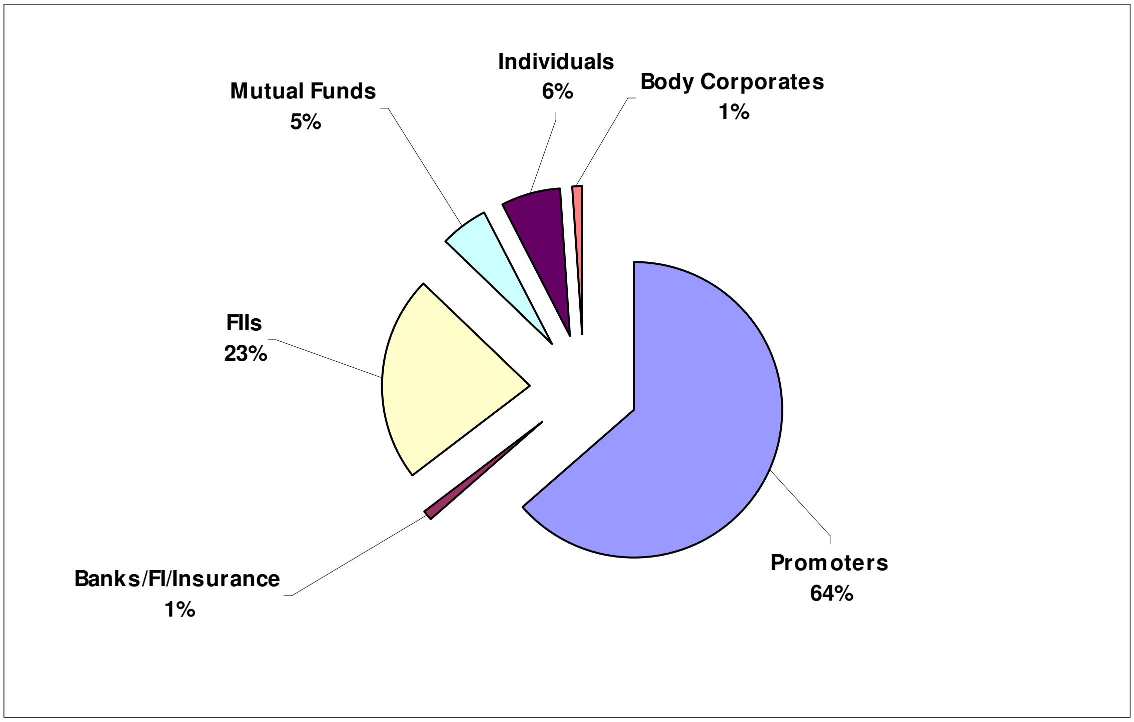
3. The Company adopts a conservative policy for hedging its foreign currency exposures using a mix of forwards, plain vanilla options and hedging on a net basis. Foreign currency trade loans and imports are hedged immediately on contracting the same. In Q4FY10, total realization for exports for Marico Limited was in excess of USD 6.6 million while import payments were about USD 3.3 million.

Effective Tax Rate:

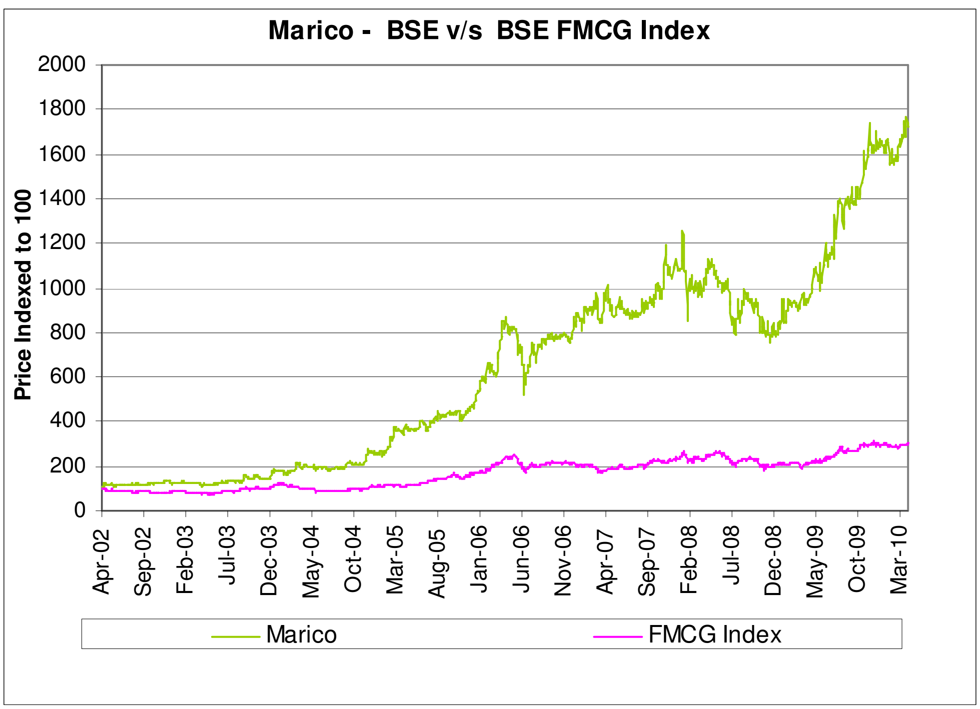
The total effective tax rate (as % of PBT) after considering adjustments for MAT credit and deferred tax for Q4FY10 is 18.4%. The total tax provision during the year FY10 is 21.6% and the company expects to maintain the effective tax rate at under 20% over the next two years.

SHAREHOLDING PATTERN

The Shareholding pattern as on March 31, 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. 6623 crore on March 31, 2010. The average daily volume on BSE and NSE during Q4FY10 was about 426,203 shares

During the year, Marico Bangladesh Ltd (MBL) was listed on the Dhaka and Chittagong Stock exchanges. The company made an initial public offer by issuing further equity shares at a price of BDT 90 per share (at a premium of BDT 80 per share). The issue was very well received. With this IPO Marico Limited's holding in MBL stands reduced to 90%. The MBL share price, closed the year at Taka 435.80, with a market capitalization of Taka 1388 cr, (~ Rs 900 Cr).

OUTLOOK

- **Sustained volume and value growth in consumer products (India & international)**
- **Consolidation in Kaya India and building scale in Kaya Middle East**
- **Sustained performance in group margins**
- **Continued investments for the future**

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 these on to the consumer and maintain its unit margin in the same band, 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. With the rural markets growing faster than urban ones, the company is planning 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 through holding the price point on low unit packs (Rs 10 and below). In hair oils in India, Marico will focus on share gain through effective communications and introduction of differentiated and innovative products. 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 good for heart equity to functional foods, the first of which, Saffola Arise rice has now been rolled out. 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 and 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. 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.

Over the past few quarters Kaya skin clinic have experienced a slow down in India, as discussed earlier in this note. In the short term therefore, the company plans to work on improving its revenue streams from the existing clinics in India. 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 Q4 FY10 for the Marico Group – Marico Limited and its subsidiaries / joint ventures - Marico Bangladesh Limited (MBL), MBL Industries Ltd. (MBLIL), Kaya Limited, Marico Middle East FZE, Kaya Middle East FZE, MEL Consumer Care SAE , Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Co , Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, CPF International (Pty) Limited and Marico Malaysia 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/Consol_Annual_Report_2008-09.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. 24 billion (about USD 480 Million) during 2008-09. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Aromatic, Fiancée, HairCode, Caivil and Black Chic. 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 (101 in India, The Middle East and Bangladesh) and its soap franchise (in India and Bangladesh).

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 are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman and Poanta Sahib 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

In recent years, 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 101 strong, spread across 27 cities in India and a presence in the Middle East and Bangladesh. Its customer base is now more than 500,000.

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	23
Profit Before Tax	98	150	205	230	298	32
Net Profit (PAT)	87	113	169	189	232	28
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	
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.