Executive Summary – FY12 Consolidated Results

FY12 Performance Highlights

Revenue from Operations	**INR 4008 Cr**	**Up**	**28 %**
Volume Growth	**17%**		
Net Profit	**INR 317 Cr**	**Up**	**11%**

In FY12, Marico closed another year of sustainable profitable growth. Revenue from Operations crossed the INR 4000 crore mark.

Adjustments to accounts that were made in Q4FY11 (sale of the brand Sweekar being one of them) led to an increase in profit base of Q4FY11 resulting in an optical de-growth of about 3% in profits during Q4FY12 on a y-o-y basis. Growth in profits in Q4FY12 after excluding the impact of these exceptional and non comparable items is about 9%. Similarly, these items also impact the growth in profits for the year as a whole. Profit growth for FY12 as compared to FY11 before considering impact of these exceptional items is about 25%. (Please refer to on Page 9 of this Information Update for details).

Marico continues to focus on expanding its consumer franchise as is evident from this year's performance. In the near term Marico will continue to prefer maintaining and expanding consumer franchise over margins.

Summary of growth during Q4FY12/FY12 across key categories/ Businesses

Categories/Businesses	Growth Q4FY12	Growth FY12
Group : Total	23%	28%
Group : Total / Organic Volume growth	17%/13%	17%/11%
Consumer Products Business (India)*	20%	37%
Parachute Coconut Oil (Rigid packs)	18%	37%
Coconut Oil	17%	38%
Value Added Hair Oils	31%	43%
Saffola (Refined edible oil)	11%	28%
International Business Group : Total	37%	30%
Kaya : (India + Middle East) (same store collection growth)	19%	15%

* Without including Sweekar in the base. (The Company had divested Sweekar in March 2011)

Market Shares (Volume) in Key Categories

Brand & Territory	MS%	Rank	Brand & Territory	MS%	Rank
Coconut Oils (India)	55%	1st	Parachute Coconut Oil (Bangladesh)	80%	1st
Saffola Oils - Premium ROCP (India)	58%	1st	*Hair Code Hair Dye (Bangladesh)	29%	1st
Hair Oils (India)	24%	2nd	*X-Men Men's Shampoo (Vietnam)	47%	1st
Kaya Skincare solutions (India)	35%+	1st	*Hair Code & Fiancée- Egypt	57%	1st

***Value market shares**

The Board of Directors of Marico Limited at its meeting held on May 3, 2012 declared a second interim dividend of 40% on its equity share capital of ~INR 61.5 Crore.

 For further information / clarification, contact Marico on Tel (91-22) 6648 0480, E-mail: investor@maricoindia.net

Mode of Issue of this update

We have issued this Information Update, first to the Stock Exchanges, posted it on Marico's website and then sent it to the financial community members who are on Marico's regular mailing list.

Marico Investor Relations Team

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Contents of this Update

1. Financial results and other developments during FY12 for the Marico Group - 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, 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., The DRx Medispa Pte. Ltd., DRx Investment Pte. Ltd. , DRx Aesthetics Sdn. Bhd, International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions, Thuan Phat Foodstuff Joint stock Company
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 (stand-alone and Consolidated) is available on Marico's website

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 holds periodic meetings/ conference calls, from time to time, with individual members of the financial community.

Consumer Products Business in India (CPB)

The Consumer Products Business in India (CPB) achieved a turnover of INR 2766 crore (USD 553 mio), a growth of about 37% over FY11 (excluding turnover from Sweekar which was divested in March 2011 from the base. If sales of Sweekar were to be included in the base the growth would be 26%). The Turnover growth reflected healthy demand and continued business momentum manifest in a volume growth of about 14% over FY11. The operating margin of CPB during FY12 was at 17.1%

The chief contributors towards this growth were:

- Equity of Marico's brands that provided sufficient pricing power
- Steady growth in the coconut oils market
- Share gain in value added hair oils
- Expansion in Saffola's franchise
- Performance of new products

The table below summarizes volume growths reported across segments during Q4FY12 and FY12.

Categories	Q4Fy12	Fy12
Consumer Products Business (India)	10.3%	14.1%
Parachute Coconut Oil (Rigid packs)	11.1%	11.1%
Coconut Oil	8.1%	8.8%
Value Added Hair Oils	17.5%	24.0%
Saffola (Refined Edible Oil)	3.3%	11.2%

Coconut Oil:

Parachute, Marico's flagship brand, recorded robust volume growth during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by about 11% in volume as compared to FY11. Marico has continued to drive conversion from loose oil usage to branded oil. Small packs helped to drive this growth. It is estimated that the loose market comprises about 40% of the coconut oil market in volume terms. This is expected to continue to be a source of growth in the medium term.

During FY12 Parachute improved its market share in the coconut oils segment by 130bps. The inflationary environment in the key input prices of coconut oil has kept the competition from the local/regional players relatively soft. However, during the last few weeks there has been a slight downward correction in the input prices which could see the return of competition from some of the local players.

During the 12 months ended March 2012, Marico's volume share represented by brands Parachute and Nihar in the approximately INR 2300 crore (USD 460 mio) branded coconut oil segment in India was circa 55.2% (FY11: 53.2%). Marico's share in coconut oil in the rural markets however is lower at 39%. This provides headroom for growth in rural through market share gains.

Saffola

The Saffola Oils franchise grew by about 11% in volume terms during FY12 compared to FY11. The brand has recorded healthy volume growth over several quarters indicating strong brand equity and a category tailwind. The volume growth during Q4FY12 was muted due to a planned reduction in promotional volumes by the company and a stock correction in the Canteen Stores Department (CSD) segment. Promotional quantity in Saffola was about 34% lower in FY12 as compared to FY11. We believe the low growth rate is a one quarter aberration.

Saffola has been, over recent years, leveraging the consumer trend of proactively managing a healthy lifestyle. Adopting Saffola is one of the shifts that consumers continue to make. The Saffola range of blended refined oils (available in four variants) operates in the premium niche of the refined edible oils market. Saffola refined oils are estimated to reach about 2.5 million households of the 21.4 million SEC A/B households in India. With rising awareness about heart health in the country, this provides significant headroom for growth. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 58.2% during the 12 months ended March 2012. (53.1% in FY11).

Saffola would, in the longer term, establish itself as a leading healthy lifestyle brand that offers healthy food options during all meals of the day. The Company has prioritized the breakfast space in the near term. Last year it entered the breakfast cereals market with the introduction of Saffola Oats which met with a favorable response with trials building rapidly. Encouraged by that, the company had commenced a prototype with Savory variants of Oats in Tamil Nadu and later extended it to Kerala. The Company has extended this prototype to other parts of South India during the quarter. Saffola has about 14% value market share in the Oats category and has emerged as the number two player in the category. Participation of various players in the Oats market is helping to fast forward the growth in this category.

The company will continue to innovate in the packaged food space and prototype new products in the near future.

Hair Oils

During the year, all Marico's hair oils brands recorded healthy growth. The company's hair oils in rigid packs volumes grew by about 24% over FY11.

Marico's hair oils franchise had achieved market share gains during FY11 and has continued to do so in FY12. There has been a positive shift of around 132 basis points in FY12 compared to FY11. Its volume market share during the 12 months ended March 2012 was about 24.1% up from 17% about 5 years ago. These market share gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value added hair oils category, continued media support in some of the brands and penetrative pricing action in others and expansion of Marico's retail reach in the rural markets.

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 approximately INR 3800 crore (USD 760 mio) branded hair oils market. Hair oiling remains a deeply ingrained hair conditioning habit on the Indian sub-continent. The Company has carried out scientific research and conducted successful clinical trials to establish the benefits that hair oiling provides to consumers. With rising incomes in India there exist increasing opportunities to serve consumers looking for value added options to their hair oiling needs. In recent times, it has been one of the fastest growing FMCG categories in the country.

The Company's aim is to participate in all the sub-segments and have a wider portfolio to drive growth. This is being achieved through the introduction of new products such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic cooling oil and Parachute Advansed Ayurvedic Hair Oil. All these have grown the overall hair oils franchise by bringing specificity and creating more occasions for use. Nihar Shanti Amla continues to gain market share on the back of disruptive pricing and achieved a volume market share of about 18.6% for the 12 months ended March 2012 in the Amla hair oils category. The Company is now focusing on scaling up its presence in these sub segments.

Entry into Mass Skin Care:

Marico had started a prototype of Parachute Advansed Body Lotion in West Bengal in September 2010. This is in line with the Company's strategy to participate in the Beauty and Wellness space - in specific in Hair Care and Skin Care. Encouraging results of the prototype led to a launch on a national basis during Q2FY12 supported by high impact marketing support. Recently, the Company also introduced a summer variant. Feedback from consumers and the trade is very positive. Parachute Advansed Body Lotion has achieved a market share of 5% within a short period of time.

The Company believes that even though the category is competitive there is a lot of head room for growth. The penetration levels are still less than 20%. The total skin care segment is estimated to be around INR 5000 Cr (USD 1 billion) out of which the body care segment is around INR 1300 Crore (USD 290 mil).

Input Costs and Pricing

Copra prices had seen an unprecedented increase in H2FY11 and continued to rise during the current year before a decline was witnessed in the latter part FY12. However, for a year as a whole the average market prices of copra were higher than in FY11 by 20%.

Average copra prices in Q4FY12 were about 26% lower than Q4FY11. However, it must be noted that the prices of copra during Q4FY11 were at their peak. The last few weeks have witnessed some decline in prices, but we would have to observe these for some more time before we can draw any conclusions.

The market prices of the other key inputs such as Safflower Oil and Rice bran oil were up 28% and 34% respectively during FY12 as compared to FY11.

Marico has followed a judicious pricing policy, despite the equity consistently displayed by its brands. We strongly believe in the long term consumption story in India. Hence, after taking significant price increases during H1FY11, Marico has held the retail prices (except for a minor price adjustment during the quarter) in the interest of growing its volume franchise. This is expected to deliver long term growth.

Rural Markets and Modern Trade:

Marico's rural sales continue to clock a faster pace of growth than its urban sales. Rural sales clocked a growth of 46% during FY12 as compared to 34% in Urban. The continued focus on distribution expansion in rural markets has pushed the share of rural sales to circa 30% of total Indian FMCG sales during the year. It was about 27% in FY11 and 25% in FY10. Over the last two years or so, Marico has endeavored to drive greater rural penetration and reach a larger number of retail outlets in the rural hinterland directly through its distributor sales force rather the retail outlets depending on wholesalers. This has improved quality of Marico's sales calls thereby giving an opportunity to sell a wider range of products. In recent times, the sales reach has increased largely on the back of penetrative pricing in Nihar Shanti Amla and lower price point packs in Parachute.

Sales in Modern Trade continued its good run and grew at 46% in FY12 primarily led by Saffola franchise growth and Hair Oils growth.

Acquisition of the Paras PC Business:

In the month of February 2012, the Company executed definitive agreements to purchase the personal care business of Paras Pharmaceuticals Limited (PPL) from Reckitt Benckiser. This acquisition will give the Company an access to certain youth brands such as Setwet, Zatak and Livon. Brands in the portfolio occupy amongst the top three positions in the hair gel, male deodorant and leave-on hair serum categories. This acquisition gives Marico an opportunity to participate in the rapidly growing deodorant and male grooming categories in India. The portfolio addresses the grooming needs of the youth and is supported by India's demographic profile. Marico will also leverage its distribution strength in India to provide a fillip to the growth of the brands. The acquisition of this business is expected to further reduce Marico's dependence on edibles oils and hair oils.

The transaction envisages de-merger of the personal care business from PPL into a separate entity, owned by Reckitt Benckiser Singapore Pte Ltd. Upon approval of demerger Marico will purchase 100% equity capital in the new entity for a consideration of Rs. 740 Crore to be paid in cash. This consideration is on cash free and debt free basis. The transaction is expected to be completed in May 2012.

International FMCG Business Group (IBG)

Marico's IBG encompasses the following key geographies:

Geographies	Indicative Contribution to total IBG turnover
Bangladesh	Circa 40%
Middle East and North Africa (MENA)	Circa 25%
South Africa	Circa 10%
South East Asia	Circa 25%

IBG continued its growth journey clocking a turnover of INR 964 Crore (USD 193 mio) during FY12. This denotes a growth of about 30% over FY11 boosted by the acquisition of 85% equity in International Consumer Products in Vietnam in February, 2011. The EBITDA margin for the year stood at approximately 11%.

The table below analyses the growth during the Q4FY12 and FY12 .

Factor		**Q4FY12 Growth %**	**FY12 Growth %**
Organic growth	Existing Geographies	24	18
Inorganic growth	Vietnam	13	20
Total Underlying Growth		**37**	**38**
Other Factors	FX changes Accounting changes in VAT cascade in Bangladesh	-	(8)
Net Reported Growth		**37**	**30**

There has been a change relating to Modified Value Added Tax (MODVAT) led price cascade in Bangladesh. MODVAT on materials which was earlier a part of the Cost of Goods Sold must now be shown as a reduction from Sales to arrive at Net Sales. As a result of this re-classification, the reported Net Sales for FY12 appears lower when compared to the corresponding figure in the previous year. This adjustment is neutral as regards both profit and cash flow.

Bangladesh

The business environment in Bangladesh has been challenging. Overall economic slowdown and a liquidity crunch impacted the business. High inflation, including food inflation and a sharp depreciation in the Bangladeshi Taka versus USD has resulted in cost push and retail price increases. Consequently volume growth and margins have both been under pressure. Despite a challenging macro economic environment that has put pressure on volume growth, on a like to like comparison (after adjusting MODVAT), Bangladesh business posted a business growth of 11% during the year. Parachute nevertheless continues to play out its market expansion strategy by converting loose oil users to packed branded coconut oil. It was able to hold its market share of about 80% in the branded coconut oil market suggesting strong brand fundamentals. It continues to be amongst the top 5 most trusted brands for the third consecutive year. *(Source: Bangladesh Brand forum)*

The Company is building upon its strategy of leveraging the extensive distribution network created by Parachute. Hair Code hair dye has achieved 29% value market share thus establishing itself as the number 1 player in the hair dye market. In the INR 150 crore value added hair oils space, the Company strengthened its presence through increased volumes of Parachute Advansed Beli, a light hair oil with a floral fragrance and

Parachute Advansed Cooling Oil. This has resulted in an increase in market shares from 7% to about 16% in the current year. During Q4FY12 the Company also introduced variants of value added hair oils under the brand Nihar.

MENA (Middle East and North Africa)

The overall business environment in the region is much better now, despite sporadic instances of protests and unrest. Some of the territories that still face instability such as Libya, Yemen and Syria are yet to return to normalcy in terms of operations. However, they comprise only about 5% of Marico's business in the MENA region.

Haircode business performed well during the year. The restage of the brand along with the new visual identity and the spout sachet packaging innovation, continues to yield good returns. This change was well supported by 360 degree marketing initiatives. The re-launch also helps the Company to deal with counterfeit issues. Fiancée was backed by a campaign reinforcing its VFM positioning.

Marico has continued to leverage local consumer insights. It has launched a new range of Hair Oils and Hammam Zait under Parachute Secrets. This range leverages the tradition and belief amongst Arab women about the hair nourishment properties of certain ingredients. The response has been positive. To strengthen the core equity of its offerings, the Company has also restaged Parachute Gold creams and hair oils across the Middle East markets. The response to the new range is encouraging. Overall the MENA business clocked a growth of 35% in FY 12.

South Africa

The South African business recorded a double digit Y-o-Y growth over FY11. Turnover for FY12 crossed the INR 100 Cr mark. Caivil Just for Kids consolidated its leadership position in the Kids hair care market. Given the inflationary situation the market has been witnessing some degree of down-trading. However, Marico's representation in the VFM segment through Black Chic was able to capitalize on this trend. Overall Marico's hair care brands have been growing steadily and improving their market shares in the ethnic hair care market in South Africa.

South East Asia

The business environment in Vietnam this year was marked by high rates of inflation and cost push in power and fuel. The Vietnamese Dong has remained weak leading to a rise in the cost of imported materials.

Amidst this, X-Men, a leading Men's grooming brand, saw an uptick in its market share in male shampoo to circa 47%, aided by the launch of the new 4-Step X-Men campaign. Apart from the thematic TVC for shampoo, the campaign prompts a full male grooming regimen with X-Men extensions in shower gel, face wash and deodorant. The thematic has been supported by a 360-degree surround PR, including a digital campaign, out door visibility and merchandising. The other business segments of Skin Care and Foods are tracking as per plan. The integration of operations is on track. The Company has also started using Vietnam as a manufacturing base to support a part of its operations in Malaysia.

Marico's Malaysian business continues to grow at a very healthy rate. Code 10 has responded well to the brand restage and the Company has recently launched a range of extensions in male hair styling.

Kaya Skin Care Solutions

Kaya now offers skin care solutions - its technology led cosmetic dermatological services and products through 107 clinics: 82 in India across 26 cities, 19 in the Middle East and 2 in Bangladesh in addition to the 4 Derma Rx clinics and medispas in Singapore and Malaysia.

During FY12, Kaya achieved a turnover of INR 279 crore (USD 55.8 mio). The Kaya business in India and in the Middle East achieved same store collection growth of 15% during FY12 as compared to FY11. Kaya has thus sustained the topline growth trend for the past 6 quarters on a same store basis indicating early signs that the initiatives taken thus far are yielding results. Derma Rx also reported a healthy double digit top line growth.

This has been achieved through several initiatives:

- Introduction of regular skin care services over the last few quarters at affordable price points to serve as traffic generators - during the latter part of FY11 and FY12 it introduced a range of Everyday skin care services such as facials, aqua jet peels etc. Unlike ordinary facials, these services are created especially by dermatologists that combine the best of science and nature to give consumers a rehydrated, rebalanced smooth, supple and brighter skin. These services are not in the nature of problem solution which means that these services can be availed of after short periodic intervals leading to regular foot fall in the clinic.
- Unlocking of portfolio synergies by introducing products from Derma Rx in India. These have experienced good acceptability from the clients.
- A new Bridal skincare program.
- A 360 degree campaign on Juvederm XC (dermal filler for anti ageing) rolled out across key markets in order to penetrate the anti-ageing market.
- Milestone program designed to bring back customers who have not transacted with Kaya for a few quarters in the recent past - this is a part of CRM initiatives in Kaya.

Kaya has been consciously making a shift in its positioning from "cure" to "cure + care" moving from expert solution provider for skincare problems to personal guide for total skin care. The new tagline 'Love what you see' is an expression of how consumers feel after a visit to Kaya. This re-branding was initiated about 3-4 months back and will be rolled out across all Kaya Skin Clinics in India, product packaging and advertising, in a phased manner.

The products from Derma Rx introduced in India continue to gain good traction. Apart from products from the Derma Rx range, Kaya also introduced a few other products in the Indian market during the year. About 23% of the revenues from Indian operations now come from the sale of products. This ratio was static at about 13% before the Company started focusing on products. The company will continue to introduce more products in India in a phased manner. Derma Rx products are in the process of being introduced in the Middle East too. A launch is expected in Q1FY13. We believe that introduction of these products makes the range of products at Kaya more comprehensive. Higher product sales will generate more through-put from the clinics and help improve their ROCE.

During FY12, Kaya recorded a revenue growth of about 33% over FY11 and made a loss of INR 29.1 crore (USD 5.8 mio) at the PBIT level. Losses at PBIT level for FY11 were about Rs 32.5 Cr (USD 6.5 mil).

We believe that compared to the CPB or IBG, Kaya is a much younger business and encapsulates an emerging business model. Its distributed locations nature makes it a complex business to manage, from both angles - customer interfacing and business control. We have launched initiatives in both these areas. Our focus is on building sustainable consumer bases, as partially explained above.

Our focus has also been on rationalizing operations and costs. We are conscious of the fact that most costs in Kaya are front-ended and therefore we have to constantly ensure that the carrying cost of all our assets reflects current reality. There has therefore been a drive in Kaya over the past few quarters towards greater automation and scrutiny across all its clinics, in India and overseas. The constant re-assessment of asset values across Kaya has led to varying accounting charges from quarter to quarter. That has been vitiating quarter to quarter comparisons. We expect this to continue for some time.

Thus, the current phase of securing consumers and ensuring cost effectiveness will hold out for some time. This will keep Kaya in an investment phase for a few more quarters.

SNAPSHOT OF Q4FY12 and FY12 FINANCIALS

Table explaining reconciliation between Optical and Analyst growth in Profits

Particulars	Q4FY12	Q4FY11	FY12	FY11
Reported Profit after Tax	70	72	317	286
Optical Growth %	-3%		11%	
Normalised Profits before considering exceptional and non comparable items	72	66	326	261
Analyst Growth %	9%		25%	

Summary of exceptional and non comparable items

Rs/Cr	Q4FY12		FY12	
Particulars	**PBT**	**PAT**	**PBT**	**PAT**
Clinic Impairment in Kaya : India and Middle East	(1.7)	(1.7)	(1.7)	(1.7)
Prior period adjustment in Kaya Middle East			(13.0)	(13.0)
Write back of income tax provision of earlier years				5.6
Total	**(1.7)**	**(1.7)**	**(14.7)**	**(9.1)**

Rs/Cr	Q4FY11		FY11	
Particulars	**PBT**	**PAT**	**PBT**	**PAT**
Write back on Excise Provision relating FY11 on Coconut Oils	26.6	17.8	-	-
Write back on Excise Provision relating FY10 on Coconut Oils	29.3	19.6	29.3	19.6
Sales proceeds from divestment of Brand "Sweekar"	50.0	36.2	50.0	36.2
Impairment of brand Fiancée in Egypt	(22.6)	(18.0)	(22.6)	(18.0)
Change in method of revenue recognition in Kaya	(29.0)	(29.0)	-	-
Clinic Impairment in Kaya : India	(7.7)	(7.7)	(7.7)	(7.7)
Accelerated Depreciation - Kaya	(5.4)	(5.4)	(5.4)	(5.4)
Amortisation of Intangible Assets : Brands	(7.2)	(7.2)	-	-
Total	**34.0**	**6.3**	**43.6**	**24.7**

OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	Q4FY12	Q4FY11	FY12	FY11
Material Cost (Raw + Packaging)	46.3	50.8	52.3	51.6
Advertising & Sales Promotion (ASP)	14.3	8.9	11.5	11.3
Personnel Costs	9.1	8.0	7.6	7.3
Other Expenses	17.7	18.0	16.2	16.5
PBDIT margins	12.7	14.2	12.5	13.3
Gross Margins (PBDIT before ASP)	27.0	24.0	23.9	24.6

For further information / clarification, contact Marico on Tel (91-22) 6648 0480, E-mail: investor@maricoindia.net

1. The above ratios are before considering the effect on exceptional and non comparable items to enable like to like comparison.
2. The year witnessed steep inflation in prices of input materials as compared to last year. Market price of Copra, the input for coconut oil, which accounts for about 40% of the Group's raw material cost, was about 20% higher in FY12. Market prices of Safflower Oil and Rice Bran were up by 28% and 34% respectively. The Company chose to pass on a part of the input cost increase to consumers. (please refer to the monthly movement for the key input material provided later on in the note)
3. There has been a marginal increase in ASP as a result of investments made by the Company behind existing brands and new initiatives. The increase is rather steep during the quarter due to Company investing behind the new products such a Parachute Advansed Body Lotion and Parachute Advansed Ayurvedic Oil. Moreover, during Q4FY11 the Company did not invest in MENA region because of political disturbances. Investments were made in Bangladesh on value added hair oils and in Vietnam on X-Men.
4. Employee costs during Q4FY12 were higher as compared to Q4FY11 due to normal wage increase and provision for incentive made in the current quarter amounting to about INR 5 crores (Q4FY11 Nil). More over, Vietnam operations were consolidated only for 1.5 months during Q4FY11.
5. The company endeavors to keep its absolute margins per unit within a band. A significant increase in realizations per unit will result in reflecting a lower margin in percentage terms.
6. 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 Expenditure and Depreciation

The Company plans to invest about INR 130-150 Crore (USD 26-30 mio) in capital assets in FY13. This estimate excludes any potential acquisition opportunities. This estimate also excludes a likely capital expense amounting to INR 130 Crore on a Corporate office building in Mumbai in FY13

Depreciation during FY12 is INR 74 Crore (USD 14.8 mio) compared to INR 71 Crore (USD 14.2 mio) in FY11. The depreciation was higher this quarter mainly of account of the following reasons

1. Depreciation for FY11 includes accelerated depreciation of Kaya amounting to INR 5.4 Crore.
2. The variance is mainly on account of items such as
   a. Additional amount of depreciation in the consolidated accounts by virtue of consolidation of International Consumer Products in Vietnam. ICP was only consolidated from February 2011 during FY11.
   b. Depreciation on fixed assets in new clinic in Kaya
   c. Depreciation on capital expenditure incurred during the year

Effective Tax Rate:

The reported effective tax rate (as % of PBT) after considering MAT credit and deferred tax for FY12 is about 19.5%. The Company expects its effective tax rate to be around 20% to 22% during FY13 and FY14.

Foreign Exchange

Marico Limited hedges its foreign currency denominated liabilities and assets using Plain Vanilla Forwards and Plain Vanilla Call & Put Options. The company also judiciously executes Interest Rate SWAPs in respect of its interest commitment on External Commercial Borrowings.

The exchange rate for INR/USD ranged during the year between was 47.99 to 50.87. Similar fluctuations were observed in other local currencies also. While a depreciating exchange rate of INR /USD is better in terms of consolidation of business results optically, a similar depreciation in local currencies added to the input cost pressure in the IBG geographies. Even in CPB, the depreciation of the Rupee has neutralized a significant part of the input cost gains in imported materials.

Capital Utilization

Given below is a snapshot of various capital efficiency ratios for Marico:

Ratio	**FY12**	**FY11**
Return on Capital Employed - Marico Group	25.5%	27.4%
Return on Net Worth – (Group)	28.4%	32.0%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital Turnover (Days)	 17 60 49	 19 61 50
Debt: Equity (Group)	0.58	0.55
Finance Costs to Turnover (%) (Group)	1.2%	1.3%

* Turnover Ratios calculated on the basis of average balances

1. There has been a marginal decline in the Group's ROCE in FY12 compared to FY11 mainly on account of the investment made by the Company in new products. The Company also chose to pass on only a part of the cost push to the consumer leading to contraction in operating margins .

2. The Net Debt position of the Marico Group as of March 31, 2012 is as below-

Particulars	Amount (INR/Cr)
Gross Debt	795
Cash/Cash Equivalents and Investments	388
Net Debt	407
Foreign Currency Denominated	745
Foreign Currency Denominated : Payable in One Year	456
Rupee Debt	50
Rupee Debt : Payable in One Year	-
Foreign Currency Debt as a % age of Gross Debt	94%
Total Debt Payable with in One year	57%
Average Cost of Debt (%) : Pre tax	5.2%

   The company may roll over some of the loans when they fall due during the year or redeem investments for repayment. Marico has adequate cash flows to maintain healthy debt service coverage.

3. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports the hence the MTM differences are routed through the balance sheet rather than the income statement.
4. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.

Dividend:

The Company had declared a first interim dividend of 30%. The Board of Directors has now declared a second interim dividend of 40%. With this the dividend declared for FY12 is 70%. The payout ratio on the annual profit after tax is 15.8%. The Company has remained conservative on its dividend payout. As the company continues to explore inorganic growth opportunities to complement its organic growth plans, it continues to conserve cash.

 For further information / clarification, contact Marico on Tel (91-22) 6648 0480, E-mail: investor@maricoindia.net

Other Developments – Issue of equity shares on a preferential basis:

The Company has completed the process of equity issue of INR 500 Cr through preferential allotment basis. These funds shall be used to fund part of the purchase consideration of Paras personal care business. The shares were placed with two Private Equity Investors namely GIC (Government of Singapore Investment Corporation) and Barings Private Equity in the ratio of 3:1. The stock was placed at a price of INR 170 per share. The Company was able to get a premium of about 2.5% over the SEBI floor price. This preferential allotment has been approved in the Extra Ordinary General Meeting of shareholders on May 2, 2012. Shares are expected to be allotted around middle of May 2012. Post the issue of this allotment the promoter holding will dropfrom 62.7% to 59.9%. FII/FVCI holding currently at 25.6% will go up to 30%.

This is only the second instance post the IPO when Company has reached out to equity markets to raise capital. The first one was in December 2006 when the Company acquired brand Nihar in India and made acquisitions of Haircode and Fiancée in Egypt.

Short / Medium Term Outlook

Marico has positioned itself, strategically, in emerging markets - India, South Africa (part of BRICSA), Bangladesh, Vietnam and Egypt (Part of N-11 Group) and the Middle East. We believe that in emerging markets, focus on the long term is crucial. Long term success can be ensured only through stronger brands that enjoy loyal consumer franchises. We have therefore chosen to prioritise expansion of consumer franchise over expansion of margins.

In the immediate term however there exists some uncertainty in the business environment. While there is easing of the pressure of inflation to some extent in India, the GDP growth estimates have been revised downwards. Even though FMCG companies marketing items of daily consumption are not affected as much as some other industries might be, there could be an effect on consumer demand especially for items of discretionary consumption in our portfolio. In addition high inflation and weak currencies may have some impact on business in few of Marico's international markets

Here is a broad outline of Marico's strategies and the expected outcome for its various businesses:

CPB:

- In coconut oils, the company will aim to grow by leading market expansion through its recruiter low unit size packs. In Rural areas the Company aims to gain market share. The Company expects to achieve volume growth 6% to 8% per annum in the medium term.
- In hair oils, Marico will focus on share gain through introduction of differentiated and innovative products and providing specificity to consumers accompanied by effective communication. Successful execution of this strategy is expected to result in annual volume growth of 15% to 17% over the next 2-3 years.
- The Company's efforts in expanding rural reach is also expected to contribute towards franchise expansion in coconut oils and hair oils.
- Saffola is riding a trend in healthy living being adopted by the Indian consumer. The brand expects to continue to grow its basket of premium refined edible oil by about 15% in volume each year. In addition the Company plans to build a sizeable business in the healthy foods space by leveraging Saffola's equity. It aims to get about 25% revenues of Saffola from healthy foods over a period of 3 years.
- Over the next few quarters the company will also focus on integrating the Paras acquisition into Marico. The Paras portfolio participating in tail wind categories is expected to have a rate of growth higher than Marico's existing portfolio.

IBG:

- Marico will focus on growing the categories where it has significant market share - such as in coconut oil in Bangladesh and male grooming in MENA and Vietnam.
- The Company will focus on complementing growth of Parachute Coconut Oil in Bangladesh by establishing other products introduced in the market. In the immediate future however there may some pressure on growth given the overall economic scenario in Bangladesh.
- In South Africa it would work on increasing share in key categories and over the medium term in expanding its footprint to other parts of sub-Saharan Africa.
- The overall environment in MENA is relatively better than it was during last year. The business is nearly back to normal and the Company will aim to carry this momentum into the next year.
- Both the X men business in Vietnam and Code 10 in Malaysia are expected to continue to show healthy growths.
- We will also explore other countries in the emerging markets of Asia and Africa as targets for expansion in the long term
- IBG is expected to grow in healthy double digits in business terms.

Kaya:

- Kaya skin business in India is showing early signs of recovery having posted growth at same clinic level for the 6th consecutive quarter. In the short term therefore, the company plans to work on improving its revenue streams from the existing clinics in India and bringing the business firmly back on the growth track. It will focus on increasing its share of revenue through sales of products. It will also focus on same store sales growth using various levers such as customer loyalty and referral programs, improving capacity utilization and introducing new services. Kaya will be cautious in terms of expansion plans but may continue to add a few clinics at strategic locations to drive growth. We believe that the building blocks for long term value creation by Kaya are falling into place.

- We feel reasonably confident that the business is on its way to record sustainable profit during FY 14, if not earlier. However, we regard the break-even goalpost more as a beneficial outcome of our efforts in the building block area, rather than as an accounting target. Hence, we expect that in the coming quarters, the reported net profitability numbers for Kaya will stay under pressure, and in the negative zone.

Overall:

- The medium to longer term outlook on all the company's three businesses remains positive.
- In the short run, we may not see any easing of the cost push. Margins are thus likely to remain under pressure. Increased retail prices may have some impact on volume growth given the overall squeeze on the consumers' wallet. Should there be a sustained decline in input prices; the Company may pass back a part of the benefit to consumers in the interest of growing volumes.
- In the medium term, the Company will focus on strengthening the building blocks for future value creation - strong equities for its existing brands amongst its consumers, volume growths, robust new product pipelines and operational effectiveness.

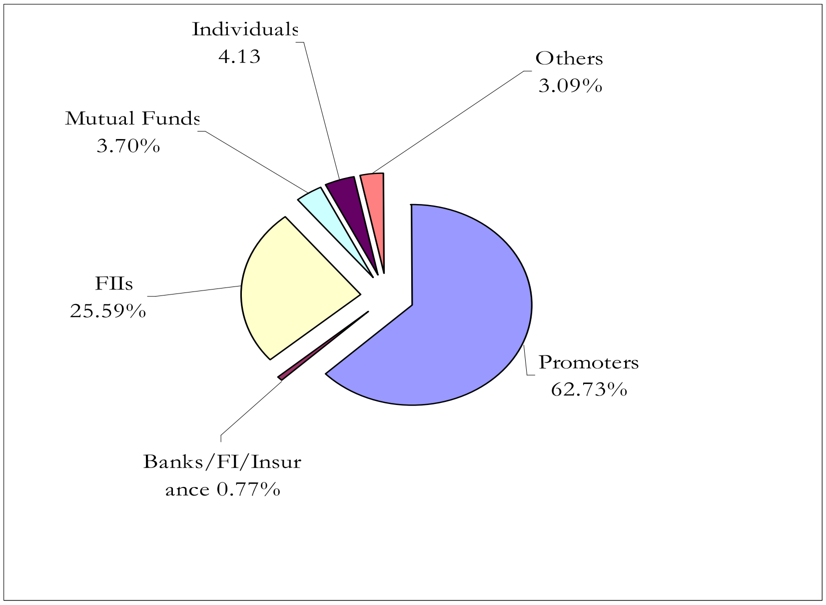
Long Term Outlook

Our belief in the long term potential of our businesses continues to be strong. Our belief stands bolstered by the recent record of strong volume growths across categories despite price hikes. This emboldens us to spell out our preference for growing our volume franchise as compared to focusing on profit margins alone. We believe that it is prudent to have a medium to long term perspective of growth rather than taking a quarterly view that could lead to tactical steps.

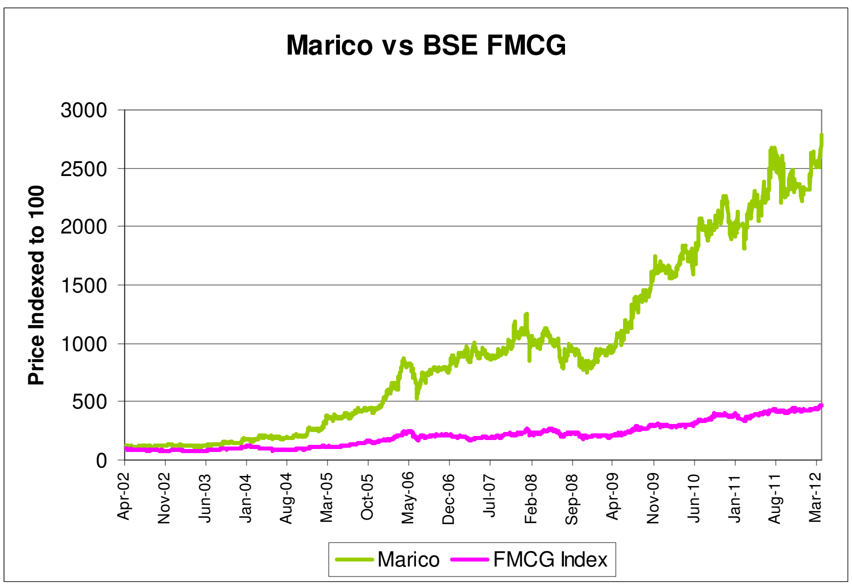
THANK YOU FOR YOUR PATIENT READING

Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on March 31, 2012 is as given in the graph below:



Annexure 1-B: 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. 10635 crs on March 30, 2012. The average daily volume on BSE and NSE during Q4FY12 was about 276042.

Annexure 1- C Average Market Prices of Input materials

(These prices are based on simple average of daily market prices and the company's actual procurement prices may be different based on quantities bought on various days.)

AVERAGE MARKET PRICES OF RM

	Rs/100KG	Rs/100KG	Rs/10KG	Rs/10KG	Rs/10KG	Rs /lt	Rs / kg
DATE	COCHIN CN OIL	COPRA CALICUT	SF OIL NOMINAL BOMBAY	KARDI OIL JALNA	RICE BRAN	LIQUID PARAFFIN	HDPE
Apr-10	4963	3407	463	641	346	37	77
May-10	5042	3395	466	633	350	37	77
Jun-10	5,241	3,484	472	639	354	37	76
Jul-10	5368	3610	481	662	368	42	74
Aug-10	5780	3854	567	704	387	45	73
Sep-10	6500	4453	580	704	385	49	73
Oct-10	6948	4789	617	714	389	51	73
Nov-10	7590	5267	708	731	414	52	73
Dec-10	8104	5585	709	741	430	52	73
Jan-11	9052	6231	721	840	450	53	73
Feb-11	9713	6753	709	840	480	55	73
Mar-11	9040	6179	689	840	482	58	73
Apr-11	9712	6639	672	814	478	58	74
May-11	10148	6865	676	791	512	57	74
Jun-11	9904	6675	684	821	533	61	74
Jul-11	8958	5799	700	832	551	64	74
Aug-11	9683	6292	702	862	563	67	75
Sep-11	8726	5837	708	864	546	68	77
Oct-11	7936	5323	713	877	553	67	77
Nov-11	8154	5549	685	923	549	67	78
Dec-11	7942	5383	702	993	539	68	80
Jan-12	7414	5102	684	1109	548	67	81
Feb-12	6584	4534	668	1103	541	68	80
Mar-12	6472	4512	693	1097	567	65	85

FY12 Vs FY11	22%	20%	15%	28%	34%	37%	5%
Q4FY12 Vs Q4FY11	-26%	-26%	-3%	31%	17%	21%	13%

Annexure 1- D Movements in Maximum Retail Prices (MRP) in key SKUs

	20 ml	50 ml	100 ml	200 ml	250 ml	500 ml	1 Ltr	1 ltr	1 Ltr	1 ltr
Month	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Saffola-Kardi Oil	Saffola Tasty Blend	Saffola Gold	Saffola Active
Apr-11	6.00	12.00 - 45 ml	27.00	53.00	61.00	116.00	165.00	120.00	135.00	107.00
May-11	6.00	12.00 - 45 ml	27.00	53.00	61.00	116.00	165.00	120.00	135.00	107.00
Jun-11	6.00	12.00 - 45 ml	27.00	53.00	61.00	116.00	165.00	120.00	135.00	107.00
Jul-11	6.00	12.00 - 45 ml	27.00	53.00	61.00	116.00	165.00	120.00	135.00	107.00
Aug-11	6.00	12.00 - 45 ml	27.00	53.00	61.00	116.00	165.00	120.00	135.00	107.00
Sep-11	6.00	12.00 - 45 ml	27.00	53.00	61.00	116.00	165.00	120.00	135.00	107.00
Oct-11	6.00	12.00 - 45 ml	27.00	53.00	64.00	119.00	165.00	120.00	135.00	107.00
Nov-11	6.00	12.00 - 45 ml	27.00	53.00	64.00	119.00	165.00	120.00	135.00	107.00
Dec-11	6.00	12.00 - 45 ml	27.00	53.00	64.00	119.00	165.00	120.00	135.00	107.00
Jan-12	6.00	12.00 - 45 ml	27.00	53.00	64.00	119.00	180.00	130.00	145.00	115.00
Feb-12	6.00	12.00 - 45 ml	27.00	53.00	64.00	120.00	180.00	130.00	145.00	115.00
Mar-12	6.00	12.00 - 45 ml	27.00	53.00	64.00	120.00	180.00	130.00	145.00	115.00

Annexure 2 - 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 INR 40 billion (about USD 800 Million) during 2011-12. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Derma Rx, Aromatic, Fiancée, HairCode, Caivil, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat. 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, Male grooming etc. Marico is present in the Skin Care Solutions segment through 107 Kaya Skin Clinics and Derma Rx clinics 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, Singapore, Malaysia and Vietnam.

Marico's own manufacturing facilities in India are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman, Poanta Sahib and Baddi and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries), Marico South Africa Pty Ltd., and International Consumer Products Corporation have their manufacturing facilities at Mouchak, near Gazipur in Bangladesh, 6th October City, Egypt, Salheya City, Egypt, Sadaat City, Egypt, Mobeni in Durban, South Africa and Ho Chin Min City, Vietnam 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	54-55	1
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Nihar Naturals, Nihar Shanti Amla, Parachute Advansed Ayurvedic hair oil, Parachute Advansed Cooling oil)	Hair Oils	~24	2
Saffola	Super Premium refined Edible Oils	~57%	1
Mediker	Anti Lice Treatment	~ 90	1
Revive	Fabric Starch	~ 65	1

Source: ACNielsen 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	53-55
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Nihar Naturals, Nihar Shanti Amla, Parachute Advansed Ayurvedic hair oil, Parachute Advansed Cooling oil)	Hair Oils	_	23-24

Source: ACNielsen Urban Retail Market Research and Company Sources

Marico has consistently sought to broad base its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass. 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 35 Lac (3.5 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

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 105 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 700,000.

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 (INR crores)	FY 08	FY 09	FY 10	FY11	FY12	CAGR %
Sales & Services	1,905	2,388	2,661	3,128	4,008	21%
Profit Before Tax	205	230	298	376	400	22%
Net Profit (PAT)	169	189	232	286	317	23%
Earnings per Share - Annualised (Rs)*	2.80	3.10	3.80	4.70	5.15	22%
Book Value per Share (Rs)*	5.20	7.40	10.70	14.90	18.59	
Net Worth	315	453	654	915	1,143	43%
EBITDA%	12.9%	12.7%	14.1%	13.3%	12.1%	
ROCE %	42	35	34	27	26	

* 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.