



## **MARICO MAINTAINS MOMENTUM**

### **With Sustained Organic & Inorganic Turnover Growth**

Mumbai, April 26, 2007

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Marico has breached the Rs 1500 crore revenue and Rs 150 crore PBT (profit before Tax) marks during FY07. Turnover grew by 36% to reach Rs 1557 crore while PBT grew by 53% to Rs 150 crore during the year. Profits after tax (PAT) for the year stood at Rs 113 crore, a growth of 30%

During Q4FY07, the Marico Group recorded a topline of Rs 397 crore, a growth of 33% over Q4FY06. Turnover growth was all-round and strong - in Consumer Products as well as in Kaya skin care solutions, both in India and overseas. PBT during the quarter increased by 32% over Q4FY06.

Q4FY07 is the fourth successive quarter in which Marico has achieved a Y-O-Y growth in topline of over 30%. The turnover growth of 33% during Q4FY07 comprised 21% organic growth accompanied by 12% inorganic growth. Across categories, franchise expansion was the chief driver. The Company did not take any significant increase in consumer prices. In the recent past the company has stepped up its spends on brand building in its flagship brands as well as nurturing of new products. These efforts have resulted in healthy volume growth. Besides, the company has expanded its portfolio through acquisitions, which have provided additional growth drivers. During the quarter the focus brands turnover comprised 79% of the Group turnover.

Releasing the quarter's results, Mr. Harsh Mariwala, Chairman and Managing Director, stated – “The Company has accelerated its growth during FY07. My team is looking forward to the challenge of maintaining a rapid pace of growth.”

After a successful prototype in Mumbai, the company rolled out Saffola Atta Mix, its functional food that helps to manage cholesterol to other metros and Saffola strong markets. Marico's operations in Egypt have also begun to stabilize after its entry through the two brand acquisitions in September and December 2006



In the Domestic market, the flagship brand, Parachute Coconut Oil achieved another quarter of double-digit volume growth. Volume sales of Parachute in rigid packs in Q4FY07 grew by 13% over Q4FY06. The focus segment of the hair-care range (Parachute Jasmine, Shanti Amla Badam, and Hair & Care being the key elements) grew by 17% in volume (excluding Nihar). In the Premium Refined Oils market, Saffola, the company's second flagship, grew its franchise by 19% in volumes.

During the quarter the company commenced a prototype of Revive Liquid Stiffener, which dissolves evenly in water and delivers patch-free starching of both coloured and white clothes. As with Revive powdered starch, it provides the ease and convenience of cold-water starching.

Having conducted prototypes in select markets, the company rolled out some of its brands on a larger scale. In January 2007, Saffola Atta Mix, a functional food that helps in cholesterol management was scaled up the metro towns and key Saffola markets. Other launches during the year include those of Parachute Therapie – a 45-day hair fall solution, Parachute Advanced After Shower hair gels in India and Go Get Noticed Gel in the UAE.

Said Mr. Saugata Gupta, CEO – Consumer products Business, “Both Parachute and Saffola have had an excellent year. We have ploughed back margins generated to help nurture new brands. About 70% of Marico's ASP in FY07 has been invested in new products”.

Marico's International FMCG business including operations in Egypt during Q4FY07 clocked a growth of 74% over Q4FY06. Mr. Vijay Subramaniam, CEO, International Business indicated, “The process of integrating the Egyptian acquisitions into Marico is progressing smoothly. In the short run, the company would focus upon gaining insights about the Egyptian consumers and markets and build upon the business in Egypt”.

The skin care solutions business of Kaya Skin Care Ltd., broke even during FY07 with a marginal profit before tax. Kaya's revenues for the year FY07 were Rs 75 crore. Kaya Skin Clinic now reaches its customers through 43 clinics in India and 5 in the Middle East. The latest clinic was opened in Muscat in the Sultanate of Oman. The Kaya consumer base has increased to over 200,000. Said Mr. Rakesh Pandey, CEO Kaya, “Having focussed on enhancing service quality and capacity utilization in India during FY07, Kaya plans to open 15 to 20 more clinics both in India and in the Gulf during FY08”.

Added Mr. Milind Sarwate, Chief HR & Strategy, “FY07 has been a watershed year in terms of growth numbers and shareholder value enhancement”.

Marico has carried out a restructuring of its balance sheet by adjusting intangible assets against special reserves in accordance with a sanction obtained from the Hon'ble High Court of Judicature at Bombay. This is similar to the restructuring which the company had carried out in the Financial Year ended on March 31, 2003. The benefits sought through the restructuring are the following:

- 1) Streamlining of the financial structure through elimination of intangible assets except to the extent of the balance relevant for deferred tax.
- 2) A much leaner balance sheet, with consequent favorable impact on financials, especially on items and ratios relating to capital employed and post- depreciation returns.
- 3) Uniform treatment in the books of account and management account to all intangible assets whether home grown or acquired, through a practice of eliminating intangible assets as previously mentioned.



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### **About Marico**

Marico is a leading Indian Group in Consumer Products and Services in the Global Beauty and Wellness space. Marico's Products and Services in Hair care, Skin Care and Healthy Foods generated during 2006-07 a Turnover of about Rs.15.6 billion (about USD 380 Million). Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Kaya, Sundari, Aromatic, Fiancee and HairCode. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories- Coconut Oil, Hair Oils, Anti-lice Treatment, Premium Refined Edible Oils, post-wash hair care and niche Fabric Care etc. Marico is present in the Skin Care Services segment through Kaya Skin Clinics (48 in India and The Middle East), the Sundari range of Spa skin care products (in the USA & other countries) and also through an acquired nascent soap franchise (in India and Bangladesh).

Marico's branded products are also present in Bangladesh, other SAARC countries, the Middle East and Egypt. 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.

Every month, over 70 Million consumer packs from Marico reach approximately 130 Million consumers in about 23 Million households, through a widespread distribution network of more than 2.5 Million outlets in India and overseas.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance – a CAGR of 19% in Turnover and 19% in Profits over the past 5 years- while setting a record of several consecutive quarters of year on year growth- 30 for Profits and 26 for Sales, and distributing dividends for 25 consecutive quarters.

The Marico scrip is listed on the Bombay Stock Exchange (BSE) (Code 531642) & on the National Stock Exchange (NSE) (Code "MARICO").

Registered Office: " Rang Sharda", Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai - 400050, India. Email : [milinvrel@maricoindia.net](mailto:milinvrel@maricoindia.net); Website : [www.maricoindia.com](http://www.maricoindia.com); other related websites are [www.saffolalife.com](http://www.saffolalife.com), [www.kayaclinic.com](http://www.kayaclinic.com), [www.sundari.com](http://www.sundari.com), [www.parachuteadvansed.com](http://www.parachuteadvansed.com) and [www.innovation4india.com](http://www.innovation4india.com)