

MARICO MAINTAINS MOMENTUM

With Sustained Organic & Inorganic Turnover Growth

Mumbai, July 25, 2007

Marico recorded a turnover of Rs 469 crore during Q1FY08, an increase of 26% over the corresponding quarter in the previous year. The businesses of consumer products in India, international business and Kaya skin solutions all contributed to the growth. Topline growth achievement was accompanied by growth in the company's bottom line. Profit After Tax (PAT) during the quarter at Rs 40.2 crore was 33% higher than in Q1FY07. Harsh Mariwala, Chairman & Managing Director observed, "Marico has sustained the growth momentum on the back of a strong year in 2006-07".

The Board of Directors of Marico Limited declared a first interim dividend of 13.5% for FY08. This is the 26th consecutive quarter of dividend declared by the company.

Consumer Products Business - Domestic:

Over the last two years or so, the company has stepped up its spends on brand building in its flagship brands as well as nurturing of new products. In the Consumer Products business in India, coconut oils, hair oils and premium refined edible oils all registered volume growth over the same period in the previous year. "Our efforts in brand building based on consumer insights and supported by an effective marketing mix are winning customers. Most of our key brands have achieved handsome volume growths during the quarter", said Saugata Gupta, CEO - Consumer Products Business.

After successfully prototyping it in the states of Kerala and West Bengal, Revive Liquid Stiffener was launched nationally during the quarter. As with Revive powdered starch, it provides the ease and convenience of cold-water starching. Unlike other starches, it can be used on whites as well as on coloured fabrics. Other recently launched new products such as Parachute Therapie and Saffola Atta Mix are performing satisfactorily.

International Business:

Boosted by the recently acquired brands in Egypt, Fiancee and HairCode, Marico's International Consumer Products business grew by 82% during the quarter over Q1FY07. The process of integrating the Egyptian acquisitions into Marico is progressing smoothly.

Marico's market share (Fiancee + HairCode) has increased by about 1.8%, since the brands were acquired by it. The thrust on expanding the franchise of Parachute hair cream in the Middle East continues. The brand's relaunch on the platform of nourishment plus protection from harsh water has been well received. In Bangladesh, Parachute coconut oil has been growing from strength to strength. Its market share during the 12 months ended May '07 was 61%. The international business, excluding the Egypt operations grew by 24%.

Kaya:

The Kaya skin solutions business recorded a turnover of over Rs 21 crore during Q1FY08. In India, where it had opened only one clinic during the course of FY07, the turnover grew by about 31% over Q1FY07. Kaya had prototyped a new service - Kaya Skin Lightening in Chennai. Having received a good response, the service offering has been launched nationally. In order to enhance the revenue stream from product sales, the company launched Kaya kiosks at shopping malls to extend the reach of Kaya products and also to help drive footfalls to the clinics. Two new products were added to the Kaya range. Kaya Pigmentation Reducer is a gel specially formulated to reduce pigmentation and lighten discoloration. Kaya Body Gel contains aroma therapeutic compounds and cleans, softens and conditions the skin.

In June 2007, Kaya was extended beyond skin solutions. Kaya Life offer holistic weight loss solutions that are customized to individuals. The consumer need is large with India ranking amongst the top 10 obese nations. Kaya Life employs a Synergy 4 System comprising lifestyle counseling, inch loss & body shaping, food & meal planning and energizing exercises. Packages for one, two or three months are available. The solutions offered are scientifically designed and Kaya Life expects to differentiate itself from competitors by providing a solution that is not only efficacious but is also enduring. Kaya Life opened its first center in June 2007 at Juhu in Mumbai. Based on the response there are plans to open 5 - 6 more centers during the year, initially in Mumbai.

Corporate Development:

The company has implemented an Employee Stock Option Scheme (ESOS). Options have been granted to about 70 senior managers of Marico corresponding to about 1.32% of the current paid up equity capital of the Company. "Marico has had a performance based remuneration system in place for the past few years. A prominent tool in this space has been Marico's unique Management by Results (MBR) process. The endeavour now is to create an additional focus on the long term, through ownership of equity in the company, regulated by an ESOS", said Milind Sarwate, Chief - HR & Strategy.

The company expects to be able to maintain a growth rate of 15% to 20% during FY08. In order that the growth is sustained, however, adequate advertising support would need to be provided to both established brands and new ones. In line with this, we have already stepped up the ASP spends in recent years to about 12.5% to 13%. These levels are likely to continue.

In May 2007, S&P (Standard & Poor's) published its list of Global Challengers 2007. Marico was one amongst the eight Indian companies that were selected from a study of companies across 37 countries. These mid size companies are expected to emerge as challengers to the world's leading companies.

About Marico:

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.15.6 billion** (about USD 380 Million) during 2006-07. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, 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, 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 (48 in India and The Middle East), the Sundari range of Spa skin care products (in the USA & other countries) and its soap franchise (in India and Bangladesh).

Marico's branded products are 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. Marico was selected in June 2007 as one of the eight Indian companies in S & P's list of Challenger Companies from various nations, compiled globally by Standard & Poor's.

Marico has also won various other Awards, such as the following:

- One of India's 10 best marketers (Business Today September 2006),
- Brand Leadership Award at the India Brand Summit 2006 (September 2006),
- Kaya - Retailer of The Year Award (for the 2nd consecutive Year) at India Retail Summit 2006,
- Silver Effie (2006) for Saffola
- The Gulf Marketing Review Award in the Middle East 2006.

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- 31 for Profits and 27 for Sales, and distributing dividends for 26 consecutive quarters.

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

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