Media Release

Year	2010-11
Turnover	Rs. 3128cr
Net Profit	Rs. 286cr

Turnover and profit consistently growing over the corresponding quarter of the previous year, for the past 44 quarters and more

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Marico distribution network covers over 33 lac retail outlets

Most Marico brands enjoy a leadership position (No. 1 or No. 2) in their respective categories

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Superbrands voted Parachute a Super Brand in UAE & Bangladesh and Hair Code in Egypt

Kaya was awarded the 'Most Admired Retailer for Health and Beauty' at the Images Retail Awards '09

Marico was awarded the 'IMC Ramkrishna Bajaj National Quality Awared (RBNQA) .

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Marico Records 26% Turnover growth
Profit up 9% amidst strong volume growth of 14%

Marico Q2FY12 turnover of ~INR 974 crore (~USD 216.4 mio) showed a growth of ~26% over Q2FY11. A robust volume growth of ~14% in the domestic Consumer Products Business (despite price increases necessitated in H2FY11) helped achieve this healthy revenue growth. The Company continues to prioritise its consumer franchise over its margins. This consumer-centricity enabled it to sustain robust volume growth despite inflationary pressures in India.

The Company continues to prioritise its consumer franchise over its margins. This consumer-centricity enabled it to sustain robust volume growth despite inflationary pressures in India. Profit after tax (PAT) for Q2FY12 was ~INR 78 crore (~ USD 17.3 mio), a growth of ~9% over Q2FY11.

Over the years, Marico has focused on sustainable profitable growth. Q2FY12 is in Y-o-Y terms, the 44th consecutive Quarter of growth in Turnover and 48th consecutive Quarter of growth in Profits. The Board of Directors of Marico Limited at its meeting held on November 4, 2011 declared a first interim dividend of 30% on its equity share capital of ~INR 61.5 Crore.

Marico had issued a mid-quarter Information Update on September 14, 2011. Reference to that update will help better appreciation of this Information Update especially the Outlook. Marico's strategies find an echo in the Success Guru- Brian Tracy's- maxim- "The ability to discipline oneself to delay gratification in the short term in order to enjoy greater rewards in the long term is the indispensable prerequisite for success."

Turnover growth was witnessed across the Company's three business units. The Indian Consumer Products Business grew by 44% in value and 14% in volume terms. Marico's International business posted a growth of 19% after foreign exchange fluctuations and a business growth of 33%. The Kaya business collections on Same Store basis grew by 16%. Market shares continued to be healthy all across.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products & Services Group, in the global beauty and wellness space. During 2010-11, Marico recorded a turnover of Rs. 31.3 billion (~USD 695 Million) through its products and services sold in India and 25 other countries in Asia and Africa.

Marico touches the lives of 1 out of every 4 Indians, through its portfolio of brands such as Parachute, Saffola, Hair & Care, Nihar, Mediker, Revive and Manjal. The international portfolio contributes to 23% of the Group's revenue, with brands like Parachute, HairCode, Fiancee, Camelia, Aromatic, Caivil, Hercules, Black Chic, Code 10 and Ingwe. In addition, the company acquired one of leading Vietnamese FMCG Companies - International Consumer Products Corporation (ICP) which has brands like X-Men, L'Ovite and Thuan Phat. Marico is also present in the Skin Care Solutions segment through Kaya Skin Clinics in India, Middle East and Bangladesh and Derma Rx in Singapore.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance – a CAGR of 22% in Turnover and 27% in Profits over the past 5 years. Marico has successfully achieved several consecutive quarters of y-o-y growth- 48 for Profits and 44 for Sales.

<u>Business Unit-wise details have been given in the next three pages.</u>
<u>More details are available in the Information Update issued today and posted in the Companies website www.marico.com</u>

Marico Limited, Regd. Off: Rangsharda, Krishnachandra Marg, Bandra (W), Mumbai 400 050, India.
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The **Consumer Products Business in India** (CPB) achieved a turnover of INR 667 crore (~USD 148.2 mio), a growth of about ~44% over Q2FY12. The Turnover growth reflected healthy demand and continued business momentum manifest in a volume growth of ~14% over Q2FY11.

The chief contributors towards this growth were:

- Equity of Marico's brands that provided sufficient pricing power- as retail price increases were necessitated in H2FY11 owing to high inflation in input costs
- Steady growth in the coconut oils market
- Share gain in value added hair oils
- Expansion in Saffola's franchise

Parachute, Marico's flagship brand, recorded robust volume growth during the quarter. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by ~10% in volume as compared to Q2FY11. Small packs continued to drive growth.

The Saffola Oil franchise grew by ~11% in volume terms during Q2FY12 compared to Q2FY11.
During the quarter, all Marico's hair oils brands recorded healthy growth. The company's hair oils in rigid packs volumes grew by ~26% over Q2FY11.

Marico's hair oils franchise had achieved market share gains during FY11 and has continued to do so if the FY12 also. There has been a shift of around 160 basis points in Q2FY11 compared to Q2FY11. Its volume market share during the 12 months ended September 2011 was ~23.4% up from 17% about 5 years ago. These market shares 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 and continued media support in some of the brands and penetrative pricing action in others.

Nihar Shanti Amla continues to gain market share on the back of disruptive pricing and achieved a volume market share of ~15.5% for the 12 months ended September 2011. Shares in September 2011 were even higher at ~18%.

Copra prices had seen an unprecedented increase in H2FY11, following which there has been a correction. The average market prices of copra in Q2FY12 were lower than the average prices during Q1FY12. However, on a Y-o-Y basis, the prices in Q2FY12 were still ~50% higher as compared to Q2FY11.

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 the Indian Consumer market. Hence, after taking significant price increases, Marico held the retail prices for almost 9 months to avoid too many price increases in a short time span. It also varied the degree of price increases s across its portfolio; so that the low unit price "recruiter" packs do not breach a certain price threshold. During Q2FY12, the company maintained its retail prices, thereby accepting the consequent contraction in margins as compared to Q2FY11.

Marico, after a successful prototype of Parachute Advansed Body Lotion in West Bengal, recently launched the product on a national basis. 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.

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Marico's **International Business Group** (IBG) encompasses Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia. It comprised ~23% of the Marico Group's turnover in FY11. IBG sustained its growth journey clocking a turnover of INR 241 Crore (USD 53.5 mio) during Q2FY12. This denotes a growth of ~19% after foreign exchange fluctuations and a business growth of 33% over Q2FY11 boosted by the acquisition of 85% equity in International Consumer Products in Vietnam in February, 2011.

Parachute Coconut Oil in Bangladesh clocked a market share of 69% in the total CNO market (including loose oil). Parachute continues to be amongst the top 5 most trusted brands (Source: Bangladesh Brand forum)

The overall environment in MENA (Middle East and North Africa) is relatively better but not without instances of sporadic protests and disturbances. Some of the territories that still face instability such as Libya, Yemen and Syria continue to face closure of operations. However, they comprise only about 5% of Marico's business in the MENA region. In Egypt, the combined market share of Fiancée and Hair Code was held at ~57%. Hair Code has been restaged with a new visual identity and campaign.

The South African business continued its growth journey recording a strong double digit Y-o-Y growth over Q2FY11.

The business environment in Vietnam remained challenging during the quarter with high inflation of 11% and cost push in power and fuel. X-Men, a leading Men's grooming brand saw an uptick in its market share to 41%. The integration of operations is on track. Marico's Malaysian business continues to grow at a very healthy rate albeit on a small base. Code 10 has responded well to the brand restage and the renewed thrust to distribution.

Kaya Skin Care Solutions

Kaya now offers skin care solutions- its technology led cosmetic dermatological services and products- through 105 clinics: 82 in India across 26 cities, 17 in the Middle East and 2 in Bangladesh in addition to the 4 Derma Rx clinics and medispas in Singapore and Malaysia.

During Q2FY12, Kaya achieved a turnover of INR 66.2 crore (~USD 14.7 mio). The Kaya business in India and the Middle East achieved same store collection growth of 16% over Q2FY11. Kaya has thus sustained the topline growth trend for the past 4 quarters on a same store basis.

The products from Derma Rx introduced in India continue to gain good traction and now constitute about 23% of the revenues from Indian operations compared to 16% Q2FY11. During Q2FY12, Kaya recorded a revenue growth of ~7% over Q2FY11 and made a loss before tax of INR 7.5 crore (~ USD 1.7 mio).

Marico expects that in Kaya, 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.

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Outlook

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. 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.

Saugata Gupta, CEO, Consumer Products Business expressed happiness at the results- "The CPB team has competently dealt with the discontinuous input costs scenario and come out with flying colours. We now have a much higher degree of strategic unity and clarity, about our portfolio choice and growth strategies. We are poised to reap over the long term the dividends of India's Consumption Story."

Vijay Subramaniam, CEO, International Business said-"We expect Marico's International Business to overcome the odds of political and economic uncertainty and upheavals in its focus territories and grow in healthy double digits. IBG is well poised to continue its journey of sustainable profitable growth in the medium term"

Ajay Pahwa, CEO Kaya was delighted - "Kaya skin business in India is showing early signs of recovery having posted growth at same clinic level for the 4th consecutive quarter. We believe that the building blocks for long term value creation by Kaya are getting into place."

Milind Sarwate, Group CFO & CHRO highlighted Marico's focus on the long term, saying "Long term success can be ensured only through stronger brands that have an indelible mark with the consumers. We have therefore chosen to prioritise expansion of consumer franchise over expansion of margins."

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