Media Release

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# Marico Q2FY 13 results
## Robust volume growth of 14%, stronger market shares
## Revenue up 19%, PAT up 10%

Marico posted another strong quarter of strong top line growth. Revenue from Operations was INR 1159 crore (USD 215 million) a growth of about 19% over Q2FY12. Focus on consumer franchise expansion helped the Company to notch a strong 14% growth in sales volumes.

Recently acquired Youth brands (Set Wet, Zatak and Livon) grew by 28% over their turnover in Q2FY12. Volume Growth in the rest of the portfolio was 9%. Operating Margin rose by 27%, driven by favourable input costs that more than offset higher spends on Advertisement and Sales Promotion. However, higher interest costs and higher effective tax rates caused the Net Profit to grow by a lower number of 10%.

Turnover growth was healthy across each of the three business units. The Indian Consumer Products Business in India grew by 19% in value and 17% in volume terms. Marico's International business posted a growth of 16% in value. Kaya grew by a healthy 38% driven by same store growth of 10% in India and Middle East. Market shares continued to be healthy across categories.

The Board of Directors of Marico Limited at its meeting held on November 2, 2012 declared a first interim dividend of 50% on its equity share capital of ~INR 64.45 Crore (USD 11.9 million)

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products & Services Group, in the global beauty and wellness space. During 2011-12, Marico recorded a turnover of about Rs. 40.0 billion (USD 740 Million) through its products and services sold in India and about 25 other countries in Asia and Africa.

Marico touches the lives of 1 out of every 3 Indians, through its portfolio of brands such as Parachute, Parachute Advansed, Saffola, Hair & Care, Nihar, Livon, Setwet, Zatak, Mediker and Revive. The international consumer products portfolio contributes to about 24% of the Group's revenue, with brands like Parachute, HairCode, Fiancée, Caivil, Hercules, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance, a CAGR of 21% in Turnover and 23% in Profits over the past 5 years.

**Business Unit-wise details have been given in the next three pages.**

**More details are available in the Information Update issued today and posted in the Companies website www.marico.com**

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The **Consumer Products Business in India** (CPB) achieved a turnover of INR 793 crore (USD 147 million), a growth of about 19% over Q2FY12. The turnover of acquired Youth brands (including Set Wet, Zatak and Livon) amounted to INR 46 crore (USD 8.5 million) during the quarter. The growth before considering the turnover of these brands was 12%. The performance of CSD channel continues to be below par.

Turnover growth reflected healthy demand and continued business momentum manifest in a volume growth of about 17% over Q2FY12. The organic volume growth without considering the impact of acquired Youth brands is about 10%. The operating margin of CPB during Q2FY13 was about 17%. The Company believes that the operating margins in CPB in the range of 16% to 17% are sustainable in the medium term.

Parachute, Marico's flagship brand, recorded robust volume growth during the quarter. The rigid part of the portfolio (packs in blue bottles) grew by about 9% during the quarter over Q2FY12. During the 12 months ended September 2012, Marico's volume share led by Parachute and Nihar was circa 57.2% (12 months ended September 2012: 53.3%).

During Q2FY13, the Saffola edible Oils franchise grew by about 6%, lower than the recent trend, the expansion of the premium in Saffola as a result of lower inflation in Sunflower oil vis-à-vis the inflation in input raw materials in Saffola led to a deceleration in the rate at which consumers upgrade into the category. Saffola oats, after gaining critical mass in the Southern markets was rolled out nationally during the quarter. Saffola has an exit market share of about 14% by volume in the fast growing Oats category and has emerged as the number two player. Besides offering oats Saffola strengthened its position in the breakfast category by introducing Muesli on a national basis. The product is available in three variants.

Marico's hair oils portfolio under the Parachute Advansed, Nihar and Hair & Care franchises continued to grow rapidly. Marico has emerged as the market leader in the Value Added Hair Oils space. Its basket of value added hair oils have achieved a volume market share of about 25.3% (from 17%-18% about 5 years ago) for the 12 months ended September 2012.

Marico has a "category play" in the segment whereby it 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 4000 crore (USD 727 million) branded hair oils market. The portfolio grew by about 20% in volumes over Q2FY12. The Company is now focusing on scaling up its presence in all the sub segments of Value Added Hair Oils.

Parachute Advansed Body Lotion has achieved a volume market share of about 6% (moving 12 months basis) within a short period of time and has become the number 3 participant in the market.

The current quarter is the first full quarter in which the financial results of the acquired Youth brands are consolidated to arrive at the Group's performance. The Company focused on integrating the operations into its own Sales and Distribution network.

The turnover achieved from the Youth brands during the quarter was INR 46 crore (INR 8.5 million), a growth of 28% over Q2FY12. (During Q2FY12 the business was being run by Reckitt Benckiser) The operating margins are in line with expectations.

**Saugata Gupta, CEO, Consumer Products Business** expressed happiness at the results: "We are happy about the way the integration of the acquired Youth brands is panning out. These are strong brands and we expect them to continue to record healthy growth rates".

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Marico's **International Business Group** (IBG) focused largely on Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia comprised about 24% of the Marico Group's turnover in FY12, achieved a turnover of INR 275 Crore (USD 51 million) during Q2FY13. This denotes a growth of about 16% over Q2FY12.

In Bangladesh Parachute Coconut Oil and HairCode hair dye has held its market share and leadership in the respective category. In the Value Added Hair Oils (VAHO) space, the Company strengthened its presence through increased volumes of Parachute Beliphool, a light hair oil with a floral fragrance, Parachute Advansed Cooling Oil and Nihar. This has resulted in ramping up market share from about 7% a few quarters back to exit market share of over 19%. It now occupies the number 2 position in the VAHO segment.

Overall the environment in Egypt is stable with gradual signs of revival in the economy. The Company's business in Egypt grew by about 11% during the quarter and maintained its market share of about 57%. The company continues to play out a dual brand strategy leading with Hair Code and Fiancée playing the VFM flanker role.

During Q2FY13, the company's MENA business registered a growth of 6% over Q2FY12.

Vietnam is tracking as per expectations and grew by over 23% in Q2FY13 over Q2FY12 X-Men maintained its leadership in male shampoos and the number two position in male deodorants. In Malaysia, Code 10 has responded well to the brand restage and the Company has recently launched a range of extensions in male hair styling. The Company continues to scale up its presence in neighboring countries like Myanmar, Nepal and Bhutan.

Vijay Subramaniam, CEO, International Business said: "IBG will continue to build on the equity of Marico's brands and increase their penetration in the emerging markets of Asia and Africa. Given that we are reaching critical mass in most of our geographies, I expect to see the benefits of scale in the coming years".

**Kaya Skin Care Solutions**

During Q2FY13, Kaya achieved a turnover of INR 91.5 crore (USD 16.9 million) registering a growth of about 38% over Q2FY12. The Kaya business in India and in the Middle East achieved same store sales growth of about 10% during Q2FY13 as compared to Q2FY12. This was partly led by the promotions carried out during the quarter to drive footfalls. DRx business reported a healthy double digit top line growth.

The products from Derma Rx introduced in India continue to gain good traction. More products from Derma Rx range and other products from Kaya will continue to be introduced in India and Middle East in a phased manner. About 25% of the revenues from Indian operations now come from the sale of products.

During Q2FY13, Kaya recorded a profit of INR 5.7 crore (USD 1.05 million) at the PBIT level. The business had reported a loss of INR 4.8 crore (USD 0.90 million) at PBIT level for Q2FY12. Depreciation of INR against other currencies contributed to a strong 38% growth in top line. The currency effect also helped the bottom line.

While the Company has registered a profit during this quarter, there is some level of uncertainty over discretionary spends owing to overall inflation in the economy. The Company would thus like

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to observe a few more quarters of good performance before gaining confidence about sustained profitability.

**Ajay Pahwa, CEO Kaya** commented: "Kaya business continues to record an improvement in same store growth and profitability. We are working towards consolidating upon the same store growth achieved over the last 8 quarters".

**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. This emboldens us to spell out our preference for growing our volume franchise as compared to focusing on profit margins alone. Our recent acquisition of personal care brands in the male grooming/styling segments puts us in a good position to leverage the Indian demographic trends and build a portfolio of the future.

**Milind Sarwate, Group CFO** summed up saying "Marico's focus on building a well-entrenched consumer brand franchise is paying off. Our brands have continued to deliver volume growths and gain market share across categories. We continue to be confident of delivering long term value to our stakeholders. "