

Media Release

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Turnover	Rs. 2661cr
Net Profit	Rs. 232cr

Turnover and profit consistently growing over the corresponding quarter of the previous year, for the past 40 quarters and more

1 out of every 4 Indians is a Marico consumer.

Marico distribution network covers over 33lac retail outlets

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

Parachute is the world's largest coconut oil brand

Marico was awarded the NDTV Profit Business Leadership Award 2009 in the FMCG (Personal Hygiene) category

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

Parachute ranked the 2nd Most Trusted Brand in Bangladesh

Kaya won the CMO Asia Award for Brand Excellence in the beauty, wellness & fitness category

Marico Jalgaon won the Runners-up trophy at the G-CUBE Good Green Governance Award in the Manufacturing category.

Marico won the Nasscom CNBC TV18 - IT User Award 2010, for excellence in IT application, in the manufacturing category.

Marico Grows in Sales and Profits despite Input Cost-push

Focus on building blocks

Marico achieved a turnover of Rs. 779 Cr during Q2 FY11, a growth of 13% over Q2 FY10. Profit after tax (PAT) for Q2 FY11 was Rs 72 Cr, a growth of 15% over Q2 FY10.

Overcoming a Raw Material cost-push of 250 basis points, Marico recorded an Operating margin of 12.9% - down by only 90 basis points Y-o-Y.

Volume growth across businesses was a highlight of the Quarter. The Indian Consumer Products Business clocked 11% - contributors being Parachute Coconut Oil (in rigid packs) at 10%, Saffola Oils at 18% and Hair Oils at 14%. The International Business notched 18% Volume growth across all regions. Kaya recorded a growth of 28% over previous year, driven by improvement in the Indian business. Kaya also displayed a sequential Quarter Growth of 9%.

Marico's market shares remained steady across categories and geographies- a few examples are - India (Coconut Oil 53%, Hair oils 22%) Bangladesh (Coconut Oil 76%, Hair Dye 23%), Middle East and North Africa (MENA) (Parachute Cream in GCC 27%), Gels & Creams in Egypt 57%.

Marico Bangladesh, a company listed on the Dhaka and the Chittagong Stock Exchanges, now has a market capitalization of about Rs. 1200 Cr, up by over 33%, in about 15 months since listing.

The Kaya business, boosted by the acquisition of Derma Rx in May 2010, recorded a positive ROCE at the global level.

Marico's Sustainable Profitable Growth has now been running for several consecutive quarters - 40 for Turnover and 44 for Profits. Marico has thus accomplished an uninterrupted 10-year growth run.

At its meeting held on October 26, 2010, the Board of Marico Limited, declared a first interim dividend of 30% on its equity share capital of ~Rs. 61 Crore.

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

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Consumer Products Business

The momentum, that Marico's flagship brand Parachute picked up during Q1FY11, continued into Q2FY11. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by ~10% in volume as compared to Q2FY10. Marico's second flagship brand, Saffola, continues to ride the trend in increasing concern around health and heart health in India. Marico's hair oils franchise had a volume market share of ~22% during the 12 months ended August 2010. Hair oils portfolio gained market share by 140 basis points in H1FY11, compared to same period last year.

The equity of Marico's brands allowed price increases being taken in to offset the input cost pressures, chief examples being Parachute Coconut oil (about 12%) and Saffola Oils (about 3%). The full impact of these will be felt only from Q3 FY 11.

Strategic investment in Brands continued, centered on new products like Parachute Advanced Hot Oil, Parachute Therapie in India and the Middle East and Saffola Arise (Low GI Rice). Prototypes consisted of Saffola Oats, Parachute Advanced Cooling Oil and Parachute Advanced Ayurvedic Hair Oil.

Saugata Gupta, CEO-Consumer Products, commented, "Over the next few years, while the company taps the head room for growth in its existing segments, it will create new growth engines, which will help us gain disproportionate share of the market growth opportunities in beauty and wellness."

International business

Marico's International business (now comprising about 23% of the group's turnover) grew by 18% over Q2FY10. The underlying business growth was higher at 23%, which was partly offset by the appreciation of the Indian Rupee.

In Bangladesh, Parachute now commands a volume share of about 76%. Marico has begun leveraging the extensive distribution network created by Parachute. Over the last 18 months, Hair Code hair dye has been able to establish itself as a clear No. 2 brand, with a share of over 20%. Adding to its portfolio, in the Bangladesh market, the company made a foray into the refined edible oil segment, with the launch of Saffola in Q1FY11. The initial response is positive.

In the Middle East, both Parachute Cream and Parachute Gold hair oil experienced healthy growth. Marico's business in Egypt, comprising the hair gel and hair cream brands - Hair Code and Fiancée, continued report healthy growth, with a market share of ~57%. The Parachute franchise has now entered Egypt, with Parachute Gold Hair Oil and Parachute Hair Cream.

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The South African business also continued to build on the momentum gained last year and achieved ~31% growth during Q2FY11, over the same quarter in the previous year. During Q2FY11, the company acquired the OTC healthcare brand – Ingwe, to complement the existing healthcare portfolio of Marico South Africa and strengthen access to the 'independent trade' channel.

Said **Vijay Subramaniam, CEO, International Business**, "Our businesses across geographies are performing well. Integration of Code 10 business in Malaysia and Ingwe in South Africa is on track. Marico's international business is well poised to build on this momentum and will continue to deliver sustainable profitable growth."

Kaya Skin Solutions Business

Kaya now has 101 Clinics – (81 India, 14 Middle East, 2 Bangladesh, and 4 South East Asia).

During Q2FY11, Kaya's skin solutions business recorded a revenue growth of 28% over Q2FY10, boosted by the acquisition of Derma Rx in May 2010. It achieved a turnover of Rs. 62 Cr. The acquisition also helped the Kaya business to post a PBT of Rs. 0.85 Cr in Q2FY11.

In Q2FY11, despite the closure of 6 clinics in Q1FY11, Kaya's business in India continued to grow sequentially and recorded a growth of ~9% over Q1FY11. This was aided by promotional offers, inviting customers to the clinics, to experience Kaya .

In order to unlock portfolio synergies, Kaya has begun introducing some of its Derma Rx products in India. Derma Rx products will also be introduced in the Middle East by Q4FY11. This will enable Kaya to generate more business from the same number of clinics and help improve their ROCE.

Ajay Pahwa, CEO, Kaya said, "Kaya has delivered sequential growth by launching an affordable range of highly differentiated every day skincare services such as Every Day Radiance and Aqua Radiance. This is broadening Kaya's proposition from expertise in skin repair to everyday skin care."

Kaya has introduced a range of new products and service solutions that will set a new standard for Acne and Pigmentation management. The products are specially formulated by Derma-Rx, a Singapore based company that Kaya acquired in May 2010. The products are developed by renowned aesthetic physician Dr. S K Tan who is the founder of Derma-Rx range of products and DRX clinics in Singapore and Malaysia.

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Outlook

The trend of volume growth across categories is encouraging. However, input cost-push, if very steep, could temporarily impact margin growth. In these circumstances, Marico will focus on the primary building block of all FMCG companies, viz. consumer franchise. Volume growth may, therefore, be prioritized over margin growth.

Milind Sarwate, Chief - Finance, HR & Strategy remarked, "The Growth story of Indian FMCG MNCs carries a bold Value creation promise. This promise revolves around the consumer and not around quarterly margins. We, therefore, believe that we must build a durable consumer franchise, which will eventually drive margins. This alone will lead to sustainable shareholder value creation."

Established in 1990, Marico is one of India's fastest growing Consumer Products & Services groups, in the Global Beauty and Wellness space. During 2009-10, the company generated a turnover of Rs. 26.6 billion (about USD 600 Million). Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Kaya, Fiancée, Haircode, Caivil, BlackChic, Code 10 and Ingwe. Today, one out of every four Indians is a Marico consumer. Marico is 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 manifested through its consistent financial performance – a CAGR of 21% in Turnover and 27% in Profits over the past 5 years. Marico has successfully achieved several consecutive quarters of y-o-y growth- 44 for Profits and 40 for Sales. The Marico scrip is listed on the Bombay Stock Exchange (BSE) (Code 531642) & on the National Stock Exchange (NSE) (Code "MARICO").

Marico Websites: www.marico.com, www.maricobd.com, www.saffolalife.com, www.kayaclinic.com, www.haircodeworld.com, www.parachuteadvanced.com, www.parachutearabia.com and www.maricoinnovationfoundation.org