Media Release

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Net Profit	Rs. 396 cr

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Marico FY13 results
Market share improvement, Margin expansion
Revenue up 15%, PAT up 25%

Marico posted Revenue from Operations of INR 4596 crore (USD 851 million) a growth of about 15% over FY12. The growth was largely led by about 12% volume growth as compared to FY12. The inflation component in the overall growth was lower at 3%.

The growth in Profits after Tax (PAT) was about 25%. There were certain exceptional and non-comparable items during the year FY13 and FY12 and if one excludes the impact of these items the growth in PAT is about 18%.

The gross margins expanded by 490 bps during FY13 as compared to FY12. The Company chose to invest significant part of this expansion in brand building leading to an operating margin expansion of 120 bps. This reflects the Company's approach towards focusing on new consumer acquisition across its portfolios as against maximizing margins in the short term.

The Indian FMCG Business grew at 18% in value terms and by 16% in volume terms during FY13 over FY12. The International FMCG business reported a turnover growth of about 8% during FY13 and Kaya skincare solutions business posted a top line growth of 21% for year FY13 as a whole boosted by same stores sales growth of 12%.

Market shares continued to be healthy across categories.

The Board of Directors of Marico Limited at its meeting held on April 30, 2013 declared a second interim dividend of 50% on its equity share capital of ~INR 64.5 Crore (USD 11.9 million). The total dividend for the full year FY13 is 100% (as compared to 70% during FY12), resulting in a payout ratio of about 19% (as compared to about 16% during FY12).

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products & Services Group, in the global beauty and wellness space. During 2012-13, Marico recorded a turnover of about Rs. 46 billion (USD 851 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 22% 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 19% in Turnover and 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 FMCG **Business in India** achieved a turnover of INR 3253 crore (USD 602 million), a growth of about 18% over FY12. The turnover of acquired Youth brands (including Set Wet, Zatak and Livon) amounted to INR 139 crore (USD 25.7 million) during the year. The growth before considering the turnover of these brands was 13%.

The total domestic volume growth during FY13 was 16% of which the organic volume growth was about 11% in a demand environment that has been soft over the past few quarters. This reflects strong equity of the Company's brands. There has been some deceleration in the growths during the past few months in the rate of new customer acquisition owing to an expansion in the premium charged by the Company on its products and slow down in certain discretionary segments. The Company has taken corrective actions in the form of price reduction in select packs. These have however become effective in the market place mid-quarter of Q4FY13. They are expected to increase the rate of new customer acquisition going forward and there are initial signs supporting this trend. The business recorded market share gains across the portfolio.

Marico participates in the INR 2800 crore (USD 518 million) branded coconut oil market through Parachute and Nihar. The rigid part (packs in blue bottles) of the portfolio of Parachute, Marico's flagship brand, recorded a volume growth of about 10% during the year. The Company has been focusing on the rigid packs over the past few years as they enjoy a higher margin as compared to pouch packs. During the 12 month period ended March 2013 Parachute along with Nihar improved its market share by about 240 bps over the same period last year to 57.6%

The Saffola refined edible oils franchise grew by about 7% in volume terms during FY13 compared to FY12. The growth was impacted by a softer demand environment in premium packaged foods that are discretionary in nature and the inflation in the safflower oil and rice bran oil being significantly higher than the inflation in sunflower oil. This had led to expansion in premium of Saffola vis-à-vis the other refined edible oils. Though the Company doesn't believe that Saffola's existing consumers are down trading there is a deceleration in the rate at which new consumers are upgrading into the Saffola brand, leading to a lower growth rate.

The Company has initiated some price reduction in select packs in order to bring the premium back to sustainable levels. The average price correction was 2% to 3%. The initial response to this pricing adjustment (taken in mid-quarter Q4FY13) has been positive and the full impact is expected to be seen in Q1FY14. The Company expects to return to double digits volume growth rates in Saffola in the medium term.

Saffola now offers a bouquet of six flavors in the savory Oats category and these are available on a national basis. Saffola has an exit market share of about 13% to 14% by volume in the 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. The market size of Muesli is estimated to be around INR 80 crore to INR 100 crore (USD 14.8 million to USD 18.5 million) growing rapidly in excess of 40%. Saffola Muesli has already become a number 3 player with an exit market share of about 9%.

In the Value Added Hair Oils segment, Marico's hair oil brands (Parachute Advansed, Nihar and Hair & Care) have performed well over the past few years. The brands continued to record very healthy growths and market share gains during FY13. The volume growth rate was 24% for the year FY13. Marico's basket of hair oil brands achieved market leadership position in the Value Added Hair Oils space and now has about 27% share (for 12 months ended March 31, 2013) in the INR 4500 crore (USD 834 million) market. There has been a positive shift of around 280 basis points in FY13 compared to FY12. During Q4 of the year the Company launched another product under the Parachute Advansed brand called "Parachute Advansed Tender Coconut Oil". The new

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product is an innovation that offers its nourishing goodness in a modern, sensorially pleasing avatar. This initiative has been launched nationally and supported by an aggressive multi-media launch plan across TV, Print, Outdoor and Digital media.

The Company is now focusing on scaling up its presence in all the sub segments of Value Added Hair Oils so that it can get advantages of operating leverage in fixed costs and advertisement spends leading to expansion in operating margins.

Parachute Advansed Body Lotion has achieved a volume market share of about 7% (moving 12 months basis) within a short period of time and has become the number 3 participant in the market. The brand's clutter-breaking premium packaging won the World Star 2012 award beating stiff competition from across several countries. The brand gained about 320 bps in market share during the current season as compared to the last season.

The turnover achieved from the Youth brands (Set Wet, Zatak and Livon) during the year was INR 139 crore (INR 25.7 million), a growth of 18% over FY12. The operating margin expectation is in line with assumptions and the business is tracking ahead of the acquisition assumptions. Having stabilized the distribution integration, the company has taken a number of new initiatives in the youth portfolio. During the year a new campaign for Set Wet hair gels was launched. It has met with a favorable response. Leveraging its portfolio under Code 10 in Malaysia, new formats of hair gels and waxes were launched under Set Wet in India. Set Wet and Zatak deodorants have also undergone a packaging restage to enhance their youth appeal. New fragrances were also introduced.

Marico's **International FMCG Business** focused largely on Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia comprising about 22% of the Marico Group's turnover in FY13, achieved a turnover of INR 1007 Crore (USD 186 million) during FY13 and reported a growth of 8% as compared to FY12. While the overall top line performance was subdued during the year, the Company expects to bring the overall international business growth back on track from Q1FY14. The Operating margin for the year as a whole was about 8%. The Company is confident of improving this margin to double digits during the next fiscal.

The overall business environment in Bangladesh remained challenging through out the year. The business lost valuable business days owing to "strikes" in the country over the past few months. The business reported a marginal topline growth of about 1% during the year. The business has reported an improvement by recording a 21% top line growth during Q4FY13. Parachute Coconut Oil and HairCode hair dye held their respective market shares and leadership positions in the respective categories. In the Value Added Hair Oils (VAHO) space, the Company strengthened its presence through increased volumes of Parachute Beliphool, Parachute Advansed Cooling Oil and Nihar. This has resulted in ramping up market share from about 7% a few quarters back to a market share of about 19%.

The overall environment in Egypt remains somewhat unpredictable. There are increased levels of uncertainty due to impending elections. The Company experienced some business disruption during the quarter due to "strikes" in the ports leading to an adverse impact on the supply chain and logistics. Notwithstanding this, the Egypt business grew by about 12% during the year in volume terms and the leading brands HairCode and Fiancée maintained their combined market share of about 53%. The company continues to play out a dual brand strategy leading with Hair Code and Fiancée playing the VFM flanker role.

The company's Parachute business in the Middle East region continued to face challenges and de-grew during the year. This is as a result of a mixed response to a pack change initiative in Hair

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Creams. The Company has stepped up investments to communicate the pack change with aggressive on-ground, in-outlet and sampling activities. It expects the business to return to a growth trajectory over the next few quarters.

The business in South Africa posted a steady growth in top line along with market share gains in the environment where the growth in the segment remains weak.

The business in Vietnam is tracking as per expectations. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. The extension into X-Men for Boss has also received a good response. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar, Nepal and Bhutan.

Saugata Gupta, CEO, Marico said: "The unification of the domestic and international FMCG business opens up a lot of opportunities to leverage synergistic benefits. We will leverage scale across common product platforms and benefit from best practice deployment across geographies. I am excited about the journey ahead."

Kaya Skin Care Solutions

During the year FY13, Kaya achieved a turnover of INR 336 crore (USD 62.2 million) registering a growth of about 21% over FY12. The Kaya business in India and in the Middle East achieved same store sales growth of about 12% during FY13 as compared to FY12. In an environment where customers are cautious on discretionary spends Kaya business has continued to report growth. Kaya has now recorded a top line growth trend for the past 10 quarters on a same store basis.

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 FY13, Kaya recorded a loss of about INR 18.5 crore (USD 3.4 million) at the PBIT level. This compares with a loss of INR 30.8 crore (USD 5.7 million) at the PBIT level for FY12. The losses for the year FY13 also include a financial hit amounting to INR 17.5 crore (USD 3.2 million) on account of impairment of certain clinics. The Company will monitor the performance of these clinics closely

Vijay Subramaniam, CEO Kaya commented: "Kaya has demonstrated YoY same store sales growth over a number of consecutive quarters. Our Kaya Skin Bar prototype also looks encouraging. We believe the business is well placed to move into a phase of profitable growth"

Outlook

Marico has positioned itself, strategically, in the Developing and Emerging (D & E) markets of Asia and Africa. Most of these markets have large populations where affluence is expected to continue to rise and segments where Marico participates – hair care, body care, skin care and health foods are under-penetrated. We believe we are well placed to take advantage of this opportunity over the medium and long term. In the immediate term the company expects to continue to record growth double digit growth despite the challenges in the environment.

Milind Sarwate, Group CFO summed up saying "Over the years, Marico has demonstrated the value-creation potential of a well-defined focused strategy. We will stay the course to deliver long term shareholder value taking short term fluctuations in our stride".

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