Media Release

Year 2013-14

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Net Profit Rs. 485 cr

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Marico Q4FY14 results
Revenue up 17%, Volume up 6%, EBITDA growth 32%
Recovery in both India & International business

Marico posted Revenue from Operations of INR 1,072 crore (USD 173 million) a growth of about 17% over Q4FY13 during the quarter ended March 31, 2014 (Q4FY14). Profit growth, excluding exceptional items accounted in Q4FY13, grew by 8%. Volume growth in both India and International business has shown recovery.

During FY14, the Company has received 900% dividend from Marico Bangladesh Limited on which income tax charge of INR 34.5 crore has been accounted in the books. This has increased the effective tax rate (ETR) for the year. Profit growth excluding this tax impact is 31% for the quarter. The reported profits (not comparable and including exceptional items) de-grew by about 20% during Q4FY14.

The business has shown steady recovery in volume growths with sustained improvements in market shares. In India, due to the weak demand environment, the growth rates of various segments have come down. This has impacted the Company's growth rates as well. However, the Company has demonstrated strong brand equity by continuing to grow faster than the market.

The Company entered the Hair Colour category by introducing Livon Conditioning Cream Colour. The initial retailer and consumer feedback across the board has been positive

To commemorate 25 years since incorporation, the Company has declared a one-time Silver Jubilee Third Interim Dividend of 175% (Re.1.75 per share) on the equity share capital of INR 64.48 crores at the meeting of its Board of Directors held in March 2014.

Therefore, the Company has declared a total dividend of 350% in FY14. With this the dividend payout ratio has increased to 47.3% in FY14 as compared to 19.3% in FY13. Excluding the one-time dividend, the payout ratio for the year is 24.1%. The Company will endeavor to improve the dividend payout ratio further depending on the acquisition pipeline.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products Group, in the global beauty and wellness space. During 2013-14, Marico recorded a turnover of about Rs. 47 billion (USD 781 Million) through its products sold in India and about 25 other countries in Asia and Africa. Kaya Skin Care Services business has been demerged from Marico Ltd effective April 1, 2013.

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 25% 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 16% in Turnover and 21% in Profits over the past 5 years.

Business Unit-wise details have been given in the next few pages.
More details are available in the Information Update issued today and posted on the Company's website www.marico.com

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The **FMCG Business in India** achieved a turnover of INR 812 crore (USD 131 million) during the quarter, a growth of about 16% over Q4FY13.

The volume growth in India saw an up-stick and was at 6% for the quarter. The overall sales growth was bolstered by the price increases taken across the portfolio to cover a major part of the input cost push.

The operating margin of the India FMCG business during Q4FY14 was 17.1%. The Company believes that an operating margin in the band of 17% to 18% is sustainable in the medium term. However, in the immediate term, Operating margin will face compression due to the unprecedented rise in copra prices.

Parachute coconut oil in rigid packs (the focus part of the Parachute portfolio) recorded a volume growth of about 10% during the quarter. Q4FY14 has shown a recovery in volume growth from an abnormally low growth in Q3FY14. During the 12 month period ended March 2014, Parachute along with Nihar maintained its market share at 56%.

Due to a further spurt in copra prices, the Company has taken another round of price increases in April'14 of about 12-13% across the portfolio on a weighted average basis.

The Saffola refined edible oils franchise grew by about 11% in volume terms during Q4FY14 as compared to Q4FY13, reporting a continuous improvement in performance. The brand has been able to reverse a softer performance in 2012-13 and accelerate in the second half of the year based on its effective equity building communication. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 55% during the 12 months ended March 2014.

In the breakfast cereals, Saffola Oats has increased its market share by 24 bps to 14% and has retained its no. 2 position. Saffola Oats crossed INR 50 crore (USD 8 million) landmark in top line during the year under review. The Company expects to continue the robust growth in Oats.

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 5% in volume terms during Q4FY14 over Q4FY13. The single digit volume growth during the quarter can mainly be attributed to the high base of 24% volume growth in Q4FY13 and also the overall deceleration in the category growth rates due to soften consumption environment. Marico continues to grow faster than the market and continues to emerge as a clear market leader with 28% share (for 12 months ended March 2014) in the INR 4500 crore (USD 834 million) market as against 26% during the same period last year. Marico, for the first time, gained value leadership position in value added hair oils for the quarter.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 30% for the 12 months ended March 2014 in the Amla hair oils category (MAT FY13: 25%). Nihar Shanti Amla is now an INR 250 crore (USD 40 million) brand.

Hair oiling is a deeply ingrained habit for leave-in hair conditioning in the Indian sub-continent. Hair oil has been amongst the fastest growing large sized FMCG segments in India. The category has grown at 17% to 18% CAGR over the last 5 years and compares very well with other highly penetrated personal care categories in India.

Due to the challenging environment, the body lotion category growth rate has fallen to single digit. Parachure Advansed Body Lotion has maintained its no.3 position with a market share of

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6%. The Company expects the brand to be back on track next year. The Company launched India's first unique multi-dimensional 'spray-on' body lotion during the quarter. The variant has been launched in a 100ml SKU with an introductory price of INR 99.

The acquired portfolio of youth brands grew by 16% during the year over FY13. Due to inflationary trend and restricted spends on discretionary products, the category growth rates of Post Wash Serums, Hair Gels/Creams and Deodorants have come off considerably. This coupled with a high base in Q4FY13 (due to re-launch of Zatak) has led to a flat performance of the portfolio in Q4FY14.

Set Wet and Zatak increased its market share marginally in the deodorants segment to 5% for the 12 months ended March 2014, in this crowded category. In February, Set Wet launched a new variant Set Wet Infinity, a non-aerosol perfume spray with 'no-gas' formulation. The launch will be supported by an extensive media campaign during IPL7. Set Wet (Deodorants and Gels) is now an INR 100 crore (USD 17 million) brand with a strong equity and growing consumer franchise.

This youth portfolio will also witness a much higher interaction with overseas portfolio thereby leveraging scale and innovation synergies.

Sales in Modern Trade (9% of the domestic turnover) continued its good run and grew by 16% in Q4FY14 led by Saffola and coconut oil.

Marico's rural sales continue to clock a faster pace of growth than its urban sales. The continued focus on distribution expansion in rural markets has pushed FY14 rural sales to more than 30% of total Indian FMCG sales.

Marico's **International Business** focused on Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia comprising about 25% of Marico Group's FMCG turnover in FY14, achieved a turnover of INR 260 Crore (USD 42 million) during Q4FY14 and thus reported a growth of 21% as compared to Q4FY13. The Operating margin for the quarter was at 17.6%. The Company believes that the sustainable margins are more in the region of 14-15%. This demonstrates a structural shift in International margins based on the cost management projects undertaken in the last one year.

The Bangladesh business topline reported a recovery with 22% growth (in constant currency) in Q4FY14. The topline growth was driven by strong overall volume growth of 13% over Q4FY13. The business reported growth in volumes and market share gains across categories. The Company continues to make investments behind existing and new products such a Value Added Hair Oils (VAHO), Hair Dye, Deodorants, Leave-on conditioners and Premium Edible oils.

The Company's Value Added Hair Oils portfolio in Bangladesh maintained its market share at 18.5%. It now holds no.3 position in VAHO category on a MAT basis. However, on the basis of exit market share, Marico is now no.2 in the category with 20% share. The management will aim at being no.1 in the category in the next one year. The company's Hair Code (coupled with its newer variant Hair Code Active) continues to lead the powdered hair dye market with a market share of around 36%.

The MENA business on an overall basis grew by 27% (constant currency basis) during Q4FY14 as compared to Q4FY13. This is mainly on account of strong 30% business growth in Egypt primarily led by volume growth in Haircode and Fiancée. The business in GCC has started showing signs

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of revival and grew by 23% in constant currency basis after 7 consecutive quarters of de-growth. The trend of improvement will continue over next year.

The business in South East Asia (of which Vietnam comprises a significant portion) de-grew by 24% in Q4FY14 over Q4FY13 in constant currency terms. Business in Vietnam was largely affected by sluggishness in the overall economy leading to reduced consumer confidence. Vietnam is expected to face consumption headwinds in the immediate term. Q4FY13 had also witnessed higher volumes owing to the launch of two new SKUs in shampoos and deodorants. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. Over the medium term the Company remains well poised to participate in the category growths when economic growth picks up. However, in the immediate term, growths are likely to be muted. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar and Cambodia.

The business In South Africa reported a topline growth of 11% during the quarter. The Company continues to gain market share in the environment where the growth in the segment remains weak.

Organizational Changes

Marico's Board of Directors, on March 25th 2014, approved the appointment of Saugata Gupta, CEO Marico Limited as Managing Director and CEO. Saugata Gupta has been inducted into the Company's Board of Directors effective April 1st, 2014. Consequent to implementation of Companies Act, 2013, with effect from April 1, 2014, Harsh Mariwala has been re-designated as Non-Executive Director. He will continue to act as Chairman of the Board and will guide the MD & CEO on long term strategy and direction.

As part of the new structure all business heads and group level functions such as Operations & Supply Chain, Finance, R&D and HR will report into Saugata. Marico was always run as a professional-managed company. Marico has a strong and stable second line of management (EVPs) in place. The average tenure of the leadership group with Marico is over 12 years.

The Board, at its meeting held on 30th April, has approved appointment of Vivek Karve, previously EVP and Head Corporate Finance as the Chief Financial Officer effective 1st April, 2014.

Saugata Gupta, Managing Director & CEO said, "Despite the challenges in the environment during FY14, it has been a satisfying year with Marico's brands gaining shares across most of the portfolio. In Q4 we have been able to get back to healthy levels of growth in key categories and expect to see a gradual increase in momentum in the coming quarters. We remain very positive on the medium term prospects across all our core markets and will continue to invest in capability to make the organisation future ready and maximize the opportunity offered in the emerging markets of Asia and Africa"