



## **MARICO MAINTAINS HEALTHY GROWTH**

Mumbai, October 24, 2007

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During Q2FY08, Marico achieved a turnover of Rs 464 crore, an increase of 23% over the corresponding quarter in the previous year. This comprised 16% organic growth accompanied by 7% inorganic growth. Healthy growth across all its businesses, those of consumer products in India, international business and Kaya skin solutions contributed to the overall growth. Together with this topline increase, the bottom-line also recorded a growth of 62 %. Profit After Tax (PAT) during the quarter was at Rs 42 crore as against Rs. 26 crore in Q2FY07. The Board of Marico Limited, at its meeting held on October 24, 2007, declared an interim dividend of 15% on its equity share capital of Rs. 60.9 Crore.

### **Consumer Products Business – Domestic:**

Over the last few years, Marico has focussed on a consistent strategy of growing the coconut oil market by encouraging conversions from loose oil to branded oil. At the same time Parachute has also worked on increasing its market share in pockets where the scope to do so is higher than in its strongholds, through various micro-marketing initiatives. The brand's market share in the 12 months to August '07 was about 48% in volume terms. Saffola continued to build its equity by taking a thought leadership stance through various on-ground activities and communication through multiple media channels during World Heart Day. This campaign won the bronze at this year's Effie Awards. During Q2FY08, the Saffola franchise grew by 21% in volume over Q2FY07, led by higher growths in Saffola Gold. Mr. Saugata Gupta, CEO Consumer Products Business amplified, "The brand's strength has also helped it leverage the changes in the environment in India".

Marico's hair oil portfolio grew by about 15% in volume terms. Marico has occupied a place in the newer age hair care formats popular amongst the youth through a portfolio of post-wash hair-grooming products. These include Marico's Silk-n-Shine a post-wash conditioner, Parachute After Shower hair cream and hair gel. These are still nascent segments in the hair grooming category in India and the company intends to establish its presence in these segments that could see an inflection in usage in the future and to play its role in category creation.

**International Business:**

Marico's international business turned in a strong performance during the quarter. Aided by Fiancee and HairCode, the brands acquired in Egypt last year, Marico's International Consumer Products business grew by 73% during the quarter over Q2FY07.

The thrust on expanding the franchise of Parachute hair cream in the Middle East continues. Said Mr. Vijay Subramaniam, CEO – International Business, "The brand's restage on the platform of nourishment plus protection from harsh water has been launched across the GCC countries. Locally tailored advertising, including an endorsement by regional celebrity, Zainab and other promotional efforts have taken Parachute cream to the leadership position in the UAE".

Despite some disruption owing to the political uncertainty and floods in Bangladesh, the business performed well with a growth of over 20% as compared to Q2FY07. Parachute coconut oil has increased its market share to 67%. The restage of the soap brands have begun to show results with market share increasing by about 1%.

**Kaya:**

During Q2FY08, Kaya recorded a turnover of about Rs 24 crore, a growth of 36% over Q2FY07. Kaya Skin Care added 2 clinics in India, one each in Mumbai and Pune. One clinic was added in the UAE at AL AIN during the quarter, taking the total number of clinics in the Middle East to six. Kaya plans to open its first clinic in Saudi Arabia shortly. Products form a share of about 15% of Kaya's revenues. In order to enhance this revenue stream, Kaya began prototyping the "shop-in-shop" model through kiosks at malls such as Lifestyle and Hyper City. The response from this experiment with about 8 kiosks has been good. During September 2007, Kaya was chosen the Best Retailer in the Beauty and Fitness category by the India Retail Forum (Images) with special mention for being pioneers and setting standards in the skin care solutions business.

In June 2007, Kaya was extended beyond skin solutions. Kaya Life offers holistic weight loss solutions that are customized to individuals. The consumer need is large with India ranking amongst the top 10 obese nations. Explained Mr. Rakesh Pandey – CEO Kaya, "Kaya Life employs a Synergy 4 System comprising lifestyle counseling, inch loss & body shaping, food & meal planning and energizing exercises. The solutions offered are scientifically designed and Kaya Life expects to differentiate itself from competitors by providing a solution that is not only efficacious but is also enduring". Packages for one, two or three months are available. The first center was opened in June 2007 at Juhu in Mumbai. Based on the response there are plans to open 3 – 4 more centers during the year, initially in Mumbai.

**Sundari:**

In line with the Operating Agreement with its joint venture partner, Shantih LLC, Marico has exercised its call option to raise its stake in its subsidiary Sundari LLC from 75.5% to 100%. With effect for October 23, 2007, Sundari has become a wholly owned subsidiary of Marico Limited.

Marico expects to be able to maintain a growth rate of over 20% during FY08. In order that the growth is sustained, however, adequate advertising support would need to be provided to both established brands and new ones. In line with this, it has already stepped up the ASP spends in recent years to about 12.5% to 13%. These levels are likely to continue.

During the quarter, Marico's overall performance and its growth story received external recognition. In July 2007, Marico won the NDTV Award for the "Best Business Leader for FMCG in the Personal Hygiene category". The company's Uncommon Sense campaign won the Gold Effie for corporate advertising, while its campaigns on Saffola and Nihar perfumed Hair oil won Bronze.

## **About Marico:**

Marico is a leading Indian Group in Consumer Products & Services in the Global Beauty and Wellness space. Marico's Products and Services in Hair care, Skin Care and Healthy Foods generated a Turnover of about Rs. 15.6 billion (about USD 380 Million) during 2006-07. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Sundari, Aromatic, Camelia, Fiancee and HairCode. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories- Coconut Oil, Hair Oils, Post wash hair care, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care etc. Marico is present in the Skin Care Solutions segment through Kaya Skin Clinics (51 in India and The Middle East), the Sundari range of Spa skin care products (in the USA & other countries) and its soap franchise (in India and Bangladesh).

Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East and Egypt. The Overseas Sales franchise of Marico's Consumer Products (whether as exports from India or as local operations in a foreign country) is one of the largest amongst Indian Companies and is entirely in branded products and services. Marico was selected as one of the eight Indian companies in S & P's list of Challenger Companies from various nations, compiled globally by Standard & Poor's in June 2007.

Marico has also won various other Awards, such as the following:

- NDTV Profit – Business Leadership Award, FMCG Personal Hygiene category (July 2007)
- One of India's 10 best marketers (Business Today September 2006)
- Brand Leadership Award at the India Brand Summit 2006 (September 2006)
- Kaya - Best Retailer in the Beauty and Fitness category, India retail Forum (September 2007)
- Kaya – Retailer of The Year Award (for the 2nd consecutive Year) at India Retail Summit 2006
- Gold Effie (2007) for its Corporate campaign and a Bronze Effie (2007) for Saffola
- The Gulf Marketing Review Award in the Middle East 2006.

"Every month, over 70 Million consumer packs from Marico reach approximately 130 Million consumers in about 23 Million households, through a widespread distribution network of more than 2.5 Million outlets in India and overseas.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance – a CAGR of 19% in Turnover and 19% in Profits over the past 5 years- while setting a record of several consecutive quarters of year on year growth- 32 for Profits and 28 for Sales.

The Marico scrip is listed on the Bombay Stock Exchange (BSE) (Code 531642) & on the National Stock Exchange (NSE) (Code "MARICO").

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