

MARICO MAINTAINS ALL ROUND GROWTH

Mumbai, January 24, 2008

Marico's turnover during a quarter scaled a new mark – that of Rs 500 crore. At Rs 506 crore the turnover during the quarter recorded a growth of 24% over the corresponding quarter in the previous year - the seventh consecutive quarter of over 20% year on year growth. This comprised 19% organic growth accompanied by 5% 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 46 crore as against Rs. 28 crore in Q3FY07.

Consumer Products Business – Domestic:

Parachute coconut oil had another good quarter with a volume growth of 11%. By and large, the growth has been broad based, from across all regions. In July 2007, retail prices of Parachute were increased by 3%, in anticipation of some inflation in input prices. Even as input costs did not increase as expected, Parachute has continued to show good volume growth and has maintained its market share. Nihar, the company's second coconut oil brand which is promoted in its bastion in the East, also recorded double digit growth in volume. Saffola, Marico's refined edible oil brand operates in the niche super premium segment of the market in India, positioned strongly on a "good for the heart" equity. A steep increase in input prices has necessitated retail price increases during the year. These price increases notwithstanding, the Saffola refined edible oil franchise grew by 19% in volume over Q3FY07, led by higher growths in Saffola Gold. Taking advantage of the festive season, Marico used consumer offers and micro marketing initiatives to drive volumes in its hair oils portfolio which grew by about 30% in volumes. Mr. Saugata Gupta, CEO Consumer Products Business observed, "The consistent performance of our established brands has helped Marico launch new products to serve emerging consumer needs and build future growth engines".

During the quarter, the company began prototyping the Parachute Advanced Starz range of hair care products for kids. This comprises a coconut based non-sticky hair oil, a gentle shampoo and a nourishing cream gel. The cream gel introduces a new format with the cream providing the goodness of coconut oil, keeping hair free from damage while the styling gel allows an instant cool and sporty hair-do. Marico also commenced prototyping a second functional food, Saffola Diabetics Atta Mix in Delhi and the National Capital Region. The product which helps in sugar management is a healthy high fibre flour with methi (fenugreek seed), psyllium husk and Bengal gram as key ingredients.

International Business:

Geographic expansion forms part of Marico's growth strategy. During the quarter, Marico entered the fast growing South African ethnic hair care and health care market through the acquisition of Enaleni Pharmaceuticals Consumer Division Pty Ltd. This, together with Fiancee and HairCode, the brands acquired in Egypt last year, saw Marico's International Consumer Products business grow by 49% during the quarter over Q3FY07. Said Mr. Vijay Subramaniam, CEO – International Business, "Marico expects to capitalize upon the rapidly growing ethnic hair care market in South Africa. We also anticipate the need to invest in the brands in the near term".

In Egypt, Fiancée and HairCode are performing as per expectations. Marico has been consolidating market share since the time of the acquisitions which is currently at 61%. The thrust on expanding the franchise of Parachute hair cream in the Middle East continues. Locally tailored advertising, including an endorsement by regional celebrity, Zainab and other promotional efforts has taken Parachute cream to the leadership position in the UAE. The robust performance in Bangladesh continues unabated. Parachute coconut oil increased its market share to 65% during the 12 months ended November '07.

Kaya:

Kaya's Revenues during Q3 FY08 witnessed a growth of 30% over Q3FY07. Kaya Skin Care added 3 clinics in India, one each in Mumbai, Bangalore and Nagpur. The company has been able to identify and tie up a few more properties for establishing new clinics. Two new clinics were added in the Middle East during the quarter, Ras al-Khaimah in UAE and Riyadh in Saudi Arabia. Kaya now has 56 clinics, including 8 in the Middle East.

Kaya has been introducing new service offerings to its customers. Kaya Skin Renewal which was launched in the previous quarter was rolled out nationally. The service which is a range of peels targeting specific skin needs of customers such as pimples, age-control, pigmentation, clarity and overall skin health holds good potential as a differentiated offering. In addition to the skin care services, Kaya has begun providing a thrust to product sales. A range of hypoallergenic products for sensitive skin, comprising a Cleanser, Moisturizer and Sunscreen sans perfume have been added to the Kaya basket.

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". The response to the Kaya Life experience has been good and initiatives are being put in place to step up customer acquisition. During Q4FY08, two more centres are scheduled to be opened in Mumbai. Based on these, the model would be further refined over the next few months before a national roll out next year.

Marico expects to be able to maintain a growth rate of over 20% during FY08. The company will continue to focus on growth and building new brands and strengthening existing ones. The environment has been experiencing a significant inflation in input prices, both of crude oil derivatives such as liquid paraffin and HDPE and that of edible oils. The strengthening of the Indian Rupee versus the US Dollar may also impact the margins of the International Business in Rupee terms. The company plans to prioritize growth over the pressure that these shifts may have on its margins in the short run.

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 (56 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, Egypt and South Africa. 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- 33 for Profits and 29 for Sales.

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