

## Media Release

Year 2010-11

Turnover Rs. 3128cr  
Net Profit Rs. 286cr

Turnover and profit consistently growing over the corresponding quarter of the previous year, for the past 45 quarters and more

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Kaya Skin Clinic has once again been awarded SUPERBRAND status for the UAE for 2012

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### Marico Records 29% Turnover growth Profit up 21% boosted by strong volume growth of 20%

Marico clocked a turnover of INR 1058 crore (USD 211.6 mio) during Q3FY12 reporting a growth of about 29% over Q3FY11. A robust volume growth of about 16% in the domestic Consumer Products Business helped achieve this healthy revenue growth.

Profit after tax (PAT) for Q3FY12 was INR 84 crore (USD 16.8 mio), a growth of about 21% over Q3FY11.

Growth in Q3FY12 was stronger than that expected in Q2FY12, largely because of a handsome volume growth across almost all categories, It also helped that some of the business uncertainties anticipated earlier played out less adversely than expected, e.g. inflation in input costs eased as compared to earlier during the year and the foreign exchange situation too gave rise to certain net translation gains

Over the years, Marico has focused on sustainable profitable growth. Q3FY12 is in Y-o-Y terms, the 45th consecutive Quarter of growth in Turnover and 49th consecutive Quarter of growth in Profits.

Turnover growth was witnessed across the Company's three business units. The Indian Consumer Products Business grew by 38% in value and 16% in volume terms. Marico's International business posted a growth of 39% after foreign exchange fluctuations and a business growth of 40% boosted by the acquisition of 85% of International Consumer Products in Vietnam in February 2011. The Kaya business collections on Same Store basis grew by 15%. Market shares continued to be healthy all across.

Marico (BSE: 531642, NSE: "MARICO") is one of India's leading Consumer Products & Services Group, in the global beauty and wellness space. During 2010-11, Marico recorded a turnover of Rs. 31.3 billion (USD 695 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, Saffola, Hair & Care, Nihar, Mediker, Revive and Manjal. The international consumer products portfolio contributes to about 23% of the Group's revenue, with brands like Parachute, HairCode, Fiancée, Camelia, Aromatic, Caivil, Hercules, Black Chic, Code 10 and Ingwe. In addition, the company acquired a majority stake in one of Vietnam's leading FMCG Companies - International Consumer Products Corporation (ICP) which markets brands such as X-Men, L'Ovite and Thuan Phat. Marico is also 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 manifest through its consistent financial performance – a CAGR of 22% in Turnover and 27% in Profits over the past 5 years. Marico has successfully achieved several consecutive quarters of y-o-y growth- 49 for Profits and 45 for Sales

**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](http://www.marico.com)**

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The **Consumer Products Business in India** (CPB) achieved a turnover of INR 716 crore (USD 143 mio), a growth of about 38% over Q3FY12. The Turnover growth reflected continued business momentum and a healthy volume growth of about 16% over Q3FY11.

The chief contributors towards this growth were:

- Equity of Marico's brands that provided sufficient pricing power: Retail price increases were necessitated in H2FY11 owing to high inflation in input costs
- Steady growth in the coconut oils market
- Share gain and portfolio expansion in value added hair oils
- Expansion in Saffola's franchise
- Performance of new products

Parachute, Marico's flagship brand, recorded robust volume growth during the quarter. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew around 13% in volume as compared to Q3FY11. Small packs and share gain because of relatively lower competitive intensity helped drive this growth.

The Saffola Oil franchise grew around 15% in volume terms during Q3FY12 compared to Q3FY11. During January 2012, the Company initiated price increases in Saffola of about 8-9% to compensate for the cost push.

During the quarter, all Marico's hair oils brands recorded healthy growth. The company's hair oils in rigid packs volumes grew around 20% over Q3FY11.

Marico's hair oils franchise had achieved market share gains during FY11 and has continued to do so in FY12. There has been a shift of around 120 basis points in Q3FY12 compared to Q3FY11. Its volume market share during the 12 months ended December 2011 was about 23.7% up from 17% about 5 years ago. These market shares gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value added hair oils category and continued media support in some of the brands and penetrative pricing action in others.

Nihar Shanti Amla continues to gain market share on the back of disruptive pricing and achieved a volume market share of about 16.8% for the 12 months ended December 2011. Shares in December 2011 were even higher at around 20%.

The recently introduced products such as Parachute Advanced Body Lotion, Parachute Advanced Ayurvedic Oil, Parachute Advanced Cooling Oil and Saffola Oats continue to gain traction.

The Company's key input material costs had seen an unprecedented increase in H2FY11, following which there has been a correction. The average market prices of copra in Q3FY12 were lower than the average prices during Q2FY12 by about 9% although on a Y-o-Y basis, the prices in Q3FY12 were still about 4% higher as compared to Q3FY11. The other inputs also saw significant inflation during Q3FY12 significant part of which has been passed on to the consumers.

Marico has followed a judicious pricing policy, although its brands have consistently displayed a robust equity. We strongly believe in the long term consumption story in India. Hence, after taking significant price increases during H1FY11, Marico has held the retail prices (except for a minor price

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adjustment during the quarter) in the interest of growing the volume franchise. This is expected to deliver long term success.

Marico's **International Business Group** (IBG) encompasses Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia. It comprised about 23% of the Marico Group's turnover in FY11. IBG sustained its growth journey clocking a turnover of INR 267 Crore (USD 53.4 mio) during Q3FY12. This denotes a growth of around 39% after foreign exchange fluctuations and a business growth of 40% over Q3FY11 boosted by the acquisition of 85% equity in International Consumer Products in Vietnam in February, 2011.

Parachute Coconut Oil in Bangladesh maintained a market share of 69% in the total CNO market (including loose oil) despite a challenging macro economic environment. Parachute continues to be amongst the top 5 most trusted brands (Source: Bangladesh Brand forum). The Company is building upon its strategy of leveraging the extensive distribution network created by Parachute to introduce new products such as value added hair oils.

The overall environment in the MENA region is relatively better but not without instances of sporadic protests and disturbances. Some of the territories that still face instability such as Libya, Yemen and Syria are yet to return to normalcy in terms of operations. However, they comprise only about 5% of Marico's business in the MENA region. While our outlook on the long term trends in demand for personal care products in the region remains positive, the growth in the immediately ensuing quarters may be unpredictable.

The South African business continued its growth journey recording a strong double digit Y-o-Y growth over Q3FY11.

The integration of International Consumer Products in Vietnam continues to be on track. X-Men, a leading Men's grooming brand saw an uptick in its market share in male shampoo to about 47%, aided by the launch of the new 4-Step X-Men campaign. Marico's Malaysian business continues to grow at a very healthy rate albeit on a small base. Code 10 has responded well to the brand restage and the Company has recently launched range extensions in male hair styling.

### **Kaya Skin Care Solutions**

Kaya now offers skin care solutions - its technology led cosmetic dermatological services and products - through 107 clinics: 82 in India across 26 cities, 19 in the Middle East and 2 in Bangladesh in addition to the 4 Derma Rx clinics and medispas in Singapore and Malaysia.

During Q3FY12, Kaya achieved a turnover of INR 75 crore (USD 15 mio). The Kaya business in India and the Middle East achieved same store collection growth of 15% over Q3FY11. Kaya has thus sustained the topline growth trend for the past 5 quarters on a same store basis indicating early signs that the initiatives taken thus far are yielding results. Derma Rx also reported a healthy double digit top line growth.

Kaya has been consciously trying to change its positioning from "cure" to "cure + care" moving from expert solution provider for skincare problems to personal guide for total skin care. The new tagline 'Love what you see' is an expression of how consumers feel after a visit to Kaya. This re-branding will be rolled out across all Kaya Skin Clinics in India, product packaging and advertising, in a phased manner.

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Marico expects that in Kaya, the current phase of securing consumers and ensuring cost effectiveness will hold out for some time. This will keep Kaya in an investment phase for a few more quarters.

### Outlook

In the medium term, the Company will focus on strengthening the building blocks for future value creation - strong equities for its existing brands amongst its consumers, volume growths, robust new product pipelines and operational effectiveness. In the immediate term however there exists some uncertainty in the business environment - lower GDP growths, inflation and currency fluctuations. In the medium to long term the India consumption story and the growth potential in other emerging markets remains intact. Marico will grow market segments in which it has significant shares, gain market shares in others and launch new prototypes to create future growth engines. The Company will continue to expand the reach of its distribution network providing a strong backbone on which the company's products can reach millions of households in the country. It will also explore expanding its footprint in other emerging markets in Asia and Africa. Kaya will focus on firmly establishing a profitable business model.

**Saugata Gupta, CEO, Consumer Products Business** expressed happiness at the results: "The CPB team has sustained business momentum and delivered healthy volume growths across categories. We now have to focus and scale up our newer initiatives."

**Vijay Subramaniam, CEO, International Business** said: "Notwithstanding the current challenging environment in our international geographies the business has delivered robust growth. We will stay focused on the long term growth potential of these under penetrated markets."

**Ajay Pahwa, CEO Kaya** was delighted: "Kaya skin business in India is showing early signs of recovery having posted growth at same clinic level for the 5<sup>th</sup> consecutive quarter. We believe that the building blocks for long term value creation by Kaya are falling into place"

**Milind Sarwate, Group CFO & CHRO** highlighted Marico's focus on the long term, saying "Marico has positioned itself, strategically, in emerging markets - India, South Africa (part of BRICSA), Bangladesh, Vietnam and Egypt (Part of N-11 Group) and the Middle East. Our belief in the long term potential of our businesses continues to be strong across geographies. This stands bolstered by the recent record of strong volume growths across categories despite price hikes."