



## Marico - An Information Update July 24, 2008

### Q1FY09 (Quarter ended June 30, 2008)

<b>Group Turnover</b>	<b>Rs. 601 Cr.</b>	<b>Up 28 %</b>
<b>Profit Before Tax</b>	<b>Rs. 61 Cr.</b>	<b>Up 14 %</b>
<b>Net Profit</b>	<b>Rs. 46 Cr.</b>	<b>Up 15 %</b>

### Marico maintains growth momentum

During the first quarter of FY09, Marico maintained its growth momentum. It recorded a turnover growth of 28% over the same period in the previous year. The turnover during the quarter stood at Rs 601 crore. All Marico's businesses, consumer products in India, international business and Kaya skin solutions showed healthy growth. The turnover growth of 28% comprised organic volume growth of 15% and inorganic growth of 3% accompanied by price led growth of 10%.

Profit After Tax (PAT) during the quarter was Rs 46 crore, a growth of 15% over Q1FY08.

Q1FY09 is in Y-o-Y growth terms, the:

- 31<sup>st</sup> consecutive Quarter of growth in Turnover and
- 35<sup>th</sup> consecutive Quarter of growth in Profits

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Marico's Investor Relations efforts are co-ordinated by

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## Focus on Growth

### Prototypes and New Launches

In order to generate additional sources of growth in the coming years, Marico as an FMCG company must create a healthy pipeline of new products. To identify scalable marketing and product propositions, Marico has been following a prototyping approach to test a few hypotheses in a low-cost fail-fast model before any decision to scale up is taken.

#### Parachute Advanced Night Repair Cream

In April 2008, Parachute Advanced Night Repair Cream was added to the Parachute Advanced stable. Its nourishing ingredients like coconut oil, jojoba oil and rosemary leaf oil help in giving hair a renewed look. When massaged into hair it deposits proteins that provide strength, shine and bounce. This new product is currently being prototyped in the Mumbai market.

#### Hair & Care Almond Gold

In July 2008, Marico launched Hair & Care Almond Gold, nourishing non-sticky hair oil enriched with almond proteins. This is Marico's second product in the Rs 400 crore non-sticky hair oil category. Almond Gold will compete directly with Bajaj Almond Drop which currently dominates the almond sub-category amongst non-sticky hair oils. A differentiated root strengthening formula resulting in stronger hair is expected to help in building a consumer franchise for the brand.

#### Maha Thanda

Marico marked its entry in the cooling oils category with the prototype launch of Maha Thanda in Bihar during Q4FY08. Maha Thanda is an ayurvedic hair oil with extracts from several herbs and can be used for a cooling head massage that helps reduce stress, soothe headaches and enable good sleep. The response to the product has been good. However, given the fact that the category has a seasonal skew towards summer, the company is yet to take a call on whether to launch it nationally during this year.

#### Parachute Advanced Starz

During Q3FY08, the company began prototyping the Parachute Advanced Starz range of hair care products for kids in the cities of Mumbai, Bangalore and Hyderabad. This comprises 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, keeping hair free from damage while the styling gel allows an instant cool and sporty hair-do. The response to the concept has been encouraging and Parachute Advanced Starz is in the process of being rolled out nationally.

#### Saffola Functional Food for Diabetics

During December 2007, Saffola began prototyping its second functional food, Saffola Diabetics, a healthy high fibre flour with methi (fenugreek seed), psyllium husk and Bengal gram as key ingredients which helps in sugar management. After successfully prototyping it in Delhi and the National Capital Region the product is now being rolled out nationally.

### Consumer Products Business - India:

In the consumer products business, the flagship brand, Parachute Coconut Oil in rigid packs grew by 8% in volume over the same quarter in the previous year. The focus segment of the hair-care range (Parachute Jasmine, Parachute Advanced, Shanti Amla Badam, Nihar Naturals and Hair & Care being the key elements) grew by 26% in volume. In the Premium Refined Edible Oils market, Saffola, the company's second flagship, turned in another strong quarter with a franchise growth of 28% in volume.

### A few Brand Stories:

#### Parachute & Nihar

Parachute continued to maintain its leadership market share in India. During the 12 months to May '08, it had a volume market share of 48% in the Rs 1300 crore branded coconut oils category. During Q1FY09, Parachute coconut oil in rigid packs recorded a volume growth of 8% over Q1FY08.

There has been an all round increase in input prices for most FMCG companies. Prices of Copra, the raw material input for coconut oil, by the end of the June 2008 quarter have increased by about 30% on a Y-o-Y basis. In July 2007, the company had taken a 3% price increase in Parachute in anticipation of higher input costs which did not materialize until the last quarter of the financial year. Parachute prices were increased again in end-April 2008 by about 5%. This 8% increase is expected to absorb about 16% increase in copra costs. As copra prices have remained

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firm, the company may implement another price increase during Q2FY09 in order to pass on the impact of the increased input costs.

In Q1FY09, Nihar, Marico's second coconut oil brand with a strong equity in the Eastern region, recorded double digit volume growth compared to the same period in FY08.

Over the last two years the coconut oil category has seen the entry of competition from Fortune Naturelle and more recently from that of Meera. While the perceived threat from these brands is low at present, the company remains watchful of their progress.

Marico continues to dominate the category with a 55 % market share. While Nihar is promoted in its bastion in the East, Parachute which commands better margins is prioritized in markets in the other regions.

### **Saffola**

Saffola, Marico's second flagship brand, is positioned strongly on a "good for the heart" equity. The brand continues to leverage the growing awareness about heart health in India. In recent times it has been actively positioning itself on the "preventive" platform.

The Saffola refined edible oils franchise grew by 28% in volume over Q1FY08, led by Saffola Gold. The volume growth was also boosted by the introduction of a new variant, Saffola Active. Even as the brand operates in the niche super premium segment of the market in India, its strong and relevant proposition ensures a broadening consumer base. During the last year, edible oil prices rose by about 25%. The company took corresponding increases in retail prices so as to pass on the cost inflation to customers. It is expected that input prices will remain firm during FY09. The company intends to pass on cost increases so as to maintain its margin per unit volume of sale.

Marico has extended Saffola's good for heart equity beyond refined edible oils. The first move has been the launch of high fiber functional food flours. Saffola functional foods for cholesterol management and one for diabetics have been introduced. The Diabetics variant, which was being prototyped in Delhi and the NCR (National Capital Region), has been rolled out nationally in July 2008. While the brand attempts to create a functional foods category in India, the turnover is still small. However, these along with other initiatives in the functional and health foods space, are expected to have significant future potential.

### **Hair Oils**

The Hair Oils category has been experiencing healthy growth. As in the past, the company has focused on rigid pack sales of its portfolio. Marico's hair oils in rigid packs grew 26% in volume over the corresponding quarter in the previous year.

The "Gorgeous Hamesha" campaign of Parachute Advanced endorsed by film personality Deepika Padukone has been received well. Innovative introductions such as "hot champi", a warmer along with the pack and "easy champi", a spray pack, have been appreciated. These together with the "One hour Champi" campaign from Parachute Advanced are expected to encourage increased usage of the brand both pre-wash and post wash.

In the perfumed coconut oil rigid category, Parachute Jasmine and Nihar perfumed oils grew by 26% in volume. Marketing support has ensured continued performance in the market place. With Nihar focussed on the markets in the East and Parachute Jasmine in other parts of the country, Marico has a lion's share in the perfumed coconut oils market. During the 12 months to May 2008 its share in rigid packs was at 77%.

Shanti Badam Amla signed on TV Actress Prachi Desai as its brand ambassador during the quarter. It achieved a volume growth of 12% during the quarter as compared to Q1FY08. Its market share in the Amla oil category was 9% (12 months to May 2008).

Marico's Hair & Care continued to perform well. During Q1FY09, the brand registered a volume growth of 21%. Hair & Care's share in the NSHO (Non-Sticky Hair Oils) market for the 12 months to May 2008 was 16%.

The hair oils portfolio has also been experiencing the impact of input cost pressures. Price increases were taken during the course of FY08. The retail prices in Q1FY09 were about 10% higher than those in Q1FY08.

### **Post-wash Conditioners**

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. The male grooming products Parachute Advanced After Shower cream and gel registered a growth a 18% in Q1FY09 over Q1FY08. Silk-n-Shine has however not fared well and de-grew by 14%.

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These are still nascent segments in the hair grooming category in India. It may be a while before they reach a significant size.

### **International FMCG Business**

Marico's overall international business grew by 37% during Q1FY09. In its traditional markets, namely the Middle East and Bangladesh, Marico's International FMCG business continued to grow and record share gains.

In Bangladesh, Parachute coconut oil has gained market dominance backed by strong marketing support. During the 12 months ended May '08, its market share was 69%. Parachute will focus on growing the branded market by encouraging conversions from loose oil.

During March 2008, the Government of India banned the export of all edible oils from the country. This ban was conditionally lifted (exports for allowed from specific ports) a few weeks thereafter. While there was a temporary disruption of operations, normalcy was restored by end-April 2008.

The thrust on expanding the franchise of Parachute hair cream in the Middle East continues. A refurbished campaign for the anti-dandruff variant of the cream was launched targeting Asian Males in the GCC region, helping in capturing the "problem solution" user segment. The brand was previously restaged on the platform of nourishment plus protection from harsh water and has been launched across the GCC countries with 360° marketing support.

The Egyptian brands, Fiancée and HairCode achieved a turnover of about Rs 88 crore during the previous year. Fiancee was relaunched during the quarter with new graphics and logo. This was accompanied by planned de-stocking of the packs with the old graphics. As part of its strategy, the company commenced dealing through a set of distributors instead of directly servicing several wholesalers directly. This is expected to result in a more efficiently managed supply chain. However, there was some expected resistance to the change event leading to temporary de-stocking by wholesalers and perhaps some loss of sale. The start to the new financial year has thus been slow.

The current combined market share of the two brands in Egypt stands at 62%. The company has also commenced exports of the products to neighbouring African nations.

The process of integration of the business in South Africa is progressing well. During Q1FY09, Marico South Africa, led by the brands Caivil, Black Chic and Hercules clocked a turnover of Rs 14 crore. As part of its plan Marico envisages the need for brand building investments. The brands are thus not expected to contribute to the bottom line during the first two years.

During Q1FY09, Marico's international business without South Africa grew by 15%. Marico's International Business now comprises about 15% of the group's turnover. The global input cost pressures, particularly for fuel and crude oil derivatives, are having their impact on margins in the international business too. With some of the brands positioned in the VFM (value for money) segments, the leeway for price increases may be limited.

### **Kaya Skin Clinic**

During FY08 Kaya Skin Clinic clocked a turnover of Rs 100 crore. At the beginning of FY09, 65 skin clinics were operational, 56 in India and 9 in the Middle East. During Q1FY09, Kaya has opened 4 new clinics. Three of these are in existing cities. Kaya is now offering its services for the first time to customers in Lucknow. In the Middle East, a new clinic was opened in Sharjah. Kaya is well on track to open about 15 clinics during the year. Most of these will be located in cities with Kaya clinics, as scope exists to saturate these cities and so that resources are not spread too thin across too many new cities.

During Q1FY09, Kaya recorded a turnover of Rs 36 crore, a growth of 62% over Q1FY08. Revenue growth in clinics in India in Q1FY09 that were operational in Q1FY08 too was 25%.

Kaya introduced a Deep Pigment Reducer Peel under its skin renewal system in Mumbai. The results have been encouraging and the service has been extended to Delhi with plans of a national roll out during Q2FY09. Kaya kiosks at various malls are now present at 38 locations. The revenue generation from these has not been as high as anticipated. However, they serve the purpose of introducing the Kaya solutions (services and products offering) concept to potential new customers. Kaya has rolled out its new advertisement campaign "Let Your Skin Talk".

Amongst the challenges being faced by Kaya are increased costs of lease rentals and higher employee costs and attrition. The average lease periods for Kaya clinics are five years. Some of these have begun coming up for renewal. In order to reduce the impact of increased lease rentals, Kaya is exploring the option of moving up from the ground floor to higher floors in existing properties which are usually available at lower rates. In order to deal with the attrition, Kaya is working upon ways to increase the availability of trained skin practitioners.

Kaya has begun seeing the emergence of organized competition offering a range of services that would compete with Kaya's cosmetological offering. VLCC an established chain of weight reduction centers in India has introduced a range of skin care and hair care treatments. A new entrant is Manipal Cure and Care with centers in 4 cities. The company is tracking these developments.

### Kaya Life

Kaya Life offering holistic weight management solution which was launched in FY08 currently has 3 centers – all in the city of Mumbai. Customers are experiencing effective results on both weight loss and inch loss. The team is working on the model to increase the pace of customer acquisition and of expanding the menu of programmes and options. These modifications to the model will be tested before a full fledged roll out of Kaya Life is undertaken.

#### OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	Q1 FY09	Q1 FY08
Material Cost (Raw + Packaging)	53.7	52.1
Advertising & Sales Promotion (ASP)	11.9	10.9
Personnel Costs	7.2	7.3
Other Expenses	14.6	15.6
PBDIT margins	12.6	14.1
Gross Margins (PBDIT before ASP)	24.5	25.0

Notes:

1. Material cost to sales was higher during the quarter mainly on account of steep rise in the prices of Copra to the tune of about 30% on a y-o-y basis. Input costs of other edible oils also continued to show an increasing trend and were higher during the quarter on y-o-y basis viz. sunflower oil (~ 30%), safflower (~ 50%), corn oil (~ 25%) and rice bran oil (~ 20%).
2. The company's pricing strategy attempts to pass on the input cost increases so as to maintain margins on a unit volume basis. In an inflationary scenario therefore the margins on a percentage to sales basis may be squeezed, owing to the higher turnover value.
3. The PBDIT Q1FY09 grew by 15% over Q1FY08. This is in line with the volume growth of 15% during the period.
4. The detailed Financial Results and other related useful information are available on Marico's website –

[http://www.marico.com/investor\\_relations/latest\\_updates.html](http://www.marico.com/investor_relations/latest_updates.html)

#### CAPITAL UTILIZATION

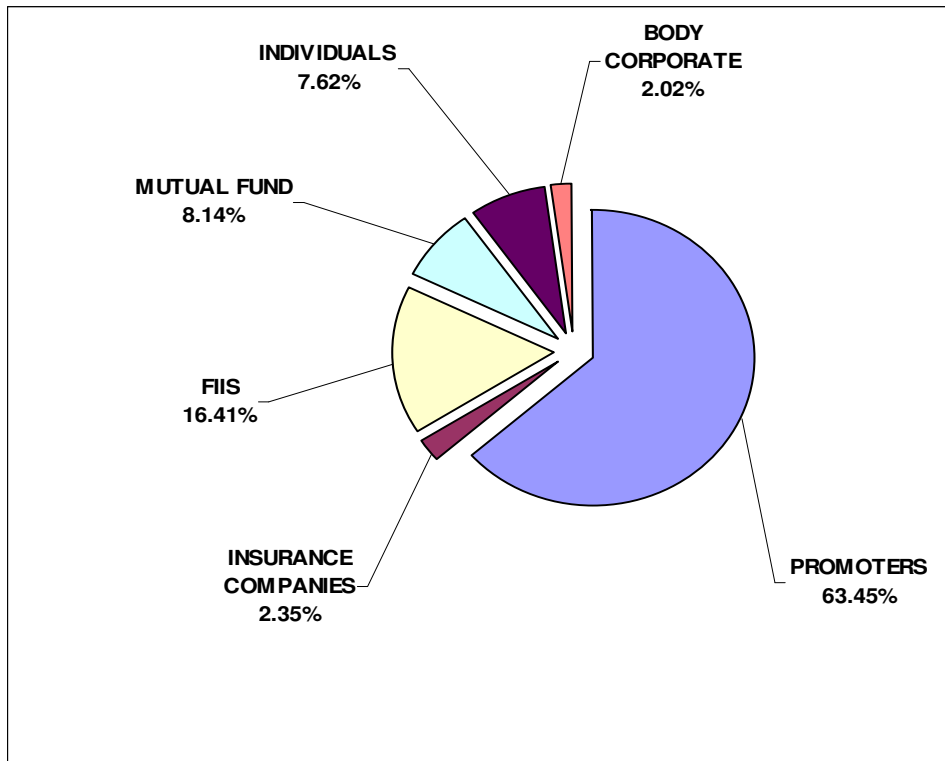
Over the years, Marico has been maintaining a healthy Return on Capital Employed (ROCE). Given below is a snapshot of various capital efficiency ratios for Marico:

Ratio	Q1FY09	Q1FY08
Return on Capital Employed		
- Marico Group	39.1%	48.8%
Return on Net Worth – (Group)	54.7%	75.9%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	17	14
- Inventory Turnover (Days)	39	46
- Net Working Capital Turnover (Days)	39	34
Debt: Equity (Group)	1.09	1.36
Finance Costs to Turnover (%) (Group)	1.3%	1.5%

Marico's borrowings as on June 30, 2008 were about Rs 379 crore. Of these about Rs 110 crore are USD denominated loans and the balance borrowings in Indian Rupees. The average interest rate on the loans is 8.3%. The company has adequate cash flows to maintain healthy debt service coverage.

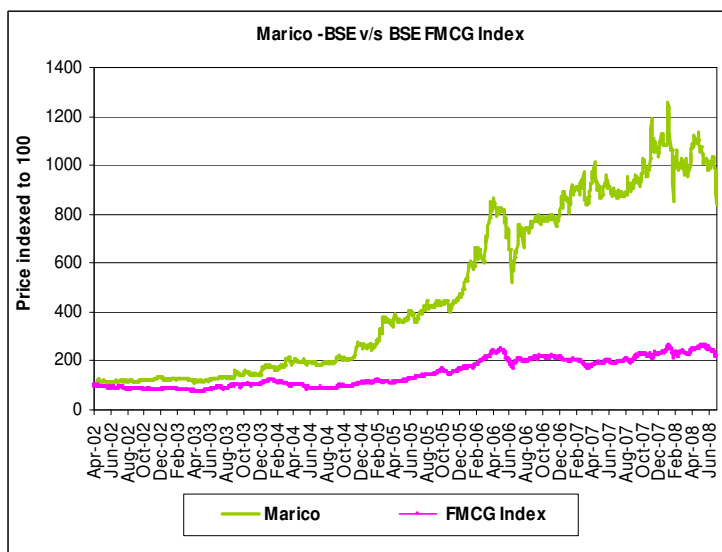
## SHAREHOLDING PATTERN

The shareholding pattern as on June 30, 2008 is as given in the graph below.



The promoter shareholding has remained constant since the company last raised equity through a QIP issue in November 2006. There have been a few newspaper reports recently regarding Mr. Harsh Mariwala acquiring shares of the company on the browses. To clarify, these were merely an inter-se transfer of shares within the promoter group. There is thus no increase in the promoter holding which remains at 63.45%.

## SHARE PERFORMANCE ON STOCK EXCHANGES



- Marico's long term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at Rs.3, 228 crore as on June 30, 2008. The average daily volume on BSE and NSE during Q1FY09 was about 570,493 shares.

## OUTLOOK

In the recent past, Marico has been on a high growth path. In FY07, the company grew by 36% followed by 22% in FY08. During FY08, 17% was organic growth accompanied by 5% inorganic growth. Moreover, a significant portion of Marico's growth has been through volume expansion.

The company intends to maintain a high growth trajectory. During the first quarter of FY09, turnover grew by 28%, of which about 10% was price led. The macro environment both in India and across global markets remains uncertain. Forecasts on India's GDP growth rate are more conservative than they were a few months ago. Crude oil prices remain firm and while there are conjectures of these coming off, the timing is still anybody's guess. Both in India and in other markets where the company has significant operations, there is all round inflationary pressure which could lead to some slow down in consumer products consumption and down trading. Our outlook in the immediate term therefore is cautious.

The company would however focus on long term sustainable growth. It plans to invest in brand building through ASP spends which are likely to be kept at levels similar to that in the recent past. The ASP spends would go towards strengthening established brands and building new ones. The company currently has 2 prototypes in the consumer products business in India; Parachute Advanced Night Repair Cream, and Maha Thanda. It also recently launched Saffola Diabetics functional food, Parachute Advanced Starz and Hair & Care Almond Gold nationally. In Kaya, the company plans to open about 15 new skin clinics each year and the model for Kaya Life is being honed before a roll out. In the international consumer products business significant growth potential exists in all the company's key markets of Bangladesh, MENA (Middle East and North Africa) and South Africa. A relaunch of Fiancee is underway in Egypt and new campaigns are planned for the South African brands.

In driving growth, the company will attempt to maintain absolute unit margins across its portfolio of products. The environment has been experiencing significant inflation in input prices, both of crude oil derivatives such as liquid paraffin and polymers and that of edible oils. Should this continue, while the company may earn similar unit margins (in absolute terms), there could be a squeeze in the margin on higher revenues, in percentage terms. Moreover, the rapidity of the cost inflation may lead to price increases facing a lag. The short term may therefore see a drop in operating margins.

The competitive environment in the flagship brands Parachute and Saffola remains largely unchanged and there are sufficiently strong barriers. The company would however have to be mindful of the entry of large players, if any.

To supplement its organic growth, Marico continues to look for acquisitions both in India and the overseas markets. It is open to exploring opportunities with a good fit in its focus segments of beauty and wellness. In the international markets, its preference is to make an entry into developing markets with a higher potential for a company like Marico to add value.

## CONTENTS OF THE UPDATE

This update covers the following:

1. Financial results and other developments during Q1FY09 for the Marico Group –  
Marico Limited and its subsidiaries / joint ventures - Marico Bangladesh Limited (MBL), MBL Industries Ltd. (MBLIL), Kaya Limited, Marico Middle East FZE, Kaya Middle East FZE, Sundari LLC, MEL Consumer Care SAE , Egyptian American Investment & Industrial Development Company, Pyramids for Modern Industries, Wind Co , Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited and CPF International (Pty) Limited.
2. A Profile containing basic/historical information on Marico.

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We recommend that readers refer to the Marico Group financials to get a better appreciation of the business performance. A copy of the latest Annual Audited Financial Results of Marico Limited as also that of the Group is available on Marico's website –

[http://www.marico.com/investor\\_relations/annual\\_reports/ann\\_report\\_view/Annual\\_Report\\_2007-08.pdf](http://www.marico.com/investor_relations/annual_reports/ann_report_view/Annual_Report_2007-08.pdf)

#### **DISCLOSURE OF INFORMATION, COMMUNICATION WITH INVESTORS / ANALYSTS / FINANCIAL COMMUNITY**

Marico issues fresh information updates, like the one you are reading now; on the day it declares its Quarterly Financial Results. Some forward looking statements on projections, estimates, expectations, outlook etc. are included in such updates to help investors / analysts get a better comprehension of the Company's prospects and make informed investment decisions.

Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

All the aforesaid information is also available on Marico's Website: [www.marico.com](http://www.marico.com)

In view of this, information contained in such updates is made public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 1992. Marico typically holds a general meeting with investors, analysts and other members of the financial community once a year, in April, apart from periodic meetings/ conference calls, from time to time, with individual members of the financial community.

#### **A Profile giving Basic / Historical Information**

Marico is a leading Indian Group in Consumer Products and Services in the Global Beauty and Wellness space. Marico's solutions- Products and Services- in Hair care, Skin Care and Healthy Foods generated a turnover of about Rs.19.1 billion (USD 454 Million) during 2007-08. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Sundari, Fiancée, Camelia, Aromatic, Caivil, Black Chic, Hercules and HairCode. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories- Coconut Oil, Hair Oils, Anti-lice Treatment, Premium Refined Edible Oils, Fabric Care etc. Marico is present in the Skin Care Services segment through Kaya Skin Clinics (70 in India and the Middle East), the Sundari range of Spa skin care products (in the USA & other countries) and its nascent soap franchise in India and Bangladesh.

Marico's branded products are also present in Bangladesh, other SAARC countries, Egypt, South Africa and the Middle East. 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 has leveraged its core sources of competitive advantage viz. Branding, Distribution, Cost Management, Innovation and Technology to set up a fast growing franchise of new products and services – their share in turnover has moved up from 3% in FY00 to over 24% in FY08.

Marico's own manufacturing facilities are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun and Daman and supported by subcontracting units. Marico's wholly owned subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Pyramid for Modern Industries, and Marico South Africa Pty Ltd. have their manufacturing facilities at Mouchak, near Gazipur in Bangladesh, 6<sup>th</sup> October City, Egypt, Salheya City, Egypt, and Mobeni in Durban, South Africa respectively.



Marico was incorporated in 1988 and during 1990 took over the then 40-year old consumer products business of The Bombay Oil Industries Limited. It made its initial public offer for equity shares in March 1996. Given below is an overview of Marico's market standing.

<b>Brands</b>	<b>Category</b>	<b>Indicative Market Share range %</b>	<b>Rank</b>
Parachute, Oil Of Malabar, Nihar	Coconut Oil	55-57	1
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advanced, Shanti Badam Amla, Nihar)	Hair Oils	22-24	2
Mediker	Anti Lice Treatment	~ 90	1
Revive	Fabric Starch	~ 80	1

Source: A.C.Nielsens Urban Retail Market Research and Company Sources

Marico's frontline brands have shown remarkable resilience against competition - refer the market share statistics given below:

<b>Brands</b>	<b>Category</b>	<b>1992 (%)</b>	<b>Now (%)</b>
Parachute, Oil Of Malabar, Nihar	Coconut Oil	48-49	55-57
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advanced, Shanti Badam Amla, Nihar)	Hair Oils	—	22-24

Source: A.C.Nielsens Urban Retail Market Research and Company Sources

Marico has consistently sought to broaden its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass and contribute 24% to the group business. In the process, Marico's dependence on Parachute has consistently been reducing. From a share in the range of 70% - 75% in early 90's, Parachute today contributes about 40% to the top line of Marico. Its share in profits too has come down.

### **Reach**

Marico procures one out of every 25 coconuts produced in India and 3 nuts per coconut tree in India. Marico sells over 7 Crore (70 Mio) packs to around 13 Crore (130 Mio) people every month. Marico's products reach around 2.3 Crore (23 Mio) households through over 25 Lac (2.5 Mio) retail outlets serviced by its nation-wide distribution network comprising 4 Regional offices, 32 carrying & forwarding agents (CFAs) and about 3600 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 20,000.

The table below provides an indicative summary of Marico's Distribution Network in India.

	<b>Urban</b>	<b>Rural</b>
Sales Territories	135	35
Towns Covered ('000's)	3.2	11.0
Distributors	850	-
Super Distributors	-	120
Stockists	-	2,500
Retail Outlets – Reach (millions)	1.65	0.85

In Bangladesh, Marico reaches over 370,000 outlets.

### **Skin Care Services and Global Spa Products:**

In recent years, Marico entered the skin care solutions business through Kaya Skin Clinics offering a range of highly effective and safe services based on cosmetic dermatological procedures and products. Services offered at Kaya use US FDA approved technology and have been specifically customized for Indian skin. In-clinic dermatologists recommend a personalized series of treatments. The chain of Kaya clinics (all company owned) is now 70 strong, spread across 20 cities in India and a presence in the Middle East. Its customer base is now more than 300,000.

In June 2007, the company extended the Kaya equity to Kaya Life by offering sustainable weight management solutions customized to individuals. Currently, there are 3 Kaya Life centers located in Mumbai.

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In FY03, Marico entered the ayurvedic spa products market through Sundari LLC. The focus of Sundari is the spa market in the USA and other parts of the world. The spa products market is estimated to be about US\$ 2 billion.

### Financial Highlights

Marico has maintained a steady top line and bottom line growth over the past decade with a consistently healthy Operating Return on Capital Employed (ROCE).

Particulars (Rs. Crore)	FY04	FY05	FY06	FY07	FY08	CAGR%
Sales & Services	888	1007	1,144	1,557	1,907	21
Profit before Tax	65	74	98	150	205	33
Net Profit (PAT)	59	70	87	113	169	30
Earning per share - Annualised (Rs.) *	1.0	1.2	1.5	1.9	2.8	29
Book value per share (Rs.) *	3.2	3.7	4.5	3.2	5.2	
Net Worth	184	217	261	208	315	
ROCE %	32	31	26	33	40	

\* For a meaningful comparison of EPS and Book Value, the numbers for the previous years have been re-computed taking into account sub-division of equity shares to a face value of Re 1 per share.

### Business Model and Organization

Marico's business model is based on focused growth across all its brands and territories driven by continuously improving value propositions to consumers, market expansion and widening of retail reach. Marico aims to be the leader in each of the businesses; by heightened sensitivity to consumer needs, setting new standards in the delivery and quality of products and services through processes of continuous learning and improvement. The model ensures that Marico is present in unique / ethnic Indian Product or Services categories where typical MNCs would not be strong. Therefore, Marico does not, unlike many other Indian FMCG Companies, get caught in MNC cross fires.