



## Robust Volume Growth, the highlight of Marico Story for Q1 FY 10

Marico commenced the year FY10 with a healthy topline growth of 17% during the quarter ended June 30, 2009 (Q1FY10). At Rs 697 crore, Q1 FY 10 has been the largest quarter in terms of revenue. This growth was delivered through strong volume expansion, which comprised about 14% of the total growth of 17%.

Profit before tax (PBT) for the quarter was Rs 77 crore, a growth of 26% over Q1 FY09. Profit after tax at Rs 56 crore, recorded a growth of 21% over the corresponding quarter in the previous year, after absorbing certain one time or exceptional items. If these items were not to be counted, the PAT would have shown a growth of 37% over Q1 FY09.

The company's flagship brands Parachute and Saffola turned in very healthy volume growths during Q1FY10, partly aided by consumer offers. The international business also turned in a strong performance owing to the continued growth momentum in Bangladesh and Egypt bouncing back after stabilization of the modifications in its distribution model. Marico has kept up its track record of quarterly growth. Q1FY10 is in Y-o-Y terms, the 35th consecutive Quarter of growth in Turnover and 39th consecutive Quarter of growth in Profits.

### Consumer Products Business - India:

Marico's coconut oil franchise comprising Parachute, Nihar and Oil of Malabar had a market share of 55% during the 12 months to May '09. Parachute coconut oil in rigid packs, the focus part of the portfolio, grew by about 13% in volume over Q1 FY09. Saffola, Marico's second flagship brand, has bounced back to a 13% growth in Q1FY10 as compared to Q1 FY09.

The Rs 2200 crore Hair Oils category has been experiencing healthy growth. During Q1 FY10 Marico's hair oils in rigid packs grew 9% in volume over the corresponding period in the previous year. Marico's basket of hair oils including Parachute Jasmine, Nihar perfumed hair oils, Hair & Care and Shanti Badam Amla maintained its market share at 21%. The cooling oils segment of the hair oils category has been witnessing fast paced growth in recent times to reach a size in excess of Rs 400 crore. Marico has begun prototyping two cooling oil variants - Nihar Naturals Coconut Cooling Oil in Bihar and Parachute Advanced Coconut Cooling Oil in Andhra Pradesh.

**Saugata Gupta, CEO, Consumer Products, expressed satisfaction that "Strong volume growths in Q1 in Parachute and Saffola have placed the year on a sound platform. We will continue to focus on winning progressively larger consumer franchises in each of our categories."**

### International FMCG Business

Marico's international business, its key geographies being Bangladesh, MENA (Middle East and North Africa) and South Africa, comprised about 21% of the group's turnover during Q1FY10. As a whole, the international business turnover grew by 63 % over Q1 FY09 (over 40% if one ignores currency translation).

In Bangladesh, Parachute coconut oil continued to maintain a very strong growth momentum, with a market share of 72%. Hair Code hair dye, the company's new product launched in FY09 has reached the 3rd position with a market share (value) of 13% within eight months of launch. In the Middle East, Parachute cream has become the no 1 player with a market share of 23% in the GCC region. The Egyptian operations are now back on track after modification of its distribution structure. Inflation levels in the economy have eased to about 10% as compared to the 20% level experienced during the first half of FY 09. With several branding initiatives the Egyptian business is expected to show good growth during the year. The performance in South Africa has been in line with expectations. The market shares in the company's hair care portfolio are showing an upward trend.

**Vijay Subramaniam, CEO, International Business, was happy that "Marico Bangladesh was topping up its dream run with an IPO." He added: "Other growth engines elsewhere across the globe (Egypt, Middle East and South Africa) too are firing smartly and the year looks promising as of now".**

## Kaya

Kaya Skin Clinic, Marico's venture in the dermatology / skin care segment, recorded a healthy 26% growth in turnover. Marico is the first organized player in this segment and enjoys benefits of scale and operations. Kaya has a large first mover advantage in introducing cosmetic dermatology in the country. Through specialized skin services using world class FDA approved technology adapted for relevant skin types, Kaya has been able to offer its consumers highly efficacious solutions and a refreshing experience.

Kaya has become the leading skin care services brand with 97 clinics overall (84 clinics in India across 25 cities and 13 clinics in the Middle East across 9 cities). During Q1 FY10, Kaya added 13 new skin clinics. Products currently comprise about 13% of Kaya's turnover. Kaya Life, the latest new service offering, provides customized holistic weight management solutions. Customers are experiencing effective results on both weight loss and inch loss.

**“I am particularly pleased with Kaya's performance in the Middle East” said Rakesh Pandey, CEO Kaya and added- “We are building growth momentum in Kaya in India and overseas at the right pace.”**

## IPO in Bangladesh

Marico Bangladesh Limited (MBL) has received the approval of the Bangladesh Securities & Exchange Commission (SEC) to its proposal to make an Initial Public Offer (IPO) in Bangladesh, to raise about taka 135 million through a dilution of about 5% of Marico's stake in MBL's equity. The proceeds of the IPO will be used to strengthen MBL's financials to enable continued growth. The proposed IPO has two “firsts” to its credit: It is the first time that an overseas subsidiary of Marico is going public, and it is also the first time that a Bangladeshi subsidiary of an Indian Company is having an IPO in Bangladesh. Bangladesh has been an important part of Marico's global strategy. Over the past nine years, the Group has consistently invested in Bangladesh. The “Think Global, Act Local” approach has helped MBL record a CAGR of 71% in turnover over the past 3 years. The IPO is a further step towards localizing the Marico business in Bangladesh, through local ownership.

## Outlook

The company has been keeping a cautiously optimistic outlook on the near term future. While the company has not yet experienced any slowdown in demand on account of signs of a poor monsoon, a failure of the monsoon may have a dampening impact on overall business and buying sentiment. The relative impact on the company could be low as its share of sales from rural markets is only about 25%.

A relatively benign commodity prices scenario provides Marico an opportunity to improve operating margins, as compared to FY 09, even as it invests some of the additional margins earned back into the business. Kaya has witnessed a deceleration in its rate of growth in existing clinics during the last three quarters. Its recovery to a faster pace of growth is linked to an improvement in the overall economic environment. Apart from expanding existing franchises through investments in ASP (advertising and sales promotion) and innovating to enhance the value of its offerings, the company will also launch and prototype new products. Introduction of new product variants and restaging of existing brands will contribute to growth across Marico's business. The company would thus continue to focus on long term sustainable growth.

**Milind Sarwate, Chief- HR & Strategy, said- “We hope that the macro-economic and fiscal ambience continues to spur growth and strengthen India's domestic consumption story, of which Marico has been a significant beneficiary”.**

For Detailed Financial Results & other information, log on to [http://www.marico.com/investor\\_relations/latest\\_updates.html](http://www.marico.com/investor_relations/latest_updates.html)

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. 24 billion (about USD 475 Million) during 2008-09. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Aromatic, Fiancée, Hair Code, Caivil and Black Chic. 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's focus on sustainable profitable growth is manifest through its consistent financial performance – a CAGR of 24% in Turnover and 28% in Profits over the past 5 years- while setting a record of several consecutive quarters of year on year growth- 39 for Profits and 35 for Sales. The Marico scrip is listed on the Bombay Stock Exchange (BSE) (Code 531642) & on the National Stock Exchange (NSE) (Code “MARICO”).

Marico Websites: [www.marico.com](http://www.marico.com), [www.saffolalife.com](http://www.saffolalife.com), [www.kayaclinic.com](http://www.kayaclinic.com), and [www.maricoinnovationfoundation.org](http://www.maricoinnovationfoundation.org)