

## **MARICO MAINTAINS GROWTH MOMENTUM – REVENUE UP 30%**

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Marico recorded a turnover growth of 30% during the second quarter of FY09, building upon the strong 28% growth in the first quarter over the corresponding period in the previous year. The turnover during the quarter stood at Rs 603 crore. Despite inflationary pressures, consumption was not adversely impacted during the period. All Marico's businesses, consumer products in India, international business and Kaya skin solutions showed healthy growth. The turnover growth of 30% comprised organic volume growth of 11% and inorganic growth of 3% accompanied by price led growth of 16%.

Profit After Tax (PAT) during the quarter was Rs 47.1 crore, a growth of 11.6% over Q2FY08 in line with volume growth. The period under review witnessed significant volatility in the environment including those in input costs, in foreign exchange rates and increased interest rates. The PAT during the quarter is after absorbing a foreign exchange mark to market (MTM) loss of Rs 7 crore as the Indian Rupee depreciated from INR 42.91 to a USD at the beginning of the quarter to INR 46.97 to a USD on Sep 30, 2008. The extent of this steep depreciation of the Rupee was unanticipated and had it not been for the MTM loss, the PAT growth for the quarter would have been 24% over Q2FY08.

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

Parachute continued to maintain its leadership market share in India. During the 12 months to August '08, it had a volume market share of 48%. During Q2FY09, Parachute coconut oil in rigid packs recorded a volume growth of 12% over Q2FY08. Meanwhile Nihar's share in the category stood at 6% during the 12 months to August '08.

The Saffola refined edible oils franchise grew by 9% in volume over Q2FY08. This comes on the back of a quarter with exceptionally high volume growth of 28%, partly on account of the introduction of a new variant, Saffola Active. The volume growth during H1FY09 was 18% over H1FY08. Marico has extended Saffola's good for heart equity beyond refined edible oils. Saffola Cholesterol Management and Saffola for Diabetics, two high fiber functional food flours have been launched. Progress on these has been encouraging.

The Hair Oils category has been experiencing healthy growth. Marico's hair oils in rigid packs grew 14% in volume over the corresponding quarter in the previous year. Marico's basket of hair oils including Parachute Jasmine, Nihar perfumed hair oils, Hair & Care and Shanti Badam Amla had a market share of 20.4% during the 12 months ended August 2008.

**Said Saugata Gupta, CEO- Domestic Consumer Products Business. “We are likely to face growth pressures in the short run. However, the longer term fundamentals for consumer product companies in India remain intact. We will stay focussed on strengthening equity in our established products and launching new ones in existing and contiguous categories”.**

#### **International Business:**

Marico’s overall international business grew by 59% during Q2FY09. A part of this increase is on account of the acquisition of the South African business made during Q3FY08. The international business, excluding turnover from South Africa grew by 41% over Q2FY08.

Strong marketing support for Parachute coconut oil has resulted steady market share gains in Bangladesh. During the 12 months ended August ’08, its market share was 70%. The Bangladesh Brand Forum ranked Parachute as the 6th Most Trusted Brand across categories. In the Middle East, Parachute cream has been making steady progress on the strength of its “nourishment plus protection from harsh water” positioning. In Egypt the company has restaged the brand Fiancee with new graphics and a new thematic on Fiancee cream-gel. The work on the transition from directly servicing several wholesalers to dealing with them through a distributor is now complete. This is expected to result in a more efficiently managed supply chain. The performance in South Africa has been in line with expectations. During the quarter, the company added a range of flavours to its Hercules castor oil product. This is a new concept in the South Africa market and has been received very well. The process of restaging the brand Caivil is now underway.

Said Vijay Subramaniam, CEO- International Business- “International Business now forms 17% of Marico’s revenue. My team looks forward to build upon the base in each the three major regions, South & South Asia, MENA and South Africa”.

#### **Kaya:**

During Q2FY09, Kaya recorded a turnover of Rs 40 crore, a growth of 67% over Q2FY08. Kaya Skin Clinic continued with its plans of opening new clinics during the quarter. As of September ’08 Kaya Skin Clinic offers its skin care solutions through 77 clinics, up from 65 in March 2008. Of these 67 clinics are operational across 20 cities in India while there are 10 clinics situated in the Middle East.

Kaya introduced an anti-ageing product, Kaya Revive and Firm adding to its basket of skin care products. Priced at Rs 800 for 50ml. The product has an intensive action formula that promotes the formation of collagen. Product sales comprise about 12% of Kaya’s revenue. Kaya Life offering holistic weight management solution which was launched in FY08 currently has 3 centers – all in the city of Mumbai.

Rakesh Pandey, CEO Kaya said “Having established its equity and a base of 77 clinics, Kaya is well poised to lead in the evolution of the skin care solutions segment in India and the Middle East.”

#### **Outlook:**

The current upheaval in the world’s financial markets is likely to have their impact on the real economy and a slowdown is expected. Meanwhile, inflationary pressures that began a few months ago remain. Though Marico’s revenue has been healthy during the first half of the year, a drop in the rate of growth in the immediate future can be expected. 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.

**Milind Sarwate, Chief of HR & Strategy stated- “The ambience is a challenging one and can lead us on to a plateau on the growth curve. However focus on the building blocks of branding and innovation will sustain profitable growth.”**

## **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. 19.1 billion (about USD 455 Million) during 2007-08. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Sundari, Aromatic, Fiancee, HairCode, 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 is present in the Skin Care Solutions segment through Kaya Skin Clinics (77 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 focus on sustainable profitable growth is manifest through its consistent financial performance – a CAGR of 21% in Turnover and 30% in Profits over the past 5 years- while setting a record of several consecutive quarters of year on year growth- 36 for Profits and 32 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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