

Media Release

Year	2009-10
Turnover	Rs. 2661cr
Net Profit	Rs. 232cr

Turnover and profit consistently growing over the corresponding quarter of the previous year, for the past 39 quarters and more

1 out of every 4 Indians is a Marico consumer.

Marico distribution network covers over 33lac retail outlets

Most Marico brands enjoy a leadership position (No. 1 or No. 2) in their respective categories

Parachute is the world's largest coconut oil brand

Marico was awarded the NDTV Profit Business Leadership Award 2009 in the FMCG (Personal Hygiene) category

Superbrands voted Parachute a Super Brand in UAE & Bangladesh and Hair Code in Egypt

Parachute ranked the 2nd Most Trusted Brand in Bangladesh

Kaya was awarded the 'Most Admired Retailer for Health and Beauty' at the Images Retail Awards '09

Marico Jalgaon won the Runners-up trophy at the G-CUBE Good Green Governance Award in the Manufacturing category.

Marico Dehradun won the Greentech Safety Silver Award 2010, for outstanding achievement in Safety Management, in the FMCG sector.

Marico Records Strong Sales Growth Profits grow despite Input Cost-push

Marico achieved a turnover of Rs. 818 Cr during Q3FY11, a growth of 22% over Q3FY10. Profit after tax (PAT) for Q3FY11 was Rs 70 Cr, a growth of 12% over Q3FY10.

Overcoming an input material cost-push of 520 basis points, Marico recorded an Operating margin of 12.2% - down only 260 basis points Y-o-Y.

Each of the company's three businesses achieved topline growth over the corresponding period in the previous quarter. The Indian Consumer Products Business clocked a 10% growth in volume terms – key contributors being Parachute Coconut Oil (in rigid packs) at 5%, Saffola Oils at 13% and Hair Oils at 31%. Marico's International Business grew by 25% in volume. During Q3FY11, Kaya recorded a growth of 40% over Q3FY10, driven by improvement in the Indian business and partly on account of the acquisition of Derma Rx in Q1FY11.

Marico has demonstrated Sustainable Profitable Growth over the last decade. Q3FY11 was in Y-o-Y terms the – 41st consecutive quarter of Turnover growth and the 45th quarter of Net Profit growth.

Established in 1990, Marico is one of India's leading Consumer Products & Services groups, in the Global Beauty and Wellness space. During 2009-10, the company generated a turnover of Rs. 26.6 billion (about USD 600 Million). Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Mediker, Revive, Kaya, Fiancée, Haircode, Caivil, Black Chic, Code 10 and Ingwe. Today, one out of every four Indians is a Marico consumer. Marico's brands occupy leadership positions and significant market shares in their respective categories. Marico is present in the Skin Care Solutions segment through Kaya Skin Clinics in India, Middle East and Bangladesh and Derma Rx in Singapore.

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, www.maricobd.com, www.saffolalife.com, www.kayaclinic.com, www.haircodeworld.com, www.parachuteadvanced.com and www.maricoinnovationfoundation.org

Business Unit-wise details have been given in the next two pages.

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Consumer Products Business

Marico's Consumer Products Business in India grew by 10% in volume and 19% in value during Q3FY11 over Q3FY10. This was achieved through growth across key established portfolios – Parachute coconut oil, Saffola refined edible oil and hair oils as well as the introduction of new products. The Company also achieved a higher rate of growth in its rural markets, taking the share of rural sales in its revenue to 27%.

Despite a high base last year, on account of consumer offers run during Q3FY10, Parachute coconut oil in rigid packs grew by ~5% in volume. FY11 witnessed a steep rise in copra prices, particularly from the second quarter. While the company decided to absorb a part of this abnormally high upward movement of input costs, it increased retail prices to pass on a proportion of the cost push. There has, thus, been a temporary squeeze in the operating margins. The Company expects the input costs to ease some time over the coming quarters. With this its margins should revert to within a normal band.

Marico's second flagship brand, Saffola, continues to ride the trend in increasing concern around health and heart health in India. The Saffola refined oils franchise retained its leadership position in the super premium segment of refined edible oils. Marico's hair oils franchise had a volume market share of ~22% during the 12 months ended November 2010. Hair oils portfolio gained market share by 140 basis points in Ytd Q3FY11, compared to same period last year.

Strategic investment in Brands continued, centered on new products and prototypes such as Parachute Advanced Hot Oil, Parachute Advanced Therapie, Parachute Advanced Ayurvedic Cooling Oil, Saffola Oats and Saffola Arise. The Company is experiencing traction across these initiatives.

Saugata Gupta, CEO-Consumer Products, commented, "Despite the temporary challenge of steep cost push this year, we have driven significant franchise growth through market expansion, share gain and new product introductions. The India growth story will continue to provide exciting opportunities that we can tap by leveraging our core strengths".

International business

Marico's International business (comprising about 23% of the group's turnover) grew by 28% over Q3 FY10. The underlying business growth was higher at 33%, which was partly offset by the appreciation in the Indian Rupee.

In Bangladesh, Parachute continues to play out its market expansion strategy, by converting loose oil to packed branded coconut oil, while maintaining its strong leadership position. The brand has gone from strength to strength and was recognized, last year, as the 2nd most trusted brand in Bangladesh across categories. The Company is building upon its strategy of leveraging the extensive distribution network created by Parachute. Hair code hair dye has become a clear number 2 player with over 25% market share. There has been an encouraging response to Saffola edible oils, introduced earlier this year

Marico's business in Egypt comprising the hair styling brands Hair Code and Fiancée, continued to turn in healthy growths this quarter and maintained its market share of

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~57%. As a part of Company's strategy to unlock portfolio synergies, Parachute Gold hair oil was launched in Egypt during Q4FY10 and Parachute Hair Cream in Q1FY11 and the initial response is encouraging. In the GCC (Gulf Cooperation Council) countries, Parachute cream maintained its market leadership position with a market share of ~27%. Launch of products under the Brand Hair Code in the Middle East is in progress.

The South African business also continued to build on the momentum gained last year and achieved a growth of over 30% during Q3FY11, as compared to the same quarter in the previous year.

Said **Vijay Subramaniam, CEO, International Business**, "Marico's international business has attained a critical size which provides it the opportunity to derive synergies from our portfolio across geographies. We expect this to enable us to drive further growth in the company's International Business Group."

Kaya Skin Solutions Business

During Q3FY11, Kaya's skin solutions business recorded revenue of Rs. 62 Cr a growth of 40% over Q3FY10, boosted by the acquisition of Derma Rx in May 2010. The acquisition also helped the Kaya business to post a PBT of Rs. 3.8 Cr in Q3FY11.

In Q3FY11, despite the closure of 6 clinics in Q1FY11, Kaya's business in India recorded of 5% over Q3FY10. On a same clinic basis, it achieved a revenue growth of 8%. Kaya's traffic builder initiatives including new services priced at Rs. 990 and new product introductions, have shown positive results.

In order to unlock portfolio synergies, Kaya has begun introducing some of its Derma Rx products in India. Derma Rx products will also be introduced in the Middle East by Q4FY11. The share of products increased to 17% of total turnover, compared to 13% in the earlier quarters. This will enable the business to generate more business from the same number of clinics and help improve their ROCE.

Ajay Pahwa, CEO, Kaya said, "I am happy that Kaya has achieved a same clinic growth in India, reversing the trend during the last few quarters, while both our Middle East and Singapore operations continue to do well. With this, we are well poised to exit FY11 on a positive note. This provides Kaya the confidence to turn in a solid performance in FY12".

Outlook

The trend of volume growth across categories is encouraging. However, input cost-push, if very steep, could temporarily impact margin growth. In these circumstances, Marico will focus on the primary building block of all FMCG Companies viz. consumer franchise. Volume growth may, therefore, be prioritized over Margin growth in the near term.

Milind Sarwate, Chief of HR, Finance and Strategy remarked: "The growth story of Indian FMCG companies carries a bold value creation promise. This promise revolves around the consumer and not around quarterly margins. We therefore believe that we must build a durable consumer franchise that will eventually drive margins. This alone will lead to sustainable shareholder value creation."