Marico – An Information Update for FY11

(Financial Year ended March 31, 2011)

Group Turnover	**INR**	**~ 3128 Cr. Up ~18 %**
Profit Before Tax	**INR**	**~ 376 Cr. Up ~26 %**
Net Profit	**INR**	**~ 286 Cr. Up ~24%**

Marico achieved a turnover of ~INR 3128 crore (~ USD 695 mio) during FY11, a growth of ~18% over FY10. The volume growth underlying this revenue growth was healthy at ~12%. With firming of input prices from the second half of FY11 the company took price increases in a phased manner in Q3FY11 and Q4FY11 in select SKUs. This has led to an inflationary impact on the top line. Pricing power of its brands enabled the Company to pass on a part of the input cost increase to consumers. The company is however conscious of the long term growth potential in its markets. It has therefore focused on retaining consumers and continuing to provide an impetus to grow the market, particularly in coconut oil. It thus chose a temporary contraction in operating margins to ensure longer term growth. The EBDITA margin before exceptional and one time items during FY11 was 13.9 %.

Profit after tax (PAT) for FY11 was ~INR 286 crore (~ USD 63.5 mio), a growth of ~24% over FY10.

The above mentioned financial numbers for FY11 include certain one time adjustments that have been made during Q4FY11. The picture for FY11 excluding these adjustments is provided below. Similar adjustments have been made to FY10 numbers to have a meaningful comparison. Details of these adjustments have been shared later in this note (see section "Details of Exceptional and One Time Adjustments included in Financials of FY11 and FY10").

- Sales ~INR 3157 crore (~USD 701 mio), growth of ~19% over FY10
- PBT ~INR 371 crore (~USD 82.4 mio), growth of ~10% over FY10
- PAT ~INR 300 crore (~USD 66.6 mio), growth of ~15% over FY10

Over the years, Marico has focused on sustainable profitable growth. Q4FY11 is in Y-o-Y terms, the:
- 42nd consecutive Quarter of growth in Turnover and
- 46th consecutive Quarter of growth in Profits

The Board of Directors of Marico Limited at its meeting held on May 2, 2011 declared a second interim dividend of 36% on its equity share capital of INR 61.5 Crore. It had declared a first interim dividend of 30% in October 2010.

Marico's Investor Relations efforts are co-ordinated by

Anubhav Rastogi	Head – Investor Relations	(anubhavr@maricoindia.net)
Chaitanya Deshpande	EVP & Head - M&A and Investor Relations	(chaitanyajd@maricoindia.net)
Milind Sarwate	Group CFO & CHRO	(milinds@maricoindia.net)

For further information / clarification, Marico may be contacted on

Telephone : (91-22) 6648 0480 Fax: (91-22) 6649 0112 E-mail: milinvrel@maricoindia.net

Consumer Products Business - India:

The overall growth in the Consumer Product Business in India during FY11 was ~17% while the underlying volume growth was ~11%. This growth was contributed towards by an expansion in the coconut oils market, share gain in value added hair oils and expansion in Saffola's franchise.

Coconut Oil:

Parachute, Marico's flagship brand continued to expand its consumer franchise during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by ~10% in volume as compared to FY10.

The year, especially in its second half, experienced an unprecedented increase in the copra (dried coconut kernel – the raw material input for coconut oil) prices. The average prices in FY11 were higher than in FY10 by ~45%. Most of this rise can be attributed to the spiraling of the global Palm Kernel oil table. (While pure coconut oil is the preferred cooking medium in parts of the country, it may be substituted with palm kernel oil when palm kernel oil prices remain at a normal discount to coconut oil. When palm kernel rises to close the gap, consumers may switch to coconut oil thus increasing its demand and consequently the market rates).

The Company took prices increases to pass on a part of the cost push to its consumers. However, with rapid upward spiral of costs, retail price increases lagged behind resulting in some compression in margins. In addition, the Company has prioritized expansion of its consumer franchise. Consequently, it did not pass on the entire cost inflation; particularly in the smaller SKUs (its recruiter packs). Parachute took a price increase of 8% in January 2011 (effective in the market during February and March) taking the cumulative retail price increase during FY11 to ~32%. This unprecedented price increase, in the overall context of inflation in the country, has led to a modest volume growth of ~5% in H2FY11.

The softening of copra prices normally expected in the January – March quarter, did not come through during Q4FY11. However, the prices do appear to have reached their peak and the Company now expects some easing of the prices in the coming quarters. While the precise timing and extent of any decline in copra prices is difficult to forecast, the Company expects average prices in FY12 to be higher than FY11 by about 20%. It is expected that H1FY12 copra prices will be higher than H1FY11. During H2FY12 however, when the higher base of H2FY11 comes into effect, the average prices are expected to be lower on a Y-o-Y basis.

The Company will maintain its bias to grow volumes and could thus be expected to pass back some of the decline in input costs to consumers, particularly in the smaller packs. It may however hold on to a portion of the softening of input costs so as to regain a part of the margin drop in coconut oil during FY11.

Parachute's volume market share during the 12 months ended March'11 was ~45.8%. Together with Nihar and Oil of Malabar, Marico's volume share in the INR 1900 crore (USD 422 mio) branded coconut oil segment in India was ~52.6%.

Saffola

Over the years Saffola has created a very strong franchise for itself in the super premium refined edible oils market. It continues to leverage its good for heart equity riding the trend in increasing concern around health and heart health in India. Several households have adopted Saffola in order to lead a healthier lifestyle (a preventive measure as opposed to being largely doctor recommended). With the introduction of blends (currently Saffola refined oil is offered to consumers in four blends), the Company has been able to bring Saffola to its consumers at a range of price points. Given that the brand has a healthy consumer retention rate, an increased household base is expected to create a larger long term franchise for the brand.

During this year's World Heart Day, Saffola launched its "Young at Heart" campaign partnering leading hospitals, diagnostic centers and dietician teams to educate consumers about their "heart age". Aided by this initiative, Saffola refined oils franchise volumes continued their healthy growth. Saffola grew by ~16% in volume terms during FY11 compared to FY10. It maintained its leadership position in the super premium refined edible oils market with a market share of ~52.1% during the 12 months ended March 2011.

During FY11 while average market prices of safflower oil remained flat, those of rice bran oil were up ~21% as compared to FY10. The Company has taken prices increases in select packs to compensate for this cost push.

In the longer term, Saffola would like to establish itself as a leading healthy lifestyle brand. It has commenced its journey in the foods space and plans to have a basket of offerings that provides healthy food options throughout the day. In line with this strategy the Company introduced Saffola Oats in the month of June 2010. The product prototyped primarily in the Modern Trade format in select cities across India received a good response. The Oats market in India is ~ INR 120-140 crore (USD 26.6 mio) and is growing at a healthy rate of ~40%. While the category has seen the recent entry of a few players, the nascent market and healthy trend provides room for all players to participate in this category growth. Saffola will also play a role in expanding the market.

During Q4FY10, Saffola Arise was launched across key Saffola markets. The performance so far has been encouraging in the West & South India markets where short grain rice is common. Repeat purchases of Saffola Arise are taking place and the brand is also receiving the support of influencers such as nutritionists. During Q4FY11 two more variants in Basmati and long grain rice were introduced to strengthen the position in the North where the longer grain is preferred.
The packaged rice market in India is ~INR 400 Crore (USD 89 mio) and is growing at over 20%. With its innovative health positioning Saffola hopes to create a sizable franchise for itself over the next two to three years.

Hair Oils

Marico offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs in the INR 2600 crore (USD 580 mio) branded hair oils market. Hair oiling remains a deeply ingrained hair conditioning habit on the Indian sub-continent. With rising incomes in India there exist opportunities to serve consumers looking for value added options to their hair oiling needs.

During the year, all Marico's hair oils brands recorded healthy growth. The company's hair oils portfolio in rigid packs grew by ~24% over FY10 in volume terms, with most variants clocking growth of over 20%. Moreover the introduction of new sub-segments in Marico's portfolio such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic cooling oils and Parachute Advansed Ayurvedic Hair Oil have grown the overall hair oils franchise by bringing specificity and creating more occasions for use.

Marico's hair oils franchise has achieved market share gains during FY11. Its volume market share during the 12 months ended March 2011 was ~23%. The share is however on an increasing trend having reached ~25% in recent months. Five years ago, its share was about 17%. 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.

Rural Sales:
Marico has taken initiatives to drive greater rural penetration over the last two years or so. It has endeavored to reach a larger number of retail outlets in the rural hinterland directly through its distributor sales force rather than depending on wholesalers to service these outlets. This has improved the quality of the sales call and provides the opportunity to sell-in a wider range of products. In recent times, the sales reach has increased largely on the back of penetrative pricing in Shanti Amla and lower price point packs in Parachute. During FY10, Marico's rural sales clocked a faster pace of growth than its urban sales. Rural sales comprised about 27% of the company's Indian FMCG sales as compared to 25% in FY10.

Divestment of Brand "Sweekar"

In March 2011, Marico divested its refined sunflower oil brand "Sweekar" to Cargill India private Limited (Cargill) for a consideration of INR 50 crore. The divestment is in line with the Company's choice of focusing on Saffola as its wellness platform in the refined edible oils and functional foods space.

International FMCG Business

Marico's International FMCG business (its key geographical constituents being Bangladesh, MENA (Middle East and North Africa), South Africa and South East Asia) comprised ~23% of the Marico Group's turnover in FY11. The Company's international business continued to grow handsomely and registered a growth of ~22% in FY11. The business growth (excluding foreign currency impact) was however higher at ~27% comprising ~17% volume growth, ~8% pricing and the balance coming from the new business in Vietnam. These growth rates would have been higher had the MENA region not seen political unrest in Q4FY11

Bangladesh

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. It continued to ride on the growth momentum backed by strong thematic campaigns and new launches. The brand has gone from strength to strength and was recognized as the 2nd most trusted brand in Bangladesh across categories last year. (Source: A C Neilson) The Company is building upon its strategy of leveraging the extensive distribution network created by Parachute. Hair Code hair dye has achieved about 29% value market share thus establishing itself as a strong number 2 player. In the value added hair oils space Parachute Advansed Beli, a light hair oil with a floral fragrance, is showing a positive trend while the recently launched Parachute Advansed Cooling Oil has seen encouraging placement in the market. The response to Saffola refined edible oil introduced in Bangladesh in FY11 is in line with expectations. This provides confidence about achieving continued strong growth in Bangladesh through these new categories that complement the growth of the flagship, Parachute.

MENA (Middle East and North Africa)

Revenue for the region in FY11 was flat as compared to FY10. Growth witnessed during the first three quarters of the year was unfortunately negated by a fourth quarter that was badly impacted by the political unrest witnessed in the region. Marico has created a manufacturing hub for MENA in Egypt. The supply chain was adversely impacted for about 5-6 weeks. While this has stabilized towards the end of the quarter, the situation in other parts of the region remains uncertain. 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. During the near term, the company will be cautious about the overall level of investments in advertising. Meanwhile it is also working on alternative sourcing options in order to de-risk its supply chain operations

South Africa

The South African business continued grow handsomely and recorded a growth of ~33% aided by the acquisition of Ingwe. The organic growth during the year was 24%. Caivil and Black Chic the two lead brands, have been growing steadily and improving their market shares in the ethnic hair care market in South Africa.

Malaysia

Marico's Malaysian business has grown at a very healthy growth rate and has responded well to the brand restage and the renewed thrust to distribution in Code 10. The integration exercise of distribution and manufacturing transition has been completed as planned.

Entry into Vietnam

Marico increased its commitment to the South East Asian market by taking up 85% equity in International Consumer Products Corporation (ICP), one of the most successful Vietnamese FMCG companies. ICP was founded, in 2001, by Dr. Phan Quoc Cong and his partner. Its brands (X-Men, L'Ovite, Thuan Phat and others) have a significant presence across personal care, beauty cosmetics and sauces / condiments categories. X-Men is a leading player in the male grooming segment in Vietnam and is the 2nd Most Trusted Personal Care brand in the country. With over 35% market share, it leads the men's shampoo category. L'Ovite, the company's premium cosmetics brand ranks amongst the top 5 premium cosmetics brands in Vietnam

The acquisition was funded entirely through Debt.

ICP numbers were consolidated with the Marico Group financials for the period February 18 to March 31, 2011 and contributed a top line of ~ INR 15 crore (~USD 3.3 mio) to the Group's top line for Q4FY11 and FY11.

Skin Care Solutions:

During FY11, Kaya's skin solutions business achieved a turnover if INR 239 crore (~USD 53.1 mio), recording a revenue growth of ~31% over FY10, boosted by the acquisition of Derma Rx in May 2010. On an overall basis Kaya made a loss of INR 2.30 crores (~ USD 0.5 mio) at PBT level.

The Kaya business without Derma Rx achieved a revenue growth of ~7% over FY10. Same clinic growth during the year was 2%. The Kaya business (excluding Derma Rx) incurred a PBT loss of INR 14.05 crore (~USD 3.1 mio)

Please note that the above numbers are before considering the impact of exceptional and one time items explained later in the note.

While Kaya had experienced same clinic decline in revenue during H1FY11, the trend was reversed during H2FY11. It recorded a same clinic Y-o-Y growth of ~8% in the second half of the year.

Kaya introduced services priced at INR 990 for a single session to serve as traffic builders. These were accompanied by easy upgradable offers. They were backed by advertising on Radio & Press as well as robust Digital & CRM plans. The change in media strategy from TV to Radio & Press has resulted in better utilization of resources. Kaya will continue to use consumer promotions in the future in the form of Loyalty and Referral offers.

Four new advanced skin care products from Derma Rx range were launched addressing Acne and Skin Ageing concerns. The response to these products has been encouraging. The share of products to total turnover has increased to ~17% in H2FY11 compared to ~13% earlier . This is in line with the Company's strategy to increase the share of products to about ~20%-22% in the next ~2 years. The company will continue to introduce more products in India in a phased manner. Derma Rx products are in the process of being introduced in the Middle East too. The process has got delayed owing to regulatory procedural issues. It is expected that these products can be introduced in the clinics in the Middle East by Q2FY12. We believe that introduction of these products makes the range of products at Kaya more complete. These products will set a new standard for Acne and Pigmentation management. Higher product sales will generate more through-put from the clinics and help improve their ROCE.

Kaya now offers its technology led cosmetic dermatological services through 103 clinics: 81 in India across 26 cities, 16 in the Middle East and 2 in Bangladesh in addition to the 4 clinics and medispas in Singapore and Malaysia through Derma Rx.

OPERATING MARGIN STRUCTURE FOR MARICO GROUP (before exceptional and one time adjustments)

% to Sales & Services (net of excise)	Q4FY11	FY11	Q4FY10	FY10
Material Cost (Raw + Packaging)	51.0	51.2	43.9	47.4
Advertising & Sales Promotion (ASP)	8.7	11.0	14.8	13.2
Personnel Costs	8.1	7.3	7.8	7.3
Other Expenses	18.4	16.6	18.8	16.8
PBDIT margins	13.9	13.9	14.8	15.3
Gross Margins (PBDIT before ASP)	22.5	24.9	29.6	28.5

Notes:

1. The above ratios are before exceptional and one time items included in the financials for the period.
2. The year witnessed steep inflation in prices of input materials. Market prices of Copra, the input for coconut oil, which accounts for about ~40% of the Group's raw material cost, was ~ 45% higher than in FY10. Market prices of Safflower Oil were flat whereas prices of Rice Bran Oil were up by 21% compared to the previous year. The Company chose to pass on a part of the input cost increase to consumers.
3. With increased input costs and retail prices, while the company may maintain its absolute margin per unit at around the last three years' average , the higher sales realization base will reflect a lower margin in percentage terms.
4. Increases in ASP, Personnel costs and other expenses have not kept pace with the 18% revenue growth leading to some decline in percentage terms. During Q4FY11, the company took a conservative approach to ASP spends in MENA. In Kaya there was a change in strategy to focus on press and digital media instead of television advertizing. In the domestic consumer products business, the phasing between quarters saw a lower spend in Q4FY11.
5. The detailed Financial Results and other related useful information are available on Marico's website – 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	FY11	FY10
Return on Capital Employed		
- Marico Group	22%	34.4%
Return on Net Worth – (Group)	36.5%	41.8%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	20	18
- Inventory Turnover (Days)	61	54
- Net Working Capital Turnover (Days)	69	57
Debt: Equity (Group)	0.78	0.74
Finance Costs to Turnover (%) (Group)	1.3	1.0

* Turnover Ratios calculated on the basis of average balances

1. There has been a decline in the Group's ROCE in FY11 compared to FY10 mainly on account of the investments made in Vietnam.
2. There has been an increase in NWC level mainly due to an increase in inventory on account of inflation in input prices.
3. As of March 31, 2011 the Marico Group had a net debt of INR 500 Crore (~USD 111 mio) (Gross INR 772 Crore (~USD 171.5 mio)). Of the gross debt about INR 554 Crore (~USD 123.1 mio) is denominated in foreign currency. About INR 222 Crore (~USD 49.3 mio) of the foreign currency debt is repayable with in a year. Other than INR 50 Crore (~USD 11.1 mio) debt, the balance debt of INR 168 Crore (~USD 37.3 mio) denominated in Indian Rupees is payable within a year. The average cost of the debt is about ~5.0 %. The company may roll over some of the loans when they fall due during the year or redeem investments for repayment. Marico has adequate cash flows to maintain healthy debt service coverage.
4. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
5. The Company had decided to adopt Accounting Standard (AS) 30 in FY10 – Financial Instruments: Recognition & Measurement issued by The Institute of Chartered Accountants of India. Accordingly the net unrealized gains or losses in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting are reflected in the 'Hedge Reserve Account', which will get recognized in the Profit and Loss account when the underlying transaction or forecast revenue arises.

Capital Expenditure and Depreciation

The Company plans to invest ~INR 80 Crore (~USD 17.8 mio) in capital assets in FY12, including annual recurring capital expenditure is of ~INR 40 crore (USD 8.8 mio) .This estimate excludes any potential acquisition opportunities.

Depreciation during FY11 is INR 101.2 Crore (~USD 22.5 mio) compared to INR 60.6 Crore (USD 13.5 mio) in FY10. The depreciation was higher this year on account of exceptional and one time items detailed later in this note.

Effective Tax Rate:

The total effective tax rate (as % of PBT) after considering MAT credit and deferred tax for FY11 is ~23%. This is higher than indicated earlier mainly on account of exceptional and one time items. Not all the exceptional items result in tax impact (such as tax rebate / deferred tax). In most cases the impact at PBT level is entirely passed on to PAT level making the ETR high. The entire impact of one time and exceptional items has been felt in Q4FY11 and hence the effective tax rate of Q4FY11 is unusually high at 37%. If one excludes exceptional and one time items, the effective tax rate for Q4 and the full year would be 19%% and 18% respectively. The Company expects its effective tax rate to be around ~18% to 20% during FY12.

DETAILS OF EXCEPTIONAL AND ONE TIME ADJUSTMENTS INCLUDED IN FY11 AND FY10

Rs/Cr					
Adjustments	**Grouping**	**FY11**		**FY10**	
		PBT	**PAT**	**PBT**	**PAT**
Reversal of Provision for Excise Duty for FY10	Exceptional Items	29.3	19.6		
Sales Proceeds of Sweekar	Exceptional Items	50.0	36.2		
Revenue Recognition - Kaya	Sales	(31.3)	(31.3)		
Impairment of Assets - Kaya	Exceptional Items	(7.7)	(7.7)		
Accelerated Depreciation - Kaya	Depreciation	(3.1)	(3.1)		
Impairment of Brands - Fiancee	Exceptional Items	(22.6)	(18.0)		
Amortisation of Intangible Assets - Kaya	Amortisation	(4.7)	(4.7)		
Amortisation of Intangible Assets-IBG	Amortisation	(4.8)	(4.8)		
Sundari -Translation Reserve- Write Off	Exceptional Items			(4.1)	(4.1)
Kaya Life - Closure Costs	Exceptional Items			(5.7)	(5.7)
Net Impact		**5.1**	**(13.8)**	**(9.8)**	**(9.8)**
Note - Postive amounts indicate additions to profit, negative amounts indicate reduction to profit					

Reversal of provision for excise duty:

During the year ended March 31, 2010, the Company had made a provision of INR 29.4 crore (USD 6.5 mio) towards 75% of possible excise obligation which may arise in the event of an unfavorable outcome on the matter in respect of coconut oil packed in container size up to 200ml and cleared on and after June 3, 2009, which is being contested by the Company. Based on the facts of the case and a legal opinion obtained in this regard, the Company had made an assessment that the probability of success in the matter is more likely than not. In terms of Accounting Standard (AS) 29 Provisions, Contingent liability and Contingent Assets, the possible obligation on this account could be in the nature of contingent liabilities and ought not to be provided for in the accounts. However, the Company had, pending outcome of the matter, made the aforesaid provision in the accounts. The Company had, while finalizing financial results for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010, continued to make provision on the said basis and had provided INR 26.6 crore for the first nine months ended December 31, 2010.

The Company's Auditors had qualified their audit report for the year ended March 31, 2010 to the effect that the said provisioning was not in accordance with the requirements of AS 29.

As at March 31, 2011, the Company has reviewed the matter again and has taken a legal opinion, which has reaffirmed the earlier assessment that the probability of success in the matter is more likely than not. It has thus concluded that compliance with the requirements of AS 29 along with full disclosure of the contingent liability would be better instruments to serve the objectives of financial accounting & disclosure, as compared to a continued provision along with Auditors' qualification of the accounts.

Accordingly, the Company has reversed the said provision of INR. 29.4 crore, having regard to the fact that the said provision was not in accordance with the requirements of AS 29. The said reversal of the provision has been reflected as an Exceptional Item in the Profit and Loss account. Further, Deferred tax Asset of INR. 9.75 crore (~USD 2.1 mio) created on the said provisions has also been reversed and included in Deferred Tax charged for the year in the Profit and Loss account. Consequentially, the possible excise obligation of INR 88.97 crore (~USD 19.8 mio) for clearances made after June 03, 2009 till March 31, 2011 and INR 121.8 crore (~USD 27 mio) for clearances made prior to June 03, 2009 has been disclosed as Contingent Liability to the extent of the time horizon covered by show-cause notices issued by the excise department within the normal period of one year (from the date of clearance) under the excise laws.
Similarly, provisions of INR 26.6 crore (~USD 5.9 mio) made in the first nine months ended December 31, 2010 were reversed in the quarter ended March 31, 2011. This has no impact for the results of the full year ended March 31, 2011.

The Company will continue to review this matter during the coming accounting periods based on the developments in the pending cases and the legal advice that it may receive from time to time.

Sale Proceeds for divestment of Sweekar:
The company divested Sweekar for a consideration of INR 50 crore (~USD 11.1 mio). The profit before tax is higher by INR 50 crore and the profit after tax higher by INR 36 crore (~USD 8 mio) on this account.

Revenue Recognition in Kaya:
The service revenue of Kaya includes packaged services for which the consideration is collected upfront towards services to be availed by the customers over a period of time. These advances are non-refundable and hence are designed to constitute revenue at some point of time in the future. Pending the installation of requisite information technology to enable measuring of the actual utilization of services by customers against each package, Kaya had been recognizing revenue based on estimates for any given period insofar as packaged services are concerned. During the year, Kaya developed and deployed Point of Sale (POS) software to track the utilization of services by customers against these packages and has accordingly refined the said policy so as to strictly align the recognition of revenue with the services rendered. Accordingly, during the quarter and year ended March 31, 2011, amounts of INR 31.32 crore (~USD 7 mio) collected during the period in respect of which services have been considered to be pending to be rendered as at the period end have been deferred for recognition upon rendering of services in the subsequent periods. The deferred collections are included under the head Current Liabilities. However these advances are non-refundable and hence are designed to constitute revenue at some point of time in the future.

Had Kaya not made the said one time refinement of the accounting estimates, revenue from sale of services and consolidated Profit before Tax would have been higher for the quarter and year ended March 31, 2011 by INR 31.32 crore (~USD 7 mio)

The company believes that the systems for tracking utilization of packages and consequent recognition of revenue in the Derma Rx business are appropriate.

Impairment of Kaya Clinic Assets:

Accounting standard require impairment testing in Kaya on a clinic by clinic basis. The company has carried this out during the year resulting in an impairment of INR 7.7 crores (~ USD 1.7 mio) reflected in the financials for Q4FY11 and for FY11. The company however remains confident about the potential of the Kaya business as a whole. An application of the impairment test to the business as a whole would yield a positive result as other clinics are performing well.

Accelerated Depreciation in Kaya:

During Q4FY11, Kaya reviewed and revised the economic useful life of certain assets at its skin clinics and has depreciated these fixed assets over the balance revised economic useful life resulting in an additional charge of INR 3.09 crore (~USD 0.69 mio), which is included in "Depreciation, Amortization and Impairment".

Impairment of brand Fiancée:

During Q4FY11, Marico has recognized impairment of tangible and intangible assets relating to Fiancée business. The impairment test as per AS28 when applied to the Fiancée assets results in a provision of INR 22.7 crore (~USD 5 mio) comprising INR 8.8 crore (~USD 1.9 mio) towards goodwill on consolidation and INR 13.9 crore (~ USD 3.1 mio) towards Fiancée brand. This provision is included in "Exceptional Items" in the Profit and Loss account. However the company continues to be confident about its Egyptian business especially given its twin brand strategy of Hair code and Fiancée.

Amortization of Intangible Assets in Kaya and International Business:

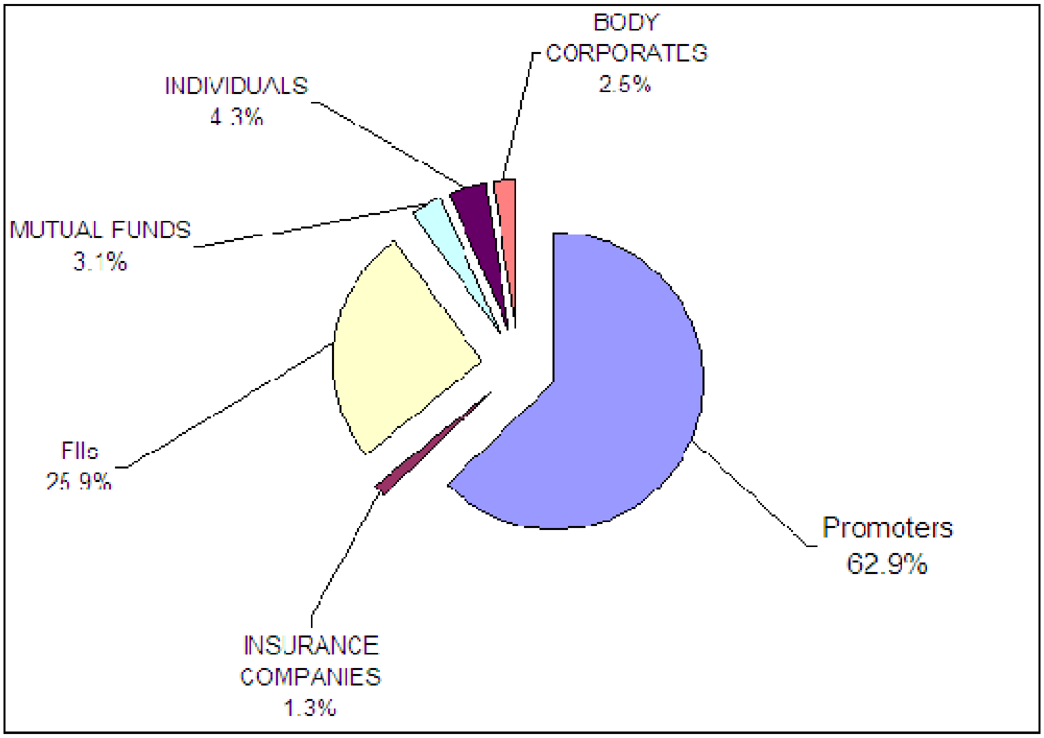
Under Indian GAAP, under which the Consolidated Financial Statements are prepared, intangible assets are required to be amortized over a period of 10 years. However, while preparing the Consolidated Financial Statements for the year ended March 31, 2010, the Company had continued the policy adopted its overseas subsidiaries (where the accounting standard does not require such amortization) and accordingly had not amortized these intangible assets.

During the year the Company has reviewed this practice and has decided to amortize these intangible assets over a period of 10 years so as to align the policy with the Indian Accounting Standards. Accordingly, an amount of INR 9.5 crore (USD 2.1 mio) has been amortized in the Consolidated Financials and is included in "Depreciation, Amortization and Impairment".

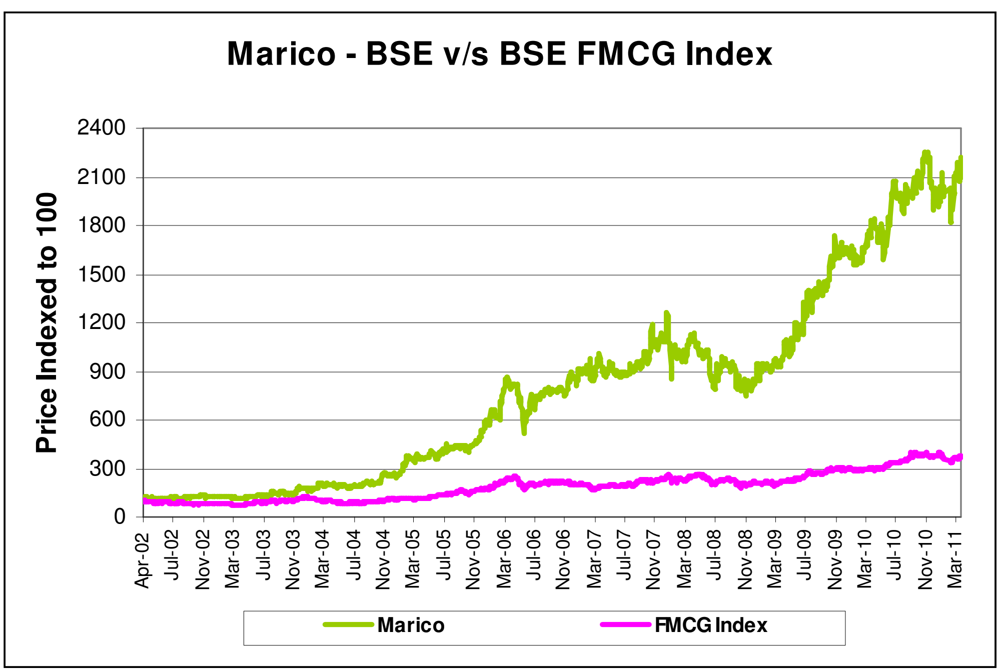
Had the Company continued to follow the policy of not amortizing such intangible assets as in the previous year, the Depreciation, Amortization and Impairment" for the quarter and year ended March 31, 2011 would have been lower by INR 9.5 crore ~(USD 2.1 mio) and the carrying value of the said intangible assets and the profit before tax for the quarter and year ended March 31, 2011 each would have been higher by the said amount

SHAREHOLDING PATTERN

The Shareholding pattern as on March 31, 2011 is as given in the graph below:



SHARE PERFORMANCE ON STOCK EXCHANGES



- Marico's long term performance on the exchange vis-à-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at INR. 8523 crores on March 31, 2011. The average daily volume on BSE and NSE during Q4FY11 was about 48150.

OUTLOOK

- **Fundamentals in place to leverage India growth story**
- **New Product Pipeline being made robust – scalability a key objective**
- **Continued growth in International Business , near term MENA environment uncertain**
- **Kaya India showing early signs of recovery**

The Company expects to be able to continue to focus on its long term strategic objectives with a bias towards franchise expansion in its businesses. In coconut oils in India the company will aim to grow by leading market expansion through its low unit size packs. The Company expects to achieve volume growth 6% to 8% per annum in the medium term. In hair oils in India, Marico will focus on share gain through introduction of differentiated and innovative products and providing specificity to consumers accompanied by effective communication. Successful execution of this strategy is expected to result in annual volume growth of 15% to 17% over the next 2-3 years. The Company's efforts in expanding rural reach is also expected to contribute towards franchise expansion in coconut oils and hair oils. Saffola is riding a trend in healthy living being adopted by the Indian consumer. The brand expects to continue to grow its basket of premium refined edible oil by about 15% in volume each year. In addition the Company plans to build a sizeable business in the healthy foods space by leveraging Saffola's equity.

In the International consumer products business, Marico will focus on growing the categories where it has significant market share - such as in coconut oil in Bangladesh and male hair grooming in MENA and Vietnam. The Company will focus on complementing growth of Parachute Coconut Oil in Bangladesh with establishing other products introduced in the market. In South Africa it would work on increasing share in key categories and over the medium term in expanding its footprint to other parts of sub-Saharan Africa. In the immediate term the approach in MENA will be cautious. However the long term potential given current penetration levels in Marico's categories of interest remains positive. Code 10 in Malaysia is expected to continue to show very healthy growth albeit on a small base. In Vietnam the Company will focus on the process of integration. The business is expected to grow in healthy double digits though the bottom line may be modest owing to the conscious strategy of higher investments in advertising during the year

Kaya skin business in India is showing early signs of recovery having posted growth at same clinic level in H2FY11. In the short term therefore, the company plans to work on improving its revenue streams from the existing clinics in India and bring the business firmly back on the growth track. It will continue to invest in new clinic growth through expansion in the Middle East. It has taken Kaya longer to achieve profitability than the company had earlier anticipated. The longer term attractiveness of the business however remains intact.

While there has been a temporary squeeze in margins in FY11, the Company expects that with the retail price increases implemented during the course of the year there could be partial recovery of margins in FY12. The precise timing and the extent of changes in the input prices are difficult to forecast. It is expected however that prices of copra in particular will be significantly higher in H1FY12 than in H1FY11. The prices in H2FY12 are forecast to be lower than in H2FY11. The Company will carry a higher interest burden in FY12 owing to the consideration paid towards the acquisition of shares in ICP, Vietnam.

The medium to longer term outlook on all the company's three businesses remains positive. The Company will thus 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 competitive supply chain effectiveness.

Contents of the Update

This update covers the following:

1. Financial results and other developments during FY11 for the Marico Group - Kaya Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, CPF International (Pty) Limited, MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company SAE, Marico Egypt Industries Company SAE (erstwhile Pyramid for Modern Industries), Wind CO, Marico Malaysia Sdn. Bhd., Derma Rx International Aesthetics Pte. Ltd., The DRx Clinic Pte. Ltd., The DRx Medispa Pte. Ltd., DRx Investment Pte. Ltd. , DRx Aesthetics Sdn. Bhd, International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions ,Thuan Phat Foodstuff Joint stock Company

2. A Profile containing basic/historical information on Marico.

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

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

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.

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Annexure 1

Growth Rate % FY11 over FY10 (Y-o-Y)					
	Q1	Q2	Q3	Q4	FY
Parachute Rigids (Volume)	14	11	5	5	10
Saffola Refined Edible Oils (Volume)	18	18	13	14	16
Value Added Hair Oils (Volume)	27	14	31	21	24
Domestic Business	**11**	**9**	**19**	**30**	**17**
Busines Growth in International FMCG Business (before Foreign Exchange Movements)					
Volume	17	18	25	13	19
Value	12	5	8	11	8
Total	29	23	33	24	27
Net Reported	**23**	**18**	**28**	**21**	**22**
Kaya Business before Derma Rx	3	2	11	11	7
Kaya Business before Derma Rx (same store)	(5)	(3)	10	6	2
Kaya Business including Derma Rx	14	28	41	41	31
Marico Group (Volume)	16	15	15	5	12
Marico Group (Value)	(3)	(2)	7	19	6
Marico Group (Total)	**13**	**13**	**22**	**24**	**18**

Average Market Prices of Key Input materials					
	Rs/100KG	**Rs/10KG**	**Rs/10KG**	**Rs /lt**	**Rs / kg**
Month	**COPRA CALICUT**	**KARDI OIL JALNA**	**RICE BRAN**	**LIQUID PARAFFIN**	**HDPE**
Apr-10	3,407	641	346	37	77
May-10	3,395	633	350	37	77
Jun-10	3,484	639	354	37	76
Jul-10	3,610	662	368	42	74
Aug-10	3,854	704	387	45	73
Sep-10	4,789	714	389	51	73
Oct-10	4,789	714	389	51	73
Nov-10	5,267	731	414	52	73
Dec-10	5,585	741	430	52	73
Jan-11	6,231	840	450	53	73
Feb-11	6,753	840	480	55	73
Mar-11	6,179	840	482	58	73
FY11 Vs FY10	46%	1%	21%	36%	6%
Q4FY11 Vs Q4FY10	86%	32%	35%	49%	-5%
Note - these rates are based on simple daily average of market rates and are not necessarily the rates at which the Company has made its purchases					

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MRP Changes in Select SKU's												
	20 ml	50 ml	100 ml	200 ml	500 ml	200ml	100ml	200ml	1 Ltr	1 ltr	1 Ltr	1 ltr
Month/SKU	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Jasmine	Hair &Care	Hair &Care	Saffola-Kardi Oil	Saffola Tasty Blend	Saffola Gold	Saffola Active
Apr-10	5.00	10.00	20.00	40.00	90.00	49.00	36.00	63.00	145.00	96.00	112.00	89.00
May-10	5.00	10.00	20.00	40.00	90.00	49.00	36.00	63.00	145.00	96.00	112.00	89.00
Jun-10	5.00	10.00	20.00	40.00	90.00	49.00	36.00	63.00	145.00	96.00	112.00	89.00
Jul-10	5.00	10.00	21.00	40.00	92.00	49.00	36.00	63.00	145.00	96.00	112.00	89.00
Aug-10	5.00	10.00	21.00	42.00	92.00	49.00	38.00	69.00	145.00	96.00	115.00	91.00
Sep-10	5.00	10.00	21.00	42.00	92.00	52.00	38.00	69.00	145.00	98.00	115.00	91.00
Oct-10	5.00	12.00	23.00	45.00	96.00	53.00	38.00	69.00	152.00	98.00	120.00	96.00
Nov-10	5.00	12.00	23.00	45.00	96.00	54.00	38.00	69.00	160.00	103.00	128.00	99.00
Dec-10	5.00	13.00	25.00	49.00	106.00	54.00	40.00	70.00	160.00	110.00	128.00	99.00
Jan-11	6.00	14.00	27.00	53.00	116.00	60.00	40.00	70.00	160.00	110.00	128.00	99.00
Feb-11	6.00	14.00	27.00	53.00	116.00	60.00	40.00	70.00	165.00	117.00	135.00	107.00
Mar-11	6.00	14.00	27.00	53.00	116.00	60.00	40.00	70.00	165.00	120.00	135.00	107.00
FY11 Vs FY10	5.0%	0.7%	10.4%	14.8%	10.4%	8.5%	7.5%	10.4%	7.8%	8.8%	9.3%	7.2%
Q4FY11 Vs Q4FY10	20%	40%	35%	33%	29%	22%	11%	11%	13%	20%	18%	17%

Annexure 2 - Profile giving Basic / Historical Information

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 INR 31.3 billion (about USD 695 Million) during 2010-11. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Derma Rx, Aromatic, Fiancée, HairCode, Caivil, Black Chic, Code 10, Ingwe, X-Men, L’Ovite and Thuan Phat. 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, Male grooming etc. Marico is present in the Skin Care Solutions segment through 103 Kaya Skin Clinics and Derma Rx clinics in India, The Middle East, Bangladesh, Singapore and Malaysia. Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South Africa, Singapore, Malaysia and Vietnam.

Marico's own manufacturing facilities in India are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman, Poanta Sahib and Baddi and are supported by subcontracting units. Marico’s subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries), Marico South Africa Pty Ltd., and International Consumer Products Corporation have their manufacturing facilities at Mouchak, near Gazipur in Bangladesh, 6^{th} October City, Egypt, Salheya City, Egypt, Sadaat City, Egypt, Mobeni in Durban, South Africa and Ho Chin Min City, Vietnam 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.

Brands	Category	Indicative Market Share range %	Rank
Parachute, Oil Of Malabar, Nihar	Coconut Oil	51-53	1
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Nihar Naturals, Nihar Shanti Amla, Parachute Advansed Ayurvedic hair oil, Parachute Advansed Cooling oil)	Hair Oils	23-2	2
Mediker	Anti Lice Treatment	~ 90	1
Revive	Fabric Starch	~ 80	1

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

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

Brands	Category	1992 (%)	Now (%)
Parachute, Oil Of Malabar, Nihar	Coconut Oil	48-49	51-53
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Nihar Naturals, Nihar Shanti Amla, Parachute Advansed Ayurvedic hair oil, Parachute Advansed Cooling oil)	Hair Oils	_	23-24

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

Marico has consistently sought to broad base its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass and contribute 11% 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 in India today contributes about 30% to the top line of Marico. Its share in profits too has come down.

Reach

Marico procures one out of every 13 coconuts produced 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 33 Lac (3.3 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.

	Urban	**Rural**
Sales Territories	135	35
Towns Covered ('000's)	3.2	11.0
Distributors	850	-
Super Distributors	-	120
Stockists	-	3,600

Skin Care Solutions

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 103 strong, spread across 26 cities in India and a presence in the Middle East, Bangladesh, Singapore and Malaysia. Its customer base is now more than 600,000.

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 (INR crores)	FY 07	FY 08	FY 09	FY 10	FY11	CAGR %
Sales & Services	1,557	1,905	2,388	2,661	3128	22
Profit Before Tax	150	205	230	298	376	31
Net Profit (PAT)	113	169	189	232	286	27
Earnings per Share - Annualised (Rs)*	1.9	2.8	3.1	3.8	4.7	25
Book Value per Share (Rs)*	3.2	5.2	7.4	10.7	14.9	
Net Worth	192	315	453	654	915	
EBITDA%	12.7%	12.9%	12.7%	14.1%	12.2%	
ROCE %	36	42	35	34	22	

* 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.