



MARICO MAINTAINS ALL ROUND GROWTH

Mumbai, April 24, 2008

Marico turned in a revenue of Rs 1907 crore during FY08. At 22%, it was another year of healthy growth over the previous year. This comprised 17% organic growth accompanied by 5% inorganic growth. All its businesses, those of consumer products in India, international business and Kaya skin solutions contributed to the overall growth.

Together with this topline increase, the bottom-line recorded a growth of 50%. Profit After Tax (PAT) during the year was at Rs 169 crore as against Rs. 113 crore in FY07. The company has demonstrated steady growth on both the topline and bottom line. Over the last 5 years, they grew at a CAGR of 21% and 30% respectively.

At its meeting held on April 24, 2008, the Board of Marico Limited, declared a third interim dividend of 37% on its equity share capital of Rs. 60.9 Crore.

Consumer Products Business – Domestic:

During the year, Parachute coconut oil in rigid packs recorded a volume growth of 11% over the previous financial year. Over the last few years, Marico has focused on a consistent strategy of growing the coconut oil market by encouraging conversions from loose oil to branded oil. At the same time Parachute has also worked on increasing its market share in pockets where the scope to do so is higher than in its strongholds, through various micro-marketing initiatives and distribution expansion. Parachute's market share for the 12 months to February '08 was at 48% in volume terms.

Saffola continues to leverage the growing awareness about heart health in India. Saffola has been actively promoting health consciousness and positioning itself on the "preventive" platform. The Saffola refined edible oil franchise grew by 22% in volume over FY07, led by higher growths in Saffola Gold. Marico's portfolio of hair oils comprising Hair & Care, Parachute Advansed, Nihar perfumed oil, Parachute Jasmine and Shanti Amla rode the market to show healthy growth. Innovative pack introductions such as the Parachute Advansed Hot Champi pack and the Easy Champi pack and on-ground promotional activity such as "Style Icon" for Hair & Care helped drive volumes.

As part of its strategy to maintain a healthy pipeline of introductions, Marico prototyped new products across its segments of beauty and wellness. The Parachute Advanced Starz range of hair care products includes hair oil, a shampoo and a gel-cream each catering to the kids segment. Maha Thanda, an ayurvedic cooling oil, marks Marico's entry into the cooling oils market. In order to leverage the current health and lifestyle trend in India, the company plans to build a portfolio of functional food products. Toward this end, it launched Saffola for Diabetics. Summing up, Mr. Saugata Gupta, CEO Consumer Products Business commented, "The last two years have provided our businesses the momentum and us the confidence to continue to build profitable consumer franchises in beauty and wellness".

International Business:

A good performance from all geographic regions has enabled the International Business to show healthy growth. Marico's International Business now comprises about 16% of the group's turnover.

In Bangladesh, Parachute coconut oil has been going from strength to strength. During the 12 months ended February '08, its market share was 67%. In the Middle East, Parachute Cream's focussed marketing efforts, including advertising and in-store promotional activities have yielded good results. The brand has now begun closing the gap on the leader in the GCC countries. In Egypt, Fiancée and HairCode are performing as per expectations. The current combined market shares of the two brands in Egypt stand higher at 62%. Said Mr. Subramaniam, CEO, International Business, "We have been harnessing our skills in brand building and distribution to strengthen our businesses across Marico's overseas markets".

Geographic expansion forms part of Marico's growth strategy. In November 2007, Marico entered the fast growing South African ethnic hair care and health care market through the acquisition of Enaleni Pharmaceuticals Consumer Division Pty Ltd. The process of integration of the business is underway.

Kaya:

Kaya's skin care solutions achieved revenue of Rs 100 crore during FY08. During the year it added 18 clinics, making the chain 65 clinic strong (56 in India and 9 in the Middle East). In addition to the skin care services, Kaya has begun providing a thrust to product sales. It launched a range of hypoallergenic products for sensitive skin, comprising a Cleanser, Moisturizer and Sunscreen sans perfume. In Q4FY08, a Face Cleanser, Kaya Fairness Day Cream and Kaya Fairness Night Cream were added to the Kaya basket of products. In order to enhance the product revenue stream, Kaya began prototyping the "shop-in-shop" model through kiosks at malls. The response from this experiment was good and Kaya kiosks are now present at about 36 locations.

In June 2007, Kaya was extended beyond skin care solutions. Kaya Life centers offer holistic weight loss solutions that are customized to individuals. The business has a unique proposition of customized, holistic, sustainable weight management using the Synergy 4 model (four pillars of Lifestyle counseling, Inch Loss, Food & Meal planning and Energizing exercises). "At Kaya Life, we will deliver the same high standards of service and efficacy of solutions set by Kaya in the skincare solutions business", added Mr. Rakesh Pandey, CEO, Kaya. During Q4FY08, two more centres were opened in Mumbai (Malad and Bandra). Based on these, the model would be refined further over the next few months before a national roll out.

Outlook:

Marico will continue to aim at delivering healthy growth. In markets where it enjoys a dominant share, it will focus on growing the market size. Where it is a number 2 or 3, it will attempt to gain market shares. To create future growth engines, the company will continue to prototype and scale up new product introductions. Marico will also continue to look for inorganic growth opportunities with a good fit in the beauty and wellness segments both in India and overseas.

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 HDPE 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. The strengthening of the Indian Rupee versus the US Dollar may also impact the margins of the International Business in Rupee terms. The company plans to prioritize growth over the pressure that these shifts may have on its margins in the short run.

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 477 Million) during 2007-08. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Sundari, Aromatic, Camelia, Fiancee and HairCode. 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 (65 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 branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt and South Africa. 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 was selected as one of the eight Indian companies in S & P's list of Challenger Companies from various nations, compiled globally by Standard & Poor's in June 2007.

Marico has also won various other Awards, such as the following:

- NDTV Profit – Business Leadership Award, FMCG Personal Hygiene category (July 2007)
- Business Week's Asia's Hot Growth Companies list of 100 (2007)
- India's Employer of Choice (CNBC TV 18)
- Winner of the SP Jain Marketing Impact Awards (2008)
- INDY's award for the Best Corporate Commercial on television (Jan 2008)
- Bronze at the Asia Pacific Effie Awards in September 2007 for Saffola's World Heart Day campaign
- Gold Effie in Corporate Advertising (2007)
- Bronze Effies for consumer products advertising campaigns for Nihar Naturals perfumed oil and for Saffola (2007)
- The Gulf Marketing Review Award in the Middle East 2006 & 2007

"Every month, over 70 Million consumer packs from Marico reach approximately 130 Million consumers in about 23 Million households, through a widespread distribution network of more than 2.5 Million outlets in India and overseas.

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- 34 for Profits and 30 for Sales.

The Marico scrip is listed on the Bombay Stock Exchange (BSE) (Code 531642) & on the National Stock Exchange (NSE) (Code "MARICO").