

## CHAIRMAN'S LETTER TO SHAREHOLDERS A PERSONAL MESSAGE

Dear Shareholders,

I am pleased to communicate with you at the end of yet another successful year for Marico.

### **Continued Journey of Sustainable Profitable Growth**

It was last year that we crossed the milestone of Rs. 1000 crore turnover. We have built on that achievement to post, for 2005-06, a turnover of Rs. 1144 crore (a growth of 14%) and a Profit After Tax (PAT) of Rs. 87 crore (a growth of 24%).

We have based our growth strategy on two pillars - sustainability and profitability. While the flagship brands post impressive growth to provide the core profitability, we also ensure sustainability by continuously tapping opportunities for new products and services. During 2005-06, prototypes saw us enter contiguous categories and develop brand extensions. We expect to convert these into successful national launches in the near future.

### **Acquisitions**

Besides organic growth, we have also been open to exploring acquisitions in the chosen strategic turfs of Beauty and Wellness. Thus, during 2005-06, Marico successfully concluded four strategic brand acquisitions.

The acquisition of Camelia and Aromatic helped Marico Bangladesh Limited enter the Taka 6000 million (Rs. 420 crore) soaps market in Bangladesh. We also entered the soap market in India through the acquisition of the herbal soap brand Manjal, which has a strong franchise in Kerala. During February 2006, we acquired from Hindustan Lever Limited, Nihar, the coconut oil and perfumed coconut oil brand. This has further helped consolidate Marico's presence in coconut oil and increase market share to about 60%. Nihar has also brought strong distribution synergies that other Marico brands can leverage.

### **Margin Improvement**

Your Company's products have enjoyed an improved pricing power, indicating stronger brand equity. This, along with its culture of prudent cost management, systematic improvement in efficiencies and favourable commodity prices has led to a marked improvement in operating margins. The Kaya business, too, contributed in margin improvement, as it achieved cash break-even, confirming our belief in the endeavour.

### **The Road Ahead**

Over the past 15 years, your Company has grown in turnover from about Rs. 100 crore to cross the landmark of Rs. 1000 crore. We have now set our sights on making the next Rs. 1000 crore much faster. Our confidence to deliver stems from the foundation of an unshakeable consumer franchise, strong brands, a wide distribution network and a committed management.

Thank you, Marico shareholders, for placing faith in the Company. Thanks also to all members of the Marico team and all our business associates for their contribution to Marico's success. I look forward to continued support from all as we steer the Company faster ahead on the path of sustainable profitable growth.

With best wishes for a rewarding year,



**Harsh Mariwala**  
Chairman and Managing Director