Marico - An Information Update January 24, 2008

Q3FY08 (Quarter ended December 31, 2007)

Group Turnover	**Rs.**	**506 Cr.**	**Up**	**24%**
Profit Before Tax	**Rs.**	**54.2 Cr.**	**Up**	**60%**
Net Profit	**Rs.**	**45.9 Cr.**	**Up**	**62%**

Marico maintains all round growth

Marico maintained its growth momentum into the third quarter of FY08. Its turnover during a quarter scaled a new mark of Rs 500 crore. At Rs 506 crore the turnover during the quarter recorded a growth of 24% over the corresponding quarter in the previous year - the seventh consecutive quarter of over 20% year on year growth. This comprised 19% organic growth accompanied by 5% inorganic growth. Healthy growth across 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 also recorded a growth of 62 %. Profit After Tax (PAT) during the quarter was at Rs 46 crore as against Rs. 28 crore in Q3FY07.

In October 2007, Marico made an entry into the South African ethnic hair care and health care market through the acquisition of the consumer division of Enaleni Pharmaceuticals Limited, through purchase of 100% shares in Enaleni Pharmaceuticals Consumer Division (Pty) Ltd (EPCD).

Q3FY08 is in Y-o-Y growth terms, the:

- 29^{th} consecutive Quarter of growth in Turnover and
- 33^{rd} consecutive Quarter of growth in Profits

Marico's sustainable profitable growth continued to receive global recognition. In November 2007, Marico was included in the 2007 Business Week's Asia's Hot Growth Companies list of 100. Marico was ranked 40^{th} overall and 4th in the list of 13 companies from India, across various sectors. Earlier during the year, Marico won the NDTV Award for the "Best Business Leader for FMCG in the Personal Hygiene category". It also featured amongst eight Indian companies in S&P (Standard & Poor's) list of Global Challengers 2007. Marico was named India's Employer of Choice by CNBC TV18.

Marico's Investor Relations efforts are co-ordinated by

- Chaitanya Deshpande, Head – Strategy, M&A and Investor Relations (chaitanyajd@maricoindia.net)
- Vinod Kamath Chief Finance & IT (vinodk@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

Focus on Growth

Entry into the South African ethnic hair care and health care market

In October 2007, Marico acquired the consumer division of Enaleni Pharmaceuticals Limited. The Durban-based EPCD is present across segments such as Hair Relaxers, After Care-Hair Food and Hair Conditioners. EPCD's current annualised turnover is about Rs 53 crore comprised largely of 3 brands, viz. Caivil in the premium ethnic hair care, Black Chic in VFM hair care and Hercules in OTC Health Care. Marico clinched this deal in a competitive bidding process.

Prototypes and New Launches

In order to generate additional sources of growth in the coming years, Marico as an FMCG company must create a healthy pipeline of new products. To identify scalable marketing and product propositions, Marico has been following a prototyping approach to test a few hypotheses in a low-cost fail-fast model before any decision to scale up is taken.

Parachute Advansed Starz

During the quarter, the company began prototyping the Parachute Advansed Starz range of hair care products for kids. This comprises a coconut based non-sticky hair oil, a gentle shampoo and a nourishing cream gel. The cream gel introduces a new format with the cream providing the goodness of coconut, keeping hair free from damage while the styling gel allows an instant cool and sporty hair-do.

Saffola Diabetes Management Atta Mix

Saffola enjoys substantial equity for its perceived health benefits, especially on the good for heart platform. Saffola extended its equity beyond oils into Functional Foods with the introduction of Saffola Cholesterol Management Atta Mix. It leverages an existing habit of mixing grains for roti flour.

During December 2007, a second functional food, Saffola Diabetics Atta Mix was launched as a prototype in Delhi and the National Capital Region. The product which helps in sugar management is a healthy high fibre flour with methi (fenugreek seed), psyllium husk and Bengal gram as key ingredients.

While the current sales of these lifestyle management products are still small, given the widespread issues of heart health in India, the acceptance of the functional foods concept is expected to result in a large potential.

Consumer Products Business - India:

In the consumer products business, the flagship brand, Parachute Coconut Oil grew by 11% in volume over the same quarter in the previous year. The focus segment of the hair-care range (Parachute Jasmine, Parachute Advansed, Shanti Amla Badam, Nihar Naturals and Hair & Care being the key elements) grew by 31% in volume. In the Premium Refined Oils market, Saffola, the company's second flagship, turned in a strong quarter with a franchise growth of 19% in volume.

A few Brand Stories:

Parachute & Nihar

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.

Aided by a promotional programme during Q3FY08, the brand recorded a growth of 11% over the corresponding quarter in the previous year. By and large, the growth has been broad based, from across all regions. In July 2007, retail prices of Parachute were increased by 3%, in anticipation of some inflation in input prices. Even as input costs did not increase as expected, Parachute has continued to show good volume growth and has maintained its market share. Some of the competitors have now followed suit with price increases.
Parachute's market share for the 12 months to November '07 was at 48% in volume terms.

Growth numbers in Nihar coconut oil during the first six months of the financial year were modest on account of pipeline filling during the previous year, during the period immediately after Marico acquired the brand. In Q3FY08, Nihar recorded double digit volume growth as compared to the same period in FY07.

The competitive intensity in the coconut oils category remains unchanged. Marico continues to dominate the category with a 56% market share. While Nihar is promoted in its bastion in the East, Parachute which commands better margins is prioritized in markets in the other regions.

Saffola

Prices of most edible oils have seen a significant increase in recent times on account of various environmental factors. Saffola, Marico's refined edible oil brand operates in the niche super premium segment of the market in India, positioned strongly on a "good for the heart" equity. The steep increase in input prices has necessitated retail price increases during the year. These price increases notwithstanding, the Saffola refined edible oil franchise grew by 19% in volume over Q3FY07, led by higher growths in Saffola Gold. The brand 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.

Hair Oils

The Hair Oils category has been experiencing healthy growth. Marico used promotional offers and micro marketing initiatives during the festive season to drive volumes in its basket of hair oils. As in the past, the company has focused on rigid pack sales of its portfolio. Marico's hair oils in rigid packs grew 31% in volume over the corresponding quarter in the previous year.

The "Gorgeous Hamesha" campaign of Parachute Advansed endorsed by film personality Deepika Padukone has been received well. This together with the "One hour Champi" campaign from Parachute Advansed is expected to encourage increased usage of the brand both pre-wash and post wash.

In the perfumed coconut oil rigid category, Parachute Jasmine and Nihar perfumed oils grew by 28% in volume. Marketing support has ensured continued performance in the market place. With Nihar focussed on the markets in the East and Parachute Jasmine in other parts of the country, Marico has a lion's share in the perfumed coconut oils market. During the 12 months to November 2007 its share in rigid packs was at 77%.

Boosted by a consumer promotion offer during the months of November and December, Shanti Amla achieved a growth of 65% during the quarter as compared to Q3FY07. Its market share in the Amla oil category was 9% (12 months to November 2007).

Marico's Hair & Care continued to perform well. During Q3FY08, the brand registered a volume growth of 14%. Hair & Care's share in the NSHO (Non-Sticky Hair Oils) market for the 12 months to November 2007 was 16%.

Post-wash Conditioners

Marico has occupied a place in the newer age hair care formats popular amongst the youth through a portfolio of post-wash hair-grooming products. These include Marico's Silk-n-Shine a post-wash conditioner, Parachute After Shower hair cream and hair gel. These are still nascent segments in the hair grooming category in India and the company intends to establish its presence in these segments that could see an inflection in usage in the future and to play its role in category creation. It may however be a while before they reach a significant size.

Silk n Shine has been promoted in a campaign promising "parlour like silky hair" and endorsed by celebrity actress Katrina Kaif. The brand increased its share to 35% in the post-wash conditioner market (during the 12 months ended November 2007).

In the Male Grooming segment, Parachute Aftershower cream signed on Indian cricketer Sreesanth as its second brand ambassador in addition to Yuvraj Singh. A new campaign featuring both the brand ambassadors went on air in December 2007 driving the proposition of 24 x 7 dandruff free styling supporting the anti-dandruff variant. Parachute After Shower hair cream now commands a 42% share of the hair creams market (during the 12 months ended November 2007). Parachute After Shower gel launched in December 2006 has been receiving a good response. Marico's share in the male grooming segment, including gels, is about 20%.

International FMCG Business

Geographic expansion forms part of Marico's growth strategy. During the quarter, Marico entered the fast growing South African ethnic hair care and health care market through the acquisition of Enaleni Pharmaceuticals Consumer Division Pty Ltd. This, together with Fiancee and HairCode, the brands acquired in Egypt last year, saw Marico's International Consumer Products business grow by 49% during the quarter over Q3FY07.

The market for Ethnic Hair Care and Relevant OTC Healthcare products in South Africa is estimated to be in the region of about Rs. 600 crore and growing at over 20%. Caivil and Black Chic have a market share of about 5%- 6%

in the relevant segments of Hair Care while Hercules has a share of about 9%-10% in the relevant OTC segments. The brands are present in several key Super market chains such as Clicks & Discom.

While the size of the acquisition has been modest, Marico expects to capitalize upon the rapidly growing ethnic hair care market driven by Black Economic Empowerment (BEE) in South Africa. At the same time however, it anticipates the need for brand building investments. Additions to the bottom line are therefore not expected to be significant in the near term.

In Egypt, Fiancée and HairCode are performing as per expectations and the Egypt business is on track to deliver about Rs 90 crore of turnover during the year. Marico has been consolidating market share since the time of the acquisitions which is currently at 61%. This has been achieved by both higher marketing support and by focussing upon sales and distribution improvements.
In the short run, the company would focus upon gaining insights about the Egyptian consumers and markets and build upon the business in Egypt. It could also explore increasing exports from Egypt into neighboring countries. The first exports of Fiancee to KSA and Syria were made during the quarter.
Marico has commenced putting up a green field project in Egypt which would serve as a manufacturing base for the MENA (Middle East and North Africa) region. The project in expected to be completed by the end of the calendar year.

The thrust on expanding the franchise of Parachute hair cream in the Middle East continues. The brand's restage on the platform of nourishment plus protection from harsh water has been launched across the GCC countries with 360^{0} marketing support. Locally tailored advertising, including an endorsement by regional celebrity, Zainab and other promotional efforts have taken Parachute cream to the leadership position in the UAE. Its share during the 12 months ended November 2007 was about 27%. In the larger market of the Kingdom of Saudi Arabia, Parachute is at no. 3, but has begun closing the gap on the leaders.

The robust performance in Bangladesh continues unabated. Parachute coconut oil increased its market share to 65% during the 12 months ended November '07. Apart from leveraging its reach of over 300,000 outlets, the access to consumers was enhanced through participating in haats (temporary markets). The Aromatic soap campaign highlighting the use of locally relevant ingredients has helped establish a differentiated proposition. The brand has begun to regain lost ground in terms of market share. The soaps franchise in Bangladesh (comprising Aromatic and Camelia) achieved a turnover of about Rs 4.4 crore during the quarter.

A good performance from all geographic regions has enabled the International Business to show healthy growth. Marico's International Business now comprises about 17% of its turnover. Continued Rupee appreciation against the United States Dollar, is putting some pressure on the International Business margins and growth in Rupee terms.

Kaya Skin Clinic

The skin care solutions business of Kaya Skin Care Ltd. broke even during FY07 with a marginal profit before tax. Having established the model, Kaya now plans to move into the next phase of clinic expansion. Kaya would open about 15 new clinics a year. Each of these, as is true currently, will be company owned and managed, there being no plans as of now to adopt a franchise model. In choosing locations, Kaya would try to saturate demand in existing cities (it is already present in 17 cities in India) and reach out to only a few new cities. During Q3FY08, Kaya Skin Care added 3 clinics in India, one each in Mumbai, Bangalore and Nagpur. The company has been able to identify and tie up a few more properties for establishing new clinics. Two new clinics were added in the Middle East during the quarter, Ras al-Khaimah in UAE and Riyadh in Saudi Arabia. Kaya now has 56 clinics, including 8 in the Middle East.

Revenues during Q3 FY08 witnessed a growth of 30% over Q3FY07 and the business is likely to clock a turnover of about Rs 100 crore in FY08.

Kaya has been introducing new service offerings to its customers. Kaya Skin Renewal which was launched in the previous quarter was rolled out nationally. The service which is a range of peels targeting specific skin needs of customers such as pimples, age-control, pigmentation, clarity and overall skin health holds good potential as a differentiated offering.

In addition to the skin care services, Kaya has begun providing a thrust to product sales. A range of hypoallergenic products for sensitive skin, comprising a Cleanser, Moisturizer and Sunscreen sans perfume have been added to the Kaya basket. In order to enhance the product revenue stream, Kaya began prototyping the "shop-in-shop" model through kiosks at malls such as Lifestyle and Hyper City. The response from this experiment with about 8 kiosks has been good and the company has now commenced a dialogue with other retail chains to establish and scale up this concept. Currently products form a share of about 16% of Kaya's revenues.

Kaya Life

In June 2007, Kaya was extended beyond skin care solutions. Kaya Life centers offer holistic weight loss solutions that are customized to individuals. The consumer need is large with India ranking amongst the top 10 obese nations. The problem is much more acute in urban centers, with many of those above 35 years of age suffering unhealthy body shapes.
Targeted towards SEC A (18-40 male / female) consumers who acknowledge the weight issue to themselves and desire to change the status to "look good". The business's unique proposition of customized, holistic, sustainable weight management proposition using the Synergy 4 model (four pillars of Lifestyle counseling, Inch Loss, Food & Meal planning and Energizing exercises) has already begun to redefine people's perception of weight management through the customized services it offers ranging from a 45 day program to a 3 month program.

Kaya Life opened its first center at Juhu in Mumbai towards the end of the first quarter of FY08. The response to the Kaya Life experience has been good and initiatives are being put in place to step up customer acquisition. During Q4FY08, two more centres are scheduled to be opened in Mumbai. Based on these, the model would be further refined over the next few months before a national roll out next year.

OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	Q3 FY08	Q3 FY07
Material Cost (Raw + Packaging)	52.8	53.5
Advertising & Sales Promotion (ASP)	12.4	13.7
Personnel Costs	6.1	5.6
Other Expenses	15.9	14.7
PBDIT margins	12.8	12.5
Gross Margins (PBDIT before ASP)	25.2	26.1

Notes:

1. In order to make comparison meaningful, extraordinary items with a one-time impact have been excluded from the above table.
2. Material cost to sales was marginally lower during the quarter mainly on account of fall in the prices of Copra which corrected about 10-12% on a y-o-y basis. Input costs of other edible oils however continued to show an increasing trend and were higher during the quarter on y-o-y basis viz. sunflower oil (~ 20%), safflower (~ 30%), corn oil (~ 20%) and rice bran oil (~ 20%).
3. Other Expenses as percentage of sales have witnessed an increase on a y-o-y basis on account of a general inflation particularly in energy cost, rentals, consultancy etc. This includes increases in rentals on new clinics and recruitment consultancy costs for Kaya Skin Care and Kaya Life.
4. The detailed Financial Results and other related useful information are available on Marico's website – http://www.maricoindia.com/ic_latest.htm

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	Q3FY08	Q3FY07
Return on Capital Employed - Marico Group	39.1%	23.8%
Return on Net Worth – (Group)	64.3%	29.7%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	17	15
- Inventory Turnover (Days)	45	44
- Net Working Capital Turnover (Days)	45	15
Debt: Equity (Group)	1.19	0.67
Finance Costs to Turnover (%) (Group)	1.4%	1.3%

The net working capital turnover ratio was higher on account of a fall in the balance of current liabilities and provisions during the quarter on a y-o-y basis. Current Liabilities were higher during Q3FY07 on account of the final tranche for the Fiancee acquisition consideration being payable and paid over the subsequent quarters.

Marico's borrowings as on December 31, 2007 were about Rs 325 crore. The company has adequate cash flows to maintain healthy debt service coverage.

The sharp increase in the ROCE and RONW is partly on account of the balance sheet restructuring the company undertook in March 2007, involving an adjustment of intangible assets against special reserves to the extent of Rs 309 crores

Other Developments:

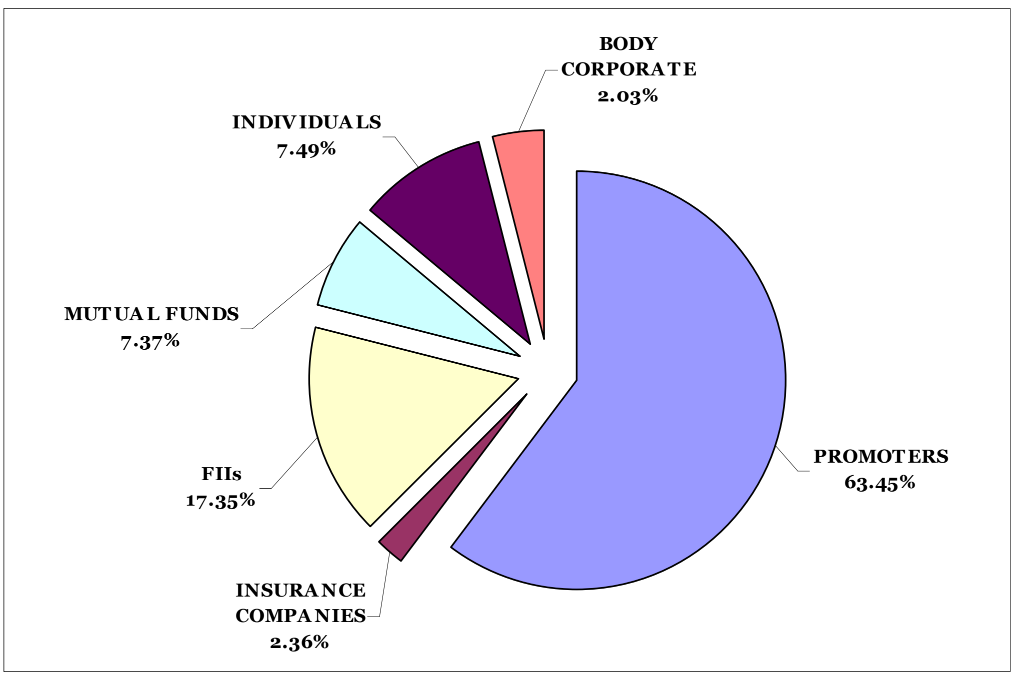
Marico has defined the segments of Beauty and Wellness as the space in which it would operate. Certain parts of its brand portfolio therefore, have not been the focus of its operations over the last few years. The Sil range of jams and other processed foods does not strictly fit into its focus segments. Through a resolution passed on January 23, 2008, the shareholders of the company have thus approved a divestment of the Sil business.

As acquisitions continue to be part of the company's growth strategy, Marico's shareholders have passed an enabling resolution to enhance the borrowing and investing limits of the company. These resolutions will facilitate the process of raising funds and appropriately structuring a transaction, if and when an acquisition opportunity comes up.

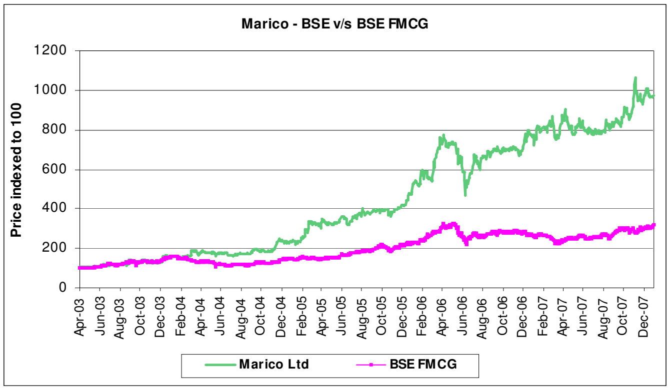
Marico has concluded seven acquisitions since April 2005. The cumulative investment has aggregated over Rs. 550 crore. These acquisitions have been funded partly by internal cash generations, partly by the QIP issue of Rs 151.4 crore in November 2006 and partly by borrowed funds. Given Marico's appetite for funds and the need to keep the capital-gearing ratio at reasonable levels, it is necessary to conserve its financial resources and deploy the operating profits back in business. In line with this strategy, the board of directors of the company, after a record of several consecutive quarters of dividend distribution, has therefore decided not to distribute any interim dividend during this quarter. It is also proposed to continue to follow a conservative dividend policy, as compared to the past, unless the company is unable to deploy the funds in attractive growth opportunities.

SHAREHOLDING PATTERN

The shareholding pattern as on December 31, 2007 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 moved from Rs. 3,276 crore as on December 31, 2006 to Rs. 4,181 crore as on December 31, 2007. The average daily volume on BSE and NSE during Q3FY08 was about 4,62,723 shares.

OUTLOOK

Growth Strategies Followed

Marico demonstrated a high growth of 36% during FY07, including 22% organic growth and 14% through the inorganic route. All its strategic business units, the domestic consumer products business, the international consumer products business and the Kaya skin solutions business contributed towards this growth. The company is well poised to maintain its growth momentum. The company has identified its broad growth strategies as under:

Organic Growth

a) Expand the size of the market for dominant brands such as Parachute, Saffola, Mediker, Kaya and Revive
b) Increase market share in categories where we face significant competition such as hair oils in India and hair creams in the Middle East
c) Prototype, and Roll out new products and services in existing and new business segments continuously
d) Expand International operations beyond the Middle East, Bangladesh and Egypt

Inorganic Growth

e) Pursue inorganic growth, both in India and overseas

The first three quarters of FY08 have witnessed healthy growth and the company expects to be able to maintain a growth rate of over 20% during FY08.

Going forward, the key challenge for the company is to maintain the pace of growth. It would follow a combination of the strategies outlined above in pursuit of this growth. The competitive environment in the flagship brands Parachute and Saffola remains unchanged and there are sufficiently strong barriers. The company would however have to be mindful of the entry of large players, if any. The environment has been experiencing a significant inflation in input prices, both of crude oil derivatives such as liquid paraffin and HDPE and that of edible oils. While the company's brands enjoy significant brand equity, sustained increase in input prices, will put a pressure on operating margins. In a forced choice situation, the company would rather focus on growth and building new and strengthening existing brands, at the cost of a marginal decline in margins. The strengthening of the Indian Rupee versus the US Dollar may have a dampening impact on the margins of the International Business in Rupee terms. In the Kaya business too, the focus will remain on business building (clinics and products).

CONTENTS OF THE UPDATE

This update covers the following:

1. Financial results and other developments during Q1FY08 for the Marico Group – Marico Limited and its subsidiaries / joint ventures - Marico Bangladesh Limited (MBL), MBL Industries Ltd. (MBLIL), Kaya Limited, Marico Middle East FZE, Kaya Middle East FZE, Sundari LLC, MEL Consumer Care SAE , Egyptian American Investment & Industrial Development Company, Pyramids for Modern Industries and Marico South Africa Consumer Care (Pty) Limited, Enaleni Pharmaceuticals Consumer Division (Pty) Limited (name being changed to Marico South Africa (Pty) Limited) and CPF International (Pty) Limited. (The Marico Group is referred to as "Marico" or "Group" or "Marico group" in this update, while "the Company" denotes a reference to Marico Limited.)
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 –

http://www.maricoindia.com/AnnReportDir/Consol_Annual_Report2006-07.pdf.

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.maricoindia.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.

A Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products and Services in the Global Beauty and Wellness space. Marico's solutions- Products and Services- in Hair care, Skin Care and Healthy Foods generated a turnover of about Rs.15.6 billion (USD 380 Million) during 2006-07. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Sundari, Fiancée, Camelia, Aromatic, Caivil, Black Chick, Hercules and HairCode. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories- Coconut Oil, Hair Oils, Anti-lice Treatment, Premium Refined Edible Oils, Fabric Care etc. Marico is present in the Skin Care Services segment through Kaya Skin Clinics (56 in India and the Middle East), the Sundari range of Spa skin care products (in the USA & other countries) and its nascent soap franchise in India and Bangladesh.

Marico's branded products are also present in Bangladesh, other SAARC countries, Egypt, South Africa and the Middle East. 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 has leveraged its core sources of competitive advantage viz. Branding, Distribution, Cost Management, Innovation and Technology to set up a fast growing franchise of new products and services – their share in turnover has moved up from 3% in FY00 to over 28% in FY07.

Marico's own manufacturing facilities are located at Goa, Kanjikode, Jalgaon, Saswad, Pondicherry, Dehradun and Daman and supported by subcontracting units. Marico's wholly owned subsidiaries, Marico Bangladesh Limited, MEL Consumer Care SAE and Pyramid for Modern Industries, have their manufacturing facilities at Mouchak, near Gazipur in Bangladesh, 6th October City, Egypt and Salhiya City, Egypt 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 Marke Share range %	Rank
Parachute, Oil Of Malabar, Nihar	Coconut Oil	57-58	1
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advansed, Shanti Badam Amla, Nihar)	Hair Oils	22-24	2
Mediker	Anti Lice Treatment	~ 90	1
Sil	Jams	7-8	2
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	57-58
Hair Oil (Hair & Care, Parachute Jasmine, Parachute Advanced, Shanti Badam Amla, Nihar)	Hair Oils	_	22-24

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

Marico's Parachute and Saffola are among India's top 100 most trusted brands as per the survey carried out by Brand Equity (The Economic Times) in February 06 - Parachute ranks 29th while Saffola ranks 93rd. Parachute continues to be the world's largest packaged Coconut Oil Brand.

Marico has consistently sought to broadbase its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass and contribute over 28% 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 today contributes about 40% - 45% to the top line of Marico. Its share in profits too has come down.

Reach

Marico procures one out of every 25 coconuts produced in India and 3 nuts per coconut tree 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 25 Lac (2.5 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. Marico has partially leveraged its network through a distribution alliance with Indo Nissin Foods Ltd. (Top Ramen- Curry, Cup O' Noodles). 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	-	2,500
Retail Outlets – Reach (millions)	1.65	0.85

In Bangladesh, Marico reaches over 370,000 outlets.

Skin Care Services and Global Spa Products:

In recent years, 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 56 strong, spread across 17 cities in India and 5 in the Middle East. Its customer base is now more than 200,000.

In FY03, Marico acquired a controlling stake in Sundari LLC. The focus of Sundari is the spa market in the USA and other parts of the world. The spa products market is estimated to be about US$ 2 billion.

Financial Highlights

Marico has maintained a steady top line and bottom line growth over past decade with a consistently healthy Operating Return on Capital Employed (ROCE).

Particulars (Rs. Crore)	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**CAGR%**
Sales & Services	775	888	1007	1,144	1,557	19
Profit before Tax	64	65	74	98	150	24
Net Profit (PAT)	56	59	70	87	113	19
Earning per share - Annualised (Rs.) *	1.0	1.0	1.2	1.5	1.9	17
Book value per share (Rs.) *	3.4	3.2	3.7	4.5	3.2	
Net Worth	193	184	217	261	208	
ROCE %	31	32	31	26	36	

* 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. The model ensures that Marico is present in unique / ethnic Indian Product or Services categories where typical MNCs would not be strong. Therefore, Marico does not, unlike many other Indian FMCG Companies, get caught in MNC cross fires.