Marico - An Information Update April 24, 2008

FY08 (Financial year ended March 31, 2008)

Group Turnover	**Rs.**	**1907 Cr.**	**Up**	**22 %**
Profit Before Tax	**Rs.**	**205 Cr.**	**Up**	**37 %**
Net Profit	**Rs**	**169 Cr.**	**Up**	**50 %**

A Year of all round growth

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. This PAT for FY08 includes certain extraordinary items (exchange gain on loan repayment Rs 10.6 cr, an additional charge on account of accelerated depreciation Rs 4.3 cr and profit on sale of the Sil business Rs 10.6 cr). Had it not been for these items, the PAT would have been Rs 155 cr, a growth of 27% over FY07 (extraordinary items excluded from the comparable figure in the previous year).

Q4FY08 is in Y-o-Y growth terms, was the:

- 30th consecutive Quarter of growth in Turnover and
- 34th consecutive Quarter of growth in Profits

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.

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)

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Focus on Growth

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. The company intends to introduce new offerings to its consumers through prototype launches at regular intervals. Some of the products that the company has prototyped during the year are discussed below:

Maha Thanda

Marico's hair oil basket in India includes Parachute Advansed coconut oil, Parachute Jasmine and Nihar perfumed coconut oils, Hair and Care and Shanti Amla. During Q4FY08, Marico marked an entry into the fast growing cooling oil market with a view to plug this gap in its hair oil portfolio. Maha Thanda is an Ayurvedic hair oil with extracts of several herbs and can be used for a cooling head massage that helps reduce stress, soothe headaches and enable good sleep. The national market for the category is estimated to be about Rs 400 crore with a growth of over 20% during the last year. Maha Thanda is being prototyped in Bihar and is endorsed by the Bhojpuri celebrity Ravi Kishan.

Parachute Advansed Starz

In December 2007, 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. Parachute Advansed Starz hopes to capitalize upon a gap in the hair care for kids market in India today. The response hitherto has been encouraging.

Saffola Diabetes Management Atta Mix

Saffola enjoys substantial equity for its perceived health benefits, especially on the good for heart platform. Given the widespread issues of heart health in India, significant potential exists for the introduction of lifestyle management products. While the functional foods concept is still in its nascent stages in India, the brand hopes to play a leadership role in creating this habit amongst health conscious consumers.

The company had introduced Saffola Cholesterol Management last year. During FY08, it commenced the prototype of Saffola Diabetics in Delhi and the National Capital Region. In order to leverage the current health and lifestyle trend in India, the company plans to build a portfolio of functional food products.

Geographic expansion - Entry into the South African ethnic hair care and health care market

During Q3FY08, 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.

Kaya Expansion

Kaya skincare services were made available to its customers at 18 new clinics during FY08. Kaya Skin Clinic now has a presence through 65 clinics of which 56 are in 19 cities across India and 9 service its customer in the Middle East. During the year, Kaya also began offering weight management solutions at 3 centers under the brand Kaya Life.

Consumer Products Business - India:

In the consumer products business, the flagship brand, Parachute Coconut Oil grew by 10% in volume over the previous financial 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 16% in volume. In the Premium Refined Oils market, Saffola, the company's second flagship, grew by 22% in volume during the year.

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 and distribution expansion initiatives.

During the year, Parachute coconut oil in rigid packs recorded a volume growth of 11% over the previous financial year. In July 2007, retail prices of the brand were increased by 3%, in anticipation of some inflation in input prices. Though input costs did not increase as expected until about December 2007, Parachute continued to show good volume growth and has maintained its market share.

Parachute's market share for the 12 months to February '08 was at 48% in volume terms.

Given the brand's strong equity amongst its consumers, the company expects to be able to pass on any increases in input prices and maintain its margins per unit volume. The competitive scenario in the category remains by and large unchanged. While there have been a few entrants, their impact has not been very significant. The company is keeping a watch on the progress of these brands.

Nihar coconut oil grew at a modest rate of 4% during the year. The annual growth appears low as the growth in the first half was depressed on account of pipeline filling during the previous year, the period immediately after Marico acquired the brand.

Marico commands a 56% share of the coconut oil category in India with its three brands Parachute, Nihar and Oil of Malabar.

Saffola

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. The Saffola refined edible oil franchise grew by 22% in volume over FY07, led by higher growths in Saffola Gold.

Prices of most edible oils have seen a significant increase in recent times, caused by a shift in the demand-supply equation with some edible oils being used in bio-fuels. The steep increase in input prices has necessitated retail price increases during the year. Saffola recorded a very healthy volume growth, these price increases notwithstanding. Continued advertising and sales promotion support that reinforces the equity of the brand is paying dividends.

The "Saffola World Heart day" campaign won a Bronze at the first-ever Asia Pacific Effie Awards at Singapore. With this, Saffola has emerged as one of the most awarded brands for effective advertising across the region by winning 5 Effie's over the last 3 years.

Hair Oils

The Hair Oils category has been experiencing healthy growth. Marico's hair oils in rigid packs, the focussed part of its hair oil basket, grew 16% in volume over the previous year. The company used promotional offers and micro marketing initiatives to drive volumes.

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. Parachute Advansed also introduced two innovative packs in the market. The "hot champi" (hot head massage) pack consists of a hair oil warmer along with a bottle of Parachute Advansed coconut oil. Consumers can enjoy the benefits of a hot oil massage in the comfort of their homes. Besides, the warm oil becomes easy to pour, even if the oil tends to freeze in winter. The Parachute Advansed Easy Champi pack is a spray pack that facilitates application of oil at the hair roots and helps reach every part of the scalp easily.

In the perfumed coconut oil rigid category, Parachute Jasmine and Nihar perfumed oils grew by 12% 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 February 2008 its share in rigid packs was at 78%. The company has also capitalized on synergies to improve its margins in the category.

Shanti Amla achieved a growth of 24% in FY08 over FY07. Its market share in the Amla oil category was 9% (12 months to February 2008).

During the fourth quarter of FY08, Hair & Care saw the national launch of a new campaign "Hair Ko Miley Healthy Care", aimed at communicating that the goodness of herbal proteins present in Hair & Care helps result in healthy hair with a great bounce. In order to connect with the youth, who look for constant excitement and innovation, Hair & Care created a property called "Style Icon", a hunt for the new face on the pack for the brand. Piloted in Gujarat, the property created a lot of buzz. The brand registered a volume growth of 15% during FY08. Its share in the NSHO (Non-Sticky Hair Oils) market for the 12 months to February 2008 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, a post wash conditioner, continued to be promoted in a campaign promising "parlour like silky hair" endorsed by celebrity actress Katrina Kaif. During the fourth quarter of FY08, Silk N Shine launched *"Shining Star Hunt*" in colleges in Delhi; an innovative marketing activity aimed improving awareness and driving relevance for the brand by taking it closer to its consumers. The brand has a share of 32% in the post-wash conditioner market (during the 12 months ended February 2008).

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 February 2008). 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 21%.

International FMCG Business

Marico's overall international business grew by 59%, while its organic growth over FY07 was 21%. In its traditional markets, namely the Middle East and Bangladesh, Marico's International FMCG business continued to grow and record share gains.

In Bangladesh, Parachute coconut oil has been going from strength to strength. It has gained market dominance backed by strong marketing support. During the 12 months ended February '08, its market share was 67%. Parachute will focus on growing the branded market by encouraging conversions from loose oil.

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, Brylcream. Its advertising is locally tailored and uses a regional celebrity for endorsements. Earlier during the year, the brand was restaged as Parachute Aqua-shield, on the platform of nourishment plus protection from harsh water. The GMR Outstanding Achievement in Marketing Award was conferred upon Parachute for the second consecutive year.

The Egyptian brands, Fiancée and HairCode are performing as per expectations. They achieved a turnover of about Rs 88 crore during the year. Advertising support accompanied by promotional offers during the Africa soccer championships helped in expanding the franchise. The current combined market shares of the two brands in Egypt stand higher at 62%. The company has also commenced exports of the products to neighbouring African nations.

Earlier during the year, Marico commenced putting up a green field project in Egypt which will serve as a manufacturing base for the MENA (Middle East and North Africa) region. This aims to leverage benefits from trade agreements between Egypt and countries in the Middle East. The project in expected to be completed by the end of the calendar year.

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 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. The Durban-based entity is present across segments such as Hair Relaxers, After Care-Hair Food and Hair Conditioners with a current annualised turnover of 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. The process of integration of the business is underway. During FY08, Marico clocked a turnover of Rs 20 crore in South Africa.

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. The contribution to the bottom line during the first two years is thus expected to be negligible.

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. Continued Rupee appreciation against the United States Dollar, is putting some pressure on the International Business margins and growth in Rupee terms.

Sundari

In line with the Operating Agreement with its joint venture partner, Shantih LLC, Marico has exercised its call option to raise its stake in its subsidiary Sundari LLC from 75.5% to 100%. With effect for October 23, 2007, Sundari has become a wholly owned subsidiary of Marico Limited.

Kaya Skin Clinic

During FY08, Kaya Skin Care added 18 clinics, making the chain 65 clinic strong (56 in India and 9 in the Middle East). Each of these is currently company owned and managed, there being no plans as of now to adopt a franchise model. In choosing locations in India, Kaya would try to saturate demand in existing cities (it is already present in 19 cities in India) and reach out to only a few new cities. In the Middle East, Kaya extended its services beyond UAE by opening clinics in the Sultanate of Oman and the Kingdom of Saudi Arabia.

Kaya's skin care business achieved revenue of Rs 100 crore during FY08, a growth of 34% over FY07. This growth has been delivered roughly in equal measure through new clinics, volume increase from existing clinics and price increases.

Kaya has been introducing new service offerings to its customers. During the year, Kaya Skin Renewal was launched 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. During the year, Kaya 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 such as Lifestyle and Hyper City. The response from this experiment was good and the company has tied up with other malls and is currently present at about 36 locations. Currently, products form a share of about 13% 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 business has a unique proposition of customized, holistic, sustainable weight management using the Synergy 4 model (four pillars of **L**ifestyle counseling, **I**nch Loss, **F**ood & Meal planning and **E**nergizing exercises). The feedback received from Kaya Life customers has been positive. They have witnessed consistent results and are satisfied with the Kaya Life methodology of weight management.

Kaya Life had opened its first center at Juhu in Mumbai towards the end of the first quarter of FY08. During Q4FY08, two more centres were opened in Mumbai (Malad and Bandra). Based on these, the model would be further refined over the next few months before a national roll out. The business is currently testing new initiatives in the area of building awareness and scalable customer acquisition.

OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY08	FY07
Material Cost (Raw + Packaging)	51.4	51.6
Advertising & Sales Promotion (ASP)	12.9	13.6
Personnel Costs	6.6	5.8
Other Expenses	16.1	15.9
PBDIT margins	12.9	13.0
Gross Margins (PBDIT before ASP)	25.8	26.6

Notes:

1. In order to make comparison meaningful, extraordinary items with a one-time impact have been excluded from the above table. These include a reversal of provisions during FY07 of Rs 8.0 cr pertaining to personnel costs and Rs 4.9 cr of ASP.

2. Material costs to sales are similar to those in the previous year.
3. Personnel expenses are higher owing to normal remuneration increases, performance incentives and higher head count, particularly in Kaya.
4. The company has a conservative treasury policy with minimal risk exposures. It did not incur any losses on account of derivative structures and has no derivative structure exposure on its books.
5. 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	FY08	FY07
Return on Capital Employed - Marico Group	39.8%	32.9%
Return on Net Worth – (Group)	66.7%	49.7%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital Turnover (Days)	 14 46 34	 14 41 26
Debt: Equity (Group)	1.20	1.08
Finance Costs to Turnover (%) (Group)	1.5	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 FY07 on account of the final tranche for the Fiancee acquisition consideration being payable and paid over the subsequent quarters.

Marico's borrowings as on March 31, 2008 were about Rs 358 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:

Sil Divestment:
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. In line with this strategy, the Sil business was divested on March 11, 2008 to Scandic Food India Pvt Ltd, the Indian subsidiary of Good Food Group, a Danish business house, on a slump basis, including the manufacturing facility at Saswad, for a profit of Rs 10.6 crore. Marico will distribute the Sil range of products for Scandic for one year. Sil's share in Marico's turnover was not significant.

INFL Distribution:
Marico and Indo Nissin Foods Ltd (INFL) have mutually decided to end their distribution alliance. Marico had been distributing the Top Ramen range of products for INFL, a subsidiary of Nissin Foods of Japan, in India, since 1998. When Marico entered into the alliance with INFL, it had a turnover of about Rs 500 crore. This was supported by an extensive distribution network which the alliance partners sought to leverage. Since then, Marico has grown its own business more than three times. The company would like to focus its energies on distribution of brands from its own stable. Having achieved a certain critical size, INFL is also keen to set up a distribution network in India to service its own products. The two companies thus agreed to end the existing distribution agreement with effect from April 1, 2008. Marico's income from distribution of Top Ramen was about Rs 3 crore.

Interim Dividend:
At its meeting held on April 24, 2008, the board of directors declared a third interim dividend of 37%. With this the cumulative dividend declared for the year is 65.5%, the same as the percentage declared in FY07. Consequently, on a higher profit base, the dividend payout ratio is lower at 27.7%.

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 has decided to follow a conservative dividend policy, as compared to the past, unless the company is unable to deploy the funds in attractive growth opportunities. The broad direction for the moment is to declare the same quantum of dividend each year. On a growing profit base therefore, the payout ratio would be lower.

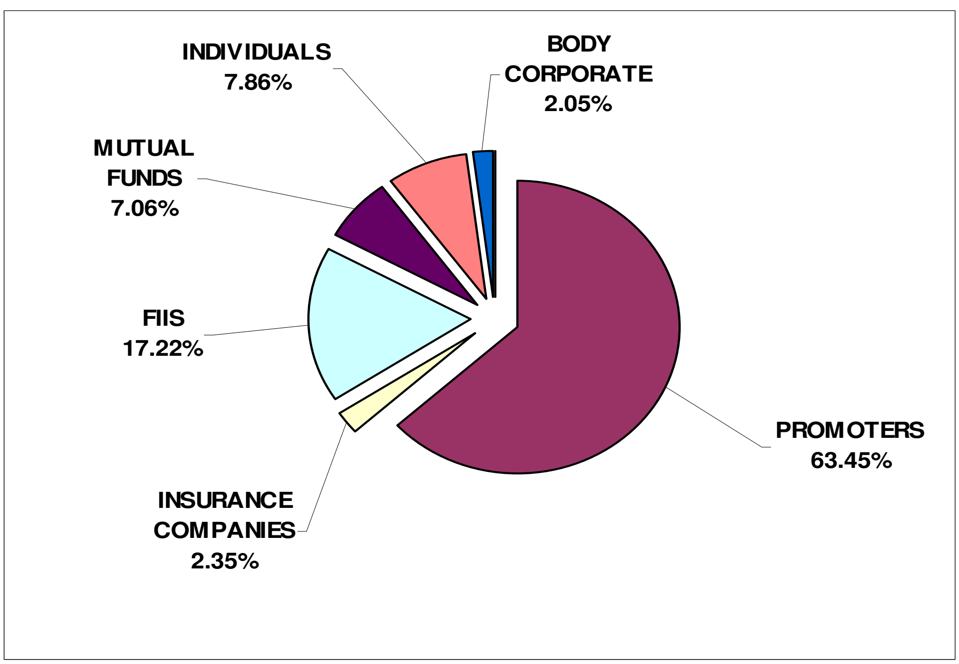
Recognition:

In the recent past, Marico has received a number of awards confirming external recognition for commendable work being done by the company. The heartening feature is that this recognition has been conferred upon the company across various disciplines and businesses around the same time, providing it confidence about the robustness of its performance and strategy and all round excellence. Some of the awards have been cited below:

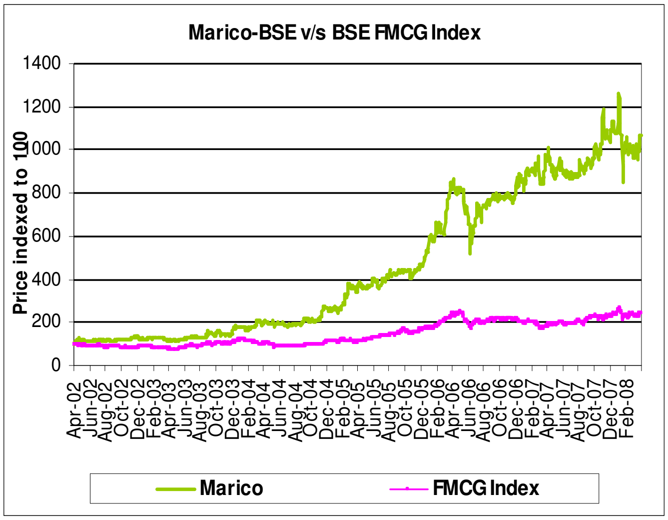
- Featured amongst eight Indian companies in S&P (Standard & Poor's) list of Global Challengers 2007.
- Included in the 2007 Business Week's Asia's Hot Growth Companies list of 100 (ranked 40^{th} overall and 4th in the list of 13 companies from India)
- NDTV Award for the "Best Business Leader for FMCG in the Personal Hygiene category"
- 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 in January 2008
- Bronze at the Asia Pacific Effie Awards in September 2008 for Saffola's World Heart Day campaign
- Gold Effie in Corporate Advertising
- Bronze Effies for consumer products advertising campaigns for Nihar Naturals perfumed oil and for Saffola
- Parachute won the Gulf Marketing Review Award for outstanding achievement in marketing

SHAREHOLDING PATTERN

The shareholding pattern as on March 31, 2008 is as given in the graph below.



SHARE PERFORMANCE ON STOCK EXCHANGES



- Marico's long term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization moved from Rs.3,733 crore as on March 31, 2007 to Rs. 4,096 crore as on March 31, 2008. The average daily volume on BSE and NSE during Q4FY08 was about 751,977 shares.

OUTLOOK

In the recent past, Marico has been on a high growth path. In FY07, the company grew by 36% followed by 22% in FY08. During FY08, 17% was organic growth accompanied by 5% inorganic growth. Moreover, a significant portion of Marico's growth has been through volume expansion.

The company's focus will remain on delivering healthy growth. The company's flagship brand Parachute has grown at over 10% in volume during the last 2 years. The company expects that given its size and the penetration achieved in the category, the brand can deliver a sustainable rate of growth of 6% to 8%. Its second flagship, Saffola has also been registering high growth rates in the recent past. The company believes it can grow this premium niche segment of refined edible oils by around 15%. Marico's hair oils portfolio, comprising Hair & Care, Parachute Jasmine, Nihar perfumed oil, Shanti Amla and Parachute Advansed grew at 16% in FY08. The company expects this segment to contribute to a significant part of the topline in the next few years. Marico has been investing in both its established brands and its new ones. Over the last few years, the company has launched new products in pre and post wash hair care. It will continue to nurture these brands and participate in category creation and growth. Similarly, Saffola's journey has now extended beyond refined edible oils into functional foods. The company will invest in promoting the adoption of functional foods as part of changing consumer lifestyles. It will also explore launching new health food products in various formats. It is expected that some of these will grow into long term resource engines for the company. In the near future, they would demand strategic funding.

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 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**.**

In the international markets, Marico intends to grow the coconut oil market in Bangladesh and improve its market shares in hair creams in the Middle East. It plans to exploit the potential of the MENA region from its Egyptian base. In South Africa, the focus will be on integration of the new acquisition in the short run. The challenge for the International Business is ensuring sustainable profitability and growth in its new markets and managing the risks of currency movements versus the Indian Rupee. Overall, the International Business expects a sustainable rate of growth of about 20% in topline.

In Kaya, the company plans to expand its skin services by adding about 15 clinics each year. This growth implies continued investments in manpower (recruitment and training) and advertising for customer acquisition and brand building. Kaya's margins may thus remain modest in the near term. Meanwhile, the company would also make business building investments in Kaya Life. Kaya's weight management business is likely to remain in investment mode in the near term.

To supplement its organic growth, Marico continues to look for acquisitions both in India and the overseas markets. It is open to exploring opportunities with a good fit in its focus segments of beauty and wellness. In the international markets, its preference is to make an entry into developing markets with a higher potential for a company like Marico to add value.

CONTENTS OF THE UPDATE

This update covers the following:

1. Financial results and other developments during FY08 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, Wind Company , 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.
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.19.1 billion (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, 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 (65 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 24% in FY08.

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, Egyptian American Investment and Industrial Development Corporation, Pyramid for Modern Industries, and Marico South Africa Pty Ltd. have their manufacturing facilities at Mouchak, near Gazipur in Bangladesh, 6th October City, Egypt, Salheya City, Egypt, and Mobeni in Durban, South Africa 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
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 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 24% 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% 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.

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 65 strong, spread across 19 cities in India and a presence in the Middle East. Its customer base is now more than 300,000.

In June 2007, the company extended the Kaya equity to Kaya Life by offering sustainable weight management solutions customized to individuals. Currently, there are 3 Kaya Life centers located in Mumbai.

In FY03, Marico entered the ayurvedic spa products market through 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 the past decade with a consistently healthy Operating Return on Capital Employed (ROCE).

Particulars (Rs. Crore)	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**	**CAGR%**
Sales & Services	888	1007	1,144	1,557	1,907	21
Profit before Tax	65	74	98	150	205	33
Net Profit (PAT)	59	70	87	113	169	30
Earning per share - Annualised (Rs.) *	1.0	1.2	1.5	1.9	2.8	29
Book value per share (Rs.) *	3.2	3.7	4.5	3.2	5.2	
Net Worth	184	217	261	208	315	
ROCE %	32	31	26	33	40	

* 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.