

Context

Egypt and other parts of North Africa and Middle East (MENA) have, over the past week, witnessed civil disturbances. The Marico Management thought it necessary to provide to its stakeholders the relevant information on these developments and an assessment of their implications for the Marico business. Hence, this special update.

Developments

There have been mass demonstrations and disruption of public life. Consequently, we have temporarily closed Marico's factories as a safety measure.

Marico's offices are located in the heart of Cairo and hence communication with them has been intermittently affected. Marico's factories located on the outskirts of Cairo are however away from the affected areas.

Consequences

Egypt has over the years moved to become Marico's manufacturing hub for MENA. Prolonged closure of production facilities in Egypt would therefore cause a progressive drying up of the supply pipeline for the MENA region.

We have initiated, as a back up measure, plans to supplement the MENA supply chain with supplies from India.

The MENA region comprises between 7% and 8% of Marico's Sales Revenue.

Prognosis

This situation in Egypt is clearly unprecedented. The "mass" nature of the unrest does not enable any prediction as to how long it will last. We hope that there will be an early resolution and business will return to normal.

If our hopes are belied, we will redraw our strategies and keep all posted.