

Marico continues to grow despite economic slowdown

FY 09 Turnover at Rs. 2388 crore, up 25%

Mumbai, April 22, 2009

Marico has recorded a turnover of Rs. 2388 crore for the year ended March 31, 2009 (FY 09), a growth of 25% over FY08. Profit Before Tax during the year was Rs. 230 crore, while the Profit After Tax (PAT) was at Rs 189 crore. Profit growth works out to 30 % at the PBT level and 16% at the PAT level if one excludes one time extra-ordinary items from both FY08 and FY09.

Q4FY09 was, in Y-o-Y growth terms, the 34th consecutive quarter of Turnover growth and the 38th consecutive quarter of PAT growth.

At its meeting held on April 22, 2009, the Board of Marico Limited, declared a second interim dividend of 35.5% on its equity share capital of Rs. 60.9 Crore. Together with the 30.0% dividend declared in October 2008, this makes the total dividend for the year 65.5%, equal to the dividend percentage declared in FY08.

Marico has weathered the economic slowdown leveraging its robust flagship brands Parachute and Saffola, both growing in volume in double digits. Newer businesses have also contributed handsomely, with International Business growing by 43% and Kaya by 57%. Sustained profitability has enabled the Company to continue investing in new products and services.

The company has entered into an agreement to divest its entire stake in Sundari LLC, its US based spa products business. This is subject to regulatory approvals. Sundari constituted, however, only a small share of Marico's revenue. Moreover, Sundari's base – the US- has not been a part of Marico's focus geographies for growth, which has come increasingly from Asia and Africa. The divestment is thus a logical part of Marico's global strategy.

Parachute coconut oil maintained its volume market share- 48% during Mar 2008- Feb 2009, while Saffola's oils franchise grew in volumes by 11%. Marico's international Consumer Products turnover grew by 43%, while Kaya's turnover grew by 57%. Kaya's skin care solutions are now available at 85 clinics in India and the Middle East, including 20 new clinics added during FY 09. The Kaya business now stands at a turnover of over Rs. 150 crores.

Marico plans to continue to focus on long term sustainable growth.

Consumer Products Business – Domestic:

Turnover rose by 20% with growth across categories:

- **Parachute** coconut oil maintained its volume market share- 48% during Mar 2008- Feb 2009, while Nihar's share stood at 6%. Parachute coconut oil in rigid packs recorded a volume growth of 9% over FY08.
- **Saffola** helps consumers adopt and sustain a healthy lifestyle. Saffola's oils franchise grew in volumes by 11% during FY09. Saffola's significant price premium over other oils caused the growth during the second half of FY 09 to taper off. Marico is in the process of restoring this premium to more sustainable levels and expects volume growth to revert to double digits.
- Marico's **hair oils franchise** in rigid packs grew by 17% during the year. The launch of Hair & Care Almond Gold and increased micro marketing initiatives in select markets yielded results with Marico's share increasing to 22%.

Marico has continued to prototype new products to create new growth engines

- Parachute Advanced revitalizing Hot Oil is a coconut oil for winter enriched with warming oil, rosemary, thyme and patchouli.
- Saffola Zest a salty baked snack, that combines strong health benefits with great taste to give consumers a novel healthful snacking experience, is being prototyped in Maharashtra.
- Saffola Rice for weight management a lower Glycemic Index (Low GI) product is being prototyped in Mumbai and Andhra Pradesh.
- Revive Strong & White is a liquid fabric whitener that offers a unique double action of making clothes white together with making them strong to last longer. The product is currently being prototyped in West Bengal.

Rural India has experienced faster growth this year primarily due to better realizations on farm output and the Government waiver on farmer loans. Marico has launched a low price point flexi Parachute coconut oil pack at Rs 4 to tap into the rural demand. In addition, the company's media plans have been slightly tweaked towards rural.

Said Saugata Gupta, CEO- Consumer Products Business. "Marico uses super-distributors to service the rural hinterland and contribute about 25% of our sales. During FY10, the company will target a distribution thrust in select rural territories".

International Business:

Marico's international Consumer Products turnover grew by 43% during FY09.

- **Marico Bangladesh** continued to do well. Parachute coconut oil grew even stronger- Its market share during Mar 08 to Feb 09 grew to 73%. Parachute was awarded as the 6th Most Trusted Brand in Bangladesh by The Global Brand Forum and AC Nielsen (2008). HairCode hair dye, the company's new product launch during FY09 has been responding well in the market.
- **Marico Middle East** has shown strong growth in both hair creams and hair oils recording market share gains in both the categories in the GCC.
- **Marico Egypt's** performance was impacted owing to high inflation in Egypt (over 20%) and a modification in the distribution structure by the company. With inflation having eased and the distribution transition completed the Egypt operations are now poised to show an improving trend in the coming year.
- **Marico South Africa** has performed in line with expectations. The response to the launch of new flavours in Hercules castor oil and the restaging of the brand Caivil is positive. The market shares in the company's hair care portfolio are showing an upward trend. During FY10 Marico South Africa is expected to continue to build upon this.

Vijay Subramaniam, CEO- International Business added - "Marico's International Business has shown a healthy growth despite the global economic turbulence. We will focus on our strategic building blocks to continue to grow sustainably in the future."

Marico Divests Its US Business- Sundari

Marico has decided to divest its entire stake in its wholly owned subsidiary Sundari LLC. Sundari LLC is engaged in the manufacturing and marketing of skincare cosmetics and accessories primarily in the USA and Europe. A majority of Sundari's revenue is generated from B2B sales to spas located within luxury resorts and hotels globally.

Marico acquired a controlling interest in Sundari LLC in 2003 and has since then made investments to grow the business. Customer feedback and reviews on the product range have been extremely favourable. In recent years Sundari has expanded distribution across several countries by introducing its products and treatments in leading spas worldwide. Last year, Sundari won the "Best Product: Signature Facial Experience" award at the 2008 Wellness Summit in Kuala Lumpur, Malaysia.

Sundari however constituted only a small share of Marico's revenue. Moreover, Sundari's base – the US- has not been a part of Marico's focus geographies for growth, which has come increasingly from Asia and Africa. The divestment is thus a logical part of Marico's global strategy.

Marico has agreed to sell its stake in Sundari LLC to US-based Wellness Systems (WS) a limited liability company. WS has been promoted by two of the Marico Group's senior managers who were in charge of the Sundari business. With its insights in the global professional skincare business, Wellness Systems aims to build Sundari into a powerful spa brand internationally.

The divestment is at a consideration based on a valuation report from an independent agency. In accordance with the terms of the documentation, this is as yet confidential. The transaction is subject to regulatory approvals.

Kaya:

Kaya's turnover grew by 57% during FY09, through growth from established clinics and new additions. Kaya's skin care solutions are now available at 85 clinics in India and the Middle East, including 20 new clinics added during FY 09. The Kaya business now stands at a turnover of over Rs. 150 crores. The company has recently introduced three new products for its male customers – Kaya Skin Relief After Shave Gel, Kaya Revitalizing Face Wash and Kaya Whitening Moisturizer. Products currently comprise about 13% of Kaya's turnover.

Rakesh Pandey, CEO Kaya, said "Healthy beautiful skin is becoming a priority for consumers. Kaya is well poised to lead cosmetic dermatology solutions".

Outlook:

Marico plans to continue to focus on long term sustainable growth. It will seek to expand its current franchises through investments in advertising and sales promotion. It will also innovate to enhance the value of its offerings.

Said Mr Milind Sarwate, Chief HR & Strategy- "Marico continues to see significant medium term potential to grow in its chosen segments of beauty and wellness."

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. 24 billion (about USD 477 Million) during 2008-09.

Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Aromatic, Fiancée, HairCode, Caivil and Black Chic. 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's products reach about 30 countries world-wide. Marico's subsidiaries operate in Bangladesh, UAE, Egypt, South Africa and the USA.

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance – a CAGR of 24% in Turnover and 28% in Profits over the past 5 years- while setting a record of several consecutive quarters of year on year growth- 38 for Profits and 34 for Sales.

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

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