Marico Turnover up 17 %, Profit up 23 %,
First Interim Dividend of 10 %

Fundamentals strengthened, growth sustained

Marico has once again successfully bucked the FMCG industry trend to post a double-digit growth in both turnover and profits during Q1 FY 05. Marico Consolidated recorded a turnover of Rs 244 Crore- a growth of 17%, PBT of Rs 20 Crore- a growth of 16 % and a PAT of Rs 17.4 Crore- a growth of 23 %. Economic Value added grew by 38 % to reach Rs. 15 crore this quarter.

Q1 FY 05 was, in Year-on-year growth terms, the 15th consecutive Quarter of growth in Turnover and the 19th Consecutive Quarter of growth in Profits. Marico continued its quarterly distribution practice, with a First Interim Dividend of 10 % on the post bonus equity base of Rs. 58 Crore, making it the 14th consecutive quarter of dividend distribution.

Focus on high margin products helped their volumes grow by 22%. Volumes grew across categories, notable of them being Parachute Coconut Oil (6%) and Hair oils - Parachute Jasmine, Shanti Amla and Hair & Care (10%). Saffola volumes too rose by 11 %, helped by the launch of Saffola Gold, a healthy blend of rice bran oil and safflower oil with oryzanol and Vitamin E additive. With Hair and Care Silk-n-Shine, Marico entered yet another new segment in Hair Care- Hair Potion. New products / businesses now contribute annually about Rs. 170 crore, about 18 % of the total turnover.

Market share has been consistently increasing in the Coconut Oil segment, now at 58.5 %, while in the Hair oils market, Marico is now the clear No. 2. In its Refined Oils portfolio, Saffola blends continued their domination over competition and retained their No. 1 position.

The International business sustained its growth run with a turnover growth of 32%. In Bangladesh, Parachute coconut oil consolidated its market leadership further. It now has a market share of over 43 %. In the Gulf market Marico made impressive gains in the Hair cream segment, while doing well in Hair oils. International business now contributes to about 10% of Marico's Consumer Products business.

The new businesses - Skin Care Services (Kaya Skin Clinics) and Global Ayurvedics (Sundari) - grew on planned lines. While clientele for the existing Kaya clinics continued to grow, two new clinics were opened in/ around Delhi during the quarter. The Kaya customer base now stands at nearly 20,000 clients. The Sundari Business continued its focus on new channels of distribution and introduction of new products.

An exceptional charge of Rs 0.39 Crore, for non-compete relating to the Sundari business was expensed in the quarter, after considering which the consolidated PBT was Rs 19.5 Crore, up 14 %, PAT was Rs 17 Crore, up 20 %.

Outlook:

Releasing the first quarter results, Mr. Harsh Mariwala, Chairman & Managing Director, said: "In a competitive ambience, Marico has persevered with its strategies of consumer-centric innovation and has maintained its enviable record of growth – quarter after quarter. We have strengthened our business fundamentals by investing in new products and businesses, realigning our portfolio and creating a pipeline of new business and product ideas through prototypes. We believe that upon this foundation, Marico is well placed to keep moving forward in the current year."

Corporate Announcements:

Mr. Mariwala announced the appointment of Ms. Vinita Bali as a Non-Executive Director on the Board of the Company. Ms. Vinita Bali, a Post Graduate in Business and Economic from Michigan State University and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai, has worked with Cadbury and Coca Cola, across a range of sales, marketing and general management assignments, for over 25 years. She has been on the Boards of Cadbury Nigeria and Cadbury South Africa and has successfully handled several prestigious assignments with Coca Cola in Marketing, Global Brand Management and Corporate Strategy. Presently, Ms. Bali is one of the Managing Principals of Atlanta-based Zyman Marketing Group. Welcoming Ms Bali to the Board, Mr Harsh C Mariwala said " We look forward to the great value which Ms. Bali would bring to the Board with the wealth of her FMCG experience in India and overseas."

Mr Harsh C Mariwala also announced Marico's purchase of the stake of its joint venture partner- Adil & Associates LLC (Adil) - in both, Kaya Skin Care Ltd and Sundari LLC, for an undisclosed consideration subject to applicable statutory approvals. Mr Mariwala commented "Mr Asif Adil, Managing Director of Adil, brought these new business opportunities to Marico and helped develop them. We are confident that Marico will be able to grow these businesses. " Mr Asif Adil stated "It was great to collaborate with Mr. Harsh Mariwala and Marico. We wish them the best in growing these businesses. Our Firm continues to explore and develop similar attractive opportunities across a spectrum of businesses for the Indian market and Indian Corporates." With this purchase, Kaya becomes a 100 % subsidiary of Marico. Marico's stake in Sundari goes up to 75.5 %, the rest being held by Shantih LLC.

Marico is a leading Indian Group operating in Consumer Products, Skin Care Services and Global Ayurvedics businesses. Marico's FY 2003-04 Turnover was about Rs. 9 billion (USD 200 Million) from 12 brands - Parachute, Saffola, Sweekar, Hair & Care, Shanti, Mediker, Oil of Malabar, Mealmaker, Sil, Revive, Kaya and Sundari. In Consumer Products, Marico's brands and their extensions occupy leadership positions with significant market shares in all 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 in India and Dubai, and Global Ayurvedics segment through Sundari range of Ayurvedic skin care products in the US.

Marico has leveraged its four core sources of competitive advantage viz. Branding, Distribution, Cost Management and Innovation to set up a fast growing franchise of new products and businesses – their share in turnover has moved up from 3% in FY 00 to 18% in FY 04. Every month, over 5.6 crore consumer packs from Marico reach approximately 10 crore consumers in about 2 crore households, through a widespread distribution network of over 12 lac outlets in India. The Overseas Sales franchise of Marico's Consumer Products is one of the largest amongst Indian Companies.

Marico's shares are listed under the scrip name " MARICO INDUS" on BSE (Code 531642) and "MARICOIND" on NSE (Code 31642).