

January 30, 2020

The Secretary,
Listing Department,
BSE Limited,
1st Floor, Phiroze Jeejeebhoy
Towers, Dalal Street,
Mumbai – 400 001
Scrip Code: 531642

The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Scrip Symbol: MARICO

Dear Sir/Madam,

Sub.: Information Update for Quarter and Nine months ended December 31, 2019

Please find enclosed Information Update on the consolidated financial results of the Company (i.e. Marico Limited and its Subsidiaries and Associate Companies) for the quarter and nine months ended December 31, 2019.

The same is being made available on the website of the Company at:
<https://marico.com/india/investors/documentation/shareholder-info>

This is for your information and records.

Thank you.

For Marico Limited



Hemangi Ghag
Company Secretary & Compliance Officer



Encl.: As above

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q3FY20	Growth	9MFY20	Growth
Revenue from Operations	1,824	-2%	5,819	2%
EBITDA	373	4%	1,187	15%
EBITDA Margin (%)	20.4%	Up 116 bps	20.4%	Up 239 bps
Profit After Tax	272	11%	827	16%
India Volume Growth (%)		-1%		2%
Overall Volume Growth (%)		2%		4%
International Constant Currency Growth (%)		10%		8%

In Q3FY20, Revenue from Operations was down 2% YoY at INR 1,824 crores (USD 256 million). The India business recorded a volume decline of 1%. While overall category growth rates were muted during the quarter, Marico brands' offtake grew ahead of the category, resulting in market shares gains across most segments. Persistent liquidity constraints in the traditional channel, especially wholesale and in rural, led to further correction in trade channel inventories, impacting secondary growths, which were in low single digits. In addition, as the Company reduced distributor stock positions in urban GT to support ROIs in this subdued environment, reported primary growth was pushed into the negative zone. The alternate channels of Modern Trade and E-Commerce also slowed down significantly this quarter, partly due to specific price management measures taken in these channels to ensure price parity. The Company will focus on reviving sustainable growth in its franchises by redirecting monies from trade promotion towards consumer pricing, investing behind upgrading distribution infrastructure in urban GT and expanding direct reach in rural markets. We expect that it will take a couple of quarters for a healthy growth trajectory to materialize through these initiatives on the back of some recovery in the overall demand sentiment.

The International business made another positive stride, delivering 10% constant currency growth, led by strengthening momentum in Bangladesh and healthy growth in exports to diaspora and other markets.

Benign input costs in the domestic and Bangladesh businesses led to gross margin expansion of 286 bps on a year-on-year basis. EBITDA margin expanded by 116 bps to 20.4%, as A&P spends (at 10.1% of sales) was up 12%. PAT grew 11% due to lower tax expense.

At its meeting held on January 30, 2020, the Board of Directors of the Company has declared an interim dividend of 325% (INR 3.25 per share) on its paid up equity share capital of INR 129.09 crores, up from 275% last year.

Other highlights relating to the performance are as follows:

- The stress in consumption was particularly visible in personal care categories, while foods and allied categories showed resilience.
- **Parachute Rigids** declined by 2% in volume terms. Growth was also affected by pricing corrections hitting the shelves only towards the end of the quarter, post clearing of older inventory in the channel. However, volume market share of the brand strengthened with a gain of 314 bps during the quarter.
- **Value Added Hair Oils** declined by 7% in volume terms, as category offtakes declined owing to the sharper slowdown in rural. The franchise consolidated its volume market share at 35% on a MAT basis.
- **Saffola Edible Oils** posted 11% volume growth. The brand witnessed some recovery in general trade, in addition to continuing the good run in Modern Trade and E-Commerce.
- **Foods** grew by 37% in value terms, led by **Saffola Masala Oats**, as its value market share jumped to 83% (Dec 2019 MAT) in the flavored oats category.
- **Premium Hair Nourishment** declined by 5% in volume terms, as high single digit growth in Livon Serums was offset by a tepid performance in some of the new launches. **Male Grooming** also declined marginally during the quarter.
- In the International business, **Bangladesh** and **Vietnam** grew 15% and 4% (in cc terms) respectively.

Summary of value growth across Businesses:

Categories/Businesses	Q3FY20	9MFY20	Share of Group's FY19 Turnover
FMCG Business	-2%	2%	
India	-5%	0%	78%
International	8%	8%	22%

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Market Shares in Key Categories in the India Business - Basis Moving Annual Total (MAT) – December 2019

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Coconut Oils	61%	1 st	^Value Added Hair Oils	35%	1 st
^Saffola – Super Premium Refined Oils in Consumer Packs	76%	1 st	^Post wash Leave-on Serums	65%	1 st
*Saffola Oats	32%	2 nd	*Hair Gels/Waxes/Creams	59%	1 st

^Volume Market Share *Value Market Share

India Business

Amidst the bleak consumption sentiment, especially in rural, the domestic business clocked a turnover of INR 1,380 crore (USD 194 million), down 5% on a year-on-year basis. The operating margin improved to 23.2% in Q3FY20 as against 21.5% in Q3FY19 owing to benign input costs. The Company will focus on reviving consumer demand in its categories with a balanced approach towards volume growth and healthy profitability. The Company would aim to maintain EBITDA margins at 20% plus in the India business over the medium term.

The table below summarizes volume and value growths across key segments:

Categories	Q3FY20		9MFY20		% of FY19 India Business Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	-5%	-2%	0%	2%	38%
Value Added Hair Oils	-17%	-7%	-3%	0%	25%
Saffola (Refined Edible Oil)	13%	11%	8%	5%	17%

Coconut Oil: Market share gains continue; pricing interventions expected to resume volume growth from Q4

Parachute Rigid declined by 2% in volume terms. Growth was partially affected by pricing corrections hitting the retail shelves only in the late stages of Q3, due to clearing of the older inventory in the channel. In the wake of the pullback in consumption and higher price premiums, the pace of conversion from unbranded to branded has slowed down. However, we expect this to accelerate with the specific pricing interventions undertaken.

Healthy offtake growth and a volume market share gain of 314 bps during the quarter reinforced the strength of the brand equity. Overall, the volume market share of the Coconut Oil franchise (includes Nihar Naturals and Oil of Malabar) expanded to 61% (Dec 2019 MAT).

Of the total coconut oil market, approximately 30-35% in volume terms is unorganised (sold in unbranded loose packs). This component provides headroom for growth to branded players. The Company's flagship brand Parachute, being the market leader, is well placed to capture a significant share of this growth potential on a sustainable basis. The Company operates in a band of gross margin per unit and will take judicious pricing decisions to maintain a sweet spot between volume growth and margins. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band. Towards that end, we will continue to invest behind brand building and tactical inputs to remain competitive. Therefore, given the market construct and brand equity, the Company expects to deliver 5-7% volume CAGR in Parachute Rigid over the medium term.

Saffola: Good all-round show in Edible Oils; Foods continues to play its part

Saffola refined edible oils grew by 11% in volume terms. While new age channels of Modern Trade & Ecommerce led the growth, the brand also managed to arrest the declining trend over last few quarters in general trade and ended on a positive note. The growth was further backed by significant media investments and in-store promoter programs. The brand communication continues to build relevance and drive adoption among its target consumers by re-affirming its superior credentials. The renewed communication appears to have resonated with the consumer and we continue to implement differential packs/pricing/channel strategies in an attempt to maintain a healthy growth trajectory for the brand. Consequently, the brand consolidated its volume market share in the super premium refined edible oils segment at ~76% (Dec 2019 MAT). In the near term, we still remain cautiously optimistic on the franchise.

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The **Foods** franchise posted value growth of 37% in Q3FY20. The value market share of **Saffola Masala Oats** strengthened to ~83% in the flavoured oats category (Dec 2019 MAT), driven by consistent communication coupled with periodic expansion in distribution. The brand continued to gain traction in Modern Trade and E-Commerce.

The response to the **Saffola FITTIFY Gourmet** and **Coco Soul** range launched last year has been positive. We will continue to invest towards market development and scale up of these franchises.

The Company continued the prototype of **Saffola Perfect Nashta** in Modern Trade and select General Trade channels in Delhi. The offering is aimed at serving the time starved household and attempts to solve the 3 vector need at breakfast – convenience, taste and health. With initial positive signs, the prototype has been extended to the NCR region and will be launched in Mumbai in Q4.

We believe that growth in this category will come through continuous innovation in product and packaging and the Company is taking definitive steps towards the same.

Value Added Hair Oils: Continued rural slowdown delays recovery in category growth

Value Added Hair Oils was down 7% in volume terms, as category offtakes declined amidst a challenging consumption sentiment, especially in rural. Underperformance in franchises operating in the mid and premium segments of the category also impacted growth.

Nihar Naturals Shanti Amla Badam continued to grow and gained 106 bps in volume share (MAT Dec 2019) in the Amla Hair Oils category. Among the newer introductions, **Parachute Advansed Aloe Vera Enriched Coconut Hair Oil** and **Hair & Care Dry Fruit Oil**, both now scaled up to a pan-India level, and continued to post healthy growth.

The Company franchise gained ~105 bps in volume share and ~60 bps in value market share on MAT basis. As a result, volume and value share further consolidated at 35% and ~27% respectively.

The Company aims to revive growth in this franchise by adopting a three-pronged strategy, namely: a) continue aggressive participation at the bottom of the pyramid on the back of its leadership position; b) accelerate growth in the mid segment through pricing & brand renovation; and c) aim to gain market share in the premium segments, where the Company is relatively under-represented, through innovations offering higher order sensorial and functional benefits, and brand building.

Premium Hair Nourishment: Livon Serums continue good run

Premium Hair Nourishment declined by 5% in volume terms, on a higher base, which was attributable to new launches in the corresponding quarter last year.

Livon Serums posted high single-digit growth. While the growth in the bottle packs was led by new age channels of Modern Trade and Ecommerce, the 2.5 ml sachet pack (priced at INR 3) played its role as the key trial pack by expanding the brand's reach in General Trade.

The Company also launched **Livon Cream for Curly Hair** for women to a positive initial response. The product has been launched on Ecommerce in 100 ml packs at MRP 250.

With a dominant volume share of ~65% (Dec 2019 MAT) in the leave-in conditioners category, the Company continues to focus on innovation and consumer engagement to drive category growth.

We are working towards rejuvenating Parachute Advansed Coconut Crème Oil and True Roots by adapting them in accordance with insights drawn from consumer feedback post the initial launch. We believe establishing category relevance would also be a key growth driver for these brands and we will continue to direct our efforts towards the same.

Male Grooming: Muted quarter

The Male Grooming franchise declined marginally, owing to the overall slowdown in discretionary spending in rural and a soft quarter for deodorants.

Set Wet consolidated its 56% value market share in the styling category. **Set Wet Hair Waxes** witnessed good traction and gained share in the overall styling segment.

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Parachute Advanced Men Hair Cream also maintained its momentum in the E-Commerce channel. The Company has planned focused initiatives to accelerate growth of this franchise.

Premium Skin Care: Meeting initial action standards

Kaya Youth O2 now has a presence in General Trade in Mumbai, Pune and Delhi, Modern Trade in the top 8 metros and E-commerce. The beauty advisor program, which was initially rolled out to 70 stores, is emerging as a key driver and has been scaled up to more high potential outlets in the modern trade and self-service channels. The Company will continue to extend this range to build a larger portfolio play.

Input Costs and Pricing

During the quarter, the average market price of domestic copra was up 5% Y-o-Y. Other key input prices for the India business - Rice Bran Oil was up 1%, while Liquid Paraffin (LLP) and HDPE were down 17% and 30% respectively, on a YoY basis.

The Company derives comfort and confidence from the pricing power that its brands enjoy. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band and do not fall below a threshold at the overall business level.

Markets/Distribution Channels

The consumption slowdown was most pronounced in the traditional channel as urban and rural sales were down 7% and 2%, in volume terms, respectively. The new age channels of Modern Trade and E-Commerce also slowed down considerably during the quarter, partly due to specific price management measures taken in these channels to ensure price parity. Modern Trade grew by 12%, while E-Commerce grew 5%. Urban, including the alternate channels, declined 2%. In the year-to-date period, Modern Trade and E-commerce has contributed to 15% and 5% of the India business respectively. CSD grew 14%.

International Business

The summary of top line performance of the International Business is as under:

Particulars	Q3FY20	9MFY20
Turnover (INR Crore)	444	1,310
Reported Growth	8%	8%
Constant Currency Growth	10%	8%
Exchange Rate impact	-2%	0%

In Q3FY20, Marico's International business grew by 10% in constant currency terms led by robust growth in Bangladesh. The operating margin of the international business stood at 20.5%. The Company aims to maintain international operating margin at circa 20% over the medium term.

Market Shares in Key International Markets - Basis Moving Annual Total (MAT)

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Parachute Coconut Oil (Bangladesh)	82%	1 st	^Value Added Hair Oils (Bangladesh)	22%	2 nd
*X-Men Male Deodorants (Vietnam)	31%	2 nd	*X-Men Male Shampoo (Vietnam)	37%	1 st

^Volume Market Share *Value Market Share # Market share data is basis MAT Dec 2019.

Bangladesh (46% of the International Business)

The business in Bangladesh grew by 15% in Q3FY20 in constant currency terms.

Parachute Coconut Oil grew by 7% in constant currency terms during the quarter. The brand has registered 8% growth on a year-to-date basis. With the category having matured in this market, the Company expect to grow this franchise in mid-single digits on a constant currency basis over the medium-term on the back of its dominant market share, distributive strength and consumption growth.

The non-Coconut oil portfolio in Bangladesh grew by 34% and 28% in Q3FY20 and 9MFY20, respectively, in constant currency terms. Consequent to the consistent high double digit growth in Value Added Hair Oils, the Company retained value market leadership in this category on MAT basis. During the quarter, the Company also launched

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Parachute Skinpure Beauty Olive Oil. Made from the finest olives in Spain and enriched with Vitamin E & C, the product can be used for hair and skin nourishment.

The initial response to the recent launches - baby care range (Parachute Just for Baby), Male Grooming Range (Studio X) and Olive Oil (Parachute Skinpure), has been positive.

The non-Coconut Oil portfolio in Bangladesh constitutes ~30% of the total business in Bangladesh. The Company will leverage its strong distribution network and learnings from the India market to quickly scale up its new product introductions in Bangladesh. With this, the contribution of the non-coconut oil portfolio is likely to exceed 35% by FY22.

We remain confident of delivering double-digit constant currency growth in this geography over the medium term. The healthy macro indicators also provide the required thrust for growth.

South East Asia (26% of the International Business)

The South East Asia business grew by 3% in Q3FY20 in constant currency terms.

Vietnam posted growth of 4% in constant currency terms as growth in the Home and Personal Care (HPC) segment moderated. The new range - shampoo, shower gel and face wash, under the brand **X-Men**, has been received well. The Foods portfolio grew healthily. We expect to deliver steady constant currency growth in this geography over the medium term.

Middle East and North Africa (MENA) (15% of the International Business)

The MENA business declined by 4% in constant currency terms. The volatile macro environment keeps us cautiously optimistic about the medium term outlook of these markets.

South Africa (8% of the International Business)

The South Africa business grew by 3% in constant currency terms. The macro headwinds in the region continue to be strong. We expect some revival in this business over the medium term on the back of a pipeline of new products.

New Country Development & Exports (5% of the International Business)

With expansion in adjacent markets such as Nepal and Bhutan, exports to diaspora and other markets generated revenues of more than USD 10 million in FY19. The business grew by 69% in constant currency terms during the quarter. The Company remains positive on the future prospects of this business, as it incubates new geographies to expand its franchise.

Note: The country wise contribution to International Business revenue is based on FY19 turnover.

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues	Q3FY20	Q2FY20	Q3FY19	9MFY20	9MFY19	FY19
Material Cost (Raw + Packaging)	50.9	50.4	53.7	51.3	55.9	54.8
Advertising & Sales Promotion (ASP)	10.1	10.8	8.9	10.3	8.8	9.0
Personnel Costs	6.4	6.9	6.4	6.4	6.1	6.4
Other Expenses	12.2	12.6	11.7	11.6	11.2	11.8
PBDIT margins	20.4	19.3	19.3	20.4	18.0	18.1
PBDIT before ASP	30.6	30.1	28.2	30.7	26.9	27.1

- (a) In Q3FY20, the average market price of domestic copra was 5% higher on a Y-o-Y basis. Rice Bran Oil was up 1%, while Liquid Paraffin (LLP) and HDPE prices were down 17% and 30% respectively. The consumption prices may differ from market prices depending on the stock positions the Company has taken.
- (b) A&P spends, up 12% on a YoY basis, was at 10.1% of sales in Q3FY20.
- (c) Other Expenses (includes certain items which are variable in nature) was up 2% YoY. Other expenses is likely to remain in the range of 11-13% of turnover in the medium term.

Other Expenses	Q3FY20	Q3FY19	% variation	9MFY20	9MFY19	% variation
Fixed	67	66	1%	197	178	11%
Variable	155	151	3%	478	462	3%
Total	222	217	2%	675	640	5%

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Capital Expenditure and Depreciation

The estimated capital expenditure in FY20 is likely to be around INR 125–150 crore (USD 18-21 million). Depreciation during Q3FY20 was INR 32 crore compared to INR 31 crore in Q3FY19.

Direct Taxation

The ETR for 9M FY20 was 24.8%, in line with the guided ETR for FY20. It should be noted that this tax rate is basis the accounting charge in the P&L account.

In view of the recent changes in the corporate tax rates, the Company will continue to recognize tax expense after availing the exemptions/deductions as per the existing provisions of the Income Tax Act and not opt for the revised rate structure. However, from a cash flow point of view, the Company will utilize MAT credit accumulated over the years. The current MAT credit stands at INR 149 crores as of 31st December, 2019.

Impact of Ind AS-116

Ind AS-116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion. The accounting treatment has no impact on the actual cash flows of a Company.

In order to facilitate a like-to-like comparison, Marico has restated the financials for the comparative quarters as reported in the statutory disclosures, including the last financial year (FY19). **As per the restated financials, EBITDA margin stands revised upwards by 50-70 bps in the reported periods.**

The impact of Ind AS 116 on the Company's consolidated financial statements for the reported periods is as under:

(in INR crores)	Q3 FY20	Q3 FY19	9M FY20	9M FY19	FY 19
Increase in Depreciation and Amortization expense	9	8	28	27	35
Reduction in Other Expenses	(12)	(11)	(35)	(33)	(45)
Increase in Interest Cost	4	4	12	12	16
Increase in EBITDA	12	11	35	33	45

Capital Utilization (Marico Consolidated)

Given below is a snapshot of various capital efficiency ratios for Marico:

Ratio	Q3FY20	Q3FY19
Return on Capital Employed (%)	38.5	41.6
Return on Net Worth (%)	31.2	32.8
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	34	30
- Inventory Turnover (Days)	58	55
- Net Working Capital (Days)	29	27
Debt: Equity (Group)	0.10	0.11
Finance Costs to Turnover (%) (Group)	0.7	0.4

1. The variation in ratios is due to:
 - a) Higher inventory turnover was on account of increase in buildup of key raw materials.
 - b) Higher receivables turnover was due to increase in revenue contribution from MT and E-Commerce, higher receivables from CSD and selective extension of credit periods in GT.
 - c) However, the increase in net working capital was limited by higher payables, on account of supply chain financing initiatives.

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2. The Net Debt position of the Marico Group as of December 31, 2019 is as below:

Particulars (INR Crores)	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018
Gross Debt	342	362	363
Cash/Cash Equivalents and Investments (Marico India: INR 1,264 Crore & Marico International: INR 253 Crore)	1,517	1,629	1,448
Net Debt/(Surplus)	(1,175)	(1,267)	(1,085)
Foreign Currency Denominated out of the total gross debt	249	241	234
Foreign Currency Debt as a % age of Gross Debt	73%	67%	64%
Rupee Debt out of the total gross debt	93	121	129
Total Debt Payable within One year	329	349	347
Average Cost of Debt (%): Pre tax	4.2%	4.6%	5.1%

The Company may roll over some of the loans when they fall due during the year or redeem investments for repayment. Marico has adequate cash flows to maintain healthy debt service coverage.

3. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at December 31, 2019 was about **INR 1,175 Crore** (Gross debt of INR 342 Cr. & Gross Investments of INR 1,517 Cr). The future growth strategy is anchored primarily in healthy organic growth. While the Company is open to strategic acquisitions, the leverage ratios are comfortable. In absence of any strategic acquisitions, the Company will continue to maintain a healthy dividend payout. The overall dividend payout ratio in FY19 stood at **76%** of the consolidated profit after tax (excluding tax adjustment for earlier years).

Sustainability and CSR

Taking forward our sustainability focus on climate action, one of the manufacturing units in Southern India has achieved a 'carbon neutral' status. This is primarily achieved by replacing the fossil fuel completely with biomass, procuring wind electricity and offsetting remaining emissions by purchasing Gold Standard verified carbon credits. The third party assurance of the carbon neutral status is underway. Our vision is to achieve carbon neutrality for our entire operations in the country in the coming years.

Given its responsibility to provide safe products to our consumers and strengthen our product sustainability profile, the Company has implemented the GaBi life cycle assessment tool for raw materials and packaging materials used. Work is underway to calculate the cradle-to-grave impact covering climate change, resource depletion, acidification, eutrophication, among others, for our key product portfolios and then identify opportunities to reduce the footprint we leave behind.

Our farmer outreach program 'Kalpavriksha' continues to create positive impact on the farmer's livelihood. In FY2020 so far, we have enrolled 1,752 farmers under the program (cumulative number stands at 13,631) covering close to 11,500 acres of agriculture land. Further under the 'Jalashay' program, we have completed the de-silting activity at 77 water bodies in Jalgaon district in the State of Maharashtra. The intervention has created ~52 crore litres of water storage capacity in the region, benefitting about 786 farmers spread across 172 villages.

Awards and Certifications

- CEO Saugata Gupta was honoured with the Best CEO - Private Sector award at Forbes India Leadership Awards 2019.

Corporate Events

- We are pleased to inform that the Company's new plant situated in Sanand (Gujarat) to manufacture personal care products has successfully commenced its commercial production on January 28, 2020. This is the first plant of the Company in Gujarat, which is now operational.
- The Board at its meeting held on January 30, 2020 appointed Mr. Sanjay Dube as an Additional Director (Non-Executive, Independent) for a term of 5 years with effect from January 30, 2020. The appointment is subject to approval of the Shareholders at a general meeting.

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Marico's Growth Philosophy

Over the medium term, Marico aspires to be an admired emerging market MNC with leadership in the core categories of leave-in hair nourishment, foods and male styling in the following regions – South Asia, South East Asia, Middle East and North Africa and South Africa. Marico plans to meet this aspiration by seeking to win amongst consumers, trade and talent. The Company has identified the following key strategic drivers for achieving this goal - grow the core, build new engines of growth, premiumise the play and commitment to sustainability. Further, we have identified the five key enablers for executing this strategy and will strive to develop top quartile capability in these areas namely, Innovation, Go to Market transformation, Talent & Culture, Digital, Analytics & Automation and Cost Management.

This strategy will be executed synergistically under the 'One Marico' umbrella. As the Company scales up, it has to maintain a delicate balance between entrepreneurial way of working while continuing to strengthen governance and processes. The Company's focus will be on creating winning brands, winning culture and a winning talent pool to create a virtuous cycle of great talent and an enabling culture driving innovation driven growth.

Near Term / Medium Term Outlook

Marico India

- With no visible uptick in the overall demand and consumer sentiment so far, offtake growth in personal care categories slowed through the year, while categories with a higher rural skew decelerated into a decline. Foods and allied categories with higher urban salience appeared to buck the trend.
- On the macro front, we stay optimistic of a gradual recovery by H2FY21, given the Government stimulus in play and expectations of further impetus to consumption from the upcoming Union Budget, especially against the backdrop of normal monsoons last year.
- The Company will continue to drive premiumisation across its portfolio in an endeavor to build franchises that deliver sustainable and profitable growth. As we revive growth in the core portfolios over the medium term, we expect an upward shift in new product contribution to top up this growth, especially with the rising salience of Modern Trade and E-Commerce.
- **Parachute Rigids** has posted 2% volume growth in 9MFY20. The Company expects to revert to a healthy growth trajectory as pricing interventions in select SKUs come into effect. Given the market construct and strengthening brand equity, the Company expects to grow volumes in the range of 5-7% over the medium term.
- **Value Added Hair Oils** has been flat in 9MFY20, owing to the progressive slowdown in category offtakes and underperformance in premium sub-segments. The Company aims to revive volume growth in this franchise in the near term with focused pricing and marketing initiatives, innovation, driving premiumisation, scale-up of new launches and active participation in the bottom of the pyramid segment.
- **Saffola Edible Oils** volumes grew by 5% in 9MFY20. The brand appears to have gained some lost ground after a variety of channel/pricing/promotion measures taken over the last 18 months, however we still remain cautiously optimistic in the near term. We aim to deliver high single digit volume growth over the medium term in this franchise.
- In **Foods**, the Company will continue to innovate and launch tasty and healthy dietary options for the consumer, thereby maintaining 20% plus CAGR over the medium term.
- We aim to build **Premium Hair Nourishment, Male Grooming and Skin Care** into growth engines of the future and expect to deliver value growth of 20% plus CAGR over the medium term in these portfolios.
- The Company's **Go-To-Market (GTM) strategy** will be focused on improving the width and depth of its distribution. The Company is investing behind upgrading its distribution infrastructure in urban GT to ensure profitability of channel partners. Renewed efforts towards enhancing reach in salons, pharmacy chains, cosmetics and specialty food outlets is underway. The Company is also focusing on augmenting direct reach in rural markets through expansion of its stockist network. The Company is also taking initiatives to bring about price parity across General Trade, Modern Trade and E-commerce channels to ensure incremental profitable growth across all channels.

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- The Company is focusing on **Digital initiatives** in a big way to improve consumer engagement, drive sales through E-commerce for internet-savvy consumers and build Data Analytics capabilities. Investment in Zed Lifestyle (who owns Beardo) is likely to enhance the capability in E-commerce and salons over the medium-term. With the Company steadily creating a portfolio suited to this channel and investing aggressively behind enhancing capabilities, we expect E-Commerce to contribute at least 5% of the India business in FY20.

Marico International

- Over the last few years, the company has systematically invested in the core international markets to strengthen both the brands and the organizational capability to handle growth. The Company is confident that the key markets are well-poised to capitalize on the market opportunities.
- The business in **Bangladesh** is likely to continue the momentum as the medium term macro prospects look promising. Therefore, the Company will continue to invest in brand building, Go to Market transformation and diversify beyond Coconut Oil within its stated strategy.
- As a market leader, the **Vietnam** business will continue to invest in the male grooming category and excellence in sales and distribution systems. **Myanmar** and the **rest of South East Asia** are growth engines of the future.
- In the **MENA** region, the Company will focus on getting the basics right by judiciously investing behind brands and Go-to-Market initiatives. However, persistent macro headwinds keep us cautious on the region.
- The **South Africa** business has been subdued by macroeconomic headwinds and resultant sluggishness in demand. We are cautious on the near term outlook of the business, but expect to protect the core franchise of ethnic hair care and health care over the medium term.
- The Company will continue to invest in developing new countries and scale the business profitably.
- We aim to clock an organic broad-based double-digit constant currency growth over the medium term, while we expect to deliver constant currency growth in high single digits in the current year.
- We aim to maintain operating margins at circa 20% over the medium term.
- With considerable room for organic growth in the business, the Company will only be opportunistic with respect to acquisitions, which may either be immediately value accretive due to operating leverage or enable consolidation of leadership in existing categories.

Overall (India + International)

- While the Company holds its medium term aspiration, it will aim to revive and sustain a healthy growth trajectory over the next year on the back of focused marketing and GTM initiatives, coupled with some recovery in the overall demand sentiment.
- We will continue to invest behind brand building to support market growth initiatives in core categories and expansion into adjacent categories. A&P spends are expected to be circa 9% of sales on an annualized basis.
- The Company will continue to drive cost excellence across the organization to extract savings that will be redeployed towards igniting profitable growth and pricing.
- Operating margin is expected to be maintained at 18-19% over the medium term.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Performance of Marico India and Marico International

In accordance with the revised Ind-AS, the Company has organized the business into two categories viz, India & International. Accordingly the Company has reported its segmental results for these categories.

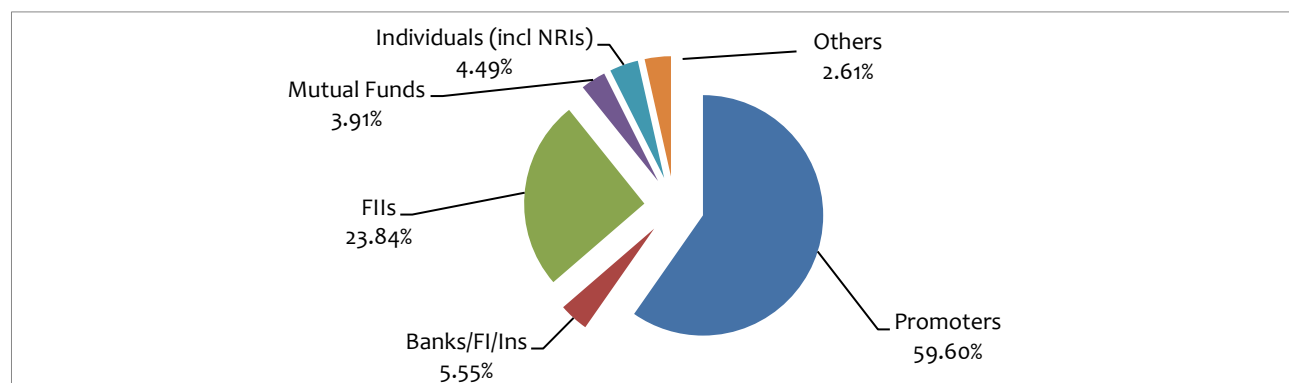
Particulars	INR Crore			
	Q3FY20	Q3FY19	9MFY20	9MFY19
1. Segment Revenue				
i. India	1,380	1,449	4,509	4,516
ii. International	444	412	1,310	1,209
2. Segment Result (Profit before Interest and Tax and exceptional items)				
i. India	298	288	932	834
ii. International	85	79	279	231
3. Segment Result as % of Segment Revenue (PBIT)				
i. India	21.6	19.9	20.7	18.5
ii. International	19.1	19.2	21.3	19.1
3. Capital Employed (Segment Assets - Segment Liabilities)				
i. India	1,238	1,094		
ii. International	753	758		

Note: PBIT pertains to Profit before Interest and Tax directly attributable to both the segments. Corporate taxes, interest income and interest expense are kept unallocated for the purpose of segment reporting. Accordingly, the segment capital employed does not reflect the assets and liabilities corresponding to above income and expenses. Goodwill has been allocated to respective businesses.

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on December 31, 2019 is as given in the graph below:

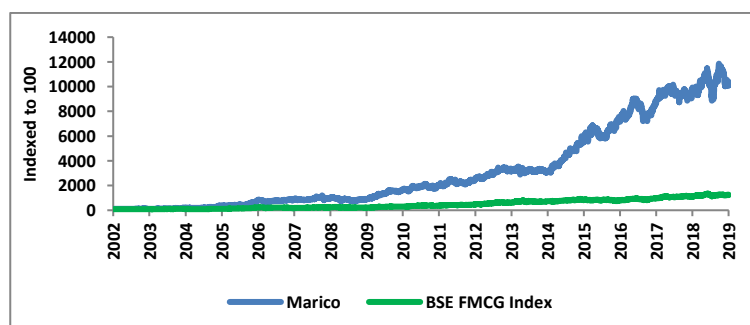


Details of ESOPs as on December 31, 2019:

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
Schemes under the Marico Employee Stock Option Plan, 2016	4,911,050	176,640	80,000	46,54,410

Options pending to be exercised are less than 0.3% of the issued share capital.

Annexure 1-B: Share Performance on the 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 stood at INR 44,117 crore (USD 6.2 billion) on December 31, 2019. The average daily volume on BSE and NSE during Q3FY20 was about 2,059,829 shares.

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Annexure 1-C: Average Market Prices of Input Materials

(Based on simple average of the daily market prices. Company's actual procurement prices may differ.)

Month	Rs/100KG COCHIN CN OIL	Rs/100KG COPRA CALICUT	Rs/10KG KARDI OIL JALNA*	Rs/10KG RICE BRAN	Rs /LT LIQUID PARAFFIN	Rs / KG HDPE*
Oct-18	14,381	9,543	1,271	679	55	127
Nov-18	13,550	9,600	1,350	633	55	126
Dec-18	14,679	10,683	1,580	601	50	110
Jan-19	16,200	11,500	1,565	597	44	103
Feb-19	16,007	11,379	1,570	600	47	103
Mar-19	14,958	10,508	1,576	596	49	102
Apr-19	14,546	10,214	1,565	591	48	101
May-19	13,477	9,458	1,565	578	47	99
Jun-19	12,967	9,304	1,565	569	46	92
Jul-19	13,156	9,191	1,565	583	44	91
Aug-19	14,580	10,564	1,565	616	45	92
Sep-19	15,013	10,795	1,565	625	44	93
Oct-19	14,567	10,235	1,971	608	44	86
Nov-19	14,590	10,342	1,947	640	44	85
Dec-19	14,802	10,648	2,003	684	46	85
Q3FY20 vs Q3FY19	3%	5%	41%	1%	-17%	-30%
Q3FY20 vs Q2FY20	3%	2%	26%	6%	0%	-7%

*For Kardi Oil Jalna and HDPE, the prices are inclusive of taxes as applicable.

Annexure 1-D: Movements in Maximum Retail Prices (MRP) In Key SKUs

Month	50 ml PCNO	100 ml PCNO	250 ml PCNO	500 ml PCNO	1 Ltr Saffola Total	1 Ltr Saffola Tasty	1 Ltr Saffola Gold	1 Ltr Saffola Active
Oct-18	20	39	105	199	200	135	159	135
Nov-18	20	39	105	199	200	135	159	135
Dec-18	20	39	105	199	200	135	159	135
Jan-19	20	39	105	199	200	135	159	135
Feb-19	20	39	105	199	200	135	159	135
Mar-19	20	39	105	199	200	135	159	135
Apr-19	20	39	105	199	200	135	159	135
May-19	20	39	105	199	200	135	159	135
Jun-19	20	39	105	199	200	135	159	135
Jul-19	20	39	105	199	200	135	159	135
Aug-19	20	39	105	199	200	135	159	125
Sep-19	20	39	105	199	200	135	159	125
Oct-19	20	39	105	199	200	135	159	125
Nov-19	20	39	105	199	200	135	159	125
Dec-19	20	34	100	199	200	135	159	125

Note: Prices of Saffola Tasty are applicable to all regions of India excluding South.

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Annexure 1-E: Key Consumer Offers during the Quarter for the India Business

Coconut Oil					
Parachute Rigids	Soap free	175 ml	Nov	Free Item	Key markets
Parachute Rigids	100 ml free	500 ml	Dec	Extra Volume	Key markets
Saffola Edible Oils					
Saffola Total	1 ltr free	5 ltr	Dec	Extra Volume	National
Saffola Active	1 ltr free	5 ltr	Nov-Dec	Extra Volume	National
Foods					
Saffola Oats	400 gm free	1 kg	Oct-Dec	Extra Volume	National
Value Added Hair Oils					
Nihar Naturals	45 ml free	200 ml	Nov-Dec	Extra Volume	National
Nihar Naturals	20% extra	98 ml	Dec	Extra Volume	National
Nihar Shanti Amla	12 ml free	78 ml	Oct-Dec	Extra Volume	National
Nihar Shanti Amla	50 ml free	190 ml	Nov-Dec	Extra Volume	National

Annexure 2: PROFILE GIVING BASIC / HISTORICAL INFORMATION

Marico is a leading Indian Group in Consumer Products in the Global Beauty and Wellness space. Marico's Products in Hair care, Skin Care, Health Care and Male Grooming generated a turnover of about INR 73.3 billion (USD 1.05 billion) during 2018-19. Marico markets well-known brands such as Parachute, Saffola, Saffola FITTIFY Gourmet, Hair & Care, Parachute Advansed, Nihar Naturals, Mediker, True Roots, Kaya Youth O2, Coco Soul, Revive, Set Wet, Livon, Fiancée, HairCode, Caivil, Black Chic, Isoplus, Code 10, Ingwe, X-Men, Sedure and Thuan Phat. Atleast 90% of Marico's portfolio of brands occupy leadership positions in their respective categories. Marico's products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South and Sub-Saharan Africa, Malaysia, Myanmar and Vietnam.

Marico's own manufacturing facilities in India are located at Perundurai, Puducherry, Paonta Sahib, Baddi, Jalgaon, Guwahati and Sanand and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, MEL Consumer Care & Partners (Wind Co.), Marico South East Asia Corporation (erstwhile International Consumer Products Corporation) have their manufacturing facilities at Mouchak and Shirir Chala, near Gazipur in Bangladesh, Sadaat City, Egypt, Ho Chin Min City, Vietnam and Phú Quốc Island, Vietnam 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.

Reach

Marico today touches the lives of 1 out of every 3 Indians. Marico sells over 16 crore packs every month through 5.0 million retail outlets services by its nationwide distribution network comprising 4 Regional Offices, 26 carrying & forwarding agents (CFAs) and about 5,600 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 5,000.

The table below provides an indicative summary of Marico's Distribution Network in India:

	Urban	Rural
Sales Territories	253	52
Towns covered	600	53,000
Distributor	740	-
Super Distributor	-	140
Stockists	-	4,694

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Financial Highlights

Particulars (INR/crores)	FY15	FY16	FY17	FY18	FY19
Revenue from Operations	5,733	6,024	5,936	6,333	7,334
Material Cost	3,119	3,078	2,849	3,359	4,017
Personnel Cost	325	373	404	422	466
ASP	650	693	659	588	659
Other Costs	769	829	864	827	864
Profit Before Tax	822	1,029	1,150	1,117	1258
Net Profit After Tax (PAT) [#]	573	711	799	814	1,114
EBITDA%	15.2%	17.5%	19.5%	18.0%	18.1%
Earnings per Share (INR)	8.9	5.5*	6.2*	6.3*	8.6*
Net Worth	1,825	2,017	2,326	2,543	2,988
Book Value per Share (INR)	28.3	15.6*	18.0*	19.7*	23.1*

From FY16, financials are as per IND – AS and hence not comparable with earlier years.

From FY19, financials have been restated on the adoption of AS 116 and hence are not comparable with earlier years.

[#] Represents Net Profit attributable to owners

*EPS and Book Value per Share for FY16 and onwards has been calculated on the post bonus number of shares.

Mode of Issue of this update

We have issued this Information Update, first to the Stock Exchanges, posted it on Marico's website and then sent it to the financial community members who are on Marico's regular mailing list.

Marico Investor Relations Team

Pawan Agrawal Executive Vice President & Head – Finance & Investor Relations (pawan.agrawal@marico.com)
 Harsh Rungta Manager – Investor Relations (harsh.rungta@marico.com)

Marico – Information Update for Q3FY20 (Quarter ended December 31, 2019)

Contents of this Update

- Financial results as per Ind-AS w.e.f. 1st April 2016 and other developments during the quarter under review for the Marico Group – Marico Limited, Marico Bangladesh Limited, Marico Bangladesh Industries Limited, Marico Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, MEL Consumer Care SAE, Egyptian American Company for Investment and Industrial Development SAE, Marico Egypt Industries Company, Marico for Consumer Care Products SAE (MEL Consumer Care & Partners – Wind, a partnership firm got converted into a joint stock company w.e.f. 19th December, 2017), Marico Malaysia Sdn. Bhd., Marico South East Asia Corporation, Marico Consumer Care Limited, Zed Lifestyle Pvt. Ltd. and Revolutionary Fitness Private Limited.
- Profile containing basic/historical information on Marico.

In this note, figures mentioned in INR are converted to USD basis INR/USD exchange rate of 71.2, being the average rate of the quarter.

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 (Standalone and Consolidated) is available on Marico's website.

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.marico.com. In view of this, information contained in such updates is made public and thus not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Marico holds periodic meetings/ conference calls, from time to time, with individual members of the financial community.