Context

The Board of Directors of Marico Limited has, at its meeting held today, passed a resolution approving restructuring of Marico's businesses, corporate entities and organization, effective April 1, 2013.
This Information Update seeks to communicate the rationale and details of this restructuring.

This restructuring is a proactive step to build on Marico's sustained value creation, taking into account

- the increasing convergence of our businesses in Consumer Products in India (Current CPB) and the International Business Group (Current IBG) and
- Kaya's distinct potential to create Value as an independent business.

The business portfolios of CPB and IBG businesses have been increasingly mirroring each other. This has been especially so after we acquired the portfolio of youth brands including Set Wet, Zatak and Livon earlier this year. We also strongly believe that for the next phase of its Value Creation journey, the Kaya business should be run in an entrepreneurial manner independently from our FMCG business.

Corporate and Business Restructuring

CPB and IBG will now form a unified FMCG business. Kaya will be sharply re-defined as a separate business, as explained later in this update.

Marico Limited is currently the apex corporate entity, which effectively owns all businesses in the group. We propose to create two separate companies through partitioning of the current Marico Limited, into an FMCG Business Company which is Marico Limited (already in existence) and a Skin Care Solutions Business Company which will be Marico Kaya Enterprises Limited (MaKE, to be formed) or any such other name as may be approved by the Registrar of Companies.

Salient features of restructuring

These are as follows:

- MaKE will house the Kaya business, through its subsidiaries - Kaya Limited and all Kaya entities overseas - in the Middle East and South East
- The Kaya Business undertaking currently housed in Marico Limited shall be de-merged into MaKE.
- Initially MaKE will be formed as a 100% subsidiary of Marico Limited. Once the demerger is effective, the shareholding structure of MaKE will mirror the shareholding structure of Marico Limited on the date of the de-merger.
- The business undertaking of Kaya housed in Marico Limited, comprising investment in equity of Kaya Limited, related IPRs, employee contracts and cash and bank balances will be demerged into MaKE through a High Court approved Scheme of Arrangement under sections 391 to 394 read with sections 78 and 100 to 103 of the Companies Act, 1956, subject to approvals by the shareholders and creditors and lenders in Marico Limited.
- The shareholders of Marico Limited as on the record date, likely to be a date in June or July 2013 will have the same proportionate shareholding in MaKE. 1 (One) fully paid-up Equity Share of INR 10 (Rupees Ten) each of MaKE shall be issued and allotted at a

premium of INR 200 per share for every 50 (Fifty) fully paid-up Equity Shares of Re 1 (Rupee One) each held in Marico Limited.

- The Exchange ratio may create fractional entitlements. There will be the customary mechanism for cash being paid to the members of Marico in proportion to their respective fractional entitlements at a subsequent date as may be ascertained by the Board of Directors of MaKE.
- MaKE will also be listed on the BSE and the NSE, just like Marico Limited is and will continue to be. Listing may take about 60-75 days from the date of receipt of approval of the Scheme of Arrangement from the Court.
- Marico Limited will house the FMCG Business - current CPB and current IBG, including direct and indirect investments in all overseas IBG Companies.
- All employees who are on the payroll of Marico Limited and are deputed to Kaya will move to MaKE or one of its subsidiaries.
- MaKE will have a separate Board of Directors, distinct from Marico's Board.
- Harsh Mariwala will continue to be the Chairman and Managing Director of both Marico Limited and Marico Kaya Enterprises Limited.
- The Corporate Entity restructuring is subject to shareholder, creditors, lenders and other contractual, statutory and regulatory approvals as may be required.
- The appointed date of the demerger is April 1, 2013. It may however take about 6 months to obtain the necessary approvals and complete all the formalities

The formation of MaKE and the process of the proposed demerger will commence soon.

Shareholder Value Enhancement Proposition

We believe this corporate restructuring will lead to enhanced shareholder value through:

- Sharper focus and greater energy across both organizations and businesses
- Synergies across the value chain, product portfolios, talent pool and capability through an integrated FMCG business, in India and overseas
- Resurgence in the Kaya Business through a distinctly entrepreneurial approach and independent leadership team
- More customized ways of managing Kaya-specific talent

Kaya Business- Continued Confidence

Kaya has, over just a decade, become a highly recognized brand in India. It is the market leader in the Middle East - recognized as a SUPERBRAND for the past three years in a row. Our investment in DRx clinics, Singapore & Malaysia has further strengthened the Kaya proposition. We therefore continue to be strong votaries of Kaya's potential.

Organizational Restructuring

Marico

Saugata Gupta, who currently heads the CPB will lead the overall FMCG Business, as Chief Executive Officer - Marico. He will continue to report to Harsh Mariwala.

Saugata joined Marico in January 2004 as Head - Marketing, headed the Sales function in addition in 2006 and became the CEO of the Consumer Products Business (CPB) in 2007. He has led CPB through consistent turnover growth, market share gains, strengthened brand equities, new product success and improved margins. These provide a strong platform for success of the unified FMCG business.

Kaya

Ajay Pahwa, Chief Executive Officer - Kaya, has decided to leave the organization, to pursue an opportunity outside Marico. Ajay will continue to play his current role till April 1, 2013. During Ajay's 3-year tenure, Kaya's top line has doubled. He led Kaya's maiden acquisition of DRx Clinic which strengthened Kaya's product and service portfolio. Kaya business has stabilized as it has achieved same store sales growth during the last 8 consecutive quarters. Ajay played a significant role in repositioning the brand and crafting a new retail format – Kaya Skin Bar, which has been launched in Bangalore recently. He created a culture of customer centricity and cost consciousness which enabled the business to improve margins.

Vijay Subramaniam, who heads the IBG will take over as Chief Executive Officer - Kaya, effective April 1, 2013. He will be in charge of the Kaya business in India and overseas. He will continue to report to Harsh Mariwala.

Vijay joined Marico in March 2006. Over the past 7 years, he has successfully scaled up the international business turnover ten-fold from less than Rs. 100 crore to nearly Rs. 1000 crore. The scale up has been profitable and has been achieved through both organic and inorganic routes - Vijay has also led over five acquisition efforts to success in emerging markets outside India, through to their integration. The international business today enjoys market leadership positions in many markets and has grown to become a 600 member team. Vijay has built the international business, in an entrepreneurial manner, aggressively driving a "my business" mindset. We believe these skills will be best leveraged for the next phase of value creation and growth in Kaya.

Corporate / Support Functions

The Finance Function will continue to be centrally organized and will act as a Shared Service Group (SSG) for both Marico and Kaya. Milind Sarwate, Group CFO will continue to report to Harsh Mariwala.

Over the years, we have moved from an Integrated Group HR towards Business Embedded HR for greater business empowerment and flexibility. This trend will now be strengthened. We will have separate HR functions for Marico and Kaya, to focus on distinct businesses that have differing talent models.

Accounting Implication of this proposed Scheme of Arrangement

There is unlikely to be any adverse impact on the income statement of Marico Limited or Kaya Limited or MaKE pursuant to the Scheme of Arrangement except for the costs of executing the proposed Scheme. These costs are not expected to be significant.

Pursuant to the Scheme, upon de-merger, the investments of Marico Limited in Kaya Limited will be adjusted against the Securities Premium account thereby not impacting Marico Limited's income statement.

As on September 30, 2012, Marico's exposure to Kaya Limited was INR 180.64 Crore (equity of INR 73.00 Crore and interest free loan of INR 107.64 Crore). It is proposed that the loan be converted into equity prior to the de-merger. Further, in order to achieve the vertical split of the FMCG business and Kaya business, it is proposed that ownership of Kaya Middle East FZE (part of Kaya group), currently held by Marico Middle FZE (part of FMCG group) be transferred to MaKE or one of its subsidiaries. Marico Limited shall further capitalize Kaya Limited for concluding this transfer. Consequently the total investment by Marico in Kaya Limited to be transferred as part of the Kaya undertaking may undergo a change between September 30, 2012 and March 31, 2013.

Mode of Issue of this update

We have issued this Information Update, first to the Stock Exchanges followed by posting on Marico's website and an email to the financial community members who are on Marico's regular mailing list.

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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 INR 40 billion (about USD 740 Million) during 2011-12. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Setwet, Zatak, Livon, Kaya, Derma Rx, Aromatic, Fiancée, HairCode, Caivil, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories - Coconut Oil, Hair Oils, Post wash hair care, Hair Gels/Creams, Deodorants, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care, Male grooming etc. Marico is present in the Skin Care Solutions segment through 107 Kaya Skin Clinics and Derma Rx clinics in India, The Middle East, Bangladesh, Singapore and Malaysia. Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South Africa, Singapore, Malaysia and Vietnam.

Marico's own manufacturing facilities in India are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman, Poanta Sahib and Baddi and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries), Marico South Africa Pty Ltd., and International Consumer Products Corporation have their manufacturing facilities at Mouchak and Shirir Chala, near Gazipur in Bangladesh, 6th October City, Egypt, Salheya City, Egypt, Sadaat City, Egypt, Mobeni in Durban, South Africa and Ho Chin Min City, 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. Marico has consistently sought to broad base its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass. 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 coconut oil in India today contributes about 30% to the top line of Marico. Its share in profits too has come down.