

Marico – Information Update for Q2FY21 (Quarter ended September 30, 2020)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q2FY21	Growth	H1FY21	Growth
Revenue from Operations	1,989	9%	3,914	-2%
EBITDA	389	10%	856	5%
EBITDA Margin (%)	19.6%	Up 30 bps	21.9%	Up 150 bps
Profit After Tax (excluding one-offs)	285	15%	617	9%
India Volume Growth (%)		11%		-3%
International Constant Currency Growth (%)		7%		1%

In Q2FY21, **Revenue from Operations grew by 9% YoY** to INR 1,989 crores (USD 270 million), with a robust underlying **domestic volume growth of 11%** and **constant currency growth of 7% in the international business**. With improving consumer sentiment and supply chain operations at near pre-COVID levels, majority of the Company's portfolio came back to healthy growth on a year-on-year basis. This was further reflected in a strong delivery in traditional trade and E-Commerce, though the Company continued to operate at reduced distributor inventory levels to protect channel partner ROIs in the current environment. Input costs have witnessed an uptick, however the impact was contained through aggressive cost saving initiatives and optimization of A&P spends in discretionary categories, thereby enabling an improvement of EBITDA margins to 19.6%. As a result, **EBITDA and like-to-like PAT grew by 10% and 15% respectively**. Reported PAT grew by 7%, after accounting for the impact of exceptional items (explained on Pg 6).

At its meeting held on October 28, 2020, the Board of Directors of the Company has declared the first interim dividend of 300% (INR 3.00 per share) on its paid up equity share capital of INR 129.12 crores, up from 275% last year.

Other highlights relating to the performance are as follows:

- The core franchises led growth during the quarter with 95% of the portfolio returning to growth trajectory.
- Traditional channels continued to outperform with **rural** growing ahead of urban, while in the new-age channels, strong acceleration continued in **E-Commerce**. MT remained subdued and CSD continued to witness steep decline.
- **Parachute Rigids** registered 10% volume growth during the quarter, on the back of its leadership position as a trusted brand and accelerated loose to branded conversions.
- After a sharp decline in Q1, **Value Added Hair Oils** registered a smart recovery and posted a resilient 4% volume growth. The premium segments of the hair oils category continued to face headwinds, however the mid and bottom of pyramid segments have regained traction.
- **Saffola Edible Oils** continued its stellar run with 20% growth in volume terms. 62% of the growth was attributed to increased penetration on account of new users and increased retention.
- The **Foods** portfolio grew by 55% in value terms, riding the tailwind on health and convenience with the base Oats franchise posting a strong 45% value growth. The brand continued to attract new consumers with 60% of the growth coming from increased household penetration.
- **Saffola Honey** is scaling up across channels and has garnered 8% market share in Modern Trade within three months of launch.
- To further extend the play in the immunity segment, **Kadha Mix & Golden Turmeric Milk Mix** were launched under the aegis of brand **Saffola ImmuniVeda** and will be sold in select channels of Modern Trade and E-Commerce. Value added chyawanprash, **Saffola Arogyam Chyawan Amrut**, was launched in October and will be gradually scaled up across channels.
- **Premium Personal Care**, comprising Leave-in Hair Serums, Male Grooming and Premium Skin Care, performed much better sequentially but was unable to post growth on a year-on-year basis.
- The **Hygiene** portfolio contributed about 1.5% to the Company's turnover in H1, while the Company has witnessed some cooling off in the accelerated demand in the category.
- In the International business, **Bangladesh** marched ahead with **16% constant currency growth**. **South Africa** had a good quarter on the back of buoyancy in the healthcare portfolio. Other territories recovered sequentially but posted modest declines on a year-on-year basis.
- **Advertising & Sales Promotion spend was back to pre-COVID levels at 9.5% of sales**, as the Company remained invested behind brand building in relevant categories.

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Summary of value growth across Businesses:

Categories/Businesses	Q2FY21	H1FY21	Share of Group's FY20 Turnover
FMCG Business	9%	-2%	
India	8%	-5%	77%
International	12%	7%	23%

Market Shares in Key Categories in the India Business - Basis Moving Annual Total (MAT) – Jun'20**

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Coconut Oils	62%	1 st	^Value Added Hair Oils	36%	1 st
^Saffola – Super Premium ROCP	77%	1 st	^Post wash Leave-on Serums	65%	1 st
*Saffola Oats	34%	2 nd	*Hair Gels/Waxes/Creams	59%	1 st

^Volume Market Share *Value Market Share

Note: The market shares for Post wash Leave-on Serums and Hair Gels/Waxes/Creams are basis MAT Mar'20.

** We are planning to subscribe for regular market share data from Q3FY21.

India Business

In Q2FY21, the domestic business clocked a turnover of INR 1,508 crore (USD 204 million), up 8% on a YoY basis, with an underlying volume growth of 11%, as economic activity and consumer sentiment perked up on the easing of lockdown restrictions in most parts of the country. The operating margin was slightly lower YoY at 20.7% in Q2FY21 vs 21.0% in Q2FY20, as the Company optimized brand building spends in non-core portfolios and drove a variety of cost saving initiatives to help tide over input cost headwinds.

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

Categories	Q2FY21		% of FY20 India Business Turnover
	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	8%	10%	38%
Value Added Hair Oils	-1%	4%	24%
Saffola (Refined Edible Oils)	16%	20%	20%

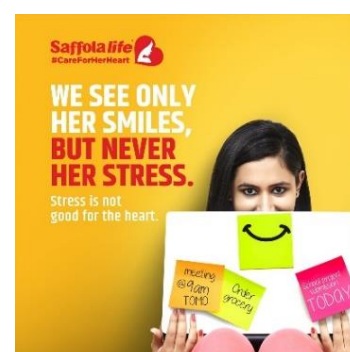
Coconut Oil: Flagship brand exhibits leadership strength

Parachute Rigid posted a robust volume growth of 10% in Q2FY21 reaffirming its strong leadership position and unwavering consumer trust. Tactical inputs to maintain the brand's value proposition enabled volume growth in both core and non-core markets. The brand also reinforced its hygienic processing and safety credentials in the minds of consumers with the "Untouched by Hand" campaign launched in the previous quarter.

Of the total coconut oil market, approximately 30-35% in volume terms is unorganized (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, the Company 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: Sustained high growth in Edible Oils; Superlative quarter for Foods; Saffola ImmuniVeda & Arogyam Chyawan Amrut launched

Saffola refined edible oils posted 20% volume growth, building significantly on increased penetration and strong brand values, coupled with increased relevance of healthy cooking. The brand has seen a significant impetus with 62% of the growth coming from enhanced penetration. Media investments continued with the "Saffola wala khana" campaign building brand relevance and penetration by



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reaffirming the brand's superior heart health credentials. During the quarter, digital media was also leveraged for campaign to drive realization of the stress that women go through everyday via the **#CareForHerHeart** campaign launched under the not-for-profit banner **Saffolalife** on World Heart Day.

The **Foods** portfolio posted an exponential value growth of 55% in Q2FY21, led by 45% growth in the Saffola Oats franchise. About 60% of the growth came from increased household penetration. **Saffola Masala Oats** continued to grow by building relevance and driving penetration on the back of its communication strategy to position the product as a delicious and healthy snack for anytime of the day. **Saffola Honey** is scaling up across channels and has garnered 8% market share in Modern Trade within three months of launch. The market placement of the brand was supported by an aggressive TV campaign and active digital marketing both on and off platform.

To extend the play in the immunity segment, **Kadha Mix & Golden Turmeric Milk Mix** were launched in select channels of Modern Trade and E-Commerce under the umbrella of **Saffola ImmuniVeda**. Both the products are proprietary ayurvedic recipes which have been inspired by the traditional recipe of “Kadha” and “Haldi Doodh”. The Company has forayed into the chyawanprash category with the launch of **Saffola Arogyam Chyawan Amrut**, an enhanced variation of the traditional chyawanprash with a proprietary combination of added ingredients that consist of Ayush Kwath herbs, Ashwagandha, Turmeric, Giloy and 50% more Amla. The value added chyawanprash will be gradually scaled up across channels.



Value Added Hair Oils: Back on a growth trajectory

Value Added Hair Oils showed resilience and returned to a growth path in the quarter after a sharp decline in Q1. The franchise posted a 4% volume growth in Q2FY21. However, growth fell short of medium-term aspirations as the demand in premium segment remained subdued & CSD volumes continued to decline in double digits. Ex-CSD, volumes grew by 7%, led by superior rural delivery in the bottom of the pyramid segment and urban returning to pre-COVID levels.

Nihar Naturals Shanti Amla Badam grew steadily, witnessing growths across markets. The Company will continue to invest in TV and print media to further strengthen the brand image and drive penetration of larger packs. **Nihar Naturals Coconut Hair Oil** grew steadily, driving on a strong narrative in beauty and nourishment. **Parachute Advanced Ayurvedic Hair Oil** too held its fort in the anti-hair fall category delivering double-digit growth.

Recent innovations in the Value Added Hair Oils category registered healthy growths during the quarter with **Parachute Advanced Aloe Vera Enriched Coconut Hair Oil** witnessing increased traction and **Nihar Naturals Shanti Jasmine** strongly rebounding after a sharp decline in Q1.

Expanding our presence in the in the non-sticky hair oil space, **Nihar Naturals Almond** was launched in select states. The brand offers a premium experience at an affordable price, keeping in mind the stress in disposable incomes and heightened value seeking behavior of the consumers in the current environment.



After a weak Q1, the category is back on growth trajectory and over the medium term, the Company aims to build on to the growth in this franchise by adopting a three-pronged strategy:

- Will continue to aggressively participate at the bottom of the pyramid on the back of its leadership position as consumers are increasingly value conscious in their purchasing behavior and are exhibiting a heightened preference for trusted brands;
- Accelerate growth in the mid segment through pricing & brand renovation; and
- Aim to gain market share in the premium segments, where the Company is relatively under-represented, through brand building and innovations offering higher order sensorial and functional benefits.

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Premium Personal Care: Sequential recovery

The Premium Personal Care portfolios of Premium Hair Nourishment, Male Grooming and Premium Skin Care improved sequentially after a very tough Q1. However, the business declined on a year-on-year basis owing to the weakness in discretionary spending.

Livon Serums regained traction and delivered marginal volume growth in Q2FY21. **Male Grooming** continued to face headwinds, although Set Wet Hair Gels performed better in rural owing to its strong distribution footprint and affordability. **Kaya Youth** also witnessed better traction online.

Hygiene: Category tailwinds start to taper off

The Company had forayed into the Hygiene segment in the previous quarter. The portfolio contributed about 1.5% to the turnover in H1, while the Company has witnessed some cooling off in the accelerated demand in this category.

The Company also launched **Revive Laundry Sanitizer**, a specially formulated post-detergent wash, non-starch product that can be used for both hand-washed & machine-washed laundry. It kills 99.9% of all germs & works as a sanitizer for washing clothes without causing any damage to the fabric. It is tough on germs but safe & gentle on fabrics as it has 0% Bleach, 0% Phosphates and 0% Color.



The Company expects the category to settle down after the visible surge in demand immediately following the onset of the pandemic.

Input Costs and Pricing

In Q2FY21, market price of copra was up 11% YoY and up 9% sequentially, primarily due to leaner supplies and lower coconut to copra conversions. For the rest of the year, the Company expects copra prices to remain firm. Correction in prices is expected in Q4FY21 due to seasonal arrivals.

COVID-19 led disruptions and major weather anomalies in key growing regions played a pivotal role in the way vegetable oil prices behaved during Q2FY21, with all vegetable oils trading at higher prices YoY. Rice bran oil was up 26% YoY. It is expected to soften from the middle of Q3 as the on-season begins.

Liquid Paraffin (LLP) was down 6% YoY, while HDPE was flat.

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.

Sales and Distribution

In Q2FY21, the Company continued with a variety of business continuity measures put in place in Q1. While there were multiple challenges that affected day-to-day operations – localized lockdowns in a number of cities, unavailability of manpower, challenges in distribution due to lack of vehicles etc., a multi-dimensional responsive GTM strategy was put in place to tackle the same.

The Company used central tele-calling operations covering top urban outlets and rural stockists. In order to ensure uninterrupted supplies to retailers, the Company introduced direct supply from its factories to the customer warehouse and tied up with new-age logistics start-ups for delivery from distributors to retailers. To tap into the increased opportunity in pharma/chemist channels in the top cities, the Company appointed specialist distributors for handling pharma accounts leading to increased chemist reach.

With all interventions, the Company's distribution, which had seen a reduction of ~20% in April-May FY21, steadily increased and has surpassed pre-COVID levels.

Markets/Distribution Channels

General Trade sales in urban and rural were up 14% and 22% in volume terms respectively. During the quarter, Modern Trade de-grew by 12%, but has started faring better more recently. E-Commerce grew by 39% and now contributes 8% to the total turnover. CSD declined by 29%, due to scaled down operations during the quarter.

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International Business

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

Particulars	Q2FY21
Turnover (INR Crore)	481
Reported Growth	12%
Constant Currency Growth	7%
Exchange Rate impact	5%

Marico's International business grew by 7% in Q2FY21 in constant currency terms. The operating margin in the international business expanded to 23.1% in Q2FY21 vs 21.5% in Q2FY20, given tighter overhead cost management across all geographies.

Market Shares in Key International Markets - Basis Moving Annual Total (MAT) – Mar'20

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Parachute Coconut Oil (Bangladesh)	82%	1 st	^Value Added Hair Oils (Bangladesh)	23%	2 nd
*X-Men Male Deodorants (Vietnam)	31%	2 nd	*X-Men Male Shampoo (Vietnam)	37%	1 st

^Volume Market Share *Value Market Share

Note: Nielsen has permanently closed operations in Bangladesh and thus market share information will not be available going forward. For Vietnam, the Company did not subscribe to the latest data. Hence the market shares are basis MAT March'20.

Bangladesh (49% of the International Business)

The business in Bangladesh grew by 16% in Q2FY21 in constant currency terms, thereby shaking off the impact of the pandemic.

Parachute Coconut Oil grew by 8% in constant currency terms on the back of its dominant market share, distribution, brand strength and consumption growth.

The non-Coconut oil portfolio in Bangladesh grew by 31% and 25% in Q2FY21 and H1FY21, respectively, in constant currency terms. Growth in the Value Added Hair Oils category was mainly driven by the Parachute Advanced range of Beliphool, ExtraCare and Aloe Vera. Growth was topped up by recent innovations namely, Parachute Naturale Shampoo, Mediker SafeLife range, Studio X range, Just for Baby range and the SkinPure Range. Keeping up the pace of new launches, **Just for Baby Skin Cream** and **Saffola Honey** were launched in this quarter. The non-Coconut Oil portfolio in Bangladesh constitutes 35% of the total business from circa 25% in FY18.

The Company will leverage its strong distribution network and learnings from the Indian market to quickly scale up its new product introductions in Bangladesh. 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 de-grew by 4% in Q2FY21 in constant currency terms. **Vietnam** posted a decline of 6% in constant currency terms as the Home and Personal Care (HPC) segment slowed down. Foods business posted a mid-single digit growth. The Company launched **Veggie Wash** and **Hand Wash** in this quarter under the Botanika range. Vietnam is seeing signs of revival in the personal care category and the Company is optimistic of exiting the year with meaningful growth.

Middle East and North Africa (MENA) (12% of the International Business)

The MENA business declined by 6% in constant currency terms. The Company remains cautious on the outlook for the business but will be aggressive on cost management to enable it to tide over the challenging macros.

South Africa (7% of the International Business)

The South Africa business marked a revival, registering a growth of 16% in constant currency terms, backed by robust growth in the Health Care and Hair Care portfolios.

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New Country Development & Exports (6% of the International Business)

The business de-grew by 5% in constant currency terms during the quarter, led by lockdowns and restrictions across countries. 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 FY20 turnover.

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues	Q2FY21	Q1FY21	Q2FY20	H1FY21	H1FY20	FY20
Material Cost (Raw + Packaging)	52.0	51.4	50.4	51.7	51.5	51.2
Advertising & Sales Promotion (ASP)	9.5	7.1	10.8	8.3	10.4	9.9
Personnel Costs	6.9	7.0	6.9	6.9	6.4	6.5
Other Expenses	12.1	10.2	12.6	11.2	11.3	12.2
PBDIT margins	19.6	24.3	19.3	21.9	20.4	20.1
PBDIT before ASP	29.1	31.4	30.1	30.2	30.8	30.0

- (a) In Q2FY21, the average market price of domestic copra was up 11% on a YoY basis. Rice Bran Oil was up 26% YoY, Liquid Paraffin (LLP) was down 6% while HDPE was flat on a YoY basis. The consumption prices may differ from market prices depending on the stock positions the Company has taken.
- (b) Other Expenses (includes certain items which are variable in nature) were up 4% YoY. Other expenses are likely to remain in the range of 11-13% of turnover in the medium term. Fixed Expenses were lower than last year on account of various cost saving initiatives implemented this year, whereas variable expenses have increased in line with business growth.

Other Expenses	Q2FY21	Q2FY20	% variation
Fixed	67	74	-9%
Variable	173	157	10%
Total	240	231	4%

The detailed Financial Results and other related useful information are available on Marico's website – <http://marico.com/india/investors/documentation/quarterly-updates>

Capital Expenditure and Depreciation

The estimated capital expenditure in FY21 is likely to be around INR 125–150 crore (USD 17-20 million). Depreciation during Q2FY21 was INR 33 crore vs 35 crore in Q2FY20.

Direct Taxation

The ETR (excl. one-offs) for Q2FY21 was 21.6%. Pursuant to a change in the dividend taxability regime, the Company is expecting to claim tax exemption on dividend income from subsidiaries, which is to be set off against dividend distributed by the Company, thereby leading to a decrease in ETR. 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 144 crores as on 30th September, 2020.

Exceptional Item in Q2FY21

The Company periodically revisits and enhances its manufacturing footprint in order to deliver a quality product offering at the lowest possible cost to its consumers. As a result of a recent assessment of business opportunities thereof, the Company decided to move the manufacturing of one category closer to its demand centers. This strategic initiative led to partial rationalization of capacities in one of the units necessitating impairment of fixed assets & inventory valued at Rs. 33 crores (**post tax impact of Rs. 21 crores**). The same has been provided for during the quarter in line with accounting standards. This change in the manufacturing footprint is expected to be value accretive for the Company and enhance its agility in fulfilling consumer demand.

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Capital Utilization (Marico Consolidated)

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

Ratio	Q2FY21	Q2FY20
Return on Capital Employed (%)	39.3	37.1
Return on Net Worth (%) (excl. one-offs)	32.1	29.0
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	26	37
- Inventory Turnover (Days)	58	66
- Net Working Capital (Days)	31	32
Debt: Equity (Group)	0.09	0.11
Finance Costs to Turnover (%) (Group)	0.40	0.71

- The Company reduced inventory norms across categories and drove comprehensive SKU rationalization leading to reduced inventory turnover days.
 - Reduced Modern Trade and CSD contribution and stricter credit control in GT (on account of reduced inventory levels) resulted in reduction in debtor turnover days.
1. The Net Debt position of the Marico Group as of September 30, 2020 is as below:

Particulars (INR Crores)	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019
Gross Debt	329	333	362
Cash/Cash Equivalents and Investments (Marico India: INR 1,401 Crore & Marico International: INR 285 Crore)	1,687	1,268	1,629
Net Debt/(Surplus)	-1,358	-935	-1,267
Foreign Currency Denominated out of the total gross debt	239	249	241
Foreign Currency Debt as a % age of Gross Debt	73%	75%	67%
Rupee Debt out of the total gross debt	90	84	121
Total Debt Payable within One year	320	324	349
Average Cost of Debt (%): Pre tax	2.3%	2.7%	4.6%

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.

2. During the current year, the Company continued to generate steady cash. The net surplus of the Group as at September 30, 2020 was about **INR 1,358 Crore** (Gross debt of INR 329 cr. & gross Investments of INR 1,687 cr). The future growth strategy is anchored primarily to healthy organic growth. While the Company is open to strategic acquisitions, the leverage ratios are comfortable. Reduction in repo rates has resulted in overall lower average cost of debt.

Sustainability and Marico United Against COVID

Sustainability is a long-term commitment and the way of life at Marico. The Company continues to play its role as a responsible corporate with strong focus on environmental stewardship and driving social progress initiatives.

Through our **Nihar Shanti Pathshala Funwala** initiative, in partnership with the Government of Madhya Pradesh, the Company successfully trained 1,00,000+ teachers to teach the English language more effectively and enabled education for 2.4 million students through highly structured programs on Doordarshan and WhatsApp.

The Company has initiated a project to determine product sustainability index (PSI) score through the life cycle assessment (LCA) approach. The focus is to cover all our product categories under the study to analyze the environmental impact created at product level vis-à-vis identifying opportunities to reduce the footprint we leave behind.

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Under the ‘SAMUYUT’ responsible sourcing program, the Company has advanced its focus to phase 2 of engagement i.e., “Evaluate”, where the Company is working on developing engagement framework and audit protocols.

Under the program “JALAASHAY”, we have created water holding capacity of 14.7 crore liters so far this year, by construction of farm ponds in the state of Tamil Nadu and 58.8 crore liters from de-silting activity in the states of Madhya Pradesh, Uttar Pradesh and Rajasthan.

As part of the farmer outreach program, ‘Parachute Kalpavriksha’, the Company has enrolled 7,309 farmers this year (cumulative number stands at 27,726 farmers) covering 21,629 acres of coconut farms.

The Company’s Perundurai manufacturing unit which had won the ‘Platinum’ rating under the CII-Godrej GreenCo Rating System, was conferred with the award in a virtual ceremony.

Lastly, in-line with our Extended Producer Responsibility (EPR) commitment under Plastic Waste Management (Rules) 2018, the Company has initiated work post the lockdown. Till date, through its EPR agency partners, the Company has completed collection and energy recovery of an equivalent of about 70,000 kg (in weight) of post-consumer use multi-layer packaging.

Awards and Recognitions

- Marico was recognized amongst India's 50 Best Workplaces for Women - 2020 by the Great Place to Work® Institute (India).
- Saffolalife was recognised for the 'Best Print Campaign' for 'Heart KA Exam' campaign at Brand Equity Marketing Awards 2020.
- Livon won the Bronze Award for Branded Content at the ET Brand Equity Shark Awards 2020 for the #FabOnWithLivon campaign.
- Marico won 9 awards at E4M Play 2020 for brand campaigns across Livon, Set Wet, Hair & Care and Saffolalife.

Corporate Events

The Company has exited Revolutionary Fitness Private Limited (“Revofit”), a company providing fitness and wellness solutions, by selling its entire equity investment in Revofit after evaluating the long-term prospects of the investment.

Marico’s Growth Philosophy

Over the medium term, Marico will continue to drive sustained profitable volume-led growth, through its focus on strengthening the franchise in the core categories and driving the new engines of growth towards gaining critical mass. 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 and create shared value.**

Sustainability and community well-being have always been at the heart of Marico’s overall strategy. During the COVID-19 pandemic, Marico recognizes its extended responsibility towards the community and remains committed towards driving health, safety, and wellbeing for our members, extended partners, the nation, and the world at large. In the post COVID-19 world, consumer habits, preferences, and spend patterns are bound to undergo a change. Marico considers this disruption as an opportunity for a business model transformation and nimble innovations. The Company’s strategic enablers will help Marico transform and be ready for the emerging new realities and changing consumer needs.

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Near Term / Medium Term Outlook

Marico India

- With lockdown restrictions having significantly eased across the country, the Company will strive to sustain the momentum and aim to deliver 8-10% volume growth in the balance part of the year.
- **Parachute Rigids** clocked a steady 10% volume growth. 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** returned to growth, posting 4% volume growth during the quarter. The overall category is back on growth and the Company aims to capitalize on its leadership position in the market to track healthy growth for the rest of the year and deliver stronger performance in H2 compared to Q2.
- **Saffola Edible Oils** has grown well-ahead of its medium term aspiration on the back of improved penetration through a variety of channel/pricing/promotion measures taken over the last 18-24 months as well as the in-home consumption tailwind. As consumption patterns eventually normalize, the Company expects to sustain high single-digit volume growth over the medium term in this franchise.
- The Company will continue to innovate and broaden its play in the **Foods** category and is poised to reach the INR 450-500 cr mark by FY22.
- The Company aims to build the **Premium Personal Care** portfolios into growth engines of the future and expects to deliver double-digit value growth over the medium term in these portfolios. Though, in the near term, expectations remain muted.
- The Company's medium-term **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 General Trade to ensure profitability of channel partners and expanding direct reach in rural markets. The Company aims to ensure sustainable, harmonious and incremental growth in General Trade, Modern Trade and E-Commerce through specific price and SKU management measures.
- 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. With Beardo integrated into Marico's fold, it should considerably enhance our capabilities in E-commerce and salons over the medium-term.

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.
- Q2 has been a mixed bag, with Bangladesh and South Africa posting sturdy growths and rest of the territories continuing to face macro-economic headwinds. The overall sentiment is improving sequentially, and the Company aims to deliver high single digit constant currency growth for the rest of the year.
- The business in **Bangladesh** is likely to continue the momentum as the medium term macro prospects look promising. Therefore, the Company will leverage its distribution and brand strength to further consolidate market shares in the core portfolios, scale up new launches and enter new categories.
- As a market leader, the **Vietnam** business will continue to invest in the male grooming category and drive excellence in sales and distribution systems. The Company has initiated an aggressive cost management program, which will enable resource generation for brand building. **Myanmar** and the **rest of South East Asia** are growth engines of the future. Overall, the consumer sentiments in South East Asia are reviving and we expect to exit the year with meaningful growth.
- In the **MENA** region, the Company will focus on getting the basics right by judiciously investing behind brands and Go-to-Market initiatives. In the Middle East, the Company will work towards strengthening the Coconut Oils and Hair Oils play. In Egypt, cost management initiatives will enable the business to weather the persistent macro headwinds.
- The **South Africa** business has displayed signs of revival after the business was subdued by macroeconomic headwinds and resultant sluggishness in demand. The Company is cautious on the near term outlook of the business but expects to protect the core franchise of ethnic hair care and health care over the medium term.

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- The Company will continue to invest in developing new countries and scale the business profitably. In the short term, ably restoring the supply chain will be key.
- The Company aims at clocking an organic broad-based double-digit constant currency growth over the medium term.

Overall (India + International)

- The Company holds its medium term aspiration of delivering 8-10% volume growth and 13-15% revenue growth.
- Marico shall continue to invest behind brand building to support market growth initiatives in core categories and expansion into adjacent categories as advertising spends are expected to reach pre-COVID levels. Spends on the digital platforms will continue to rise.
- The current state of lockdown and work from home have created opportunities for a structural reset in certain costs. The Company is actively exploring the same to unlock a sustained improvement in the cost structure of the business and is targeting cost saving initiatives to the tune of more than INR 150 cr in the current year.
- The Company would be comfortable maintaining a threshold operating margin of 19% over the medium term. However, the Company expects operating margins to be 20% plus for FY21.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q2FY21 (Quarter ended September 30, 2020)

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.

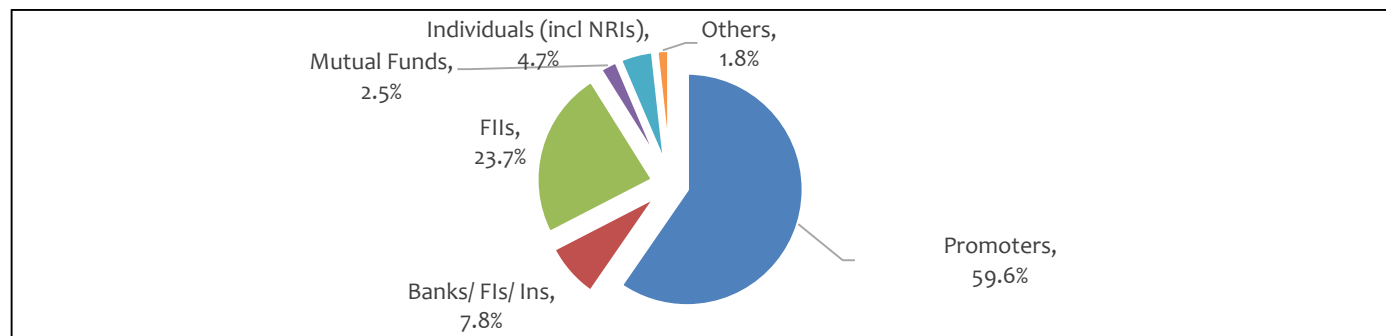
Particulars	INR Crore	
	Q2FY21	Q2FY20
1. Segment Revenue		
i. India	1,508	1,398
ii. International	481	431
2. Segment Result (Profit before Interest and Tax and exceptional items)		
i. India	292	269
ii. International	104	88
3. Segment Result as % of Segment Revenue (PBIT)		
i. India	19.4%	19.2%
ii. International	21.6%	20.4%
4. Capital Employed (Segment Assets - Segment Liabilities)		
i. India	1,498	1,274
ii. International	821	687

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 Q2FY21 (Quarter ended September 30, 2020)

Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on September 30, 2020 is as given in the graph below:

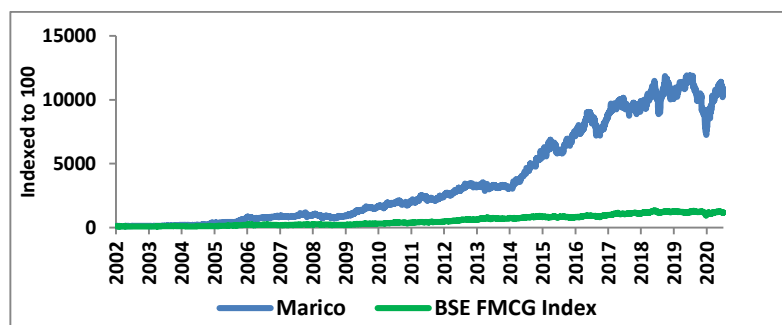


Details of ESOPs as on September 30, 2020:

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	49,53,650	2,66,310	2,12,760	44,74,580

Options pending to be exercised are less than 0.4% 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 46,852 crore (USD 6.4 billion) on September 30, 2020. The average daily volume on BSE and NSE during Q2FY21 was about 28,42,583 shares.

Marico – Information Update for Q2FY21 (Quarter ended September 30, 2020)

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*
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
Jan-20	15,056	11,058	2,079	696	46	87
Feb-20	15,272	11,102	1,995	628	45	87
Mar-20	15,481	11,121	1,890	601	44	87
Apr-20	15,731	11,002	1,890	651	42	80
May-20	15,160	10,160	1,890	664	38	82
Jun-20	14,388	9,808	1,890	725	35	88
Jul-20	14,644	10,365	1,761	731	38	89
Aug-20	15,158	11,275	1,639	770	43	93
Sep-20	16,208	12,227	1,601	804	44	96
Q2FY21 vs Q2FY20	8%	11%	7%	26%	-6%	0%
Q2FY21 vs Q1FY21	2%	9%	-12%	13%	9%	11%

*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
Jul-19	20	39	105	199	200	135	139	135
Aug-19	20	39	105	199	200	135	139	125
Sep-19	20	39	105	199	200	135	139	125
Oct-19	20	39	105	199	200	135	139	125
Nov-19	20	39	105	199	200	135	139	125
Dec-19	20	39	105	199	200	135	139	125
Jan-20	20	39	105	199	200	135	139	125
Feb-20	20	39	105	199	200	135	139	125
Mar-20	20	39	105	199	200	135	139	125
Apr-20	20	39	105	199	200	135	139	135
May-20	20	39	105	199	200	135	139	135
Jun-20	20	39	105	199	200	135	139	135
Jul-20	20	39	105	199	200	135	139	135
Aug-20	20	39	105	199	200	135	139	135
Sep-20	20	39	105	199	200	135	139	135

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

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

Brand	CO Construct	SKU	Month of CO	CO Type	Market
Coconut Oil					
Parachute Rigids	INR 5 off	100 ml	Aug-Sep	Price-off	National
Parachute Rigids	INR 7 off	175 ml	Aug-Sep	Price-off	National
Saffola Edible Oils					
Saffola Total	1 ltr free	5 ltr	Sep	Extra Volume	National
Saffola Active	1 ltr free	5 ltr	Aug-Sep	Extra Volume	National
Value Added Hair Oils					
Hair & Care	INR 11 off	100 ml	Aug-Sep	Price-off	National
Nihar Shanti Amla	12 ml free	78 ml	Sep	Extra Volume	National
Nihar Shanti Amla	50 ml free	190 ml	Jul-Sep	Extra Volume	National
Nihar Shanti Amla	INR 9 off	300 ml	Jul-Sep	Price-off	National
Nihar Shanti Amla	INR 25 off	500 ml	Jul-Sep	Price-off	National
Nihar Naturals	INR 5 off	98 ml	Sep	Price-off	National

Annexure 2: PROFILE GIVING BASIC / HISTORICAL INFORMATION

Marico is one of India's leading consumer goods companies operating 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 73.1 billion (USD 1.03 billion) in 2019-20.

Marico markets well-known brands such as Parachute, Saffola, Saffola FITTIFY Gourmet, Saffola ImmuniVeda, Hair & Care, Parachute Advansed, Nihar Naturals, Mediker, Kaya Youth O2, Coco Soul, Revive, Set Wet, Livon, Veggie Clean, KeepSafe, Travel Protect, House Protect, Beardo, Fiancée, HairCode, Caivil, Hercules, Black Chic, Isoplus, Code 10, Ingwe, Mediker SafeLife, X-Men and Thuan Phat. At least 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 1.5 billion packs every year through 5.1 million retail outlets serviced by its nationwide distribution network comprising 4 Regional Offices, 25 carrying & forwarding agents (CFAs) and about 7000 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	227	48
Towns covered	600	58,000
Distributor	675	-
Super Distributor	-	180
Stockists	-	6,105

Marico – Information Update for Q2FY21 (Quarter ended September 30, 2020)

Financial Highlights

Particulars (INR/crores)	FY16	FY17	FY18	FY19	FY20
Revenue from Operations	6,024	5,936	6,333	7,334	7,315
Material Cost	3,078	2,849	3,359	4,017	3,745
Personnel Cost	373	404	422	466	478
ASP	693	659	588	659	727
Other Costs	829	864	827	866	896
Profit Before Tax	1,029	1,150	1,117	1,257	1,383
Net Profit After Tax (PAT) [#]	711	799	814	926	1,043
EBITDA%	17.5%	19.5%	18.0%	18.1%	20.1%
Earnings per Share (INR)	5.5	6.2	6.3	7.2	8.1
Net Worth	2,017	2,326	2,543	2,988	3,038
Book Value per Share (INR)	15.6	18.0	19.7	23.1	23.5

From FY19, financials have been restated on the adoption of AS 116 and hence are not comparable with earlier years. PAT for FY19 and FY20 excludes one-offs.

[#] Represents Net Profit attributable to owners

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

Ruby Ritolia Head – M&A and Investor Relations (ruby.ritolia@marico.com)
 Vami Doshi Manager – Investor Relations (vami.doshi@marico.com)

Marico – Information Update for Q2FY21 (Quarter ended September 30, 2020)

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 S.A.E, Egyptian American Company for Investment and Industrial Development SAE, Marico Egypt For Industries S.A.E., 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 Lanka (Private) Limited, Marico Consumer Care Limited, Zed Lifestyle Pvt. Ltd (w.e.f 30th June 2020).
- Profile containing basic/historical information on Marico.

In this note, the quarterly figures mentioned in INR have been converted to USD basis INR/USD rate of 74.

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.