

November 1, 2018

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

The Manager,
Listing Department,
The 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 half year ended September 30, 2018

Please find enclosed Information Update on the consolidated financial results of the Company (i.e. Marico Limited and its Subsidiaries) for the quarter and half year ended September 30, 2018.

The same is being made available on the website of the Company at:
<http://marico.com/india/investors/documentation/quarterly-updates>

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 Q2FY19 (Quarter ended September 30, 2018)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q2FY19	Growth	H1FY19	Growth
Revenue from Operations	1,837	20%	3,864	20%
EBITDA	294	14%	649	11%
EBITDA Margin (%)	16.0%	Down 85 bps	16.8%	Down 130 bps
Profit After Tax	214	18%	470	14%
India Volume Growth (%)		6%		9%
Overall Volume Growth (%)		6%		8%

In Q2FY19, Revenue from Operations grew by 20% YoY to INR 1,837 crore (USD 262 million), with an underlying volume growth in the India business of 6% (on a healthy base of 8%). While overall consumption trends seemed normal, volume growth in the India business was dampened by a double-digit volume decline in CSD sales. Underlying volume growth ex-CSD was 7%. Value growth for the quarter was driven by price hikes taken in the core portfolios in response to rising input costs. While copra prices are now in correction mode, crude derivatives and edible oil price tables have moved up. The decline in gross margins moderated to 293 bps on a YoY basis.

The International business posted a broad-based constant currency growth of 11%, led by volume growth of 8%.

At its meeting held on November 1, 2018, the Board of Directors of the Company has declared an interim dividend of 200% (INR 2.00 per share) on its paid up equity share capital of INR 129.09 crores, up from 175% last year.

Other highlights relating to the performance are as follows:

- The Company's focus on innovation and premiumization landed some first-of-its-kind products into the market during the quarter, namely, **True Roots**, a botanical hair tonic that delays hair greying from its roots and **Nihar Naturals Extra Care**, a hair fall control oil which brings forth the traditional recipe of soaking seeds in oil prior to application. In addition, innovations in Premium Hair Care and Healthy Foods gained momentum.
- Sustained offtake growth coupled with market share gains affirmed the underlying strength of the franchise.
- **The trend of rural growth outpacing urban growth sustained during the quarter.** The momentum in **Modern Trade and E-Commerce** also sustained. However, CSD played spoilsport, posting a double-digit volume decline.
- **Parachute Rigids** grew by 8% in volumes. With a volume market share of ~59%, the Coconut Oil franchise continued to gain market share on a MAT basis as offtakes grew ahead of the category.
- **Value Added Hair Oils (VAHO)** had a softer quarter, registering 5% volume growth, due to a sharp decline in CSD sales. Volume growth ex-CSD was 10%. The portfolio consolidated its volume market share at ~34% and value market share at ~26% (Sep 2018 MAT).
- **Saffola Edible Oils** posted a volume growth of 5%, as we shape a path to sustainable growth. **Healthy Foods** continued the momentum, growing by 35% in value terms. **Saffola Masala Oats** expanded its value market share to 70% (Sep 2018 MAT) in the flavoured oats category.
- **Premium Hair Nourishment** and **Male Grooming** continued to exhibit strength, recording value growth of 66% and 32%, respectively.
- **International business** posted a constant currency growth of 11%, backed by healthy growth across regions. Vietnam, which was lagging for over a year, bounced back to double-digit growth on a constant currency basis.
- **Advertising & Sales Promotion** spends was at 9.6% of Sales vs 8.2% of Sales in Q1FY19 and was up 11% on a YoY basis.
- **EBITDA margin at 16.0%**, contracted by 85 bps YoY. Margin guidance for FY19 is retained at 17-18%.

Summary of value growth across Businesses:

Categories/Businesses	Q2FY19	H1FY19	Share of Group's FY18 Turnover
FMCG Business	20%	20%	
India	20%	21%	78%
International	18%	14%	22%

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Market Shares in Key Categories - Basis Moving Annual Total (MAT) – September 2018

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Coconut Oils (India)	59%	1 st	^Parachute Coconut Oil (Bangladesh)	87%	1 st
^Saffola – Super Premium Refined Oils in Consumer Packs (India)	71%	1 st	^Post wash Leave-on Serums (India)	78%	1 st
^Value Added Hair Oils (India)	34%	1 st	*Hair Creams/Gels (India)	62%	1 st
^Value Added Hair Oils (Bangladesh)	22%	2 nd	*X-Men Male Shampoo (Vietnam)	39%	1 st
*X-Men Male Deodorants (Vietnam)	30%	2 nd	*Saffola Oats (India)	29%	2 nd

^Volume Market Share *Value Market Share

India Business

The FMCG Business in India achieved a turnover of INR 1,439 crore (USD 205 million), a growth of 20% over the same period last year.

Volume growth during the quarter was 6%, lower than the medium term aspiration, largely due to a significant decline in CSD sales. Volume growth ex-CSD was 7%. Value growth for the quarter was driven by price hikes taken in the core portfolios to counter the input cost inflation over the last year.

The operating margin during Q2FY19 was 18.0% before corporate allocations as against 19.3% for the same period last year. The pressure on margins was gross margin led due to consumption of higher cost copra inventory during the quarter and inflation in other commodities, which was partially offset by price hikes and operating leverage benefits. The Company will continue to focus on a balanced approach towards volume growth and profitable margins. In the medium term, the Company would be comfortable at 20% plus EBITDA margins.

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

Categories	Q2FY19		H1FY19		% of FY18 India Business Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	32%	8%	35%	8%	36%
Value Added Hair Oils portfolio	12%	5%	12%	10%	26%
Saffola (Refined Edible Oil)	9%	5%	9%	7%	18%

Parachute Coconut Oil: Medium term volume growth potential getting affirmed

In Q2FY19, Parachute Rigid packs (packs in blue bottles) posted a volume growth of 8%, led by higher category growth and stronger offtakes in non-core markets. The portfolio grew 32% in value terms owing largely to price hikes taken during the previous year. The Coconut Oil franchise (includes Nihar Naturals and Oil of Malabar) strengthened its leadership on the back of healthy offtake growth, consolidating its volume market share at 59% (Sep 2018 MAT).

Of the total coconut oil market, approximately 30-35% in volume terms is in loose form. This loose 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, the Company expects to deliver 5-7% volume CAGR over the medium term.

Saffola: Gradual Recovery in Edible Oils underway; Momentum in Foods sustained

The Saffola refined edible oils franchise grew 5% in volume terms during the quarter. The franchise appears to be responding to the concerted efforts taken towards reinvigorating this segment. The brand has been gaining traction in Modern Trade and E-Commerce.

In addition to tactical inputs towards improving the consumer value proposition, the Company upped media investments in the brand during the quarter.

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We also launched the **Saffolalife World Heart Day for 2018**, a digital and PR campaign to drive heart health awareness in select target markets.

Consequently, the brand strengthened its leadership position in the super premium refined edible oils segment to ~71% volume market share (Sep 2018 MAT).

The **Healthy Foods** franchise posted value growth of 35% in Q2FY19. Growth in **Saffola Masala Oats (SMO)** has been spurred by the continued promotional campaign which highlights its health supremacy over instant fried noodles. The brand continued the uptrend in its value market share, now holding ~70% in the flavoured oats category (Sep 2018 MAT).

In line with the philosophy of adding excitement to the category by regularly introducing new variants, the Company launched the **Mumbai Pav Bhaji variant of Saffola Masala Oats** in a few select markets.

We continue to expand the prototyping of **Saffola Masala Oats vending machines** in corporate offices, gyms and hospitals in Mumbai, Pune and New Delhi. We have placed more than 250 vending machines currently, reaching ~100,000 consumers across 120 commercial establishments in these cities.



The initial response to the prototype of **Saffola Active Soups** in Mumbai has been encouraging, although below internal action standards. We aim to drive further saliency through additional marketing and distribution initiatives.

The growing consumer trend towards healthier culinary choices and the strong brand equity continue to lend confidence in the medium term potential of the Saffola franchise.

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

Value Added Hair Oils: Volume Growth ex-CSD in line with medium term aspiration; Nihar Naturals Extra Care Hair Fall Control Oil launched

Value Added Hair Oils registered a volume growth of 5%, lower than the medium term aspiration, due to a steep decline in CSD sales. Volume growth in Value Added Hair Oils ex-CSD was at 10%. The Company consolidated its market leadership with a volume share of ~34% and value share of ~26% (Sep 2018 MAT).

Nihar Naturals Shanti Amla Badam strengthened its volume market leadership in the Amla Hair Oil category, and in the process, further cemented its position as **“India’s No. 1 Hair Oil”**. The renewed advertising campaign and the association of the brand with a societal purpose of girl child education augmented the brand image. During the previous quarter, the Company had also initiated its flagship micromarketing activity, **School Contact Program**, in about 2000 villages across the states of Uttar Pradesh, Bihar, Madhya Pradesh & Chattisgarh. By consistently increasing the number of rural consumers that the brand touches, its market share is expected to strengthen in the coming quarters.

The Company will continue to invest behind **Nihar Naturals Sarson Kesh Tel**, which taps into the sizeable unorganised mustard oil market. The Company’s rural GTM initiatives hold it in good stead to make the most of this opportunity.

Parachute Advansed Aloe Vera Enriched Coconut Hair Oil continued its good run in Q2FY19. The brand has made healthy progress in its chosen markets of Maharashtra and southern India. The Company will scale up the footprint gradually over the next few quarters.

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During the quarter, the Company launched **Nihar Naturals Extra Care Hair Fall Control Oil**, an innovative product which brings alive the age-old recipe of soaking seeds in oil. The light hair oil comes with a unique bottle cap, which carries a potent mix of Activ-seeds which are known to reduce hair-fall. The recipe involves soaking Til (Sesame), Methi (Fenugreek), Sarson (Mustard), Kalonji (Nigella) and Lauki (Bottle Gourd) seeds in the oil. This hassle-free technique makes it possible to enjoy the benefit of this age-old method every day. The product has been launched in West Bengal.



Premium Hair Nourishment: Growth heading in the right direction; First-of-its-kind Anti-Greying Botanical Hair Tonic launched under a new brand “True Roots”; New variants in Serums also launched

Premium Hair Nourishment (Livon and H&C Silk n Shine) grew 66% in value terms during the quarter.

Livon Serums registered strong growth during the quarter. With a reach of more than 1 lac stores, sachets are emerging as a key pack in ensuring accessibility and are generating more than 70% of brand trials. Livon Serums continued to witness higher growth in Modern Trade and E-Commerce.

The new marketing campaign for Livon Serums ‘**Salon in my bag**’ focuses on delivering salon finish hair on demand for millennials. With a media plan focusing on creating impact, the campaign reached out to more than 20 mn girls in age group of 18-35 across all youth channels & digital platforms like Facebook, Instagram & YouTube.

Being the market leader with a volume share of ~78% (Sep 2018 MAT) in Post wash Leave-on Serums, the Company continues to focus on innovation and consumer engagement to drive category growth. During the quarter, the Company launched variants of Livon Serums specifically formulated for common hair care needs – **Livon Serums for Dry and Unruly Hair, Livon Serum Colour Protect** and **Livon Shake and Spray Serum**.



We are monitoring the initial response to **Livon Hair Gain Tonic**. The brand’s new marketing campaign - “Improves hair density in 45 days”, has been received well.

During the quarter, the Company launched a first-of-its-kind **botanical hair tonic under a fresh brand – “True Roots”**, which tackles the common consumer problem of premature hair greying. The product offers a formulation of Apigenin (extracted from Chamomile flowers) as the key ingredient in addition to other herbs, which has been proven to increase the melanin (natural pigment which lends the dark colour to hair) content in hair roots, thereby delaying the greying of hair. The product has been currently launched exclusively on Flipkart.

The initial response to **Parachute Advanced Coconut Crème Oil range**, launched in Q1FY19, has been encouraging. The range will be extended to more markets soon.



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Male Grooming: Growth momentum building; Initial response to recent innovations encouraging

The Male Grooming franchise grew 32% in value terms during the quarter.

Set Wet Hair Gels continued to dominate on the back of its **57% value market share** in the Hair Gels category. The brand has launched a new campaign “**Jal Nahi Gel**” (translates: “Use Gel instead of Water to Set the Hair”) and will continue to drive growth through consumer engagement.

The recently launched affordable pocket perfume spray, **Set Wet Go** (priced at INR 49), has been gaining traction across all the launch markets. It is now one of the top 3 players in the budget perfumery segment. The Company will continue to innovate in this space in order to drive saliency.

The post launch response to the Company’s first exclusively digital brand, **Set Wet Studio X**, has been promising. The association of the brand with the India Fashion Week in New Delhi yielded strong online engagement.

The initial response to **Set Wet Hair Waxes**, launched in FY18, has been satisfactory. The product has been launched on E-Commerce and in select regions of Mumbai, Punjab, Delhi, Kerala, NER and Haryana.

On gaining significant traction in Karnataka and Kerala, **Parachute Advansed Men Range** has been extended to Maharashtra and Andhra Pradesh as well.

The Company aims to maintain a consistent value growth trajectory in this portfolio in FY19.

Input Costs and Pricing

During the quarter, the average market price of copra was up 6% Y-o-Y, but down 12% sequentially.

Other key inputs - Rice Bran Oil, Liquid Paraffin (LLP) and HDPE (a key ingredient in packaging material) were up 20%, 26% and 29%, respectively, on a Y-o-Y basis as crude oil derivatives and edible oils price tables moved up. Safflower Oil was down 1%.

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

In Q2FY19, rural growth continued to outpace urban growth. Rural sales grew by 24% while urban sales grew by 11% in value terms. Modern Trade (11% of the India turnover in FY18) grew by 39%, while CSD (7% of the India turnover in FY18) declined by 3% in value terms.

With the growing relevance of the Digital marketplace, E-commerce (over 1% of India Turnover in FY18) has become an integral pivot of growth. This business more than quadrupled during the quarter, albeit on a low base. E-Commerce is expected to contribute more than 2% of the India Business in FY19.

Sales Transformation Initiatives

To augment Sales Capabilities, the Company has been investing behind Analytics to drive decision making. The Company has also ventured into predictive analytics, which predicts the churn likely to happen in its infrastructure over the next 3 months, thereby taking proactive measures to retain the same.

We also rolled out a tool called Infra Quotient to measure the health of our infrastructure across a comprehensive set of parameters like quality, stability, capability, Commercial, Supply Chain, IT and Sales KPIs. We are now taking active steps to improve the Infra Quotient scores across the country.

The Company has also deployed socio-economic clustering which generates SKU recommendations to enable higher assortment selling in outlets.

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International Business

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

Particulars	Q2FY19	H1FY19
Turnover (INR Crore)	398	797
Reported Growth	18%	14%
Constant Currency Growth	11%	9%
Exchange Rate impact	7%	5%

In Q2FY19, Marico's International business grew by 11% in constant currency terms backed by a volume growth of 8%. The operating margin (before corporate allocations) was at 18.0% in Q2FY19 against 18.5% in Q2FY18. A&P spends perked up during the quarter. The Company aims to maintain international margins at ~16-17% and continue to invest and plough back savings to drive growth.

Bangladesh (45% of the International Business)

In Bangladesh, topline grew by 10% in Q1FY19 (volumes up 3%) in constant currency terms.

Parachute Coconut Oil grew by 1% in constant currency terms, while maintaining the leadership position with ~87% volume market share. With the category having matured in this market, the Company should still be able to grow this franchise in single-digits on a constant currency basis over the medium-term on the back of its dominant position, distributive strength and consumption growth.

The non-Coconut oil portfolio in Bangladesh grew by 40% in constant currency terms in Q2FY19. This was led by growth in Value added Hair Oils, driven by the flagship brand, Parachute Advanced Beliphool and Parachute Advanced Extra Care. Currently in a firm second position with a market share of ~22%, we aim to gain market leadership in this category in the medium term. Saffola Edible Oil and Set Wet Gels continued to show promise during the quarter.

The non-Coconut Oil portfolio in Bangladesh constituted ~26% of the total business in Bangladesh in FY18 compared to 10% a few years ago. The Company is leveraging its strong distribution network and learnings from the India market to quickly scale up its new product introductions in Bangladesh. With this, the non-coconut oil portfolio is likely to become ~30-35% over next two to three years.

Consequent to the above, the Company is confident of delivering double-digit constant currency growth in this geography in the medium term.

South East Asia (26% of the International Business)

Business in South East Asia (mainly Vietnam and Myanmar) recovered to grow by 14% in constant currency terms during the quarter.

After a lackluster performance in the last five quarters, **Vietnam** demonstrated positivity by posting 13% growth in constant currency terms. Both Male Shampoos and Male Deodorants led the Home and Personal Care (HPC) business to 19% constant currency growth as the flagship brand 'X-Men' maintained its leadership position in the segment. A new communication for the X- Men Shampoo themed "Real Men Take Risks" has been launched in July 2018 towards making the brand relevant for young unisex users.

Further, to diversify the portfolio, the business has launched a female grooming range under a new brand '**Sedure**' during the quarter. The range offers shower gels, EDT deodorants and roll-on deodorants with alluring fragrances for the confident and independent woman of today.

Myanmar grew healthily in constant currency terms during the quarter. The business continues to show potential.



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Middle East and North Africa (MENA) (14% of the International Business)

The MENA business grew by 19% in constant currency terms in Q2FY19. Both Egypt and the Middle East businesses posted double-digit volume growth during the quarter. The MENA business has grown in double-digits for four quarters in a row. However, the macros continue to be tough. As a result, we remain cautiously optimistic about the medium term outlook on these markets.

South Africa (9% of the International Business)

While the standalone business had a flattish quarter, the South Africa business (including Isoplus) posted a growth of 18% in Q2FY19 in constant currency terms. The macro headwinds are very strong and we will show resilience to stay afloat.

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

With expansion in adjacent markets such as Sri Lanka, Nepal, Bhutan, exports to diaspora and other markets generated revenues of ~USD 11 million in FY18. While this business had a soft quarter in Q2FY19 in constant currency terms, the Company remains positive on the future prospects of this business.

Note: The country wise contribution to International Business revenue is based on FY18 turnover.

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues (gross of excise duty)	Q2FY19	Q1FY19	Q2FY18	H1FY19	H1FY18	FY18
Material Cost (Raw + Packaging)	56.0	57.7	53.1	56.9	52.8	53.0
Advertising & Sales Promotion (ASP)	9.6	8.2	10.3	8.8	10.0	9.2
Personnel Costs	6.2	5.7	7.0	5.9	6.7	6.7
Other Expenses	12.2	10.9	12.7	11.5	12.5	13.1
PBDIT margins	16.0	17.5	16.9	16.8	18.1	18.0
PBDIT before ASP	25.6	25.7	27.2	25.7	28.1	27.2

- During the quarter, the average market price of Copra was 6% higher on a Y-o-Y basis. Similarly, Rice Bran Oil, Liquid Paraffin (LLP) and HDPE were up 20%, 26% and 29% respectively, while Safflower Oil was down 1%. The consumption prices may differ from market prices depending on the stock positions the Company has taken.
- ASP spends to sales ratio during the quarter was 9.6%. Some savings have accrued to the Company through driving efficiencies in A&P spends, the significant impact of which will be felt in the coming quarters. However, ASP will be stepped up to circa 10% of Sales to support forthcoming innovations in the medium term on an annualized basis.
- Personnel Costs grew by 7%, on account of annual salary revisions.
- The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses). Other expenses are likely to remain in the range of 12-14% of Turnover in the medium term. Fixed Expenses include items such as rent, professional charges, foreign exchange losses and donation. Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, etc. Variable Expenses have increased by 20% YoY, much ahead of volume growth, due to cost escalations.

Other Expenses	Q2FY19	Q2FY18	% variation
Fixed	68.7	67.1	2.4%
Variable	155.0	128.7	20.4%
Total	223.7	195.8	14.2%

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

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Capital Expenditure and Depreciation

The estimated capital expenditure in FY19 is likely to be around INR 125–150 crore (USD 18-22 million). Depreciation during Q2FY19 was INR 22.4 crore (USD 3.2 million) compared to INR 23.5 crore (USD 3.7 million) in Q2FY18.

Direct Taxation

The Effective Tax Rate (ETR) in Q2FY19 was 26.2% as compared to 26.8% in Q2FY18. The expected ETR for FY19 is 26-27%.

It should be noted that this tax rate is basis the accounting charge in the P&L account. The Company will continue to pay basis MAT and therefore from the cash flow point of view, there is no change. The current MAT credit of about INR 3.66 Crore as of 30th September, 2018 is expected to be utilised by the Company over the next few years.

Capital Utilization (Marico Consolidated)

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

Ratio	Q2FY19	Q2FY18
Return on Capital Employed	36.8%	35.0%
Return on Net Worth	29.3%	27.4%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	27	23
- Inventory Turnover (Days)	63	70
- Net Working Capital (Days) including surplus cash	43	37
Debt: Equity (Group)	0.11	0.10
Finance Costs to Turnover (%) (Group)	0.3%	0.2%

* Turnover Ratios calculated on the basis of average balances

- The variation in ratios is due to:
 - The rise in ROCE is because of healthy growth in EBIT.
 - Lower inventory turnover and higher debtor turnover are due to higher sales in current year.
 - Increase in net working capital days is primarily on account of increase in Input Tax Credit Receivable.
- The Net Debt position of the Marico Group as of September 30, 2018 is as below:

Particulars (INR Crores)	Sep 30, 2018	Jun 30, 2018	Sep 30, 2017
Gross Debt	325	327	275
Cash/Cash Equivalents and Investments (Marico India: INR 994 Crore & Marico International: INR 230 Crore)	1,224	1,007	1,257
Net Debt/(Surplus)	(899)	(680)	(982)
Foreign Currency Denominated out of the total gross debt	198	205	165
Foreign Currency Debt as a % age of Gross Debt	61%	63%	60%
Rupee Debt out of the total gross debt	127	122	110
Total Debt Payable within One year	308	310	256
Average Cost of Debt (%): Pre tax	4.9%	5.2%	4.2%

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.

- During the current year, the Company continues to generate steady cash. The net surplus of the Group as at 30th September, 2018 is about **INR 899 Crore** (Gross debt of INR 325 Cr. & Gross Investments of INR 1,224 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, company will continue to maintain a healthy dividend payout. The overall dividend payout ratio in FY18 stood at **78%** of the consolidated profit after tax.

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Awards

- Marico was recognized in the Globetrotters category at the Pitch Top 50 Brands Awards 2018.
- Marico's CQA team received a 'Special Recognition' at the Sixth CII National Excellence Practice Competition 2018 in the Services and Manufacturing category. The team was awarded for its initiative 'CONnect', a part of the Company's best practices to drive consumer engagement and satisfaction.

Marico's Growth Philosophy

Over the medium term, Marico aspires to be an admired emerging market MNC with leadership in two core categories of nourishment and male styling in 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. Towards this goal, the Company has identified 5 areas of Transformation where it will develop top quartile capability, processes and execution excellence ahead of growth - Innovation, Go to Market transformation, Talent Value Proposition, IT & Analytics 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 the anniversarisation of GST and business conditions having normalized amidst a stable macro environment, we expect consumption growth to trend favorably. Though inflation trends have remained benign so far, food inflation remains a key monitorable for the FMCG sector.
- Rural growth has now outpaced urban growth in the last 5 quarters. However, monsoons have not exited some pockets of the country on a cheery note. Therefore, the progress in rural demand trends will have to be closely monitored in conjunction with any supportive measures of the Government.
- The India business registered a volume growth of 9% in H1FY19, despite the decline in CSD sales in Q2. For FY19 and beyond, the Company is confident of delivering 8-10% volume growth coupled with healthy market share gains, on the back of increased investment in the core portfolio, aggressive new product launches, distribution expansion & judicious pricing.
- With copra prices having eased, margins in the CNO franchise are expected to gradually improve from H2FY19. However, the cost push in other key inputs (Rice Bran Oil, LLP and HDPE) and increased ASP investment will put some pressure. Overall, operating margins of the India business may inch up towards 20% in H2.
- In **Parachute Rigids**, the Company aims to grow volumes in the range of 5-7% in the medium term.
- In **Value Added Hair Oils**, the Company aims to growing this franchise at a double-digit volume growth on the back of growth in the core portfolio, the drive towards premiumisation and scale-up of new launches.
- **Saffola Edible Oils** had a reasonable H1 on the back of focused marketing initiatives. The Company aims to revert to a healthy growth trajectory over the next 2-3 quarters through continued efforts in the direction. In the medium-term, the Company expects to get back to high single digit volume growth in this category.
- In **Healthy Foods**, the Company will continue to innovate and launch tasty and healthy snacking options for the consumer, thereby maintaining the healthy double digit growth momentum in the medium term.
- We aim to build **Premium Hair Nourishment** and **Male Grooming** into growth engines of the future and expect to deliver value growth of 20% plus CAGR in the medium term in these portfolios.
- The Company will also gradually create dedicated premium product offerings suited to **Modern Trade and E-commerce channels** to continue growing aggressively in these channels.
- The Company's Go-To-Market (GTM) strategy will be focused on improving the width and depth of its distribution. Strategic initiatives in sales and supply chain will aim at ushering in efficiencies in selling and GTM. The Company will renew its efforts towards enhancing its GTM capabilities in salons, pharmacy chains, cosmetics and specialty food outlets.

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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.
- The Company is aggressively investing in the E-Commerce business and expects it to contribute more than 3% of the India business in the next couple of years.

Marico International

- Over the last three 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 each of these markets is 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. Towards portfolio diversification, the business has launched a female grooming range under a new brand 'Sedure'. **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.
- The **South Africa** business will leverage the acquisition of Isoplus to gain scale and grow profitably, while protecting and growing the core business of ethnic hair and health care.
- The Company will continue to invest in developing new countries and scale the business profitably.
- We expect to clock an organic broad-based double-digit constant currency growth in the near to medium term.
- We aim to maintain the guidance of 16-17% operating margins over the medium term with an upward bias.
- 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)

- The Company will aim for a volume growth of 8-10% and a topline growth of 13-15% (depending on inflation) in the medium term.
- Investments towards brand building will be stepped up to support market growth initiatives in core categories and expansion into adjacent categories. The Company will also aggressively invest behind the recent innovations and a visibly strong pipeline for the next 2-3 years. Consequently, A&P spends is expected to gradually move towards ~10% 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.
- Operating margin is expected to be maintained in a band of 17-18% over the medium term. In the near term, the Company has chosen to focus on volume growth and market share gains over short term profitability. However, we expect to meet our earnings growth guidance over the medium term.
- Marico believes that social, environmental and economic values are interlinked and we belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. Our stated purpose is to **"Make a Difference"** by ensuring a positive impact of our existence on all stakeholders. A firm has to work closely with its ecosystem to create a sustainable & inclusive growth for all. We have a focused approach in identifying sustainability goals in line with our business strategy and purpose. CSR initiatives are an integral part of our sustainability efforts and Marico is committed to making a sustainable impact on the society.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q2FY19 (Quarter ended September 30, 2018)

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	
	Q2FY19	Q2FY18
1. Segment Revenue		
i. India	1,439	1,200
ii. International	398	336
2. Segment Result (Profit before Interest and Tax and exceptional items)		
i. India	246	218
ii. International	71	58
3. Segment Result as % of Segment Revenue (PBIT)		
i. India	17.1%	18.2%
ii. International	17.7%	17.3%
3. Capital Employed (Segment Assets - Segment Liabilities)		
i. India	1,240	921
ii. International	768	649

Note 1: The Segment Result as a % of Segment Revenue of the India business decreased in Q2FY19 due to increase in the input costs.

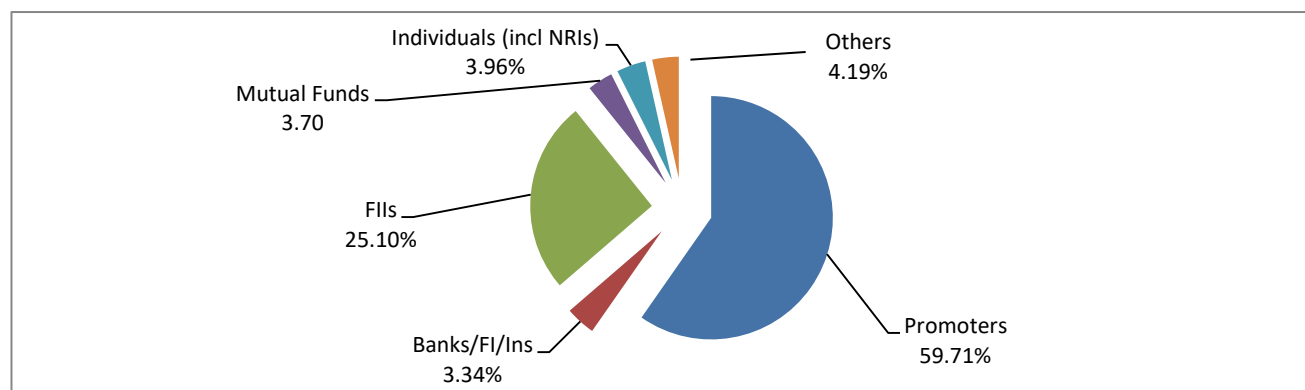
Note 2: The rise in Capital Employed is due to capital expenditure incurred and increased working capital on account of inflation-led increase in inventory and debtors & higher input tax credit receivable.

Note 3: 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 Q2FY19 (Quarter ended September 30, 2018)

Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on September 30, 2018 is as given in the graph below:

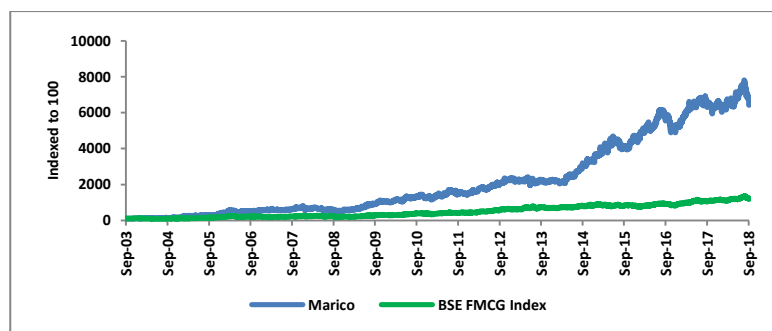


Details of ESOPs as on September 30, 2018:

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	2,549,130	240,010	Nil	2,309,120

Options pending to be exercised are less than 0.2% 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 42,664 crore (USD 5.9 billion) on September 30, 2018. The average daily volume on BSE and NSE during Q2FY19 was about 2,095,787 shares.

Marico – Information Update for Q2FY19 (Quarter ended September 30, 2018)

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-17	13,338	9,617	1,216	547	39	101
Aug-17	14,472	10,560	1,320	578	39	97
Sep-17	15,996	11,826	1,302	610	38	97
Oct-17	16,078	12,043	1,287	563	42	99
Nov-17	16,936	12,513	1,281	597	46	99
Dec-17	19,132	14,172	1,409	583	48	101
Jan-18	19,187	14,433	1,474	583	50	106
Feb-18	18,938	14,021	1,454	591	47	115
Mar-18	17,378	12,637	1,313	620	47	118
Apr-18	18,363	13,629	1,312	639	47	118
May-18	18,081	13,002	1,319	652	47	126
Jun-18	17,139	12,150	1,288	678	48	127
Jul-18	16,792	11,910	1,271	693	49	127
Aug-18	16,404	11,535	1,271	689	48	127
Sep-18	15,433	10,496	1,271	698	50	127
Q2FY19 vs Q2FY18	11%	6%	-1%	20%	26%	29%
Q2FY19 vs Q1FY19	-9%	-12%	-3%	6%	3%	3%

*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-17	20	32	83	159	195	140	155	135
Aug-17	20	32	83	159	195	130	150	130
Sep-17	20	32	83	159	195	130	150	130
Oct-17	20	36	89	175	195	130	150	130
Nov-17	20	36	89	175	195	130	150	130
Dec-17	20	36	89	175	195	130	150	130
Jan-18	20	39	105	199	195	130	150	130
Feb-18	20	39	105	199	195	130	150	130
Mar-18	20	39	105	199	195	130	150	130
Apr-18	20	39	105	199	195	130	150	130
May-18	20	39	105	199	200	135	150	130
Jun-18	20	39	105	199	200	135	150	130
Jul-18	20	39	105	199	200	135	159	130
Aug-18	20	39	105	199	200	135	159	130
Sep-18	20	39	105	199	200	135	159	130

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

Marico – Information Update for Q2FY19 (Quarter ended September 30, 2018)

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

Coconut Oil					
Parachute Rigids	20% Extra	500 ml	August	Extra Volume	National
Saffola Edible Oils					
Saffola Active	INR 15 off	1 ltr	July	Price-off	National
Saffola Active	1 ltr Free	5 ltr	August	Extra Volume	National
Saffola Gold	Malted Drink Powder Free	1 ltr	Sept	Free Item	National
Saffola Total	1 ltr Free	5 ltr	Sept	Extra Volume	National
Healthy Foods					
Saffola Oats	400 gm free	1 kg	July & Sept	Extra Volume	National
Saffola Masala Oats	1 pack free with 4 Packs	39 gm	July	Extra Volume	National
Value Added Hair Oils					
Nihar Naturals	Soap Free	200 ml	Sept	Free Item	National
Parachute Jasmine	Soap Free	200 ml	August	Free Item	National
Nihar Shanti Amla	Soap Free	190 ml	Sept	Free Item	National
Hair & Care	50 ml Free	200 ml	Sept	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 63.3 billion (USD 982 Million) during 2017-18. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Parachute Advanced, Nihar Naturals, Mediker, True Roots, Revive, Set Wet, Livon, Fiancée, HairCode, Caivil, Black Chic, Isoplus, Code 10, Ingwe, X-Men, Sedure and Thuan Phat. 90% of Marico's portfolio of brands occupies 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 Kanjikode, Perundurai, Puducherry, Paonta Sahib, Baddi, Jalgaon, and Guwahati 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 15.5 crore packs every month through about 4.9 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 Q2FY19 (Quarter ended September 30, 2018)

Financial Highlights

Particulars (INR/crores)	FY14	FY15	FY16	FY17	FY18
Revenue from Operations	4,687	5,733	6,024	5,936	6,333
Material Cost	2,399	3,119	3,078	2,849	3,359
Personnel Cost	285	325	373	404	422
ASP	561	650	693	659	586
Other Costs	693	769	829	864	828
Profit Before Tax	695	822	1,029	1,150	1,117
Net Profit (PAT)	485	573	711	799	814
Earnings per Share (INR)	7.5	8.9	5.5*	6.2*	6.3*
Book Value per Share (INR)	21.1	28.3	15.6*	18.0*	19.7*
Net Worth	1,361	1,825	2,017	2,326	2,543
EBITDA%	16.0%	15.2%	17.5%	19.5%	18.0%
ROCE %	32%	39%	45%	47%	42%

Note: FY13 includes Kaya.

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

*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

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 Harsh Rungta Manager – Investor Relations (harsh.rungta@marico.com)

Marico – Information Update for Q2FY19 (Quarter ended September 30, 2018)

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 of 70.1, being the average rate for 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.