



# FY 16 IND-AS FINANCIALS

5th August 2016

Analyst Presentation

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# Background

## INDIAN ACCOUNTING STANDARDS (IND-AS) IMPACT ON FY16 MARICO CONSOLIDATED NUMBERS

### APPLICABILITY OF IND-AS

- Ministry of Company Affairs (MCA) decided to migrate to global accounting standards and converge with International Financial Reporting Standards (IFRS).
- MCA vide circular dated 16 February, 2015 notified that Ind-AS shall be mandatorily applicable for companies whose net worth is Rs. 500 crore or more as on 31-Mar-2014 and holding, subsidiary, joint venture or associates of those companies.
- **Marico's net worth (at standalone level) was more than Rs 500 Crore as at 31<sup>st</sup> March 2014 and hence Ind-AS applies to Marico's consolidated and standalone financial statements.**

### IND AS Impact

- Effective 1<sup>st</sup> April 2016, the Company has adopted Ind-AS, the new accounting standards.
- Consequently the financial performance for Q1 FY17, Q4 FY16, FY16 and Q1 FY16 has been **re-stated** in conformity with Ind-AS. Till Q4 FY16, the financial performance was being reported under IGAAP.
- This presentation facilitates a reconciliation between the numbers reported last year and the numbers **re-stated** as per Ind-AS explaining the key reasons for the differences for each of the four quarters and the full year.

# IND-AS Adjustments Q1 FY 16



Rs Crores

## Notes

Particulars	Note Reference	IGAAP	Ind AS	Adjustments
		Q1 FY16	Q1 FY16	Q1 FY16
<b>Total Income from operations</b>	<b>1</b>	<b>1,783</b>	<b>1,750</b>	<b>(33)</b>
(a) Cost of materials consumed	1 & 2	962	966	4
(b) Employee benefits expense	3	91	98	7
(c) Depreciation and amortisation expense	4	21	19	(2)
(d) Advertisement and Sales promotion (ASP)	1 & 2	195	171	(24)
(e) Other expenses	1	209	196	(13)
<b>Profit / (Loss) before Other Income, Finance costs &amp; exceptional items</b>		<b>305</b>	<b>299</b>	<b>(5)</b>
Other Income		32	32	0
<b>Profit / (Loss) before Finance costs &amp; Exceptional items</b>		<b>336</b>	<b>331</b>	<b>(5)</b>
Finance costs		4	5	0
<b>Profit / (Loss) before Tax</b>		<b>332</b>	<b>327</b>	<b>(5)</b>
Tax expense	5	90	98	8
Non-controlling interests		4	4	0
<b>Net Profit / (Loss) for the period</b>		<b>238</b>	<b>225</b>	<b>(13)</b>
Other Comprehensive Income (OCI)		-	(1)	(1)
<b>Total Comprehensive Income</b>		<b>238</b>	<b>224</b>	<b>(14)</b>

### 1. Reclassification of cost items to be netted off from Sales:

- Consumer Offers classified as ASP earlier, now netted off from Sales : Rs 22 Crore
- Distributor reimbursement classified as Other Expense earlier, now netted off from Sales : Rs 13 Crore
- Excise Duty netted off from Sales earlier, now added to Cost of Material Consumed : Rs 2 Crore

### 2. Cost of Material Consumed:

- Consumer Offer of own goods now reclassified from ASP to Cost of Material Consumed : Rs 2 Crore

### 3. Employee Benefit Expense:

- Fair Value charge on account of Share based payouts recognized in P&L : Rs 8 Crore
- Actuarial valuation on Defined Benefit Plan now reclassified to OCI : Rs 1 Crore

### 4. Depreciation & Amortization Expense:

- Brand Amortization charge now reversed : Rs 2 Crore

### 5. Tax Expense:

- Deferred Tax on Undistributed Reserve : Rs 7 Crore
- Deferred Tax on others : Rs. 1 Crore

# IND-AS Adjustments Q2 FY 16



Rs Crores

## Notes

Particulars	Note Reference	IGAAP	Ind AS	Adjustment
		Q2 FY16	Q2 FY16	Q2 FY16
<b>Total Income from operations</b>	<b>1</b>	<b>1,485</b>	<b>1,453</b>	<b>(32)</b>
(a) Cost of materials consumed	1 & 2	755	760	4
(b) Employee benefits expense	3	85	82	(4)
(c) Depreciation and amortisation expense	4	24	22	(2)
(d) Advertisement and Sales promotion (ASP)	1 & 2	216	191	(26)
(e) Other expenses	1 & 5	199	190	(9)
<b>Profit / (Loss) before Other Income, Finance costs &amp; exceptional items</b>		<b>206</b>	<b>210</b>	<b>4</b>
Other Income		14	14	0
<b>Profit / (Loss) before Finance costs &amp; Exceptional items</b>		<b>220</b>	<b>224</b>	<b>4</b>
Finance costs		4	4	0
<b>Profit / (Loss) before Tax</b>		<b>216</b>	<b>221</b>	<b>4</b>
Tax expense	6	62	68	5
Non-controlling interests		3	3	0
<b>Net Profit / (Loss) for the period</b>		<b>151</b>	<b>150</b>	<b>(1)</b>
Other Comprehensive Income (OCI)		-	(1)	(1)
<b>Total Comprehensive Income</b>		<b>151</b>	<b>149</b>	<b>(2)</b>

- 1. Reclassification of cost items to be netted off from Sales:**
  - Consumer Offers classified as ASP earlier, now netted off from Sales : Rs 23 Crore
  - Distributor reimbursement classified as Other Expense earlier, now netted off from Sales : Rs 11 Crore
  - Excise Duty netted off from Sales earlier, now added to Cost of Material Consumed : Rs 2 Crore

- 2. Cost of Material Consumed:**
  - Consumer Offer of own goods now reclassified from ASP to Cost of Material Consumed : Rs 2 Crore

- 3. Employee Benefit Expense:**
  - Fair Value gain on account of Share based payouts recognized in P&L : Rs 3 Crore
  - Actuarial valuation on Defined Benefit Plan now reclassified to OCI : Rs 1 Crore

- 4. Depreciation & Amortization Expense:**
  - Brand Amortization charge now reversed : Rs 2 Crore

- 5. Other Expenses:**
  - Fair Value on Financial Instruments recognized in P&L : Rs 2 Crore

- 6. Tax Expense:**
  - Deferred Tax on Undistributed Reserve : Rs 5 Crore

# IND-AS Adjustments Q3 FY 16



Rs Crores

## Notes

Particulars	Note Reference	IGAAP	Ind AS	Adjustment
		Q3 FY16	Q3 FY16	Q3 FY16
<b>Total Income from operations</b>	<b>1</b>	<b>1,556</b>	<b>1,529</b>	<b>(27)</b>
(a) Cost of materials consumed	<b>1 &amp; 2</b>	750	753	3
(b) Employee benefits expense	<b>3</b>	94	99	4
(c) Depreciation and amortisation expense	<b>4</b>	25	23	(2)
(d) Advertisement and Sales promotion (ASP)	<b>1 &amp; 2</b>	189	168	(20)
(e) Other expenses	<b>1</b>	233	222	(10)
<b>Profit / (Loss) before Other Income, Finance costs &amp; exceptional items</b>		<b>266</b>	<b>264</b>	<b>(2)</b>
Other Income		20	19	(1)
<b>Profit / (Loss) before Finance costs &amp; Exceptional items</b>		<b>286</b>	<b>283</b>	<b>(3)</b>
Finance costs		6	6	0
<b>Profit / (Loss) before Tax</b>		<b>280</b>	<b>277</b>	<b>(3)</b>
Tax expense	<b>5</b>	80	72	(8)
Non-controlling interests		3	3	(0)
<b>Net Profit / (Loss) for the period</b>		<b>198</b>	<b>203</b>	<b>5</b>
Other Comprehensive Income (OCI)		-	(1)	(1)
<b>Total Comprehensive Income</b>		<b>198</b>	<b>202</b>	<b>4</b>

### 1. Reclassification of cost items to be netted off from Sales:

- Consumer Offers classified as ASP earlier, now netted off from Sales : Rs 19 Crore
- Distributor reimbursement classified as Other Expense earlier, now netted off from Sales : Rs 10 Crore
- Excise Duty netted off from Sales earlier, now added to Cost of Material Consumed : Rs 2 Crore

### 2. Cost of Material Consumed:

- Consumer Offer of own goods now reclassified from ASP to Cost of Material Consumed : Rs 1 Crore

### 3. Employee Benefit Expense:

- Fair Value charge on account of Share based payouts recognized in P&L : Rs 5 Crore
- Actuarial valuation on Defined Benefit Plan now reclassified to OCI : Rs 1 Crore

### 4. Depreciation & Amortization Expense:

- Brand Amortization charge now reversed : Rs 2 Crore

### 5. Tax Expense:

- Deferred Tax reversal on Undistributed Reserve : Rs. 7 Crore, due to actual receipt of dividend
- Deferred Tax reversal on Others : Rs 1 Crore

# IND-AS Adjustments Q4 FY 16



Rs Crores

## Notes

Particulars	Note Reference	IGAAP	Ind AS	Adjustment
		Q4 FY16	Q4 FY16	Q4 FY16
<b>Total Income from operations</b>	<b>1</b>	<b>1,307</b>	<b>1,292</b>	<b>(15)</b>
(a) Cost of materials consumed	1 & 2	596	599	3
(b) Employee benefits expense	3	93	95	2
(c) Depreciation and amortisation expense	4	33	31	(2)
(d) Advertisement and Sales promotion (ASP)	1 & 2	186	163	(23)
(e) Other expenses	1	215	220	5
<b>Profit / (Loss) before Other Income, Finance costs &amp; exceptional items</b>		<b>184</b>	<b>183</b>	<b>(1)</b>
Other Income		28	28	0
<b>Profit / (Loss) before Finance costs &amp; Exceptional items</b>		<b>212</b>	<b>211</b>	<b>(1)</b>
Finance costs		7	7	0
<b>Profit / (Loss) before Tax</b>		<b>205</b>	<b>204</b>	<b>(1)</b>
Tax expense	5	64	68	3
Non-controlling interests		2	2	0
<b>Net Profit / (Loss) for the period</b>		<b>138</b>	<b>134</b>	<b>(4)</b>
Other Comprehensive Income (OCI)		-	(1)	(1)
<b>Total Comprehensive Income</b>		<b>138</b>	<b>133</b>	<b>(6)</b>

### 1. Reclassification of cost items to be netted off from Sales:

- Consumer Offers classified as ASP earlier, now netted off from Sales : Rs 21 Crore
- Distributor reimbursement reversal earlier netted from Other Expense now grossed with Sales : Rs 5 Crore
- Excise Duty netted off from Sales earlier, now added to Cost of Material Consumed : Rs 1 Crore

### 2. Cost of Material Consumed:

- Consumer Offer of own goods now reclassified from ASP to Cost of Material Consumed : Rs 2 Crore

### 3. Employee Benefit Expense:

- Fair Value charge on account of Share based payouts recognized in P&L : Rs 4 Crore
- Actuarial valuation on Defined Benefit Plan now reclassified to OCI : Rs 2 Crore

### 4. Depreciation & Amortization Expense:

- Brand Amortization charge now reversed : Rs 2 Crore

### 5. Tax Expense:

- Deferred Tax charge on Others : Rs.3 Crore



# IND-AS Adjustments FY 16



## Notes

Rs Crores

Particulars	Note Reference	IGAAP	Ind AS	Adjustment
		FY16	FY16	FY16
<b>Total Income from operations</b>	<b>1</b>	<b>6,132</b>	<b>6,024</b>	<b>(108)</b>
(a) Cost of materials consumed	1 & 2	3,064	3,078	14
(b) Employee benefits expense	3	364	373	9
(c) Depreciation and amortisation expense	4	102	95	(7)
(d) Advertisement and Sales promotion (ASP)	1 & 2	785	693	(93)
(e) Other expenses	1 & 5	856	829	(27)
<b>Profit / (Loss) before Other Income, Finance costs &amp; exceptional items</b>		<b>961</b>	<b>957</b>	<b>(4)</b>
Other Income		93	93	(0)
<b>Profit / (Loss) before Finance costs &amp; Exceptional items</b>		<b>1,054</b>	<b>1,050</b>	<b>(4)</b>
Finance costs		20	21	0
<b>Profit / (Loss) before Tax</b>		<b>1,034</b>	<b>1,029</b>	<b>(5)</b>
Tax expense	6	297	305	8
Non-controlling interests		12	12	(0)
<b>Net Profit / (Loss) for the period</b>		<b>725</b>	<b>711</b>	<b>(13)</b>
Other Comprehensive Income (OCI)		-	(3)	(3)
<b>Total Comprehensive Income</b>		<b>725</b>	<b>708</b>	<b>(16)</b>

### 1. Reclassification of cost items to be netted off from Sales:

- Consumer Offers classified as ASP earlier, now netted off from Sales : Rs 86 Crore
- Distributor reimbursement classified as Other Expense earlier, now netted off from Sales : Rs 29 Crore
- Excise Duty netted off from Sales earlier, now added to Cost of Material Consumed : Rs 7 Crore

### 2. Cost of Material Consumed:

- Consumer Offer of own goods now reclassified from ASP to Cost of Material Consumed : Rs 7 Crore

### 3. Employee Benefit Expense:

- Fair Value charge on account of Share based payouts recognized in P&L : Rs 14 Crore
- Actuarial valuation on Defined Benefit Plan now reclassified to OCI : Rs 5 Crore

### 4. Depreciation & Amortization Expense:

- Brand Amortization charge now reversed : Rs 7 Crore

### 5. Other Expense:

- Fair Value on Financial Instruments moved to OCI: Rs. 2 Crore

### 6. Tax Expense:

- Deferred Tax on Undistributed Reserve : Rs 5 Crore
- Deferred Tax on Others : Rs 3 Crore



# IND-AS Impact on Key Ratios for FY 16



INR Crores

Particulars	IGAAP	IND-AS (Restated)	Change
Income from Operations	6,132	6,024	(108)
EBIDTA	1,063	1,051	(11)
PBT	1,034	1,029	(5)
PAT	725	711	(13)
EBIDTA Margin (%)	17.3%	17.5%	0.1%
PBT Margin (%)	16.9%	17.1%	0.2%
PAT Margin (%)	11.8%	11.8%	0.0%
<b>ASP as % to Income from Operations</b>	<b>12.8%</b>	<b>11.5%</b>	<b>-1.3%</b>

Thank You