Marico – Information Update for Q1FY15 (Quarter ended June 30, 2014)

Executive Summary: Consolidated FMCG Results

Particulars (INR Cr)	Q1FY15	Growth
Revenue from Operations	1,623	25%
EBITDA	267	20%
Profit After Tax	185	19%
Volume Growth (%)		5%

During the quarter ended June 30, 2014, Marico posted Revenue from Operations of INR 1,623 crore (USD 270 million) a growth of about 25% over Q1FY14. The topline was driven by an overall volume growth of 5% with a 6.5% volume growth in India. The Domestic business recorded a growth of 28% while the International business posted a growth of 16%. EBITDA margin continued to be healthy at 16.4% and Profit After Tax grew by 19% during the quarter.

Other salient points relating to the quarterly performance are as follows:

- Market share gains in more than 80% of the portfolio
- Gross margins contracted due to a sharp rise in raw material prices
- Marico International EBITDA margins at 18.2% (Q1FY14: 13.3%) and Marico India EBITDA margins at 18.8% (Q1FY14: 20.9%), before corporate allocations
- Rural growth in India (33%) continued to outperform urban growth (25%)
- Modern trade in India continued its good run and grew by about 27%
- Healthy growth in international core markets: Bangladesh 14%, MENA 18%, SA 9%. Vietnam remained flat for the quarter
- Continued recovery in the Middle East Business with early signs of market share gain

Summary of value growth across Businesses:

Categories/Businesses	Q1FY15	Share of Group's Turnover basis FY14 results
Group	**25%**	
India FMCG Business	28%	75%
International FMCG Business	16%	25%

Market Shares (Volume) in Key Categories - Basis 12 month Moving Average Total (MAT)

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
Coconut Oils (India) (Parachute and Nihar)	56%	1st	Parachute Coconut Oil (Bangladesh)	84%	1st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	55%	1st	Post wash Leave-On Serums (India) (Livon and Silk & Shine)	82%	1st
Hair Oils (India) (Parachute Advansed, Nihar, Hair & Care)	28%	1st	*X-Men Men's Shampoo (Vietnam)	38%	1st
Value Added Hair Oils (Bangladesh)	18%	3rd	*Hair Code & Fiancée Hair Gels/Cream (Egypt)	60%	1st
Deodorants (India) (Set Wet and Zatak)	5%	6th	*Hair Creams/Gels (India) (Set Wet and Parachute After shower)	42%	1st
*Saffola Oats (India)	17%	2nd	Parachute Advansed Body Lotion (India)	6%	3rd

No.1 in more than 90% of portfolio

***Value market shares**

Note: All numbers mentioned in INR in this note are converted to USD basis INR/USD of 60, being the average rate for the quarter.

 For further information / clarification, contact Marico on Tel (91-22) 6648 0480, E-mail: investor@maricoindia.net

Domestic FMCG Business: Marico India

The FMCG Business in India achieved a turnover of INR 1,280 crore (USD 213 million) during the quarter, a growth of about 28% over Q1FY14.

The volume growth in India was at 6.5% for the quarter. The overall sales growth was bolstered by the price increases taken across the portfolio to cover a major part of the input cost push.

The operating margin of the India FMCG business during Q1FY15 was 18.8% before corporate allocation. The Company believes that an operating margin for the Domestic business in the band of 17% to 18% is sustainable in the medium term. However, in the immediate term, operating margin will face compression due to the unprecedented rise in input costs.

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

Categories	Q1FY15		% of Group's turnover basis FY14 results
	Value Growth	Volume Growth	
Marico India	28%	6%	75%
Parachute Coconut Oil (Rigid packs)	41%	6%	23%
Value Added Hair Oils portfolio	28%	11%	18%
Saffola (Refined Edible Oil)	14%	10%	15%

Parachute and Nihar

Marico participates in the INR 2,800 crore (USD 467 million) branded coconut oil market through Parachute and Nihar. Parachute's rigid portfolio (packs in blue bottles), recorded a volume growth of about 6% for Q1FY15 over Q1FY14. The non-focused part of the portfolio (pouch packs) witnessed de-growth as the raw material prices faced inflationary pressures while the Company maintained minimum threshold of margins.

Volume growth of 6% in Parachute Rigids

It is generally observed that an inflationary environment swings the competitive position to the Company's advantage as it puts pressure on the working capital requirements of marginal players. During the 12 months ended June 2014, Parachute along with Nihar increased its market share by 50bps to 56%.

It is estimated that of the total coconut oil market about 60% to 65% in volume terms is in branded form and the balance is loose. 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 disproportionate share of this growth potential on a sustainable basis.

Growth through conversion from loose oil usage to branded oil is being complemented by share gain in rural areas. Parachute's share in the rural markets, in the range of 35% to 40%, is lower than that in the urban markets, thus providing potential headroom for growth.

Due to a spurt in copra prices from mid-2013 onwards, the Company has initiated a series of price increases. A weighted average price increase of 19% over Q4FY14 was taken during the quarter (April & June). This, coupled with price increases taken last year, has led to a weighted average price increase of 33% vis-à-vis Q1FY14. This is sufficient to pass on the cost push and maintain absolute margins. A strong volume growth in the current inflationary scenario is a testimony to the pricing power that Parachute & Nihar enjoys. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band.

Pricing action initiated.

Saffola: Super premium refined edible oils and breakfast cereals

The Saffola refined edible oils franchise grew by 10% in volume terms during Q1FY15 over Q1FY14. This is the second consecutive quarter of double digit growth in the franchise.

The Company continued with the "Dil Ka High Science" communication campaign during the quarter which has been effective in driving Saffola's differentiated positioning in the edible oil category. The Company's approach is to deliver a product that is best for the consumers based on science.

The Saffola range of blended refined oils (available in four variants) operates in the super premium niche of the refined edible oils market. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 55% during the 12 months ended June 2014 (MAT 12 months ended June'13: 57%).

Significant headroom for growth

As a result of growing affluence in India, consumers are proactively moving on to healthy lifestyles. Moreover, awareness about health has been increasing in India. Saffola has made a significant contribution towards increasing the awareness about heart health (www.saffolalife.com).

Introduction of sweet oats

Saffola's foray into healthy foods, Saffola Oats, has emerged as a strong no.2 brand in the oats category with a value market share of 17%. Saffola flavoured oats are now available in eight variants. Two sweet flavours with fruits were introduced to compliment the bouquet of six savory flavors. Focus on value added offerings in the oats segment has enabled the Company to capture 51% share in the flavoured oats market. The Company launched a new campaign on Masala Oats this quarter, the initial response to which has been very positive. The Company expects to reach a top line of circa INR 70-75 Crore (USD 12-13 million) in this fiscal for the franchise and is poised to cross INR 100 Crore (USD 17 million) landmark next year.

In the long term, Saffola expects to establish itself as a leading healthy lifestyle brand that offers healthy food options during all meals of the day.

Value Added Hair Oils (Parachute Advansed, Nihar Naturals and Hair & Care)

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 11% in volume terms during Q1FY15 over Q1FY14. The quarter has shown a recovery in volume growth from an abnormally low growth in Q4FY14 which was an aberration. Marico continues to grow faster than the market and has emerged as a clear market leader with 28% share (for 12 months ended June 2014) in the INR 5,500 crore (USD 917 million) market as against 27% during the same period last year. Marico continued to be the market leader in value terms as well, for the second consecutive quarter.

Four INR 200 Crore + Brands

This year, Parachute Advansed Jasmine and Nihar Naturals Perfumed oil portfolio are poised to cross the landmark of INR 250 Crore each and join Nihar Shanti Amla which achieved the milestone last year. Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 30% for the 12 months ended June 2014 in the Amla hair oils category (MAT Q1FY14: 27%). The Company's Value Added Hair Oils portfolio now has 4 strong brands with a turnover of more than INR 200 Crore each.

Price increase initiated

Due to an increase in key raw material and packaging material prices, the Company has initiated a weighted average price increase of 6% across the portfolio.

Hair oiling is a deeply ingrained habit for leave-in hair conditioning in the Indian sub-continent. The Company has carried out scientific research and conducted clinical trials to establish the benefits of hair oiling. The Company believes that educating consumers about the scientifically proven benefits of hair oiling will build credibility and create a loyal franchise. The Company's aim is to participate in all the sub-segments and have a wider portfolio to drive growth. There may also be an opportunity to enhance the overall sensorial experience of using hair oils by contemporizing the product and packaging formats.

Hair oil has been amongst the fastest growing large sized FMCG segments in India. The category has grown at 17% to 18% CAGR over the last 5 years and compares very well with other highly penetrated personal care categories in India. There is also an emergence of new age hair oils such as argan & mythic oil in the developed markets that could create a super-premium segment in India too. This serves to emphasize the conditioning property of hair oils.

Fastest growing large sized FMCG segment

Mass Skin Care: Parachute Advansed Body Lotion

The summer variant of Parachute Advansed Body lotion witnessed healthy growth in Q1FY15. Parachute Advansed Body Lotion has maintained its no.3 position with a market share of 6%. The new 'spray-on' Summer Refresh body lotion has seen good traction during the quarter.

The body lotion segment is estimated to be around INR 950 Crore (USD 158 million) with penetration levels below 20%. The Company plans to increase its participation in the skin care segment in the longer term.

Youth brands (Set Wet, Zatak, Livon)

The Youth brands portfolio witnessed flat performance this quarter on a very high base of Q1FY14. In terms of volume market share, the Company gained share in two of the three categories and maintained share in the highly competitive deodorants category. The Company expects to get back to 15-20% value growth in the next couple of quarters.

There is a fair degree of consolidation in two of the three streams in the Company's youth portfolio. The Company has established a leadership position in the Hair Gels and Post Wash Leave-on conditioner (2/3rd of the Youth Portfolio) market with about 42% and 82% share respectively. Set Wet gels and Livon serums gained market shares during the quarter to further consolidate its position in these nascent categories. High share is expected to benefit the Company's brands as they participate in market growth over the medium term.

Set Wet and Zatak deodorants (a third of the Youth portfolio) maintained its market share at 5% for 12 months ended June 2014, in the crowded deodorants category. Set Wet Infinity has met with very encouraging response from the market. In the medium term the Company expects some consolidation to take place in the category and gain from its wide distribution supported by brand building initiatives.

Encouraging response for Set Wet Infinity

The Youth portfolio will also witness a much higher interaction with overseas portfolio thereby leveraging scale and innovation synergies.

Livon Conditioning Cream Colour

The Company entered the Hair Colour category in January'14 by introducing Livon Conditioning Cream Colour. The initial retailer and consumer feedback across the board has been positive.

The total hair colour category has low penetration and is estimated to be around INR 2,600 crores (USD 433 million), of which creams form about 25%. Creams format is the fastest growing in the hair color category with growth rates of about 20%. The Company will focus on expanding the category by recruiting new users and upgrading powder and henna users by providing them a superior product at an affordable range. Entry into the hair colour category not only strengthens the Company's hair care portfolio in India but also establishes its presence in categories which are replicable in other geographies.

Input Costs and Pricing

Market prices of Copra have rallied further post Q4FY14. The average market prices of copra during Q1FY15 were up by 131% compared to Q1FY14 and 22% compared to Q4FY14. The crop is estimated to be lower by 8% as compared to the previous year due to weak rainfall in Tamil Nadu last year. Copra being in off season from now onwards, prices are likely to be range bound for next quarter. The Company has initiated further price increases in April'14 and June'14 to protect its absolute margins. It will continue to observe the input cost environment for the next couple of months.

The market prices of the other key input, Rice Bran oil and Liquid Paraffin, were up about 12% and 14% during the quarter as compared to Q1FY14. Prices of HDPE, a key ingredient in packaging material, remained similar to that in Q4FY14.

The Company derives comfort and confidence from the pricing power that its brands enjoy. The Company is confident that during an inflationary environment it can pass on the cost push to its consumers. 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

Marico's rural sales continue to clock a faster pace of growth at 33% as compared to urban sales which also grew at a healthy rate of 25%. The continued focus on distribution expansion in rural markets has pushed the Company's rural sales to more than 30% of total Indian FMCG sales. The Company continues to make long term investments towards strengthening the direct distribution in rural areas and has increased its direct rural reach by 25% to 50,000 villages in the last two years. These initiatives are expected to result in rural contribution to domestic sales going up to 35% in the next two years.

25% increase in Rural reach

There appears to be a renewed focus on urban infrastructure by the new government at the Centre. Marico's portfolio can benefit significantly from a revival in demand in Urban India. Marico will continue its focus on urban markets, which accounts for 65-70% of its India business.

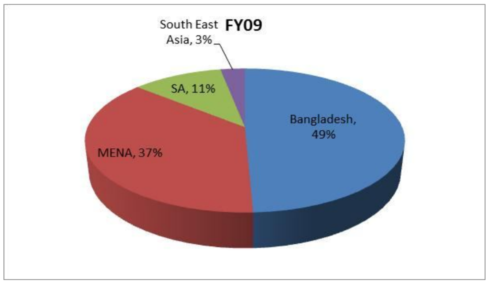
The Company has embarked on a Go To Market (GTM) transformation journey. With foray into newer categories such as breakfast foods, body lotion, male grooming and hair colour, it has become important to expand the direct distribution in Urban beyond general trade to other channels such as modern trade, chemist/cosmetic stores. In rural, incremental direct coverage provides an ideal platform to enhance the reach of the Value Added Hair Oils portfolio.

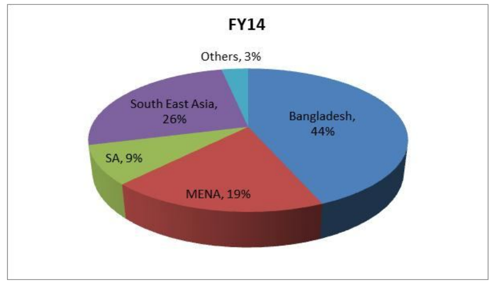
Project ONE was conceived with an objective of increasing Marico's direct coverage in its top 6 metros. Over the last 9 month, the project has increased direct coverage in these cities by 60%. Project ONE has significantly augmented the reach of the Company's brands by improving assortment and availability at the outlet. It has met with a very positive response from the retailer community as it gives them convenience of service and access to promotions and loyalty programs.

60% direct coverage increase in top 6 towns

Sales in Modern Trade (9% of the domestic turnover) continued its good run and grew by 27% in Q1FY15.

International FMCG Business: Marico International





Over the years, two platforms have emerged as a core to international business – Hair Nourishment and Grooming. With focus on emerging markets of Asia and Africa, the Company operates in geographic hubs leading to supply chain and media synergies. The portfolio in India, post the Youth brands acquisition, has witnessed a much higher interaction with the international portfolio thereby leveraging scale and innovation synergies. Such focused commonalities in portfolio coupled with market leadership will help the Company create 'centers of excellence' across these hubs and transfer learnings across geographies.

Focused categories and geographies

Last year, the India and international business was brought under one leadership to enhance and accelerate this process. The focus of international business in the coming years will be organic growth. Margins will be maintained in a band and re-invested in the business to reinforce established brands and build new growth engines for the future.

Performance summary:

Particulars	Q1FY15
Turnover (Rs/Cr)	343
Reported Growth	16.3%
Constant Currency Growth	9.6%
Exchange Rate impact (Favorable)	6.7%

Growth in the Core markets remained healthy with Bangladesh growing at 14%, MENA at 18% and South Africa at 9% on constant currency basis. However, Vietnam remained flat during the quarter. Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, North Africa etc., is expected to contribute up to INR 100 Crore (USD 17 million) by next year.

The operating margin improved from 13.3% in Q1FY14 to 18.2% in Q1FY15 (before corporate allocations) reflecting a structural shift in international margins based on the cost management projects undertaken last year. The Company will endeavor to maintain international margins in the region of 14-15% and continue to invest and plough back savings to drive growth.

Bangladesh

The Bangladesh business reported a topline constant currency growth of 14% in Q1FY15. The topline growth was driven by overall volume growth of 5% over Q1FY14. The business reported market share gains across categories.

Last year, the Company made significant investments to expand its non-Coconut Oil portfolio such as Value Added Hair Oils (VAHO), Hair Dyes, Deodorants, Leave-on conditioners and Premium Edible oils. These products continue to gain traction and are expected to help create a portfolio of the future in Bangladesh. The Company's value added hair oils portfolio maintained its market share at 18% on MAT basis and holds no.3 position in VAHO category. The management will aim at being no.1 in the category by the end of this year.

No.3 in Value Added Hair Oils

The Company's HairCode brand (coupled with HairCode Active variant) continues to lead the powdered hair dye market with a market share of around 36%.

New products launched last year such as HairCode Keshkala (Liquid hair dye), Livon hair serum, Set Wet deodorants and Saffola Active edible oil offer a substantial proposition for future roadmap in Bangladesh. The Company expects to leverage its strong distribution network and learning from the India market to quickly scale up its new product introductions in Bangladesh. From FY16 onwards, more than 80% of the incremental growth in the Bangladesh business is expected to come from the non-coconut oil portfolio backed by modest growth in core coconut oil business.

Expansion of non-Coconut Oil portfolio

MENA (Middle East and North Africa)

The MENA business on an overall basis grew by 18% (constant currency basis) during Q1FY15 as compared to Q1FY14. This is mainly on account of strong recovery in the Middle East business. Parachute Coconut Oil and Hair Creams have delivered healthy volume growths during the quarter and have also shown signs of market share recovery after 18 months. This trend of improvement is expected to continue over the year.

In Egypt, HairCode and Fiancée together continue to be market leaders in the gels category with 60% market share.

South East Asia

Business in Vietnam was flat due to sluggishness in the overall economy leading to reduced consumer confidence. Vietnam is expected to face consumption headwinds in the immediate term. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. Over the medium term, the Company remains well poised to participate in the category growths when economic growth picks up. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar and Cambodia.

Vietnam growth & X-Men shampoo share tracking well

South Africa

The business reported a constant currency growth of 9% during the quarter despite challenging macro conditions. Unemployment and labour relations continue to pose challenges for the country. South African economy is expected to remain below potential on higher inflation and interest rates, depreciating currency, subdued domestic demand and reduced investments flows into the country.

Other Development

During the quarter, International Consumer Product Corporation, a subsidiary of the Company in Vietnam has bought back its shares resulting into increase in the percentage of Company's shareholding to 92.73% from 85.00% as on March'14.

OPERATING MARGIN STRUCTURE FOR MARICO FMCG Business

% to Sales & Services (net of excise)	Q1FY15	Q1FY14
Material Cost (Raw + Packaging)	54.9	51.0
Advertising & Sales Promotion (ASP)	11.8	13.1
Personnel Costs	5.3	5.5
Other Expenses	11.6	13.3
PBDIT margins	16.4	17.1
PBDIT before ASP	28.3	30.3

(a) The average market price of copra, the largest component of input costs, was 131% higher in Q1FY15 as compared to Q1FY14. Also, the market prices of liquid paraffin were 14% higher as compared to Q1FY14. The market price of safflower oil was lower by 24% and rice bran oil was higher by 12%. The consumption prices may differ from market prices depending on the stock positions the Company has taken. The Company has initiated further price increases in its coconut oil and value added hair oil portfolio to pass on most part of the cost push to protect the absolute margins. On an overall basis, the gross margins declined by 388 bps during the quarter.

(b) The Company continues to make investments behind existing products and new products such as Livon Colour, Saffola Oats, Livon Hair Gain, Set Wet Infinity in India and new products in Bangladesh. ASP spends on new products comprises significant part of the overall ASP. Overall increase in ASP spends during the quarter was 13%. ASP as a % of Sales decreased by 128 bps for the quarter due to high inflation led topline growth. The Company expects to operate in a band of 11-12% in the medium term.

(c) Personnel Costs in Q1FY15 has increased by 21% over Q1FY14 on account of annual salary revisions, incentive provisions and higher ESOP and STAR (Company's long term incentive plan) provisions.

(d) The other expenses include certain items which are variable in nature (almost 3/4th of other expenses).

   a. Fixed Expenses include items such as rent, legal and professional charges and donation. In Q1FY15, fixed expenses have increased moderately.

   b. Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, input and output taxes etc. The variable expenses have increased by 11% on account of inflation in freight and other rates & taxes.

Other Expenses	Q1FY15	Q1FY14	% variation
Fixed	47.3	45.3	4%
Variable	140.5	126.4	11%
Total	187.8	171.7	9%

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 each of the years FY15 and FY16 is likely to be around INR 100 crore (USD 17 million).

Depreciation during Q1FY15 was INR 20.4 crore (USD 3.4 million) compared to INR 16.4 crore (USD 2.7 million) in Q1FY14. Increase in depreciation to the extent of INR 2.6 crore (USD 0.4 million) was on account of adoption of the useful life of fixed assets as per Schedule II of Companies Act 2013, effective April 1, 2014. Other factors are: fixed asset additions made during the year and impairment of fixed assets in Egypt and Bangladesh.

Direct Taxation

The Effective Tax Rate (ETR) for the FMCG business during Q1FY15 is 26.3% as compared to 23.8% during Q1FY14. The increase in the ETR is primarily due to one of the factories in India going out of tax exemption and another is moving into 30% exemption bracket from 100% exemption. Also, from this year, there has been an increase in tax rate in Vietnam.

The expected ETR during FY15 and FY16 could be around 28-29%. 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 148.4 crore (USD 24.7 million) as of June 2014 is expected to be utilised by the Company over the next 3 to 4 years, starting with the current fiscal.

Expected ETR to go up in FY15 & FY16

Foreign Exchange

Marico Limited hedges its foreign currency denominated liabilities and assets using plain vanilla Forwards and plain vanilla Call & Put Options. The Company also judiciously executes Interest Rate SWAPs in respect of its interest commitment on External Commercial Borrowings.

The exchange rate for INR/USD remained in a band during the quarter. While a depreciating exchange rate of INR /USD as compared to last year is better in terms of reported consolidation of business results, a similar depreciation in local currencies added to the input cost pressure in the International geographies.

Capital Utilization (Marico Group)

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

Ratio	Q1FY15	Q1FY14
Return on Capital Employed - Marico Group	49.2%	42.4%
Return on Net Worth – (Group)	51.2%	51.9%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital (Days) including surplus cash	 16 44 38	 18 57 60
Debt: Equity (Group)	0.46	0.70
Finance Costs to Turnover (%) (Group)	0.4%	0.8%

* Turnover Ratios calculated on the basis of average balances

1. The increase in return rations is due to:
    1. Marico Consumer Care Limited, a wholly owned subsidiary of Marico, has under a scheme that was approved by Bombay High Court on 21st June, 2013, adjusted the book value of Youth Brands, amounting to INR 723 Crore, acquired during last year against the Securities Premium and paid up equity share capital. This has resulted in a decline in the value of capital employed leading to an improvement in the ROCE, RONW and an increased D:E ratio. The Company will endeavor to improve its return ratios going forward.
    2. Excluding the impact of MCCL Capital reduction, Return on Capital Employed (ROCE) has improved significantly from 31.4% in Q1FY14 to 36.8% in Q1FY15.
2. The variation in ratios is due to:
    1. Decrease in inventory is on account of shedding of inventory positions in India and Bangladesh.
    2. Decrease in net working capital days is on account of reduction in inventory and receivables holding and reduction in surplus in Vietnam due to buy back of shares by ICP, Vietnam (refer note under 'Capital Expenditure and Depreciation" section above).
    3. Finance cost as a % of turnover has come down because the Net Debt of the Company has reduced.

3. The Net Debt position of the Marico Group as of June 30,2014 is as below-

Particulars (INR/Cr)	**Jun 30, 2014**	**Jun 30, 2013**
Gross Debt	660	874
Cash/Cash Equivalents and Investments (Marico Ltd: INR 362 Crore. Marico International: INR 220 Crore)	582	560
Net Debt/(Surplus)	**78**	**314**
Foreign Currency Denominated out of the total gross debt (55% of Gross Debt hedged) (Also refer to Note 4 below)	450	576
Foreign Currency Denominated : Payable in One Year	197	273
Foreign Currency Debt as a % age of Gross Debt	68%	66%
Rupee Debt out of the total gross debt	210	298
Rupee Debt : Payable in One Year	210	198
Total Debt Payable within One year	407	471
Average Cost of Debt (%) : Pre tax	5.0%	5.9%

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.

4. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports. Hence the MTM differences are routed through the balance sheet (Hedge Reserve) rather than the income statement. (Also refer note 7 below)
5. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
6. The Company had, opted for early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements. Accordingly, the net unrealised loss of INR 73.4 crores as at June 30, 2014 (INR 79.7 crores as at June 30, 2013) in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting, stands in the 'Hedge Reserve', which is recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue. The Company has hedged USD 3 million of ECB repayment scheduled in August 2014. As a result, INR 4.5 crores of loss has been debited to Profit & Loss under 'Other Expenses' in the quarter ended June, 2014.

Short / Medium Term Outlook

Over the next five years, Marico will take definitive steps to become an emerging market MNC by seeking to win amongst consumers, trade and talent. The Company's philosophy of developing capability ahead of growth to drive a sustainable business model across both Indian and International markets 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. Towards this, Marico has identified 5 areas of Transformation where it will develop top quartile capability and processes. They are Innovation, GTM, Talent Value Proposition, IT & Analytics and Cost Management.

Marico India

- The Company will continue to report gradual recovery in volume growths towards 7-8% in the immediate future by growing the core and rapidly scaling NPDs.
- In the short term the margins will be impacted by the unprecedented rise in copra prices in recent months. The Company has chosen not to pass on the entire input cost push in order to continue the process of conversion from loose oil.
- In the immediate term, Operating margin will face compression. However over the medium term, margin of about 17% to 18% is sustainable.
- The Youth brands portfolio is expected to grow at about 15% to 20%.

Marico International

- Organic top line growth in the region of 15% to 20% in constant currency. The Company is aggressively building organic growth capability. Any acquisition will add to the organic growth.
- Operating margins expected to be sustained at around 14%-15%.
- Medium term growth potential in the core markets of Bangladesh, Vietnam and Egypt intact and will continue to drive growth.
- The Vietnam business, however, will continue to be under pressure for the next couple of quarters. The Company is taking measures to revive demand and market share.
- Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, North Africa etc. These markets are expected to contribute up to INR 100 Crore (USD 17 million) by next year.
- Recovery in the GCC business to continue in FY15.

Overall

- The Company will focus on deriving synergies as a result of the combination of Domestic and International FMCG businesses. This includes acceleration of cross pollination and portfolio harmonization.
- Product platforms will be leveraged across geographies and scale is expected to improve cost structures.
- Top line growth in the region of 15% to 20% in the medium term with an operating margin in the band of 14% to 15%.
- Market growth initiatives in core categories and expansion into adjacent categories will be supported by investments in ASP in the region of 11-12% of sales.
- The Company will focus on building capabilities to set it up for growth in the long run.
- Significant portion of the gains from the value transformation exercise in India and overseas will be ploughed back to fund growth and innovation.
- The Company will continue to invest in increasing its direct rural reach and Go To Market transformation initiatives.
- The Company will continue to engage in sustainability initiatives to enhance value of all its stakeholders. The Company's first Sustainability Report, published for FY14, contains detailed work done by the Company over the years to add value to all its stakeholders.

THANK YOU FOR YOUR PATIENT READING

Please Note: MaKE got listed on BSE and NSE on June 30, 2014. Financial Information regarding the company is available on its website www.maricokaya.com

Comparable FMCG Income Statement for Q1FY15 Vs Q1FY14

INR Crore

Particulars	Q1FY15	Q1FY14
1. Income from operations		
a. Net Sales / Income from Operations (Net of excise duty)	1,619	1,293
b. Other operating income	4	3
Revenue from Operations	**1,623**	**1,295**
2. Expenses		
a. Cost of materials consumed	786	558
b. Purchases of stock-in-trade	32	30
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	73	74
d. Employee benefits expenses	85	71
e. Depreciation and amortization expense	20	16
f. Advertisement & Sales Promotion	192	170
g. Other expenses	188	172
Total expenses	**1,377**	**1,090**
3. Profit from operations before other income, finance costs and exceptional items	**246**	**206**
4. Other Income*	18	14
5. Finance costs	7	10
6. Exceptional items	-	-
7. Profit from ordinary activities before Tax	**258**	**210**
8. Tax expense	68	50
9. Net Profit from ordinary activities after Tax	**190**	**160**
10.Minority Interest	4	4
11.Net Profit for the period	**185**	**155**

* Increase in other income is mainly on account of write back of provisions, no longer required.

Performance of Marico India and Marico International for Q1FY15

Please note that after the demerger of Kaya from the Marico Group, there are no longer two reportable segments. Now, Marico Group has only one reportable segment i.e., FMCG Business. However, for better appreciation of the financial results, the Company has provided a separate breakdown of performance of its domestic and international business.

INR Crore

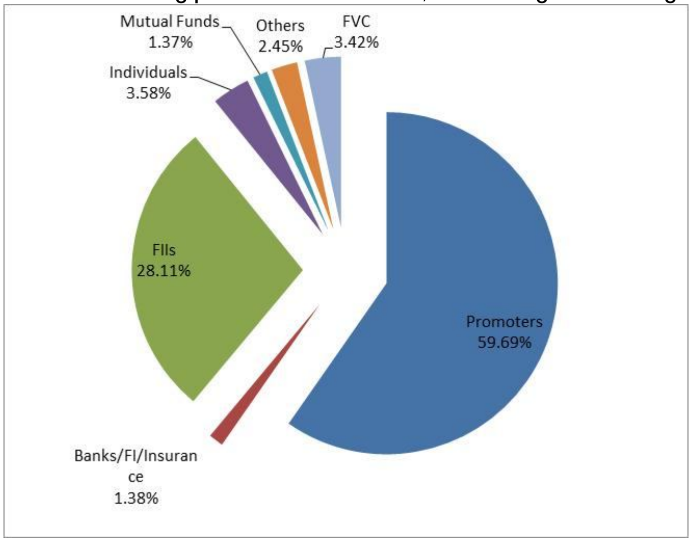
Particulars	Q1FY15	Q1FY14
1. Segment Revenue		
i. India	1,280	1,001
ii. International	343	295
2. Segment Result		
(Profit before Interest and Tax and exceptional items)		
i. India	232	201
ii. International	55	32
3. Segment Result as % of Segment Revenue		
i. India	18.1%	20.1%
ii. International	16.1%	10.9%
3. Capital Employed (Segment Assets - Segment Liabilities)		
i. India (refer Note 1 below)	792	755
ii. International (refer Note 2 below)	568	504

Note 1: Capital Employed has gone up mainly because of increase in Receivables. Although absolute amount of receivables have increased on account of high inflation led top line growth, Days Sales Outstanding (DSO) are within norms and have reduced by 2 days.

Note 2: Capital Employed has increased on account of increase in Goodwill resulting from increase in stake in ICP (Vietnam) from 85% to 92.7%.

Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on June 30, 2014 is as given in the graph below:



Details of ESOPs as on June 30, 2014: ESOP Plan 2007

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
ESOP Plan 2007	11,376,300	4,702,465	64,61,235	212,600
ESOP Plan 2014	300,000	Nil	Nil	300,000

*** Options pending to be exercised are less than 0.1% of the issued share capital**

Annexure 1-B: SHARE PERFORMANCE ON 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 15,707 crore on June 30, 2014. The average daily volume on BSE and NSE during Q1FY15 was about 3,41,696 shares.

Annexure 1-C: Average Market Prices of Input materials

(These prices are based on simple average of daily market prices and the company's actual procurement prices may be different based on quantities bought on various days.)

	Rs/100KG	Rs/100KG	Rs/10KG	Rs/10KG	Rs /LT	Rs / KG
Month	**COCHIN CN OIL**	**COPRA CALICUT**	**KARDI OIL JALNA**	**RICE BRAN**	**LIQUID PARAFFIN**	**HDPE**
Apr-13	6,327	4,488	1,189	484	60	98
May-13	6,137	4,315	1,155	473	64	98
Jun-13	6,710	4,676	1,105	506	63	100
Jul-13	6,815	4,796	1,074	518	66	104
Aug-13	7,308	5,300	1,085	547	70	106
Sep-13	8,109	5,801	1,050	569	76	108
Oct-13	9,368	6,884	1,050	599	77	110
Nov-13	10,364	7,701	1,050	598	75	112
Dec-13	10,358	7,606	1,050	527	73	114
Jan-14	10,994	8,019	1,010	492	72	117
Feb-14	11,678	8,484	945	490	71	119
Mar-14	12,458	9,021	922	520	72	121
Apr-14	14,405	10,245	907	541	71	122
May-14	15,586	10,750	878	549	72	123
Jun-14	14,384	10,076	840	548	71	123
Q1FY15 vs Q1FY14	131%	131%	-24%	12%	14%	25%
Q1FY15 vs Q4FY14	26%	22%	-9%	9%	0%	3%

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

	20 ml	100 ml	250 ml	500 ml	1 Ltr	1 Ltr	1 Ltr	1 Ltr
Month	**PCNO**	**PCNO**	**PCNO**	**PCNO**	**Saffola Total**	**Saffola Tasty**	**Saffola Gold**	**Saffola Active**
Apr-13	6	25	60	120		130	140	115
May-13	6	25	60	120		130	140	115
Jun-13	6	25	60	120		130	140	115
Jul-13	6	23	60	120		130	140	115
Aug-13	6	23	60	120		130	140	115
Sep-13	6	23	60	120	180	130	140	115
Oct-13	6	25	63	125	180	130	140	115
Nov-13	6	27	66	130	180	130	140	115
Dec-13	7	29	69	136	185	135	145	125
Jan-14	7	29	69	136	185	135	145	125
Feb-14	7	29	69	136	185	135	145	125
Mar-14	7	29	69	136	185	135	145	125
Apr-14	7	31	79	157	185	135	145	125
May-14	7	31	79	157	185	135	145	125
Jun-14	8	34	87	173	185	135	145	125

Coconut Oil					
Parachute	Price off Rs 5/-	175 ml	Apr	Price off	National
Parachute	50 ml Free	250 ml	June	Extra Volume	National
Parachute	100 ml Free	500 ml	Apr	Extra Volume	National
Edible Oils					
Saffola Gold	1 ltr Free	5 ltr	Apr	Extra Volume	National
Saffola Gold	20% Free	1 ltr	June	Extra Volume	National
Saffola Total	1 ltr Free	5 ltr	June	Extra Volume	National
Hair Oils					
Hair & Care	Price off Rs 5/-	100 ml	May	Price off	National
Hair & Care	Price off Rs 10/-	200 ml	Apr	Price off	National
Parachute Jasmine	Price off Rs 3/-	45 ml	Apr	Price off	National
Parachute Jasmine	Price off Rs 6/-	90 ml	May	Price off	National
Nihar Naturals	Price off Rs 5/-	100 ml	June	Price off	National
Nihar Naturals	Price off Rs 10/-	200 ml	Apr	Price off	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 47 billion (about USD 781 Million) during 2013-14. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Parachute Advansed, Nihar Naturals, Mediker, Revive, Manjal, Setwet, Zatak, Livon, Fiancée, HairCode, Caivil, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories - Coconut Oil, Hair Oils, Post wash hair care, Hair Gels/Creams, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care etc. Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South Africa, Malaysia and Vietnam.

Marico's own manufacturing facilities in India are located at Kanjikode, Perundurai, Pondicherry, Dehradun, Poanta Sahib and Baddi and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries), Marico South Africa Pty Ltd., and International Consumer Products Corporation have their manufacturing facilities at Mouchak and Shirir Chala, near Gazipur in Bangladesh, 6th October City, Egypt, Salheya City, Egypt, Sadaat City, Egypt, Mobeni in Durban, South Africa and Ho Chin Min City, Vietnam respectively.

Marico was incorporated in 1988 and during 1990 took over the then 40-year old consumer products business of The Bombay Oil Industries Limited. It made its initial public offer for equity shares in March 1996.

Marico has consistently sought to broad base its brand basket. In the process, Marico's dependence on Parachute has consistently been reducing. From a share in the range of 70% - 75% in early 90's, Parachute in India today contributes around 25% to the top line of Marico. Its share in profits too has come down.

Reach

Marico today touches the lives of 1 out of every 3 Indians. Marico sells over 7.5 crore packs every month to around 7.5 crore households through about 3.6 million retail outlets services by its nation wide distribution network comprising 4 Regional Offices, 32 carrying & forwarding agents (CFAs) and about 5000 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 20,000.

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

	Urban	Rural
Sales Territories	160	55
Town's covered (000's)	4.1	49.0
Distributor	761	-
Super Distributor	-	141
Stockists	-	4,053

Financial Highlights

Marico has maintained a steady top line and bottom line growth over the past decade with a consistently healthy Operating Return on Capital Employed (ROCE).

Particulars (INR crores)	FY 10	FY11	FY12	FY13	FY14
Sales & Services	2,661	3,128	3,980	4,596	4,687
Material Cost	1,262	1,618	2,132	2,210	2,399
Employee Cost	190	230	307	381	285
ASP	351	346	426	598	561
Other Costs	483	523	703	869	693
Profit Before Tax	298	376	400	552	695
Net Profit (PAT)	232	286	317	396	485
Earnings per Share - Annualized (Rs)*	3.8	4.7	5.2	6.1	7.5
Book Value per Share (Rs)*	10.7	14.9	18.59	30.77	21.10
Net Worth	654	915	1,143	1,982	1361
EBITDA%	14.10%	13.30%	12.10%	13.60%	15.96%
ROCE %	34%	27%	26%	24%	25%

Note: FY10 to FY13 includes Kaya financials and hence not comparable with FY14

Business Model and Organization

Marico's business model is based on focused growth across all its brands and territories driven by continuously improving value propositions to consumers, market expansion and widening of retail reach. Marico aims to be the leader in each of the businesses; by heightened sensitivity to consumer needs, setting new standards in the delivery and quality of products through continuous learning and improvement.

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

Ravin Mody	Head – Treasury, IR, Secretarial and M&A	(ravinm@maricoindia.net)
Chaitanya Deshpande	EVP & Head - M&A and Strategic Initiatives	(chaitanyajd@maricoindia.net)

Contents of this Update

1. Financial results and other developments during Q1FY15 for the Marico Group – Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company SAE, Marico Egypt Industries Company SAE (erstwhile Pyramid for Modern Industries), Wind CO, Marico Malaysia Sdn. Bhd., International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions, Thuan Phat Foodstuff Joint stock Company and Marico Consumer Care Limited.
2. A Profile containing basic/historical information on Marico.

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 constitutes unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

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