Marico – Information Update for Q1FY21 (Quarter ended June 30, 2020)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q1FY21	Growth
Revenue from Operations	1,925	-11%
EBITDA	467	1%
EBITDA Margin (%)	24.3%	Up 300 bps
Profit After Tax (excluding one-offs)	331	3%
India Volume Growth (%)		-14%
International Constant Currency Growth (%)		-4%

In Q1FY21, Revenue from Operations was at INR 1,925 crores (USD 257 million), down 11% YoY. The domestic business was severely impacted in April due to supply-chain disruptions following the extension of the national lockdown but was able to scale up sequentially in May and June as restrictions were relatively eased (volumes grew 3% in the May-June period on a year-on-year basis). **The domestic business clocked sales at 104% of the annual average monthly run rate of FY20.** However, given the very significant revenue skew in Q1FY20, which was circa 31% (unrelated to portfolio seasonality), the underlying volume decline was at 14% on a year-on-year basis. Secondary volume growth was in line with the reported primary volume growth as the Company continued to operate at lower distributor inventory levels after the drop at the end of Q4FY20, in order to protect channel partner ROIs in the current environment. With social distancing becoming increasingly prevalent, consumers favored neighborhood GT stores as well as E-Commerce platforms over Modern Trade during the quarter. The CSD business during the quarter was nearly reduced to its half, which had a meaningful impact on the overall volume growth of India business.

The COVID-19 pandemic and subsequent partial/complete lockdowns had its impact on the international markets in varying degrees. While the international business de-grew by 4% in constant currency terms, Bangladesh continued to hold the fort by delivering a commendable 10% constant currency growth, while other geographies recorded double-digit drops.

EBITDA was up 1%, led by 300 bps expansion in operating margins which was attributable to softer input costs, rationalization of A&P spends in discretionary portfolios and very aggressive cost control. PAT was at INR 331 cr., up 3% YoY on a like-to-like basis.

Other highlights relating to the performance are as follows:

- More than 90% of the portfolio gained market share on a MAT June'20 basis, with accentuated gains during Q1.
- **Parachute Rigids** declined 11% in volume terms on a high base, after a slow start in April. The brand clocked sales at 111% of the annual average monthly run rate of FY20 in Q1FY21. The brand has seen very healthy traction in May and June and is well poised to gain on the back of its strong brand equity and accelerated upgradations from loose coconut oil.
- **Value Added Hair Oils** declined 30% in volume terms, sharply impacted by the much-delayed resumption of billing in late April. Despite the slump in April, during the quarter, the franchise clocked sales at ~94% of the annual average monthly run-rate of FY20, primarily led by the bottom of the pyramid segment. As demand trends improved, the franchise grew in the May-June period.
- **Saffola Edible Oils**, continuing its growth journey, posted 16% volume growth, building on strong brand credentials, ramped up presence and increased in-home consumption.
- The **Saffola Oats** franchise grew 41%, backed by its inherent virtues of taste, health and convenience. The Company broadened its play with the launch of **Saffola Honey**, with an assurance of purity, to meet the immunity-boosting needs of the consumer.
- **Premium Personal Care,** comprising Leave-in Hair Serums, Male Grooming and Premium Skin Care, bore the brunt of the ongoing COVID-19 crisis on account of its discretionary nature, witnessing sharp declines.
- The **Hygiene** portfolio started well with encouraging response to Mediker Hand Sanitizers and Veggie Clean. The Company expanded the range with the launch of indoor and outdoor surface disinfectants, under the aegis of the brands **House Protect** and **Travel Protect**, respectively. Separately, a digital-first premium out-of-home hygiene range was also introduced under the brand **KeepSafe**.
- In the International business, Vietnam, MENA and South Africa de-grew by 14%, 27% and 25% in cc terms, respectively.
- **A&P spends stood at 7.1% of sales,** given the rationalization of spends in a subdued demand environment with supply constraints. After minimal spends in April, the Company continued to invest for growth in the core portfolios in light of improving traction during the rest of the quarter. Similarly, **Trade spends** during the quarter were also rationalized accordingly.

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Summary of value growth across Businesses:

Categories/Businesses	Q1FY21	Share of Group's FY20 Turnover
FMCG Business	**-11%**	
India	-15%	77%
International	2%	23%

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

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

^Volume Market Share ***Value Market Share**

Note: The market shares are basis MAT Mar'20 for Post wash Leave-on Serums and Hair Gels/Waxes/Creams due to unavailability of the latest data.

India Business

The domestic business delivered a turnover of INR 1,480 crore (USD 197 million), down 15% on a year-on-year basis, impacted by the disruption in supply chain due to the continuing lockdown during the quarter to contain the outbreak of COVID-19. The operating margin improved to 25.7% in Q1FY21 as against 22.6% in Q1FY20 due to benign input costs, rationalized A&P spends and overall cost control.

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

Categories	Q1FY21			% of FY20 India Business Turnover
	Value Growth over Q1FY20	Volume Growth over Q1FY21	Volume indexed to FY20 average monthly run rate	
Parachute Coconut Oil (Rigid packs)	-12%	-11%	111%	38%
Value Added Hair Oils	-32%	-30%	94%	24%
Saffola (Refined Edible Oils)	16%	16%	114%	20%

Coconut Oil: Grew healthily above the annual average monthly run rate of the last year

Parachute Rigids declined by 11% in volume terms on a high base (9% volume growth in Q1FY20) and heavily skewed sales in the first quarter last year. The brand remained on a firm footing as lockdown restrictions eased and recorded sales at 111% of annual average monthly run rate of the last year. The brand also reinforced its hygienic processing and safety credentials in the minds of consumers with the launch of the "Untouched by hand" campaign. The volume market share of the Coconut Oil franchise (includes Nihar Naturals and Oil of Malabar) strengthened by about 180bps to 62% (MAT Jun'20). With mild deflation expected in copra prices, the Company will actively pass on value to consumers to maximize market share gains from branded coconut oil and accelerate up-gradations from loose coconut oil.

Of the total coconut oil market, approximately 30-35% in volume terms is unorganized (sold in unbranded loose packs). This component provides headroom for growth to branded players. The Company's flagship brand Parachute, being the market leader, is well placed to capture a significant share of this growth potential on a sustainable basis. The Company operates in a band of gross margin per unit and will take judicious pricing decisions to maintain a sweet spot between volume growth and margins. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band. Towards that end, the Company will continue to invest behind brand building and tactical inputs to remain competitive. Therefore, given the market construct and brand equity, the Company expects to deliver 5-7% volume CAGR in Parachute Rigids over the medium term.

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Saffola: Sustained growth in Edible Oils and Foods; Launched Saffola Honey

Saffola refined edible oils grew by 16% in volume terms, furthering its healthy growth journey and topped up by the in-home consumption tailwind. The brand has seen a significant impetus on enhancing accessibility and driving a compelling value proposition. Media investments continued with the “Saffola wala khana” campaign building brand relevance and penetration by reaffirming its health credentials. Apart from mainstream media, the Company leveraged digital media through targeted campaigns in the lockdown situation to engage with consumers and improve availability – i) tied up with Swiggy and Zomato to introduce Saffola store on their delivery platforms; and ii) launched Saffola Healthy Snackathon with a series of healthy & tasty recipes curated by renowned Chef Kunal Kapoor. The brand nearly doubled its E-Com sales during the quarter. The volume market share of the brand in the Super Premium Refined Edible Oils segment has expanded by ~330 bps to 77% (MAT Jun’20).

The **Foods** franchise posted value growth of 30% in Q1FY21, led by 41% growth in the Saffola Oats franchise. Both the plain and savory offerings grew healthily. **Saffola Masala Oats** continues to grow on the back of its communication strategy, coupled with strengthened media approach for continuity & salience. The communication continues to build relevance and drive penetration by positioning the product as a delicious and healthy snack for anytime of the day. The brand continued to fortify its stronghold in the flavoured oats segment as its value market share expanded to 88% (MAT Jun’20). The **Saffola FITTIFY Gourmet** and **Coco Soul** ranges had a lackluster quarter due to no production in April & May and low demand due to discretionary nature.

In response to the heightened immunity boosting needs of the consumer, the Company launched **Saffola Honey**, 100% pure honey with no added sugar. Every batch of Saffola Honey undergoes the strict NMR (Nuclear Magnetic Resonance) test, which is one of the most advanced tests in the world to check for purity and origin of food items through spectroscopic fingerprinting. The product has been made available across channels in 250 GM, 500 GM and 1 KG PET and Glass jars.

Value Added Hair Oils: Weak quarter due to slump in April; promising revival in May and June

Value Added Hair Oils was down 30% in volume terms in Q1FY21, as billing for the category was stalled for a large part of April due to the extended lockdown and tepid demand for premium hair oils. With easing of restrictions thereafter, manufacturing resumed in the last week of April and the franchise also witnessed considerably healthy traction, especially in the bottom of the pyramid segment. As demand trends improved, the franchise grew in the May-June period on a year-on-year basis. The portfolio clocked sales at ~94% of the annual average monthly run rate of the last year. The volume market share of the franchise expanded by ~130 bps to 36%, while its value market share consolidated at 27% (MAT Jun’20).

Nihar Shanti Amla Badam led the recovery in May and June, while among the newer introductions, **Parachute Advansed Aloe Vera Enriched Coconut Hair Oil** witnessed encouraging trends in June. Also, as per June offtakes data, the hair oils category is now tracking ahead of the pre-COVID19 levels. In light of the above, the Company is optimistic of delivering growth during the rest of the year.

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

Premium Personal Care: Marred by decline in discretionary spends

The Premium Personal Care portfolios of Premium Hair Nourishment, Male Grooming and Premium Skin Care recorded sharp declines given the significant fall in discretionary category sales. However, June offtake trends are signaling some recovery in personal care categories, with E-Commerce emerging as a key business driver in some of the sub-categories. The Company will continue to lie low in these categories while closely monitoring offtake trends.

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Hygiene: Good start

The Company had forayed into the Hygiene segment with the launch of **Mediker Hand Sanitizer** and **Veggie Clean** in April**.** Both have witnessed healthy traction and the Company will continue to invest for growth in these franchises.

During the quarter, the Company also launched indoor and outdoor surface disinfectants under the aegis of new brands, **House Protect and Travel Protect** respectively. The brand is now available on Amazon and Flipkart and will soon be introduced in General Trade.

Marico's digital-first Hygiene brand **'KeepSafe by Marico'** was launched in mid-June on all leading E-Commerce channels. The KeepSafe range has been developed keeping in mind the complete out-of-home hygiene needs and includes multi-purpose disinfectant spray, hand sanitizer, hygiene hand wipes, toilet seat disinfectant spray, feminine hygiene wipes and intimate wash for women.

Input Costs and Pricing

Market price of copra was up 7% in Q1FY21, but down 7% sequentially mainly due to lower demand. For rest of the year, the Company expects mildly bearish trends in copra prices. Other key input prices for the India business - rice bran oil was up 17%, while liquid paraffin (LLP) and HDPE prices were down by 9% and 14% respectively, on a YoY basis.

Going ahead, palm oil prices are expected to soften heading into seasonal arrivals, which shall have a similar impact on other major global vegetable oil prices. However, rice bran oil, now into the off season, has started hardening and may stay firm leading into the peak off season.

The Company derives comfort and confidence from the pricing power that its brands enjoy. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band and do not fall below a threshold at the overall business level.

Sales and Distribution

Amidst the severe supply chain constraints during the quarter, the Company was able to generate bulk of its sales despite operating with a much lower number of SKUs across key portfolios. The Company will continue to systematically drive SKU rationalization over the coming quarters to bring about incremental efficiencies in its supply chain operations.

The Company rolled out insurance & special allowances for all staff of channel partners to manage any emergencies and deployed online training modules to drive health & safety awareness among the field force. In order to cope up with the twin challenges of manpower and logistics availability posed by the unprecedented crisis of COVID-19, the Company has identified and prototyped various innovative GTM approaches. The Company joined forces with food service aggregators to use their platforms for direct delivery to customers. Post enforcement of complete lockdown, the Company set up central tele-calling operations covering top urban outlets and rural stockists and a Web App for retailers to directly place orders through SMS/WhatsApp. In order to ensure uninterrupted supplies to retailers, the Company introduced direct supply from its warehouse to retailers, from factories to the customer Warehouse as also tied up with new-age logistics start-ups for delivery from distributors to retailers. The Company also introduced a direct to home delivery portal for consumers in select metro cities. These measures have been critical in ensuring business continuity during the crisis.

Markets/Distribution Channels

General Trade sales in urban and rural were down 17% and 10% in volume terms respectively. During the quarter, Modern Trade de-grew by 17%, triggered by the increased need for social distancing, while E-Commerce grew by 37% as the channel gained salience at an even faster pace. After a tough quarter, Modern Trade has now started faring better. CSD declined by 48%, due to scaled down operations during the quarter.

Given reverse migration of labour, government stimulus, good rabi season and no adverse impact on agricultural output during the ongoing COVID-19 crisis, rural grew at 120% of the FY20 monthly run rate in Q1. In comparison, urban (including alternate channels) was slightly above par. We expect this trend to continue in the event of a normal monsoon season.

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International Business

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

Particulars	Q1FY21
Turnover (INR Crore)	445
Reported Growth	2%
Constant Currency Growth	-4%
Exchange Rate impact	6%

Marico's International business declined by 4% in Q1FY21 in constant currency terms, due to COVID-19 led restrictions affecting growth and persistently weak macros in some of the markets. However, it posted marginal growth as compared to FY20 annual average run rate. The operating margin in the international business expanded to 29.8% in Q1FY21 vs 25.6% in Q1FY20, given the benign input cost in the Bangladesh business, rationalization of advertisement spends and a very tight cost management across all geographies.

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

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

^Volume Market Share **Value Market Share*

Note: The market shares are basis MAT March'20 since the Company did not subscribe to the latest data.

Bangladesh (49% of the International Business)

The business in Bangladesh grew by 10% in Q1FY21 in constant currency terms, despite the state of lockdown in the country.

Parachute Coconut Oil grew by 6% in constant currency terms. With the category having matured in this market, the Company expects to grow this franchise in mid-single digits on a constant currency basis over the medium-term on the back of its dominant market share, distributive strength and consumption growth.

The non-Coconut oil portfolio in Bangladesh grew by 18% in constant currency terms. Consequent to the consistent high double-digit growth in Value Added Hair Oils, the Company retained market leadership in value terms on MAT basis and had also attained leadership in volume terms on P3M (past 3 months) basis.

For supporting the needs of health and hygiene, Marico Bangladesh had launched Mediker SafeLife Hand Sanitizer and Hand Wash. In addition, the Company launched **Mediker SafeLife Veggie Wash**, a fruit and vegetable cleanser.

To further strengthen its footprint in the personal care category, the Company also launched **Parachute Naturale Shampoo** in three variants - Nourishing Care, Damage Repair, and Anti Hair Fall.

The non-Coconut Oil portfolio in Bangladesh constitutes over ~30% of the total business in Bangladesh. The Company will leverage its strong distribution network and learnings from the India market to quickly scale up its new product introductions in Bangladesh. With this, the contribution of the non-coconut oil portfolio is likely to exceed 35% by FY22. We remain confident of delivering double-digit constant currency growth in this geography over the medium term. The healthy macro indicators also provide the required thrust for growth.

South East Asia (26% of the International Business)

The South East Asia business de-grew by 17% in Q1FY21 in constant currency terms.

Vietnam posted a decline of 14% in constant currency terms as the Home and Personal Care (HPC) segment has slowed down. Foods managed to post low single digit growth. In Vietnam, the markets have now opened up completely due to well-implemented safety measures by the local government and business is gradually getting back to normal and we are optimistic of some recovery in discretionary personal care categories.

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

The MENA business declined by 27% in constant currency terms. The Company remains cautious on the outlook for the business but will be aggressive on cost management to enable it to tide over the challenging macros.

South Africa (7% of the International Business)

The South Africa business declined by 25% in constant currency terms, due to continued macro headwinds coupled with restrictions imposed to contain the outbreak of COVID-19 in the region. The macros continue to be weak. Some revival is expected in this business over the medium term on the back of a pipeline of new products.

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

The business de-grew by 16% in constant currency terms during the quarter, led by lockdowns and restrictions across countries. The Company remains positive on the future prospects of this business, as it incubates new geographies to expand its franchise.

Note: The country wise contribution to International Business revenue is based on FY20 turnover.

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues	Q1FY21	Q4FY20	Q1FY19	FY20
Material Cost (Raw + Packaging)	51.1	50.7	52.5	51.2
Advertising & Sales Promotion (ASP)	7.1	8.4	10.1	9.9
Personnel Costs	7.0	7.2	5.9	6.5
Other Expenses	10.5	14.8	10.2	12.2
PBDIT margins	24.3	18.9	21.3	20.1
PBDIT before ASP	31.4	27.3	31.4	30.0

(a) In Q1FY21, the average market price of domestic copra was up 7% on a Y-o-Y basis. Rice Bran Oil was up 17%, while Liquid Paraffin (LLP) and HDPE prices were down 9% and 14% respectively. The consumption prices may differ from market prices depending on the stock positions the Company has taken.

(b) Personnel Costs was up 6% in Q1FY21, up 115 bps as a % of sales due to a lower topline.

(c) Other Expenses (includes certain items which are variable in nature) was down 9% YoY. Other expenses are likely to remain in the range of 11-13% of turnover in the medium term. Fixed Expenses were lower than last year, excluding one-time costs such as COVID related CSR expenses and consultancy fees on strategic cost transformation projects.

Other Expenses	Q1FY21	Q1FY20	% variation
Fixed	62	56	11%
Variable	140	166	-16%
Total	**202**	**222**	**-9%**

Capital Expenditure and Depreciation

The estimated capital expenditure in FY21 is likely to be around INR 125–150 crore (USD 17-20 million). Depreciation during Q1FY21 was INR 34 crore vs 35 crore in Q1FY20.

Direct Taxation

The ETR (excl. one-offs) for Q1FY21 was 23.1%. It should be noted that this tax rate is basis the accounting charge in the P&L account.

In view of the recent changes in the corporate tax rates, the Company will continue to recognize tax expense after availing the exemptions/deductions as per the existing provisions of the Income Tax Act and not opt for the revised rate structure. However, from a cash flow point of view, the Company will utilize MAT credit accumulated over the years. The current MAT credit stands at INR 141 crores as on 30th June, 2020.

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Capital Utilization (Marico Consolidated)

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

Ratio	Q1FY20	Q1FY21
Return on Capital Employed (%)	52.0	51.0
Return on Net Worth (%) (excl. one-offs)	40.9	41.1
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	26	27
- Inventory Turnover (Days)	58	63
- Net Working Capital (Days)	28	33
Debt: Equity (Group)	0.11	0.10
Finance Costs to Turnover (%) (Group)	0.6	0.5

The increase in inventory turnover days was primarily on account of a lower topline.

1. The Net Debt position of the Marico Group as of June 30, 2020 is as below:

Particulars (INR Crores)	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019
Gross Debt	333	340	333
Cash/Cash Equivalents and Investments (Marico India: INR 765 Crore & Marico International: INR 182 Crore)	1,268	947	1,457
Net Debt/(Surplus)	**-935**	**-607**	**-1,123**
Foreign Currency Denominated out of the total gross debt	249	230	209
Foreign Currency Debt as a % age of Gross Debt	75%	68%	63%
Rupee Debt out of the total gross debt	84	110	124
Total Debt Payable within One year	324	328	320
Average Cost of Debt (%): Pre tax	2.7%	3.8%	4.8%

The Company may roll over some of the loans when they fall due during the year or redeem investments for repayment. Marico has adequate cash flows to maintain healthy debt service coverage.

2. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at June 30, 2020 was about **INR 935 Crore** (Gross debt of INR 333 Cr. & Gross Investments of INR 1,268 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. Reduction in repo rates has resulted in overall lower average cost of debt.

Sustainability and Marico United Against COVID

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

The outbreak of COVID-19 pandemic has not only created economic distress but also adversely impacted the society at large. Marico has pledged Rs. 7 crores to relief activities and participated in rehabilitation activities in addition to providing personnel protective equipment (PPE) to primary health care workers and police personnel. In partnership with various government agencies, Marico has attempted to contribute by providing meals for migrant labourers, health-workers, and the disadvantaged during this time. The Company is working with CII and FICCI under the able guidance of the Ministry of Consumer Affairs and other Government authorities for this initiative. In partnership with GiveIndia, we have managed to deliver over 230,420 cooked meals till date, in addition to distribution of 1,172,002 mini meals servings (majorly Saffola Oats, Fittify Soups) and supply of Saffola Edible Oils sufficient for 1,300,254 meals in community kitchens.

Despite the ongoing COVID-19 crisis, the Company made progress in its sustainability agenda. We completed installation of 250kW solar roof-top project in the manufacturing unit at Jalgaon, Maharashtra. Under program

"JALAASHAY", the Company has created water holding capacity of ~32.5 crore litres during the year till date. As part of the farmer outreach program, 'Parachute Kalpavriksha', we have enrolled 790 farmers during the quarter (cumulative number now stands at 21,833 farmers) covering an incremental 4,918 acres of coconut farms.

Nihar Shanti Pathshala Funwala has partnered with the School Education Department of Madhya Pradesh under its new initiative, 'Humara Ghar, Humara Vidyalaya'. Through this first-of-its-kind program, the brand aims to provide access to quality English lessons to 2.4 million students across the state, through Doordarshan and via WhatsApp.

Awards and Recognitions

- Marico has been recognized amongst **India's 5 Best Workplaces in FMCG** as per a study conducted by Great Place to Work® Institute (India) in association with The Economic Times.
- Marico has been ranked as the **7th Most Preferred FMCG/Beverage Company** amongst B-school students and one of the **25 Most Desirable Companies To Work** for across sectors, as per the Dare2Compete Employer Branding Report 2020.

Corporate Events and Change in Composition of Key Managerial Personnel

- The Company acquired the balance equity stake of 55% in Zed Lifestyle Private Limited (owns the premium male personal care brand, 'Beardo',) from its existing shareholders, thereby making it a wholly owned subsidiary of the Company, with effect from June 30, 2020. The Company had made a strategic investment in Zed Lifestyle Private Limited by acquiring 45% equity stake in 2017. Integration efforts are underway. On obtaining control, the Company has re-measured the existing stake at fair value and has recognised the re-measurement gain in the consolidated statement of profit and loss in accordance with Ind AS.
- The Board, in its meeting held on 16th July, 2020, accepted the resignation of Mr. Vivek Karve, Chief Financial Officer. Consequent to the above, the Board appointed Mr. Pawan Agrawal as the Chief Financial Officer of the Company with effect from September 10, 2020, in succession to Mr. Vivek Karve.

Marico's Growth Philosophy

Over the medium term, Marico will continue to drive sustained profitable volume-led growth, through its focus on strengthening the franchise in the core categories and driving the new engines of growth towards gaining critical mass. Marico aspires to be an admired emerging market MNC with leadership in the core categories of leave-in hair nourishment, foods and male styling in the following regions – South Asia, South East Asia, Middle East and North Africa and South Africa. Marico plans to meet this aspiration by seeking to win amongst consumers, trade and talent. The Company has identified the following key strategic drivers for achieving this goal - **grow the core**, **build new engines of growth** and **create shared value**.

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

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Near Term / Medium Term Outlook

Marico India

- Despite the reported volume decline of 14% in the India business, visible improvement in traction in the core portfolios vis-à-vis last year's average monthly run-rate has been reassuring. Since the business has recovered to near-normal levels and growth trends have been improving from May, the Company will strive to sustain the momentum and deliver growth in the balance part of the year, provided the ongoing COVID-19 crisis doesn't drastically worsen in the times to come.
- **Parachute Rigids** clocked volumes higher than last year average monthly run rate. Given the market construct and strengthening brand equity, the Company expects to grow volumes in the range of 5-7% over the medium term.
- **Value Added Hair Oils recovered smartly in May and June**, with some brands re-couping volumes to above 100% of the average monthly run rate of last year. The Company aims to revive volume growth in this franchise in the near term with focused pricing and marketing initiatives.
- **Saffola Edible Oils** appear to have charted a sustainable growth path after a variety of channel/pricing/promotion measures taken over the last 18-24 months. The Company aims to sustain high single digit volume growth over the medium term in this franchise.
- The Company will continue to innovate and broaden its play in the **Foods** category, thereby maintaining 20% plus CAGR over the medium term.
- **Hygiene** offers significant potential to build a suitable growth portfolio. The Company will continue to invest behind this play through innovation and brand building.
- The Company aims to build **Premium Personal Care** into a growth engine of the future and expects to deliver double digit value growth over the medium term in the portfolios. Though, in the near term, expectations remain muted.
- The Company's medium-term **Go-To-Market (GTM) strategy** will be focused on improving the width and depth of its distribution. The Company is investing behind upgrading its distribution infrastructure in urban General Trade to ensure profitability of channel partners and expanding direct reach in rural markets. The Company aims to ensure sustainable, harmonious and incremental growth in General Trade, Modern Trade and E-commerce through specific price and SKU management measures.
- The Company is focusing on **Digital initiatives** in a big way to improve consumer engagement, drive sales through E-commerce for internet-savvy consumers and build Data Analytics capabilities. With Beardo in the process of being integrated into Marico's fold, it should considerably enhance our capabilities in E-commerce and salons over the medium-term.

Marico International

- Over the last few years, the company has systematically invested in the core international markets to strengthen both the brands and the organizational capability to handle growth. The Company is confident that the key markets are well-poised to capitalize on the market opportunities.
- After a soft Q1 for all markets except Bangladesh, it is difficult to set aspirations for Q2 currently, given the varying degrees at which markets shall recover as and when the impact of COVID-19 recedes.
- The business in **Bangladesh** is likely to continue the momentum as the medium-term macro prospects look promising. Therefore, the Company will leverage its distributive strength to further consolidate market shares in the core portfolios, scale up new launches and enter new categories.
- As a market leader, the **Vietnam** business will continue to invest in the male grooming category and excellence in sales and distribution systems. The Company has initiated an aggressive cost management program, which will enable resource generation for brand building. **Myanmar** and the **rest of South East Asia** are growth engines of the future.
- In the **MENA** region, the Company will focus on getting the basics right by judiciously investing behind brands and Go-to-Market initiatives. In the Middle East, the Company will work towards strengthening the Coconut Oils and Hair Oils play. In Egypt, cost management initiatives will enable the business to weather the persistent macro headwinds.

- The **South Africa** business has been subdued by macroeconomic headwinds and resultant sluggishness in demand. The Company is cautious on the near-term outlook of the business but expects to protect the core franchise of ethnic hair care and health care over the medium term.
- The Company will continue to invest in developing new countries and scale the business profitably. In the short term, ably restoring the supply chain will be key.
- The Company aims at clocking an organic broad-based double-digit constant currency growth over the medium term.

Overall (India + International)

- The Company holds its medium-term aspiration of delivering 8-10% volume growth and 13-15% revenue growth.
- Marico shall continue to invest behind brand building to support market growth initiatives in core categories and expansion into adjacent categories. In the near term, the Company will reallocate spends from non-media to media channels. Spends on the digital platforms will continue to rise.
- The current state of lockdown and work from home have created opportunities for a structural reset in certain costs. The Company is actively exploring the same to unlock a sustained improvement in the cost structure of the business.
- The Company would be comfortable maintaining operating margin at 19% plus over the medium term. After However, the Company expects operating margins to be circa 20% for the rest of the year.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q1FY21 (Quarter ended June 30, 2020)

Performance of Marico India and Marico International

In accordance with the revised Ind-AS, the Company has organized the business into two categories viz, India & International. Accordingly, the Company has reported its segmental results for these categories.

INR Crore

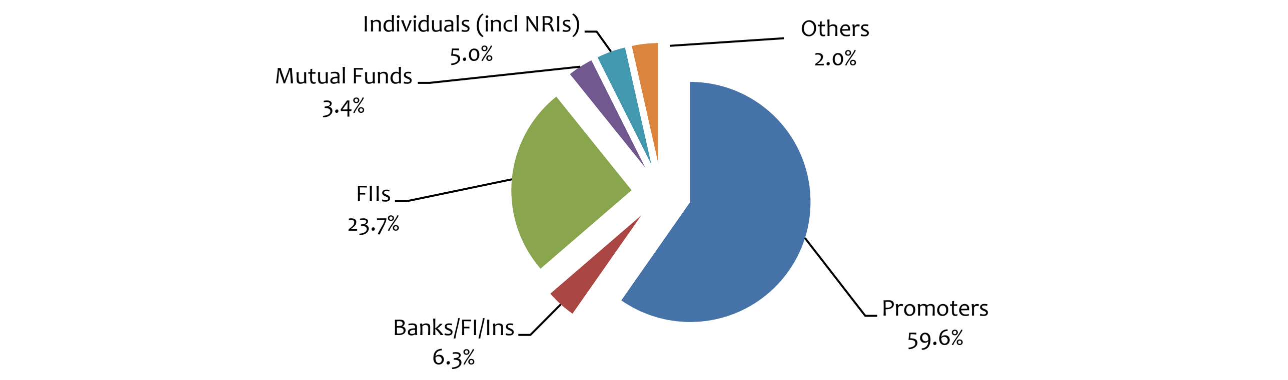
Particulars	**Q1FY21**	**Q1FY20**
1. Segment Revenue		
i. India	1,480	1,731
ii. International	445	435
2. Segment Result		
(Profit before Interest and Tax and exceptional items)		
i. India	358	365
ii. International	125	106
3. Segment Result as % of Segment Revenue (PBIT)		
i. India	24.2	21.1
ii. International	28.1	24.4
3. Capital Employed (Segment Assets - Segment Liabilities)		
i. India	1,608	1,191
ii. International	824	702

Note: PBIT pertains to Profit before Interest and Tax directly attributable to both the segments. Corporate taxes, interest income and interest expense are kept unallocated for the purpose of segment reporting. Accordingly, the segment capital employed does not reflect the assets and liabilities corresponding to above income and expenses. Goodwill has been allocated to respective businesses.

Marico – Information Update for Q1FY21 (Quarter ended June 30, 2020)

Annexure 1-A: Shareholding Pattern

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

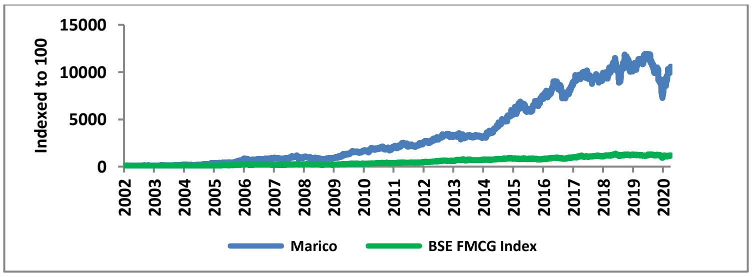


Details of ESOPs as on June 30, 2020:

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
Schemes under the Marico Employee Stock Option Plan, 2016	4,953,650	147,820	57,840	47,47,990

Options pending to be exercised are less than 0.4% of the issued share capital.

Annexure 1-B: Share Performance on the Stock Exchanges



- Marico's long-term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at INR 45,414 crore (USD 6.1 billion) on June 30, 2020. The average daily volume on BSE and NSE during Q1FY21 was about 40,58,583 shares.

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

Marico – Information Update for Q1FY21 (Quarter ended June 30, 2020)

Annexure 1-C: Average Market Prices of Input Materials

(Based on simple average of the daily market prices. Company's actual procurement prices may differ.)

Month	Rs/100KG COCHIN CN OIL	Rs/100KG COPRA CALICUT	Rs/10KG KARDI OIL JALNA*	Rs/10KG RICE BRAN	Rs /LT LIQUID PARAFFIN	Rs / KG HDPE*
Apr-19	14,546	10,214	1,565	591	48	101
May-19	13,477	9,458	1,565	578	47	99
Jun-19	12,967	9,304	1,565	569	46	92
Jul-19	13,156	9,191	1,565	583	44	91
Aug-19	14,580	10,564	1,565	616	45	92
Sep-19	15,013	10,795	1,565	625	44	93
Oct-19	14,567	10,235	1,971	608	44	86
Nov-19	14,590	10,342	1,947	640	44	85
Dec-19	14,802	10,648	2,003	684	46	85
Jan-20	15,056	11,058	2,079	696	46	87
Feb-20	15,272	11,102	1,995	628	45	87
Mar-20	15,481	11,121	1,890	601	44	87
Apr-20	15,731	11,002	1,890	651	42	80
May-20	15,160	10,160	1,890	664	44	82
Jun-20	14,388	9,808	1,890	725	43	88
Q1FY21 vs Q1FY20	10%	7%	21%	17%	-9%	-14%
Q1FY21 vs Q4FY20	-1%	-7%	-5%	6%	-6%	-4%

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

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

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

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

Value Added Hair Oils					
Hair & Care	INR 11 off	100 ml	Apr-Jun	Price-off	National
Hair & Care	50 ml free	200 ml	Jun	Extra Volume	National
Nihar Shanti Amla	12 ml free	78 ml	May-Jun	Extra Volume	National
Nihar Shanti Amla	50 ml free	190 ml	May-Jun	Extra Volume	National

Annexure 2: PROFILE GIVING BASIC / HISTORICAL INFORMATION

Marico is one of India's leading consumer goods companies operating in the global beauty and wellness space. Marico's Products in Hair care, Skin Care, Health Care and Male Grooming generated a turnover of about INR 73.1 billion (USD 1.03 billion) in 2019-20.

Marico markets well-known brands such as Parachute, Saffola, Saffola FITTIFY Gourmet, Hair & Care, Parachute Advansed, Nihar Naturals, Mediker, Kaya Youth O2, Coco Soul, Revive, Set Wet, Livon, Veggie Clean, Travel Protect, House Protect, Beardo, Fiancée, HairCode, Caivil, Black Chic, Isoplus, Code 10, Ingwe, Mediker SafeLife, X-Men, Sedure and Thuan Phat. Atleast 90% of Marico's portfolio of brands occupy leadership positions in their respective categories. Marico's products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South and Sub-Saharan Africa, Malaysia, Myanmar and Vietnam.

Marico's own manufacturing facilities in India are located at Perundurai, Puducherry, Paonta Sahib, Baddi, Jalgaon, Guwahati and Sanand and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, MEL Consumer Care & Partners (Wind Co.), Marico South East Asia Corporation (erstwhile International Consumer Products Corporation) have their manufacturing facilities at Mouchak and Shirir Chala, near Gazipur in Bangladesh, Sadaat City, Egypt, Ho Chin Min City, Vietnam and Phú Quốc Island, Vietnam respectively.

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

Reach

Marico today touches the lives of 1 out of every 3 Indians. Marico sells over 1.5 billion packs every year through 5.1 million retail outlets serviced by its nationwide distribution network comprising 4 Regional Offices, 25 carrying & forwarding agents (CFAs) and about 7000 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 5,000.

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

	Urban	Rural
Sales Territories	227	48
Towns covered	600	58,000
Distributor	675	-
Super Distributor	-	180
Stockists	-	6,105

Marico – Information Update for Q1FY21 (Quarter ended June 30, 2020)

Financial Highlights

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

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

Represents Net Profit attributable to owners

Mode of Issue of this update

We have issued this Information Update, first to the Stock Exchanges, posted it on Marico's website and then sent it to the financial community members who are on Marico's regular mailing list.

Marico Investor Relations Team

Pawan Agrawal	Executive Vice President & Head – Finance & Investor Relations	(pawan.agrawal@marico.com)
Vami Doshi	Manager – Investor Relations	(vami.doshi@marico.com)

Marico – Information Update for Q1FY21 (Quarter ended June 30, 2020)

Contents of this Update

- Financial results as per Ind-AS w.e.f. 1st April 2016 and other developments during the quarter under review for the Marico Group – Marico Limited, Marico Bangladesh Limited, Marico Bangladesh Industries Limited, Marico Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, MEL Consumer Care 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, the quarterly figures mentioned in INR have been converted to USD basis INR/USD rate of 75.

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.