Marico – An Information Update for Q2FY14

(Quarter ended September 30, 2013)

Executive Summary – Q2FY14 Consolidated FMCG Results: Performance Highlights

Particulars	Q2FY14	Growth	H1FY14	Growth
Revenue from Operations (Rs/Cr)	1,118	5%	2,414	7%
Profit After Tax (Rs/Cr)	106	25%	261	19%
Volume Growth		4%		8%

The above result is for Marico which now comprises FMCG business only (Domestic and International). The Scheme of demerger has been sanctioned by the Honorable Bombay High Court and therefore Marico reported numbers, henceforth, will not include those of the Kaya business (effective April 1, 2013).

During the quarter, Marico posted Revenue from Operations of INR 1,118 crore (USD 180 million) a growth of about 5% over Q2FY13. The top line growth was driven by growth in volumes of about 4% in each of the Domestic and International businesses.

The profits of Q2FY14 are not comparable to Q2FY13. During Q4FY13, the Company changed its method of depreciation as a result of which the depreciation charge for Q2FY14 and H1FY14 is lower by INR 2.94 crore (USD 0.47 million) and INR 5.39 crore (USD 0.87) respectively when compared to Q2FY13 and H1FY13. The post-tax impact in Q2FY14 and H1FY14 is INR 1.94 crore (USD 0.31 million) and INR 3.55 crore (USD 0.57 million) respectively. A snapshot of the results before considering the impact of these adjustments is given below:

Particulars	Q2FY14	Growth	H1FY14	Growth
Revenue from Operations (Rs/Cr)	1,118	5%	2,414	7%
Profit After Tax (Rs/Cr)	104	23%	258	18%

The FMCG business has continued to grow in volumes and profits along with sustained improvements in market shares. In India, softening in the sector due to the general consumer price inflationary trend and restricted spends on discretionary products has impacted the Company's growth rates. Moreover, growth in the primary sales during the current quarter was low due to a one time paring down of stocks in the trade as the value growth is lagging volume growth and inflation in distribution costs. It should also be noted that the growth in secondary sales is as per Company's expectations given the overall economic situation. The table below summaries the growth in primary and secondary sales for Q2FY14:

Q2FY14	Primary Growth		Secondary Growth	
Category	**Value Growth**	**Volume Growth**	**Value Growth**	**Volume Growth**
India FMCG Business	1%	4%	7%	9%
Parachute Rigids	-6%	1%	0%	7%
Value Added Hair Oils	16%	15%	22%	20%
Saffola Refined Oils	3%	7%	5%	9%

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

- The Company recorded market share gains across portfolios and across geographies
- New Products (Saffola Oats & Parachute Advansed Body Lotion) continue to track well
- Marico Group operating margins improved to 15% with Marico International (IBG) EBITDA margins at 16.7% and Marico India (Domestic FMCG) EBITDA margins at 17.6%, before corporate allocations

The Company has declared a first interim dividend of 75% (Rs 0.75 per share) at the meeting of its Board of Directors held on October 29, 2013. This compares favorably to first interim dividend of 50% during FY13.

Note: All numbers mentioned in INR in this note are converted to USD basis INR/USD of 62, being the average rate for the quarter.

Summary of value growth during Q2FY14 across Businesses

Categories/Businesses	Q2FY14	H1FY14	Share of Group's Turnover basis FY13 results
Group	*5%*	*7%*	
India FMCG Business	1%	5%	76%
International FMCG Business	14%	15%	24%

Status Update: Announcement dated January 7, 2013: Restructuring of businesses, corporate entities and organization, effective April 1, 2013

The Board of Directors of Marico Limited, at its meeting held on 7th January 2013, passed a resolution approving restructuring of Marico's businesses, corporate entities and organization, effective April 1, 2013.

The Company's India and International FMCG business now forms a unified FMCG business under one leadership. Kaya business has been demerged into a separate company outside the Marico Group.

The Company has created two separate companies through partitioning of the erstwhile Marico Limited

Kaya to be listed with mirror shareholding

1. Marico Limited, together with its subsidiaries now houses the domestic and international consumer products business.
2. Marico Kaya Enterprises Limited (MaKE), a new company, together with its subsidiaries, houses the Kaya business by way of a demerger process.

Marico balance sheet has been sliced vertically such that all the assets and liabilities belonging to the skin care solutions undertaking of Kaya remain with the Kaya entity. The shareholding of Marico Limited will be mirrored in MaKE such that each shareholder in Marico Limited holds the same proportion of shares in MaKE which is proposed to be listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) during the fourth quarter of FY14.

Demerger sanctioned by Bombay High Court

The Company has received an approval of the stock exchanges and its shareholders. The Scheme of demerger has been sanctioned by the Hon'ble High Court of Judicature at Bombay. The Order of the High Court was filed with the Registrar of Companies, Mumbai on October 17, 2013. November 5, 2013 is fixed as the record date for allotment of shares by MaKE to shareholders of Marico in the ratio of 50:1. The appointed date of the demerger as per the Scheme is April 1, 2013.

The consolidated financial statements of MaKE for the period H1FY14 are currently under audit. These audited financial statements are likely to be adopted by the Board of MaKE in the month of November 2013 post which the management of MaKE shall share these financial statements with the investor community. Accordingly, this information update only relates to the performance of Marico's FMCG business for Q2FY14.

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)	83%	1st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	57%	1st	Post wash Leave-On Serums (India) (Livon and Silk & Shine)	80%	1st
Hair Oils (India) (Parachute Advansed, Nihar, Hair & Care)	28%	1st	*X-Men Men's Shampoo (Vietnam)	42%	1st
Value Added Hair Oils (Bangladesh)	20%	2nd	*Hair Code & Fiancée Hair Gels/Cream (Egypt)	56%	1st
Deodorants (India) (Set Wet and Zatak)	5%	4th	*Hair Creams/Gels (India) (Set Wet and Parachute After shower)	43%	1st

Market Leadership

***Value market shares**

Note: Market shares in India will now be reported basis Nielsen's revised panel of 40,000 households.

FMCG Business in India: Marico India

The FMCG Business in India achieved a turnover of INR 804 crore (USD 130 million) during the quarter, a growth of about 1% over Q2FY13.

The volume growth in India was about 4% for the quarter, in an environment where demand has shown signs of being soft. Moreover, primary volumes were low due to a one time correction of stocks in the trade as explained in the Executive Summary section. Secondary sales in Q2FY14 have been as per expectations.

The business recorded market share gains across the portfolio, reflecting strong equity of its brands, even though the rates of category growth have decelerated over the past few quarters mainly in discretionary segments in Urban areas.

The operating margin of the India FMCG business during Q2FY14 was 17.6%. The Company believes that this level of operating margin is sustainable in the medium term.

The table below summarizes volume and value growths reported across segments during Q2FY14.

Categories	Q2FY14		H1FY14		% of Group's turnover bases FY13 results
	Value Growth	Volume Growth	Value Growth	Volume Growth	
FMCG Business (India)	1%	4%	5%	7%	76%
Parachute Coconut Oil (Rigid packs)	-6%	1%	-4%	2%	24%
Value Added Hair Oils portfolio	16%	15%	18%	16%	17%
Saffola (Refined Edible Oil)	3%	7%	4%	9%	16%

Parachute and Nihar

Marico participates in the INR 2800 crore (USD 500 million) branded coconut oil market through Parachute and Nihar. 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.

Market Share up by 55 bps over Q2FY13

Parachute's rigid portfolio (packs in blue bottles), recorded a volume growth of about 1% during Q2FY14 over Q2FY13. Primary sales were low due to a one time correction of trade stocks as explained in the executive summary section of this note. Secondary sales grew by a healthy 7% in line with expectations. The market share has improved.

The Company has been focusing on the rigid packs over the past few years as they enjoy a higher margin as compared to pouch packs. The proportion of pouch packs has now reduced to about less than 15% of the total Parachute sales in value terms. During the 12 month period ended September 2013, Parachute along with Nihar improved its market share by about 55 bps over the same period last year to 56%.

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.

Pricing action initiated.

Due to the recent spurt in the input cost prices the Company has initiated a weighted price increase of about 4% across the portfolio. (Note that earlier the Company has initiated some downward price corrections in order to pass on part of the input cost benefit to the consumer). There has been a further spurt in the input cost prices as a result of which the Company has initiated another weighted average price increase of about 5%.

Brand	SKU	Current MRP	New MRP	Increase
Parachute	100ml	23	27	17%
Parachute	175 ml	45	49	9%
Parachute	250ml	60	66	10%
Parachute	500ml	120	130	8%

It is generally observed that a slight inflationary environment swings the competitive position to the Company's advantage as it puts pressure on the working capital requirements of marginal players. This leads to market share gain and better volume growths.

Saffola: Super premium refined edible oils and breakfast cereals

The Saffola refined edible oils franchise grew by about 7% in volume terms during Q2FY14 as compared to Q2FY13. Secondary volume grew by over 9%. This reflects the brand's recovery from the low single digit growths in second half of FY13. It is expected to maintain this trend for the rest of the year.

The Company had initiated certain downward price changes in select packs to the tune of 2% to 3% during Q4FY13 in order to bring down the price premium versus other oils so as to fast forward the rate of consumer upgrade to Saffola. Also, it has revamped one of its existing variants i.e., New Saffola with an improved and top of the line offering for modern day needs, Saffola Total. Saffola Total has twice the amount of antioxidants as olive oil. The Company also initiated a new communication strategy to establish its superiority. The strategy was implemented with the release of "High Science" campaign in which the consumers were informed of the reasons why Saffola is a better product to consume. The Company's approach is to deliver a product that is best for the consumers based on science rather than offer plain commodities.

The Company also intends to extend Saffola's reach to Rural markets where rising affluence is generating demand. The prototypes done so far have yielded encouraging results.

The income levels in India have seen an increase over the past few years. As a result of this growing affluence, consumers are proactively moving on to healthy lifestyles. Moreover, awareness about health and particularly heart health has been increasing in India. Saffola has made a significant contribution towards increasing this awareness (www.saffolalife.com). Adopting Saffola is one of the shifts that consumers continue to make. The Saffola range of blended refined oils (available in four variants) operates in the super premium niche of the refined edible oils market. Saffola is estimated to reach over 3 million households of the 22 million SEC A/B households in India. With rising affluence and awareness about heart health in the country, there is significant headroom for growth. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 57% during the 12 months ended September 2013. (MAT 12 months ended September 2012: 58.3%).

Significant tailwind (lifestyle), headroom for growth

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. The rise in the number of nuclear households and that of working women provides an opportunity for convenient and healthy breakfast food options. The Company has prioritized the breakfast space in the near term. The intent of the company is to come up with value added offerings. Saffola savory oats are now available in six flavors. The product has been positioned as 'tastier way to manage weight'. Saffola has a market share of 13% by volume in the oats category and has emerged as the number two player in the category showing fast paced growth of around 25% to 30% per annum. The exit market share was about 17%. The category growths in the recent past have however slowed down.

Oats tracking well. Market share > 13%. No.2 position

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

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) have performed well over the past few years. The brands continued to record very healthy growths and as a result the market shares have been improving year on year. The volume growth rate was 15% during Q2FY14 over Q2FY13. Secondary volume grew by 20%. Marico continues to gain market share in Value Added Hair Oils and continues to be the market leader with 28% share (for 12 months ended September 30, 2013) in the INR 4500 crore (USD 834 million) market. This compares to a share of about 17%-18% about 5-6 years ago. The shift in the market share during the quarter was 260 bps. Now the gap between the Company and the number 2 player in VAHO has widened to 280 bps.

Volume growth 15%, Market Share 28%

These market share gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value added hair oils category, continued media support in some of the brands and penetrative pricing action in others and expansion of Marico's direct retail reach in the rural markets.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 29% for the 12 months ended September 2013 in the Amla hair oils category (Q2FY13: 23%).

Hair oiling remains a deeply ingrained habit for leave-in hair conditioning and nourishment on the Indian sub-continent. The Company has carried out scientific research and conducted successful clinical trials to establish the benefits that hair oiling provides to consumers. The study has proved that hair oiling improves the strength, thickness, length and softness of hair. Moreover, hair oiling leaves the hair less damaged. With rising incomes in India there exist increasing opportunities to serve consumers looking for value added options to their hair oiling needs. The Company believes that educating the consumer by putting science behind the habit of hair oiling will build credibility and create a loyal franchise. (www.parachuteadvansed.com)

Hair oiling entrenched habit in South Asia – expected to stay relevant

During Q4 of the previous year the Company launched another product under the Parachute Advansed brand called "Parachute Advansed Tender Coconut Oil". The new product offers a right combination of nourishment and desired sensorial to the consumer. The response is satisfactory.

Marico has a "category play" in the segment whereby it offers its consumers a basket of value added hair oils for their pre-wash and post wash leave-in hair conditioning, nourishment and grooming needs. The Company's aim is to participate in all the sub-segments and have a wider portfolio to drive growth. Nihar Naturals, Parachute Advansed and Hair & Care have each established significant franchises. This is being built upon further through the introduction of new products such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic Hair Oil and Parachute Advansed Tender Coconut hair oil. All these have grown the overall hair oils franchise by bringing specificity and creating more occasions for use.

Company aims to participate in all sub segments

The Company is now focusing on scaling up its presence in all the sub segments of Value Added Hair Oils so that it can get advantages of operating leverage in fixed costs and advertisement spends leading to expansion in operating margins.

There has been an increase in the input costs primarily due to weakening of INR against USD. The Company has taken a weighted average price increase of 6% in the Nihar Naturals, Parachute Advansed Jasmine and Hair and Care variants.

Mass Skin Care: Parachute Advansed Body Lotion

Parachute Advansed Body Lotion has continued to record a satisfactory performance. The brand continues to witness faster off-take growths than the category. Riding on the back of strong media inputs behind the thematic campaign on Summer Fresh variant, brand off-takes grew at 26% in H1 compared to category growth in the mid-teens. It has increased its market share by 160 bps to 7.1% (moving 12 months basis) and is the number 3 participant in the market. (www.facebook.com/ParachuteAdvansedBodyLotion)

Parachute Advansed Body Lotion Market Share 7%, ranked no.3

The Company believes that even though the category is relatively more competitive than the other categories it is present in, there is a lot of head room for growth and there is place for a differentiated product. The penetration levels are still below 20% resulting in higher category growth rates. The total skin care segment is estimated to be around INR 5000 Cr (USD 926 mil) out of which the body lotion segment is around INR 550 Crore (USD 102 mil). The Company plans to increase its participation in the skin care segment in the longer term.

Youth brands (Set Wet, Zatak, Livon)

The acquired portfolio of youth brands achieved a top line of about INR 97 crore (USD 15.7 million) during H1FY14 as compared to INR 56 crore (USD 9 million) in H1FY13. The base is not comparable for two reasons: the brands were integrated in June 2012 and H1 last year involved pipeline filling to bridge the distribution gaps. While sales had begun to decline due to lack of focus with the erstwhile owners during Q1 last year, the Company started to fill the distribution gaps in Q2 after it had acquired the brands. Considering the base for H1FY13 (combination of sales in the hands of erstwhile owners and Marico) the overall top line has grown by about 30%.

Performance tracking above acquisition assumptions

The overall performance thus far is tracking above the company's acquisition assumptions.

The Company has established a leadership position in the Hair Gels and Post Wash Leave-on conditioner market with about 43% and 80% share respectively. The Company has recently introduced a new jar pack which comprises about 30% of the category.

Set Wet and Zatak had earlier seen some decline in market shares in the deodorant segment given that there was some lack of focus in the hands of the erstwhile owners. This decline has now been arrested and the trend is beginning to reverse. The market share during Q2FY14 was about 5% as compared to 3.9% in Q2FY13.

Over the next few years, the growth rates are likely to average around 25% supported by new advertisement communication and product launches. However, the environment in the next few quarters is challenging and the category growth may not match up to the medium term outlook.

Input Costs and Pricing

Market prices of Copra have rallied in the last few months. The average market prices of copra during Q2FY14 were up by 29% compared to Q2FY13. The Company expects that there may be some input cost inflation in the second half of the year. This has led the Company to initiate price increases.

The market prices of the other key input, Safflower Oil, were down about 21% during the quarter as compared to Q2FY13. Market prices of rice bran oil were also about 15% down. Therefore, there was no need to initiate any price changes in the Saffola edible oil segment.

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. Conversely, in a deflationary environment the Company is willing to pass on part of the benefit to the consumer especially in the lower price point (recruiter) packs in order to ensure regular upgrades from the unorganized market in case of the coconut oil category and from non Saffola users in the super premium refined edible oils category. This would ensure that we continue to expand our volume base – critical for an emerging market like India. 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.

Update on Markets/Distribution Channels

Marico's rural sales continue to clock a faster pace of growth than its urban sales. The continued focus on distribution expansion in rural markets has pushed H1 rural sales to more than 30% of total Indian FMCG sales. The Company continues to make long term investments behind strengthening the direct distribution in rural areas. During the beginning of the year, the Company decided to put (on its distributor payroll) about 1000 feet-on-street out of which more than 50% was to drive sales in rural areas. The progress is as per plan.

The Company is also investing behind strengthening other channels such as modern trade, chemist/cosmetic stores to increase the saliency of its existing portfolio and that of the recently acquired youth portfolio. The Company has increased its reach in chemist outlets by over 20% consequent to the acquisition of the Youth brands Set Wet, Zatak and Livon. It now reaches about 75,000 chemist outlets out of the universe estimated to be around 500,000 outlets.

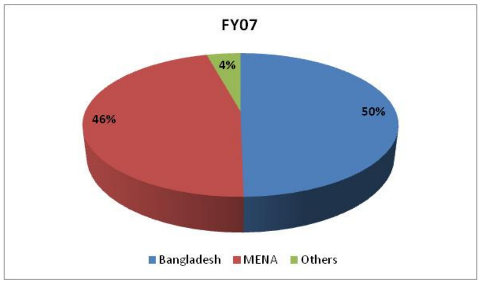
Sales in Modern Trade continued its good run and grew by 11% in Q2FY14 led by youth portfolio, Saffola and hair oils.

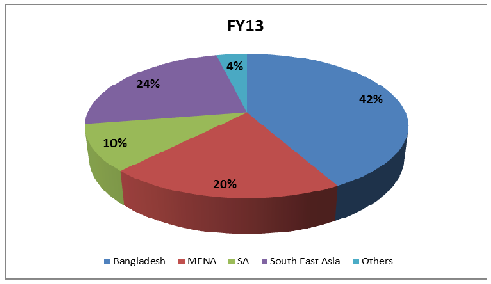
Other Developments

Marico's manufacturing facility at Goa was set up in 1997 for manufacture and packaging of pure coconut oil. Due to input material supply and logistic dynamics that changed over the years, the operations at the Goa Plant became commercially unviable and accordingly the management of the Company decided to stop the operations at the plant and has also offered a voluntary retirement scheme to workmen, which workmen have accepted. The management proposes to close the plant in due course for which initial preparatory steps are being taken.

It may be noted that throughput from this plant is about 5% in relation to the total quantity of pure coconut oil manufactured and packed by the Company.

FMCG Business (International): Marico International





The year FY13 had been a mixed year for the international FMCG business with some pockets not performing as per expectations. The first half of the year FY14 has been relatively better.

The overall volume growth during the quarter in the international FMCG business was 4% with operating margins at 16.7%. The Company believes that this margin level is higher than sustainable levels.

The performance during the quarter Q2FY14 is summarized in the table below

Particulars	Q2FY14
Turnover (Rs/Cr)	314
Reported Growth %	14%
Volume/Value growth (Business Growth, constant currency)	3%
Exchange Rate impact (Favorable)	11%

The business in Vietnam continues to do well. The Company is in much better control of the issues in the Middle East (GCC) region. The distributor transition in KSA is now complete. The management team has been strengthened and the team is working on the optimum portfolio mix. The region is poised for recording growth and making profits in FY15.

The following sections explain the performance in each of the key geographies during the quarter.

Bangladesh

The overall business environment in Bangladesh is mixed. Inflation is showing a downward trend currently at ~7% levels. The GDP growth estimates have been lowered to below 6%. Given the impending general elections, the overall macro-economic and political environment is likely to remain volatile in the short run.

The business reported a top line growth of 1% (in constant currency) and a continued its margin expansion journey in a benign input cost environment. The growth in top line was contained mainly due to unfavorable eco-political environment leading to slowing domestic demand. Moreover the Company did not initiate price cuts in an environment of input cost deflation as it believes that with more than 80% of the market the headroom for growth post the price corrections may be restricted. Parachute increased its market share to 83% in the branded coconut oil market. The growth in profits was driven largely by the expansion in the gross margins.

1% constant currency growth

In view of the long term potential that Bangladesh offers, the Company continues to make investments behind existing and new products such a Value Added Hair Oils (VAHO) and Hair Dye. These products continue to gain traction and are expected to help create a portfolio of the future in Bangladesh. The Company now offers a bouquet of value added hair oils such as Parachute Beliphool, Parachute Advansed

No.1 in Powdered Hair Dyes

Cooling Oil and Nihar Naturals. The portfolio posted a growth of about 8% in volumes during the quarter. Value Added Hair Oils category touched 20% market share in Q2FY14.

The launch of Hair Code ACTIVE, a faster-acting variant of Hair Code is gaining traction. Hair Code combined with Hair Code Active has strengthened its leadership position with an exit market share of 33%.

The Company also launched "Livon Silky Potion" (from the Youth Portfolio it acquired in India in FY13) in the market and the response was very encouraging.

New categories including value added hair oils & hair dye to drive further growth.

The share of VAHO and Hair Dye in the overall top line continues to increase thereby de-risking the Company from Parachute coconut oil. This de-risking strategy is further supported by introduction of Livon Silky Potion.

MENA (Middle East and North Africa)

The MENA business on an overall basis marginally de-grew during Q2FY14 as compared to Q2FY13. The business in Egypt was highly affected by political turmoil during the quarter and grew by about 5%. The business in GCC continued to report a decline. However, the outlook for quarters going forward is positive.

Political unrest in Egypt worsened during the quarter, impacting the business significantly. The situation is likely to continue to be unstable amidst continued protests, clashes and violence. GDP growth is expected to be below 2% under the uncertain political and economic situation.

HairCode and Fiancée together maintained a market share of 56% in the gels category.

The Company's performance in the Middle East region faced challenges during most of the previous year due to some execution issues. Various steps have been taken during the last few quarters and a detailed strategy is being worked out. The distributor transition in KSA region is now complete and business is getting stabilized there. The business is poised to record sales growth in H2FY15 and record profits by early to mid FY15.

South Africa

The business reported a topline growth of 7% during the quarter. The business environment continues to be challenging with the ethnic hair care segments declining. Marico South Africa has however gained Market share in the category over the past few years.

South East Asia

The business in Vietnam is tracking as per expectations and grew by 21% in Q2FY14 over Q2FY13 in constant currency terms. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. The Company continues to scale up its presence in neighboring countries like Malaysia and Myanmar.

Vietnam growth & X-Men shampoo share tracking well

OPERATING MARGIN STRUCTURE FOR MARICO FMCG Business

% to Sales & Services (net of excise)	Q2FY14	Q2FY13
Material Cost (Raw + Packaging)	50.0	51.9
Advertising & Sales Promotion	12.1	14.1
Personnel Costs	7.2	6.2
Other Expenses	15.6	14.8
PBDIT margins	15.1	13.0
Gross Margins (PBDIT before	27.2	27.1

(a) The average market price of copra, the largest component of input costs, was 29% higher in Q2FY14 as compared to Q2FY13. On the other hand the market prices of safflower oil and rice bran oil were lower by 21% and 15% respectively when compared to Q2FY13. The consumption prices can differ from market prices depending on the stock positions the Company has taken. On an overall basis the gross margins improved by 190 bps during the quarter.

(b) The Company continues to make investments behind existing products and new products such as Saffola Oats, Saffola Muesli, Parachute Advansed Body Lotion, Youth brands in India and Value Added hair Oils in Bangladesh. About 40% of the ASP amount has been spent on new products. Saffola Muesli and Parachute Advansed Summer Fresh were launched in Q2FY13 resulting in a higher ASP to Sales ratio as compared to the current quarter.

(c) Personnel costs have gone up mainly due to the voluntary retirement scheme offered to the workmen in the Goa manufacturing facility amounting to about INR 4 crore (USD 0.65 million).

(d) The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses). The increase is as per the volume growths and normal inflation

   a. Fixed Expenses include items such as rent, legal and professional charges, certain one time project based consulting charges for capability building and value enhancement in the organization.

   b. Variable Expenses include item such as freight, subcontracting charges, power and fuel, warehousing etc. The variable expenses have grown slower than growth in sales mainly due to reduction in Marico Bangladesh as a result of shifting of crushing from third party operators to own factory.

Other Expenses	Q2FY14	Q2FY13	% variation
Fixed	56.4	43.3	30%
Variable	118.3	114.3	4%
Total	174.7	157.6	11%

The detailed Financial Results and other related useful information are available on Marico's website – http://www.marico.com/investor_relations/latest_updates.html

Capital Expenditure and Depreciation

The estimated capital expenditure in each of the years FY14 and FY15 is likely to be around INR 75 crore (USD 14 million).

Depreciation during Q2FY14 is INR 16.8 crore (USD 2.7 million) compared to INR 14.2 Crore (USD 2.3 million) in Q2FY13. Change in method of depreciation resulted in a depreciation charge lower by INR 2.94 crore (USD 0.47 million) in Q2FY14. However, the increase in depreciation is on account of depreciation on new corporate office building and its interiors, amortization of the brand “Fiancee” and other additions made post Q2FY13 till Q2FY14.

Direct Taxation

The Effective Tax Rate (ETR) for the FMCG business during Q2FY14 is 27.3% as compared to 24.2% during Q2FY13. The increase in the ETR is primarily due to the fact that the share of tax exempt profits (80I profits) as percentage of total profits in Marico Limited is lower. Further during the quarter, Marico India received dividend from Marico Bangladesh Ltd which is taxed at 17%, increasing the ETR for the period

The Company expects its effective tax rate to be around 25% in FY14 given that it also includes tax on dividend received from Marico Bangladesh Limited. During FY15 one of its factories in India is going out of tax exemption and another is moving into 30% exemption bracket from 100% exemption. The expected ETR during FY15 and FY16 could go up to 30%. 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

Likely ETR of ~ 25% in FY14

view there is no change. The current MAT credit of about INR 139.6 crore (USD 22.5 million) as of September 2013 is expected to be utilised by the Company over the next 3 to 4 years.

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 volatile during the quarter and reached highest levels. Similar fluctuations were observed in other local currencies also. While a depreciating exchange rate of INR /USD 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	Q2FY14	Q2FY13
Return on Capital Employed - Marico Group	30.4%	19.3%
Return on Net Worth – (Group)	32%	18%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital (Days)	 25 62 62	 21 64 55
Debt: Equity (Group)	0.62	0.40
Finance Costs to Turnover (%) (Group)	0.9%	1.6%

* Turnover Ratios calculated on the basis of average balances

1. Kaya impact has been removed from FY13 ratios in order to make them comparable to FY14
2. The variation in ratios 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. Debtor days have gone up due to increase in CSD receivables.
    3. Increase in Net Working Capital days is on account of increase in cash and cash equivalents as compared to Q2FY13.
3. The Net Debt position of the Marico Group as of September 30,2013 is as below-

Particulars	Amount (INR/Cr)
Gross Debt	750
Cash/Cash Equivalents and Investments (Marico Ltd: INR 339 crore. Marico International: INR 345 crore)	683
Net Debt	**66**
Foreign Currency Denominated out of the total gross debt (55% hedged) (Also refer to Note 4 below)	597

Foreign Currency Denominated : Payable in One Year	296
Foreign Currency Debt as a % age of Gross Debt	80%
Rupee Debt out of the total gross debt	153
Rupee Debt : Payable in One Year	53
Total Debt Payable with in One year	349
Average Cost of Debt (%) : Pre tax	5.4%

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.
5. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
6. The Company had, "early adopted" 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 Rs. 9,815.98 lacs as at September 30, 2013 (Rs. 7,971.08 lacs as at June 30, 2013, Rs. 5,249.45 lacs as at March 31, 2013 and Rs. 4,698.40 lacs as at September 30, 2012) 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 would be recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

Short / Medium Term Outlook

Marico India

- The business environment in the immediate term is challenging particularly in the Urban areas. The new categories that the Company has entered in the recent past are growing at a slower pace.
- The growth momentum in Rural and Middle India is intact. Moreover, the Company is likely to invest significantly behind distribution which could give immediate gains.
- Given the challenges the Company is expected to deliver a volume growth of about 8% to 10%. With inflation setting in and necessitating some price increases the overall top line growth could be in the region of 10% to 13%. This is expected to improve going forward from FY15.
- Operating margin of about 17% to 18% is sustainable
- The Youth brands portfolio is expected to grow by about 25%.

Marico International

- Organic top line growth in the region of 15% to 20% in constant currency.
- Operating margins expected to be sustained in the band of 13% to 14%
- Growth potential in the core markets of Bangladesh, Vietnam and Egypt intact and will continue to drive growth
- MENA region likely to come back on track from FY15 onwards

Overall

- The Company will focus on deriving synergies as a result of the combination of Domestic and International FMCG businesses.
- 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%
- The Company will focus on building capabilities to set it up for growth in the long run.

THANK YOU FOR YOUR PATIENT READING

Comparable Income Statement for the period Q2FY14 Vs Q2FY13 and H1FY14 Vs H1FY13 for FMCG Business

Rs. Crore

Particulars	Q2FY14	Q2FY13	Q1FY14	Q1FY13	H1FY14	H1FY13
1. Income from operations						
a. Net Sales / Income from Operations (Net of excise duty)	1,115	1,064	1,293	1,187	2,408	2,251
b. Other operating income	3	4	3	3	6	7
Revenue from Operations	**1,118**	**1,068**	**1,295**	**1,190**	**2,414**	**2,258**
2. Expenses						
a. Cost of materials consumed	516	571	558	561	1,071	1,131
b. Purchases of stock-in-trade	23	29	30	51	53	80
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	20	-45	74	25	96	-20
d. Employee benefits expenses	81	67	73	65	154	132
e. Depreciation and amortization expense	17	14	16	12	33	26
f. Advertisement & Sales Promotion	135	150	170	148	305	298
g. Other expenses	175	158	170	153	344	311
Total expenses	**967**	**943**	**1,090**	**1,015**	**2,056**	**1,959**
3. Profit from operations before other income, finance costs and exceptional items	**152**	**125**	**206**	**174**	**357**	**299**
4. Other Income	13	7	14	13	27	20
5. Finance costs	10	16	10	12	20	27
6. Exceptional items	-	-	-	-	-	-
7. Profit from ordinary activities before Tax	**154**	**115**	**210**	**176**	**364**	**291**
8. Tax expense	43	28	50	39	93	67
9. Net Profit from ordinary activities after Tax	**111**	**88**	**160**	**137**	**271**	**224**
10.Minority Interest	5	3	4	2	10	5
11.Net Profit for the period	**106**	**85**	**155**	**135**	**261**	**219**

% to Sales (net of excise)	**Q2FY14**	**Q2FY13**	**Q1FY14**	**Q1FY13**	**H1FY14**	**H1FY13**
Materials Cost (Raw + Packaging)	50.0%	51.9%	51.0%	53.6%	50.6%	52.8%
Advertising & Sales Promotion (ASP)	12.1%	14.1%	13.1%	12.4%	12.6%	13.2%
Personnel Costs	7.2%	6.2%	5.6%	5.5%	6.4%	5.8%
Other Expenses	15.6%	14.8%	13.1%	12.9%	14.3%	13.8%
PBDIT Margins	15.1%	13.0%	17.1%	15.7%	16.2%	14.4%
Gross Margins (PBDIT before ASP)	27.2%	27.1%	30.3%	28.1%	28.8%	27.6%

Performance of Marico India and Marico International for Q2FY14 and comparison with Q2FY13

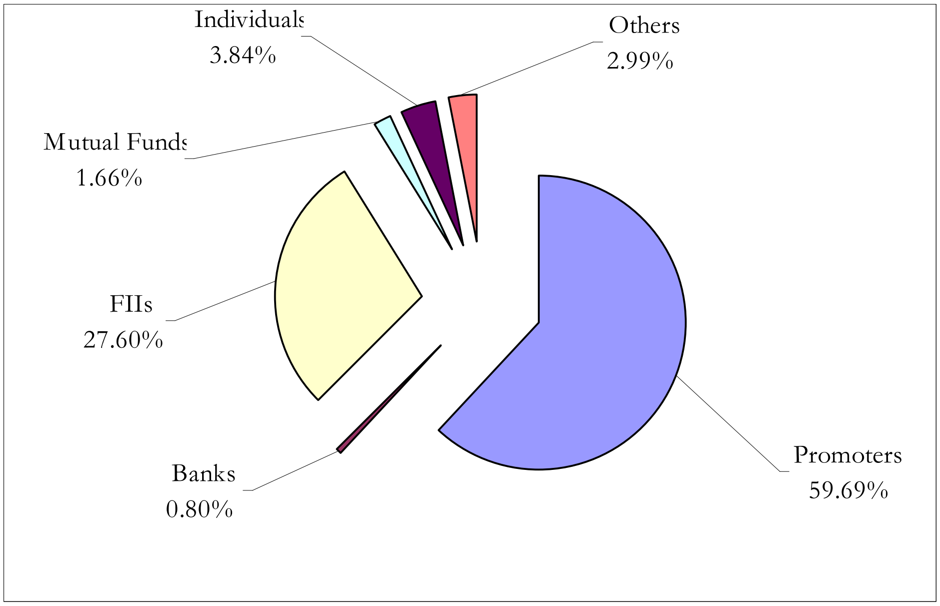
Please note that after the demerger of Kaya out of the Marico Group there are no longer two reportable segments. Now, Marico Group has only one reportable segment and that is Consumer Products Business. However, for better appreciation of the financial results the Company has provided a separate breakdown of performance of Consumer Products business in India and Overseas.

Rs. Crore

Particulars	Q2FY14	Q2FY13	H1FY14	H1FY13
1. Segment Revenue				
i. Domestic	804	793	1,805	1,727
ii. International	314	275	609	531
2. Segment Result				
(Profit before Interest and Tax and exceptional items)				
i. Domestic	136	125	338	310
ii. International	45	22	77	39
3. Capital Employed (Segment Assets - Segment Liabilities)				
i. Domestic	703	1,367	703	1,367
ii. International	468	538	468	538

Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on September 30, 2013 is as given in the graph below:

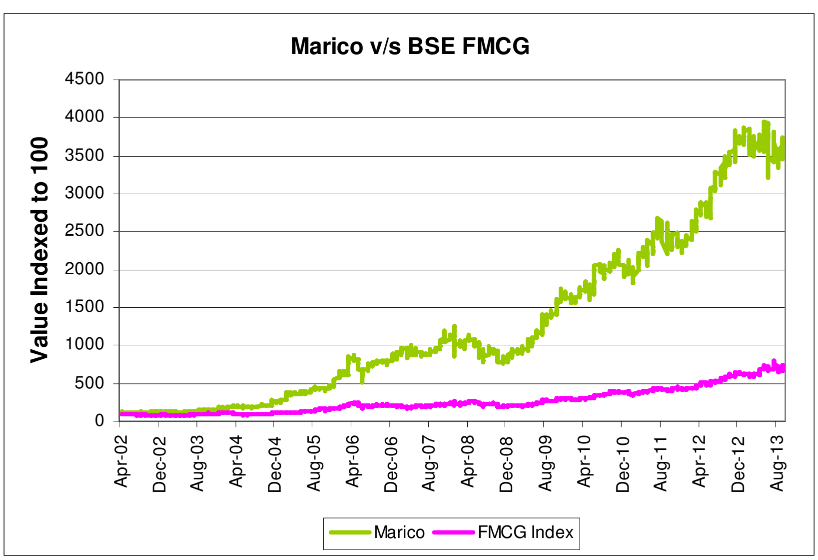


Details of ESOPs as on September 30, 2013: ESOP Plan 2007

Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
11,376,300	4,663,600	64,82,100	230,600

*** Options pending to be exercised are less than 0.01% 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 Rs. 13,666 crore on September 30, 2012. The average daily volume on BSE and NSE during Q2FY14 was about 13,70,397 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/10KG	Rs/10KG	Rs /lt	Rs / kg
DATE	COCHIN CN OIL	COPRA CALICUT	SF OIL NOMINAL BOMBAY	CORN (EX. AHM.)	KARDI OIL JALNA	RICE BRAN	LIQUID PARAFFIN	HDPE
Jul-12	6212	4178	750	656	1327	650	66	92
Aug-12	6102	4073	765	694	1365	645	66	93
Sep-12	6013	4027	773	663	1365	622	65	94
Oct-12	5717	3899	704	626	1369	551	65	93
Nov-12	6004	4083	747	658	1431	548	64	93
Dec-12	6520	4458	766	678	1443	527	62	93
Jan-13	7067	4850	776	695	1575	554	61	95
Feb-13	6683	4571	761	607	1406	528	59	96
Mar-13	6297	4457	731	534	1181	498	60	98
Apr-13	6327	4488	722	570	1189	484	60	98
May-13	6137	4315	720	516	1155	473	64	98
Jun-13	6710	4676	762	542	1105	506	63	100
Jul-13	6815	4796	781	527	1074	518	66	104
Aug-13	7308	5300	762	466	1085	547	70	106
Sep-13	8109	5801	784	559	1050	569	76	108
Q2FY14 vs Q2FY13	**21%**	**29%**	**2%**	**-23%**	**-21%**	**-15%**	**7%**	**14%**

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

	20 ml	50 ml	100 ml	250 ml	500 ml	1 Ltr	1 Ltr	1 Ltr	1 Ltr
Month	**PCNO**	**PCNO**	**PCNO**	**PCNO**	**PCNO**	**Saffola-Kardi Oil**	**Saffola Tasty Blend**	**Saffola Gold**	**Saffola Active**
Jul-12	6.00	12.00 - 45 ml	27.00	64.00	120.00	180.00	130.00	145.00	115.00
Aug-12	6.00	12.00 - 45 ml	27.00	64.00	120.00	180.00	130.00	145.00	115.00
Sep-12	6.00	12.00 - 45 ml	27.00	64.00	120.00	180.00	130.00	145.00	115.00
Oct-12	6.00	12.00 - 45 ml	27.00	64.00	120.00	180.00	130.00	145.00	115.00
Nov-12	6.00	12.00 - 45 ml	27.00	64.00	120.00	180.00	130.00	145.00	115.00
Dec-12	6.00	10.00 - 40 ml	27.00	64.00	120.00	180.00	130.00	145.00	115.00
Jan-13	6.00	10.00 - 40 ml	27.00	64.00	120.00	180.00	130.00	140.00	115.00
Feb-13	6.00	10.00 - 40 ml	27.00	64.00	120.00	180.00	130.00	140.00	115.00
Mar-13	6.00	10.00 - 40 ml	25.00	60.00	120.00	180.00	130.00	140.00	115.00
Apr-13	6.00	10.00 - 40 ml	25.00	60.00	120.00	180.00	130.00	140.00	115.00
May-13	6.00	10.00 - 40 ml	25.00	60.00	120.00	180.00	130.00	140.00	115.00
Jun-13	6.00	10.00 - 40 ml	25.00	60.00	120.00	180.00	130.00	140.00	115.00
Jul-13	6.00	10.00 - 40 ml	23.00	60.00	120.00	180.00	130.00	140.00	115.00
Aug-13	6.00	10.00 - 40 ml	23.00	60.00	120.00	180.00	130.00	140.00	115.00
Sep-13	6.00	10.00 - 40 ml	23.00	60.00	120.00	180.00	130.00	140.00	115.00

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

Coconut Oil					
PCNO R	100 ml Free	500 ml	September	Extra volume	National
PCNO R	Rs 25 Off	1 ltr	September	Price-Off	National
Edible Oils					
Saffola Gold	1 ltr Free	5 ltr	August, September	Extra volume	National
Saffola Gold	200 ml free	1 ltr	August, September	Extra volume	National
Saffola KO	1 ltr Free	5 ltr	July	Extra volume	National
Hair Oils					
Nihar NHO	20 ml free	100 ml	September	Extra volume	National

Annexure 2: Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products & Services in the Global Beauty and Wellness space. Marico's Products and Services in Hair care, Skin Care and Healthy Foods generated a Turnover of about INR 46 billion (about USD 850 Million) during 2012-13. FY13 financials include Kaya which has been demerged from Marico Ltd effective April 1, 2013. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Shanti, 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, Singapore, Malaysia and Vietnam.

Marico's own manufacturing facilities in India are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman, 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. The new products dealt in by the Company during last 5 years have now assumed a critical mass. 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 coconut oil in India today contributes about 30% 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 40 lacs 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	135	49
Town's covered (000's)	4.1	27.0

Distributor	750	-
Super Distributor	-	145
Stockists	-	4,100

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 09	FY 10	FY11	FY12	FY13	CAGR %
Sales & Services	2,388	2,661	3,128	3,980	4,596	19%
Material Cost	1,278	1,262	1,618	2,132	2,210	
Employee Cost	166	190	230	307	381	
ASP	243	351	346	426	598	
Other Costs	398	483	523	703	869	
Profit Before Tax	230	298	376	400	552	22%
Net Profit (PAT)	189	232	286	317	396	19%
Earnings per Share - Annualized (Rs)*	3.1	3.8	4.7	5.2	6.1	17%
Book Value per Share (Rs)*	7.4	10.7	14.9	18.59	30.77	
Net Worth	453	654	915	1,143	1,802	42%
EBITDA%	12.70%	14.10%	13.30%	12.10%	13.60%	
ROCE %	35	34	27	26	24	

* For a meaningful comparison of EPS and Book Value, the numbers for the previous years have been re-computed taking into account sub-division of equity shares to a face value of Re 1 per share.
Note: Previous Year financials include Kaya

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 processes of continuous learning and improvement.

Marico – An Information Update for Q2FY14 (Quarter ended September 30, 2013)

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

Anubhav Rastogi	Head – Investor Relations and M&A	(anubhavr@maricoindia.net),
Chaitanya Deshpande	EVP & Head - M&A and Investor Relations	(chaitanyajd@maricoindia.net)
Milind Sarwate	Group CFO	(milinds@maricoindia.net)

Contents of this Update

1. Financial results and other developments during Q2FY14 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, Marico Consumer Care Limited, Halite Personal Care India Private 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.