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Marico – Information Update for Q2FY15 (Quarter ended September 30, 2014)

Executive Summary: Consolidated FMCG Results

Particulars (INR Cr)	Q2FY15	Growth	H1FY15	Growth
Revenue from Operations	1,431	28%	3,054	27%
EBITDA	195	16%	462	18%
EBITDA Margin (%)	13.6%		15.1%	
Profit After Tax	118	12%	304	16%
Volume Growth (%)		7%		6%

The Company has declared a first interim dividend of 100% (INR 1.0 per share) at the meeting of its Board of Directors held on November 7, 2014.

Salient points relating to the quarterly performance are as follows:

- Healthy volume growth of 8% in India and 5% in International business
- Value Added Hair Oils: double digit volume and value growths – market leader in value terms as well
- Youth brands portfolio grew by 21% in value terms
- GTM transformation initiatives in India business continue the momentum – direct reach in top metros grew 60% Y-o-Y
- 16% constant currency growth in International - Bangladesh 17%, MENA 24%, SA 12%. South East Asia growth was slow at 4%
- Market share gains in more than 80% of the portfolio
- Marico International EBITDA margins at 16.2% (Q2FY14: 16.7%) and Marico India EBITDA margins at 15.1% (Q2FY14: 17.6%), before corporate allocations

Summary of value growth across Businesses:

Categories/Businesses	Q2FY15	H1FY15	Share of Group's Turnover basis FY14
Group	**28%**	**27%**	
India FMCG Business	34%	31%	75%
International FMCG Business	12%	14%	25%

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

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
Coconut Oils (India) (Parachute and Nihar)	57%	1st	Parachute Coconut Oil (Bangladesh)	83%	1st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	56%	1st	Post wash Leave-On Serums (India) (Livon and Silk & Shine)	82%	1st
Hair Oils (India) (Parachute Advansed, Nihar Naturals, Hair & Care)	28%	1st	*Hair Creams/Gels (India) (Set Wet and Parachute After Shower)	43%	1st
Value Added Hair Oils (Bangladesh)	17%	3rd	*Hair Code & Fiancée Hair Gels (Egypt)	63%	1st
Deodorants (India) (Set Wet and Zatak)	4%	6th	*X-Men Men's Shampoo (Vietnam)	38%	1st
*Saffola Oats (India)	17%	2nd	Parachute Advansed Body Lotion (India)	6%	3rd

No.1 in more than 90% of portfolio

***Value market share**

Marico was amongst the four companies featured in the list of '**India's Best Boards 2014**' by Economic Times and HayGroup. The Company was also ranked no.4 in the ET Aon Hewitt **Top Company for Leaders** study.

Note: All numbers mentioned in INR in this note are converted to USD basis INR/USD of 61, being the average rate for the quarter.

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

Domestic FMCG Business: Marico India

The FMCG Business in India achieved a turnover of INR 1,079 crore (USD 177 million) during the quarter, a growth of about 34% over Q2FY14.

The volume growth in India was at 8% for the quarter. The overall sales growth of 34% was bolstered by the price increases taken across the portfolio to cover a major part of the input cost push.

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

Categories	Q2FY15		H1FY15		% of Group's turnover basis FY14
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Marico India	34%	8%	31%	7%	75%
Parachute Coconut Oil (Rigid packs)	55%	7%	47%	6%	23%
Value Added Hair Oils portfolio	33%	13%	30%	12%	18%
Saffola (Refined Edible Oil)	18%	9%	16%	10%	15%

The operating margin of the India business during Q2FY15 was 15.1% before corporate allocation. The operating margin is in line with Marico's strategic preference to protect consumer franchise over short term margins. The decline compared to Q2FY14 was mainly on account of sustained hyper-inflation in raw material prices as the Company chose to pass on only a part to the consumers. The Company believes that an operating margin in the band of 17% to 18% is sustainable for the domestic business in the medium term. However, in the immediate term, operating margin will face compression.

Parachute and Nihar

Marico participates in the INR 2,800 crore (USD 467 million) branded coconut oil market through Parachute and Nihar. Parachute's rigid portfolio (packs in blue bottles) recorded a volume growth of 7% for Q2FY15 over Q2FY14. A strong volume growth in the current inflationary scenario is a testimony to the pricing power that Parachute & Nihar enjoy. During the 12 months ended September 2014, Parachute along with Nihar increased its market share by 65bps to 57% as competitive position continued to be favourable due to hyper-inflation.

Volume growth of 7% in Parachute Rigids

The non-focused part of the portfolio (pouch packs) witnessed contraction as the raw material prices faced inflationary pressures while the Company maintained minimum threshold margins.

Of the total coconut oil market, approximately 35-40% in volume terms is in loose form. This loose component provides headroom for growth to branded players. The Company's flagship brand Parachute, being the market leader, is well placed to capture a significant share of this growth potential on a sustainable basis.

Growth through conversion from loose oil usage to branded oil is being complemented by share gain in rural market where Parachute's share is lower than that in the urban markets.

The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band.

Saffola: Super premium refined edible oils and breakfast cereals

The Saffola refined edible oils franchise grew by 9.5% in volume terms during Q2FY15 over Q2FY14.

The Saffola range of blended refined oils (available in four variants) operates in the super premium niche of the refined edible oils market. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 56% during the 12 months ended September 2014 (MAT 12 months ended Sep'13: 56%).

Saffola was featured in the Millward Brown and WPP's Top 50 Most Valuable Indian brands based on consumer brand perceptions across the Indian market in both urban and rural areas.

During the quarter, due to an increase in raw material and packaging material prices, the Company initiated a weighted average price increase of 3% across the portfolio.

Saffola Oats had a good run during the quarter with a value growth of 31%. It has a strong no.2 position in the oats category with a MAT value market share of 17% and an exit market share of 20%. Saffola flavoured oats are available in eight variants. Two sweet flavours with fruits were introduced to compliment the bouquet of six savory flavors. Focus on value added offerings in the oats segment has enabled the Company to capture 62% share in the flavoured oats market on a Sep'14 exit basis. The franchise is expected to reach a top line of circa INR 70-75 Crore (USD 12-13 million) in this fiscal and is poised to cross INR 100 Crore (USD 17 million) landmark next year.

62% share in flavored oats

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

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 13% in volume terms during Q2FY15 over Q2FY14. This is the second consecutive quarter of a strong double digit growth in the franchise.

Marico continues to grow faster than the value added hair oils market of INR 5,500 crore (USD 917 million). During the quarter, the Company further strengthened its market leadership by 87bps with 28% volume share (for 12 months ended September 2014) and has also emerged as a market leader in value terms with 21% share on a MAT basis (Q2FY14:20%).

Market Leadership in volume and value terms

This year, Parachute Advansed Jasmine and Nihar Naturals Perfumed oil portfolio are poised to cross the landmark of INR 250 Crore each and join Nihar Shanti Amla which achieved the milestone last year. The Company's Value Added Hair Oils portfolio now has 4 strong brands with a turnover of more than INR 200 Crore each. Parachute Advansed Ayurdevic Oil, with presence in southern states, is expected to clock a turnover of circa INR 50 crore (USD 8 million) next year.

Four INR 200 Crore + Brands

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 31% for the 12 months ended September 2014 in the Amla hair oils category (MAT Q2FY14: 28%). The increased scale of the franchise enables the Company to benefit from operating leverage thereby improving net margins despite penetrative pricing.

Hair oil has been amongst the fastest growing large sized FMCG segments in India. The category has grown at 17% to 18% CAGR over the last 5 years and compares very well with other highly penetrated personal care categories in India. There is also an emergence of new age hair oils such as argan & mythic oil in the developed markets that could create a super-premium segment in India too. This serves to emphasize that oils can drive both beauty and nourishment. Marico will continue to focus on upgrading the portfolio by playing across segments that cater to consumer needs of nourishment and problem solution.

Fastest growing large sized FMCG segment

Parachute Advansed Body Lotion

Parachute Advansed Body lotion has grown faster than the category. The brand maintained its no.3 position with a market share of 6%. The Company expects the Body Lotion franchise to clock a turnover of INR 50 crore (USD 8 million) during FY15.

Body Lotion – likely to hit INR 50 Cr by year end

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

Youth brands (Set Wet, Zatak, Livon)

The Youth brands portfolio grew by 21% in value terms during Q2FY15 over Q2FY14. In terms of volume market share, the Company gained share in two of the three categories.

21% growth in Youth portfolio

The Company further strengthened its leadership position in the Hair Gels and Post Wash Leave-on conditioner (2/3rd of the Youth Portfolio) market with about 43% and 82% share respectively. Set Wet gels and Livon serums gained market shares during the quarter to further consolidate its position in these sun-rise categories. The Company will focus on expanding these high margin categories as their penetration in India is far lower as compared to other emerging markets.

Set Wet and Zatak deodorants (a third of the Youth portfolio) maintained its ranking in the crowded deodorants category with 4% share. In the medium term, the Company expects some consolidation to take place in the category and gain from its wide distribution supported by brand building initiatives. The category is large and growing with fragmented market shares. The Company plans to invest behind product and packaging innovations to differentiate its brands and thus gain market share.

The Youth portfolio will witness a much higher degree of cross pollination with overseas portfolio thereby leveraging scale and innovation synergies.

Livon Conditioning Cream Colour

The Company entered the Hair Colour category (size of circa INR 2,600 Crore or USD 433 million) in January'14 by introducing Livon Conditioning Cream Colour. High rate of repeat purchase reflects the strong product proposition and positive consumer usage experience. The Company will continue to leverage the growth potential in the cream segment. However, given the strong habits in the category, this may take some time.

Input Costs and Pricing

Market prices of Copra have increased further post Q1FY15. The average market prices of copra during Q2FY15 were up by 107% compared to Q2FY14 and 6% compared to Q1FY15. Copra being in off season from now onwards, prices are likely to be range bound for next quarter. The Company has initiated price increases to protect its absolute margins. It will continue to observe the input cost environment for the next couple of months.

The market prices of the other key inputs, Rice Bran oil and HDPE, a key ingredient in packaging material, were up about 5% and 13% during the quarter as compared to Q2FY14.

The Company derives comfort and confidence from the pricing power that its brands enjoy. The Company is confident that during an inflationary environment it can pass on the cost push to its consumers. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band and do not fall below a threshold at the overall business level.

Markets/Distribution Channels

Marico's rural sales continue to clock a faster pace of growth at 48% as compared to urban sales which also grew at a healthy rate of 30%. The continued focus on distribution expansion in rural markets has pushed the Company's rural sales to more than 30% of total Indian FMCG sales. The Company continues to make long term investments towards strengthening the direct distribution in rural areas and has increased its direct rural reach by 25% to 50,000 villages in the last two years. These initiatives are expected to result in rural contribution to domestic sales going up to 35% in the next two years.

25% increase in Rural reach

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

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

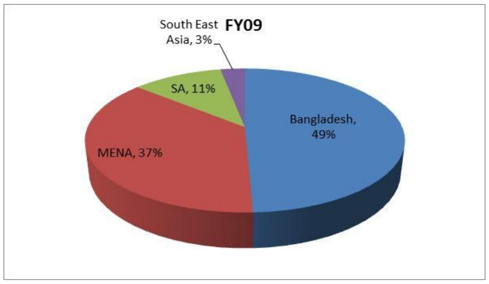
Project ONE was conceived with an objective of increasing Marico's direct coverage in its top 6 metros. The project has increased direct coverage in these cities by 60%. Project ONE has significantly augmented the reach of the Company's brands by improving assortment and availability at the outlet. It has met with a very positive response from the retailer community as it gives them convenience of service and access to promotions and loyalty programs. Project ONE is expected to deliver incremental business of INR 5 crore per month by end of this fiscal and an annualized increment of INR 100 crore by the end of FY16. The Company will expand the coverage of this initiative in FY16.

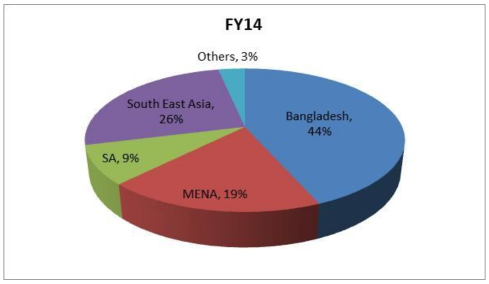
60% direct coverage increase in top 6 towns

Sales in Modern Trade (9% of the domestic turnover) continued its good run and grew by 33% in Q2FY15. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 27%.

Overall, the India business had a good run during Q2FY15 with robust volume growths across its franchise with improvement in the market shares.

International FMCG Business: Marico International





During the quarter, the International Business continued to focus on the following key pivots of growth in its chosen emerging markets in Asia and Africa:

1. Aggressive growth in non-Parachute portfolio in Bangladesh
2. Recovery in Middle East and Vietnam
3. Sustained growth in North Africa
4. Invest in new markets

These efforts have shown promising results. The summary of top line performance of the International Business is as under:

Particulars	Q2FY15	H1FY15
Turnover (INR/Cr)	352	695
Reported Growth	12%	14%
Constant Currency Growth	16%	13%
Exchange Rate impact	- 4%	1%

Growth in the core markets remained healthy with Bangladesh growing at 17%, MENA at 24% and South Africa at 12% on constant currency basis. South East Asia grew at a relatively slow rate of 4%. Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, North Africa etc., is expected to contribute up to INR 100 Crore (USD 17 million) by next year.

The operating margin for the quarter was at 16.2% (before corporate allocations) reflecting a structural shift in international margins based on the cost management projects undertaken last year. The Company will endeavor to maintain international margins in the region of 14-15% and continue to invest and plough back savings to drive growth.

Bangladesh

The Bangladesh business reported a topline constant currency growth of 17% in Q2FY15. The topline growth was driven by overall volume growth of 4% over Q2FY14.

Parachute maintained leadership position with 83% share. The Company expects to deliver higher growth in this core franchise in H2FY15.

44% growth in Value Added Hair Oils

The Company's value added hair oils portfolio grew at a healthy rate of 44% in value terms and maintained its market position at no.3. The management will aim at being no.1 in the category by the end of this year.

The Company's HairCode brand (coupled with HairCode Active variant) continues to lead the powdered hair dye market with a market share of around 36%. HairCode Keshkala is registering an encouraging response owing to consistent brand building and consumer acquisition initiatives.

Last year, the Company made significant investments to expand its non-Coconut Oil portfolio such as Value Added Hair Oils (VAHO), Hair Dyes, Deodorants, Leave-on conditioners and Premium Edible oils. These products continue to gain traction and are expected to help create a portfolio of the future in Bangladesh. During the quarter, the Company launched Set Wet Infinity deodorant and Parachute Advansed Body Lotion in the Bangladesh market. With the new portfolio, Marico Bangladesh is poised to become a full-fledged Personal Care company.

The new launches offer a substantial proposition for future roadmap in Bangladesh. The Company expects to leverage its strong distribution network and learning from the India market to quickly scale up its new product introductions in Bangladesh. From FY16 onwards, more than 80% of the incremental growth in the Bangladesh business is expected to come from the non-coconut oil portfolio backed by modest growth in core coconut oil business.

Expansion of non-Coconut Oil portfolio

MENA (Middle East and North Africa)

The MENA business on an overall basis grew by 24% (constant currency basis) during Q2FY15 as compared to Q2FY14. This is mainly on account of strong recovery in the Middle East business. Parachute Coconut Oil and Hair Creams have continued to deliver healthy volume growths during the quarter. This trend of improvement is expected to continue over the year.

In Egypt, the gels portfolio of HairCode and Fiancée grew at a healthy double digit rate and continued to be the market leader with 63% share.

South East Asia

The business in South East Asia (of which Vietnam is a significant portion) grew by 4% in Q2FY15 over Q2FY14 in constant currency terms. Business in Vietnam has been impacted by the sluggishness in the overall economy leading to reduced consumer confidence. Vietnam is expected to face consumption headwinds in the immediate term. X-Men maintained its leadership in male shampoos with 38% market share and is number two in male deodorants. Over the medium term, the Company remains well poised to participate in the category growths when economic growth picks up. The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar and Cambodia.

Vietnam growth & X-Men shampoo share tracking well

South Africa

The business reported a constant currency growth of 12% during the quarter despite challenging macro conditions. Unemployment and labour relations continue to pose challenges for the country. South African economy is expected to remain below potential on account of high inflation and interest rates, depreciating currency, subdued domestic demand and reduced investments flows into the country.

Other Development

During the quarter, International Consumer Product Corporation (ICP), a subsidiary of the Company in Vietnam, has further bought back its shares resulting into increase in the percentage of Company's shareholding in ICP to 99.99% from 92.73% as on 30th June'14 and 85.00% as on 31st March'14.

Operating Margin Structure

% Revenue from Operations (net of excise)	Q2FY15	Q2FY14	H1FY15	H1FY14
Material Cost (Raw + Packaging)	55.7	50.0	55.3	50.6
Advertising & Sales Promotion (ASP)	11.7	12.1	11.8	12.6
Personnel Costs	5.8	7.2	5.5	6.4
Other Expenses	13.1	15.6	12.3	14.3
PBDIT margins	13.6	15.1	15.1	16.2
PBDIT before ASP	25.3	27.2	26.9	28.8

(a) The average market price of copra, the largest component of input costs, was 107% higher in Q2FY15 as compared to Q2FY14. Also, the market prices of rice bran oil and HDPE were 5% and 13% higher respectively. The consumption prices may differ from market prices depending on the stock positions the Company has taken. The Company has initiated price increases in its Saffola edible oils portfolio to pass on part of the cost push to protect the absolute margins. On an overall basis, the gross margins declined by 574 bps during the quarter.

(b) Significant part of the overall ASP is invested behind new products such as Livon Colour, Parachute Advansed Body Lotion in India and new launches in Bangladesh and Vietnam. The Company also continues to invest behind existing brands such as Parachute Advansed hair oil. Overall increase in ASP spends during the quarter was 24%. ASP as a % of Sales declined on account of high inflation led topline growth. The Company expects to operate in a band of 11-12% in the medium term.

(c) Personnel Costs in Q2FY15 increased by 3% over a high base of Q2FY14. The base quarter includes a one-time expense of voluntary retirement scheme offered to the workmen in the Goa manufacturing facility.

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

    a. Fixed Expenses include items such as rent, legal and professional charges and donation. In Q2FY15, fixed expenses decreased by 12% as the base quarter included certain one-time project based consulting charges for capability building and value enhancement in the organization.

    b. Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, input and output taxes etc. The variable expenses have increased by 17% on account of inflation in freight and subcontracting charges.

Other Expenses	Q2FY15	Q2FY14	% variation	H1FY15	H1FY14	% variation
Fixed	49	56	-12%	98	102	-4%
Variable	138	118	17%	278	245	13%
Total	188	175	7%	375	347	8%

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

Capital Expenditure and Depreciation

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

Depreciation during Q2FY15 was INR 20.5 crore (USD 3.4 million) compared to INR 17.1 crore (USD 2.8 million) in Q2FY14. Increase in depreciation to the extent of INR 2.0 crore (USD 0.3 million) was on account of adoption of the useful life of fixed assets as per Schedule II of Companies Act 2013, effective April 1, 2014.

Direct Taxation

The Effective Tax Rate (ETR) for the FMCG business during Q2FY15 is 33.0% as compared to 27.9% during Q2FY14. The increase in the ETR is primarily due to phasing out of tax reliefs in India and Vietnam.

The expected ETR during FY15 and FY16 could be around 28-29%. It should be noted that this tax rate is basis the accounting charge in the P&L account. The Company will continue to pay basis MAT and therefore there is no change from the cash flow point of view. The current MAT credit of about INR 138.5 crore (USD 22.7 million) as of September 2014 is expected to be utilised by the Company over the next 3 to 4 years, starting with the current fiscal (utilization of INR 15.3 Crore in H1FY15).

Expected ETR to go up in FY15 & FY16

Foreign Exchange

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

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

Capital Utilization (Marico Group)

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

Ratio	Q2FY15	Q2FY14
Return on Capital Employed - Marico Group	33.2%	30.4%
Return on Net Worth – (Group)	29.5%	32.4%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital (Days) including surplus cash	 22 54 44	 25 62 63
Debt: Equity (Group)	0.39	0.62
Finance Costs to Turnover (%) (Group)	0.4%	0.9%

* Turnover Ratios calculated on the basis of average balances

1. The variation in ratios is due to:
    1. RONW has declined while the ROCE has improved on account of higher growth in EBIT as compared to PAT due to increase in ETR.
    2. Decrease in inventory turnover days is on account of higher inflation led topline growth.
    3. Decrease in net working capital days is on account of reduction in surplus in Vietnam due to buy back of shares by ICP, Vietnam and higher inflation led topline growth.
    4. Finance cost as a % of turnover has come down because the Gross Debt of the Company has reduced.
2. The Net Debt position of the Marico Group as of September 30,2014 is as below:

Particulars (INR/Cr)	**Sep 30, 2014**	**Jun 30, 2014**	**Sep 30, 2013**
Gross Debt	590	660	750
Cash/Cash Equivalents and Investments (Marico Ltd: INR 315 Crore. Marico International: INR 165 Crore)	480	582	683
Net Debt/(Surplus)	**109**	**78**	**66**
Foreign Currency Denominated out of the total gross debt (50% of Gross Debt hedged) (Also refer to Note 5 below)	481	450	597
Foreign Currency Denominated : Payable in One Year	258	197	296
Foreign Currency Debt as a % age of Gross Debt	82%	68%	80%
Rupee Debt out of the total gross debt	109	210	153
Rupee Debt : Payable in One Year	109	210	53
Total Debt Payable within One year	367	407	349
Average Cost of Debt (%) : Pre tax	4.4%	5.0%	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.

3. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports. Hence the MTM differences are routed through the balance sheet (Hedge Reserve) rather than the income statement. (Also refer note 5 below)
4. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
5. The Company had, opted for early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements. Accordingly, the net unrealised loss of INR 80.8 crores as at September 30, 2014 (INR 98.2 crores as at September 30, 2013) in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting, stands in the 'Hedge Reserve', which is recognised in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

Marico's Purpose led initiatives

Marico's purpose is to "Make a difference" to the lives of its stakeholders by maximizing their potential. This purpose is also embedded in its Corporate Social Responsibility framework. We believe that our brands have a unique opportunity to extend their credibility to the CSR cause. Saffola and Nihar Shanti Amla have led the way with two such initiatives as detailed below.

Women's Health: Saffola has made a significant contribution towards increasing the awareness about heart health in India (www.saffolalife.com). Leveraging this, Saffolalife launched its World Heart Day campaign to drive awareness and early action towards Women's heart health in India. Recent studies have shown that 3 out of 5 women in India over the age of 35 develop a cholesterol problem. With the Saffolalife "protect her heart" campaign, the Company is educating and inspiring people to take care of their heart health and have also facilitated free cholesterol tests. The initiative that was launched in September has received overwhelming response.

Children Education: Nihar Shanti Amla has been committed to the cause of children's education for the last two years. During this period, the brand has made a difference to 1.14 lac children across 15 states and 37 projects in partnership with CRY India.

Awards

Marico was amongst the four companies featured in the list of '**India's Best Boards 2014**' by Economic Times and HayGroup. HDFC, Mahindra & Mahindra and Dr Reddy's Laboratories were the other winners, selected out of eighty companies.

Marico was ranked no.4 along with HUL, ICICI and Mahindra Group in the ET Aon Hewitt **Top Company for Leaders** study. This is a testimony to the Company's continued efforts towards investing in its human capital and leadership development processes.

Marico's Growth Philosophy

Over the next five years, Marico will take definitive steps to become an emerging market MNC by seeking to win amongst consumers, trade and talent. The Company's philosophy of developing capability ahead of growth to drive a sustainable business model across both Indian and International markets will be executed synergistically under the One Marico umbrella. As the Company scales up, it has to maintain a delicate balance between entrepreneurial way of working while continuing to strengthen governance and processes. The Company's focus will be on creating winning brands, winning culture and a winning talent pool to create a virtuous cycle of great talent and an enabling culture driving innovation driven growth. Towards this, Marico has identified 5 areas of Transformation where it will develop top quartile capability and processes. They are Innovation, GTM, Talent Value Proposition, IT & Analytics and Cost Management.

Short / Medium Term Outlook

Marico India

- While there has been no significant recovery on ground, the Company expects urban consumption to recover. The direct distribution initiative of Project ONE is expected to fuel volume growths in the Metro markets.
- The Company will strive to maintain the trend in volume recovery and expects to report volume growths of 7-8% by growing the core and rapidly scaling NPDs.
- The Youth brands portfolio is expected to grow at about 15% to 20%.
- The Oats franchise is expected to contribute up to INR 100 Crore (USD 17 million) by next year.
- Sustain efforts to premiumize in the value added hair oils category to further strengthen its Value market leadership.
- The Company expects the copra prices to soften in the new season next year leading to recovery in margins. It will take judicious calls to adjust the market prices so as to strike a fine balance between the volume growths and operating margins.
- In the short term, however, the margins will be impacted by the unprecedented rise in copra prices.
- Over the medium term, margin of about 17% to 18% is sustainable.

Marico International

- The Company will continue its efforts in building organic growth capability. It expects to clock an organic top line growth in the region of 15% to 20% in constant currency in the medium term. Any acquisition will add to the organic growth.
- Last year, the Business achieved a structural shift in operating margins. It expects to sustain them at around 14%-15%. Any excess will be ploughed back to fund future growth.
- Medium term growth potential in the core markets of Bangladesh, Vietnam and MENA is intact and will continue to drive growth.
- The Vietnam business, however, will continue to be under pressure for the next couple of quarters. The Company is taking measures to revive demand and market share.
- Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, North Africa etc. These markets are expected to contribute up to INR 100 Crore (USD 17 million) by next year.
- Recovery in the GCC business to continue in FY15.

Overall

- The Company will focus on deriving synergies from the unification of Domestic and International FMCG businesses. This includes acceleration of cross pollination & portfolio harmonization, supply chain synergies and process harmonization leading to cost arbitrage.
- Significant portion of the gains from the value transformation exercise in India and overseas will be ploughed back to fund growth and innovation.
- Market growth initiatives in core categories and expansion into adjacent categories will be supported by investments in ASP in the region of 11-12% of sales.
- The Company will continue to invest in increasing its direct rural reach and Go To Market transformation initiatives.
- These efforts are expected to deliver a 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.
- The Company will continue to support various initiatives which are true to its Purpose of "Make a Difference".

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q2FY15 (Quarter ended September 30, 2014)

Performance of Marico India and Marico International for Q2FY15

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

INR Crore

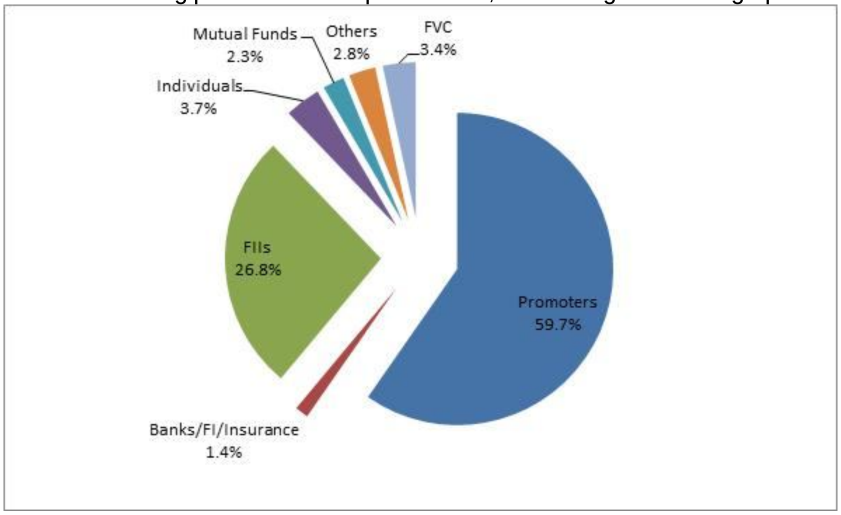
Particulars	Q2FY15	Q2FY14
1. Segment Revenue		
i. India	1,079	804
ii. International	352	314
2. Segment Result		
(Profit before Interest and Tax and exceptional items)		
i. India	155	136
ii. International	52	45
3. Segment Result as % of Segment Revenue		
i. India	14.3%	17.0%
ii. International	14.8%	14.3%
3. Capital Employed (Segment Assets - Segment Liabilities)		
i. India (refer Note 1 below)	823	703
ii. International (refer Note 2 below)	674	468

Note 1: Capital Employed has gone up mainly because of increase in Net Working Capital. However, as number of days' sales, the Net Working Capital has in fact reduced from 63 days to 44 days.

Note 2: Capital Employed has increased mainly on account of increase in Goodwill resulting from increase in stake in ICP (Vietnam) from 85% to 99.9%.

Annexure 1-A: SHAREHOLDING PATTERN

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

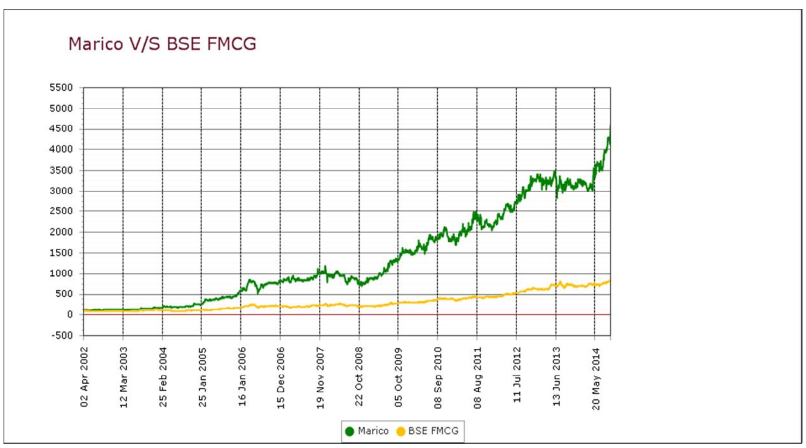


Details of ESOPs as on September 30, 2014:

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

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

Annexure 1-B: SHARE PERFORMANCE ON STOCK EXCHANGES



- Marico's long term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at INR 20,108 crore on September 30, 2014. The average daily volume on BSE and NSE during Q2FY15 was about 2,31,473 shares.

Annexure 1-C: Average Market Prices of Input materials

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

	Rs/100KG	Rs/100KG	Rs/10KG	Rs/10KG	Rs /lt	Rs / kg
DATE	COCHIN CN OIL	COPRA CALICUT	KARDI OIL JALNA	RICE BRAN	LIQUID PARAFFIN	HDPE
Jul-13	6,815	4,794	1,074	518	56	109
Aug-13	7,308	5,300	1,083	549	60	109
Sep-13	8,109	5,801	1,050	569	62	119
Oct-13	9,368	6,884	1,050	600	63	116
Nov-13	10,364	7,701	1,050	601	61	115
Dec-13	10,358	7,606	1,050	530	60	117
Jan-14	11,002	8,020	1,010	517	60	121
Feb-14	11,678	8,484	945	514	60	123
Mar-14	12,458	9,021	921	543	61	124
Apr-14	14,405	10,245	907	565	60	122
May-14	15,563	10,746	878	572	59	122
Jun-14	14,384	10,076	840	568	59	122
Jul-14	15,135	10,549	924	582	59	126
Aug-14	16,500	11,467	919	577	59	127
Sep-14	15,752	10,881	901	563	59	127

Q2FY15 vs Q2FY14	113%	107%	-14%	5%	-1%	13%
Q2FY15 vs Q1FY15	7%	6%	5%	1%	-1%	4%
H1FY15 vs H1FY14	122%	118%	-19%	11%	4%	17%

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

	20 ml	100 ml	250 ml	500 ml	1 Ltr	1 ltr	1 Ltr	1 ltr
Month	**PCNO**	**PCNO**	**PCNO**	**PCNO**	**Saffola Total**	**Saffola Tasty**	**Saffola Gold**	**Saffola Active**
Jul-13	6	23	60	120		130	140	115
Aug-13	6	23	60	120		130	140	115
Sep-13	6	23	60	120	180	130	140	115
Oct-13	6	25	63	125	180	130	140	115
Nov-13	6	27	66	130	180	130	140	115
Dec-13	7	29	69	136	185	135	145	125
Jan-14	7	29	69	136	185	135	145	125
Feb-14	7	29	69	136	185	135	145	125
Mar-14	7	29	69	136	185	135	145	125
Apr-14	7	31	79	157	185	135	145	125
May-14	7	31	79	157	185	135	145	125
Jun-14	8	34	87	173	185	135	145	125
Jul-14	8	34	87	173	185	135	150	130
Aug-14	8	34	87	173	185	135	150	130
Sep-14	8	34	87	173	185	135	150	130

Annexure 1-E: Consumer Offers for the Quarter

Coconut Oil					
Parachute	100 ml Free	500 ml	Sep	Extra Volume	National
Edible Oils					
Saffola Gold	1 ltr Free	5 ltr	Sep	Extra Volume	National
Saffola Gold	200 ml Free	1 ltr	Aug	Extra Volume	National
Saffola Total	1 ltr Free	5 ltr	Aug	Extra Volume	National
Hair Oils					
Parachute Jasmine	30 ml Free	90 ml	Sep	Extra Volume	National
Parachute Jasmine	40 ml Free	200 ml	Sep	Extra Volume	National
Nihar Naturals	Price off Rs 5/-	100 ml	Sep	Price off	National

Annexure 2: Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products in the Global Beauty and Wellness space. Marico's Products in Hair care, Skin Care, Health Care and Male Grooming generated a Turnover of about INR 47 billion (USD 781 Million) during 2013-14. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Parachute Advansed, Nihar Naturals, Mediker, Revive, Manjal, Setwet, Zatak, Livon, Fiancée, HairCode, Caivil, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories - Coconut Oil, Hair Oils, Post wash hair care, Hair Gels/Creams, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care etc. Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South Africa, Malaysia and Vietnam.

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

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

Reach

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

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

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

Financial Highlights

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

Particulars (INR crores)	FY 10	FY11	FY12	FY13	FY14
Sales & Services	2,661	3,128	3,980	4,596	4,687
Material Cost	1,262	1,618	2,132	2,210	2,399
Employee Cost	190	230	307	381	285
ASP	351	346	426	598	561
Other Costs	483	523	703	869	693
Profit Before Tax	298	376	400	552	695
Net Profit (PAT)	232	286	317	396	485
Earnings per Share - Annualized (Rs)*	3.8	4.7	5.2	6.1	7.5
Book Value per Share (Rs)*	10.7	14.9	18.6	30.8	21.1
Net Worth	654	915	1,143	1,982	1,361
EBITDA%	14.10%	13.30%	12.10%	13.60%	15.96%
ROCE %	34%	27%	26%	24%	25%

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

Business Model and Organization

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

Mode of Issue of this update

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

Marico Investor Relations Team

Ravin Mody	Head – Treasury, IR, Secretarial and M&A	(ravinm@maricoindia.net)
Neha Agrawal	Manager – Investor Relations and M&A	(nehaa@maricoindia.net)

Contents of this Update

1. Financial results and other developments during Q2FY15 for the Marico Group – Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company SAE, Marico Egypt Industries Company SAE (erstwhile Pyramid for Modern Industries), Wind CO, Marico Malaysia Sdn. Bhd., International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions, Thuan Phat Foodstuff Joint stock Company and Marico Consumer Care Limited.
2. A Profile containing basic/historical information on Marico.

We recommend that readers refer to the Marico Group financials to get a better appreciation of the business performance. A copy of the latest Annual Audited Financial Results of Marico Limited (Standalone and Consolidated) is available on Marico's website

Disclosure of Information, Communication with Investors / Analysts / Financial Community

Marico issues fresh information updates, like the one you are reading now on the day, it declares its Quarterly Financial Results. Some forward looking statements on projections, estimates, expectations, outlook etc. are included in such updates to help investors / analysts get a better comprehension of the Company's prospects and make informed investment decisions.

Actual results may, however, differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

All the aforesaid information is also available on Marico's Website: www.marico.com In view of this, information contained in such updates is made public and thus not therefore constitutes unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

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