

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q3FY21	Growth	9MFY21	Growth
Revenue from Operations	2,122	16%	6,036	4%
EBITDA	413	11%	1,268	7%
EBITDA Margin (%)	19.5%	Down by 90 bps	21.0%	Up 60 bps
Profit After Tax (excluding one-offs)	307	13%	924	10%
India Volume Growth (%)		15%		
International Constant Currency Growth (%)		8%		

In Q3FY21, **Revenue from Operations grew by 16% YoY** to INR 2,122 crores (USD 287 million) on the back of a strong **domestic volume growth of 15%** and a **constant currency growth of 8% in the international business**.

In the India business, the Company witnessed robust demand trends across more than 95% of its portfolio amidst steadily improving consumer confidence and a declining COVID-19 graph. Traditional trade led the growth as the Company took concerted efforts to drive excellence in execution. The Company also continued to operate at reduced distributor inventory levels. Among the alternate channels, E-Commerce witnessed augmented growth and Modern Trade also recovered sequentially to end flattish on a year-on-year basis. During the quarter, as key raw materials witnessed inflationary trends, the Company increased effective consumer pricing in select portfolios, while continuing to absorb the cost pressure to a certain extent.

Meticulously driven cost saving initiatives and rationalised advertising spends in discretionary categories resulted in the Company delivering an EBITDA margin of 19.5%, a moderate dip of 90 bps year-on-year. Overall, the quarter witnessed **EBITDA and PAT growth of 11% and 13%, respectively, on a year-on-year basis**.

Other highlights relating to the performance are as follows:

- The core portfolios posted robust growth ahead of the medium term aspirations of the Company, whereas the discretionary franchises recorded sequential recovery.
- **General Trade** grew steadily with rural continuing to outpace urban growth. The momentum in **E-Commerce** accelerated further and **Modern Trade** too recovered back to pre-COVID levels. **CSD** sales recovered sequentially, however was down on YoY basis.
- **Parachute Rigids** recorded a volume growth of 8% during the quarter, affirming its position as a trusted leader brand.
- **Value Added Hair Oils** had a strong quarter, clocking a healthy broad-based volume growth of 21%. We estimate a healthy market share gain.
- **Saffola Edible Oils**, continuing its growth journey, posted 17% volume growth, with ~65% of the growth driven by increase in overall penetration.
- The **Foods** portfolio grew an exponential 74% in value terms. The Oats franchise grew by 50% in value terms backed by increased penetration and a superior value proposition offered by the brand. The new launches scaled up presence across regions and channels. Broadening its play in Foods, the Company also entered the plant-based protein category with the launch of **Saffola Mealmaker Soya Chunks** in select markets.
- **Saffola Honey**, with its differentiated positioning, capitalized on its inherent equity of purity and being free from any adulteration and tracked well ahead of the estimates, exiting with a close to double digit market share in key Modern Trade chains and crossing 20% market share in E-Commerce.
- The **Premium Personal Care** portfolios of Leave-in Hair Serums, Male Grooming and Premium Skin Care has been witnessing a gradual revival in demand and thereby recovering progressively. However, the portfolio posted a modest volume decline on a year-on-year basis.
- In the International business, **Bangladesh** delivered another steady quarter, clocking a **15% constant currency growth**. South Africa had a resilient quarter, growing 7% in constant currency terms YoY, while other geographies also recuperated after a soft first half.
- **Advertising & Sales Promotion** at 9% of sales, grew by 4% YoY after driving significant spend efficiencies and rationalizing spends in discretionary categories. Spends were focused largely on core franchises and new products.

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Summary of value growth across Businesses:

Categories/Businesses	Q3FY21	9MFY21	Share of Group's FY20 Turnover
FMCG Business	16%	4%	
India	18%	2%	77%
International	11%	9%	23%

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

Brand	~MS%	Rank	Brand	~MS%	Rank
^Coconut Oils	62%	1 st	^Value Added Hair Oils	35%	1 st
^Saffola – Super Premium ROCP	76%	1 st	^Post wash Leave-on Serums	65%	1 st
*Saffola Oats	33%	2 nd	*Hair Gels/Waxes/Creams	59%	1 st

^Volume Market Share *Value Market Share

Note: The market shares reported are as of Mar'20 as market share data is yet to stabilize.

**** The Company will report latest market shares once the data stabilizes over the next couple of quarters.**

India Business

The domestic business delivered a turnover of INR 1,627 crore (USD 220 million), up 18% on a YoY basis, on the back of a strong underlying volume growth of 15%. The operating margin was lower YoY at 21.6% in Q3FY21 vs 23.2% in Q3FY20, owing to the residual impact of inflationary input costs after the Company increased effective consumer prices in select portfolios, rationalized advertising spends in discretionary categories and realized accruals of annualized targeted cost saving initiatives of Rs. 150 cr. in the current year.

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

Categories	Q3FY21		9MFY21		% of FY20 India Business Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	9%	8%	0.5%	1%	38%
Value Added Hair Oils	21%	21%	-8%	-6%	24%
Saffola (Refined Edible Oils)	26%	17%	19%	18%	20%

Coconut Oil: Strong consecutive quarter for the flagship brand

Parachute Rigid clocked a robust 8% volume growth in Q3FY21, ahead of its medium term guidance, reaffirming its leadership position and 'trusted brand' equity. Rationalization of consumer offers enabled the brand to counter the inflationary trend in copra prices to a certain extent, with prices effectively increasing by ~5% in Q3. The brand continued to drive functional relevance and reinforce its hygienic processing and safety credentials in the minds of consumers with the "Untouched by Hand" campaign launched earlier this year.

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

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Saffola: Sustained high growth in Edible Oils; Exponential growth in Foods; Saffola Mealmaker Soya Chunks launched in select markets

For the fifth consecutive quarter, Saffola refined edible oils delivered double digit volume growth, posting a healthy 17% YoY volume growth in Q3FY21. Increased household penetration and relevance of healthy cooking continued to lend impetus to the franchise. ~65% of the growth was attributable to increase in overall penetration. A new thematic campaign “Rakhe Heart ka Khayaal” was launched during the quarter that reverses the stereotypical gender roles and emphasizes the impact of stress on our heart to drive home the relevance of proactive heart care. Owing to inflation in key raw materials, the Company took price increases of ~15% in multiple rounds over Q3 to recover a part of the cost hit.



The **Foods** portfolio posted a robust value growth of 74% YoY in Q3FY21. The **Oats franchise** continued to ride the health tailwind and posted a value growth of 50%. In line with the growth strategy of driving penetration, the new thematic communication “Shaam Waali Laalach” went on air. The new launches in the Foods portfolio tracked in line with estimates and delivered an encouraging performance. Delivering on the promised “100% pure” claim, nutritional value and immunity boosting benefits to the consumers, **Saffola Honey** scaled up

across channels. The brand has been tracking well-ahead of expectations, despite facing intermittent capacity constraints during the quarter, exiting with a close to double digit market share in key Modern Trade chains and crossing a 20% market share in E-Commerce. **Saffola Arogyam Chyawan Amrut**, launched in select markets during the quarter, is tracking in line with launch estimates.



In line with its aim to strengthen its presence in the healthy foods segment, the Company entered the plant-based protein category with the launch of **Saffola Mealmaker Soya Chunks**, made using Super Soft Technology, which keeps the chunks juicy and tender. Made with carefully chosen ingredients and a balance of key nutritional factors, the chunks ensure optimum quality, providing 53 grams of protein for every 100 gram of product, 13 percent fibre and less than 1 percent fat. The product comes in four sizes – 45 gms, 200 gms, 400 gms and 1 kg and is launched digitally and in select markets. The initial response to the launch has been encouraging and ahead of internal estimates.



Value Added Hair Oils: Strong broad-based growth

In Q3FY21, Value Added Hair Oils registered a strong volume growth of 21% after a soft H1, backed by a double digit volume growth in most of the brands in the franchise. General Trade led the growth with rural outperforming urban. Modern Trade also returned to pre-COVID levels. The Company estimates a healthy market share gain in the portfolio.

Nihar Naturals Shanti Amla Badam continued its growth momentum and grew strongly across markets. The Company will continue to invest in TV and print media to further strengthen the brand image and drive penetration of larger packs.

Nihar Naturals Coconut Hair Oil registered a strong growth in the quarter and the “magic of coconut” campaign led to penetration gains in East. **Parachute Jasmine** recovered sharply with recent pricing interventions and the new thematic communication triggering demand in the key markets. **Hair & Care** franchise too bounced back with a double digit volume growth.

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Recent innovations mirrored the growth story with **Parachute Advanced Aloe Vera Enriched Coconut Hair Oil** continuing to witness increased traction based on the brand's softness credentials and increased penetration. **Nihar Naturals Almond** launched in the previous quarter saw an encouraging initial response on the back of its superior product value proposition.

Over the medium term, the Company aims to build on to the growth in this franchise by adopting a three-pronged strategy:

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

Premium Personal Care: Revival in demand

The Premium Personal Care portfolios of Premium Hair Nourishment, Male Grooming and Premium Skin Care, although posting a modest 4% volume decline YoY, witnessed sequential revival in demand during the quarter.

Livon Serums saw better traction & ended the quarter in the green. This shift was seen across channels delivering pre-COVID volumes. The **Skin Care** portfolio also trended positively. **Male Grooming** continued to face headwinds, albeit recuperating sequentially.

Hygiene: Category tailwinds tapers off

The Company had forayed into the Hygiene segment earlier this year in the wake of the COVID-19 pandemic. The portfolio has contributed to 1% of revenue in the YTD period. In light of the subdued demand in this category post the initial surge, the Company has consciously withdrawn investments and defocused from this segment.

Beardo – Tracking ahead of internal aspirations

Post a successful integration within Marico's fold, the Beardo franchise has recovered well post the COVID-induced headwinds in Q1 and is now tracking ahead of internal aspirations.

Input Costs and Pricing

Copra market prices were higher by 26% YoY and 16% sequentially in Q3FY21 mainly due to leaner supplies and lower coconut to copra conversions. The Company is witnessing early signs of prices cooling off and expects progressive correction as the peak season sets in. In FY22, the Company expects copra prices to be flat on an annualized basis owing to a healthy crop outlook.

COVID-19 led disruptions and major weather anomalies in key growing regions played a pivotal role in the way vegetable oil prices moved during Q3FY21, with most of the vegetable oils witnessing inflation YoY. While rice bran oil was also sequentially up 7% in Q3FY21, the Company expects this rise to be transient and come down over the next few months.

Liquid Paraffin (LLP) and HDPE were up 12% and 18% YoY, respectively.

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

Sales and Distribution

As day-to-day operations gradually returned to normalcy, Q3FY21 carried forward the momentum of the previous quarter with the Company's distribution back to pre-COVID levels in both urban and rural areas. Continuous focus on expanding direct reach, has enabled developing a network of 6,200 stockists in the rural market, a growth of 30% since FY19 and to further strengthen and tap deeper, the Company aims to grow the network by ~20% in the next couple of years.

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Learnings from business continuity initiatives implemented in the previous two quarters helped drive business through a multi-dimensional responsive GTM strategy. Central tele-calling operations covering top urban outlets and rural stockists complemented the field force in directly capturing demand from retailers. To tap into the increased opportunity in pharma/ chemist channels in the top cities, the Company appointed specialist distributors for handling pharma accounts leading to increased chemist reach.

Markets/Distribution Channels

General Trade performed consistently with sales in urban and rural markets up by 10% and 24% in volume terms respectively. Modern Trade returned to pre-COVID levels with rising footfalls. E-Commerce delivered an exponential growth of 88% YoY, now contributing 8% to the overall turnover. CSD recovered sequentially, however posting a decline of 10% YoY.

International Business

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

Particulars	Q3FY21	9MFY21
Turnover (INR Crore)	495	1,421
Reported Growth	11%	9%
Constant Currency Growth	8%	3%
Exchange Rate impact	3%	6%

Marico's International business grew by 8% in Q3FY21 in constant currency terms. The operating margin in the international business marginally expanded to 21.3% in Q3FY21 vs 20.5% in Q3FY20, given tighter overhead cost management across all geographies.

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

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

^Volume Market Share *Value Market Share

Note: Nielsen has permanently closed operations in Bangladesh and thus market share information will not be available going forward. The data presented is at MAT March'20 level for Bangladesh. The market shares reported for Vietnam too are as of Mar'20 as market share data is yet to stabilize.

**** The Company will report latest market shares for Vietnam once the data stabilizes over the next couple of quarters.**

Bangladesh

The business in Bangladesh sustained its growth momentum, registering a 15% YoY constant currency growth in Q3FY21.

The non-Coconut oil portfolio in Bangladesh grew by 27% and 26% in Q3FY21 and 9MFY21, respectively, in constant currency terms. Beliphool, ExtraCare and Parachute Advanced Aloe Vera continued to lead growth in Value Added Hair Oils. The newer ranges of Just for Baby and Parachute Naturale shampoos have met launch action standards. The non-Coconut Oil portfolio in Bangladesh constitutes ~40% of the total business from ~25% in FY18.

The Company will leverage its strong distribution network and learnings from the Indian market to quickly scale up its new product introductions in Bangladesh. We remain confident of delivering a double digit constant currency growth in this geography over the medium term. The healthy macro indicators also provide the required thrust for growth.

South East Asia

The South East Asia business was down 3% in Q3FY21 in constant currency terms, as the Home and Personal Care (HPC) category in Vietnam witnessed downtrading and discretionary spending stayed muted. Based on the series of turnaround measures taken in Vietnam, the business is expected to rebound healthily and post a decent growth from the coming quarter.

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Middle East and North Africa (MENA)

The MENA business recorded a soft 1% de-growth in constant currency terms. While Middle East remained slow, Egypt was back on growth trajectory. The Company remains cautious on the outlook for the business but will be aggressive on cost management to enable it to tide over the challenging macros.

South Africa

The South Africa business continued to grow, clocking a 7% constant currency growth for the quarter, backed by stable growth in the Health Care and Hair Care portfolios.

New Country Development & Exports

The business witnessed a revival, growing by 16% in constant currency terms during the quarter. The Company remains positive on the future prospects of this business, as it incubates new geographies to expand its franchise.

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues	Q3FY21	Q2FY21	Q3FY20	9MFY21	9MFY20	FY20
Material Cost (Raw + Packaging)	53.1	52.0	50.9	52.2	51.3	51.2
Advertising & Sales Promotion (ASP)	9.1	9.5	10.1	8.6	10.3	9.9
Personnel Costs	7.0	6.9	6.4	7.0	6.4	6.5
Other Expenses	11.4	12.1	12.2	11.2	11.6	12.2
PBDIT margins	19.5	19.6	20.4	21.0	20.4	20.1
PBDIT before ASP	28.6	29.1	30.6	29.6	30.7	30.0

- (a) In Q3FY21, the average market price of domestic copra was up 26% on a YoY basis. Rice bran oil was up 28% YoY. Liquid Paraffin (LLP) and HDPE were up by 12% and 18% respectively on a YoY basis. The consumption prices may differ from market prices depending on the stock positions the Company has taken.
- (b) Employee Cost was up 28% YoY, due to; i) higher incentive payout owing to better performance during the quarter; ii) integration of Beardo (not in the base quarter); and iii) higher share-based payout (linked to Marico's share price performance on the bourses). Excluding the same, the increase in employee cost was in line with average salary increments.
- (c) Other Expenses (includes certain items which are variable in nature) were up 9% YoY. Other expenses are likely to remain in the range of 11-13% of turnover in the medium term. Fixed expenses were lower than last year on account of various cost saving initiatives implemented this year, whereas variable expenses have increased at a slower pace compared to business growth.

Other Expenses	Q3FY21	Q3FY20	% variation
Fixed	69	67	3%
Variable	172	155	11%
Total	241	222	9%

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

Capital Expenditure and Depreciation

The estimated capital expenditure in FY21 is likely to be around INR 125–150 crore (USD 17-20 million). Depreciation during Q3FY21 was INR 36 crores vs 32 crores in Q3FY20.

Direct Taxation

The ETR (excl. one-offs) for Q3FY21 was 20.8%. Pursuant to a change in the dividend taxability regime, the Company is expecting to claim tax exemption on dividend income from subsidiaries, which is to be set off against dividend distributed by the Company, thereby leading to a decrease in ETR. It should be noted that this tax rate is basis the accounting charge in the P&L account. In view of the recent changes in the corporate tax rates, the Company will continue to recognize tax expense after availing the exemptions/deductions as per the existing provisions of the Income Tax Act and not opt for the revised rate structure. However, from a cash flow point of view, the Company

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will utilize MAT credit accumulated over the years. The current MAT credit stands at INR 141 crores as on 31st December, 2020.

Capital Utilization (Marico Consolidated)

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

Ratio	Q3FY21	Q3FY20
Return on Capital Employed (%)	40.2	38.1
Return on Net Worth (%) (excl. one-offs)	33.8	31.3
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	23	36
- Inventory Turnover (Days)	49	61
- Net Working Capital (Days)	21	32
Debt: Equity (Group)	0.09	0.11
Finance Costs to Turnover (%) (Group)	0.33	0.66

- The Company reduced inventory norms across categories and drove comprehensive SKU rationalization leading to reduced inventory turnover days.
- Reduced Modern Trade and CSD contribution and stricter credit control in GT (on account of reduced inventory levels) resulted in reduction in debtor turnover days.

1. The Net Debt position of the Marico Group as of December 31, 2020 is as below:

Particulars (INR Crores)	Dec 31, 2020	Sep 30, 2020	Dec 30, 2019
Gross Debt	346	329	342
Cash/Cash Equivalents and Investments (Marico India: INR 1,570 Crore & Marico International: INR 284 Crore)	1,854	1,687	1,517
Net Debt/(Surplus)	-1,508	-1,358	-1,175
Foreign Currency Denominated out of the total gross debt	237	239	249
Foreign Currency Debt as a % age of Gross Debt	68%	73%	73%
Rupee Debt out of the total gross debt	109	90	93
Total Debt Payable within One year	336	320	329
Average Cost of Debt (%): Pre tax	2.3%	2.3%	4.2%

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

2. During the current year, the Company continued to generate steady cash. The net surplus of the Group as at December 31, 2020 was about **INR 1,508 Crore** (Gross debt of INR 346 cr & gross Investments of INR 1,854 cr). The future growth strategy is anchored primarily to healthy organic growth. While the Company is open to strategic acquisitions, the leverage ratios are comfortable. Reduction in repo rates has resulted in overall lower average cost of debt.

Sustainability and Marico United Against COVID

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

Through our **Nihar Shanti Pathshala Funwala** initiative, in partnership with the Government of Madhya Pradesh, the Company successfully trained 1,00,000+ teachers to teach the English language more effectively and enabled education for 2.4 million students through highly structured programs on Doordarshan and WhatsApp.

The Company progressed in its initiative related to product footprint assessment through life cycle assessment approach. We expect to complete the study and start working on opportunities in the coming financial year.

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Under the ‘SAMUYUT’ responsible sourcing program, the Company advanced its focus to phase 2 of engagement i.e., “Evaluate”, where the Company is working on developing engagement framework and audit protocols.

Under the program “JALAASHAY”, we have created water holding capacity of 22.5 crore litres so far this year, by construction of farm ponds in the state of Tamil Nadu and 61.8 crore litres from de-silting activity in the states of Madhya Pradesh, Uttar Pradesh and Rajasthan.

As part of the farmer outreach program, ‘Parachute Kalpavriksha’, the Company has enrolled 9,864 farmers this year (cumulative number stands at 30,281 farmers) covering 29,861 acres of coconut farms.

Lastly, in-line with our Extended Producer Responsibility (EPR) commitment under Plastic Waste Management (Rules) 2018, as on date we have completed collection and energy recovery of about 1,052 MT weight equivalent of post-consumer multi-layer packaging used in our products.

Awards and Recognitions

- Packaging Team received 8 'India Star Packaging Design Excellence' Awards 2020
- Parachute Advanced Champi Beats campaign won Gold for ‘Best Use of Digital’ at Fulcrum Awards 2020
- Marico was felicitated in the category - Pathbreaker Enterprise Company as a part of 'Restore Your Health Awards' by Rachna Restores
- Marico ranked 6th among India's most Sustainable Companies with A+ rating by Businessworld and Sustain Labs Paris
- Women Leadership Forum of Asia recognised Marico with 'Best D & I Award for Inclusion of Millennials'
- Strong Commitment Certificate in 'Sectoral Value Chain of Copra - Dry Coconut' for 2020 was awarded by CII Jubilant Bhartia Food and Agriculture Centre of Excellence (CII-FACE) as part of Food Future Foundation (FFF)
- Marico was recognized by CDP ‘climate change’ program, earning a spot of ‘A-’ rating on ‘climate change’
- Marico Bangladesh ranked #3 Employer of Choice in Bangladesh across all FMCG companies and ranked #8 amongst all sectors (according to the 2020 campus Track survey conducted by Nielsen Bangladesh)

Corporate Events

Marico Consumer Care Ltd. (MCCL), a wholly owned subsidiary, has been merged with Marico Limited (MIL) post receiving all the necessary approvals from the relevant authorities - April 1, 2020 being the appointed date and effective date as per the approved scheme. Results for the quarter and nine months ended December 31, 2020 include the impact of the above transaction with effect from April 1, 2020. Previous period figures have also been restated. There is no impact in consolidated financial results.

Marico’s Growth Philosophy

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

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

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Near Term / Medium Term Outlook

Marico India

- With faster than expected recovery in the demand sentiment and a declining COVID graph, the sector appears to be gradually regaining its sheen. We remain optimistic that this trend will sustain owing to growth witnessed in rural and expectations of a growth-oriented Union Budget. In light of the above, the Company is confident of growing well ahead of medium term aspirations in the next few quarters.
- **Parachute Rigids** clocked a steady 8% volume growth. Given the market construct and strengthening brand equity, the Company expects to sustain the elevated growth trend in the short term and stay in the range of 5-7% over the medium term.
- **Value Added Hair Oils** posted a healthy 21% volume growth with most of the leading brands recovering smartly. The Company aims to capitalize on its leadership position in the market and sustain a double digit growth trajectory over the medium term.
- **Saffola Edible Oils** has exceeded medium term aspirations on the back of improved penetration through a variety of channel/pricing/promotion measures taken over the last 18-24 months. As consumption patterns eventually normalize, the Company expects to sustain high single digit volume growth over the medium term in this franchise.
- The Company will continue to innovate and broaden its play in the **Foods** category and is poised to reach the INR 450-500 cr mark by FY22.
- **Saffola Honey** has started on an exciting note and will continue to build consumer trust on the back of its superior quality and nutritional value. The brand is expected to touch INR 100 crores in revenues in FY22.
- The Company aims to build the **Premium Personal Care** portfolios into growth engines of the future and expects to deliver double digit value growth over the medium term in these portfolios. In the near term, expectations remain muted given the slowdown in discretionary spending.
- With Beardo integrated into Marico's fold and tracking healthily, the business should touch a run rate of close to INR 100 crores in the next year.
- A state of lockdown and work from home primarily in the earlier part of the year created opportunities for a structural reset in certain costs. The Company is well on course to achieve its targeted cost savings of more than INR 150 crores in the current year.
- The Company's medium term **Go-to-Market (GTM) strategy** focuses on improving the width and depth of its distribution. The Company is investing behind upgrading its distribution infrastructure in urban General Trade to ensure profitability of channel partners and expanding direct reach in rural markets. The Company aims to ensure sustainable, harmonious and incremental growth in General Trade, Modern Trade and E-Commerce through specific price and SKU management measures.
- The Company is focusing on **Digital initiatives** in a big way to improve consumer engagement, drive sales through E-Commerce for internet-savvy consumers and build Data Analytics capabilities.

Marico International

- Over the last few years, the Company has systematically invested in the core international markets to strengthen both the brands and the organizational capability to handle growth. The Company is confident that the key markets are well poised to capitalize on the market opportunities.
- Akin to the domestic operations, the international business is implementing rigorous cost saving initiatives, thereby unlocking ~INR 50 crores in value in the current year.
- Q3 saw Bangladesh sustaining its growth momentum and recovery in few other markets. The overall sentiment is improving sequentially, and the Company aims to deliver high single digit constant currency growth for the rest of the year.
- The business in **Bangladesh** is likely to maintain its growth trajectory as the medium term macro prospects look promising. Therefore, the Company will leverage its distribution and brand strength to further consolidate market shares in the core portfolios, scale up new launches and enter new categories.
- As a market leader, the **Vietnam** business will continue to invest in the male grooming category and drive excellence in sales and distribution systems. The geography is poised to deliver double digit growth in Q4.

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The Company has initiated an aggressive cost management program, which will enable resource generation for brand building. **Myanmar** and the **rest of South East Asia** are growth engines of the future. Overall, the consumer sentiments in South East Asia are reviving and we expect to exit the year with meaningful growth.

- In the **MENA** region, the Company will focus on getting the basics right by judiciously investing behind brands and Go-to-Market initiatives. In the Middle East, the Company will work towards strengthening the Coconut Oils and Hair Oils play. In Egypt, cost management initiatives will enable the business to weather the persistent macro headwinds.
- The **South Africa** business continued to display signs of revival after the business was subdued by macroeconomic headwinds and resultant sluggishness in demand. The Company is cautious on the near term outlook of the business but expects to protect the core franchise of ethnic hair care and health care over the medium term.
- The Company will continue to invest in developing new countries and scale the business profitably. In the short term, ably restoring the supply chain will be key.
- The Company aims at clocking an organic broad-based double digit constant currency growth over the medium term.

Overall (India + International)

- The Company holds its medium term aspiration of delivering 8-10% domestic volume growth and 13-15% revenue growth. The near term outlook appears more promising, as we expect domestic volume growth to be in double digits, provided there is no second surge of COVID-19 cases and economic recovery continues.
- Marico shall continue to invest behind brand building to support market growth initiatives in core categories and expansion into adjacent categories as advertising spends are expected to reach pre-COVID levels. Spends on the digital platforms will continue to rise.
- The Company would be comfortable maintaining its threshold operating margin of 19% plus over the medium term.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

Performance of Marico India and Marico International

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

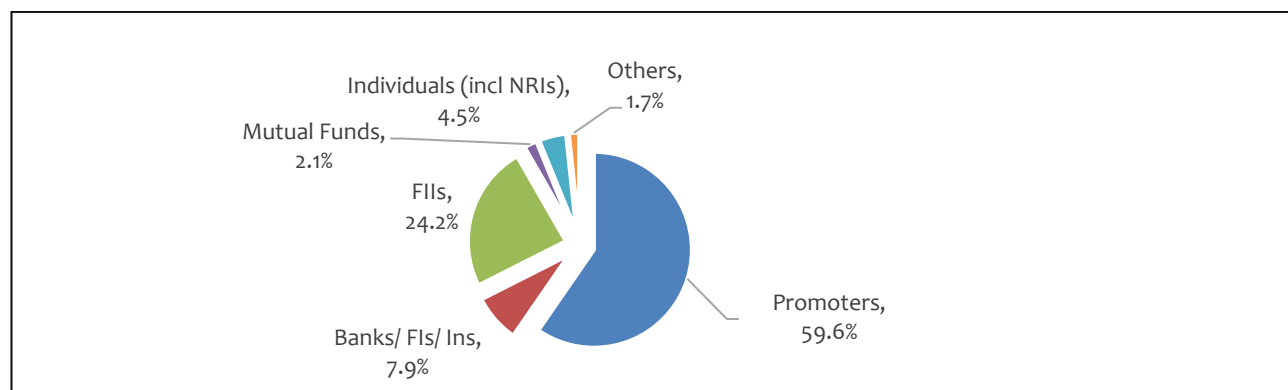
Particulars	INR Crore	
	Q3FY21	Q3FY20
1. Segment Revenue		
i. India	1,627	1,380
ii. International	495	444
2. Segment Result (Profit before Interest and Tax and exceptional items)		
i. India	325	298
ii. International	96	85
3. Segment Result as % of Segment Revenue (PBIT)		
i. India	20.0%	21.6%
ii. International	19.4%	19.1%
4. Capital Employed (Segment Assets - Segment Liabilities)		
i. India	1,134	1,109
ii. International	739	753

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

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on December 31, 2020 is as given in the graph below:

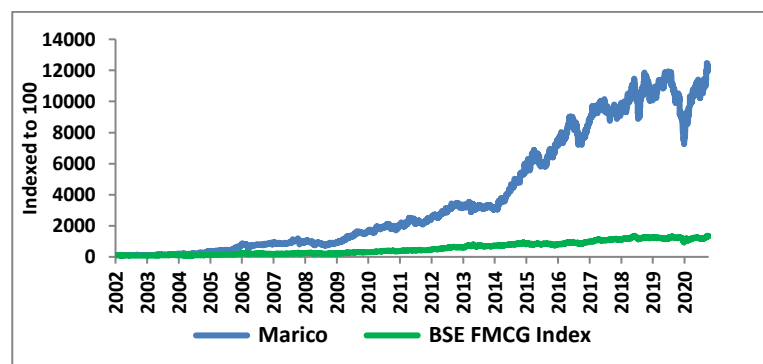


Details of ESOPs as on December 31, 2020:

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
Schemes under the Marico Employee Stock Option Plan, 2016	44,83,320	2,78,150	2,56,540	53,81,260

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

Annexure 1-B: Share Performance on the Stock Exchanges



- Marico's long-term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at INR 51,961 crore (USD 7 billion) on December 31, 2020. The average daily volume on BSE and NSE during Q3FY21 was about 33,91,176 shares.

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

Annexure 1-C: Average Market Prices of Input Materials

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

Month	Rs/100KG COCHIN CN OIL	Rs/100KG COPRA CALICUT	Rs/10KG KARDI OIL JALNA*	Rs/10KG RICE BRAN	Rs /LT LIQUID PARAFFIN	Rs / KG HDPE*
Oct-19	14,567	10,235	1,971	608	44	86
Nov-19	14,590	10,342	1,947	640	44	85
Dec-19	14,802	10,648	2,003	684	46	85
Jan-20	15,056	11,058	2,079	696	46	87
Feb-20	15,272	11,102	1,995	628	45	87
Mar-20	15,481	11,121	1,890	601	44	87
Apr-20	15,731	11,002	1,890	651	42	80
May-20	15,160	10,160	1,890	664	38	82
Jun-20	14,388	9,808	1,890	725	35	88
Jul-20	14,644	10,365	1,761	731	38	89
Aug-20	15,158	11,275	1,639	770	43	93
Sep-20	16,208	12,227	1,601	804	44	96
Oct-20	16,948	12,416	1,623	797	48	97
Nov-20	17,588	13,035	1,685	858	49	99
Dec-20	18,819	13,837	1,733	821	53	106
Q3FY21 vs Q3FY20	21%	26%	-15%	28%	12%	18%
Q3FY21 vs Q2FY21	16%	16%	1%	7%	20%	9%

*For Kardi Oil Jalna and HDPE, the prices are inclusive of taxes as applicable.

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

Month	50 ml PCNO	100 ml PCNO	250 ml PCNO	500 ml PCNO	1 Ltr Saffola Total	1 Ltr Saffola Tasty	1 Ltr Saffola Gold	1 Ltr Saffola Active
Oct-19	20	39	105	199	200	135	139	125
Nov-19	20	39	105	199	200	135	139	125
Dec-19	20	39	105	199	200	135	139	125
Jan-20	20	39	105	199	200	135	139	125
Feb-20	20	39	105	199	200	135	139	125
Mar-20	20	39	105	199	200	135	139	125
Apr-20	20	39	105	199	200	135	139	135
May-20	20	39	105	199	200	135	139	135
Jun-20	20	39	105	199	200	135	139	135
Jul-20	20	39	105	199	200	135	139	135
Aug-20	20	39	105	199	200	135	139	135
Sep-20	20	39	105	199	200	135	139	135
Oct-20	20	39	105	199	200	140	144	139
Nov-20	20	39	105	199	200	140	150	145
Dec-20	20	39	105	199	200	160	165	160

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

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

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

Brand	CO Construct	SKU	Month of CO	CO Type	Market
Coconut Oil					
Parachute Rigids	INR 5 off	100 ml	Oct-Nov	Price-off	National
Parachute Rigids	INR 7 off	175 ml	Oct-Nov	Price-off	National
Saffola Edible Oils					
Saffola Total	1 ltr free	5 ltr	Dec	Extra Volume	National
Saffola Active	1 ltr free	5 ltr	Nov	Extra Volume	National
Value Added Hair Oils					
Hair & Care	INR 11 off	100 ml	Dec	Price-off	National
Nihar Shanti Amla	12 ml free	78 ml	Oct-Dec	Extra Volume	National

Annexure 2: PROFILE GIVING BASIC / HISTORICAL INFORMATION

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

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

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

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

Reach

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

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

	Urban	Rural
Sales Territories	227	48
Towns covered	600	58,000
Distributor	675	-
Super Distributor	-	180
Stockists	-	6,200

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

Financial Highlights

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

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

[#] Represents Net Profit attributable to owners

Mode of Issue of this update

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

Marico Investor Relations Team

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 Vami Doshi Manager – Investor Relations (vami.doshi@marico.com)

Marico – Information Update for Q3FY21 (Quarter ended December 31, 2020)

Contents of this Update

- Financial results as per Ind-AS w.e.f. 1st April 2016 and other developments during the quarter under review for the Marico Group – Marico Limited, Marico Bangladesh Limited, Marico Bangladesh Industries Limited, Marico Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, MEL Consumer Care S.A.E, Egyptian American Company for Investment and Industrial Development SAE, Marico Egypt For Industries S.A.E., Marico for Consumer Care Products SAE (MEL Consumer Care & Partners – Wind, a partnership firm got converted into a joint stock company w.e.f. 19th December, 2017), Marico Malaysia Sdn. Bhd., Marico South East Asia Corporation, Marico Lanka (Private) Limited, Zed Lifestyle Pvt. Ltd (w.e.f 30th June 2020).
- Profile containing basic/historical information on Marico.

In this note, the quarterly figures mentioned in INR have been converted to USD basis INR/USD rate of 74.

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

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

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

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

All the aforesaid information is also available on Marico's Website: www.marico.com. In view of this, information contained in such updates is made public and thus not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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