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Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q4FY19	Growth	FY19	Growth
Revenue from Operations	1,609	9%	7,334	16%
EBITDA	283	12%	1,281	13%
EBITDA Margin (%)	17.6%	Up 52 bps	17.5%	Down 50 bps
Profit After Tax (excluding one-off write-back)	213	18%	930	14%
India Volume Growth (%)		8%		8%
Overall Volume Growth (%)		8%		8%

In Q4FY19, Revenue from Operations grew by 9% YoY to INR 1,609 crores (USD 230 million), with an underlying domestic volume growth of 8% and constant currency growth of 7% in the international business. Gross margin expanded by 243 bps YoY due to lower cost raw material consumption during the quarter. Operating EBITDA & PAT grew 12% and 18% respectively. Reported PAT growth came in at 122%, including the impact of the one-time write-back of tax provisions amounting to ~INR 188 crores.

Other highlights relating to the performance are as follows:

- The core franchises continued to enjoy market share gains as brand offtake growth outpaced category growth.
- **Rural maintained a lead over urban** in the traditional channel**,** while the new-age channels of **Modern Trade** and **E-Commerce** continued to grow speedily. **CSD** sales stayed on the growth path.
- **Parachute Rigids** grew by 6% in volumes. The flagship brand remained undeterred on its journey of gaining market share while the decline in the low margin non-focused brands of the Coconut Oil portfolio reversed.
- **Value Added Hair Oils** had a disappointing quarter with 1% volume growth, attributable to transition of price reduction and underperformance in the premium segment. However, double-digit offtake growth and volume market share gains of 80 bps during the quarter affirmed the underlying strength of the franchise.
- **Saffola Edible Oils** grew 18% in volumes, having responded well to sustained marketing initiatives. Growth in **Healthy Foods** accelerated to 32% in value terms. **Saffola Masala Oats** strengthened its value market share to 72% (March 2019 MAT) in the flavored oats category. The Company introduced a **power breakfast range under Saffola FITTIFY Gourmet** and a variety of **coconut-based organic food offerings under the Coco Soul** franchise.
- **Premium Hair Nourishment** and **Male Grooming** grew 38% and 3% in value terms, respectively. The Company introduced a Charcoal range under the brand **Set Wet Studio X**, which offers male grooming products with natural detox and enhanced cleansing properties. Further, the Company broadened its play in Personal Care with the launch of a premium skin care range under a new brand, **Kaya Youth O2**, with a promise of youthful skin.
- **International business** posted a constant currency (cc) growth of 7% led by healthy performance in key markets of Bangladesh (12% cc growth) and Vietnam (13% cc growth).
- **Advertising & Sales Promotion** spends, at 9.5% of sales in Q4FY19, was up 29% YoY, as the Company invested behind the extensive line-up of new products brought to market during the year.
- **EBITDA margin in Q4FY19 at 17.6%**, expanded by 52 bps YoY.

Summary of value growth across Businesses:

Categories/Businesses	Q4FY19	FY19	Share of Group's FY19 Turnover
FMCG Business	**9%**	**16%**	
India	7%	16%	78%
International	14%	16%	22%

Market Shares in Key Categories in the India Business - Basis Moving Annual Total (MAT) – March 2019

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Coconut Oils (India)	59%	1st	^Value Added Hair Oils (India)	34%	1st
^Saffola – Super Premium Refined Oils in Consumer Packs (India)	73%	1st	^Post wash Leave-on Serums (India)	75%	1st
*Saffola Oats (India)	29%	2nd	*Hair Gels/Waxes/Creams (India)	60%	1st

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

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Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

India Business

In Q4FY19, the domestic business achieved a turnover of INR 1,240 crore (USD 177 million), a growth of 7% on a year-on-year basis. The underlying volume growth was 8%. The operating margin in Q4FY19 was 20.8% (before corporate allocations) as against 21.8% in Q4FY18. Margins contracted as higher ad spends during the quarter offset the benefit of lower cost inputs.

The business clocked a turnover of INR 5,756 crore (USD 822 million) in FY19, a growth of 16% over the last year. The underlying volume growth at 8% was in line with the medium term aspiration. The operating margin in FY19 was 19.6% (before corporate allocations) as against 21.3% in FY18. Profitability for the year was subdued by the gross margin contraction in the first half of the year due to sharp inflation in input costs.

The Company will continue to focus on a balanced approach towards volume growth and healthy profitability. The Company would be comfortable with EBITDA margins at 20% plus in the India business over the medium term.

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

Categories	Q4FY19		FY19		% of FY19 India Business Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	4%	6%	23%	8%	38%
Value Added Hair Oils portfolio	7%	1%	12%	7%	25%
Saffola (Refined Edible Oil)	15%	18%	10%	8%	17%

Coconut Oil: Parachute grows in line with expectations

Parachute Rigids posted volume growth of 6% in Q4FY19. The brand visibly led the growth in the category during the quarter, gaining more than 200 bps in volume market share. Volume growth in FY19 was 8%, as the brand equity strengthened through the year. In Q4FY19, the low margin non-focused brands also reverted to growth on the back of tactical inputs deployed in select markets. Overall, the volume market share of the Coconut Oil franchise (includes Nihar Naturals and Oil of Malabar) rose to 59.4% (March 2019 MAT).

Saffola: Initial signs of recovery seen in Edible Oils; Pace of growth in Healthy Foods picks up; Introduced power breakfast options under 'Saffola FITTIFY Gourmet' and coconut-based organic food offerings under 'Coco Soul'

Saffola refined edible oils grew by 18% in volume terms as the franchise responded to the focused marketing initiatives taken this year towards re-establishing the superior product proposition and deploying tactical pricing inputs. Growth during the quarter was led by the new-age channels of Modern Trade and E-Commerce. In the near term, we remain cautiously optimistic on the franchise.

The brand also gained significant traction from the step up in media spends that accompanied a new campaign for the mainstay variant, Saffola Gold. Launched in Jan'19, the campaign messaging was shaped to succinctly communicate its heart health credentials. "Saffola wala khana" suggests that the one need not hold back on his favourite dishes as long it is cooked in Saffola due to the benefits of lower oil absorption and blend of two oils.

Consequently, the brand furthered its volume market share in the super premium refined edible oils segment to ~73% volume market share (March 2019 MAT).

The **Healthy Foods** franchise posted value growth of 38% in Q4FY19 and 32% in FY19.

The value market share of **Saffola Masala Oats** strengthened to ~72% in the flavoured oats category (March 2019 MAT), accompanied by a significant increase in overall penetration, especially in metro cities of Mumbai and New Delhi. The brand also gained significant traction in Modern Trade and E-Commerce. We continue to expand the prototyping of **Saffola Masala Oats vending machines** in corporate offices, gyms and hospitals in Mumbai, Pune and New Delhi. We have placed more than 300 vending machines, reaching ~200,000 consumers across 200 commercial establishments in these cities.

The response to the **'Saffola FITTIFY Gourmet'** range launched earlier this year has been promising. In Q4FY19, the Company broadened its play by introducing a **power breakfast range** - traditional Indian dishes like **upma** and **poha** re-invented by leading nutritionists with superfoods ingredients like **quinoa** and **millets** for a delectable medley of taste and nutrition.

The Company also expanded the Healthy Foods range under the brand **Coco Soul**, harnessing the benefits inherent in a coconut to provide a product that aids well-being in more ways than one. In addition to the Virgin Coconut Oil (available in natural and organic variants), the range now includes **infused Virgin Coconut Oil, Coconut Sugar, Coconut Spread, Coconut Chips** (available in 4 flavors), **Peanut Coconut Butter** and **Almond Coconut Butter** (available in crunchy and creamy versions).

We believe that growth in this category will come through continuous innovation in product and packaging and the Company is taking definitive steps towards the same.

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Value Added Hair Oils: Weak Quarter; Medium-term potential of the franchise intact

Value Added Hair Oils grew by 1% in volume terms, owing to underperformance in the premium segment and clearing of channel inventory prior to MRP decreases in select brands from April 2019. From April 1, the Company has reduced MRPs of select brands by ~5% on a weighted average basis.

With offtakes growing faster than that of the category, the franchise gained 80 bps in volume market share and 40 bps in value market share during the quarter. On a MAT basis, the Company consolidated its market leadership with volume share at ~34% and value share at ~26%.

Nihar Naturals Shanti Amla Badam retained its position as India's No. 1 Hair Oil in volumes through the year. The brand extended its volume market leadership in the Amla Hair Oils category, gaining 202 bps in volume share (MAT March 2019) coupled with an increase of 250 bps in household penetration levels during the year.

Nihar Naturals Sarson Kesh Tel witnessed good traction through the year with an exit volume market share of 11% in the perfumed mustard oil category. The Company will continue to invest behind the brand as it taps into the sizeable unorganized mustard oil market.

Nihar Naturals Extra Care Hair Fall Control Oil, launched in West Bengal earlier this year, gained some traction. In addition to a high frequency 360 degree media campaign covering TV, Print and Digital, we also covered various consumer and trade touch points on the ground.

Hair & Care Dry Fruit Oil was launched in Rajasthan and Maharashtra late last year. We continue to monitor the initial response to the same.

Parachute Advansed Aloe Vera Enriched Coconut Hair Oil now scaled up to a pan-India level, continued its accelerated growth trend. The brand garnered sizeable market share in its key markets and we will continue to aggressively invest for growth.

In addition to driving premiumisation and scaling up new launches, the Company also stepped up participation in the bottom of the pyramid segment through **Nihar Naturals Shanti Jasmine** and **Nihar Naturals Gold**. We expect to drive double digit volume growth in the franchise over the medium term on the back of these measures.

Premium Hair Nourishment: Livon Serums getting stronger

Premium Hair Nourishment grew 38% in Q4FY19 and 55% in FY19 in value terms.

Livon Serums registered strong growth during the quarter. With the addition of new variants - **Livon Colour Protect Serum**, **Livon Serum for Dry & Unruly Hair** and **Livon Shake & Spray Serum**, the brand is tapping into a new pool of consumers by addressing credible hair needs and truly owning 'salon finish' as a benefit. Contribution of these new variants has been on the rise. We continued to witness healthy growth in General Trade and exponential growth in Modern Trade and E-Commerce.

With a dominant volume share of **~75%** (March 2019 MAT) in the leave-in conditioners category, the Company continues to focus on innovation and consumer engagement to drive category growth.

The initial reception for **True Roots Botanical Hair Tonic,** which tackles the common consumer problem of premature hair greying, has been positive. The product was introduced in General Trade in Mumbai and Modern Trade in top 8 cities, amidst an integrated digital media campaign strongly supported by print, outdoor and point of sales visibility. We will continue to invest aggressively behind the brand.

Parachute Advansed Coconut Crème Oil, available in Bangalore, Maharashtra and Modern Trade & E-commerce across India, has gained reasonable traction. The brand is working towards driving relevance and generating trials through PR and influencer programs, in addition to reaching multiple touchpoints, including mass media like Print, Digital and Out of Home.

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Male Grooming: Year in line with medium term apiration; Set Wet Studio X Charcoal range launched

Despite a muted 3% growth in Q4FY19, the Male Grooming franchise posted a healthy 22% growth in FY19 in value terms. We do not expect any medium term concerns.

Set Wet Hair Gels grew in line with aspirations during the year. The brand continued to register high offtakes on the back of its **56% value market share**. **Set Wet Hair Waxes,** also available in an affordable price point pack (INR 30), received very healthy feedback from trade and consumers.

The Company launched the **Set Wet Studio X Charcoal male grooming range**, with natural detox and deep cleansing properties - includes shampoo, body wash, peel-off face mask, face wash and face scrub in a price range of INR 249 to 399.

Parachute Advansed Men Hair Creams was seen gaining traction in the E-Commerce channel. The Company has planned focused initiatives to accelerate growth of this franchise.

Set Wet fragrances had a steady year. The Company will continue to expand the footprint of **Set Wet Go** pocket perfume sprays (priced at INR 49), which is now one of the leading players in the budget perfumery segment.

Launched Kaya Youth O2: Premium Skin Care Play targeting the masstige segment

During the quarter, the Company introduced the **Kaya Youth O2** range, marking its entry into the premium skincare space. The range includes **Day Cream, Face Wash, Face Wipes and Micellar Water**. The Company aims to leverage the strong brand equity of Kaya and the brand has been launched in General Trade in Mumbai, Modern Trade in the top 8 metros and E-commerce across India. Within General Trade, the brand will also enable the Company to tap chemist and cosmetic outlets. The initial response has been encouraging with good acceptability of the range. The brand proposition of **'boosting oxygen for youthful glowing skin'** has been created on an exciting and unique concept of **#Skin Pranayam**. The Company has an exciting innovation line-up for the Brand.

Input Costs and Pricing

During the quarter, the average market price of domestic copra was down 19% Y-o-Y. With the onset of the flush season, prices have softened on expected lines after the sharp spike due to the aftermath of Cyclone Gaja in Tamil Nadu late last year.

Other key input prices for the India business during Q4FY19 - Rice Bran Oil was flat, while Liquid Paraffin (LLP) and HDPE were down 3% and 9% respectively on a Y-o-Y basis. Safflower Oil was up 11% on a Y-o-Y basis.

In FY19, domestic copra prices were down 2%, while prices of each of the other key inputs were up 10-15%.

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.

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Markets/Distribution Channels

In Q4FY19, rural continued to outpace urban in General Trade (GT). Rural GT grew by 4%, while urban GT was down 2%. However, the new age channels of Modern Trade and E-Commerce have been driving growth in the urban sector. Modern Trade grew by 28%, while E-Commerce more than tripled in size. CSD sales grew by 12%.

In FY19, rural GT (32% of India business) grew 17%, while urban GT grew 7%. Urban sales, including Modern Trade and E-Commerce, grew 18%, thereby matching rural growth. Owing to robust growth throughout the year, the contribution of Modern Trade and E-commerce to the India business jumped to 13% and 4% respectively. CSD sales (7% of India business) grew 9%.

Update on Sales Transformation

Pursuant to the focus on increasing its rural footprint, the Company has expanded its direct reach to cover almost every town with a population of 5,000 and above. The Company has evolved into higher order supply chain models for key Modern Trade customers with direct-from-factory supplies, thereby driving further efficiencies in business through this channel. The Company continued to leverage and invest behind analytics-driven decision making and drive higher throughput using socio-economic clustering. Sales route optimization, enabled by geo-tagging, has progressively improved manpower allocation across outlets.

International Business

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

Particulars	Q4FY19	FY19
Turnover (INR Crore)	369	1,578
Reported Growth	14%	16%
Constant Currency Growth	7%	9%
Exchange Rate impact	7%	7%

In Q4FY19, Marico's International business grew by 7% in constant currency terms led by healthy growth in key markets. The operating margin (before corporate allocations) was at 18.0% in Q4FY19 against 11.8% in Q4FY18. The improvement in margins was gross margin led, partially offset by higher ad spends.

In FY19, the business grew by 9% in constant currency terms. The operating margin (before corporate allocations) was at 19.1% in FY19 against 16.6% in FY18. The Company aims to maintain international margins at 18% plus over the medium term and continue to invest and plough back savings to drive growth.

Market Shares in Key International Markets - Basis Moving Annual Total (MAT) – March 2019

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Parachute Coconut Oil (Bangladesh)	86%	1st	^Value Added Hair Oils (Bangladesh)	23%	2nd
*X-Men Male Deodorants (Vietnam)	31%	2nd	*X-Men Male Shampoo (Vietnam)	39%	1st

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

Bangladesh (46% of the International Business)

The business in Bangladesh grew by 12% in Q4FY19 in constant currency terms. The business closed the year with 12% constant currency growth.

In Q4FY19, Parachute Coconut Oil grew by 7% in constant currency terms, while maintaining the leadership position with ~86% volume market share. The franchise grew by 4% in constant currency terms in FY19. With the category having matured in this market, the Company should still be able to grow this franchise in single-digits on a constant currency basis over the medium-term on the back of its dominant position, distributive strength and consumption growth.

The non-Coconut oil portfolio in Bangladesh grew by 24% in Q4FY19 and 33% in FY19 in constant currency terms. With Value added Hair Oils spearheading this growth, the Company attained value market leadership in this category on MAT basis. Having introduced Nihar Naturals Coconut Enriched Hair Oil & Parachute Advansed Aloe Vera this year, we expect a broader VAHO portfolio to supplement growth in this category. Saffola Edible Oils and

Set Wet Gels also gained traction through the year. The initial response to the baby skin care range under **Parachute Just for Baby,** launched in Q3FY19, has been positive.

The non-Coconut Oil portfolio in Bangladesh now constitutes nearly 30% of the total business in Bangladesh. The Company will leverage its strong distribution network and learnings from the India market to quickly scale up its new product introductions in Bangladesh. With this, the contribution of the non-coconut oil portfolio is likely to exceed 35% over next two years.

Owing to the above, the Company is confident of delivering double-digit constant currency growth in this geography over the medium term.

South East Asia (26% of the International Business)

The South East Asia business (mainly Vietnam and Myanmar) grew by 4% in Q4FY19 and 8% in FY19 in constant currency terms.

Vietnam posted growth of 13% in Q4FY19 and 10% in FY19 in constant currency terms. Growth was led by the Home and Personal Care (HPC) business as the flagship brand, X-Men, maintained its leadership position in the segment. The Foods portfolio had a sluggish year. However, the Company is rolling out plans to revitalize growth in this portfolio with innovation and participation in broader category play. Overall, we expect to deliver double-digit constant currency growth in this geography over the medium term.

Middle East and North Africa (MENA) (15% of the International Business)

The MENA business grew by 5% in Q4FY19 in constant currency terms. The business posted 12% growth in FY19 on the back of double-digit constant currency growth in both Middle East and Egypt business. Despite the healthy growth, the volatile macro environment keeps us cautiously optimistic about the medium term outlook of these markets.

South Africa (8% of the International Business)

The South Africa business had a muted quarter. In FY19, the business grew 3% in constant currency terms. In the context of the macro headwinds in the region, we expect this business to tread along a similar pattern over the medium term.

New Country Development & Exports (5% of the International Business)

With expansion in adjacent markets such as Sri Lanka, Nepal, Bhutan, exports to diaspora and other markets generated revenues of more than USD 10 million in FY19. The business grew by 5% in constant currency terms during the quarter. While the business had an uneventful year, the Company remains positive on its future prospects.

Note: The country wise contribution to International Business revenue is based on FY19 turnover.

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues	Q4FY19	Q3FY19	Q4FY18	FY19	FY18
Material Cost (Raw + Packaging)	50.9	53.7	53.4	54.8	53.0
Advertising & Sales Promotion (ASP)	9.5	8.8	8.0	9.0	9.3
Personnel Costs	7.2	6.5	7.0	6.4	6.7
Other Expenses	14.7	12.2	14.6	12.4	13.0
PBDIT margins	17.6	18.8	17.0	17.5	18.0
PBDIT before ASP	27.1	27.6	25.1	26.4	27.2

(a) In Q4FY19, the average market price of domestic copra was 19% lower on a Y-o-Y basis. On a YoY basis, Rice Bran Oil was flat, while Liquid Paraffin (LLP) and HDPE prices were down 3% and 9% respectively. The consumption prices may differ from market prices depending on the stock positions the Company has taken.

(b) ASP spends, up 29% on a YoY basis, was at 9.5% of sales in Q4FY19. ASP will be stepped up to circa 10% of Sales to support forthcoming innovations in the medium term on an annualized basis.

(c) Personnel Costs up 13%, due to annual salary revisions and higher performance incentive provisions.
(d) The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses). Other expenses are likely to remain in the range of 12-14% of turnover in the medium term.

Other Expenses	Q4FY19	Q4FY18	% variation	FY19	FY18	% variation
Fixed	91	83	9%	303	289	5%
Variable	146	133	10%	608	537	13%
Total	**237**	**216**	**10%**	**911**	**826**	**10%**

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 FY20 is likely to be around INR 125–150 crore (USD 18-21 million).

Depreciation during Q4FY19 was INR 29 crore (USD 4.0 million) compared to INR 23 crore (USD 3.6 million) in Q4FY18. The increase was on account of capitalization of capacity additions in 2 domestic manufacturing facilities during the year.

For the full year, depreciation was at INR 96 crore (USD 13.7 million) as compared to INR 89 crore (USD 13.8 million) in FY18.

Direct Taxation

In Q4FY19, there was a write-back of tax provisions amounting to ~INR 188 crores pursuant to a favorable resolution of tax proceedings pertaining to earlier years. The aforesaid write-back is one-off in nature.

The ETR for FY19 (excluding one-off write-back) was 25.0%. In FY20, ETR is expected to be in line with the current year. It should be noted that this tax rate is basis the accounting charge in the P&L account. The Company will continue to pay basis MAT and therefore from the cash flow point of view, there is no change. MAT credit as on 31st March, 2019 stood at ~INR 182 Crore and is expected to be utilised by the Company in the coming years.

Capital Utilization (Marico Consolidated)

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

Ratio	FY19	FY18
Return on Capital Employed	41.3%	41.6%
Return on Net Worth	33.6%	33.5%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	21	17
- Inventory Turnover (Days)	73	80
- Net Working Capital (Days)	48	48
Debt: Equity (Group)	0.12	0.11
Finance Costs to Turnover (%) (Group)	0.3%	0.3%

* Turnover Ratios has been calculated on the basis of average balances

1. The variation in ratios is due to:
    1. Lower inventory turnover was on account of reduction in buildup of key raw materials coupled with deflation.
    2. Higher receivables turnover was due to increase in revenue contribution from MT and E-Commerce and higher receivables from CSD.
    3. Net Working Capital days was flat since the sharper reduction in inventory turnover was offset by an increase in Input GST Credit Receivable.

2. The Net Debt position of the Marico Group as of March 31, 2019 is as below:

Particulars (INR Crores)	Mar 31, 2019	Dec 31, 2018	Mar 31, 2018
Gross Debt	347	363	311
Cash/Cash Equivalents and Investments (Marico India: INR 752 Crore & Marico International: INR 208 Crore)	960	1,448	649
Net Debt/(Surplus)	**(613)**	**(1,085)**	**(338)**
Foreign Currency Denominated out of the total gross debt	219	234	194
Foreign Currency Debt as a % age of Gross Debt	63%	64%	62%
Rupee Debt out of the total gross debt	128	129	117
Total Debt Payable within One year	333	347	291
Average Cost of Debt (%) : Pre tax	4.8%	5.1%	4.9%

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

3. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at March 31, 2019 was about **INR 613 Crore** (Gross debt of INR 347 Cr. & Gross Investments of INR 960 Cr). The future growth strategy is anchored primarily in healthy organic growth. While the Company is open to strategic acquisitions, the leverage ratios are comfortable. In absence of any strategic acquisitions, the Company will continue to maintain a healthy dividend payout. The overall dividend payout ratio in FY19 stood at **76%** of the consolidated profit after tax (excluding one-off write-back).

CSR and Sustainability Initiatives

Marico believes that social, environmental and economic values are interlinked and we belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. Our stated purpose is to **"Make a Difference"** by ensuring a positive impact of our existence on all stakeholders. We have a focused approach in identifying sustainability goals in line with our business strategy and purpose. As a result, the Company has identified six focus areas to channelize its efforts– **Responsible Resource Consumption, Climate Change, Sustainable Supply Chain, Product Responsibility, Community Development** and **Future-Ready Capability Building**. CSR initiatives are also an integral part of our sustainability efforts and Marico is committed to making a sustainable impact on the society.

Through our flagship program "Kalpavriksha", we continue to work closely with the farmers' community to enhance their financial income through best farm practices. As on date, we have enrolled 11,406 farmers under the program.

In our pursuit to be a water steward organization, we have augmented our water conservation program from previous year. Through a host of initiatives, this year we have created 550 million litres of water harvest capacities across various water-stressed regions in the country.

Responding to the impact of climate change, we have taken very specific and focused efforts to enhance the renewable energy share at our operations. Initiatives like replacement of furnace oil to biomass fuel for thermal energy requirements and solar roof-top projects are under execution at two of our manufacturing units.

In compliance to the Plastic Waste Management (Rules) 2018, Marico has completed its Extended Producers Responsibility (EPR) commitment for FY2019 to collect and effectively dispose 20% of the post-consumer MLP waste.

Awards

- Marico has been ranked as one of the top 25 Workplaces in Asia by the Great Place To Work Institute. The Company ranked 21st in the Large Workplaces category across Asia.
- Marico has also been featured as one of the top 25 Best Workplaces in Manufacturing by Great Place to Work Institute in 2019.

- Marico was listed among Jombay's Top 50 People Capital Index Companies for 2019, an indicator of employee and market perception of how well companies invest in their people.
- Marico's unit at Jalgaon (Maharashtra) was awarded Champion of Champions by Confederation of India Industry (CCI) for consistent process improvement initiatives.
- Marico's Parachute, Saffola and Hair & Care featured among 'Economic Times Brand Equity 100 Most Trusted Brands 2018'.

Marico's Growth Philosophy

Over the medium term, Marico aspires to be an admired emerging market MNC with leadership in two core categories of nourishment and male styling in 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. Towards this goal, the Company has identified 5 areas of Transformation where it will develop top quartile capability, processes and execution excellence ahead of growth - Innovation, Go to Market transformation, Talent Value Proposition, IT & Analytics and Cost Management.

This strategy 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.

Near Term / Medium Term Outlook

Marico India

- Positive consumer sentiment in rural was one of the remarkable features of this year. Considerable political intent to structurally alleviate agrarian distress, improve rural infrastructure and increase disposable income levels in the hands of the rural consumer bodes well for consumption over the medium term, while food inflation does not appear to be a cause for concern.
- FY19 was also characterized by an unprecedented level of new products introductions from the Company. The Company made important strides towards building future engines of growth and driving premiumisation across its portfolio. With core portfolios poised to deliver stable growth over the medium term, we expect a significant shift in new product contribution to ramp it up further, especially in the context of new age channels of Modern Trade and E-Commerce flourishing.
- The India business registered a volume growth of 8% in FY19. For FY20 and beyond, the Company aspires to deliver 8-10% volume growth coupled with healthy market share gains, on the back of increased investment in the core portfolio, aggressive new product launches, distribution expansion & judicious pricing.
- Copra prices are trending downwards as anticipated and are expected to stay benign unless monsoons disappoint. As cost pressures in the India business relatively ease, operating margins are expected to trend upwards, despite higher ask on the ad spends front.
- **Parachute Rigids** had a strong 8% volume growth in FY19. Given the market construct and strong brand equity, the Company aims to grow volumes in the range of 5-7% over the medium term.
- **Value Added Hair Oils** fell short of medium term expectations with 7% volume growth during the year. The Company aims to drive double-digit volume growth in this franchise on the back of growth in the core portfolio, the drive towards premiumisation, scale-up of new launches and active participation in bottom of the pyramid.
- **Saffola Edible Oils** volumes grew by 8% during the year. The focused marketing initiatives appear to be gradually yielding results but we stay cautiously optimistic in the near term. We aim to deliver high single digit volume growth over the medium term in this franchise.
- In **Healthy Foods**, the Company will continue to innovate and launch tasty and healthy dietary options for the consumer, thereby maintaining 20% plus CAGR over the medium term.
- We aim to build **Premium Hair Nourishment**, **Male Grooming and Skin Care** into growth engines of the future and expect to deliver value growth of 20% plus CAGR over the medium term in these portfolios.

- The Company will also gradually create dedicated premium product offerings suited to **Modern Trade and E-commerce channels** to continue growing aggressively in these channels.
- The Company's **Go-To-Market (GTM) strategy** will be focused on improving the width and depth of its distribution. Strategic initiatives in sales and supply chain will aim at ushering in efficiencies in selling and GTM. The Company is renewing its efforts towards enhancing its GTM capabilities in salons, pharmacy chains, cosmetics and specialty food outlets. **Kaya Youth O2**, **Saffola FITTIFY Gourmet** and **Coco Soul** have been conscious attempts in this direction.
- 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. Investment in Zed Lifestyle (who owns Beardo) is likely to enhance the capability in E-commerce and salons over the medium-term. E-commerce now contributes ~4% of the India business. With the Company steadily creating a portfolio suited to this channel and investing aggressively behind enhancing capabilities, we expect E-Commerce to contribute atleast 5% of the India business by the end of FY20.

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 each of these markets is well-poised to capitalize on the market opportunities.
- The business in **Bangladesh** is likely to continue the momentum as the medium term macro prospects look promising. Therefore, the Company will continue to invest in brand building, Go to Market transformation and diversify beyond Coconut Oil within its stated strategy.
- As a market leader, the **Vietnam** business will continue to invest in the male grooming category and excellence in sales and distribution systems. Towards portfolio diversification, the business has already launched a female grooming range under a new brand 'Sedure'. **Myanmar** and the **rest of South East Asia** are growth engines of the future.
- In the **MENA** region, the Company will focus on getting the basics right by judiciously investing behind brands and Go-to-Market initiatives.
- The **South Africa** business has been subdued by macroeconomic headwinds and resultant sluggishness in demand. We are cautious on the near term outlook of the business, but expect 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.
- We expect to clock an organic broad-based double-digit constant currency growth over the medium term.
- We aim to maintain operating margins at 18% plus over the medium term with an upward bias.
- With considerable room for organic growth in the business, the Company will only be opportunistic with respect to acquisitions, which may either be immediately value accretive due to operating leverage or enable consolidation of leadership in existing categories.

Overall (India + International)

- The Company will aim for a volume growth of 8-10% and a topline growth of 13-15% (depending on inflation) over the medium term. However, there could be marginal deflation in FY20.
- Investments towards brand building will be stepped up to support market growth initiatives in core categories and expansion into adjacent categories. The Company will also aggressively invest behind the recent innovations and a visibly strong pipeline for the next 2-3 years. Consequently, A&P spends is expected to gradually move upwards of 10% of Sales on an annualized basis.
- The Company will continue to drive cost excellence across the organization to extract savings that will be redeployed towards igniting profitable growth.
- Operating margin is expected to be maintained at 18% plus over the medium term.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Performance of Marico India and Marico International

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

INR Crore

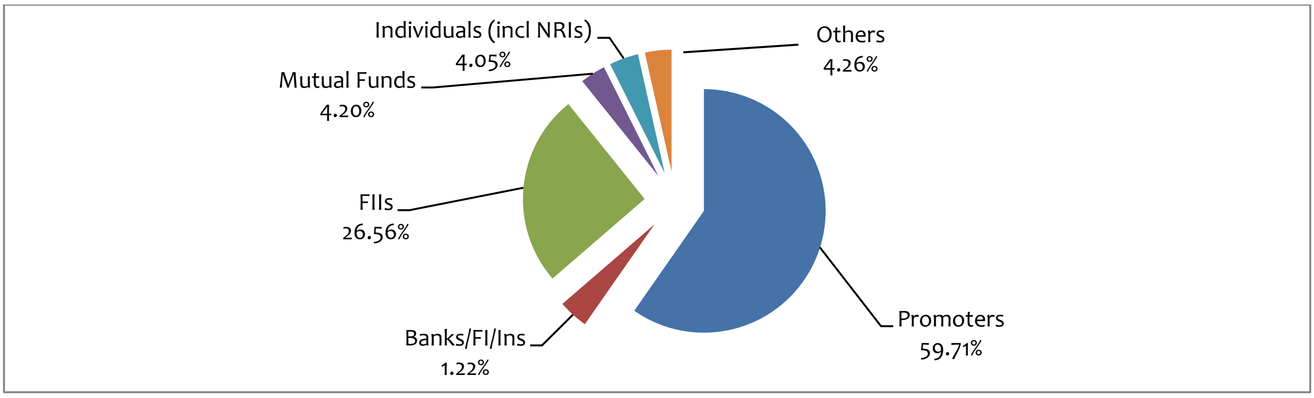
Particulars	Q4FY19	Q4FY18	FY19	FY18
1. Segment Revenue				
i. India	1,240	1,157	5,756	4,969
ii. International	369	323	1,578	1,364
2. Segment Result				
(Profit before Interest and Tax and exceptional items)				
i. India	240	240	1,068	1,004
ii. International	60	34	289	210
3. Segment Result as % of Segment Revenue (PBIT)				
i. India	19.3%	20.7%	18.6%	20.2%
ii. International	16.3%	10.5%	18.3%	15.4%
3. Capital Employed (Segment Assets - Segment Liabilities)				
i. India			1,392	1,301
ii. International			693	747

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 Q4FY19 (Quarter ended March 31, 2019)

Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on March 31, 2019 is as given in the graph below:

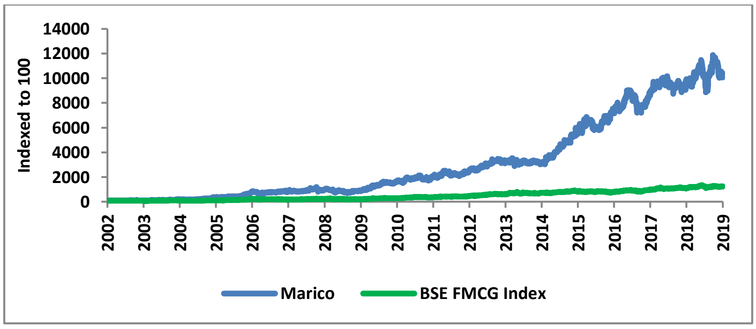


Details of ESOPs as on March 31, 2019:

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	3,411,110	351,520	Nil	3,059,590

Options pending to be exercised are less than 0.3% 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 44,567 crore (USD 6.4 billion) on March 31, 2019. The average daily volume on BSE and NSE during Q4FY19 was about 1,751,166 shares.

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

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*
Jan-18	19,187	14,433	1,474	583	50	106
Feb-18	18,938	14,021	1,454	591	47	115
Mar-18	17,378	12,637	1,313	620	47	118
Apr-18	18,363	13,629	1,312	639	47	118
May-18	18,081	13,002	1,319	652	47	126
Jun-18	17,139	12,150	1,288	678	48	127
Jul-18	16,792	11,910	1,271	693	49	127
Aug-18	16,404	11,535	1,271	689	48	127
Sep-18	15,433	10,496	1,271	698	50	127
Oct-18	14,381	9,543	1,271	679	55	127
Nov-18	13,550	9,600	1,350	633	55	126
Dec-18	14,679	10,683	1,580	601	50	110
Jan-19	16,200	11,500	1,565	597	44	103
Feb-19	16,007	11,379	1,570	600	47	103
Mar-19	14,958	10,508	1,576	596	49	102
Q4FY19 vs Q4FY18	-15%	-19%	11%	0%	-3%	-9%
Q4FY19 vs Q3FY19	11%	12%	12%	-6%	-13%	-15%

*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
Jan-18	20	39	105	199	195	130	150	130
Feb-18	20	39	105	199	195	130	150	130
Mar-18	20	39	105	199	195	130	150	130
Apr-18	20	39	105	199	195	130	150	130
May-18	20	39	105	199	200	135	150	130
Jun-18	20	39	105	199	200	135	150	130
Jul-18	20	39	105	199	200	135	159	130
Aug-18	20	39	105	199	200	135	159	130
Sep-18	20	39	105	199	200	135	159	135
Oct-18	20	39	105	199	200	135	159	135
Nov-18	20	39	105	199	200	135	159	135
Dec-18	20	39	105	199	200	135	159	135
Jan-19	20	39	105	199	200	135	159	135
Feb-19	20	39	105	199	200	135	159	135
Mar-19	20	39	105	199	200	135	159	135

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

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

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

Coconut Oil					
Parachute Rigids	25 ml free	175 ml	Jan	Extra Volume	National
Parachute Rigids	100 ml free	500 ml	Feb	Extra Volume	National GT
Saffola Edible Oils					
Saffola Active	INR 15 off	1 ltr	Jan	Price-off	National
Saffola Active	1 ltr Free	5 ltr	Feb	Extra Volume	National
Saffola Gold	1 ltr Free	5 ltr	Jan-Mar	Extra Volume	National
Healthy Foods					
Saffola Oats	400 gm free	1 kg	Jan-Feb	Extra Volume	National
Saffola Masala Oats	Buy 4 get 1 free	39 gm	Jan	Extra Volume	National
Value Added Hair Oils					
Nihar Naturals	20 ml free	98 ml	Jan	Extra Volume	National
Par. Adv. Aloe Vera	Branded Soap Free	150 ml	Oct	Free Item	National
Par. Adv. Jasmine	INR 10 off	300 ml	Feb	Price-off	National
Nihar Shanti Amla	Branded Dental Cream Free	300 ml	Feb	Free Item	National
Hair & Care	100 ml free	300 ml	Feb	Extra Volume	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 73.3 billion (USD 1.05 billion) during 2018-19. Marico markets well-known brands such as Parachute, Saffola, Saffola FITTIFY Gourmet, Hair & Care, Parachute Advansed, Nihar Naturals, Mediker, True Roots, Kaya Youth O2, Coco Soul, Revive, Set Wet, Livon, Fiancée, HairCode, Caivil, Black Chic, Isoplus, Code 10, Ingwe, X-Men, Sedure and Thuan Phat. Atleast 90% of Marico's portfolio of brands occupy leadership positions in their respective categories. Marico's products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South and Sub-Saharan Africa, Malaysia, Myanmar and Vietnam.

Marico's own manufacturing facilities in India are located at Kanjikode, Perundurai, Puducherry, Paonta Sahib, Baddi, Jalgaon, and Guwahati 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 16 crore packs every month through 5.0 million retail outlets services by its nationwide distribution network comprising 4 Regional Offices, 26 carrying & forwarding agents (CFAs) and about 5,600 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	253	52
Towns covered	600	53,000
Distributor	740	-
Super Distributor	-	140
Stockists	-	4,694

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Financial Highlights

Particulars (INR/crores)	FY15	FY16	FY17	FY18	FY19
Revenue from Operations	5,733	6,024	5,936	6,333	7,334
Material Cost	3,119	3,078	2,849	3,359	4,017
Personnel Cost	325	373	404	422	466
ASP	650	693	659	588	659
Other Costs	769	829	864	827	911
Profit Before Tax	822	1,029	1,150	1,117	1263
Net Profit After Tax (PAT)#	573	711	799	814	1,118
Earnings per Share (INR)	8.9	5.5*	6.2*	6.3*	8.7*
Book Value per Share (INR)	28.3	15.6*	18.0*	19.7*	23.2*
Net Worth	1,825	2,017	2,326	2,543	2,999
EBITDA%	15.2%	17.5%	19.5%	18.0%	17.5%
ROCE %	39%	45%	47%	42%	41%

From FY16, financials are as per IND – AS and hence not comparable with earlier years.

Represents Net Profit attributable to owners

*EPS and Book Value per Share for FY16 and onwards has been calculated on the post bonus number of shares.

Mode of Issue of this update

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

Marico Investor Relations Team

Pawan Agrawal Executive Vice President & Head – Finance & Investor Relations (pawan.agrawal@marico.com)
Harsh Rungta Manager – Investor Relations (harsh.rungta@marico.com)

Marico – Information Update for Q4FY19 (Quarter ended March 31, 2019)

Contents of this Update

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

- Profile containing basic/historical information on Marico.

In this note, figures mentioned in INR are converted to USD basis INR/USD exchange rate of 70 being the average rate for the year.

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.