Marico – Information Update for Q4FY21 (Quarter ended March 31, 2021)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q4FY21	Growth	FY21	Growth
Revenue from Operations	2,012	34%	8,048	10%
EBITDA	319	13%	1,591	8%
EBITDA Margin (%)	15.9%	Down by 300 bps	19.8%	Down 31 bps
Profit After Tax (excluding one-offs)	238	17%	1,162	11%
India Volume Growth (%)		25%		7%
International Constant Currency Growth (%)		23%		7%

In Q4FY21, **Revenue from Operations grew by 34%** YoY to INR 2,012 crores (USD 276 million) backed by robust **volume growth of 25%** in the domestic business and **constant currency growth of 23% in the international business.**

As macroeconomic indicators signaled some positivity for most of the quarter, the Company witnessed strong momentum in each of the core portfolios of the India business while steadily strengthening its play in Foods through innovation. However, a part of the optical growth was also due to a lockdown-affected base (however relatively stronger than most sectoral peers) and partial normalization of the historical skew in Q4 and Q1 revenues. Rural continued to lead the way in traditional trade, growing at 1.8x of urban. Ecom and CSD also fared well, while Modern Trade dipped due to pantry loading in the base quarter.

Gross margin was down 517 bps owing to the severe input cost pressure, as pricing interventions in the core portfolios were not commensurate to the inflation. EBITDA was up 13% YoY, as tight cost controls and operating leverage kicked in to reduce the impact on EBITDA margins to 300 bps. PAT excluding one-offs was up 17% YoY. Reported PAT was up 13%.

Other highlights relating to the quarter's performance are as follows:

- Each of the core portfolios sustained the momentum of the last couple of quarters, thereby reinforcing the firm potential of these franchises on the back of their market leadership position and strengthening equity.
- The core portfolios in the India business continued to log market share gains on a MAT basis.
- **Parachute Rigids** grew 29% in volumes, albeit on a low base, undeterred by price hikes and pullback of consumer offers to counter a part of the input cost push.
- **Value Added Hair Oils** grew 22% in volumes with all of the key brands clocking double-digit growth. The Company estimates steady market share gains in the overall hair oils category.
- **Saffola Edible Oils** extended its stellar run with 17% volume growth despite a particularly strong base (25% volume growth in Q4FY20), on the back of investment in new markets and increasing household penetration.
- The **Foods** portfolio grew 134% in value terms in Q4 and crossed INR 300 cr in turnover in FY21. The base Oats franchise grew by 84% in value terms backed by increased penetration and market share gains. The new immunity boosting and plant-based protein offerings launched this year have seen encouraging trends in their launch markets. Expanding its presence in Foods, the Company launched **Saffola Oodles,** 5-minute ring-shaped noodles, containing no refined flour and with the goodness of whole grain oats, real vegetables and semolina.
- **Saffola Honey** has been scaling up faster than launch expectations on the back of its inherent purity and trusted brand equity. The brand exited FY21 just short of a double-digit market share in key Modern Trade chains and has garnered 25%+ market share in E-Commerce. The brand is on course to touch revenues of INR 100 cr. in the coming year.
- The **Premium Personal Care** ended with a modest dip in Q4 as growth in Serums was more than offset by the decline in Male Grooming.
- In the International business, **Bangladesh** clocked 20% constant currency growth. **South East Asia** also reverted to positive territory with 13% constant currency growth. **MENA and South Africa** also gained on a low base.
- **Advertising & Sales Promotion grew by 35% YoY** as the Company invested aggressively mainly on core franchises and the Foods innovations, while continuing to drive spend rationalization and channelize investment towards growing franchises.

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Summary of value growth across Businesses:

Categories/Businesses	Q4FY21	FY21	Share of Group's FY21 Turnover
FMCG Business	**34%**	**10%**	
India	37%	9%	77%
International	25%	12%	23%

Market Shares in Key Categories in the India Business - Basis Moving Annual Total (MAT) – Mar'21

Brand	~MS%	Rank	Brand	~MS%	Rank
^Coconut Oils	61%	1st	*Saffola Masala Oats	94%	1st
^Parachute Rigids	51%	1st	*Saffola Oats (Overall)	38%	2nd
^Saffola – Super Premium ROCP	81%	1st	^Post wash Leave-on Serums	63%	1st
^Value Added Hair Oils	37%	1st	*Hair Gels/Waxes/Creams	57%	1st

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

India Business

The domestic business delivered a turnover of INR 1,574 crore (USD 216 million), up 37% on a YoY basis with an underlying volume growth of 25%. The operating margin was lower YoY at 17.6% in Q4FY21 vs 22.8% in Q4FY20, owing to the input cost push, which was partly offset by pricing interventions in key portfolios and aggressive cost control initiatives that led to savings of more than Rs. 150 cr. on an annualized basis.

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

Categories	Q4FY21		FY21		% of FY21
	Value Growth	Volume Growth	Value Growth	Volume Growth	India Business Turnover
Parachute Coconut Oil (Rigid packs)	38%	29%	8%	6%	38%
Value Added Hair Oils	22%	22%	-2%	0%	22%
Saffola (Refined Edible Oils)	43%	17%	25%	17%	22%

Coconut Oil: Parachute keeps it head up

Parachute Rigids grew by 29% in volumes in Q4FY21 on a lockdown-affected base. The brand firmly held its ground, despite a pullback of consumer offers and MRP increase of 4% during the quarter, in response to the sharp inflation in copra prices. In H2, the cumulative increase in effective consumer prices has been ~9%. The brand maintained its stronghold in the branded coconut oil market with the rigid packs gaining market share of ~120 bps during the quarter and 20 bps on a MAT basis. General Trade & E-Com led the growth, while CSD also recovered. The brand is well poised to sustain its good run as it enters FY22 with improving salience in both core & non-core markets.

Saffola: Edible Oils marches ahead undeterred; Foods crosses 300 cr milestone in FY21; Saffola Oodles launched

Saffola refined edible oils grew 17% in volumes in Q4FY21. The brand has delivered double-digit volume growth for the sixth consecutive quarter on the back of increased household penetration and growing relevance of healthy cooking. The Company took price increases in Q4 as well given the sequential inflation in the edible oils table. In H2, the cumulative MRP increase has been ~30%.

Media investments continued on the new thematic campaign, "Rakhe Heart ka Khayaal", launched in Q3, reversing the stereotypical gender roles and emphasizing the impact of stress on our heart to drive home the relevance of proactive heart care.

The brand gained 450 bps in volume market share to ~81% in the Super Premium Refined Edible Oils category (MAT Mar' 21).

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The **Foods** portfolio grew 134% YoY in Q4FY21 and crossed the INR 300 cr milestone in FY21.

The **Oats franchise** continued to ride the health tailwind and posted a value growth of 84% in Q4FY21. The thematic communication "Shaam Waali Laalach" stayed on air. **The value market share of Saffola Masala Oats strengthened by more than 800 bps to ~94% in the flavored oats category (Mar'21 MAT).**

The new launches in the Foods portfolio have begun on a promising note. Delivering on the promised "100% pure" claim, nutritional value and immunity boosting benefits to the consumers, **Saffola Honey** has been gaining salience across channels. The brand has exited just shy of double-digit market share in key Modern Trade chains and crossing 25% market share in E-Commerce. The brand also introduced a table-top squeezy pack in March.

Saffola Mealmaker Soya Chunks has gained traction in its launch markets in GT. The brand was extended to newer markets as well as MT & E-Com during the quarter.

Saffola Arogyam Chyawan Amrut had a moderate start since its launch. The brand launched a TVC campaign in Q4 that highlighted various traditionally established remedies by consumers to keep up their immunity and overall well-being. We will continue invest behind brand building in this franchise.

In line with its aim to strengthen its presence in the healthy foods segment, the Company launched **Saffola Oodles**, a perfect combination of a delicious masala flavour, the goodness of wholegrain oats and real vegetables, making for a mouth-watering snack. It brings a twist to the conventional noodles with its unique ring-shape, making it a novel offering in the category. Saffola Oodles does not contain maida or artificial preservatives and is a perfect snack time option for kids, teens and adults alike. The initial response to the launch has been very encouraging.

Consequent to the extension of the formidable health equity of the brand **Saffola** into multiple Foods categories over the year, the Company has effectively expanded its total addressable market (TAM) in Foods to INR ~4,700 cr (USD 645 million).

Value Added Hair Oils: On sustained growth path

Value Added Hair Oils grew 22% in volume terms in Q4FY21. Most brands in the franchise double-digit volume growth in Q4. General Trade led the growth with rural outperforming urban. E-com and CSD also contributed positively.

After a sharp decline in Apr'20 due to lockdown restrictions not allowing any billing for most of the month, the hair oils portfolio has turned around with 11% volume growth in the 11 months ended Mar'21. The Company gained ~200 bps in volume market share in overall hair oils category on a MAT basis (MAT Mar'21).

Nihar Shanti Amla continued its strong momentum across its stronghold and non-core markets. **Parachute Advansed Jasmine** and **Nihar Naturals Perfumed Coconut Hair Oil** posted healthy double-digit volume growth. **Hair & Care** was re-staged with the new proposition of 'Damage Repair', supported by the addition of aloe vera to enhance its nourishment credentials. **Parachute Advansed Aloe Vera** continued to gained salience in its key South and West markets. **Nihar Naturals Almond**, a premium offering at an affordable price launched in Q2, has received a positive response.

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: Mixed quarter

The Premium Personal Care portfolio, comprising Premium Hair Nourishment, Male Grooming and Premium Skin Care, posted a modest decline in Q4 on a YoY basis. **Livon Serums** has continued to witness positive traction with double-digit growth in Q4. **Skin Care** had a muted quarter, while **Male Grooming** remained below par.

Beardo – Picking up gradually

The Beardo franchise has been gradually regaining traction after the initial COVID-induced headwinds. With the second COVID wave flaring up, we would remain cautious on the near term outlook for the franchise but will continue to invest behind the strengthening equity of the brand over the medium term.

Input Costs and Pricing

In Q4, market prices of copra were higher by 25% YoY mainly due to leaner supplies and lower coconut to copra conversions. The Company expect prices to cool off from Q1FY22 as the peak season sets in. In FY22, the Company expects copra prices to be marginally higher on an annualized basis owing to a definitive healthy crop outlook. COVID-19 led disruptions and major weather anomalies in key growing regions have led to significant inflation in global vegetable oil prices. As a result, there was similar inflation in Rice Bran oil with Q4 prices up 39% YoY. While rice bran oil was also sequentially up 8% in Q4FY21 despite seasoned arrivals, the Company expects prices to be range bound as the off-season approaches. Crude derivative such as Liquid Paraffin (LLP) and HDPE were also up 29% and 31% YoY in Q4, respectively. Within the quarter, the Company witnessed sequential hardening of input prices in the month of March, which has necessitated further pricing action in Q1FY22 in select core brands.

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

During Q4, day-to-day operations were back to normal as lockdown norms across the country were relaxed. With markets opened up, direct distribution improved and is now ahead of pre-COVID levels in both urban and rural areas. However, there could be some disruptions going ahead, given the mounting restrictions during the ongoing second COVID wave.

Pharma GTM - To tap into the increased opportunity in pharma/ chemist channels in the top 10 cities across the country, the Company appointed specialist distributors during the quarter. Operations have scaled up in the top 5 Metros as the Company expands into non-metro locations across North, East and South. Consequent to this initiative, The Company's reach in pharma/ chemist channels has increased 5-6x so far, albeit on a low base. The Company expects the same to stand it in good stead during the ongoing second COVID wave.

Rural expansion - Over the last 2 years, Marico has identified rural as a growth engine given the increase in rural income driven by good harvests and government stimulus. In order to leverage this increase in rural consumption, Marico has invested to improve the rural GTM network as well as drive relevant pack and portfolio mix. In FY20, we expanded our rural stockist network by 25%. While we took a pause in FY21 due to COVID disruptions, we have re-started the task of further expanding our rural network by another 25% over the next 2 years. The Company has also made significant improvement in digitization of its rural network, thereby improving efficiency of rural spends.

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Project SARAL – In order to ensure that Marico is the partner of choice for channel partners across the country, the Company took initiatives to improve engagement, collect feedback & ensure grievance resolution through a series of surveys, focussed group discussions and internal stakeholder meetings. The Company has also been working towards creating tech-enabled and simplified processes/solutions for issue and grievance resolution of channel partners.

Markets/Distribution Channels

In Q4, traditional trade continued to gain heft with urban and rural growing by 23% and 42% in volume terms respectively. Modern Trade dipped by 17% on the high base owing to pantry loading prior to the lockdown in March last year. E-Commerce registered an accelerated growth of 81%, partly buoyed by the social distancing tailwind. CSD grew 59% on a low base.

In FY21, traditional trade came back strongly after the decline in Q1 to end the year at 9% growth in volume terms with rural and urban growing 15% and 5% respectively. Rural contributed to 33% of domestic sales in FY21. While social distancing norms led to a 12% decline in Modern Trade, it spurred a stellar 60% growth in E-Commerce. Modern Trade and E-commerce contributed to 14% and 8% of the India business respectively. CSD (6% of sales) was down 13%.

International Business

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

Particulars	Q4FY21	FY21
Turnover (INR Crore)	438	1,859
Reported Growth	25%	12%
Constant Currency Growth	23%	7%
Exchange Rate impact	2%	5%

The International business posted broad-based growth of 23% in Q4FY21 in constant currency terms. The operating margin in the international business marginally expanded to 19.3% in Q4FY21 vs 18.0% in Q4FY20, given tighter overhead cost management across all geographies. The business grew by 7% in constant currency terms in FY21, with key markets exhibiting stability in an overall challenging global environment.

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

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Parachute Coconut Oil (Bangladesh)	82%	1st	^Value Added Hair Oils (Bangladesh)	23%	2nd
X-Men Male Deodorants (Vietnam)	31%	2nd	X-Men Male Shampoo (Vietnam)	38%	1st

^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 are basis MAT Mar'21.

Bangladesh

The Bangladesh business clocked 20% constant currency growth in Q4FY21. Parachute Coconut Oil grew 14% in constant currency terms, while the non-Coconut oil portfolio grew by 29% in constant currency terms. Beliphool, ExtraCare and Aloe Vera continued to lead growth in Value Added Hair Oils.

The business posted constant currency growth of 15% in FY21, maintaining the double-digit growth momentum for the fourth successive year. Parachute Coconut Oil grew 9% in constant currency terms, with the non-Coconut oil portfolio leading with 26% constant currency growth. The newer ranges of Just for Baby (baby care), Skinpure (skin care) and Naturale shampoos have taken off well. The revenue share of the non-Coconut Oil portfolio in Bangladesh moved closer to 40% in FY21 from sub 20% in FY17.

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

South East Asia

The South East Asia (SEA) business grew 13% in Q4FY21 in constant currency terms, after missing the double-digit mark for the last 8 quarters. The Home and Personal Care (HPC) category in Vietnam witnessed recovery on a year-on-year basis, while the foods business continued its positive momentum from the previous quarters. Given the much slower start to the year, the SEA business was down 3% in FY21. Based on the series of turnaround measures taken in Vietnam, we expect the business to build a sustained growth trajectory ahead.

Middle East and North Africa (MENA)

The MENA business rebounded to 62% growth YoY in constant currency terms on a weak base. The pace of recovery in the Middle East was faster than in Egypt. The overall business ended at 1% cc growth in FY21. While the growth outlook for this business remains muted, the Company will stay aggressive with cost management to enable it to tide over the challenging macros.

South Africa

The South Africa business grew 48% YoY in cc terms in Q4FY21. The business has grown 9% in cc terms in FY21, driven by the Health Care portfolio. In Q4FY21, the Company has recognized a provision towards impairment of Goodwill on Consolidation arising out of investment in South Africa amounting to INR 19 cr. under 'Exceptional items' in the Consolidated Statement of Profit and Loss.

New Country Development & Exports

The business grew by 18% in constant currency terms during the quarter. This business has posted 4% cc growth in FY21 and been a reasonably stable performer over the years except during times of external disruption. 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	Q4FY21	Q3FY21	Q4FY20	FY21	FY20
Material Cost (Raw + Packaging)	55.9	53.0	50.7	53.1	51.1
Advertising & Sales Promotion (ASP)	8.6	9.2	8.5	8.7	10.0
Personnel Costs	7.5	7.0	7.2	7.1	6.5
Other Expenses	12.2	11.3	14.7	11.4	12.2
PBDIT margins	15.9	19.5	18.9	19.8	20.1
PBDIT before ASP	24.5	28.7	27.4	28.4	30.1

(a) In Q4FY21, the average market price of domestic copra was up 25% on a YoY basis. Rice bran oil was up 39% YoY. Liquid Paraffin (LLP) and HDPE were up by 29% and 31% 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 39% 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 12% YoY. Other expenses are likely to remain in the range of 11-13% of turnover in the medium term.

Other Expenses	Q4FY21	Q4FY20	% variation
Fixed	89	78	14%
Variable	157	142	11%
Total	**246**	**220**	**12%**

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 FY22 is likely to be around INR 125–150 crore (USD 17-20 million). Depreciation during Q4FY21 was INR 36 crores vs 38 crores in Q4FY20.

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Capital Utilization (Marico Consolidated)

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

Ratio	FY21	FY20
Return on Capital Employed (%)	44.6	42.4
Return on Net Worth (%) (excl. one-offs)	37.1	34.8
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	21	26
- Inventory Turnover (Days)	57	70
- Net Working Capital (Days)	19	37
Debt: Equity (Group)	0.10	0.11
Finance Costs to Turnover (%) (Group)	0.4	0.7

- 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 (because of reduced inventory levels) resulted in reduction in debtor turnover days.

1. The Net Debt position of the Marico Group as of March 31, 2021 is as below:

Particulars (INR Crores)	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Gross Debt	352	346	340
Cash/Cash Equivalents and Investments (Marico India: INR 1,469 Crore & Marico International: INR 238 Crore)	1,707	1,854	947
Net Debt/(Surplus)	**(1,355)**	**(1,508)**	**(607)**
Foreign Currency Denominated out of the total gross debt	210	237	230
Foreign Currency Debt as a % age of Gross Debt	60%	68%	68%
Rupee Debt out of the total gross debt	142	109	110
Total Debt Payable within One year	343	336	328
Average Cost of Debt (%): Pre tax	2.4%	2.3%	3.8%

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

2. During the current year, the Company continued to generate steady cash. The net surplus of the Group as at March 31, 2021 was about **INR 1,355 Crore** (Gross debt of INR 352 cr & Gross Investments of INR 1,707 cr). The future growth strategy focuses on driving mainly organic growth. While the Company is open to strategic acquisitions, the leverage ratios remain comfortable. Reduction in repo rates has resulted in overall lower average cost of debt. The overall dividend payout ratio in FY21 stood at 83% of the consolidated profit after tax (excluding one-offs).

Direct Taxation

The ETR (excl.one-offs) for FY21 was 21.5%. 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. This tax rate is basis the accounting charge in the P&L account. In view of the recent changes in the corporate tax rates, the Company will continue to recognize tax expense after availing the exemptions/deductions as per the existing provisions of the Income Tax Act and not opt for the revised rate structure. However, from a cash flow point of view, the Company will utilize MAT credit accumulated over the years. The current MAT credit stands at INR 169 crores as on 31st March, 2021.

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Sustainability and CSR

At Marico, sustainability is the way of doing business. The Company's mantra of inclusive growth has been envisaged using a sustainability lens – from the products we make, the lives we touch and the footprint we leave behind in this ecosystem that we are a part of.

In FY21, the Company has laid the foundation to future-proof value creation paradigms while traversing on the agile transformation journey. The last quarter witnessed significant efforts to reduce operational risks, enhance environmental stewardship, garner eco-consciousness amongst consumers and most importantly safeguard lives and assets in the next normal of business.

Some of the key initiatives include:

- **Climate and Emissions** – Over 80% of your company's power consumption needs are being met by low-carbon renewable energy sources – wind energy, roof-top solar installations, and biomass-based furnaces. The Perundurai operations has been certified as 'Carbon Neutral' and as part of our FY30 climate action agenda, the Company aspires to transition the rest of its operational footprint as 'carbon neutral' in line with the 1.5 degrees scenario.
- **Water Stewardship** – Under the 'Jalaashay' programme, the Company has replenished 100% of water consumed in its operations, a conservation capacity of approx. 2.08 billion litres. Over 423 farms ponds have been constructed, dam desiltation activities have been conducted in over seven Indian states and over 1000 farmer families have been benefitted due to the enhanced harvest potential.
- **Circular Economy** – Under the 'UpCycle' programme, 95% of your company's product packaging is recyclable by weight. Additionally, in conformance with our Extended Producer Responsibility (EPR) commitment under Plastic Waste Management (Rules) 2018, we have completed collection and energy recovery of about 1630 MT weight equivalent of post-consumer multi-layer packaging used in our products. A collaborative circular packaging initiative with Dow and Lucro Plastecycle was also launched towards the usage of post-consumer recycled (PCR) shrink films for the brand, Parachute.
- **Responsible Sourcing** – Under the 'Samyut' initiative, over 80% critical vendors of the Company have been certified for Level 1 (EDUCATE) of the Marico Responsible Sourcing Framework. We intend to rollout the Level 2 (EVALUATE) auditing protocol in the first quarter of FY22.
- **Product Sustainability** – The Company has completed product sustainability index (PSI) score for Parachute Coconut Oil through life cycle (LCA) approach. In the coming year, we aim to cover all our product categories under the study to analyze the environmental and social impact created at product level vis-à-vis identify opportunities to reduce the footprint we leave behind.
- **Zero Liquid Discharge** – 100% of the Company's liquid waste is reused within the plant boundaries.
- **Sustainable Coconut** – The Parachute Kalpavriksha program has seen success during this year. The Company has enrolled 20,271 farmers this year (cumulative number stands at 39,040 farmers) covering 54,931 acres of coconut farms and an overall improvement in productivity by 15%.
- **Social Value Creation** – The Company has significantly prioritized the CSR initiatives this year to make a difference in the lives we touch. The Nihar Shanti Pathshaala Funwala has impacted over 2.44 lakh students and 50000 teachers through its various digital learning platforms. The Marico Innovation Foundation (MIF) has completed 9 scale-up innovation challenges of which the most significant one that has created a deep-rooted impact is the Innovate2Beat Covid Challenge – 680 proposals were received, 20+ med-tech experts have been connected and INR 2.14 cr grant has been provided to 5 winning solutions.
- Lastly, your organization continues to have the **A-rating by the MSCI ESG rating index**. In 2020, Marico paved its way into list of the 16 top Indian companies to score **'A' in the CDP Climate Change disclosures**.

Awards and Recognitions

- Marico has been recognized amongst India's Top 30 Best Workplaces in Manufacturing 2021 by Great Place to Work® Institute (India).
- Marico's Perundurai unit was recognized amongst the five World Class winners by Asia Pacific Quality Organization at their 20th Global Performance Excellence Awards 2020.

- Nihar Shanti Pathshala Funwala's Teacher Empowerment Programme was recognized for excellence in CSR under the Best Education Project in Madhya Pradesh (Large Impact) by India CSR Awards.
- Marico Bangladesh was recognised for Corporate Governance Excellence by the Institute of Chartered Secretaries Bangladesh (ICSB) at the 7th ICSB National Awards.

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.

Near Term / Medium Term Outlook

Marico India

- While calendar year 2021 started on a positive note with the overall sentiment and the COVID curve moving in the right direction, the magnitude and reach of the ongoing second wave in India is certainly concerning. Given the nature of this crisis, we hope that the severity of the human impact comes under control at the earliest. The extent and duration of the underlying impact on business environment and consumption is also uncertain at this time, but we expect a clearer picture to emerge in May. We have witnessed some impact on business in the last 10 days of April and will continue to track the situation as it evolves, while the organization is veritably better prepared to cope with any disruptions.
- **Parachute Rigids** has clocked 6% volume growth in FY21. Given the market construct and strengthening brand equity, the Company expects to grow volumes in the range of 5-7% over the medium term.
- **Value Added Hair Oils** has delivered 20%+ volume growth in H2 after the slow start, with most brands performing well. 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 the base catches up, the Company expects to deliver high single digit volume growth over the medium term in this franchise.
- Having crossed the INR 300 cr mark in FY21, the Company will continue to innovate and broaden its play in the **Foods** category to reach the INR 450-500 cr mark in FY22. **Saffola Honey** has gained considerable salience since launch this year. The brand will continue to build consumer trust on the back of its superior quality and nutritional value and should touch INR 100 crores in revenues in FY22. The Company will aggressively invest behind **Saffola Chyawan Amrut, Saffola Mealmaker Soya Chunks and Saffola Oodles** to gain scale and reach critical mass.
- 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 uncertainty in discretionary spending levels.
- 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 unless the second COVID wave materially affects the business.

- The pervasive disruption in the business environment, consumption patterns and working lifestyles necessitated an aggressive and structural cost management exercise this year. Pursuant to the same, the Company has notably exceeded its targeted cost savings of INR 150 crores in FY21. The Company will continue its focus on driving cost efficiencies in the forthcoming 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 has implemented rigorous cost saving initiatives and successfully unlocked ~INR 50 crores in value in FY21.
- The business in Bangladesh is expected to maintain its double-digit 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 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 chart a sustained growth trajectory ahead.
- In the **MENA** region, the Company will focus on getting the basics right by judiciously investing behind brands and Go-to-Market initiatives. In the Middle East, the Company will work towards strengthening the Coconut Oils and Hair Oils play. In Egypt, cost management initiatives will enable the business to weather the persistent macro headwinds.
- The **South Africa** business has ended the year on an encouraging note and is showing signs of revival. The Company remains cautiously optimistic 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 NCD and export segment has been growing healthily over the years. The Company will continue to invest in developing new countries and scale the business profitably.
- 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. While the key portfolios of both the India and International businesses have rebounded strongly as the first COVID wave subsided, the near term impact of the ongoing wave is difficult to foresee at this time, particularly on the domestic business. We expect a clearer picture to emerge in May.
- As the situation evolves, Marico will continue to judiciously invest behind brand building to support market growth initiatives in core categories and expansion into relevant adjacent categories. With digital consumption fueled further, spends on digital platforms will continue to rise.
- The Company would be comfortable maintaining its threshold operating margin of 19% plus over the medium term. However, operating margins will be lower in the immediate near term, given the unprecedented input cost pressure and COVID-related disruption, especially in Q1.

THANK YOU FOR YOUR PATIENT READING

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

Marico – Information Update for Q4FY21 (Quarter ended March 31, 2021)

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.

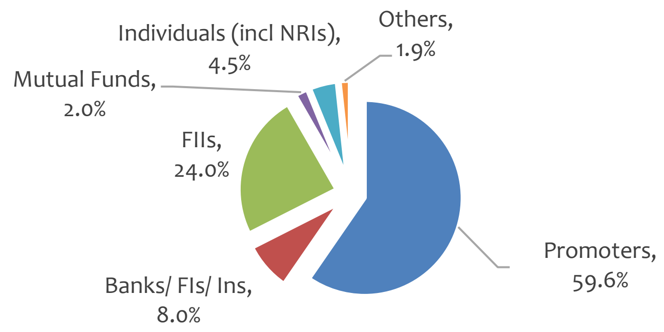
INR Crore

Particulars	Q4FY21	Q4FY20	FY21	FY20
1. Segment Revenue				
i. India	1,574	1,146	6,189	5,655
ii. International	438	350	1,859	1,660
2. Segment Result				
(Profit before Interest and Tax and exceptional items)				
i. India	254	238	1,229	1,170
ii. International	83	57	408	336
3. Segment Result as % of Segment Revenue (PBIT)				
i. India	16.1	20.8	19.9	20.7
ii. International	18.9	16.3	21.9	20.2
4. Capital Employed (Segment Assets - Segment Liabilities)				
i. India	895	1,343		
ii. International	761	755		

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.

Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on March 31, 2021 is as given in the graph below:

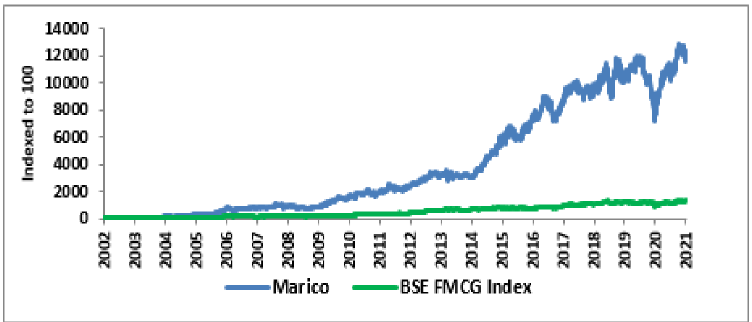


Details of ESOPs as on March 31, 2021:

Details of the Plan	Total Options Granted	Options Forfeited/Lapsed	Options Exercised	Options outstanding at the end of the period
Schemes under the Marico Employee Stock Option Plan, 2016	60,26,900	360,460	331,910	53,34,530

Options outstanding at the end of the period 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 53,113 crore (USD 7.3 billion) on March 31, 2021. The average daily volume on BSE and NSE during Q4FY21 was about 24,82,451 shares.

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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-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
Jan-21	19,298	13,740	1,725	843	58	107
Feb-21	20,265	13,960	1,604	856	57	110
Mar-21	20,546	13,756	1,769	974	60	125
Q4FY21 vs Q4FY20	31%	25%	-15%	39%	29%	31%
Q4FY21 vs Q3FY21	13%	6%	1%	8%	17%	13%

*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-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
Jan-21	20	39	105	199	200	160	165	160
Feb-21	20	39	105	199	200	165	170	165
Mar-21	20	39	105	199	200	165	170	165

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

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

Brand	CO Construct	SKU	Month of CO	CO Type	Market
Saffola Edible Oils					
Saffola Total	1 ltr free	5 ltr	Mar	Extra Volume	National
Saffola Active	1 ltr free	5 ltr	Feb-Mar	Extra Volume	National
Value Added Hair Oils					
Nihar Shanti Amla	12 ml free	78 ml	Feb	Extra Volume	National
Nihar Shanti Amla	50 ml free	190 ml	Jan-Mar	Extra Volume	National
Nihar Naturals	40 ml free	200 ml	Jan-Mar	Extra Volume	Focus Markets
Nihar Naturals	INR 15 off	400 ml	Jan-Mar	Price-off	Focus Markets
Hair & Care	50ml Extra	200 ml	Feb	Extra Volume	National GT

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 INR 80.5 billion (USD 1.1 billion) in FY2020-21.

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. Atleast 90% of Marico's portfolio of brands occupy leadership positions in their respective categories. Marico's products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South and Sub-Saharan Africa, Malaysia, Myanmar and Vietnam.

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

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

Reach

Marico today touches the lives of 1 out of every 3 Indians. Marico sells over 1.5 billion packs every year through 5.3 million retail outlets serviced by its nationwide distribution network comprising 4 Regional Offices, 25 carrying & forwarding agents (CFAs) and about 7,300 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	-	6,400

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Financial Highlights

Particulars (INR/crores)	FY17	FY18	FY19	FY20	FY21
Revenue from Operations	5,936	6,333	7,334	7,315	8,048
Material Cost	2,849	3,359	4,017	3,741	4,270
Personnel Cost	404	422	466	478	570
ASP	659	588	659	733	698
Other Costs	864	827	866	893	919
Profit Before Tax	1,150	1,117	1,257	1,374	1,523
Net Profit After Tax (PAT)#	799	814	926	1,043	1,162
EBITDA%	19.5%	18.0%	18.1%	20.1%	19.8%
Earnings per Share (INR)	6.2	6.3	7.2	8.1	9.0
Net Worth	2,326	2,543	2,988	3,023	3,240
Book Value per Share (INR)	18.0	19.7	23.1	23.4	25.1

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

Ruby Ritolia	Head – M&A and Investor Relations	(ruby.ritolia@marico.com)
Harsh Rungta	Manager – M&A and Investor Relations	(harsh.rungta@marico.com)

Marico – Information Update for Q4FY21 (Quarter ended March 31, 2021)

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 and annual figures mentioned in INR are translated to USD basis INR/USD rate of 73.

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.