

October 25, 2019

The Secretary,
Listing Department,
BSE Limited,
1st Floor, Phiroze Jeejeebhoy
Towers, Dalal Street,
Mumbai – 400 001
Scrip Code: 531642

The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Scrip Symbol: MARICO

Dear Sir/Madam,

Sub.: Information Update for quarter and half year ended September 30, 2019

Please find enclosed Information Update on the consolidated financial results of the Company (i.e. Marico Limited and its Subsidiaries and Associate Companies) for the quarter and half year ended September 30, 2019.

The same is being made available on the website of the Company at:
<http://marico.com/india/investors/documentation/quarterly-updates>

This is for your information and records.

Thank you.

For Marico Limited



Hemangi Ghag
Hemangi Ghag

Company Secretary & Compliance Officer



Encl.: As above

Marico – Information Update for Q2FY20 (Quarter ended September 30, 2019)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q2FY20	Growth	H1FY20	Growth
Revenue from Operations	1,829	0%	3,995	3%
EBITDA	353	16%	814	21%
EBITDA Margin (%)	19.3%	Up 270 bps	20.4%	Up 300 bps
Profit After Tax	247	17%	555	19%
India Volume Growth (%)		1%		4%
Overall Volume Growth (%)		3%		4%
International Constant Currency Growth (%)		9%		8%

The Company had a soft second quarter in the face of a challenging liquidity and consumption environment in the domestic market, especially in rural, while the international business provided some respite on the back of a robust performance in Bangladesh. Revenue from Operations was almost flat on a YoY basis at INR 1,829 crores (USD 260 million), with an underlying domestic volume growth of 1% and constant currency growth of 9% in the international business. Benign inputs costs in the domestic and Bangladesh businesses led to gross margin expansion by 561 bps on a year-on-year basis. However, EBITDA margin expanded by 270 bps, as the Company actively invested behind capability and brand building during the quarter. As a result, EBITDA grew 16% and PAT grew 17%.

At its meeting held on October 25, 2019, the Board of Directors of the Company has declared an interim dividend of 275% (INR 2.75 per share) on its paid up equity share capital of INR 129.09 crores, up from 200% last year.

Other highlights relating to the performance are as follows:

- While offtakes in some of the key categories declined during the quarter, Marico offtake growths were ahead of the category growths in these segments, leading to market share gains.
- In the traditional channel, constrained liquidity ailed both the urban and rural segments leading to correction in trade inventories. Among the alternate channels, **Modern Trade** and **E-Commerce** stayed strong, while **CSD** sales grew 5%.
- **Parachute Rigids** declined by 1% in volume terms. For H1, volume growth continued to be healthy at 5%. The brand maintained its upward journey in market share, gaining 225 bps during the quarter.
- **Value Added Hair Oils** was flat in volume terms. However, the Company further strengthened its market position in the category by gaining ~100 bps in volume share and ~60 bps in value share on MAT basis.
- **Saffola Edible Oils** posted 1% volume growth. The brand continued to gain salience in Modern Trade and E-Commerce, but healthy growth in these channels was offset by the sluggishness in general trade.
- **Foods** grew by 34% in value terms, led by **Saffola Masala Oats**, as its value market share jumped to 79% (Sep 2019 MAT) in the flavored oats category.
- **Premium Hair Nourishment** grew by 7% in volume terms, as Livon Serums continued its good run.
- **Male Grooming** declined marginally during the quarter. **Set Wet Hair Serums for Men** was launched.
- In the International business, **Bangladesh** grew 15% (in cc terms), while the remaining markets had a flat quarter.
- **Advertising & Sales Promotion** spends stood at 10.8% of sales, up 12% on a year-on-year basis.
- **EBITDA margin at 19.3%**, expanded by 270 bps YoY.

Summary of value growth across Businesses:

Categories/Businesses	Q2FY20	H1FY20	Share of Group's FY19 Turnover
FMCG Business	0%	3%	
India	-3%	2%	78%
International	8%	9%	22%

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

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Coconut Oils	60%	1 st	^Value Added Hair Oils	35%	1 st
^Saffola – Super Premium Refined Oils in Consumer Packs	75%	1 st	^Post wash Leave-on Serums	64%	1 st
*Saffola Oats	31%	2 nd	*Hair Gels/Waxes/Creams	60%	1 st

^Volume Market Share *Value Market Share

Marico – Information Update for Q2FY20 (Quarter ended September 30, 2019)

India Business

In the backdrop of an accelerated slowdown in consumption witnessed during the quarter, the domestic business clocked a turnover of INR 1,398 crore (USD 199 million), down 3% on a year-on-year basis. The operating margin (before corporate allocations) improved to 20.9% in Q2FY20 as against 18.5% in Q2FY19. This was mainly attributable to a benign input cost environment, though the Company continued to up the investment in brand building to strengthen the core portfolio and support the multitude of new products launched over the last 18 months.

The Company will continue to focus on a balanced approach towards volume growth and healthy profitability. The Company would aim to maintain 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	Q2FY20		H1FY20		% of FY19 India Business Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	-4%	-1%	2%	5%	38%
Value Added Hair Oils	-6%	0%	3%	4%	25%
Saffola (Refined Edible Oil)	5%	1%	6%	2%	17%

Coconut Oil: H1 volume growth in the expected range; Market share Gains Continue

Parachute Rigids declined by 1% in volume terms. The brand has delivered a healthy 5% volume growth in H1. Healthy offtake growth resulted in volume market share gain of 225 bps during the quarter. The low margin non-focused Coconut Oil brands also stayed afloat. Overall, the volume market share of the Coconut Oil franchise (includes Nihar Naturals and Oil of Malabar) consolidated at 60% (Sep 2019 MAT).

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

Saffola: Edible Oils still to recover in GT but maintains good show in alternate channels; Foods bucks the trend

Saffola refined edible oils grew by 1% in volume terms. The healthy momentum in the new-age channels of Modern Trade and E-Commerce keeps us positive, while the sentiment in normal trade normalizes.

The Company continued to back the brand with media investments after the new campaign for the mainstay variant, **Saffola Gold**, was launched at the start of this calendar year. The brand communication continues to build relevance and drive adoption among its target consumers by re-affirming its superior credentials. The renewed communication appears to have resonated with the consumer and we continue to implement differential packs/pricing/channel strategies in an attempt to revive a healthy growth trajectory for the brand. Consequently, the brand consolidated its volume market share in the super premium refined edible oils segment at ~75% volume market share (Sep 2019 MAT). In the near term, we still remain cautiously optimistic on the franchise.



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The **Foods** franchise posted value growth of 34% in Q2FY20. The value market share of **Saffola Masala Oats** strengthened to ~79% in the flavoured oats category (Sep 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. In line with our strategy to introduce flavours catering to specific palate preferences, a new variant, **Madras Sambhar**, was launched.



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** and **Coco Soul** range launched last year has been positive. We will continue to invest towards market development and scale up of these franchises.

The Company continued the prototype of **Saffola Perfect Nashta** in Modern Trade and select General Trade channels in Delhi. The offering is aimed at serving the time starved household and attempts to solve the 3 vector need at breakfast – convenience, taste and health.

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.

Value Added Hair Oils: Flat Quarter

Value Added Hair Oils was flat in volume terms, marred by correcting channel inventories and weak consumption sentiment, especially in rural. Despite the same, the franchise gained ~100 bps in volume share and ~60 bps in value share on MAT basis. As a result, volume share strengthened to ~35% and value share consolidated at ~27%.

Nihar Naturals Shanti Amla Badam has been the leading hair oil in volume sales among all sub-brands in Value Added Hair Oils category. The brand gained 166 bps in volume share (MAT Sep 2019) in the Amla Hair Oils category.

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.

Nihar Naturals Sarson Kesh Tel strategically capitalized on the equity of Nihar Naturals Shanti Amla Badam to build reach. The Company will continue to invest behind the brand as it taps into the sizeable unorganized mustard oil market.

Hair & Care had a subdued quarter. The brand was relaunched in its classical pack and fragrance in the last quarter, which should rejuvenate the brand and regain its identity as the preferred non-sticky hair oil among consumers.

Hair & Care Dry Fruit Oil was extended to a pan-India level as the brand met its action standards in the launch markets.

The Company maintained its play in the bottom of the pyramid segment through **Nihar Naturals Shanti Jasmine** and **Nihar Naturals Gold**.

With the medium term growth levers firmly intact, we expect to deliver double-digit volume growth over the medium term.

Premium Hair Nourishment: Sustained momentum in Livon Serums

Premium Hair Nourishment grew by 7% in volume terms.

Livon Serums continued to grow healthily during the quarter. The 2.5 ml sachet pack (priced at INR 3) played its role as the key trial pack by expanding the brand's reach.

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With a dominant volume share of ~64% (Sep 2019 MAT) in the leave-in conditioners category, the Company continues to focus on innovation and consumer engagement to drive category growth.

We have gone back to the drawing board for Parachute Advanced Coconut Crème Oil and True Roots after a lukewarm response. We believe that establishing category relevance would be the key growth driver for these brands and we will continue to direct our efforts towards the same.

Male Grooming: Recovery expected in H2; Set Wet Hair Serums for Men launched

The Male Grooming franchise declined marginally during the quarter. We expect the franchise to bounce back to growth in the second half, given the healthy trends in hair gels, hair waxes and the Set Wet Studio X range.

Set Wet continued to register high offtakes on the back of its 56% value market share. **Set Wet Hair Waxes** witnessed good traction and gained share in the overall styling segment. The digital campaign for **Set Wet Studio X** (including the **Charcoal range**) has been generating healthy conversions.

The Company further broadened its play in the segment with the launch of **Set Wet Hair Serums for Men** in two variants - **Soft & Set** and **Shine & Set**. The brand has been launched across channels in 20 and 100 ml packs at MRP of INR 59 and INR 199, respectively.



Parachute Advanced Men Hair Cream maintained its momentum in the E-Commerce channel. The Company has planned focused initiatives to accelerate growth of this franchise.

Premium Skin Care: Focus on GTM; range extended with the launch of Face Masks and Face Scrub

The Company ramped up the presence of **Kaya Youth O2** in General Trade in Mumbai, Pune and Delhi, Modern Trade in the top 8 metros and E-commerce. The beauty advisor program, which was initially rolled out to 70 stores, has been scaled up to more high potential outlets in the modern trade and self-service channels. During the quarter, the Company extended this range with the launch of **Oxy-Infusion Face Polishing Scrub** and **Oxy-Infusion Face Mask** (in two variants - **Brightening & Replenishing**), helping the brand build a larger portfolio play.



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Input Costs and Pricing

During the quarter, the average market price of domestic copra was down 10% Y-o-Y. Other key input prices for the India business- Rice Bran Oil, Liquid Paraffin (LLP) and HDPE were down 12%, 9% and 27% respectively on a Y-o-Y basis.

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.

Markets/Distribution Channels

The consumption slowdown was most pronounced in the traditional channel as urban and rural sales were down 11% and 3%, in volume terms, respectively. The new age channels of Modern Trade and E-Commerce continued to drive growth in the urban sector, albeit at a relatively slower pace. Modern Trade grew by 29%, while E-Commerce grew 75%. Urban, including the alternate channels, grew 3%. In the first half of the year, Modern Trade and E-commerce has contributed to 15% and 5% of the India business respectively. CSD grew 5%.

International Business

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

Particulars	Q2FY20
Turnover (INR Crore)	431
Reported Growth	8%
Constant Currency Growth	9%
Exchange Rate impact	-1%

In Q2FY20, Marico's International business grew by 9% in constant currency terms led by broad based growth in Bangladesh. Gross margin expansion in the Bangladesh business led to a rise in the operating margin of the international business from 19.1% in Q2FY19 to 21.6% in Q2FY20. However, margins should moderate as we will continue to invest and plough back savings to drive incremental growth. The Company aims to maintain international operating margin at circa 20% over the medium term.

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

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
^Parachute Coconut Oil (Bangladesh)	84%	1 st	^Value Added Hair Oils (Bangladesh)	22%	2 nd
*X-Men Male Deodorants (Vietnam)	31%	2 nd	*X-Men Male Shampoo (Vietnam)	37%	1 st

^Volume Market Share *Value Market Share

Latest market share data available for Bangladesh is basis MAT June 2019; Vietnam market shares are basis MAT September 2019.

Bangladesh (46% of the International Business)

The business in Bangladesh grew by 15% in Q2FY20 in constant currency terms.

Parachute Coconut Oil grew by 12% in constant currency terms on a weak base. With the category having matured in this market, the Company expect to grow this franchise in single digits on a constant currency basis over the medium-term on the back of its dominant market share, distributive strength and consumption growth.

The non-Coconut oil portfolio in Bangladesh grew by 21% and 25% in Q2FY20 and H1FY20, respectively, in constant currency terms. The inclusion of new brands namely, Nihar Naturals Joba Amla Oil & Parachute Advansed Aloe Vera, also contributed to the performance. With Value added Hair Oils spearheading this growth, the Company retained value market leadership in this category on MAT basis. The initial response to Just for Baby, the baby care range, has been positive.

The non-Coconut Oil portfolio in Bangladesh constitutes ~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% by FY22.

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We remain confident of delivering double-digit constant currency growth in this geography over the medium term. The implementation of the new VAT Act in Bangladesh is expected to accelerate the formalization of the economy and thereby benefit organized players. The healthy macro indicators also provide the required thrust for growth.

South East Asia (26% of the International Business)

The South East Asia business (mainly Vietnam and Myanmar) grew by 1% in Q2FY20 in constant currency terms.

Vietnam posted growth of 1% in Q2FY20 in constant currency terms due to muted growth in the Home and Personal Care (HPC) segment. The Company launched a new range - shampoo, shower gel and face wash, under the brand **X-Men**, aimed at converting the unisex users looking for functional benefits. The Foods portfolio was steady. We expect to deliver steady constant currency growth in this geography over the medium term.

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

The MENA business declined by 3% in constant currency terms. 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 declined by 2% in constant currency terms. The macro headwinds in the region continue to be strong. We expect some revival in this business over the medium term on the back of a pipeline of new products.

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

With expansion in adjacent markets such as Nepal and Bhutan, exports to diaspora and other markets generated revenues of more than USD 10 million in FY19. The business grew by 52% in constant currency terms during the quarter. The Company remains positive on the future prospects of this business, as it incubates new geographies to expand its franchise.

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

Operating Margin Structure for Marico Limited (Consolidated)

% to Revenues	Q2FY20	Q1FY20	Q2FY19	H1FY20	H1FY19	FY19
Material Cost (Raw + Packaging)	50.4	52.5	56.0	51.5	56.9	54.8
Advertising & Sales Promotion (ASP)	10.8	10.1	9.6	10.4	8.8	9.0
Personnel Costs	6.9	5.9	6.3	6.4	5.9	6.4
Other Expenses	12.6	10.2	11.6	11.3	11.0	11.8
PBDIT margins	19.3	21.3	16.6	20.4	17.4	18.1
PBDIT before ASP	30.1	31.4	26.2	30.8	26.2	27.1

- In Q2FY20, the average market price of domestic copra was 10% lower on a Y-o-Y basis. Rice Bran Oil, Liquid Paraffin (LLP) and HDPE prices were down 12%, 9% and 27% respectively. The consumption prices may differ from market prices depending on the stock positions the Company has taken.
- A&P spends, up 12% on a YoY basis, was at 10.8% of sales in Q2FY20.
- Personnel Costs was up 10%, primarily attributable to annual salary revisions.
- Fixed Expenses were up 28%, primarily due to capability building projects in supply chain and IT and certain overhead expenses incurred in this quarter due to a phasing impact. Therefore, fixed expenses were up 16% in H1. Other expenses (including variable) is likely to remain in the range of 11-13% of turnover in the medium term.

Other Expenses	Q2FY20	Q2FY19	% variation	H1FY20	H1FY19	% variation
Fixed	74	58	28%	130	112	16%
Variable	157	155	2%	323	311	4%
Total	231	213	9%	453	423	7%

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

Marico – Information Update for Q2FY20 (Quarter ended September 30, 2019)

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 Q2FY20 was INR 35 crore compared to INR 31 crore in Q2FY19. The increase was on account of capitalization of capacity additions in some of the domestic manufacturing facilities during the year.

Direct Taxation

The Effective Tax Rate (ETR) was 25.8% in Q2FY20 as compared to 26.5% in Q2FY19. The expected ETR for FY20 is circa 25%. It should be noted that this tax rate is basis the accounting charge in the P&L account.

In view of the recent changes in the corporate tax rates, the Company will continue to recognize tax expense after availing the exemptions/deductions as per the existing provisions of the Income Tax Act and not opt for the revised rate structure. However, from a cash flow point of view, the Company will utilize MAT credit accumulated over the years. The current MAT credit stands at INR 161 crores as of 30th September, 2019.

Impact of Ind AS-116

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion. The accounting treatment has no impact on the actual cash flows of a Company.

In order to facilitate a like-to-like comparison, Marico has restated the financials for the comparative quarters as reported in the statutory disclosures, including the last financial year (FY19). **As per the restated financials, EBITDA margin stands revised upwards by 50-70 bps in the reported periods.**

The impact of Ind AS 116 on the Company's consolidated financial statements for the reported periods is as under:

(in INR crores)	Q2 FY20	Q2 FY19	H12 FY20	Q2 FY19	FY 19
Increase in Depreciation and Amortization expense	9	9	18	18	36
Reduction in Other Expenses	(12)	(12)	(24)	(23)	(47)
Increase in Interest Cost	4	4	8	8	16
Increase in EBITDA	12	12	24	23	47

Capital Utilization (Marico Consolidated)

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

Ratio	Q2FY20	Q2FY19
Return on Capital Employed (%)	37.5	37.4
Return on Net Worth (%)	29.4	29.0
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	37	27
- Inventory Turnover (Days)	66	64
- Net Working Capital (Days)	31	33
Debt: Equity (Group)	0.11	0.10
Finance Costs to Turnover (%) (Group)	0.5	0.7

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

1. The variation in ratios is due to:
 - a) Higher inventory turnover was on account of increase in buildup of key raw materials.
 - b) Higher receivables turnover was due to increase in revenue contribution from MT and E-Commerce, higher receivables from CSD and selective extension of credit periods in GT.
 - c) However, higher payables on account of supply chain financing initiatives led to a decrease in net working capital days.

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2. The Net Debt position of the Marico Group as of September 30, 2019 is as below:

Particulars (INR Crores)	Sep 30, 2019	Jun 30, 2019	Sep 30, 2018
Gross Debt	362	333	325
Cash/Cash Equivalents and Investments (Marico India: INR 1,210 Crore & Marico International: INR 247 Crore)	1,629	1,457	1,224
Net Debt/(Surplus)	(1,267)	(1,123)	(899)
Foreign Currency Denominated out of the total gross debt	241	209	198
Foreign Currency Debt as a % age of Gross Debt	67%	63%	61%
Rupee Debt out of the total gross debt	121	124	127
Total Debt Payable within One year	349	320	308
Average Cost of Debt (%): Pre tax	4.6%	4.8%	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 September 30, 2019 was about **INR 1,267 Crore** (Gross debt of INR 362 Cr. & Gross Investments of INR 1,629 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 tax adjustment for earlier years).

Sustainability and CSR

Sustainability dwells within Marico's overall strategy, while it focuses on achieving environmental stewardship and driving social progress of the communities that it touches. **Kalpavriksha**, Marico's program for coconut farmers has enhanced its outreach by benefitting 1,752 farmers, thereby covering 11,499 acres of farmland. The Company adopted the Jalgaon district in Maharashtra under its water stewardship program, **Jalashay**. The project aims to create water conservation capacities to the extent of 10 times of Marico's operational water footprint. The work has commenced to remove silt in over 100 water bodies, thereby creating additional water holding capacities for domestic and agriculture needs. This initiative would benefit 172 villages.

Marico also launched its circular economy initiative, **Upcycle**, which is primarily aimed at sustainable packaging. The Company aims to integrate principles of circular Economy like design optimization, waste recovery, reuse and recycle in its packaging. With this initiative, Marico also declared its commitment to 100% recyclable packaging by 2025.

Awards and Certifications

- Marico's unit at Pondicherry was bestowed with the **Emerging Leaders award** for Business Excellence in Operations Management by **Confederation of Indian Industry (CII)**.
- Marico's Ameya Foods unit successfully achieved a certification from the **United States Food and Drug Administration (USFDA)**.
- In a pan-India consumer survey conducted by Nielsen, **Coco Soul**, **True Roots** and **Saffola FITTIFY Gourmet** were voted as **Product of the Year** in multiple categories.

Marico's Growth Philosophy

Over the medium term, 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, build new engines of growth, premiumise the play and commitment to sustainability. Further, we have identified the five key enablers for executing this strategy and will strive to develop top quartile capability in these areas namely, Innovation, Go to Market transformation, Talent & Culture, Digital, Analytics & Automation and Cost Management.

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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

- The overall demand and consumer sentiment was considerably dented by the sombre macro-economic narrative in the first half of the year. However, we stay optimistic of a gradual recovery given the variety of government-led stimulus and reforms, normal monsoons and the impending festive season.
- Despite the current backdrop, the Company will continue to actively invest behind future engines of growth and drive premiumisation across its portfolio in our endeavor to build franchises that deliver sustainable and profitable growth. As we drive stable growth in the core portfolios over the medium term, we expect a significant shift in new product contribution to ramp it up further, especially with the rising salience of Modern Trade and E-Commerce.
- The India business registered a volume growth of 4% in H1FY20. Over the medium term, the Company will aim 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. However, the near-term outlook continues to remain soft.
- Soft input prices have enabled the Company to deliver a healthy operating margin expansion in H1, inspite of higher ad spends and incremental spends on key strategic initiatives. While margins may moderate in H2, a healthy improvement in the full-year operating margins over the last year is par for the course.
- **Parachute Rigids** posted 5% volume growth in H1FY20 coupled with strong market share gains. Given the market construct and strong brand equity, the Company expect to grow volumes in the range of 5-7% over the medium term.
- **Value Added Hair Oils** has lagged medium term expectations with 4% volume growth in H1FY20. The Company aims to drive double-digit volume growth in this franchise over the medium term 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 2% in H1FY20. We aim to deliver high single digit volume growth over the medium term in this franchise.
- In **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’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 reach 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 will also continue to invest in upgrading its capabilities required to capitalize on the healthy momentum in **Modern Trade and E-commerce channels**.
- 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. With the Company steadily creating a portfolio suited to this channel and investing aggressively behind enhancing capabilities, we expect E-Commerce to contribute at least 5% of the India business in 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 the key markets are well-poised to capitalize on the market opportunities.

Marico – Information Update for Q2FY20 (Quarter ended September 30, 2019)

- 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. **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 aim to clock an organic broad-based double-digit constant currency growth over the medium term, while we expect to deliver constant currency growth in high single digits in the current year.
- We aim to maintain operating margins at circa 20% over the medium term.
- 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, we expect volume and value growth in FY20 to be in single digits.
- 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 be at circa 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 18-19% over the medium term.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q2FY20 (Quarter ended September 30, 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.

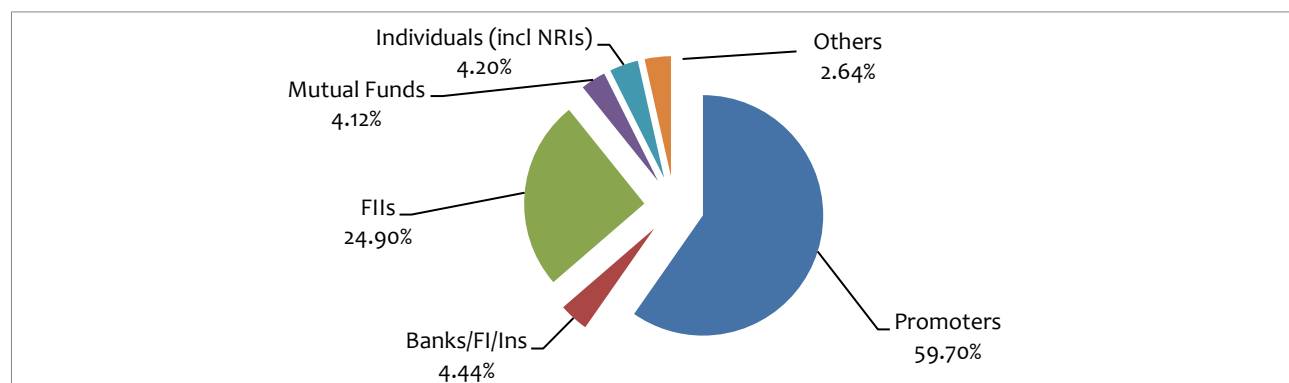
Particulars	INR Crore			
	Q2FY20	Q2FY19	H1FY20	H1FY19
1. Segment Revenue				
i. India	1,398	1,439	3,129	3,067
ii. International	431	398	866	797
2. Segment Result (Profit before Interest and Tax and exceptional items)				
i. India	269	247	634	546
ii. International	88	72	194	152
3. Segment Result as % of Segment Revenue (PBIT)				
i. India	19.2	17.2	20.3	17.8
ii. International	20.4	18.1	22.4	19.1
3. Capital Employed (Segment Assets - Segment Liabilities)				
i. India			1,274	1,215
ii. International			687	756

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.

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Annexure 1-A: Shareholding Pattern

The Shareholding pattern as on September 30, 2019 is as given in the graph below:

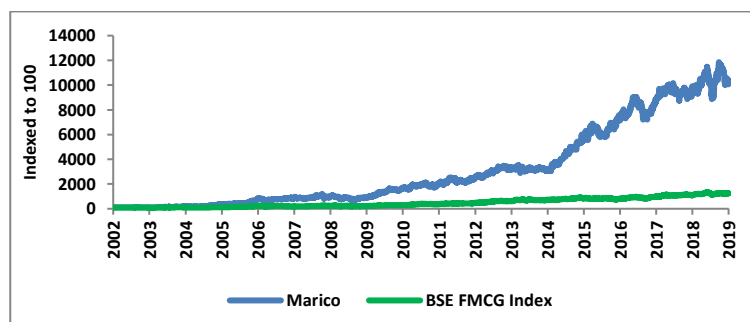


Details of ESOPs as on September 30, 2019:

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	3,879,010	135,990	80,000	36,63,020

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 47,796 crore (USD 6.8 billion) on September 30, 2019. The average daily volume on BSE and NSE during Q2FY20 was about 1,949,215 shares.

Marico – Information Update for Q2FY20 (Quarter ended September 30, 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*
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
Apr-19	14,546	10,214	1,565	591	48	101
May-19	13,477	9,458	1,565	578	47	99
Jun-19	12,967	9,304	1,565	569	46	92
Jul-19	13,156	9,191	1,565	583	44	91
Aug-19	14,580	10,564	1,565	616	45	92
Sep-19	15,013	10,795	1,565	625	44	93
Q2FY20 vs Q2FY19	-12%	-10%	23%	-12%	-9%	-27%
Q2FY20 vs Q1FY20	4%	5%	0%	5%	-5%	-5%

*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
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
Apr-19	20	39	105	199	200	135	159	135
May-19	20	39	105	199	200	135	159	135
Jun-19	20	39	105	199	200	135	159	135
Jul-19	20	39	105	199	200	135	159	135
Aug-19	20	39	105	199	200	135	159	125
Sep-19	20	39	105	199	200	135	159	125

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

Marico – Information Update for Q2FY20 (Quarter ended September 30, 2019)

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

Coconut Oil					
Parachute Rigids	Soap free	175 ml	Jul – Sep	Free Item	South & West India
Parachute Rigids	100 ml free	500 ml	Jul	Extra Volume	National
Saffola Edible Oils					
Saffola Active	INR 15 off	1 ltr	Jul	Price-off	National
Saffola Gold	INR 20 off	1 ltr	Jul-Sep	Price-off	National
Foods					
Saffola Oats	400 gm free	1 kg	Jul-Sep	Extra Volume	National
Value Added Hair Oils					
Hair & Care	50 ml free	200 ml	Aug	Extra Volume	National
Parachute Adv Jasmine	INR 5 off	90 ml	Sep	Price off	National
Nihar Naturals	45 ml free	200 ml	Aug	Extra Volume	National
Nihar Shanti Amla	50 ml free	190 ml	Sep	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 Q2FY20 (Quarter ended September 30, 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	864
Profit Before Tax	822	1,029	1,150	1,117	1258
Net Profit After Tax (PAT) [#]	573	711	799	814	1,114
EBITDA%	15.2%	17.5%	19.5%	18.0%	18.1%
Earnings per Share (INR)	8.9	5.5*	6.2*	6.3*	8.6*
Net Worth	1,825	2,017	2,326	2,543	2,988
Book Value per Share (INR)	28.3	15.6*	18.0*	19.7*	23.1*

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

From FY19, financials have been restated on the adoption of AS 116 and hence are 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

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 Harsh Rungta Manager – Investor Relations (harsh.rungta@marico.com)

Marico – Information Update for Q2FY20 (Quarter ended September 30, 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 70.3, being the average rate of the quarter.

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.