

October 30, 2017

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

The Manager,
Listing Department,
The 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, 2017

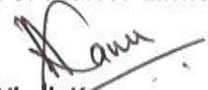
Please find enclosed Information Update on the consolidated financial results of the Company (i.e. Marico Limited and its Subsidiaries) for the quarter and half year ended September 30, 2017 along with a presentation on new product launches and brand restages.

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 record.

Thank you.

For Marico Limited


Vivek Karve
Chief Financial Officer



Encl: As above

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q2FY18	Growth	H1FY18	Growth
Revenue from Operations	1,536	6%	3,229	1%
EBITDA	259	2%	583	-7%
EBITDA Margin (%)	16.9%	- 68 bps	18.1%	- 154 bps
Profit After Tax	181	3%	413	-6%
India Volume Growth (%)		8%		-2%
Overall Volume Growth (%)		5%		-2%

In Q2FY18, India business recorded a smart recovery with a volume growth of 8% coupled with a healthy margin performance. The Company continued to see satisfactory offtake growth with increases in market share in more than 90% of the categories that it operates in. The volume growth is mainly attributable to competitive pricing, continued investments & pipeline refilling in general trade. The Company has passed on the benefit of reduced GST rates to consumers by reducing the retail prices of its products at a category level (varying from 3-6%). International business grew 1% in constant currency terms. Overall, Revenue from Operations stood at INR 1,536 crore (USD 239 million), a growth of 6% over Q2FY17. Operating margin at 16.9% were impacted by the steep inflation in copra prices (~84% YoY) while the Company held back price increases in the Parachute Rigids portfolio. Copra prices are expected to remain firm in the near term and consequently, the Company has taken up the prices of Parachute Rigids' prices up by ~10%, effective October 2017. To support buoyancy in volumes, the Company stepped up Advertising & Sales Promotion spends as compared to the past few quarters, moving closer to the medium term guidance levels of 11-12%.

At its meeting held on October 30, 2017, the Board of Directors of the Company has declared an interim dividend of 175% (INR 1.75 per share) on its paid up equity share capital of INR 129.07 crores, up from 150% last year.

Other highlights relating to the quarterly performance are as follows:

- On the back of a low base and competitive pricing, volumes in the Parachute Rigids portfolio in India posted a double digit growth of 12%.
- Value Added Hair Oils (VAHO) also grew by 12% in volume terms, as the franchise continued to gain market share in value (135 bps) and volume (159 bps). Within the Amla Hair Oils category, Nihar Shanti Amla Badam attained volume market leadership on an exit basis.
- Saffola Edibles Oils portfolio witnessed a soft quarter registering a volume growth of 3%. A decline in CSD sales impacted performance. Without CSD, the volume growth was 6%.
- More than 90% of the portfolio continued to gain market shares on 12 months MAT basis.
- International business grew by 1% in constant currency terms (volume decline of 3%). Bangladesh posted a double digit constant currency growth in Q2FY18 as well – near term looks promising. Vietnam declined in constant currency terms due to sluggishness in both categories - male shampoos and male deodorants. Egypt and South Africa posted constant currency growth. However, unfavourable currency movements in most markets, especially MENA, led to decline in value terms.
- On a Y-o-Y basis, gross margins declined by 555 bps due to higher input costs. (Y-o-Y contraction in Q1 FY18 was 454 bps).
- ASP to sales ratio at 10.4% - likely to remain at ~11-12% in the medium term given the healthy innovation pipeline.
- EBITDA margins contracted by 68 bps YoY to 16.9%: India 19.3% & International 18.5%.

Summary of value growth across Businesses:

Categories/Businesses	Q2FY18	H1FY18	Share of Group's Turnover basis FY17 results
FMCG Business	6%	1%	
India	12%	3%	77%
International	-8%	-4%	23%

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Volume Market Shares in Key Categories - Basis Moving Annual Total (MAT)

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
Coconut Oils (India) (Parachute and Nihar)	59%	1 st	Parachute Coconut Oil (Bangladesh)	87%	1 st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	67%	1 st	Post wash Leave-On Serums (India) (Livon and Silk-n-Shine)	83%	1 st
Hair Oils (India) (Parachute Advanced, Nihar, Hair & Care)	34%	1 st	*X-Men Men's Shampoo (Vietnam)	39%	1 st
Value Added Hair Oils (Bangladesh)	20%	2 nd	*Hair Code & Fiancée Gels (Egypt)	54%	1 st
*X-Men Men's Aerosol Deodorants (Vietnam)	29%	1 st	*Hair Creams/Gels (India) (Set Wet and Parachute After shower)	62%	1 st
*Saffola Oats (India)	27%	2 nd	*X-Men Roll-On Deodorants (Vietnam)	31%	2 nd

*Value market shares

All numbers mentioned in INR in this note are converted to USD basis INR/USD of 64.3, being the average rate for the quarter.

India Business

The India business achieved a turnover of INR 1,200 crore (USD 187 million), a growth of 12% over the same period last year.

The volume growth in India was 8% for the quarter. This is attributable to competitive pricing, restocking in trade, subsequent to the pipeline reduction prior to implementation of GST, and strategic investments made by the Company. While the pace of recovery in eastern markets, especially in rural and the wholesale channel, and CSD has been slow, the northern, western and southern markets and Modern Trade have restored to normalcy.

The operating margin during Q2FY18 was 19.3% (before corporate allocations) as against 21.0% for the same period last year. The margins decreased this quarter due to a steep rise in input costs while the Company chose to hold back the price increase in Parachute Rigids portfolio. The Company will continue to focus on a balanced approach towards volume growth and profitable margins. In the medium term, we would be comfortable at ~ plus 20% EBITDA margins.

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

Categories	Q2FY18		% of Group's FY17 Turnover
	Value Growth	Volume Growth	
Marico India	12%	8%	77%
Parachute Coconut Oil (Rigid packs)	26%	12%	25%
Value Added Hair Oils portfolio	12%	12%	21%
Saffola (Refined Edible Oil)	1%	3%	16%

Parachute – GST impact gradually receding; Volume growth restored by restocking in trade and market share gains

Marico participates in the INR 4,300 crore (USD 669 million) branded coconut oil market through Parachute, Nihar and Oil of Malabar. Parachute Rigids portfolio (packs in blue bottles), witnessed volume growth of 12% in Q2FY18 on a lower base (volume decline of 6% in Q2FY17), due to competitive pricing, pipeline refilling and market share gains. The franchise has outperformed the category growth, which is evident from the fact that during the 12 months ended September 2017, Parachute along with Nihar & Oil of Malabar increased its market share by 82 bps to ~59%. While copra prices were up 17% on a sequential basis (Y-o-Y increase of 84%), the Company chose not to take any price increases during the quarter. The last price increase of 8% in Parachute Rigids was taken in Q4FY17. In the near term, the input costs are likely to remain firm. In view of the same, the Company has taken a price increase of ~10% in Parachute Rigids, effective October 2017. The Company operates in a band of gross margin per unit and will take judicious pricing decision to maintain a sweet spot between volume growth and margins. The company expects to deliver a volume growth of 5-7% in the medium term.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

The non-focused part of the portfolio (mainly pouch packs) also witnessed volume growth during the quarter.

Of the total coconut oil market, approximately 30-35% in volume terms is in loose form. This loose component provides headroom for growth to branded players. The Company's flagship brand, Parachute, being the market leader, is well placed to capture a significant share of this growth potential on a sustainable basis. 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. It is generally observed that a moderate inflationary environment swings the competitive position to the Company's advantage as it puts pressure on the working capital requirements of marginal players. This leads to market share gain and better volume growths. GST should further hasten conversion as compliance levels go up.

Saffola - Edible Oils: Soft quarter but near term volume growth prospects remain promising; Healthy Foods registered double digit volume growth, exciting innovations in Saffola Masala Oats continued and the all-new Saffola Slimming Nutri-Shake is being launched

The Saffola refined edible oils franchise recorded a growth of 3% in volume terms during the quarter. **Retail prices were corrected by ~3.5% on a weighted average basis to pass on the GST benefits to the consumers.** However, growth was primarily affected by slowdown in orders from CSD and the incidence of higher pre-GST inventory in retail outlets even post GST implementation. Without CSD, the volume growth was 6%.

The Saffola range of blended refined oils (available in five variants) operates in the premium niche of the refined edible oils market. These oils provide a balance of PUFA (polyunsaturated fatty acids) and MUFA (mono-unsaturated fatty acids) and thus help consumers to proactively manage a healthy lifestyle. With rising awareness about healthy living in the country, this provides significant headroom for growth. The Company has been driving growth through building relevance of the Brand amongst proactively health conscious consumers, with Saffola Active communication on the "Stay Fit & Active" proposition.

The brand gained market share of 217 bps and further strengthened its leadership position in the super premium refined edible oils segment to 67% during the 12 months ended September 2017. Saffola Oils household penetration has increased from 64 lac households to 81 lac households in the past 2 years. The near term outlook for the blended oil franchise is positive with double digit volume growth prospects.

Saffola's foray into healthy foods, Saffola Oats continues to consolidate its strong second position in the oats category with a value market share of 27%. Saffola Oats is the highest distributed oats brand in the country. Focus on value added offerings in the oats segment has enabled the Company to capture 69% value share in the flavored oats market on a MAT basis. The Company's ability to localize the product to suit the Indian palate and drive consumption by increasing the occasion of use apart from breakfast to in-between meals has been the key catalyst in creating and succeeding in this category. During FY17, the category slowed down and the competitive headwinds were also strong. **During the quarter, the oats franchise registered double digit volume growth.**

Saffola Masala Oats "Pongal Surprise", a variant launched in Q1FY18, has seen early success and continues to rise in offtakes month on month. We have launched two new exciting flavors under the Chef's choice range viz. **"Tandoori Magic" & "Tangy Chaat"**. Also, **Saffola Masala Cuppa Oats** was launched in 2 flavours - Classic Masala & Chinese during the quarter. Apart from trade, these have also been placed in out of home (OOH) locations in Mumbai. Also, we are now prototyping 100+ **Saffola Masala Oats vending machines** in commercial establishments in metro cities. This initiative is expected to fuel trials and repeats.

An all-new Saffola Active Slimming Nutri-Shake, is being launched in 4 variants – Swiss Chocolate, French Vanilla, Royal Kesar Pista & Pista Badam in 400 gm and 50 gm packs. The meal replacement product is a healthy meal option with essential nutrients that complements the busy urban lifestyle.

The Company realizes that future growth will come from expanding the category with continuous innovation in product and packaging and has taken definitive steps towards this end.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Value Added Hair Oils (Parachute Advanced, Nihar Naturals and Hair & Care) – Healthy volume growth coupled with continued market share gains

Marico's value added hair oil brands registered a volume growth of 12% during the quarter. The growth was largely on account of pipeline refilling and market share gains as off-takes continued to grow ahead of category. Marico continues to grow faster than the value added hair oils market of INR 6,500 crore (~USD 1 billion). Consequently, during the quarter, the Company further strengthened its market leadership by 159 bps to ~34% volume share (MAT September 2017) and with a value share gain of 135 bps to 26% for the same period. **Also, retail prices were corrected by ~5% on a weighted average basis to pass on the GST benefits to the consumers.** The Company will continue to focus on premiumization to drive growth in the category.

Nihar Shanti Amla Badam attained volume market leadership on an exit basis within the Amla hair oil category. The exit market share of Nihar Shanti Amla Badam at 42% reflects the continued strong growth trajectory. The increased scale of the franchise enables the Company to benefit from operating leverage thereby improving net margins despite competitive pricing.

Premiumization of the Hair Nourishment Portfolio

In May 2017, the Company had launched exciting and super nourishing range of fruit based hair oils under the Hair & Care brand. The initial response has been satisfactory.

Parachute Advanced Aloe Vera Hair Oil, which is now available in the markets of Maharashtra, Andhra Pradesh, Telangana & Tamil Nadu, continued to gain traction and grew healthily.

The Company will continue to aggressively invest behind these brands in these markets to drive premiumization.

Targeting the Bottom of the Pyramid Segment and inducting a new consumer base

As an endeavour to further strengthen our right to win in the low unit pack segments, the Company has been prototyping with sachet and spout packs of its hair oil brands. The Company will focus on availability and affordability of these packs for ensuring conversion.

Nihar Naturals Sarson Kesh Tel, a value added mustard oil targeting loose mustard pool, post the launch across markets in North and parts of East India continues to gain traction and expand its reach. It has a meaningful share in the perfumed mustard oil category (Sept 2017 MAT - 7%). The Company will continue to invest behind the brand as it sees a big opportunity in a large source pool of unorganised mustard oil market. The Company's Rural Go-To-Market initiatives will aid further scale up of these initiatives.

Hair Fall Control

- Parachute Advanced Ayurvedic Hair Oil, which has a presence in southern states, has been steadily gaining market share.
- Parachute Advanced Ayurvedic Gold Hair oil, operating primarily in Maharashtra, was seen gaining some traction. The Company continues to be excited about the brand's long term potential and therefore will continue to invest in brand building and expansion initiatives in a focused manner.

The company expects to cross top line milestone of INR 100 Crore (~USD 15 million) by FY19.

The Value Added Hair Oils category has been amongst the fastest growing large sized FMCG segments in India and compares very well with other highly penetrated personal care categories. The new age hair oils in the developed markets could create a super-premium segment in India too. This serves to emphasize that hair oils can drive both beauty and nourishment. Marico will continue to focus on upgrading the portfolio by playing across segments that cater to consumer needs of nourishment and problem solution.

From Q1FY18, the Company has decided to present numbers in line with our communication viz. male grooming and premium hair nourishment.

Male Grooming – GST related destocking impacted in H1FY18; outlook remains promising

During this quarter, this portfolio declined by 18% in value terms on a comparable basis. This is attributable to the decline in the sales of low-unit packs of Set Wet Gels (priced at INR 10) due to wholesale destocking and a comparatively higher trade pipeline. The reported top line declined by 27%, due to higher GST rates compared to erstwhile VAT rates.

The Company has defined a multi-pronged strategy for long term sustainable growth of the male grooming business:

1. Set Wet Gels: Drive penetration and category growth;
2. Set Wet Deodorants: Drive market share through a differentiated imagery & in-store presence;
3. Parachute Advanced Men Range: To tap the need of men looking for nourishing styling options.

The value market share of **Set Wet Gels** currently stands at 58% (MAT September 2017). The Gels now comprise circa 55-60% of total Male Grooming Portfolio. To further establish its styling credentials, Set Wet is prototyping a new range of beard grooming products in Punjab and E-commerce.

Set Wet Deodorants portfolio has a volume market share of about 2.9% (MAT September 2017) in the Deodorants category. The affordable pocket deodorant (priced at INR 49), currently being prototyped in the states of Andhra Pradesh and West Bengal, has garnered an encouraging response.

In Q1FY18, the Company launched **Parachute Advanced Men Range**, a nourishing range of haircare products (Cream and Oil) specially formulated for Men. In Q2FY18, the brand was seen gaining significant traction in Karnataka and Kerala and has now been extended to Andhra Pradesh as well. The Company will keep investing behind the brand in the future.

The Company considers male grooming to be a big opportunity across its geographies and is determined to innovate and grow the market. The Company aims to have broad spectrum play in this category and ultimately gain market leadership in various sub-segments. On the back of initiatives rolled out in all three verticals, the Company is confident of reviving value growth in the near term.

Premium Hair Nourishment – MS gains continue; aim to drive category growth

During this quarter, this portfolio comprising Livon and Silk-n-Shine declined by 9% in value terms on a comparable basis, led by a decline in Livon Hair Gain Tonic. However, Livon Serum gained traction in Modern Trade and E-Commerce during the quarter. The reported top line declined by 19%, due to higher GST rates compared to erstwhile VAT rates.

The brand 'Livon' continues to strengthen its relevance by leveraging occasions that give it a credible entry point into the consumer's life. The 'Fight the Frizz' campaign during the Monsoons and the Navratri campaign in Gujarat were effective in increasing the brand's visibility.

Following is the strategy the Company has chalked out to drive growth in premium hair nourishment business:

1. Livon Hair Gain: Drive trials and repeats through efficacious product offering while simultaneously blocking out unfair competition with innovative packaging; and
2. Livon Hair Serum: Drive affordability, penetration and relevance in the niche segment of hair serums.

The categories of Leave-in Conditioners (Livon and Silk-n-Shine) and Hair Gain Tonics are at a very nascent stage as their penetration in India is far lower as compared to other emerging markets. Being market leaders, the Company is determined to innovate and grow the market. Overall, the Company is confident of a double digit value growth in the medium term.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Input Costs and Pricing

During the quarter, the average market price of copra was up by 17% sequentially and by 84% Y-o-Y. The annual crop in FY 2018 is expected to be lower by around 20% due to the deficient monsoon of 2017. This will cause the price to remain high. The prices in Q3 FY18 are expected to be mildly bullish due to low seasonal supplies.

The market price of the other key inputs, Rice Bran oil was down by 5% and Liquid Paraffin (LP) was up 13% during the quarter as compared to Q2FY17. HDPE (a key ingredient in packaging material) price was down by 7% as compared to Q2FY17.

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

In Q2FY18, Marico's rural sales grew by 14% while urban sales grew by 10% in value terms. Sales in Modern Trade (10% of the India turnover) continued to grow rapidly, by 27% in Q2FY18, as the new habit of convenience shopping in the modern trade environment is taking roots post demonetization. CSD (7% of the domestic turnover) declined by 1% in Q2FY18. Recovery in the CSD channel is expected to happen from Q4 FY18.

E-Commerce

As part of its plan to remain relevant to the internet-savvy new age consumers & other stakeholders, the Company, in coming quarters, will focus a lot on various digital initiatives. As a result, E-Commerce has become an important pivot of growth. This business grew by 178% during the quarter, albeit on a lower base. The Company has taken definitive steps to stay ahead of the curve in this space and has identified and appointed dedicated resources for e-commerce including top-class consulting resources.

Given our focus on innovation and Digital, we have launched **Parachute Naturalz Virgin Coconut Oil (500ml)** - All Natural, Cold Pressed, Unbleached, Non-Hydrogenated, Unrefined - exclusively on the E-Commerce channel. We are closely monitoring the results of this launch.

International Business

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

Particulars	Q2FY18
Turnover (Rs/Cr)	336
Reported Growth	-8%
Constant Currency Growth	1%
Exchange Rate impact (Unfavorable)	-9%

During the quarter, Marico's International business grew by 1% in constant currency terms (volume decline of 3%). The male shampoo and male deodorants category slowdown in Vietnam and macro-economic headwinds in the MENA region continued to put pressure on the overall international business.

The operating margins (before corporate allocations) are at 18.5% in Q2FY18. The Company shall endeavor to maintain international margins at ~16-17% and continue to invest and plough back savings to drive growth.

Bangladesh (44% of the International Business): Robust performance maintained during the quarter

In Bangladesh, topline in constant currency terms grew by 11% in Q2FY18 (volume growth of 6%).

Parachute coconut oil reported growth of 5% in constant currency terms (volume decline of 2%) during the quarter, while maintaining the leadership position with ~87% share. The scope of volume growth in coconut oil segment is limited as the category has matured. However, the Company is confident of growing this franchise at a single digit constant currency growth in FY18.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

During the quarter, the Company's value added hair oils portfolio grew healthily led by the strong performance of the flagship brand 'Parachute Advanced Beliphool'. Our market share in Value Added Hair Oils has increased by ~300 bps over the last year on MAT basis. We aim to become market leaders in this category in the medium term.

Overall, the non-Coconut oil portfolio grew by 37% in constant currency terms in Q2FY18. In the last few years, the Company has made significant investments to expand its non-coconut oil portfolio such as Value Added Hair Oils (VAHO), Deodorants, Gels, Leave-in conditioners, Body Lotion, Masala Oats and Premium Edible oils. These products have been accepted well and are expected to create a portfolio of the future. Consequent to these initiatives, the non-coconut oil portfolio is now ~22% of the total business in Bangladesh as compared to 10% five years ago. The non-Coconut oil portfolio is likely to become ~30-40% over next 2-3 years.

The new launches offer a substantial proposition for future roadmap. The Company is leveraging its strong distribution network and learning from the India market to quickly scale up its new product introductions in Bangladesh.

Overall, in the near term, the Company is confident of delivering a double-digit constant currency growth.

South East Asia (28% of the International Business)

Business in South East Asia (of which Vietnam is a significant contributor) declined by 8% in constant currency terms. In Vietnam, we registered a decline of 9% in constant currency terms due to sluggishness in both our categories - male shampoos and male deodorants. Despite these headwinds, our market share in Male Shampoos continued to grow steadily this year. X-Men maintained its leadership in male shampoos and male aerosol deodorants category. The Foods franchise posted a constant currency growth of 11% during the quarter.

To rekindle growth in the shampoo category and garner share from the unisex category, the company has taken some definitive steps in Q2, which are expected to deliver better results in quarters to come. However, we expect a longer recovery period before the business comes back to double digit growth path.

Myanmar business is poised to be a USD 8 million business by end of the year.

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

The MENA business registered a flattish quarter in constant currency terms. The Middle East business declined 7% in Q2FY18 on constant currency basis, while the Egypt business grew by 8% in FY17 in constant currency terms.

Egyptian Pound (EGP) has depreciated by more than 100% against USD over the last 12 months putting pressure on margins and value growth. Currency devaluation led hyper-inflationary scenario continues to hurt the Egyptian economy.

We remain cautiously optimistic about this region in the near term. Given the equity of brands such as Hair Code in Egypt and Parachute in Middle East, we remain positive about the medium term outlook on these markets. Business is expected to get back to growth trajectory in H2 FY18.

South Africa (7% of the International Business)

The business reported a constant currency growth of 1% during the quarter despite challenging macro conditions.

During the quarter, Marico South Africa Pty. Limited (MSA), a wholly owned step-down subsidiary of Marico Limited, announced the acquisition of "ISOPLUS", a leading hair styling brand in South Africa. The same is being integrated into the main business.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

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

Expansion in adjacent markets such as Sri Lanka, Nepal, Bhutan and exports to diaspora markets is expected to contribute ~ USD 12-13 million this year. These markets had shown a strong growth trajectory in FY17 and continued the momentum in Q2FY18. The business grew by 15% in constant currency terms during the quarter and the Company is positive on the future prospects of this business.

Note: The country wise contribution to International Business revenue is based on FY17 turnover.

OPERATING MARGIN STRUCTURE FOR MARICO FMCG Business

% to Sales & Services (gross of excise duty)	Q2FY18	Q2FY17	Q1FY18	H1FY18	H1FY17	FY17
Material Cost (Raw + Packaging)	53.0	47.5	52.5	52.8	47.8	48.0
Advertising & Sales Promotion (ASP)	10.4	12.8	9.5	10.0	12.1	11.1
Personnel Costs	7.0	7.3	6.4	6.7	6.6	6.8
Other Expenses	12.7	15.0	12.4	12.5	13.9	14.6
PBDIT margins	16.9	17.5	19.2	18.1	19.6	19.5
PBDIT before ASP	27.3	30.3	28.7	28.1	31.8	30.6

- The average market price of copra, the largest component of input costs, was 84% higher in Q2FY18 as compared to Q2FY17. The market price of liquid paraffin was 13% higher as compared to Q2FY17. The market price of safflower oil was up by 23% and rice bran oil was down by 5%. The consumption prices may differ from market prices depending on the stock positions the Company has taken. On an overall basis, the gross margins declined by 555 bps during the quarter.
- ASP spends to sales ratio during the quarter was 10.4%. Unlike in the previous taxation regime, the Goods & Services Tax system allows the credit of taxes paid at each stage as a set-off against the taxes to be paid at every subsequent stage. In light of the same, the ASP of the base quarter (Q2FY17) is 11.8% on a comparable basis. The Company intends to continue spending on ASP in the near term for ensuring long-term sustainable growth. The Company expects to operate in a band of 11-12% in the medium term.
- Personnel Costs in Q2FY18 grew by 2% over Q2FY17 on account of annual salary revisions offset by lower employee costs in INR terms due to the significant currency devaluation in Egypt and fall in the provision for Stock Appreciation Rights (SARs).
- The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses). Other expenses are likely to remain in the range of 12-14% of Turnover in the medium term.

Fixed Expenses include items such as rent, professional charges, foreign exchange losses and donation.

Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, etc.

The decrease in Fixed and Variable Expenses (table below) is mainly on account of the following:

- Savings due to the input service tax credit available under the GST regime in the current quarter, which was not available in the base quarter (Q2FY17).
- Expenses with respect to the Egypt business are lower in INR terms in Q2FY18 due to the significant currency devaluation in Egypt.

Other Expenses	Q2FY18	Q2FY17	% variation
Fixed	66.4	80.5	-18%
Variable	128.7	135.5	-5%
Total	195.1	216.0	-10%

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 Q2FY18 (Quarter ended September 30, 2017)

Capital Expenditure and Depreciation

The estimated capital expenditure in each of the years FY18 and FY19 is likely to be around INR 100–125 crore (USD 15-19 million).

Depreciation during Q2FY18 was INR 23.5 crore (USD 3.7 million) compared to INR 20.9 crore (USD 3.3 million) in Q2FY17. The increase is primarily due to a provision towards impairment of idle assets.

Direct Taxation

The Effective Tax Rate (ETR) during Q2FY18 is 26.8% as compared to 29.1% during Q2FY17. ETR in Q2FY18 is lower due to tax exemptions in the new Guwahati manufacturing unit.

The expected ETR during FY18 would be around 26-27%. It should be noted that this tax rate is basis the accounting charge in the P&L account. The Company will continue to pay basis MAT and therefore, from the cash flow point of view, there is no change. The current MAT credit of about INR 10.45 Crore as of 30th September, 2017 is expected to be utilised by the Company over the next few years.

Capital Utilization (Marico Group)

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

Ratio	Q2FY18	Q2FY17
Return on Capital Employed	35.0%	37.4%
Return on Net Worth	27.4%	29.6%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	23	25
- Inventory Turnover (Days)	70	55
- Net Working Capital (Days) including surplus cash	54	52
Debt: Equity (Group)	0.10	0.14
Finance Costs to Turnover (%) (Group)	0.2%	0.1%

* Turnover Ratios calculated on the basis of average balances

- The variation in ratios is due to:
 - Decrease in ROCE is because of lower EBIT margins coupled with inventory buildup.
 - Increase in inventory days is on account of inflation in copra and other key input prices as well as position build up in key commodities.
 - Increase in net working capital days is primarily on account of increased inventory.
- The Net Debt position of the Marico Group as of September 30, 2017 is as below:

Particulars (INR Crores)	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016
Gross Debt	275	268	318
Cash/Cash Equivalents and Investments (Marico Ltd: INR 1015 Crore. Marico International: INR 242 Crore)	1257	1,022	1211
Net Debt/(Surplus)	(982)	(754)	(893)
Foreign Currency Denominated out of the total gross debt	165	173	288
Foreign Currency Debt as a % age of Gross Debt	60%	65%	90%
Rupee Debt out of the total gross debt	110	95	30
Total Debt Payable within One year	256	268	318
Average Cost of Debt (%): Pre tax	4.2%	4.1%	3.3%

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.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

3. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at 30th September, 2017 is about INR 982 Crore (Gross debt of INR 275 Crore and Gross Investments of INR 1257 Crore). The future growth strategy is anchored primarily in healthy organic growth. While the Company is open to strategic acquisitions, the leverage ratios are comfortable. Considering the overall fund situation, the Company has announced an interim dividend of 175% on the issued equity share capital of INR 129.07 Crore. In absence of any strategic acquisitions, company will continue to maintain a healthy dividend payout.

Change in the composition of Board of Directors and Key Managerial Personnel

The following changes took place in the composition of the Board of Directors and Key Managerial Personnel of the Company:

- Mr. Anand Kripalu, Independent Director of the Company resigned with effect from October 6, 2017 due to his other professional commitments.
- Mr. Surender Sharma, Company Secretary and Compliance Officer of the Company resigned with effect from October 16, 2017. Subsequently, Ms. Hemangi Ghag has been appointed as the Company Secretary and Compliance Officer of the Company with effect from October 30, 2017.

Awards

Corporate Awards:

- Marico was conferred with the ‘Best in Class Supply Chain Strategy & Design Award’ at the Express Logistics and Supply Chain Leadership Awards 2017.
- Marico’s Baddi Unit was among 6 organizations from Asia and the Pacific Rim to be conferred with the ‘World Class Award’ by the International Asia Pacific Quality Organization.

Brand Awards:

- Marico won 12 PR Awards across various categories at the 2016 International Stevies.

Marico’s Growth Philosophy

Over the next 5 years, that is by 2022, Marico aspires to be an admired emerging market MNC with leadership in two core categories of nourishment and male styling in following regions – South Asia, South East Asia, Middle East and North Africa and South Africa. Marico plans to meet this aspiration by seeking to win amongst consumers, trade and talent. Towards this goal of 2022, the Company has identified 5 areas of Transformation where it will develop top quartile capability, processes and execution excellence ahead of growth. They are Innovation, Go To Market transformation, Talent Value Proposition, IT & Analytics and Cost Management.

This strategy will be executed synergistically under the ‘One Marico’ umbrella. As the Company scales up, it has to maintain a delicate balance between entrepreneurial way of working while continuing to strengthen governance and processes. The Company’s focus will be on creating winning brands, winning culture and a winning talent pool to create a virtuous cycle of great talent and an enabling culture driving innovation driven growth.

Near Term / Medium Term Outlook

Marico India

- The year began with GST, the biggest indirect tax reform which led to short term disruption as expected. Destocking across channels in Q1FY18 was followed by restocking in Q2FY18, leading to near-normal volume growth during the quarter. We registered market share gains in more than 90% of the categories we operate in. We are positive on the benefits of GST in the long run and expect trade to gradually settle down in the coming quarters. CSD is also expected to return to normalcy by Q4 FY18.
- With normal monsoons and the initiatives of the government like the Direct Benefit Transfer, One Rank One Pension & 7th Pay Commission, an uptick in overall consumption levels is expected. Green shoots of growth in rural were visible in the month of September and we expect it to continue through the second half of the year.
- For the rest of the year, the company is targeting 8-10% volume growth and healthy market share gains, backed by increased investment in the Core Portfolio, aggressive new product launches, distribution expansion, judicious pricing and tighter cost management.

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- The cost push & increased ASP investment would mean that the operating margins, which had expanded significantly during FY17, may get corrected to 20%+ levels.
- In Parachute Rigids, the Company aims to grow volumes in the range of 5-7% in the medium term. In Q2FY18, the brand witnessed strong volume growth due to pipeline refilling and market share gains. Copra prices are expected to remain firm in the near term, so the Company has taken up the prices of Parachute Rigids by ~ 10%, effective October 2017.
- In the Value Added Hair Oils space, the Company aims to maintain the double-digit volume growth on the back of core portfolio and scale up of new launches.
- While Saffola Edible Oils had a soft quarter, it is likely to return to double digit volume growth in the medium term.
- In the Saffola Healthy Foods franchise, the Company will continue to innovate aggressively to cater to the consumer need of tasty and healthy options and in the process return to double digit value growth.
- The Premium Hair Nourishment portfolio, led by Livon and Silk n Shine, is poised for double digit value growth in the medium term on the back of its dominant market leadership position.
- While the Male Grooming portfolio was impacted by the one-off GST related destocking, the Company aims to revive value growth in the near term.
- The Company's Go-To-Market strategy will be focused on improving the width and depth of its distribution – both direct and wholesale. Strategic initiatives in sales and supply chain will aim at ushering in efficiency in selling and go-to-market.
- 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 is likely to enhance the capability in e-commerce and salons over the medium term.

Marico International

- Over the last three years, the company has systematically invested in the core international markets to strengthen both the brands and the organizational capability to handle growth. The company is confident that each of these markets is well-poised to capitalize on the market opportunities.
- The business in Bangladesh has come back to double-digit constant currency growth and is likely to continue the momentum through the rest of the year. The medium term macro prospects are promising. Therefore, the Company will invest in brand building, Go to Market transformation and will diversify beyond coconut oil within its stated strategy.
- As a market leader, the Vietnam business will invest in growing the male grooming category and excellence in sales and distribution systems. We are witnessing near term headwinds on account of category slowdown but the overall medium term outlook is positive. Rest of South East Asia is the new growth engine for future.
- In the MENA region, the Company will focus on getting its basics right by judiciously investing behind brands and Go-To-Market initiatives. Optical growth should come back by H2FY18 on a lower base last year.
- The South African business will leverage the new acquisition of Isoplus to gain scale and grow profitably.
- The Company will continue to invest in developing new countries and scale this business profitably.
- With such augmented efforts to build a robust organic growth capability and a stronger organization, the Company is also looking at inorganic growth both in terms of new markets and acquisitions / alliances to step up the overall growth in International markets leveraging the current management bandwidth.
- We expect to clock an organic top line growth of 12-15% in constant currency in near to medium term.
- The structural shift in operating margins is expected to be sustained at around ~16-17%.

Overall (India + International)

- The Company will aim at a volume growth of 8-10% and a topline growth of ~13-15% (depending on inflation) in the medium term.
- The Company will focus on fewer but bigger innovations to create growth engines of the future.
- Market growth initiatives in core categories and expansion into adjacent categories will be supported by investments in ASP in a band of 11-12% of sales with focus on brand building.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

- Focus on cost management will continue and savings identified from Project EDGE completed last year will be redeployed in igniting profitable growth.
- Operating margin is expected to be maintained in a band of 17-18% over the medium term. In the near term, this may mean a low profit growth. However, the Company has chosen to focus on growth over short term profitability. However, we expect to meet our earnings growth guidance over the medium term.
- The Company will continue to support various initiatives which are true to its Purpose of “Make a Difference.”
- Marico believes that social, environmental and economic values are interlinked and we belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. Our stated purpose is to **“Make a Difference”** by ensuring a positive impact of our existence on all stakeholders. A firm has to work closely with its ecosystem to create a sustainable & inclusive growth for all. We have a focused approach in identifying sustainability goals in line with our business strategy and purpose. CSR initiatives are an integral part of our sustainability efforts and Marico is committed to making a sustainable impact on the society.

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Performance of Marico India and Marico International for Q2FY18

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	
	Q2FY18	Q2FY17
1. Segment Revenue (Note 1)		
i. India	1,200	1,076
ii. International	336	367
2. Segment Result (Note 2) (Profit before Interest and Tax and exceptional items)		
i. India	218	215
ii. International	58	58
3. Segment Result as a % of Segment Revenue		
i. India (refer to Note 3 below)	18.2%	20.0%
ii. International	17.3%	15.8%
4. Capital Employed (Segment Assets - Segment Liabilities)		
i. India (refer to Note 4 below)	921	681
ii. International	649	707

Note 1: The Segment Revenue in International business decreased in Q2FY18 due to currency devaluation in some of the major geographies despite overall constant currency growth of 1%.

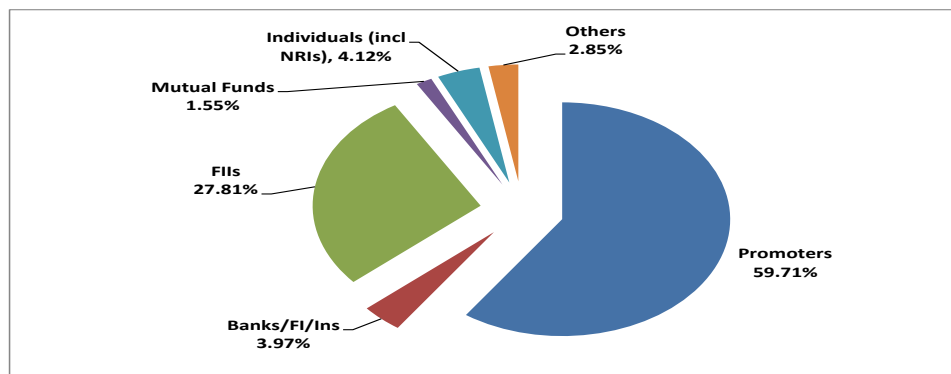
Note 2: PBIT pertains to Profit before Interest and Tax directly attributable to both the segments. Corporate taxes, interest income and interest expense are kept unallocated for the purpose of segment reporting. Accordingly, the segment capital employed does not reflect the assets and liabilities corresponding to above income and expenses. Goodwill has been allocated to respective businesses.

Note 3: The PBIT margin of the India business decreased in Q2FY18 due to significant increase in the input costs.

Note 4: The increase in capital employed in India business is due to higher inventory on account of inflation in copra and other key input prices as well as position build up in key commodities.

Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on September 30, 2017 is as given in the graph below:

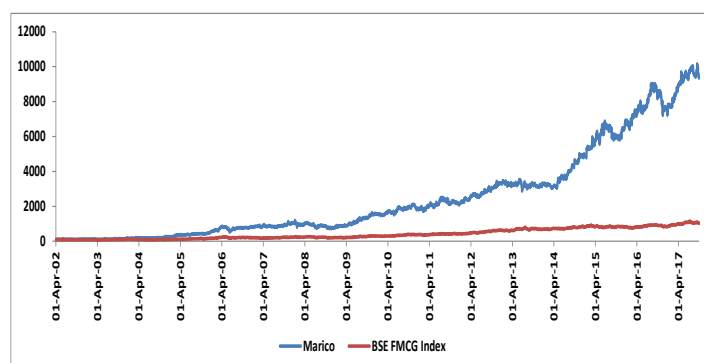


Details of ESOPs as on September 30, 2017:

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
ESOP Plan 2014	6,00,000	Nil	6,00,000	Nil
MD-CEO ESOP Plan 2014 – Scheme 1	93,200	Nil	Nil	93,200
Scheme I under the Marico Employee Stock Option Plan, 2016	80,000	Nil	Nil	80,000
Scheme II under the Marico Employee Stock Option Plan, 2016	9,39,700	Nil	Nil	9,39,700
Scheme III under the Marico Employee Stock Option Plan, 2016	1,14,840	25,600	Nil	89,240
Scheme IV under the Marico Employee Stock Option Plan, 2016	8,08,800	1,44,340	Nil	6,64,460
Scheme V under the Marico Employee Stock Option Plan, 2016	67,120	Nil	Nil	67,120

Options pending to be exercised are less than 0.2% of the issued share capital.

Annexure 1-B: SHARE PERFORMANCE ON STOCK EXCHANGES



- Marico's long term performance on the exchange vis-a-vis its peer group is depicted in the graph alongside.
- Marico's market capitalization stood at INR 40,111 crore (USD 6.2 billion) on September 30, 2017. The average daily volume on BSE and NSE during Q2FY18 was about 1,375,175 shares.

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Annexure 1-C: Average Market Prices of Input materials

(The data is based on simple average of daily market prices. Company's actual procurement prices may differ.)

	Rs/100KG	Rs/100KG	Rs/10KG	Rs/10KG	Rs /LT	Rs / KG
Month	COCHIN CN OIL	COPRA CALICUT	KARDI OIL JALNA	RICE BRAN	LIQUID PARAFFIN	HDPE
Jul-16	7,548	5,155	961	580	35	106
Aug-16	8,723	5,956	1,091	616	34	106
Sep-16	9,107	6,240	1,080	628	34	105
Oct-16	9,165	6,361	1,102	605	35	103
Nov-16	9,696	6,513	1,086	585	34	99
Dec-16	10,696	7,435	1,080	602	37	100
Jan-17	11,788	8,079	1,173	617	38	102
Feb-17	12,996	8,748	1,112	623	39	104
Mar-17	12,254	8,631	1,085	611	43	102
Apr-17	12,938	9,189	1,046	587	43	100
May-17	12,658	9,081	1,015	549	42	102
Jun-17	12,700	9,048	1,050	532	41	102
Jul-17	13,338	9,617	1,216	547	39	101
Aug-17	14,472	10,560	1,320	578	39	97
Sep-17	15,996	11,826	1,302	610	38	97
Q2FY18 vs Q2FY17	73%	84%	23%	-5%	13%	-7%
Q2FY18 vs Q1FY18	14%	17%	23%	4%	-8%	-3%
H1FY18 vs H1FY17	67%	77%	12%	-5%	17%	-5%

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

	40 ml	100 ml	250 ml	500 ml	1 Ltr	1 Ltr	1 Ltr	1 Ltr
Month	PCNO	PCNO	PCNO	PCNO	Saffola Total	Saffola Tasty	Saffola Gold	Saffola Active
Jul-16	15 - 48 ml	30	77	145	190	135	150	130
Aug-16	15 - 48 ml	30	77	145	190	135	150	130
Sep-16	15 - 48 ml	30	77	145	190	135	150	130
Oct-16	15 - 48 ml	30	77	145	190	135	150	130
Nov-16	15 - 48 ml	30	77	145	190	135	150	130
Dec-16	15 - 48 ml	30	77	145	190	135	150	130
Jan-17	15 - 48 ml	30	77	145	190	135	150	130
Feb-17	15 - 48 ml	30	77	145	190	135	150	130
Mar-17	20 - 50 ml	32	83	159	190	135	150	130
Apr-17	20 - 50 ml	32	83	159	195	135	150	130
May-17	20 - 50 ml	32	83	159	195	140	155	135
Jun-17	20 - 50 ml	32	83	159	195	140	155	135
Jul-17	20 - 50 ml	32	83	159	195	140	155	135
Aug-17	20 - 50 ml	32	83	159	195	130	150	130
Sep-17	20 - 50 ml	32	83	159	195	130	150	130

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

Coconut Oil					
Parachute	100 ml Free	500 ml	Aug	Extra Volume	National
Edible Oils					
Saffola Active	Rs. 15 Price off	1 litre	Aug	Price off	National
Saffola Gold	1 ltr Free	5 litres	Aug	Extra Volume	National
Saffola Gold	Rs. 20 Price off	1 litre	Sep	Price off	National
Saffola Total	1 ltr Free	5 litres	Sep	Extra Volume	National
Hair Oils					
Nihar Shanti Amla	Soap Free	300 ml	Aug	Soap Free	National
Nihar Naturals	Rs. 5 Price off	100 ml	Sep	Price off	National

Annexure 2: Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products in the Global Beauty and Wellness space. Marico's Products in Hair care, Skin Care, Health Care and Male Grooming generated a Turnover of about INR 59 billion (USD 886 Million) during 2016-17. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Parachute Advanced, Nihar Naturals, Mediker, Revive, Set Wet, Livon, Fiancée, HairCode, Caivil, Black Chic, Isoplus, Code 10, Ingwe, X-Men, and Thuan Phat. Marico's brands and their extensions occupy leadership positions in 90% of its portfolio. 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, Pondicherry, Paonta Sahib, Baddi, Jalgaon, Paldhi and Guwahati and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, Marico Egypt Industries Company, 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, Salheya City, Egypt, 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 15.2 crore packs every month through about 4.7 million retail outlets services by its nationwide distribution network comprising 4 Regional Offices, 32 carrying & forwarding agents (CFAs) and about 5,600 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 10,000.

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

	Urban	Rural
Sales Territories	176	60
Town's covered (000's)	0.6	53.0
Distributor	732	-
Super Distributor	-	143
Stockists	-	4,742

Marico – Information Update for Q2FY18 (Quarter ended September 30, 2017)

Financial Highlights

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance, a CAGR of 10% in Turnover and 18% in Profits in the FMCG business over the past 5 years.

Particulars (Rs/crores)	FY13	FY14	FY15	FY16	FY17
Revenue from Operations	4,596	4,687	5,733	6,024	5,936
Material Cost	2,210	2,399	3,119	3,078	2,849
Personnel Cost	381	285	325	373	404
ASP	598	561	650	693	659
Other Costs	869	693	769	829	864
Profit Before Tax	552	695	822	1,029	1,150
Net Profit (PAT)	396	485	573	711	799
Earnings per Share (Rs)	6.1	7.5	8.9	5.5*	6.2*
Book Value per Share (Rs)	30.7	21.1	28.3	15.6*	18.0*
Net Worth	1,982	1,361	1,825	2,017	2,326
EBITDA%	13.6%	16.0%	15.2%	17.5%	19.5%
ROCE %	24%	32%	39%	45%	47%

Note: FY13 includes Kaya. FY16 and FY17 financials are as per IND – AS and hence not comparable with earlier years.

*EPS and Book Value per Share for FY16 and FY17 has been calculated on the post bonus number of shares.

Mode of Issue of this update

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

Marico Investor Relations Team

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

Contents of this Update

1. Financial results and other developments during Q2FY18 for the Marico Group as per Ind-AS wef 1st April 2016– Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company SAE, Marico Egypt Industries Company SAE, Wind CO, Marico Malaysia Sdn. Bhd., Marico South East Asia Corporation (erstwhile International Consumer Products Corporation), Marico Consumer Care Limited, Bellezimo Professionale Products Private Limited and Zed Lifestyle Pvt Ltd.
2. A Profile containing basic/historical information on Marico.

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

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

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

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

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

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