marico
make a difference

January 14, 2014

The Secretary,
Bombay Stock Exchange Limited,
1st Floor, Phiroze Jeejeebhoy
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Fax: 22722037/39/41

The Manager
Listing Department
National Stock exchange of India Limited
'Exchange Plaza', C-1Block G
Bandra Kurla Complex, Bandra(E)
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Sub: Disclosure under applicable clauses of the Listing Agreement

Ref: Revision in Credit Rating

Dear Sir / Madam,

Pursuant to relevant clauses of the Listing Agreement, we wish to inform you that CRISIL Limited ('CRISIL') has on January 14, 2014 upgraded / reaffirmed its ratings assigned to the Company as under:

Sr. No.	Particulars	Rated Amount Rs. in Million	Previous Ratings	Upgraded / Reaffirmed Rating
1.	Cash Credit/ Working Capital Demand Loan	1460	AA/ POSITIVE	AA+/STABLE
2.	Letter of Credit & Bank Guarantee	1450	CRISIL A1+	CRISIL A1+ (reaffirmed)
3.	Non-Convertible Debentures	1000	AA/ POSITIVE	AA+/STABLE
4.	Non-Convertible Debentures	500	AA/ POSITIVE	AA+/STABLE
5.	Short-Term Debt Programme	1500	CRISIL A1+	CRISIL A1+ (reaffirmed)

Kindly take this disclosure on record and acknowledge the same.

Thank you.
Yours faithfully,

For Marico Limited

Hemangi Ghag
Company Secretary &
Compliance Officer

MARICO LIMITED
Marico
MUMBAI

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www.marico.com

January 14, 2014
Mumbai

Marico Limited

Rating upgraded to 'CRISIL AA+/Stable'

Total Bank Loan Facilities Rated	**Rs.2910 Million (Reduced from Rs.3410 Million)**
Long Term Rating	**CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Positive')**
Short Term Rating	**CRISIL A1+ (Reaffirmed)**

(Refer to Annexure 1 for Facility-wise details)

Rs.500 Million Non Convertible Debentures	**CRISIL AA+/Stable(Upgraded from CRISIL AA/Positive)**
Rs.1000 Million Non Convertible Debentures	**CRISIL AA+/Stable(Upgraded from CRISIL AA/Positive)**
Rs.1.5 Billion Short Term Debt	**CRISIL A1+(Reaffirmed)**

CRISIL has upgraded its ratings on the long-term debt instruments, and long-term bank facilities of Marico Ltd (Marico) to **'CRISIL AA+/Stable'** from 'CRISIL AA/Positive', and has reaffirmed its rating on the short-term debt programme and short-term bank facilities at **'CRISIL A1+'.**

The rating upgrade reflects CRISIL's expectation of improvement in Marico's business risk profile over the medium term driven by increasing revenue diversity and dominant market position in branded coconut oil, value added hair oil, and premium refined edible oil segments. For six months ended September 30, 2013, contribution of revenue from its flagship segments; coconut oil (CNO; includes brands Parachute and Nihar in India) and edible oil (includes brand Saffola), to the total revenue (excluding revenue from demerged skin care division) reduced to 46 per cent from 64 per cent in 2006-07 (refers to financial year, April 1 to March 31). Also, there is a significant traction in integrating the brands (youth portfolio; brands Set Wet, Zatak and Livon) Marico acquired in 2012-13. The youth portfolio reported revenue of Rs.1 billion for 6 months ended September 30, 2013 as compared to Rs.560 million during six months ended September 30, 2012. CRISIL believes that the higher growth in brands other than Parachute-CNO and Saffola will help the revenue and profit diversity, over the medium term.

The ratings continue to reflect Marico's strong market position, healthy operating efficiency and robust financial risk profile. The above-mentioned rating strengths are partially offset by Marico's considerable, though reducing, dependence on its flagship brands; Parachute and Saffola, and susceptibility to raw material price volatility.

Marico's strong market position is underpinned by its strong market leadership across product categories - branded coconut oil (market share - 56 per cent), value added hair oil (28 per cent) and super-premium refined edible oil (57 per cent). In international markets as well, Marico has established itself as a strong player. It has presence in coconut oil and hair care segment in Bangladesh, in the hair care segment in the Middle East, North Africa, and male grooming segment in South-East Asia, and in the ethnic hair care and health care segments in South Africa. Sales from international businesses accounted for around 22 per cent of Marico's total sales in 2012-13 and have been growing at a compound annual growth rate (CAGR) of 19 per cent between 2009-10 and 2012-13. CRISIL believes that Marico's business risk profile will continue to benefit on account of its strong market position.

Marico has a robust financial risk profile, marked by a healthy capital structure and robust debt protection measures. As on March 31, 2013, Marico's gearing was low at 0.44 times. Marico, under capital reduction scheme, adjusted the entire goodwill of Rs.7.24 billion pertaining to acquisition of youth portfolio from its net worth which led to marginal increase in debt to equity ratio to 0.53 times as on September 30, 2013. Marico, on a consolidated basis (excluding demerged skin care segment), reported cash accruals of Rs.3.04 billion and interest coverage ratios of 20 times for six months ended September 30, 2013, as against Rs.2.50 billion and 13 times respectively for the same period previous year. Marico has ample liquidity supported by sizeable cash and bank balances and robust cash accruals. As on September 30, 2013, Marico had cash and cash equivalents of Rs.6.83 billion while the total debt was Rs.7.50 billion. CRISIL believes that Marico's financial risk profile will remain strong on account of robust cash accruals and no major capex plans.

Marico has considerable, though reducing, dependence on its flagship brands, Parachute and Saffola; these brands together accounted for over 50 per cent of the company's revenues in 2012-13. Also, the prices of Marico's key raw materials - copra, safflower oil, and, rice bran oil - are dependent on climatic conditions, international prices, and the domestic demand-supply situation. The copra prices are volatile in nature; it declined by over 26 per cent in 2012-13 compared to 2011-12 and increased by over 29 per cent in the quarter ending September 30, 2013 compared to same period during previous year. Marico's ability to pass on the increased cost of raw materials to consumers, and to maintain its market share, continues to be a key rating sensitivity factor.

Outlook: Stable

CRISIL believes that Marico's business risk profile will benefit from increasing diversity in revenue profile and Marico's strong market position over the medium term. The outlook may be revised to 'Positive' if Marico further diversifies its revenue and accrual base. Conversely, the outlook may be revised to 'Negative' in case the company contracts more-than-expected debt to fund any significant acquisition, or if the margins or revenue growth is lower-than-expected, leading to weakening of its financial risk profile.

About the Company

Marico, incorporated in 1988, is a leading manufacturer of coconut oil, hair oils, and premium refined edible oils in consumer packs. Marico has a market presence in the hair care, health care and male-grooming segments in India, Bangladesh, the Middle East, North Africa, South-East Asia, and South Africa.

For 2012-13, Marico reported a consolidated net profit of Rs.4.0 billion on operating income of Rs.46.0 billion, as compared to a consolidated net profit of Rs.3.2 billion on operating income of Rs.40.1 billion for the previous year. During six months ended September 30, 2013, Marico reported a consolidated PAT of Rs.2.7 billion (Rs.2.2 billion for the corresponding period of the previous year) on operating income of Rs.24.1 billion (Rs.22.6 billion).

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	**Amount (Rs.Million)**	**Rating**	**Facility**	**Amount (Rs.Million)**	**Rating**
Cash Credit & Working Capital demand loan	**1460**	**CRISIL AA+/Stable**	**Cash Credit & Working Capital demand loan**	**1460**	**CRISIL AA/Positive**
Letter of credit & Bank Guarantee	**1450**	**CRISIL A1+**	**Letter of credit & Bank Guarantee**	**1450**	**CRISIL A1+**
--	**0**	**--**	**Proposed Term Loan**	**500**	**CRISIL AA/Positive**
Total	**2910**	**--**	**Total**	**3410**	**--**

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About CRISIL LIMITED
CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings
CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 60,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs).This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

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