marico

February 2, 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 Q3 FY17

Please find enclosed Information update on the consolidated financial results of the Company (i.e. Marico Limited and its Subsidiaries) for the quarter ended December 31, 2016.

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**
BRanparia

Bhaveka Ranparia
Asst. Company Secretary

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Encl: As above

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Marico – Information Update for Q3FY17 (Quarter ended December 31, 2016)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q3FY17	Growth	YTD FY17	Growth
Revenue from Operations	1,417	-7%	4,614	-3%
EBITDA	272	-6%	900	7%
EBITDA Margin (%)	19.2%	Up 28 bps	19.5%	Up 182 bps
Profit After Tax	189	-7%	630	9%
India Volume Growth (%)		-4%		2%
Overall Volume Growth (%)		-3%		3%

Q3 witnessed an unprecedented event of demonetization of INR 500 and INR 1000 denomination notes in India. The consequent cash crunch severely impacted wholesale and rural trade which is heavily dependent on cash. The northern and eastern parts of India were worst hit. While there has been some impact on consumption, significant decline is attributed to pipeline reduction across channels. The main impact was in November while December saw some recovery. Overall for the quarter the volumes of Marico's India business declined by 4%. The off-take growth was satisfactory. International business volumes grew 2% (constant currency growth of 2%). The Revenue from Operations at INR 1,417 crore (USD 210 million), however, shrunk by 7% over Q3FY16 owing to price reductions in the Parachute Rigids portfolio on a year on year basis in India and Bangladesh consequent to deflation in inputs costs. Q4 is looking better than Q3 as re-monetized currency comes back into the system.

At its meeting held on February 2, 2017, the Board of Directors of the Company has declared a second interim dividend of 200% (INR 2 per share) on its post bonus paid up equity share capital of INR 129 crores.

Other highlights relating to the quarterly performance are as follows:

- Volumes in the Parachute Rigid portfolio in India declined by 1% - despite headwinds, near term looks promising. Inflation led growth likely to come back from Q1 FY18.
- Saffola Edibles Oils maintain growth trajectory with a volume growth of 6% as the portfolio is skewed towards urban markets including modern trade.
- Demonetisation impacts rural India: Value Added Hair Oils (VAHO) declined 12%. However, the franchise continued to gain share in value (77 bps) and volume (141 bps) terms.
- Youth portfolio value decline was 15% (discretionary in nature).
- The Company proactively extended additional credit to its channel partners to help them mitigate the liquidity crisis. There were no bad debts. This was later withdrawn in January-17.
- Gross margins expand by 77 basis points in comparison to Q3FY16. (Y-o-Y expansion in Q2 FY17 was ~ 479 bps).
- International grew by 2% in constant currency terms in Q3 FY17. All the territories except Middle East posted growths. Middle East business declined sharply due to macro-economic headwinds. Egyptian government put Egyptian pound on float, thereby, devaluating the currency by 56%.
- For more than half of the portfolio, the Company continued to gain market shares on 12 months MAT basis. In the Coconut Oil segment, market shares declined. We expect to gain market shares over next few quarters as inflation sets in.
- Company pulled back ASP spends this quarter in response to demonetization. Advertising and Sales Promotion (ASP) spends down by 11% - ASP to Sales Ratio continued to be healthy at 10.6%.
- EBITDA margins expanded by 28 basis points YoY to 19.2% - India 24.3% & International 16.1%.

Summary of value growth across Businesses:

Categories/Businesses	Q3FY17	YTD FY17	Share of Group's Turnover basis FY16 results
FMCG Business	-7%	-3%	
India	-9%	-4%	78%
International	0%	4%	22%

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

Marico – Information Update for Q3FY17 (Quarter ended December 31, 2016)

Volume Market Shares in Top 10 Categories - Basis Moving Annual Total (MAT)

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
Coconut Oils (India) (Parachute and Nihar)	58%	1st	Parachute Coconut Oil (Bangladesh)	85%	1st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	65%	1st	Post wash Leave-On Serums (India) (Livon and Silk & Shine)	81%	1st
Hair Oils (India) (Parachute Advansed, Nihar, Hair & Care)	33%	1st	*X-Men Men's Shampoo (Vietnam)	37%	1st
Value Added Hair Oils (Bangladesh)	17%	2nd	*Hair Code & Fiancée Gels (Egypt)	54%	1st
*X-Men Men's Aerosol Deodorants (Vietnam)	30%	1st	*Hair Creams/Gels (India) (Set Wet and Parachute After shower)	63%	1st
*Saffola Oats (India)	28%	2nd	*X-Men Men's Roll-On Deodorants (Vietnam)	32%	2nd

***Value market shares**

All numbers mentioned in INR in this note are converted to USD basis INR/USD of 67.5, being the average rate for the quarter.

India Business

The FMCG Business in India achieved a turnover of INR 1,081 crore (USD 160 million), a decline of 9% over the same period last year.

The volume decline in India was 4% for the quarter. This lower growth is attributed to demonetization and the subsequent impact on discretionary spends and categories having a higher sales skew towards rural India and wholesale channel. Parachute rigid coconut oil and Saffola premium refined edible oils saw restricted impact due to the strong brand equity and secular demand trend despite the note ban. An overall deflation of 5% during the quarter was primarily on account of the price corrections in Parachute coconut oil taken till April '16.

The operating margin during Q3FY17 was 24.3% before corporate allocation as against 23.2% for the same period last year. Higher operating margins can be attributed mainly to gross margin expansion led by softer inputs costs. There are, however, clear signs of firming up of copra prices. The Company is carefully watching these movements and will decide on price changes in a manner that ensures optimum trade-off between volume growths and margins. In the medium term, the Company would be comfortable at ~ plus 20% EBITDA margins.

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

Categories	Q3FY17		YTD FY17		% of Group's FY16 Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Marico India	-9%	-4%	-4%	2%	78%
Parachute Coconut Oil (Rigid packs)	-12%	-1%	-14%	1%	27%
Value Added Hair Oils portfolio	-13%	-12%	2%	2%	20%
Saffola (Refined Edible Oil)	7%	6%	9%	8%	14%

Parachute and Nihar – *Despite headwinds of demonetization and steep increase in input costs, near term volume growth prospects remain promising*

Marico participates in the INR 4,900 crore (USD 726 million) branded coconut oil market through Parachute, Nihar and Oil of Malabar. Parachute's rigid portfolio (packs in blue bottles), witnessed volume decline by 1% in Q3FY17 over Q3FY16. This was a smart recovery from the 6% volume decline last quarter. While the copra prices went up 17% on a sequential basis (Y-o-Y decline of 5%), the Company chose not to take any further price increases. This helped protect the volume decline in a demonetized environment.

The Company expects the copra prices to go up further in Q4FY17. Company will take prices up in near term considering the inflation in commodity prices. 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.

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The non-focused part of the portfolio (mainly pouch packs) declined during the quarter due to the higher dependence on wholesale and rural.

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. The company expects to deliver a volume growth of 5-6% in the near term.

Saffola: Super premium refined edible oils and healthy foods – Oils not impacted by demonetization, continue to grow; Saffola Foods positions itself as a guilt free snacking option

The Saffola refined edible oils franchise demonstrated a healthy 6% growth in volume terms during the quarter.

The Saffola range of blended refined oils (available in four 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 near term outlook for this franchise is positive with double digit volume growth prospects. In the near term, we are also looking at the innovation pipeline especially in the premium segment. The Company is confident of delivering double digit growths over the medium term.

The brand gained market share of 303 bps and further strengthened its leadership position in the super premium refined edible oils segment to 65% during the 12 months ended December 2016.

Saffola's foray into healthy foods, Saffola Oats, has emerged as a strong no.2 brand in the oats category with a value market share of 28%. 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 70% value share in the flavored oats market on a MAT basis. The franchise crossed INR 100 crore (USD 15 million) of top line in FY16. 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. The company will continue with its distribution drive to make the product available to consumers. The Company is also focused on margin improvement with focused cost management initiatives to ensure long term sustainable profitable growth in this franchise. The Company expects Saffola oats franchise to grow in single digits during the year.

Recognizing the need to cultivate the habit of eating flavoured oats in the country, the Company has commenced its prototype of Saffola Masala oats vending machines in one of the Metros. This will drive trials and out of home consumption and reshape the next leg of growth.

Value Added Hair Oils (Parachute Advansed, Nihar Naturals and Hair & Care) – *Though MS gains continue, portfolio impacted in near term due to high dependence on rural.*

Marico's value added hair oil brands registered a volume decline of 12% during the quarter. The decline was largely due to correction of inventory across trade channel although off-takes continued to grow ahead of category. Consequently, the Company further strengthened its market leadership by 141 bps to 33% volume share (for 12 months ended December 2016) and with value share gain of 77 bps to 25% for the same period. The Company will continue to focus on premiumization to drive value growth in the category.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 39% for the 12 months ended December 2016 in the Amla hair oil category (MAT December '15: 36%). The exit market share of Nihar Shanti Amla at 40% 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. This quarter saw a sales decline post demonetization due to a significant dependence on rural and wholesale. This is a near term phenomenon and we expect the category to come back to growths in the subsequent quarters.

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 forayed with a prototype of INR 1 sachet of Parachute Advansed Jasmine hair oil in Gujarat and Nihar Naturals hair oil in Bihar. In FY16, the Company's prototype of INR 5 spout pack under Nihar Shanti Amla is being now extended to one more Hindi speaking state.

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 expand its reach. Although the results are lower than initial expectations, it has a meaningful share in the perfumed mustard oil category (MAT December '16: 6%). The Company will continue to invest behind the brand due to a large source pool of unorganised mustard oil market.

Parachute Advansed Aloe Vera Hair Oil was launched in the markets of Andhra Pradesh, Telangana & Tamil Nadu in the month of November after being prototyped in Maharashtra for a year.

Hair Fall Control

- Parachute Advansed Ayurvedic Oil, with presence in southern states, continues to hold market shares.
- Parachute Advansed Ayurvedic Gold Hair oil, operating in all Non-Southern States, launched after the success of Parachute Advansed Ayurvedic Oil in Southern markets has been performing below its action standards. However, 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.

The company expects to cross top line milestone of INR 100 Crore (USD 15 million) by FY18.

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.

Youth brands – *Demonetization impacts the category growths but MS gains continue in all the segments; near term growth plan looks promising*

The Youth brands portfolio plays in following categories i.e., Hair Gels, Deodorants, Hair Gain Tonic and Leave-in Serums. Overall, during this quarter, this portfolio being discretionary in nature declined by 15% in value terms due to demonetization (YTD December value growth of 9%). The portfolio is likely to cross double digit growth for the full year. The Company has defined a multi-pronged strategy for long term sustainable growth of this business:

1. Set Wet Gels: Drive penetration and category growth;
2. Set Wet Deodorants: Drive market share through a differentiated imagery;
3. Livon Hair Gain: Drive trials and repeats through efficacious product offering while simultaneously blocking out unfair competition with innovative packaging; and
4. Livon Hair Serum: Drive affordability, penetration and relevance in the niche segment of hair serums.

Some of these initiatives have already started bearing fruits while some will need a couple of more quarters to start showing results.

The value market share of **Set Wet Gel** has grown by 631 bps in last 12 months and currently stands at 57%. The Gels now comprise more than 40% of total Youth Portfolio. **Set Wet Deodorants** portfolio also improved its market share during the quarter (Exit volume market share as on December-16 was 3.2%, an increase of 80 bps since re-launch).

Livon Serum's core proposition of 'salon finish hair at home', launched in August 2016 with a focus on metro markets has built relevance for the brand. Despite the macro-economic factors, the brand showed signs of positive campaign traction with value growth in Q3FY17. In a bid to accelerate trials, Livon prototyped its sachet at INR 3 in Gujarat in October, 2016.

The categories of Hair Gels and Creams (Set Wet and Parachute) and Leave-in Conditioners (Livon and Silk and Shine) 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, given the initiatives rolled out for all the three verticals, the Company is confident of a double digit value growth in FY18.

Input Costs and Pricing

During the quarter, the average market price of copra was up by 17% sequentially but was down by 5% Y-o-Y. We expect a further increase in the prices in Q4FY17.

The market price of the other key inputs, Rice Bran oil was up 15% and Liquid Paraffin (LP) was up 7% during the quarter as compared to Q3FY16. HDPE (a key ingredient in packaging material) price was flat compared to Q3FY16.

Markets/Distribution Channels

Marico's rural (owing to higher dependence on wholesale) declined by 20% due to demonetization while the urban sales declined by 5% in Q3FY17. Sales in Modern Trade (9% of the India turnover) continued the good run with growth of 8% in Q3FY17. CSD and Institutional sales (8% of the India turnover) grew by 4% in Q3FY17.

An update on the Company's Go to Market Transformation journey over the last couple of years is as under:

- Project ONE (outlet network expansion) to increase the direct coverage in metros & Tier-1 towns. After garnering incremental turnover of circa INR 60 crores (USD 9 million) in top 6 metros, the Company is likely to add 20,000 outlets generating annualized business of circa INR 11 crores (USD 2 million) in next 13 Tier-1 towns.
- The new Distributor System along with Order Management Platform has led to significant increase in range service levels with optimized inventory leading to lower loss of sales.
- Coupled with the visual analytics the newly implemented dashboards have led to sharper insights in the sales system. The sharper insights have enabled to the sales hierarchy to target their efforts at the right channel and right outlets in order to help generate effective sales leads.
- The Assortment Mix Analytics which has been successfully implemented fully in one city has now been extended to two more cities in order to help drive cross-sales opportunities.
- In addition to these Marketing Mix Analytics and Category Growth Analytics are helping focus spends and efforts in the right direction in the marketing function.

Armed with such automation and analytics repertoire, the Company, during Q1FY17 launched Project Marval EDGE, a new initiative aimed at improving the efficiency and effectiveness of current trade and marketing spends. The savings from this project will be redeployed to fuel growth – hard working spends to accelerate growth, distribution expansion etc. The gains are expected to be realized from Q4FY17 and annualized gains of ~ INR 40 crores will accrue from FY18.

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. 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.

International Business

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

Particulars	Q3FY17	YTD FY17
Turnover (INR Crore)	336	1,070
Reported Growth	0%	4%
Constant Currency Growth	2%	3%
Exchange Rate impact	-2%	0%

Marico's International business delivered a 2% constant currency growth (volume growth of 2%) for Q3FY17. South East Asia grew at 6%, Egypt grew at 8% and South Africa at 4% on constant currency basis. Bangladesh remained flat in constant currency terms during the quarter (Volume growth of 7%). The Middle East business declined by 27% on constant currency basis in Q3FY17 due to macro-economic headwinds in the region. The plan of expansion in adjacent markets of Myanmar, Sri Lanka and Nepal is largely on track.

The operating margins (before corporate allocations) are at 16.1% in Q3FY17 as against 20.4% for the same period last year. The lower margin in this quarter can be attributed to the increase in input costs and price reduction in the Parachute coconut oil portfolio in Bangladesh on a YoY basis and higher advertising spends in Vietnam. The Company shall endeavor to maintain international margins at ~17-18% and continue to invest and plough back savings to drive growth.

Bangladesh (45% of the International Business)

In Bangladesh, topline in constant currency terms remained flat in Q3FY17 (volume growth of 7%) due to the price corrections taken in Parachute Coconut Oil on a Y-o-Y basis.

Parachute coconut oil reported decline of 6% in constant currency terms due to the price correction (volume growth of 1%) during the quarter but still maintained leadership position with 85% share. Given that the scope of growth in coconut oil segment is limited as the category has matured, the Company has taken substantial measures in driving adjacent sources of growth to diversify the portfolio. The anniversarization of price reductions in coconut oil is complete in Q3 FY17. The coconut oil category is poised for constant currency growth from Q4 FY17.

During the quarter, the Company's value added hair oils portfolio grew at a rate of 26% in constant currency terms led by strong growth in the flagship brand 'Beliphool'. The non-Coconut oil portfolio grew by 19% in constant currency terms in Q3 FY17.

The near-term outlook for the Bangladesh business looks promising with high single-digit constant currency growth.

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, 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 circa 20% of the total business in Bangladesh as compared to 10% four years back. 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. The Business is likely to continue the volume growth momentum in medium term with growth likely to come from the non-coconut oil portfolio backed by low single digit growth in core coconut oil business. The non-Coconut oil portfolio is likely to become 30~40% over next 3-4 years from the current share of ~ 20%.

Middle East and North Africa (MENA) (20% of the International Business)

The MENA business declined by 11% (constant currency basis) during Q3FY17 as compared to Q3FY16.

The Middle East business declined by 27% in Q3 FY17 on constant currency basis due to macro-economic headwinds in the region, especially Saudi Arabia.

The Egypt business grew by 8% in constant currency over Q3FY16, aided by Parachute oils and creams relaunch. Hair Code Gel continued its market leadership. Egyptian Pound (EGP) has depreciated by 56% against INR over the last 12 months putting pressure on margins and value growth. We remain positive about the medium term outlook on this market. However, given the tough macro-economic conditions, the recovery is likely to be gradual.

South East Asia (25% of the International Business)

Business in South East Asia (of which Vietnam is a significant contributor) grew by 6% in constant currency terms. In Vietnam, X-Men maintained its leadership in male shampoos and attained market leadership in the male aerosol deodorants category. Over the medium term, the Company remains well poised to participate in the category growths.

The Company continues to scale up its presence in neighboring countries like Myanmar. Myanmar is poised to be a USD 7 million business by end of the year.

South Africa (7% of the International Business)

The business reported a constant currency growth of 4% during the quarter despite challenging macro conditions. The County's Economy is struggling to gain traction as power crises continue to get worse, drought has impacted agricultural output and increased risk of labour disruptions.

Note: The country wise contribution to International Business revenue is based on FY16 turnover.

OPERATING MARGIN STRUCTURE FOR MARICO FMCG Business

% to Sales & Services (net of excise)	Q3FY17	Q3FY16	Q2FY17	YTD FY17	YTD FY16	FY16
Material Cost (Raw + Packaging)	48.4	49.2	47.5	48.0	52.4	51.1
Advertising & Sales Promotion (ASP)	10.6	11.1	13.1	11.9	11.2	11.5
Personnel Costs	6.8	6.3	7.3	6.6	5.9	6.2
Other Expenses	14.9	14.5	14.6	14.0	12.9	13.8
PBDIT margins	19.2	18.9	17.5	19.5	17.7	17.5
PBDIT before ASP	29.9	30.0	30.6	31.4	28.9	29.0

(a) The average market price of copra, the largest component of input costs, was 5% lower in Q3FY17 as compared to Q3FY16. The market prices of liquid paraffin were 7% higher as compared to Q3FY16. The market price of safflower oil was up by 4% and rice bran oil was up by 15%. The consumption prices may differ from market prices depending on the stock positions the Company has taken. On an overall basis, the gross margins expanded by 77 bps during the quarter.

(b) Overall decrease in ASP spends during the quarter was 11% due to pullback of spends post demonetization. The ASP decrease this quarter was an aberration to ensure effectiveness in such tough macro conditions. However, 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.

(c) Personnel Costs in Q3FY17 remained flat over Q3FY16 on account of annual salary revisions offset by reversal in Stock Appreciation Rights (STAR) provisions.

(d) The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses). Other expenses are likely to remain in the range of 12-14% of Turnover in the medium term.

a. Fixed Expenses include items such as rent, professional charges, foreign exchange losses and donation. The decrease is on account of the incremental hit of INR 12.9 crores on realized foreign exchange losses in the base quarter for hedging part of ECB loan taken for funding Vietnam acquisition offset by increased rent of godown and costs towards enhancement of IT and Sales infrastructure. If one were to exclude cost of ECB hedging from current year and previous year numbers, the increase in the fixed expenses would work out to 21%.

b. Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, input and output taxes etc. The variable expenses have decreased by 6% on account of freight, other rates & taxes and contract manufacturing charges which is line with the volume decline.

Other Expenses	Q3FY17	Q3FY16	% variation	YTD FY17	YTD FY16	% variation
Fixed	78.0	79.6	-2%	232.4	204.5	14%
Variable	133.8	142.9	-6%	414.1	404.1	2%
Total	**211.8**	**222.4**	-5%	**646.5**	**608.6**	**6%**

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

Capital Expenditure and Depreciation

The estimated capital expenditure in each of the years FY17 and FY18 is likely to be around INR 100–125 crore (USD 15-19 million).

Depreciation during Q3FY17 was INR 21.3 crore (USD 3.2 million) compared to INR 22.9 crore (USD 3.4 million) in Q3FY16. The decrease is on account of the one-time depreciation impact in the base quarter on account of change in useful life of moulds.

Direct Taxation

The Effective Tax Rate (ETR) during Q3FY17 is 29.0% as compared to 25.9% during Q3FY16. ETR in Q3FY16 was lower due to one-time excess tax provision write back of earlier years.

The expected ETR during FY17 and FY18 would be around 28-30%. 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 29.7 Crore as of 31st December, 2016 is expected to be utilised by the Company over the next few years (total utilization of INR 15.8 Crore in Q3FY17).

Capital Utilization (Marico Group)

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

Ratio	Q3FY17	Q3FY16
Return on Capital Employed	38.7%	43.8%
Return on Net Worth	30.5%	37.0%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	26	20
- Inventory Turnover (Days)	58	49
- Net Working Capital (Days) including surplus cash	55	42
Debt: Equity (Group)	0.14	0.17
Finance Costs to Turnover (%) (Group)	0.3%	0.4%

* Turnover Ratios calculated on the basis of average balances

1. The variation in ratios is due to:
    1. Fall in ROCE and RONW is because of decrease in EBIT and PAT and increase in capital employed this quarter.
    2. Increase in receivables days is due to one time credit extension given to the distributors in India business post demonetization.
    3. Increase in net working capital days is primarily on account of increased debtors and inventory.

2. The Net Debt position of the Marico Group as of December 31,2016 is as below:

Particulars (INR Crores)	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015
Gross Debt	368	318	374
Cash/Cash Equivalents and Investments (Marico Ltd: INR 1046 Crore. Marico International: INR 156 Crore)	1,202	1,211	1,138
Net Debt/(Surplus)	(833)	(893)	(764)
Foreign Currency Denominated out of the total gross debt (83% of Gross Debt) (Also refer to Note 5 below)	306	288	367
Foreign Currency Denominated : Payable in One Year	306	288	267
Foreign Currency Debt as a % age of Gross Debt	83%	90%	98%
Rupee Debt out of the total gross debt	62	30	7
Rupee Debt : Payable in One Year	62	30	7
Total Debt Payable within One year	368	318	275
Average Cost of Debt (%) : Pre tax	3.8%	3.3%	2.3%

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.

3. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.

4. The Company had, opted for early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements. Accordingly, there is no net unrealized loss as at December 31, 2016 (INR 44.5

Crores as at December 31, 2015) in respect of outstanding derivative instruments and foreign currency loans at the period end which qualify for hedge accounting, stands in the 'Hedge Reserve', which is recognized in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue. The exchange loss transferred to Statement of Profit and Loss for Q3FY17 due to hedging of USD 4 million ECB is INR 9.2 Crore (USD 1.4 million) (also refer paragraph (d) under the section of Operating Margin Structure).

5. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at 31st December, 2016 is about INR 833 Crore (Gross debt of INR 368 Crore and Gross Investments of INR 1,202 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 a second interim dividend of 200% on the issued equity share capital of INR 129 Crore.

Awards

Corporate Awards:

- Marico ranked amongst **Best Companies for Women** in India.
- Marico Bangladesh receives Silver Award for **Excellence in Corporate Governance** from Institute of Chartered Secretaries of Bangladesh.

Brand Awards:

- Marico South Africa brands **Black Chic & Caivil** Fusion Oil won the 2016 Africa Hair Awards.
- **Saffolalife** #protectherheart won Gold & Bronze from IPRCC for its PR Campaign.
- Marico Limited won 3 awards at the Exchange 4 Media "Primetime" Awards. **Saffola Active** won Silver for Best Integration of Brand & Movie – Ki and Ka, as did **Nihar Naturals** #iamcapable for Best use of Regional Entertainment channel. "Rock the spotlight" with **Livon** won a Bronze in the category of best use of Influencers / Celebrities.

Marico's Growth Philosophy

By 2020, 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 and Sub-Saharan Africa. Marico plans to meet this aspiration by seeking to win amongst consumers, trade and talent. Towards this goal of 2020, the Company has identified 5 areas of Transformation where it will develop top quartile capability, processes and execution excellence. They are Innovation, Go To Market transformation, Talent Value Proposition, IT & Analytics and Cost Management.

The Company's philosophy of developing capability ahead of growth to drive a sustainable business model across both Indian and International markets 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 deflationary pressures and a severe drought in many parts of the country, impacting significant part of our markets. These headwinds impacted the volume growth in H1 especially in rural India. But, with the passage of normal monsoon and the initiatives of the government in the form of Direct Benefit Transfer, One Rank One Pension & 7th Pay Commission, the consumption recovery had begun in the latter part of Q2FY17.

- However, post demonetization the consumption story recovery saw a reversal with consumers titrating consumption and delaying purchases due to the cash crunch. The impact of demonetization continues to impact the wholesale especially in rural India. Rest of the business is back to normalcy. The Company expects the impact to continue for few more months.

- The Company will strive to drive volume growths and maintain medium-term growth rates in the range of 8-10% by growing the core and rapidly scaling New Products. The volume recovery is expected to commence in the near term with a 6-8% volume growth in Q4FY17 translating to a lower single digit value growth. The deflationary pressures are likely to get neutralized from Q1FY18.
- In Parachute Rigids, the Company aims to grow volumes in a range of 5-6% in the medium term. With the commodity inflation coming back, the brand is likely to gain back its price competitiveness and start reporting volume growths from Q4 FY17 and value growths from Q1 FY18.
- Saffola is likely to continue the growth rate of circa 10% in the near term. The Company is also working on premiumizing this franchise with innovations. In the medium term, the Company expects to continue growing at a double digit volume growth.
- In the Healthy Foods franchise, the Company will innovate aggressively to cater to the consumer need of tasty and healthy options and in the process return to a double-digit value growth.
- In value added hair oils space, the Company will attempt to execute a three pronged strategy – a) premiumizing the Company's offering, thus strengthening its Value market leadership; b) reaching the mass market segment by introducing low unit packs; and c) looking at higher growths coming from the Hair Problem Solution space. In the medium term, the company aims to grow this franchise at a double-digit volume growth.
- On the back of a continued healthy performance of Gels, good traction on launch of Deodorants and expected demand in Livon Hair Gain, the Youth portfolio is expected to grow at in double-digit in FY17 and at 15% in the medium term. To remain relevant to the youth, the Company will keep innovating with new product and packaging formats in this segment.
- The direct distribution initiative of Project ONE is expected to supplement volume growths in the Tier-1 and Tier-2 markets. Strategic initiatives in sales and supply chain will aim at ushering in efficiency in selling and go-to-market.
- Over the medium term, operating margin of about ~ plus 20% is sustainable.

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.
- 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.
- The Group is committed to a long term growth plan for Bangladesh, its largest overseas business. The business in Bangladesh after facing near term headwinds due to deflation and slowing down of growth in coconut oil has come back to volume growth in Q3 FY17 and is likely to continue the momentum in Q4 FY17. The medium term macro prospects are promising. Therefore, the Company will invest in brand building and Go to Market transformation. The focus will be on maintaining market leadership in coconut oils while aggressively expanding the non-Coconut oil portfolio. This is a long term journey and is likely to take some more time to stabilize.
- The Company believes that the core markets of South East Asia and MENA are "Invest to Grow" markets and the Company will continue to drive growth with brand restages, new product launches and capability building initiatives apart from aggressively tapping and growing new markets. However, in the Middle East, given the macro-economic headwinds, the recovery and return to double digit volume growth is likely to take longer.
- Rest of South East Asia is the new growth engine for future. The Company will aim for organic and inorganic growth to build scale.
- It expects to clock an organic top line growth of 12-15% in constant currency in the medium term. However, in the near term, the growths are expected to be in single digits.
- The structural shift in operating margins is expected to be sustained at around 17~18%.

Overall (India + International)

- The Company will aim at a volume growth of 8-10% and a topline growth of ~12-15% (depending on inflation) in the medium term. In the near term, though, the volume growths may be range bound at 6-8%

and value growths may be in low single digit given the price reductions taken till April, 16 in Coconut Oil portfolio in India and Bangladesh.

- 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.
- The Company will give special thrust to increase its direct reach and reduce wholesale dependence and Go To Market transformation initiatives in all of its key markets.
- 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.
- Project Edge, aimed at front-end spends effective. The project is likely to yield gains of ~INR 40 crores on an annualized basis for FY18. In FY18, the company will implement this initiative in a few select international geographies.
- Operating margin is expected to be maintained in a band of 17-18% over the medium term. The Company will focus on deriving synergies from the unification of India and International FMCG businesses. In the near term, however, given the soft commodity prices, the margins may witness a modest upward bias.
- 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

Performance of Marico India and Marico International for Q3FY17

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

INR Crore

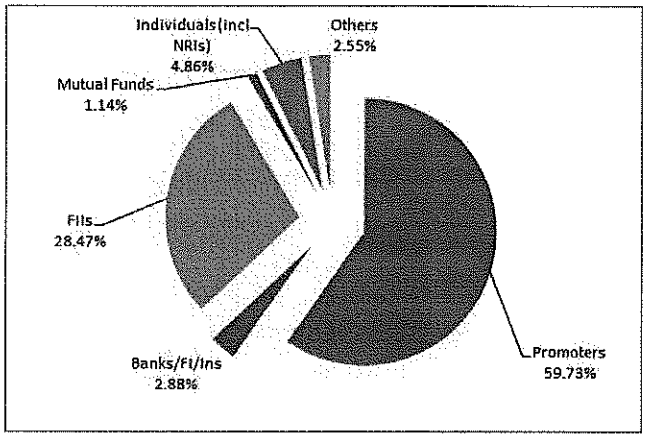
Particulars	Q3FY17	Q3FY16	YTD FY17	YTD FY16
1. Segment Revenue				
i. India	1,081	1,194	3,544	3,702
ii. International	336	336	1,070	1,032
2. Segment Result				
(Profit before Interest and Tax and exceptional items)				
i. India	252	261	808	750
ii. International	49	64	177	175
3. Segment Result as % of Segment Revenue (PBIT)				
i. India	23.3%	21.9%	22.8%	20.3%
ii. International	14.6%	18.9%	16.5%	16.9%
3. Capital Employed (Segment Assets - Segment Liabilities)				
i. India (refer Note 1 below)			766	591
ii. International			668	693

Note 1: The increase in capital employed in India business is due to higher trade receivables and inventory.

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.

Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on December 31, 2016 is as given in the graph below:

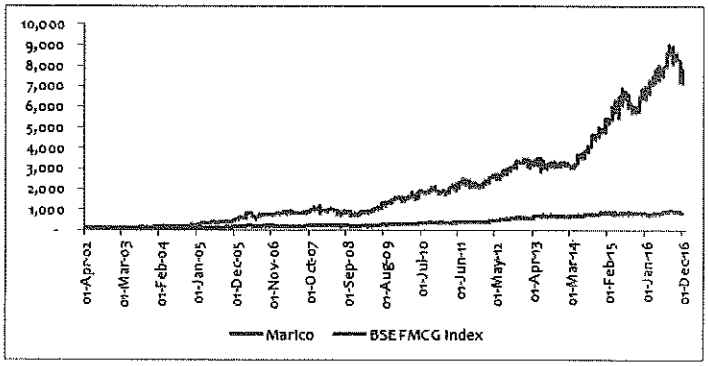


Details of ESOPs as on December 31, 2016:

Details of the Plan	Total Options Granted @	Options Forfeited	Options Exercised	Options pending to be exercised
ESOP Plan 2014	6,00,000	Nil	2,00,000	4,00,000
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	1,01,080	Nil	Nil	1,01,080
Scheme IV under the Marico Employee Stock Option Plan, 2016	7,19,830	Nil	Nil	7,19,830

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 33,681 crore (USD 5 billion) on December 31, 2016. The average daily volume on BSE and NSE during Q3FY17 was about 1,390,087 shares.

Annexure 1-C: Average Market Prices of Input materials

(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
Oct-15	10,575	7,466	1,043	542	35	104
Nov-15	9,908	7,178	1,064	505	33	100
Dec-15	9,527	6,767	1,021	515	31	97
Jan-16	8,709	6,083	1,042	504	30	95
Feb-16	8,490	5,863	1,007	505	30	97
Mar-16	7,844	5,448	978	532	34	102
Apr-16	8,158	5,583	1,002	587	32	106
May-16	7,952	5,306	1,040	586	37	104
Jun-16	7,792	5,285	1,010	589	35	104
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
Q3FY17 vs Q3FY16	-2%	-5%	4%	15%	7%	0%
Q3FY17 vs Q2FY17	16%	17%	4%	-2%	3%	-5%
YTD FY17 vs YTD FY16	-23%	-26%	3%	15%	-9%	-4%

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
Oct-15	15 - 45 ml	34	87	173	185	135	150	130
Nov-15	15 - 45 ml	33	81	160	185	135	150	130
Dec-15	15 - 45 ml	33	81	160	185	135	150	130
Jan-16	15 - 45 ml	31	75	150	185	135	150	130
Feb-16	15 - 45 ml	31	75	150	185	135	150	130
Mar-16	15 - 45 ml	31	75	150	185	135	150	130
Apr-16	15 - 50 ml	30	72	140	185	135	150	130
May-16	15 - 50 ml	30	72	140	185	135	150	130
Jun-16	15 - 50 ml	30	72	140	185	135	150	130
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

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

Coconut Oil					
Parachute	25 ml Free	175 ml	Nov	Extra Volume	National
Parachute	Price off INR 25/-	1 litre	Dec	Price off	National
Edible Oils					
Saffola Total	750 ml Free	5 litre	Oct	Extra Volume	National
Saffola Gold	1 litre Free	5 ltr	Dec	Extra Volume	National
Hair Oils					
Hair & Care	Earphones	200 ml	Oct & Nov	Free Product	National
Hair & Care	Earphone Splitters	300 ml	Nov	Free Product	National
Parachute Jasmine	40 ml Free	200 ml	Dec	Extra Volume	National
Nihar Naturals	40 ml Free	200 ml	Dec	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 61 billion (USD 915 Million) during 2015-16. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Parachute Advansed, Nihar Naturals, Mediker, Revive, Set Wet, Livon, Fiancée, HairCode, Caivil, Black Chic, 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, Dehradun, Poanta 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 a& 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, 6th October City, Egypt, Salheya City, Egypt, Sadaat City, Egypt, and Ho Chin Min City, 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 7.5 crore packs every month to around 7.5 crore households through about 4.6 million retail outlets services by its nationwide distribution network comprising 4 Regional Offices, 32 carrying & forwarding agents (CFAs) and about 5000 distributors and stockists. Marico's distribution network covers almost every Indian town with population over 20,000.

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

	Urban	Rural
Sales Territories	160	55
Town's covered (000's)	4.1	49.0
Distributor	761	-
Super Distributor	-	140
Stockists	-	4,523

Financial Highlights

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance, a CAGR of 16% in Turnover and 19% in Profits in the FMCG business over the past 5 years.

Particulars (Rs/crores)	FY12	FY13	FY14	FY15	FY16
Revenue from Operations	3,980	4,596	4,687	5,733	6,132
Material Cost	2,132	2,210	2,399	3,119	3,061
Personnel Cost	307	381	285	325	364
ASP	426	598	561	650	786
Other Costs	703	869	693	769	858
Profit Before Tax	400	552	695	822	1,034
Net Profit (PAT)	317	396	485	573	725
Earnings per Share (Rs)	5.2	6.1	7.5	8.9	5.6*
Book Value per Share (Rs)	18.6	30.7	21.1	28.3	16.3*
Net Worth	1,143	1,982	1,361	1,825	2,097
EBITDA%	12.1%	13.6%	16.0%	15.2%	17.3%
ROCE %	26%	24%	32%	39%	45%

Note: FY14, FY15 & FY16 financials does not include Kaya. The financials are as per Indian – GAAP.
*EPS and Book Value per Share for the current year 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

Ravin Mody Head – Treasury, IR and M&A (ravin.mody@marico.com)
Darren Lobo Manager – Investor Relations and M&A (darren.lobo@marico.com)

Contents of this Update

1. Financial results and other developments during Q3FY17 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 and Bellezimo Professionale Products Private Limited.

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.