marico

February 9, 2018

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 ended December 31, 2017

Please find enclosed the Information Update on the consolidated financial results of the Company (i.e. Marico Limited and its Subsidiaries) for the quarter ended December 31, 2017.

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**

Hemangi Ghag
Company Secretary & Compliance Officer

Encl: As above

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Marico Limited – Information Update for Q3FY18

(Quarter ended December 31, 2017)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q3FY18	Growth	YTD FY18	Growth
Revenue from Operations	1,624	15%	4,853	5%
EBITDA	302	11%	885	-2%
EBITDA Margin (%)	18.6%	Down 66 bps	18.2%	Down 128 bps
Profit After Tax	221	17%	634	1%
India Volume Growth (%)		9.4%		2%
Overall Volume Growth (%)		7%		1%

In the quarter ended December 31, 2017, Revenue from Operations stood at INR 1,624 crore (USD 250 million), a growth of 15% over Q3FY17.

The India business posted a healthy volume growth of 9.4% and a resilient margin performance. In an uncertain business environment, continued offtake growth coupled with market share gains affirmed the underlying strength of the franchise. Margin headwinds due to persistent inflation in copra prices (up ~91% YoY) was partially offset by the ~10% price increase taken in Parachute Rigids from October 2017 and tighter cost management. Since copra prices are expected to remain firm in the near term, the Company has taken Parachute Rigids' prices up by ~ 11%, effective January 2018.

The International business grew by 9% in constant currency terms, while optical growth was muted due to currency devaluation.

At its meeting held on February 09, 2018, the Board of Directors of the Company has declared an interim dividend of 250% (INR 2.5 per share) on its paid up equity share capital of INR 129.08 crores, up from 200% last year.

Other highlights relating to the quarterly performance are as follows:

- More than 90% of the portfolio continued to witness market share gains.
- **Parachute Rigids** posted a strong mid-teen volume growth (15%) coupled with accelerated gains in market share (up 166 bps during Q3FY18) – medium term guidance of 5-7% growth is in-tact.
- **Value Added Hair Oils** grew by 8% in volumes and continued to gain market share. Slowdown in CSD sales was a drag on the performance. Volume growth ex-CSD was at 11%. **Nihar Shanti Amla Badam** gained ~111 bps in volume market share during the quarter, thereby maintaining its market leadership.
- **Saffola Edible Oils** recorded a subdued Q3FY18. Volumes were flat due to headwinds caused by softness in RM prices of competing edible oils. The Healthy Foods franchise grew by 24% in value terms, which led to a consolidation in the value share of Saffola Masala Oats to 70% (Dec 2017 MAT) in the flavoured oats category.
- **Premium Hair Nourishment** and **Male Grooming** staged a recovery after having declined in the last 4 quarters. The Company cut retail prices in both portfolios commensurate to the change in GST rates, announced in November 2017, to pass on the benefits to the consumers.
- **Bangladesh** continued its good run, growing in double digits (12% in cc terms) in Q3FY18 while **South East Asia** declined by 4% in constant currency terms amidst category slowdown and internal execution issues in Vietnam.
- **MENA** grew by 15% in constant currency terms led by a strong recovery in the Middle East.
- **Input Costs:** During the quarter, the average market price of copra was up by ~21% sequentially and ~91% YoY. Due to a surge in crude oil prices, LLP prices have risen by 28% YoY. Gross margins were down by 521 bps Y-o-Y due to the unrelenting input cost inflation.
- **A&P spends** in the India business was higher by 14% in Q3FY18 on a comparable basis.
- **EBITDA margins** contracted by 66 bps YoY to 18.6%: **India 22.2% & International 14.9%.**

Summary of value growth across Businesses:

Categories/Businesses	Q3FY18	YTD FY18	Share of Group's Turnover basis FY17 results
FMCG Business	**15%**	**5%**	
India	19%	8%	77%
International	1%	-3%	23%

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

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

Brand & Territory	~MS%	Rank	Brand & Territory	~MS%	Rank
Coconut Oils (India) (Parachute, Nihar & Oil of Malabar)	59%	1st	Parachute Coconut Oil (Bangladesh)	87%	1st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	68%	1st	Post wash Leave-On Serums (India) (Livon and Silk-n-Shine)	83%	1st
Hair Oils (India) (Parachute Advansed, Nihar, Hair & Care)	34%	1st	*X-Men Male Shampoo (Vietnam)	40%	1st
Value Added Hair Oils (Bangladesh)	21%	2nd	*Hair Code & Fiancée Gels (Egypt)	53%	1st
*X-Men Men's Aerosol Deodorants (Vietnam)	30%	1st	*Hair Creams/Gels (India) (Set Wet Gels & Parachute Aftershower Creams)	63%	1st
*Saffola Oats (India)	28%	2nd	*X-Men Roll-On Deodorants (Vietnam)	31%	2nd

***Value market shares**

India Business

The India business reported a turnover of INR 1,285 crore (USD 198 million), a growth of 19% over the same period last year. The underlying volume growth for the quarter was at 9.4%.

Wholesale and rural sales, which were the most affected since implementation of GST, seemed to have largely settled down during the quarter. Modern Trade and E-Commerce continued to grow briskly. However, CSD sales remained tepid affecting the performance in the Value Added Hair Oils and Male Grooming portfolios.

The operating margin during Q3FY18 was 22.2% before corporate allocations as against 24.3% for the same period last year. Persistent inflation in copra prices continued to dent margins, which was partially offset by the price increase of ~10% in Parachute Rapids, effected in October 2017, and tighter cost management. 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 20% plus EBITDA margins.

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

Categories	Q3FY18		% of Group's FY17 Turnover
	Value Growth	Volume Growth	
Parachute Coconut Oil (Rigid packs)	41%	15%	25%
Value Added Hair Oils	7%	8%	21%
Saffola (Refined Edible Oils)	-4%	0%	16%

Parachute Coconut Oil – Strong mid-teen volume growth due to multiple tailwinds; Medium term volume growth guidance retained at 5-7% CAGR

Marico participates in the circa INR 5,000 crore* (USD 800 million) branded coconut oil market through Parachute, Nihar and Oil of Malabar. Parachute Rigids (packs in blue bottles) posted a volume growth of 15% in Q3FY18 achieved due to a combination of competitive pricing and initial signs of shift of business from unorganised to organised players due to GST implementation. The Coconut Oil franchise outperformed the category growth, evident from market share gains of 144 bps to ~59%, during the 12 months ended December 2017. Copra prices were up 91% Y-o-Y (21% on a sequential basis) and are likely to remain firm in the near term. **The Company has taken a price increase of ~11% in Parachute Rigids, effective January 2018**. The Company operates in a band of gross margin per unit and will take judicious pricing decisions to maintain a sweet spot between volume growth and margins.

*as estimated by management in December 2017

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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 exerts working capital pressure on marginal players. The increased cost and burden of compliance due to GST has also created an additional squeeze on these players. This has led to accelerated market share gains and better volume growth.

Notwithstanding the near term tailwinds, the company maintains a volume growth guidance of 5-7% in the medium term.

Saffola: Edible Oils posted a flat quarter but medium term volume growth prospects remain promising; Healthy Foods gained further ground; Innovation engine rolls on with the launch of Saffola Active High-Fibre Soups

The Saffola refined edible oils franchise recorded a flat quarter in volume terms. Growth was primarily affected by the softness in raw material prices of competing edible oils. The increased price premiums of Saffola Edible Oils over competing single seed edible oils resulted in the temporary blip during the quarter. We are confident of overcoming the near term challenges through focused marketing initiatives, over the next couple of quarters. The growing consumer trend towards healthier culinary choices and the strong brand equity continue to lend confidence in the medium term potential of the franchise.

Despite a flat growth, the brand maintained its leadership position in the super premium refined edible oils segment with a 68% volume market share on an exit basis.

In Q3FY18, the Healthy Foods franchise grew by 24% in value terms. **Saffola Masala Oats (SMO)** maintained its momentum, on the back of focused inputs and a renewed promotional campaign, which led to a consolidation in its value share to 70% (Dec 2017 MAT) in the flavoured oats category. The recently launched variants of Saffola Masala Oats viz. **Pongal Surprise, Tandoori Magic & Tangy Chaat**, are seeing good traction. The Company's ability to localize the product to suit the Indian palate and drive consumption by increasing the occasions of use besides breakfast to in-between meals as well has been the key catalyst in creating and succeeding in this category. We are expanding the prototyping of **Saffola Masala Oats vending machines** in commercial establishments in metro cities.



Also, we are monitoring the response to **Saffola Masala Cuppa Oats**. Apart from trade, these have also been placed in out of home (OOH) locations in Mumbai. These initiatives fuel consumer trials and repeats.



We are also tracking the initial response to the **Saffola Active Slimming Nutri-Shake**, the meal replacement product offering all essential nutrients that complements the busy urban lifestyle. Launched in early Q3FY18, it is available in select specialty modern trade outlets and E-Commerce.



During the quarter, we further extended Saffola's footprint in the space of Weight management & Fitness with the launch of a range of **Saffola Active Soups** in November 2017, which is currently being prototyped in Mumbai. The delectable high fibre soups (5x Fibre than other soups) boost one's metabolism and help in maintaining a healthier lifestyle. These are available in **5 flavours - Tangy Tomato, Creamy Sweet Corn, Fiery Hot & Sour, Garden Vegetables and Simmering Manchow** in 2 formats – a Single-serve instant soup sachet at INR 10, as well as multi-serve ready-to-cook packs at INR 55.

The Company understands that future growth will come from expanding the category with continuous innovation in product and packaging and is constantly taking definitive steps towards this end.

Value Added Hair Oils (Parachute Advansed, Nihar Naturals and Hair & Care) – Volume growth below expectations due to delay in CSD recovery but market share gains continue; Focus on driving premiumisation-led growth

Value Added Hair Oil brands registered a volume growth of 8% during the quarter. A slowdown in CSD sales was a drag on the performance. Volume growth ex-CSD was at 11%.

Despite this headwind, the Company further strengthened its market leadership by 104 bps to a volume share of ~34% and with a value share gain of 109 bps to ~26% (MAT December 2017).

Nihar Naturals Shanti Amla Badam grew impressively and maintained its market leadership in volume terms within the Amla hair oil category. The gain of ~111bps in market share during the quarter reflects the continued strong growth trajectory. The increased scale of the franchise enables the Company to benefit from operating leverage, despite competitive pricing.

Both **Hair & Care Fruit Oils** and **Parachute Advansed Aloe Vera Enriched Coconut Hair Oil** continued to gain traction.

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

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. As market leaders in the Value Added Hair Oils category, the Company assumes the responsibility of expanding and growing the category. The culture of innovation fostered across the organization, coupled with our ability to understand and cater to the evolving hair nourishment needs of the Indian consumer, should help us in maintaining our "right to win" in Value Added Hair Oils. The Company will continue to focus on offering a variety of sensorial/functional benefits to consumers, thereby driving premiumization-led growth in the category.

Premium Hair Nourishment – Continue offtake growth in Modern Trade and E-Commerce; Focus on driving category growth

During this quarter, Premium Hair Nourishment had a flattish quarter as growth in Livon Serums was offset by the decline in Livon Hair Gain. Continued offtake growth seen in Livon Serums in Modern Trade and E-Commerce bodes well for the portfolio in the medium term.

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 the market leader with a volume share of ~83% (December 2017 MAT), the Company will focus on driving category growth through innovation and consumer engagement.

Male Grooming – Strong Recovery in Set Wet Gels; Outlook remains promising; Launch of Set Wet Hair Waxes

During this quarter, this portfolio grew by 36% in value terms on a comparable basis, led by a sharp recovery in Set Wet Hair Gels.

The value market share of Set Wet Hair Gels currently stands at 58%, constituting circa 55-60% of total Male Grooming Portfolio. While deodorants recorded a flattish performance, the recently launched affordable pocket deodorant, Set Wet Blast (priced at INR 49), experienced good momentum.

Earlier this year, the Company launched **Parachute Advansed Men Range**, a nourishing range of haircare products (Cream and Oil) specially formulated for Men. The brand, on gaining significant traction in Karnataka and Kerala, has been extended to Maharashtra and Andhra Pradesh as well. The Company will keep investing behind the brand in the future.





In Q3FY18, to further strengthen & premiumise our play in the Hair Styling Category, we launched **Set Wet Hair Waxes**. The product has been launched on E-Commerce and in select regions of Mumbai, Punjab, Delhi, Kerala, NER and Haryana, in two size variants – 25 gms and 75 gms packs at INR 75 and INR 225 respectively.

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.

With a reversal in the declining trend of the last 4 quarters, the Company will aim to revive a consistent value growth trajectory in the coming quarter.

Price Reductions in Male Grooming and Premium Hair Nourishment on account of revision in indirect tax rates under the Good & Services Tax (GST)

The Company cut retail prices in the Premium Hair Nourishment (Livon Serums and Livon Hair Gain Tonic), Male Grooming (Set Wet Hair Gels, Set Wet Deodorants and Parachute Advanced Men Hair Creams) and Skin Care portfolios commensurate to the change in GST rates, announced in November 2017, to pass on the benefits to the consumers.

The price correction is expected to provide a fillip to consumption in these categories in the medium term.

Input Costs and Pricing

During the quarter, the average market price of copra was up by 21% sequentially and by 91% Y-o-Y. The annual crop in FY 2018 is expected to be lower by around 20% due the deficient monsoon of 2017. This will cause the price to remain firm. The prices in Q4 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 3% and Liquid Paraffin (LP) was up 28% during the quarter as compared to Q3FY17. HDPE (a key ingredient in packaging material) price was down by 1% as compared to Q3FY17.

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

Like in Q2FY18, rural growth outpaced urban growth. In Q3FY18, Marico's rural sales grew by 26% while urban sales grew by 15% in value terms. This trend is likely to sustain in the medium term with the focus of the Government on strengthening the rural sector, which was further underlined in the enhanced budgetary allocations and initiatives proposed in the Union Budget 2018.

Sales in Modern Trade (10% of the India turnover) grew by 27%, as the new habit of convenience shopping in the modern trade environment take roots. CSD (7% of the domestic turnover) declined by 1%, but showed signs of recovery in the month of December. Recovery in the CSD channel is expected from Q4 FY18.

E-Commerce

With the growing relevance of the Digital marketplace, E-commerce has become an integral pivot of growth. This business grew by 246% during the quarter, albeit on a lower base. This segment is expected to contribute over 1% of the India Business in FY18.

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.

Union Budget 2018

In the Union Budget 2018-19, the Government has put a thrust on enhancing agricultural productivity, increase famer incomes, and improve the state of rural health, infrastructure and education. This augurs well for the consumer goods industry from a medium term perspective.

As part of the changes in the Indirect Tax structure, the import duties on crude and refined edible oils have been increased from 12.5% to 25% and from 20% to 35% respectively. For Marico, Safflower Oil is the main edible oil which is imported. However, over the last few years, we have also developed domestic sources of Safflower Oil through contract farming initiatives. The share of imported edible oil as a percentage of overall edible oil procurement is circa 15%. Therefore, the impact of the same on total procurement cost is limited. Also, given the stock positions that we carry, the short term impact will be minimal.

International Business

The summary of topline performance of the International Business is as under:

Particulars	Q3FY18
Turnover (Rs/Cr)	340
Reported Growth	1%
Constant Currency Growth	9%
Exchange Rate Impact	-8%

During the quarter, Marico's International business grew by 9% in constant currency terms. Bangladesh continued its good run and recovery in the Middle East resumed, while the temporary slowdown in Vietnam was a drag on the performance.

The operating margins (before corporate allocations) are at 14.9% in Q3FY18 as against 16.1% for the same period last year. The Company aims to maintain international margins at ~16-17% and will 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 12% in Q3FY18 (volume growth of 3%).

Parachute coconut oil reported growth of 13% in constant currency terms (volume growth of 1%) during the quarter, while maintaining the leadership position with ~87% market share. The scope of volume growth in coconut oil segment is limited as the category has matured in this market. However, the Company is confident of growing this franchise at a single digit constant currency growth over the medium term on the back of its dominant position.

During the quarter, the Value added Hair Oils portfolio grew 22% in constant currency terms (volume growth of 16%) led by the strong growth in the flagship brand 'Parachute Advansed Beliphool'. Our market share in Value Added Hair Oils has increased by ~323 bps over the last year to 21% (December 2017 MAT). We aim to gain market leadership in this category in the medium term.

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. The Company is leveraging its strong distribution network and learning from the Indian market to quickly scale up its new product introductions in Bangladesh. These products have been accepted well and enable the creation of a portfolio of the future. Consequent to these initiatives, the non-coconut oil portfolio is now circa 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.

Consequently, the Company is confident of delivering a double-digit constant currency growth in the medium term in this geography.

South East Asia (28% of the International Business)

Business in South East Asia (of which Vietnam is a significant contributor) declined by 4% in constant currency terms.

Vietnam declined by 7% in constant currency terms due to a combination of the sluggishness in both of our categories - male shampoos and male deodorants, the time lag till the trade adjusts to the price hike reversal in sachets (implemented in the last quarter) and the higher dependence on wholesale. Despite these headwinds, our market share in Male Shampoos continued to grow steadily this year. The flagship brand 'X-Men' maintained its leadership in the male shampoos and male aerosol deodorants categories. We are taking definitive steps to

rekindle growth in the shampoo category and also investing behind the GTM strategy by cross pollinating best practices from India to set up a top-notch IT backbone to support efficient selling. This is expected to deliver results over the next couple of quarters.

Myanmar continues to grow steadily and is poised to become ~ USD 8 million business by the end of the year.

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

The MENA Business grew by 15% in constant currency terms led by a strong recovery in the Middle East. However, optical topline growth was muted given a partial anniversarisation of the Egyptian currency devaluation.

Hair Code in Egypt and Parachute in Middle East enjoy strong brand equities. However, the macros continue to be tough. As a result, we remain cautiously optimistic about the medium term outlook on these markets.

South Africa (7% of the International Business)

During the previous 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. This completes Marico's play in the ethnic hair care segment.

With the Isoplus performance being integrated for the full quarter, South Africa posted a growth of ~32% in constant currency terms. Excluding Isoplus, the standalone business continued to grow in low single digits in constant currency terms, despite challenging macro-economic conditions.

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

With expansion in adjacent markets such as Sri Lanka, Nepal, Bhutan, exports to diaspora and other markets is expected to contribute ~ USD 12-13 million this year. This business grew by 4% in constant currency terms in the quarter. 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 LIMITED (CONSOLIDATED)

% to Revenues (including Excise Duty)	Q3FY18	Q3FY17	Q2FY18	YTD FY18	YTD FY17	FY17
Material Cost (Raw + Packaging)	53.5	48.3	52.9	53.0	47.9	48.0
Advertising & Sales Promotion (ASP)	8.9	10.5	10.5	9.6	11.7	11.1
Personnel Costs	6.3	6.8	7.0	6.6	6.6	6.8
Other Expenses	12.7	15.2	12.7	12.6	14.3	14.6
PBDIT margins	18.6	19.3	16.9	18.2	19.5	19.5
PBDIT before ASP	27.5	29.7	27.4	27.9	31.2	30.6

(a) The average market price of copra, the largest component of input costs, was 91% higher in Q3FY18 as compared to Q3FY17. Liquid paraffin (LLP) and Safflower Oil was up by 28% & 22% respectively. Rice bran oil and HDPE were down by 3% and 1% respectively. 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 521 bps during the quarter.

(b) ASP spends to sales ratio during the quarter was 8.9%. 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 (Q3FY17) is 9.6% on a comparable basis. The Company expects to operate in a band of 10-11% of Sales over the medium term. This has been revised from the earlier guidance of 11-12% of Sales on account of the following factors: a) A&P expenses now being recognized in the P&L, net of taxes, under the GST regime; b) Improved efficiency in A&P spends achieved through cost savings programs.

(c) Personnel Costs in Q3FY18 grew by 7% over Q3FY17 on account of annual salary revisions offset by lower employee costs in INR terms due to the currency devaluation in Egypt .

(d) The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses).
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.
Other expenses in Q3FY18 are not comparable with the base quarter on account of the following exceptions. On adjusting for these, Other Expenses was higher by **10%** over Q3FY17.

a. Fixed Expenses in the base quarter include realized foreign exchange losses of INR 10 crores for hedging a part of External Commercial Borrowings (ECB) raised for funding the Vietnam acquisition.
b. Expenses now being recognized in the P&L, net of taxes, under the GST regime.
c. Expenses with respect to the Egypt business are lower in INR terms in Q3FY18 due to the significant currency devaluation in Egypt.

Other expenses are likely to remain in the range of 12-14% of turnover in the medium term.

Other Expenses	Q3FY18	Q3FY17	% variation	% variation adjusting for exceptions
Fixed	70.5	81.9	-14%	9%
Variable	136.5	133.8	2%	10%
Total	**207.0**	**215.7**	**-4%**	**10%**

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 FY18 and FY19 is likely to be around INR 100–125 crore (USD 15-19 million).

Depreciation during Q3FY18 was INR 21.3 crore (USD 3.3 million) compared to INR 21.8 crore (USD 3.4 million) in Q3FY17.

Direct Taxation

The Effective Tax Rate (ETR) during Q3FY18 is 24.1% as compared to 29.0% during Q3FY17. ETR in Q3FY18 is lower due to tax deduction 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 6.87 Crore as of 31st December, 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	Q3FY18	Q3FY17
Return on Capital Employed	39.4%	38.7%
Return on Net Worth	32.3%	30.5%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	24	26
- Inventory Turnover (Days)	63	58
- Net Working Capital (Days) including surplus cash	51	54
Debt: Equity (Group)	0.10	0.14
Finance Costs to Turnover (%) (Group)	0.2%	0.3%

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

1. The variation in ratios is due to:
    1. Increase in ROCE was due to working capital efficiencies during the quarter.
    2. 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.
    3. Decrease in net working capital days was primarily on account of lower debtors days and increase in creditor days.

2. The Net Debt position of the Marico Group as of December 31, 2017 is as below:

Particulars (INR Crores)	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016
Gross Debt	272	275	368
Cash/Cash Equivalents and Investments (Marico Ltd: INR 950 Crore. Marico International: INR 207 Crore)	1,157	1,257	1,202
Net Debt/(Surplus)	**(885)**	**(982)**	**(833)**
Foreign Currency Denominated out of the total gross debt	180	165	306
Foreign Currency Debt as a % age of Gross Debt	66%	60%	83%
Rupee Debt out of the total gross debt	92	110	62
Total Debt Payable within One year	253	256	368
Average Cost of Debt (%) : Pre tax	4.4%	4.2%	3.8%

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

3. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at 31st December, 2017 is about INR 885 Crore (Gross debt of INR 272 Crore and Gross Investments of INR 1,157 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 250% on the issued equity share capital of INR 129.08 Crore. In absence of any strategic acquisitions, company will continue to maintain a healthy dividend payout.

Awards

Corporate Awards:

- Marico was ranked **among 100 Best companies for women in India** as per a study jointly conducted by Working Mother, the celebrated gender-parity champion in the United States and AVTAR, the pioneers of Diversity & Inclusion in India.
- Marico was ranked as **#8th Best Workplace in Manufacturing in India** in a study conducted by Great Place to Work Institute, 2018.
- Marico won **12 awards at the INDIASTAR Packaging Awards 2017**, a premier event promoting packaging design, innovation and excellence.

Brand Awards:

- **Saffolalife** won Gold (Best On-going Campaign) and Bronze (Best Integrated Campaign Services and Best Media Innovation Digital Search) at the Advertising Club Emvies 2017.
- **Nihar Shanti** won Gold (Best Media Innovation Radio) and Silver (Best Media Innovation Branded Content) at the Advertising Club Emvies 2017.
- **Saffola Masala Oats** wins 2 Silvers and **Livon** and **Saffola** win 1 Bronze each at the EFFIE Awards 2018.
- **Set Wet Personalized Deo** features in Mintel's Top 10 Innovations list.

Leadership Awards:

- **Mr. Saugata Gupta, MD & CEO,** was ranked #4 in FMCG & #47 Pan-India in the Business Today-PWC list of India's Top 100 CEOs.

2nd Sustainability Report

We are pleased to release the **Sustainability Report for the year 2016-17 "Every Action Makes a Difference"** with the Q3FY18 Information Update. The report has been prepared in accordance with one of the most widely used international reporting frameworks - The Global Reporting Initiative (GRI) G4 guidelines (Core option). Our sustainability agenda constitutes six focus areas which are critical to our business viz., sustainable procurement, product responsibility, future-ready capability building, energy management, water management and waste management.

The Sustainability Report for the year 2016-17 is available on Marico's Website: www.marico.com.

Marico's Growth Philosophy

Over the medium term, 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, the Company has identified 5 areas of Transformation where it will develop top quartile capability, processes and execution excellence ahead of growth - 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

- During the quarter, the trade appeared to have largely settled down. CSD is also expected to return to normalcy from Q4FY18. However, the E-way bill for intra state movements may again create some short term disruptions in the wholesale channel, once operationalized.
- The Union Budget 2018-19 is expected to improve the livelihood and disposable income in the hands of masses, especially in rural India. Green shoots in rural were visible through Q2 and Q3 this year. The Government's focus on agriculture, education, infrastructure, employment generation and healthcare should result in the continuance of this trend over the medium term.
- For Q4FY18 and beyond, the Company retains the target of 8-10% volume growth and healthy market share gains on the back of increased investment in the core portfolio, aggressive new product launches, distribution expansion, judicious pricing and tighter cost management.
- In **Parachute Rigids**, the Company aims to grow volumes in the range of 5-7% in the medium term, although the near term tailwinds have helped garner market share gains from the unorganised market.
- In **Value Added Hair Oils**, the Company aims to return to double-digit volume growth on the back of the core portfolio, driving premiumisation and scale up of new launches.
- While **Saffola Edible Oils** had a flattish quarter, we are confident of overcoming the near term challenges through focused marketing initiatives. We expect a visible recovery in the performance from early next year. . The growing consumer trend towards healthier culinary choices and strong brand equity continue to lend confidence in the medium term potential of the franchise.
- In **Healthy Foods**, the Company will continue to innovate aggressively to cater to the consumer need of tasty and healthy options and aim to build a consistent double digit value growth trajectory over the medium term.
- We expect the **Premium Hair Nourishment and Male Grooming** portfolios to be aided by the price cuts effected on account of GST rate revisions in November 2017. The Company aims to capitalize on the same and maintain the momentum kick-started from this quarter.
- The cost push & increased ASP investment would mean that the operating margins, which had expanded significantly during FY17, may get corrected to 20%+ levels.
- 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 increasing its Digital footprint, to improve consumer engagement, drive sales through E-commerce for the new-age consumers and build data analytics capabilities. Investment in Zed Lifestyle (Beardo) is likely to enhance our capability in E-commerce and salons over the medium term.
- We are aggressively investing in the E-Commerce business and expect it to contribute ~2% of the India Business by FY19.

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** posted double digit constant currency growth on a strong base and is likely to continue the momentum in the near term. The medium term macro prospects look promising. Therefore, the Company will continue to 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. 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 is expected to return from the next quarter as the base will become comparable.
- 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 the business profitably.

- We expect to clock an organic top line growth of 12-15% in constant currency in the near to medium term.
- We aim to maintain the guidance of 16- 17 % operating margins over the medium term.
- With 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 by leveraging the current management bandwidth.

Overall (India + International)

- The Company will aim for a volume growth of 8-10% and a topline growth of 15% plus (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 10-11% of Sales, with a focus on brand building.
- 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, though this may translate into a lower profit growth, the Company has chosen to focus on volume growth over short term profitability. However, we expect to meet our earnings growth guidance over the medium term.
- 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 Q3FY18

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	Q3FY18	Q3FY17	YTD FY18	YTD FY17
1. Segment Revenue (Note 1)				
i. India	1,285	1,081	3812	3,544
ii. International	340	336	1,041	1,070
2. Segment Result				
(Profit before Interest and Tax and exceptional items)				
i. India	271	252	764	808
ii. International	44	49	176	177
3. Segment Result as % of Segment Revenue (PBIT) (Note 2)				
i. India	21.1%	23.3%	20.0%	22.8%
ii. International	13.0%	14.6%	16.9%	16.5%
4. Capital Employed (Segment Assets - Segment Liabilities)				
i. India **(refer Note 3 below)**			1,002	766
ii. International			661	668

Note 1: The increase in the Segment Revenue of the India business in Q3FY18 was on the back of a volume growth of 9% and price increases in the Parachute Rigids portfolio.

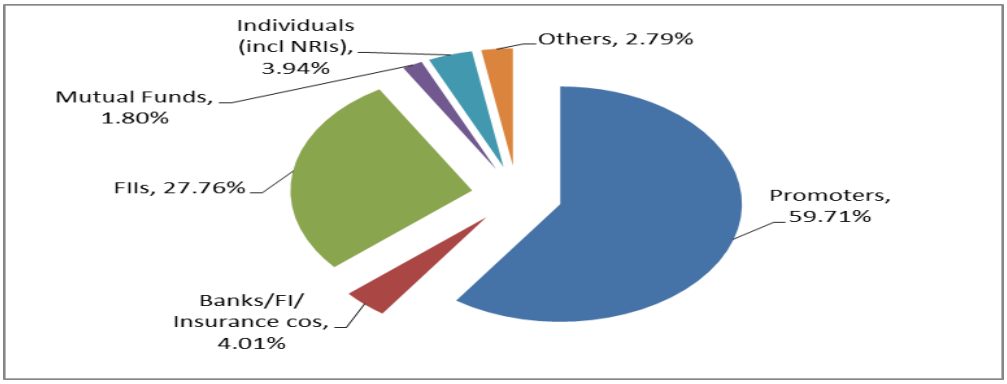
Note 2: The Segment Result as a % of Segment Revenue of the India business decreased in Q3FY18 due to significant increase in the input costs.

Note 3: 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.

Note 4: 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, 2017 is as given in the graph below:

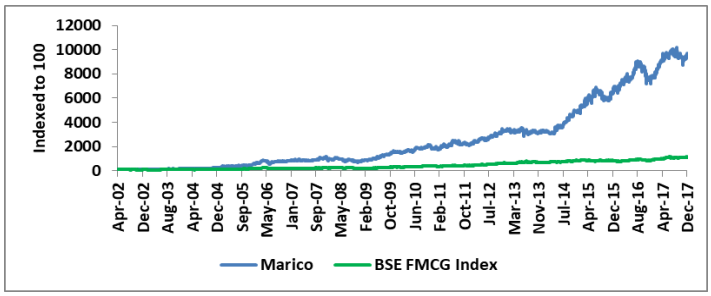


Details of ESOPs as on December 31, 2017:

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
MD-CEO ESOP Plan 2014 – Scheme 1	93,200	Nil	Nil	93,200
Schemes under the Marico Employee Stock Option Plan, 2016	2,746,730	180,290	Nil	2,566,440

Options pending to be exercised are ~ 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 41,627 crore (USD 6.4 billion) on December 31, 2017. The average daily traded volume on BSE and NSE during Q3FY18 was ~839,149 shares.

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**
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	574	39	101
Aug-17	14,472	10,560	1,320	606	39	97
Sep-17	15,996	11,826	1,302	641	38	97
Oct-17	16,078	12,043	1,287	563	42	99
Nov-17	16,936	12,513	1,281	597	46	99
Dec-17	19,132	14,172	1,409	583	48	101
Q3FY18 vs Q3FY17	**76%**	**91%**	**22%**	**-3%**	**28%**	**-1%**
Q3FY18 vs Q2FY18	**19%**	**21%**	**4%**	**0%**	**17%**	**1%**
YTD FY18 vs YTD FY17	**70%**	**82%**	**16%**	**-4%**	**21%**	**-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-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
Oct-17	20 - 50 ml	36	89	175	195	130	150	130
Nov-17	20 - 50 ml	36	89	175	195	130	150	130
Dec-17	20 - 50 ml	36	89	175	195	130	150	130

Annexure 1-E: Key Consumer Offers in the India Business run during the quarter

Edible Oils					
Saffola Active	1 ltr Free	5 litres	Oct	Extra Volume	National
Saffola Gold	1 ltr Free	5 litres	Nov	Extra Volume	National
Saffola Gold	Rs. 20 Price off	1 litre	Nov	Price off	National
Saffola Total	1 ltr Free	5 litres	Dec	Extra Volume	National
Foods					
Saffola Masala Oats	Lipton Green Tea Free	400 gm	Dec	Lipton Green Tea Free	National
Hair Oils					
Hair & Care	20 ml Free	200 ml	Dec	Extra Volume	National
Nihar Shanti Badam Amla	Soap Free	300 ml	Dec	Soap Free	National
Nihar Naturals	20% Extra	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 59 billion (USD 886 Million) during 2016-17. 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, Isoplus, Code 10, Ingwe, X-Men, and Thuan Phat. 90% of Marico's portfolio of brands occupies leadership positions in their respective categories. Marico's products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South and Sub-Saharan Africa, Malaysia, Myanmar and Vietnam.

Marico's own manufacturing facilities in India are located at Kanjikode, Perundurai, 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

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 Q3FY18 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.

In this note, figures mentioned in USD have been translated basis INR/USD rate of 65, being the average rate for the quarter.

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

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

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

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

All the aforesaid information is also available on Marico's Website: www.marico.com. In view of this, information contained in such updates is made public and thus not therefore 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.