marico
make a difference

January 30, 2016

The Secretary,
BSE Limited,
1st Floor, Phiroze Jeejeebhoy
Towers, Dalal Street,
Mumbai – 400001
Scrip Code: 531642

The Manager,
Listing Department,
National Stock exchange of India Limited,
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400051
Scrip Symbol: MARICO

Dear Sir/Madam,

Sub: Information Update

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, 2015.

This is for your information and record.

Thank you,

For **Marico Limited**

BRanparia

Bhaveka Ranparia
Asst. Company Secretary

MARICO LIMITED marico MUMBAI

Encl: As above

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Marico – Information Update for Q3FY16 (Quarter ended December 31, 2015)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q3FY16	Growth	YTD FY16	Growth
Revenue from Operations	1,556	7%	4,825	7%
EBITDA	294	24%	846	21%
EBITDA Margin (%)	18.9%		17.5%	
Profit After Tax	198	24%	586	27%
India Volume Growth (%)		10.5%		7%
Overall Volume Growth (%)		10%		6%

During the quarter, Marico delivered a healthy volume growth of 10%, a significant improvement over H1FY16. Revenue from Operations of INR 1,556 crore (USD 235 million) grew by about 7% over Q3FY15. The India business recorded a robust volume growth of 10.5% while the International business posted a constant currency top line growth of 8%.

At its meeting held on January 30, 2016, the Board of Directors of the Company has declared a second interim dividend of 150% (INR 1.50 per share) on its post bonus paid up equity share capital of Rs. 129 crores.

Other salient points relating to the quarterly performance are as follows:

- **Double digit volume growth at a Group level** after 9 quarters. The volume growth is 11% (excluding the recently divested Beauté Cosmétique Societé Par Actions (BCS) business numbers from the base)
- Saffola regained its growth momentum, registering a healthy volume growth of 17%
- Strong double digit volume growth of 21% in Value Added Hair Oils franchise in India
- Continued share gain in VAHO in India - share gain in value (198 bps) and volume (204 bps)
- International Business grew by 10% in constant currency terms in Q3 FY16 (excluding the recently divested BCS business numbers from the base). **All international geographies grew** in constant currency terms in this quarter- near term outlook is positive for all geographies.
- Market share gains continue in more than 80% of the portfolio; almost the entire India portfolio gained share.
- Gross margins expanded by 633 basis points in a deflationary environment.
- Aided by gross margins, EBITDA margins expanded to 18.9% (Marico India 23.3% and Marico International 20.8% (before allocation of corporate overheads))

Summary of value growth across Businesses:

Categories/Businesses	Q3FY16	YTD FY16	Share of Group's Turnover basis FY15 results
Group	**7%**	**7%**	
India FMCG Business	7%	8%	78%
International FMCG Business	9%	5%	22%

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)	57%	1st	Parachute Coconut Oil (Bangladesh)	82%	1st
Saffola (Refined Oils) – Super Premium Refined Oils in Consumer Packs (India)	60%	1st	Post wash Leave-On Serums (India) (Livon and Silk & Shine)	79%	1st
Hair Oils (India) (Parachute Advansed, Nihar, Hair & Care)	30%	1st	*X-Men Men's Shampoo (Vietnam)	38%	1st
Value Added Hair Oils (Bangladesh)	15%	3rd	*Hair Code & Fiancée Gels/Cream (Egypt)	58%	1st
Deodorants (India) (Set Wet and Zatak)	3%	7th	*Hair Creams/Gels (India) (Set Wet and Parachute After shower)	52%	1st
*Saffola Oats (India)	25%	2nd	Parachute Advansed Body Lotion (India)	6%	5th

***Value market shares**

Note: All numbers mentioned in INR in this note are converted to USD basis INR/USD of 66, being the average rate for the quarter.

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India Business

The FMCG Business in India achieved a turnover of INR 1,215 crore (USD 184 million) during the quarter, a growth of about 7% over Q3FY15 on the back of a healthy 10.5% volume growth. The Business continues to gain market share in more than 95%of the portfolio.

The volume growth was bolstered by the strong growth in the Saffola Edible Oil portfolio after 5 quarters of muted growth and the healthy growth in the Value Added Hair Oil portfolio this quarter. Shift in festival season from Q2 LY to Q3 CY also aided the volume growth. This quarter saw an overall deflation of 4% on account of the price cuts taken due to the fall in copra prices and the variant mix change in the Saffola Edible Oil portfolio.

The operating margin during Q3FY16 was 23.3% before corporate allocation. Higher operating margins can be attributed mainly to gross margin expansion led by softer inputs costs. The Company believes that an operating margin for the India business in the band of 18% to 19% is sustainable in the medium term.

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

Categories	Q3FY16		YTD FY16		% of Group's FY15 Turnover
	Value Growth	Volume Growth	Value Growth	Volume Growth	
Marico India	7%	10.5%	8%	7%	78%
Parachute Coconut Oil (Rigid packs)	-1%	4%	8%	7%	27%
Value Added Hair Oils portfolio	20%	21%	17%	13%	19%
Saffola (Refined Edible Oil)	15%	17%	9%	8%	14%

Parachute and Nihar – *YTD growth in line with Medium term growth aspirations –Market Share gains*

Marico participates in the INR 4,500 crore (USD 682million) branded coconut oil market through Parachute and Nihar. Parachute's rigid portfolio (packs in blue bottles), recorded a volume growth of about 4% for Q3FY16 over Q3FY15. At the beginning of the quarter, the company had initiated a 6% price reduction. During the quarter, the commodity prices kept dropping. The prices have come down by 28% as compared to Q3FY15 and by 8% as compared to Q2FY16. In response, the company responded with tactical measures to protect the consumer franchise. As the price discovery for the consumer takes time due to pipeline stocks, the volume growth during the quarter was lower at 4% compared to H1FY16. However, the franchise has outperformed the category growth, which is evident from the fact that during the 12 months ended December 2015, Parachute along with Nihar increased its market share by more than 44 bps to 57%.

Further, in line with its philosophy to protect the consumer franchise & maintain the volume momentum, in January 2016, the Company has further taken a weighted average MRP correction of 6% across SKU's after observing fall in copra prices over the past few months.

The non-focused part of the portfolio (mainly pouch packs) has managed to stem the volume decline this quarter.

Of the total coconut oil market, approximately 35-40% 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.

In the near term, the deflation in copra is likely to continue. The company will judiciously respond to such a scenario by making proactive price corrections. The transition due to pricing actions is likely to lead to volatility in volume growth. Depending upon the speed and extent of the deflation, the company expects to deliver a volume growth of 5-7% in the near term.

Saffola: Super premium refined edible oils and breakfast cereals – *The continued focus on implementing new strategy leads to strong double digit growth, Foods continue to fuel growth, innovation continues with launch of new flavours.*

The Saffola refined edible oils franchise demonstrated a healthy 17% growth in volume terms during Q3FY16 over Q3FY15.

Key factors which have led to the growth acceleration:

- Broader participation through different variants targeting a wider consumer base.
- Selective pricing intervention across all variants in key markets aimed at broad-based growths in all variants.
- Uptrend in prices of other base oils helping reduce price premium of Saffola

In line with the Company strategy of not sacrificing long term growth for short terms gains, Marico did not take any pan India pricing action on the portfolio. Over the medium term, we are also looking at the innovation pipeline. Since most of the actions being taken are being addressed for long term sustainability, we feel that the past is behind us now and we can expect growths in line with our medium term outlook in the coming quarters.

The brand gained market share by 318 bps and further strengthened its leadership position in the super premium refined edible oils segment to 60% during the 12 months ended December 2015.

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 25%. Saffola Masala Oats has launched two new exciting flavours viz. "Chinese and Italian" during January 2016 in the market. These flavours have been developed keeping in mind that consumers crave for novel and exciting flavours during snacking occasions and should help us strengthen Marico's hold in the Flavoured Oats category further. The brand has also signed on celebrity chef Kunal Kapoor as its brand ambassador to partner with the brand in creating many more superior product offerings for the consumers. Focus on value added offerings in the oats segment has enabled the Company to capture 67% value share in the flavored oats market on a MAT basis. The portfolio is consistently gaining share with Q3FY16 value market share of 71%. The franchise is well poised to achieve INR 120 Crore (USD 18 million) landmark this year. 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 continues to focus on improving the margins in this franchise with focused cost management initiatives in order to ensure sustainable profitable growth.

The company is confident of reaching a top line milestone of INR 200 Crore by FY18.

Value Added Hair Oils (Parachute Advansed, Nihar Naturals and Hair & Care) – *Continued double digit growth and MS consolidate*

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew handsomely registering a 21% volume growth during Q3FY16 over Q3FY15. The volume growth was further aided by shifting of festive season from Q2 LY to Q3 CY. Marico continues to grow faster than the value added hair oils market of INR 5,800 crore (USD 879 million). Consequently, during the quarter, the Company further strengthened its market leadership by 204 bps to 30% volume share (for 12 months ended December 2015) and with value share gain of 198 bps to 24% for the same period. Going forward, the Company will continue its focus on premiumization to drive growth in the category.

Marico has got a strong bouquet of products in Value Added Hair Oils with three brands (Nihar Shanti Amla, Parachute Advansed Jasmine & Nihar Naturals) crossing INR 250 Crores (USD 40 million) of turnover individually. Together, the value added hair oil franchise is now more than INR 1000 crores (USD 164 million). Nihar Naturals Hair Oils Franchise is now more than INR 500 crores.

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Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 37% for the 12 months ended December 2015 in the Amla hair oil category (MAT Q3FY15: 31%). The exit market share of Nihar Shanti Amla was more than 38% reflecting a continued strong trajectory of growth. The increased scale of the franchise enables the Company to benefit from operating leverage thereby improving net margins despite competitive pricing. A new Rs. 5 spout pack is being prototyped in Northern Rural India.

Nihar Naturals Sarson Kesh Tel, a value added mustard oil targeting loose mustard pool was launched across markets in North and parts of East India after promising results from the prototype in Rajasthan.

Parachute Advansed Aloe Vera Enriched Coconut Hair Oil, was launched in the Maharashtra market in June 2015. The product is aimed to provide the perfect balance of sensorial and hair nourishment to the consumer. Prototype performance yet to meet action standards.

Hair Fall Control (likely to cross turnover of circa INR 60 crores (USD 9 million) in FY16)

- Parachute Advansed Ayurvedic Oil, with presence in southern states, continues to grow rapidly.
- The latest prototype in hair oil space under the Hair fall control category, Parachute Advansed Ayurvedic Gold Hair oil was launched in Maharashtra in September 2015. The product has a different formulation from the Parachute Advansed Ayurvedic Oil to have a more broad-based play in the Anti-Hair fall Segment across India.

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. There is also an emergence of new age hair oils in the developed markets that 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.

Mass Skin Care: Parachute Advansed Body Lotion – *Gaining traction despite delayed winter*

Despite muted growth in the category due to late winter, Parachute Advansed Body lotion grew in volume terms by 9% in Q3FY16 as compared to Q3FY15.

Body Lotion is an INR 1,000 crore (USD 154 million) category with penetration levels below 20% in India. The Company plans to increase its participation in the skin care segment by improving distribution and awareness about body lotion in longer term.

Youth brands – *Hair Gels gaining MS aggressively; Livon restage results under observation; Deodorants set for renovation with new brand ambassador*

The Youth brands portfolio plays in three categories i.e., Hairs Gels, Leave-in serums and Deodorants. The Set Wet gels and Livon portfolio (which also consists of a hair gain tonic) forms 3/4th of the Youth portfolio. The Company is focusing on expanding these high margin categories, while maintaining share in the cluttered deodorants category (1/4th of the Youth Portfolio).

Set Wet Gel brand was re-launched in Q4 last year. Riding on focused brand building efforts, new pack and expanded distribution the portfolio continued to grow handsomely in double digits in the 3rd quarter too. It has also been gaining market share consistently which is testimony to the effectiveness of the revamped strategy. The market share has grown by 854 bps in last 9 months and currently stands at 52%.

The Deodorants portfolio continues to be under pressure due to hyper-competitiveness in the category. The company is in the process of a complete revamp which entails new product, refreshed packaging and positioning. Ranveer Singh, a famous cine actor popular with the Youth, as the brand's ambassador, will act as a force multiplier helping Deodorants get back lost volumes and market share. The refreshed new product will be in the market by February, 2016.

Livon Franchise declined in Q3 FY 16 over same quarter last year. The Livon Hair Gain franchise got impacted by counterfeits (especially in the E-Commerce channel) and the resultant loss in credibility in the Hair Gain segment.

The Brand launched its new communication showcasing real life consumer experiences with the objective to build credibility about the product's efficacy. Launched in November, the communication helped the brand regain volumes in December. The anti-counterfeit measures on the pack were also strengthened with the introduction of Unique Identification Number on each pack.

In order to revive the growth in Serums category, the Company restaged Livon Serum in the previous quarter. Key pillars of the restage include a better formulation, refreshed packaging, celebrity brand ambassador, new communication campaign and low unit packs at Rs 5. The results of the restage are being closely monitored – however, it will take couple of quarters to gain growth momentum.

Overall, the Youth brands portfolio declined by 8% in value terms. However, with the initiatives taken in last 2 quarters, medium term growth prospects in this portfolio remain positive.

The Hair Gels and Creams (Set Wet and Parachute) and Leave-in Conditioners (Livon and Silk and Shine) now have 52% and 79% share in their respective categories. These categories 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 well poised to innovate and grow the market.

Input Costs and Pricing

During the quarter, the average market price of copra was down by 8% sequentially and 28% Y-o-Y owing to better arrivals at the end of peak season.

The market price of the other key inputs, Rice Bran oil was up 7% and Liquid Paraffin (LP) was down 35% during the quarter as compared to Q3FY15. The drop in crude oil price has resulted in LLP prices being down by 16% compared to Q2 FY16. HDPE (a key ingredient in packaging material) price was down 14% compared to Q3FY15.

The Company derives comfort and confidence from the pricing power that its brands enjoy. The Company would continue to exercise a bias for franchise expansion as long as margins remain within a band and do not fall below a threshold at the overall business level.

Markets/Distribution Channels

In General Trade segment, Marico's rural grew by 7% and urban sales (general & modern trade) grew at 6%. The continued focus on distribution expansion in rural markets has pushed the Company's rural sales to 33% of total India sales in FY15. In rural, incremental direct coverage provides an ideal platform to enhance the reach of the Value Added Hair Oils portfolio. As a step towards increasing rural reach, the Company is prototyping INR 5 spout pack of Nihar Shanti Amla in rural India.

Sales in Modern Trade (9% of the India turnover) continued the good run with growth of 20% in Q3FY16. CSD and Institutional sales (7% of the India turnover) grew at 1% in Q3FY16 largely due to correction in inventory holding period by CSD.

Project ONE (Outlet Network Expansion) was conceived with an objective of increasing Marico's direct coverage in its top 6 metros. The project improved direct coverage in these cities by 60%. Project ONE has significantly augmented the reach of the Company's brands by improving assortment and availability at the outlet. It gives retailers convenience of service and access to promotions. With the coverage objective achieved, the initiative has been merged into regular distributor coverage. The project has resulted in optimizing distributor sales and store delivery apart from reducing service costs to these stores. Incremental Turnover coming through Project ONE is on track and is expected to do an annualized business of INR 65-75 crore (USD 10-12 million) by the end of FY16. The Company has expanded the coverage of this initiative to the next level of 14 towns.

Robust IT infrastructure is a backbone of any successful sales system and towards that, the Company has embarked on a journey to refresh and reconfigure its point of sale IT infrastructure and Distributor Management system. This would enable the Company to improve visibility, sales force productivity and strengthen commercial controls. The new sales system was tested successfully and will be rolled out across the country over next six months. This system will give the Company a strong back bone for data and analytics and facilitate better execution in market.

Further, the Company has embarked on a technology driven collaboration platform with its customers. The new Order Management Execution Platform enables automatic ordering through system which will help to drive right inventory and service levels. The usage of this platform has been rolled out across India. The prototype on use of Advanced Analytics to predict store level assortment in one of the major cities is underway. The results have been encouraging and the pilot has been extended to the complete city in January 2016. This will enable us to manage a higher span roll out in the future.

As e-commerce takes off in India, the Company has taken definitive steps to stay ahead of the curve and has identified and appointed dedicated resources for e-commerce. As a result of these initiatives, Company has been able to double its presence in e-commerce channel over last six months.

International Business

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

Particulars	Q3FY16	YTD FY16
Turnover (Rs/Cr)	341	1,056
Reported Growth	9%	5%
Constant Currency Growth	8%	2%
Exchange Rate impact (Favorable)	1%	3%

Marico's International business delivered double digit volume growth after fourteen quarters. The constant currency Growth for Q3FY16 and YTD FY16 was 10% and 3% respectively excluding the sales of the divested BCS business in Vietnam from the base. The Core markets delivered good growths with MENA growing at 45%, South East Asia (Excluding divestment of BCS) at 9% and South Africa at 8% on constant currency basis. Bangladesh, too returned to the growth path with a modest uptick of 1% during the quarter. The plan of expansion in adjacent markets such as Pakistan, Cambodia, Myanmar, Sri Lanka, North & East Africa etc., is largely on track except Nepal, where the company is facing short term headwinds due to border blockade. Overall, the strategy of focusing on strengthening the core and investing behind capabilities seems to have started showing positive results.

The operating margin (before corporate allocations) significantly improved to 20.8% in Q3 FY16 as against 17.6% in Q3FY15. The higher margin in this quarter can be attributed to softer commodity prices. The Company shall endeavor to maintain international margins in the region of 16-17% and continue to invest and plough back savings to drive growth.

Bangladesh (45% of the International Business)

The Bangladesh business reported a constant currency topline growth of 1% in Q3FY16.

Parachute coconut oil de-grew by 5% in constant currency terms due to price correction (positive volume growth) but still maintained leadership position with 82% 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. However, the coconut oil franchise continues to have a larger share of the business and needs to continue to grow. Therefore the Company has initiated another price correction in small packs (100ml and 200ml) in January, 2016 in the coconut oil portfolio to perk up growth in this category. Thus far, this has resulted into an overall price cut of circa 10% across SKU's.

During the quarter, the Company's value added hair oils portfolio grew at a rate of 18% in constant currency terms. New packaging has been introduced for 'Nihar Shanti Amla' in order to make the brand perceived as modern and premium.

In the last couple of years, the Company has made significant investments to expand its non-coconut oil portfolio such as Value Added Hair Oils (VAHO), Hair Dyes, Deodorants, Leave-in conditioners and Premium Edible oils. These products have been accepted well and are expected to create a portfolio of the future in Bangladesh. During Q3 FY16, the non-coconut oil portfolio grew at a rate of 28% in constant currency terms.

Consequent to these initiatives, the non-coconut oil portfolio is now circa 20% of the total business in Bangladesh as compared to 10% three years back. The new launches offer a substantial proposition for future roadmap in Bangladesh. The Company expects to leverage its strong distribution network and learning from the India market to quickly scale up its new product introductions in Bangladesh. From FY17 onwards, more than 80% of the incremental growth in the Bangladesh business is expected to come from the non-coconut oil portfolio backed by modest growth in core coconut oil business.

Middle East and North Africa (18% of the International Business)

The MENA business on an overall basis grew by 45% (constant currency basis) during Q3FY16 as compared to Q3FY15.

In the Middle East business, the Parachute franchise of Hair Oils and Creams was re-launched with improved formulations and packaging. It targets the Arab consumers who are looking for nourishment & problem solutions in modern contemporary formats. The Business continued its positive momentum and grew on constant currency basis by 41% in Q3FY16. In addition to growth in current quarter, the business has grown in double digits in all the quarters in FY15 & FY16. The business has reported operating profits for the quarter and is likely to break even for the year. This trend of improvement is expected to continue and the management expects the business to become consistently profitable by FY17.

The Company had undertaken a distribution transition in Egypt in the second half of FY15. The transition was aimed at eliminating dependence on a single distributor and achieving better go-to-market (GTM) model for realizing the maximum distribution potential. Many transformational benefits such as increased direct distribution, improved retail selling and reduced working capital requirement resulting in lower credit risk have started to accrue. The transformation has now started to yield results starting this quarter; the business grew by 50% in constant currency over Q3 FY15, albeit on a lower base. During the quarter, Hair Code Gel was also re-launched with improved formulation and new packaging. The initial response is encouraging.

South East Asia (26% of the International Business)

Business in South East Asia (of which Vietnam is a significant contributor) grew by 3% in constant currency terms. On a like to like basis (without considering BCS, which was divested during Q1FY16), the constant currency growth was 9%. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. Over the medium term, the Company remains well poised to participate in the category growths when economic growth picks up.

The Company continues to scale up its presence in neighboring countries like Malaysia and Myanmar. Myanmar is poised to be a USD 6 million by end of the year. Myanmar Kyats (MMK) has depreciated by 27% over last 9 months putting pressure on margins and value growth.

South Africa (8% of the International Business)

The business reported a constant currency growth of 8% during the quarter despite challenging macro conditions. The rapidly depreciating South African Rand (ZAR), however, impacted the top line growths.

The Company plan for entering sub-Saharan African markets organically is largely on track. We have commenced exports to four countries. Demand for company's products has improved in Kenya during the festival season. Plans for entry in other markets are on track. We believe these markets are "Invest to Grow" markets and will be backed by adequate marketing initiatives.

Note: The country wise contribution to International Business revenue is based on FY15 turnover.

OPERATING MARGIN STRUCTURE FOR MARICO FMCG Business

% to Sales & Services (net of excise)	Q3FY16	Q3FY15	Q2FY16	YTD FY16	YTD FY15	FY15
Material Cost (Raw + Packaging)	48.2	54.5	50.7	51.1	55.0	54.4
Advertising & Sales Promotion (ASP)	12.1	10.5	14.6	12.5	11.4	11.3
Personnel Costs	5.9	5.4	5.7	5.6	5.5	5.7
Other Expenses	15.0	13.2	13.4	13.3	12.6	13.4
PBDIT margins	18.9	16.3	15.5	17.5	15.5	15.2
PBDIT before ASP	30.9	26.8	30.1	30.0	26.9	26.5

(a) The average market price of copra, the largest component of input costs, was 28% lower in Q3FY16 as compared to Q3FY15. Also, the market prices of liquid paraffin were 35% lower as compared to Q3FY15. The market price of safflower oil was up by 11% and rice bran oil was up by 7%. The consumption prices may differ from market prices depending on the stock positions the Company has taken. On an overall basis, the gross margins improved by 633 bps during the quarter.

(b) Overall increase in ASP spends during the quarter was 23%. Significant part of the overall ASP was invested behind new products such as Value Added Hair Oils, Foods and Youth portfolio in India. ASP investments were higher across businesses. The Company intends to plough back savings from lower commodity costs partially into business through higher advertising spends 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 Q3FY16 increased by 17% over Q3FY15 on account of annual increments & capability building in South East Asia & Bangladesh business, which got partially offset by reduction in cost of personnel associated with the divested BCS business.

(d) The other expenses include certain items which are variable in nature (almost 3/4th of other expenses). Other expenses are likely to remain in the range of 12-15% of Turnover in the medium term.

a. Fixed Expenses include items such as rent, legal and professional charges, foreign exchange losses and donation. The incremental hit on account of realized foreign exchange losses during the quarter is INR 22 crores, significant part pertains to hedging part of ECB loan taken for funding ICP acquisition. Excluding the same, other fixed expenses have increased by 7% largely due to increased Legal & Professional charges.

b. Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, input and output taxes etc. The variable expenses have increased by 11% on account of freight, other rates & taxes and contract manufacturing charges which is line with the volume growth.

Other Expenses	Q3FY16	Q3FY15	% variation	YTD FY16	YTD FY15	% variation
Fixed	80.1	54.1	48%	201.5	150.4	34%
Variable	153.0	138.4	11%	440.6	417.4	6%
Total	233.1	187.6	21%	642.1	567.7	13%

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 FY16 and FY17 is likely to be around INR 100–125 crore (USD 15-19 million).

Depreciation during Q3FY16 was INR 24.7 crore (USD 3.7 million) compared to INR 23.5 crore (USD 3.6 million) in Q3FY15. The increase is on account of regular depreciation in the current quarter.

Direct Taxation

The Effective Tax Rate (ETR) during Q3FY16 is 28.5% as compared to 25.7% during Q3FY15. The increase in the ETR is primarily due to the higher incidence of tax on dividend received from MBL (300% of paid equity share capital of MBL in Q3FY16 as compared to no dividend in the base quarter).

The expected ETR during FY16 and FY17 could be around 29-30%. 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 77 Crore as of 31st December, 2015 is expected to be utilised by the Company over the next 3 to 4 years, starting with the current fiscal (total utilization of INR 36 Crore in YTD FY16).

Capital Utilization (Marico Group)

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

Ratio	Q3FY16	Q3FY15
Return on Capital Employed	43.0%	38.9%
Return on Net Worth	34.9%	37.6%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	19	20
- Inventory Turnover (Days)	48	55
- Net Working Capital (Days) including surplus cash	44	40
Debt: Equity (Group)	0.17	0.34
Finance Costs to Turnover (%) (Group)	0.4%	0.4%

* Turnover Ratios calculated on the basis of average balances

1. The variation in ratios is due to:
    1. ROCE has improved on account of increase in EBIT being higher than increase in Capital Employed.
    2. RONW has decreased due to higher cash surplus as against Q3 FY15.
    3. Decrease in inventory days is on account of deflation in key material prices.
    4. Increase in net working capital days is primarily on account of cash surplus.

2. The Net Debt position of the Marico Group as of December 31,2015 is as below-

Particulars (INR/Cr)	Dec 31, 2015	Sep 30, 2015	Dec 31, 2014
Gross Debt	374	376	567
Cash/Cash Equivalents and Investments (Marico Ltd: INR 736 Crore. Marico International: INR 260 Crore)	1,138	996	639
Net Debt/(Surplus)	**(764)**	**(620)**	**(72)**
Foreign Currency Denominated out of the total gross debt (55% of Gross Debt hedged) (Also refer to Note 4 below)	367	367	459
Foreign Currency Denominated : Payable in One Year	267	268	232
Foreign Currency Debt as a % age of Gross Debt	98%	98%	81%
Rupee Debt out of the total gross debt	7	9	108
Rupee Debt : Payable in One Year	7	9	108
Total Debt Payable within One year	275	278	340
Average Cost of Debt (%) : Pre tax	2.3%	2.3%	4.4%

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

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 Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports. Hence the MTM differences are routed through the balance sheet (Hedge Reserve) rather than the income statement. (Also refer note 5 below)
4. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
5. 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, the net unrealized loss of INR 44.5 Crores as at December 31, 2015 (INR 83.2 Crores as at December 31, 2014) 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 Q3FY16 due to hedging of USD 12 million ECB is INR 25.6 Crore (USD 3.9 million) (also refer paragraph (d) under the section of Operating Margin Structure).
6. During the current year, the Company continues to generate steady cash. The net surplus of the Group as at 31st December, 2015 is about Rs. 764 Crore (Gross debt of Rs. 374 Crore and Gross Investments of Rs. 1138 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 150% on the enhanced equity share capital of Rs. 129 Crore.

Awards

Corporate Awards:

- Marico won the "**Best Domestic Company for Corporate Governance**" across sectors in a poll conducted by Asiamoney. The company would like to thank its investors and analysts who have shown faith in the company management.
    - Amongst the sub-categories in the poll conducted by Asiamoney, Marico was ranked **1st in Corporate Governance, Disclosure & Transparency and Investor Relations.**
- Marico was recognized for **Excellence in Corporate Governance** by 15th ICSI National Awards.
- An Analytics project which automated internal performance review through **Visual Descriptive Analytics Dashboards (Project Prime 1)** won Silver at the NITIE Avartan Lakshya awards.

Brand Awards:

- **Saffolife #ProtectHerHeart** won Gold at the India PR & Corporate Communications Awards.
    - Marico Brands won 4 EFFIES – 1 Gold and 1 Silver for **Saffolalife World Heart Day Initiative** , 2 Silvers for **Saffola Fit Fooodie**
- **X-men** deodorant was awarded the 'Best Male Deodorant' in the 'Elle Man Grooming Awards 2015' in Jan 2016 based upon votes given by local experts.

Other Updates

The Company acquired 45% stake in Bellezimo Professionale Products Private Limited, a joint venture operation, from October 21, 2015. Accordingly, the financial statement of the entity to the extent of 45% forms part of consolidated financial result for the quarter & nine months ended December 31, 2015 from the said date.

Marico's Growth Philosophy

Marico aspires to be an admired emerging market MNC with leadership in two core categories of nourishment and male styling in two continents – Asia and Africa. Over the next three years, Marico will take definitive steps to meet this aspiration by seeking to win amongst consumers, trade and talent. Towards this goal of 2018, the Company has identified 5 areas of Transformation where it will develop top quartile capability and processes. 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.

Short / Medium Term Outlook

Marico India

- 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. In the short term, however, given the deflation, the top line growth may be subdued.
- Given significant deflationary pressures, the volume growth in Parachute Rigid may remain volatile, although, in the short term, the company will strive to achieve a volume growth of 5-7%
- Saffola is likely to grow by circa 10% in the medium term due to combination of wider participation and selective pricing inputs.
- The Foods franchise is expected to contribute up to INR 200 Crore (USD 32 million) by FY18. This translates to aggressive growths in the coming two years.
- New launches / prototypes in value added hair oils space will aid in premiumizing the Company's offering and will further strengthen its Value market leadership. The launches will also help reaching the mass market segment by widening the product offering thus extending the gains in volume market shares. In the medium term, the company aims to grow this franchise at a volume growth rate of 12-15%.
- On the back of a continued healthy performance of Gels, planned revamp of Deodorants and expected demand due to restage of Livon serum, the Youth portfolio is expected to grow at least at 10% over medium term.
- The direct distribution initiative of Project ONE is expected to supplement volume growths in the Tier I and Tier II 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 18% to 19% is sustainable. However, in the short term, given the soft commodity price tables, the operating margin may have an upward bias.

Marico International

- Over the last 12-18 months, 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 in FY17, each of these markets are well-poised to capitalize on the market opportunities.
- On the back of these continued efforts to build a robust organic growth capability and a stronger organization, the Company is 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 Company believes that the core markets of Bangladesh, Vietnam 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.
- It expects to clock an organic top line growth of ~ 15% in constant currency in the medium term. However, in the near term, the Company will face deflationary headwinds, especially in the Bangladesh market.

- The structural shift in operating margins is expected to be sustained at around 16-17%. Any excess will be ploughed back to fund future growth. However, in the short term, given the soft commodity price tables, the operating margin may have an upward bias.

Overall (India + International)

- The Company will aim at a volume growth of 8-10% and a topline growth of ~ 15% in the medium term. In the near term, though, the value growths may be lower given the deflationary trends in key commodities.
- 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 continue to invest in increasing its direct rural reach and Go To Market transformation initiatives.
- 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
- In FY17, there are plans to revitalize the cost management initiatives with specific focus on front-end spend effectiveness.
- Operating margin is expected to be maintained in a band of 16-17% over the medium term. The Company will focus on deriving synergies from the unification of India and International FMCG businesses. This includes acceleration of cross pollination & portfolio harmonization, talent mobility, supply chain synergies and process harmonization leading to cost arbitrage. In the short term, however, given the soft commodity prices, the margins will witness an upward bias.
- The Company will continue to support various initiatives which are true to its Purpose of "Make a Difference".

THANK YOU FOR YOUR PATIENT READING

Performance of Marico India and Marico International for Q3FY16

Marico Group has only one reportable segment i.e., FMCG Business. However, for better appreciation of the financial results, the Company has provided a break-up of its India and international business performance.

INR Crore

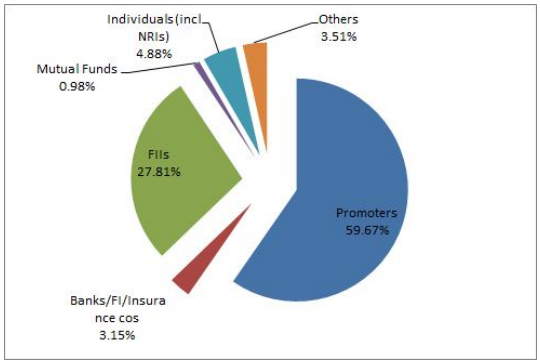
Particulars	Q3FY16	Q3FY15	YTD FY16	YTD FY15
1. Segment Revenue				
i. India	1215	1140	3769	3500
ii. International	341	312	1056	1007
2. Segment Result				
(Profit before Interest and Tax and exceptional items)				
i. India	271	201	759	588
ii. International	61	47	175	154
3. Segment Result as % of Segment Revenue				
i. India	22.3%	17.7%	20.1%	16.8%
ii. International	18.0%	15.1%	16.6%	15.3%
3. Capital Employed (Segment Assets - Segment Liabilities)				
i. India (refer Note 1 below)			646	721
ii. International (refer Note 1 below)			679	694

Note 1: Capital Employed in India has come down due to reduction in net working capital.

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Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on December 31, 2015 is as given in the graph below:

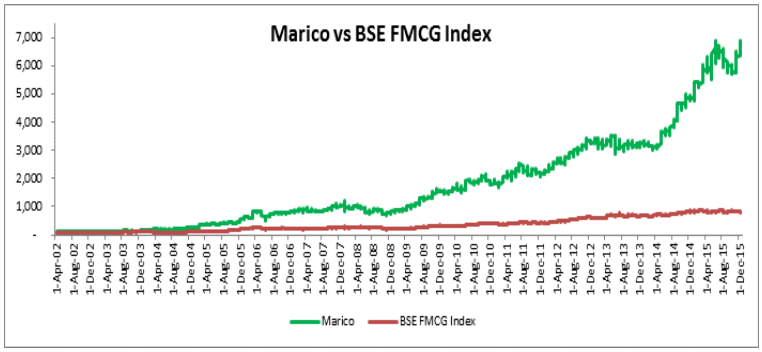


Details of ESOPs as on December 31, 2015:

Details of the Plan	Total Options Granted @	Options Forfeited	Options Exercised	Options pending to be exercised
ESOP Plan 2014	600,000	Nil	Nil	600,000
MD-CEO ESOP Plan 2014 – Scheme 1	93,200	Nil	Nil	93,200

*** Options pending to be exercised are less than 0.1% of the issued share capital @ the shares became ex-bonus from 22nd December, 2015**

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 29,141 crore on December 31, 2015. The average daily volume on BSE and NSE during Q3FY16 was about 1,366,368 shares.
- From December 22, 2015, Marico Limited share started to trade ex-bonus.

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-14	14,842	10,476	915	499	55	124
Nov-14	14,058	9,887	945	479	51	116
Dec-14	12,833	9,294	957	480	46	111
Jan-15	13,724	9,965	998	500	42	112
Feb-15	13,692	9,821	958	506	41	96
Mar-15	13,431	9,892	934	494	43	104
Apr-15	13,931	9,927	953	499	43	112
May-15	13,312	9,092	999	511	43	118
Jun-15	11,915	8,481	1,026	518	42	117
Jul-15	10,464	7,394	1,022	517	42	114
Aug-15	11,713	8,174	1,008	536	39	109
Sep-15	11,359	7,811	998	517	37	102
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
Q3FY16 vs Q3FY15	-28%	-28%	11%	7%	-35%	-14%
Q3FY16 vs Q2FY16	-11%	-8%	3%	-1%	-16%	-8%
YTD FY16 v YTD FY15	-23%	-23%	12%	-5%	-32%	-11%

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-14	15	34	87	173	185	135	150	130
Nov-14	15	34	87	173	185	135	150	130
Dec-14	15	34	87	173	185	135	150	130
Jan-15	15	34	87	173	185	135	150	130
Feb-15	15	34	87	173	185	135	150	130
Mar-15	15	34	87	173	185	135	150	130
Apr-15	15	34	87	173	185	135	150	130
May-15	15	34	87	173	185	135	150	130
Jun-15	15	34	87	173	185	135	150	130
Jul-15	15 - 45 ml	34	87	173	185	135	150	130
Aug-15	15 - 45 ml	34	87	173	185	135	150	130
Sep-15	15 - 45 ml	34	87	173	185	135	150	130
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

* The company has taken weighted average price reduction of 6% in Parachute Coconut Oil portfolio with effect from January, 2016.

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Annexure 1-E: Consumer Offers for the Quarter

Coconut Oil					
Parachute	Price off Rs 10/-	500 ml	Dec	Price off	National
Parachute	Price off Rs 3/- and Rs 5/-	175 ml	Dec	Price off	National
Parachute	Price off Rs 2/-	100 ml	Oct	Price off	National
Parachute	Price off Rs 25/-	1 litre	Dec	Price off	National
Edible Oils					
Saffola Gold	1 litre free	5 litre	Dec	Extra Volume	National
Saffola Total	750 ml free	5 litre	Nov	Extra Volume	National
Hair Oils					
Hair & Care	20 ml free	100 ml	Dec	Extra Volume	National
Nihar Naturals	Price off Rs 3/-	100 ml	Dec	Price off	National
Nihar Naturals	40 ml free	200 ml	Nov Dec	Extra Volume	National
Nihar Naturals	Price off Rs 10/-	200 ml	Dec	Price off	National
Nihar Shanti Amla	Price off Rs 9/-	175 ml	Oct Nov	Price off	National
Parachute Jasmine	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 57 billion (USD 940 Million) during 2014-15. 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 and Baddi and are supported by subcontracting units. Marico's subsidiaries, Marico Bangladesh Limited, Egyptian American Investment and Industrial Development Corporation, Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries), Marico South Africa Pty Ltd., and 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, Mobeni in Durban, South Africa 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 3.6 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	-	141
Stockists	-	4,053

Financial Highlights

Marico's focus on sustainable profitable growth is manifest through its consistent financial performance, a CAGR of 18% in Turnover and 15% in Profits in the FMCG business over the past 5 years.

Particulars (INR crores)	FY11	FY12	FY13	FY14	FY15
Revenue from Operations	3,128	3,980	4,596	4,687	5,733
Material Cost	1,618	2,132	2,210	2,399	3,119
Employee Cost	230	307	381	285	325
ASP	346	426	598	561	650
Other Costs	523	703	869	693	769
Profit Before Tax	376	400	552	695	822
Net Profit (PAT)	286	317	396	485	573
Earnings per Share (Rs)	4.7	5.2	6.1	7.5	8.9
Book Value per Share (Rs)	14.9	18.6	30.7	21.1	28.3
Net Worth	915	1,143	1,982	1,361	1,825
EBITDA%	13.30%	12.10%	13.60%	15.96%	15.18%
ROCE %	27%	26%	24%	32%	47%

Note: FY14 & FY15 financials does not include Kaya

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 (ravinm@maricoindia.net)
Darren Lobo Manager – Investor Relations and M&A (darrenl@maricoindia.net)

Contents of this Update

1. Financial results and other developments during Q3FY16 for the Marico Group – 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 (erstwhile Pyramid for Modern Industries), Wind CO, Marico Malaysia Sdn. Bhd., International Consumer Products Corporation, Thuan Phat Foodstuff Joint stock Company and Marico Consumer Care Limited.

2. The Company has acquired 45% stake in Bellezimo Professionale Products Private Limited, a joint venture operation on October 21, 2015. Accordingly, the financial statement of the entity forms part of consolidated financial result for the quarter & nine months ended December 31, 2015 from the said date.

3. 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.