

Marico – Information Update for Q4FY15 (Quarter ended March 31, 2015)

Executive Summary: Consolidated Results

Particulars (INR Cr)	Q4FY15	Growth	FY15	Growth
Revenue from Operations	1,226	14%	5,733	22%
EBITDA	171	11%	870	16%
EBITDA Margin (%)	14.0%		15.2%	
Profit After Tax	110	24%	573	18%
India Volume Growth (%) (see note below)		7%*		6%
Overall Group Volume Growth (%)		2%		4%

* Secondary growth

In Q4FY15, the India business progressed well in the execution of the project on automated sales order management and distributor replenishment system and as a part of this implementation the distributor level inventory was reduced. The secondary volume growth for the quarter was healthy at 7%, in line with the Company's expectations. However, due to de-stocking, the primary sales volume growth was muted at 3%.

Salient points relating to the quarterly performance are as follows:

- Market share gains in circa 85% of the portfolio
- Healthy secondary volume growth in India: Parachute Rigids 9% and Value Added Hair Oils (VAHO) 10%
- Continued premiumization in VAHO in India with higher share gain in value (210 bps) as compared to volume (88 bps).
- Parachute Rigid portfolio crosses INR 1,500 Crore and VAHO portfolio crossed INR 1,000 crore mark this year
- Saffola Oats crosses INR 80 crores in revenue and is now the highest distributed oats brand in the country
- Introduced 2 VAHO prototypes in India: Parachute Advanced Aromatherapy & Nihar Naturals Shanti Sarson Kesh Tel
- 8% constant currency growth in International for Q4FY15 – South East Asia 25%, Middle East 55%, SA 5%
- Political unrest in Bangladesh and distribution transition in Egypt led to a decline in these geographies
- Q4FY15 EBITDA margins: Marico India 18.0% and Marico International 16.5%

Summary of value growth across Businesses:

Categories/Businesses	Q4FY15	FY15	Share of Group's FY15 Turnover
Group	14%	22%	
India FMCG Business	17%	26%	78%
International FMCG Business	6%	10%	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%	1 st	Parachute Coconut Oil (Bangladesh)	81%	1 st
Saffola – Super Premium Refined Oils (India)	58%	1 st	Leave-in Serums (India) (Livon and Silk & Shine)	82%	1 st
Value Added Hair Oils (India)	29%	1 st	*Hair Creams/Gels (India) (Set Wet & Parachute After Shower)	44%	1 st
Value Added Hair Oils (Bangladesh)	16%	3 rd	*#Hair Code & Fiancée Hair Gels (Egypt)	59%	1 st
*Saffola Oats (India)	21%	2 nd	*X-Men Men's Shampoo (Vietnam)	39%	1 st

*Value market share #Change in Nielsen Panel in Egypt

The Company declared two interim dividends during the year of 100% (INR 1.0 per share) and 150% (INR 1.5 per share). The dividend payout ratio for FY15 is 30%. The Company will endeavor to improve the dividend payout ratio further depending on its fund requirements towards expansion.

Note: All numbers mentioned in INR in this note are converted to USD basis INR/USD of 61, being the average rate for the year.

Domestic FMCG Business: Marico India

The FMCG Business in India achieved a turnover of INR 949 crore (USD 156 million) during the quarter and INR 4,449 crore (USD 730 million) during the year, a growth of 17% and 26% over the same period last year. The business further strengthened its market position by gaining share in 99% of its portfolio.

The business delivered a secondary volume growth of 7% in Q4FY15. The Company progressed well on the project to revamp its order management and demand planning process. The new process will also be aided by an outsourced partner and is expected to benefit Marico in:

- Improving productivity in sales and supply chain and also enhancing predictability of performance and internal controls
- Rationalizing the distributor inventory to optimize the system
- Releasing bandwidth which will be further invested in driving demand generation and off takes

Towards this, there was a one-time reduction in distributor stock during the quarter amounting to circa INR 35 Crore (USD 6 million). This led to a lower primary growth of 3%. The overall sales value growth was bolstered by the price increases taken across the portfolio to cover a major part of the input cost push.

Summary of growths across key segments:

Categories	Q4FY15			FY15		% of Group's FY15 Turnover
	Primary Value Growth	Primary Volume Growth	Secondary Volume Growth	Primary Value Growth	Primary Volume Growth	
Marico India	17%	3%	7%	26%	6%	78%
Parachute Rigids	34%	5%	9%	44%	6%	27%
Value Added Hair Oils	14%	5%	10%	25%	10%	19%
Saffola Edible Oil	3%	-1%	3%	11%	6%	14%

The operating margin of the India business during Q4FY15 and FY15 was 18.0% and 17.7% respectively before corporate allocation. The Company believes that an operating margin in the band of 17% to 18% is sustainable for the domestic business in the medium term.

Parachute and Nihar

Parachute's rigid portfolio (packs in blue bottles) crossed the landmark of INR 1,500 crore (USD 245 million) in revenues in FY15. The portfolio recorded a secondary volume growth of 9% for Q4FY15 over Q4FY14. Competitive position being favorable throughout the year, Parachute along with Nihar increased its market share by more than 100 bps to 57% during the 12 months ended March 2015. A strong volume growth coupled with market share gains is a testimony to the pricing power that Parachute enjoys.

The non-focused part of the portfolio (pouch packs) witnessed contraction as the raw material prices faced inflationary pressures while the Company maintained minimum threshold margins.

The Company undertook a detailed study on the branded coconut oil market size. Based on the study, the branded coconut oil market size is INR 4,500 crore (USD 738 million). However, there is also a significant part of the market of approximately 35-40% in volume terms which is still in loose form. This loose component provides headroom for growth to the 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. This is expected to be complemented by share gain in rural market where Parachute's share is lower than its urban market share.

Saffola: Super premium refined edible oils and breakfast cereals

The Saffola refined edible oils franchise grew by 3% in secondary volume terms for the quarter. Super premium refined oils category has been impacted in the second half of the year mainly on account of increased price premium with respect to other refined oils. In line with the Company strategy to not sacrifice long term growth for

short term gains, Marico did not take any pricing action on the portfolio. Instead, the Company has initiated a few alternative steps to correct the growth trajectory going forward. This includes introduction of a new SKU of 500ml to encourage trials, increased distribution and driving one of the variants through focused market actions. These initiatives are currently in the prototype stage and will be scaled up basis market feedback. A new communication campaign on Saffola Total went live during the quarter communicating its benefits of 8-way care and driving Saffola as one of the most effective heart health solutions.

Despite a lower rate of growth, the brand gained market share by 268 bps and further strengthened its leadership position in the super premium refined edible oils segment to 58% during the 12 months ended March 2015.

In the Oats category, Saffola has a strong no.2 position with a MAT value market share of 21% and an exit market share of 24%. Various distribution initiatives undertaken by the Company has resulted in Saffola oats now being the most distributed oats brand in country, overtaking the market leader. Saffola flavoured oats are available in eight variants. Two sweet flavours with fruits were introduced to compliment the bouquet of six savory flavors. Focus on value added offerings in the oats segment has enabled the Company to capture 61% value share in the flavoured oats market on a MAT basis. The portfolio is consistently gaining share with Mar'15 exit value market share of 67%. The franchise reached a top line of INR 80 Crore (USD 13 million) in this fiscal and is poised to cross INR 125 Crore (USD 20 million) landmark next 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 in order to ensure sustainable profitable growth.

In order to encourage consumers to adopt healthy eating habits, the franchise has introduced Saffola Fit Foodie (www.fitfoodie.in) – a one stop destination for healthy recipes designed by Saffola's expert panel, headed by Vikas Khanna, the master chef. This has ensured productive interaction between the consumer and the brand.

Value Added Hair Oils (Parachute Advansed, Nihar Naturals and Hair & Care)

Marico's hair oil brands (Parachute Advansed, Nihar Naturals and Hair & Care) grew by 10% in secondary volume terms during the quarter.

Marico continues to grow faster than the value added hair oils market of INR 5,800 crore (USD 950 million). During the year, the Company further strengthened its market leadership by 88 bps to 29% volume share (for 12 months ended March 2015) and continues to premiumize with value share gain of 210 bps to 22% for the same period. Going forward, the Company will focus on premiumization to drive growth in the category.

Towards the premiumization journey, Parachute Advansed Aromatherapy was launched as a prototype in Mumbai. The launch aims at making hair oiling relevant to urban lifestyle through the benefit of de-stress and relaxation.

This year, Parachute Advansed Jasmine and Nihar Naturals Perfumed oil crossed the turnover of INR 250 Crore (USD 40 million) each. Nihar Shanti Amla is now an INR 300 crore (USD 50 million) brand. The Company's Value Added Hair Oils portfolio crossed INR 1,000 crore (USD 164 million) landmark this year with 4 strong brands. Parachute Advansed Ayurvedic Oil, with presence in southern states, is growing rapidly and is expected to clock a turnover of circa INR 60-65 crore (USD 10 million) next year.

Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 33% for the 12 months ended March 2015 in the Amla hair oil category (MAT Q4FY14: 30%). The exit market share of Nihar Shanti Amla was more than 36% 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.

Loose mustard oil is the most widely used hair oil in the Hindi heartland. To address this market, the Company is prototyping Nihar Naturals Shanti Sarson Kesh Tel, a value added mustard hair oil. It delivers the goodness of

mustard but with pleasant sensorial. The prototype was launched in Rajasthan in Feb'15 and has received a positive response.

This 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.

Parachute Advansed Body Lotion

Body Lotion, an INR 1,000 crore (USD 164 million) category in India, remained flat during FY15. In spite of the muted growth in the category, Parachute Advansed Body lotion gained volume share and maintained its no.3 position with 6% share. The brand's proposition was strengthened by '7 Day Skin Transformation' campaign and a clutter breaking TVC. The Summer variant enjoys consumer franchise beyond the summer season and has been launched with new packaging graphics.

The body lotion penetration level is below 20% in India. The Company plans to increase its participation in the skin care segment in the longer term.

Youth brands

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 2/3rd of the Youth portfolio. The Company will focus on expanding these high margin categories while maintaining share in the cluttered deodorants category (1/3rd of the Youth Portfolio).

During the quarter, the portfolio grew by 14% in terms of secondary sales and 10% in terms of primary sales. For the full year, the portfolio has grown by 5%. Double digit growth during the quarter is testimony to the effectiveness of the revamped strategy. Post the base correction in deodorants in Q1FY16 (launch of Set Wet Infinity), the portfolio is expected to get back to the medium term outlook of consistent 15-20% growth.

Set Wet gels and Livon serums now have 44% and 82% 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. The relaunch of Set Wet Gels was accompanied with a steep jump in distribution. The coverage was scaled up in both urban and rural markets by 53% from April'14. The current Gels distribution is 3 times as compared to its closest competitor.

During the year, the Company launched Livon Moroccan Silk Serum. It combines the goodness of Moroccan Argan Oil with the easy-to-apply serum format and is especially suited for Indian hair. It has been launched in two SKUs (30ml @ INR 149 and 59ml @ INR 259) and is available in top 20 cities. The initial feedback on the product is encouraging. With the current distribution stabilized, the footprint of the brand is planned for further increase to the Livon brand universe in the next year.

Set Wet and Zatak deodorants maintained its share in the deodorants category at 4%. The category is large and growing with fragmented market shares. The Company aims at maintaining its share in the category through tactical support. It will also benefit from the positive rub-off from Set Wet gels brand building initiatives. In the medium term, the Company expects some consolidation to take place in the category and gain from its wide distribution supported by brand building initiatives.

Input Costs and Pricing

The average market price of copra during Q4FY15 and FY15 was up by 16% and 60% compared to the respective periods last year. At the beginning of the quarter, the Company was expecting a cooling off in the copra prices starting March 15. However, the market trends suggest that the current prices are likely to remain range bound in the near future.

The market prices of the other key inputs, Rice Bran oil and Liquid Paraffin (LP), were down 5% and 30% during the quarter as compared to Q4FY14. HDPE (a key ingredient in packaging material) price was down 15% compared to Q4FY14. Reduction in LP and HDPE prices was in response to lower crude oil prices.

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

Marico's rural sales continue to clock a faster pace of growth at 26% (secondary) as compared to urban sales growth which was at 18% for the quarter. For the full year, rural primary sales have grown at 32% compared to urban primary sales of 23%.

Sales in Modern Trade (9% of the domestic turnover) continued its good run with secondary sales growing by 17% in Q4FY15. Modern trade grew by 24% for the full year. CSD and Institutional sales (7% of the domestic turnover) grew at a healthy rate of 37% in Q4FY15 and 33% for FY15.

The continued focus on distribution expansion in rural markets has pushed the Company's rural sales to 33% of total domestic sales in FY15. The Company is aiming at increasing its rural contribution to 35% in the medium term. In rural, incremental direct coverage provides an ideal platform to enhance the reach of the Value Added Hair Oils portfolio. The Company has increased its direct rural reach by 25% to 50,000 villages in the last two years.

This year, the Company embarked on a Go To Market (GTM) transformation journey. With foray into newer categories such as breakfast foods, body lotion, male grooming and hair serums, it is important to expand the direct distribution in Urban beyond general trade to other channels such as modern trade, open format, chemist/cosmetic stores.

Project ONE (Outlet Network Expansion) was conceived with an objective of increasing Marico's direct coverage in its top 6 metros. The project has increased 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 has met with a very positive response from the retailer community as it gives them convenience of service and access to promotions. Project ONE has delivered a business of INR 33 crore (USD 5 million) in FY15 and is expected to do an annualized business of INR 65-75 crore (USD 11-12 million) by the end of FY16. The Company will expand the coverage of this initiative in FY16.

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 software systems. This would enable the Company to improve visibility, sales force productivity and strengthen commercial controls. This project is expected to be delivered by middle of FY16. The Company has also initiated usage of advanced analytics to predict optimal assortment at a store level. The project is currently being pilot tested in one major city.

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.

International FMCG Business: Marico International

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

Particulars	Q4FY15	FY15
Turnover (INR/Cr)	277	1284
Reported Growth	6%	10%
Constant Currency Growth	8%	10%
Exchange Rate impact	- 1%	0%

During the year, the International Business continued to focus on the following key pivots of growth in its chosen emerging markets in Asia and Africa:

1. Aggressive growth in non-Parachute portfolio in Bangladesh
2. Recovery in Middle East
3. GTM transformation in North Africa
4. Invest in new markets

Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, East Africa etc., is expected to contribute up to INR 100 Crore (USD 17 million) by next year.

The operating margin for the quarter and full year was at 16.5% and 17.1% respectively (before corporate allocations). The EBITDA margin for the quarter is lower as compared to last year on account of increased investment in brand building in Middle East, Vietnam and Myanmar. The Company will 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 business was impacted in Q4 due to political unrest leading to a constant currency revenue decline of 1%. The Bangladesh business reported a topline constant currency growth of 13% during the year. The topline growth during the year was driven by overall volume growth of 3% backed by strong performance in the value added hair oils portfolio.

Parachute coconut oil grew by 7% in constant currency terms during the year and maintained leadership position with 81% share. Due to political unrest in the quarter, the portfolio declined by 9% in constant currency terms. Given that the scope of growth in Bangladesh's Parachute franchise is limited, the Company has taken substantial measures in deploying adjacent sources of growth to diversify the portfolio.

During the quarter, the Company's value added hair oils portfolio grew at a healthy rate of 38% in constant currency terms and maintained its market position at no.3. The annual growth in constant currency terms was 38%. As hair fall is a critical issue among Bangladeshi women, this year, the Company also launched Parachute Advanced Extra Care – a coconut based hair oil with added ingredients like Methi, Amla and Aloe vera. The product has been received well and is expected to be the next pillar of growth in the country. The management will aim at being the market leader in the category in the medium term.

The Company's HairCode brand (coupled with HairCode Active variant) gained 420 bps share and continued to lead the powdered hair dye market with a value market share of around 37%. During FY15, the brand grew by 9% in constant currency terms. HairCode Keshkala, a liquid hair dye launched earlier this year, has been received well and is consistently gaining share.

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. This year, the Company also launched Set Wet Infinity deodorant and Parachute Advanced Body Lotion in the Bangladesh market. 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 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)

MENA grew by 3% in Q4FY15 and 4% in FY15 on a constant currency basis. This was mainly led by the recovery in Middle East.

The Middle East business continued the positive momentum and grew on constant currency basis by 55% and 67% in Q4FY15 and FY15 respectively. The business has grown in double digits in all the quarters in FY15 and has reduced its losses substantially. Parachute Coconut Oil and Value Added Hair oils continued to deliver healthy growth during the quarter. This trend of improvement is expected to continue and the management expects the business to become profitable in the medium term.

The Company had undertaken a distribution transition in Egypt in the last quarter. The transition was aimed at eliminating dependence on single distributor and achieving better go-to-market (GTM) model for realizing the maximum distribution potential. Due to this transition, the Egypt business declined by 30% in Q4FY15 and 26% in FY15. However, the post transition lead indicators are looking positive and in the long run, this is expected to bring in many transformational benefits such as increased direct distribution, improved retail selling, professional set-up of distribution and reduced working capital requirement resulting in lower credit risk. This marks the completion of the final phase of GTM transformation in MENA. This initiative has not impacted the market shares and HairCode and Fiancée continue to be the market leader with 59% share.

South East Asia (26% of the International Business)

The business in South East Asia (of which Vietnam is a significant portion) grew by 25% and 5% in Q4FY15 and FY15 in constant currency terms. Business in Vietnam has witnessed an uptick with a double digit constant currency growth during the quarter. X-Men maintained its leadership in male shampoos with 39% market share and is a number two player in male deodorants. The foods business registered a double digit constant currency growth both during the quarter and full year.

The Company continues to scale up its presence in neighboring countries like Malaysia, Myanmar and Cambodia.

South Africa (8% of the International Business)

The business reported a constant currency growth of 5% and 9% during the quarter and year backed by double digit growth in the skin care and health care business. During the year, the Company launched Caivil Gold Fusion Oils range as part of the extensive Caivil Gold line and hair colour Mega Black under Black Chic. Marico is now the 4th largest ethnic hair care company in South Africa.

The Company is in the process of appointing distributors to initiate export-led business in East Africa.

Operating Margin Structure

% Revenue from Operations (net of excise)	Q4FY15	Q4FY14	FY15	FY14
Material Cost (Raw + Packaging)	52.0	52.2	54.4	51.2
Advertising & Sales Promotion (ASP)	11.2	11.4	11.3	12.0
Personnel Costs	6.4	6.1	5.7	6.1
Other Expenses	16.4	16.0	13.4	14.8
PBDIT margins	14.0	14.4	15.2	16.0
PBDIT before ASP	25.2	25.8	26.5	27.9

- (a) The average market price of copra, the largest component of input costs, was 16% higher in Q4FY15 as compared to Q4FY14. The market prices of rice bran oil, Liquid Paraffin and HDPE were down by 5%, 30% and 15% respectively for the quarter.

However, for the full year, copra prices have been up by 60% and HDPE by 4% as compared to last year. Hence, the gross margins for the year declined by 321bps.

Please note that the consumption prices may differ from market prices depending on the stock positions the Company has taken.

- (b) Overall increase in ASP spends during the quarter and full year was 13% and 16% respectively. Significant part of the overall ASP is invested behind new products such as Foods and Youth portfolio in India and new launches in Bangladesh and Myanmar. The Company also continues to invest behind the core i.e., Value Added Hair Oils and Saffola in India and Hair Oils and Hair Creams in the Middle East. ASP as a % of Sales declined on account of high inflation led topline growth. The Company expects to operate in a band of 11-12% in the medium term.
- (c) Personnel Costs in Q4FY15 increased by 21% over Q4FY14. For the full year, the personnel costs have increased by 14%. Apart from the annual salary revisions, the increase is mainly on account of higher Employee Stock Option Plan (ESOP) and Stock Appreciation Rights Scheme (Company's long term incentive plan) provisions.
- (d) The other expenses include certain items which are variable in nature (almost 2/3rd of other expenses). The Company expects Other Expenses to be in the range of 14-15% in the medium term.
 - a. Fixed Expenses include items such as rent, legal and professional charges and donation. In Q4FY15, increase in fixed expenses was mainly on account of higher Legal & Professional charges towards outsourcing of transactional operations, forex impact on ECB and purchase of analytics software.
 - b. Variable Expenses include items such as freight, subcontracting charges, power and fuel, warehousing, input and output taxes etc. Increase in variable expense is in line with business growth.

Other Expenses	Q4FY15	Q4FY14	% variation	FY15	FY14	% variation
Fixed	71	55	30%	222	204	9%
Variable	130	116	12%	547	489	12%
Total	201	171	18%	769	693	11%

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 16-20 million).

Depreciation during Q4FY15 was INR 20.0 crore (USD 3.3 million) compared to INR 21.5 crore (USD 3.5 million) in Q4FY14. For the full year, depreciation was at INR 84.3 crore (USD 13.8 million) as compared to INR 76.9 crore (USD 12.6 million) in FY14. Increase in depreciation to the extent of INR 2.4 crore (USD 0.4 million) and INR 9.8 crore (USD 1.6 million) for Q4FY15 and FY15 respectively was on account of adoption of the useful life of fixed assets as per Schedule II of Companies Act 2013, effective April 1, 2014.

Direct Taxation

The Effective Tax Rate (ETR) for the Company during Q4FY15 was 32.1% as compared to 34.0% during Q4FY14. The decline in ETR in Q4FY15 is on account of higher dividend received from Bangladesh in Q4FY14. The normalized ETR without considering the impact of Bangladesh dividend is 26.9% in Q4FY15 and 20.2% in Q4FY14. For the full year, the ETR was 28.8% as compared to 27.4% in FY14. On a like to like basis, the increase in ETR is primarily due to phasing out of tax reliefs in India and Vietnam.

The expected ETR during FY16 and FY17 would 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 there is no change from the cash flow point of view. The current MAT credit of about INR 118.6 crore (USD 19.4 million) as of March 2015 is expected to be utilised over the next 3 to 4 years. MAT credit of INR 35.2 crore (USD 5.8 million) was utilized in FY15.

Capital Utilization (Marico Group)

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

Ratio	FY15	FY14
Return on Capital Employed (Group)	47.0%	31.9%
Return on Net Worth – (Group)	36.0%	27.5%
Working Capital Ratios (Group)		
- Debtors Turnover (Days)	13	16
- Inventory Turnover (Days)	57	64
- Net Working Capital (Days) including surplus cash	45	60
Debt: Equity (Group)	0.23	0.44
Finance Costs to Turnover (%) (Group)	0.4%	0.7%

* Turnover Ratios calculated on the basis of average balances

- The variation in ratios is due to:
 - ROCE has improved on account of 16% increase in EBIT and reduction in net working capital.
 - The debtor and inventory days have come down on account of higher inflation led topline growth and distribution transition in Egypt (lower credit).
 - Decrease in net working capital days is on account of reduction in surplus in Vietnam due to buy back of shares by ICP, Vietnam and higher inflation led topline growth.
 - Finance cost as a % of turnover has come down because the Gross Debt of the Company has reduced.
- The Net Debt position of the Marico Group as of March 31, 2015 is as below:

Particulars (INR/Cr)	Mar 31, 2015	Dec 31, 2014	Mar 31, 2014
Gross Debt	428	567	680
Cash/Cash Equivalents and Investments (Marico Ltd: INR 377 Crore. Marico International: INR 135 Crore)	512	639	582
Net Debt/(Surplus)	(84)	(72)	98
Foreign Currency Denominated out of the total gross debt (39% of Gross Debt hedged) (Also refer to Note 5 below)	419	459	441
Foreign Currency Denominated : Payable in One Year	251	232	190
Foreign Currency Debt as a % age of Gross Debt	98%	81%	65%
Rupee Debt out of the total gross debt	9	108	239
Rupee Debt : Payable in One Year	9	108	239
Total Debt Payable within One year	259	340	428
Average Cost of Debt (%): Pre tax	2.8%	4.4%	4.0%

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.

- 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)
- 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 74.9 Crores as at March 31, 2015 (INR 76.3 Crores as at March 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 FY15 due to repayment of USD 9 million ECB is INR 15.6 Crore (USD 3 million).

Awards

Corporate Awards:

- During the quarter
 - Marico Bangladesh received **Best Corporate Award 2014** under Multinational Category by Institute of Cost and Management Accountants of Bangladesh (ICMAB).
 - Marico ICP-Vietnam featured in the list of Vietnam’s **100 Best Places to Work** by Anphabe and Nielsen.
- Earlier during the year
 - Marico was amongst the four companies featured in the list of ‘**India’s Best Boards 2014**’ by Economic Times and HayGroup. The Company was also ranked no.4 in the ET Aon Hewitt **Top Company for Leaders** study.
 - Marico’s Chairman, Harsh Mariwala, received a special award as a **Wealth Creator – FMCG** at the Zee Business India’s Best Market Analyst Awards, 2014. Harsh has also been ranked as one of **India’s Best CEOs** in the FMCG category by Business Today.
 - The Asian Centre for Corporate Governance & Sustainability has presented Marico the ‘**Best Governed Company**’ of the year award.

Brand Awards:

- During the quarter
 - **Saffola World Heart Day Campaign** won a Gold and Bronze at the International Festival of Media Global 2015
 - **Parachute Advansed Body Lotion** featured in the list of 23 Breakthrough Innovations in FMCG by Nielsen
 - **Saffola Masala Oats** won two Silvers at Primetime Awards for Best Use of Sponsorship and Best Use of Infotainment
- Earlier during the year
 - **Saffola Masala Oats** won 2 Gold Effies, one in the Food & Confectionary category and other in the Integrated Advertising Campaign category
 - **Nihar Shanti Amla** won a Bronze Effie in the Consumer Products category
 - **Parachute Advansed Ayurvedic** hair oil won a Bronze Effie for the campaign ‘Recommendation = Sharing’
 - **HairCode** won a Media Gold in the personal care category at the 2014 MENA Effies.

Other updates

During the year, International Consumer Products (ICP) became a wholly owned subsidiary of the Company following completion of buy-back of shares by ICP from the minority shareholders.

Marico’s Growth Philosophy

Marico aspires to be a leading 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

- While there has been no significant recovery on ground, the Company expects urban consumption to recover gradually. The direct distribution initiative of Project ONE is expected to fuel volume growths in the Metro markets.
- The Company will strive to report volume recovery and maintain medium-term growth rates in the range of 8-10% by growing the core and rapidly scaling New Products.
- The Company has a robust innovation pipeline with multiple prototypes planned for the next year.
- Sustain efforts to premiumize in the value added hair oils category to further strengthen its Value market leadership.
- Saffola volume growths is expected to be back in line with the medium term outlook of 8-10%
- Execute the revamped strategy and drive innovation in the Youth portfolio to enable growth at about 15% to 20%.
- The Oats franchise is expected to contribute up to INR 125 Crore (USD 20 million) by next year.
- Over the medium term, operating margin of about 17% to 18% is sustainable.

Marico International

- The Company will continue its efforts in building organic growth capability.
- It expects to clock an organic top line growth of ~ 15% in constant currency in the medium term. Any acquisition will add to the organic growth.
- 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.
- Medium term growth potential in the core markets of Bangladesh, Vietnam and MENA is intact and will continue to drive growth.
- Expansion in adjacent markets such as Nepal, Pakistan, Cambodia, Myanmar, Sri Lanka, East Africa etc. These markets are expected to contribute up to INR 100 Crore (USD 17 million) by next year.

Overall

- The Company will aim at a volume growth of 8-10% and a topline growth of ~ 15% in the medium term
- Operating margin is expected to be maintained in a band of 15-16%
- The Company will focus on deriving synergies from the unification of Domestic and International FMCG businesses. This includes acceleration of cross pollination & portfolio harmonization, talent mobility, supply chain synergies and process harmonization leading to cost arbitrage.
- The Company will focus on fewer but bigger innovations to create growth engines of the future.
- Significant portion of the gains from the value transformation exercise in India and overseas will be ploughed back to fund growth and innovation.
- Market growth initiatives in core categories and expansion into adjacent categories will be supported by investments in ASP in the region of 11-12% of sales with focus on digital marketing.
- The Company will continue to invest in increasing its direct rural reach and Go To Market transformation initiatives including driving saliency through e-commerce.
- The Company will focus on building capabilities to set it up for growth in the long run.
- The Company will continue to support various initiatives which are true to its Purpose of "Make a Difference".

THANK YOU FOR YOUR PATIENT READING

Marico – Information Update for Q4FY15 (Quarter ended March 31, 2015)

Performance of Marico India and Marico International for Q4FY15

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 domestic and international business performance.

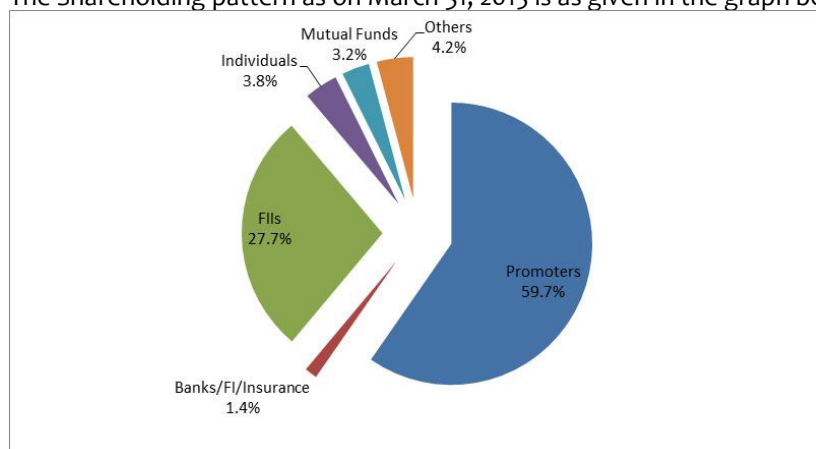
INR Crore

Particulars	Q4FY15	Q4FY14	FY15	FY14
1. Segment Revenue				
i. India	949	812	4,449	3,518
ii. International	277	260	1,284	1,168
2. Segment Result (Profit before Interest and Tax and exceptional items)				
i. India	160	129	748	627
ii. International	37	36	191	159
3. Segment Result as % of Segment Revenue				
i. India	16.9%	15.9%	16.8%	17.8%
ii. International	13.3%	14.0%	14.9%	13.6%
4. Capital Employed (Segment Assets - Segment Liabilities)				
i. India			751	744
ii. International			722	447

Note: International Capital Employed has increased mainly on account of increase in Goodwill resulting from buy back of shares by ICP, Vietnam.

Annexure 1-A: SHAREHOLDING PATTERN

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

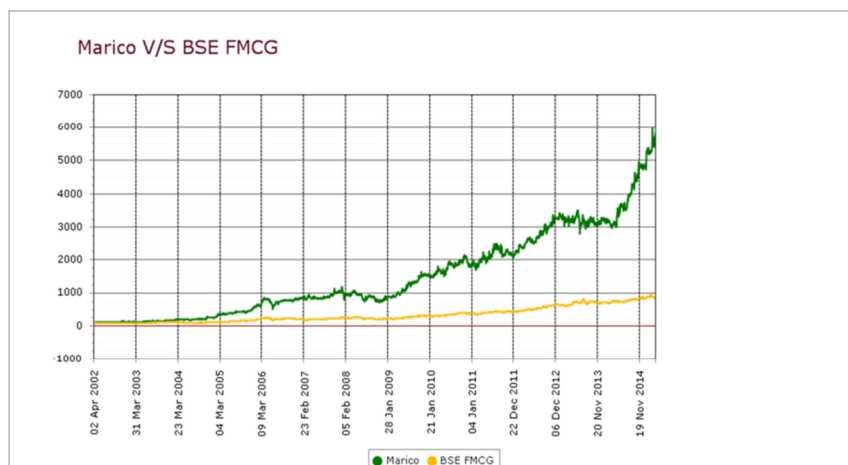


Details of ESOPs as on March 31, 2015:

Details of the Plan	Total Options Granted	Options Forfeited	Options Exercised	Options pending to be exercised
ESOP Plan 2007	11,376,300	4,702,465	65,70,235	103,600
ESOP Plan 2014	300,000	Nil	Nil	300,000
MD-CEO ESOP Plan 2014 – Scheme 1	46,600	Nil	Nil	46,600

* Options pending to be exercised are less than 0.1% 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 25,293 crore on March 31, 2015. The average daily volume on BSE and NSE during Q4FY15 was about 16,13,196 shares.

Marico – Information Update for Q4FY15 (Quarter ended March 31, 2015)

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
DATE	Cochin Coconut Oil	Copra Calicut	Kardi Oil Jalna	Rice Bran	Liquid Paraffin	HDPE
Jan-14	11,002	8,020	1,010	517	60	121
Feb-14	11,678	8,484	945	514	60	123
Mar-14	12,458	9,021	921	543	61	124
Apr-14	14,405	10,245	907	565	60	122
May-14	15,563	10,746	878	572	59	122
Jun-14	14,384	10,076	840	568	59	122
Jul-14	15,135	10,549	924	582	59	126
Aug-14	16,500	11,467	919	577	59	127
Sep-14	15,752	10,881	901	563	59	127
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

Q4FY15 vs Q4FY14	16%	16%	0%	-5%	-30%	-15%
Q4FY15 vs Q3FY15	-2%	0%	3%	3%	-17%	-11%
FY15 vs FY14	63%	60%	-13%	0%	-10%	4%

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

	20 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
Jan-14	7	29	69	136	185	135	145	125
Feb-14	7	29	69	136	185	135	145	125
Mar-14	7	29	69	136	185	135	145	125
Apr-14	7	31	79	157	185	135	145	125
May-14	7	31	79	157	185	135	145	125
Jun-14	8	34	87	173	185	135	145	125
Jul-14	8	34	87	173	185	135	150	130
Aug-14	8	34	87	173	185	135	150	130
Sep-14	8	34	87	173	185	135	150	130
Oct-14	8	34	87	173	185	135	150	130
Nov-14	8	34	87	173	185	135	150	130
Dec-14	10 - 25 ml	34	87	173	185	135	150	130
Jan-15	10 - 25 ml	34	87	173	185	135	150	130
Feb-15	10 - 25 ml	34	87	173	185	135	150	130
Mar-15	10 - 25 ml	34	87	173	185	135	150	130

Annexure 1-E: Consumer Offers for the Quarter

Coconut Oil					
Parachute	Price off Rs 3/-	100 ml	Feb	Price off	National
Parachute	Price off Rs 7/-	250 ml	Feb	Price off	National
Edible Oils					National
Saffola Gold	1 ltr Free	5 ltr	Jan	Extra Volume	National
Saffola Gold	Price off Rs 25/-	5 ltr	Jan & Feb	Price off	National
Saffola Total	1 ltr Free	5 ltr	Feb	Extra Volume	National
Hair Oils					
Hair & Care	Price off Rs 10/-	200 ml	Jan	Price off	National
Hair & Care	SNS Free	300 ml	Feb	Free product	National
Nihar Naturals	Price off Rs 5/-	100 ml	Jan	Price off	National

Annexure 2: Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products in the Global Beauty and Wellness space. Marico's Products in Hair care, Skin Care, Health Care and Male Grooming generated a Turnover of about INR 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 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 serviced 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	805	-
Super Distributor	-	169
Stockists	-	4,053

Marico – Information Update for Q4FY15 (Quarter ended March 31, 2015)

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, Secretarial and M&A	(ravinm@maricoindia.net)
Neha Agrawal	Manager – Investor Relations and M&A	(nehaa@maricoindia.net)

Contents of this Update

1. Financial results and other developments during Q4FY15 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, Beauté Cosmétique Société Par Actions, Thuan Phat Foodstuff Joint stock Company and Marico Consumer Care Limited.
2. A Profile containing basic/historical information on Marico.

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

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

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

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

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

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