Executive Summary – Q2FY13 Consolidated Results

Q2FY13 Performance Highlights

Revenue from Operations	**INR 1159 Cr**	**Up**	**19 %**
Volume Growth		**14%**	
Net Profit	**INR 86 Cr**	**Up**	**10%**

Marico posted another strong quarter of growth. Revenue from Operations was INR 1159 crore (USD 215 million) a growth of about 19% over Q2FY12. Focus on franchise expansion led to a growth of 14% in volume terms over Q2FY12. The organic volume growth excluding the turnover of acquired Youth brands (Set Wet, Zatak and Livon) was 9%. These brands reported a top line growth of 28% in Q2FY13 over Q2FY12.

The growth in Profits after Tax (PAT) was 10%

Summary of growth during Q2FY13 across Businesses

Categories/Businesses	**Growth Q2FY13**	**Indicative share to Group's Turnover basis FY12 results**
Group : Total Reported value growth	19%	
Consumer Products Business (India)*	19%	69%
International Business Group : Total	16%	24%
Kaya	38%	7%

* Including revenue from the acquired Youth personal care brands Set Wet, Zatak and Livon.

Market Shares (Volume) in Key Categories - Basis 12 month Moving Average Total (MAT)

Brand & Territory	**MS%**	**Rank**	**Brand & Territory**	**MS%**	**Rank**
Coconut Oils (India) (Parachute and Nihar)	57%	1st	Parachute Coconut Oil (Bangladesh)	80%	1st
Saffola (Refined Oils) - Premium Refined Oils in Consumer Packs (India)	59%	1st	Post wash Leave –On Serums (Livon and Silk & Shine)	82%	1st
Hair Oils (India) (Parachute Advansed, Nihar, Hair & Care)	25%	1st	*X-Men Men's Shampoo (Vietnam)	47%	1st
Kaya Skincare solutions (India)	+35%	1st	*Hair Code & Fiancée- Egypt	57%	1st
Deodorants (India) (Set Wet and Zatak)	5.8%	3rd	*Hair Creams/Gels (India) (Set Wet and Parachute After shower)	38%	1st

***Value market shares**

The Board of Directors of Marico Limited at its meeting held on November 2, 2012 declared a first interim dividend of 50% on its equity share capital of ~INR 64.45 Crore (USD 11.9 million)

Note: All numbers mentioned in INR in this note are converted to USD basis INR/USD of 54.

FMCG Business in India : Consumer Products Business (CPB)

The Consumer Products Business in India (CPB) achieved a turnover of INR 793 crore (USD 147 million), a growth of about 19% over Q2FY12. The turnover of acquired Youth brands (including Set Wet, Zatak and Livon) amounted to INR 46 crore (USD 8.5 million) during the quarter. The growth before considering the turnover of these brands was 12%. The under performance of the CSD channel and some deceleration in rate of new customer acquisition owing to an expansion in the premium charged by the Company on its products also impacted the overall growth (More details on the performance of the acquired Youth brands are provided in a separate section later in this note).

Turnover growth reflected healthy demand and continued business momentum manifest in a volume growth of about 17% over Q2FY12. The organic volume growth without considering the impact of acquired Youth brands is about 10%. The operating margin of CPB during Q2FY13 was about 17%. The Company believes that the operating margins in CPB in the range of 16% to 17% are sustainable in the medium term.

The chief contributors towards this growth were:

- Equity of Marico's brands that provided sufficient pricing power
- Steady growth in the coconut oils market and share gain by Parachute
- Share gain by Marico's portfolio of brands in value added hair oils
- Expansion in Saffola's franchise
- Performance of new products
- Investments behind improving direct distribution coverage

The table below summarizes volume and value growths reported across segments during Q2FY13.

Categories	**Volume**	**Value**	**% of Group's Turnover basis FY12 results**
Consumer Products Business	17%	19%	69%
Parachute Coconut Oil (Rigid packs)	9%	14%	24%
Value Added Hair Oils portfolio	20%	23%	14%
Saffola (Refined Edible Oil)	6%	13%	15%

Parachute and Nihar:

Marico participates in the INR 2300 crore (USD 425 million) branded coconut oil market through Parachute and Nihar. It is estimated that in volume terms of the total coconut oil market about 60% is in branded form and the balance is loose. This loose component provides headroom for growth to branded players.

Parachute, Marico's flagship brand, recorded robust volume growth during the quarter. The rigid part of the portfolio (packs in blue bottles) grew by about 9% during the quarter over Q2FY12. The Company has been focusing on the rigid packs over the past few years as they enjoy a higher margin as compared to pouch packs. The proportion of pouch packs has now reduced to about 18% of the total Parachute sales in Value terms. During Q2FY13 Parachute improved its market share by about 390 bps during 12 month ended September 2013 over the same period last year.

Marico has continued to drive conversion from loose oil usage to branded oil. This is expected to continue to be a source of growth in the medium term. This is expected to be complemented by share gain in rural areas. Its share in the rural markets, in the range of 35% to 40%, is lower than in the urban markets, thus providing potential headroom for growth through market share gains.

During the 12 months ended September 2012, Marico's volume share led by Parachute and Nihar was circa 57.2% (12 months ended September 2011: 53.3%).

Saffola : Super premium refined edible oils and breakfast cereals

The Saffola edible Oils franchise grew by about 6% in volume terms during Q2FY13 compared to Q2FY12. The growth during the current quarter however was lower than the recent trend. As a result of the overall inflation the packaged foods segment is witnessing some deceleration in growth because of its discretionary nature. Moreover, the inflation in the safflower oil and rice bran oil is significantly higher than the inflation in sunflower oil. This has led to expansion in premium of Saffola vis-à-vis the other refined edible oils. Though the Company doesn't believe that Saffola's existing consumers are down trading there is a deceleration in the rate at which new consumers are upgrading into the Saffola brand, leading to a lower growth rate. The Company is observing the situation and may consider taking some pricing action in the coming months. The Company also believes that nothing fundamental has changed and that normal growth rates will return in the medium term. Based on the growth reported in H1FY13 so far the growth rate for FY13 as a whole is likely to be around 10%.

The income levels in India have seen an increase over the past few years. The per capita income has reached to about USD 1400 from about USD 400 a decade back. As a result of this growing affluence the consumers are proactively moving on to a healthy lifestyle. Moreover, awareness about health and particularly heart health has been increasing in India. Saffola too has made a significant contribution towards increasing this awareness. Adopting Saffola is one of the shifts that consumers continue to make. The Saffola range of blended refined oils (available in four variants) operates in the super premium niche of the refined edible oils market. Saffola is estimated to reach about 3 million households of the 21.4 million SEC A/B households in India. With rising awareness about heart health in the country, this provides significant headroom for growth. The brand maintained its leadership position in the super premium refined edible oils segment with a market share of about 58.6% during the 12 months ended September 2012. (Q2FY12 : 54.8%).

In the long term, Saffola expects to establish itself as a leading healthy lifestyle brand that offers healthy food options during all meals of the day. The rise in the number of nuclear households and that of working women provides an opportunity for convenient and healthy breakfast food options. The Company has prioritized the breakfast space in the near term. Saffola oats, including its savory variants has been tracking well in the Southern markets. After gaining critical mass in the Southern markets the Company has now rolled the prototype out nationally during the quarter. It also introduced three new flavors. Now Saffola offers a bouquet of six flavors in the savory Oats category. Saffola has an exit market share of about 14% by volume in the Oats category and has emerged as the number two player. Participation of various players in the Oats market is helping to fast forward the growth in this category, estimated to be over 35% per annum.

Besides offering oats Saffola strengthened its position in the breakfast category by introducing Muesli on a national basis. The product is available in three variants. The early signs are encouraging. Market size of Muesli is estimated to be around INR 80 crore to INR 100 crore growing rapidly in excess of 40%.

The company will continue to innovate in the health based packaged food space and prototype new products in the near future.

Saffola won the biggest award at the EMVIES 2012; "The Grand EMVIE" for the Best Ongoing Media Campaign. The EMVIES are the most prestigious media awards in the country and Saffola completed a large haul with Gold, a Silver and a Bronze in addition to the GRAND EMVIE for its campaigns.

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

During Q2FY13, all Marico's hair oils brands (Parachute Advansed, Nihar and Hair & Care) continued to record healthy growths and market share gains. Marico has emerged as the market leader in the Value Added Hair Oils space. Its basket of value added hair oils have achieved a volume market share of about 25.3% (from 17%-18% about 5 years ago) for the 12 months ended September 2012.

There has been a positive shift of around 260 basis points in Q2FY13 compared to Q2FY12. These market share gains have been achieved through providing consumers with specific solutions, product innovation, packaging restaging, participation in more sub-segments of the value added hair oils category, continued media support in some of the brands and penetrative pricing action in others and expansion of Marico's direct retail reach in the rural markets.

Marico has a "category play" in the segment whereby it offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs in the approximately INR 4000 crore (USD 727 million) branded hair oils market. The portfolio grew by about 20% in volumes over Q2FY12.

Hair oiling remains a deeply ingrained hair conditioning habit on the Indian sub-continent. The Company has carried out scientific research and conducted successful clinical trials to establish the benefits that hair oiling provides to consumers. The study has proved that hair oiling improves the strength, thickness, length and softness of hair. Moreover, hair oiling leaves the hair less damaged. The recent advertisement campaign effectively communicates the benefits of hair oiling. With rising incomes in India there exist increasing opportunities to serve consumers looking for value added options to their hair oiling needs.

The Company's aim is to participate in all the sub-segments and have a wider portfolio to drive growth. Nihar, Parachute Advansed and Hair & Care have each established significant franchises. This is being built upon further through the introduction of new products such as Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic cooling oil and Parachute Advansed Ayurvedic Hair Oil. All these have grown the overall hair oils franchise by bringing specificity and creating more occasions for use. Nihar Shanti Amla continues to gain market share and achieved a volume market share of about 22% for the 12 months ended September 2012 in the Amla hair oils category (MAT Q2FY12 : 15.5%). The market share gain in the Amla category during Q2FY13 as compared to Q2FY12 is about 690 bps. On a sequential quarter basis it gained 160 bps.

The Company is now focusing on scaling up its presence in all the sub segments of Value Added Hair Oils.

Mass Skin Care: Parachute Advansed Body Lotion

Parachute Advansed Body Lotion, launched nationally in H2FY12, has been showing encouraging results. The Company also introduced a summer variant in order to remain salient in the non peak months of April to September. Feedback from consumers and the trade is very positive. Parachute Advansed Body Lotion has achieved a market share of about 6% (moving 12 months basis) within a short period of time and has become the number 3 participant in the market.

The Company believes that even though the category is relatively more competitive compared to the other categories it is present in there is a lot of head room for growth. The penetration levels are still below 20% resulting in category growth rates of over 25%. The total skin care segment is estimated to be around INR 5000 Cr (USD 1 billion) out of which the body lotion segment is around INR 550 Crore (USD 100 mil)

Input Costs and Pricing

Copra prices had seen an unprecedented increase in H2FY11 and remained high until Q3FY12. There has been a decline in market prices since Q4FY12. Average copra prices in Q2FY13 were about 33% lower than Q2FY12. The company is likely to pass on part of the benefit in costs by way of temporary reduction in prices and promotional offers in select packs.

The market prices of the other key inputs such as Safflower Oil and Rice bran oil were up 59% and 16% respectively during Q2FY13 as compared to Q2FY12. The cost push in these two is higher than that of other edible oils.

The Company derives comfort and confidence from the pricing power that its brands enjoy. The Company is confident that during an inflationary environment it can pass on the cost push to its consumers. Conversely, in a deflationary environment the Company is willing to pass back part of the benefit to the consumer especially in the lower price point (recruiter) packs in order to ensure regular upgrades from the unorganized market in case of the coconut oil category and from non Saffola users in the super premium refined edible oils category. This would ensure that we continue to expand our volume base – critical for an emerging market like India. 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 Group level.

Update on Markets/Distribution Channels:

Marico's rural sales continue to clock a faster pace of growth than its urban sales. The continued focus on distribution expansion in rural markets has pushed the share of rural sales to circa 30% of total Indian FMCG sales. The Company continues to make investments behind strengthening rural distribution for the long term.

The Company is also investing behind strengthening other channels such as modern trade, chemist/cosmetic stores to increase the saliency of its existing portfolio and that of the acquired new male grooming portfolio.

Sales in Modern Trade continued its good run and grew at 28% in Q2FY13 led primarily by Saffola franchise growth and Hair Oils growth.

Acquisition of Youth brands (Set Wet, Zatak, Livon) :

Marico, after completing the acquisition of Halite Personal Care India Private Limited from Reckitt Benckiser on May 29, 2012, brought into its fold the male grooming brands Set Wet and Zatak and the post wash hair serum brand Livon. Q2FY13 is the first full quarter in which the financial results of the acquired Youth brands are consolidated to arrive at the Group's performance. The Company focused on integrating the operations into its own Sales and Distribution network. The Company's does not intend to make too many changes in the initial days and is focusing on disciplined retailing of these brands to fill the sales and distribution gaps.

The turnover achieved from the Youth brands during the quarter was INR 46 crore (INR 8.5 million), a growth of 28% over Q2FY12.(During Q2FY12 the business was being run by Reckitt Benckiser). The operating margins are in line with expectations.

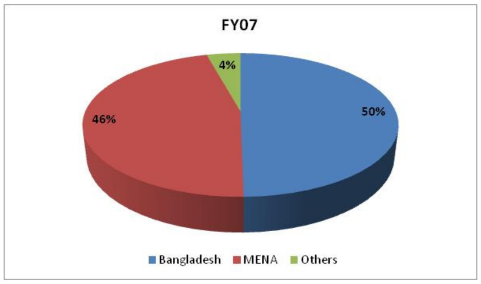
All the three segments: Deodorants, Hair Gels and post wash leave-on hair serum achieved good growths.

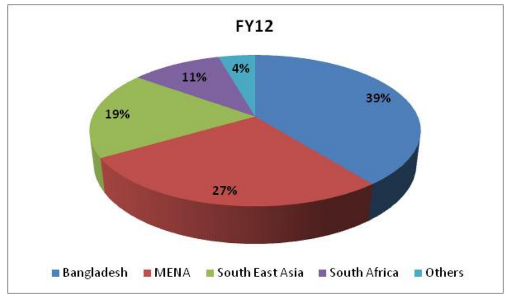
Set Wet launched its new campaign "Buri Nazar Waale Tera Muh Kaala". Instead of focusing on the category stereotype of women going weak in their knees over the charm of the Set Wet man, the campaign plays up the envy & insecurity the Set Wet guy creates amongst other men. Seen as a bold thought, the campaign has met with a favorable initial response.

This acquisition gives the Company an access to youth brands such as Set Wet, Zatak and Livon. Brands in the portfolio occupy amongst the top three positions in the hair gel, male deodorant and leave-on hair serum categories. Set Wet and Zatak provide Marico an opportunity to participate in the rapidly growing deodorant and male grooming categories in India. The portfolio addresses the grooming needs of the youth and is supported by India's demographic profile. Marico will also leverage its distribution strength in India to provide a fillip to the growth of the brands. The acquisition of this business is expected to further reduce Marico's dependence on edibles oils and hair oils.

The Company has a significant presence in the male styling/grooming categories in its overseas markets. Its brand X-Men is a leading player in male grooming in Vietnam. Hair Code and Fiancée provide leadership in hair creams and gels in Egypt. Code 10 participates in the male grooming market in Malaysia. This is expected to result in synergies through knowledge on the latest trends, formulations and an available new product pipeline.

International FMCG Business Group (IBG)





IBG reported a turnover of INR 275 Crore (USD 51 million) during Q2FY13. This denotes a growth of about 16% over Q2FY12. The growth in constant currency terms is about 3% largely led by pricing. The EBITDA margin for the quarter stood at approximately 10%, an improvement of about 150 bps over Q1FY13.

The following sections summarize the performance in each of the key geographies during the quarter.

Bangladesh

The overall business environment in Bangladesh continues to witness an improvement even though it's still challenging. GDP estimates have been revised downwards marginally but are still over 6% which is a good sign. Inflation continues to be in double digits but the Bangladeshi Taka versus USD is stable in BDT 81 to BDT 83 band on the back on growth in foreign inward remittances. The Bangladesh business during Q2FY13 posted a decline of about 1% in revenues over the same period last year.

Parachute nevertheless continues to hold its market share of about 80% in the branded coconut oil market suggesting strong brand fundamentals. Parachute has been ranked number 1 in the Best Brands Awards (across categories) for FY12 in a study conducted by AC Neilson and Bangladesh Brands Forum. This was a study covering more than 1800brands across 28 categories *(Source: Bangladesh Brand forum)*

In view of the long term potential that Bangladesh offers, the Company continues to make investments behind existing and new products such a Value Added Hair Oils (VAHO) and Hair Dye. These products continue to gain traction and are expected to help create a portfolio of the future in Bangladesh.

Hair Code hair dye has been able to maintain its market share of about 29% in value terms thus establishing itself as the number 1 player in the powdered hair dye market. In the INR 150 crore (USD 28 million) value added hair oils space, the Company strengthened its presence through increased volumes of Parachute Beliphool, a light hair oil with a floral fragrance, Parachute Advansed Cooling Oil and Nihar. This has resulted in ramping up market share from about 7% a few quarters back to exit market share of over 19%. It now occupies the number 2 position in the VAHO segment. The VAHO segment now contributes to about 9% of the Bangladesh business.

The new manufacturing facility was completed and commissioned in August 2012. Trial production has started and will be scaled in the next quarter.

MENA (Middle East and North Africa)

Overall the environment in Egypt is stable with gradual signs of revival in the economy. The Company's business in Egypt grew by about 11% during the quarter and maintained its market share of about 57%. The company continues to play out a dual brand strategy leading with Hair Code and Fiancée playing the VFM flanker role.

The company's Parachute business in the Middle East region witnessed a slow start to this year owing to certain distribution restructuring and a mixed response to a pack change initiative in Hair Creams. The Company has stepped up efforts to manage the pack transition and has witnessed an uptick in the secondary sales of Parachute hair cream in the month of September 2012. This momentum needs to be carried forward into the balance part of the year.

During Q2FY13, the company's MENA business registered a growth of 6% over Q2FY12

South Africa

The South African business recorded a flat top line as compared to Q2FY12 mainly due to a transportation strike during the second fortnight of September 2012 which adversely impacted all businesses. In recent quarters, Caivil Just for Kids has consolidated its leadership position in the Kids hair care market. Given the inflationary situation the market has been witnessing some degree of down-trading. However, Marico's representation in the VFM segment through Black Chic was able to capitalize on this trend. Overall Marico's hair care brands have been growing steadily and improving their market shares in the ethnic hair care market in South Africa.

South East Asia

Inflation in Vietnam has dropped to single digits and the Dong has remained relatively steady. The country is however expected to post a GDP growth of about 5% during 2012 – the lowest it has been over the last decade or so. Nevertheless, the business in Vietnam is tracking as per expectations and grew by over 23% in Q2FY13 over Q2FY12 in constant currency terms. X-Men maintained its leadership in male shampoos and the number two position in male deodorants. Marico's Malaysian business continues to grow at a very healthy rate. Code 10 has responded well to the brand restage and the Company has recently launched a range of extensions in male hair styling. The Company continues to scale up its presence in neighboring countries like Myanmar, Nepal and Bhutan.

Kaya Skin Care Solutions

Kaya offers skin care solutions - its technology led cosmetic dermatological services and products through 106 clinics: 83 in India across 26 cities and 19 in the Middle East in addition to the 4 D Rx clinics and medispas in Singapore and Malaysia.

During Q2FY13, Kaya achieved a turnover of INR 91.5 crore (USD 16.9 million) registering a growth of about 38% over Q2FY12. (In constant currency terms, the growth was about 25%). The Kaya business in India and in the Middle East achieved same store sales growth of about 10% during Q2FY13 as compared to Q2FY12. This was partly led by the promotions carried out during the quarter to drive footfalls. These promotions were well supported by advertisements in print, radio etc. Kaya thus continues to sustain the top line growth trend for the past 8 quarters on a same store basis. DRx business reported a healthy double digit top line growth.

This has been achieved through several initiatives taken over the last few quarters:

- Introduction of regular skin care services at affordable price points to serve as traffic generators and retain existing customers. During the latter part of FY11 and FY12 Kaya introduced a range of Everyday skin care services such as Every Day Radiance, Aqua Radiance and more recently Kaya Signature Facial Therapies. Unlike ordinary facials, these services are created especially by dermatologists that combine the best of science and nature to give consumers a rehydrated, rebalanced smooth, supple and brighter skin. These services are not in the nature of problem solution which means that these services can be availed at short periodic intervals leading to regular foot fall in the clinic.
- Ongoing innovation in the range of these services to give a variety to the consumers.
- Unlocking of portfolio synergies by introducing products from Derma-Rx in India and Middle East. These have experienced good acceptability from our customers.
- Kaya Smiles: Loyalty program in India designed to recognize and reward customers for their patronage to Kaya. This will be instrumental in improving customer retention and bolster CRM activities.

The products from Derma-Rx introduced in India continue to gain good traction. The Company has started introducing these products in the Middle East during Q1FY13. About 23% to 25% of the revenues from Indian operations now come from the sale of products. This ratio was static at about 13% before the Company started focusing on products. The company will continue to introduce more products in India and in the Middle East in a phased manner. We believe that introduction of these products makes the range of products at Kaya more comprehensive. It also improves the stickiness of the brand as some customers may continue to use the products even after completing there package of service sessions. The Company expects the contribution from sale of products to continue to improve in the future.

During Q2FY13, Kaya recorded a revenue growth of about 38% over Q2FY12 and made a profit of INR 5.7 crore (USD 1.05 million) at the PBIT level. The business had reported a loss of INR 4.8 crore (USD 0.90 million) at PBIT level for Q2FY12. Depreciation of INR against other currencies leading to a 38% growth in top line is also positively impacting the reported bottom line.

While the Company has registered a profit during this quarter, there is some level of uncertainty over discretionary spends owing to overall inflation in the economy. The Company would also like to observe a few more quarters of good performance before gaining confidence about sustained profitability.

During the quarter the Company decided to exit the Kaya business in Bangladesh effective December 1, 2012. While the consumer response was encouraging prototype did not achieve desired targets on clinic revenue and profitability. The size of Kaya's operation in Bangladesh is less than 1% of the total Kaya business.

OPERATING MARGIN STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	Q2FY13	Q2FY12
Material Cost (Raw + Packaging)	48.4	55.2
Advertising & Sales Promotion (ASP)	13.7	9.2
Personnel Costs	8.3	7.5
Other Expenses	16.6	15.9
PBDIT margins	13.0	12.3
Gross Margins (PBDIT before ASP)	26.7	21.5

1. The above ratios are generally calculated before considering the effect of exceptional and non comparable items to enable like to like comparison. There was no such item during Q2FY13 and Q2FY12
2. The quarter witnessed a sharp decline in copra prices that led to an overall reduction in the input costs. Market price of Copra, the input for coconut oil, which accounts for about 40% of the Group's raw material cost, was about 33% lower in Q2FY13 as compared to Q2FY12, Market prices of Safflower Oil and Rice Bran were up by 59% and 16% respectively leading to an expansion of about 680 bps in the gross margins.
3. A part of the gross margin expansion has been re-invested in business in the form of Advertisement & Sales Promotion as in evident from the increase in overall ASP by 450 bps. The Company continues to make investments behind existing products and new products such as Saffola Oats, Saffola Muesli, Parachute Advansed Body Lotion in India and Vale Added hair Oils in Bangladesh. Moreover, ASP investments made behind the acquired Youth brands (Set Wet, Zatak and Livon) also resulted in an overall higher ASP to Sales.
4. Employee costs during Q2FY13 were higher as compared to Q2FY12 due to normal wage increase and provision for incentives made in the current quarter for FY13.
5. The detailed Financial Results and other related useful information are available on Marico's website – http://www.marico.com/investor_relations/latest_updates.html

Capital Expenditure and Depreciation

The Company plans to invest about INR 130-150 Crore (USD 24-28 million) in capital assets in FY13. This estimate excludes any potential acquisition opportunities and the expenditure of about INR 130 crore already made with respect to the additional office space purchased in Mumbai.

Depreciation during Q2FY13 is INR 22.5 Crore (USD 4.2 million) compared to INR 17.7 Crore (USD 3.3 million) in Q2FY12. The increase is due to additions made during the last year and first half of current year. It also include an amount of about INR 1 crore (USD 0.18 million) on account of impairment of Kaya clinics in Bangladesh.

Direct Taxation:

The reported effective tax rate (as % of PBT) after considering MAT credit and deferred tax for Q2FY13 is about 25.5% as compared to about 21% during Q2FY12. The increase in the ETR is primarily due to higher taxable profits during the quarter in India as a result of growth in the coconut oil franchise and reduced profits in international geographies which are otherwise exempt from tax.

The Company expects its effective tax rate to be around 24% to 25%% during FY13 and to about 22% to 23% in FY14.

In-Direct Taxation:

During the year FY10, the Central Board of Excise & Customs (CBEC) issued instructions vide a circular wherein it was clarified that coconut oil packed in container size up to 200 ml is chargeable to excise duty. The issue of applicability of excise duty on packed coconut oil is pending before the Supreme Court. The appeal is filed by the department against the order of tribunal which has upheld that on pure coconut oil packs excise duty is not applicable. As on September 30, 2012 the contingent liability amounts to INR 326 crore (USD 60 million).

There is no significant development to share in this regard.

Foreign Exchange

Marico Limited hedges its foreign currency denominated liabilities and assets using plain vanilla Forwards and plain vanilla Call & Put Options. The company also judiciously executes Interest Rate SWAPs in respect of its interest commitment on External Commercial Borrowings.

The exchange rate for INR/USD remained volatile during the quarter. Similar fluctuations were observed in other local currencies also. While a depreciating exchange rate of INR /USD is better in terms of reported consolidation of business results, a similar depreciation in local currencies added to the input cost pressure in the IBG geographies.

Capital Utilization

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

Ratio	Q2FY13	Q2FY12
Return on Capital Employed - Marico Group	20.0%	24.4%
Return on Net Worth – (Group)	19.4%	30.8%
Working Capital Ratios (Group) - Debtors Turnover (Days) - Inventory Turnover (Days) - Net Working Capital (Days)	 19 61 57	 20 53 63
Debt: Equity (Group)	0.48	0.68
Finance Costs to Turnover (%) (Group)	1.3%	1.1%

* Turnover Ratios calculated on the basis of average balances

1. There has been no material variation between the ratios in two quarters under comparison.
2. ROCE and RONW have declined to about 20% levels mainly on account of the recent acquisition of Youth brands (Set Wet, Zatak and Livon). The Company will endeavor to maintain the ROCE in the range of 20% to 25% going forward.
3. The Debt: Equity ratio has declined mainly due to addition to the Equity. The Company raised INR 500 Cr during Q1FY13 to part fund the acquisition of Youth brands.

4. The Net Debt position of the Marico Group as of September 30, 2012 is as below-

Particulars	Amount (INR/Cr)
Gross Debt	816
Cash/Cash Equivalents and Investments	274
Net Debt	541
Foreign Currency Denominated out of the total gross debt	616
Foreign Currency Denominated : Payable in One Year	268
Foreign Currency Debt as a % age of Gross Debt	75%
Rupee Debt out of the total gross debt	200
Rupee Debt : Payable in One Year	200
Total Debt Payable with in One year	468
Average Cost of Debt (%) : Pre tax	5.5%

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.

5. The Debt denominated in foreign currency is either hedged or enjoys a natural hedge against future probable exports the hence the MTM differences are routed through the balance sheet (Hedge Reserve) rather than the income statement.
6. The Company periodically reviews and hedges the variable interest liability for long term loans using Interest Rate Swaps.
7. Pursuant to the Announcement of the Institute of Chartered Accountants of India's ("ICAI") "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard 30 ("AS 30"), "Financial Instruments: Recognition and Measurement", the Company had, commencing from the year ended March 31, 2009, decided on early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly, the net unrealized gain/ (loss) of Rs. (4,698.40) lacs as at September 30, 2012 [Rs. (6,305.64) lacs as at June 30, 2012 and Rs. 622.11 lacs as at September 30, 2011] 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 would be recognized in the Statement of Profit and Loss on occurrence of the underlying transactions or forecast revenue.

Short / Medium Term Outlook

Marico has positioned itself, strategically, in emerging markets - India, South Africa (part of BRICSA), Bangladesh, Vietnam and Egypt (Part of N-11 Group) and the Middle East. These are 11 countries generally considered to be sources of growth potential and of profitable investment opportunities. We believe that in emerging markets, focus on the long term is crucial. Long term success can be ensured only through stronger brands that enjoy loyal consumer franchises. We have therefore chosen to prioritize expansion of consumer franchise over expansion of margins.

Here is a broad outline of Marico's strategies and the expected outcome for its various businesses:

CPB:

- In Parachute, the company will aim to grow by leading market expansion through its recruiter low unit size packs. In rural areas where the market share is relatively low as compared to overall market share the Company aims to gain market share. The Company expects to achieve volume growth 7% to 8% per annum in the medium to long term however the growth rates in the immediate term may be slightly higher .

- In Nihar, Parachute Advansed and Hair & Care, Marico will focus on share gain through a wider participation thereby providing specificity of benefit to consumers accompanied by effective and insightful communication. Successful execution of this strategy is expected to result in annual volume growth of 15% to 17% in the value added hair oils portfolio over the next 2-3 years.
- The Company's efforts in expanding rural reach is also expected to contribute towards franchise expansion in coconut oils and hair oils.
- Saffola is riding a trend in healthy living being adopted by the Indian consumer. Its premium edible oil franchise expects to return to a growth rate of about 15% in volume in the medium term. In addition the Company plans to build a sizeable business in the healthy foods space by leveraging Saffola's equity. It aims to derive about 25% revenues of Saffola from healthy foods over a period of 2-3 years.
- Over the next few quarters the company will also focus on integrating the newly acquired brands, Set Wet, Zatak and Livon into Marico. Being in tail wind categories this portfolio is expected to have a rate of growth higher than Marico's existing portfolio, in the region of 25% to 30%.

IBG:

- Marico will focus on growing the categories where it has significant market share - such as in coconut oil in Bangladesh and male grooming in MENA and Vietnam.
- The Company will focus on complementing growth of Parachute Coconut Oil in Bangladesh by establishing other products introduced in the market. The pressure on growth experienced during H1FY13 is definitely expected to ease during H2FY13.
- In South Africa it would work on increasing share in key categories and over the medium term in expanding its footprint to other parts of sub-Saharan Africa.
- In MENA the company will focus on driving penetration.
- Both the X-Men business in Vietnam and Code 10 in Malaysia are expected to continue to show healthy growths.
- We will also explore other countries in the emerging markets of Asia and Africa as targets for expansion in the long term
- IBG is expected to come back to a healthy growth trajectory in constant currency terms by H2FY13 accompanied by EBDITA margins in the range of 11% to 12% for the year. The EBITDA margin is expected to move towards the Group's average over the next 2 to 3 years

Kaya:

- Kaya will aim to grow its franchise by opening 3-4 new clinics in strategic locations in India. The near term focus is on same store sales growth to improve capacity utilization and clinic profitability.
- Derma Rx business in Singapore and Malaysia is expected to sustain its growth throughout FY13.
- In Middle East the business is focused on same store growth by increasing footfalls and retaining existing customers through innovation in Pain Free laser hair reduction, Anti-aging services and Kaya Couture range of regular skin care services. The addition of Derma-Rx range of products will accelerate top line growth
- We feel reasonably confident that the business will achieve sustained growth during FY13 and FY14.

Overall:

- The medium to longer term outlook on all the company's three businesses remains positive.
- In the medium term, the Company will focus on strengthening the building blocks for future value creation - strong equities for its existing brands amongst its consumers, volume growths, robust new product pipelines and operational effectiveness.

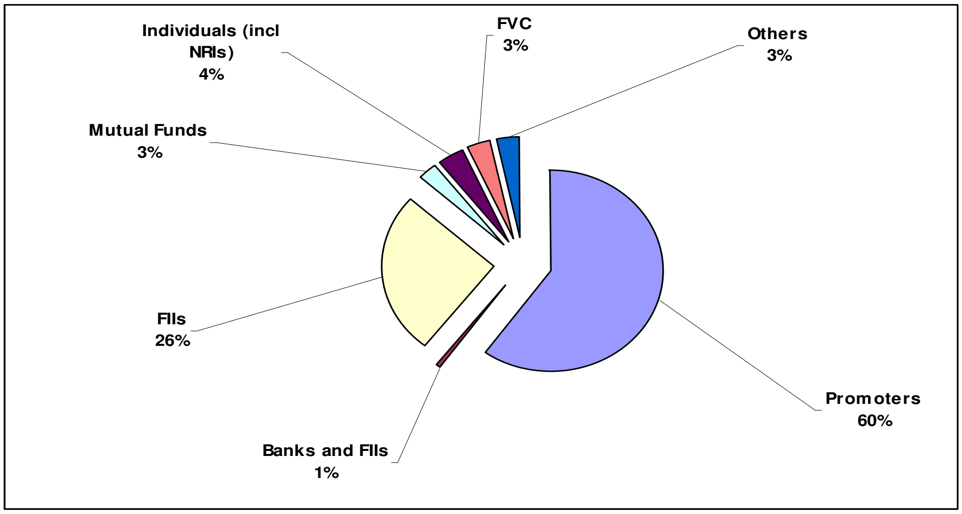
Long Term Outlook

Our belief in the long term potential of our businesses continues to be strong. Our belief stands bolstered by the recent record of strong volume growths across categories. This emboldens us to spell out our preference for growing our volume franchise as compared to focusing on profit margins alone. Our recent acquisition of personal care brands in the male grooming/styling segments puts us in a good position to leverage the Indian demographic trends and build a portfolio of the future.

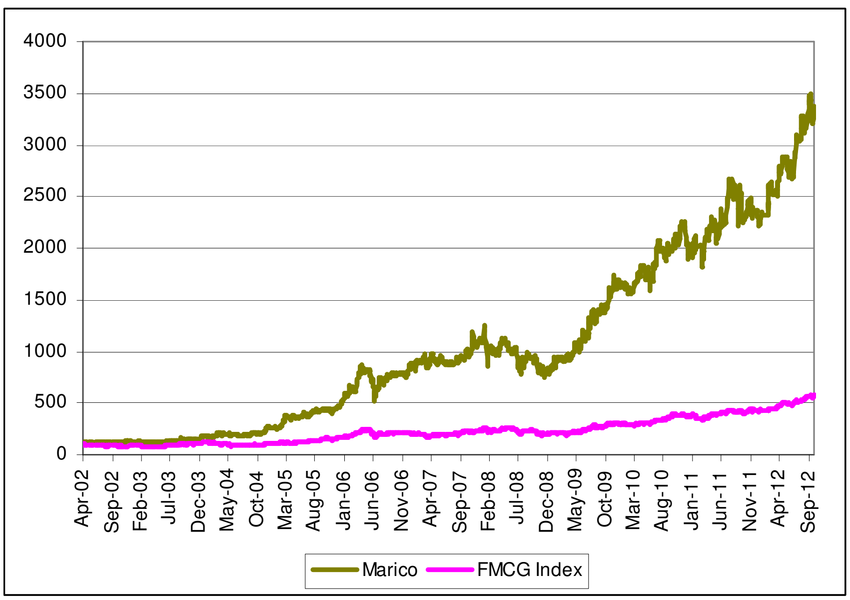
THANK YOU FOR YOUR PATIENT READING

Annexure 1-A: SHAREHOLDING PATTERN

The Shareholding pattern as on September 30, 2012 is as given in the graph below:



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 Rs. 12884 crore on September 30, 2012. The average daily volume on BSE and NSE during Q2FY13 was about 2,95,368 shares

Annexure 1- C Average Market Prices of Input materials

(These prices are based on simple average of daily market prices and the company's actual procurement prices may be different based on quantities bought on various days.)

	Rs/100KG	Rs/100KG	Rs/10KG	Rs/10KG	Rs/10KG	Rs /lt	Rs / kg
Month	COCHIN Coconut OIL	COPRA CALICUT	Sun Flower OIL NOMINAL BOMBAY	KARDI OIL JALNA	RICE BRAN	LIQUID PARAFFIN	HDPE
Jul-11	8,958	5,799	700	832	551	64	74
Aug-11	9,683	6,292	702	862	563	67	75
Sep-11	8,726	5,837	708	864	546	68	77
Oct-11	7,936	5,323	713	877	553	67	77
Nov-11	8,154	5,549	685	923	549	67	78
Dec-11	7,942	5,383	702	993	539	68	80
Jan-12	7,414	5,102	684	1,109	548	67	81
Feb-12	6,584	4,534	668	1,103	541	68	80
Mar-12	6,472	4,512	693	1,097	567	65	85
Apr-12	6,489	4,392	721	1,216	610	66	90
May-12	6,064	3,975	720	1,153	608	67	92
Jun-12	6,117	4,052	706	1,181	607	67	92
Jul-12	6,212	4,178	750	1,327	650	66	92
Aug-12	6,102	4,073	765	1,365	645	66	93
Sep-12	6,013	4,027	773	1,365	622	65	94
Q2FY13 YOY	-33%	-32%	8%	59%	16%	0%	23%
Q2FY13 QOQ	-2%	-1%	7%	14%	5%	-1%	1%

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

	45 ml	100 ml	175 ml	250 ml	500 ml	1 Ltr	1 ltr	1 Ltr	1 ltr
Month	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Parachute Coconut Oil	Saffola-Kardi Oil	Saffola Tasty Blend	Saffola Gold	Saffola Active
Jul-11	12.00	27.00	45.00	61.00	116.00	165.00	120.00	135.00	107.00
Aug-11	12.00	27.00	45.00	61.00	116.00	165.00	120.00	135.00	107.00
Sep-11	12.00	27.00	45.00	61.00	116.00	165.00	120.00	135.00	107.00
Oct-11	12.00	27.00	47.00	64.00	119.00	165.00	120.00	135.00	107.00
Nov-11	12.00	27.00	47.00	64.00	119.00	165.00	120.00	135.00	107.00
Dec-11	12.00	27.00	47.00	64.00	119.00	165.00	120.00	135.00	107.00
Jan-12	12.00	27.00	47.00	64.00	119.00	180.00	130.00	145.00	115.00
Feb-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
Mar-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
Apr-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
May-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
Jun-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
Jul-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
Aug-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00
Sep-12	12.00	27.00	49.00	64.00	120.00	180.00	130.00	145.00	115.00

List of Key Promotional Offers during Q2FY13

Parachute Coconut Oil (PCNO)
PCNO 100ML Rs 2 off
PCNO 45ML Rs 2 off
PCNO 250ML +Jas 50ML free
PCNO 500ML+20% free
Saffola Super Premium Refined Edible Oils
Saffola Gold 1Ltr + 20% free
Saffola Gold 5Ltr + 1 Ltr Free
Saffola Original 5Ltr + 1Ltr Free

Annexure 2 - Profile giving Basic / Historical Information

Marico is a leading Indian Group in Consumer Products & Services in the Global Beauty and Wellness space. Marico's Products and Services in Hair care, Skin Care and Healthy Foods generated a Turnover of about INR 40 billion (about USD 800 Million) during 2011-12. Marico markets well-known brands such as Parachute, Saffola, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Setwet, Zatak, Livon, Kaya, Derma Rx, Aromatic, Fiancée, HairCode, Caivil, Black Chic, Code 10, Ingwe, X-Men, L'Ovite and Thuan Phat. Marico's brands and their extensions occupy leadership positions with significant market shares in most categories - Coconut Oil, Hair Oils, Post wash hair care, Hair Gels/Creams, Deodorants, Anti-lice Treatment, Premium Refined Edible Oils, niche Fabric Care, Male grooming etc. Marico is present in the Skin Care Solutions segment through 107 Kaya Skin Clinics and Derma Rx clinics in India, The Middle East, Bangladesh, Singapore and Malaysia. Marico's branded products are present in Bangladesh, other SAARC countries, the Middle East, Egypt, South Africa, Singapore, Malaysia and Vietnam.

Marico's own manufacturing facilities in India are located at Goa, Kanjikode, Jalgaon, Pondicherry, Dehradun, Daman, 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. Marico has consistently sought to broad base its brand basket. The new products dealt in by the Company during last 5 years have now assumed a critical mass. In the process, Marico's dependence on Parachute has consistently been reducing. From a share in the range of 70% - 75% in early 90's, Parachute coconut oil in India today contributes about 30% to the top line of Marico. Its share in profits too has come down.

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 40 lacs retail outlets services by its nation wide 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	135	49
Town's covered (000's)	4.1	27.0
Distributor	750	-
Super Distributor	-	145
Stockists	-	4,100

Skin Care Solutions

Marico entered the skin care solutions business through Kaya Skin Clinics offering a range of highly effective and safe services based on cosmetic dermatological procedures and products. Services offered at Kaya use US FDA approved technology and have been specifically customized for Indian skin. In-clinic dermatologists recommend a personalized series of treatments. The chain of Kaya clinics (all company owned) is now 105 strong, spread across 26 cities in India and a presence in the Middle East, Bangladesh, Singapore and Malaysia. Its customer base is now more than 700,000.

Financial Highlights

Marico has maintained a steady top line and bottom line growth over the past decade with a consistently healthy Operating Return on Capital Employed (ROCE).

Particulars (INR crores)	FY 08	FY 09	FY 10	FY11	FY12	CAGR %
Sales & Services	1,905	2,388	2,661	3,128	3980	21%
Profit Before Tax	205	230	298	376	400	22%
Net Profit (PAT)	169	189	232	286	317	23%
Earnings per Share - Annualized (Rs)*	2.80	3.10	3.80	4.70	5.15	22%
Book Value per Share (Rs)*	5.20	7.40	10.70	14.90	18.59	
Net Worth	315	453	654	915	1,143	43%
EBITDA%	12.9%	12.7%	14.1%	13.3%	12.1%	
ROCE %	42	35	34	27	26	

* For a meaningful comparison of EPS and Book Value, the numbers for the previous years have been re-computed taking into account sub-division of equity shares to a face value of Re 1 per share.

Business Model and Organization

Marico's business model is based on focused growth across all its brands and territories driven by continuously improving value propositions to consumers, market expansion and widening of retail reach. Marico aims to be the leader in each of the businesses; by heightened sensitivity to consumer needs, setting new standards in the delivery and quality of products and services through processes of continuous learning and improvement.

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

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Chaitanya Deshpande	EVP & Head - M&A and Investor Relations	(chaitanyajd@maricoindia.net)
Milind Sarwate	Group CFO	(milinds@maricoindia.net)

Contents of this Update

1. Financial results and other developments during Q1FY13 for the Marico Group - Kaya Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya 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., Derma Rx International Aesthetics Pte. Ltd., The DRx Clinic Pte. Ltd., The DRx Medispa Pte. Ltd., DRx Investment Pte. Ltd. , DRx Aesthetics Sdn. Bhd, International Consumer Products Corporation, Beauté Cosmétique Societé Par Actions, Thuan Phat Foodstuff Joint stock Company, Marico Consumer Care Limited, Halite Personal Care India Private Limited.
2. A Profile containing basic/historical information on Marico.

We recommend that readers refer to the Marico Group financials to get a better appreciation of the business performance. A copy of the latest Annual Audited Financial Results of Marico Limited (stand-alone 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.