DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Twenty Third Annual Report of your Company, Marico Limited, for the year ended March 31, 2011 ('the year under review', 'the year' or 'FY11').

In line with the requirements of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange, your Company has been reporting consolidated results – taking into account the results of its subsidiaries. This Discussion therefore covers the financial results and other developments during April 2010 – March 2011 in respect of Marico Consolidated comprising– **Domestic Consumer Products Business** under Marico Limited (Marico) in India, **International Consumer Products Business** comprising exports from Marico and operations of its overseas subsidiaries and the **Solutions Business** of Kaya in India and overseas. The consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

FINANCIAL RESULTS – AN OVERVIEW

	Rs. Crore Year ended March 31, 2011	2010
Consolidated Summary Financials for the Group		
Sales and Services	3128.3	2660.8
Profit before Tax	376.4	297.9
Profit after Tax	286.4	231.7
Marico Limited – financials		
Sales and Services	**2346.9**	**2024.3**
Profit before Tax	**374.6**	**292.6**
Less: Provision for Tax for the current year	59.2	57.5
Profit after Tax for the current year	**315.3**	**235.0**
Add : Surplus brought forward	382.61	233.1
Profit available for Appropriation	**697.9**	**468.1**
Appropriations :		
Distribution to shareholders	**40.5**	**40.2**
Tax on dividend	6.7	6.8
	47.2	47.0
Transfer to General Reserve	**31.5**	**23.5**
Debenture Redemption Reserve	**16.7**	**15.0**
Surplus carried forward	**602.5**	**382.6**
Total	**697.9**	**468.1**

DISTRIBUTION TO EQUITY SHAREHOLDERS

Your Company's Distribution policy has aimed at sharing your Company's prosperity with its shareholders, through a formal earmarking / disbursement of profits to shareholders.

Marico has identified acquisitions as one of its avenues to pursue growth. Since April 2005, the Group has consummated 11 acquisitions including two each in India, Bangladesh, Egypt and South Africa and one each in Malaysia, Singapore and Vietnam. As part of its growth agenda, Marico would continue to explore new acquisition opportunities. These would call for additional funding.

As indicated last year, your Company intends to be more conservative in the quantum of dividend payout in the near future.

Your Company's distribution to equity shareholders during FY 11 comprised the following:

First interim dividend of 30% on the equity base of Rs 61.41 Crore

Second interim dividend of 36% on the equity base of Rs. 61.45 Crore

The total equity dividend for FY11 at 66.0% is thus at par with the dividend paid during FY10. The total dividend (including dividend tax) was Rs. 47.2 crore (about 16.5 % of the group PAT).

DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

An Annexure to this Report contains a detailed Management Discussion and Analysis, which, inter alia, covers the following:

- Industry structure and development
- Opportunities and Threats
- Risks and Concerns
- Internal control systems and their adequacy
- Discussion on financial and operational performance
- Segment-wise performance
- Outlook

In addition, a Review of Operations of your Company has been given in this report.

REVIEW OF OPERATIONS

Marico achieved a strong growth of 18% in revenue over the previous year and registered a top line of Rs 3128 crores during FY11. A substantial part of the growth was organic growth, with 12% volume led growth while the remaining came from price increases and sales mix. The top line increase was accompanied by a bottom-line growth of 24%, after considering the impact of extra-ordinary / exceptional items. Profit After Tax (PAT) including exceptional / extra-ordinary items during the year was at Rs 286.4 crore as against Rs. 232 crore in FY10. The financials for FY11 include certain exceptional items of Rs 48.9 crores (Rs 29.4 Cr on account of write back of provision towards contingent excise duty liability provided in FY10, Rs. 50 Cr on account of profit on sale of Sweekar intellectual property rights, Rs. 7.7 Cr on account of impairment of clinic assets in Kaya Limited and Rs 22.7 Cr on account of impairment of intangibles related to Fiancée business) while the financials of FY 10 include certain exceptional items . The exceptional items have been explained in detail in the Management Discussion and Analysis, which is an integral part of this Report. Had it not been for these items, the PAT for FY11 would have been Rs. 256.3 Cr, a growth of 6% over FY10 (extraordinary items excluded from the comparable figure in the previous year).

During the year, Marico extended its record of year on year quarterly growth.

Q4FY11 was on a Y-o-Y basis:

- The 42nd consecutive Quarter of growth in Turnover and
- The 46th consecutive Quarter of growth in Profits

The company has demonstrated steady growth on both the top line and bottom line. Over the last 5 years, they have grown at a Compounded Annual Growth Rate of 22 % and 27% respectively

Consumer Products Business: India

Parachute, Marico's flagship brand, continued to expand its franchise during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by 8% in volume as compared to FY10. Coconut oil category as a whole grew by 5% in volume as compared to FY10. The volume growth have been lower than expected due to steep rise in the input prices due to which the Company took the prices up of the Products. Marico offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs (Key brands being Parachute Advansed hair oil, Parachute Advansed Cooling oil, Parachute Jasmine non sticky hair oil, Nihar Naturals perfumed hair oil, Hair & Care nourishing non sticky hair oil, Hair & Care Almond Gold and Shanti Badam Amla hair oil). During the year, all Marico's hair oil brands recorded healthy growth and the portfolio as a whole grew by about 23% in volume terms over FY10. Super Premium edible oils brand Saffola grew by about 16% in volume terms compared to FY10. These growths were aided by introduction of new products.

Marico has been constantly investing in a healthy pipeline of new products. During the year your company launched new prototypes. These included variants of Saffola Rice Arise (Basmati and Long grain) – lower GI rice, Parachute Advansed Ayurvedic hair fall solution and Parachute Advansed Body Lotion.

DIRECTORS' REPORT

International FMCG Business

From a single digit share in FY05, about 23% of the group's turnover is now contributed by Marico's International FMCG business. Its key geographical presence is in Bangladesh, MENA (Middle East and North Africa), Malaysia, South Africa and Vietnam.

Marico's South African subsidiary acquired the healthcare brand "Ingwe". Its product portfolio complements the existing healthcare brand Hercules. In February 2011, Marico strengthened its entry into the South East Asian region through the acquisition of International Consumer Products in Vietnam.

During FY11, the company's international business recorded a turnover growth of 22% over FY10. Much of this growth was derived from consumer franchise expansion – about 19%, accompanied by price led growth of 8%. However, this was impacted adversely by forex appreciation of 5%. Political disturbance in the MENA region adversely effected the growth of the international business in Q4 of FY11.

Kaya

Kaya is the first organized player in the segment of cosmetic dermatology and now enjoys a large first mover advantage in the segment in India. It now offers its technology led cosmetic dermatological services through 103 clinics: 81 in India across 26 cities and 16 in the Middle East, 2 in Dhaka and 4 clinics through Derma Rx in Singapore and Malaysia.

During the year Kaya acquired Singapore based skin care solutions business Derma Rx. This gave Kaya an access to an advanced skin care market in terms of a wide bouquet of products and technology capable of being transported across geographies.

Kaya's offering are in the nature of discretionary spends. We had seen a down turn in Kaya's performance in FY10 due to some external and internal factors. While external macro environment is picking up we had identified customer retention and share of product sales as key issues to be addressed internally during FY11. There were efforts put to tackle these issues. Kaya has seen a reasonable success as a result of these measures taken.

Our overall experience with Kaya Skin care business has been encouraging. This is a fairly young business- only 8 years since its inception. We have already experienced, in a few accounting periods, profitability at both clinic level and regional level. Marico's belief in the Kaya Business model is therefore intact, especially as we perceive the long term opportunity in skin care solutions to be significant.

OTHER CORPORATE DEVELOPMENTS

Acquisition of Derma Rx

Kaya Limited, Marico's wholly owned subsidiary delivering skin care solutions in India acquired the cosmetic dermatological business of the Singapore based Derma Rx Asia Pacific Pte Ltd (DRx AP). This acquisition provides Kaya access to a range of highly efficacious skin care products. These products are capable of being transported across geographies. Some of these products have already been introduced in India and are in the process of being introduced in the Middle East. We believe that it will help in increasing the share of products to total revenue of Kaya.

Acquisition of the Brand "Ingwe"

Marico, through its wholly owned subsidiary, Marico South Africa (Pty) Ltd acquired the brand "Ingwe" from South Africa based Guideline Trading Company. The range comprises immuno boosters focused on the ethnic consumer in South Africa. The acquisition of Ingwe brings in a range of products that complements that of MSA's brand Hercules.

Acquisition of the International Consumer Products (ICP)

Marico strengthened its foot hold in South East Asia by taking up 85% equity in International Consumer Products Corporation (ICP), one of the most successful Vietnamese FMCG companies. ICP was founded, in 2001, by Dr. Phan Quoc Cong and his partner. Its brands (X-Men, L'Ovite, Thuan Phat and others) have a significant presence across personal care, beauty cosmetics and sauces / condiments categories. X-Men is a leading player in the male grooming segment in Vietnam and is the 2nd Most Trusted Personal Care brand in the country. With over 35% market share, it leads the men's shampoo category. L'Ovite, the company's premium cosmetics brand ranks amongst the top 5 premium cosmetics brands in Vietnam.

DIRECTORS' REPORT

Divestment of Brand "Sweekar"

Marico divested its refined sunflower oil brand "Sweekar" to Cargill India private Limited (Cargill). This is in line with Company's focus towards wellness platform through Saffola and thus focusing on healthy edible oils and functional foods.

Marico Employee Stock Option Scheme 2007

In pursuance of shareholders approval obtained on November 24, 2006, your Company formulated and implemented an Employee Stock Options Scheme (the Scheme) for grant of Employee Stock Options (ESOS) to certain employees of the Company and its subsidiaries. The Corporate Governance Committee ('Committee') of the Board of Directors of your Company is entrusted with the responsibility of administering the Scheme and in pursuance thereof, the Committee has granted 1,13,76,300 stock options (as at March 31, 2011) comprising about 1.85% of the current paid up equity capital of the Company. Additional information on ESOS as required by Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is annexed and forms part of this report.

None of the Non-executive Directors (including Independent Directors) have received stock options in pursuance of the above Scheme. Likewise, no employee has been granted stock options, during the year equal to or exceeding 0.5% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

The Company's Auditors, M/s. Price Waterhouse, have certified that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the members at the Extra-Ordinary General Meeting held on November 24, 2006.

Marico Employees Stock Appreciation Rights Plan, 2011

During the financial year under review, the Board of Directors of your Company implemented a long term incentive plan namely, Marico Stock Appreciation Rights Plan, 2011 **('STAR Plan')** for the welfare of its employees and those of its subsidiaries.

The purposes envisaged in the STAR Plan and the various schemes thereunder are:

a. To promote amongst Members the desired behavior for meeting long term business objectives of Marico Group

b. To enable retention of desired Members in Marico Group

c. To enable attraction of talent especially to challenging roles

d. To provide a wealth building dimension to the remuneration structure

The Corporate Governance Committee of the Board of Directors has granted stock appreciation rights to certain eligible employees pursuant to the Company's Employee Stock Appreciation Rights Scheme, 2011("Scheme"), which is notified under the STAR Plan . The vesting period under the Scheme is from March 28, 2011 to September 30, 2013. Under the Scheme, the respective employees are entitled to receive excess of the maturity price over the grant price subject to fulfilment of certain conditions. The stock appreciation rights equivalent to 2,874,000 shares were granted to employees which were outstanding as on March 31, 2011.

Application to the Central Government for exemption from including Balance Sheets of the Subsidiary Companies

Your Company had applied to the Central Government under Section 212(8) of the Companies Act seeking an exemption from attaching copies of the Balance Sheet, Profit and Loss Accounts, Directors' Report and Auditors' Report of its subsidiary companies. With reference to the application, the Ministry of Corporate Affairs has granted a general exemption subject to fulfillment of certain conditions.

In terms of the said exemption granted by the Ministry of Corporate Affairs; copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. However, the statement required under section 212 of the Companies Act, 1956 is attached. The Company will make these documents / details available upon request by any member of the Company interested in obtaining the same and same would also be made available on its website. The Consolidated Financial Statements prepared by the Company pursuant to Accounting Standard AS-21 as prescribed by the Companies (Accounting Standards) Rules, 2006, include financial information of its subsidiaries.

DIRECTORS' REPORT

PUBLIC DEPOSITS

There were no outstanding Public deposits at the end of this or the previous year. The Company did not accept any public deposits during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act) amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

In preparation of the Annual Accounts of your Company, the Accounting Standards, laid down by the Institute of Chartered Accountants of India from time to time, have been followed.

Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgement and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2011 and the profits of your Company for the year ended March 31, 2011.

Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.

The annual accounts have been prepared on a going concern basis.

The observation(s) and qualification(s) of the Auditors in their report to the Members have been adequately dealt with in the relevant notes to the accounts. Hence no additional explanation is considered necessary.

CORPORATE GOVERNANCE

A report on Corporate Governance has been provided as a separate part of this Report.

GROUP

Pursuant to intimation from Promoters of your Company, the names of Promoters and companies comprising 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969, have been disclosed in the Annual Report of your Company for the purpose of Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

DIRECTORS

Directors retiring by rotation

Mr. Nikhil Khattau and Ms. Hema Ravichandar, Directors of the Company, retire by rotation as per Section 256 of the Companies Act, 1956 and being eligible offer themselves for re-appointment.

Changes in the Board of Directors

Mr. B. S. Nagesh was appointed with effect from July 16, 2010 as a Non-executive and Independent Director in casual vacancy created by resignation of Director, Mr. Bipin Shah. Mr. Nagesh would hold office as Director of the Company up to the conclusion of the Annual General Meeting to be held for the Financial Year 2011-12.

Mr. Harsh Mariwala the Managing Director of your Company was re-appointed as the Managing Director by the Board of Directors at its meeting held on January 27, 2011 for a further period of 3 years with effect from April 1, 2011, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

Change in the Company Secretary & Compliance Officer

Ms Rachana Lodaya ceased to be the Company Secretary & Compliance Officer with effect from October 27, 2010 and Ms. Hemangi Wadkar was appointed as the Company Secretary & Compliance Officer of the Company in her place with effect from that date.

ADDITIONAL STATUTORY INFORMATION

Information under Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms part of this Report. Information pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules,

DIRECTORS' REPORT

1999 forms part of this Report. Although in accordance with the provisions of Section 219(1)(b)(iv) of the Act such information has been excluded from the Report and Accounts sent to the Members, any member desirous of obtaining this information may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

M/s. Price Waterhouse, Chartered Accountants and Statutory Auditors of the Company retire at the ensuing Annual General Meeting and have confirmed their eligibility for re-appointment.

Aneja Associates, a Chartered Accountant Firm, has been associated with your Company as its internal auditor. They have been partnering your Company in the area of risk management and internal control systems. Your Company has re-appointed Aneja Associates as its internal auditor for the year 2010-11.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from shareholders, distributors, bankers and all other business associates, and from the neighbourhood communities of the various Marico locations. We look forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Place : Mumbai
Date : May 2, 2011

HARSH MARIWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

Marico continued to emphasize on the conservation and optimal utilization of energy in every manufacturing unit of the Company. The energy conservation measures implemented during FY 11 are listed below:

- Installations of VFD at turn table and shrink tunnels to lower the power consumption.
- Re-engineering of air distribution system to avoid losses and optimization of compressor uses enabling power saving.
- Replacement of 250w mercury lamps with 80w & 36w CFL lamps thus reducing the overall power consumption for illumination in plant.
- Conversion of DC motors to AC motors in all shrink tunnels which reduced power consumption.
- Re-designing of by product conveying system by eliminating one of the conveyor reducing power consumption.
- Elimination of cooling fans from shrink tunnels thus eliminating 4 cooling fans from system.
- Replacement of FO with Diesel resulting in reduction of SFC.
- Reduction in SPC through six sigma project by lowering watts/bottle at one of the blow molding unit.
- Modification of compressor system by changing the pulley to improve the efficiency by 10 % at one of the blow molding unit.
- Installation of flash steam recovery system, enabling the increase of feed water temperature by 10°C, there by reducing the FO consumption and thus carbon emission.
- Optimized the oil heating in the pre filtration sump, thus reducing the FO consumption and thus carbon emission.
- Re aligned and modified the steam distribution system and condensate recovery system, there by reducing transmission losses of steam supply and increasing the condensate recovery by 5%.
- Reengineered the copra conditioner designs for increased heat transfer efficiency, which will reduce the need for higher cooking and in turn save FO.
- Optimized the copra particle size and process parameters enabled to reduce the heating area by 15%, inturn resulted in FO savings.
- Automated CC bit conveyor and Cake overflow conveyor enabling optimized usage, thus saving power.
- Through integration of conveying system, removed copra parallel conveyor enabling power saving.
- Redesigned the raw material handling system and eliminated belt conveyor resulting in power savings.
- Roof replaced with adequate translucent sheet in process area enabling utilizing natural light during day time.
- Replaced 250 KW motor with 185 KW motor for first stage expeller, 72000 units of power saved.
- Replaced high pressure mercury vapour lamps with CFL lamps in production area -13699 units of power saved.
- Eliminated one 2.2 KW expeller blower - 10560 units of power saved.
- Thru be green drive Pondy plant
    - o Saved 35904 KWh of Power
    - o Saved 50 KL of fuel
    - o 33.36 T Co2 emission reduced
- Saved 3055 KL of water.
- At Jalgaon- Earlier we were using a tunnel consuming 18.182 KW of power which is very high. Replaced the Tunnel with another one consuming only 8 KW of power, hence saving 10.182 KW of Energy.

ANNEXURE TO THE DIRECTORS' REPORT

- In Acid Oil Plant at Jalgaon- A, B, C vessel bottom was having 2'' line which had 11 bends. And sludge transfer time from Vessel to 4th pond was 16hr/batch, No. of batches in a month = 50 , electricity consumption = 3200 KWA
- At Jalgaon- We were using CFL 32 lights 32 KW- Used 6 Tube lights of 23 Watts instead of these 32 CFLs.

Marico continued its journey towards effective utilization of energy. Significant reduction in power consumption has been achieved and rationalization efforts will continue.

The details of total energy consumption and energy consumption per unit of production are given in Enclosure 'A'.

B. Technology Absorption

I. Research and Development (R&D)

1. Specific areas in which R & D was carried out by your Company:

   Innovation is one of the key pivots for growth at Marico. Over the years, there has been substantial progress made to understand the consumer needs gap, sensorial delights of the products and the consumer differentiable functional benefits and, finally blending these to offer the products with consumer delight and value for money. The progress made in developing consumer-product interactions has helped significantly to generate the apt combinations of different sensories. The consumer relevant clinical protocols created in understanding efficacy of the products has enabled in creation of unique products. The continuous benchmarking of competition and its products has created the benchmarks which helped to make differentiated products. Along with the product development, the following research areas were explored to provide the right science base for the products and regulatory environment.

   - Basic research programs to understand physiology of hair and skin.
   - The new active systems based on the principles of Ayurveda.
   - New Active systems based on local traditional herbs and natural products from different geographies – Middle east, Egypt, Bangladesh, South Africa.
   - Developing newer formats and platforms for hair care and styling products to suit needs in various IBG countries – (hair styling - waxes, clays, water gels, mousse, etc. and hair care / grooming – serums, aerosol, atomizers etc)
   - Creating a knowledge base on food nutrition and lifestyle diseases.
   - Information sharing programs with doctors for hair oiling and heart care.
   - New design techniques based on six sigma for creating formulations.
   - Collaborate with external partners- Academic institutes, research centers, International testing labs and suppliers – for development of new technologies.
   - Collaborating with scientists of repute and functional experts for updating the science base with Company.
   - Having a research advisory committee of domain experts who can provide direction to basic science program.
   - Having a rigorous product integrity system which can ensure that the product developed in adherence to the regulatory frameworks of the country (and countries within the IBG domain)

2. Benefits derived as the result of the above efforts:

   New SKUs were developed under the various categories in which Marico operates.

   A few domestic launches include:

   - Parachute Advansed Ayurvedic Hair oil
   - Parachute Advansed body lotion

ANNEXURE TO THE DIRECTORS' REPORT

- Nihar Naturals Almond Hair oil
- Parachute advansed cooling oil (improved sensory)
- Saffola oats
- Arise Basmati and long grain rice

International business group launched the following products across geographies:

- Burgundy Hair Color – Hair Code Bangladesh
- Chocolate Flavored Castor Oil – Hercules South Africa
- Re-engineering of Hair Code creams for greater sensory and efficacy – Egypt
- Re-launch of Code 10 gel and creams after transfer of technology (manufacturing of product and packaging) to new vendors and in new smaller skus

Kaya too launched new products and services this year which include:

- India launch of Derma RX products
  - o Antox Vit C formula
  - o Blemish Control Formula
  - o Comedone Control Serum
  - o Sweat proof sunscreen SPF 30
- Launch of Aqua Radiance services based on the innovative Jet Peel platform

A lot of work has been directed towards the optimization of formulations and also packaging options to deliver the enhanced primary features. These were done without changing the benefit and aesthetics delivery. This has resulted in good amount of savings.

Major emphasis was also placed on gearing up the organization to face the dynamic, rapidly changing regulatory environment. The experts from Marico served on many committees which were enacting the new food and cosmetic laws. This was initiated to ensure that Marico has freedom to operate in the categories of the interest without any compromise on regulatory laws.

3. Future Plan of Action:

Your Company's R&D will work towards continuous innovation in process, product & packaging technology to offer consumers value for money with delightful new product concepts, sensorial and product efficacy.

4. Expenditure on R & D:

(Rs. Crore)

	2010-11	2009-10
a) Capital	17.70	0.1
b) Recurring	7.53	7.5
Total	**25.23**	**7.6**
c) Total R & D expenditure as % to Sales & Services	1.08	0.4
d) Total R & D expenditure as % to PBT	9.43	2.6

ANNEXURE TO THE DIRECTORS' REPORT

II. Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adoption and innovation and benefits derived as a result of the same:

   Various collaborations with academic institutions were initiated to understand the skin and hair biology. These programs have helped in understanding the science behind many product efficacies. A few technologies were developed within R & D were, like low GI process for basmati rice, a natural based synergistic active system for hair fall, a functional body lotion, Henna colored hair dye, Innovative use of the Jet Peel technology to increase penetration of skin care actives. There has been impetus to scout for technologies available with the suppliers/ specialty chemical manufacturers/collaborators to improve the efficacy of the products to deliver best value for money to consumers.

2. Imported technology (imported during the last 5 years reckoned from the beginning of this financial year):

   Not Applicable

C. Foreign Exchange Earnings and Outgo

The details of total exchange used and earned are provided in Schedule Q of Notes to the Accounts of Marico Limited.

On behalf of the Board of Directors

Place : Mumbai
Date : May 2, 2011

HARSH MARIWALA
Chairman and Managing Director

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of Marico Limited

We have examined the compliance of conditions of Corporate Governance by Marico Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse.
Chartered Accountants
Firm Registration Number: 301112E

Vilas Y. Rane
Partner
Membership No: F-33220

Address:
252 Veer Savarkar Marg
Shivaji Park, Dadar (W)
Mumbai – 400 028

Place: Mumbai
Date: May 2, 2011

ANNEXURE TO THE DIRECTORS' REPORT 2011

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Marico Employees Stock Option Scheme 2007 (ESOS 2007)

a)	Options granted (as at March 31, 2011)	11,376,300 options aggregating to about 1.85% of the paid-up equity capital of the Company (options, net of lapsed/forfeited/exercised as at March 31, 2011: 23,88,050 options aggregating to about 0.39% of the paid-up capital of the Company)
b)	The pricing formula	The Exercise Price of the options shall be lower of the following: i) Average of the closing price for last 21 (twenty one) trading session(s) on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees, Or ii) The closing price for the last session on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees.
c)	Options vested (as at March 31, 2011)	63,95,835
d)	Options exercised (as at March 31, 2011)	53,99,550
e)	The total number of shares arising as a result of exercising of option (as at March 31, 2011)	53,99,550
f)	Options lapsed/forefeited (as at March 31, 2011)	35,88,700
g)	Variation of terms of options	-N.A.-
h)	Money realised by exercise of options (as at March 31, 2011)	Rs. 28,59,19,620
i)	Total number of options in force (as at March 31, 2011)	23,49,185
j)	Employee wise details of options granted to : (as at March 31, 2011)	
i)	Senior Managerial Personnel	A summary• of options granted to senior managerial personnel are as under : No. of employees covered – 63 (Sixty Three) No. of options granted to such personnel – 65,05,935 (Sixty Five Lac Five Thousand and Nine Hundred and Thirty Five Only) • Only summary given due to sensitive nature of information
ii)	any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year	-N.A.-
iii)	identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-N.A.-
k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS) 20' Earnings per Share	Rs. 5.76

ANNEXURE TO THE DIRECTORS' REPORT 2011

l)	i)	Method of calculating employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the options granted under the Scheme
	ii)	Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Rs. 1.73 Crores
	iii)	The impact of this difference on the profits and on EPS of the Company	Had the Company considered 'fair value' method then the additional employee compensation cost would be Rs. 1.77 crore the Profit Before Tax would be lower by the same amount and Earning Per Share by Rs. 5.73
m)		Weighted –average exercise price and weighted average fair values of options (to be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock)	Weighted average Exercise Price : Rs. 74.17 Weighted average Fair Value of Option : Rs. 24.9
n)		Description of method and significant assumptions used during the year to estimate the fair values of options i) risk – free interest rate ii) expected life of options iii) expected volatility iv) expected dividends v) Closing Market price of share on date of option grant	Intrinsic Value Method

ANNEXURE TO THE DIRECTORS' REPORT 2011

ENCLOSURE 'A'

Power & Fuel Consumption

Note: The numbers given below relate to the own manufacturing facilities of the company.		For the year ended March 31 2011	2010
1. **Electricity**			
a. Purchased units (Kwh)		9,946,291	7,538,935
Amount (Rs. Crore)		4.43	3.14
Average Rate (Rs. / Unit)		4.46	4.17
b. Own Generation			
i. Through Diesel Generator (Kwh)		3,652,696	3,168,345
Amount (Rs. Crore)		4.66	3.10
Average Rate (Rs. / Unit)		12.76	9.78
ii. Through Steam Generator (Kwh)		–	–
Amount (Rs. Crore)		–	–
Average Rate (Rs. / Unit)		–	–
2. **Coal**		–	–
3. **Furnace oil**			
Quantity (KL)		2,755.30	627.37
Amount (Rs. Crore)		9.17	1.72
Average Rate (Rs. / KL)		33,284.44	27,493.24
4. **Other Internal Generation** (excludes HSD used for electricity generation)			
L.D.O / H.S.D.		–	–
Quantity (KL)		430.65	137.82
Amount (Rs. Crore)		1.45	0.43
Average Rate (Rs. / KL)		33,714.71	31,008.42
5. **Baggase Consumption**			
Quantity (MT)		12,503.81	14,138.56
Amount (Rs. Crore)		2.74	3.48
Average Rate (Rs. / MT)		2,189.66	2,462.18
Consumption per unit of production of edible oils			
	Unit		
Electricity	Kwh	127.86	117.04
Coal	MT	–	–
Furnace oil	KL	0.03	0.01
L.D.O./H.S.D.	KL	–	–
Baggase	KG	0.38	0.38
Consumption per unit of production of processed foods			
	Unit		
Electricity	Kwh	–	–
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	–
Consumption per unit of production of hair oils & other formulations			
	Unit		
Electricity	Kwh	50.51	37.91
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	–
Consumption per unit of production of Formulations			
	Unit		
Electricity	Kwh	–	–
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	–