



Board of Directors

Harsh Mariwala, Chairman & Managing Director
 Bipin Shah, Director & Chairman of Audit Committee
 Kishore Mariwala
 Nikhil Khattau
 Atul Choksey
 Rajeev Bakshi

Top Management Team

Harsh Mariwala, Chairman & Managing Director
 Pradeep Mansukhani, Chief Executive Officer – Sales
 Rakesh Pandey, Chief Human Resources Officer
 Milind Sarwate, Chief Financial Officer
 Shyam Sutaria, General Manager – International Business Group

General Manager - Legal & Company Secretary

Dev Bajpai

Bankers

State Bank of Saurashtra
 Citibank N.A.
 Standard Chartered Bank
 ICICI Bank Ltd.
 HDFC Bank Ltd.

Auditors

RSM & Co., Chartered Accountants

Registered Office

Rang Sharda, Krishnachandra Marg,
 Bandra Reclamation, Bandra (West),
 Mumbai 400 050

Websites

www.maricoindia.com
 www.healthykhana.com



Marico

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Marico Industries Limited

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Marico Bangladesh Limited

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We commit ourselves to improving the quality of people's lives, in as many parts of the world, through fast moving branded consumer goods - primarily in Nature Care and Health Care.

In the Nature Care Business: we would offer brands that enhance the appeal and nourishment of hair and skin through distinctive products, largely based on the goodness of coconut and other natural substances.

In the Health Care Business : we would make available a variety of branded products needed for healthy living; drawn from agriculture and offered both in natural and processed forms.

In the International Business : we would develop a franchise for our brands, in parts of the world beyond the Sub-Continent.

We will aim to be a leader in each of the businesses; by heightened sensitivity to consumer needs, setting new standards in the delivery and quality of products and through processes of continuous learning and improvement.

We will share our prosperity amongst members, shareholders and associates who contribute in improving Marico's Equity and Market Value. We will acquire the stature of a friendly corporate citizen, contributing to the betterment of neighbourhood communities, where we are significantly present.

Our values are preferred practices that will be employed
in pursuit of our Business Direction, captured in the acronym

COME WIN.

On one hand, it is an invitation to excel.
On the other, it sums up the philosophy that will guide our success.

C O N S U M E R S

For they are the reason we exist.

M E M B E R S H I P

For a sense of ownership empowers us.

E X C E L L E N C E

For it unleashes our potential.

W E A L T H

For on it hinges our growth.

I N N O V A T I O N

For it gives wings to ideas.

CONSUMERS

The wealth of the Company is created by the patronage of consumers. The primary focus of our efforts will be to understand what adds greatest value to them. We will understand and respond to changing needs and desires of the consumer; and translate these into marketable products and an ever-expanding base of loyal consumers, with speed and a quality of response that surpasses the competition.

MEMBERSHIP

Wholesome membership is when a person brings his or her entire being into the organisation. We will allow space for diversity and encourage genuine expression of feelings, opinions and view points. Equally important is the ability to listen without bias and alter one's view based on soundness. Interpersonal transactions will be characterised by trust, empathy, faith, fairness and respect. Membership gives each member a role in articulating and shaping the destiny of the organisation which in turn builds commitment and ownership. We will encourage teamwork and a shared approach to results as it promotes synergy, removes communication barriers and improves the overall quality of decisions and performance. Public acknowledgement creates recognition and also spurs others. We will spontaneously recognise and appreciate both individuals and teams for their contributions reflected in rising standards of performance.

EXCELLENCE

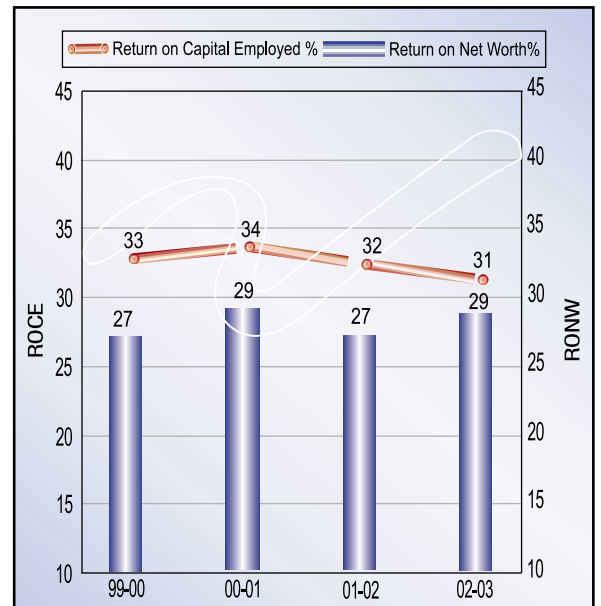
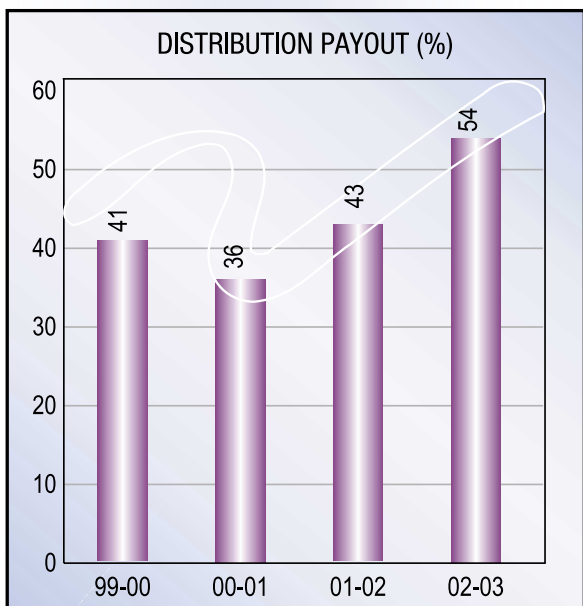
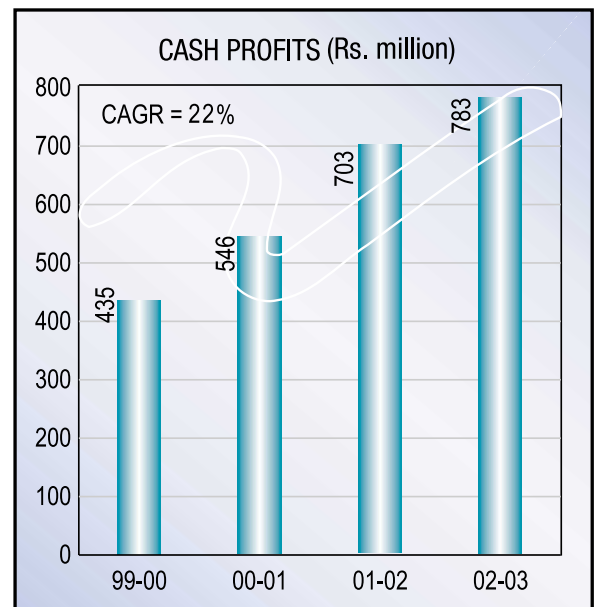
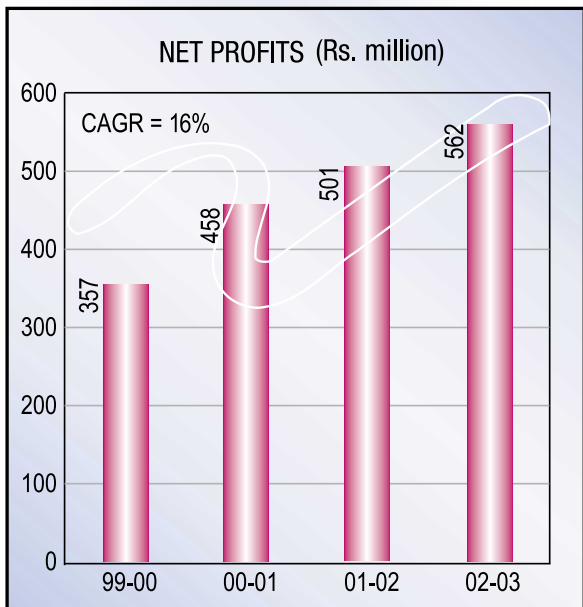
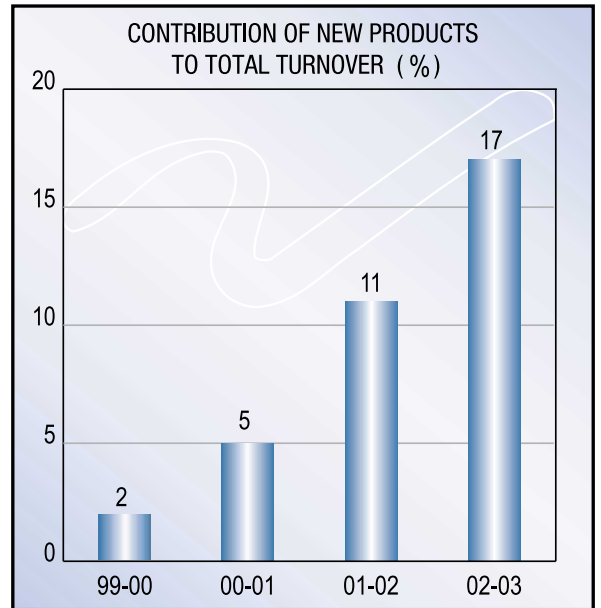
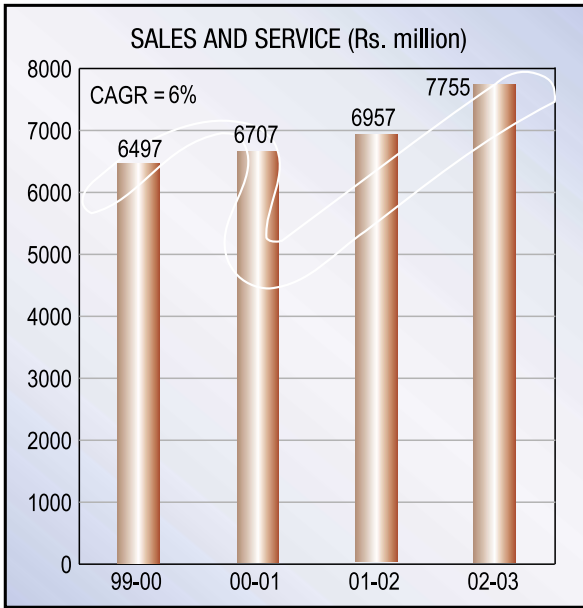
We will focus on policies and practices where people produce consistently superior performance and where people are encouraged to discover their untapped potential. Competent members will be careered through increased and varied role responsibilities. They will be attractively compensated based on personal and collective accomplishment.

WEALTH

All our efforts must culminate in the creation of wealth. We will do so by continuously adding value in everything we do through a variety of methods. We will use resources productively, eliminate waste, reduce cycle times and costs and enhance the consumer base.

INNOVATION

The future of our organisation rests on our willingness to experiment, push in new and untested directions, think in uncommon ways and take calculated risks. Continuous improvement should be a part of everyday work. We must also innovate to achieve dramatic results. Members will be encouraged to experiment and take calculated risks where necessary. We acknowledge that failure is inherent in any new initiative. We will commit resources for experimentation and invest in processes for reviewing and sharing of learning.

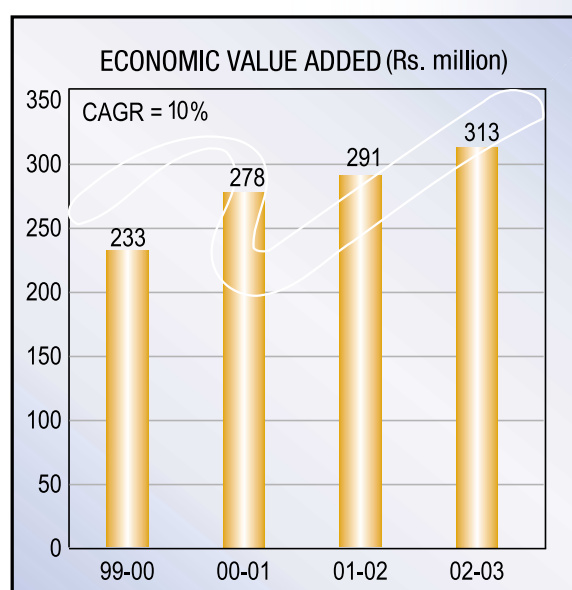


ECONOMIC VALUE ADDED ANALYSIS

Economic Value Added represents the value added by a business enterprise to its shareholders by generating operating profits in excess of the cost of capital employed in the business. This concept is increasingly being deployed to understand and evaluate financial performance.

For the year ended March 31, 2003, Marico's Economic Value Added was Rs. 313 million as compared to Rs. 291 million in the previous year.

Over the past 4 years Marico's Economic Value Added has grown at a CAGR of 10%.



(Amount in Rs. million)

Year ended March 31st	99-00	00-01	01-02	02-03
a Average Capital Employed	1,345	1,602	1,916	2,093
b Average Debt / Total Capital (%)	2.1	2.2	2.3	3.9
c Cost of Equity (%)	13.2	13.1	15.0	13.0
d Cost of Debt (Post Tax)(%)	7.1	6.5	–	1.0
e Weighted Average Cost of Capital (%)	13.1	13.0	14.7	12.5
f Profit After Tax	375	458	530	562
(excl. extraordinary items)				
g Add : Interest Post Tax	34	27	42	12
h Net Operating Profit After Tax	409	485	572	574
i Less : Cost of Capital	176	207	281	261
j Economic Value Added	233	278	291	313
k % to Capital Employed	17.3	17.3	15.2	14.9

The highlights pertain to the financial performance of Marico Consolidated

Amount in Rs. Million

Year ended March 31st	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sales & Services	2,364	2,833	3,486	4,097	4,900	5,512	6,497	6,707	6,957	7,755
Profit before Interest & Tax (PBIT)	207	252	364	353	424	477	458	537	619	651
Operating Profit before Tax	149	191	268	277	365	440	426	501	578	640
Extraordinary / Exceptional items	-	-	29	14	-	-	(18)	-	-	-
Profit before Tax (PBT)	149	191	297	291	365	440	408	501	578	640
Profit after Tax (PAT)	64	118	212	215	300	375	357	458	501	562
Cash Profits (PAT + Depreciation)	81	150	238	246	340	427	435	546	703	783
Economic Value Added										
(Refer Management Discussion)	48	90	125	87	188	230	233	278	291	313
Net Fixed Assets	167	270	404	453	605	694	953	1,274	1,413	1,027
Investments	7	22	23	8	-	-	-	-	-	139
Net Current Assets	159	230	634	524	463	540	502	475	669	934
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	4
Total Capital Employed	333	522	1,061	985	1,068	1,235	1,455	1,749	2,082	2,104
Equity Share Capital	45	45	145	145	145	145	145	145	145	290
Preference Share Capital	-	-	-	-	-	-	-	-	-	290
Reserves	140	252	515	653	834	1,065	1,277	1,568	1,827	1,350
Net Worth	185	297	660	798	979	1,210	1,422	1,713	1,972	1,930
Borrowed Funds	148	225	401	187	89	25	33	36	50	114
Deferred Tax Liability	-	-	-	-	-	-	-	-	60	61
Total Funds Employed	333	522	1,061	985	1,068	1,235	1,455	1,749	2,082	2,104
Profit before Tax to Turnover (%)	6.3	6.7	8.5	7.1	7.4	8.0	6.3	7.5	8.3	8.3
Profit after Tax to Turnover (%)	2.7	4.2	5.2	4.9	6.1	6.8	5.5	6.8	7.2	7.3
Return on Net Worth (%)										
(PAT / Average Net Worth)	41.0	49.0	44.3	29.5	33.8	34.3	27.1	29.2	27.2	28.8
Return on Capital Employed (%)										
(PBIT* / Average Total Capital Employed)	70.4	58.9	46.0	34.5	41.3	41.5	32.7	33.5	32.3	31.1
Net Cash Flow from Operations per share										
(Rs.) (Refer Cash Flow Statement) ##	-	17	1.8	19.7	28.7	15.4	30.6	37.7	45.1	22.3
Earning per Share (EPS) (Rs.)										
(PAT / No. of Equity Shares) ##	14.1	26.3	12.6	13.9	20.7	25.9	24.6	31.6	34.5	19.0
Economic Value Added per share (Rs.)										
(Refer Management Discussion) ##	10.7	20.0	8.6	6.0	13.0	15.8	16.1	19.2	20.1	10.8
Dividend per share (Rs.) ##	1.2	1.5	2.5	5.0	7.5	9.0	9.0	10.0	14.0	4.8
Debt / Equity	0.80	0.76	0.61	0.23	0.09	0.02	0.02	0.02	0.03	0.06
Book Value per share (Rs.)										
(Net Worth / No. of Equity Shares) ##	41.1	66.0	45.5	55.0	67.5	83.4	98.1	118.1	136.0	66.5
Sales to Average Capital Employed @	7.1	5.4	3.3	4.2	4.6	4.8	4.8	4.2	3.6	3.7
Sales to Average Net Working Capital #	15.6	14.6	8.1	7.1	9.9	11.0	12.5	13.8	12.2	9.7

* PBIT includes extraordinary items

@ Average Capital Employed = (Opening Capital Employed + Closing Capital Employed)/2

Average Net Working Capital = (Opening Net Current Assets + Closing Net Current Assets)/2

Per share information for 2002-03 is calculated on enhanced equity share capital of Rs. 290 million (29 million shares)

2002-03

(Amount in Rupees Million)

Particulars	Three Months Ended				Annual FY 03
	Jun. 30, 02	Sep. 30, 02	Dec. 31, 02	Mar. 31, 03	
Total Revenue	1,822	1,962	2,063	2,020	7,867
Total Expenditure	1,614	1,762	1,776	1,845	6,997
Finance Charges	5	4	3	(1)	11
Gross Profit after Finance Charges but before Depreciation and Taxation	203	196	283	176	859
Depreciation	37	36	113	33	219
Profit before Tax	167	160	170	143	640
Provision for Taxation (Current)	18	13	22	25	78
Profit after Tax (Current)	149	147	148	118	562
Provision for Taxation (Deferred Taxation)	15	17	9	(40)	1
Excess income tax provision of earlier year written back	-	-	-	1	1
Profit after Tax	135	130	139	158	562
Dividend on Redeemable Preference Share Capital	-	-	12	-	12
Profit after Tax after preference dividend	135	130	128	158	550
Equity Share Capital	145	290	290	290	290
Earnings per Share -Annualised (Rs.)	37.2	18.0	17.6	21.8	19.0
Interim Dividend declared per share (Rs.)*	0.75	1.00	1.00	-	2.75
Final Dividend declared per share (Rs.)	-	-	-	2.00	2.00
Total Dividend declared per share (Rs.)	0.75	1.00	1.00	2.00	4.75

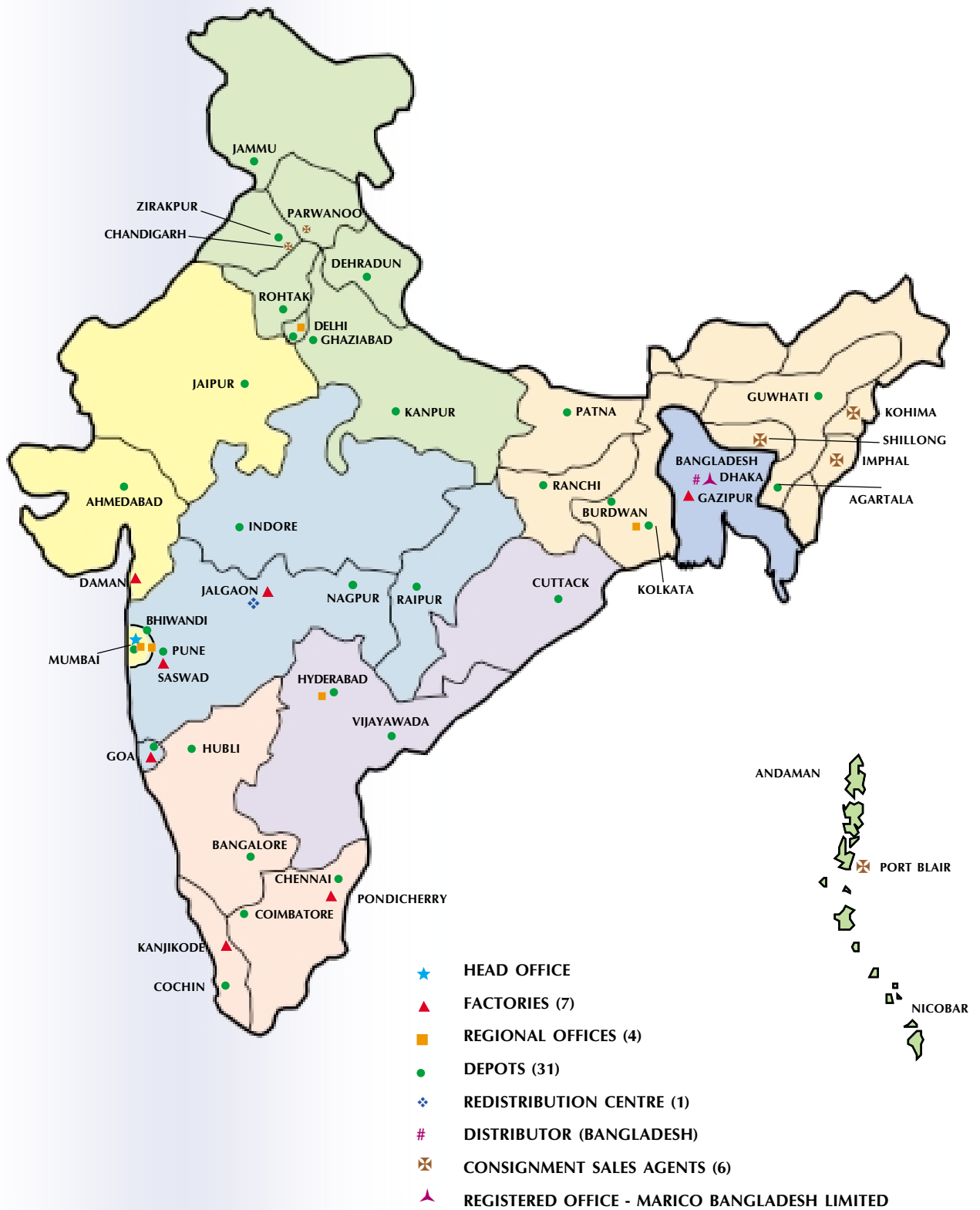
* The first interim dividend of Rs. 1.5 per share was declared on the pre-bonus equity share capital of Rs. 145 million. In order to facilitate correct comparison, the dividend per share for this first interim dividend has been worked out with reference to the enhanced equity share capital of Rs. 290 million.

2001-02

(Amount in Rupees Million)

Particulars	Three Months Ended				Annual FY 02
	Jun. 30, 01	Sep. 30, 01	Dec. 31, 01	Mar. 31, 02	
Total Revenue	1,529	1,721	1,837	1,883	6,970
Total Expenditure	1,357	1,539	1,643	1,669	6,208
Finance Charges	8	13	12	8	41
Gross Profit after Finance Charges but before Depreciation and Taxation	164	169	182	206	721
Depreciation	27	32	32	52	143
Profit before Tax	137	137	150	154	578
Provision for Taxation (Current)	11	11	13	14	49
Profit after Tax (Current)	126	126	137	140	529
Provision for Taxation (Deferred Taxation)	15	15	15	15	60
Excess income tax provision of earlier year written back	-	-	-	31	31
Profit after Tax	112	111	122	156	501
Equity Share Capital	145	145	145	145	145
Earnings per Share -Annualised (Rs.)	31.0	30.6	33.5	43.0	34.5
Interim Dividend declared per share (Rs.)	2.5	3.0	3.5	5.0	14.0

Presence in the sub-continent



In line with international practice, Marico 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 02-March 03 in respect of Marico Consolidated - Marico Industries Limited together with its wholly owned subsidiaries Marico Bangladesh Limited (MBL), Kaya Aesthetic Limited (Kaya) and its joint venture, Sundari LLC (Sundari) and Sundari Spa LLC. The consolidated entity has been, in this Discussion, referred to as 'Marico' or 'Your Company'.

Some statements in this Discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may 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 your Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply.

INDUSTRY STRUCTURE AND DEVELOPMENT

In accordance with its Business Direction, your Company is committed to improving the quality of people's lives through branded products and services. Your Company thus operates in two industries – Branded Products – the Fast Moving Consumer Goods (FMCG) industry and the Branded Services (Skin Care Services industry).

The FMCG industry comprises segments such as Personal Care, Soaps and Detergents, Skin Care, Oral Care, Health and Hygiene Products, Hair Care, Coconut Oil, Refined Edible oils, Foods and Beverages, Dairy Products, etc. The FMCG industry is one of the largest in the Country, with an annual estimated turnover of Rs. 300,000 million.

The FMCG industry, worldwide, is characterized by branding and product differentiation. However, as industry segments mature and competition grows, brand loyalties come under pressure, leading to a greater importance of costs and value for money in consumer preferences. Using these basics, your Company has been focusing on product differentiation on solid footing to create and retain the respective equities of their brands.

Sundari LLC, a joint venture of your Company competes in the US with players in the ayurvedic prestige skin care market. As Sundari's scale is still very small and the market is quite large, competition is not yet a significant limiting factor.

Skin care services, an evolving industry, comprises traditional beauty salons, modern aesthetics services with and without the support of cosmetic dermatology. The Skin care service industry is marked by high fragmentation with regional players and absence of any significant corporate service provider.

Marico's business model is based on focused growth across all its brands / territories driven by continuously improving value propositions to consumers, market expansion and widening its retail reach. The model ensures that Marico is present largely in unique / ethnic Indian product categories.

Marico's brand portfolio, described in detail elsewhere in this Report, offers a basket of products, in most of which, over the years, Marico has built significant market share, across a range that encompasses Coconut Oil, Value Added Hair Oils, Anti Lice Treatment / Oil, Refined Edible Oils in consumer packs, Fabric Starch, Processed Foods, Soya products, Skin care products and Skin care services.

Almost all the segments that your Company is in are characterized by a large unorganized sector, comprising local and regional players, which is yet to be tapped by nationally available branded products. Another characteristic has been the scope offered by the vast rural population in India, where branded products are yet to make the same headway as they have made in urban areas.

Marico has partly leveraged its distribution strength in India through a distribution alliance with Indo Nissin Foods Limited for distribution of instant noodles (Top Ramen instant noodles).

Marico's Product presence overseas (whether as exports from India or as local operations in a foreign country) is entirely in branded FMCG products. With the turnover from overseas presence at Rs. 700 million during FY03, Marico may be one of the top 3 Indian FMCG Companies in terms of overseas size of their franchise.

During the year under review, there has been a slow down in the economy with major sectors reporting negligible or negative growths. The FMCG industry, too, has been adversely affected by this recessionary trend. Amidst this your Company has continued to grow at a reasonable rate.

OPPORTUNITIES AND THREATS

Your Company continuously seeks new opportunities in expanding its current portfolio of products and brands, through continuous gathering of new insights in consumer preferences.

Since a major portion of your Company's segments is still dominated by the unorganized sector, there are opportunities in converting the consumers of non-branded goods (e.g. loose Coconut Oil) into consumers of branded goods (e.g. Parachute Coconut Oil). At the same time, changes in consumer habits have to be closely and continuously monitored.

Your Company sees an opportunity to expand its market shares in hair oils by being present in all hair oil categories and enhancing value propositions to the consumer including new "value for money" equations and to increase its presence in the Personal Care space through entry into Skin Care. With the recent dereservation of hair oils, your Company now has the opportunity to establish manufacturing facilities and thereby leverage tax breaks and reduce costs.

Your Company is also targeting growth in the Refined Oil in consumer pack (ROCP) business, through profitable expansion of the franchise (value adding blends straddling all price points), in addition to new products in the healthy foods category.

Moving consumers from low-end commodity based products to high-end value added branded products is in general an opportunity area.

Plans are afoot to maintain rapid growth in international business through focus on existing markets, while identifying new markets, as also to grow inorganically through Alliances / Acquisitions / New business ventures.

Despite the competition and influence of external economic factors like the slowdown etc., your Company has continued to grow and maintain its market leadership. However, competition remains a continuously ambient threat in any industry, especially in the FMCG sector and has to be tackled on an ongoing basis.

Your Company, like many other players in the branded FMCG segment, has been facing the menace of unfair competition, manifesting itself in form of duplicates, clones and pass offs. Your Company has initiated various measures to combat this menace by way of technology innovations and also field level action.

RISKS AND CONCERNS

Macro-economic factors like the slow down, poor monsoon, sluggish demand conditions, unforeseen political and social upheavals, natural calamities may affect the business of your Company as also the industry at large.

Shifts in consumer habits, too, are a risk area. With competition intensifying in all segments of the industry, increasing the market shares and the consumer base is a continuing challenge. Developments in technology- both 'hard' (Product / Packaging development) as also 'soft' (Information, Human Resource management) - are other critical areas.

Penetration in the rural market is crucial for increasing the base of the users of Branded Products. Rural demand conditions therefore affect the overall business.

Since raw materials form an important component of your Company's value chain, cost and availability of some of the key raw materials like Safflower (Kardi) are an area of concern. With poor monsoon for the year under review and an expectation of an uncertain monsoon in the ensuing year at least as of now, availability of these commodities will become all the more crucial.

Besides these, changes in legislation, especially fiscal and food related also have a bearing on the business performance, especially new opportunities.

Your Company has however not been significantly impacted by these risk / concern factors due to the equity commanded by its brands, product differentiation, pro-active action towards anticipated hindrances, technological superiority and strong distribution network.

With forays in new business areas such as skin care services and skin care products, your Company will be stepping into uncharted territories. However, more astute management of financial and human resources could help contain the attendant risk.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a well-established and comprehensive system of internal controls across the value chain to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported correctly. The key constituents of the internal control system are:

- Clear and well defined organisation structure and limits of financial authority
- Continuous identification of areas requiring strengthened controls
- Policies on operational and strategic risk management
- Operating procedures to ensure effectiveness of business processes
- Compliance monitoring and review system
- Review of business plan, identify key risks and opportunities
- A robust management information system
- Well-defined principles and procedures for evaluation of new proposals

- A robust internal audit and review system
- A system of tracking effectiveness of controls through an internally accepted measure called Control Effectiveness Index (CEI)
- A system of self-assessment using CEI by key operating persons in-charge of each operating area

Your Company has set up a system of internal audit conducted through Aneja Associates, Mumbai, a firm of Chartered Accountants. Internal Audits are undertaken on a continuous basis covering various areas across the value chain like manufacturing, operations, sales and distribution, marketing, finance etc. Reports of the internal auditor are regularly reviewed by the management and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems. Summaries of the reports are presented to the Audit Committee of the Board.

During the year, your Company institutionalised the system of tracking effectiveness of controls across all operating centers. Under this system a score on CEI is calculated based on status of control in the area. This system helps in strengthening controls in the company through improved awareness among the role holders.

The SAP suite of ERP (SAP R/3, SCM, APO) provides real time check on various transactions emanating from various business processes of the Company. During the year, your Company implemented Mi-Net. This would ensure similar controls with its business associates, primarily Distributors.

HUMAN RESOURCE / INDUSTRIAL RELATIONS

Marico is a professionally managed company that has built for itself a stimulating work culture that empowers people, promotes team building and encourages new ideas. This has, over the years, enabled Marico to grow its stature as one of the few successful Indian FMCG Companies. Marico was awarded the National Award for outstanding work in HRD by National HRD Network in 1994 as also the award for Top Performing Global Growth Company from India at the World Economic Forum in 1997.

Human Resource programmes and initiatives in Marico are aligned to meet the business needs. Your Company believes in investing in people to develop and expand their capability. The Company has been able to create a favourable work environment that motivates performance, customer focus and innovation. Marico's strategies are based, inter alia, on processes of continuous learning and improvement.

Your Company has a unique process of performance enhancement through deployment of MBR (Management By Results), to create an environment of challenge and provide opportunities for realisation of optimum performance.

Your company believes that engaged people will lead to better performance as proved by the worldwide research by Gallup, a research organisation of international repute. It has therefore taken an active step in enhancing engagement in the organisation from its current levels. It will track the engagement levels using the Gallup Q12 questionnaire. In the last two surveys done, your company showed an increase in its engagement. The engagement scores placed your company in the top 33% of the companies worldwide with high engagement scores. There were 7 teams, which qualified to be amongst the best-engaged teams in the world. These teams have also been high performing teams.

As on March 31, 2003, the employee strength of your Company was 1001. The average age of the employees of your Company is 32 years.

Employee relations throughout the year were supportive of business performance across all the factories.

FINANCIAL PERFORMANCE WITH REFERENCE TO OPERATIONAL PERFORMANCE

Balancing several unfavourable conditions, your Company turned in a satisfactory performance during FY03. Turnover at Rs. 7755 million, showed a growth of 11% over FY02. PBT grew by 11 % to Rs. 640 million, while PAT at Rs. 562 million increased by 12%. The last quarter of FY03 was in fact the 10th consecutive quarter of Y-o-Y growth in turnover and the 14th consecutive quarter of Y-o-Y growth in PAT.

Volumes of Marico’s Coconut Oil (CNO) franchise were held. Parachute continued its market leadership, in both the urban and the rural markets. Hair Oil volumes grew at 20% over FY02, consolidating Marico’s 2nd position in the market share rankings. In Anti-lice products, Mediker recorded a volume growth of 11%. In Fabric Care, Revive registered a growth of 8%. The ROCP segment shrunk marginally, as Saffola de-grew owing to reduced availability of Safflower. Also, Sweekar Sunflower Oil sales were impacted by the overall de-growth of the Sunflower Oil segment as also by Marico’s conscious focus on margins instead of volumes.



New products maintained their run of good performance. The response to Mediker Anti Lice Oil launched in December 2002 was heartening. This will help Mediker consolidate its dominance in the Anti-lice treatment category. In March 2003, Marico entered the cooling oil segment with launch of Shanti Thanda Tel.

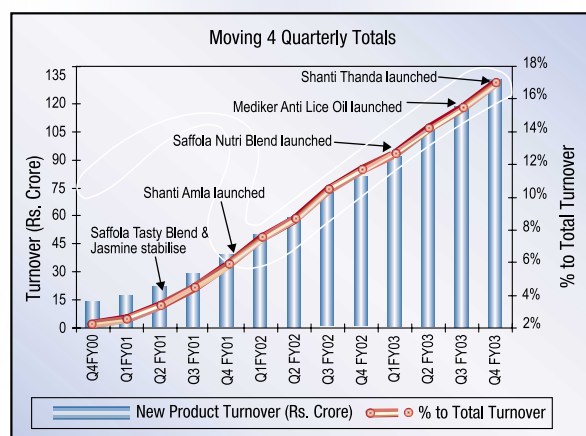
NEW PRODUCTS

Marico has always emphasized new product development as a corner stone of its growth mission, with an additional dimension of a focus on achieving the lowest possible cost and efforts spent on casualties, so that the relentless pursuit of growth through organically grown new products is adequately de-risked. Towards this, Marico has been following an opportunity funnel approach where prototypes are attempted every year, a few passing the funnel and moving towards becoming scalable winning new products. The intent of prototyping is to find the winning combination rather than testing a particular hypothesis.

Over the last 3 years, Marico has launched many new products following its prototyping methodology - Parachute Jasmine, Shanti Amla, Saffola Tasty Blend (Kardi-Corn), Saffola Nutri Blend (Kardi-Rice Bran), Saffola Olive oil, Mediker Anti Lice Oil and Shanti Thanda Tel. With the success of Mediker Anti Lice Oil, the company now has created an enviable record of having five consecutive new product successes in the last three years.

The annualised contribution of all these new products to Marico’s turnover is now Rs. 132 Crore. The adjoining graph highlights the growth of New Products in Marico’s product portfolio.

Some of the positives arising out of Marico’s new product performance have been as follows -



Reduced dependence on flagship brands

Parachute's share in the total turnover has been steadily declining during the last decade from 70% in early 90's to about 40% now.

Consolidation of market shares, especially in the hair oil franchise



Parachute Jasmine's market share in the Value Added Coconut Oil market has kept increasing steadily to almost 25 % for Mar '02 - Feb '03 as compared to 17.5% during 01-02, with a volume growth of 17% for FY03. It ranks 2nd in the Value Added Coconut Oil Market, up from 4th last year. Shanti Amla, positioned on the value-for-money platform - "Goodness of Amla at an amazingly affordable price" - recorded an impressive volume growth of about 50%. For the 12 month period Mar '02 to Feb '03, its market share in the Amla Oil market was at 12.4% as compared to 8.1% during '02. However, as its base grows, the rate of growth will probably taper.

Increased presence across the hair oil market

Marico's bouquet comprises Parachute Jasmine in Value Added Coconut Oils, Shanti Amla in Amla Oils, Shanti Thanda Tel in the Cooling Oils and Hair & Care in the Non-Sticky Hair Oils. Mediker Anti-Lice Oil launched in December 2002 has been welcomed by consumers and is expected to further strengthen Marico's position in the Anti-Lice Treatment category.

Broad-basing of Saffola franchise with addition of blends

Saffola Nutri Blend, a healthy combination of Safflower Oil and Rice Bran Oil launched in Q1 FY03 has fared well. Alongwith Saffola Tasty Blend (Safflower Oil + Corn Oil), it has helped Marico minimise the adverse impact of shortage of Safflower.

NEW BUSINESSES – SKIN CARE SERVICES – KAYA SKIN CLINICS

In Q3 FY03, Marico opened its first Kaya Skin Clinic in Mumbai. Since then two more clinics in Mumbai & one in Delhi have been opened. The performance of the three clinics in Mumbai has so far met action standards set for the new nascent business. Based on the learning gathered through these clinics, Marico would draw up its plans to expand in different geographical markets within and outside India. A subsidiary – Kaya Aesthetics Limited (KAL)- has been formed with effect from March 27, 2003 and as per your Company's philosophy to carry out new business in entities other than Marico, the clinics would now operate under KAL's banner. Marico's equity contribution in this subsidiary will be at least 76%.

The Indian Skin care business is growing fast with the increased awareness and demand for cosmetic enhancement. Cosmetic Dermatology offers interesting solutions to issues in this area. With advancement in medical technology, safe and effective procedures are available that enhance the appearance of the skin. Kaya Skin Clinic would attempt to fill the existing needs gap in the Skin Care Services business in India in this area. Marico would seek to create a differentiation as a corporate service provider offering safe, efficacious and credible Skin Care Services range at multiple locations backed by medical procedures & technology. This would be in contrast with the large number of small 'singular' clinics currently present which provide beauty driven services with little or no medical intervention.

NEW BUSINESSES - SKIN CARE PRODUCTS – SUNDARI

In Q4 FY03, Marico acquired a controlling equity interest in Sundari LLC, a US Company owning the SUNDĀRI line of luxury Ayurvedic skin care products (2002 turnover ~\$1 million). The transaction represents Marico's first acquisition in a developed country and its entry into the skin care products market. Marico (63%) and its affiliate Adil & Associates (7.5%) have acquired 70.5% of the equity of Sundari LLC, the newly formed joint venture between Marico and Shantih LLC. Shantih LLC, which is owned by the founders of SUNDĀRI and a group of private investors, own the remaining 29.5%.

Founded in 1999 by Ayla Hussain, Cavan Mahony and Christy Turlington, SUNDĀRI skin care is based on the 5000-year-old Indian science of Ayurveda. Ayurveda teaches that the balancing of mind, body and spirit will ultimately lead to peace, harmony and lasting beauty. The SUNDĀRI skin care line consists of 20 products including cleansers, moisturizers and essential oils. SUNDĀRI, which means “beautiful woman” in Sanskrit, represents “the beauty of being well”. The SUNDĀRI line is available in 75 doors worldwide and online at www.sundari.com.

The decision to enter the US skin care product market through an acquisition route was guided mainly by the logic that Marico gains access to a ready business in Skin Care in the US, developed with about 5 years of spadework in formulating the product line, and a new product development plan, establishing diversified manufacturing and warehousing networks, building an experienced management team and setting up infrastructure to ensure long-term brand growth and scalability.

HEALTHY FOODS – MEALMAKER

Marico has decided to enter the Healthy Foods segment through Soya foods and towards that has acquired Mealmaker. With successful Refined Oil blend extensions of Saffola and the Low Absorb innovation in Sweekar, Marico has more or less fully exploited the range of product offerings in edible oils and is thus ready for a foray into non-oil categories. Soya foods, with a strong health connect, have a ready fit in this.



ADVERTISING AND SALES PROMOTION

During the year, Marico continued with its focus on demand creation and accordingly three-quarters of Marico's total Advertising and Sales Promotion (ASP) expenditure was spent on Advertising. More effective strategies have helped both the absolute ASP spends and the ASP to Sales ratio being held at levels similar to FY02.

A substantial portion of Marico's ASP spend is allocated towards new products. For FY03, the ASP on new products was at 45% of the total ASP as compared to 23% in FY02. Higher investment in the new product ASP has spurred a continuous upsurge in the turnover of new products, evident from the rise in the contribution of new products to the total turnover from around 11% in FY02 to 17% in FY03.

As the consumer franchise for new products gets established, the ASP spends on such products get rationalized. The ASP on new products has been held at around one-fifth of Sales, despite the new product turnover increasing from Rs. 800 million in FY02 to about Rs. 1320 million in FY03, a growth of 63%.

MARKET SHARES

Marico’s brand building initiatives have translated into steadily rising market shares (AC Nielsen Urban Retail Data) of most of Marico’s brands in the face of tough competition. A snapshot for the 12-month period ended February 2003 with previous year numbers is as follows:

Category	Brand	Market Share %		Current Market Rank
		Mar '02 – Feb '03	Mar '01 – Feb '02	
Coconut Oils	Parachute & Oil of Malabar (OOM)	55.6	54.8	1
Hair Oils	Parachute Jasmine, Shanti Amla, Shanti Thanda, Hair & Care	13.8	11.7	2
Refined Oils in Consumer Packs (ROCP)	Saffola & Sweekar	9.5	11.7	4

Volumes of Sweekar sunflower oil degrew due to the shrinkage of the Sunflower oil (SFO) market on account of shift in the consumer preference to cheaper oils like Soya. Instead of chasing volume growths in Sunflower Oils and Soya oils through price cuts, Marico has focussed on maintaining margins in Sweekar SFO. If all ROCP segments are aggregated as reported above, Marico’s share would seem to have fallen. However, this has to be viewed in the light of the strategic direction taken by Marico for the ROCP business. E.g. Marico’s market share excluding Soya Oils works out to 12%, placing it third in the market share ranking.

Marico has typically been reporting the urban market shares for historical continuity. Even if rural data were to be considered, there would be no significant change in Marico’s competitive position.

SAFFLOWER SHORTAGE

The growth of Marico’s Saffola franchise over the years has necessitated the expansion of the sources of Safflower. In addition to its domestic procurement program, Marico has also developed alternative sources of supply overseas, principally in Latin America. However, the current year has seen a significant shortfall in the Safflower crop overseas.

This has reduced the availability of oil for imports by Marico. The shortage has also resulted in a steep increase in the basic price of the oil. This, coupled with the high custom duty rate prevalent, has rendered imports virtually infeasible. Whilst Marico has stepped up its domestic purchases, this is not sufficient to compensate for the absence of imports.



As a proactive counter to these constraints, over the last few years Marico has also steadily expanded its equity of Saffola with the launch of blends. During the current year, the Company launched Saffola Nutri Blend, a blend of refined Safflower oil and refined Rice Bran oil. Research shows that these two oils make a very healthy blend. The launch of Saffola Tasty Blend (with 20% Safflower content) and Saffola Nutri Blend (30% Safflower content) have helped Marico to continue to make Saffola available to its consumers.

FINANCIAL ANALYSIS

COST STRUCTURE

	% to Sales & Services	
	FY03	FY02
Material Cost (Raw + Packaging)	64.0	62.5
Advertising & Sales Promotion (ASP)	8.3	8.5
Personnel Costs	4.5	4.7
Depreciation	2.0	2.0
Other Expenses	13.4	13.6
Operating Costs	<u>92.2</u>	<u>91.3</u>
Net Operating Margin (PBIT)	7.8	8.7
Cash Operating Margin (PBDIT)	9.8	10.8
Cash Profit Margins (PAT+ Depreciation)	9.1	9.2



Notes:

1. In line with progressive accounting policies, Marico's sales are reported net of excise.
2. Margins have been computed without including "Other Income", major components of which are lease rentals - Rs. 4 million (Previous year Rs. 7 million) (not necessarily one-time), insurance claims - Rs. 6 million (Previous year Rs. 3 million) (not necessarily one-time), profit on sale of investment - Rs. 6 million (Previous year - Nil) and other exceptional items as mentioned in note 4 below.
3. The above cost structure does not include the following exceptional items -
 - a. During the Year, the Company received Rs. 45.6 million towards compensation for termination of the distribution arrangement with Procter & Gamble Home Products Limited and Procter & Gamble Hygiene & Healthcare Limited. This amount has been included under 'Other Income' in the financials for the year.
 - b. The Company is eligible for deferment of sales tax under a package incentive scheme of the Government of Maharashtra (the "Government"), wherein the Company's sales tax liability is payable in five equal installments after the end of the 10th year. During the year the Government notified a scheme under which the Company could prepay the entire liability on a discounted basis. The Company availed of this Scheme and prepaid Rs. 49 million out of the total Deferred Sales Tax Loan of Rs. 50 million outstanding as of March 31, 2002. This prepayment resulted in a one-time gain of Rs. 32 million, which is included under 'Other Income' in the financials for the year.

- c. During the year, the Company revised the useful lives of certain computer software and computer hardware and related peripherals resulting in an additional charge of Rs. 60 million. This amount is included under 'Depreciation' in the financials for FY03.
- d. During the year, the Company's shareholders approved a scheme of re-organisation of Capital ('Scheme') which was approved by the Hon'ble Bombay High Court on March 25, 2003. In accordance with the Scheme, the Company has adjusted the carrying amount of Rs. 445 million of intangible assets as on December 3, 2002, against Share Premium Account Rs. 165 million and Capital Redemption Reserve Rs. 280 million. Consequent to the above adjustments, depreciation and amortization is lower by Rs. 12 million and the profit for the year is higher by an equivalent amount. For the purpose of correct comparison, the depreciation cost ratios for both the years have been calculated without taking into account this impact.



- e. The Company acquired the trademark 'Mealmaker' and related intellectual property rights (IPR) for a consideration of Rs. 18 million (including non-compete payments - Rs. 16 million). Since this acquisition was made subsequent to the communication of the Scheme to the shareholders, referred to in 3(d) above, this amount could not be covered by the Scheme. However, in line with the objective of the Scheme, the Company has amortised the entire consideration in the current year. Consequent to this, depreciation and amortization for the year is higher by Rs. 18 million and the profit for the year is lower by an equivalent amount.

CAPITAL UTILISATION

Marico has continued to maintain its ROCE in excess of 30%, despite large investments especially during the last two years. During FY03, while Marico made substantial investments in Kaya Skin Clinic for and on behalf of Kaya Aesthetics Limited, Sundari LLC and Mealmaker, ROCE was maintained at 31% as compared to 32% for FY02. The annualised Return on Net worth (RONW) during FY03 was higher at 29% (FY02: 27%). The capital turnover ratios for the year were satisfactory. The debtors' turnover ratio was lower at 14 days (FY02: 19 days) due to better credit management post implementation of Mi-Net as also improvement in recoveries from institutions. The inventory turnover ratio was maintained at 40 days (FY02: 40 days) primarily due to reduced inventory holding of Safflower oil and Sunflower oil. Operating Net Working Capital as number of days of Turnover was at 35 days (FY02: 30 days).

Economic Value Added was higher at Rs. 313 million (FY02: Rs. 291 million).

Throughout FY03 Marico enjoyed a comfortable liquidity position. Sizeable cash profits, increasing over the years, have enabled Marico reach and retain a zero debt situation, in the face of substantial investments in new businesses and new products – Mealmaker acquisition, Kaya Skin Clinics for and on behalf of Kaya Aesthetics Limited, acquisition of Sundari LLC, investment in brand building for new launches like Mediker Oil and Shanti Thanda Tel, etc. As these new growth engines ready themselves to propel Marico on to a new growth trajectory, Marico would need to make substantial investments in the short to medium term to enable them to grow. As on March 31, 2003, the Debt: Equity ratio was very comfortable at 0.06 (FY02: 0.02). The finance cost for the FY03 continued to be low at 0.1% of the turnover, as operating cash profits for the year at Rs. 705 million grew by 9.6% over FY02.

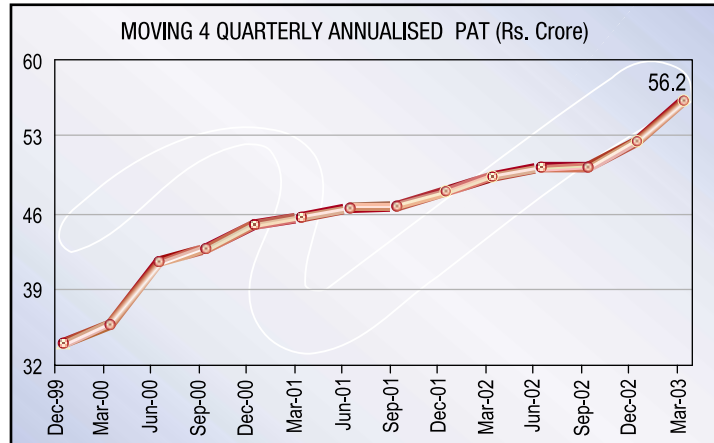
QUALITY OF EARNINGS

Over the years, Marico has been continuously focussed on improving the quality of its earnings. Marico's entire sales turnover, except for sale of by-products arising from own manufacturing activity, comes from Branded Products – branding provides a hedge against fluctuations in input costs. Brand building efforts have resulted in continuously increasing market shares for all its key brands.

New products have been doing well and contribute an increasing proportion to the total

turnover. Success of new products has also helped reduce the dependence on Parachute, the flagship brand. Parachute's contribution to the turnover has reduced from 70%-75% in early 90's to about 40% now.

All these factors together with astute cost management have helped Marico register Year on Year growth in quarterly profitability for past 14 consecutive quarters, despite the overall slow down in the FMCG sector. The graph, above shows the moving four quarterly annual profits, reflecting a consistent growth.



OUTLOOK

FY04 will be a defining period in Marico's endeavour to move up the value chain, as it

- makes substantial investments in new businesses, new products and consolidation of flagships;
- focuses on product innovation in order to provide the best possible value proposition to its consumers.

While new products / categories / businesses are expected to shore up topline in the short run, the positive impact on bottom line could be felt only with a lag. Marico recognizes that at this crucial juncture in its move up the value chain, excessive focus on short-term financial targets is likely to distract it from the long-term strategic objectives of establishing itself on a firm footing in new businesses.

Inputs to the new products and businesses, especially in the form of ASP, will be governed by marketing plans, reflecting market place realities and will typically not follow a smooth pattern throughout the financial year. Therefore, in the short term, Marico's quarterly numbers could face fluctuations arising out of mismatches in the timings of the investment in new products and businesses and earnings of the traditional businesses / products.

The ROCP market is rapidly getting fragmented, with players leveraging scale and regionality more as compared to core brand equities and product differentiation. In the face of this industry churn, Marico has consciously focused on the high end of the market (Safflower and its blends) and on the margins in Sunflower Oil business as opposed to mere pursuit of higher volumes and turnover. This may continue to have an impact on the financial numbers of Marico's ROCP franchise. However, Marico believes that this alone is a sound approach if it has to eventually succeed as a Branded Product player in the ROCP market.



International business will continue to focus on the SAARC and the Gulf countries and leverage on the equities already created, in addition to prototyping new offerings.

The Kaya business is expected to consolidate on the prototype phase learnings from the 3 clinics that were operational by the end of FY03 and to put up a significantly larger number of clinics all through FY 04. This gradient of outlet expansion in a nascent business will take up a commensurate share of strategic funding. It is expected that the investment phase will continue for the next few quarters, at least into early FY 05.

While Sundari LLC is a newly formed joint venture Company, the underlying business has been in an investment phase for some time. Although we expect that the investment phase will continue for the near future, the key imperative during FY 04 will be to turn around the business and establish it on a sound basis, which is capable of delivering profits in the years to come.

The long-term outlook beyond the current investment phase is expected to remain positive – Marico will keep building enduring business value.

On behalf of the Board of Directors

Place: Mumbai

Date: April 21, 2003

Harsh Mariwala

Chairman and Managing Director

AUDITORS' REPORT

To,

The Members of Marico Industries Limited

1. We have examined the attached consolidated balance sheet of Marico Industries Limited, its subsidiaries, Marico Bangladesh Limited and Kaya Aesthetics Limited, and its joint venture, Sundari LLC, (together referred to as 'Marico group') as at March 31, 2003, the consolidated profit and loss account for the year ended March 31, 2003 annexed thereto and the consolidated cash flow statement of Marico group for the year ended March 31, 2003 (collectively referred to as 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Marico Industries Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As stated in Note 3 to the accounts, the separate financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 109,590,476 (comprising 3.75 % of group assets) as at March 31, 2003 and total revenues of Rs. 388,523,144 (comprising 4.94 % of group revenue) for the year ended March 31, 2003 have not been audited and, therefore, our opinion insofar as it relates to the amounts included in the consolidated financial statements in respect of these subsidiaries, is based solely on the unaudited separate financial statements prepared by these subsidiaries.
4. As stated in Note 4 to the accounts, the separate financial statements of the joint venture have not been audited and, therefore, our opinion insofar as it relates to the proportionate amounts included in the consolidated financial statements in respect of the joint venture, is based solely on the unaudited separate financial statements prepared by the joint venture.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements and Accounting Standard (AS) 27 on Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Marico Industries Limited, the unaudited financial statements of the subsidiaries and the unaudited financial statements of the joint venture included in the consolidated financial statements.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit report on audited financial statements of Marico Industries Limited, the unaudited financial statements of its subsidiaries and the unaudited financial statements of its joint venture, we are of the opinion that:
 - (a) the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Marico group as at March 31, 2003;
 - (b) the consolidated profit and loss account gives a true and fair view of the consolidated results of operations of Marico group for the year ended March 31, 2003; and
 - (c) the consolidated cash flow statement gives a true and fair view of the cash flows of Marico group for the year ended March 31, 2003.

For **RSM & Co.**

Chartered Accountants

NATRAJ RAMKRISHNA

Partner

Place: Mumbai

Dated: April 21, 2003

BALANCE SHEET

	SCHEDULE	As at March 31,	
		2003 Rs. million	2002 Rs. million
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	580.000	145.000
Reserves and surplus	B	1,349.725	1,826.664
		1,929.725	1,971.664
LOAN FUNDS			
Secured loans	C	-	-
Unsecured loans	D	113.745	50.468
		113.745	50.468
DEFERRED TAX LIABILITY			
		60.887	60.034
		2,104.357	2,082.166
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	E	1,484.263	1,848.131
Less : Depreciation and amortisation		576.685	490.395
Net block		907.578	1,357.736
Capital work-in-progress		119.788	54.963
		1,027.366	1,412.699
INVESTMENTS			
	F	138.954	0.077
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	899.895	819.391
Sundry debtors	H	272.635	307.140
Cash and bank balances	I	239.909	128.075
Loans and advances	J	341.074	207.197
		1,753.513	1,461.803
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	720.704	764.143
Provisions	L	99.099	28.270
		819.803	792.413
NET CURRENT ASSETS			
		933.710	669.390
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	M	4.326	-
		2,104.356	2,082.166
Notes to the accounts	R		

As per our attached report of even date

FOR RSM & Co.
Chartered AccountantsNATRAJ RAMKRISHNA
PartnerMILIND SARWATE
Chief Financial OfficerDEV BAJPAI
General Manager - Legal
and Company SecretaryPlace : Mumbai
Dated : April 21, 2003

For and on behalf of the Board of Directors

BIPIN SHAH
Director and
Chairman of
Audit CommitteeHARSH MARIWALA
Chairman and
Managing DirectorPlace : Mumbai
Dated : April 21, 2003

PROFIT AND LOSS ACCOUNT

	SCHEDULE	As at March 31,	
		2003 Rs. million	2002 Rs. million
INCOME			
Sales and services		7,763.968	6,957.270
Less : Excise duty		9.353	0.753
		<u>7,754.615</u>	<u>6,956.517</u>
Other income	N	111.413	13.000
		<u>7,866.028</u>	<u>6,969.517</u>
EXPENDITURE			
Cost of materials	O	5,020.156	4,405.302
Manufacturing and other expenses	P	1,975.700	1,802.821
Finance charges	Q	10.799	40.683
Depreciation and amortisation	E	219.482	142.346
Amortisation of Miscellaneous expenditure		0.073	–
		<u>7,226.210</u>	<u>6,391.152</u>
PROFIT BEFORE TAXATION		639.818	578.365
Provision for current taxation		77.572	48.780
PROFIT AFTER CURRENT TAXATION		562.246	529.585
Provision for deferred taxation		0.853	59.983
Excess income tax provision of earlier year written back		0.850	31.000
PROFIT AFTER TAXATION		562.243	500.602
Balance brought forward		918.906	684.615
PROFIT AVAILABLE FOR APPROPRIATION		1,481.149	1,185.217
APPROPRIATIONS			
Interim dividends (subject to deduction of tax where applicable)		79.750	203.000
Tax on interim dividends		–	13.311
Proposed final dividend		58.000	–
Tax on proposed dividend		7.431	–
Preference Dividend		11.632	–
Capital Redemption Reserve		290.000	–
General Reserve		53.500	50.000
BALANCE CARRIED TO THE BALANCE SHEET		980.836	918.906
BASIC AND DILUTED EARNINGS PER SHARE		18.99	17.26
Notes to the accounts	R		

As per our attached report of even date

FOR RSM & Co.
Chartered AccountantsNATRAJ RAMKRISHNA
PartnerMILIND SARWATE
Chief Financial OfficerDEV BAJPAI
General Manager - Legal
and Company Secretary

Place : Mumbai

Dated : April 21, 2003

For and on behalf of the Board of Directors

BIPIN SHAH
Director and
Chairman of
Audit CommitteeHARSH MARIWALA
Chairman and
Managing Director

Place : Mumbai

Dated : April 21, 2003

CASH FLOW STATEMENT

	Year ended March 31, 2003 Rs. million	Year ended March 31, 2002 Rs. million
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	639.818	578.365
Adjustments for:		
Depreciation and amortisation	219.482	142.346
Finance charges	19.018	46.180
Interest income	(8.220)	(5.497)
Loss on sale of asset	1.077	1.335
Amortisation of miscellaneous expenditure	0.073	-
Cumulative exchange differences	(2.353)	(0.092)
	<u>229.077</u>	<u>184.272</u>
Operating Profit before Working Capital changes	868.895	762.637
Adjustments for:		
Increase/ (Decrease) in Inventories	80.505	121.841
Increase/ (Decrease) in Sundry Debtors	(34.506)	(120.034)
Increase/ (Decrease) in Loans and Advances	133.877	(1.880)
(Increase)/ Decrease in Current Liabilities	(32.827)	55.897
	<u>147.049</u>	<u>55.824</u>
Cash generated from Operations	721.846	706.813
Income tax paid (net of refunds)	75.090	52.410
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	<u>646.756</u>	<u>654.403</u>
	A	
B CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of Fixed Assets	(288.493)	(317.605)
(Purchase) / Sale of Investments	(138.877)	(0.000)
Sale of Fixed Assets	8.252	9.648
Miscellaneous expenditure	(4.400)	-
Interest income	8.220	6.120
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	<u>(415.298)</u>	<u>(301.837)</u>
	B	

CASH FLOW STATEMENT

		Year ended March 31, 2003 Rs. million	Year ended March 31, 2002 Rs. million
C CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment of borrowing)/Amount borrowed		63.276	14.087
Finance charges		(19.018)	(46.180)
Dividend paid (including tax on dividends)		(163.882)	(239.137)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	C	<u>(119.624)</u>	<u>(271.230)</u>
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	A+B+C	<u>111.834</u>	<u>81.336</u>
Cash and cash equivalents - opening balance		128.075	46.739
Cash and cash equivalents - closing balance		239.909	128.075

As per our attached report of even date
FOR RSM & Co.
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

MILIND SARWATE
Chief Financial Officer

DEV BAJPAI
*General Manager - Legal
and Company Secretary*

Place : Mumbai

Dated : April 21, 2003

For and on behalf of the Board of Directors

BIPIN SHAH
*Director and
Chairman of
Audit Committee*

HARSH MARIWALA
*Chairman and
Managing Director*

Place : Mumbai

Dated : April 21, 2003

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003	2002
	Rs. million	Rs. million
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
30,000,000 (29,900,000) Equity shares of Rs. 10 each	300.000	299.000
30,000,000 (Nil) Preference shares of Rs. 10 each	300.000	-
Nil (10,000) 14% Cumulative Redeemable Preference shares of Rs. 100 each	-	1.000
	<u>600.000</u>	<u>300.000</u>
ISSUED AND SUBSCRIBED :		
29,000,000 (14,500,000) Equity shares of Rs. 10 each fully paid up	290.000	145.000
29,000,000 (Nil) 8% Redeemable Preference shares of Rs. 10 each fully paid up (redeemable on or before October 1, 2005)	290.000	-
The above includes 26,500,000 (12,000,000) equity shares issued as fully paid bonus shares by capitalisation of General Reserve of Rs. 265 million (Rs. 120 million) and preference shares issued as fully paid bonus shares by capitalisation of general reserves of Rs. 287.5 million (Rs. Nil) and capital reserves of Rs. 2.5 million (Rs. Nil)		
	<u>580.000</u>	<u>145.000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last balance sheet	2.500	2.500
Less : Utilised for issue of bonus 8% Redeemable Preference Shares	2.500	-
	-	2.500
CAPITAL REDEMPTION RESERVE		
As per last balance sheet	-	-
Add : Created on issue of 8% Redeemable Preference Shares	290.000	-
Less : Adjustment of carrying amount of intangible assets (Note 10(d))	280.015	-
	9.985	-
SHARE PREMIUM ACCOUNT		
As per last balance sheet	165.000	165.000
Less : Adjustment of carrying amount of intangible assets (Note 10(d))	165.000	-
	-	165.000
GENERAL RESERVE		
As per last balance sheet	740.327	716.000
Add : Transfer from Profit and Loss Account	53.500	50.000
Less : Utilised for issue of bonus equity shares	145.000	-
Utilised for issue of bonus 8% Redeemable Preference Shares	287.500	-
Adjustment of deferred tax balance as on April 1, 2001	-	0.051
Adjustment of amortisation of intangibles upto April 1, 2001	-	25.622
	<u>361.327</u>	<u>740.327</u>
CUMULATIVE EXCHANGE DIFFERENCES		
(Translation adjustments)	(2.423)	(0.069)
PROFIT AND LOSS ACCOUNT	980.836	918.906
	<u>1,349.725</u>	<u>1,826.664</u>

SCHEDULES TO BALANCE SHEET

As at March 31,

	2003 Rs. million	2002 Rs. million
SCHEDULE 'C'		
SECURED LOANS		
Working capital finance from banks (Secured by hypothecation of stocks in trade and debtors)	-	-
	-	-
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks (Short term)	102.200	-
Other loans	10.482	-
Commercial Paper	-	-
(Maximum amount outstanding during the year Rs Nil (Rs 150 million))		
Deferred sales tax loan	1.063	50.468
(Amounts repayable within one year Rs. Nil (Rs. Nil))		
	113.745	50.468

SCHEDULE 'E'

FIXED ASSETS

Rs. million

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at March 31, 2002	Additions/ Adjustments	Deductions	As at March 31, 2003	As at March 31, 2002	For the period	Deductions	As at March 31, 2003	As at March 31, 2003	As at March 31, 2002
Freehold land	10.731	-	-	10.731	-	-	-	-	10.731	10.731
Leasehold land	11.209	0.081	0.026	11.264	0.487	0.161	0.002	0.646	10.618	10.722
Buildings	344.801	13.733	0.090	358.444	34.440	7.519	0.027	41.932	316.512	310.360
Plant and machinery	850.093	108.997	9.182	949.908	347.982	105.007	2.743	450.246	499.662	502.111
Furniture and fittings	15.356	3.102	0.303	18.155	7.140	1.721	0.114	8.747	9.408	8.215
Vehicles	4.867	10.540	2.794	12.613	1.753	0.970	0.178	2.545	10.068	3.114
Intangible assets (Note (10d))										
- Trademarks and copyrights	378.958	74.011	403.490	49.479	47.838	31.298	78.861	0.275	49.204	331.120
- Business & commercial rights	110.211	-	108.651	1.560	15.102	3.700	18.561	0.240	1.320	95.109
- Technical know-how	54.000	-	54.000	-	24.004	6.001	30.005	-	-	29.997
- Computer software	58.905	13.204	-	72.109	9.549	62.505	-	72.054	0.055	49.357
- Non-compete covenants	9.000	-	9.000	-	2.100	0.600	2.700	-	-	6.900
TOTAL	1,848.131	223.668	587.536	1,484.263	490.395	219.482	133.191	576.685	907.578	1,357.736
Previous year	1,519.593	343.231	14.694	1,848.131	326.138	167.968	3.711	490.395		
Capital work-in-progress (at cost) including advances on capital account									119.788	54.963
									1,027.366	1,412.699

Notes :

- Gross block includes:
 - Freehold Land Rs. 3.037 million (Rs. 3.037 million) and buildings Rs. 16.940 million (Rs. 81.008 million) pending execution of conveyance.
 - Plant and Machinery of Rs. 21.464 million (Rs. 21.464 million) and Rs. 39.500 million (Rs. 39.500 million) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
- Plant and Machinery includes Rs. 17.600 million (Rs. 17.600 million) being cost of asset taken on finance lease after April 1, 2001. Net carrying value as on March 31, 2003 - Rs. 7.700 million (Rs. 13.200 million).

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003	2002
	Rs. million	Rs. million
SCHEDULE 'F'		
INVESTMENTS (At Cost, Non Trade)		
LONG TERM - UNQUOTED		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.079	0.077
	<u>0.079</u>	<u>0.077</u>
CURRENT - UNQUOTED		
Investment in Mutual Fund Units :		
Prudential ICICI Liquid Fund - Growth Option 2,115,723 (Nil) Units of Rs. 10 each fully paid up	31.375	-
HDFC Mutual Fund - HLFGLiquid Fund Growth Scheme 3,497,470 (Nil) Units of Rs. 10 each fully paid up	42.000	-
IDBI - Principal Cash Management Fund - Liquid Option Growth Plan 4,202,634 (Nil) Units of Rs. 10 each fully paid up	50.000	-
Grindlays Cash Fund - Growth Option 1,377,685 (Nil) Units of Rs. 10 each fully paid up	15.500	-
	<u>138.875</u>	<u>-</u>
	<u>138.954</u>	<u>0.077</u>

Note : Units of Mutual Funds purchased and sold during the year

Name of the Scheme	No. of Units (in millions)	No. of Units (in millions)
Alliance Mutual Fund Scheme - Cash Manager Growth Scheme	451.011	0.548
Prudential ICICI Liquid Fund - Growth Scheme	12.197	-
Zurich India Liquidity Fund -Savings Plan - Growth Scheme	12.454	-
HDFC Liquid Fund - Growth Scheme	9.276	-
Kotak Mahindra Liquid Institutional Plan - Growth Scheme	7.481	-
IDBI - Principal Cash Management Fund	13.976	-
Grindlays Cash Fund - Growth Option	27.637	-

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003 Rs. million	2002 Rs. million
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the management)		
Raw materials	287.012	275.554
Packing materials	122.487	93.989
Work-in-process	174.405	87.391
Finished products	284.504	344.413
Stores, spares and consumables	16.170	10.471
By-products	15.317	7.573
	<u>899.895</u>	<u>819.391</u>
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months – Considered good	6.512	2.478
– Considered doubtful	12.337	12.818
	<u>18.849</u>	<u>15.296</u>
Less: Provision for doubtful debts	<u>12.337</u>	<u>12.818</u>
	6.512	2.478
Other Debts – Considered good	266.123	304.662
– Considered doubtful	0.286	–
	<u>266.409</u>	<u>304.662</u>
Less: Provision for doubtful debts	<u>0.286</u>	<u>–</u>
	<u>266.123</u>	<u>304.662</u>
	<u>272.635</u>	<u>307.140</u>
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	2.040	1.471
Balances with scheduled banks:		
Fixed deposits (Rs. 2.041 million (Rs. 1.360 million) lodged with Government authorities)	52.041	1.360
Margin accounts (Against letters of credit and Bank guarantees)	3.358	3.358
Current accounts	182.470	121.886
	<u>239.909</u>	<u>128.075</u>

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003	2002
	Rs. million	Rs. million
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured—considered good, unless otherwise stated)		
Loans	8.794	—
Inter corporate deposits	75.000	2.000
Advances recoverable in cash or in kind or for value to be received – considered good	131.088	104.790
– considered doubtful	3.176	3.176
	<u>134.264</u>	<u>107.966</u>
Less: Provision for doubtful advances	3.176	3.176
	<u>131.088</u>	<u>104.790</u>
Deposits	87.042	60.608
Balances with central excise authorities	0.997	0.014
Income tax payments, net of provision	38.153	39.785
	<u>341.074</u>	<u>207.197</u>
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors	637.008	620.860
(includes Rs. 4.714 million (Rs. 8.338 million) being lease rental obligations repayable beyond one year.)		
Other liabilities	67.681	42.667
Security deposits	15.535	28.116
Interest accrued but not due on loans	0.480	—
Interim Dividend	—	72.500
	<u>720.704</u>	<u>764.143</u>
SCHEDULE 'L'		
PROVISIONS		
Leave Encashment	33.668	28.270
Proposed Dividend	58.000	—
Tax on proposed dividend	7.431	—
	<u>99.099</u>	<u>28.270</u>
SCHEDULE 'M'		
MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenditure	4.326	—
	<u>4.326</u>	<u>—</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended March 31,	
	2003 Rs. million	2002 Rs. million
SCHEDULE 'N'		
OTHER INCOME		
Miscellaneous income	111.413	13.000
	<u>111.413</u>	<u>13.000</u>
SCHEDULE 'O'		
COST OF MATERIALS		
Raw Materials consumed	3,525.625	2,796.355
Packing Materials consumed	714.050	713.869
Stores and spares consumed	56.711	59.771
Purchase for resale	755.900	1,024.632
(INCREASE)/DECREASE IN STOCKS		
OPENING STOCKS :		
- Work-in-process	87.391	48.034
- By-products	7.573	5.105
- Finished products	354.086	196.913
Less :		
CLOSING STOCKS :		
- Work-in-process	174.405	87.391
- By-products	15.317	7.573
- Finished products	291.458	344.413
	<u>(32.130)</u>	<u>(189.325)</u>
	<u>5,020.156</u>	<u>4,405.302</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended March 31,	
	2003 Rs. million	2002 Rs. million
SCHEDULE 'P'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	284.634	265.931
Contribution to provident fund and other funds	38.067	36.070
Welfare expenses	28.092	24.165
	<u>350.793</u>	<u>326.166</u>
Power, fuel and water	34.989	34.890
Contract manufacturing charges	155.541	153.506
Rent and storage charges	32.295	47.137
Repairs to : Buildings	13.239	13.111
Machinery	25.634	21.721
Others	7.711	10.485
	<u>46.584</u>	<u>45.317</u>
Freight, forwarding and distribution expenses	312.272	298.692
Advertisement and sales promotion	644.706	590.835
Rates and taxes – Excise duty	11.061	0.004
– Others	3.327	5.173
Sales tax and cess	73.907	40.085
Provision for doubtful debts and advances	–	9.455
Printing, stationery and communication expenses	41.620	43.044
Travelling, conveyance and vehicle expenses	77.606	79.702
Insurance	9.516	9.166
Miscellaneous expenses	181.483	119.649
	<u>1,975.700</u>	<u>1,802.821</u>
SCHEDULE 'Q'		
FINANCE CHARGES		
Interest on fixed period loans	0.102	10.792
Other interest	2.893	12.070
Bank and other financial charges	16.024	23.318
	<u>19.019</u>	<u>46.180</u>
Less : Interest income	8.220	5.497
(Tax deducted at source Rs. 1.057 million (Rs. 1.037 million))		
	<u>10.799</u>	<u>40.683</u>

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO THE ACCOUNTS :

1. The Group and nature of its operations:

Marico Industries Limited headquartered in Mumbai, India together with its subsidiaries Marico Bangladesh Limited (MBL) & Kaya Aesthetics Limited (KAL) and its joint venture Sundari LLC (together referred to as 'Marico' or 'Group') carries on business in Branded Fast Moving Consumer Goods and Branded Services.

In India, Marico manufactures and markets products under the brands Parachute, Saffola, Sweekar, Hair & Care, Sil, Revive, Shanti, Oil of Malabar, Mealmaker and Mediker. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 6 regional offices, 31 carrying & forwarding agents, 6 consignment agents and about 3600 distributors spread all over India. The Company's export markets comprise primarily the Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon and Saswad supported by subcontracting units. Marico has a marketing and distribution alliance with Indo Nissin Foods Limited for Top Ramen instant noodles, and had a distribution arrangement with Procter & Gamble Home Products Limited and Procter & Gamble Hygiene & Healthcare Limited for distribution of some of their products in India which was terminated during the year.

MBL, the wholly owned subsidiary, has set up manufacturing operations in Bangladesh. It markets Coconut Oil and Hair Oils under the brand Parachute.

During the year, Marico entered two new businesses:

- Ayurvedic skin care products business in the US by acquiring an equity interest in Sundari LLC, a joint venture, which owns the SUNDĀRI line of luxury ayurvedic skin care products, and
- Skin care services business through Kaya Skin Clinics which now operate under the banner of Kaya Aesthetics Limited.

2. Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards.

(b) Consolidation

The consolidated financial statements include the financial statements of Marico Industries Limited, its subsidiaries and its proportionate share in the joint venture. The results of subsidiaries/joint ventures acquired during the year are included from the date of acquisition of a controlling interest. All intercompany transactions are eliminated and the consolidated financial statements have been prepared using uniform accounting policies.

NOTES TO THE ACCOUNTS

The assets and liabilities of foreign companies are translated at the period end exchange rate and all the items in the profit and loss account are translated at the average annual exchange rate. The resultant translation gains and losses are shown separately as 'Cumulative exchange difference (translation differences)' under reserves and surplus.

(c) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest on borrowing, to finance fixed assets during construction period is capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.

(d) Depreciation/Amortisation

I. Tangible Assets

Depreciation is provided on straight-line basis at higher of the rates, based on useful lives of the assets as estimated by the management every year or those stipulated by the respective statutes in India, Bangladesh and United States.

II. Intangible Assets

(i) Management estimates that the economic life of trademarks, copyrights and business & commercial rights, based on their value in use, far exceeds 20 years. However, as a matter of prudence, these trademarks, copyrights and business & commercial rights are amortised over a period of 20 years.

(ii) Other intangible assets are amortised over their estimated economic useful lives as estimated by the management, but not exceeding the period given hereunder:

Technical know how	6 years
Non-compete covenants	Non-compete period
Computer software	1 year

(iii) Deferred revenue expenditure is amortised over a period of 5 years.

(e) Investments

(i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognise a decline, other than temporary.

(ii) Current investments are valued at lower of cost and market value, computed category wise.

NOTES TO THE ACCOUNTS

(f) Inventories

- (i) Raw material, packing material, stores, spares and consumables are valued at cost.
- (ii) Work-in-process and finished products are valued at lower of cost and net realisable value.
- (iii) By-products and unserviceable/damaged finished products are valued at net realisable value.
- (iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in the case of finished products includes appropriate production overheads and excise duty.

(g) Research and Development

Capital expenditure on research and development is allocated to fixed assets. Revenue expenditure is charged off in the year in which it is incurred.

(h) Revenue Recognition

- (i) Sales are recognised at the point of despatch of goods to the customers and stated net of trade discount and exclusive of sales tax.
- (ii) Agency commission is recognised upon effecting sales on behalf of the principal.
- (iii) Interest and other income are recognised on accrual basis.

(i) Retirement Benefits

The Company has various schemes of retirement benefits, namely, provident, superannuation, gratuity and leave encashment. Provident, superannuation and gratuity funds are administered through trustees and the Company's contribution thereto is charged to revenue every year. Leave encashment and gratuity are provided for on the basis of actuarial valuation as at the year-end by an independent actuary.

(j) Foreign Currency Transactions

Current assets and current liabilities are translated at forward cover rate or at the period end exchange rate, as applicable. Resultant gains or losses are recognised in the profit and loss account other than the exchange rate differences relating to fixed assets which are adjusted against the carrying cost of corresponding fixed assets. Exchange differences arising on forward exchange contracts are recognised over the period of the contract

(k) Government Grants

- (i) Government grant related to the total investment in an undertaking is treated as capital reserve.
- (ii) Government grant related to a specific fixed asset is reduced from the cost of the asset.

NOTES TO THE ACCOUNTS

(l) Accounting for taxes on Income

- (i) Provision for current tax is made, based on the tax payable under the relevant statute.
- (ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation.

3) Subsidiaries

(i) List of subsidiaries

Name	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited	Bangladesh	100
Kaya Aesthetics Limited	India	100

- (ii) The first financial year of Kaya Aesthetics Limited will end on March 31, 2004. However, for the purpose of consolidation, Kaya Aesthetics Limited has prepared financial statements for the period from March 27, 2003 to March 31, 2003, which has not been audited. These financials do not have any significant effect on the financial position of Marico Consolidated as at March 31, 2003 and the results for the year.
- (iii) The statutory accounting year of Marico Bangladesh Limited (MBL) is October to September every year, which is different from that of Marico Industries Limited. However, for the purpose of consolidation MBL has prepared financial statements for the year ended March 31, 2003, which has not been audited.

4) Joint Ventures

(i) List of joint ventures

Name	Country of incorporation	Percentage of ownership interest
Sundari LLC	United States of America	63

- (ii) The statutory accounting year of Sundari LLC is January to December every year, which is different from that of Marico Industries Limited. However, for the purpose of consolidation, Sundari LLC has prepared financial statements for the period from February 26, 2003 (date of joint venture) to March 31, 2003, which has not been audited.

NOTES TO THE ACCOUNTS

(iii) Marico's share in the joint venture included in the consolidated financial statements:

	Rs. (million)
Balance sheet as at March 31, 2003	
Fixed assets	50.483
Inventories	10.333
Sundry debtors	1.298
Cash and bank balances	22.718
Loans and advances	0.600
Current liabilities	11.742
Miscellaneous expenditure (to the extent not written off or adjusted)	4.326
Profit and loss account for the period February 26, 2003 to March 31, 2003	
Sales and services (net of excise duty)	1.346
Other income	0.304
Cost of materials, manufacturing & other expenses	3.295
Finance charges	0.100
Depreciation and amortisation	0.364

5. Contingent liabilities not provided for in respect of:
- (i) Counter guarantee given to banks on behalf of other companies Rs.8.203 million (Rs.Nil).
 - (ii) Sales tax/cess claims disputed by the Company Rs.47.147 million (Rs.15.613 million).
 - (iii) Income tax and interest demand disputed by the Company Rs.6.366 million (Rs.50.496 million).
 - (iv) Claims against the Company not acknowledged as debts Rs.32.323 million (Rs.1.032 million).
6. Miscellaneous income include lease income Rs.3.617 million (Rs.7.464 million), income from current investments Rs. 0.009 million (Rs.0.025 million), royalty Rs. Nil (Rs.10.714 million), profit on sale of current investments (net) Rs.6.422 million (Rs. Nil), compensation for termination of a distribution arrangement Rs.45.600 million (Rs. Nil) and discount on prepayment of deferred sales tax liability Rs.31.661 million (Rs. Nil).
7. Miscellaneous expenses include commission and brokerage Rs.10.727 million (Rs.6.273 million), donations Rs.1.060 million (Rs.0.955 million), loss on sale/discarding of assets (net) Rs.1.077 million (Rs.1.335 million), audit fees Rs.1.286 million (Rs.1.102 million), tax audit fees Rs.0.157 million (Rs.0.157 million), payment to auditors for other services Rs.1.203 million (Rs.0.019 million) and reimbursement to auditors for out-of-pocket expenses Rs.0.038 million (Rs. 0.095 million).
8. Research and development expenses aggregating Rs.22.098 million (Rs.24.927 million) have been included under the relevant heads in the profit and loss account.
9. Exchange loss (net) aggregating Rs.1.505 million (Rs.1.031 million) has been included under the relevant heads in the profit and loss account.

NOTES TO THE ACCOUNTS

10. Exceptional items included in the current year's Profit and Loss Account:

- (a) During the year, the Company revised the useful lives of certain computer software and computer hardware and related peripherals resulting in an additional charge of Rs.60.186 million. Consequently, depreciation charge for the year is higher by Rs.60.186 million and profit for the year is lower by an equivalent amount.
- (b) The Company is eligible for deferment of sales tax under a package incentive scheme of the Government of Maharashtra (the "Government"), wherein the Company's sales tax liability is payable in five equal installments after the end of the 10th year. During the year the Government notified a scheme under which the Company could prepay the entire liability on a discounted basis. The Company availed of this Scheme and prepaid Rs.49.405 million out of the total Deferred Sales Tax Loan of Rs.50.468 million outstanding as of March 31, 2002.

This prepayment resulted in a one-time gain of Rs.31.661 million, which is included under 'Other Income' in the financials for the year.

- (c) During the year, the Company received Rs.45.600 million towards compensation for termination of the distribution arrangement with Procter & Gamble Home Products Limited and Procter & Gamble Hygiene & Healthcare Limited. This amount has been included under 'Other Income' in the financials for the year.
- (d) During the year, the Company's shareholders approved a scheme of re-organisation of Capital ('Scheme') which was approved by the Hon'ble High Court at Mumbai on March 25, 2003. In accordance with the Scheme, the Company has adjusted the carrying amount of Rs.445.015 million of intangible assets as on December 3, 2002, as given below, against share premium account Rs. 165.000 million and capital redemption reserve Rs.280.015 million.

Description	Acquisition Value	Accumulated Depreciation	Book value
Business & commercial rights	108.651	(18.561)	90.090
Technical know-how	54.000	(30.005)	23.995
Trademarks and copyrights	385.284	(60.654)	324.630
Non-compete covenants	9.000	(2.700)	6.300
Total	556.935	(111.920)	445.015

Consequent to the above adjustments, depreciation and amortisation is lower by Rs.11.533 million and the profit for the year is higher by an equivalent amount.

- (e) The Company acquired the trademark 'Mealmaker' and related intellectual property rights (IPR) for a consideration of Rs.18.177 million (including non-compete payment of Rs.15.566 million). Since this acquisition was made subsequent to the communication of the Scheme to the shareholders, referred to in 10(d) above, this amount could not be covered by the Scheme. However, in line with the objective of the Scheme, the Company has amortised the entire consideration in the current year.

Consequent to this, depreciation and amortisation for the year is higher by Rs.17.799 million and the profit for the year is lower by an equivalent amount.

NOTES TO THE ACCOUNTS

If the exceptional items were not to be considered, the profit for the year would be lower by Rs.10.809 million.

11. Additional information on assets taken on lease:

(i) In respect of assets taken on finance lease prior to April 1, 2001:

	(Rs. million)
Lease rental charges for the year	7.832 (8.990)
Cost of assets	11.563 (25.219)
Future lease rental obligation	3.787 (10.321)

(ii) In respect of assets taken on finance lease after March 31, 2001:

Finance charges for the year– Rs.1.156 million (Rs 2.298 million).

Reconciliation of minimum lease payments and its present value:

	Minimum lease payments (Rs. million)	Interest (Rs. million)	Present value of minimum lease payments (Rs. million)
Future lease rental obligation payable:			
– not later than one year	6.363 (4.666)	0.851 (1.453)	5.512 (3.213)
– later than one year but not later than five years	3.661 (8.338)	0.039 (0.790)	3.622 (7.548)
Total	10.024 (13.004)	0.889 (2.243)	9.135 (10.761)

(iii) In respect of assets taken on operating lease after March 31, 2001:

	(Rs. million)
Lease rental charges for the year	0.109 (0.109)
Future lease rental obligation payable	
– not later than one year	0.264 (0.109)
– later than one year but not later than five years	0.264 (0.529)
Total	0.637 <u>(0.746)</u>

NOTES TO THE ACCOUNTS

12. Break-up of deferred tax liability:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	5.562	11.460
Liabilities that are deducted for tax purpose when paid	16.492	21.247
Total Deferred tax asset	22.054	32.707
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	82.941	92.741
Total Deferred tax liability	82.941	92.741
Net Deferred tax liability	60.887	60.034

13. Earnings per share:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
Profit after taxation	562.243	500.602
Less : Preference dividends	11.632	-
Profit available for equity shareholders	550.611	500.602
Equity shares outstanding as at the year end	29.000	14.500
Bonus shares allotted during the year	-	14.500
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	29.000	29.000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per equity share (Rs.)	18.99	17.26

14. Segment Information

The Company's financial reporting is organised into two major operating divisions, namely Nature Care and Health Care. These divisions are the basis on which the Company is reporting its primary segment information. The composition of these segments are given below:

<u>Business segments</u>	<u>Type of products and services</u>
Nature Care	Coconut oils, hair oils and fabric care products
Health Care	Other Edible oils (other than Coconut oils), processed foods (including marketing arrangement with Indo Nissin)
Others	International business, distribution, ayurvedic skin care products business and skin care services business

NOTES TO THE ACCOUNTS

i. Primary Segment Information

	(Rs. million)			
Details	Nature Care	Health Care	Others	Total
Segment revenue				
External sales	4,339.462	2,573.056	842.096	7,754.614
	(3,626.511)	(2,501.009)	(828.997)	(6,956.517)
Inter-segment sales	156.788	28.009	-	184.798
	(102.334)	(41.267)	-	(143.601)
Total revenue	4,496.250	2,601.065	842.097	7,939.412
	(3,728.845)	(2,542.276)	(828.997)	(7,100.119)
Segment Result	800.497	215.998	105.684	1,122.179
	(749.301)	(257.341)	(38.166)	(1,044.808)
Unallocated corporate expenses				471.562
				(425.760)
Operating profit				650.617
				(619.048)
Interest expenses				19.018
				(46.180)
Interest income				8.220
				(5.497)
Net profit				639.818
				(578.365)
Other information				
Segment assets	1,324.437	852.633	245.047	2,422.117
	(1,351.006)	(848.764)	(198.681)	(2,398.450)
Unallocated Corporate assets				502.042
				(476.128)
Total assets				2,924.159
				(2,874.578)
Segment liabilities	325.660	229.526	125.480	680.666
	(350.796)	(229.115)	(96.407)	(676.318)
Unallocated Corporate liabilities				2,243.493
				(2,198.260)
Total liabilities				2,924.159
				(2,874.578)
Capital expenditure	78.192	45.449	65.515	
	(212.635)	(44.451)	(2.571)	
Depreciation and Amortisation	77.029	38.853	2.676	
	(73.866)	(21.840)	(1.071)	

ii. Secondary Segment Information

The Company's operating divisions are managed from India. The principal geographical areas in which the Company operates are India, Middle East and SAARC countries.

Geographical Segments

Domestic

Exports

Composition

All over India

Primarily to Middle East and SAARC countries

NOTES TO THE ACCOUNTS

Sales revenue by geographical market

Locations	Amount (Rs. million)
India	7,118.209 (6,350.081)
Others (primarily to Middle East and SAARC countries)	636.406 (246.436)
Total	7,754.614 (6,956.517)

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. million)	Others (Rs. million)	Total (Rs. million)
Carrying amount of assets	2,231.250 (2,355.844)	190.867 46.345	2,422.117 (2,402.189)
Capital expenditure	159.641 (315.507)	64.027 (2.113)	223.668 (315.552)

iii. Notes to Segmental Information

- (i) Segment Revenues and Expenses: Joint revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expense are directly attributable to the segments.
- (ii) Segment Assets and Liabilities: Segment assets include all operating assets used by a segment comprising debtors, inventories, fixed assets and loans and advances. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities.
- (iii) Inter-segment Transfers: Segment revenue and segment expenses include transfers between business segments, which are accounted for at cost.

15. Related Party disclosures

Subsidiary: Marico Bangladesh Limited

Nature of transactions:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
(i) Sales	17.389	-
(ii) Royalty income	-	10.714
(iii) Debtors	8.464	-
(iv) Loans & Advances	-	15.190
(v) Provision for royalty receivable	-	15.190

During the previous year, the Company had accrued royalty income of Rs.10.714 million based on an agreement with its subsidiary, Marico Bangladesh Limited (MBL). However, the Board of Investment in Bangladesh did not approve the application for remittance of royalty by MBL and, therefore, the Company had made a provision of Rs. 15.190 million (including Rs. 4.476 million for the year ended March 31, 2001) during the

NOTES TO THE ACCOUNTS

previous year against the royalty receivable. During the year, after receipt of approval from the Reserve Bank of India, the Company has written off the royalty receivable.

Subsidiary: Kaya Aesthetics Limited

Nature of transactions:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
(i) Advances recoverable	9.123	-

Joint Venture: Sundari LLC

Nature of transactions:

(i) Interest receivable on loan	0.056	-
(ii) Loans given	23.767	-

Whole-time director: Harsh C Mariwala, Chairman and Managing director

Nature of transactions:

(i) Remuneration for the year	7.425	6.224
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16) (a) The figures in brackets represent those of the previous year.

(b) The figures for the previous year have been regrouped where necessary to conform to current year's classification.

FOR RSM & Co.
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

MILIND SARWATE
Chief Financial Officer

DEV BAJPAI
*General Manager - Legal
and Company Secretary*

Place : Mumbai

Dated : April 21, 2003

Signatures to Schedules A to R
For and on behalf of the Board of Directors

BIPIN SHAH
*Director and
Chairman of
Audit Committee*

HARSH MARIWALA
*Chairman and
Managing Director*

Place : Mumbai

Dated : April 21, 2003

To the Members

Your Board of Directors ('Board') is pleased to present the Fifteenth Annual Report together with audited accounts of your Company for the year ended March 31, 2003 ('the year under review', 'the year' or 'FY03').

FINANCIAL RESULTS - AN OVERVIEW

	Rs. million	
	Year ended March 31,	
	2003	2002
Sales and Services	7382.7	6710.1
Profit before Tax	590.3	565.7
Less: Provision for Current Taxation	59.5	43.5
Profit after Current Tax	530.8	522.2
Less: Provision for Deferred Taxation	0.9	60.0
Add: Excess income tax provision of earlier year written back	0.9	31.0
Profit after Tax	530.8	493.2
Add : Surplus brought forward	910.4	683.5
Profit available for Appropriation	1441.2	1176.7
Appropriations :		
Interim dividends	79.8	203.0
Preference dividend	11.6	-
Final dividend (proposed)	58.0	-
	149.4	203.0
Tax on dividend	7.4	13.3
	156.8	216.3
Transfer to General Reserve	53.5	50.0
Transfer to Capital Redemption Reserve	290.0	-
Surplus carried forward	940.9	910.4
	1441.2	1176.7

DISTRIBUTION TO SHAREHOLDERS

Marico's endeavour has been to continuously share its prosperity and enhance shareholder value through innovation in the quantum, range and versatility of the instruments of distribution to shareholders. Decisions in line with Marico's distribution policy in the recent past have displayed confidence to sustain regular distribution and increasing payout, as also triggers to increase liquidity on the stock exchanges.

Marico's distribution to shareholders during FY03 has therefore comprised the following:

- Bonus equity shares in the ratio of 1: 1.
- Bonus Redeemable Preference Shares (RePS) in the ratio of 1: 1 on the enhanced equity capital of Rs. 290 million

- First interim dividend of 15 % on the pre - bonus equity base of Rs. 145 million.
- Second interim dividend of 10 % on the enhanced equity base of Rs. 290 million.
- Third interim dividend of 10 % on the enhanced equity base of Rs. 290 million.

Continuing with its policy of providing the shareholders with regular payouts, your Board has proposed a final dividend of 20% (Rs. 2 per share of Rs. 10 each).

If about half of the RePS distribution is excluded as a special payout, the annual 'normal' payout at Rs. 302 million works out to 57% of PAT, much ahead of the payout for FY02 of 44%. Significantly, Marico has made distributions to the shareholders during each of the quarters of FY03 while achieving such a high payout.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis (refer page 9 to 20) 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 brief Review of Operations of your Company has been given in this report.

REVIEW OF OPERATIONS

The year ended March 31, 2003 (FY03) has been a milestone in Marico's journey of continuous and proactive portfolio transformation – towards becoming an even more high value adding company. During the year, your Company continued to add new products to its traditional portfolio of branded FMCG products. More importantly, it made significant moves in refreshingly new directions of global products and services. During the year your Company entered two new lines of business - Skin Care Services business through Kaya Skin Clinics since being carried out by its subsidiary - Kaya Aesthetics Limited and Ayurvedic Skin Care Products business in the US through acquiring a controlling equity interest in Sundari LLC, which owns the SUNDĀRI line of luxury ayurvedic skin care products.

FY03 was significant also because it marked the 5th consecutive new product success story by Marico over the past 3 years, the list now comprising Parachute Jasmine, Shanti Amla, Saffola blends (Tasty blend and Nutri blend) and Mediker Anti Lice Oil. Success of new products has been the mainstay of Marico's strides towards becoming an even more value adding company.

These positives were somewhat marred by adverse changes in the environment during the second half of FY03 impacting some of the existing businesses. These were shortage of Safflower oil during H2 FY03 (which impacted the availability of Saffola range of products), introduction of excise duty on branded edible oils in the Union budget for 2003-04 (which impacted demand in the refined oils in consumer packs (ROCP) category) and down-stocking in the trade in March 2003 owing to the uncertainties related to impending introduction of VAT (which impacted primary sales).

Balancing all these, your Company turned in a satisfactory performance during FY03. Turnover at Rs. 7383 million, showed a growth of 10% over FY02. PBT grew by 4.3% to Rs. 590.3 million, while PAT at Rs. 530.8 million increased by 7.6%.

DOMESTIC BUSINESS

During FY03, volumes of Marico's Coconut Oil (CNO) franchise were held. Parachute continued its market leadership, in both the urban and the rural markets. Hair Oil volumes grew at 20% over FY02, consolidating Marico's 2nd position in the market share rankings. In Anti-lice products, Mediker recorded a volume growth of 11%. In Fabric Care, Revive registered a growth of 8%. The ROCP segment shrunk marginally, as Saffola de-grew owing to reduced availability of Safflower. Also, Sweekar Sunflower Oil sales were impacted by the overall de-growth of the Sunflower Oil segment as also by Marico's conscious focus on margins instead of volumes.

New products maintained their run of good performance. The response to Mediker Anti Lice Oil launched in December 2002 was heartening. This will help Mediker consolidate its dominance in the Anti-lice treatment category. In March 2003, Marico entered the cooling oil segment with launch of Shanti Thanda Tel. The annualized contribution of new products to turnover is now Rs. 1320 million (17 % of Total Turnover, up from 11% during FY02).

INTERNATIONAL BUSINESS

International Business grew by 42% over FY02 aided by continued growth in Bangladesh, the Middle East and other SAARC countries. International business now forms 9% of the overall turnover - up from 7% in FY02.

During November 2002, Marico established manufacturing operations in Bangladesh to further consolidate its presence, through self-sufficiency in catering to the domestic requirements. In Q1 FY03, Parachute Rose was launched to supplement Parachute Beliphool, a perfumed variant of Parachute.

Marico's focussed marketing and sales & distribution initiatives have yielded positive results in terms of growing market standing in, both, the Gulf and Bangladesh. In Bangladesh, Parachute Coconut Oil has attained market leadership in the Coconut Oil segment. In the Gulf, Marico ranks amongst the top three hair oil brands. Marico would be one of the top 3 FMCG companies in India in terms of size of their overseas franchise.

NEW BUSINESSES

Directionally, Marico's growth agenda, especially in new businesses, will find expression through new subsidiaries. Your Board believes that a separate entity status enables the new business to develop a distinct culture of work and customer interface, uniquely suitable to that business. A separate company also helps quick flourishing of an optimal culture leading to early competitive advantage as also facilitates separate financials leading to greater transparency and hence accountability.

A separate entity also allows Marico to tap a joint venture partner, suitable to the particular business. e.g. in both Sundari and Kaya, Adil & Associates LLC, represented by Mr. Asif Adil (Adil), has helped Marico in setting up the new business, starting with the finding of the opportunity and nurturing it to the current stage. We expect Adil to continue to contribute in the area of strategy, business development and international expertise.

It is with this philosophy in mind that the skin care services business conducted through Kaya Skin Clinics is being operated under the banner of Kaya Aesthetics Limited, your Company's subsidiary.

It is expected that in course of time, both Sundari and Kaya businesses will develop their own equity, without mixing it up with the equity of the corporate name, Marico, while continuing to draw upon Marico's support as its holding company / joint venture partner.

'Marico' would now come across as a group of multiple legal entities – Marico Industries Limited, Marico Bangladesh Limited, Kaya Aesthetics Limited and Sundari LLC. The financial performance of these entities would, in any case, be separately available for better appreciation of the operating performance of each of them.

CAPACITY

During the previous year ended March 31, 2002, your Company commenced commercial production at its manufacturing units at Pondicherry set up for Coconut Oil manufacturing and at Daman for manufacture of Personal Care products. Both these units have fully stabilised.

RESEARCH & DEVELOPMENT (R & D)

Your Company's R&D team continues to develop new products, renovate existing ones and is involved in improving production facilities, packaging systems and processes. Your Company also works closely with research laboratories of national and international repute for new product development.

Your Company spent Rs. 1.7 million on capital expenditure on R&D as against Rs. 1.5 million during the previous year. Revenue expenditure on R&D was Rs. 22.1 million as against Rs. 24.9 million in the previous year.

In the future, thrust will continue to be on quality to identify ways to optimise costs and develop new products with focus on consumer needs.

INTELLECTUAL PROPERTY RIGHTS

Your Company, like many other players in the branded FMCG segment, has been facing the menace of unfair competition, manifesting itself in the form of duplicates, clones and pass offs. Your Company has used technology as a tool to counter this e.g. it has developed a unique flip-top tamper proof cap for Parachute Coconut Oil.

Additionally, concerted field level action has been taken in areas prone to these unfair practices which have given good results. Such initiatives will continue in future.

Your Company owns all of the following brands namely Parachute, Saffola, Sweekar, Hair & Care, Revive, Sil, Oil of Malabar, Shanti, Mediker, Mealmaker and their extensions, the latest additions of Kaya and Sundari- being owned by subsidiaries of your company.

DEPOSITORY SYSTEM

Your Company's shares have been made available for dematerialization through the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As of March 31, 2003, 94.3 % of the shares in your Company have been dematerialized.

PUBLIC DEPOSITS

Fixed deposits were not accepted during the year. There were no outstanding fixed deposits at the end of the year. Deposits amounting to Rs. 0.03 million relating to 2 matured deposits were however unclaimed as on March 31, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. 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.
2. 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, 2003 and the profits of your Company for the year ended March 31, 2003.
3. 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.
4. The annual accounts have been prepared on a going concern basis.
5. The observations 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 separate report on Corporate Governance has been provided as a part of this Report.

COMMUNITY DEVELOPMENT

Your Company is committed to development of the community in which it functions and during the year has in addition to projects for building and maintaining the public infrastructure, started work on promoting innovation in the business, education and social areas.

Innovation has been one of the main building blocks for Marico's growth. Your Company believes that as a Corporate Citizen it has an opportunity and an obligation to contribute to the nation by playing an active and larger role in the area of innovation. It has therefore set up a foundation under the name "Innovation for India -

Marico Foundation". The purpose of the Foundation is to promote Challenger Leadership in the country with innovative focus- primarily in 3 sectors – Business, Educational and Social.

The focus of the Foundation will be on the concept of end to end innovation and will exclude technological invention. However, if a particular technological innovation is deployed in an end to end concept in any of the above sectors, it will be part of the Foundation's scope.

The activities of the Marico Innovation Foundation will be carried out under the active supervision of its Governing Council members. Your Company would, in due course, make an initial capital contribution to the Foundation and as the activities expand, enhance its financial support.

During the year, your Company continued its sponsorship of the promenade on Carter Road in Bandra, a western suburb of Mumbai as its contribution towards protecting Mumbai's waterfronts. As a part of this, your Company also sponsored various cultural, educational & entertainment programmes for young & old at the amphitheatre situated near the promenade. The total spend on this project was about Rs. 1 million during the year.

Like in the past your Company also contributed to development of public facilities like traffic signal timers, ecological initiatives like rain harvesting, greening initiatives and other social causes like health camps, scholarships, donations to schools etc., in other towns where its units are located. Your Company will continue these efforts in future also.

DIRECTORS

Pursuant to Section 260 of the Companies Act, 1956, your Board had appointed Mr. Rajeev Bakshi as Additional Director on the Board of your Company on October 17, 2002. Mr. Bakshi holds office upto the date of ensuing Annual General Meeting and has to be appointed in the Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 proposing his appointment have been received.

Mr. Nikhil Khattau, Director of your Company, retires by rotation as per Section 256 of the Companies Act, 1956 and being eligible offers himself for re-appointment.

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, 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 your Company.

The Report and Accounts of Marico Bangladesh Limited (MBL), your Company's subsidiary, referred to in Section 212 (1) of the Act and the statement pursuant to Section 212(1)(e) of the Act have been annexed. During the year Kaya Beauty Services Limited, a wholly owned subsidiary was incorporated on March 27, 2003. This has been renamed Kaya Aesthetics Limited (KAL). Since the first financial year of KAL will end only on March 31, 2004, the

Accounts of KAL have not been annexed. Similarly, in February 2003 your Company acquired a controlling interest in Sundari LLC, a US based company which deals in ayurvedic skin care products. Since the first financial year of Sundari LLC would end on December 31, 2003, the Report and Accounts of Sundari LLC have not been annexed. Following this, the accounts of Sundari Spa LLC, a 100% subsidiary of Sundari LLC (and hence a subsidiary of your Company) too have not been annexed.

Given in addition are Consolidated Accounts for your Company, which comprise the financials of Marico Industries Limited as also Marico Bangladesh Limited, Kaya Aesthetics Limited, Sundari LLC and Sundari Spa LLC.

AUDITORS

RSM & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place: Mumbai

Date: April 21, 2003

Harsh Mariwala

Chairman and Managing Director

Disclosure of particulars with respect to conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo as required under 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 utilisation of energy in each of its manufacturing units. Several energy conservation measures were taken for conservation of Steam, Power and Fuel. These are listed below:

- Installation of additional capacitor banks for efficient power consumption
- Installation of energy meters to monitor section-wise energy consumption
- Conversion from V-Belt to Flat Belt as per the suggestions of the internal energy audit
- Optimisation of motor ratings for Presses and Material Handling System
- Additional installation of frequency variation drives for saving on power while operating expellers and conveyors
- Installation of Automatic Power Factor Controller, that helps in maintaining power factor during Non Operating days
- Overhauling of DG sets and calibration of fuel injectors
- Optimisation of plant layout so that cable run is low resulting in low transmission losses
- Rationalisation of conveyors and elevators
- Change in transformer ratings to minimise losses
- Study and optimisation of process layout resulting in rationalisation of length steam lines
- Maintenance of steam line to eliminate steam leakage
- Improved reliability of agrowaste boiler
- Recycling of Condensate
- Adjustment of parameters of boilers for efficient running

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

B. Research & Development

The Details of Research & Development are given in Enclosure 'B'.

C. Foreign Exchange earnings and outgo:

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

ENCLOSURE 'A'

Power & Fuel Consumption

		For the year ended March 31	
		2003	2002
1.	Electricity		
a.	Purchased units (Kwh)	6,057,067.000	6,183,506.500
	Amount (Rs. Million)	23.432	23.224
b.	Own Generation		
i.	Through Diesel Generator (Kwh)	1,929,786.150	1,267,737.850
	Amount (Rs. Million)	11.761	7.451
	Average Rate (Rs. / Unit)	6.095	5.877
ii.	Through Steam Generator (Kwh)	Nil	Nil
	Amount (Rs. Million)	Nil	Nil
	Average Rate (Rs. / Unit)	Nil	Nil
2.	Coal		
	Quantity (MT)	Nil	Nil
	Amount (Rs. Million)	Nil	Nil
	Average Rate (Rs. / Ton)	Nil	Nil
3.	Furnace oil		
	Quantity (KL)	692.259	1,422.807
	Amount (Rs. Million)	9.481	16.765
	Average Rate (Rs. / KL)	13,695.792	11,783.263
4.	Other Internal Generation (excludes HSD used for electricity generation)		
	L.D.O / H.S.D.		
	Quantity (KL)	173.436	422.591
	Amount (Rs. Million)	3.005	6.792
	Average Rate (Rs. / KL)	17,326.083	16,072.595
5.	Baggase Consumption		
	Quantity (KG)	10,158.815	3,053.778
	Amount (Rs. Million)	10.024	3.088
	Average Rate (Rs. / KG)	986.697	1,011.267
	Consumption per unit of production of edible oils		
		<u>Unit</u>	
	Electricity	Kwh	129.354 113.917
	Coal	MT	Nil Nil
	Furnace oil	KL	0.011 0.022
	L.D.O./H.S.D.	KL	0.002 0.005
	Baggase	KG	0.38 0.250
	Consumption per unit of production of processed foods		
		<u>Unit</u>	
	Electricity	Kwh	87.841 94.353
	Coal	MT	Nil Nil
	Furnace oil	KL	Nil Nil
	L.D.O./H.S.D.	KL	0.105 0.105
	Consumption per unit of production of Formulations		
		<u>Unit</u>	
	Electricity	Kwh	145.192 Nil
	Coal	MT	Nil Nil
	Furnace oil	KL	Nil Nil
	L.D.O./H.S.D.	KL	Nil Nil

ENCLOSURE 'B'

Research & Development

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

- Improvement in technology selection and absorption towards converting agricultural and natural ingredients into products for consumer benefits.
- Continuous innovation in process technology and packaging to reduce costs.
- Exploring development of new products, line extensions, and new processes.
- Technical skill building towards evaluation of products on consumer attributes.
- New packaging initiatives to improve convenience and consumer appeal.
- Product and Process patents.
- Work on technology based solutions for Skin Care through Kaya Skin Clinics.

2. Benefits derived as a result of above R & D:

- Mediker Anti-Lice Oil (MALO) was launched based on in-depth consumer insights to address niche consumer benefits and solutions.
- Cost reduction through selections in packing materials, application of appropriate technologies, and process optimization.
- Leveraged innovations in packaging towards extending brand value and consumer benefits.

Your Company continues to seek new consumer needs and provide solutions through its R & D efforts.

3. Expenditure on R & D:

	(Rs. Million)	
	2002-03	2001-02
a) Capital	1.7	1.5
b) Recurring	22.1	24.9
Total	23.8	26.4
c) Total R & D expenditure as % to Sales & Services	0.32	0.39

On behalf of the Board of Directors

Place: Mumbai

Date: April 21, 2003

Harsh Mariwala

Chairman and Managing Director

This report on Corporate Governance is divided into the following parts:

- Philosophy on Code of Corporate Governance
- Board of Directors
- Audit Committee
- Remuneration Committee
- Shareholders' Committee
- General Body Meetings
- Disclosures
- Means of Communication
- General Shareholder Information

I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

(I) BASIC PHILOSOPHY

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decisions vis-à-vis all its stakeholders – in particular, its shareholders, creditors, the State and employees. There is a global consensus on the objective of Good Corporate Governance: Maximising long-term shareholder value.

Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever maximises shareholder value must necessarily maximise corporate value, and best satisfy the claims of creditors, employees and the State.

A Company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders.

Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximisation of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. For Marico, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralisation, empowerment and meritocracy.

(II) CORNERSTONES

Marico thus follows Corporate Governance practices around the following philosophical cornerstones:

a) Generative Transparency and Openness in Information Sharing

Marico believes that sharing and explaining all relevant information on the Company's policies and actions to all those to whom it has responsibilities, with transparency and openness, generates an ambience which helps all stakeholders to take informed decisions about the Company. This reflects externally in making maximum appropriate disclosures without jeopardising the Company's strategic interests and as also internally in the Company's relationship with its employees and in the conduct of its business. Such transparency and openness is however tempered with discretion to ensure that the Company's strategic interests and competitive position are not compromised.

b) Constructive Separation of Ownership and Management

Marico believes that constructive separation of the Management of the Company from its owners results in maximising the effectiveness of both, by sharpening their respective accountability.

c) Value-adding Checks & Balances

Marico relies on a robust structure with value adding checks and balances designed:

- ❖ To prevent misuse of authority
- ❖ To facilitate timely response to change and
- ❖ To ensure effective management of risks, especially those relating to statutory compliance.

At the same time, the structure provides scope for adequate executive freedom, so that bureaucracies do not take value away from the governance objective.

(III) BOARD / COMMITTEE PROCEEDINGS

The process of the conduct of the Board and Committee proceedings is explained in detail later in this report.

(IV) OTHER SIGNIFICANT PRACTICES

The other significant Corporate Governance practices followed by Marico are listed below:

a) Information Sharing

- ❖ Operational performance details are circulated through media releases/analyst updates
- ❖ All material information is included in the Annual Report.
- ❖ All relevant information is also posted on the Corporate Website.
- ❖ Financial results are posted on the Intranet for employees.

- ❖ Financial results are published in leading newspapers.
- ❖ Stock exchanges are informed of all material developments.

b) Ownership Separated from Management

- ❖ 5 out of 6 directors are non-executive and 4 are independent as per the requirement of listing agreement.
- ❖ No material 'related party transactions' exist except with wholly owned subsidiary.
- ❖ All directors and employees are required to comply with internal code of conduct (share dealing rules) for trading in Company securities in addition to concerned SEBI regulations.
- ❖ Senior management personnel are present at meetings so that the Board/Committees can seek explanations from them.

c) Checks & Balances

- ❖ All directors are provided with complete information relating to operations and Company finances to enable them to participate effectively in board discussions.
- ❖ Administrative Committee covers routine transactional issues.
- ❖ Investment and Borrowing Committee covers management of funds.
- ❖ Audit Committee covers internal control systems, financial reporting and compliance issues.
- ❖ Remuneration Committee covers remuneration of executive directors.
- ❖ Share transfer Committee covers transfer formalities and other share-related procedures.
- ❖ Shareholders' Committee covers redressal of investor grievances.
- ❖ Each non-executive director brings value through specialisation.
- ❖ Constituted committees meet frequently to review operations.
- ❖ Directorships held are within the ceiling limits specified.
- ❖ Committee memberships and chairmanship of directors are within overall limits.
- ❖ Statutory compliance report alongwith a Compliance Certificate is placed before the Board at every meeting.
- ❖ Committees are chaired by independent directors to check control systems and review them.

- d) All Directors endeavour to attend all the Board/Committee meetings as also the Annual General Meeting (AGM), which is generally held on the same day as the Board Meeting in July. The Chairman of the Audit Committee attends the Annual General Meeting to answer queries, if any, on accounts.

- e) The Chairman of the Board / Committee, in consultation with the Chief Financial Officer and the Company Secretary, formalises the agenda for each of the Board Meetings.
- f) The Board/Committee, at its discretion, invites the concerned Chief Executive Officer or Manager of the Company and / or outside advisors to any meeting(s) of the Board/Committee.
- g) The composition of the Audit Committee has been changed during the year to further strengthen the same with the inclusion of two more Independent Directors who bring rich industry experience generally and FMCG experience in particular.
- h) The Audit Committee has, during the year, considered all important Company policies having a financial or control angle, namely, materials, risk management, internal controls, compliances across the Company. It has regularly monitored the effectiveness of policies, need for strengthening internal controls, etc.

(V) FUTURE PLANS

Recognising the evolving nature of principles and practices relating to Corporate Governance, the Board plans to soon constitute a Corporate Governance Committee with the responsibility of annually reviewing the Company's Corporate Governance practices, and recommending for approval to the Board any improvements considered appropriate.

II. BOARD OF DIRECTORS

(I) Composition and category of Directors :

Name	Category
Mr. Harsh Mariwala	Chairman & Managing Director (Promoter)
Mr. Kishore Mariwala	Non-Executive (Promoter)
Mr. Bipin Shah	Non-Executive and Independent
Mr. Nikhil Khattau	Non-Executive and Independent
Mr. Atul Choksey	Non-Executive and Independent
Mr. Rajeev Bakshi	Non-Executive and Independent

(II) Attendance of each Director at the Board meetings and the last Annual General Meeting :

Five meetings of the Board of Directors were held during the period April 01, 2002 to March 31, 2003 - April 18, 2002, July 18, 2002, August 01, 2002, October 17, 2002 and January 21, 2003. The attendance record of all directors is as under:

Name	No. of Board Meetings		Attendance at Last AGM	Remarks
	Held	Attended		
Mr. Harsh Mariwala	5	5	Yes	–
Mr. Kishore Mariwala	5	5	Yes	–
Mr. Bipin Shah	5	4	Yes	–
Mr. Nikhil Khattau	5	4	Yes	–
Mr. Atul Choksey	5	4	No	–
Mr. Rajeev Bakshi	2*	2	No	* was appointed at the Board meeting held on October 17, 2002.

(III) Number of Board or Board Committees of which a Director is a member or chairperson

Director	Number of Outside Directorships held	Number of Committee Memberships	Number of Committees in which Chairperson
Mr. Harsh Mariwala	5	2	1
Mr. Kishore Mariwala	7	2	1
Mr. Bipin Shah	8	8	2
Mr. Nikhil Khattau	–	2	–
Mr. Atul Choksey	13	1	–
Mr. Rajeev Bakshi	1	1	–

III. AUDIT COMMITTEE

(I) Constitution

The Audit Committee constituted by the Board of Directors at its meeting held on January 23, 2001, in accordance with Section 292 A of the Companies Act, 1956, was re-constituted during the financial year with the inclusion of Mr. Rajeev Bakshi and Mr. Atul Choksey as members at the meeting of the Board of Directors held on January 21, 2003.

The Audit Committee now comprises the following Directors:

Mr. Bipin Shah	- Chairman
Mr. Nikhil Khattau	- Member
Mr. Kishore Mariwala	- Member
Mr. Atul Choksey	- Member (ceased to be a member with effect from April 21, 2003)
Mr. Rajeev Bakshi	- Member
Mr. Dev Bajpai	- Secretary to the Committee

(II) The terms of reference of the Audit Committee are as stated in the Corporate Governance Code and includes:

1. Discussions with auditors periodically about internal control systems, scope of audit including the observations of the auditors
2. Review the half-yearly and annual financial statements before submission to the Board
3. Ensuring compliance with internal control systems
4. Seeking information from any employee
5. Obtaining external legal/professional advice
6. Inviting external experts, if necessary
7. Investigation into any activity referred to it
8. Recommending the appointment and remuneration of auditors.

(III) Committee Meetings and Attendance of Directors

The Committee had 3 meetings during the financial year - April 18, 2002 (for considering the audited annual financial results), October 17, 2002 (for considering audited half-yearly financial results) and March 26, 2003 (for considering accounting issues for the financial year and internal audit findings).

The attendance record of directors at the Audit Committee meetings is as follows :

Names	No. of Audit Committee Meetings	
	Held	Attended
Mr. Bipin Shah	3	3
Mr. Nikhil Khattau	3	3
Mr. Kishore Mariwala	3	3
Mr. Atul Choksey	1*	-
Mr. Rajeev Bakshi	1*	-

* Appointed at the Board meeting held on January 21, 2003

IV. REMUNERATION COMMITTEE

(I) Constitution

The Remuneration Committee was constituted by the Board of Directors at its meeting held on October 23, 2001. During the year, Mr. Atul Choksey resigned as a member of the Remuneration Committee.

The Remuneration Committee now comprises the following Directors:

Mr. Bipin Shah	-	Chairman
Mr. Kishore Mariwala	-	Member
Mr. Dev Bajpai	-	Secretary to the Committee

(II) The terms of reference of the Remuneration Committee are as stated in the Code.

There were no meetings of the Remuneration Committee during the financial year.

Although as per the requirements of the Listing Agreement the constitution of this Committee is non-mandatory, the Company has constituted this Committee.

(III) Remuneration Policy

Your Company recognises that Non-Executive Directors of a Company's Board of Directors add substantial value through their contribution to the Management of the Company. In addition, they safeguard the interests of the investors at large by playing an appropriate control role. The remuneration policy has been drawn up in furtherance of this belief.

Marico's Non-Executive Directors contribute in several ways, including one-on-one deliberations with the Managing Director, and the bulk of their measurable inputs coming in the form of attendance at Board/Committee meetings. Your Company has therefore, logically linked the remuneration of Non-Executive Directors to their attendance at Board/Committee meetings.

Based on the experience with this Scheme and the collective wisdom of the Board members, your Company may consider, in course of time, other measures of individual contribution to the Board deliberations, in addition to attendance at meetings.

(IV) Remuneration paid/payable to Non-Executive Directors for the Financial Year 2002-03 is as under :

Name	Remuneration (payable annually) * (Rs.)	Sitting Fees (Rs.)
Mr. Kishore Mariwala	1,85,000	50,000
Mr. Bipin Shah	1,65,000	35,000
Mr. Nikhil Khattau	1,85,000	45,000
Mr. Atul Choksey	1,25,000	20,000
Mr. Rajeev Bakshi	50,000	10,000

* Amount shall be paid after the annual accounts for 2002-2003 are adopted by the members at the ensuing Annual General Meeting.

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2002-03 is as under:

* Salary and Perquisites	Rs. 74,25,162
* Annual Performance Incentive	–

V. SHAREHOLDERS' COMMITTEE

(I) Constitution

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001.

The Shareholders' Committee comprises the following Directors:

Mr. Kishore Mariwala	–	Chairman
Mr. Nikhil Khattau	–	Member
Mr. Dev Bajpai	–	Compliance Officer and Secretary to the Committee

(II) Terms of reference

The terms of reference of the Shareholders' Committee are to specifically look into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

(III) Committee Meetings

The Committee had two meetings during the financial year - August 23, 2002 (for allotment of Bonus Equity shares) and September 30, 2002 (for allotment of 8% Bonus Redeemable Preference Shares (RePs)).

(IV) Status Report of Investor Complaints as on March 31, 2003

No. of Complaints Received	–	09
No. of Complaints Resolved	–	09
No. of Complaints Pending	–	NIL

All valid requests for share transfer received during the year have been acted upon by the Company and no such transfer is pending.

(V) Unclaimed Dividends

Under the Companies Act, 1956, dividends lying unclaimed for a period of seven years from the date of their payment have to be transferred to the Investor Education and Protection Fund constituted and administered by the Central Government. The following table gives the dates of dividend declaration or payment since 1996 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government alongwith the total unclaimed dividend amount with respect to each dividend.

Year	Dividend	Title	Date of declaration	Date of transfer	Amount of dividend (Rs. lacs)	Dividend unclaimed as on March 31, 2003 (Rs. lacs)	% unclaimed
1996-97	Interim	-	08-Nov-96	20-Dec-03	290.00	0.05	0.02
1996-97	Final	-	06-Aug-97	17-Sep-04	435.00	0.02	0.01
1997-98	Interim	-	21-Oct-97	02-Dec-04	435.00	0.24	0.06
1997-98	Final	-	30-June-98	11-Aug-05	652.50	0.20	0.03
1998-99	Interim	-	29-Oct-98	10-Dec-05	507.50	0.06	0.01
1998-99	Final	-	22-June-99	03-Aug-06	797.50	0.53	0.07
1999-00	Interim	First Interim	29-Oct-99	10-Dec-06	797.50	0.68	0.09
1999-00	Interim	Second Interim	22-Mar-00	21-Apr-07	507.50	0.65	0.13
2000-01	Interim	-	26-May-00	07-Jul-07	580.00	1.00	0.17
2000-01	Final	-	25-July-01	24-Aug-08	870.00	0.76	0.09
2001-02	Interim	First Interim	25-July-01	24-Aug-08	362.50	0.70	0.19
2001-02	Interim	Second Interim	23-Oct-01	22-Nov-08	435.00	0.62	0.14
2001-02	Interim	Third Interim	24-Jan-02	23-Feb-09	507.50	0.53	0.10
2001-02	Interim	Fourth Interim	18-Apr-02	18-May-09	725.00	0.79	0.11
2002-03	Interim	First Interim	01-Aug-02	31-Aug-09	217.50	0.25	0.12
2002-03	Interim	Second Interim	17-Oct-02	16-Nov-09	290.00	0.50	0.17
2002-03	Interim	Third Interim	21-Jan-03	20-Feb-10	290.00	0.75	0.26
2002-03	Preference Dividend	-	21-Jan-03	20-Feb-10	116.00	5.40	4.66

VI. GENERAL BODY MEETINGS

(I) Annual General Meetings

YEAR	VENUE	DATE	TIME
1999-00	'Centrum', MVIRDC World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400 005	July 25, 2000	4:00 p.m.
2000-01	'Centrum', MVIRDC World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400 005	July 25, 2001	2:00 p.m.
2001-02	'Centrum', MVIRDC World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400 005	July 18, 2002	2:00 p.m.

(II) Extraordinary General Meetings

YEAR	VENUE	DATE	TIME
2002-03	'Kohinoor Hall', 3 rd Floor, Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025	August 26, 2002	9:30 a.m.
2002-03	'Kohinoor Hall', 3 rd Floor, Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025	December 3, 2002	9:30 a.m.

There was no other General Body Meeting in the last three years.

(III) Postal ballot

During the last financial year, your Company conducted a postal ballot exercise by sending out special resolutions to the shareholders on October 30, 2002 for approving the following matters. The voting pattern in respect of each of these matters is given alongwith:

	Amendments to objects clause of Memorandum of Association	Amendments to Articles of Association	Reorganisation of Reserves for adjusting written down value of intangible asset
Number of valid postal ballot forms received	302	302	302
Votes in favour of the Resolution	2,14,71,982	2,14,70,439	2,14,70,003
Votes against the Resolution	456	1178	1217
Number of invalid postal ballot forms received	6	6	6

M/s. Dixit, Dattatraya & Associates, Chartered Accountant were appointed as the Scrutinizer for the Postal ballot exercise.

VII. DISCLOSURES

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority, on any matter relating to the capital markets during the last three years.

VIII. MEANS OF COMMUNICATION

Quarterly, half yearly and annual results are being published in a leading English financial daily and a vernacular newspaper. In addition the consolidated financial results are also being published. Your Company does not issue half-yearly reports to be sent to households of shareholders.

All official news releases and financial results are communicated by the Company through its Corporate Website - www.maricoindia.com.

The Management Discussion and Analysis Report forms part of the Annual Report.

IX. GENERAL SHAREHOLDER INFORMATION

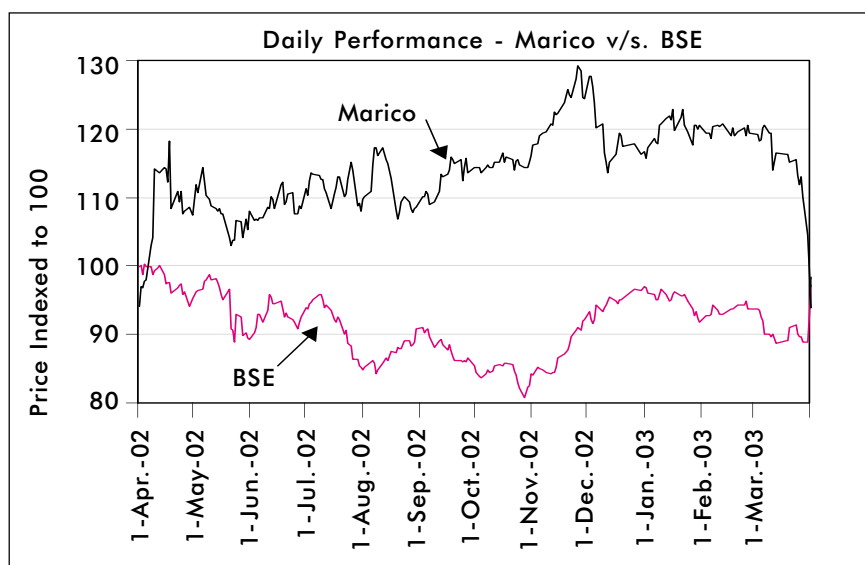
Annual General Meeting Date, time and Venue	: Thursday, July 17, 2003 at 9.00 am "Kohinoor Hall", Kohinoor Corner, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025
Financial Year	: April 01, 2002 - March 31, 2003
Book Closure Date	: Friday, July 11, 2003 – Thursday, July 17, 2003
Dividend Payment Date	: August 19, 2002 (First Interim Equity Dividend) November 9, 2002 (Second Interim Equity Dividend) February 13, 2003 (Third Interim Equity Dividend) February 13, 2003 (Pro-rata Dividend on RePS)
Listing on Stock Exchanges	: Listed on The Stock Exchange, Mumbai and The National Stock Exchange of India Limited. Listing fees for the Financial Year 2003-04 have been paid.
Stock Code	: 531642

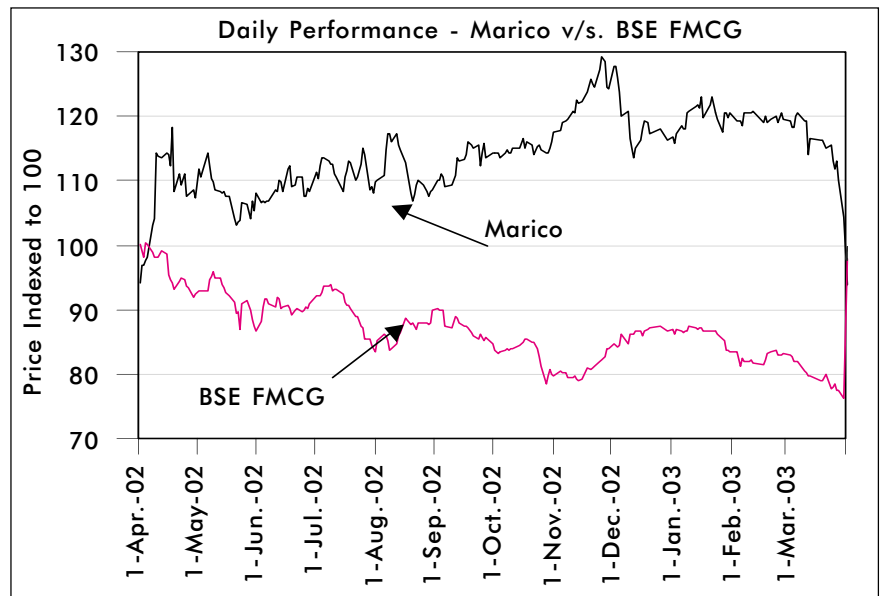
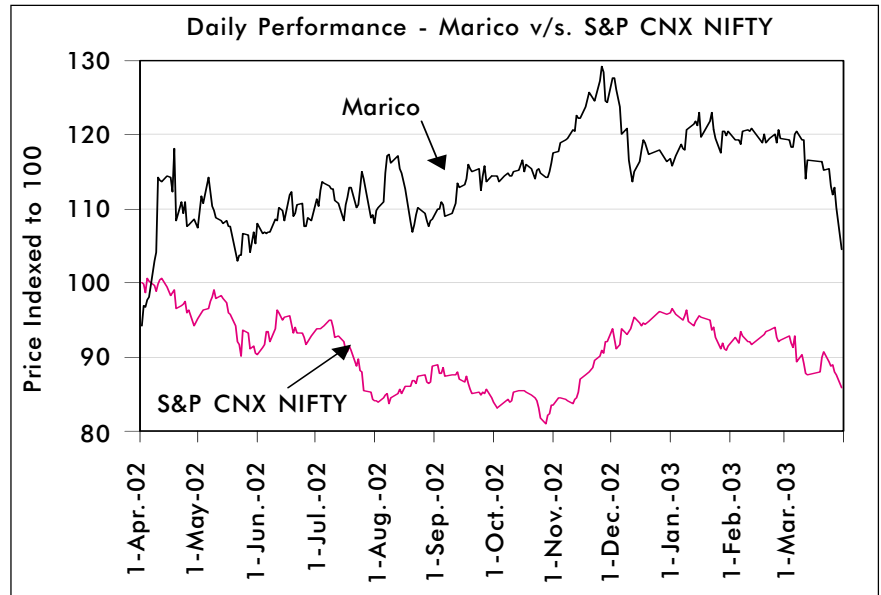
Market Price Data (refer note below) :

Month	The Stock Exchange, Mumbai (BSE) (In Rs.)		The National Stock Exchange (NSE) (In Rs.)	
	High	Low	High	Low
April-02	157	149	157	149
May-02	155	154	154	150
June-02	156	153	156	152
July-02	159	156	160	156
Aug-02	160	156	160	155
Sep-02	160	157	161	156
Oct-02	163	161	163	160
Nov-02	174	171	175	171
Dec-02	170	166	171	165
Jan-03	170	166	170	167
Feb-03	170	167	171	168
Mar-03	167	163	165	160

Note : During the year the Company declared a bonus issue of equity shares in the ratio of 1:1 the record date for which was August 19, 2002. In order to facilitate correct comparison, the market price data prior to the record date has been suitably adjusted.

Performance in comparison :
BSE Sensex, S&P CNX Nifty
and BSE FMCG





Share Transfer System

: Transfer in physical form are registered by the Registrar and Share Transfer Agents, M/s Karvy Consultants Limited within 30 days of the receipt of completed documents.

Invalid share transfers are returned within 15 days of receipt.

The Share Transfer Committee meets on fortnightly basis (depending upon the share transfers received).

All requests for dematerialisation of shares are processed and the confirmation is given to respective depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

Registrar & Share Transfer Agents : M/s Karvy Consultants Limited, 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai – 400 058.

Distribution of Shareholding
as on March 31, 2003 :

No. of Equity Shares held	No. of Shareholders	No. of Shares held	Percentage of Shareholding
1-50	1609	45274	0.16
51-500	2875	561002	1.93
501-1000	290	228672	0.79
1001-5000	177	393527	1.36
5001-10000	14	95313	0.33
10001-50000	30	861371	2.97
50000 & Above	51	26814841	92.46
Total	5046	29000000	100.00

Categories of Shareholding as on March 31, 2003 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	30	18890430	65.14
Unit Trust of India	9	2772981	9.56
Mutual Funds	10	684952	2.36
Insurance Companies	6	1683698	5.81
Banks & Other Financial Institutions	3	400	0.00
Public/Pvt. Ltd Companies	208	329252	1.14
FII's	8	2464237	8.50
NRIs and OCBs	43	92379	0.32
Resident Individuals	4729	2081671	7.18
Total	5046	29000000	100.00

Dematerialisation of Shares and Liquidity : As on March 31, 2003, 94.3% of shareholding is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

In terms of the notification issued by the Securities and Exchange Board of India (SEBI), trading in the equity shares of the Company is permitted only in dematerialised form w.e.f. May 31, 1999.

Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity : Company has not issued any GDR / ADR / Warrants or any convertible instruments so far.

Plant Locations : Kanjikode, Jalgaon, Saswad, Goa, Pondicherry and Daman

Address for correspondence : **Shareholding related queries/ Change of Address**

Company's Registrar & Share Transfer Agent:

M/s Karvy Consultants Limited

7, Andheri Industrial Estate, Off Veera Desai Road,
Andheri (West), Mumbai – 400 058, India.

General Correspondence

Marico Industries Limited, Rang Sharda, Krishnachandra Marg,
Bandra Reclamation, Bandra (West), Mumbai – 400 050

On behalf of the Board of Directors

Place : Mumbai

Harsh Mariwala

Dated : April 21, 2003

Chairman and Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Marico Industries Limited

We have examined the compliance of conditions of Corporate Governance by Marico Industries Limited for the year ended on March 31, 2003 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination 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 clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Committee.

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

For RSM & Co.

Chartered Accountants

Place : Mumbai

NATRAJ RAMKRISHNA

Dated : April 21, 2003

Partner

AUDITORS' REPORT

To,

The Members of Marico Industries Limited

We have audited the attached balance sheet of **MARICO INDUSTRIES LIMITED** (the 'Company') as at March 31, 2003, the profit and loss account for the year ended March 31, 2003 annexed thereto and the cash flow statement of the Company for the year ended March 31, 2003 (collectively referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to above, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;
- c. the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- d. in our opinion, the financial statements comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2003 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2003;
 - ii. in the case of the profit and loss account, of the profit of the Company for the year ended March 31, 2003; and
 - iii. in the case of the cash flow statement, of the cash flows of the Company for the year ended March 31, 2003.

for **RSM & Co.**
Chartered Accountants

Place : Mumbai
Dated: April 21, 2003

NATRAJ RAMKRISHNA
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. According to the information and explanations given to us, the Company has not taken any loan from, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management as defined in sub-section (6) of Section 370 of the Companies Act, 1956.
8. According to the information and explanations given to us, the Company has granted loans and advances in the nature of loans to companies under the same management as defined in sub-section (1B) of Section 370 of the Companies Act, 1956, where the rate of interest and other terms and conditions are, *prima facie*, not prejudicial to the interests of the Company. The Company has not granted any loan to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company, parties are repaying the principal amounts as stipulated, together with interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.

ANNEXURE TO THE AUDITORS' REPORT

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and provision for loss, where necessary, has been made in the accounts.
13. The Company has not accepted any deposits to which the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder, apply.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
16. We have broadly reviewed the books of account maintained by the Company in respect of formulations, where pursuant to Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
17. According to the records of the Company, Provident Fund dues and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding, as at March 31, 2003, for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of service activity of the Company, the nature of activity is such that the allocation of materials consumed and man-hours utilised to the relative jobs are not considered necessary.
22. In respect of the trading activities of the Company, adequate provision has been made in the accounts for damaged goods.

for **RSM & Co.**
Chartered Accountants

Place : Mumbai
Dated: April 21, 2003

NATRAJ RAMKRISHNA
Partner

BALANCE SHEET

	SCHEDULE	As at March 31,	
		2003 Rs. million	2002 Rs. million
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	580.000	145.000
Reserves and surplus	B	1,312.224	1,818.246
		1,892.224	1,963.246
LOAN FUNDS			
Secured loans	C	-	-
Unsecured loans	D	103.263	50.468
		103.263	50.468
DEFERRED TAX LIABILITY			
		60.887	60.034
		2,056.374	2,073.748
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	E	1,418.455	1,844.534
Less : Depreciation and amortisation		573.386	489.352
Net block		845.069	1,355.182
Capital work-in-progress		119.788	54.963
		964.857	1,410.145
INVESTMENTS			
	F	202.963	8.708
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	888.636	819.300
Sundry debtors	H	252.524	291.642
Cash and bank balances	I	182.895	102.244
Loans and advances	J	349.599	201.225
		1,673.654	1,414.411
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	686.001	731.246
Provisions	L	99.099	28.270
		785.100	759.516
NET CURRENT ASSETS			
		888.554	654.895
		2,056.374	2,073.748
Notes to the accounts	R		

As per our attached report of even date
FOR RSM & Co.
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

MILIND SARWATE
Chief Financial Officer

DEV BAJPAI
General Manager - Legal
and Company Secretary

Place : Mumbai
Dated : April 21, 2003

For and on behalf of the Board of Directors

BIPIN SHAH
Director and
Chairman of
Audit Committee

HARSH MARIWALA
Chairman and
Managing Director

Place : Mumbai
Dated : April 21, 2003

PROFIT AND LOSS ACCOUNT

		For the year ended March 31,	
SCHEDULE		2003	2002
		Rs. million	Rs. million
INCOME			
Sales and services	Q	7,392.080	6,710.834
Less : Excise Duty		<u>9.353</u>	<u>0.753</u>
		7,382.727	6,710.081
Other income	M	<u>110.516</u>	<u>22.437</u>
		7,493.243	6,732.518
EXPENDITURE			
Cost of materials	N	4,794.803	4,228.036
Manufacturing and other expenses	O	1,880.693	1,756.592
Finance charges	P	10.297	40.580
Depreciation and amortisation	E	<u>217.140</u>	<u>141.572</u>
		6,902.933	6,166.780
PROFIT BEFORE TAXATION		590.310	565.738
Provision for current taxation		<u>59.500</u>	<u>43.500</u>
PROFIT AFTER CURRENT TAXATION		530.810	522.238
Provision for deferred taxation		0.853	59.984
Excess income tax provision of earlier year written back		<u>0.850</u>	<u>31.000</u>
PROFIT AFTER TAXATION		530.807	493.254
Balance brought forward		<u>910.418</u>	<u>683.475</u>
PROFIT AVAILABLE FOR APPROPRIATION		1,441.225	1,176.729
APPROPRIATIONS			
Interim dividends (subject to deduction of tax wherever applicable)		79.750	203.000
Tax on interim dividends		-	13.311
Proposed final dividend		58.000	-
Tax on proposed dividend		7.431	-
Preference Dividend		11.632	-
Capital Redemption Reserve		290.000	-
General reserve		<u>53.500</u>	<u>50.000</u>
BALANCE CARRIED TO THE BALANCE SHEET		<u>940.912</u>	<u>910.418</u>
BASIC AND DILUTED EARNINGS PER SHARE		17.90	17.01

Notes to the accounts

R

As per our attached report of even date
FOR RSM & Co.
Chartered Accountants

For and on behalf of the Board of Directors

NATRAJ RAMKRISHNA
Partner

MILIND SARWATE
Chief Financial Officer

BIPIN SHAH
Director and
Chairman of
Audit Committee

HARSH MARIWALA
Chairman and
Managing Director

DEV BAJPAI
General Manager - Legal
and Company Secretary

Place : Mumbai

Place : Mumbai

Dated : April 21, 2003

Dated : April 21, 2003

CASH FLOW STATEMENT

	Year ended March 31, 2003 Rs. million	Year ended March 31, 2002 Rs. million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	590.310	565.738
Adjustments for :		
Depreciation and amortisation	217.140	141.572
Finance charges	18.517	46.077
Interest earned	(8.220)	(5.497)
Loss on sale of assets	1.077	1.335
	<u>228.514</u>	<u>183.487</u>
Operating Profit before Working Capital changes	818.824	749.225
Adjustments for :		
Increase/(Decrease) in Inventories	69.336	121.750
Increase/(Decrease) in Sundry Debtors	(39.118)	(131.373)
Increase/(Decrease) in Loans & Advances	135.670	(10.193)
Decrease/(Increase) in Current Liabilities	(32.652)	83.335
	<u>133.236</u>	<u>63.519</u>
Cash generated from Operations	685.588	685.706
Income taxes paid (Net of refunds)	71.354	52.052
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	A <u><u>614.234</u></u>	<u><u>633.654</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of Fixed assets	(224.776)	(315.552)
(Purchase)/Sale of Investments	(194.255)	(0.001)
Sale of Fixed assets	6.832	9.651
Interest earned	8.220	6.120
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	B <u><u>(403.979)</u></u>	<u><u>(299.782)</u></u>

CASH FLOW STATEMENT

		Year ended March 31, 2003 Rs. million	Year ended March 31, 2002 Rs. million
C. CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment of Borrowings)/Amount borrowed		52.795	14.087
Finance charges		(18.517)	(46.077)
Dividend paid (including tax on dividends)		(163.882)	(239.137)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	C	<u>(129.604)</u>	<u>(271.127)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	A + B + C	<u>80.651</u>	<u>62.745</u>
Cash and Cash Equivalents – Opening Balance		102.244	39.499
Cash and Cash Equivalents – Closing Balance		<u>182.895</u>	<u>102.244</u>

As per our attached report of even date
FOR RSM & Co.
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

MILIND SARWATE
Chief Financial Officer

DEV BAJPAI
*General Manager - Legal
and Company Secretary*

Place : Mumbai

Dated : April 21, 2003

For and on behalf of the Board of Directors

BIPIN SHAH
*Director and
Chairman of
Audit Committee*

HARSH MARIWALA
*Chairman and
Managing Director*

Place : Mumbai

Dated : April 21, 2003

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003	2002
	Rs. million	Rs. million
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
30,000,000 (29,900,000) Equity shares of Rs. 10 each	300.000	299.000
30,000,000 (Nil) Preference shares of Rs. 10 each	300.000	-
Nil (10,000) 14% Cumulative Redeemable Preference shares of Rs. 100 each	-	1.000
	<u>600.000</u>	<u>300.000</u>
ISSUED AND SUBSCRIBED :		
29,000,000 (14,500,000) Equity shares of Rs. 10 each fully paid up	290.000	145.000
29,000,000 (Nil) 8% Redeemable Preference shares of Rs. 10 each fully paid up (redeemable on or before October 1, 2005)	290.000	-
The above includes 26,500,000 (12,000,000) equity shares issued as fully paid bonus shares by capitalisation of general reserve of Rs. 265 million (Rs. 120 million) and preference shares issued as fully paid bonus shares by capitalisation of general reserves of Rs. 287.5 million (Rs. Nil) and capital reserves of Rs. 2.5 million (Rs. Nil)		
	<u>580.000</u>	<u>145.000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last balance sheet	2.500	2.500
Less : Utilised for issue of bonus 8% Redeemable Preference Shares	2.500	-
	-	<u>2.500</u>
CAPITAL REDEMPTION RESERVE		
As per last balance sheet		
Add : Created on issue of 8% Redeemable Preference Shares	290.000	-
Less : Adjustment of carrying amount of intangible assets (Note 10(d))	280.015	-
	<u>9.985</u>	-
SHARE PREMIUM ACCOUNT		
As per last balance sheet	165.000	165.000
Less : Adjustment of carrying amount of intangible assets (Note 10(d))	165.000	-
	-	<u>165.000</u>
GENERAL RESERVE		
As per last balance sheet	740.327	716.000
Add : Transfer from Profit and Loss Account	53.500	50.000
Less :		
Utilised for issue of bonus equity shares	145.000	-
Utilised for issue of bonus 8% Redeemable Preference Shares	287.500	-
Adjustment of deferred tax balance as on April 1, 2001	-	0.050
Adjustment of amortisation of intangibles upto April 1, 2001	-	25.622
	<u>361.327</u>	<u>740.328</u>
PROFIT AND LOSS ACCOUNT	<u>940.912</u>	<u>910.418</u>
	<u>1,312.224</u>	<u>1,818.246</u>

SCHEDULES TO BALANCE SHEET

As at March 31,

SCHEDULE 'C'

SECURED LOANS

Working capital finance from banks

(Secured by hypothecation of stocks in trade and debtors)

	2003 Rs. million	2002 Rs. million
Working capital finance from banks (Secured by hypothecation of stocks in trade and debtors)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks (Short term)	102.200	-
Commercial Paper	-	-
(Maximum amount outstanding during the year Rs Nil (Rs 150 million))		
Deferred sales tax loan	1.063	50.468
(Amounts repayable within one year Rs. Nil (Rs. Nil))		
	<u>103.263</u>	<u>50.468</u>

SCHEDULE 'E'

FIXED ASSETS

Rs. million

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at March 31, 2002	Additions	Deductions	As at March 31, 2003	Up to March 31, 2002	For the year	Deductions	Up to March 31, 2003	As at March 31, 2003	As at March 31, 2002
Freehold land	10.731	-	-	10.731	-	-	-	-	10.731	10.731
Leasehold land	11.209	0.081	0.026	11.264	0.487	0.160	0.002	0.645	10.618	10.721
Buildings	344.801	13.534	0.090	358.245	34.440	7.484	0.027	41.897	316.348	310.361
Plant and machinery	847.646	97.263	7.686	937.223	347.275	103.438	2.681	448.032	489.190	500.371
Furniture and fittings	15.254	2.607	0.293	17.568	7.115	1.680	0.113	8.682	8.886	8.139
Vehicles	3.818	8.731	2.794	9.755	1.442	0.548	0.157	1.833	7.922	2.376
Intangible assets (Note 10(d))										
- Trademarks and copyrights	378.958	24.532	403.490	-	47.838	31.023	78.861	-	-	331.120
- Business & commercial rights	110.211	-	108.651	1.560	15.102	3.700	18.561	0.241	1.319	95.109
- Technical know-how	54.000	-	54.000	-	24.004	6.001	30.005	-	-	29.996
- Computer software	58.905	13.204	-	72.109	9.549	62.505	-	72.054	0.055	49.357
- Non-compete covenants	9.000	-	9.000	-	2.100	0.600	2.700	-	-	6.900
TOTAL	1,844.534	159.952	586.030	1,418.455	489.352	217.140	133.106	573.386	845.069	1,355.182
Previous year	1,518.050	341.178	14.694	1,844.534	325.865	167.195	3.708	489.352		
Capital Work-in-Progress (At Cost) including advances on Capital Account									119.788	54.963
									964.857	1,410.145

Notes :

- Gross block includes:
 - Freehold Land Rs. 3.037 million (Rs. 3.037 million) and buildings Rs. 16.940 million (Rs. 81.008 million) pending execution of conveyance.
 - Plant and Machinery of Rs. 21.464 million (Rs. 21.464 million) and Rs. 39.500 million (Rs. 39.500 million) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
- Plant and Machinery includes Rs. 17.600 million (Rs. 17.600 million) being cost of asset taken on finance lease after April 1, 2001. Net carrying value as on March 31, 2003 - Rs. 7.700 million (Rs. 13.200 million).

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003 Rs. million	2002 Rs. million
SCHEDULE 'F'		
INVESTMENTS (At Cost, Non Trade)		
LONG TERM - UNQUOTED		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.079	0.077
Subsidiary Companies :		
Marico Bangladesh Limited 1,000,000 (1,000,000) equity shares of Taka 10 each fully paid up	8.631	8.631
Kaya Aesthetics Limited 49,996 (Nil) equity shares of Rs. 10 each fully paid up	0.500	-
Sundari LLC 63,000 (Nil) units of USD 18.25 each fully paid up	54.878	-
	<u>64.088</u>	<u>8.708</u>
CURRENT - UNQUOTED		
Investment in Mutual Fund Units		
Prudential ICICI Liquid Fund - Growth Option 2,115,723 (Nil) Units of Rs. 10 each fully paid up	31.375	-
HDFC Mutual Fund - HFLG Liquid Fund Growth Scheme 3,497,470 (Nil) Units of Rs. 10 each fully paid up	42.000	-
IDBI - Principal Cash Management Fund - Liquid Option Growth Plan 4,202,634 (Nil) Units of Rs. 10 each fully paid up	50.000	-
Grindlays Cash Fund - Growth Option 1,377,685 (Nil) Units of Rs. 10 each fully paid up	15.500	-
	<u>138.875</u>	-
	<u>202.963</u>	<u>8.708</u>
Note : Units of Mutual Funds purchased and sold during the year		
Name of the Scheme :	No of units (in million)	No. of units (in million)
Alliance Mutual Fund Scheme - Cash Manager Growth Scheme	451.011	0.548
Prudential ICICI Liquid Fund - Growth Scheme	12.197	-
Zurich India Liquidity Fund -Savings Plan -Growth Scheme	12.454	-
HDFC Liquid Fund - Growth Scheme	9.276	-
Kotak Mahindra Liquid Institutional Plan-Growth Scheme	7.481	-
IDBI - Principal Cash Management Fund	13.976	-
Grindlays Cash Fund - Growth Option	27.637	-

SCHEDULES TO BALANCE SHEET

As at March 31,

	2003 Rs. million	2002 Rs. million
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the management)		
Raw materials	286.317	275.554
Packing materials	116.084	93.988
Work-in-process	174.405	87.391
Finished products	280.430	344.413
Stores, spares and consumables	16.083	10.381
By-products	15.317	7.573
	<u>888.636</u>	<u>819.300</u>
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months – Considered good	6.512	2.478
– Considered doubtful	<u>12.328</u>	<u>12.818</u>
	18.840	15.296
Less: Provision for doubtful debts	<u>12.328</u>	<u>12.818</u>
	6.512	2.478
Other Debts – Considered good	<u>246.012</u>	<u>289.164</u>
	<u>252.524</u>	<u>291.642</u>
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	1.543	1.317
Balances with scheduled banks:		
Fixed deposits (Rs. 2.041 million (Rs. 1.360 million) lodged with Government authorities)	52.041	1.360
Margin accounts (Against letters of credit and Bank guarantees)	3.358	3.358
Current accounts	<u>125.953</u>	<u>96.209</u>
	<u>182.895</u>	<u>102.244</u>

SCHEDULES TO BALANCE SHEET

	As at March 31,	
	2003	2002
	Rs. million	Rs. million
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured—considered good, unless otherwise stated)		
Advances and Loans to subsidiaries	32.891	—
Inter corporate deposits	75.000	2.000
Advances recoverable in cash or in kind or for value to be received – considered good	104.169	93.138
– considered doubtful	3.176	18.366
	<u>107.345</u>	<u>111.504</u>
Less: Provision for doubtful advances	3.176	18.366
	<u>104.169</u>	<u>93.138</u>
Deposits	78.296	60.531
Balances with central excise authorities	0.997	0.014
Income tax payments, net of provision	58.246	45.542
	<u>349.599</u>	<u>201.225</u>
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors	603.651	589.243
(includes Rs. 4.714 million (Rs. 8.338 million) being lease rental obligations repayable beyond one year.)		
Other liabilities	66.791	41.387
Security deposits	15.535	28.116
Interest accrued but not due on loans	0.024	—
Interim dividend	—	72.500
	<u>686.001</u>	<u>731.246</u>
SCHEDULE 'L'		
PROVISIONS		
Leave encashment	33.668	28.270
Proposed dividend	58.000	—
Tax on proposed dividend	7.431	—
	<u>99.099</u>	<u>28.270</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended March 31,	
	2003 Rs. million	2002 Rs. million
SCHEDULE 'M'		
OTHER INCOME		
Miscellaneous income	110.516	22.437
	<u>110.516</u>	<u>22.437</u>
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	3,522.554	2,796.354
Packing materials consumed	706.984	713.869
Stores and spares consumed	56.487	59.771
Purchase for resale	539.553	847.366
(INCREASE)/DECREASE IN STOCKS		
OPENING STOCKS :		
- Work-in-process	87.391	48.034
- By-products	7.573	5.104
- Finished products	344.413	196.913
Less :		
CLOSING STOCKS :		
- Work-in-process	174.405	87.391
- By-products	15.317	7.573
- Finished products	280.430	344.413
	<u>(30.775)</u>	<u>(189.324)</u>
	<u>4,794.803</u>	<u>4,228.036</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended March 31,	
	2003	2002
	Rs. million	Rs. million
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	276.602	263.868
Contribution to provident fund and other funds	38.067	36.070
Welfare expenses	27.694	24.001
	<u>342.363</u>	<u>323.939</u>
Power, fuel and water	34.739	34.880
Contract manufacturing charges	155.147	153.506
Rent and storage charges	30.560	46.564
Repairs to : Buildings	13.113	13.110
Machinery	25.323	21.721
Others	5.463	10.267
	<u>43.899</u>	<u>45.098</u>
Freight, forwarding and distribution expenses	311.063	298.692
Advertisement and sales promotion	579.716	535.715
Rates and taxes – Excise duty	11.061	0.004
– Others	3.327	5.173
Sales tax and cess	73.907	40.085
Provision for doubtful debts and advances	–	24.645
Printing, stationery and communication expenses	40.070	42.693
Travelling, conveyance and vehicle expenses	74.316	78.719
Insurance	8.980	9.148
Miscellaneous expenses	171.545	117.731
	<u>1,880.693</u>	<u>1,756.592</u>
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on fixed period loans	0.101	10.792
Other interest	2.821	12.060
Bank and other financial charges	15.595	23.225
	<u>18.517</u>	<u>46.077</u>
Less : Interest income	8.220	5.497
(Tax deducted at source Rs. 1.057 million (Rs. 1.037 million))	–	–
	<u>10.297</u>	<u>40.580</u>

ADDITIONAL INFORMATION
SCHEDULE 'Q'

A) DETAILS OF PRODUCTION, TURNOVER, PURCHASES, OPENING STOCK AND CLOSING STOCK													
Sr. No.	Particulars	Unit	Period ended	Installed capacity (Note I)	Opening stock		Production Quantity (Note IV)	Purchases		Turnover		Closing stock	
					Quantity	Amount Rs.million		Quantity	Amount Rs.million	Quantity	Amount Rs.million	Quantity	Amount Rs.million
1	Raw/Refined Oils	(M.T.)	31.03.2003	122,524	4,625.760	252.925	61628.622	9,096.810	392.421	76609.804	5,958.049	3,074.318	204.238
	of Oils		31.03.2002	97,180	3,082.793	137.238	58903.281	15,931.504	505.345	76887.113	5,339.586	4,625.760	252.925
	of Oils												
2	Hair Oils (Note II)	(K.L.)	31.03.2003	-	573.750	36.368	-	-	-	5498.995	753.181	859.010	59.228
			31.03.2002	-	427.556	34.563	-	-	-	5711.334	615.193	573.750	36.368
3	Others (Note III)		31.03.2003	-	-	62.692	-	-	147.132	-	668.903	-	32.281
	(Incl. processed foods and By-products)		31.03.2002	-	-	30.217	-	-	342.021	-	743.855	-	62.692
4	Service Income		31.03.2003	-	-	-	-	-	-	-	11.947	-	-
	- commission		31.03.2002	-	-	-	-	-	-	-	12.200	-	-
	TOTAL		31.03.2003	-	-	351.985	-	-	539.553	-	7,392.080	-	295.747
	TOTAL		31.03.2002	-	-	202.018	-	-	847.366	-	6,710.834	-	351.985

I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis, the certification being technical in nature.

b) No licenses are required, for products manufactured by the company, as per Government of India Notification No. S.O.477(E) . dated 25th July,1991.

II) Produced by others - **5,784.255 KL** (5,857.520 KL)

III) The Company deals in processed foods which are not packed in homogenous units, hence it is not practicable to furnish quantitative data.

IV) The production of Raw/Refined Oils excludes processed by others **7,429.492 M.T.** (6,382.569 M.T.) and includes used for internal consumption **3,096.560 M.T.** (2,787.233 M.T.)

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended March 31,			
	Quantity M.T.	2003 Value Rs.million	Quantity M.T.	2002 Value Rs.million
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds	77296.625	2,215.192	61005.963	1,339.542
Raw oils	29756.563	1,153.866	34498.392	1,323.894
Others	-	153.496	-	132.918
		<u>3,522.554</u>		<u>2,796.354</u>
	%	Value Rs. million	%	Value Rs. million
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	2.89%	101.655	28.20%	788.561
Indigenous	97.11%	3,420.899	71.80%	2,007.793
	<u>100.00%</u>	<u>3,522.554</u>	<u>100.00%</u>	<u>2,796.354</u>
Stores, spares and chemicals				
Imported	-	-	-	-
Indigenous	100.00%	56.487	100.00%	59.771
	<u>100.00%</u>	<u>56.487</u>	<u>100.00%</u>	<u>59.771</u>
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		114.206		346.458
Packing material		5.360		0.534
Capital goods		29.162		53.707
Finished goods		4.011		6.380
		<u>152.739</u>		<u>407.079</u>
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		35.321		15.765
Advertisement and sales promotion		56.953		58.050
		<u>92.274</u>		<u>73.815</u>
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		242.878		202.232
Royalty		-		10.714
		<u>242.878</u>		<u>212.946</u>
G) REMITTANCE OF FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS				
Final dividend - March 31, 2001 -				
1 shareholder on 933,300 shares		-		5.600
1st interim dividend - March 31, 2002 -				
1 shareholder on 933,300 shares		-		2.333
2nd interim dividend - March 31, 2002 -				
1 shareholder on 933,300 shares		-		2.800
3rd interim dividend - March 31, 2002 -				
3 shareholders on 934,900 shares		-		3.272
		<u>-</u>		<u>14.005</u>

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO THE ACCOUNTS :

1. The Company and nature of its operations:

Marico Industries Limited ('Marico' or the 'Company'), headquartered in Mumbai, India, carries on business in Fast Moving Consumer Goods. Marico manufactures and markets products under the brands Parachute, Saffola, Sweekar, Hair & Care, Sil, Revive, Shanti, Oil of Malabar, Mealmaker and Mediker. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 6 regional offices, 31 carrying & forwarding agents, 6 consignment agents and about 3600 distributors spread all over India. The Company's export markets comprise primarily the Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon and Saswad supported by subcontracting units. Marico has a marketing and distribution alliance with Indo Nissin Foods Limited for Top Ramen instant noodles and had a distribution arrangement with Procter & Gamble Home Products Limited and Procter & Gamble Hygiene & Healthcare Limited for distribution of some of their products in India which was terminated during the year. Marico has a wholly owned subsidiary in Bangladesh, which manufactures and sells edible oils in Bangladesh. During the year, the Company entered into:

- Ayurvedic skin care products business in the US by acquiring an equity interest in Sundari LLC, a joint venture, which owns the SUNDĀRI line of luxury ayurvedic skin care products, and
- Skin care services business through Kaya Skin Clinics which now operate under the banner of Kaya Aesthetics Limited.

2. Summary of significant accounting policies:

(a) Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards.

(b) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest on borrowing, to finance fixed assets during construction period is capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.

(c) Depreciation/Amortisation

I. Tangible Assets

- (i) Depreciation is provided on straight line basis at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates based on management estimates that are higher than the rates specified in Schedule XIV to the Companies Act, 1956 are as follows:

Computer hardware and related peripherals	-	33 1/3%
Technologically advanced packing machinery	-	20%

- (ii) Extra shift depreciation is provided on "Plant" basis.
- (iii) Assets given on finance lease prior to April 1, 2001 are depreciated over the primary period of the lease.
- (iv) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.
- (v) Leasehold land is amortised over the primary period of lease.

NOTES TO THE ACCOUNTS

II. Intangible Assets

- (i) Management estimates that the economic life of trademarks, copyrights and business & commercial rights, based on their value in use, far exceeds 20 years. However, as a matter of prudence, these trademarks, copyrights and business & commercial rights are amortised over a period of 20 years.
- (ii) Other intangible assets are amortised over their estimated economic useful lives as estimated by the management, but not exceeding the period given hereunder:

Technical know how	6 years
Non-compete covenants	Non-compete period
Computer software	1 year

(d) Investments

- (i) Long term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognise a decline, other than temporary.
- (ii) Current investments are valued at lower of cost and market value, computed category wise.

(e) Inventories

- (i) Raw material, packing material, stores, spares and consumables are valued at cost.
- (ii) Work-in-process and finished products are valued at lower of cost and net realisable value.
- (iii) By-products and unserviceable/damaged finished products are valued at net realisable value.
- (iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in the case of finished products includes appropriate production overheads and excise duty.

(f) Research and Development

Capital expenditure on research and development is allocated to fixed assets. Revenue expenditure is charged off in the year in which it is incurred.

(g) Revenue Recognition

- (i) Sales are recognised at the point of dispatch of goods to the customers and stated net of trade discount and exclusive of sales tax.
- (ii) Agency commission is recognised upon effecting sales on behalf of the principal.
- (iii) Interest and other income are recognised on accrual basis.

(h) Retirement Benefits

The Company has various schemes of retirement benefits, namely, provident, superannuation, gratuity and leave encashment. Provident, superannuation and gratuity funds are administered through trustees and the Company's contribution thereto is charged to revenue every year. Leave encashment and gratuity are provided for on the basis of actuarial valuation as at the year-end by an independent actuary.

(i) Foreign Currency Transactions

Current assets and current liabilities are translated at forward cover rate or at the period end exchange rate, as applicable. Resultant gains or losses are recognised in the profit and loss account other than the exchange rate differences relating to fixed assets which are adjusted against the carrying cost of corresponding fixed assets. Exchange differences arising on forward exchange contracts are recognised over the period of the contract.

NOTES TO THE ACCOUNTS

(j) Government Grants

- (i) Government grant related to the total investment in an undertaking is treated as capital reserve.
- (ii) Government grant related to a specific fixed asset is reduced from the cost of the asset.

(k) Accounting for taxes on Income

- (i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.
- (ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation.

3. Contingent liabilities not provided for in respect of:

- (i) Counter guarantee given to banks on behalf of other companies Rs.8.203 million (Rs. Nil).
- (ii) Sales tax/ cess claims disputed by the Company Rs.47.147 million (Rs.15.613 million).
- (iii) Income tax and interest demand disputed by the Company Rs.6.366 million (Rs.50.496 million).
- (iv) Claims against the Company not acknowledged as debts Rs.32.324 million (Rs.1.032 million).

4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.34.420 million (Rs.5.312 million) net of advances.
5. Miscellaneous income include lease income Rs.3.617 million (Rs.7.465 million), income from current investments Rs.0.009 million (Rs. 0.025 million), royalty Rs. Nil (Rs.10.714 million), profit on sale of current investments (net) Rs.6.422 million (Rs. Nil), compensation for termination of a distribution arrangement Rs.45.600 million (Rs. Nil) and discount on prepayment of deferred sales tax liability Rs.31.661 million (Rs. Nil).
6. Miscellaneous expenses include commission and brokerage Rs.10.727 million (Rs.6.274 million), donations Rs.1.060 million (Rs.0.955 million), loss on sale/discarding of assets (net) Rs.1.077 million (Rs.1.335 million), audit fees Rs.1.286 million (Rs.1.103 million), tax audit fees Rs.0.158 million (Rs.0.158 million), payment to auditors for other services Rs.1.203 million (Rs.0.019 million) and reimbursement to auditors for out-of-pocket expenses Rs. 0.038 million (Rs. 0.095 million).
7. Research and development expenses aggregating Rs.22.098 million (Rs.24.927 million) have been included under the relevant heads in the profit and loss account.
8. Exchange loss (net) aggregating Rs.1.505 million (Rs.1.031 million) has been included under the relevant heads in the profit and loss account.
9. (i) Debtors include amount due from Marico Bangladesh Limited, a subsidiary company and a company under the same management Rs.8.464 million (Rs. Nil).
- (ii) Loans and Advances include amounts due from:
- Marico Bangladesh Limited, a subsidiary company and a company under the same management Rs. Nil (Rs.15.190 million) [Maximum amount due during the year Rs. Nil (Rs.11.517 million)].

NOTES TO THE ACCOUNTS

- Kaya Aesthetics Limited, a subsidiary company and a company under the same management Rs.9.123 million (Rs. Nil) [Maximum amount due during the year Rs. 9.123 million (Rs Nil)].
- Sundari LLC, a joint venture of the Company, Rs. 23.824 million (Rs. Nil) [Maximum amount due during the year Rs.23.824 million (Rs. Nil)].

10. Exceptional items included in the current year's Profit and Loss Account:

- (a) During the year, the Company revised the useful lives of certain computer software and computer hardware and related peripherals resulting in an additional charge of Rs.60.186 million. Consequently, depreciation charge for the year is higher by Rs.60.186 million and profit for the year is lower by an equivalent amount.
- (b) The Company is eligible for deferment of sales tax under a package incentive scheme of the Government of Maharashtra (the "Government"), wherein the Company's sales tax liability is payable in five equal installments after the end of the 10th year. During the year the Government notified a scheme under which the Company could prepay the entire liability on a discounted basis. The Company availed of this Scheme and prepaid Rs.49.405 million out of the total Deferred Sales Tax Loan of Rs.50.468 million outstanding as of March 31, 2002.

This prepayment resulted in a one-time gain of Rs.31.661 million which is included under 'Other Income' in the financials for the year.

- (c) During the Year, the Company received Rs.45.600 million towards compensation for termination of the distribution arrangement with Procter & Gamble Home Products Limited and Procter & Gamble Hygiene & Healthcare Limited. This amount has been included under 'Other Income' in the financials for the year.
- (d) During the year, the Company's shareholders approved a scheme of re-organisation of Capital ('Scheme') which was approved by the Hon'ble High Court at Mumbai on March 25, 2003. In accordance with the Scheme, the Company has adjusted the carrying amount of Rs.445.015 million of intangible assets as on December 3, 2002, as given below, against Share Premium Account Rs. 165.000 million and Capital Redemption Reserve Rs. 280.015 million.

(Rs. million)

Description	Acquisition Value	Accumulated Depreciation	Book value
Business & commercial rights	108.651	(18.561)	90.090
Technical know-how	54.000	(30.005)	23.995
Trademarks and copyrights	385.284	(60.654)	324.630
Non-compete covenants	9.000	(2.700)	6.300
Total	556.935	(111.920)	445.015

Consequent to the above adjustments, depreciation and amortisation is lower by Rs.11.533 million and the profit for the year is higher by an equivalent amount.

- (e) The Company acquired the trademark 'Mealmaker' and related intellectual property rights (IPR) for a consideration of Rs.18.178 million (including non-compete payment Rs.15.566 million). Since this acquisition was made subsequent to the communication of the Scheme to the shareholders, referred to in 10(d) above, this amount could not be covered by the Scheme. However, in line with the objective of the Scheme, the Company has amortised the entire consideration in the current year.

Consequent to this, depreciation and amortisation for the year is higher by Rs.17.799 million and the profit for the year is lower by an equivalent amount.

NOTES TO THE ACCOUNTS

If the exceptional items were not to be considered, the profit for the year would be lower by Rs.10.809 million.

11. In December 2002, the Company entered the Skin Care Services business through the opening of Kaya Skin Clinics, with a plan to operate such business through a subsidiary. Accordingly, Kaya Aesthetics Limited (KAL) was incorporated on March 27, 2003. As at March 31, 2003, capital work-in-progress (including advances on capital account) and sundry creditors include, respectively, Rs. 84.091 million and Rs. 19.300 million relating to KAL's business. These amounts have been taken over and accounted by KAL on receipt of Certificate of Commencement of its business from the Registrar of Companies, Mumbai on April 8, 2003, that is, after the date of this balance sheet.

12. Additional information on assets taken on lease:

(i) In respect of assets taken on finance lease prior to April 1, 2001:

	(Rs. million)
Lease rental charges for the year	7.832
	(8.990)
Cost of assets	11.563
	(25.219)
Future lease rental obligation	3.787
	(10.321)

(ii) In respect of assets taken on finance lease after March 31, 2001:

Finance charges for the year– Rs.1.156 million (Rs 2.298 million).

Reconciliation of minimum lease payments and its present value:

	Minimum lease Payments (Rs. million)	Interest (Rs. million)	Present value of minimum Lease payments (Rs. million)
Future lease rental obligation payable:			
– not later than one year	6.363	0.850	5.513
P.Y.	(4.666)	(1.453)	(3.213)
– later than one year but not later than five years	3.661	0.039	3.622
P.Y.	(8.338)	(0.790)	(7.548)
Total	10.024	0.889	9.135
P.Y.	(13.004)	(2.243)	(10.761)

(iii) In respect of assets taken on operating lease after March 31, 2001:

	(Rs. million)
Lease rental charges for the year	0.109
	(0.109)
Future lease rental obligation payable	
– not later than one year	0.264
	(0.109)
– later than one year but not later than five years	0.264
	(0.529)
Total	0.637
	(0.746)

NOTES TO THE ACCOUNTS

13. Break-up of deferred tax liability:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	5.562	11.460
Liabilities that are deducted for tax purpose when paid	<u>16.492</u>	<u>21.247</u>
Total Deferred tax asset	22.054	32.708
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	<u>82.941</u>	<u>92.742</u>
Total Deferred tax liability	82.941	92.742
Net Deferred tax liability	60.887	60.034

14. Earnings per share:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
Profit after taxation	530.807	493.254
Less : Preference dividends	11.632	-
Profit available for equity shareholders	519.175	493.254
Equity shares outstanding as at the year end	29.000	14.500
Bonus shares allotted during the year	-	14.500
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	29.000	29.000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per equity share (Rs.)	17.90	17.01

15. Segment Information

The Company's financial reporting is organised into two major operating divisions namely, Nature Care and Health Care. These divisions are the basis on which the Company is reporting its primary segment information. The composition of these segments are given below:

<u>Business segments</u>	<u>Type of products and services</u>
Nature Care	Coconut oils, hair oils and fabric care products
Health Care	Other Edible oils (other than Coconut oils), processed foods (including marketing arrangement with Indo Nissin)
Others	International business and distribution

NOTES TO THE ACCOUNTS

i. Primary Segment Information

	Nature Care	Health Care	Others	(Rs. million)
				Total
Segment revenue				
External sales	4,339.462	2,573.056	470.209	7,382.727
	(3,626.511)	(2,501.009)	(582.561)	(6,710.081)
Inter-segment sales	156.788	28.009	-	184.797
	(102.334)	(41.267)	-	(143.601)
Total revenue	4,496.250	2,601.066	470.209	7,567.525
	(3,728.845)	(2,542.276)	(582.561)	(6,853.682)
Segment Result	800.497	215.998	55.675	1,072.170
	(749.302)	(257.341)	(25.435)	(1,032.078)
Unallocated corporate expenses				471.562
				(425.760)
Operating profit				600.608
				(606.318)
Interest expenses				18.518
				(46.077)
Interest income				8.220
				(5.497)
Net profit				590.310
				(565.738)
Other information				
Segment assets	1,324.437	852.633	162.362	2,339.432
	(1,351.006)	(848.764)	(157.367)	(2,357.136)
Unallocated				502.042
Corporate assets				(476.128)
Total assets				2,841.474
				(2,833.264)
Segment liabilities	325.660	229.526	42.795	597.981
	(350.796)	(229.115)	(46.462)	(626.373)
Unallocated Corporate				2,243.493
Liabilities				(2,206.891)
Total liabilities				2,841.474
				(2,833.264)
Capital expenditure	78.192	45.449	1.798	
	(212.635)	(44.451)	(0.503)	
Depreciation and	77.029	38.853	0.334	
Amortisation	(73.866)	(21.840)	(0.299)	

ii. Secondary Segment Information

The Company's operating divisions are managed from India. The principal geographical areas in which the Company operates are India, Middle East and SAARC countries.

Geographical Segments Composition

Domestic

All over India

Exports

Primarily to Middle East and SAARC countries

NOTES TO THE ACCOUNTS

Sales revenue by geographical market

Locations	(Rs. million)
India	7,118.569 (6,455.606)
Others (primarily to Middle East and SAARC countries)	264.158 (254.475)
Total	7,382.727 (6,710.081)

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. million)	Others (Rs. million)	Total (Rs. million)
Carrying amount of assets	2,338.290 (2,355.844)	1.142 (1.292)	2,339.432 (2,357.136)
Capital expenditure	159.641 (315.507)	0.311 (0.045)	159.952 (315.552)

iii. Notes to Segmental Information

- (i) Segment Revenue and Expense: Joint revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expense are directly attributable to the segments.
- (ii) Segment Assets and Liabilities: Segment assets include all operating assets used by a segment comprising debtors, inventories, fixed assets and loans and advances. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities.
- (iii) Inter-segment transfers: Segment revenue and segment expenses include transfers between business segments, which are accounted for at cost.

16. Related Party disclosures

Subsidiary: Marico Bangladesh Limited

Nature of transactions:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
(i) Sales	17.389	-
(ii) Royalty income	-	10.714
(iii) Debtors	8.464	-
(iv) Loans & Advances	-	15.190
(v) Provision for royalty receivable	-	15.190

NOTES TO THE ACCOUNTS

During the previous year, the Company had accrued royalty income of Rs.10.714 million based on an agreement with its subsidiary, Marico Bangladesh Limited (MBL). However, the Board of Investment in Bangladesh did not approve the application for remittance of royalty by MBL and, therefore, the Company had made a provision of Rs. 15.190 million (including Rs. 4.476 million for the year ended March 31, 2001) during the previous year against the royalty receivable. During the year, after receipt of approval from the Reserve Bank of India, the Company has written off the royalty receivable.

Subsidiary: Kaya Aesthetics Limited

Nature of transactions:

	March 31, 2003 (Rs. million)	March 31, 2002 (Rs. million)
Advances recoverable	9.123	-

Joint Venture: Sundari LLC

Nature of Transactions :

(i) Interest receivable on loan	0.056	-
(ii) Loans given	23.768	-

Whole-time director: Harsh C Mariwala, Chairman and Managing director

Nature of Transactions :

Remuneration for the year (Refer note 16 (ii) below)	7.425	6.224
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17. Managerial Remuneration:

(i) Statement of computation of net profits under Section 198 of the Companies Act, 1956:

	For the year ended March 31,	
	2003 (Rs. million)	2002 (Rs. million)
Profit before taxation	-	565.738
<u>Add:</u> Directors' remuneration	-	6.721
Directors' sitting fees	-	0.100
Profit as per section 349 of the Companies Act, 1956	-	572.559
<u>Less:</u> Profit for the period July'01 to March' 02	-	429.894
Profit for the period April'01 to June'01	-	142.666
Commission to Managing Director @ 1% of net profit for 12 months (3 months)	-	1.427
(ii) Payments and provisions on account of remuneration to Chairman and Managing Director included in profit and loss account		
Salary	4.080	2.850
Commission	-	1.427
Contribution to Provident and Pension Funds	1.102	0.769
Other Perquisites	2.243	1.178
	<u>7.425</u>	<u>6.224</u>
(iii) Remuneration to Non-Wholetime Directors	0.710	0.497

Notes:

- The above remuneration to Chairman and Managing Director does not include contribution to Gratuity Fund as this contribution is a lumpsum amount for all relevant employees based on actuarial valuation.
- Since no commission is payable during the year, computation of net profits under section 198 of the Companies Act, 1956 has not been computed for the year.

NOTES TO THE ACCOUNTS

18. The Company deals with several Small Scale Industrial (SSI) undertakings on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, the various amounts due to SSI's and included under sundry creditors aggregate Rs.17.468 million (Rs.17.310 million). There is no interest payable to SSI's as at March 31, 2003. The names of such SSI suppliers where individual balances outstanding for more than 30 days are as under:

Neeljyot Plastics, Goa Plast Pvt. Ltd, Vividh Plastics, Sree Mookambikai Plast Pvt. Ltd., Swan Plastics Pvt. Ltd., Servo Plastics, Nisarga Printers,Goa Plast Enterpries,Multicavity Mouldings Pvt. Ltd., Multifilms Plastics Pvt. Ltd., Eskay Flexible Packaging,Leeraj Printers,Kupatha Plastic Udyog Pvt. Ltd., Shree Ambe Packaging Inds.,Uinyl Plast, Nirmal Offset Pvt. Ltd., Precise Labels, Manali Plastics Inds., Shree Packers, Neil Extrulamipack Pvt. Ltd., Akola Chemicals (India) Ltd., Apogee Plastics, Anmol Poly Products, Badkur Polycans Industries, Blow Containers, Refine Marketing Pvt Ltd., Complement Marketing Pvt. Ltd., Rachana Enterprise, Affair Finvest & Trading Pvt. Ltd., Krishna Enterprises, Malhar Offset Pvt Ltd., Sukamal Traders, Moreshwar Plastics, Skanda Engg. Inds. P Ltd., Sri Mookambikai Plast Cgk Automation, Sai Plastics, K – Plast Inds., Livin Plastics, Marian Cartopacks,Vd Enterprises, Sai Cartons Mfrg., Moreshwar Industries, Sree Mookambikai Polymers, Kenana Trading Co. Pune, Viswanath Packaging Inds. Pvt. Ltd., Pune, Adinath Foods Inds Jejuri, Madhavdas Manilal & Co., Jitendra Paper Inds., Cameo Engineers, Kasira Polymers, Yodeva Plastics Pvt. Ltd., Indian Extrusion (Daman), Sudeep Plastics, Sri Datta Polymers Pvt. Ltd., Amit Ayurvedic & Cosmetic

19. There are no dues payable to the Investor Education and Protection fund as at March 31, 2003.
20. (a) The figures in brackets represent those of the previous year.
- (b) The figures for the previous year have been regrouped where necessary to conform to current year's classification.
21. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

(a) **Registration details:**

Registration No. : 11-49208
 Balance Sheet Date : March 31, 2003

(b) **Capital raised during the year:** (Amount in Rs. million)

Public Issue : Nil
 Bonus Issue : 145.000
 Bonus Preference Shares : 290.000
 Rights Issue : Nil
 Private placement : Nil

NOTES TO THE ACCOUNTS

(c) **Position of mobilisation and deployment of funds** (Amount in Rs. million)

Total Liabilities	2,841.474		
Total Assets	2,841.474		
Sources of Funds		Application of Funds	
Paid up Capital	580.000	Net Fixed Assets	964.857
Reserves & Surplus	1,312.224	Investments	202.963
Secured Loans	-	Net Current Assets	888.554
Unsecured Loans	103.263	Misc. Expenditure	-
Deferred Tax Liability	60.887	Accumulated losses	-

(d) **Performance of the Company** (Amount in Rs. million)

Turnover (Sales & Other Income)	7,493.243
Total Expenditure	6,902.933
Profit before Tax	590.310
Profit after Tax	530.807
Earnings per share (in Rs.)	17.90
Dividend rate (%)	55%

(e) **Generic names of the three principal products/services of the Company:**

Item Code No. (I.T.C. Code)	Product Description
151319.00	Coconut Oil
151219.01	Sunflower Oil
151219.02	Safflower Oil

Signatures to Schedules A to R

FOR RSM & Co.
Chartered Accountants

For and on behalf of the Board of Directors

NATRAJ RAMKRISHNA
Partner

MILIND SARWATE
Chief Financial Officer

BIPIN SHAH
Director and
Chairman of
Audit Committee

HARSH MARIWALA
Chairman and
Managing Director

DEV BAJPAI
General Manager - Legal
and Company Secretary

Place : Mumbai

Place : Mumbai

Dated : April 21, 2003

Dated : April 21, 2003

**STATEMENT PURSUANT TO SECTION 212 (1) (e)
OF THE COMPANIES ACT, 1956**

Name of the subsidiary company	Marico Bangladesh Limited	Kaya Aesthetics Limited	Sundari LLC	Sundari Spa LLC
Holding Company's interest	1,000,000 ordinary shares of Taka 10 each	49,996 shares of Rs. 10 each	63,000 shares of USD 18.25 each	#
Extent of Holding	100%	100%	63%	63%
The "financial year" of the subsidiary company ended on	Sept. 30, 2002	N.A.##	N.A.###	N.A.###
Net aggregate amount of the subsidiary company's profits/(losses) dealt with in the holding company's accounts				
* For the subsidiary's aforesaid financial year	Nil	Nil	Nil	Nil
* For the previous financial years since it became subsidiary	Nil	Nil	Nil	Nil
Net aggregate amount of the subsidiary company's profits/ (losses) not dealt with in the holding company's accounts				
* For the subsidiary's aforesaid financial year	Taka 15.20 million (Rs. 12.74 million)	N.A.	N.A.	N.A.
* For the previous financial years since it became subsidiary	Taka 16.77 million (Rs. 14.05 million)	N.A.	N.A.	N.A.
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	Nil	Nil	Nil	Nil
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	Nil	Nil	Nil	Nil

By virtue of Section 4 (1) (c) of the Companies Act, 1956, Sundari Spa LLC is a subsidiary of the Company as Sundari LLC, the subsidiary of the Company, holds 100% of the interests in Sundari Spa LLC.

The first financial year of Kaya Aesthetics Limited will end on March 31, 2004.

The first financial year of Sundari LLC and Sundari Spa LLC will end on December 31,2003.

On behalf of Board of Directors

Place: Mumbai

Date: April 21, 2003

Harsh Mariwala
Chairman and Managing Director

Board of Directors

Harsh Mariwala
Milind Sarwate
Shyam Sutaria
Samir Srivastav, Executive Director
Debashish Neogi (Alternate to Milind Sarwate)

Registered Office

272, Tejgaon Industrial Area,
Dhaka - 1208, Bangladesh

Factory

Kaliakair, Mouchak,
Gazipur, Bangladesh

Auditors

Rahman Rahman Huq
Chartered Accountants

Bankers

Citibank N.A.
Standard Chartered Grindlays Bank Ltd.

Legal Advisors

Lee Khan & Associates
City Hearts, Naya Paltan, Dhaka, Bangladesh

Distributor

Kallol Distribution Limited
199, Tejgaon Industrial Area,
Dhaka - 1208, Bangladesh

DIRECTORS' REPORT

To ,

The Members

The Board of Directors is pleased to present the third Annual Report together with audited accounts of your Company for the year ended September 30, 2002.

FINANCIAL RESULTS

	(Million Taka)	
	2002	2001
Sales and Other Income	369.4	205.6
Profit before Tax and Exceptional Items	26.6	1.1
Exceptional Items	-	1.5
Profit before Tax	26.6	2.6
Tax	(11.4)	(1.5)
Profit after Tax	15.2	1.1
Add: Surplus brought forward	1.6	0.5
Profit available for appropriation	16.8	1.6
Surplus carried forward	16.8	1.6

SALES TURNOVER & PROFITABILITY

The year ended September 30, 2002 (FY02) has been a year of sustained volume growth. Turnover at 369.4 million Taka increased by 80% over FY01. Profit before tax (PBT) at 26.6 million Taka and Profit after tax (PAT) at 15.2 million Taka showed impressive growths over previous year.

DIVIDEND

In order to conserve resources for growth, no dividend is being proposed for this year.

AUDITORS

Messers Rahman Rahman Huq, Chartered Accountants, retire and being eligible offer themselves for re-appointment as Auditors of the Company.

HUMAN RESOURCES

The Board wishes to place on record its appreciation of the co-operation and support received from all members of the Marico organisation.

ACKNOWLEDGEMENT

The Board acknowledges the continued support and assistance received from the Government of Bangladesh, Bankers, Vendors, Distributor and other business associates, and looks forward to continued support of all these partners in progress.

For and on behalf of the Board of Directors

Place: Dhaka
Date: March 19, 2003

SAMIR SRIVASTAV
Executive Director

DEBASHISH NEOGI
Director

AUDITORS' REPORT

To,

The Members of Marico Bangladesh Ltd.

We have audited the accompanying balance sheet of Marico Bangladesh Limited for the year ended September 30, 2002, and the related profit and loss account, statement of changes in shareholders equity and cash flow statement for the year then ended. The preparation of these financial statements is the responsibility of the company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the company's affairs for the year ended September 30, 2002 and of the results of its operations and its cash flow for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

RAHMAN RAHMAN HUQ

Auditor

Place: Dhaka

Date: March 19, 2003

BALANCE SHEET

		As at September 30,	
		2002	2001
		Taka	Taka
SOURCES OF FUNDS	Notes		
SHAREHOLDERS EQUITY			
Share capital	4	10,000,000	10,000,000
Accumulated profit		16,773,434	1,569,365
Total		26,773,434	11,569,365
APPLICATION OF FUNDS			
PROPERTY, PLANT AND EQUIPMENT			
Cost	5	10,642,176	3,385,118
Less: Accumulated depreciation		2,262,895	857,240
		8,379,281	2,527,878
CURRENT ASSETS			
Stock of spares		105,950	105,950
Trade debtors		1,346,156	21,088,168
Advances and deposits	6	17,979,448	2,335,441
Cash and bank balances	7	25,784,798	6,830,251
Total		45,216,352	30,359,810
LESS : CURRENT LIABILITIES AND PROVISIONS			
Temporary loan		-	2,000,000
Liability for expenses	8	15,775,630	17,830,607
Provision for income tax	9	10,725,006	1,500,000
Liability for other finance		321,563	(12,284)
Total		26,822,199	21,318,323
NET CURRENT ASSETS		18,394,153	9,041,487
Total		26,773,434	11,569,365

The accompanying notes 1 to 14 form an integral part of these financial statements.

As per our separate report of even date

RAHMAN RAHMAN HUQ
Auditor

Place: Dhaka

Date: March 19, 2003

For and on behalf of the Board of Directors

SAMIR SRIVASTAV
Executive Director

DEBASHISH NEOGI
Director

PROFIT AND LOSS ACCOUNT

	Notes	for the year ended September 30,	
		2002 Taka	2001 Taka
Turnover		369,441,951	205,617,942
Cost of sales	10	(259,515,834)	(154,501,380)
Gross profit		109,926,117	51,116,562
General and administration expenses	11	(16,322,186)	(4,729,196)
Selling and distribution expenses	12	(67,117,482)	(45,261,378)
NET PROFIT FOR THE YEAR		26,486,449	1,125,988
Other income		141,174	-
Write back of old provision for royalty		-	1,493,218
NET PROFIT BEFORE TAXATION		26,627,623	2,619,206
Provision for taxation		(11,423,554)	(1,500,000)
NET PROFIT AFTER TAXATION		15,204,069	1,119,206
Profit brought forward		1,569,365	450,159
Profit carried forward to the balance sheet		16,773,434	1,569,365

The accompanying notes 1 to 14 form an integral part of these financial statements.

As per our separate report of even date

RAHMAN RAHMAN HUQ
Auditor

For and on behalf of the Board of Directors

SAMIR SRIVASTAV
Executive Director

DEBASHISH NEOGI
Director

Place: Dhaka

Date: March 19, 2003

CASH FLOW STATEMENT

		For the year ended September 30,	
		2002	2001
		Taka	Taka
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before taxation		26,627,623	2,619,206
Depreciation on fixed assets		1,405,655	694,437
Preliminary expenses		-	96,470
Bad debt provision		2,465,950	-
Changes in current assets		4,098,005	(10,989,332)
Changes in current liabilities		(6,187,080)	14,860,663
Income tax paid		(2,198,548)	(20,242)
NET CASH FROM OPERATING ACTIVITIES	(A)	<u>26,211,605</u>	<u>7,261,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		(7,257,058)	(1,960,532)
NET CASH USED IN INVESTING ACTIVITIES	(B)	<u>(7,257,058)</u>	<u>(1,960,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	(C)	<u>-</u>	<u>-</u>
NET CASH AND CASH EQUIVALENTS	(A+B+C)	18,954,547	5,300,670
Cash and cash equivalents at beginning of the year		6,830,251	1,529,581
Cash and cash equivalents at end of the year		<u>25,784,798</u>	<u>6,830,251</u>

As per our separate report of even date

RAHMAN RAHMAN HUQ
Auditor

Place: Dhaka

Date: March 19, 2003

For and on behalf of the Board of Directors

SAMIR SRIVASTAV
Executive Director

DEBASHISH NEOGI
Director

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY PROFILE

Marico Bangladesh Limited is a private limited company incorporated on September 6, 1999 in Bangladesh under the Companies Act, 1994. The present authorised and paid up capital is Taka 10,000,000 divided into 1,000,000 ordinary shares of Taka 10 each. The Company is a wholly owned subsidiary of Marico Industries Limited, India.

The Company started commercial operation from January 30, 2000.

2. NATURE OF BUSINESS

The principal activity of the Company is marketing and selling of Parachute brand coconut oil in Bangladesh.

The Company had completed setting up manufacturing unit located at Gazipur and went into commercial production from October 27, 2002. The land and factory building has been taken on lease and for this MBL entered into a lease agreement on May 30, 2002 for a period of 5 years which is covered by tripartite agreement amongst Quality Chemical Industries Ltd., Marico Bangladesh Limited and Bangladesh Shilpa Bank.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 *Basis of accounting*

These accounts have been prepared in accordance with Bangladesh Accounting Standards (BAS).

3.2 *Fixed assets and depreciation*

Fixed assets related to plant and machinery has been procured by Ethical Drugs Ltd. (EDL) on behalf of Marico Bangladesh Ltd. (MBL) for its operation but under the arrangement between MBL and EDL, the ownership of the assets remained with MBL and has been accounted for accordingly.

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been charged on reducing balance method on fixed assets except vehicle which is depreciated on straight line method. Considering the estimated useful lives of the assets the following rates have been applied:

Plant and machinery	20% - 50%
Equipment	20% - 33.33%
Vehicle	20%
Furniture and fixture	15%

3.3 *Revenue recognition*

Sales are recognized at the time of delivery of goods to the distributor and are exclusive of Value Added Tax (VAT).

3.4 *Taxation*

Provision for income tax is made on the basis of Company's computation of fiscal profit until the assessment has been finalised by tax authority. Adjustment, if any, arising out of the assessment would be made in the year the assessment is completed.

3.5 *Reporting currency and level of precision*

The figures in the financial statements are denominated in Bangladesh Taka, which have been rounded off to the nearest integer.

3.6 *Reporting period*

Financial statements of the company cover the period from October 1, 2001 to September 30, 2002.

NOTES TO THE FINANCIAL STATEMENTS

		As at September 30,	
		2002	2001
		Taka	Taka
4. SHARE CAPITAL			
Authorised:			
1,000,000 Ordinary shares of Taka 10 each		<u>10,000,000</u>	<u>10,000,000</u>
Paid-up:			
1,000,000 Ordinary shares of Taka 10 each fully paid-up in cash		<u>10,000,000</u>	<u>10,000,000</u>
The shares are held by Marico Industries Limited, India and its nominees.			

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost			Depreciation			Net book value	
	As at Oct. 1, 2001	Addition during the year	As at Sept. 30, 2002	As at Oct. 1, 2001	Charged for the year	As at Sept. 30, 2002	As at Sept. 30, 2002	As at Sept. 30, 2001
Plant and machinery	2,082,484	3,215,221	5,297,705	573,424	874,779	1,448,203	3,849,502	1,509,060
Vehicle	1,030,140	1,856,779	2,886,919	211,759	358,610	570,369	2,316,550	818,381
Equipment	164,948	2,018,608	2,183,556	49,517	151,428	200,945	1,982,611	115,431
Furniture and fixture	107,546	166,450	273,996	22,540	20,838	43,378	230,618	85,006
Total	3,385,118	7,257,058	10,642,176	857,240	1,405,655	2,262,895	8,379,281	2,527,878

5.1 Addition to plant and machinery amounting to Taka 2,275,033 represent acquisitions for manufacturing unit located at Gazipur for which no depreciation has been charged during the year as the unit is yet to start commercial production.

		As at September 30,	
		2002	2001
		Taka	Taka
6. ADVANCES AND DEPOSITS			
Advances:			
For goods		379,791	663,061
For services		16,306,218	1,454,375
		<u>16,686,009</u>	<u>2,117,436</u>
Deposits:			
VAT current account on Coconut Oil		554,639	176,005
Security deposits		738,800	42,000
		<u>1,293,439</u>	<u>218,005</u>
		<u>17,979,448</u>	<u>2,335,441</u>

NOTES TO THE FINANCIAL STATEMENTS

	As at September 30,	
	2002	2001
	Taka	Taka
7. CASH AND BANK BALANCES		
Cash on hand	186,764	67,825
Cash at banks:		
Citibank N.A.	2,462,991	930,376
Standard Chartered Grindlays Bank Ltd. (Note 7.1)	23,135,043	5,832,050
	<u>25,598,034</u>	<u>6,762,426</u>
	<u>25,784,798</u>	<u>6,830,251</u>
7.1 Cash at Standard Chartered Grindlays Bank Ltd.		
<p>The company enjoys overdraft facilities with a limit of Taka 10,000,000 from Standard Chartered Grindlays Bank Ltd., Dhaka which is secured against letter of credit for Taka 10,000,000 from Standard Chartered Bank/Standard Chartered Grindlays Bank, Mumbai, demand promissory note and letter of continuation for the same amount. However, the facility has not been availed during the year.</p>		
8. LIABILITY FOR EXPENSES		
Payable to Ethical Drugs Ltd.	-	2,771,038
Business promotion expenses	2,781,405	14,956,813
Advertisement expenses	3,438,160	-
Audit fees	75,000	65,000
Consulting fees	15,000	-
Legal charges	205,000	10,000
Provision for bad debt	2,465,950	-
Provision for claim	6,009,000	-
Other expenses	786,115	27,756
	<u>15,775,630</u>	<u>17,830,607</u>
9. PROVISION FOR INCOME TAX		
Opening balance	1,500,000	20,242
Add: Provision for current taxation	11,423,554	1,500,000
	<u>12,923,554</u>	<u>1,520,242</u>
Less: Advance tax paid	2,198,548	20,242
	<u>10,725,006</u>	<u>1,500,000</u>
10. COST OF SALES		
Purchase	385,269,281	161,444,191
Less: Price difference	126,154,816	7,671,888
	<u>259,114,465</u>	<u>153,772,303</u>
Add: Factory overhead	398,869	-
Carriage inward	2,500	729,077
	<u>259,515,834</u>	<u>154,501,380</u>

NOTES TO THE FINANCIAL STATEMENTS

	As at September 30,	
	2002	2001
	Taka	Taka
11. GENERAL AND ADMINISTRATION EXPENSES		
Salaries and allowances (Note 11.1)	3,098,015	1,732,833
Rent	947,783	510,133
Consulting fee	642,500	180,000
Legal charges	471,350	117,950
Repair and maintenance	586,896	177,408
Interior decoration	1,553,082	-
Communication expenses	1,012,707	240,927
Entertainment	205,718	133,076
Printing and stationery	212,690	39,356
Fuel and lubricants	269,085	80,428
Travelling and conveyance	1,118,191	275,454
Audit fees	75,000	65,000
Recruitment expenses	113,406	-
Subscription	130,490	27,100
Fees, forms and renewals	145,935	85,747
Insurance premium	152,246	14,392
Books and periodicals	12,946	-
Crockeries and cutleries	24,554	-
Bank interest and charges	165,990	59,830
Medical expenses	22,145	29,565
Utilities	103,032	-
Boarding and lodging	1,243,970	125,469
Training expenses	-	43,621
Preliminary expenses written off	-	96,470
Staff welfare expenses	34,180	-
Conference expenses	57,620	-
LC expenses	51,050	-
Bad debt provision	2,465,950	-
Depreciation	1,405,655	694,437
	16,322,186	4,729,196
11.1 Salaries and allowances		
This includes remuneration of executive director Taka 1,723,368 for salaries and benefits.		
12. SELLING AND DISTRIBUTION EXPENSES		
Business promotion expenses	39,457,969	24,461,888
Advertisement	23,024,918	19,563,375
Market research expenses	1,334,595	1,236,115
Leakage and damage	3,300,000	-
	67,117,482	45,261,378
13. PAYMENT TO AUDITORS		
Payment to auditors include:		
Audit fee	75,000	65,000
Legal charge:		
Tax consultancy - 2002	90,000	-
- 2001	85,000	-
	175,000	-
Out of pocket expenses	15,000	5,000
	265,000	70,000
14. NUMBER OF EMPLOYEES		
The number of employees engaged for the whole year or part thereof who received a total salary of Taka 36,000 and above was 16.		

1 out of every 10 Indians is a Marico consumer.

Marico sells over 46 million consumer packs every month.

Marico reaches 1.7 million retail outlets.

Marico's distribution network covers almost every Indian town with a population over 20,000.

Parachute is probably the world's largest packaged Coconut Oil brand.

Marico uses 1 out of every 25 coconuts grown in India and 3 nuts of every coconut tree in India.

Marico is now No. 2 in the Hair Oil market (up from No. 5) with the success of new products-Parachute Jasmine and Shanti Amla.

Marico brands enjoy a leadership position in their respective categories.

Marico is one of the top 3 Indian FMCG Companies ranked on size of branded overseas business.

Marico's turnover and PBT have been consistently growing over the corresponding quarter of the previous year.

Marico's ROCE has been consistently above 30% for the last ten years. Marico ranks 16th among the top 500 Corporate houses in India in terms of ROCE (Business World Survey 2002).

Parachute (35th) and Saffola (66th) are amongst India's 100 biggest FMCG brands. (Brand Equity Survey - The Economic Times - December 2002).



Marico Industries Limited

Registered Office: Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050, INDIA

Tel : (91-22) 2644 3711 - 12, Fax: (91-22) 2641 0106

Websites: www.maricoindia.com; healthykhana.com, Email: milinvrel@maricoindia.net

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of Marico Industries Limited (the Company) will be held on Thursday, July 17, 2003 at 9:00 a.m. at 'Kohinoor Hall, Kohinoor Corner, Opposite Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025' to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2003 and the Profit and Loss Account of the Company for the year ended on that date together with the Reports of the Directors and the Auditors.
2. To confirm interim dividends of Rs. 1.50, Re. 1.00 and Re. 1.00 per equity share and Dividend @ 8% on Bonus Redeemable Preference Shares of Rs. 10 each, pro-rata for a period of 183 days from September 30, 2002 to March 31, 2003 (both days inclusive), declared for the Financial Year ended March 31, 2003.
3. To declare final dividend of Rs.2 per equity share for the year ended March 31, 2003.
4. To appoint a Director in place of Mr. Nikhil Khattau who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications the following resolution as an, **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Sections 257, 260 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rajeev Bakshi, who was appointed as an Additional Director on October 17, 2002 and whose term of office ends on July 17, 2003, be and is hereby appointed as Director, and his period of office is liable to determination by retirement by rotation.”

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy to be effective should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 11, 2003 to Thursday, July 17, 2003, both days inclusive, for the purpose of the Annual General Meeting.

By Order of the Board
For **MARICO INDUSTRIES LIMITED**

Place : Mumbai
Date : April 21, 2003

DEV BAJPAI
*General Manager (Legal) &
Company Secretary*

Registered Office:

“Rang Sharda”,
Krishnachandra Marg, Bandra Reclamation,
Bandra (West),
Mumbai - 400 050.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item 6

Appointment of Mr. Rajeev Bakshi as Director

Mr. Rajeev Bakshi was appointed Additional Director at the meeting of the Board of Directors held on October 17, 2002 and he will hold office as such upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500 from a member proposing the candidature of Mr. Rajeev Bakshi for the office of Director of the Company.

Mr. Rajeev Bakshi, has a Bachelor of Arts (Economics) Honours Degree from St. Stephens College in Delhi and an MBA degree from the Indian Institute of Management, Bangalore.

Mr. Bakshi brings with him core FMCG insights and experience from his stints with Lakme (14 years in Sales, Marketing and General Management), Cadbury (9 years in Sales & Marketing) and Pepsi (Since June 2001, as Chairman of PepsiCo India Holdings Pvt. Ltd. in India in which position he has responsibility for the company's business in India, Nepal, Bhutan, Bangladesh and Sri Lanka).

Except Mr. Bakshi, no other director is deemed to be interested or concerned in the passing of this resolution.

The Board recommends the resolution to be passed by members.

By Order of the Board
For **MARICO INDUSTRIES LIMITED**

Place : Mumbai
Date : April 21, 2003

DEV BAJPAI
*General Manager (Legal) &
Company Secretary*

Registered Office:

‘‘Rang Sharda’’,
Krishnachandra Marg, Bandra Reclamation,
Bandra (West),
Mumbai – 400 050.



MARICO INDUSTRIES LIMITED

Registered Office : "Rang Sharda", Krishnachandra Marg, Bandra Reclamation, Bandra (W), Mumbai-400050.

ATTENDANCE SLIP

FIFTEENTH ANNUAL GENERAL MEETING ON THURSDAY, JULY 17, 2003 AT 9:00 A.M.

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I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company at KOHINOOR HALL, KOHINOOR CORNER, OPP. SIDDHIVINAYAK MANDIR, VEER SAVARKAR MARG, PRABHADEVI, MUMBAI - 400 025 at 9.00 a.m. on Thursday, July 17, 2003.

Member's/Proxy's Signature

Note: Please fill in the attendance slip and hand it over at the entrance of the Meeting Hall.



MARICO INDUSTRIES LIMITED

Registered Office : "Rang Sharda", Krishnachandra Marg, Bandra Reclamation, Bandra (W), Mumbai-400050.

PROXY FORM

FIFTEENTH ANNUAL GENERAL MEETING ON THURSDAY, JULY 17, 2003 AT 9:00 A.M.

Folio No./ Client ID _____ No. of Shares held _____

I/We _____

of _____ in the district of _____

being a member/ members of MARICO INDUSTRIES LIMITED hereby appoint _____

_____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the FIFTEENTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, July 17, 2003 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2003

Signature _____

Affix
1 Rupee
Revenue
Stamp

- Notes:
1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
 2. A Proxy need not be a Member.
 3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.