marico

UNCOMMON SENSE

ANNUAL REPORT

2007-08

UNCOMMON SENSE

APPLY CONVENTIONAL THINKING
AND YOU'LL ONLY COME UP
WITH CONVENTIONAL SOLUTIONS.
BUT OPEN YOUR MIND
AND YOU'LL FIND A WORLD
OF OPPORTUNITIES
OPENING UP BEFORE YOU.

COMPANY INFORMATION

BOARD OF DIRECTORS

Harsh Mariwala, Chairman & Managing Director

Bipin Shah, Chairman of Audit Committee

Rajeev Bakshi

Atul Choksey

Nikhil Khattau

Anand Kripalu (appointed w.e.f April 26, 2007)

Jacob Kurian

Rajen Mariwala

Hema Ravichandar

MANAGEMENT TEAM

Harsh Mariwala, Chairman & Managing Director

Saugata Gupta, Chief Executive Officer
- Consumer Products Business

Vinod Kamath, Chief - Finance & IT

Rakesh Pandey, Chief Executive Officer - Kaya

Milind Sarwate, Chief - HR & Strategy

Vilas Shirhatti, Chief - Technology

Vijay Subramaniam, Chief Executive Officer
- International Business

COMPLIANCE OFFICER

Vinod Kamath

AUDIT COMMITTEE

Bipin Shah, Chairman

Nikhil Khattau, Member

Rajen Mariwala, Member

Harsh Mariwala, Permanent Invitee

CORPORATE GOVERNANCE COMMITTEE

Hema Ravichandar, Chairperson

Rajeev Bakshi, Member

Jacob Kurian, Member

Milind Sarwate, Secretary to the Committee

Harsh Mariwala, Permanent Invitee

SHAREHOLDERS' COMMITTEE

Nikhil Khattau, Chairman

Rajen Mariwala, Member

BANKERS

State Bank of Saurashtra

Citibank N.A.

Standard Chartered Bank

ICICI Bank Limited

HDFC Bank Limited

Kotak Mahindra Bank Limited

AUDITORS

Price Waterhouse, Chartered Accountants

INTERNAL AUDITORS

Aneja Associates, Chartered Accountants

REGISTERED OFFICE

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

OUR PRESENCE

Factories - 10 (In India - 6 | Overseas - 4)

Regional Offices - 4

Depots - 32

WEBSITES

www.maricoindia.com

www.kayaclinic.com

www.sundari.com

www.saffolalife.com

www.parachuteadvansed.com

www.maricoinnovationfoundation.org

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CHAIRMAN'S LETTER TO SHAREHOLDERS
A PERSONAL MESSAGE

Dear Shareholders,

Three years ago the Marico Group crossed the Rs.1000 crore mark. We then set ourselves a target of reaching the Rs.2000 crore mark in four years. I am pleased that your Company is very comfortably placed to achieve that target having recorded a turnover of Rs.1907 crore in 2007-08.

Over the last three years, your Company has achieved a topline CAGR of 29%, making it amongst the fastest growing FMCG companies in India. All three businesses, those of consumer products in India, consumer products in the international markets and the skin care solutions business of Kaya have contributed to the growth.

Your company is committed to maintaining a high rate of growth. In categories where it has a strong leadership position such as in Parachute coconut oil and Kaya, your company will endeavour to expand the market. In hair oils in India and hair creams in the Middle East, where it is a no.2, the company will seek to improve market share. Aided by a process of consumer insighting and product development capabilities, your company will introduce new product offerings to cater to the emerging needs of its target consumers. To complement its organic growth, your company continues to evaluate inorganic growth opportunities, both in existing territories and as a strategy to enter new geographies.

Your company has focussed on achieving sustainable profitable growth. Topline growth in your company has been accompanied by a healthy bottom line growth. During the last three years, your company achieved a net profit CAGR of 39%. Your company's brand building efforts over the years have helped create leadership brands with strong consumer franchises that yield healthy margins. The company continues on its journey towards building a higher value added and higher margin portfolio of brands. Simultaneously, its efforts at prudent cost management and systematic improvement in efficiencies continue unabated.

I am pleased to share with you that your company's endeavours have been receiving external recognition for remarkable work done across segments of its value chain. Marico was amongst eight Indian companies in Standard & Poor's list of Global Challengers in 2007. NDTV awarded the company Best Business Leader for FMCG in Personal Hygiene while your company was recognised as India's Employer of Choice by CNBC TV18. Marico's advertising work won several awards including a bronze for its Saffola World Heart Day campaign at the Asia Pacific Effie awards. Your company's marketing efforts in the Middle East received recognition at the Gulf Marketing Review awards for the second consecutive year. These and other awards coming our way, all during the same period, provides confidence that we are doing things right.

Thank you for placing faith in the company. I also thank the very committed members of the Marico team and the company's business associates for their continued support. My team and I look forward to the challenges of delivering sustainable profitable growth in the years ahead with confidence.

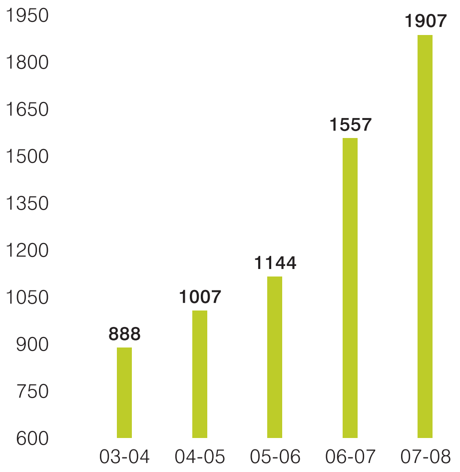
I look forward to your continued support.

With Warm regards,

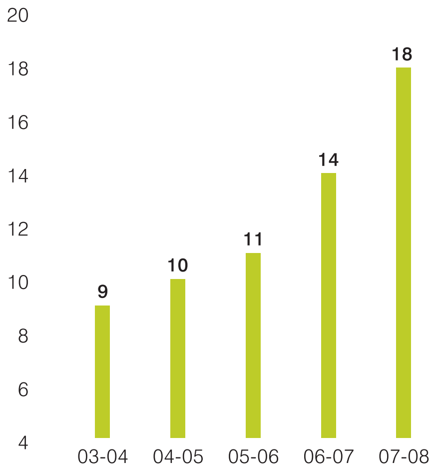
Harsh Mariwala
Chairman and Managing Director

MARICO CONSOLIDATED PERFORMANCE AT A GLANCE

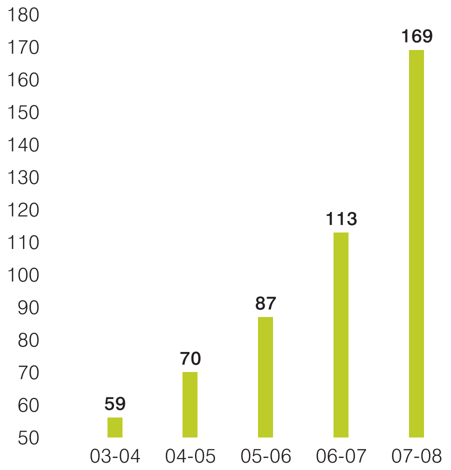
SALES AND SERVICES
(Rs. Crore)



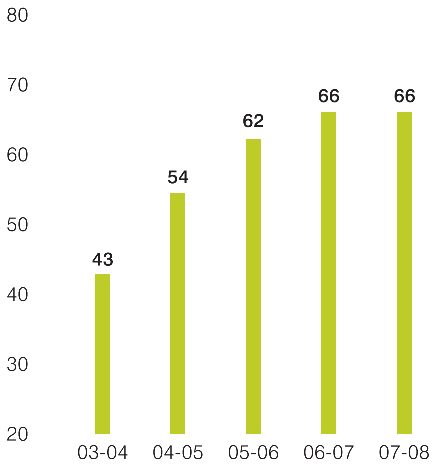
SHARE OF INTERNATIONAL BUSINESS
IN GROUP TURNOVER (%)



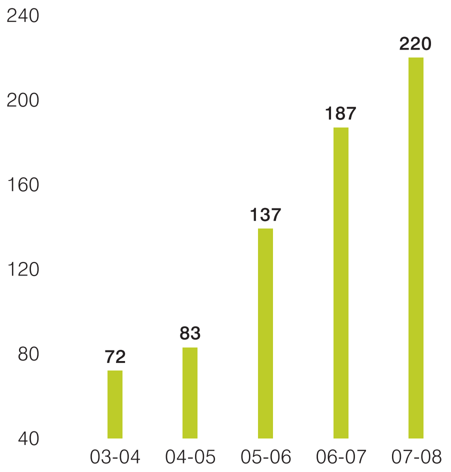
NET PROFITS
(Rs. Crore)



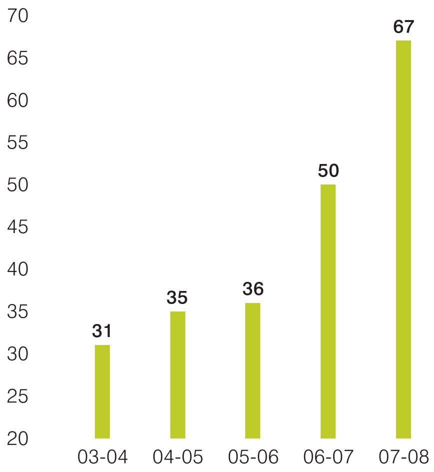
DIVIDEND DECLARED
(%)



CASH PROFITS
(Rs. Crore)



RETURN ON AVERAGE NET WORTH
(%)



ECONOMIC VALUE ADDED ANALYSIS

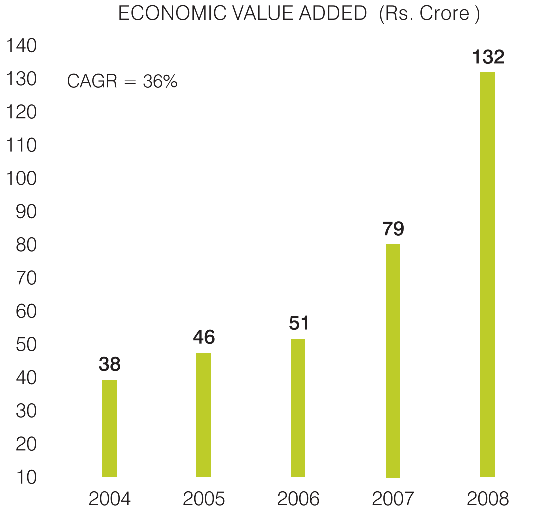
Economic Value Added (EVA) represents the value added by a business enterprise to its shareholders by generating post tax operating profits in excess of the cost of capital employed in the business.

EVA is based on the idea that a business must cover both the operating costs and the capital costs. EVA is an estimate of true 'economic' profit, that is, the amount by which operating earnings exceed or fall short of the required minimum rate of return for shareholders and lenders at comparable risk.

This concept is increasingly being deployed to understand and evaluate financial performance of companies the world over.

For the year ended March 31, 2008, Marico's Economic Value Added was Rs.132 crore as compared to Rs. 79 crore in the previous year.

Over the past 5 years Marico's Economic Value Added has grown at a compounded annual growth rate (CAGR) of 36%.



SUSTAINABLE WEALTH CREATION

Investment	Through	Shares	Value (in Rs.)	Indexed Value
April 1996 - Original Purchase	IPO	100	17,500	100
August 2002	Bonus (Equity 1:1)	100	-	-
September 2002	Bonus (Preference 1:1)	200	-	-
May 2004	Bonus (Equity 1:1)	200	-	-
February 2007	Share Split (10:1)	4000	-	-
Holdings and Cost as on March 31, 2008		**4,000**	**17,500**	**100**
Return	**Through**	**Shares**	**Value (in Rs.)**	**Indexed Value**
March 31, 2008	Market value	4000	269,000	1,537
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2008	Dividend Received*#		16,958	97
Gross Returns			**289,958**	**1,657**
Compound Annual Return since IPO			**26%**	**26%**

* Dividends are inclusive of those received on Bonus Preference Shares
# Subject to taxes as applicable

OUR BUSINESS DIRECTION 2010

We commit ourselves to improving the quality of people's lives in several parts of the world, through branded Fast Moving Consumer Products and Services in Personal and Health Care.

We shall offer brands that enhance the appeal and nourishment of hair and skin through distinctive products and services based on the goodness of coconut, other natural substances and the underlying science of hair care and skin care.

We shall make available brands that contribute to healthy living, through, both products drawn from agriculture offered in natural or processed forms, and services.

We shall develop, in parts of the world beyond the Indian Sub-Continent, a franchise for our branded products and services.

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

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

OUR VALUES - THINK CONSUMER TO BE BIG

Our values are preferred practices that will be employed in pursuit of our Business Direction. They sum up the philosophy that will build the culture to drive business growth.

CONSUMER-CENTRIC

Keeping consumer as the focus and a partner in creating and delivering solutions

TRANSPARENCY & OPENNESS

Allowing diversity of opinion by listening without bias, giving & receiving critique, with mutual respect and trust for the other

OPPORTUNITY-SEEKING

Identifying early opportunity signals in the environment to generate growth options

BIAS FOR ACTION

Preference for quick thoughtful action as opposed to delayed action through analysis

EXCELLENCE

Continuous improvement of performance standards and capability building for sustained long term success

BOUNDARYLESSNESS

Seeking support & influencing others beyond the function & organisation to achieve a better outcome/decision without diluting one's accountability

INNOVATION

Experimentation and calculated risk taking to increase success probability of radical/ pioneering ideas to get quantum results

GLOBAL OUTLOOK

Sensitivity and adaptability to cultural diversity and learning from different cultures

THINK

CONSUMER

Consumer-Centric

TO

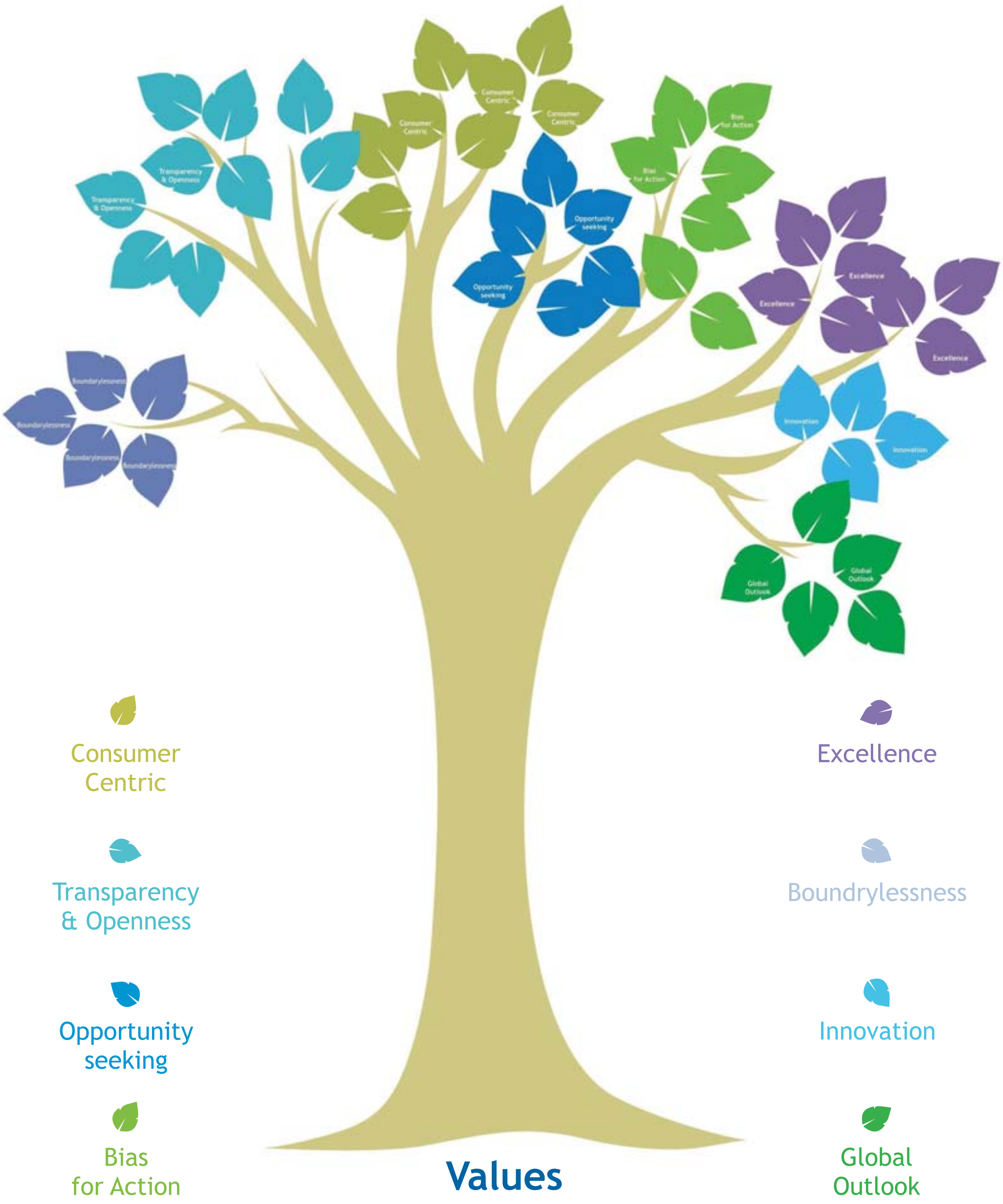
Transparency & Openness | Opportunity-seeking

BE

Bias for Action | Excellence

BIG

Boundrylessness | Innovation | Global Outlook



HOW DOES
AN FMCG COMPANY
DOUBLE ITS TURNOVER
IN 3 YEARS?

PULL OFF A COMPOUND
ANNUAL GROWTH
RATE OF 29% OVER 3 YEARS?

SUSTAIN A
LEADERSHIP POSITION FOR
ITS BRANDS?

NOTCH UP 7 ACQUISITIONS
IN 35 MONTHS?

RANK AMONG THE
TOP 8 INDIAN
GLOBAL CHALLENGERS
BY S&P?

UNCOMMON SENSE.

Marico has almost doubled its turnover in 3 years, and achieved what few FMCG companies would have been able to pull off - 29% compound annual growth over 3 years.

How did we achieve this? By looking beyond the FMCG space, and seeking new avenues for growth. Transforming from a pure oils player to one focussed on beauty and wellness. From a purely Indian firm to a global entity. From a product to solutions provider with Kaya Clinics.

At the same time, all our flagship brands continue to grow year on year, providing a firm foundation for our growth. While Parachute has been successful in growing the category through innovations, Saffola pioneered blended oils, becoming one of the strongest food brands in India. Our hair oil portfolio too has shown rapid growth. While Kaya has grown from strength to strength, notching up 45% compound annual growth over the last 3 years.

Today, Marico has emerged as one of the fastest growing FMCG companies. Our uncommon sense approach has helped us challenge the norm to push the boundaries of our existing businesses and set up new ones.

IT'S EASY TO BECOME THE FASTEST GROWING FMCG COMPANY.

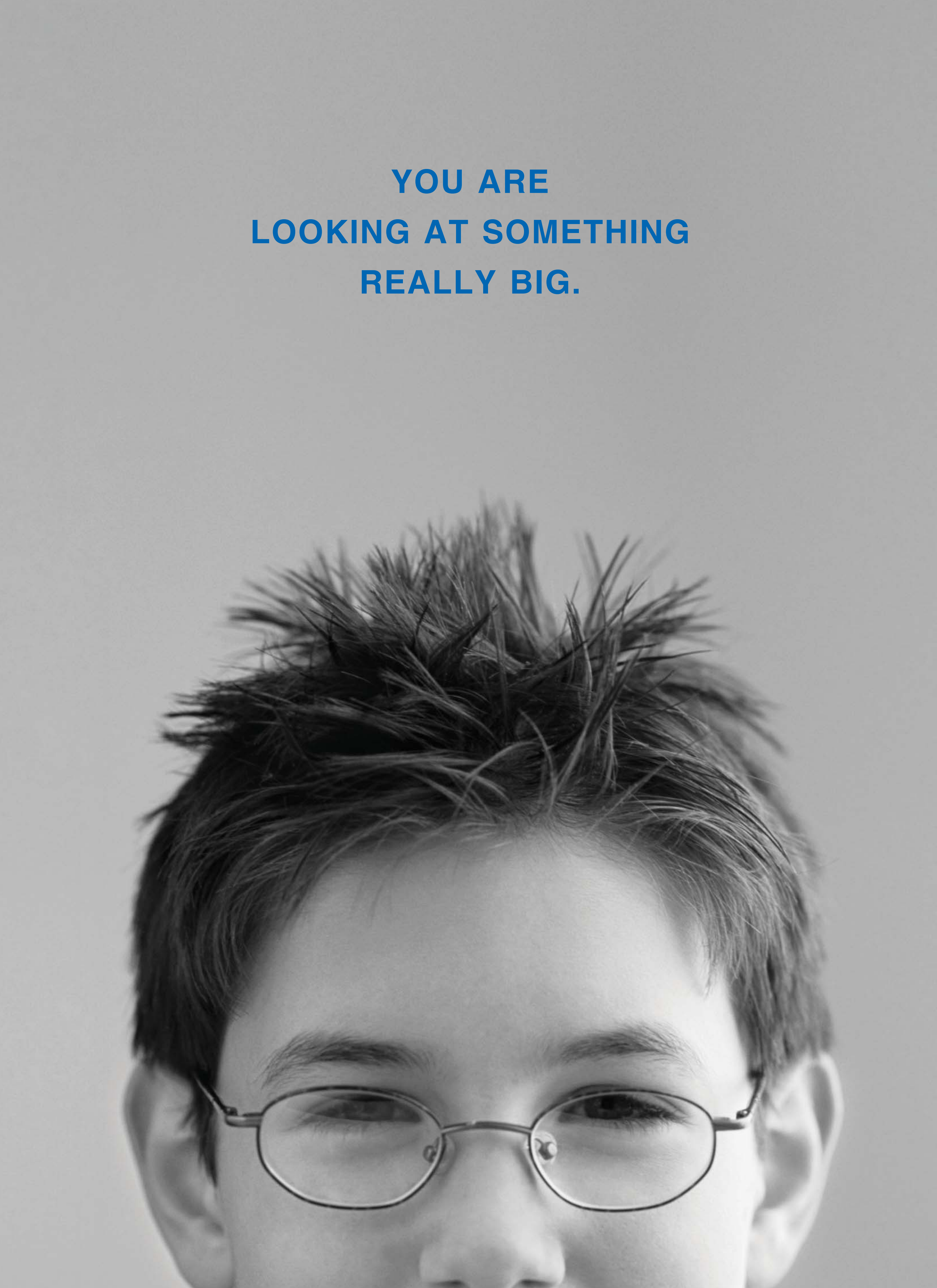
STOP THINKING LIKE ONE.

By tapping into the minds of consumers and gaining a deeper insightful understanding of what they really seek, we're able to identify opportunities and create categories where none exist.

Through Starz: a range of shampoos, 2-in-1 cream gels and non-sticky hair oils specifically targetted at kids aged 4 to 11, we were able to leverage the brand values of Parachute Advansed to create a new category for this group.

Parachute Night Repair Crème and Parachute Cream with Aquashield are other examples of value-added products that spawned new categories.

With Saffola Diabetes Management & Cholesterol Management, we were able to build on Saffola's credibility as the health care expert, to create a whole new category in India: Functional Foods.


YOU ARE
LOOKING AT SOMETHING
REALLY BIG.

When we acquired Fiancée and HairCode - two of Egypt's leading haircare brands, we acquired a captive consumer base of 26 million. Such was our confidence in these brands that we acquired both back to back, giving us a market share of 60%.

With our acquisition of Enaleni, we entered the ethnic haircare market in South Africa - estimated at Rs.600 crore.

We notched up a total of 7 acquisitions in 35 months. Last year, our international consumer products business accounted for 16% of the group's turnover, totalling Rs.300 crore.

With international revenues growing by 59%, and acquisitions in Egypt and South Africa, Marico is all set to tap markets in Africa and West Asia.

HOW LONG DO YOU
HAVE TO WAIT
TO CREATE A CONSUMER BASE
OF 26 MILLION?

NOT EVEN A DAY.

INDIA'S E

OF CH

At Marico, everyone is a member, not an employee. And as a member, each individual is empowered.

Because we believe, when you empower people to take decisions independently, to think and act as entrepreneurs, they push their own boundaries and deliver better results.

Our environment is open, and invites fresh thinking. Responsibility comes early: you could be just 3 years out of campus and handling a Rs.600 crore brand such as Parachute.

There are no patented brand manuals to template: you create your own brands and implement them. And we have no more than 5 levels between the MD and a blue-collared worker.

Naturally, we have some of the happiest people, performing at their peak. No wonder, we're rated the No.1 Employer of Choice* in the country.

*CNBC-TV18 - Watson Wyatt Survey

MPLOYER

IOICE.

AND NOT A SINGLE EMPLOYEE.

MANAGEMENT DISCUSSION AND ANALYSIS

In line with the requirements of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange, your Company has been reporting consolidated results - taking into account the results of its subsidiaries. This Discussion therefore covers the financial results and other developments during April '07 - March '08 in respect of Marico Consolidated comprising - **Domestic Consumer Products Business** under Marico Limited (Marico) in India, **International Consumer Products Business** comprising exports from Marico and the operations of its overseas subsidiaries and **Hair Care and Skin Care Solutions Business of Kaya** in India and overseas and that of Sundari LLC overseas. The consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this Discussion.

Some statements in this discussion describing projections, estimates, expectations or outlook may be forward looking. Actual results may however differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Group conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.

INDUSTRY STRUCTURE AND DEVELOPMENT

India's fast moving consumer goods (FMCG) sector is the fourth largest sector in the economy. Its principal constituents are foods, personal care, fabric care and household products. The total FMCG market is in excess of US$ 17.36 billion and is set to treble from US$ 11.6 billion in 2003 to US$ 33.4 billion in 2015.

The industry is characterized by a large unorganized sector, low penetration levels, well-established distribution network, low operating cost and lower per capita consumption.

Most products are manufactured by simple manufacturing processes that require fairly low capital investments. This has made the proliferation of localized brands and products being offered in loose form possible in small towns and rural India where brand awareness is low.

Brand building and product differentiation hence play a pivotal role in the success of a product in the FMCG sector. Consumer insighting and innovation assume great importance. Where innovation is low, smaller players are able to offer similar products at reasonable prices, making cost management another key to successful performance in the sector.

While the penetration of some product categories is high, there are several product segments in which the consumer spends as a proportion of disposable income appears very low when compared to other emerging Asian economies. Improvement in incomes is likely to steadily drive increased consumption in packaged foods, personal care and household products.

Most large FMCG companies have established nation wide distribution networks comprising company's C&F agents, distributors, wholesalers and retailers. These intermediaries ensure widespread presence for the brand so that products are available to consumers where they want them. The influx of the modern retail formats (organized retail) in the country is likely to catalyze acceleration of growth in FMCG categories where consumer interaction with products at the point of purchase is reasonably high. Penetration of the modern retail formats is still low at under 5%. However, this is expected to increase steadily over the next few years.

OPPORTUNITIES AND THREATS

Economic Growth and rise in Disposable Income

The Indian consumer remains one of the most upbeat globally. Indians are currently amongst the most optimistic about their job prospects and personal finances. This opens attractive avenues for industries planning to tap the Indian consumer market.

The per capita income in India has nearly doubled in a short span of four years to just under US$ 800 in 2006-07 (from around US$ 450 in 2002-03). The Indian working class is getting richer and the income pyramid is getting heavier at the top. Corporate salaries in India are increasing at a rate faster than in most parts of the world. With rising income levels, there is a decline in the propensity to save. Moreover, the attitude towards debt and leverage is undergoing a change. Consumers are exhibiting a greater willingness to spend using credit. It is expected that the surge in consumer spending along with the changes in consumer tastes and low penetration levels of the organized sector in several products is likely to ensure high growth rates across a range of FMCG categories.

Rise of the Urban Indian Middle Class

India is getting urbanized at a faster rate than the rest of the world and, by 2030, 40.7 per cent of the country's population will be living in urban areas, according to a report by the United Nations Population Fund (UNFPA). This provides the opportunity of a large market concentrated in India's urban centers.

Rising disposable incomes are leading to a change in mindset towards indulgence and "consumerism". Increased affordability is fuelling uptrading in FMCG products from unbranded and loose to branded and further to premium aspirational products.

The new Indian consumer is a savvy shopper. He is educated, knows his brands and is ready to spend more on premium lifestyle products and entertainment. In an attempt to push up their profit margins and to cash in on higher disposable incomes and retailing opportunities on offer, thanks to organized retail stores, several FMCG companies have aimed new launches at the urban, affluent consumer in the recent past. He is dreaming big and going all out to translate his aspirations into reality, even if it means overspending and using credit. All this has combined to make pricing a less important factor in the decision to purchase goods. Economists attribute the trend to the process of evolution brought about by global competition, proliferation of choices and growing disposable incomes in the hands of young Indians.

The Rural Opportunity

The Indian rural market with its vast size and demand base offers great opportunities to companies. Two-thirds of Indian consumers live in rural areas and almost half of the national income is generated here. It is only natural that rural markets form an important part of the total market in India.

Rural markets have however been typically characterized by inadequate infrastructure facilities, low per capita disposable income and seasonal consumption linked to dependence on monsoon, harvests, festivals, etc. The government's recent thrust on the agri sector through focus on infrastructure development and on employment generation is expected to lead to a rise in rural income levels. Stable growth in agriculture and increase in the value of farmland on the back of the boom in infrastructure such as SEZ (Special Economic Zones) has seen a rise in rural wealth. This is likely to lead to increased demand for FMCG products.

Favourable Demographic Mix

The Demographic structure of the Indian population sets up many opportunities for the FMCG sector. The median age of the Indian population is under 25 years. Today, India's youth not just has greater spending power but is also far more open to consumption than the earlier generation. With better education and greater financial independence, women become a key consumer segment. An increasing number of women are entering the work force. This segment today is far more discerning and also willing to pay a premium for quality & convenience.

Such segments will have unique needs that FMCG players can access to either revitalize their businesses or to create new ones. There would be plenty of opportunities to go beyond providing basic products to delivering solutions & experiences to consumers. Some categories such as packaged foods and branded snacks have already begun responding to these trends.

FMCG players would however have to innovate to access these opportunities and develop offerings that are better designed to address the needs of these segments.

Growing Awareness through exposure to Education and Media

Higher literacy levels with exposure to media have led to a general increase in the health and hygiene awareness among the masses, driving the demand of packaged products. India is also witnessing an alarming increase in heart related conditions. Deaths on account of cardio-vascular diseases in India are projected to be much higher than the world average. High fat diets and recent trends in lifestyle are contributory factors. Consumers are increasingly taking to solutions that deliver healthy lifestyle, and companies in the FMCG sector are responding to this enhanced consumer demand.

Branded Solutions Sector

The rising disposable income level in India has also seen the emergence of lifestyle solutions offerings. Brands of gymnasia, spas and health clinics are establishing themselves in large cities as well as resort locations. Consumers are willing to pay significant premiums for efficacious solutions and better service levels. Apart from using personal grooming products, consumers are also using services for their hair care and skin care needs. Advances in the area of cosmetology, have made it possible to leverage technology and medical science to offer solutions to address health based grooming needs.

RISKS & CONCERNS

Competition

The retail environment is highly competitive, both in India and in international markets. There are several strategies adopted by companies to increase market shares through advertising, pricing, channel discounts, quality, service, multi location operations, new product introductions and distribution reach, among others.

In order to protect existing market share or capture market share in this highly competitive environment, significant expenditure in advertising and promotions is needed and is fraught with inherent risks. In addition, competitors may follow an aggressive advertising and promotions strategy. Increasing competitive pressure may also impact the capacity to command a pricing premium in some market segments.

Successes in product launches

The new product success rate in the FMCG industry is modest. Introduction of new products may face non-acceptance by the consumers, non-achievement of anticipated sales targets on account of failure of marketing strategy to reach a predefined market segment, etc. New product initiatives may also experience cost over runs due to investments exceeding expectations or cannibalization of sales in existing products.

Input Costs

Over the last 18 months or so, we have witnessed a sharp rise in food grain and vegetable oil prices. A rising demand supply mismatch has been caused in good measure by rising per-capita incomes, rising calorie intake and increasing diversion of grain usage to bio-fuels.

India is the third largest consumer of edible oils (after China and the EU) and currently imports about 40% of its requirement. Domestic prices remain susceptible to international price trends. Increasing diversion of soya oil and palm oil to bio-fuels and strengthening demand from China and India have resulted in tight supply conditions. In a bid to contain high inflation in the domestic market, the government recently cut import duties on most forms of vegetable oil to nil. Global price hikes are however expected to keep the prices high.

THE RISING DISPOSABLE INCOME LEVEL IN INDIA HAS ALSO SEEN THE EMERGENCE OF LIFESTYLE SOLUTIONS OFFERINGS. BRANDS OF GYMNASIA, SPAS AND HEALTH CLINICS ARE ESTABLISHING THEMSELVES IN LARGE CITIES.

The prices of crude oil and crude oil derivates have also been on the rise. In recent months, prices have remained above US$100/barrel and are trending higher.

High commodity prices are likely to see inflationary pressures on FMCG products in the near future. Brands with equity will find it easier to pass on price increases to their loyal consumers.

Interest Costs

Even with the worst of the recent global crises behind us, the cost of money is likely to remain high. Banks are trying to recapitalize and at the same time shed bad assets. Financing costs are higher and new money harder to come by.

Inorganic Growth

FMCG companies have identified inorganic growth as one of the avenues for growth. They may make acquisitions and enter into strategic relationships in the future as part of their strategy in India and overseas. However, it might be difficult to identify or conclude appropriate or viable acquisitions in a timely manner. Further, the acquisitions may not necessarily contribute to profitability in the short run and may divert management attention or require the company to assume a high level of debt or contingent liabilities. In addition, they may experience difficulty in integrating operations and harmonizing cultures leading to a non-realisation of anticipated synergies or efficiencies from such acquisitions.

A part of our revenues are earned in currencies such as US Dollars, Bangladeshi Taka, UAE Dirham, Egyptian Pound and South African Rand. Any expansion into new geographies and undertaking of new projects also exposes us to additional foreign currency risks associated with such diversification. We also import some of our input materials into India in foreign currencies including US Dollars and Australian Dollars. While we may undertake appropriate foreign exchange hedging from time to time, any significant fluctuations in these currencies can have an adverse impact on our financial performance.

FMCG market in Bangladesh

Bangladesh, India's neighbour in the East, has similar consumer habits as that in India. A population of around 150 million provides a large concentration of consumers within its borders. As a developing economy, with a large part of the population with modest incomes, the country provides an opportunity for value for money FMCG products. In recent years, the GDP growth rate has been at 5% to 6%, which is expected to translate into greater disposable income in the hands of the consuming masses.

FMCG market in Egypt

A process of economic liberalisation, inflow of foreign capital and investments in infrastructure are seeing a healthy trend in the economy in Egypt. The GDP is growing at a rate of 6% to 7%. As income levels rise, consumption of FMCG products is expected to show an increasing trend. Egypt has a population of about 82 million, but most of this is concentrated in a few cities in the Nile Delta and along the banks of the river Nile. This makes distribution in the country relatively easy. The market for FMCG products is segmented into premium imported brands, high end brands from MNCs based in Egypt, and mass market local brands. Each brand finds its value position in one of these segments.

FMCG market in the Middle East

The GCC market for consumer goods has been rapidly expanding. This booming market is the eclectic mix of local consumers and its large expatriate population belonging to various nationalities. The continually rising crude oil prices are adding to this buoyancy with growths on many fronts including consumer spending. Privatization has resulted in large inflow of foreign direct investment, with a positive impact across sectors including consumer goods. Marketers of consumer goods from around the world are finding the GCC market one of the most lucrative.

FMCG market in South Africa

South Africa has been witnessing developments which are expected to impact the economy positively. Its population has grown by 18% and household income has doubled since 1994. The country's GDP has recorded a growth rate of 4.2 % and is expected to show sustained growth. A process of liberalization ensuring equitable participation has led to empowerment of the weaker sections of the population, leading to a growth in product categories aimed at them. With increased demand for metals and commodities, the country's mining and exploration industry is witnessing a boom. Investments in infrastructure for the World Cup Soccer to be held in 2010 in South Africa are also expected to have a positive impact on the country's economic growth and drive consumption.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Marico has a well-established and comprehensive internal control structure across the value chain to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. The key constituents of the internal control system are:

- Establishment and review of business plans
- Identification of key risks and opportunities
- Policies on operational and strategic risk management
- Clear and well defined organisation structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls
- Operating procedures to ensure effectiveness of business processes
- Systems of monitoring compliance with statutory regulations
- Well-defined principles and procedures for evaluation of new business proposals/capital expenditure
- A robust management information system
- A robust internal audit and review system

M/s Aneja Associates, Chartered Accountants have been appointed to carry out the Internal Audit for Marico. The work of internal auditors is coordinated by an internal team at Marico. This combination of Marico's internal team and expertise of Aneja Associates ensures independence as well as effective value addition.

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 auditors 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, the Company continued to track the effectiveness of controls across all operating centres, using a measure called Control Effectiveness Index (CEI). CEI is a proprietary methodology developed and deployed by the Internal Auditors in Marico. Under this system a score on CEI is calculated based on status of control in each functional area. This system has helped strengthen controls in the Company through improved awareness among the role holders.

The SAP suite of ERP (SAP R/3, SCM, APO) provides a real time check on various transactions emanating from various business processes of the Company. Mi-Net, the web-enabled architecture that links Marico to its biggest business associates, namely its distributors, also helps the Company exercise similar controls over its sales system.

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.

Great people resources deliver great results. The Company lays emphasis on hiring right. Its managerial talent is sourced from the country's premium technical and business schools and from amongst those with the country's premier professional qualifications. The Company believes in providing challenge and early responsibility at work that serves to keep team members enthused and motivated. Co-creation of the common values and alignment with the long-term business direction of the Company helps each individual relate his/her role and contribution to the over-arching Company objectives.

Many of the Company Human Resource programmes and initiatives in Marico are aligned to meet the business needs. The Company has been able to create a favourable work environment that motivates performance. Marico has a unique process of performance enhancement through deployment of MBR (Management By Results) to create an environment of challenge and stretch. It is also linked to a variable element of performance-based compensation.

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.

The Company believes in investing in people to develop and expand their capability. Marico's strategies are based, inter alia, on processes of continuous learning and improvement. Personal development plans focus upon how each individual's strengths can be best leveraged so as to help each one to deliver to his/her full potential. External training programmes and cross-functional exposure often provide the extra edge.

Marico continues to measure and act upon improving the "engagement levels" of its teams. Impact planning sessions were conducted for 54 teams across Marico. Each team identified specific action plans to build engagement at their workplace.

An acronym for Marico Values was designed and institutionalized in Marico across Business /

Functions and Geographies. The new Acronym is:

Think **C**onsumer **TO BE BIG** as:

- **C** Consumer Centric
- **T** Transparency & Openness
- **O** Opportunity Seeking
- **B** Bias for Action
- **E** Excellence
- **B** Boundarylessness
- **I** Innovation
- **G** Global Outlook

Member Assistance Program was launched in April 2007 in association with 1to1help.net, a counseling service run by a team of qualified and experienced counselors. Member Assistance Program is a service wherein Mariconians and their immediate family members can avail of various services like counselling face to face, telephone and online website articles and self assessment Tests free of cost and in complete anonymity.

As on March 31, 2008, the employee strength of the Marico Limited was 1,195 and that of the entire Group was 2,211.

Employee relations throughout the year were supportive of business performance.

The company's focus on Human Resource has also been recognized externally:

- 3 top Awards instituted by CNBC-TV18, U21 Global and Watson Wyatt Worldwide, in the following categories: India's Employer of Choice for 2007, Award for HR Excellence & Award for Best Employer in the Consumer Products and Healthcare Sector.
- NDTV Profit - Business Leadership Award, FMCG Personal Hygiene Category (July 2007).
- The Pink Slip Awards in 3 categories - Sales & Marketing, Best Campaign of the year and Best Employer Branding of the year.
- Harsh C Mariwala, awarded "CEO with HR Orientation" at the Global Excellence HR Awards by Asia Pacific HRM Congress.

CORPORATE SOCIAL RESPONSIBILITY

"A good company delivers excellent products and services, and a great company does all that and strives to make the world a better place."

- William Ford Jr., Chairman, Ford Motor Co.

Corporate Social Responsibility (CSR) to Marico is an expression of being a responsible citizen. Marico defines it as all roles played by it in the course of discharging its responsibility to all the constituencies from which the organisation draws strength for conducting its business. CSR is thus community membership and leadership.

Marico's CSR is based on interdependence and it believes in the need for an efficient business eco-system, where business and the rest of the society co-exist with respectful interdependence.

The various constituencies targetted and reached out for CSR are:

- The neighborhoods of all Marico locations

Under this initiative Marico at various office and factory locations in India and overseas promotes education, sports, art, culture and supports welfare and relief operations.

- Marico Innovation Foundation

Spheres or processes which if strengthened enable business to prosper and uplift the status of the whole society. Setting up of the Marico Innovation Foundation reflects on Marico's belief in innovation as a process. The Foundation's objective is to fuel innovation in India. Initiatives undertaken by the Foundation are:

- Research in the areas of cutting-edge innovations in the Business and Social Sectors

- A unique partnership between top Indian Business Schools and the corporate world in Applied Innovation

- Innovation For India Awards to reward Business and Social Innovation

MARICO GROWTH STORY

Marico turned in a revenue of Rs. 1,907 crore during FY08. At 22%, it was another year of healthy growth over the previous year. This comprised 17% organic growth accompanied by 5% inorganic growth. All its businesses, those of consumer products in India, international business and Kaya skin solutions contributed to the overall growth.

Together with this topline increase, the bottom-line recorded a growth of 50%. Profit After Tax (PAT) during the year was at Rs. 169 crore as against Rs. 113 crore in FY07. This PAT for FY08 includes certain extraordinary items (exchange gain on loan repayment Rs.10.6 crore, an additional charge on account of accelerated depreciation Rs. 4.3 crore and profit on sale of the Sil business Rs.10.6 crore). Had it not been for these items, the PAT would have been Rs. 155 crore, a growth of 27% over FY07 (extraordinary items excluded from the comparable figure in the previous year).

THE COMPANY HAS DEMONSTRATED STEADY GROWTH ON BOTH THE TOPLINE AND BOTTOMLINE. OVER THE LAST 5 YEARS, THEY GREW AT A CAGR OF 21% AND 30% RESPECTIVELY.

Q4FY08, in Y-o-Y growth terms, was the:

- 30th consecutive quarter of growth in turnover, and
- 34th consecutive quarter of growth in profits

The company has demonstrated steady growth on both the topline and bottomline. Over the last 5 years, they grew at a CAGR of 21% and 30% respectively.

Focus on Growth

Prototypes and New Launches

In order to generate additional sources of growth in the coming years, Marico as an FMCG company must create a healthy pipeline of new products. The company intends to introduce new offerings to its consumers through prototype launches at regular intervals. Some of the products that the company has prototyped during the year are discussed below:

Maha Thanda

Marico's hair oil basket in India includes Parachute Advansed coconut oil, Parachute Jasmine and Nihar perfumed coconut oils, Hair and Care and Shanti Badam Amla. During Q4FY08, Marico marked an entry into the fast growing cooling oil market with a view to plug this gap in its hair oil portfolio. Maha Thanda is an Ayurvedic hair oil with extracts of several herbs and can be used for a cooling head massage that helps reduce stress, soothe headaches and enable good sleep. The national market for the category is estimated to be about Rs 400 crore with a growth of over 20% during the last year. Maha Thanda is being prototyped in Bihar and is endorsed by the Bhojpuri celebrity Ravi Kishan.

Parachute Advansed Starz

In December 2007, the company began prototyping the Parachute Advansed Starz range of hair care products for kids. This comprises a

coconut based non-sticky hair oil, a gentle shampoo and a nourishing cream gel. The cream gel introduces a new format with the cream providing the goodness of coconut, keeping hair free from damage while the styling gel allows an instant cool and sporty hair-do. Parachute Advansed Starz hopes to capitalize upon a gap in the hair care for kids market in India today. The response hitherto has been encouraging.

Saffola Diabetes Management Atta Mix

Saffola enjoys substantial equity for its perceived health benefits, especially on the good for heart platform. Given the widespread issues of heart health in India, significant potential exists for the introduction of lifestyle management products. While the functional foods concept is still in its nascent stages in India, the brand hopes to play a leadership role in creating this habit amongst health conscious consumers.

The company had introduced Saffola Cholesterol Management last year. During FY08, it commenced the prototype of Saffola Diabetics in Delhi and the National Capital Region. In order to leverage the current health and lifestyle trend in India, the company plans to build a portfolio of functional food products.

Geographic expansion - Entry into the South African ethnic hair care and health care market.

During Q3FY08, Marico made an entry into the South African ethnic hair care and health care market through the acquisition of the consumer division of Enaleni Pharmaceuticals Limited.

Kaya Expansion

Kaya skincare services were made available to its customers at 18 new clinics during FY08. Kaya Skin Clinic now has a presence through 65 clinics of which 56 are in 19 cities across India and 9 service its customer in the Middle East.

During the year, Kaya also began offering weight management solutions at 3 centers under the brand Kaya Life.

Consumer Products Business - India:

In the consumer products business, the flagship brand Parachute Coconut Oil grew by 10% in volume over the previous financial year. The focus segment of the hair-care range (Parachute Jasmine, Parachute Advansed, Shanti Badam Amla, Nihar Naturals and Hair & Care being the key elements) grew by 16% in volume. In the Premium Refined Oils market, Saffola, the company's second flagship, grew by 22% in volume during the year.

A few Brand Stories

Parachute & Nihar

Over the last few years, Marico has focused on a consistent strategy of growing the coconut oil market by encouraging conversion from loose oil to branded oil. At the same time Parachute has also worked on increasing its market share in pockets where the scope to do so is higher than in its strongholds, through various micro-marketing and distribution expansion initiatives.

During the year, Parachute coconut oil in rigid packs recorded a volume growth of 11% over the previous financial year. In July 2007, retail prices of the brand were increased by 3%, in anticipation of some inflation in input prices. Though input costs did not increase as expected during the major part of 2007, Parachute continued to show good volume growth and has maintained its market share.

Parachute's market share for the 12 months to March '08 was at 48% in volume terms.

Given the brand's strong equity amongst its consumers, the company expects to be able to pass on any increases in input prices and maintain its margins per unit volume. The competitive scenario in the category remains by and large unchanged. While there have been a few entrants, their impact has not been very significant. The company is keeping a watch on the progress of these brands.

Nihar coconut oil grew at a modest rate of 4% during the year. The annual growth appears low as the growth in the first half was depressed on account of pipeline filling during the previous year, the period immediately after Marico acquired the brand.

Marico commands a 56% share of the coconut oil category in India with its three brands Parachute, Nihar and Oil of Malabar.

Saffola

The brand continues to leverage the growing awareness about heart health in India. Saffola has been actively promoting health consciousness and positioning itself on the "preventive" platform. The Saffola refined edible oil franchise grew by 22% in volume over FY07, led by higher growths in Saffola Gold.

Prices of most edible oils have seen a significant increase in recent times, caused by a shift in the demand-supply equation with some edible oils being used in bio-fuels. The steep increase in input prices has necessitated retail price increases during the year. Saffola recorded a very healthy volume growth, these price increases notwithstanding. Continued advertising and sales promotion support that reinforces the equity of the brand is paying dividends.

The "Saffola World Heart day" campaign won a Bronze at the first-ever Asia Pacific Effie Awards at Singapore. With this, Saffola has emerged as one of the most awarded brands for effective advertising across the region by winning 5 Effie's over the last 3 years.

Hair Oils

The Hair Oils category has been experiencing healthy growth. Marico's hair oils in rigid packs, the focussed part of its hair oil basket, grew 16% in volume over the previous year. The company used promotional offers and micro marketing initiatives to drive volumes.

The "Gorgeous Hamesha" campaign of Parachute Advansed endorsed by film personality Deepika Padukone has been received well. This together with the "One hour Champi" campaign from Parachute Advansed is expected to encourage increased usage of the brand both pre-wash and post wash. Parachute Advansed also introduced two innovative packs in the market. The "hot champi" (hot head massage) pack consists of a hair oil warmer along with a bottle of Parachute Advansed coconut oil. Consumers can enjoy the benefits of a hot oil massage in the comfort of their homes. Besides, the warm oil becomes easy to pour, even if the oil tends to freeze in winter. The Parachute Advansed Easy Champi pack is a spray pack that facilitates application of oil at the hair roots and helps reach every part of the scalp easily.

In the perfumed coconut oil rigid category, Parachute Jasmine and Nihar perfumed oils grew by 12% in volume. Marketing support has ensured continued performance in the market place. With Nihar focussed on the markets in the East and Parachute Jasmine in other parts of the country, Marico has a lion's share in the perfumed coconut oils market. During the 12 months to March 2008 its share in rigid packs was at 78%. The company has also capitalized on synergies to improve its margins in the category.

Shanti Badam Amla achieved a growth of 24% in FY08 over FY07. Its market share in the Amla oil category was 9% (12 months to March 2008).

During the fourth quarter of FY08, Hair & Care saw the national launch of a new campaign

"Hair Ko Miley Healthy Care", aimed at communicating that the goodness of herbal proteins present in Hair & Care helps result in healthy hair with a great bounce. In order to connect with the youth, who look for constant excitement and innovation, Hair & Care created a property called "Style Icon", a hunt for the new face on the pack for the brand. Piloted in Gujarat, the property created a lot of buzz. The brand registered a volume growth of 15% during FY08. Its share in the NSHO (Non-Sticky Hair Oils) market for the 12 months to March 2008 was 17%.

Post Wash Conditioners

Marico has occupied a place in the newer age hair care formats popular amongst the youth through a portfolio of post-wash hair-grooming products.

These include Marico's Silk n Shine a post-wash conditioner, Parachute After Shower hair cream and hair gel. These are still nascent segments in the hair grooming category in India and the company intends to establish its presence in these segments that could see an inflection in usage in the future and to play its role in category creation. It may however be a while before they reach a significant size.

Silk n Shine, a post wash conditioner, continued to be promoted in a campaign promising "parlour like silky hair" endorsed by celebrity actress Katrina Kaif. During the fourth quarter of FY08, Silk N Shine launched "Shining Star Hunt" in colleges in Delhi, an innovative marketing activity aimed at improving awareness and driving relevance for the brand by taking it closer to its consumers. The brand has a share of 32% in the post-wash conditioner market (during the 12 months ended March 2008).

In the Male Grooming segment, Parachute Aftershower cream signed on Indian cricketer Sreesanth as its second brand ambassador in addition to Yuvraj Singh. A new campaign featuring both the brand ambassadors went on air in December 2007 driving the proposition of 24 x 7 dandruff free styling supporting the anti-dandruff variant. Parachute After Shower hair cream now commands a 42% share of the hair creams market (during the 12 months ended March 2008). Parachute After Shower gel launched in December 2006 has been receiving a good response. Marico's share in the male grooming segment, including gels, is about 21%.

Modern Trade and Marico

Marico's business portfolio is well balanced between modern trade and other retail formats. Marico's presence in modern trade is likely to grow manifold in some categories with major expansion plans of existing retail chains and the entry of new ones. This will put some pressure on internal margins as these chains provide a great opportunity for driving business growths and are hence quite demanding. However, strong brands will have their own pull and the balance of power may not necessarily be one sided. Moreover, this medium also provides opportunities of cost saving in supply chain/distribution through disintermediation and in packaging costs. The open format stores of Modern Trade also facilitate "consumer interaction" with the

MARICO HAS OCCUPIED A PLACE IN THE NEWER AGE HAIR CARE FORMATS POPULAR AMONGST THE YOUTH THROUGH A PORTFOLIO OF POST-WASH HAIR-GROOMING PRODUCTS.

products. This helps some of our new products such as Parachute Therapie and Saffola functional foods where packs are an important tool for consumer education. As of now, modern trade accounts for about 5% of Marico's turnover.

International FMCG Business

Marico's overall international business grew by 59%, while its organic growth over FY07 was 21%.

In its traditional markets, namely the Middle East and Bangladesh, Marico's International FMCG business continued to grow and record share gains.

In Bangladesh, Parachute coconut oil has been going from strength to strength. It has gained market dominance backed by strong marketing support. During the 12 months ended March '08, its market share was 67%. Parachute will focus on growing the branded market by encouraging conversions from loose oil.

In the Middle East, Parachute Cream's focussed marketing efforts, including advertising and in-store promotional activities have yielded good results. The brand has now begun closing the gap on the leader in the GCC countries, Brylcream. Its advertising is locally tailored and uses a regional celebrity for endorsements. Earlier during the year, the brand was restaged as Parachute Aqua-shield, on the platform of nourishment plus protection from harsh water. The GMR Outstanding Achievement in Marketing Award was conferred upon Parachute for the second consecutive year.

The Egyptian brands, Fiancée and HairCode are performing as per expectations. They achieved a turnover of about Rs.88 crore during the year. Advertising support accompanied by promotional offers during the Africa soccer championships helped in expanding the franchise. The current combined market shares of the two brands in Egypt stand higher at 62%. The company has also commenced exports of the products to neighbouring African nations.

MARICO'S OVERALL INTERNATIONAL BUSINESS GREW BY 59%, WHILE ITS ORGANIC GROWTH OVER FY07 WAS 21%.

Earlier during the year, Marico commenced putting up a green field project in Egypt which will serve as a manufacturing base for the MENA (Middle East and North Africa) region. This aims to leverage benefits from trade agreements between Egypt and countries in the Middle East.

Geographic expansion forms part of Marico's growth strategy. In November 2007, Marico entered the fast growing South African ethnic hair care and health care market through the acquisition of Enaleni Pharmaceuticals Consumer Division Pty Ltd. The market for Ethnic Hair Care and Relevant OTC Healthcare products in South Africa is estimated to be in the region of about Rs.600 crore. The Durban-based entity is present across segments such as Hair Relaxers, After Care-Hair Food and Hair Conditioners with a current annualised turnover of about Rs.53 crore comprised largely of 3 brands, viz. Caivil in premium ethnic hair care, Black Chic in VFM hair care and Hercules in OTC Health Care. The process of integration of the business is underway. During FY08, Marico clocked a turnover of Rs. 20 crore in South Africa.

Marico expects to capitalize upon the rapidly growing ethnic hair care market driven by Black

Economic Empowerment (BEE) in South Africa. At the same time however, it anticipates the need for brand building investments. The contribution to the bottom line during the first two years is thus expected to be negligible.

A good performance from all geographic regions has enabled the International Business to show healthy growth. Marico's International Consumer Products Business now comprises about 16% of the group's turnover. Continued Rupee appreciation against the United States Dollar, is putting some pressure on the International Business margins and growth in Rupee terms.

Sundari

In line with the Operating Agreement with its joint venture partner, Shantih LLC, Marico has exercised its call option to raise its stake in its subsidiary Sundari LLC from 75.5% to 100%. With effect from October 23, 2007, Sundari has become a wholly owned subsidiary of Marico Limited.

Kaya Skin Clinic

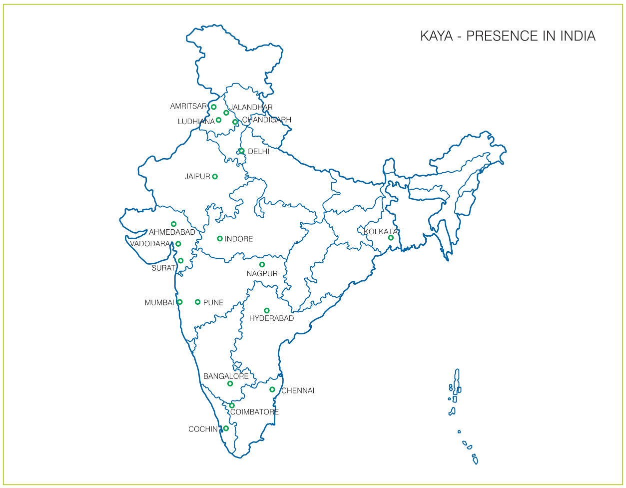
During FY08, Kaya skin care added 18 clinics, making the chain 65 clinic strong (56 in India and 9 in the Middle East). Each of these is currently company owned and managed, there being no plans as of now to adopt a franchise model. In choosing locations in India, Kaya would try to saturate demand in existing cities (it is already present in 19 cities in India) and reach out to only a few new cities. In the Middle East, Kaya extended its services beyond UAE by opening clinics in the Sultanate of Oman and the Kingdom of Saudi Arabia.

Kaya's skin care business achieved revenue of Rs 100 crore during FY08, a growth of 34% over FY07. This growth has been delivered roughly in equal measure through new clinics, volume increase from existing clinics and price increases.

DURING FY08, KAYA SKIN CARE ADDED 18 CLINICS, MAKING THE CHAIN 65 CLINIC STRONG

Kaya has been introducing new service offerings to its customers. During the year, Kaya Skin Renewal was launched nationally. The service which is a range of peels targeting specific skin needs of customers such as pimples, age-control, pigmentation, clarity and overall skin health holds good potential as a differentiated offering.

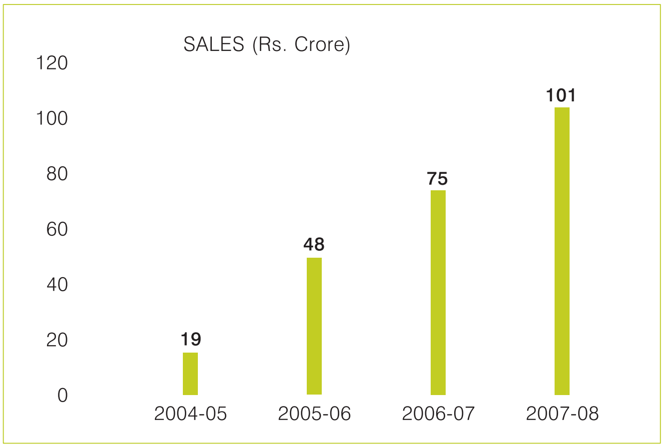
In addition to the skin care services, Kaya has begun providing a thrust to product sales. During the year, Kaya launched a range of hypoallergenic products for sensitive skin, comprising a Cleanser, Moisturizer and Sunscreen sans perfume. In Q4FY08,



a Face Cleanser, Kaya Fairness Day Cream and Kaya Fairness Night Cream were added to the Kaya basket of products. In order to enhance the product revenue stream, Kaya began prototyping the "shop-in-shop" model through kiosks at malls such as Lifestyle and Hyper City. The response from this experiment was good and the company has tied up with other malls and is currently present at about 36 locations.

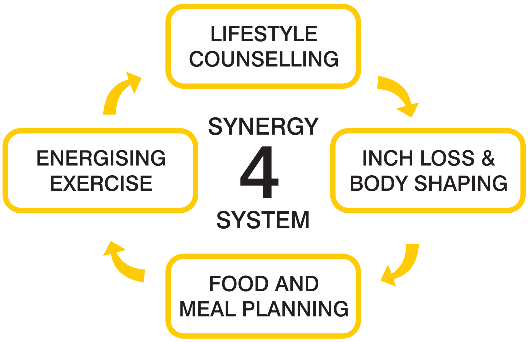
Currently, products form a share of about 13% of Kaya's revenues.

The graphs given below show the growth in Kaya's performance over the years.



Kaya Life

In June 2007, Kaya was extended beyond skin care solutions. Kaya Life centers offer holistic weight loss solutions that are customized to individuals. The business has a unique proposition of



customized, holistic, sustainable weight management using the Synergy 4 model (four pillars of **L**ifestyle counseling, **I**nch Loss, **F**ood & Meal planning and **E**nergizing exercises). The feedback received from Kaya Life customers has been positive. They have witnessed consistent results and are satisfied with the Kaya Life methodology of weight management.

Kaya Life had opened its first center at Juhu in Mumbai towards the end of the first quarter of FY08. During Q4FY08, two more centres were opened in Mumbai (Malad and Bandra). Based on these, the model would be further refined over the next few months before a national roll out. The business is currently testing new initiatives in the area of building awareness and scalable customer acquisition.

COST STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY08	FY07
Material Cost (Raw + Packaging)	51.4	51.6
Advertising & Sales Promotion (ASP)	12.9	13.6
Personnel Costs	6.6	5.8
Other Expenses	16.1	15.9
PBDIT Margins	12.9	13.0
Gross Margins (PBDIT before ASP)	25.8	26.6

Notes:

- In order to make comparison meaningful, extraordinary items with a one-time impact have been excluded from the above table. These include a reversal of provisions during FY07 of Rs.8.0 crore pertaining to personnel costs and Rs.4.9 crore of ASP.
- Personnel expenses are higher owing to normal remuneration increases, performance incentives and higher head count, particularly in Kaya.
- The company has a conservative treasury policy with minimal risk exposures. It did not incur any losses on account of derivative structures and has no derivative structure exposure on its books.
- Previous period/year figures have been regrouped/restated wherever necessary.

CAPITAL UTILIZATION

Over the years, Marico has been maintaining a healthy Return on Capital Employed (ROCE). Given below is a snapshot of various capital efficiency ratios for Marico:

Ratio	FY08	FY07
Return on Capital Employed (%)		
• Marico Group	39.8	32.9
Return on Net Worth (Group) (%)	66.7	49.7
Working Capital Ratios (Group)		
• Debtors Turnover (Days)	14	14
• Inventory Turnover (Days)	46	41
• Net Working Capital Turnover (Days)	34	26
Debt: Equity (Group)	1.20	1.08
Finance Costs to Turnover (Group) (%)	1.5	1.3

The net working capital turnover ratio was higher on account of a fall in the balance of current liabilities and provisions during the quarter on a y-o-y basis. Current Liabilities were higher during FY07 on account of the final tranche for the Fiancee acquisition consideration being payable and paid over the subsequent quarters.

Marico's borrowings as on March 31, 2008 were about Rs.358 crore. The company has adequate cash flows to maintain healthy debt service coverage.

The sharp increase in the ROCE and RONW is partly on account of the balance sheet restructuring the company undertook in March 2007, involving an adjustment of intangible assets against special reserves to the extent of Rs.309 crore.

SHAREHOLDER VALUE - RELATED POLICIES & PRACTICES

Payout-Distribution of profits to shareholders

Marico's Distribution policy, which aims at sharing Marico's prosperity with its shareholders, through a formal earmarking / disbursement of profits to shareholders, has, in the past, been characterized by the following:

1. Payout increasing from year to year.
2. Relentless regular dividend every quarter reflecting the confidence to sustain Continuous Distribution

Marico has concluded seven acquisitions since April 2005. The cumulative investment has aggregated over Rs.550 crore. These acquisitions have been funded partly by internal cash generations, partly by the QIP issue of Rs.151.4 crore in November 2006 and partly by borrowed funds. Given Marico's appetite for funds and the need to keep the capital-gearing ratio at reasonable levels, it is necessary to conserve its financial resources and deploy the operating profits back in business. In line with this strategy, the board of directors of the company has decided to follow a conservative dividend policy, as compared to the past, unless the company is unable to deploy the funds in attractive growth opportunities. The broad direction for the moment is to declare the same quantum of dividend each year. On a growing profit base therefore, the payout ratio would be lower.

Dividend declared

At its meeting held in July, October 2007 and April 2008, the board of directors had declared interim dividend of 13.5%, 15% and 37% respectively. With this the cumulative dividend declared for the year is 65.5%, the same as the percentage declared in FY07. Consequently, on a higher profit base, the dividend payout ratio is lower at 28% (inclusive of dividend distribution tax).

OTHER DEVELOPMENTS

Sil Divestment

Marico has defined the segments of Beauty and Wellness as the space in which it would operate. Certain parts of its brand portfolio therefore, have not been the focus of its operations over the last few years. The Sil range of jams and other processed foods does not strictly fit into its focus segments. In line with this strategy, the Sil business was divested on March 11, 2008 to Scandic Food India Pvt Ltd, the Indian subsidiary of Good Food Group, a Danish business house, on a slump basis, including the manufacturing facility at Saswad, for a profit of Rs.10.6 crore. Marico will distribute the Sil range of products for Scandic for one year. Sil's share in Marico's turnover was not significant.

INFL Distribution

Marico and Indo Nissin Foods Ltd (INFL) have mutually decided to end their distribution alliance. Marico had been distributing the Top Ramen range of products for INFL, a subsidiary of Nissin Foods of Japan, in India, since 1998. When Marico entered into the alliance with INFL, it had a turnover of about

Rs 500 crore. This was supported by an extensive distribution network which the alliance partners sought to leverage. Since then, Marico has grown its own business more than three times. The company would like to focus its energies on distribution of brands from its own stable. Having achieved a certain critical size, INFL is also keen to set up a distribution network in India to service its own products. The two companies thus agreed to end the existing distribution agreement with effect from April 1, 2008. Marico's income from distribution of Top Ramen was about Rs.3 crore.

OUTLOOK

In the recent past, Marico has been on a high growth path. In FY07, the company grew by 36% followed by 22% in FY08. During FY08, 17% was organic growth accompanied by 5% inorganic growth. Moreover, a significant portion of Marico's growth has been through volume expansion.

The company's focus will remain on delivering healthy growth. The company's flagship brand Parachute has grown at over 10% in volume during the last 2 years. The company expects that given its size and the penetration achieved in the category, the brand can deliver a sustainable rate of growth of 6% to 8%. Its second flagship, Saffola has also been registering high growth rates in the recent past. The company believes it can grow this premium niche segment of refined edible oils by around 15%. Marico's hair oils portfolio, comprising Hair & Care, Parachute Jasmine, Nihar perfumed oil, Shanti Amla and Parachute Advansed grew at 16% in FY08. The company expects this segment to contribute to a significant part of the topline in the next few years. Marico has been investing in both its established brands and its new ones. Over the last few years, the company has launched new products in pre and post wash hair care. It will continue to nurture these brands and participate in category creation and growth. Similarly, Saffola's journey has now extended beyond refined edible oils into functional foods. The company will invest in promoting the adoption of functional foods as part of changing consumer lifestyles. It will also explore launching new health food products in various formats. It is expected that some of these will grow into long term resource engines for the company. In the near future, they would demand strategic funding.

In driving growth, the company will attempt to maintain absolute unit margins across its portfolio of products. The environment has been experiencing significant inflation in input prices, both of crude oil derivatives such as liquid paraffin and HDPE and that of edible oils. Should this continue, while the company may earn similar unit margins (in absolute terms), there could be a squeeze in the margin on higher revenues, in percentage terms.

The competitive environment in the flagship brands Parachute and Saffola remains unchanged and there are sufficiently strong barriers to entry. The company would however have to be mindful of the entry of large players, if any.

In the international markets, Marico intends to grow the coconut oil market in Bangladesh and improve its market shares in hair creams in the Middle East. It plans to exploit the potential of the MENA region from its Egyptian base. In South Africa, the focus will be on integration of the new acquisition in the short run. The challenge for the International Business is ensuring sustainable profitability and growth in its new markets and managing the risks of currency movements versus the Indian Rupee. Overall, the International Business expects a sustainable rate of growth of about 20% in topline.

In Kaya, the company plans to expand its skin services by adding about 15 clinics each year. This growth implies continued investments in manpower (recruitment and training) and advertising for customer acquisition and brand building. Kaya's margins may thus remain modest in the near term.

Meanwhile, the company would also make business building investments in Kaya Life. Kaya's weight management business is likely to remain in investment mode in the near term.

To supplement its organic growth, Marico continues to look for acquisitions both in India and the overseas markets. It is open to exploring opportunities with a good fit in its focus segments of Beauty and Wellness. In the international markets, its preference is to make an entry into developing markets with a higher potential for a company like Marico to add value.

On behalf of the Board of Directors

Harsh Mariwala
Chairman & Managing Director

Place: Mumbai
Date: April 24, 2008

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MARICO LIMITED

1. We have audited the attached Consolidated Balance Sheet of Marico Limited ('the Company') and its subsidiaries (collectively referred to as the 'Group') as at March 31, 2008, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. 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. Those 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiary companies whose financial statements reflect total assets of Rs. 139.07 crores as at March 31, 2008 and total revenues of Rs. 239.74 crores and cash flows (net inflow) amounting to Rs 29.28 crores for the year ended March 31, 2008. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

4. We have relied on the unaudited financial statements of certain subsidiary companies and subsidiary firms whose financial statements reflect total assets of Rs 63.74 crores as at March 31, 2008 and total revenues of Rs 102.18 crores and cash flows (net outflow) amounting to Rs 2.03 crores for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so for as it relates to the amounts included in respect of the subsidiary companies is based solely on such approved unaudited financial statements.

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006.

6. Based on our audit as aforesaid and on the consideration of the reports of other auditors on separate audited financial statements and on the other financial information of the components and accounts approved by the Board of Directors as explained in paragraph 4 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;

   b. in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and

   c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of
Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date: April 24, 2008

BALANCE SHEET

	SCHEDULE	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	60.90	60.90
Reserves and surplus	B	253.72	131.47
		314.62	**192.37**
MINORITY INTEREST		0.12	0.01
LOAN FUNDS			
Secured loans	C	134.54	51.65
Unsecured loans	D	223.40	199.32
		357.94	**250.97**
		672.68	**443.35**
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION		**84.24**	**44.95**
FIXED ASSETS	E		
Gross block		356.07	277.91
Less : Depreciation, amortisation and impairment		163.49	139.42
Net block		192.58	138.49
Capital work–in–progress		64.72	23.12
Asset held for Disposal		0.01	3.83
		257.31	**165.44**
INVESTMENTS	F	0.01	0.01
DEFERRED TAX ASSET (NET)		98.17	115.15
(Refer Note 13, Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	260.46	221.47
Sundry debtors	H	86.27	64.26
Cash and bank balances	I	75.28	42.94
Loans and advances	J	106.09	71.66
		528.10	**400.33**
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	255.96	267.93
Provisions	L	39.19	14.72
		295.15	282.65
NET CURRENT ASSETS		232.95	117.68
MISCELLANEOUS EXPENDITURE	M	–	0.12
(to the extent not written off or adjusted)		**672.68**	**443.35**
Notes to accounts	R		

As per our attached report of even date
For Price Waterhouse
Chartered Accountants
VILAS Y. RANE
Partner
Membership No. (F – 33220)
Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief – Finance & IT and Compliance Officer

Place : Mumbai
Date : April 24, 2008

PROFIT AND LOSS ACCOUNT

		SCHEDULE	For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
INCOME :				
Sales			1,817.16	1,491.11
Less : Excise Duty			2.11	2.33
			1,815.05	**1,488.78**
Income from services			91.64	68.14
Total Sales and Services			**1,906.69**	**1,556.92**
Other income		N	6.68	10.16
			1,913.37	**1,567.08**
EXPENDITURE :				
Cost of materials		O	1,004.30	818.43
Manufacturing and other expenses		P	656.05	539.80
Finance charges [net]		Q	27.64	20.61
Depreciation, amortisation & impairment (Refer Note 17 of Schedule R)		E	30.75	52.06
Amortisation of Miscellaneous Expenditure			0.12	0.13
			1,718.86	**1,431.03**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS			**194.51**	**136.05**
Exceptional Items (Net) (Refer Note 14)			10.61	14.03
PROFIT BEFORE TAXATION AND MINORITY INTEREST			**205.12**	**150.08**
Minority interest in profit of subsidiaries			0.10	–
PROFIT BEFORE TAXATION AND AFTER MINORITY INTEREST			**205.02**	**150.08**
Provision for taxation	– Current Tax		24.22	18.80
	– MAT Credit (Entitlement)/Utilisation		(12.46)	(6.90)
	Sub Total		11.76	11.90
	– Fringe Benefit Tax		3.98	3.29
	– Deferred Tax – Debit/ (Credit)		20.21	15.81
Short income tax provision of earlier years			–	6.19
PROFIT AFTER TAXATION AND MINORITY INTEREST			**169.07**	**112.89**
Balance brought forward as on April 1			64.75	169.55
Losses of a subsidiary in terms of the scheme (Refer Note 11, Schedule R)			–	24.00
			64.75	193.55
PROFIT AVAILABLE FOR APPROPRIATION			**233.82**	**306.44**
APPROPRIATIONS				
Interim dividends			39.89	39.06
Tax on interim dividends			6.78	5.48
Reversal of excess provision of Subsidiary			(0.01)	–
Preference Dividend			–	1.65
Tax on Preference dividend			–	0.23
Capital Redemption Reserve			–	180.00
General reserve			14.34	11.62
Tax Holiday Reserve			5.48	3.65
BALANCE CARRIED TO THE BALANCE SHEET			**167.34**	**64.75**
BASIC EARNINGS PER SHARE			**2.78**	**1.88**
DILUTED EARNINGS PER SHARE			**2.78**	**1.88**
(Refer Note 16 of Schedule R)				
Notes to accounts		R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
VILAS Y. RANE
Partner
Membership No. (F – 33220)
Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief – Finance & IT and Compliance Officer

Place : Mumbai
Date : April 24, 2008

CASH FLOW STATEMENT

			For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS		**205.12**	**150.08**
	Adjustments for:			
	Depreciation and amortisation		30.86	52.19
	Finance charges		30.53	23.87
	Interest income		(2.87)	(3.26)
	Profit on sale of asset		(0.46)	(3.71)
	Profit on sale of investments		–	(0.81)
	Dividend income on investments		–	(0.09)
	(Write back) / Provision for Doubtful debts/advances		(0.03)	0.41
			58.03	68.60
	Operating profit before working capital changes		**263.15**	**218.68**
	Adjustments for:			
	(Increase)/ Decrease in inventories		(38.98)	(89.18)
	(Increase)/ Decrease in sundry debtors		(22.09)	(13.00)
	(Increase)/Decrease in loans and advances		(24.44)	(12.65)
	Increase/ (Decrease) in current liabilities and provisions		(4.06)	108.01
			(89.57)	(6.82)
	Cash generated from Operations		**173.58**	**211.86**
	Income tax paid (net of refunds)		(30.53)	(23.46)
	NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**A**	**143.05**	**188.40**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		(131.24)	(300.97)
	Sale of Investments (Net)		–	19.27
	Dividend income		–	0.09
	Goodwill on consolidation *		(39.29)	(0.69)
	Minority Interest		0.01	–
	Sale of Fixed Assets		9.12	1.69
	Interest income		2.81	3.62
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**B**	**(158.59)**	**(276.99)**

CASH FLOW STATEMENT

			For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Equity Share Capital Issued		–	151.39
	Share issue expenses adjusted against securities premium		–	(6.01)
	Issue of Commercial papers		19.39	–
	Amount Borrowed		87.59	11.32
	Finance charges		(27.32)	(23.37)
	Equity Dividend paid (Inclusive of Dividend Distribution Tax)		(32.49)	(45.57)
	Preference Dividend paid (Inclusive of Dividend Distribution Tax)		–	(1.88)
	NET CASH INFLOW FROM FINANCING ACTIVITIES	**C**	**47.17**	**85.88**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**D**	**(0.17)**	**3.98**
E	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)**		**31.46**	**1.27**
F	**Cash and cash equivalents – opening balance (as at April 1)**		**42.73**	**41.46**
G	**Cash and cash equivalents – closing balance (as at Mar 31)**		**74.19**	**42.73**
	Cash and cash equivalents at the year end comprises of			
	Cash And Bank Balances		**75.28**	**42.94**
	Book Overdraft		**(1.09)**	**(0.21)**
	Total		**74.19**	**42.73**

* Represents excess of purchase price paid over the net assets value of subsidiaries acquired.

As per our attached report of even date
For Price Waterhouse
Chartered Accountants
VILAS Y. RANE
Partner
Membership No. (F – 33220)
Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief – Finances & IT and Compliance Officer

Place : Mumbai
Date : April 24, 2008

SCHEDULES TO BALANCE SHEET

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
650,000,000 (650,000,000) Equity shares of Re. 1 each (Re. 1 each)	65.00	65.00
150,000,000 (150,000,000) Preference shares of Rs. 10 each (Rs. 10 each)	150.00	150.00
	215.00	**215.00**
ISSUED AND SUBSCRIBED :		
609,000,000 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up	60.90	60.90
The above includes :		
(a) 290,000,000 (290,000,000) equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve of Rs. 29.00 Crore (Rs. 29.00 Crore)		
(b) 265,000,000 (265,000,000) equity shares issued as fully paid bonus shares by capitalisation of General Reserve of Rs. 26.50 Crore (Rs. 26.50 Crore)		
Nil (15,000,000) 9.75% Redeemable Preference shares of Rs. 10 each fully paid up	–	150.00
Less: Redeemed during the year	–	(150.00)
	–	–
Nil (3,000,000) 9.95% Redeemable Preference shares of Rs. 10 each fully paid up	–	30.00
Less: Redeemed during the year	–	(30.00)
	–	–
	60.90	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As on April 1		
Add : Created on redemption of Redeemable Preference shares	–	180.00
Less : Utilised for adjustment of intangible assets(Net of deferred tax adjustment) in terms of the Scheme (Refer Note 11, Schedule R)	–	(180.00)
As at the year end	–	–
SHARE PREMIUM ACCOUNT		
As on April 1	13.50	–
Add : On fresh issue of shares	–	148.49
Less : Utilised for adjustment of intangible assets(Net of deferred tax adjustment) in terms of the Scheme (Refer Note 11, Schedule R)	–	(129.09)
Less : Adjustment of share issue expenses.	–	(5.90)
As at the year end	13.50	13.50
GENERAL RESERVE		
As on April 1	39.61	27.99
Add : Transfer from Profit and Loss Account	14.34	11.62
As at the year end	53.95	39.61
TAX HOLIDAY RESERVE		
As on April 1	13.38	9.73
Add : Transfer from Profit and Loss Account	5.48	3.65
As at the year end	18.86	13.38
CUMULATIVE EXCHANGE DIFFERENCES (Translation adjustments)	0.07	0.23
PROFIT AND LOSS ACCOUNT	167.34	64.75
	253.72	**131.47**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Term Loan from a bank	50.00	–
(Secured by hypothecation of a Building)		
(Amount repayble within one year Rs Nil (Rs Nil)		
Working capital finance from banks	24.71	51.65
(Secured by hypothecation of stocks in trade and debtors)		
External Commercial Borrowing	59.83	–
(Secured by hypothecation of Plant and Machinery)		
(Amount repayble within one year Rs Nil (Rs Nil)		
	134.54	**51.65**
SCHEDULE 'D'		
UNSECURED LOANS		
Short term		
From Banks	204.01	197.76
Commercial Paper		
Face Value	20.00	–
Less : Deferred Interest	0.61	–
(Maximum amount outstanding during the year Rs.19.66 Crore (Nil))	**19.39**	–
(This commercial paper would be redeemed on July 15,2008)		
Other Loans	–	1.56
	223.40	**199.32**

SCHEDULE 'E'
FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2007	Additions	Deductions/ Adjustments	As at March 31, 2008	As at March 31, 2007	For the year	Deductions/ Adjustments	As at March 31, 2008	Provision for impairment as at March 31 2008 (See note 2 below)	As at March 31, 2008	As at March 31, 2007
Tangible Assets											
Freehold land (Note 1)	1.88	1.38	0.23	3.03	–	–	–	–	–	3.03	1.88
Leasehold land	1.99	–	0.01	1.98	0.14	0.02	–	0.16	–	1.82	1.85
Buildings (Note 1)	39.80	22.65	1.01	61.44	7.32	5.84	0.45	12.71	–	48.73	32.48
Plant and machinery (Note 1)	175.49	36.88	6.61	205.76	106.07	17.10	2.61	120.56	6.15	79.05	61.06
Furniture and fittings	5.51	14.10	0.81	18.80	2.73	2.01	0.72	4.02	–	14.78	2.78
Vehicles	1.37	1.16	0.14	2.39	0.71	0.35	0.09	0.97	–	1.42	0.66
Intangible assets											
– Trademarks and copyrights (Note 3)	31.33	11.85	1.84	41.34	2.56	2.86	0.17	5.25	–	36.09	28.78
– Business & commercial rights	0.16	–	0.16	–	0.06	0.07	0.13	–	–	–	0.10
– Other intangibles	8.68	0.04	0.69	8.03	1.50	0.83	0.12	2.21	–	5.82	7.18
– Computer software	11.70	1.60	–	13.30	9.98	1.48	–	11.46	–	1.84	1.72
TOTAL	**277.91**	**89.66**	**11.50**	**356.07**	**131.07**	**30.56**	**4.29**	**157.34**	**6.15**	**192.58**	**138.49**
As on March 31,2007	**476.14**	**311.91**	**510.14**	**277.91**	**121.29**	**51.34**	**41.57**	**131.06**	**8.36**	**–**	**–**
Capital work–in–progress (at cost) including advances on capital account										64.72	23.12
Asset held for disposal										0.01	3.83
										257.31	**165.44**

Notes :

1. Gross block includes:
   - Freehold Land Rs. Nil (Rs. 0.15 Crore) and buildings Rs.0.93 Crore (Rs. 0.93 Crore) where conveyance has been executed, pending registration
   - Plant and Machinery of Rs.1.92 Crore (Rs. 2.15 Crore) and Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
2. Includes impairment for the year Rs.0.19 Crore (Rs. 0.72 Crore) charged to profit and loss account under "Depreciation, amortisation and impairment" and deletions/adjustments of Rs. 2.38 Crore upon discarding of the related assets.
3. Trademarks of Rs. 24.14 Crore (Rs.24.14 Crore) are pending registration.
4. Deletions/Adjustments to Gross Block and Depreciations includes Rs. 2.18 Crore and Rs.1.17 Crore respectively on account of Slump Sale of Sil business, including manufacturing unit at Saswad.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	**0.01**

Units of Mutual Funds purchased and sold during the year	No. of Units	
Name of the Scheme	**Purchased**	**Sold**
Prudential ICICI Institutional Liquid Plan- Super Institutional Growth	22,198,744	22,198,744
ICICI Prudential Liquid Plan Institutional Plus-Growth Option	2,529,059	2,529,059
Tata Liquid Super High Investment Fund-Appreciation	68,447	68,447
UTI Liquid Cash Plan Institutional - Growth Option	114,849	114,849
Principal Cash Management Fund - Liquid Option - Inst Premium Plan - Growth Plan	4,065,305	4,065,305
HDFC Cash Management Fund - Savings Plan Growth	8,435,551	8,435,551
Birla Sunlife Cash Manager - Institutional Plan - Growth	7,434,284	7,434,284
Kotak liquid (institutional premium) - Growth	3,115,653	3,115,653
Templeton India Treasury Management- Super Institutional Plan	81,268	81,268

	2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the management)		
Raw materials	79.14	74.22
Packing materials	39.28	33.47
Work–in–process	36.67	24.93
Finished products	90.91	78.08
Stores, spares and consumables	10.69	8.76
By–products	1.87	0.55
Goods in Transit	1.90	1.46
	260.46	**221.47**
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months – Considered good	0.09	–
– Considered doubtful	2.30	1.91
	2.39	1.91
Less: Provision for doubtful debts	2.30	1.91
	0.09	–
Other Debts – Considered good	86.18	64.26
– Considered doubtful	0.11	0.41
	86.29	64.67
Less: Provision for doubtful debts	0.11	0.41
	86.18	64.26
	86.27	**64.26**
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	2.37	1.33
Remittances in transit	1.89	0.20
Balances with scheduled banks:		
Fixed deposits (Deposited with sales tax authorities Rs. 0.11 Crore (Rs. 0.11 Crore))	54.07	9.56
Margin accounts (Against Bank guarantees)	1.49	1.85
Current accounts	15.11	26.66
Balances with non–scheduled banks:		
Current accounts	0.35	3.34
	75.28	**42.94**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured–considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	54.98	39.64
– considered doubtful	–	0.11
	54.98	39.75
Less: Provision for doubtful advances	–	0.11
	54.98	39.64
Deposits	24.04	17.63
Balances with central excise authorities	0.27	0.21
Interest accrued on loans / deposits	0.35	0.29
Fringe benefit tax payments, net of provisions	0.51	0.41
MAT Credit Entitlement	25.94	13.48
	106.09	**71.66**
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry Creditors		
Due to Micro and Small Enterprises	–	–
Others	219.06	232.20
Other liabilities	30.74	21.48
Book Overdraft	1.09	0.21
Security deposits	1.13	1.12
Interest accrued but not due on loans	3.71	0.51
Unclaimed Dividend	0.20	12.38
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	255.96	**267.93**
SCHEDULE 'L'		
PROVISIONS		
Income tax (net of advance tax)	5.52	4.52
Leave encashment	6.92	7.11
Gratuity	0.39	3.09
Interim Dividend	22.53	–
Tax on Interim Dividend	3.83	–
	39.19	**14.72**
SCHEDULE 'M'		
MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenditure		
As on April 1	0.12	0.25
Add : Additions during the year		
	0.12	0.25
Less : Amortised during the year	0.12	0.13
	–	0.12
	–	**0.12**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'N'		
OTHER INCOME		
Income from current investments		
Profits on sale of units of mutual funds	0.13	0.81
Dividend	–	0.09
Miscellaneous income	6.55	9.26
(Refer note 6,Schedule R)		
	6.68	**10.16**
SCHEDULE 'O'		
COST OF MATERIALS		
Raw materials consumed	832.56	650.90
Packing materials consumed	155.16	135.41
Stores and spares consumed	23.42	14.64
Purchase for resale	19.05	63.46
(Increase)/Decrease in stocks		
Opening stocks		
– Work–in–process	24.93	13.86
– By–products	0.55	0.81
– Finished products	78.08	42.91
Less :		
Closing stocks		
– Work–in–process	36.67	24.93
– By–products	1.87	0.55
– Finished products	90.91	78.08
	(25.89)	(45.98)
	1,004.30	**818.43**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'P'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	111.82	77.58
Contribution to provident fund and other funds	6.64	6.78
Welfare expenses	8.33	6.69
	126.79	91.05
Power, fuel and water	7.98	6.43
Contract manufacturing charges	64.36	51.21
Rent and storage charges	21.04	13.67
Repairs :		
– Buildings	5.18	4.53
– Machinery	5.16	5.18
– Others	1.13	1.30
Freight, forwarding and distribution expenses	77.81	58.34
Advertisement and sales promotion	245.46	212.35
Rates and taxes	1.22	0.74
Sales tax and cess	16.34	15.97
Commission to selling agents	2.71	2.53
Provision for doubtful debts and advances	1.41	0.41
Printing, stationery and communication expenses	9.66	7.94
Travelling, conveyance and vehicle expenses	22.24	18.04
Royalty	0.46	0.66
Insurance	1.47	1.87
Auditors' remuneration		
– Audit Fees	0.56	0.42
– Tax Audit Fees	0.09	0.09
– Others	0.10	0.38
– Out of pocket expenses	0.02	0.01
Miscellaneous expenses	44.86	46.68
(Refer note 7, Schedule R)		
	656.05	**539.80**
SCHEDULE 'Q'		
FINANCE CHARGES		
Interest on		
Fixed period loans	7.81	14.10
Other loans	17.45	5.00
Bank and other financial charges	5.26	4.77
	30.52	23.87
Less : Interest income on loans, deposits, etc.	2.88	3.26
(Tax deducted at source Rs.0.02 Crore (Rs.0.27 Crore))		
	27.64	**20.61**

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

SCHEDULE 'R'

NOTES:

1) **The Group and nature of its operations:**

Marico Limited (herein after referred to as 'the Company'), headquartered in Mumbai, India, together with its subsidiaries Marico Bangladesh Limited (MBL), MBL Industries Limited (MBLIL – subsidiary of Marico Bangladesh Limited), Kaya Limited (Erstwhile Kaya Skin Care Limited) (KSCL) Marico Middle East FZE (MME), Kaya Middle East FZE (KME), MEL Consumer Care SAE (MELCC – subsidiary of MME), Pyramid for Modern Industries (PMI – subsidiary of MELCC), Egyptian American Investment & Industrial Development Company (EAIIDC), Sundari LLC, Marico South Africa Consumer Care (pty) Ltd (MSACC), Marico South Africa (MSA), CPF International (Pty) Ltd and Wind Co (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, Nihar, Saffola, Sweekar, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 4 regional offices, 32 carrying & forwarding agents, 1 consignment agent, 6 redistribution centers and about 1100 distributors spread all over India. The Company's overseas markets comprise primarily the Middle East, Egypt,U.S.A ,SAARC countries and South Africa. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon and Dehradun supported by subcontracting units. Marico has an alliance with Scandic Foods India Private Limited for distribution of SIL Range of processed food. Marico has the following subsidiaries:

- Marico Bangladesh Limited in Bangladesh which manufactures and sells branded coconut oil in Bangladesh;
- MBL Industries Limited, a wholly owned subsidiary of Marico Bangladesh Limited, which also sells branded coconut oil and hair oils in Bangladesh.
- Kaya Limited (Erstwhile Kaya Skin Care Limited) which provides skin care and health care services and sells products through Kaya Skin Clinics and kiosks;
- Sundari LLC, United States, carrying on ayurvedic skin care products business under the brand name SUNDĀRI;
- Marico Middle East FZE, in United Arab Emirates(UAE) for carrying on business,in consumer products in the Middle East region;
- Kaya Middle East FZE, a wholly owned subsidiary of Marico Middle East FZE for carrying on business, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- MEL Consumer Care SAE, in Egypt a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancée brand;
- Pyramid for Modern Industries, in Egypt a subsidiary firm of MEL Consumer Care SAE for carrying on business of hair care in Egypt under Haircode brand;
- Egyptian American Investment & Industrial Development Company a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancee brand;
- Wind Co in Egypt a subsidiary firm of MEL Consumer Care SAE;
- Marico South Africa Consumer Care (pty) Ltd in South Africa;
- Marico South Africa (pty) Ltd a wholly owned subsidiary of Marico South Africa Consumer Care (pty) Ltd for carrying on business of hair care and health care in South Africa;
- CPF International (pty) Ltd a wholly owned subsidiary of Marico South Africa (pty) Ltd.

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.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

b) Consolidation

The consolidated financial statements include the financial statements of Marico Limited and its subsidiaries. The results of subsidiaries are included from the date of acquisition of a controlling interest. Any changes during the year, in the Company's shareholding in its subsidiaries is recognized while consolidating the results of its subsidiaries. All inter–company transactions are eliminated and the consolidated financial statements have been prepared using uniform accounting policies; except that:

i) In case of MBLIL, MME, KME, Sundari, PMI, MSACC, Wind and CPF deferred tax asset / liability has not been recognised. Deferred tax asset/liability if any, arising for these entities have not been determined. Hence proportion of items in the consolidated financial statements to which the different accounting policy have been applied cannot be given.

ii) In case of all subsidiaries depreciation in respect of Plant & Machinery is provided on Straight Line Method instead of Written down value method as followed in Marico Ltd (except items specified in note 2(d)(I)(ii) below). The total amount of net block of these items of fixed assets represents 13.22% of the total consolidated fixed assets of the Group at the year end.

iii) In case of Sundari , trademark are amortised over a period of 15 years, subject to annual impairment review.The Net block of the Trademark represents 2.26% of the total consolidated assets of the Group as at the year end.

iv) In case of Kaya Middle East FZE, cost of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.53% of the total consolidated inventories of the group as at the year end.

The assets and liabilities of foreign companies are translated at the year end exchange rate and all the items in the profit and loss account are translated at the average year 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 and at recoverable amount in case of an impairment. 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. Other pre–operative expenses for major projects are also capitalised, where appropriate.

d) Depreciation/Amortisation

I. Tangible assets

i. Depreciation is provided on Straight Line basis at the higher of the rates, based on useful lives of the assets as estimated by the management every year or those stipulated by the respective statues in India, UAE, Bangladesh, Egypt, South Africa and the United States, if any.

ii. In Marico Limited, depreciation on factory building and plant and machinery (other than items computer hardware and moulds, which are depreciated at rates higher than statutorily prescribed on Straight Line basis) is provided on Written Down Value basis. In case of all subsidiaries depreciation on such assets is provided on Straight Line basis .

II. Intangible assets

(i) Trademarks, copyrights and business & commercial rights are amortised over their estimated economic life, but not exceeding 10 years. In case of Sundari , trademark are amortised over a period of 15 years, subject to annual impairment review.

(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 (not exceeding 10 years)
Computer software	3 years

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

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 fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

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. In case of Kaya Middle East FZE, cost of inventories are ascertained on FIFO basis.

g) Research and development

Capital expenditure on research and development is capitalised and depreciated as per the accounting policy mentioned in para 2(c) and 2(d) above. Revenue expenditure is charged off in the year in which it is incurred.

h) Revenue recognition

(i) Domestic Sales are recognised at the point of dispatch of goods to the customers and stated net off trade discount and exclusive of sales tax but inclusive of excise duty.

(ii) Export sales are recognised based on bill of lading.

(iii) Agency commission is recognised upon effecting sales on behalf of the principal.

(iv) Interest and other income are recognised on accrual basis.

(v) Revenue from services is recognized on rendering of the service.

i) Retirement benefits

The Group has various schemes of retirement benefits as per applicable Local Laws of the respective countries, namely, provident fund, superannuation fund, gratuity and leave encashment. Provident, superannuation and gratuity funds are administered through trustees/Regional Provident Fund and the Group'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

(i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss account , except those relating to Fixed Assets acquired from outside India till March 31, 2007 which were adjusted in the carrying cost of such Fixed Assets.

(ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss account, except those relating to acquisition of fixed assets, which are included in the cost of the fixed assets.

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract.

(iv) Forward exchange contracts entered into to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are marked to market as at the year end and the resultant net exchange gain or loss is recognised in the Profit and Loss account.

(v) Non–monetary foreign currency items are carried at cost / fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

k) Accounting for taxes on income

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income–tax is recognized as an asset by crediting the Profit & Loss Account only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period of seven succeeding assessment years.

(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 on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other items are recognised only when there is a reasonable certainty of their realisation.

(l) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

(m) Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent assets are not recognized or disclosed in the financial statements.

(n) Share Issue Expenses

Expenses incurred on issue of shares are adjusted against securities premium.

3) Subsidiaries

(i) List of subsidiary companies

Name	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited	Bangladesh	100 (100)
MBL Industries Limited (Through Marico Bangladesh Limited)	Bangladesh	100 (100)
Kaya Limited (Erstwhile Kaya Skin Care Limited)	India	100 (100)
Marico Middle East FZE	UAE	100 (100)
Kaya Middle East FZE (Through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (Through Marico Middle East FZE)	Egypt	100 (100)
EAIIDC (Through Marico Middle East FZE)	Egypt	100(Nil)
Sundari LLC.	United States of America	100 (75.5)
MSACC	South Africa	100(Nil)
MSA (Through Marico South Africa Consumer Care)	South Africa	100(Nil)
CPF International (Through Marico South Africa)	South Africa	100(Nil)

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

(ii) List of subsidiary firm

Name	Country of incorporation	Percentage of ownership interest
Pyramid for Modern Industries (through MEL Consumer Care SAE)	Egypt	99 (Nil)
Wind Co. (Through MEL Consumer Care SAE)	Egypt	99(Nil)

(iii) The audited consolidated financial results for the year ended March 31, 2008 comprise the audited financial results of Marico Limited (the Company), Kaya Limited (Erstwhile Kaya Skin Care Limited), Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Enaleni Pharmaceuticals Consumer Division (Pty) Limited (name being changed to Marico South Africa (Pty) Limited), and CPF International (Pty) Limited (with effect from Nov 1, 2007) and unaudited results of MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company (with effect from July 1, 2007), Pyramids for Modern Industries, Wind & Co. and Sundari LLC. All the aforesaid entities are collectively called 'Marico'.

(iv) The statutory accounting year of Sundari LLC is January to December every year, which is different from that of Marico Limited. However, for the purpose of consolidation Sundari LLC has prepared financial statements for the year ended March 31, 2008 which have not been audited.

4) (a) Contingent liabilities not provided for in respect of:

(i) Counter guarantees given to banks on behalf of subsidiaries Rs. 97.88 Crore (Rs.122.57 Crore)

(ii) Sales tax/cess claims disputed by the Company Rs 3.52 Crore (Rs. 2.32 Crore)

(iii) Income tax and interest demands raised by authorities and disputed by the Company Rs. 3.71 Crore (Rs. 3.97 Crore)

(iv) Claims of Custom authorities disputed by the Company Rs 3.48 Crore (Rs. 3.40 Crore)

(v) Claims against the Company not acknowledged as debts. Rs. 7.53 Crore (Rs. 3.02 Crore)

(vi) Service tax disputed by the Company Rs. 0.38 Crore (Rs. 0.37 Crore).

(b) Amount outstanding towards Letters of credit Rs Nil (Rs. 3.61 Crore)

5) i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 7.76 Crore (Rs. 3.84 Crore) net of advances.

ii) Contracted commitments by MME for acquisition of shares of Egyptian American Investment and Industrial Development Company (EAIIDC) Rs Nil (Rs. 7.81 Crore).

6) Miscellaneous income includes lease income Rs 0.41 Crore (Rs. 0.47 Crore), Insurance claims Rs 0.08 Crore (Rs. 0.29 Crore), profit on sale / disposal of assets (net) Rs 0.47 Crore (Rs. 3.71 Crore) and brokerage Rs Nil (Rs. 0.55 Crore).

7) Miscellaneous expenses include donations Rs 0.74 Crore (Rs. 0.62 Crore), labour charges Rs 2.24 Crore (Rs. 1.78 Crore), training and seminar expenses Rs 2.87 Crore (Rs. 2.16 Crore), outside services Rs 12.43 Crore (Rs. 4.18 Crore), Legal & professional charges Rs 12.76 Crore (Rs. 10.45 Crore).

8) Research and development expenses aggregating Rs 4.87 Crore (Rs. 3.74 Crore) have been included under the relevant heads in the profit and loss account.

9) Exchange gain (net) aggregating Rs 4.51 Crore (Rs. 4.71 Crore (loss–net)) has been included under Miscellaneous expenses /Miscellaneous Income in the profit and loss account.

10) Based on the criteria prescribed under Accounting Standard 28 (AS 28) "Impairment of Assets" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006, the Company had identified certain plant and machinery with written down value of Rs. 0.18 Crore (Rs. 0.72 Crore) as on Mar 31, 2008 as 'impaired fixed assets'. The said amount of Rs 0.18 Crore(Rs. 0.72 Crore) had been provided for as impairment loss and included under "Depreciation, amortization and Impairment" in the Profit & Loss Account.

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

11) During the previous year 2006–07, the Company carried out financial restructuring scheme ('Scheme') under the relevant provisions of the Companies Act, 1956 and approved by the shareholders.The Scheme entailed adjustment of carrying value of intangible assets amounting to Rs. 448.15 Crore and related deferred tax adjustment of Rs. 139.06 Crore (net adjustment Rs. 309.09 Crore) against the balance in capital redemption reserve to the extent of Rs. 180 Crore and securities premium account to the extent of Rs. 129.09 Crore. Accordingly related balances are not comparable with current year's amounts.

During the previous year 2006–07 Kaya Limited (Erstwhile Kaya Skin Care Limited) had also carried out financial restructuring scheme under the relevant provisions of Companies Act, 1956 and approved by the shareholders. The scheme entailed adjustment of carrying amount of plant and machinery to the extent of Rs. 7.08 Crore and furniture and fixtures to the extent of Rs. 11.57 Crore and related deferred tax liability of Rs. 0.18 Crore (net adjustment Rs. 18.47 Crore) and debit balance in profit and loss to the extent of Rs. 24.00 Crore, against the balance in its securities premium account. Accordingly related balances are not comparable with current year's amounts.

12) Additional information on assets taken on lease:

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

	For the year ended March 31,	
	2008	2007
	Rs. Crore	Rs. Crore
Lease payment for the period	1.96	1.82
Future minimum lease payment obligation payable		
– not later than one year	5.35	1.96
– later than one year but not later than five years	9.23	3.07
Total	**14.98**	**5.03**

The Group has entered into several operating lease arrangements for a period ranging from 3 to 9 years relating to car and Clinics rentals and are renewable on a periodic basis at the option of the lessor and lessee. The lease arrangement provides escalations clause for increase in rent during the tenure of the lease. Under certain arrangements, refundable interest free deposits have been given.

13) Break–up of deferred tax liability:

	As at	
	2008	2007
	Rs. Crore	Rs. Crore
Deferred tax asset: (Net)		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	0.94	0.84
On Intangible assets adjusted against Capital Redemption Reserve and Securities premium account under the Capital Restructuring scheme (Refer Note 11 above)	94.44	114.90
Liabilities that are deducted for tax purpose when paid	3.13	3.36
Others	2.90	0.18
Total Deferred tax asset	101.41	119.28
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	3.24	4.13
Total Deferred tax liability	3.24	4.13
Deferred tax asset (Net)	**98.17**	**115.15**

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

14) The exceptional items stated in the profit and loss account are as under:

- Profit on Slump Sale of Sil business, including manufacturing unit at Saswad Rs 10.61 crore (Rs.Nil).
- Provision for Employee cost no longer required written back Rs. Nil (Rs. 9.13 crore).
- Advertisement and sales promotion cost no longer required written back Rs Nil (Rs.4.90 crore).

15) The total derivative instruments outstanding as on March 31, 2008 are of one kind i.e. Plain Forwards amounting to USD 13,925,000 (USD 2,000,000).

All the forward contracts entered by the company during the year (and in previous year) were for hedging purpose and not for any speculative purpose.

The Company has charged net amount of Rs. 0.49 crore to the profit and loss account on account of marked to market losses in respect of forward contracts outstanding as at 31st March, 2008.

The Net foreign currency exposure [Receivable/(Payable)] not hedged as at the year end were as under :

Currency Exchange	**Mar 31, 2008**	**Mar 31, 2007**
AED	67,559	332,792
AUD	57,520	1,340
BHD	1,200	1,200
EUR	204,010	85,634
GBP	807	(4,124)
HKD	–	1,000
MYR	1,500	–
SGD	(450)	(450)
USD	(14,986,143)	1,736,199

16) Earnings per share:

	For the year ended March 31,	
	2008	**2007**
	Rs. Crore	**Rs. Crore**
Profit after taxation	**169.07**	**112.89**
Less : Preference dividend including tax thereon	–	1.88
Profit available to equity share holders	169.07	111.01
Equity shares outstanding as at the year end	609,000,000	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,000,000	589,666,667
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	609,213,468	589,666,667
Nominal value per equity share	Re. 1	Re. 1
Basic and diluted earnings per equity share	**Rs. 2.78**	**Rs. 1.88**

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

The Corporate Governance Committee of the Board of Directors of the Company, has granted Stock Options to certain eligible employees pursuant to the "Marico Employees Stock Options Scheme 2007". In all 8,996,000 options have been granted during the year ended March 31,2008. Diluted EPS has been calculated after taking into account options granted.

17) During the current year, Marico Limited changed its method of accounting depreciation on factory building from Straight Line basis to Written Down Value basis. As a result of this change –

- additional depreciation of Rs. 4.06 crore in respect of earlier years is charged to the profit and loss account for the year ended March 31,2008 & included under "Depreciation, amortisation and impairment" ;
- the depreciation for the year ended March 31, 2008 is higher by Rs. 0.32 crore
- Profit before tax for the year ended March 31,2008 is lower by Rs.4.38 crore

18) Segment Information

Marico has three business segments –

1. Consumer Products (comprising consumer product business of Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, MEL Consumer Care SAE, Pyramid for Modern Industries, Egyptian American Investment & Industrial Development Company, Marico South Africa Consumer Care (pty) Ltd., Marico South Africa, CPF International (pty) Ltd. and Wind Co)
2. Skin Care (comprising Kaya Limited (Erstwhile Kaya Skin Care Limited), Kaya Middle East FZE and
3. Global Ayurvedics (Sundari LLC.).

Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. The composition of these segments is given below:

Business segments	Type of products and services
Consumer Products	Coconut oils, other edible oils, hair oils and other hair care products, fabric care products, processed foods (including distribution alliance with Indo Nissin), soaps, baby care products.
Others	Skin care and Global ayurvedics.

	Consumer Products Rs crore	Others Rs crore	Total Rs crore
Segment revenue			
External sales	1,795.42	111.27	1,906.69
	(1,473.84)	(83.08)	(1,556.92)
Inter–segment sales	–	–	–
	(–)	(–)	(–)
Total revenue	**1,795.42**	**111.27**	**1,906.69**
	(1,473.84)	**(83.08)**	**(1,556.92)**
Segment Results	**239.93**	**(–)7.14**	**232.78**
	(181.48)	**(–)(10.78)**	**(170.69)**
Unallocated Corporate expenses			–
			(–)
Operating profit			232.78
			(170.69)
Interest expenses			30.53
			(23.87)
Interest income			2.87
			(3.26)

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

	Consumer Products Rs crore	Others Rs crore	Total Rs crore
Net profit before tax and minority interest			205.13
			(150.09)
Minority interest in losses of subsidiary			0.10
			(–)
Net profit before tax and after minority interest			**205.03**
			(150.08)
Other information			
Segment assets	716.65	106.54	823.19
	(505.17)	(70.32)	(575.49)
Unallocated			
Corporate assets			144.64
			(150.30)
Total assets	**716.65**	**106.54**	**967.83**
	(505.17)	**(70.32)**	**(725.79)**
Segment liabilities	603.77	10.25	614.02
	(452.27)	(66.39)	(518.67)
Unallocated			
Corporate liabilities			39.31
			(14.74)
Total liabilities	**603.77**	**10.25**	**653.33**
	(452.27)	**(66.40)**	**(533.41)**
Capital expenditure	43.64	46.02	89.66
	(304.81)	(7.11)	(311.91)
Depreciation,impairment and amortisation	22.64	8.11	30.75
	(42.46)	(9.60)	(52.06)

i. Secondary Segment Information

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

Geographical Segments	Composition
Domestic	All over India
International	Primarily Middle East, SAARC countries, Egypt, USA and South Africa

Sales revenue by geographical market

Locations	**Amount** (Rs. Crore)
India	1,588.82
	(1,343.15)
Others (Middle East, SAARC countries, Egypt , USA and and South Africa))	317.87
	(213.77)
Total	**1,906.69**
	(1,556.92)

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Carrying amount of assets	751.42	216.52	967.94
	(562.96)	(162.83)	(725.79)
Capital expenditure	58.78	30.88	89.66
	(35.35)	(276.56)	(311.91)

i. 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 intangibles, fixed assets, inventories, debtors, cash and bank balances 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 loan funds, deferred tax liability, creditors and other liabilities.

19) Employee Stock Option Scheme 2007

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007'. The scheme envisages certain eligible employees, which has a strength ranging from 65 to 83 in recent times. Each option represents 1 equity share in the Company. The Vesting period and the Exercise Period both range from 1 year to 5 years. The options granted correspond to about 1.48% of the current paid up equity capital of the Company.

Number of options granted, excercised and forfeited	Year ended March 31, 2008	2007
Options outstanding, beginning of year	Nil	Nil
Add : Granted during the year	8,996,000	Nil
Less : Exercised/Forfeited	Nil	Nil
Options outstanding, end of year	8,996,000	Nil

The Group has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs.0.01 Crore under the 'intrinsic value' method. Had the Group considered 'fair value' method for accounting of compensation cost the Group's net income and Basic and Diluted earning per share as reported would have reduced to the pro–forma amounts as indicated below:

Particulars	Year ended March 31, (Rs. In Crores) 2008	2007
Net Profit as reported	169.07	112.90
Less : Stock–based employee compensation expense	6.24	Nil
Adjusted pro–forma	162.83	112.90
Basic earnings per share as reported	2.78	1.88
Pro-forma basic earnings per share	2.67	1.88
Diluted earnings per share as reported	2.78	1.88
Pro-forma earnings per share as reported	2.67	1.88

NOTES TO ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS:

20) Related Party disclosures

a) Whole–time director: Harsh Mariwala, Chairman and Managing Director

Nature of transactions:	Mar 31, 2008 (Rs. Crore)	Mar 31, 2007 (Rs. Croe)
Remuneration for the year	1.93	1.70
b) Employee: Rajvi Mariwala, daughter of Harsh Mariwala		
Nature of transactions:		
Remuneration for the year	0.12	0.07
c) Employee: Rishabh Mariwala, son of Harsh Mariwala		
Nature of transactions:		
Remuneration for the year	0.08	0.03

21) The figures in brackets represent those of the previous year.

22) The figures for the previous year have been restated / regrouped where necessary to conform to current year's classification.

Signatures to Schedules A to R

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
VINOD KAMATH	Chief–Finance & IT and Compliance Officer.

Place: Mumbai

Date: April 24, 2008

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Twentieth Annual Report of your Company, Marico Limited, for the year ended March 31, 2008 ('the year under review', 'the year' or 'FY08').

In line with the requirements of the Listing Agreement with the Bombay Stock Exchange and the National Stock Exchange, your Company has been reporting consolidated results – taking into account the results of its subsidiaries. This Discussion therefore covers the financial results and other developments during April 07 – March 08 in respect of Marico Consolidated comprising– **Domestic Consumer Products Business** under Marico Limited in India, **International Consumer Products Business** comprising exports from Marico Limited and operations of its overseas subsidiaries and **Hair Care and Skin Care Solutions Business** of Kaya in India and overseas and Sundari LLC overseas. The consolidated entity has been, in this discussion, referred to as 'Marico' or 'Group' or 'Your Group'.

FINANCIAL RESULTS – AN OVERVIEW

	Rs. Crore Year ended March 31, 2008	2007
Consolidated Summary Financials for the Group		
Sales and Services	1906.7	1556.9
Profit before Tax	205.0	150.1
Profit after Tax	169.1	112.9
Marico Limited Financials		
Sales and Services	**1568.8**	**1371.7**
Profit before Tax	**173.3**	**150.8**
Less: Provision for Tax for the current year	19.2	16.6
Profit after Tax for the current year	**154.0**	**134.2**
Less: Provision for Deferred Tax Liability / (Deferred Tax Asset)	19.5	15.8
Less: Excess income tax provision of earlier years written back	–	6.2
Less: Fringe Benefit Tax	3.6	3.0
Less: Minimum Alternative Tax (MAT) Credit	(12.5)	(6.9)
Profit after Tax	**143.4**	**116.1**
Add: Surplus brought forward	69.5	191.4
Profit available for Appropriation	**212.9**	**307.5**
Appropriations:		
Distribution to shareholders	**39.9**	**40.7**
Tax on dividend	6.8	5.7
	46.7	**46.4**
Transfer to Capital Redemption Reserve	–	**180.0**
Transfer to General Reserve	**14.3**	**11.6**
Surplus carried forward	**151.9**	**69.5**
Total	**212.9**	**307.5**

DISTRIBUTION TO EQUITY SHAREHOLDERS

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

DIRECTORS' REPORT

Marico has identified acquisitions as one of its avenues to pursue growth. Since April 2005, the Group has consummated 7 acquisitions including two each in India, Bangladesh and Egypt. During FY08, your Company completed the acquisition of the consumer products division of Enaleni Pharmaceuticals, marking an entry into South Africa. As part of its growth agenda, Marico would continue to explore new acquisition opportunities. These would call for additional funding.

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

Your Company's distribution to equity shareholders during FY08 comprised the following:
First interim dividend of 13.5 % on the equity base of Rs. 60.90 Crore
Second interim dividend of 15% on the equity base of Rs. 60.90 Crore
Third interim dividend of 37% on the equity base of Rs. 60.90 Crore

The total equity dividend for FY08 at 65.5% is thus the same as that paid during FY07. The total dividend (including dividend tax) was Rs. 46.7 crore (28% of the group Profit After Tax (PAT)).

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

REVIEW OF OPERATIONS

Marico turned in a revenue of Rs. 1907 crore during FY08. At 22%, it was another year of healthy growth over the previous year. This comprised 17% organic growth accompanied by 5% inorganic growth. All its businesses, those of consumer products in India, international business and Kaya skin solutions contributed to the overall growth.

Together with this topline increase, the bottomline recorded a growth of 50%. Profit After Tax (PAT) during the year was at Rs. 169 crore as against Rs. 113 crore in FY07. The financials for FY08 include certain extraordinary items (exchange gain on loan repayment Rs. 10.6 crore, an additional charge on account of accelerated depreciation Rs. 4.3 crore and profit on sale of the Sil business Rs. 10.6 crore. Had it not been for these items, the PAT would have been Rs. 155 crore, a growth of 27% over FY07 (extraordinary items excluded from the comparable figure in the previous year).

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

Q4FY08 was:

- The 30th consecutive Quarter of growth in Turnover and
- The 34th consecutive Quarter of growth in Profits

The Company has demonstrated steady growth on both the topline and bottomline. Over the last 5 years, they have grown at a Compounded Annual Growth Rate of 21% and 30% respectively.

In October 2007, Marico acquired consumer division of Enaleni Pharmaceuticals Limited (Enaleni), through purchase of 100% shares in Enaleni Pharmaceuticals Consumer Division (Pty) Ltd (EPCD), an Enaleni subsidiary, via Marico South Africa Consumer Care (Pty) Limited, a wholly owned subsidiary of Marico. The name of EPCD has since been changed to Marico South Africa (Pty) Limited (MSA). The Durban–based MSA, is present across segments such as Hair Relaxers, After Care–Hair Food, Hair Conditioners and OTC Health Care. MSA's current annualised turnover is about Rs. 53 crore comprised largely of 3 brands, viz. Caivil in the premium ethnic Hair Care, Black Chic in VFM (Value For Money) Hair Care and Hercules in OTC Health Care.

DIRECTORS' REPORT

Consumer Products Business: India

In the consumer products business, the flagship brand, Parachute Coconut Oil grew by 10% in volume over the previous financial year. The focus segment of the hair–care range (Parachute Jasmine, Parachute Advansed, Shanti Amla Badam, Nihar Naturals and Hair & Care being the key elements) grew by 16% in volume. In the Premium Refined Oils market, Saffola, the Company's second flagship, grew by 22% in volume during the year.

In order to generate additional sources of growth in the coming years, Marico as an FMCG company must create a healthy pipeline of new products. During the year your Company launched new prototypes. These included Saffola Diabetics Atta Mix, a functional food that aids sugar management and Saffola Active, a refined oil blend of refined rice bran oil and refined soya oil. Parachute Advansed Starz is a range of Hair Care products for kids and Maha Thanda marks Marico's entry into the cooling oils segment.

Divestment of 'Sil' Business

The Company's processed food business which was carried on under the brand 'Sil' was divested to Scandic Food India Private Limited (Scandic), the Indian subsidiary of the Danish business house, Good Food Group A/s. The divestment which was made on a slump sale basis pursuant to shareholders' approval obtained through postal ballot during the year, included the manufacturing facility at Saswad (Saswad facility), near Pune and assimilation of the employees at Saswad facility by Scandic. Your Company would, however, continue to distribute 'Sil' range of products for Scandic for one year.

Discontinuation of distribution alliance with Indo Nissin Foods Ltd

Marico and Indo Nissin Foods Ltd (INFL) have mutually decided to end their distribution alliance. Marico had been distributing the Top Ramen range of products for INFL, a subsidiary of Nissin Foods of Japan, in India, since 1998. When Marico entered into the alliance with INFL, it had a turnover of about Rs. 500 crore. This was supported by an extensive distribution network which the alliance partners sought to leverage. Since then, Marico has grown its own business more than three times. The Company would like to focus its energies on distribution of brands from its own stable. The two companies agreed to end the existing distribution agreement with effect from April 1, 2008.

International FMCG Business

Marico's overall international business grew by 59%, while its organic growth over FY07 was 21%. In its traditional markets, namely the Middle East and Bangladesh, Marico's International FMCG business continued to grow and record share gains. The Egyptian brands, Fiancée and HairCode are performing as per expectations. They achieved a turnover of about Rs. 88 crore during the year.

In November 2007, Marico entered the fast growing South African ethnic hair care and health care market through the acquisition of Enaleni Pharmaceuticals Consumer Division (Pty) Ltd, since renamed as Marico South Africa (Pty) Limited. The process of integration of the business is underway.

Kaya

Kaya's skin care business achieved revenue of Rs. 100 crore during FY08, a growth of 34% over FY07. This growth has been delivered roughly in equal measure through new clinics, volume increase from existing clinics and price increases. During FY08, Kaya added 18 clinics, making the chain 65 clinic strong (56 in India and 9 in the Middle East). In the Middle East, Kaya extended its services beyond UAE by opening clinics in the Sultanate of Oman and the Kingdom of Saudi Arabia.

In order to enhance the product revenue stream, Kaya began prototyping the "shop–in–shop" model through kiosks. The response from this experiment was good and the company has commenced expansion to other locations.

In June 2007, Marico launched 'Kaya Life' offering holistic weight loss solutions. The feed back received from customers is positive. At present, Kaya Life has three centres in Mumbai.

OTHER CORPORATE DEVELOPMENTS

Investment exposure in Sundari LLC

In line with the Operating Agreement with its joint venture partner, Shantih LLC, Marico has exercised its call option to raise its stake in its subsidiary Sundari LLC (Sundari) from 75.5% to 100%. With effect from October 23, 2007, Sundari has become a wholly owned subsidiary (WOS) of Marico.

DIRECTORS' REPORT

Sundari's business however, continued to post operating losses in FY08 as the business expanded and it chose to invest in brand building. The building blocks are now in place and it is expected that with the right mix of brand building initiatives and new product launches, the business would progress towards achieving break–even in the next couple of years. However, in view of the accumulated losses in Sundari's books, your Board has considered it prudent to provide for diminution in the value of Marico's investment in Sundari by making a provision of Rs. 9.37 crore (around 25% of Marico's exposure in Sundari as on March 31, 2008) in the current year. However, as Sundari is now a WOS of Marico, the provision does not impact the consolidated results of Marico Group as a whole.

Marico Employees Stock Option Scheme 2007

Marico, in pursuance of shareholders approval obtained on November 24, 2006, formulated and implemented an Employees Stock Option Scheme (the Scheme) for grant of Employee Stock Options (Options) to certain employees of the Company and its subsidiaries. The Corporate Governance Committee of the Board of Directors is entrusted with the responsibility of administering the Scheme and in pursuance thereof, the Committee has granted 89,96,000 Options (as at March 31, 2008) comprising about 1.48% of the current paid up equity capital of the Company. Additional information on the Scheme as required by Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) is annexed and forms part of this report.

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

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

Resignation of Company Secretary

Mr. Vinod Kaushal, Company Secretary of the Company resigned from the post of Company Secretary and Compliance Officer of the Company with effect from the close of working hours on November 02, 2007. The process of recruiting a suitable candidate possessing the required qualification for the post Company Secretary and Compliance Officer is in progress.

Mr. Vinod Kamath, Chief – Finance & IT of the Company, has been appointed as the Compliance Officer of the Company with effect from November 03, 2007, to comply with various provisions of the Listing Agreement and other and other relevant statutes.

Application to the Central Government for exemption from including Balance Sheets of the subsidiary companies

Your Company had applied to the Central Government under Section 212(8) of the Companies Act seeking an exemption from attaching copies of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of its subsidiary companies.

In terms of the approval granted by the Central Government vide order No. 47/137/2008–CL–III, copies of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the subsidiary companies have not been attached to the Balance Sheet of the Company. However, the statement required under section 212 of the Companies Act, 1956 is attached. The Company will make these documents / details available upon request by any member of the Company interested in obtaining the same and same would also be made available on its website. The Consolidated Financial Statements prepared by the Company pursuant to Accounting Standard AS–21 issued by the Institute of Chartered Accountants of India, include financial information of its subsidiaries.

PUBLIC DEPOSITS

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

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgements 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, 2008 and the profits of your Company for the year ended March 31, 2008.

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

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

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

DIRECTORS

Mr. Nikhil Khattau, Mr. Jacob Kurian and Ms. Hema Ravichandar, Directors of the Company, retire by rotation as per Section 256 of the Act and being eligible offer themselves 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 Compliance Officer at the Registered Office of the Company.

AUDITORS

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

Aneja Associates, a Chartered Accountant Firm, has been associated with your Company as its Internal Auditor. They have been partnering your Company in the area of risk management and internal control systems. Your Company has re–appointed Aneja Associates as its Internal Auditor for the financial year 2008–09.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Mumbai
Date : April 24, 2008

HARSH MARIWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

Marico continued to emphasize on the conservation and optimal utilisation of energy in every manufacturing unit of the Company. The energy conservation measures implemented during FY08 are listed below:

- Use of energy efficient pumps for cooling towers and vapour absorption machine at Jalgaon.
- Interlocking for Boiler Fuel feeding Conveyors at Jalgaon on steam pressure to avoid idle running.
- Installation of PID for optimum utilization of Steam at Goa.
- Installing level sensors at Goa to motor eliminating idle run.
- Automation of Copra feeder to avoid idle run.
- Installation of VFD in oil mill at Goa in Press 1 and 2 resulting in energy conservation.
- Elimination of bypass chutes at Goa, thereby eliminating the motor drive.
- Refurbishment of Condensate & Steam line insulation at Kanjikode to reduce the heat loss.
- Change 250W Mercury Lamp Street light to 150W at Kanjikode to reduce the Lighting load.

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

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

B. Technology Absorption

I. Research and Development (R&D)

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

   R&D's main thrust during the year was to strengthen the current portfolio of products and also to look for new opportunities to satisfy the consumer needs more effectively. Numerous initiatives, which were earlier planned or initiated this year, progressed well to generate consumer appealing, functional products. Some of these initiatives were:

   - Development of new technology platforms to support the consumer needs more effectively
   - Development of competencies in new areas like Soap, Skin Care and Functional Foods
   - Development of new products, line extensions, and new processes based on consumer understanding to meet the unmet consumer aspirations
   - Evaluation of natural herbs for proprietary, patentable hair & skin products, with sponsorship from Department of Science & Technology (DST)
   - Generation of consumer insights through rigorous and intense consumer interactions to make product more relevant and appropriate to consumers
   - Skill building towards evaluation of products for better success in the market
   - Working with premier research institutions to stay in tune with and assimilate the frontiers of research
   - Work on product and process patents.

Your Company has also invested in new infrastructure for evaluation of hair and skin towards providing better performance based products.

ANNEXURE TO THE DIRECTORS' REPORT

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

   - Various SKUs were developed under the various categories in which Marico operates.
   - A few domestic launches include:
     * Parachute Advansed Starz kid's range which includes Oil, Shampoo and Cream–gel
     * Maha Thanda Cooling oil
     * Saffola Atta mix for Diabetics
     * Saffola Active edible oil
   - Various products were launched under the Kaya business to provide effective solutions in skin care
     * Sensitive Line: Cleanser, Moisturiser and Sunscreen SPF 15
     * Fairness Line: Cleanser, Day Cream and Night Cream

   In the International business, various product and pack developments were undertaken in the current year to strengthen business. These would translate into launches in the coming year.

   Indigenous technologies were developed for manufacturing many of the existing products locally.

   Numerous innovative packaging designs and options to offer greater value to consumers such as Parachute Advansed Hot Champi and Parachute Advansed Easy Champi packs were developed.

   Your Company continues to identify new consumer needs and meet those needs through R&D.

   Marico's R&D has been granted 3 Patents this year.

3. Future Plan of Action:

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

4. Expenditure on R & D:

(Rs. Crore)

		2007–08	2006–07
a)	Capital	1.6	0.7
b)	Recurring	4.9	3.7
	Total	**6.5**	**4.4**
c)	Total R & D expenditure as % to Sales & Services	0.4	0.3
d)	Total R & D expenditure as % to PBT	3.7	2.9

II. Technology absorption, adaptation and innovation

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

   Various technologies were adopted in packaging towards providing better cost optimization and shelf appeal, usage convenience. e.g.: Parachute Advansed oil heater for warm head massage, Parachute Advansed hair spray.

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

   Not Applicable

ANNEXURE TO THE DIRECTORS' REPORT

C. Foreign Exchange Earnings and Outgo

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

On behalf of the Board of Directors

Place : Mumbai
Date : April 24, 2008

HARSH MARIWALA
Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Marico Limited

We have examined the compliance of conditions of Corporate Governance by Marico Limited (''the Company"), for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

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

For M/s. Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F – 33220)
Place : Mumbai
Date : April 24, 2008

ANNEXURE TO THE DIRECTORS' REPORT 2008

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

Marico Employee Stock Option Scheme 2007

a) Options granted (as at March 31, 2008)	89,96,000 Options aggregating to about 1.48% of the paid–up equity capital of the Company
b) The pricing formula	The Exercise Price of the Options shall be lower of the following: i) Average of the closing price for last 21 (twenty one) trading session(s) on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of Options to the employees, or ii) The closing price for the last session on NSE prior to the date on which the Corporate Governance Committee, grants the specific number of Options to the employees.
c) Options vested (as at March 31, 2008)	–N.A.– The vesting of the first lot of Options granted would take place on July 01, 2008
d) Options exercised (as at March 31, 2008)	–N.A.–
e) The total number of shares arising as a result of exercising of Option	–N.A.–
f) Options lapsed	–N.A.–
g) Variation of terms of Options	–N.A.–
h) Money realised by exercise of Options	–N.A.–
i) Total number of Options in force	89,96,000
j) Employee wise details of Options granted to : (as at March 31, 2008)	
i) Senior Managerial Personnel	A summary* of Options granted to senior managerial personnel are as under : No. of employees covered – 83 (Eighty Three) No. of Options granted to such personnel – 89,96,000 (Eighty Nine Lakh Ninety Six Thousand) *Only summary given due to sensitive nature of information
ii) any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during the year	–N.A.–
iii) identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	–N.A.–

ANNEXURE TO THE DIRECTORS' REPORT

k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with the Accounting Standard 20 'Earnings per Share'	Rs. 2.35
l)	i) Method of calculating employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the Options granted under the Scheme
	ii) Difference between the employee compensation cost so computed at (I) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Rs. 6.24 Crore
	iii) The impact of this difference on the profits and on EPS of the Company	Had the Company considered 'fair value' method then the additional employee compensation cost would be Rs. 6.24 Crore. The Profit Before Tax and EPS would be lower by Rs. 6.24 crore and Re. 0.10, respectively.
m)	Weighted –average exercise price and weighted average fair values of Options (to be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock)	Weighted average Exercise Price : Rs. 56.37 Weighted average Fair Value of Option : Rs. 22.62
n)	Description of method and significant assumptions used during the year to estimate the fair values of options	Intrinsic Value Method
	i) risk – free interest rate	As per Annexure I
	ii) expected life of options	As per Annexure I
	iii) expected volatility	As per Annexure I
	iv) expected dividends	As per Annexure I
	v) Closing Market price of share on date of option grant	As per Annexure I

Annexure I

	30–Jun–07		24–Oct–07		19–Dec–07		24–Jan–08	
	Vesting 1	**Vesting** 2	**Vesting** 1	**Vesting** 2	**Vesting** 1	**Vesting** 2	**Vesting** 1	**Vesting** 2
Risk free Interest Rate (%)	7.38	7.79	7.95	7.88	7.81	7.96	6.89	7.20
Expected life of Options (years)	3.51	5.51	3.52	5.19	3.54	5.03	3.52	4.94
Expected Volatility (%)	36.97	36.97	35.83	35.83	35.94	35.94	38.14	38.14
Expected Dividends (%)	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56
Closing Price as on Date of Grant (Rs.)	55.40	55.40	61.90	61.90	68.40	68.40	59.95	59.95

ANNEXURE TO THE DIRECTORS' REPORT 2008

ENCLOSURE 'A'

Power & Fuel Consumption

		For the year ended March 31	
Note: The numbers given below relate to the own manufacturing facilities of the Company.		2008	2007
1. Electricity			
a. Purchased units (Kwh)		10,327,751	9,702,876
Amount (Rs. Crore)		3.79	3.70
b. Own Generation			
i. Through Diesel Generator (Kwh)		1,220,521.10	729,851.00
Amount (Rs. Crore)		1.30	0.87
Average Rate (Rs. / Unit)		10.66	11.93
ii. Through Steam Generator (Kwh)		21,176.00	36,239.00
Amount (Rs. Crore)		–	–
Average Rate (Rs. / Unit)		–	–
2. Coal		–	–
3. Furnace oil			
Quantity (KL)		1,137.40	915.76
Amount (Rs. Crore)		2.76	2.03
Average Rate (Rs. / KL)		24,258.69	22,134.01
4. Other Internal Generation (excludes HSD used for electricity generation)			
L.D.O / H.S.D.		–	–
Quantity (KL)		139.70	112.96
Amount (Rs. Crore)		0.43	0.35
Average Rate (Rs. / KL)		30,543.37	30,622.95
5. Baggase Consumption			
Quantity (MT)		12,495.54	11,986.00
Amount (Rs. Crore)		1.18	1.52
Average Rate (Rs. / MT)		946.89	1,268.15
Consumption per unit of production of edible oils			
	Unit		
Electricity	Kwh	122.17	120.74
Coal	MT	–	–
Furnace oil	KL	0.01	0.01
L.D.O./H.S.D.	KL	–	–
Baggase	KG	0.39	0.37
Consumption per unit of production of processed foods			
	Unit		
Electricity	Kwh	102.45	108.96
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	0.11	0.10
Consumption per unit of production of Hair Oils and other formulations			
	Unit		
Electricity	Kwh	46.49	52.38
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	–
Consumption per unit of production of Formulations			
	Unit		
Electricity	Kwh	–	–
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	–

CORPORATE GOVERNANCE REPORT

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

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

I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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.

Risk Assessment and Risk Mitigation Framework

Marico believes that:

- Risks are an integral part of any business environment and it is essential that we create structures that are capable of identifying and mitigating them in a continuous and vibrant manner.
- Risks are multi–dimensional and therefore have to be looked at in a holistic manner, straddling both, the external environment and the internal processes.

Marico's Risk Management processes therefore envisage that all significant activities are analysed keeping in mind the following types of risks:

❖ Business Risks

❖ Controls Risks

❖ Governance Risks

CORPORATE GOVERNANCE REPORT

This analysis is followed by the relevant function(s) in Marico tracking the risk elements, both internal and external, and reporting status at periodic management reviews. This is aimed at ensuring that adequate checks and balances are in place with reference to each significant risk.

We believe that this framework ensures a unified and comprehensive perspective.

Cornerstones

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

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 judiciously tempered with discretion to ensure that the Company's strategic interests and competitive position are not compromised.

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.

Value–adding Checks & Balances

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

❖ prevent misuse of authority

❖ facilitate timely response to change and

❖ 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.

Board / Committee Proceedings

The process of the conduct of the Board and its Committees is explained in detail later on in this report.

Other Significant Practices

Other significant Corporate Governance Practices followed by Marico are listed below:

Information Sharing

❖ Operational performance details are circulated through media releases and information updates useful to analysts amongst others

❖ 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

Ownership Separated from Management

❖ 8 out of 9 Directors are Non–Executive and 7 are Independent.

❖ No related party transactions exist except for those with subsidiaries and for remuneration to Chairman and Managing Director (CMD) and relatives of CMD. These can be referred to in Notes to Accounts annexed to the financial statements for the year ended March 31, 2008.

CORPORATE GOVERNANCE REPORT

- As and when required, senior management personnel are present at Board / Committee meetings so that the Board/ Committees can seek and get explanations as required from them.
- All Directors and employees are required to comply with internal rules for dealing in securities of the Company in addition to the concerned Securities Exchange Board of India (SEBI) regulations.

Checks & Balances

- All Directors are provided with complete information relating to operations and Company finances to enable them to participate effectively in Board discussions.
- Proceedings of Board are logically segregated and matters are delegated to committees as under:
  - Administrative Committee covers routine transactional issues.
  - Audit Committee covers internal control systems, financial reporting and compliance issues.
  - Committee for investing in new office premises covers matters relating to purchase / setting up of new office complex and allied matters.
  - Corporate Governance Committee (erstwhile Remuneration Committee) covers remuneration of Directors and their relatives, Corporate Governance policy and procedures and is designated as 'Compensation Committee' for the purpose of administration and superintendence of the Company's Employees Stock Option Schemes as may be formulated in accordance with shareholders' approval.
  - Investment and Borrowing Committee covers management of funds.
  - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.
  - Shareholders' Committee covers review/redressal of investor grievances.
  - Share Transfer Committee covers transfer formalities and other share–related procedures.

  Constituted committees meet frequently to review operations.
- Each Non–Executive Director brings value through a specialisation.
- Directorships held are within the ceiling limits specified.
- Committee Memberships and Chairmanship of Directors are within overall limits.
- Statutory Compliance Report along with a Compliance Certificate is placed before the Audit Committee / Board at every meeting.
- Audit Committee is chaired by an Independent Director to check control systems and review them.
- All Directors endeavour to attend all the Board/Committee meetings as also the Annual General Meeting. The Chairman of the Audit Committee attends the Annual General Meeting to answer queries, if any, on accounts.
- The Chairman of the Board / Committee, in consultation with the Chief – Finance & IT and Compliance Officer, formalises the agenda for each of the Board Meetings.
- The Board / Committee, at its discretion, invites senior managers of the Company and / or outside Advisors to any meeting(s) of the Board/Committee.
- The Audit Committee has, during the year considered, all important Company policies having a financial or control angle viz: materials, risk management, internal controls, compliances across the Company. It has regularly monitored the effectiveness of policies, need for strengthening internal controls etc.

CORPORATE GOVERNANCE REPORT

Re–constitution of the Board and its committees

The Board and its following committees were re–constituted on April 26, 2007 as a result of organisational restructuring.

- Administrative Committee
- Audit Committee
- Committee for investing in new office premises
- Investment and Borrowing Committee
- Securities Issue Committee
- Shareholders' Committee
- Share Transfer Committee

The Securities Issue Committee was further re-constituted on July 25, 2007. Mr. Vinod Kaushal, vacated his position as Secretary of the aforesaid committees of the Board, consequent to his resignation as Company Secretary of the Company with effect from the close of working hours on November 02, 2007.

Compliance with Clause 49 of the Listing Agreement

The Company has complied with the provisions of clause 49 of the Listing Agreement, as revised from time to time.

The Company already has a Code of Conduct for the Board of Directors and senior members, and a Whistle Blower Policy in place.

The Code of Conduct prescribes certain dos and don'ts to the Directors, senior management comprising key personnel of the Company and other employees of the Company to promote ethical conduct in accordance with the stated values of Marico and also to meet statutory requirements.

The CEO declaration has been included in the CEO Certificate given elsewhere in the Annual Report.

II. BOARD OF DIRECTORS

(I) Composition and categories of Directors (as on April 24, 2008):–

Name	Category
Mr. Harsh Mariwala	Chairman & Managing Director (Promoter)
Mr. Rajeev Bakshi	Non–Executive and Independent
Mr. Atul Choksey	Non–Executive and Independent
Mr. Nikhil Khattau	Non–Executive and Independent
Mr. Jacob Kurian	Non–Executive and Independent
Mr. Anand Kripalu*	Non–Executive and Independent
Mr. Rajen Mariwala	Non–Executive (Promoter)
Ms. Hema Ravichandar	Non–Executive and Independent
Mr. Bipin Shah	Non–Executive and Independent

*Member of the Board w.e.f. April 26, 2007.

CORPORATE GOVERNANCE REPORT

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

Five meetings of the Board of Directors were held during the period April 01, 2007 to March 31, 2008 viz: April 26, 2007; May 18, 2007; July 25, 2007; October 24, 2007 and January 24, 2008. The attendance record of all Directors is as under:–

Names of Directors	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Harsh Mariwala	5	5	Yes
Mr. Rajeev Bakshi	5	1	No
Mr. Atul Choksey	5	4	No
Mr. Nikhil Khattau	5	4	No
Mr. Jacob Kurian	5	4	No
Mr. Anand Kripalu	5	4	No
Mr. Rajen Mariwala	5	3	No
Ms. Hema Ravichandar	5	4	Yes
Mr. Bipin Shah	5	5	Yes

(III) Number of Board or Board Committees of which a Director is a Member or Chairperson (Only the Membership(s)/ Chairmanship(s) of Audit Committee and Shareholders' Committee is considered as per Clause 49 of the Listing Agreement)

Director	Number of Outside Directorships held	* Number of Committee Memberships	* Number of Committees in which Chairperson
Mr. Harsh Mariwala	5	2	2
Mr. Rajeev Bakshi	2	1	Nil
Mr. Atul Choksey	10	Nil	Nil
Mr. Nikhil Khattau	3	3	2
Mr. Jacob Kurian	Nil	Nil	Nil
Mr. Anand Kripalu	2	Nil	Nil
Mr. Rajen Mariwala	2	2	Nil
Ms. Hema Ravichandar	Nil	Nil	Nil
Mr. Bipin Shah	4	4	2

* includes committee Membership(s)/Chairmanship(s) with Marico Limited

III. AUDIT COMMITTEE

Constitution:

The Audit Committee was constituted by the Board of Directors at its meeting held on January 23, 2001, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee was last re–constituted by the Board of Directors on April 26, 2007.

Mr. Vinod Kaushal, vacated his position as Secretary to the Committee, consequent to his resignation as Company Secretary of the Company with effect from the close of working hours on November 02, 2007. The process of recruiting a suitable candidate possessing the required qualification for the post Company Secretary and Compliance Officer is in progress.

CORPORATE GOVERNANCE REPORT

The Audit Committee comprises the following Directors:

Mr. Bipin Shah – Chairman

Mr. Nikhil Khattau – Member

Mr. Rajen Mariwala – Member

Mr. Harsh Mariwala – Permanent Invitee

The terms of reference of the Audit Committee are as stated in Clause 49 of the Standard Listing Agreement, Section 292A of the Companies Act, 1956 and includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re–appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post–audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.

CORPORATE GOVERNANCE REPORT

14. Reviewing mandatorily the following information:
    a. Management discussion and analysis of financial condition and results of operations;
    b. Statement of significant related party transactions, submitted by management;
    c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
    d. Internal audit reports relating to internal control weaknesses; and
    e. The appointment, removal and terms of remuneration of the Chief internal auditor

The Committee had 5 meetings during the period April 01, 2007 to March 31, 2008 viz: April 26, 2007, May 18, 2007, July 25, 2007, October 24, 2007 and January 24, 2008. The attendance record of Members of the Committee is as under:-

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Bipin Shah	5	5
Mr. Nikhil Khattau	5	5
Mr. Rajen Mariwala	5	3
Mr. Harsh Mariwala	5	5

IV. CORPORATE GOVERNANCE COMMITTEE

Constitution:

The Board of Directors had its meeting held on October 25, 2005, renamed the Remuneration Committee as the Corporate Governance Committee with terms of reference relating to overseeing and continuously improving the Corporate Governance policies and practices in the Company. The primary purpose of the Corporate Governance Committee is “to enable” the Board to function effectively in strategic and core issues of management.

The Corporate Governance Committee reviews and oversees the Remuneration strategy and Performance Management Philosophy of Marico, especially for Directors and senior employees. The Committee has also been designated as ‘Compensation Committee’ for administration and superintendence of the Company’s Employees Stock Option Schemes as may be formulated from time to time in accordance with the shareholders’ approval obtained at the extra-ordinary general meeting held on November 24, 2006. The Committee will also act as the Nomination Committee, with the details of this role being defined at an appropriate and relevant time in the future.

The Corporate Governance Committee comprises the following members:

Ms. Hema Ravichandar – Chairperson
Mr. Rajeev Bakshi – Member
Mr. Jacob Kurian – Member
Mr. Milind Sarwate – Secretary to the Committee
Mr. Harsh Mariwala – Permanent Invitee

The Corporate Governance Committee met seven times during the period April 01, 2007 to March 31, 2008, viz: April 25, 2007, June 22, 2007, June 30, 2007, July 25, 2007, October 24, 2007, December 19, 2007 and January 24, 2008. The attendance record of Members of the Committee is as under:-

Names of Directors	No. of Corporate Goverance Committee Meetings	
	Held	Attended
Ms. Hema Ravichandar	7	7
Mr. Rajeev Bakshi	7	1
Mr. Jacob Kurian	7	6
Mr. Harsh Mariwala	7	7

CORPORATE GOVERNANCE REPORT

The Remuneration paid/payable to Non–Executive Directors for the Financial Year 2007–2008 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	70,000	10,000
Mr. Atul Choksey	2,80,000	40,000
Mr. Nikhil Khattau	2,80,000	40,000
Mr. Anand Kripalu	2,80,000	40,000
Mr. Jacob Kurian	2,80,000	40,000
Mr. Rajen Mariwala	2,10,000	30,000
Ms. Hema Ravichandar	2,80,000	40,000
Mr. Bipin Shah	3,50,000	50,000

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2007–2008 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)
Mr. Harsh Mariwala	1,63,01,483	29,65,001

For any termination of service contract, the Company and/or the Executive Director is required to give a notice of three months.

Shareholding of Non-Executive Directors

Name of Non Executive Director	No. of Shares held (As on March 31, 2008)
Mr. Rajeev Bakshi	0
Mr. Atul Choksey	60,000
Mr. Nikhil Khattau	0
Mr. Anand Kripalu	0
Mr. Jacob Kurian	5,000
Mr. Rajen Mariwala	5,083,200
Ms. Hema Ravichandar	0
Mr. Bipin Shah	44,000
Total	**51,92,200**

REMUNERATION POLICY OF THE COMPANY

Remuneration Policy for Executive Director

The Marico Board presently consists of only one Executive Director namely Mr. Harsh Mariwala, Chairman & Managing Director (CMD). Therefore, the remuneration policy for Executive Directors presently covers only the Chairman & Managing Director.

The remuneration of the CMD is governed by the agreement dated June 28, 2006 executed between the Company and Mr. Harsh Mariwala. The terms of this agreement have already been shared with the members. The remuneration to the CMD comprises of two broad terms – Fixed Remuneration and Variable Remuneration in the form of performance incentive.

CORPORATE GOVERNANCE REPORT

The performance incentive is based on internally developed detailed performance related matrix which is verified by the HR department.

Remuneration Policy for Non–Executive Directors

Non–Executive Directors of a company's Board of Directors can add substantial value to the company through their contribution to the Management of the company. In addition, they can safeguard the interests of the investors at large by playing an appropriate control role. For best utilizing the Non–Executive Directors, Marico has constituted certain Committees of the Board, viz. Corporate Governance Committee, Audit Committee and Shareholders' Committee.

Non–Executive Directors bring in their long experience and expertise to bear on the deliberations of the Marico Board and its Committees. Although the Non–Executive Directors would contribute to Marico in several ways, including off–line deliberations with the Managing Director, the bulk of their measurable inputs come in the form of their contribution to Board/Committee meetings. Marico therefore has a structure for remuneration to Non–Executive Directors, based on engagement levels of the Board members linked to their attendance at Board / Committee Meetings.

The shareholders of the Company had on July 26, 2005 approved payment to Non–Executive Directors for a period of five years up to a limit of 3% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956. The Board of Directors was allowed freedom, within this limit, to decide the mode, the quantum, the recipients and the frequency of payment of such remuneration.

V. SHAREHOLDERS' COMMITTEE

Constitution:

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001 and was last re–constituted on April 26, 2007. Mr. Vinod Kaushal, vacated his position as Secretary to the Committee consequent to his resignation as Company Secretary of the Company with effect from the close of working hours on November 02, 2007. The process of recruiting a suitable candidate possessing the required qualification for the post Company Secretary and Compliance Officer is in progress.

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

The Shareholders' Committee comprises of the following Directors (All Non–Executive):

Mr. Nikhil Khattau – Chairman

Mr. Rajen Mariwala – Member

During the financial year 2007–2008, one meeting of the Committee was held on January 24, 2008.

Name and Designation of Compliance Officer:

Mr. Vinod Kamath, Chief – Finance & IT

Status Report of Investor Complaints for the year ended March 31, 2008

No. of Complaints Received – 53

No. of Complaints Resolved – 53

No. of Complaints Pending – NIL

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

CORPORATE GOVERNANCE REPORT

VI. GENERAL BODY MEETINGS

Annual General Meetings

YEAR	VENUE	DATE	TIME
2005	'Kohinoor Hall', Kohinoor Corner, Opposite Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025	July 26, 2005	9.30 a.m.
2006	Indian Education Society, Gate No. 6, Manik Sabhagriha, Opposite Leelavati Hospital, Bandra Reclamation, Bandra (W), Mumbai – 400 050	July 25, 2006	9.15 a.m.
2007	Mayfair Rooms, 'Mayfair South', 254 – C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 25, 2007	2.30 p.m.

Details of Special Resolution passed at any of previous three Annual General Meetings

A special resolution was passed for payment of remuneration to Non–Executive Directors in the Annual General Meeting held on July 26, 2005.

Postal Ballot

The Company undertook a Postal Ballot for the purpose of obtaining approval of the shareholders for various matters, results whereof were declared on January 23, 2008. The following resolutions were passed by the Company through aforesaid Postal Ballot process:

1. Sale of Sil Business of the Company
2. Increase in limits for inter–corporate investments*
3. Increase in borrowing powers of the Board

Mr. D.B. Dixit was appointed as the Scrutinizer for the Postal Ballot process. The last date for receiving the Postal Ballot forms was close of working hours of January 21, 2008. The Scrutinizer submitted his report to the Chairman on January 22, 2008. The voting pattern of the Postal Ballot was as follows:

Particulars	No. of Postal Ballot Forms
(a) Total postal ballot forms received	796
(b) Less: Invalid postal ballot forms	18
(c) Valid Postal ballot forms	778

Details of votes cast for and against each item of the postal ballot is as under:

Sr. No.	Particulars	No. of shares		No. of postal ballot forms		% of valid votes cast	
		Denoting Assent	Denoting Dissent	Denoting Assent	Denoting Dissent	For	Against
1	Sale of Sil Business of the Company	431,873,366	5,445	751	19	100.00	0.00
2	Increase in limits for inter-corporate investments*	431,800,187	68,474	731	34	99.98	0.02
3	Increase in borrowing powers of the Board	411,442,653	20,422,743	715	48	95.27	4.73

All the resolutions are carried with requisite majority.

* The number of votes cast in favour of the resolution being more than three times the number of votes cast against, the resolution was carried with requisite majority and passed as a special resolution.

CORPORATE GOVERNANCE REPORT

VII. DISCLOSURES

There has not been any non–compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

During the year 2007–2008, there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

The Company has a well–defined Whistle Blower Policy and it is fully implemented by the Management.

No personnel has been denied access to the Audit Committee.

Compliance with mandatory and non–mandatory requirements of Clause 49 of the Listing Agreement:

The Company has complied with mandatory requirement of Clause 49 of the Listing Agreement requiring it to obtain a certificate from either the Auditors or Practising Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in this clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders of the Company. We have obtained a certificate to this effect and the same is given as an annexure to the Directors' Report.

The clause further states that the non–mandatory requirements may be implemented as per the Company's discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non–adoption of the non–mandatory requirements shall be made in the section on Corporate Governance of the Annual Report. We comply with the following non–mandatory requirements:

Remuneration Committee

The scope of the Remuneration Committee was expanded and designated as the Corporate Governance Committee by the Board of Directors at its meeting held on October 25, 2005. A detailed note on the Committee is provided elsewhere in this report.

Whistle Blower Policy

We have established a mechanism for employees to report concerns about unethical behaviour actual or suspected fraud or violation of our code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern. The guidelines also cover our associates who partner us in our organizational objectives and customers for whom we exist.

VIII. MEANS OF COMMUNICATION

Quarterly, half–yearly and annual results for Marico Limited as also consolidated financial results for the Marico group are published in an English financial daily (Free Press Journal) and a vernacular newspaper (Navashakti).

All official news releases and financial results are communicated by the Company through its corporate website – www.maricoindia.com. Presentations made to Institutional Investors/ Analysts are also put up on the website for wider dissemination.

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

CORPORATE GOVERNANCE REPORT

IX. GENERAL SHAREHOLDER INFORMATION

Details of Directors seeking re–appointment at the forthcoming Annual General Meeting

Mr. Nikhil Khattau

Mr. Nikhil Khattau, 45, is a Commerce graduate from the University of Mumbai and is also a Member of the Institute of Chartered Accountants of England and Wales. Nikhil has over two decades of experience in the field of finance in various capacities behind him. As Managing Director of Mayfield Advisors Private Ltd., Nikhil is a private equity investor, investing in growth stage Indian businesses. His directorships include Mid–Day Multimedia Ltd., Indo Schottle Auto Products Pvt. Ltd. and Radio Midday India Ltd. Earlier, he was Chief Executive Officer of SUN F&C Asset Management (I) Pvt. Ltd. and has worked with Ernst & Young's corporate finance practice in London & New York.

Mr. Jacob Kurian

Mr. Jacob Kurian, 52, is a Bachelor of Engineering (Electrical & Electronics) from the National Institute of Technology, Tiruchirapalli, and holds a Post Graduate Diploma in Management from the Xavier Labour Relations Institute. Jacob's corporate experience of 26 years includes over 21 years as a Tata Administrative Service Officer in the Tata Group. His last assignment with the Tata's was Chief Operating Officer & Senior Vice President – Jewellery Division, Titan Industries. In 2003, he became President, Sylvan Learning India, a part of the world's leading education services company focused on post–secondary education. In 2007, he became a Partner in New Silk Route Advisors Pvt. Ltd. Over the recent past, he has evaluated and managed several new investments across a variety of sectors.

Ms. Hema Ravichandar

Ms. Hema Ravichandar, 47, is a Bachelor of Arts (Economics) from the University of Chennai and holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. Hema's experience of 25 years comprises corporate roles in Infosys Technologies Ltd. and Motor Industries Co. Ltd., and entrepreneurial stints in HR, across industries. She currently provides Strategic HR Advisory to several multinational and Indian organizations. She was formerly the Chairperson for The Conference Board's HR Council of India and is a Member of the National Advisory Council of the National HRD Network of India. She has worked closely with industry bodies such as CII and NASSCOM on some of their key initiatives. She is a regular speaker at several international and national conferences and leading business schools.

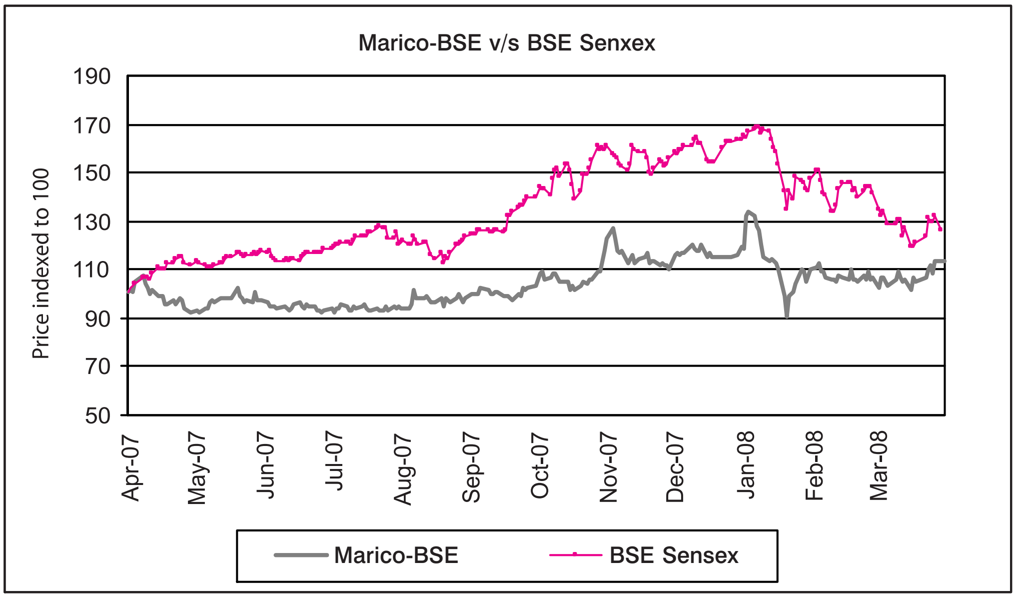
Annual General Meeting – Date, time and Venue	:	Thursday, July 24, 2008 at 2.30 p.m. Mayfair Rooms, 'Mayfair South', 254– C, Dr. Annie Besant Road, Worli, Mumbai – 400 030
Financial Year	:	April 01 – March 31
Book Closure Date	:	Tuesday, June 24, 2008 to Friday, June 27, 2008, both days inclusive.
Dividend Payment Date	:	August 13, 2007 (1st Interim Equity Dividend 07–08) November 16, 2007 (2nd Interim Equity Dividend 07–08) May 16, 2008 (3rd Interim Equity Dividend 07–08)

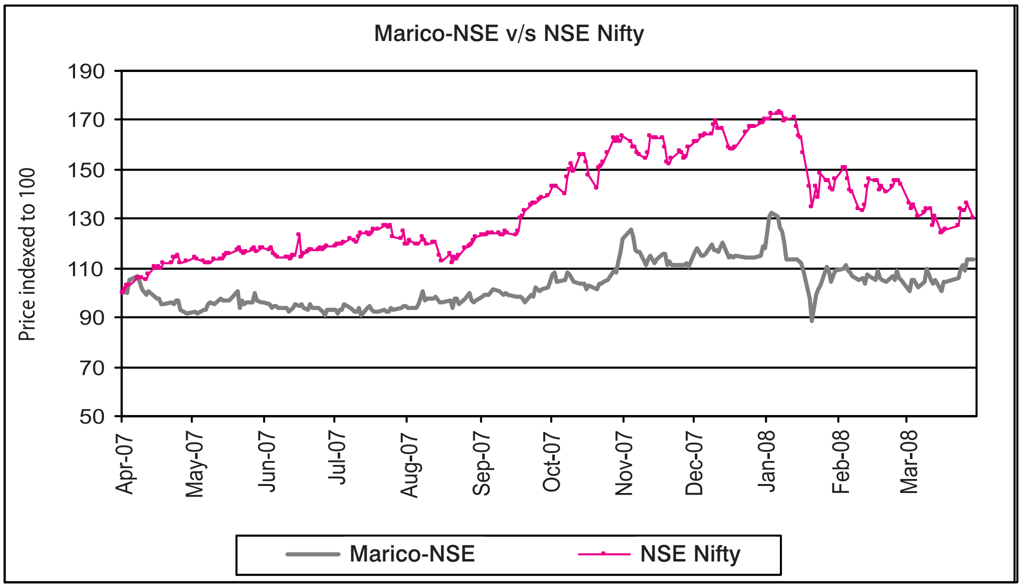
CORPORATE GOVERNANCE REPORT

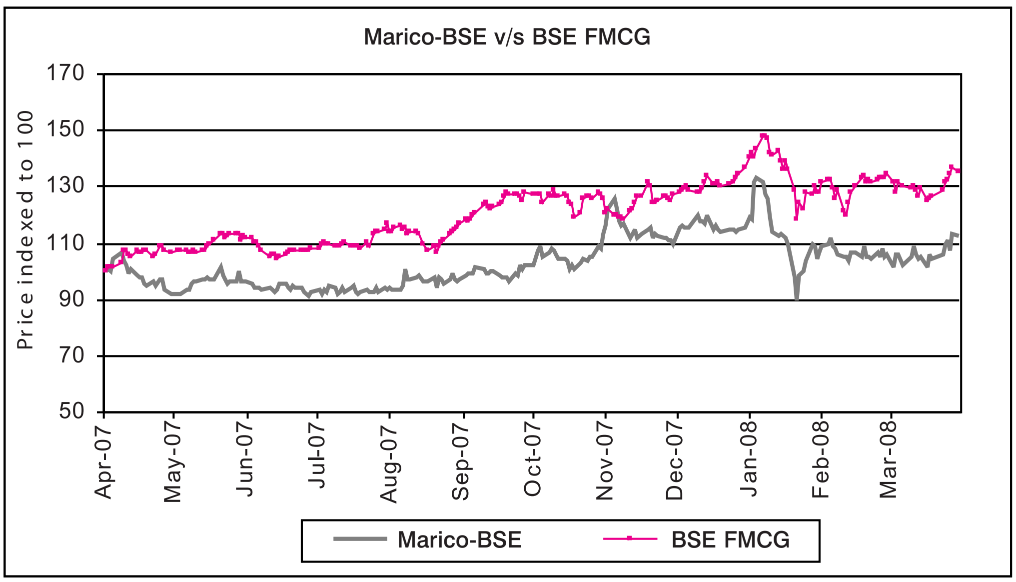
Listing on Stock Exchanges	:	Bombay Stock Exchange Limited (BSE): Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The National Stock Exchange of India Limited. (NSE) , Exchange Plaza , Bandra Kurla Complex, Mumbai 400 051. Listing fees for Financial Year 2008–2009 has been paid.
Stock /Scrip Code	:	BSE – 531642 NSE – MARICO
ISIN number	:	INE 196A01026
Company Identification Number (CIN)	:	L15140MH1988PLC049208
Unique Identification Number	:	100067223
Market Price Data	:	

Month	Bombay Stock Exchange Limited (BSE) (In Rs.)		The National Stock Exchange of India Limited (NSE) (In Rs.)	
	*High	*Low	*High	*Low
April–07	65.04	54.30	65.35	54.10
May–07	65.80	54.50	65.70	49.10
June–07	59.90	54.10	59.50	54.00
July–07	57.95	54.10	57.90	54.40
Aug–07	60.90	54.75	61.35	55.05
Sep–07	63.00	57.10	67.70	57.10
Oct–07	68.75	57.00	68.80	58.00
Nov–07	77.50	64.50	78.00	65.00
Dec–07	76.50	65.25	75.70	65.10
Jan–08	83.25	47.00	84.70	48.00
Feb–08	67.45	60.10	67.00	61.00
Mar–08	69.00	59.25	68.90	58.05

CORPORATE GOVERNANCE REPORT







CORPORATE GOVERNANCE REPORT

Share Transfer System	:	Transfers in physical form are registered by the Registrar and Share Transfer Agents immediately on receipt of completed documents and certificates are issued within one month of date of lodgement of transfer. Invalid share transfers are returned within 15 days of receipt. The Share Transfer Committee generally meets on fortnightly basis, as may be warranted by the number of 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, generally within 20 days.
Registrar & Transfer Agents	:	M/s Intime Spectrum Registry Limited, (Unit : Marico Ltd.) C –13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078

Distribution of Shareholding as on March 31, 2008 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1– 500	26,939	76.78	4,308,030	0.71
501–1000	3,082	8.78	2,751,552	0.45
1001 –2000	1,921	5.47	3,151,822	0.52
2001–3000	780	2.22	1,982,106	0.32
3001–4000	809	2.31	3,128,554	0.51
4001– 5000	367	1.05	1,752,308	0.29
5001–10000	536	1.53	4,114,745	0.68
10001–35086	652	1.86	587,810,883	96.52
Total	35,086	100.00	609,000,000	100.00

Categories of Shareholding– as on March 31, 2008 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	24	386,406,520	63.45
Foreign Institutional Investors	55	104,868,114	17.22
NRIs and OCBs	615	2,604,199	0.43
Insurance Companies, Banks and other Financial Institutions	8	14,339,699	2.35
Mutual Funds, including Unit Trust of India	36	43,021,864	7.06
Public / Private Ltd. Companies	843	12,146,904	1.99
Resident Individuals, Trusts and In Transit	33,505	45,612,700	7.49
Total	35,086	609,000,000	100.00

CORPORATE GOVERNANCE REPORT

Dematerialisation of Shares and Liquidity	:	As on March 31, 2008, 99.13 % of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialised form with effect from May 31, 1999.
Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity	:	The Company has not issued any GDR / ADR / Warrants or any convertible instruments.
Plant Locations	:	Kanjikode, Jalgaon, Goa, Pondicherry, Daman and Dehradun
Address for correspondence	:	**Shareholding related queries** Company's Registrar & Transfer Agent M/s Intime Spectrum Registry Limited Unit : Marico Limited C –13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078 **General Correspondence** Marico Limited Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050.

CHIEF EXECUTIVE OFFICER (CEO) DECLARATION

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and senior management. This Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2008, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, senior management team means personnel as specified in the Annexure to the Code of Conduct.

HARSH MARIWALA

Chairman and Managing Director

Place: Mumbai

Date: April 24, 2008

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, to the best of our knowledge and belief, hereby certify that:

(a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2008 and to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly,

For Marico Limited

Harsh Mariwala
Chairman & Managing Director

Place: Mumbai
Date: April 24, 2008

For Marico Limited

Vinod Kamath
Chief – Finance & IT

Place: Mumbai
Date: April 24, 2008

AUDITORS' REPORT

TO THE MEMBERS OF MARICO LIMITED

1. We have audited the attached Balance Sheet of **Marico Limited** ('the Company') as at March 31, 2008, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date (all together 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.

2. We conducted our audit in accordance with Auditing Standards generally accepted in India. 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.

3. As required by the Companies (Auditor's Report) Order, 2003, ('Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), 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.

4. 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub–section (3C) of Section 211 of the Act;

   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 at March 31, 2008 from being appointed as a director under clause (g) of sub–section (1) of Section 274 of the Act;

   f. in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give the information required by the Act 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, 2008;

      ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of
Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date: April 24, 2008

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Marico Limited on the financial statements for the year ended March 31, 2008.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification during the year.

(c) The Company has not disposed off a substantial part of fixed assets during the year, and accordingly, going concern is not affected.

(ii) (a) As explained to us, physical verification of the inventory was carried out at reasonable intervals by the management.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

(iii) According to information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraph 4(iii)(b),4(iii) (c),4(iii) (d),4(iii) (f) and 4(iii) (g) the Order are not applicable.

(iv) In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods and services. Further, based on our examination and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

(v) (a) In our opinion and according to information and explanations given to us and based on the disclosure of interest made by the directors of the Company, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to information and explanations given to us, there are no transactions made in pursuance of any contracts or arrangements exceeding Rs. five lakhs in respect of any party during the year. Accordingly, paragraph 4(v) (b) of the order is not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 4 (vi) of the Order is not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company in respect to products where, pursuant to Rules made by the Central Government of India, the maintenance of cost records has been prescribed under section 209(1)(d) of the Act. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and records of company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investors education and protection fund, employees' state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities during the year, and there were no such outstanding dues as at March 31, 2008 for a period exceeding six months from the date they became payable.

ANNEXURE TO AUDITORS' REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute. The particulars of sales tax, income tax and custom duty as at March 31, 2008 which have not been deposited on account of dispute are as follows :

Nature of dues	Amount(Rs. crores)	Forum where dispute is pending
Sales tax	2.77	Appellate Authority– upto Commissioner's Level
	0.08	Appellate Authority– Tribunal
Income tax	3.82	Commissioner of Income Tax Appellate
Customs duty	3.48	Custom Excise & Service tax Appellate Tribunal

(x) The Company does not have any accumulated losses as at the year end and has not incurred any cash losses during the financial year and the immediately preceding financial year. Accordingly, paragraph 4 (x) of the Order is not applicable.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank or financial institution. The Company has not obtained any borrowings by way of debentures.

(xii) As the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, paragraph 4 (xiii) of the Order is not applicable.

(xiv) In respect of Company's dealing/trading in its investments, proper records have been maintained of transactions and contracts and timely entries have been made. The investments have been held by the Company in its own name.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by subsidiary from banks during the year are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, there are no funds raised on a short term basis which have been used for long term investment.

(xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, paragraph 4 (xviii) of the Order is not applicable..

(xix) The Company did not have any outstanding debentures during the year. Accordingly, paragraph 4 (xix) of the Order is not applicable.

(xx) The Company has not raised any monies by way of public issue during the year.

(xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For and on behalf of
Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date: April 24, 2008

BALANCE SHEET

	SCHEDULE	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	60.90	60.90
Reserves and surplus	B	219.33	122.59
		280.23	**183.49**
LOAN FUNDS			
Secured loans	C	121.23	50.48
Unsecured loans	D	184.36	116.77
		305.59	**167.25**
		585.82	**350.74**
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross block		228.89	213.87
Less : Depreciation, amortisation and impairment		131.90	118.81
Net block		96.99	95.06
Capital work–in–progress		49.09	8.97
Asset held for disposal		0.01	3.83
		146.09	**107.86**
INVESTMENTS	F	**106.52**	**80.91**
DEFERRED TAX ASSET (NET)		**95.53**	**115.02**
(Refer Note 14, Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	218.59	196.21
Sundry debtors	H	41.68	41.29
Cash and bank balances	I	29.93	24.80
Loans and Advances:			
– Subsidiaries [Refer Note 12 (ii), Schedule R]		108.24	54.84
– Others	J	85.53	54.22
		483.97	371.36
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	203.66	311.64
Provisions	L	42.63	12.77
		246.29	324.41
NET CURRENT ASSETS		**237.68**	**46.95**
		585.82	**350.74**
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
VILAS Y. RANE
Partner (F – 33220)

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief – Finance & IT and Compliance Officer

Place : Mumbai
Date : April 24, 2008

PROFIT AND LOSS ACCOUNT

			As at March 31,	
		SCHEDULE	2008 Rs. Crore	2007 Rs. Crore
INCOME :				
Sales			1,566.85	1,362.44
Less : Excise Duty			2.11	2.33
			1,564.74	1,360.11
Income from services			4.05	11.56
Total Sales and Services			**1,568.79**	**1,371.67**
Other income		M	10.07	4.22
			1,578.86	**1,375.89**
EXPENDITURE :				
Cost of materials		N	892.89	749.58
Manufacturing and other expenses		O	479.72	442.77
Finance charges [net]		P	15.29	11.60
Depreciation, amortisation & impairment (Refer Note 18, Schedule R)		E	18.93	35.19
			1,406.83	**1,239.14**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS			**172.03**	**136.75**
Exceptional Items (Net) (Refer Note 15, Schedule R)			1.24	14.03
PROFIT BEFORE TAXATION			**173.27**	**150.78**
Provision for taxation	– Current Tax		19.22	16.57
	– MAT Credit (Entitlement)/Utilisation		(12.46)	(6.90)
	Sub Total		**6.76**	**9.67**
	– Fringe Benefit Tax		3.61	3.00
	– Deferred Tax – Debit / (Credit)		19.49	15.76
Short income tax provision of earlier years			–	6.19
PROFIT AFTER TAXATION			**143.41**	**116.16**
Balance brought forward as on April 1			69.48	191.36
PROFIT AVAILABLE FOR APPROPRIATION			212.89	307.52
APPROPRIATIONS				
Interim dividends			39.89	39.06
Tax on interim dividends			6.78	5.48
Preference dividend			–	1.65
Tax on preference dividend			–	0.23
Capital redemption reserve			–	180.00
General reserve			14.34	11.62
BALANCE CARRIED TO THE BALANCE SHEET			**151.88**	**69.48**
BASIC EARNINGS PER SHARE			**2.35**	**1.94**
DILUTED EARNINGS PER SHARE			**2.35**	**1.94**
(Refer Note 17, Schedule R)				
Additional information to Accounts		Q		
Notes to Accounts		R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
VILAS Y. RANE
Partner (F – 33220)

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief – Finance & IT and Compliance Officer

Place : Mumbai
Date : April 24, 2008

CASH FLOW STATEMENT

	SCHEDULE	For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
A CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS		**173.27**	**150.78**
Adjustments for:			
Depreciation and amortisation		18.93	35.19
Finance charges		19.75	20.01
Interest income		(4.46)	(8.41)
Loss/(Profit) on sale of asset (net)		(0.40)	2.80
Diminution in Value of Investment/Advances to Subsidiaries		9.37	–
Profit on sale of investments		(0.13)	(0.81)
Dividend income		(1.49)	(0.80)
(Write back) / Provision for Doubtful debts/advances		0.16	0.23
		41.73	48.21
Operating profit before working capital changes		**215.00**	**198.99**
Adjustments for:			
(Increase)/ Decrease in inventories		(22.37)	(76.62)
(Increase)/ Decrease in sundry debtors		(0.67)	8.20
(Increase)/ Decrease in loans and advances		(19.70)	(2.55)
Increase/(Decrease) in current liabilities and provisions		(99.58)	160.77
		(142.32)	89.80
Cash generated from Operations		72.68	288.79
Income tax paid (net of refunds)		(25.60)	(21.84)
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	**47.08**	**266.95**
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(62.37)	(285.59)
Sale of Fixed Assets (including sale of SIL Business)		5.59	0.14
Investment Sold (net)		0.14	19.29
Investment in subsidiaries		(25.62)	(63.00)
Loans and advances given to Subsidiary		(53.39)	30.33
Dividend income		–	0.09
Interest received		4.43	6.41
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	B	**(131.22)**	**(292.33)**

CASH FLOW STATEMENT

	SCHEDULE	For the year ended March 31, 2008 Rs. Crore	2007 Rs. Crore
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from fresh issue of equity share capital		–	151.39
Proceeds from fresh issue of Preference share capital		–	180.00
Preference share capital redeemed		–	(180.00)
Share issue expenses		–	(5.90)
Issue of Commercial papers		19.40	–
Borrowing (repaid) / taken		118.95	(56.12)
Finance charges		(16.59)	(19.82)
Equity Dividend paid (Inclusive of Dividend Distribution Tax)		(32.49)	(45.57)
Preference Dividend paid (Inclusive of Dividend distribution tax)		–	(1.88)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**C**	**89.27**	**22.10**
D NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		**5.13**	**(3.28)**
E Cash and cash equivalents – opening balance (as at April 1)		**24.80**	**28.08**
F Cash and cash equivalents – closing balance (as at Mar 31)		**29.93**	**24.80**

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
VILAS Y. RANE
Partner (F – 33220)

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
VINOD KAMATH Chief – Finance & IT and Compliance Officer

Place : Mumbai
Date : April 24, 2008

SCHEDULES TO BALANCE SHEET

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
650,000,000 (650,000,000) Equity shares of Re. 1 each (Re. 1 each)	65.00	65.00
150,000,000 (150,000,000) Preference shares of Rs. 10 each (Rs.10 each)	150.00	150.00
	215.00	**215.00**
ISSUED AND SUBSCRIBED :		
609,000,000 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up	60.90	60.90
The above includes :		
(a) 290,000,000 (290,000,000) equity shares issued as fully paid bonus shares by capitalisation of capital redemption reserve of Rs. 29.00 Crore (Rs. 29.00 Crore)		
(b) 265,000,000 (265,000,000) equity shares issued as fully paid bonus shares by capitalisation of General Reserve of Rs. 26.50 Crore (Rs. 26.50 Crore)		
Nil (15,000,000) 9.75% Redeemable Preference shares of Rs. 10 each fully paid up	–	150.00
Less: Redeemed during the year	–	(150.00)
	–	–
Nil (3,000,000) 9.95% Redeemable Preference shares of Rs. 10 each fully paid up	–	30.00
Less: Redeemed during the year	–	(30.00)
	–	–
	60.90	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As on April 1	–	–
Add : Created on redemption of Redeemable Preference shares	–	180.00
Less : Utilised for adjustment of intangible assets(Net of deferred tax adjustment) in terms of the Scheme (Refer Note 5, Schedule R)	–	(180.00)
As at year end	–	–
SECURITIES PREMIUM ACCOUNT		
As on April 1	13.50	–
Add : On fresh issue of shares	–	148.49
Less : Utilised for adjustment of intangible assets(Net of deferred tax adjustment) in terms of the Scheme (Refer Note 5, Schedule R)	–	(129.09)
Less : Adjusted for Share issue expenses	–	(5.90)
As at year end	13.50	13.50
GENERAL RESERVE		
As on April 1	39.61	27.99
Add : Transfer from Profit and Loss Account	14.34	11.62
As at year end	53.95	39.61
PROFIT AND LOSS ACCOUNT	151.88	69.48
	219.33	**122.59**

SCHEDULES TO BALANCE SHEET

	SCHEDULE	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'C'			
SECURED LOANS			
Term Loan from a bank		50.00	–
(Secured by hypothecation of a Building)			
(Amount repayble within one year Rs Nil (Rs Nil)			
Working capital finance from banks		11.40	50.48
(Secured by hypothecation of stocks in trade and debtors)			
External Commercial Borrowing		59.83	–
(Secured by hypothecation of Plant and Machinery)			
(Amount repayble within one year Rs Nil (Rs Nil)			
		121.23	**50.48**
SCHEDULE 'D'			
UNSECURED LOANS			
Short term			
From Banks		164.97	116.77
Commercial Paper			
Face Value		20.00	–
Less : Deferred Interest		0.61	–
		19.39	–
(Maximum amount outstanding during the year Rs.19.66 Crore (Nil))			
(This commercial paper would be redeemed on July 15,2008)			
		184.36	**116.77**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2007	Addi–tions	Deduc–tions/ Adjust–ments	As at March 31, 2008	As at March 31, 2007	For the year	Deductions/ Adjustments	As at March 31, 2008	Provision for impair–ment as at March 31 2008 (See note 2 below)	As at March 31, 2008	As at March 31, 2007
Tangible Assets											
Freehold land (Note 1)	1.08	–	0.16	0.92	–	–	–	–	–	0.92	1.08
Leasehold land	1.83	–	–	1.83	0.14	0.02	–	0.16	–	1.67	1.69
Buildings (Note 1)	38.43	3.07	0.85	40.65	7.27	5.49	0.44	12.32	–	28.33	31.16
Plant and machinery (Note 1)	132.27	16.59	5.33	143.53	90.19	9.14	2.19	97.14	6.15	40.24	33.72
Furniture and fittings	4.31	1.69	0.70	5.30	2.29	0.45	0.67	2.07	–	3.23	2.02
Vehicles	0.79	–	0.02	0.77	0.39	0.06	0.01	0.44	–	0.33	0.40
Intangible assets											
– Trademarks and copyrights (Note 3)	24.14	–	–	24.14	0.60	2.41	–	3.01	–	21.13	23.54
– Business & commercial rights	0.16	–	0.16	–	0.06	0.07	0.13	–	–	–	0.10
– Computer software	10.86	0.89	–	11.75	9.51	1.10	–	10.61	–	1.14	1.35
TOTAL	**213.87**	**22.24**	**7.22**	**228.89**	**110.45**	**18.74**	**3.44**	**125.75**	**6.15**	**96.99**	**95.06**
As on March 31,2007	402.11	295.59	483.83	213.87	104.92	34.47	28.94	110.45	8.36	–	–
Capital work–in–progress (at cost) including advances on capital account										49.09	8.97
Asset held for disposal										0.01	3.83
										146.09	107.86

Notes :

1. Gross block includes :
   - Freehold Land Rs. Nil (Rs.0.15 Crore) and buildings Rs.0.93 Crore (Rs. 0.93 Crore) where conveyance has been executed, pending registration
   - Plant and Machinery of Rs.1.92 Crore (Rs. 2.15 Crore) and Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on operating lease and finance lease respectively prior to April 1, 2001.
2. Includes impairment for the year Rs.0.19 Crore (Rs.0.72 Crore) charged to profit and loss account under "Depreciation, amortisation and impairment" and deletions/adjustments of Rs. 2.38 Crore upon discarding of the related assets.
3. Trademarks of Rs. 24.14 Crore (Rs.24.14 Crore) are pending registration.
4. Deletions/Adjustments to Gross Block and Depreciations includes Rs. 2.18 Crore and Rs.1.17 Crore respectively on account of Slump Sale of Sil business, including manufacturing unit at Saswad.

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F'
INVESTMENTS (Non Trade)

	As at March 31, 2008 Rs. Crore	As at March 31, 2007 Rs. Crore
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	**0.01**
Subsidiary Companies :		
Marico Bangladesh Limited	0.86	0.86
1,000,000 (1,000,000) equity shares of Taka 10 each fully paid		
Kaya Limited (Erstwhile Kaya Skin Care Limited)	73.00	73.00
14,500,000 (14,500,000) equity shares of Rs. 10 each fully paid		
Sundari LLC	6.05	5.81
100,000 (75,500) units of USD 18.25 each fully paid		
Marico Middle East FZE	1.23	1.23
1 (1) equity share of UAE dirham 1,000,000 fully paid		
Marico South Africa Consumer Care (pty) Limited	25.37	–
100 (Nil) equity share of SA Rand 1.00 fully paid		
	106.51	**80.90**
	106.52	**80.91**

Note:

Units of Mutual Funds purchased and sold during the year

Name of the Scheme	No. of Units Purchased	No. of Units Sold
Prudential ICICI Institutional Liquid Plan– Super Institutional Growth	22,198,744	22,198,744
ICICI Prudential Liquid Plan Institutional Plus–Growth Option	2,529,059	2,529,059
Tata Liquid Super High Investment Fund–Appreciation	68,447	68,447
UTI Liquid Cash Plan Institutional – Growth Option	114,849	114,849
Principal Cash Management Fund – Liquid Option – Inst Premium Plan – Growth Plan	4,065,305	4,065,305
HDFC Cash Management Fund – Savings Plan Growth	8,435,551	8,435,551
Birla Sunlife Cash Manager – Institutional Plan – Growth	7,434,284	7,434,284
Kotak liquid (institutional premium) – Growth	3,115,653	3,115,653
Templeton India Treasury Management– Super Institutional Plan	81,268	81,268

SCHEDULE 'G'
INVENTORIES

	As at March 31, 2008	As at March 31, 2007
(As valued and certified by the management)		
Raw materials	67.54	70.55
Packing materials	28.57	28.64
Work–in–process	36.50	24.93
Finished products	80.28	67.93
Stores, spares and consumables	3.83	3.61
By–products	1.87	0.55
	218.59	**196.21**

SCHEDULES TO BALANCE SHEET

		As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'H'			
SUNDRY DEBTORS			
Unsecured			
Over six months	– Considered good	–	–
	– Considered doubtful	2.30	1.91
		2.30	1.91
Less: Provision for doubtful debts		2.30	1.91
		–	–
Other Debts	– Considered good	41.68	41.29
	– Considered doubtful	0.06	0.17
		41.74	41.46
Less: Provision for doubtful debts		0.06	0.17
		41.68	41.29
		41.68	**41.29**
SCHEDULE 'I'			
CASH AND BANK BALANCES			
Cash on hand		0.31	0.29
Remittances in transit		1.89	0.20
Balances with scheduled banks:			
Fixed deposits (Deposited with sales tax authorities Rs.0.11Crore (Rs. 0.11 Crore))		20.69	0.67
Margin accounts (Against bank guarantees)		1.49	1.85
Current accounts		5.37	20.36
Balances with non – scheduled banks:			
Current accounts (Refer Note 11, Schedule R)		0.18	1.43
		29.93	**24.80**
SCHEDULE 'J'			
LOANS AND ADVANCES			
(Unsecured–considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
	– considered good	40.96	22.56
	– considered doubtful	–	0.11
		40.96	22.67
Less: Provision for doubtful advances		–	0.11
		40.96	22.56
Deposits		13.01	10.09
Balances with central excise authorities		0.27	0.21
Interest accrued on loans/deposits		0.33	0.29
Interest accrued on loans/advances to subsidiaries [Refer Note 12 (iii), Schedule R]		4.46	7.17
Fringe benefit tax payments, net of provisions		0.56	0.42
MAT Credit Entitlement		25.94	13.48
		85.53	**54.22**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors		
– Due to Micro and Small Enterprises (Refer Note 24, Schedule R)	–	–
– Others	187.72	144.11
Due to subsidiary	–	143.43
Other liabilities	11.17	10.33
Security deposits	1.13	1.12
Interest accrued but not due on loans	3.41	0.24
Unclaimed Dividend	0.20	12.38
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	203.66	**311.64**
SCHEDULE 'L'		
PROVISIONS		
Income tax,net of advance tax	0.58	3.21
Leave encashment	6.20	6.81
Gratuity	0.12	2.75
Dimmunation in Value of Investment/Advances to Subsidiaries	9.37	–
Interim Dividend	22.53	–
Tax on Interim dividend	3.83	–
	42.63	**12.77**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	SCHEDULE	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'M'			
OTHER INCOME			
Income from current investments			
Profits on sale of units of mutual funds		0.13	0.81
Dividend		–	0.09
Dividend from subsidiary		1.49	0.71
Miscellaneous income		8.45	2.61
(Refer note 6, Schedule R)			
		10.07	**4.22**
SCHEDULE 'N'			
COST OF MATERIALS			
Raw materials consumed		755.80	611.64
Packing materials consumed		141.26	124.72
Stores and spares consumed		10.07	11.77
Purchase for resale		11.00	42.59
(Increase)/Decrease in stocks			
Opening stocks			
– Work–in–process		24.93	13.87
– By–products		0.55	0.81
– Finished products		67.93	37.59
Less :			
Closing stocks			
– Work–in–process		36.50	24.93
– By–products		1.87	0.55
– Finished products		80.28	67.93
		(25.24)	**(41.14)**
		892.89	**749.58**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	As at March 31, 2008 Rs. Crore	2007 Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	66.36	56.43
Contribution to provident fund and other funds	5.74	6.24
Welfare expenses	5.08	4.16
	77.18	66.83
Power, fuel and water	5.38	4.97
Contract manufacturing charges	57.01	49.13
Rent and storage charges	10.40	7.96
Repairs :		
– Buildings	1.75	1.93
– Machinery	4.06	4.80
– Others	0.69	0.71
Freight, forwarding and distribution expenses	67.91	55.52
Advertisement and sales promotion	181.10	178.48
Rates and taxes	0.84	0.60
Sales tax and cess	14.75	15.06
Commission to selling agents	2.25	2.53
Provision for doubtful debts and advances	0.28	0.23
Printing, stationery and communication expenses	5.72	4.13
Travelling, conveyance and vehicle expenses	13.91	12.88
Royalty	0.46	0.66
Insurance	1.10	1.43
Auditors' remuneration		
– Audit Fees	0.27	0.23
– Tax Audit Fees	0.08	0.07
– Others	0.04	0.33
– Out of pocket expenses	–	0.01
Miscellaneous expenses	34.54	34.28
(Refer Note 7, Schedule R)		
	479.72	**442.77**
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on		
Fixed period loans	9.25	12.57
Other loans	7.05	3.49
Bank and other financial charges	3.45	3.95
	19.75	20.01
Less : Interest income on loans, deposits, etc.	4.46	8.41
(Tax deducted at source Rs. 0.02 Crore (Rs.0.27 Crore))		
	15.29	**11.60**

SCHEDULES TO PROFIT AND LOSS ACCOUNT ADDITIONAL INFORMATION
SCHEDULE 'Q'

A) Details of Production, Turnover, Opening Stock and Closing Stock

Amount in Crores

Sr No.	Particulars UNIT	Period Ended	Installed Capacity (Note I)	Opening Stock Quantity	Opening Stock Amount Rs.	Production Quantity	Purchases Quantity	Purchases Amount Rs.	Turnover Quantity	Turnover Amount Rs.	Closing Stock Quantity	Closing Stock Amount Rs.
1	Edible Oils (Note IV) (M.T.)	**31.03.2008**	**170000**	7,365.74	51.51	107,908.35	185.98	1.20	116,643.90	1,171.75	8,093.04	56.52
		31.03.2007	150000	4,910.11	24.71	93,931.30	1,847.00	14.41	101,314.31	1,029.71	7,365.74	51.51
2	Hair Oils (Note II) (K.L.)	**31.03.2008**	**24000**	1,328.45	11.74	13,443.71	–	–	13,931.23	273.45	2,150.32	16.30
		31.03.2007	18000	1,148.65	9.96	10,821.70	1,676.54	15.18	13,220.68	207.84	1,328.45	11.74
3	Others (Note III) ('Incl process foods and by products)	**31.03.2008**			5.23			9.80		119.53	–	9.33
		31.03.2007			3.73			13.00		122.56		5.23
4	Service Income – commission	**31.03.2008**								4.06		
		31.03.2007								11.56		
	TOTAL	**31.03.2008**			**68.48**		–	**11.00**		**1,568.79**	–	**82.15**
		31.03.2007			38.40			42.59		1,371.67		68.48

I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis,the certificate 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 – KL 1309.40 (902.24 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 Edible Oils excludes processed by others 9276.87 M.T. (7991.34 M.T.)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	MARCH 31 2008		MARCH 31 2007	
	Quantity M.T.	Value Rs.(Crore)	Quantity M.T.	Value Rs.(Crore)
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds	146,274	410.39	127,950	346.91
Raw oils	42,200	228.53	37,645	162.20
Others	–	116.88	–	102.53
		755.80		**611.64**
	%	Value Rs.(Crore)	%	Value Rs.(Crore)
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	2.13	16.07	4.17	25.53
Indigenous	97.87	739.73	95.83	586.11
	100	**755.80**	**100**	**611.64**
Stores, spares and chemicals				
Imported	–	–		–
Indigenous	100	10.07	100	11.77
	100	**10.07**	**100**	**11.77**
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		0.41		15.19
Packing material		9.73		8.44
Capital goods		1.71		4.74
		11.85		**28.37**
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		0.29		1.47
Advertisement and sales promotion		0.40		12.88
		0.69		**14.35**
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		71.23		72.64
Royalty		7.20		1.60
Dividend		1.49		0.71
Interest		1.52		6.01
Service Income		–		9.19
		81.44		**90.15**

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO ACCOUNTS:

1) The Company and nature of its operations:

Marico Limited ('Marico' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries on business in Consumer Products. Marico manufactures and markets products under brands such as Parachute, Nihar, Saffola, Sweekar, Hair & Care,Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 4 regional offices, 32 carrying & forwarding agents, 1 consignment agent, 6 redistribution centers and about 1100 distributors spread all over India. The Company's overseas markets comprise primarily the Middle East, Egypt, SAARC countries, USA and South Africa. Marico has manufacturing facilities located at Goa, Kanjikode, Pondicherry, Daman, Jalgaon and Dehradun supported by subcontracting units. Marico has an alliance with Scandic Foods India Private Limited for distribution of SIL Range of processed food. Marico has the following subsidiaries:

- Marico Bangladesh Limited in Bangladesh, which manufactures and sells branded coconut oil in Bangladesh;
- MBL Industries Limited, a wholly owned subsidiary of Marico Bangladesh Limited, which also sells branded coconut oil and hair oils in Bangladesh;
- Kaya Limited (Erstwhile Kaya Skin Care Limited), which provides skin care and health care services and sells products through Kaya Skin Clinics and kiosks;
- Sundari LLC, United States, carrying on ayurvedic skin care products business under the brand name SUNDÃRI;
- Marico Middle East FZE, in United Arab Emirates(UAE) for carrying on business,in consumer products in the Middle East region;
- Kaya Middle East FZE, a wholly owned subsidiary of Marico Middle East FZE for carrying on business, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- MEL Consumer Care SAE, in Egypt a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancée brand;
- Pyramid for Modern Industries, in Egypt a subsidiary firm of MEL Consumer Care SAE for carrying on business of hair care in Egypt under Haircode brand;
- Egyptian American Investment & Industrial Development Company a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancee brand;
- Wind Co in Egypt a subsidiary firm of MEL Consumer Care SAE;
- Marico South Africa Consumer Care (pty) Ltd in South Africa;
- Marico South Africa (pty) Ltd a wholly owned subsidiary of Marico South Africa Consumer Care (pty) Ltd for carrying on business of hair care and health care in South Africa;
- CPF International (pty) Ltd a wholly owned subsidiary of Marico South Africa (pty) Ltd.

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards, as specified in the Companies (Accounting Standards) Rules, 2006.

(b) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the

NOTES TO THE ACCOUNTS

period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and at recoverable amount in case of an impairment. 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. Other pre–operative expenses for major projects are also capitalised, where appropriate.

(d) Depreciation/Amortisation

I <u>Tangible assets</u>

(i) Depreciation is provided 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 for the following items of plant and machinery that are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956 are as follows:

a) Computer hardware and related peripherals	– 33 1/3%
b) Moulds	– 16.21%

(ii) Depreciation on factory building and plant and machinery (other than items specified in (i) above, which are depreciated on Straight Line basis at rates higher than those statutorily prescribed) is provided on Written Down Value basis. Depreciation on all other assets is provided on Straight Line basis.

(iii) Extra shift depreciation is provided on "Plant" basis.

(iv) Assets given on finance lease prior to April 1, 2001 were depreciated over the primary period of the lease.

(v) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.

(vi) Leasehold land is amortised over the primary period of lease.

(vii) Fixtures in leasehold premises are amortised over the primary period of lease.

(viii) Depreciation on additions during the year is charged / provided from the month in which the asset is capitalised.

(ix) Depreciation on deletions during the year is charged / provided upto the month prior to the month in which the asset is disposed off.

II <u>Intangible assets</u>

(i) Trademarks, copyrights and business & commercial rights are amortised over their estimated economic life, but not exceeding 10 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 (not exceeding 10 years)
Computer software	3 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 fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

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 case of finished products includes appropriate production overheads and excise duty.

(g) Research and development

Capital expenditure on research and development is capitalised and depreciated as per the accounting policy mentioned in para 2(c) and 2(d)above. Revenue expenditure is charged off in the year in which it is incurred.

(h) Revenue recognition

(i) Domestic Sales are recognised at the point of dispatch of goods to the customers and stated net off trade discount and exclusive of sales tax but inclusive of excise duty.

(ii) Export sales are recognised based on bill of lading.

(iii) Revenue from services is recognized on rendering of the service

(iv) Agency commission is recognised upon effecting sales on behalf of the principal.

(v) Interest and other income are recognised on accrual basis.

(i) Retirement benefits

The Company has various schemes of retirement benefits, namely, provident fund, superannuation fund, 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

(i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Profit and Loss account , except those relating to Fixed Assets acquired from outside India till March 31, 2007 which were adjusted in the carrying cost of such Fixed Assets.

(ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Profit and Loss account.

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract.

(iv) Forward exchange contracts entered into to hedge the foreign currency risks of a firm commitment or a highly probable forecast transaction are marked to market as at the year end and the resultant net exchange loss is recognised in the Profit and Loss account.

(v) Non–monetary foreign currency items are carried at cost / fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.

NOTES TO THE ACCOUNTS

(k) Accounting for taxes on income

(i) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income–tax is recognized as an asset by crediting the Profit & Loss Account only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period of seven succeeding assessment years.

(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 on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other items are recognised only when there is a reasonable certainty of their realisation.

(l) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

(m) Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the year end date. Contingent assets are not recognized or disclosed in the financial statements.

(n) Share Issue Expenses

Expenses incurred on issue of shares are adjusted against securities premium.

3) a) Contingent liabilities not provided for in respect of:

(i) Counter guarantees given to banks on behalf of subsidiaries Rs. 97.88 Crore (Rs.122.58 Crore)

(ii) Sales tax/cess claims disputed by the Company Rs.3.52 Crore (Rs. 2.32 Crore)

(iii) Income tax and interest demands raised by authorities and disputed by the Company Rs.3.71 Crore (Rs. 3.97 Crore)

(iv) Claims of Customs authorities disputed by the Company Rs. 3.48 Crore (Rs. 3.40 Crore)

(v) Claims against the Company not acknowledged as debts Rs. 7.53 Crore (Rs. 3.01 Crore)

(b) Amount outstanding towards Letters of Credit Rs. Nil. (Rs.0.17 Crore)

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2.80 Crore (Rs. 3.47 Crore) net of advances.

5) During the previous year 2006–07, the Company carried out financial restructuring scheme (‘Scheme’) under the relevant provisions of the Companies Act, 1956 and approved by the shareholders. The Scheme entailed adjustment of carrying value of intangible assets amounting to Rs. 448.15 Crore and related deferred tax adjustment of Rs. 139.06 Crore (net adjustment Rs. 309.09 Crore) against the balance in capital redemption reserve to the extent of Rs. 180.00 Crore and securities premium account to the extent of Rs. 129.09 Crore. Accordingly related balances are not comparable with current year’s amounts.

NOTES TO THE ACCOUNTS

6) Miscellaneous income includes lease income Rs 0.41 Crore (Rs.0.47 Crore), Insurance claims Rs 0.07 Crore (Rs.0.29 Crore), profit on sale / disposal of assets (net) Rs 0.40 Crore (Rs. Nil), Royalty from subsidiaries Rs 7.20 Crore (Rs. 1.60 Crore).

7) Miscellaneous expenses includes labour charges Rs. 1.83 crore (Rs. 1.52 crore), training & seminar expenses Rs 2.63 crore (Rs. 1.87 crore), outside services Rs. 3.60 crore (Rs. 3.56 crore), professional charges Rs. 9.92 crore (Rs. 6.71 crore), donations Rs. 0.68 crore (Rs. 0.61 crore), loss on sale of assets (net) Rs. Nil (Rs. 2.80 crore).

8) Research and development expenses aggregating Rs. 4.87 crore (Rs. 3.74 crore) have been included under the relevant heads in the profit and loss account.

9) Exchange loss (net) aggregating Rs. 5.68 crore (Rs. 5.44 crore) has been included under Miscellaneous expenses in the profit and loss account.

10) Based on the criteria prescribed under Accounting Standard 28 (AS 28) "Impairment of Assets" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006, the Company had during the year identified certain plant and machinery with written down value of Rs.0.18 crore (Rs.0.72 crore) as on March 31, 2008 as 'impaired fixed assets'. The said amount of Rs.0.18 crore (Rs.0.72 crore) had been provided for as impairment loss and included under "Depreciation, amortization and Impairment" in the Profit & Loss Account.

11) Details of balances with non–scheduled banks are as under: (Rs. Crore)

Bank Name	Balance as on March 31, 2008	Balance as on March 31, 2007	Maximum balance during the year ended March 31, 2008	Maximum balance during the year ended March 31, 2007
Karur Vysya Bank	0.01	0.31	14.90	13.14
Janata Sahakari Bank	0.05	0.05	0.05	0.06
Lakshmi Vilas Bank	0.01	0.14	1.69	4.66
Standard Chartered Bank – Dubai	0.13	0.39	3.15	3.02
Mashreq Bank – Dubai	(0.02)	0.54	1.93	3.25

12) (i) Sundry Debtors include amount due from companies under the same management:

- Marico Bangladesh Limited Rs. 1.81 crore (Rs. 2.66 crore).
- Marico Middle East FZE Rs. 6.77 crore (Rs. 3.80 crore).
- Kaya Limited Rs Nil. (Rs. 0.12 crore).

(ii) Loans and advances to subsidiaries and companies under same management comprise amounts due from:

- Kaya Limited Rs. 35.90 crore (Rs. 6.08 crore) [Maximum amount due during the year Rs. 35.90 crore (Rs. 67.59 crore)].
- Sundari LLC, Rs. 28.13 crore (Rs. 25.44 crore) [Maximum amount due during the year Rs. 35.97 crore (Rs. 25.44 crore)].
- Marico Middle East FZE Rs. 1.56 crore (Rs. 20.56 crore) [Maximum amount due during the year Rs. 24.76 crore (Rs. 182.65 crore)].
- Kaya Middle East FZE Rs. 0.91 crore (Rs. Nil) [Maximum amount due during the year Rs. 1.07 crore (Rs. 0.06 crore)].
- Marico Bangladesh Limited Rs. 3.71 crore (Rs. 1.98 crore) [Maximum amount due during the year Rs.3.85 crore (Rs. 1.98 crore)].
- MBL Industries Limited Rs. 0.15 crore (Rs. Nil) [Maximum amount due during the year Rs. 0.15 crore (Rs. Nil)].

NOTES TO THE ACCOUNTS

– MEL Consumer Care SAE Rs. 0.43 crore (Rs. 0.56 crore) [Maximum amount due during the year Rs. 1.12 crore (Rs. 0.56 crore)]

– Pyramid for Modern Industries Rs. 2.23 crore (Rs. 0.22 crore) [Maximum amount due during the year Rs. 2.28 crore (Rs. 0.22 crore)]

– Egyptian American Investment & Industrial Development Company Rs. 1.42 crore (Rs. Nil) [Maximum amount due during the year Rs. 1.67 crore (Rs.Nil)]

– Marico South Africa Consumer Care (pty) Ltd Rs. 33.80 crore (Rs Nil) [Maximum amount due during the year Rs. 33.80 crore (Rs.Nil)]

(iii) Interest accrued on loans and advances to subsidiaries comprise amounts due from:

Sundari LLC Rs. 3.68 crore (Rs. 2.94 crore) [Maximum amount due during the year Rs. 4.67 crore (Rs. 2.93 crore)].

Marico Middle East FZE Rs. Nil (Rs. 4.23 crore) [Maximum amount due during the year Rs. 4.23 crore (Rs. 4.23 crore)].

Kaya Limited Rs.Nil (Rs. Nil) [Maximum amount due during the year Rs. Nil (Rs. 3.91 crore)]

Marico South Africa Consumer Care (pty) Ltd Rs. 0.78 crore (Rs Nil) [Maximum amount due during the year Rs. 0.78 crore (Rs.Nil)]

13) Additional information on assets taken on lease:

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

	Mar 31, 2008 (Rs. Crore)	Mar 31, 2007 (Rs. Crore)
Lease rental payment for the year	0.87	0.73
Future minimum lease rental payment payable		
– not later than one year	0.83	0.39
– later than one year but not later than five years	0.92	0.44
Total	**1.75**	**0.83**

The operating lease arrangements extend for a maximum of 3 years from their respective dates of inspection and relate to car rentals.

14) Break–up of Deferred tax asset (net):

	Mar 31, 2008 (Rs. Crore)	Mar 31, 2007 (Rs. Crore)
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	0.80	0.84
On Intangible assets adjusted against Capital Redemption Reserve and Securities premium account under the Capital Restructuring scheme (Refer Note 5 above)	94.44	114.90
Liabilities that are deducted for tax purpose when paid	3.03	3.25
Total Deferred tax asset	**98.27**	**118.99**
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	2.74	3.97
Total Deferred tax liability	2.74	3.97
Deferred tax Asset (Net)	**95.53**	**115.02**

NOTES TO THE ACCOUNTS

15) The Exceptional items stated in the profit and loss account are as under:

- Profit on Slump Sale of Sil business, including manufacturing unit at Saswad Rs 10.61 crore (Rs.Nil).
- Provision for diminution in value of Investments/Advances in Sundari, a wholly owned Subsidiary Rs. 9.37 crore (Rs. Nil) (Also refer Note 26 below)
- Provision for Employees cost no longer required written back Rs. Nil (Rs. 9.13 crore) .
- Advertisement and sales promotion cost no longer required written back Rs Nil (Rs. 4.90 crore).

16) Derivative transactions –

- The total derivative instruments outstanding as on March 31, 2008 are of one kind i.e. Plain Forwards amounting to USD 13,925,000 (USD 2,000,000).
- All the forward contracts entered by the company during the year (and in previous year) were for hedging purpose and not for any speculative purpose.
- The Company has charged net amount of Rs. 0.49 crore to the profit and loss account on account of marked to market losses in respect of forward contracts outstanding as at March 31, 2008.
- The Net foreign currency exposure [Receivable/(Payable)] not hedged as at the year end were as under :

Currency Exchange	Mar 31, 2008	Mar 31, 2007
AED	2,666,191	3,350,035
AUD	57,520	1,340
BDT	62,127,829	25,623,907
BHD	1,200	1,200
EGP	6,150,516	–
EUR	178,579	78,359
GBP	807	(22,769)
HKD	–	1,000
MYR	500	–
SGD	(450)	(450)
USD	(6,840,045)	13,911,731

17) Earnings per share:

	Year ended	
	Mar 31, 2008 (Rs. Crore)	**Mar 31, 2007 (Rs. Crore)**
Profit after taxation	**143.41**	**116.16**
Less : Preference dividend including tax thereon	–	1.88
Profit available to equity share holders	143.41	114.28
Equity shares outstanding as at the year end	609,000,000	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,000,000	589,666,667
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	609,213,468	589,666,667
Nominal value per equity share (Refer note below)	Re. 1	Re. 1
Basic and diluted earnings per equity share	**Rs. 2.35**	**Rs. 1.94**

NOTES TO THE ACCOUNTS

The Corporate Governance Committee of the Board of Directors of the Company has granted Stock Options to certain eligible employees pursuant to the "Marico Employees Stock Options Scheme 2007". In all 8,996,000 options have been granted during the year ended March 31, 2008. Diluted EPS has been calculated after taking into account options granted.

18) During the current year, the Company changed its method of accounting depreciation on factory building from Straight Line basis to Written Down Value basis. As a result of this change –

- additional depreciation of Rs. 4.05 crore in respect of earlier years is charged to the profit and loss account for the year & included under "Depreciation, amortisation and impairment" ;
- the depreciation for the year is higher by Rs. 0.32 crore
- Profit before tax for the year is lower by Rs. 4.38 crore

19) Segment Information

The primary reporting segment of the Company is based on business segment. The Company has only one reportable segment for the year ended March 31, 2008, which is manufacturing and sale of Consumer Products. The Company had for the previous year ended March 31, 2007 two reportable segments, namely – Consumer Products and Skin Care.

i. Primary Segment Information

	Consumer Products (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Segment revenue			
External sales	1,568.79	Nil	1,568.79
	(1,362.20)	(9.47)	(1,371.67)
Inter–segment sales	Nil	Nil	Nil
	(–)	(–)	(–)
Total revenue	1,568.79	Nil	1,568.79
	(1,362.20)	(9.47)	(1,371.67)
Segment Results after exceptional Item	**188.56**	**Nil**	**188.55**
	(167.34)	(–)(4.95)	(162.38)
Unallocated Corporate Expenses			Nil
			(–)
Operating profit			**188.55**
			(162.38)
Interest expenses			19.75
			(20.01)
Interest income			4.46
			(8.41)
Net profit before tax after Exceptional Items			**173.27**
			(150.78)
Other information			
Segment assets	690.05	Nil	690.05
	(631.92)	(8.49)	(640.41)
Unallocated Corporate assets			142.06
			(34.74)
Total assets	**690.05**	**Nil**	**832.11**
	(631.92)	**(8.49)**	**(675.15)**

NOTES TO THE ACCOUNTS

	Consumer Products (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Segment liabilities	518.61	Nil	518.61
	(478.87)	(0.01)	(478.88)
Unallocated Corporate liabilities			33.27
			(12.78)
Total liabilities	**518.61**	**Nil**	**551.88**
	(478.87)	**(0.01)**	**(491.66)**
Capital expenditure	22.24	Nil	22.24
	(293.56)	(2.03)	(295.59)
Depreciation, Amortisation and impairment	18.93	Nil	18.93
	(33.75)	(1.44)	(35.19)
Impaired value of fixed assets	6.15	Nil	6.15
	(5.96)	(2.40)	(8.36)

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
International	Primarily Middle East and SAARC countries

Sales revenue by geographical market

Locations	Amount (Rs. Crore)
India	1,488.60
	(1,281.88)
Others (primarily Middle East and SAARC countries)	80.19
	(89.79)
Total	**1,568.79**
	(1371.67)

Carrying amount of assets and capital expenditure by geographical locations

	India (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Carrying amount of assets	795.95	36.16	832.11
	(623.43)	(51.72)	(675.15)
Capital expenditure	22.09	0.15	22.24
	(30.26)	(265.33)	(295.59)

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 intangibles, fixed assets, inventories, debtors, cash and bank balances 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 loan funds, deferred tax liability, creditors and other liabilities.

NOTES TO THE ACCOUNTS

20) Employee Stock Option Scheme 2007

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007 ('Scheme'). The Scheme envisages certain eligible employees, which has had a strength ranging from 65 to 83 in recent times. Each option represents 1 equity share in the Company. The Vesting period and the Exercise Period both range from 1 year to 5 years. The options granted correspond to about 1.48% of the current paid up equity capital of the Company.

Number of options granted, exercised and forfeited	Year ended March 31, 2008	2007
Options outstanding, beginning of the year	Nil	Nil
Add : Granted during the year	8,996,000	Nil
Less : Exercised/Forfeited	Nil	Nil
Options outstanding, end of period	8,996,000	Nil

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs.0.01 Crore under the 'intrinsic value' method. Had the Company considered 'fair value' method for accounting of compensation cost the Company's net income and Basic and Diluted earning per share as reported would have reduced to the pro–forma amounts as indicated below:

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Net Profit as reported	143.41	116.16
Less : Stock–based employee compensation expense	6.24	Nil
Adjusted pro–forma	137.17	116.16
Basic earnings per share as reported	2.35	1.94
Pro forma basic earnings per share	2.25	1.94
Diluted earnings per share as reported	2.35	1.94
Pro forma earnings per share as reported	2.25	1.94

21) Related Party disclosures

a) Subsidiary: Marico Bangladesh Limited (100% holding by Marico Limited)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Debtors	1.81	2.66
2) Loans & advances	3.71	1.98
3) Investments	0.86	0.86
4) Corporate guarantee given to a bank	29.91	32.63
Transactions during the year		
5) Sales	32.18	18.54
6) Loans and Advances received/adjusted	Nil	Nil
7) Royalty income	1.16	0.35
8) Guarantee commission	0.22	0.27
9) Sale of moulds	Nil	0.01
10) Dividend income	1.49	0.71

NOTES TO THE ACCOUNTS

b) Subsidiary: Marico Middle East FZE (100% holding by Marico Limited)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Investments	1.23	1.23
2) Debtors	6.77	3.80
3) Loans and advances	1.56	20.56
4) Interest accrued on Loans	Nil	4.23
5) Loan taken	Nil	143.59
6) Other receivables	Nil	0.46
7) Corporate guarantee given to bank	34.00	87.00
Transactions during the year		
8) Sales	33.73	9.74
9) Interest accrued on Loans	0.51	4.35
10) Advance received	Nil	0.07
11) Royalty Income	1.58	0.46
12) Guarantee Commission	1.11	Nil
13) Loan – repayment	13.89	19.16
14) Brand acquisition	Nil	238.76
15) Corporate guarantee given / (discharged)	(53.00)	87.00

c) Subsidiary: Kaya Limited (Erstwhile Kaya Skin Care Limited) (100% holding by Marico Limited)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Loans and advances	35.90	6.08
2) Investments	73.00	73.00
3) Corporate guarantee given to bank	2.95	2.95
4) Debtors	Nil	0.12
Transactions during the year		
5) Receipt of interest on Loans	Nil	3.91
6) Payments made on behalf of subsidiary	5.27	4.30
7) Expenses incurred by subsidiary	0.01	2.42
8) Advances repaid during the year	0.60	59.51
9) Sales of goods	Nil	0.01
10) Sales of fixed assets	Nil	0.12
11) Purchase of goods	Nil	0.09
12) Purchase of fixed assets	Nil	0.20
13) Investment in shares	Nil	63.00
14) Loans and advances given	25.05	Nil

NOTES TO THE ACCOUNTS

d) Subsidiary: Kaya Middle East FZE. (100% subsidiary of Marico Middle East FZE)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Loans and advances	0.91	Nil
2) Due to Subsidiaries	Nil	0.15
Transactions during the year		
3) Due to Subsidiaries	Nil	0.15
4) Loans and Advances given	0.53	Nil
4) Loans and Advances Received/Adjusted	0.11	0.06
5) Payment made on behalf of a subsidiary	0.37	Nil

e) Subsidiary: Sundari LLC. (100% holding by Marico Limited)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Loans and Advances	28.13	25.44
2) Interest accrued on loans and advances	3.68	2.94
3) Investments	6.05	5.81
Transactions during the year		
4) Loans & Advance Given	4.85	5.69
5) Expenses incurred on behalf of subsidiary	0.02	0.10
6) Interest accrued on loan	0.72	1.65
7) Additional Investment	0.24	Nil

f) Subsidiary : MEL Consumer Care (100% holding by Marico Middle East)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Loans and advances / Royalty Receivable	0.43	0.56
Transactions during the year		
2) Royalty income	0.57	0.56

g) Subsidiary : Pyramid for Modern Industries (99% holding by MEL Consumer Care)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Royalty receivables	2.23	0.22
2) Creditors	0.26	Nil
Transactions during the year		
3) Royalty income	2.21	0.22
4) Purchases	0.26	Nil

NOTES TO THE ACCOUNTS

h) Subsidiary: MBL Industries Limited (100% holding by Marico Bangladesh Ltd)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Loan and advances	0.15	Nil
Transactions during the year		
2) Bank Guarantee Commission	0.15	Nil

i) Subsidiary : Egyptian American Investment & Industrial Development Company (100 % holding by Marico Middle East FZE)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Royalty receivables	1.42	Nil
2) Creditors	0.79	Nil
Transactions during the year		
3) Royalty income	1.67	Nil
4) Purchases	1.09	Nil

j) Subsidiary : Marico South Africa Consumer Care (pty) Ltd (100 % holding by Marico Limited)

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Balances		
1) Investments	25.37	Nil
2) Interest Receivable	0.78	Nil
3) Loans & Advances	33.80	Nil
Transactions during the year		
4) Loan given	33.80	Nil
5) Interest	0.78	Nil
6) Investments	25.37	Nil

Key management personnel and their relatives:

k) Whole–time director: Harsh Mariwala, Chairman and Managing Director

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Remuneration for the year	1.93	1.70

l) Employee: Rajvi Mariwala, daughter of Harsh Mariwala

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Remuneration for the year	0.12	0.07

m) Employee: Rishabh Mariwala, son of Harsh Mariwala

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Nature of transactions		
Remuneration for the year	0.08	0.03

NOTES TO THE ACCOUNTS

22) Managerial Remuneration:

	March 31, 2008 (Rs. Crore)	March 31, 2007 (Rs. Crore)
Payments and provisions on account of remuneration to Chairman and Managing Director included in profit and loss account		
Salary	1.42	1.28
Contribution to provident and Pension funds	0.17	0.15
Other perquisites	0.05	0.05
Annual performance incentives	0.30	0.22
	1.94	1.70
Remuneration to non–whole time directors (Sitting fees)	0.24	0.20

Notes:

1. The above remuneration to Chairman and Managing Director does not include contribution to Gratuity Fund and provision for Leave encashment, as these are lump sum amounts for all relevant employees based on actuarial valuation.
2. Since no commission is payable during the year, computation of net profits for the year under section 198 of the Companies Act, 1956 has not been given.

23) The Following table sets forth the funded status of the plan and the amounts relating to gratuity and Leave Encashment recognized in the Company's Financial as at March 31, 2008:

A. Gratuity benefits:

	Year ended March 31, 2008	March 31, 2007
I. Actuarial assumptions :		
Discount Rate	8%	7%
Rate of Return on Plan Assets	8%	8%
Future Salary Rise	17%	15%
Attrition Rate	18%	15%
II. Table showing change in Benefit Obligation:	**(Rs. Crore)**	**(Rs. Crore)**
Liability at the beginning of the year	*7.79	5.58
Interest cost	0.67	0.40
Current service cost	0.98	0.98
Past service cost (non vested benefit)	–	–
Past service cost (vested benefit)	–	–
Benefit paid	(0.38)	(0.81)
Actuarial (gain)/loss on obligations	0.12	1.61
Liability at the end of the year	9.17	*7.76
III. Fair Value of Plan Assets :		
Fair value of plan assets at the beginning of the year	5.01	5.58
Expected Return on plan assets	0.37	0.38
Contributions	3.65	–
Benefit paid	(0.38)	(0.81)
Actuarial (gain)/loss on plan Assets	0.41	0.14
Fair value of plan assets at the end of the year	9.05	5.01
Total Actuarial (gain)/loss to be recognized	(0.29)	1.75

NOTES TO THE ACCOUNTS

		Year ended	
		March 31, 2008 (Rs. Crore)	March 31, 2007 Rs. (Crore)
IV.	**Actual Return on Plan Assets :**		
	Expected return on plan assets	0.37	0.38
	Actuarial (gain)/loss on plan assets	0.41	0.14
	Actual return on plan assets	0.78	0.24
V.	**Amount Recognised in the Balance Sheet :**		
	Liability at the end of the year	9.17	7.76
	Fair value of plan assets at the end of the year	9.05	5.01
	Difference	0.12	2.75
	Unrecognised past service cost	–	–
	Amount recognised in the balance sheet	0.12	2.75
VI.	**Percentage of each category of Plan assets to total fair value of Plan Assets.**		
	Administered by HDFC Standard Life Insurance	93.79%	72.86%
	Special deposit scheme,	6.21%	27.14%
VII.	**Expenses Recognised in the Income Statement :**		
	Current service cost	0.98	0.98
	Interest cost	0.67	0.40
	Expected return on plan assets	(0.37)	(0.38)
	Net actuarial (gain)/loss to be recognized	(0.29)	1.75
	Past service cost (non vested benefit) recognized	–	–
	Past service cost (vested benefit) recognized	–	–
	Expense recognised in P & L	0.99	2.75
VIII.	**Balance Sheet Reconciliation**		
	Opening net liability	*2.78	–
	Expense as above	0.99	2.75
	Employers contribution	3.65	–
	Amount recognised in balance sheet	0.12	*2.75

* Difference on account of bonus units issued to the Marico Gratuity Trust by HDFC Standard Life Insurance Company Ltd. post closure of Marico books in 2006-07.

B. Leave encashment :

		Year ended	
		March 31, 2008	March 31, 2007
I.	**Actuarial assumptions :**		
	Discount rate	8%	7%
	Future salary rise	17%	15%
	Attrition rate	18%	15%
II.	**Table showing Change in Benefit Obligation:**	(Rs. Crore)	(Rs. Crore)
	Liability at the beginning of the year	6.81	5.62
	Interest cost	0.55	0.38
	Current service cost	1.01	2.38
	Past service cost (non vested benefit)	–	–
	Past service cost (vested benefit)	–	–
	Benefit paid	(0.90)	(1.78)
	Actuarial (gain)/loss on obligations	(1.27)	0.21
	Liability at the end of the year	6.20	6.81

NOTES TO THE ACCOUNTS

		Year ended	
		March 31, 2008 (Rs. Crore)	March 31, 2007 Rs. (Crore)
III.	**Table of Fair Value of Plan Assets :**		
	Fair value of plan assets at the beginning of the year	–	–
	Expected return on plan assets	–	–
	Contributions	0.90	1.78
	Benefit paid	(0.90)	(1.78)
	Actuarial (gain)/loss on plan assets	–	–
	Fair value of plan assets at the end of the year	–	–
	Total actuarial (gain)/loss to be recognized	(1.27)	0.21
IV.	**Actual Return on Plan Assets :**		
	Expected return on plan assets	–	–
	Actuarial (gain)/loss on plan assets	–	–
	Actual return on plan assets	–	–
V.	**Amount Recognised in the Balance Sheet :**		
	Liability at the end of the year	6.20	6.81
	Fair value of plan assets at the end of the year	–	–
	Difference	6.20	6.81
	Unrecognised past service cost	–	–
	Amount recognised in the balance sheet	6.20	6.81
VI.	**Expenses Recognised in the Income Statement:**		
	Current service cost	1.01	2.38
	Interest cost	0.55	0.38
	Expected return on plan assets	–	–
	Net actuarial (gain)/loss to be recognized	(1.27)	0.21
	Past service cost (non vested benefit) recognized	–	–
	Past service cost (vested benefit) recognized	–	–
	Expense recognised in P & L	0.29	2.97
VII.	**Balance Sheet Reconciliation**		
	Opening net liability	6.81	5.62
	Expense as above	0.29	2.97
	Employers contribution	(0.90)	(1.78)
	Amount recognised in balance sheet	6.20	6.81

24) The Company is in process of identifying Micro, Small and Medium Enterprises as defined under the Micro; Small and Medium Enterprises Development Act, 2006.Hence disclosure relating to amounts unpaid as at the year end together payable with interest thereon have not been given.

25) As at March 31, 2008, the Company holds 100 % of the Equity Capital of Kaya Limited (Erstwhile Kaya Skin Care Limited) (Kaya) at a cost of Rs. 73.00 crore (Rs. 73.00 crore). The Company has also advanced loans to Kaya of Rs 35.90 crore (Rs. 6.08 crore). Based on the audited financials of Kaya, there has been an erosion in the value of investments in Kaya.

Since the incorporation of Kaya during 2002–03, its business has been in a development and later in an expansion phase. Encouraged by the consumer response to Kaya's pioneering offerings in products and services in the skin care category, it has focused on building the brand "Kaya" through setting up of a large number of Clinics at several locations and has so far set up 56 Kaya Skin clinics. During the year, Kaya also opened 3 Kaya Life centers, offering holistic weight Management solution. There were significant improvements in operations during the year, although the business continued to post losses, largely owing to significant set up costs including advertisement and sales promotion. In coming year, Kaya will continue with its growth phase with focus on profitability through consumer acquisition and cost management.

NOTES TO THE ACCOUNTS

Based on the fundamentals of the Kaya business, the management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding (including equity / debt infusion), through either fresh funds or conversion of existing loans into equity. Having regard to this, the management perceives the erosion in the value of investment in Kaya as only a temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Kaya or of the loans and advances given to Kaya.

26) As at Mar 31, 2008 the Company holds 100% (75.5%) of the interests in Sundari LLC (Sundari) at a cost of Rs. 6.05 crore (Rs. 5.81 crore). The Company has also advanced to Sundari loans (including interest accrued thereon) of Rs.31.81 crore (Rs. 28.38 crore). The Company is having negative net worth.

Since the Company acquired majority interests in Sundari during 2002–03, it has been working upon making improvements in the business model. Given the unique nature of Sundari's offerings in the Premium Ayurvedic skin care category, it has focused on building business with spas in the USA and other countries, while restructuring operations to cut costs and establish a profitable business model. As a result of these steps, there were improvements in operations of the Company and in the process, sales grew by 27% during 2007 –08. The losses were also cut down by 19%. Sundari expects to stabilize its operations in the foreseeable future and break even at the Profit before Interest and tax level in the next couple of years.

Based on the fundamentals of the business, the management perceives that the Sundari business has long term potential that is waiting to be unlocked and accordingly the Company continues to support Sundari as a strategic investment through funding, including equity / debt infusion, through either fresh funds or conversion of existing loans into equity. During the year, the Company has acquired equity shares from minority shareholders. Consequently, Sundari has, with effect from October 23, 2007 become wholly owned subsidiary of the Company .The Company is also evaluating various re–structuring options, including drawing of revised business plans to accelerate the improvement in its operation. Having regards to these factors the Company does not regard current diminution in value of investment to be of permanent nature. However, as a matter of prudence given that Sundari continues to post losses, the Company has made part provision of Rs 9.37 crore (Rs. Nil) towards diminution in value of its exposure in Sundari, which is considered adequate to cover the loss, if any, that may arise in respect of the Company's investment in Sundari or of the loans and advances given to Sundari.

27) As at Mar 31, 2008, the Company holds 100 % of the Equity Capital of Marico Middle East FZE at a cost of Rs. 1.23 crore (Rs. 1.23 crore). The Company has also advanced loans to Marico Middle East FZE of Rs. 1.56 crore (Rs. 20.56 crore). Based on the financials of Marico Middle East FZE there has been an erosion in the value of investments. Based on the fundamentals of the business, the management is of the opinion that it is strategically desirable for Marico to continue to support Marico Middle East FZE and accordingly, the management perceives the erosion in the value of investment in Marico Middle East FZE as only a temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of the Company's investment in Marico Middle East FZE or of the loans and advances given to the subsidiary.

28) There are no dues payable to the Investor Education and Protection Fund as at Mar 31, 2008.

29) (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 period's classification.

30) 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, 2008

b) **Capital raised during the year:**

Public Issue	Nil
Bonus Issue	Nil
Bonus Preference Shares	Nil
Rights Issue	Nil
Private placement	Nil

NOTES TO THE ACCOUNTS

c) **Position of mobilisation and deployment of funds**

Total Liabilities	–	Rs. 585.83 crore
Total Assets	–	Rs. 585.83 crore

Sources of Funds (Amount in Rs. Crore)		**Application of Funds** (Amount in Rs.crore)	
Paid up Capital	60.90	Net Fixed Assets	146.10
Reserves & Surplus	219.34	Investments	106.53
Secured Loans	121.22	Net Current Assets	237.67
Unsecured Loans	184.36	Deferred Tax Asset	95.54
Deferred Tax Liability	Nil		
Accumulated losses	Nil		
Total Sources	**585.83**	**Total Application**	**585.83**

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

Turnover (Sales & Other Income)	1,578.85
Total Expenditure	1,406.82
Profit before Tax	173.27
Profit after Tax	143.41
Earnings per share (in Rs.)	2.35
Dividend rate (%)	34.79%

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

Item Code No. (I.T.C. Code)	Product Description
1513 11 00	Coconut Oil
1512 19 10	Sunflower Oil
1512 19 30	Safflower Oil

Signatures to Schedules A to R

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
VINOD KAMATH	Chief–Finance & IT and Compliance Officer.

Place: Mumbai

Date: April 24, 2008

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

(Amount in Crores)

Name of the subsidiary	Marico Bangladesh Limited	MBL Indstries Limited #	Kaya Limited	Sundari LLC	Marico Middle East FZE	Kaya Middle East FZE#	MEL Consumer Care SAE#	Egyptian American Investment and Industrial Development Company #	Marico South Africa Consumer Care (pty) Ltd.	Marico South African (Pty) Limited	CPF International (Pty) Limited#
Name of the holding company	Marico Limited	Marico Bangladesh Limited	Marico Limited	Marico Limited	Marico Limited	Marico Middle East FZE	Marico Middle East FZE	Marico Middle East FZE	Marico Limited	Marico South Africa Consumer Care (Pty) Limited	Marico South Africa (Pty) Limited
Holding Company's interest	1,000,000 ordinary shares of Taka 10 each, fully paid up	100,000 ordinary shares of Taka 10 each, fully paid up	14,500,000 ordinary shares of Rs.10 each, paid up	100,000 Shares of USD 18.25 each fully paid up	1 ordinary share of AED 1,000,000 fully paid up	1 Equity share of AED, 1,50,000 fully paid up	250 Equity share of EGP,1000 each, fully paid up	69,290 ordinary shares of EGP 100 each fully paid up	800 ordinary shares of of ZAR 1 each, fully paid up	500,000 ordinary shares of ZAR 0.01 each, fully paid up	100 ordinary shares of ZAR 1 each, fully paid
Extent of Holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
The "financial year" of the subsidiary company ended on	September 30, 2007	September 30, 2007	March 31, 2008	December 31, 2007	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008	March 31, 2008
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	Taka 2.60 crore (Rs. 1.51. crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
• For the previous financial years since it became subsidiary	Taka 5.24 crore (Rs. 3.05 crore)	Nil	Nil	Nil	Nil	Nil	Nil	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 19.08 crore (Rs. 11.10 crore)	Taka 0.79 crore (Rs. 0.46 crore)	Rs. –2.4 crore	USD–0.14 crore (Rs.–5.58 crore)	AED 0.40 crore (Rs.4.34 crore)	AED –0.16 crore (Rs.–1.74 crore)	EGP–0.26 crore (Rs.–1.90 crore)	EGP 1.07 crore (Rs. 7.82 crore)	ZAR–1.08 crore (Rs.–5.31 crore)	ZAR 0.08 crore (Rs. 0.39) crore	*
• For the previous financial years since it became subsidiary	Taka 23.31crore (Rs. 13.57 crore)	Taka 1.46 crore (Rs. 0.85 crore)	Rs.–12.8 crore	USD–0.31 Crore (Rs.–12.36 crore)	AED –0.50 crore (Rs. –5.43 crore)	AED –0.01 crore (Rs. –0.11 crore)	EGP 0.36 crore (Rs. 2.63 crore)	NA	NA	NA	NA

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

Name of the subsidiary	Marico Bangladesh Limited	MBL Indstries Limited #	Kaya Limited	Sundari LLC	Marico Middle East East FZE	Kaya Middle East FZE#	MEL Consumer Care SAE#	Egyptian American Investment and Industrial Development Company #	Marico South Africa Consumer Care (Pty)	Marico South African (Pty) Limited	CPF International (Pty) Limited#
Name of the holding company	**Marico Limited**	**Marico Bangladesh Limited**	**Marico Limited**	**Marico Limited**	**Marico Limited**	**Marico Middle East FZE**	**Marico Middle East FZE**	**Marico Middle East FZE**	**Marico Limited**	**Marico South Africa Consumer Care (Pty) Limited**	**Marico South Africa (Pty) Limited**
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	NA	NIL	NA	NA	NA	NA	NA	NA	NA
Material changes, if any, between the end fo the financial year of the subsidiary and that of the holding company	Acquisition of land Taka 2.29 crore (Rs. 1.33 crore) Construction of new corporate office of Taka 3.12 crore (Rs. 1.82 crore) and new plant of Taka 0.60 crore (Rs. 0.35 crore) Borrowed from HSBC Taka 4.34crore (Rs. 2.53 crore) to finance the purchase of land and new corporate office	Short term investment in FDR in IDLC of Taka 3 crore (Rs. 1.75 crore)	NA	Nil	NA	NA	NA	NA	NA	NA	NA

* The Amount is in hundreds and thus negligible for consideration

By virtue of Section 4 (1) (c) of the Companies Act, 1956,

a) MBL Industries Limited (MBLIL) is a subsidiary of the Company as Marico Bangladesh Limited, a subsidiary of the Company, holds 100% stake in MBLIL,

b) Kaya Middle East FZE (KME), MEL Consumer Care SAE (MELCC) and Egyptian American Industrial and Investment Development Company (EAIIDC) are subsidiaries of the company as Marico Middle East FZE, a subsidiary of the Company, holds 100% stake in KME, MELCC and EAIIDC,

c) Marico South Africa (Pty) Limited (MSA) is a subsidiary of the company as Marico South Africa Consumer Care (Pty) Limited (MSACC), a subsidiary of the Company, holds 100% stake in MSA, and

d) CPF International (Pty) Limited (CPF) is a subsidiary of the Company, as MSA which holds 100% stake in CPF is a 100% subsidiary of MSACC, which is a 100% subsidiary of the Company.

Foreign exchange rate as on March 31, 2008:

1 Taka = Rs. 0.582, 1 USD = Rs. 39.885, 1 EGP = Rs. 7.312, 1 AED = Rs. 10.860, 1 ZAR = Rs. 4.915.

For and on behalf of the Board of Directors

Harsh Mariwala Chairman and Managing Director

Bipin Shah Director and Chairman of Audit Committee

Vinod Kamath Chief–Finance & IT and Compliance Officer

Place : Mumbai

Date : April 24,2008

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956.

As per AS–21 issued by the Institute of Chartered Accountants of India, the financial statements of the Company reflecting the consolidation of the accounts of its subsidiary companies to the extent of equity holding of the company in these companies are included in this Annual Report.

In terms of approval granted by the Central Government, Dept. of Company Affairs vide Approval letter no. 47/137/2008 dated March 26, 2008 u/s 212 (8) of the Companies Act, 1956, copy of the balance sheet, profit and loss Account, report of the board of directors and the report of the auditors of the subsidiary companies have not been attached to this annual report. The accounts of these companies have been seperately audited as per Generally Accepted Accounting Principles/Practices as applicable in their respective jurisdiction of the country of incorporation. A statement pursuant to the above order giving details of subsidiaries is attached herewith: **(Amt. in Crores)**

Name of the subsidiary company	Marico Bangladesh Limited	MBL Industries Limited	Kaya Limited	Sundari LLC	Marico Middle East FZE	Kaya Middle East FZE	MEL Consumer Care SAE and	Egyptian American Investment Limited Industrial Development Company	Marico South Africa Consumer Care (Pty)	Marico South Africa (Pty) Limited	CPF International (Pty) Limited
Capital	Taka 1.00 (Rs. 0.58)	Taka 0.10 (Rs. 0.06)	Rs. 14.50	USD 0.18 (Rs. 7.18)	AED 0.10 (Rs. 1.09)	AED 0.02 (Rs. 0.22)	EGP 0.03 (Rs. 0.22)	EGP 0.69 (Rs. 5.05)	*	*	*
Reserves	Taka 67.29 (Rs. 39.16)	Taka 4.67 (Rs. 2.72)	Rs. 12.72	USD –0.75 (Rs. –29.91)	AED –0.10 (Rs. –1.09)	AED –0.16 (Rs. –1.74)	EGP 0.10 (Rs. 0.73)	EGP 1.07 (Rs. 7.82)	ZAR 3.30 (Rs. 16.22)	ZAR 0.86 (Rs. 4.23)	*
Total Assets	Taka 81.11 (Rs. 47.21)	Taka 22.78 (Rs. 13.26)	Rs. 63.12	USD 0.26 (Rs. 10.37)	AED 3.02 (Rs. 32.80)	AED –0.13 (Rs. –1.42)	EGP 0.13 (Rs. 0.95)	EGP 1.76 (Rs. 12.87)	ZAR 10.33 (Rs. 50.77)	ZAR 6.69 (Rs. 32.88)	*
Total Liabilities	Taka 12.82 (Rs. 7.46)	Taka 18.01 (Rs. 10.48)	Rs. 35.90	USD 0.82 (Rs. 32.71)	AED 3.02 (Rs. 32.80)	AED 0.02 (Rs. 0.22)	Nil	EGP 0.00 (Rs. 0.01)	ZAR 7.04 (Rs. 34.60)	ZAR 5.82 (Rs. 28.61)	Nil
Details of Investment (Excluding Investment in Subsidiaries)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	Taka 190.62 (Rs. 110.94)	Taka 15.90 (Rs. 9.25)	Rs. 80.77	USD 0.26 (Rs. 10.37)	AED 5.80 (Rs. 62.99)	AED 1.83 (Rs. 19.87)	EGP 1.78 (Rs. 13.02)	EGP 4.84 (Rs. 35.39)	Nil	ZAR 3.61 (Rs. 17.74)	Nil
Profit / Loss Before Tax	Taka 29.35 (Rs. 17.08)	Taka 1.55 (Rs. 0.90)	Rs. –2.04	USD – 0.14 (Rs. –5.58)	AED 0.40 (Rs. 4.34)	AED –0.16 (Rs. –1.74)	EGP –0.20 (Rs. –1.46)	EGP 1.07 (Rs. 7.82)	ZAR –1.08 (Rs. –5.31)	ZAR 0.15 (Rs. 0.74)	*
Provision for Tax	Taka 7.66 (Rs. 4.46)	Taka 0.76 (Rs. 0.44)	Rs. 0.37	Nil	Nil	Nil	EGP 0.06 (Rs. 0.44)	EGP 0.00 (Rs. 0.01)	Nil	ZAR 0.06 (Rs. 0.29)	Nil
Profit / Loss After Tax	Taka 21.68 (Rs. 12.62)	Taka 0.79 (Rs. 0.46)	Rs. –2.41	USD–0.14 (Rs. –5.58)	AED 0.40 (Rs. 4.34)	AED –0.16 (Rs. –1.74)	EGP –0.26 (Rs. –1.90)	EGP 1.07 (Rs. 7.82)	ZAR –1.08 (Rs. –5.31)	ZAR 0.08 (Rs. 0.39)	*
Proposed Dividend including Dividend declared during the year	Taka 2.60 (Rs. 1.51)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* The Amount is in hundreds and thus negligible for consideration

Foreign exchange rate as on March 31, 2008:

1 Taka = Rs. 0.582, 1 USD = Rs. 39.885, 1 EGP = Rs. 7.312, 1 AED = Rs. 10.860, 1 ZAR = Rs.4.915.

The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.

Undertaking:

We undertake that the annual accounts of the subsidiary companies and the related detailed information will be made available to the investors, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investor in the Registered/ Head office of Marico and that of subsidiary companies concerned.

For and on behalf of the Board of Directors

Harsh Mariwala Chairman and Managing Director

Bipin Shah Director and Chairman of Audit Committee

Vinod Kamath Chief–Finance & IT Chief–Finance & IT and Compliance Officer

Place:Mumbai

Date : April 24,2008

10 YEARS' HIGHLIGHTS

The highlights pertain to the financial performance of Marico Consolidated — Amount in Rs. Crore

Year ended March 31,	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Sales & Services	**551.2**	**649.7**	**670.7**	**695.7**	**775.5**	**888.5**	**1,007.0**	**1,143.9**	**1,556.9**	**1,906.7**
EBITDA	51.1	52.4	59.8	74.8	75.8	74.5	88.3	144.3	198.7	246.4
Profit before Interest & Tax (PBIT)	47.7	45.8	53.7	61.9	65.1	66.3	76.3	103.0	170.7	232.8
Profit before Tax	44.0	42.6	50.1	57.8	64.0	65.1	74.3	98.0	136.1	194.5
Extraordinary / Exceptional items	-	(1.8)	-	-	-	-	-	-	14.0	10.6
Profit before Tax (PBT)	**44.0**	**40.8**	**50.1**	**57.8**	**64.0**	**65.1**	**74.3**	**98.0**	**150.1**	**205.0**
Profit after Tax (PAT)	37.5	35.7	45.8	50.1	56.2	59.0	70.1	86.9	112.9	169.1
Cash Profits (Profit after Current Tax + Depreciation + Amortisation)	42.7	43.5	54.6	67.2	78.2	72.1	82.8	137.2	187.1	220.1
Economic Value Added	**23.0**	**23.3**	**27.8**	**29.1**	**31.3**	**38.2**	**46.0**	**50.7**	**79.3**	**131.5**
Goodwill on consolidation	-	-	-	-	-	-	1.7	1.7	45.0	84.2
Net Fixed Assets	69.4	95.3	127.4	141.3	105.7	112.5	145.9	381.3	165.4	257.3
Investments	-	-	0.0	0.0	13.9	0.5	12.4	18.5	0.0	0.0
Net Current Assets	54.0	50.2	47.5	66.9	93.9	90.2	128.3	107.7	117.7	233.0
Miscellaneous Expenditure	-	-	-	-	0.7	0.5	0.4	0.3	0.1	-
Deferred Tax Asset	-	-	-	-	-	-	-	-	115.2	98.2
Total Capital Employed	**123.5**	**145.5**	**174.9**	**208.2**	**214.1**	**203.6**	**288.7**	**509.4**	**443.4**	**672.7**
Equity Share Capital	14.5	14.5	14.5	14.5	29.0	29.0	58.0	58.0	60.9	60.9
Advance against Equity	-	-	-	-	-	0.2	-	-	-	-
Preference Share Capital	-	-	-	-	29.0	-	-	-	-	-
Reserves	106.5	127.7	156.8	182.7	135.0	155.2	158.9	203.5	131.5	253.7
Net Worth	**121.0**	**142.2**	**171.3**	**197.2**	**193.0**	**184.4**	**216.9**	**261.5**	**192.4**	**314.6**
Minority interest	-	-	-	-	3.1	1.9	-	-	0.0	0.1
Borrowed Funds	2.5	3.3	3.6	5.0	12.0	11.1	65.7	239.6	251.0	358.0
Deferred Tax Liability	-	-	-	6.0	6.1	6.2	6.1	8.3	-	-
Total Funds Employed	**123.5**	**145.5**	**174.9**	**208.2**	**214.2**	**203.6**	**288.7**	**509.4**	**443.4**	**672.7**
EBITDA Margin (%)	9.3	8.1	8.9	10.8	9.8	8.4	8.8	12.6	12.8	12.9
Profit before Tax to Turnover (%)	8.0	6.3	7.5	8.3	8.2	7.3	7.4	8.6	9.6	10.8
Profit after Tax to Turnover (%)	6.8	5.5	6.8	7.2	7.2	6.6	7.0	7.6	7.3	8.9
Return on Net Worth (%) (PAT / Average Net Worth $)	34.3	27.1	29.2	27.2	28.8	31.2	35.0	36.3	49.8	66.7
Return on Capital Employed (PBIT* / Average Total Capital Employed @)	**41.5**	**32.7**	**33.5**	**32.3**	**30.8**	**31.7**	**31.0**	**25.8**	**35.8**	**41.7**
Net Cash Flow from Operations per Share (Rs.) (Refer Cash Flow Statement)##, ###	1.5	3.1	3.8	4.5	2.2	1.4	0.7	2.8	3.2	2.3
Earning per Share (EPS) (Rs.) (PAT / No. of Equity Shares)##, ###	**2.6**	**2.5**	**3.2**	**3.5**	**1.9**	**1.0**	**1.2**	**1.5**	**1.9**	**2.8**
Economic Value Added per Share (Rs.) (Refer Management Discussion)##, ###	1.6	1.6	1.9	2.0	1.1	0.7	0.8	0.9	1.3	2.2
Dividend per Share (Rs.) ##, ###	0.9	0.9	1.0	1.4	0.5	0.4	0.5	0.6	0.7	0.7
Debt / Equity	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.3**	**0.9**	**1.3**	**1.1**
Book Value per Share (Rs.) (Net Worth / No. of Equity Shares) ##, ###	**8.3**	**9.8**	**11.8**	**13.6**	**6.7**	**3.2**	**3.7**	**4.5**	**3.2**	**5.2**
Sales to Average Capital Employed @	4.8	4.8	4.2	3.6	3.7	4.3	4.1	2.9	3.3	3.4
Sales to Average Net Working Capital #	11.0	12.5	13.8	12.2	9.6	9.7	9.2	9.7	13.8	10.9

* PBIT includes extraordinary items

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

$ Average Net Worth = (Opening Net Worth + Closing Net Worth)/2

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

Per share information for 2003-04 and 2004-05 is re-calculated on enhanced equity share capital of Rs. 58 Crores (5.8 Crore shares)

Previous year figures have been recomputed based on the post split face value of Re 1

Note : 1 crore equals 10 million

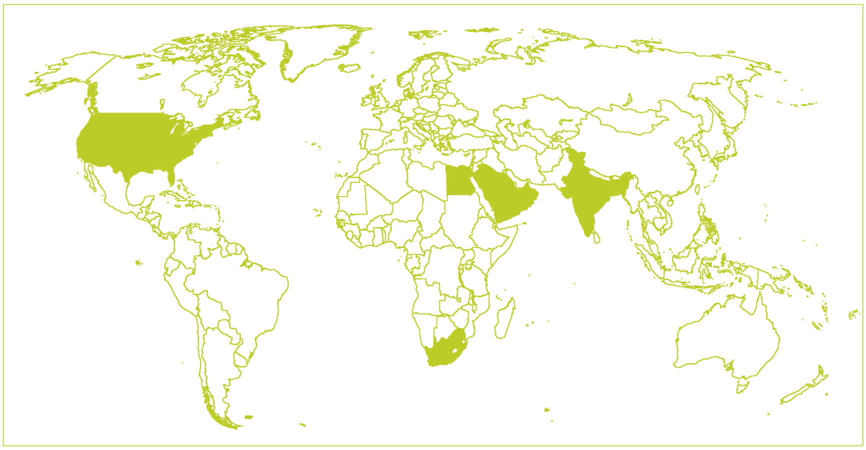
CONSOLIDATED QUARTERLY FINANCIALS

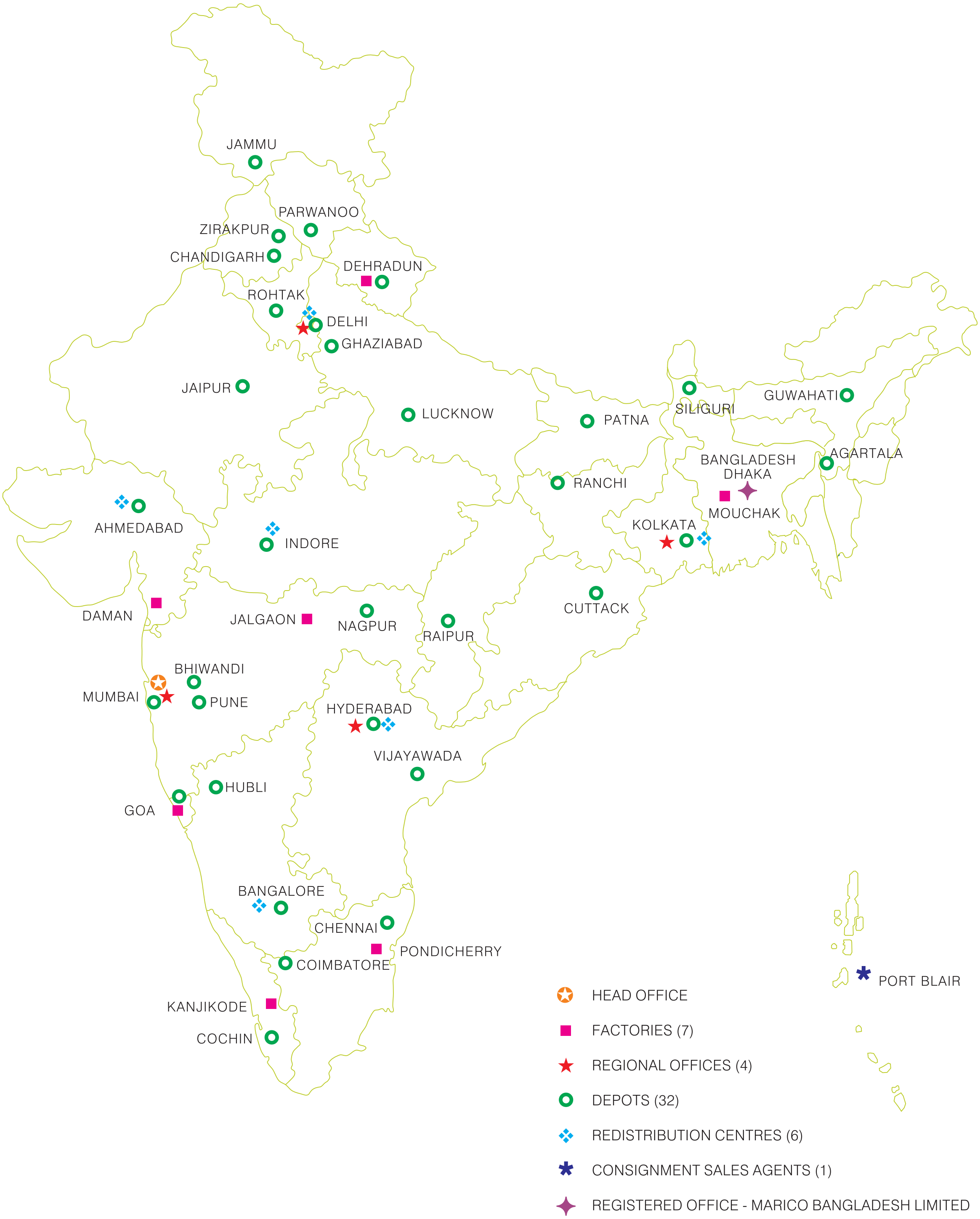
2007-08					(Amount in Rupees Crore)
Particulars	**Three Months Ended**				**Annual**
	Jun. 30, 07	**Sept. 30, 07**	**Dec. 31, 07**	**Mar. 31, 08**	**FY 08**
Total Revenue	469.8	464.3	508.0	471.2	1,913.4
Total Expenditure	403.1	399.0	436.2	422.0	1,660.3
Finance Charges	7.1	6.5	6.8	7.3	27.7
Gross profit after Finance Charges but before Depreciation and Taxation	59.6	58.8	65.0	42.0	225.4
Depreciation & Amortisation	5.8	6.4	10.7	7.9	30.9
Profit before Taxation and Exceptional Item	**53.9**	**52.3**	**54.2**	**34.1**	**194.5**
Exceptional Item	-	-	-	(10.6)	(10.6)
Profit before Tax	**53.9**	**52.3**	**54.2**	**44.7**	**205.1**
Minority Interest & Goodwill on consolidation	0.0	0.0	0.0	0.0	0.1
Profit before Tax after minority interest & goodwill	**53.8**	**52.3**	**54.2**	**44.7**	**205.0**
Provision for Tax (Current)	6.4	5.7	7.4	4.7	24.2
MAT Credit	(2.9)	6.7	(2.6)	(13.6)	(12.5)
Fringe Benefit Tax	1.1	0.7	1.2	1.1	4.0
Profit after Tax (Current)	**49.3**	**39.3**	**48.2**	**52.5**	**189.3**
Provision for Tax (Deferred Taxation)	9.1	(3.0)	2.4	11.7	20.2
Excess Income Tax provision of earlier years written back	-	-	-	-	-
Profit after Tax	**40.2**	**42.2**	**45.9**	**40.8**	**169.1**
Equity Share Capital	**60.9**	**60.9**	**60.9**	**60.9**	**60.9**
Earnings per Share - (Rs.)	0.7	0.7	0.8	0.7	2.8
Dividend declared per share (Rs.)	0.1	0.2	-	0.4	0.7

2006-07					(Amount in Rupees Crore)
Particulars	**Three Months Ended**				**Annual**
	Jun. 30, 06	**Sept. 30, 06**	**Dec. 31, 06**	**Mar. 31, 07**	**FY 07**
Total Revenue	373.9	378.0	409.5	405.7	1,567.1
Total Expenditure	316.5	326.5	358.3	356.9	1,358.2
Finance Charges	4.8	5.7	5.4	4.7	20.6
Gross profit after Finance Charges but before Depreciation and Taxation	52.5	45.8	45.8	44.1	188.2
Depreciation & Amortisation	11.2	12.7	16.8	11.5	52.2
Profit before Taxation and Exceptional Item	**41.4**	**33.1**	**29.0**	**32.6**	**136.1**
Exceptional Item	-	(9.1)	(4.9)	-	(14.0)
Profit before Tax	**41.4**	**42.2**	**33.9**	**32.6**	**150.1**
Minority Interest & Goodwill on consolidation	-	-	-	-	-
Profit before Tax after minority interest & goodwill	**41.4**	**42.2**	**33.9**	**32.6**	**150.1**
Provision for Tax (Current)	5.7	6.3	2.0	4.8	18.8
MAT Credit	2.7	2.0	(4.3)	(7.3)	(6.9)
Fringe Benefit Tax	0.6	0.9	1.3	0.5	3.3
Profit after Tax (Current)	**32.3**	**33.0**	**35.0**	**34.6**	**134.9**
Provision for Tax (Deferred Taxation)	2.1	2.4	6.6	4.8	15.8
Excess Income Tax provision of earlier years written back	-	4.5	-	1.7	6.2
Profit after Tax	**30.3**	**26.1**	**28.4**	**28.1**	**112.9**
Equity Share Capital	**58.0**	**58.0**	**60.9**	**60.9**	**60.9**
Earnings per Share - (Rs.)	0.5	0.5	0.5	0.5	1.9
Dividend declared per share (Rs.)	0.1	0.2	0.2	0.2	0.7

Note: Previous period / year figures have been regrouped / restated wherever necessary.

OUR PRESENCE





AWARDS & ACKNOWLEDGEMENTS

Rated one of India's most innovative companies by the Business Today - Monitor Group Innovation Study (2008)

Marico's Uncommon Sense case study has been showcased in the Annual World Effie Coffee table book (2008)

Parachute won the Outstanding Marketing Achievement Award - 'Silver' - Gulf Marketing Review (2008)

Saffola won the GoaFest 'Media' GOLD for 'Best Use of Radio' for its 'World Heart Day' campaign - AAAI - GoaFest, 2008. The campaign also won a 'Bronze' at the Asia-Pacific Effie Awards Singapore (2008)

Marico won the SPJIMR Marketing Impact Award, 2008 for its Advanced IT based Sales Information System

Featured amongst eight Indian companies in Standard & Poor's list of Global Challengers (2007)

Featured amongst 13 Hot Growth Indian Companies in a list of Asia's 100 fastest growing companies - Business Week (2007)

Awarded 'Best Business Leader for FMCG in the Personal Hygiene Category' - NDTV Business Leadership Awards (2007)

Harsh C Mariwala awarded 'CEO with HR Orientation' by the Asia Pacific HRM Congress at the Global Excellence HR Awards (2007)

Won 3 top awards at the India's Employer of Choice Awards 2007 instituted by CNBC-TV18, U21 Global and Watson Wyatt Worldwide - India's Employer of Choice Award for HR Excellence & Award for Best Employer in the Consumer Products and Healthcare Sector

Won 'Gold' for its corporate campaign and a 'Bronze' for Saffola Effie (2007)

Won the Pink Slip Award, 2007 in 3 categories - Sales & Marketing, Best Campaign of the Year & Best Employer Branding of the Year

Awarded the Yahoo Big Chair Award, 2007 for the Parachute Advansed 'Gorgeous Hamesha' campaign

Sundari was awarded the 'Best Spa Product in the Ayurvedic Category' - Spa Asia Publication (2007)

Internal Newsletter-MOR awarded 'New Publication' and 'Newsletter Design' of 2007 by Association of Business Communicators of India (ABCI)

KNOW MARICO BETTER

Parachute is the world's largest coconut oil brand.

Marico uses 1 out of every 15 coconuts grown in India, and 5 nuts of every coconut tree.

Most of Marico's brands enjoy a leadership position (No.1 or No. 2) in their respective categories. We are No. 2 in the Hair Oil Market with Hair & Care, Parachute Jasmine, Parachute Advansed, Shanti Badam Amla and Nihar Naturals.

1 out of every 8 Indians is a Marico consumer.

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

1 out of every 6 Egyptians is a Marico consumer.

Marico sells over 70 million consumer packs every month.

Marico reaches over 2 million retail outlets.

The overseas sales franchise of Marico's consumer products is one of the largest among Indian companies.

Marico's turnover and profit have been consistently growing over the corresponding quarter of the previous year, for the past several quarters.

Marico's operating ROCE has been consistently above 30% for the last ten years, and it ranks amongst the top 200 corporate houses in India in terms of ROCE.

YOU BECOME A MARICO CONSUMER FROM THE TIME YOU ARE BORN AND REMAIN ONE ALL THROUGH YOUR LIFE

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