

CHAIRMAN'S LETTER TO SHAREHOLDERS A PERSONAL MESSAGE

Dear Shareholders,

I am pleased to communicate with you at the end of yet another successful year for Marico.

Continued Journey of Sustainable Profitable Growth

The Marico Group has crossed the milestones of Rs. 1500 crore in turnover and Rs. 100 crore in profits. During 2006-07 we achieved a turnover of Rs. 1557 crore (a growth of 36%) and a Profit After Tax (PAT) of Rs. 113 crore (a growth of 30%). While part of the growth resulted from acquisitions we made, organic growth from our existing business was a healthy 22%. Growth came from all our business segments, namely consumer products in India and overseas, the Kaya skin business and the Sundari global ayurvedics business.

Your Company's products have enjoyed an improved pricing power, indicating stronger brand equity. This has enabled the Company to plough back monies into brand building efforts, both for its flagship brands and for nurturing new franchises that will become future growth engines. Marico's focus on higher margin business together with its culture of prudent cost management and systematic improvement in efficiencies has led to an improvement in operating margins.

Acquisitions

Besides organic growth, your Company has also been open to exploring acquisitions in the chosen strategic turfs of beauty and wellness. Having acquired Nihar and Manjal during the fourth quarter of the previous year, Marico successfully concluded two more strategic acquisitions during 2006-07.

Marico entered the Egyptian hair care market with the acquisition of two Egyptian brands, Fiancée in September 2006 followed by HairCode in December 2006. These brands give Marico a market share of over 50% in the Rs 170 crore pre-and-post-wash hair care segment in Egypt.

The process of integration of these acquisitions is on track.

A year of recognition

Marico has been recognised as one of the eight Indian companies that are part of Standard & Poor's list of 300 mid-size companies across 37 countries in the latest **S&P Global Challengers List**. This selection is an affirmation of the Marico growth story that has been unfolding in the recent past. S&P has now showcased our track record of sustainable profitable growth at the global level.

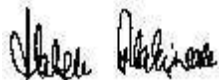
Parachute, our flagship brand, won the prestigious **The Gulf Marketing Review (GMR) Awards 2006**, for outstanding marketing achievement in the Middle East. In India, at the India Brand Summit 2006, Marico won the **Brand Leadership Award** in the FMCG category.

Looking Ahead

Your Company is well poised to leverage its consumer franchise, strong brands, wide distribution and committed management to embark upon its next phase of growth. My team and I look forward to the challenges of this task before us.

Thank you for placing faith in the Company. Thanks also to all members of the Marico team and all our business associates for their contribution to Marico's success. I look forward to continued support from all as we steer the Company further ahead on the path of sustainable profitable growth.

With best wishes for a rewarding year,



Harsh Mariwala
Chairman and Managing Director