marico

Uncommon sense

Annual Report
2008-09

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 and Managing Director
Bipin Shah, Chairman of Audit Committee
Rajeev Bakshi
Atul Choksey
Nikhil Khattau
Anand Kripalu
Jacob Kurian
Rajen Mariwala
Hema Ravichandar

MANAGEMENT TEAM

Harsh Mariwala, Chairman and Managing Director
Saugata Gupta, Chief Executive Officer - Consumer Products Business
Anju Madeka, Chief Financial Officer
Rakesh Pandey, Chief Executive Officer - Kaya
Milind Sarwate, Chief - HR and Strategy
Vilas Shirhatti, Chief - Advance Research
Vijay Subramaniam, Chief Executive Officer - International Business

COMPANY SECRETARY

Rachana Lodaya

AUDIT COMMITTEE

Bipin Shah, Chairman
Nikhil Khattau, Member
Rajen Mariwala, Member
Hema Ravichandar, Member
Rachana Lodaya, Secretary to the Committee
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
Rachana Lodaya, Secretary to the Committee

BANKERS

Citibank N.A.
HDFC Bank Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited
Standard Chartered Bank
State Bank of India

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 - 11 (In India - 6 | Overseas - 5)
Regional Offices - 4
Depots - 32

WEBSITES

www.marico.com
www.kayaclinic.com
www.parachuteadvansed.com
www.saffolalife.com
www.maricobd.com
www.haircodeworld.com
www.maricoinnovationfoundation.org

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CHAIRMAN'S LETTER TO SHAREHOLDERS
A PERSONAL MESSAGE

Dear Shareholders,

Four years ago, we had set ourselves a target of growing your Company from Rs.1000 crore to Rs.2000 crore in revenues. It gives me great pleasure to state that your Company has comfortably achieved this target and is well set to continue on its growth journey.

Over the last 3 years, your Company has maintained a top line CAGR of 24% and a sustainable bottom line CAGR of 28%. FY09 witnessed a high degree of turbulence in the environment with the global financial crisis, sharply rising and falling input costs and fluctuating foreign exchange markets. Marico nevertheless turned in a good performance with a top line growth of 25% and net profit growth, before extraordinary items, of 21%. A large segment of the Company's business is in items of daily consumption and it is less likely to be impacted by the economic slowdown.

Today, India suffers from a very high incidence of heart-related ailments, but awareness has been low. Saffola has played an important role in increasing the awareness amongst consumers in India and urging them to adopt a healthy lifestyle. The brand has also facilitated this lifestyle modification by introducing efficacious and innovative products. Marico's agri-extension and contract farming efforts include educating farmers with best farming practices and making high yielding varieties of the crop available. This has helped farmers improve productivity and earnings from their land while improving the sources of supply for your Company.

At its Jalgaon factory where Marico produces Saffola, the Company makes continuous efforts to preserve the environment. The Jalgaon factory has received awards for its efforts in water and energy conservation. All these efforts have resulted in building a sustainable and profitable franchise for the brand, thus creating wealth for shareholders.

Across all its brands, Marico has transformed in a sustainable manner, the lives of all those it touches - shareholders, consumers, members, associates and society at large.

Your Company's efforts have been recognized for the remarkable work done across its value chain. It was voted one of the most Innovative Companies by the Business Today - Monitor Group Innovation Study. Marico also won the Smart Workplace Award presented by the Economic Times in association with Acer and Intel, and the IMC Ramakrishna Bajaj National Quality Award.

Today, Marico is more than just a business. It is a principal agent of social change. We have the responsibility of defining, creating and distributing value to each of our stakeholders, by maximizing their potential through the brands we create and services we offer in the beauty and wellness space.

I believe the purpose of an organization has to go beyond functionality and profits, to define why we really exist for each of our stakeholders. It is something that's true to our culture, unique to our DNA, yet profitable to our business. It is something we live by every single day.

This year, we have given a voice to this purpose: Be more. Every day.

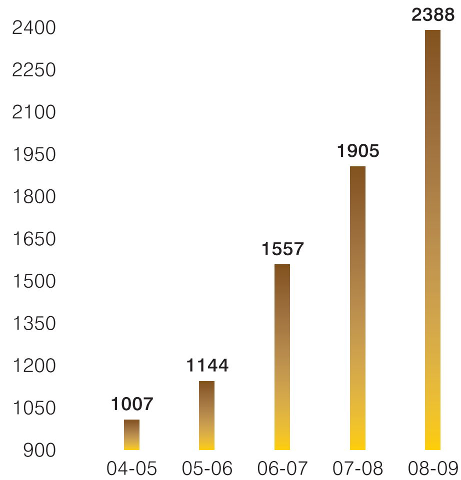
Thank you for placing your faith in the company. I look forward to your continued support and co-operation.

With warm regards

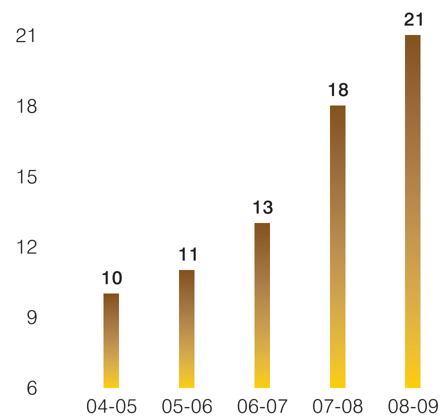
Harsh Mariwala
Chairman and Managing Director

MARICO CONSOLIDATED PERFORMANCE AT A GLANCE

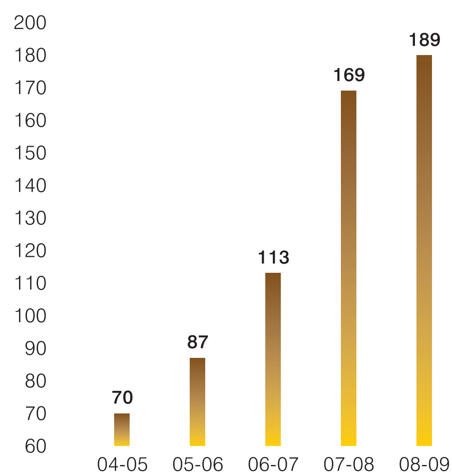
SALES AND SERVICES
(Rs. Crore)



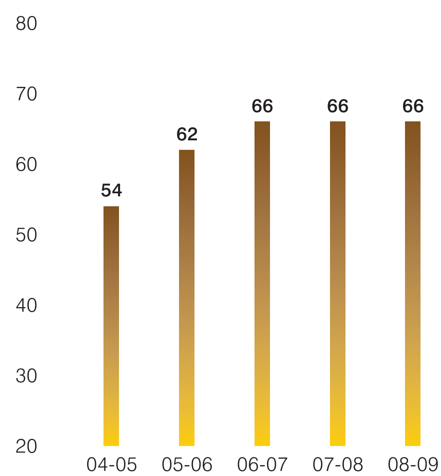
SHARE OF INTERNATIONAL BUSINESS
IN GROUP TURNOVER (%)



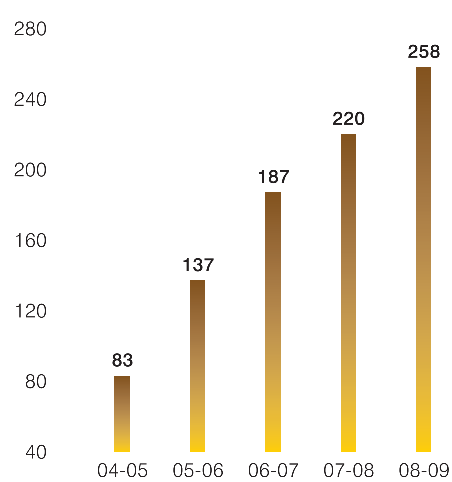
NET PROFITS
(Rs. Crore)



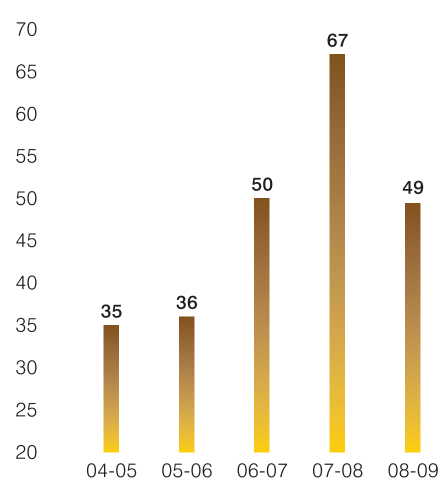
DIVIDEND DECLARED
(%)



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.

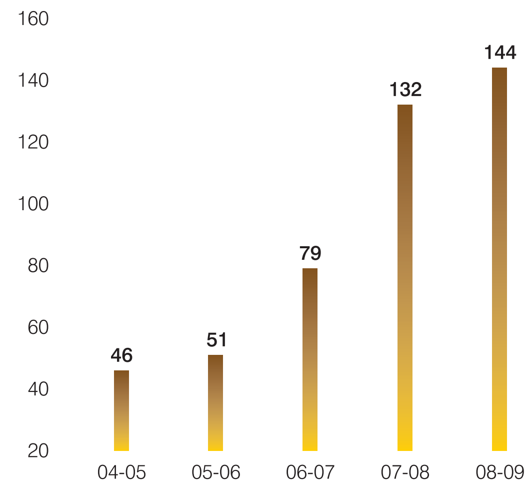
EVA is based on the idea that a business must cover both the operating costs and the capital costs. EVA is an estimate of true 'economic' profit, that is, the amount by which the operating earnings exceed or fall short of the required minimum rate of return for shareholders and lenders at comparable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

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

For the year ended March 31, 2009, Marico's Economic Value Added was Rs.144 crore as compared to Rs.132 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 33%.

ECONOMIC VALUE ADDED (Rs. Crore)



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, 2009		**4,000**	**17,500**	**100**
Return	**Through**	**Shares**	**Value (in Rs.)**	**Indexed Value**
March 31, 2009	Market value	4000	269,000	1,537
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2009	Dividend Received*#		21,058	120
Gross Returns			**294,058**	**1,680**
Compound Annual Return since IPO			**27%**	**27%**

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

OUR PURPOSE

Be more. Every day.

To transform in a sustainable manner, the lives of all those we touch, by nurturing and empowering them to maximise their true potential.

Marico today is more than just a business.

It is a principal agent of social change.

We have the responsibility of defining, creating and distributing value to each of our stakeholders: Shareholders, Consumers, Members, Associates and Society.

Our purpose addresses why we exist for each of our stakeholders, and how we impact their lives. It is something that's true to our culture, unique to our DNA, yet profitable to our business.

It is something we live by every single day.

OUR STAKEHOLDERS

OUR VALUES

Values help us realise the true potential of all members of the corporate ecosystem and also help us fulfil our purpose.

CONSUMER CENTRIC

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

TRANSPARENCY AND 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 & organization 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

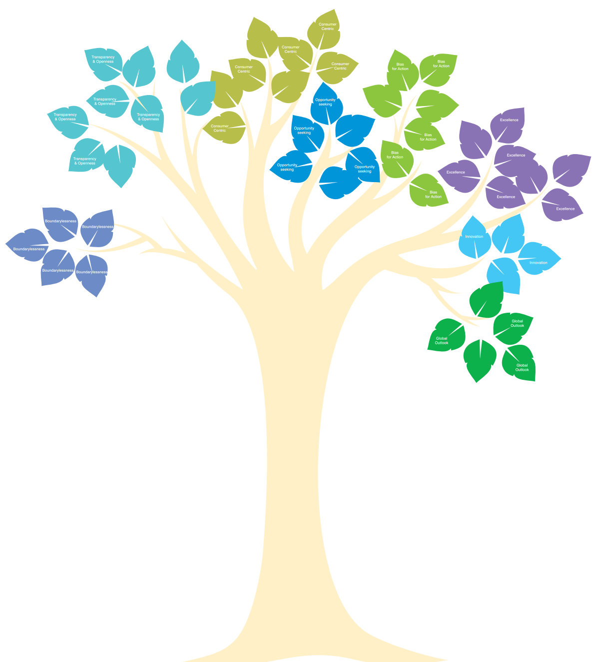
Transparency & Openness | Opportunity-seeking

BE

Bias for Action | Excellence

BIG

Boundarylessness | Innovation | Global Outlook



Values

Consumer Centric	Excellence
Transparency & Openness	Boundarylessness
Opportunity Seeking	Innovation
Bias for Action	Global Outlook

“I joined Kaya Life to lose weight. Look how much I’ve gained.”

- Tara Sinha,
  Kaya Life customer

At Marico, we find uncommon ways to transform the lives of our consumers. With Kaya Life, our weight management program, rather than focus on the weight, we address the cause of the weight problem. By counselling our consumers on the psychological aspects of their weight issue, we help them gain back their self-confidence, and get back into shape. Whether its giving consumers the confidence to present their best face to the world with Kaya Skin Clinic, empowering them to look well groomed with Parachute Advansed, or creating a nationwide health movement with Saffola, our brands transform the lives of millions, helping them realize their aspirations to the fullest. And creating some of the world’s largest consumer franchises.

Common sense says: To get the best out of your farmers, squeeze them for more output or push them to lower prices. At Marico, we do quite the reverse: we engage some of our brightest minds to improve the quality of farmers' lives - both on the field and off. Through initiatives like sms price updates, web-managed transactions, Farm Care Centres, training in mechanized tree-climbing, and more, we turn out better farmers. By maximizing our associates' potential across the supply chain - from farmers to suppliers, packaging developers, distributors and retailers - we create win-win partnerships that increase the growth and sustainability of our businesses, yielding higher profits.

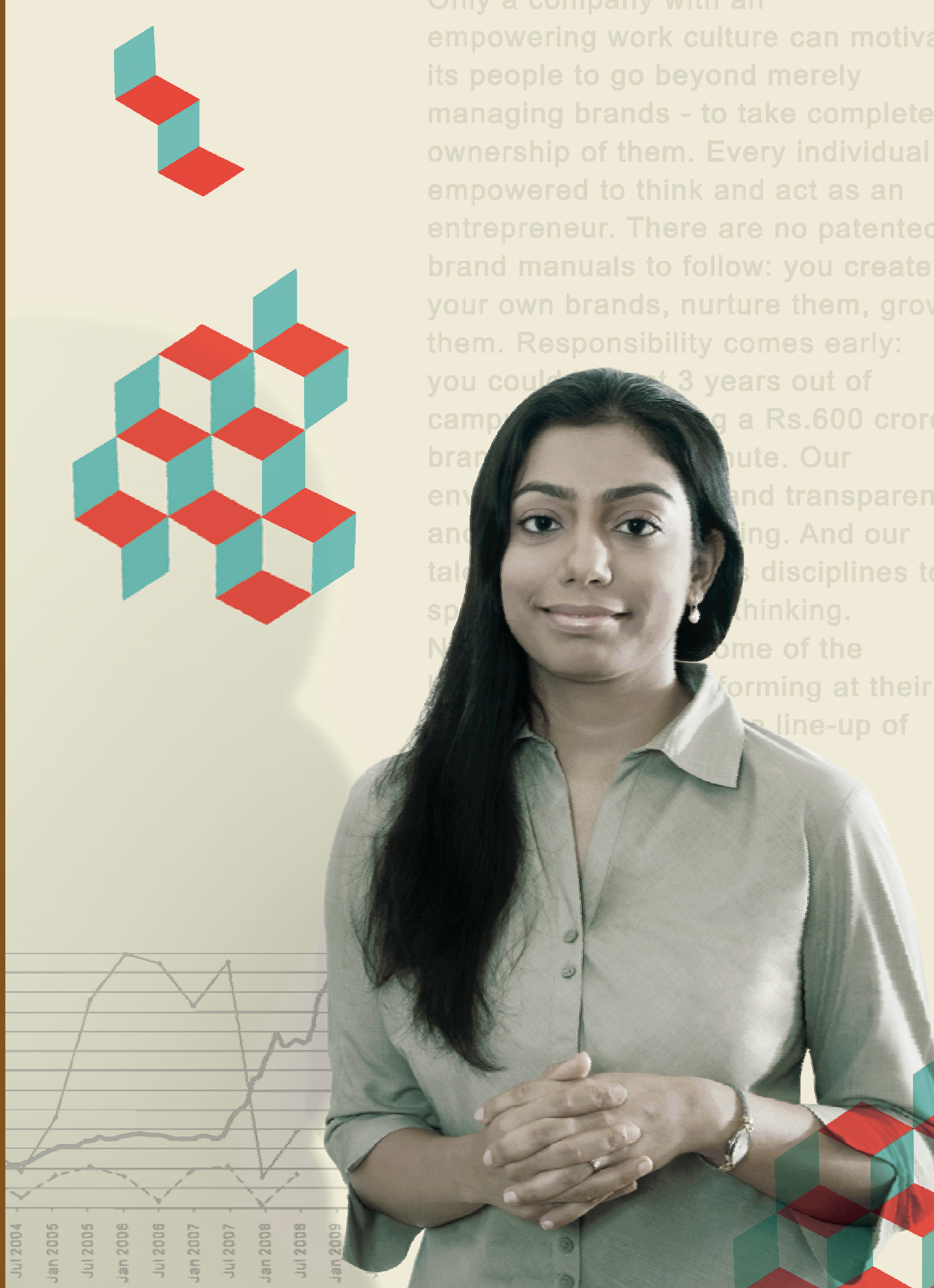
“I have 300 MBAs working for me.”

- Chekutty Hajiyar, coconut farmer

Only a company with an empowering work culture can motivate its people to go beyond managing brands - to take complete ownership of them. At Marico, every individual is empowered to think and act as an entrepreneur. There are no patented brand manuals to follow: you create your own brands, nurture them, grow them. Responsibility comes early: you could be just 2 years out of campus and handling a Rs.400 crore brand such as Saffola. Our environment is open and transparent, and invites fresh thinking. And our talent is rotated across disciplines to spur cross-functional thinking. Naturally, we have some of the happiest people, performing at their best. And an impressive line-up of brands to prove it.

"I manage a Rs.400 crore brand. And I just started 2 years ago."

- Sharika Munshi,
Brand Manager, Saffola


empowering work culture can
its people to go beyond merely
managing brands - to take
ownership of them. Every individual
empowered to think and act as an
entrepreneur. There are no
brand manuals to follow: you create
your own brands, nurture them,
them. Responsibility comes early:
3 years out of
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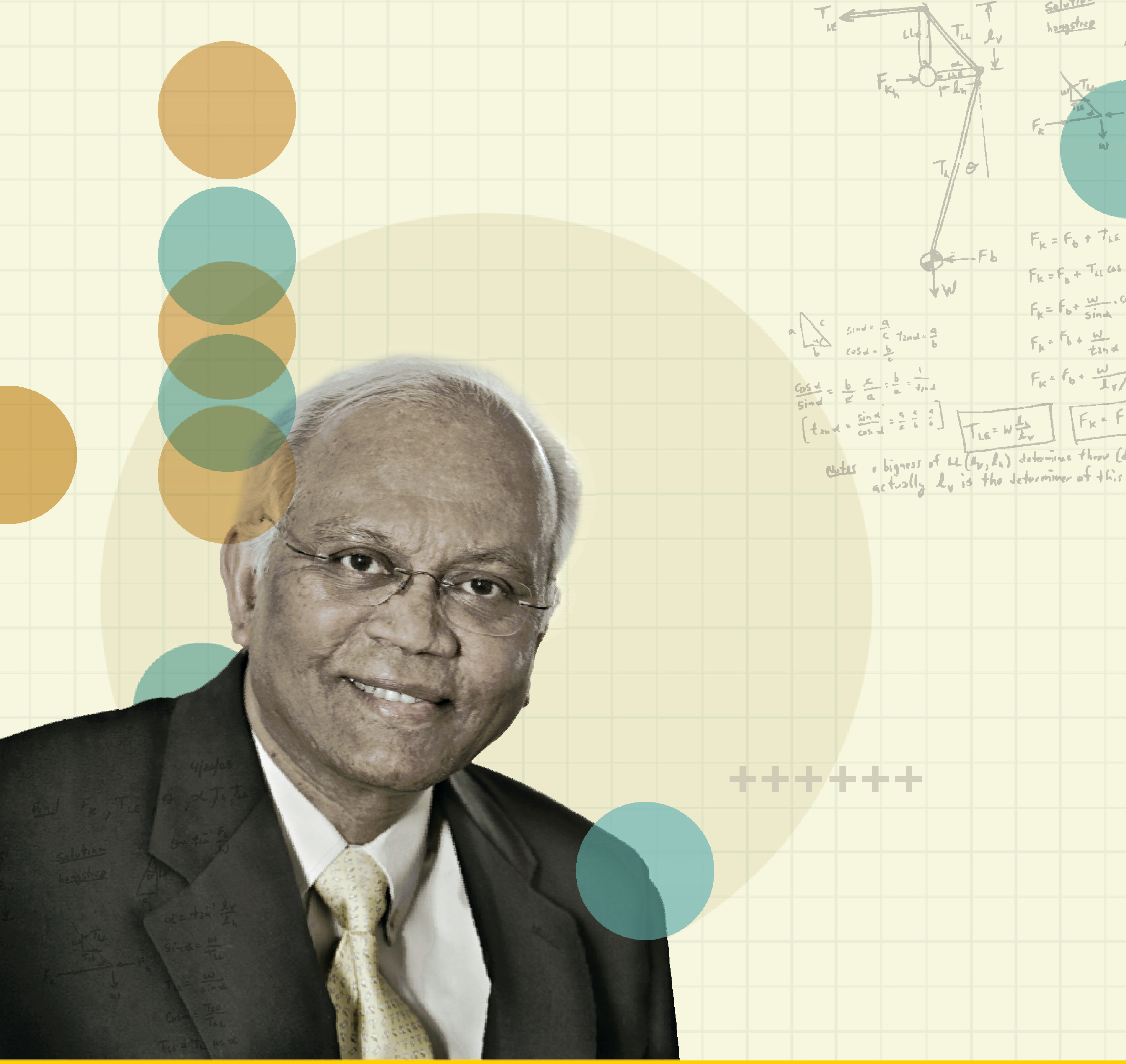


“What does it take to fuel a nation’s progress? A company burning with passion.”

- Dr. R. A. Mashelkar, Chairman, Marico Innovation Foundation

We are charged by a passion for innovation. It drives everything we do. Our businesses are built on it. Our culture demands it. So what better way to catalyse a nation’s growth than to share this passion with society at large. The Marico Innovation Foundation provides the perfect platform to nurture innovation in corporate and social sectors. Through initiatives like promoting education on innovation in India, showcasing great innovations at award fora, and undertaking cutting-edge research in ‘innovation’, The Marico Innovation Foundation prepares our future leaders to take on new challenges facing India. And enables a nation to maximise its true potential.

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 '08 - March '09 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 Solutions Business of Kaya in India and Overseas. The Consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

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

The Fast Moving Consumer Goods (FMCG) sector, comprising goods of daily use like soaps and detergents, oral and skin care products, food & beverages, oils and dairy products is the fourth largest sector in the Indian economy and is projected to cross USD30 billion in turnover in the next five years.

The FMCG market can be divided into two segments - the urban and rural. The urban segment is characterized by high penetration levels and high spending propensity of the urban resident. The rural economy is largely agrarian directly or indirectly dependent on agriculture as a means of livelihood - with relatively lower levels of penetration and a large unorganised sector.

On the back of four consecutive years of bountiful harvest, rural India, home to about two-thirds of the country's one billion plus population is witnessing an increase in its income and also in its consumption.

The FMCG Industry caters to the needs of the consumers located across the country and deep in its heartland through a well-developed and efficient supply chain model comprising C&F Agents, distributors, wholesalers and retailers. A significant share of business is still generated through the "mom and pop" store (kirana) format. With access to the rural economy gradually improving with investments in physical infrastructure, it is likely that it shall continue to be the chief point of interface of the FMCG companies with the retail consumer. Though organized retail comprises only about 6% of the FMCG business, it is expected to expand its share over the next few years.

The Indian consumer aspires to reach a level of consumption commensurate with the consumption pattern of those in more developed economies even as he is cautious about extravagance and over indulgence. This provides the FMCG companies with opportunities for growing the market.

Low capital requirements, simple manufacturing processes and sub-contracting of manufacturing activities are characteristic of the industry. As a result, several small local and regional brands tend to compete with well-established ones. FMCG companies have to continuously innovate and also advertise in order to build the equity of their brands and create mass pull. Brand building, product innovation and product differentiation are critical to the survival of FMCG companies.

OPPORTUNITIES AND THREATS

Demographic profile

The Indian sub-continent has a population in excess of one billion. This provides the FMCG companies with a large consumer base. The median age continues to be in the mid twenties. The youth of today is conscious of the need to be well groomed and to look good. With increasing focus on education and empowerment of women, their lifestyle and propensity to consume is undergoing a change; they are becoming more fashion conscious and open to experimenting with new products.

Urban economy

Rapid urbanisation has resulted in large markets getting concentrated in urban centres. Increasing disposable incomes and exposure to media have shaped aspirations of the urban consumer while consumerism has led to satisfaction of wants. Availability of credit and changed mindset towards consumption has further fuelled the demand for consumables.

The high growth trajectory in the urban economy of the past few years has shown some slowdown on account of the global economic crisis, particularly for discretionary spending. However, the impact has been muted for items of daily consumption.

Rise of the rural economy

The economic scenario in the country has undergone a change in the recent past. Nearly two-thirds of the Indian population resides in rural towns and villages and practices agriculture. Higher realizations for agricultural output, without an accompanying increase in input costs, increased employment and the recent waiver of farm loans by the government has led to a spurt in demand. Rural India now forms a sizeable share of the demand for FMCG products, consumer durables and consumer discretionary products.

Increased spending power of the rural Indian coupled with a relatively lower degree of penetration of branded FMCG products in these markets has provided the industry players with an opportunity to drive growth. Established brands are tapping into the rural economy to encourage up-trading by the consumer from unbranded products to branded ones with assured quality.

RURAL INDIA NOW FORMS A SIZEABLE SHARE OF THE DEMAND FOR FMCG PRODUCTS AND CONSUMER DURABLES.

Lifestyle and awareness

The present day consumer is savvy, has higher aspirations and is brand & lifestyle conscious. They do not mind spending on quality products and seeks value for money spent. FMCG companies have recognised the opportunity available by introducing “value for money” as also “premium” product variants aimed at catering to the varying needs of different consumers.

Products aimed at delivering healthy lifestyle solutions have been introduced to woo health-conscious consumers.

Branded solutions sector

The increase in the propensity to consume and the increasing consciousness for adopting healthy lifestyle offerings has led to the development of branded solutions including leveraging existing brand identities and creating extensions around them.

The quality-conscious consumer is willing to pay a premium for effective solutions, improved services and a superior experience.

The focus is to provide consumers with a holistic solution for their needs in the form of a consolidated offering of various products and services.

RISKS & CONCERNS

Input costs

Domestic commodity prices are often linked to international indices, and volatility in these benchmarks causes fluctuations in the domestic product prices.

The past 2 years have witnessed a wide fluctuation in the price of commodities. Crude Oil touched a record high of USD140 per barrel before crashing to below USD50 per barrel. Similar volatility was experienced in other commodities. The overall level of uncertainty in the environment has gone up.

Input costs comprise nearly 60% of the production costs in the FMCG sector. Inflationary tendencies in the economy directly impact the input costs and could create a strain on the operating margins of the FMCG companies. Brands with greater equity may find it easier to adjust prices in line with fluctuating commodity prices and input costs.

Competition

The FMCG environment in India and overseas is competition intensive and companies need to focus on branding, product development, distribution and innovation to ensure their survival. Advertising and consumer offers are some of the methods used to combat competition.

Product innovations help to gain market share while advertising creates visibility for the product. Such expenditures carry the inherent risk of failure. Counter campaigning by competitors would also reduce the efficacy of promotions.

Currency risk

The Marico Group has a significant presence in the Indian Sub Continent including Bangladesh, MENA (Middle East & North Africa) and South Africa. The Group is therefore exposed to a wide variety of currencies like the US Dollar, South African Rand, Bangladeshi Taka, UAE Dirham and Egyptian Pound. Import payments are made in various currencies including but not limited to the US Dollar, Australian Dollars and Malaysian Ringgit. As the Group eyes expansion into other new geographical territories, the exposure to foreign currency fluctuation risk increases. Significant fluctuation in these currencies will impact our financial performance. The company is however conservative in its approach and is likely to use simple hedging mechanisms than resort to exotic derivative products.

Product innovations and new product launches

Success rate for new product launches in the FMCG sector is low. New products may not be accepted by the consumer or may fail to achieve the targeted sales volume or value. Cost overruns and cannibalisation of sales in existing products cannot be ruled out. Marico has adopted the prototyping approach to new product introductions that helps maintain a healthy pipeline and at the same time, limits the downside risks.

Funding costs

Though the sector is not capital intensive, fund requirements arise on account of inventory position building or capital expenditure undertaken. In addition, growth through acquisitions may also contribute towards leveraging the company's balance sheet. Changes in interest regime and in terms of borrowing will impact the financial performance of the Group.

Discretionary spending / Down trading

In situations of economic duress, items which are in the nature of discretionary spending are the first to be curtailed. This is relevant for the lifestyle solutions offered by the companies.

In an extended recession, down trading from branded products to non-branded ones could also occur and affect the financial performance of the company.

Acquisitions

This may take the form of purchasing the brands or purchase of stake in another company and is used as a means for getting access to new markets or categories, of increasing market share or eliminating competition. Acquisitions may divert management attention or result in increased debt burden on the parent entity. Integration of operations and cultural harmonization may also take time, thereby deferring benefits of synergies of unification. Marico is keen on exploring acquisitions in its core segments of beauty and wellness where it believes it can add value.

FMCG market in Bangladesh

Bangladesh has a demographic profile identical to that of India. Population in excess of 150 million and a developing economy provide the perfect consumer base for the FMCG sector to flourish. Political instability witnessed earlier has reduced post elections.

FMCG markets in the Middle East

The market offers a curious mix of local and expatriate populations who are not averse to the idea of indulgence / extravagance. This provides FMCG companies opportunities to offer branded solutions tailored to the needs of the consumer in the region. After a period characterized by high crude oil prices and a construction boom, there has been an adjustment in the overall economic growth following the steep decline in crude oil prices. The impact on the FMCG companies is however likely to be less severe.

FMCG markets in Egypt

The Egyptian economy has embraced liberalization in the recent past, thereby opening the doors for foreign direct investment and paving the path to economic growth. A steadily growing population, concentrated on the banks of the river Nile, and a developing economy provide a good base for FMCG companies. The recent global economic turmoil however, has impacted the near-term growth prospects. The rate of GDP growth may decline to between 4% and 5%. In the medium term however, this could revert to a healthier 6% to 7% with its consequent beneficial impact on FMCG consumption.

FMCG markets in South Africa

The South African economy is a productive and industrialized economy that exhibits many characteristics associated with developing countries, including a division of labour between formal and informal sectors and an uneven distribution of wealth and income. The economic measures adopted by the Government to ensure growth and equitable distribution of wealth have been effective with the GDP showing a steady growth in excess of 4%. Rising income levels, especially amongst the middle socio-economic segments, are likely to result in increased growth opportunities for FMCG marketers.

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 organization that has built for itself a stimulating work culture that empowers people, promotes team building and encourages new ideas.

The organisation believes that great people deliver great results, and lays emphasis on hiring right and retaining key talent.

Its managerial talent is sourced from the country's premier technical and business schools, and from amongst those with the country's premier professional qualifications. The organisation believes in providing challenge and early responsibility at work which serves to keep team members enthused and motivated.

A strong business linkage of all Human Resource processes and initiatives is maintained at Marico. The organisation has created a favourable work environment that motivates performance. Marico has a 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.

Automation of key HR processes this year has helped in streamlining the back-end processes and increased efficiency immensely. The company's user friendly intra-net vests power in the individual to track one's own HR processes such as joining, development planning, transfer movements, loans and leave. The intranet also provides an ideal medium for internal communication and brings together members from the different geographies the organization now has a presence in.

Member's networks are also tapped into for "hiring right". A strong referral mechanism operates under the brand name of "TAREEF" (Talent Referred by Mariconians). This benefits the organisation in two ways, namely, the talent referred is usually of a superior quality to that sourced independently in the market, and it also translates into substantial cost savings for the recruitment process.

The organization 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.

In line with our philosophy of valuing internal talent first, a structured internal job posting mechanism - MINTOS (Marico Internal Talent Opportunity Scheme) - was launched. This is an internal forum for members to benefit from opportunities within the organization.

Marico continues to measure and act upon improving the "engagement levels" of its teams. The Gallup Survey provides the organization with a measure of how it is faring at building engagement across the organization as well as in each of its teams.

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.

Marico had formulated a contemporary set of values three years ago and it is important that all members in the organization are not only aware but also consciously practice and "walk the talk" on all its values. To build this consciousness and commitment, 'Values Workshops' are held for teams to identify their focus areas and plan actions accordingly.

An exciting initiative we launched during the year was the "Popcorn Session with Harsh". It is based on the concept of "Learning through Sharing", where the members have an opportunity to directly interact with the Chairman and Managing Director, Harsh Mariwala. The sessions seek to leverage Marico leaders as mentors and coaches to Mariconians at large. The format of the Popcorn Session is unique: 8-10 members, including Harsh engage in conversation on a pre-selected topic. It provides a mutual learning opportunity for both the leader and the members attending the session, to gain insights from each other's personal and professional experiences. So far, 135 members have participated in these sessions.

Member Assistance Program was launched in April 2007 in association with 1to1help.net, a counselling service run by a team of qualified and experienced counsellors. Member Assistance Program is a service wherein Mariconians and their immediate family members can avail themselves of various services like counselling - face to face, telephone and online; Website Articles and Self Assessment Tests free of cost and in complete anonymity. This has been institutionalized this year.

Employee relations throughout the year were supportive of business performance.

As on March 31, 2009, the employee strength of Marico Limited was 934 and that of the entire Group was 2585.

CORPORATE SOCIAL RESPONSIBILITY

Every organisation owes its existence and sustained growth to its various stakeholders: Investors, Customers, Employees and Society at large. An organisation fulfils its responsibility to the society through various actions and initiatives which realise returns for it and also result in the betterment of society.

Corporate Social Responsibility to Marico is an expression of being a responsible citizen and is defined to include 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. Marico's CSR is based on inter-dependence and it believes in the need for an efficient business eco-system, where business and the rest of the society co-exist with respectful inter-dependence.

Marico is a significant buyer of the marketable surplus of safflower (kardi) crop in India. Over the years, the company has worked on merging its needs of sourcing safflower seeds with those of the farming community for crop sustainability. As part of its agri-extension efforts, Marico actively educates the farmers in improved techniques of farming including best sowing practices, crop damage control measures and the use of hybrid seeds. A helpline to facilitate query resolution has been put in place. These have led to significant improvement in yields and have positively impacted the livelihood of thousands of farmers in the country. Marico has also commenced contract farming in kardi. Apart from a price guarantee, the initiative also envisages providing credit for seeds for sowing and technical guidance throughout the crop cycle. This initiative has a wide reach touching the lives of around 20,000 farmers. It has resulted in productive usage of otherwise fallow land and thus acted as an income generator.

"Marico's Contract Farming was a boon to us! We got rate guarantee & technical guidance throughout the crop cycle."

Chudaman Patil (Maharashtra), Safflower farmer

"The farmers who have seen the crop here are very enthusiastic about the crop, and next year, acreage will increase."

Hanumant Rathod (Rajasthan), Safflower farmer

Marico is the largest buyer of copra in the country. In order to assist farmers and convertors from whom it procures copra, the company has set up farm care centres that disseminate information on best farming practices. Farmers are given the opportunity to have queries addressed by experts. In order to improve productivity, training on the use of coconut tree climbing machines is provided.

The company has also collaborated with the Coconut Development Board (CDB) which provides free agricultural inputs and advice on farming practices to improve yield.

"I am very happy to be part of this cluster programme. I extend my deepest gratitude to CDB and Marico Limited for their efforts"

"Wherever you go they say no labour is available…..They gave us a climbing machine and trained us to use it, now we are giving training to others in order to over come the labour crisis."

Copra farmer in Kerala

The offices of Marico at various locations, both within India and overseas, actively participate in various community service activities for promoting education, art, culture and health, and also provide support for welfare and relief operations. These include blood donation and free health check up camps, HIV / AIDS awareness, flood relief.

Sustainability Programme at Marico

Being green has been an integral part of Marico's culture. Bottles of Parachute coconut oil, the company's flagship brand, consumes the least amount of plastic when compared to our competitors in coconut oil. The company's coconut oil yield from copra crushed is amongst the highest in the industry. This implies a lower quantity of copra to be transported for every tonne of coconut oil produced, thus reducing the quantum of fuel consumed in transporting copra to our factories.

However, to sustain this, one needs continuous fresh thinking and thus the sustainability programme at Marico is appropriately branded "Think Fresh and Be Green". This initiative is led by a core team consisting of members drawn from Marico's three businesses and various functions. During FY09, an energy modelling recommendation has been implemented at all office locations leading to a 5% to 20% reduction in electricity consumption at these locations. Such reductions have been sustained. All manufacturing locations have taken up site specific energy reduction and water conservation programmes. Many of the identified programmes have been implemented and regular brainstorming sessions are leading to identifying more such programmes. Our Jalgaon manufacturing unit has received the CII water conservation award and the GOI award for energy conservation. Rain water harvesting is being piloted at one manufacturing location and will be rolled out at others.

MARICO AT VARIOUS LOCATIONS, ACTIVELY PARTICIPATES IN VARIOUS COMMUNITY SERVICE ACTIVITIES FOR PROMOTING EDUCATION, ART, CULTURE AND HEALTH, AND ALSO PROVIDES SUPPORT FOR WELFARE AND RELIEF OPERATIONS.

In order to make it an initiative that touches a wide section of members in Marico, the focus for the year included saving on paper. The seasons greeting cards sent to business associates have been replaced by e-greeting cards and the hard copies of diaries have been replaced by e-planners. At the factory locations, tree planting within the premises and outside has been undertaken. To bring about awareness, sign boards are displayed at all manufacturing locations as a constant reminder of our responsibilities in saving energy and conserving water. An intranet website provides information and features articles on sustainability.

The core group regularly studies the best practices of other industries to evaluate their applicability to Marico. This year's initiatives have led to a reduction of CO_2 emission by 1300 tons. The company has also initiated the process of completing the carbon foot print for Marico's consumer products business and identifying potential projects for reducing the carbon foot print.

Think Fresh, Be Green

The year 2009 marks a beginning. In the coming years, the company plans to study and implement options for green formulations and more sustainable packaging. It hopes to achieve wider participation amongst organization members as well as its business associates.

Marico Innovation Foundation

The Marico Innovation Foundation (www.maricoinnovationfoundation.org) is guided by an eminent board of trustees. The Marico Innovation Foundation was created in March 2003 with a single mission - to fuel innovation in India. The aim is to put India on the global map by leveraging Indian knowledge and know-how. The foundation has armed itself with the belief that innovation is possible and that it is the only way to leapfrog India into global business leadership.

The Innovation for India - Marico Foundation has sponsored studies for Challenger Innovation cases in the spaces of Business and Social Life. It made a first-hand study of diverse Indian organisations that achieved quantum growth in the face of heavy odds. Organisations that dared to question well entrenched paradigms, and created uniqueness for themselves. Their innovation journeys were traced through painstaking insight dialogues, not by gleaning from published literature. These studies bring out live examples of how Challenger Leadership can bring about a transformation and lead to quantum shifts in results. A unique feature of these transformational cases is the durability of the transformation: even after the challenger leader moves away from the scene, the transformation is sustained. The Innovation Foundation has converted these successful missions into lighthouses that show how it is possible to make a quantum impact in a short time span, and to inspire many others to lead and support such innovative initiatives. In addition, the studies generate insight into 'what differentiates challenger leaders' and proposes a process to inspire and cultivate challenger leaders in all sectors and thereby make a quantum jump in our capacity as a nation.

One of the Foundation's objectives is to be a catalyst and initiate creation of content and multiplication of knowledge through learning platforms. One such initiative involving years of effort in identifying genuine breakthrough innovations from within India and then uncovering insights into what these innovators did differently to make the impossible happen, culminated in the publication of a book "Making Breakthrough Innovation Happen: How 11 Indians Pulled Off The Impossible", by Porus Munshi. It shows how world-class innovation is now happening in India and how we can all do in our own fields what the 11 Indian people and organisations featured in the book did. It is hoped that this will give a big boost to the concept and practice of innovation in India.

In an effort to equip the leaders of tomorrow, the Foundation has commenced promoting education of innovation by collaborating with leading educational institutions in the country. This envisages creating of course content on innovation as well as training of faculty.

In order to showcase successful innovations and thus propagate and encourage a culture of innovation, the Foundation has institutionalised 'Innovation for India Awards' for Business and Social Innovation. Based on the criteria of uniqueness, impact and scalability, 'India's Best Innovations' are declared at these Awards. These include projects and businesses that make a real difference to the country and community at large. Over the last 3 years, 23 such innovators have been recognized at the Innovation for India Awards.

MARICO GROWTH STORY

Marico posted a topline growth of 25% and recorded a turnover of Rs.2388 crore. Almost the entire growth during the year was attributable to organic growth of which volume growth comprised 12%.

Profit before tax (PBT) for the year was Rs.229 crore a growth of 12% over FY08. However during FY08, the company made a one time profit of Rs.10.6 crore on the sale of its Sil business. Moreover in FY09, the company has booked a one-time extraordinary loss of Rs.15.03 crore on the sale of its Sundari business (more details are included in the latter part of this note). If we ignore these one-time items, the PBT for the year would be Rs.245 crore, a growth of 30% over that in the previous year. Profit After Tax (PAT) during the year was Rs.188.7 crore, a growth of 11.6% over FY08. However, the growth net of extraordinary items was 21%.

Q4FY09, in Y-o-Y growth terms, was the:

- 34th consecutive quarter of growth in turnover, and
- 38th consecutive quarter of growth in profits

Over the past 5 years, the top line and bottom line have grown at 24% and 28% respectively.

A FEW BRAND STORIES

Parachute & Nihar

Marico's flagship brand, Parachute maintained its momentum of growth in line with expectations. Parachute coconut oil in rigid packs, the focus part of the portfolio, grew by 9% in volume over FY08. During the 12 months to February '09, it maintained its volume market share of 48% in the Rs.1500 crore branded coconut oils category, indicating resilience against potential down trading in the current economic downturn. Meanwhile, Nihar's share in the category stood at 6% during the 12 months to February '09 with the brand registering 11% growth in volume during the year backed by infrastructure augmentation in Bihar. Marico's coconut oil franchise comprising Parachute, Nihar and Oil of Malabar had a market share of 55% during the 12 months to February '09.

During the year, the prices of copra (dried coconut kernel) the raw material input for Parachute coconut oil were about 25% higher than in FY08. The company took price increases to pass on most of this increase to consumers. The input prices have declined from their peak levels in Q2 & Q3 of FY09 towards the end of the year.

Parachute is likely to maintain its margins per unit volume in a tight band. The company expects to be able to continue to grow volumes at 6% to 8% by focussing on conversions to branded usage from the approximately Rs.1000 crore loose coconut oil market.

Saffola

Saffola, Marico's second flagship brand, is positioned strongly on "good for the heart" equity. The incidence of heart-related ailments in India is high and a cause for concern. The cases of diabetes, high cholesterol, blood pressure, obesity etc, are disproportionately high. Saffola supports the efforts of consumers to adopt and sustain a healthy lifestyle. Over the years, Saffola Healthy Heart Foundation has worked towards raising awareness levels through its advertising campaigns and programmes such as blood check-up camps. Saffola constantly urges consumers to adopt a healthy lifestyle (its "Walk" campaign) and building it into a movement. It supports their efforts through unique services like "Dial a Dietician".

Saffola has been innovating to come up with products to support the trend of an improved lifestyle that consumers want to adopt. In the past, it was the first refined oils brand to introduce blends in the country to offer a balance of PUFA and MUFA (poly-unsaturated fatty acids and mono-unsaturated fatty acids). The ingredients of its most recent refined oil blend introduction, Saffola Active provide Omega-3 and oryzanol. The blends also enable the company to price Saffola more attractively for consumers, so that a much wider franchise of consumers can access the brand.

Saffola is expected to ride the trend in health consciousness and the increasing awareness levels with respect to heart-related ailments in India. In the medium term, the company hopes to transition the brand from a healthy refined edible oils product to a lifestyle brand offering a range of functional foods.

During FY09, Saffola's turnover still comprised primarily of refined edible oils. The oils franchise of Saffola grew by 11% over FY08. The growth during the second half of the year was much slower, even though the growth rate picked up to 5% during Q4FY09. Saffola retails at a significant premium to other refined edible oils in the market. However, during H2FY09, this premium shot up to unsustainable levels owing to relatively higher levels of prices of safflower oil, one of the Saffola oils range's key ingredients. The brands growth was also partly impacted by some down-stocking of all inventory levels implemented by organised retailers (Modern Trade).

With the arrival of the new safflower crop in April 2009, it is expected that the safflower oil prices will see a significant decline as compared to FY09. In anticipation of lower average prices of safflower and other oils during FY10, the company has taken some price reductions in Saffola (Saffola Gold from Rs.120 to Rs.110, Saffola Tasty from Rs.99 to Rs.94 and Saffola Active from Rs.99 to Rs.89 (all prices per litre)). This will lower the premium of Saffola over other branded oils and the range pricing starting with Saffola Active is expected to encourage consumers to come into the Saffola fold at a faster pace. The company expects that it can achieve a volume growth of over 10% during the year.

India is the largest producer of safflower. It is a hardy crop that grows in arid / poorly irrigated areas. Marico's agri-extension team has been working over the years to increase the acreage under safflower (kardi), on land that may otherwise lie fallow, thus improving the farmers' return from the land. Marico educates farmers on best sowing practices, crop damage control measures, and has a helpline for query resolution. More recently, the company has commenced a contract farming programme under which it provides credit for seeds, technical guidance through the crop cycle and guarantees a price for buyback.

Saffola ad campaigns have been recognized at various forums for their creativity and impact.

Hair Oils

The Rs.2200 crore Hair Oils category has been experiencing healthy growth. During FY09, Marico's hair oils in rigid packs grew 17% in volume over the previous year.

During the 12 months ended February '09, Marico's basket of hair oils including Parachute Jasmine, Nihar perfumed hair oils, Hair & Care and Shanti Badam Amla increased its market share to about 22%. This has

been achieved by increased micro marketing efforts in select markets. Moreover, the launch of a new variant Hair & Care Almond Gold in Q2FY09 also bolstered the volume growth.

During the year, Parachute Advansed introduced a revitalising Hot Oil with the goodness of coconut oil and other herbs.

The cooling oils segment of the hair oils category is amongst its faster growing segments. Marico has begun prototyping a cooling oil brand, Nihar Naturals Coconut Cooling Oil - cooling oil with the added benefit of coconut nourishment.

Male Hair Grooming

Marico is present in the Rs.100 crore hair cream and hair gels market through Parachute Advansed hair creams and hair gels. Though small, the hair cream and gel category is growing at a modest pace in India. During the year, Marico's Parachute After Shower creams and gels have grown by 6% in volume over the previous year. Its share in the category during the 12 months ended February '09 was about 19%.

Other 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. To identify scalable marketing and product propositions, Marico has been following a prototyping approach to test a few hypotheses in a low-cost fail-fast model before any decision to scale up is taken.

To support its new product initiatives, Marico follows a Strategic Funding (SF) approach. Marico defines SF as the negative contribution a product makes after providing for material costs, variable manufacturing and distribution costs and advertising & sales promotion expenditure for the product. Each year the company budgets for a certain percentage of its PBT to be available towards strategic funding for new products and businesses. All new products would have to fight for these resources. As the company's bottom line grows, the SF pie grows larger. This provides sufficient investments towards creating future growth engines and at the same time puts an overall ceiling to the SF at the group level.

During Q3FY09, Marico launched Parachute Advansed Revitalising Hot Oil, a coconut oil enriched with warming oil, rosemary, thyme and patchouli. Parachute Advansed Hot Oil is positioned as a pre-wash product for winter and is priced at Rs.65 for 170 ml. The initial response to the product has been positive.

During January 2009, Saffola extended its journey in the health foods space. Saffola Zest, a salty baked snack, combines strong health benefits with great taste to give consumers a novel healthful snacking experience. Being baked, it contains half as much fat as other namkeen, and its ingredients are heart friendly. It also contains a high proportion of protein and fibre, making it an ideal snack for the entire family.

Saffola Zest comes in three tasty flavours - tangy tomato, chatpata masala and mast masala. Each is available in three SKUs (stock keeping units) priced at Rs 10, 25 and 45. The initial response, though still very early, has been positive.

As in any food snack product, the feedback on taste has been immediate. While individual tastes can vary significantly, the company has taken action on some of the early feedback.

In Q4FY09, the company commenced the prototype of Saffola Rice - low GI rice that helps in weight management. Marico has commenced a prototype in the state of Andhra Pradesh and in Mumbai. The brand is available in 1 kg and 2.5 kg packs priced at Rs.59 and Rs.140 respectively. The product has generated interest, though a better sense of the response will take some more time.

Revive Strong & White is a liquid fabric whitener that offers a unique double action of making clothes white together with making them strong to last longer. The product is currently being prototyped in West Bengal.

Modern Trade

Modern Trade comprises about 6.5% of domestic sales, up from about 5% a year ago (with the share of Saffola and some of the company's newer products being higher). In recent months however, the pace of new store openings has come down. Organised retailers are consolidating and closing some unprofitable store locations. In addition, they are attempting to improve cost structures through rationalizing manpower and inventory levels. The company will provide a thrust towards servicing the top end of general trade so as not to lose out by way of any potential slow down in growth in modern trade (organised retail).

IT Initiative in Sales

In the past, Marico has focussed on building a strong distribution network which would be a source of competitive advantage not only in terms of retail reach but also in the quality of its sales network. The company had already established IT connectivity with distributors through whom a majority of its sales are done. This has enabled a vendor-managed inventory system whereby sales are effected based on stock levels at the distributor - a pull rather than a push system. Sales targets within the organisation are also tracked on secondary sales and not on primary sales to the distributor.

In order to enhance the productivity of the distributor sales representatives (DSR), Marico has now rolled out the use of Personal Digital Assistants (PDA) in large cities. This provides the DSR with focussed information on each outlet, thus improving the quality of his interaction with the retailer. Outlet-wise history and ordering patterns are used to prompt the DSR to focus on specific SKUs and the quantities of each during a sales call. Through the PDA, Marico's sales managers can now drive channel-specific plans. The use of information technology has obviated the need for time-consuming manual work. The data readily available has also enabled the system to be less person dependent and a new DSR can be brought up to speed in a much shorter time. As the company's brands and SKUs continue to grow in numbers, the PDA is expected to expand the DSRs capacity to handle them and at the same time improve productivity.

International FMCG Business

Marico's international business, its key geographies being Bangladesh, MENA (Middle East and North Africa) and South Africa, comprised about 19% of the group's turnover during FY09. As a whole, the international business turnover grew by 43% over FY08.

In Bangladesh, Parachute coconut oil has focussed on growing the branded market by encouraging conversions from loose oil. Advertising campaigns highlighted the superior quality of branded coconut oil over that of loose oil. Affordable price points were used to drive conversions. These initiatives together with a drive to expand distribution and leveraging other on-ground opportunities such as "haats" (weekly markets) have helped to firmly establish the brand as a leader in the coconut oil market in Bangladesh. Its market share during the 12 months ended February '09 was 72.7%. Parachute was recognised as the 6th Most Trusted Brand in Bangladesh by The Global Brand Forum and AC Nielsen (2008).

During FY09, Bangladesh witnessed high inflation during the first half of the year, necessitating price increases. Some of the cost push pressures have eased towards the end of the year. The company would try and retain some of this benefit in order to improve its margin structure. Given the higher base, therefore, the volume growth of Parachute in Bangladesh during FY10 is likely to be modest.

The company will focus on using its market leadership stature to enhance the brands imagery across consumer segments through thematic campaigns. Meanwhile Hair Code hair dye, the company's new product launched during FY09, has been responding well in the market.

In the Middle East, Parachute cream has been making steady progress on the strength of its "nourishment plus protection from harsh water" positioning. Its market share in the GCC (Gulf Cooperation Council) countries has increased to 23% during the 12 months ended February '09. During the year, Marico also increased its share in the hair oils market to 22.5%. The company has commenced the process of extending its footprint in the Middle East region by entering new countries.

The performance in Egypt during FY09 was negatively impacted by the company's decision to modify the distribution structure whereby it made a shift from directly servicing several wholesalers to dealing with them through a distributor. This distribution transition is expected to bring more efficiency to the supply chain in Egypt. While this has now been completed, the resolution of issues during execution took longer than initially anticipated. Besides, the economic environment in Egypt also witnessed high levels of inflation which exceeded 20%, putting pressure on business growth. Both these resulted in a contraction of sales in Egypt during the year FY09. With the transition completed and inflationary pressure having eased towards the end of the financial year, the Egyptian business is now poised to show an improving trend in the coming quarters.

Apart from a recovery following the settling down of the new supply chain, the Egyptian business is expected to get a boost with the restage of Hair Code in new packaging. The company has also begun seeding new markets such as Libya.

The performance in South Africa has been in line with expectations. In the initial period, the company has focussed on a smooth integration of the acquisition. The response to the launch of new flavours in Hercules castor oil and the restaging of the brand Caivil is positive. The market shares in the company's hair care portfolio are showing an upward trend. During FY10, Marico South Africa will continue to build upon this. The company has also commenced work on developing differentiated products to add to its basket of offerings. In addition, the company would also make a beginning towards taking the South African brands into neighbouring countries during FY10.

While growing its international business operations, the company has commenced taking supply chain initiatives to improve margins in the business. In Bangladesh, the company has done backward integration by crushing copra locally. Marico has commissioned a new factory in Egypt for hair creams through which it intends servicing the MENA region, and this is expected to result in supply chain efficiencies.

Kaya

Kaya Skin Clinic entered the business of offering dermatology led cosmetic skin care solutions in India in 2003. As an organized player, Kaya has a large first mover advantage in introducing cosmetic dermatology in the country. Through specialized skin services (beauty enhancement, problem-solution and anti ageing) using world-class FDA approved technology adapted for relevant skin types, Kaya has been able to offer its consumers highly efficacious solutions and a refreshing experience. Kaya has become the leading skin care services brand with 74 clinics in India across 21 cities and 11 clinics in the Middle East. During FY09, Kaya added 20 new skin clinics. Over 500,000 customers have availed of services at Kaya Skin Clinic. Kaya now has over 250 dermatologists associated with it.

During FY09, Kaya's skin care business achieved a turnover of Rs.157 crore, a growth of 57% over the previous year. Apart from revenue contributed by new clinics, the existing clinics also recorded a growth of 18%. With the overall slow down in the economy and Kaya's offering being largely in the nature of discretionary spends, this rate of growth was lower in the second half of the year at about 10%.

The company plans to continue to open 12-15 new clinics each year. In the existing cities, the company still sees potential to add clinics in new catchment areas. As customers usually avail of a package of services that requires them to come to a clinic 3 to 4 times, a short driving distance is important. Simultaneously, the company is also working on increasing the revenues from existing clinics. This is being planned through advertising campaigns to increase footfall, cross selling services to existing clients, launching maintenance packages and the introduction of new products. Kaya Care is an Annual Membership Program designed to inculcate a habit of regular skin care amongst clients through a personalized skin care calendar.

The company has recently introduced three new products for its male customers - Kaya Skin Relief After Shave Gel, Kaya Revitalizing Face Wash and Kaya Whitening Moisturizer. Products currently comprise about 13% of Kaya's turnover.

The Kaya skin business made a loss of Rs.1.6 crore during the year. This is primarily on account of the new clinics opened during the year, which is yet to achieve break-even. During FY10, the company expects Kaya's skin care solutions business to contribute positively to the bottom line as it now has a sufficient base of existing clinics to absorb the losses that the new ones will incur in the initial phase. On reaching critical mass in the medium term, the company expects Kaya to achieve operating margins of over 20%.

No Kaya Skin Clinic has been closed since Kaya's inception.

Kaya Life

Kaya Life offers customized holistic weight management solutions. Customers are experiencing effective results on both weight loss and inch loss. However, action standard in terms of number of customers, is yet to be achieved. The team is working on the model to increase the pace of customer acquisition. A fourth centre has been opened (located at Vashi, near Mumbai) to try a model without therapy machines which makes it possible to have a more compact clinic layout. These modifications to the model will be tested before a full-fledged roll out of Kaya Life is undertaken.

COST STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY09	FY08
Material Cost (Raw + Packaging)	53.5	51.5
Advertising & Sales Promotion (ASP)	10.5	12.9
Personnel Costs	6.9	6.7
Other Expenses	16.5	16.1
PBDIT Margins	12.6	12.9
Gross Margins (PBDIT before ASP)	23.1	25.8

The year saw a significant increase in two of the company's key raw material prices. Copra, the input for coconut oil, which accounts for about 40% of the company's raw material cost, ruled at about 25% higher than in FY08. Similarly, market prices of safflower oil, comprising about 13% of the company's raw material cost, were about 35% higher than in the previous year. It is expected that for both these raw materials, lower prices than in FY09 will prevail during FY10. Marico's packing material costs to sales are currently about 8%.

ASP as % of sales was lower during the year, mainly on account of phasing the new prototype launches towards the end of the year. Moreover, during FY09, the ASP appears lower owing to a change in the accounting policy to now reducing consumer offer amounts from both revenue and ASP expenditure. Had it not been for this change, the ASP to Sales would have been 10.8%. We expect ASP as % of sales to be in the region of 12% during FY10.

Personnel cost as % of sales is higher because the contribution of Kaya in the group topline is increasing over the quarters. Being a service oriented model, personnel costs are higher as compared to the consumer products business. Higher clinic expansion in Kaya (20 clinics were added during the year) has also meant additional head count ahead of revenue picking up in these clinics.

The company's pricing strategy attempts to pass on the input cost increases so as to maintain margins on a unit volume basis. This is based on the belief that it is easier to regain margins than to recover lost customers. In an inflationary scenario therefore the margins on a percentage to sales basis may be squeezed, owing to the higher turnover value.

CAPITAL UTILISATION

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

Ratio	FY09	FY08
Return on Capital Employed (%)		
• Marico Group	37.4	40.3
Return on Net Worth (Group) (%)	49.1	66.7
Working Capital Ratios (Group)		
• Debtors Turnover (Days)	15	14
• Inventory Turnover (Days)	46	46
• Net Working Capital Turnover (Days)	45	34
Debt: Equity (Group)	0.95	1.20
Finance Costs to Turnover (Group) (%)	1.5	1.6

*Ratios computed on average balances

Inventories are higher partly on account of higher raw material costs and partly owing to some raw material position building.

Net Fixed Assets increased by Rs.54 crore during the year. This comprised mainly investments in an R&D Centre in Mumbai, 20 new Kaya clinics and a new factory in Egypt apart from normal capital expenditure.

As on March 31, 2009, the Marico Group has a net debt of Rs.270 crore (Gross Rs.375 crore). Of the gross debt, about Rs.200 crore is denominated in US Dollars. About Rs.100 crore of the USD debt is repayable within a year. A little over Rs.100 crore debt denominated in Indian Rupees is payable within a year. The average cost of the debt is about 8%. The company may roll over some of the loans when they fall due during the year. It is expected however, that the net debt level will be lower at the end of FY10. Marico has adequate cash flows to maintain healthy debt service coverage.

SHAREHOLDER VALUE

Pay out - distribution of profit to shareholders

Over the past 4 years, the company had made acquisitions and financed the same through issue of fresh equity, borrowings from banks and internal cash generation. Marico has been focussed on deploying its resources in avenues which will result in maximization of share holder value. Continuing with this policy, 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 is to maintain the absolute amount of dividend as paid out in the previous year. On a growing profit base, the pay out ratio would be lower.

Dividend declared

At its meeting held in October 2008 and April 2009, the Board of Directors had declared interim dividends of 30% and 35.5% respectively. With this, the cumulative dividend declared is 65.5%, the same as the percentage declared in FY07 and FY08. Consequently, on a higher profit base, the dividend payout ratio is lower at 25% (inclusive of dividend distribution tax).

OTHER DEVELOPMENTS

Sundari divestment

Marico Limited (Marico) had acquired the spa products business under the brand “Sundari” through the acquisition of a controlling interest in Sundari LLC, a Company domiciled in the United States, in February 2003. Over the years, Marico increased its shareholding, eventually making Sundari LLC a wholly owned subsidiary.

Marico has made investments to grow the business. Lead times in the business, primarily in the nature of B2B are however long and the revenue generated has remained modest, despite extremely favourable customer feedback and reviews on the product range. With the overall shift in the global business environment, Marico has decided to focus on its core businesses in Asia and Africa in the B2C space.

Marico has sold its Sundari business to Wellness Systems, a limited liability company promoted by two of the Marico Group’s senior managers who were managing the Sundari business. As part of the terms of the agreement, Wellness Systems has acquired the business at a consideration based on a valuation report by an independent agency and free of any liabilities. The Marico Group’s consolidated accounts therefore show a one-time extraordinary impact of Rs.15.03 crore during FY09. Based on legal advice received, the company has treated the loss on non-recoverable advances and interest thereon as a business loss in its computation of tax provision for the year. Consequently, the profit after tax of the company is not negatively impacted.

OUTLOOK

The company has been keeping a cautiously optimistic outlook on the near future. The current global economic environment continues to remain uncertain. However, with Marico's product offerings being largely in the area of items of daily consumption in which one-time outlays are not significant, the impact of any slowdown on the company's operations is expected to be limited. Inflationary pressures in India, in crude oil as well as edible oils, have eased. Based on the extent of the decline in input costs and factors such as the competitive environment and potential down-trading, the company would take a call on pricing changes and investments in advertising and sales promotion, to grow its consumer franchise. It expects to make some improvement over its operating margins in FY09.

During the last year or so, there has been significant inflation in input prices for FMCG companies. Given Marico's strategy of attempting to maintain the absolute unit margins across its portfolio, it has taken price increases both in India and its international markets. While the company believes that its brands will continue to show volume growth, the revenue growth in FY10 will have to take into account the base effect. Moreover, should the INR appreciate sharply in FY10 against the USD, Bangladeshi Taka and South African Rand, then the revenue growth in INR could get depressed.

The company would continue to focus on long-term sustainable growth. Apart from expanding existing franchises through investments in ASP (advertising and sales promotion) and innovating to enhance the value of its offerings such as the Parachute Advansed Champi pack (hair oil with massager) or Parachute Advansed Revitalising Hot Oil, the company will also launch and prototype new products. The launch of Hair & Care Almond Gold for instance, would bring more consumers into the brand's fold, and the introduction of Saffola Zest and Saffola Rice are expected to tap into the health foods category.

In the recent past, Marico's international business introduced Hair Code hair dye in Bangladesh, and new flavours under Hercules castor oil in South Africa. Besides these, the restaging of Hair Code in Egypt and Caivil in South Africa are expected to contribute towards growth in the international business.

In Kaya, Marico will continue to open 12 to 15 clinics a year, work at reducing the time to scale up revenues in new clinics, improve capacity utilizations in existing ones and add to its range of service and product offerings.

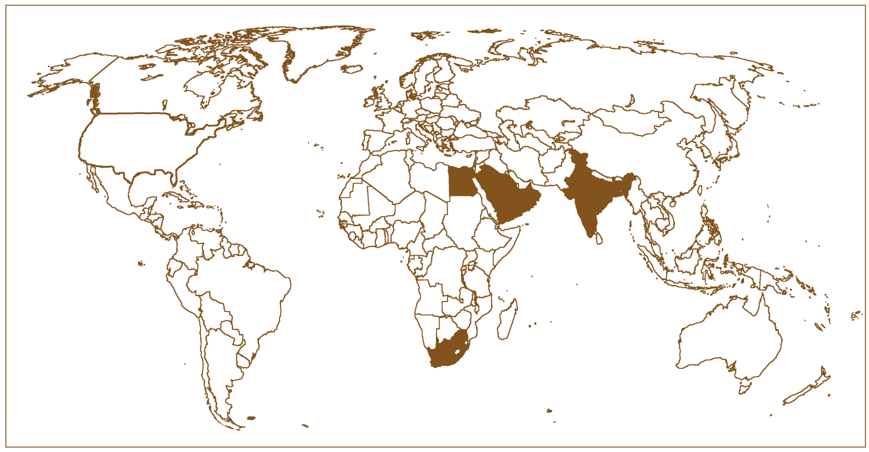
The competitive environment in the flagship brands Parachute and Saffola remains largely unchanged and there are sufficiently strong barriers.

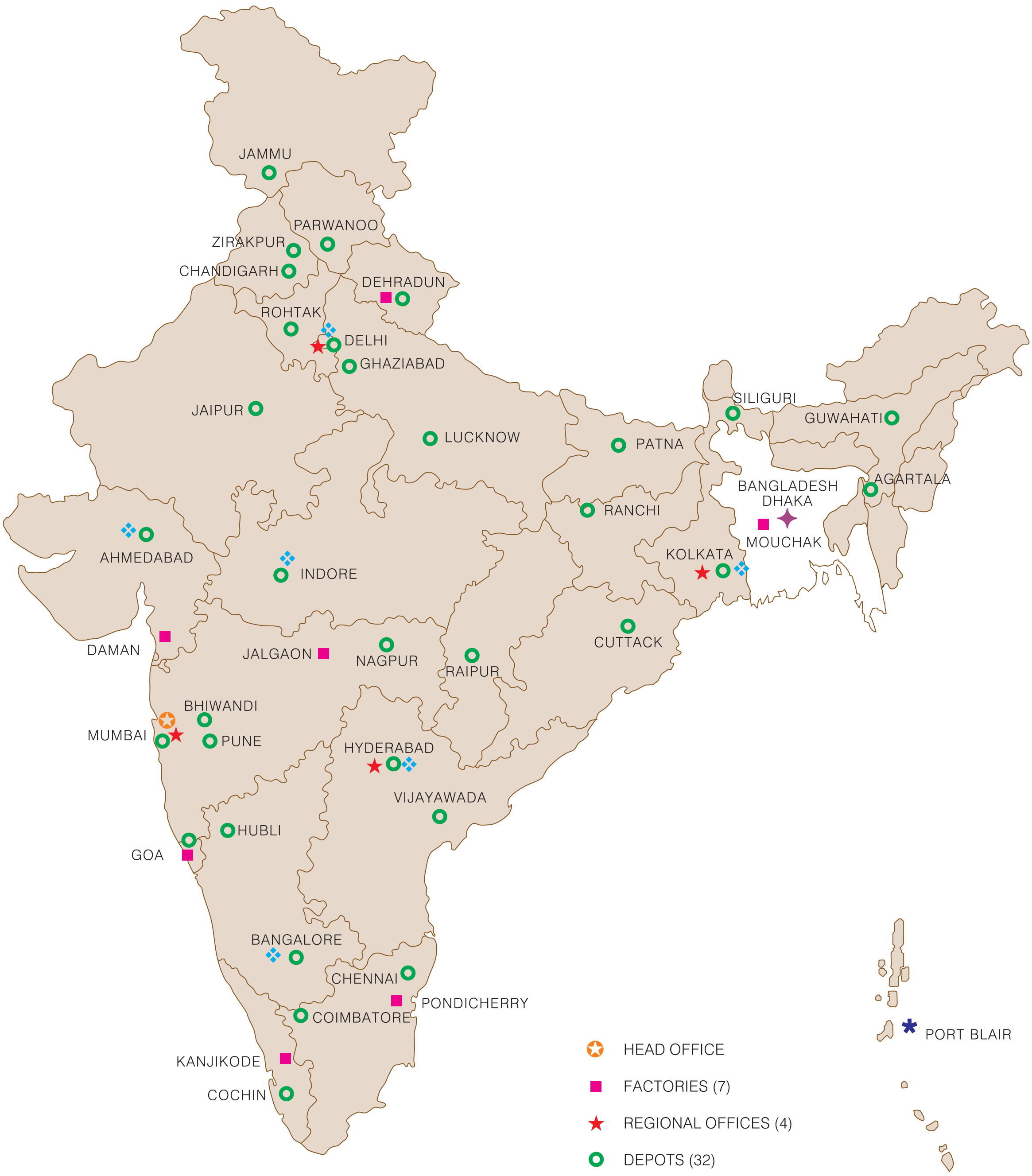
On behalf of the Board of Directors

Harsh Mariwala
Chairman and Managing Director

Place: Mumbai
Date: June 19, 2009

OUR PRESENCE





HEAD OFFICE

FACTORIES (7)

REGIONAL OFFICES (4)

DEPOTS (32)

REDISTRIBUTION CENTRES (6)

CONSIGNMENT SALES AGENTS (1)

REGISTERED OFFICE - MARICO BANGLADESH LIMITED

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, 2009, 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') which we have signed under reference to this report. 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. 227.68 Crore as at March 31, 2009 and total revenues of Rs. 413.18 Crore and cash flows (net inflow) amounting to Rs 24.03 Crore for the year ended March 31, 2009. 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 69.28 Crore as at March 31, 2009 and total revenues of Rs 61.57 Crore and cash flows (net outflow) amounting to Rs 3.32 Crore 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 these subsidiaries 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 21(AS 21) , Consolidated Financial 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, 2009;

   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.

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

BALANCE SHEET

	SCHEDULE	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	60.90	60.90
Reserves and surplus	B	392.59	253.72
		453.49	**314.62**
MINORITY INTEREST		–	**0.12**
LOAN FUNDS			
Secured loans	C	107.51	134.54
Unsecured loans	D	267.46	223.40
		374.97	**357.94**
		828.46	**672.68**
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION	E	**85.03**	**84.24**
FIXED ASSETS	F		
Gross block		456.88	356.07
Less : Depreciation, amortisation and impairment		203.46	163.49
Net block		253.42	192.58
Capital work-in-progress		57.67	64.72
Assets held for disposal		0.01	0.01
		311.10	**257.31**
INVESTMENTS	G	**12.11**	**0.01**
DEFERRED TAX ASSET (NET)		**64.12**	**98.17**
(Refer Note 12 (a), Schedule S)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	H	339.04	260.46
Sundry debtors	I	110.80	86.27
Cash and bank balances	J	92.19	75.28
Loans and advances	K	129.85	106.09
		671.88	**528.10**
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	L	280.27	255.96
Provisions	M	35.51	39.19
		315.78	295.15
NET CURRENT ASSETS		356.10	232.95
MISCELLANEOUS EXPENDITURE	N	–	–
(to the extent not written off or adjusted)		**828.46**	**672.68**
Notes to accounts	S		

As per our attached report of even date

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
INCOME :			
Sales		2,251.34	1,815.51
Less : Excise Duty		2.07	2.11
		2,249.27	1,813.40
Income from services		139.15	91.64
Total Sales and Services		**2,388.42**	**1,905.04**
Other income	O	12.20	9.56
		2,400.62	**1,914.60**
EXPENDITURE :			
Cost of materials	P	1,310.47	1,004.30
Manufacturing and other expenses	Q	773.96	654.40
Finance charges	R	35.73	30.52
Depreciation, amortisation & impairment	F	35.79	30.75
Amortisation of Miscellaneous expenditure	N	–	0.12
		2,155.95	**1,720.09**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**244.67**	**194.51**
Exceptional Items (Net) (Refer Note 13 & 19, Schedule S)		(15.03)	10.61
PROFIT BEFORE TAXATION AND MINORITY INTEREST		**229.64**	**205.12**
Minority interest in loss / (profit) of subsidiaries		0.01	(0.10)
PROFIT BEFORE TAXATION AND AFTER MINORITY INTEREST		**229.65**	**205.02**
Provision for taxation - Current Tax		28.09	24.22
- MAT Credit (entitlement)/utilisation		(23.46)	(12.46)
- Fringe benefit tax		2.41	3.98
- Deferred Tax - debit/ (credit)		33.89	20.21
		40.93	35.95
PROFIT AFTER TAXATION AND MINORITY INTEREST		**188.72**	**169.07**
Balance brought forward as on April 1		167.34	64.75
Transferred from Tax Holiday Reserve		18.86	–
		186.20	64.75
PROFIT AVAILABLE FOR APPROPRIATION		**374.92**	**233.82**
APPROPRIATIONS			
Interim dividend		39.89	39.89
Tax on interim dividend		6.78	6.78
Reversal of excess provision of subsidiary		–	(0.01)
General Reserve		14.21	14.34
Tax Holiday Reserve		–	5.48
BALANCE CARRIED TO THE BALANCE SHEET		**314.04**	**167.34**
BASIC EARNINGS PER SHARE		**3.10**	**2.78**
DILUTED EARNINGS PER SHARE		**3.10**	**2.78**
(Refer Note 15 of Schedule S)			
Notes to accounts	S		

As per our attached report of even date

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

CASH FLOW STATEMENT

			For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS		**229.64**	**205.12**
	Adjustments for:			
	Depreciation and amortisation		35.79	30.87
	Provision for Impairment on assets written back (Refer Note 8, Schedule S)		(0.86)	–
	Finance charges		35.73	30.52
	Interest income		(5.68)	(2.88)
	Effect on impairment of net assets of Sundari (Refer note 19, Schedule S)		14.11	–
	Loss / (Profit) on sale of assets – (Net)		0.16	(0.47)
	Profit on sale of investments		(0.01)	–
	Dividend income		(0.28)	–
	(Write back) / Provision for doubtful debts/advances		7.29	(0.03)
			86.25	58.01
	Operating profit before working capital changes		**315.89**	**263.13**
	Adjustments for:			
	(Increase)/ Decrease in inventories		(85.43)	(38.98)
	(Increase)/ Decrease in sundry debtors		(32.50)	(22.09)
	(Increase)/ Decrease in loans and advances		(0.77)	(24.44)
	Increase/ (Decrease) in current liabilities and provisions		18.02	(4.04)
			(100.68)	**(89.55)**
	Cash generated from Operations		**215.21**	**173.58**
	Taxes paid - net of refunds		(33.57)	(30.53)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	A	**181.64**	**143.05**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		(79.40)	(131.24)
	(Purchase) / sale of investments – (Net)		(12.10)	–
	Dividend income received		0.28	–
	Goodwill on consolidation *		(1.13)	(39.29)
	Minority Interest		–	0.01
	Sale of fixed asset		0.40	9.12
	Effect of translation differences on fixed assets		(12.71)	–
	Interest received		5.82	2.81
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	B	**(98.84)**	**(158.59)**

CASH FLOW STATEMENT

			For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Issue of commercial papers – (Net)		29.16	19.39
	Inter-Corporate deposits taken		5.00	–
	Other borrowings (repaid) / taken – (Net)		(15.48)	87.59
	Finance charges paid		(41.99)	(27.32)
	Equity dividend paid (inclusive of dividend distribution tax)		(47.72)	(32.49)
	Unclaimed Preference dividend paid		(0.01)	(0.01)
	NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**C**	**(71.04)**	**47.16**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**D**	**3.08**	**(0.17)**
E	**NET INCREASE IN CASH & CASH EQUIVALENTS**	**(A+B+C+D)**	**14.84**	**31.45**
F	**Cash and cash equivalents - opening balance**		**74.19**	**42.74**
G	**Cash and cash equivalents - closing balance**		**89.03**	**74.19**
	Cash and cash equivalents at the year end comprise of:			
	Cash and Bank Balances		92.19	75.28
	Book Overdraft		(3.16)	(1.09)
	Total		**89.03**	**74.19**

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

Note :

1. The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006.
2. The figures for the previous year have been regrouped where necessary to conform to current period's clasifications.

As per our attached report of even date
VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
ANJU MADEKA	Chief Financial Officer
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 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 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
(b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve.		
	60.90	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SHARE PREMIUM ACCOUNT	13.50	13.50
GENERAL RESERVE		
As on April 1	53.95	39.61
Add : Transfer from Profit and Loss Account	14.21	14.34
As at the year end	68.16	53.95
TAX HOLIDAY RESERVE		
As on April 1	18.86	13.38
Add : Transfer (to) / from Profit and Loss Account	(18.86)	5.48
As at the year end	–	18.86
FOREIGN CURRENCY TRANSLATION RESERVE	3.15	0.07
(Translation adjustments)		
HEDGE RESERVE ACCOUNT (Refer Note 14 (b), Schedule S)	(6.26)	–
PROFIT AND LOSS ACCOUNT	314.04	167.34
	392.59	**253.72**
SCHEDULE 'C'		
SECURED LOANS		
From Banks :		
Term Loan	–	50.00
(Secured by hypothecation of Building)		
Working capital finance	31.41	24.71
(Secured by hypothecation of stocks in trade and debtors)		
External Commercial Borrowings	76.10	59.83
(Secured by hypothecation of Plant and Machinery)		
(Amount repayable within one year Rs 6.34 Crore (Rs Nil))		
	107.51	**134.54**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks :		
Short term	163.91	204.01
Other term loans	50.00	–
Inter Corporate Deposits (Short term)	5.00	–
Commercial Paper :		
Face Value	50.00	20.00
Less : Deferred Interest	1.45	0.61
(Maximum amount outstanding during the year Rs.63.28 Crore (Rs.19.66 Crore))	**48.55**	**19.39**
(The commercial paper of Rs. 35.00 Crore would be redeemed on 29 July 2009 and Rs.15.00 Crore would be redeemed on 24 August 2009)		
	267.46	**223.40**
SCHEDULE 'E'		
GOODWILL ON CONSOLIDATION		
Goodwill on consolidation	85.27	84.24
Less: Provision for impairment (Refer Note 19, Schedule S)	0.24	–
	85.03	**84.24**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F'

FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2008	Addi–tions	Deduc–tions/ Adjust–ments (Refer note 5 below)	As at March 31, 2009	As at March 31, 2008	For the year	Deductions/ Adjustments (Refer note 5 below)	As at March 31, 2009	Provision for impair–ment as at March 31 2009 (Refer note 2 & 3 below)	As at March 31, 2009	As at March 31, 2008
Tangible Assets											
Freehold land	3.03	0.54	(0.59)	4.16	–	–	–	–	–	4.16	3.03
Leasehold land	1.98	12.25	(0.04)	14.27	0.16	0.22	–	0.38	–	13.89	1.82
Buildings (Note 1)	61.44	14.33	(1.74)	77.51	12.71	2.31	(0.11)	15.13	–	62.38	48.73
Plant and machinery (Note 1)	205.76	52.32	(2.37)	260.45	120.56	23.33	0.27	143.62	5.31	111.52	79.05
Furniture and fittings	18.80	8.47	(1.65)	28.92	4.02	4.10	(0.47)	8.59	0.05	20.28	14.78
Vehicles	2.39	0.59	(0.21)	3.19	0.97	0.52	(0.08)	1.57	–	1.62	1.42
Intangible Assets											
- Trademarks and copyrights (Note 4)	41.34	–	(2.03)	43.37	5.25	2.93	(0.24)	8.42	3.65	31.30	36.09
- Other intangibles	8.03	–	(2.12)	10.15	2.21	0.95	(0.67)	3.83	–	6.32	5.82
- Computer software	13.30	1.52	(0.04)	14.86	11.46	1.43	(0.02)	12.91	–	1.95	1.84
TOTAL	**356.07**	**90.02**	**(10.79)**	**456.88**	**157.34**	**35.79**	**(1.32)**	**194.45**	**9.01**	**253.42**	**192.58**
	277.91	**89.66**	**11.50**	**356.07**	**131.07**	**30.56**	**4.29**	**157.34**	**6.15**		
Capital work–in–progress (at cost) including advances on capital account										57.67	64.72
Assets held for disposal										0.01	0.01
										311.10	**257.31**

Notes :

1. Gross block includes:- 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. 1.92 Crore) and Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on operating lease and finance lease (prior to April 1, 2001) respectively.
2. "Depreciation, amortisation and provision for impairment" includes impairment for the year Rs. Nil (Rs.0.19 Crore) and deletions/adjustments of Rs.Nil (Rs. 2.38 Crore) upon discarding of the related assets.
3. Provision for impairment as at March 31, 2009 is net of reversals of provisions no longer required Rs. 0.86 Crore(Rs.Nil) and includes provision for impairment of assets of Sundari LLC of Rs. 3.72 Crore (Rs. Nil), which is included under 'Exceptional items' in the Profit and Loss Acccount. (Refer Note 19, Schedule S)
4. Trademarks of Rs. 25.20 Crore (Rs.24.14 Crore) are pending registration.
5. Deductions / Adjustments of Gross block and depreciation includes translation difference Rs. 12.71 Crore arising on consolidation.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'G'		
INVESTMENTS (Non Trade)		
LONG TERM - UNQUOTED, AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	**0.01**
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	2.00	–
2,001,098 (Nil) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend	5.08	–
5,073,892 (Nil) Units of Rs. 10 each fully paid		
Fortis Money Plus Institutional Plan Daily Dividend	5.02	–
5,019,130 (Nil) Units of Rs. 10 each fully paid		
	12.10	–
	12.11	**0.01**

Units of Mutual Funds purchased and sold during the year	No. of Units	
Name of the Scheme	**Purchased**	**Sold**
Fidelity Cash Fund (Institutional) - Daily Dividend	1,999,869	1,999,869
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	9,018,476	7,017,378
Kotak Liquid (Institutional Premium) - Daily Dividend	4,089,628	4,089,628
Kotak Flexi Debt Scheme Institutional - Daily Dividend	4,988,533	4,988,533
Kotak Floater Long Term - Daily Dividend	19,389,800	19,389,800
DWS Insta Cash Plus Fund - Institutional Plan Daily Dividend	4,995,533	4,995,533
DWS Ultra Short Term Fund - Institutional Daily Dividend	7,050,033	7,050,033
Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend	49,976	49,976
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend	5,073,892	–
Fortis Money Plus Institutional Plan Daily Dividend	5,019,130	–
TATA Floater Fund - Daily Dividend	4,988,472	4,988,472
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	4,997,083	4,997,083
RLF Treasury Plan - Institutional Option - Growth option	1,962,766	1,962,766
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan	50,028	50,028
Reliance Medium Term Fund - Daily Dividend plan	8,501,436	8,501,436

	2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'H'		
INVENTORIES		
(Refer Note 2 (j), Schedule S, for basis of valuation and also refer note 19, Schedule S)		
Raw materials	115.71	79.14
Packing materials	43.58	39.28
Work-in-process	51.18	36.67
Finished products	113.36	90.91
Stores, spares and consumables	12.83	10.69
By-products	1.42	1.87
Goods in transit :		
- Raw materials	0.30	1.90
- Finished products	0.66	–
	0.96	1.90
	339.04	**260.46**

SCHEDULES TO BALANCE SHEET

		As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'I'			
SUNDRY DEBTORS			
(Refer Note 19, Schedule S)			
Unsecured			
Over six months	- considered good	0.01	0.09
	- considered doubtful	9.70	2.30
		9.71	2.39
Less: Provision for doubtful debts		9.70	2.30
		0.01	0.09
Other Debts	- considered good	110.79	86.18
	- considered doubtful	–	0.11
		110.79	86.29
Less: Provision for doubtful debts		–	0.11
		110.79	86.18
		110.80	**86.27**

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'J'		
CASH AND BANK BALANCES		
(Refer Note 19, Schedule S)		
Cash on hand	1.86	2.37
Remittances in transit	0.49	1.89
Balances with scheduled banks:		
Fixed deposits (Deposited with sales tax authorities Rs. 0.11 Crore (Rs.0.11 Crore))	66.33	54.07
Margin accounts (against bank guarantees)	1.49	1.49
Current accounts *	21.84	15.11
Balances with non-scheduled banks:		
Current accounts	0.18	0.35
	92.19	**75.28**

* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital Rs 0.25 Crore (Rs. 0.23 Crore)

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'K'		
LOANS AND ADVANCES		
(Refer Note 19, Schedule S)		
(Unsecured-considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	47.77	52.86
Deposits	28.64	24.04
Balances with central excise authorities	1.23	0.27
Interest accrued on loans / deposits	2.34	2.47
Fringe benefit tax payments, net of provisions	0.47	0.51
MAT Credit Entitlement	49.40	25.94
	129.85	**106.09**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'L'		
CURRENT LIABILITIES		
(Refer Note 19, Schedule S)		
Sundry creditors		
- Due to Micro and Small Enterprises	–	–
- Others	246.45	220.30
Other liabilities	28.25	29.50
Book overdraft	3.16	1.09
Security deposits	1.16	1.13
Interest accrued but not due on loans	1.00	3.71
Unclaimed dividend	0.22	0.20
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	280.27	**255.96**
SCHEDULE 'M'		
PROVISIONS		
Income tax (net of tax payments)	2.41	5.52
Leave encashment	6.55	6.92
Gratuity	1.26	0.39
Interim dividend	21.62	22.53
Tax on interim dividend	3.67	3.83
	35.51	**39.19**
SCHEDULE 'N'		
MISCELLANEOUS EXPENDITURE		
Deferred revenue expenditure		
As on April 1	–	0.12
Less : Amortised during the year	–	0.12
	–	–

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'O'		
OTHER INCOME		
Income from current investments :		
Profits on sale of units of mutual funds	0.01	0.13
Dividend on investment in liquid mutual funds	0.28	–
Interest income on loans, deposits, etc.	5.68	2.88
(Tax deducted at source Rs. 0.11 Crore (Rs.0.02 Crore))		
Exchange gains – (Net)	–	4.51
Miscellaneous income	6.23	2.04
(Refer note 7, Schedule S)		
	12.20	**9.56**
SCHEDULE 'P'		
COST OF MATERIALS		
(Refer Note 19, Schedule S)		
Raw materials consumed	1,117.38	832.56
Packing materials consumed	190.01	155.16
Stores and spares consumed	32.61	23.42
Purchase for resale	14.50	19.05
(Increase)/Decrease in stocks		
Opening stocks		
– Work-in-process	36.67	24.93
– By-products	1.87	0.55
– Finished products	90.91	78.08
Less :		
Closing stocks		
– Work-in-process	51.18	36.67
– By-products	1.42	1.87
– Finished products (including goods in transit)	114.02	90.91
	(37.17)	(25.89)
	1,317.33	**1,004.30**
Less : Effect of impairment of inventory of Sundari LLC disclosed as ' Exceptional items' (Refer Note 19, Schedule S)	6.86	–
	1,310.47	**1,004.30**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'Q'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	146.74	111.82
Contribution to provident fund and other funds	6.82	6.64
Welfare expenses	11.20	8.33
	164.76	126.79
Power, fuel and water	9.90	7.98
Contract manufacturing charges	73.62	64.36
Rent and storage charges	32.94	21.04
Repairs :		
Buildings	7.34	5.18
Machinery	6.87	5.16
Others	2.12	1.13
Freight, forwarding and distribution expenses	88.56	77.51
Advertisement and sales promotion	250.42	244.11
Rates and taxes	2.10	1.22
Sales tax and cess	16.76	16.34
Commission to selling agents	5.55	2.71
Bad debts	0.60	–
Provision for doubtful debts and advances	7.29	1.41
Printing, stationery and communication expenses	10.36	9.66
Travelling, conveyance and vehicle expenses	29.62	22.24
Royalty	0.44	0.46
Insurance	2.09	1.47
Auditors' remuneration :		
Audit fees	0.95	0.56
Tax Audit fees	0.10	0.09
Others	0.34	0.10
Out of pocket expenses	0.03	0.02
Exchange losses – (Net)	6.91	–
Miscellaneous expenses	54.29	44.86
(Refer note 8, Schedule S)		
	773.96	**654.40**
SCHEDULE 'R'		
FINANCE CHARGES		
Interest on :		
Fixed period loans	17.24	7.81
Other loans	11.34	17.45
Bank and other financial charges	7.15	5.26
	35.73	**30.52**

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

SCHEDULE 'S'

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 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 has the following subsidiaries:

- Marico Bangladesh Limited (MBL) in Bangladesh, a wholly owned subsidiary of Marico Limited, which manufactures and sells branded coconut oil in Bangladesh;
- MBL Industries Limited (MBLIL) in Bangladesh, a wholly owned subsidiary of Marico Middle East FZE, which sells branded coconut oil and hair oils in Bangladesh;
- Kaya Limited [Erstwhile Kaya Skin Care Limited] (Kaya) in India, a wholly owned subsidiary of Marico Limited, which provides skin care services and sells products through Kaya Skin Clinics in India;
- Sundari LLC (Sundari) in United States, a wholly owned subsidiary of Marico Limited, carrying on ayurvedic skin care products business under the brand name SUNDARI, (Refer note 19, below);
- Marico Middle East FZE (MME) in United Arab Emirates, a wholly owned subsidiary of Marico Limited, for carrying on business, inter alia, in consumer products in the Middle East region;
- Kaya Middle East FZE (KME) in United Arab Emirates, a wholly owned subsidiary of Marico Middle East FZE for carrying on business, inter alia, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- MEL Consumer Care SAE (MELCC) in Egypt, a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancée brand;
- Marico Egypt Industries Company [erstwhile Pyramid for Modern Industries] (MEIC) in Egypt, a subsidiary company of MEL Consumer Care SAE for carrying on business of hair care in Egypt under Hair Code brand;
- Egyptian American Investment & Industrial Development Company (EAIIDC) in Egypt, a wholly owned subsidiary of Marico Middle East FZE for carrying on business of hair care in Egypt under Fiancée brand;
- Wind Company (Wind), in Egypt, a subsidiary firm of MEL Consumer Care SAE;
- Marico South Africa Consumer Care (Pty) Limited (MSACC) in South Africa, a wholly owned subsidiary of Marico Limited;
- Marico South Africa (Pty) Limited (MSA) in South Africa, a wholly owned subsidiary of Marico South Africa Consumer Care (Pty) Limited for carrying on business of hair care in South Africa; and
- CPF International (Pty) Limited (CPF) in South Africa, a wholly owned subsidiary of Marico South Africa (Pty) Limited.

All the aforesaid entities are collectively referred as 'Marico or Group'

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 except for certain financial instruments which are measured at fair values and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.

(b) Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to the Company and its subsidiaries. The consolidated financial statements have been prepared on the following basis:

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

i) In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard 21 (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.

ii) In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve (Translation adjustments)' under Reserves and Surplus.

iii) The excess of cost to the Company of its investment in the Subsidiary Company is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserves of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve.

iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except for:

a. In case of MME, KME, Sundari, MEIC, 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.

b. In case of all subsidiaries except MEIC, depreciation in respect of factory building and Plant & Machinery is provided on straight line basis instead of written down value basis as followed in Marico Limited (except items specified in note 2(f)(i)(b) below). The total amount of net block of these items of fixed assets represents 28.43% of the total consolidated fixed assets of the group as at the year end.

c. In case of MME, costs of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.04% of the total consolidated inventories of the group as at the year end.

d. In case of MME and KME, liability on account of gratuity is provided on arithmetical basis instead of actuarial basis. In case of MBL, MBLIL, EAIIDC, MSA and MME, liability on acount of leave encashement is provided on arithmetical basis instead of actuarial basis. These liabilities represent 18.10% of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

(c) Subsidiaries considered in Consolidated Financial Statements

(i) List of Subsidiary companies

Name of the Company	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited	Bangladesh	100 (100)
MBL Industries Limited (Through Marico Middle East FZE)	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)
Egyptian American Investment & Industrial Development Company (Through Marico Middle East FZE)	Egypt	100 (100)

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

Name of the Company	Country of incorporation	Percentage of ownership interest
Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries) (through MEL Consumer Care SAE)	Egypt	100 (99)
Sundari LLC.	United States of America	100 (100)
Marico South Africa Consumer Care (Pty) Limited	South Africa	100 (100)
Marico South Africa (Pty) Limited (Through Marico South Africa Consumer Care (Pty) Limited)	South Africa	100 (100)
CPF International (Pty) Limited (Through Marico South Africa (Pty) Limited)	South Africa	100 (100)

ii) List of Subsidiary firm

Name of the Company	Country of incorporation	Percentage of ownership interest
Wind Company (Through MEL Consumer Care SAE)	Egypt	99 (99)

(d) 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 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.

(e) Fixed assets, intangible assets and capital work-in-progress

Fixed assets and intangible assets are stated at cost of acquisition, less accumulated depreciation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset (i.e. assets requiring substantive period of time to get ready for intended use) are capitalized in accordance with the requirements of Accounting Standard 16 (AS 16), “Borrowing Costs” mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006. Other pre-operative expenses for major projects are also capitalised, where appropriate.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use at the year end.

(f) Depreciation and Amortisation

(i) Tangible assets

a. Depreciation is provided 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 statutes in India, UAE, Bangladesh, Egypt, South Africa and the United States, if any.

b. In Marico Limited, depreciation on factory building and plant and machinery (other than items computer hardware, moulds which are depreciated at rates higher than statutorily prescribed on straight line basis) is provided on written down value basis. Depreciation on other assets in Marico Limited and on all assets of subsidiaries, except MEIC, is provided on straight line basis.

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

(ii) Intangible assets

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, but not exceeding the period given here under:

Trademarks, copyrights and business & commercial rights and other intangibles	6 to 10 years
Computer software	3 years

(g) Assets taken on lease

(i) In respect of finance lease arrangements, the assets are capitalized and depreciated. Finance charges are charged off to the Profit and Loss account of the year in which they are incurred.

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account on straight line basis, representative of the time pattern of benefits received from the use of the assets taken on lease.

(h) Asset given on lease

The Company has given Plant and Machinery on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(i) 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.

(j) 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 MME, costs of inventories are ascertained on FIFO basis.

(k) Research and development

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

(l) Revenue recognition

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

(ii) Export sales are recognised based on date of 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.

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

(m) Retirement benefits to employees

The Group has various schemes of employee 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. The Company has an obligation to make good the shortfall if any, between return on investment by the trust and governement administered interest rate. Leave encashment and gratuity are provided on the basis of actuarial valuation as at the year end by an independent actuary, except that in case of MME and KME, liability on account of gratuity and in case of MBL, MBLIL, EAIIDC, MSA & MME, liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis.

(n) Foreign currency transactions

(i) Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized 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 differences except those qualifying for hedge accounting are 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. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.

(iv) The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent they represent effective portion of the hedge, are recognized directly in 'Hedge Reserve account'. The ineffective portion of the same is recognized immediately in the Profit and Loss account.

(v) Exchange differences taken to Hedge Reserve account are recognised in the Profit and Loss account upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.

(o) Accounting for taxes on income

i) Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India 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 and Loss account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the 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 deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

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

(p) 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.

(q) Employee Stock Option Plan

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the options (excess of market value of shares over the exercise price of the option) is recognised as Employee compensation cost over the vesting period.

(r) 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 the 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.

(s) Share Issue Expenses

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

3) The audited consolidated financial results for the year ended March 31, 2009 comprises 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, Marico South Africa (Pty) Limited (erstwhile Enaleni Pharmaceuticals Consumer Division (Pty) Limited), CPF International (Pty) Limited, Sundari LLC and unaudited results of Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company (erstwhile Pyramids for Modern Industries), Wind Company and MEL Consumer Care SAE.

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

(i) Disputed tax demands/ claims:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Sales tax	4.88	3.52
Income Tax	–	3.71
Service tax	0.38	0.38
Custom duty	2.86	3.48
Agricultural Produce Marketing Committee cess	7.81	7.18
Employees State Insurance Corporation	0.18	0.04

(ii) Claims against the Company not acknowledged as debts Rs. 0.21 Crore (Rs. 0.31 Crore)

b) (i) Counter guarantees given to banks on behalf of subsidiaries Rs.46.05 Crore (Rs. 32.87 Crore)

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs.80.15 Crore (Rs. 65.01 Crore)

c) Amount outstanding towards Letters of Credit Rs. 24.97 Crore (Rs. Nil)

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

5) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.13.37 Crore (Rs. 7.76 Crore) net of advances.

6) Borrowing costs capitalised during the year under fixed assets amounts to Rs.3.55 Crore (Rs.Nil).

7) Miscellaneous income include lease income Rs.0.41 Crore (Rs.0.41 Crore), insurance claims Rs. 0.07 Crore (Rs. 0.08 Crore), profit on sale / disposal of assets (net) Rs.Nil (Rs.0.47 Crore).

8) Miscellaneous expenses includes labour charges Rs. 2.43 Crore (Rs.2.24 Crore), training & seminar expenses Rs. 3.05 Crore (Rs. 2.87 Crore), outside services Rs. 14.74 Crore (Rs.12.43 Crore), professional charges Rs. 14.25 Crore (Rs. 12.76 Crore), donations Rs. 1.19 Crore (Rs. 0.74 Crore), loss on sale / disposal of assets (net) Rs. 0.16 Crore (Rs. Nil) and are net of excess provisions no longer required written back Rs.5.14 Crore (Rs. 1.42 Crore) [including Impairment provision of Rs. 0.86 Crore (Rs. Nil)].

9) Research and development expenses aggregating Rs.5.73 Crore (Rs. 5.24 Crore) have been included under the relevant heads in the Profit and Loss account.

10) Additional information on assets taken on lease:

The Company's significant leasing arrangements are in respect of residential flats, office premises, warehouses, vehicles etc taken on lease. The arrangements range between 11 months to 9 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

The aggregate lease rentals payable on these leasing arrangements are charged as Rent and storage charges under "Manufacturing and Other Expenses" in Schedule 'Q'.

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

	March 31, 2009 Rs. Crore	**March 31, 2008 Rs. Crore**
Lease rental payments for the year	18.76	10.13
Lease obligations		
Future minimum lease rental payments		
- not later than one year	20.08	9.81
- later than one year but not later than five years	64.98	25.74
- later than five years	8.11	9.85
Total	**93.17**	**45.40**

11) Additional information on assets given on lease:

Fixed Asset given on operating lease as at March 31, 2009 and 2008

	Cost Rs. Crore	**Accumulated Depreciation Rs. Crore**	**Net book Value Rs. Crore**
Plant and Machinery	1.92	1.88	0.04
	(1.92)	(1.87)	(0.05)

The aggregate depreciation charged on the above during the year ended March 31, 2009 amounted to Rs. 0.01 Crore (Rs. 0.02 Crore).

	March 31, 2009 Rs. Crore	**March 31, 2008 Rs. Crore**
Lease rental income for the year	0.41	0.41
Lease rentals		
Future minimum lease rentals		
- not later than one year	0.41	0.41
- later than one year but not later than five years	0.28	0.41
Total	**0.69**	**0.82**

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

12) a) Break-up of deferred tax liability:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Deferred tax asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	2.06	0.94
On Intangible assets adjusted against Capital Redemption Reserve and Securities premium account under the Capital Restructuring scheme	65.78	94.44
Liabilities that are deducted for tax purpose when paid	3.84	3.13
Others	1.60	2.90
Total Deferred tax asset	73.28	101.41
Deferred tax liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	9.16	3.24
Total Deferred tax liability	9.16	3.24
Deferred tax asset	**64.12**	**98.17**

b) MAT Credit includes Rs. 7.78 Crore (Rs. Nil) on account of prior year adjustments.

13) The Exceptional items stated in the Profit and Loss account are as under:

a. Profit on Slump Sale of Sil business, including manufacturing unit at Saswad Rs.Nil (Rs.10.61 Crore)

b. Provision for impairment of net assets of Sundari, a wholly owned subsidiary Rs. 15.03 Crore (Rs.Nil) (Refer note 19, below)

14) Derivative Transactions:

a) The total derivative instruments outstanding as at the year end are Plain Forwards and Plain Vanilla Option contracts and Interest rate swap :

	March 31, 2009		March 31, 2008	
	Amount in Foreign currency	Amount in Rs. Crore	Amount in Foreign currency	Amount in Rs. Crore
Forward contracts outstanding				
- in USD *	30,159,544	153.00	13,925,000	55.54
- in AUD *	400,000	1.40	–	–
Option Contract outstanding				
- in USD	4,600,000	23.34	–	–

* Out of the above USD 12,827,524 and AUD 400,000, having fair value of Rs. 66.93 Crore as at the year end have been designated as Cash Flow hedges.

The Company has entered into Interest rate swap of USD 5,000,000 for hedging its interest rate exposure on borrowings in foreign currency.

The Cash flow are expected to occur and impact the Profit and Loss account within the period of 1 year.

All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

Net foreign currency exposures not hedged as at the year end are as under:

	March 31, 2009			March 31, 2008		
	Foreign Currency		Rs. Crore	Foreign Currency		Rs. Crore
	Curr.	Amount	Amount	Curr.	Amount	Amount
a. Amount receivable in foreign currency on account of following :						
- Export of goods	AED	4,988	0.01	–	–	–

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

	March 31, 2009			March 31, 2008		
	Foreign Currency		Rs. Crore	Foreign Currency		Rs. Crore
	Curr.	Amount	Amount	Curr.	Amount	Amount
b. Amount (payable) /receivable in foreign currency on account of following :						
(i) Import of goods and Services	USD	40,623	0.21	–	–	–
	AED	50,153	0.07	AED	67,559	0.07
	AUD	4,868	0.02	AUD	57,520	0.21
	EUR	112,701	0.76	EUR	204,010	1.29
	GBP	(24,289)	(0.18)	GBP	807	0.01
	USD	(1,468,331)	(7.46)	USD	13,857	0.06
	EUR	(99,493)	(0.68)	–	–	–
	CHF	(14,771)	(0.08)	–	–	–
	–	–	–	MYR	1,500	0.01
	–	–	–	SGD	(450)	(0.01)
	–	–	–	BHD	1,200	(0.01)
(ii) Capital imports	USD	80,968	0.41	–	–	–
	GBP	800	0.01	–	–	–
(iii) Loan payables	USD	* (4,064,476)	(20.63)	USD	(15,000,000)	(59.83)
c. Bank Balances	AED	105	0.01	AED	105	0.01
	USD	62,239	0.32	USD	5,141	0.02
d. Other receivables	AUD	4,050	0.01	–	–	–
	BHD	1,200	0.01	–	–	–
	GBP	500	0.01	–	–	–
	SGD	1,000	0.01	–	–	–
	USD	11,233	0.06	–	–	–
	ZAR	4,918	0.01	–	–	–
			(27.10)			**(58.17)**

*excludes Loans payable of Rs. 76.10 Crore (USD 15,000,000) assigned to hedging relationship against highly probable forecast sales. The Cash flow are expected to occur and impact the Profit and Loss account within the period of 1 to 5 years.

b) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard 30 (AS 30), "Financial Instruments: Recognition and Measurement", the Company has decided on early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. In respect of derivative instruments and foreign currency loans which qualify for hedge accounting, the net unrealized loss aggregating Rs.6.26 Crore has been recognized in 'Hedge Reserve Account', which would be recognized in the Profit and Loss account when the underlying transaction or forecast revenue arises, as against the earlier practice of recognizing the same in the Profit and Loss account.

Had the Company adopted the earlier practice, exchange loss charged to the Profit and Loss account would have been higher and the Profit before tax for the year would have been lower by Rs.6.26 Crore.

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

15) Earnings per share:

	March 31, 2009	March 31, 2008
Profit after taxation / Profit available to equity share holders (Rs. Crore)	188.72	169.07
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	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	609,005,757	609,213,468
Nominal value per equity share (Refer note below)	Re. 1	Re. 1
Basic and diluted earnings per equity share	Rs. 3.10	Rs. 2.78

Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 17 below.

16) Segment Information:

Marico has three business segments –

a. Consumer Products (comprising consumer product business of Marico Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, MEL Consumer Care SAE, Marico Egypt Industries Company, Egyptian American Investment & Industrial Development Company, Marico South Africa Consumer Care (pty) Limited, Marico South Africa (Pty) Limited, CPF International (pty) Limited and Wind Company)

b. Skin Care (comprising Kaya Limited (erstwhile Kaya Skin Care Limited), Kaya Middle East FZE) and

c. 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	2,220.15	168.27	2,388.42
	(1,793.77)	(111.27)	(1,905.04)
Segment Result	285.87	(11.15)	274.72
	(229.32)	(–)(7.14)	(222.18)
Unallocated corporate expenses			–
			–
Operating profit			274.72
			(222.18)
Interest expenses			35.73
			(30.53)
Interest income			5.68
			(2.87)
Profit before tax, exceptional item and minority interest			244.67
			(194.52)
Exceptional items (net)	–	(–) 15.03	(–) 15.03
	(10.61)	–	(10.61)

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

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Profit before tax and minority interest			229.64
			(205.13)
Minority interest in losses / profits of subsidiary			0.01
			(–) (0.10)
Net profit before tax and after minority interest			229.65
			(205.03)
Taxation on the above			40.93
			(35.95)
Profit after taxation and minority interest			**188.72**
			(169.08)
Other information :			
Segment assets	783.48	166.53	950.01
	(672.93)	(150.12)	(823.05)
Unallocated Corporate assets			194.23
			(144.78)
Total assets			**1,144.24**
			(967.83)
Segment liabilities	639.81	22.99	662.80
	(610.77)	(10.20)	(620.97)
Unallocated Corporate liabilities			27.95
			(32.12)
Total liabilities			**690.75**
			(653.09)
Capital expenditure	63.58	26.44	90.02
	(43.64)	(46.02)	(89.66)
Depreciation, impairment and amortization	22.91	12.88	35.79
	(22.64)	(8.11)	(30.75)

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 and USA

	India (Rs. Crore)	Others (Rs. Crore)	Total (Rs. Crore)
Revenue	1,897.51	490.91	2,388.42
	(1,588.82)	(316.22)	(1,905.04)
Carrying amount of assets	738.27	405.97	1,144.24
	(688.07)	(279.76)	(967.83)
Capital expenditure	49.37	40.65	90.02
	(58.78)	(30.88)	(89.66)

ii. 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.

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

(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.

17) 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'. 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 outstanding as on the Balance Sheet date correspond to about 1.37% (1.48%) of the current paid up equity capital of the Company.

Number of options granted, excercised, and forfeited	**March 31, 2009**	**March 31, 2008**
Options outstanding at beginning of the year	8,996,000	–
Granted	1,048,200	8,996,000
Less : Exercised	–	–
Forfeited / lapsed	1,704,600	–
Options outstanding at the end of the year	8,339,600	8,996,000

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. 0.07 Crore (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 earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	**March 31, 2009 Rs. Crore**	**March 31, 2008 Rs. Crore**
Net Profit as reported	188.72	169.07
Less : Stock-based employee compensation expense	4.78	6.24
Adjusted pro-forma	183.94	162.83
Basic earnings per share as reported	Rs. 3.10	Rs. 2.78
Pro forma basic earnings per share	Rs. 3.02	Rs. 2.67
Diluted earnings per share as reported	Rs. 3.10	Rs. 2.78
Pro forma diluted earnings per share	Rs. 3.02	Rs. 2.67

18) Related Party disclosures:

	Nature of transactions:	**March 31, 2009 Rs. Crore**	**March 31, 2008 Rs. Crore**
i)	Whole-time director: Harsh Mariwala, Chairman and Managing Director		
	Remuneration for the year	2.27	1.94
ii)	Employee: Rajvi Mariwala, daughter of Harsh Mariwala (employee upto 31st January, 2009)		
	Remuneration for the year	0.09	0.12
iii)	Employee: Rishabh Mariwala, son of Harsh Mariwala		
	Remuneration for the year	0.11	0.08

19) The Company had, in February 2003, acquired the spa products business under the brand "Sundari" through the acquisition of the controlling interest in Sundari LLC ("Sundari"), a company domiciled in the United States. Over the years the Company increased its shareholding and in October 2007 made Sundari a wholly owned subsidiary. The Company had been working upon making improvements in the business model and the business had shown some positive signs of recovery.

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

However, during the year under review, the economic ambience turned for the worse across the globe creating uncertainties, more so in the USA. The Company therefore decided to focus on its prioritized geographies of Asia and Africa and consequently decided to divest its stake in Sundari. It entered into documentation with a US based company that envisaged sale of Marico's interests in Sundari LLC at a consideration which is based on a valuation report from an independent agency and rendering Sundari free of all liabilities (including the amounts advanced by Marico) on or before the date of the actual sale of its interests in Sundari LLC.

Accordingly, the Company initiated necessary steps in March 2009 to comply with applicable FEMA regulations for divestment of its stake in Sundari LLC and write off of Loans and advances (including interest accrued thereon). Upon completion of necessary compliances under FEMA regulations on June 8, 2009, the Company divested its stake in Sundari LLC, which ceased to be subsidiary of the Company from the said date.

Further, to give effect to the said disinvestment, net assets value of Sundari aggregating to Rs. 15.50 Crore referred to in respective schedules to the consolidated financial statements has been impaired for the purpose of consolidation as per the below given table:

Particulars	**Amount (Rs. Crore)**
Goodwill	0.24
Fixed assets	3.72
Inventories :	
Packing materials	3.18
Finished products	3.68
Sundry debtors	0.68
Cash and bank balances	4.88
Loans and advances	0.30
	16.68
Less: Current Liabilities	(1.18)
	15.50

Sundari has also taken steps to settle all its liabilities other than those due to the Company and has credited a net amount of Rs. 0.47 Crore in its Profit and Loss account towards these settlements. These items aggregating to Rs. 15.03 Crore have been disclosed separately as 'Exceptional item' in the consolidated Profit and Loss account.

Based on legal advice received, the loss on account of write off of the non-recoverable advances and interest accrued thereon (in stand alone financial statement) has been treated as business loss for the purposes of computation of income tax provision for year ended March 31, 2009.

20) The Guidance Note on implementing Accounting Standard 15 (AS 15), 'Employee benefits (revised 2005)' issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liablities. Accordingly, the Company has accounted for the same as a defined contribution plan.

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 period's classification.

Signatures to Schedules A to S

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
BIPIN SHAH	Director and Chairman of Audit Committee
ANJU MADEKA	Chief Financial Officer
RACHANA LODAYA	Company Secretary & Compliance Officer

Place: Mumbai
Date: June 19, 2009

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Twenty First Annual Report of your Company, Marico Limited, for the year ended March 31, 2009 ('the year under review', 'the year' or 'FY09').

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 08 – March 09 in respect of Marico Consolidated comprising– Domestic Consumer Products Business under Marico Limited (Marico) in India, International Consumer Products Business comprising exports from Marico and operations of its overseas subsidiaries and the Solutions Business of Kaya in India and overseas. The consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

FINANCIAL RESULTS – AN OVERVIEW

	Rs. Crore Year ended March 31, 2009	2008
Consolidated Summary Financials for the Group		
Sales and Services	2388.4	1905.0
Profit before Tax	229.6	205.0
Profit after Tax	188.7	169.1
Marico Limited Financials		
Sales and Services	1917.5	1568.8
Profit before Tax	**171.0**	**173.3**
Less: Provision for Tax for the current year	18.2	19.2
Profit after Tax for the current year	**152.8**	**154.0**
Less: Provision for Deferred Tax Liability / (Deferred Tax Asset)	32.1	19.5
Less: Excess income tax provision of earlier years written back	–	–
Less: Fringe Benefit Tax	2.1	3.6
Less: Minimum Alternative Tax (MAT) Credit	(23.5)	(12.5)
Profit after Tax	**142.1**	**143.4**
Add: Surplus brought forward	151.9	69.5
Profit available for Appropriation	**294.0**	**212.9**
Appropriations:		
Distribution to shareholders	**18.3**	**39.9**
Tax on dividend	3.1	6.8
	21.4	46.7
Proposed dividend	**21.6**	**–**
Tax on proposed dividend	**3.7**	**–**
Transfer to General Reserve	**14.2**	**14.3**
Surplus carried forward	**233.1**	**151.9**
Total	**294.0**	**212.9**

DISTRIBUTION TO EQUITY SHAREHOLDERS

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

Marico has identified acquisitions as one of its avenues to pursue growth. Since April 2005, the Group has consummated 7

DIRECTORS' REPORT

acquisitions including two each in India, Bangladesh and Egypt and one in 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 FY 09 comprised the following:

First interim dividend of 30% on the equity base of Rs. 60.90 Crore

Second interim dividend of 35.5% on the equity base of Rs. 60.90 Crore

The total equity dividend for FY09 at 65.5% is thus the same as that paid during FY08. The total dividend (including dividend tax) was Rs. 46.7 crore (about 25 % of the group 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 achieved a strong growth of 25% in revenue over the previous year and registered a topline of Rs 2388 crore during FY09. Almost the entire growth was organic growth, with volume led growth contributing to 12% while the remaining came from price increases and sales mix. All its businesses, those of consumer products in India, international business and solutions business contributed to the overall growth.

The top line increase was accompanied by a bottom-line growth of 12 %, after considering the impact of extra-ordinary / exceptional items. Profit After Tax (PAT) including exceptional / extra-ordinary items during the year was at Rs 189 crore as against Rs. 169 crore in FY08. The financials for FY09 include certain extraordinary items (loss on sale of membership interest in Sundari LLC) of Rs 15.03 crores while the financials of FY 08 include certain extra-ordinary items (exchange gain on loan repayment Rs 10.6 cr, an additional charge on account of accelerated depreciation Rs 4.3 cr and profit on sale of the Sil business Rs 10.6 cr). Had it not been for these items, the PAT for FY09 would have been Rs 186 cr, a growth of 21% over FY08 (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 on a Y-o-Y basis

- The 34th consecutive Quarter of growth in Turnover and
- The 38th consecutive Quarter of growth in Profits

The company has demonstrated steady growth on both the top line and bottom line. Over the last 5 years, they have grown at a Compounded Annual Growth Rate of 24% and 28% respectively.

During the year, the Company decided to sell its membership interest in Sundari LLC, a wholly owned subsidiary operating in the spa products business, to Wellness Systems LLC, a company promoted by two of the Marico Group's senior managers who were managing the Sundari business. The sale of membership interest in Sundari LLC is in line with the Company's decision to focus on its core businesses in the B2C space in Asia and Africa.

DIRECTORS' REPORT

Consumer Products Business: India

In the consumer products business, the flagship brand, Parachute Coconut Oil grew by 9% 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 17% in volume. In the Premium Refined Oils market, Saffola, the company's second flagship, grew by 11% 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 Zest – a healthy baked, not fried snack, Saffola Rice – low GI rice, Hair & Care Almond Gold – non sticky hair oil with almond proteins, Parachute Advansed revitalizing Hot Oil and Revive Strong and White liquid fabric whitener.

International FMCG Business

Marico's overall international business grew by 43%. In its traditional markets, namely the Middle East and Bangladesh, Marico's International FMCG business continued to grow and record share gains.

During the year, the Company decided to modify its distribution system in Egypt whereby it made a shift from directly servicing several wholesalers to dealing with them through a distributor. The resolution of issues arising with the transition took longer than expected to resolve and had a negative impact on the turnover. The transition is however complete and the business is back on track.

The integration of the South African business acquired in 2007 has been smoothly completed and the business performed in line with expectations.

Kaya

Kaya's skin care business achieved revenue of Rs 157 crore during FY09, a growth of 57% over FY08. During FY09, Kaya Skin Care added 20 clinics, making the chain 85 clinic strong (74 in India and 11 in the Middle East). In addition, it introduced new products to add to its basket of product offerings to its consumers.

Kaya Life offers customized holistic weight management solutions. Customers are experiencing effective results on both weight loss and inch loss. We continue to work on fine tuning the model to increase the pace of customer acquisition. There are four Kaya Life centres in Mumbai.

OTHER CORPORATE DEVELOPMENTS

Divestment of entire membership interest in Sundari LLC

Marico has divested its entire membership interest in its wholly owned subsidiary Sundari LLC. Sundari LLC is engaged in the manufacturing and marketing of skincare cosmetics and accessories primarily in the USA and Europe. A majority of Sundari's revenue is generated from B2B sales to spas located within luxury resorts and hotels globally.

Growth in Marico's International Business Group has been in the Asian and African markets. Sundari constitutes a small share of Marico's revenue and is based in the US which is not a part of Marico's focus geographies for future growth. With the overall shift in the global business environment, Marico has decided to focus on its core businesses in Asia and Africa in the B2C space.

Marico Employees Stock Option Scheme 2007 (ESOS)

In pursuance of shareholders approval obtained on November 24, 2006, your Company formulated and implemented an Employees Stock Options Scheme (the Scheme) for grant of Stock Options to certain eligible 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 10,044,200 stock options (as at March 31, 2009) comprising about 1.65% of the current paid up equity capital of the Company. Additional information on ESOS as required by Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is annexed and forms part of this Report.

None of the Non-executive Directors (including Independent Directors) have received stock options in pursuance of the above Scheme. Likewise, no employee has been granted 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.

DIRECTORS' REPORT

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 Compliance Officer and Appointment of Company Secretary & Compliance Officer

Mr. Vinod Kamath, Chief-Finance & IT resigned from the post of Compliance Officer, with effect from the close of working hours on July 31, 2008.

Ms. Rachana Lodaya, Legal & Secretarial Manager of the Company, possessing the required qualification, was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 1, 2008.

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

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

In terms of the approval granted by the Central Government vide order No. 47/268/2009–CL-III; copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. However, the statement required under section 212 of the Companies Act, 1956 is attached. The Company will make these documents / details available upon request by any member of the Company interested in obtaining the same and same would also be made available on its website. The Consolidated Financial Statements prepared by the Company pursuant to Accounting Standard AS-21 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' RESPONSIBILITY STATEMENT

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

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

Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgement and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2009 and the profits of your Company for the year ended March 31, 2009.

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. Bipin Shah, Mr. Atul Choksey and Mr. Anand Kripalu, Directors of the Company, retire by rotation as per Section 256 of the Companies Act, 1956 and being eligible offer themselves for re-appointment.

DIRECTORS' REPORT

ADDITIONAL STATUTORY INFORMATION

Information under Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms part of this Report. Information pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules, 1999 forms part of this Report. Although in accordance with the provisions of Section 219(1)(b)(iv) of the Act such information has been excluded from the Report and Accounts sent to the Members, any member desirous of obtaining this information may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

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

Aneja Associates, a Chartered Accountant Firm, has been associated with your Company as its internal auditor. They have been partnering your Company in the area of risk management and internal control systems. Your Company has re-appointed Aneja Associates as its internal auditor for the year 2009-10.

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 neighborhood 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 : June 19, 2009

HARSH MARIWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

Marico continued to emphasize on the conservation and optimal utilization of energy in every manufacturing unit of the Company. The energy conservation measures implemented during FY 09 are listed below:

- Launched an initiative in the sustainable development area - "Think fresh, Be Green" driven by a special team the Green Group.
- Re-engineered the conveyor drive system to reduce power consumption at Kanjikode Plant.
- Developed a power saving mechanism for expeller cleaning at Kanjikode Plant.
- Automated power switch off of computer monitors of all idling machines to conserve power at plants and offices.
- Launched an IT platform for Car pooling to reduce vehicle fuel consumption.
- Eliminated five conveyors by providing a bypass conveyor at Goa Plant.
- Replaced sodium bulbs with CFL bulbs at Plants.
- Developed real time timer for auto operation of street lights & oil mill basis weather and timer control for AC's.
- Installed power saver transformer for factory lighting at Pondicherry Plant.
- Replaced furnace Oil with High Speed Diesel in Boiler at Pondicherry Plant.
- Modified shrink tunnel reducing the number of heaters from sixteen to ten at Goa Plant.
- Right sized bleacher pump by putting 3 HP instead of 12 HP and eliminated bleacher inlet pump through process change at Jalgaon Plant.
- Installed high efficiency pump in the MIDC water line and saved 4 HP power at Jalgaon Plant.
- Eliminated 7.5 HP pump by direct transfer of refined oil in the finished oil tanker at Jalgaon Plant.
- Installed Static Mixer instead of phosphoric acid mixer & M6 mixer at Jalgaon Plant.
- Developed Boiler blow down heat recovery system at Jalgaon Plant.

Marico continued its journey towards effective utilisation of energy. Sgnificant 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 concepts and product platforms to satisfy consumer needs more effectively. Some of the initiatives during the year included:

- Development of new technology platforms to support the consumer needs more effectively
- Development of competencies in the areas of Hair Care, Skin Care and Functional Foods
- Development of new products, line extensions, and new processes based on consumer insights to meet the unmet consumer aspirations
- Evaluation of natural herbs for proprietary, patentable hair & skin products, with sponsorship from Department of Science & Technology (DST)
- Skill building towards evaluation of products sensorials and product benefits
- Working with premier research institutions in India and overseas to stay current on the latest developments in research on Hair Care, Skin Care and Functional Foods.
- Work on product and process patents.

Your Company has also invested in new infrastructure for evaluation of Hair and Skin Products and Functional Foods towards providing better performance based products.

ANNEXURE TO THE DIRECTORS' REPORT

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

- New SKUs were developed under the various categories in which Marico operates.
- A few domestic launches include:
  * Parachute Advansed revitalizing Hot Oil
  * Nihar Naturals Coconut Cooling Oil
  * Saffola Rice for weight management
  * Saffola Zest a low fat high protein, high fiber snack
  * Revive Strong and White

New products were launched under the Kaya business to provide effective solutions in Skin Care. These include

- A foot care cream
- Revive and Firm anti ageing cream

A complete men's range of products have also been launched including Kaya Skin Relief After Shave Gel, Kaya Revitalizing Face Wash and Kaya Whitening Moisturizer.

In the International business, various product and pack developments were undertaken in the current year to strengthen business. An entry in the hair dye market in Bangladesh was made through HairCode hair dye. In South Africa flavoured castor oil was launched under Hercules - a unique concept to over come the unacceptable taste of castor oil

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 a tamper proof cap for Saffola oil and spray format for hair oils were developed.

Marico's R&D has filed eight patent disclosures and has been granted two 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 consumers value for money with delightful new product concepts, sensorials and product efficacy.

4. Expenditure on R & D:

		Rs. Crore 2008–09	Rs. Crore 2007–08
a)	Capital	0.3	1.6
b)	Recurring	5.7	5.2
	Total	**6.0**	**6.8**
c)	Total R & D expenditure as % to Sales & Services	0.3	0.3
d)	Total R & D expenditure as % to PBT	3.4	3.0

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 formulations, processes and packaging towards providing better sensorials, performance, cost optimization, shelf appeal and usage convenience. e.g.: Hair oils in spray format, Hot oil as a new concept giving completely different sensorials, Revive with stiffing and whitening benefit, Saffola rice for weight management, Saffola Zest with High protein, high fiber and low fat.

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 : June 19, 2009

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, 2009, 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.

VILAS Y. RANE
Partner
Membership No:F-33220

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
June 19, 2009

ANNEXURE TO THE DIRECTORS' REPORT 2009

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
Marico Employees Stock Option Scheme 2007

a)	Options granted (as at March 31, 2009)	10,044,200 options aggregating to about 1.65% of the paid-up equity capital of the Company (options, net of lapsed/ forfeited as at March 31 2009 : 8,339,600 options aggregating about 1.37% of the paid-up equity)
b)	The pricing formula	The Exercise Price of the options shall be lower of the following: i) Average of the closing price for last 21 (twenty one) trading session(s) on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of Options to the employees, Or ii) The closing price for the last session on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees.
c)	Options vested (as at March 31, 2009)	803,200
d)	Options exercised (as at March 31, 2009)	-N.A.-
e)	The total number of shares arising as a result of exercising of option	-N.A.-
f)	Options lapsed/ forfeited	1,704,600
g)	Variation of terms of options	-N.A.-
h)	Money realised by exercise of options	-N.A.-
i)	Total number of options in force	8,339,600
j)	Employee wise details of options granted to : (as at March 31, 2009)	
	i) Senior Managerial Personnel	A summary* of options granted to senior managerial personnel are as under : No. of employees covered – 101 (One hundred and one) No. of options granted to such personnel – 10,044,200 (One Crore forty-four thousand two hundred) *Only summary given due to sensitive nature of information
	ii) any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year	-N.A.-
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-N.A.-

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 (AS 20) 'Earnings per Share'	Rs. 2.33
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. 4.78 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. 47,798,486 the Profit Before Tax would be lower by the same amount and Earning Per Share by Re.0.07
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. 56.01 Weighted average Fair Value of Option : Rs. 22.59
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

	23–Apr–08		30–Jun–08		21–Oct–08		05–Jan–09	
	Vesting 1	**Vesting** 2	**Vesting** 1	**Vesting** 2	**Vesting** 1	**Vesting** 2	**Vesting** 1	**Vesting** 2
Risk free Interest Rate (%)	7.71	7.82	9.17	9.31	7.58	7.69	4.99	5.04
Expected life of Options (years)	3.52	4.69	3.50	4.50	3.53	4.19	3.57	3.98
Expected Volatility (%)	38.36	38.36	38.23	38.23	38.28	38.28	38.49	38.49
Expected Dividends (%)	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39
Closing Price as on Date of Grant (Rs.)	69.25	69.25	53.40	53.40	55.00	55.00	60.15	60.15

ANNEXURE TO THE DIRECTORS' REPORT 2009

ENCLOSURE 'A'

Power & Fuel Consumption

Note: The numbers given below relate to the own manufacturing facilities of the Company.		For the year ended March 31 2009	2008
1. Electricity			
a. Purchased units (Kwh)		8,621,052	10,327,751
Amount (Rs. Crore)		3.47	3.79
b. Own Generation			
i. Through Diesel Generator (Kwh)		2,800,841.60	1,220,521.10
Amount (Rs. Crore)		2.83	1.30
Average Rate (Rs. / Unit)		10.09	10.66
ii. Through Steam Generator (Kwh)		–	21,176.00
Amount (Rs. Crore)		–	–
Average Rate (Rs. / Unit)		–	–
2. Coal		–	–
3. Furnace oil			
Quantity (KL)		640.56	1,137.40
Amount (Rs. Crore)		1.98	2.76
Average Rate (Rs. / KL)		30,975.27	24,258.69
4. Other Internal Generation (excludes HSD used for electricity generation)			
L.D.O / H.S.D.		–	–
Quantity (KL)		241.64	139.70
Amount (Rs. Crore)		0.74	0.43
Average Rate (Rs. / KL)		30,463.34	30,543.37
5. Baggase Consumption			
Quantity (MT)		12,953.00	12,495.54
Amount (Rs. Crore)		1.77	1.18
Average Rate (Rs. / MT)		1,366.48	946.89
Consumption per unit of production of edible oils			
	Unit		
Electricity	Kwh	119.09	122.17
Coal	MT	–	–
Furnace oil	KL	0.01	0.01
L.D.O./H.S.D.	KL	–	–
Baggase	KG	0.36	0.39
Consumption per unit of production of processed foods			
	Unit		
Electricity	Kwh	–	102.45
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	0.11
Consumption per unit of production of Hair Oils and other formulations			
	Unit		
Electricity	Kwh	49.56	46.49
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
- Remuneration 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 as also internally in the Company's relationship with its employees and in the conduct of its business.

The company announces its financial results each quarter, usually within a month of the end of the quarter. Apart from disclosing these in a timely manner to the stock exchanges, the company also hosts the results on its website together with a detailed information update and media release discussing the results. The financial results are published in leading newspapers. Marico participates in analyst and investor conference calls, one-on-one meetings and investor conferences where analysts and fund managers get frequent access to the company's senior management. Presentations made by the company at investor conferences are also loaded on its website. Through these meetings, presentations and information updates the company shares its broad strategy and business outlook. The company also follows a practice of making public information on significant developments through immediate disclosure to the stock exchanges on which it is listed.

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. Eight out of nine directors are non-executive and seven of them are independent. The board does not have representatives of large creditors or banks. The Board Committees are chaired by independent directors.

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, 2009.

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 code of conduct (share dealing rules) for trading in Company's securities in addition to concerned SEBI regulations.

The Company's Internal and External auditors are unrelated to the company.

Accountability

The Board plays a supervisory role rather than an executive role. Members of the Board of Directors of the Company provide constructive critique on the operations of the company. Each business unit is headed by a Chief Executive Officer who is responsible for its management and operation and is answerable to the Board.

The Audit Committee and the Board of Directors meet at least once every quarter to consider inter alia, the business performance and other matters of importance.

Discipline

Marico's senior management understands and advocates the need for good corporate governance practices. The Company places significant emphasis on good corporate governance practices and endeavours to ensure that the same is followed at all levels across the Organisation.

CORPORATE GOVERNANCE REPORT

The Company continues to focus on its core businesses of beauty and wellness. In its international business too it is focussed on growing in the Asian and African continents in the near term. This would result in the company building depth in its selected segments and geographies rather than spreading itself thin.

The Company has always adopted a conservative policy with respect to debt. All actions having financial implications are well thought through. Funds are raised for financing activities which add to the business performance and not for the purpose of arbitrage. The company has also stayed away from entering into exotic derivative products.

The Company has also followed a prudent dividend policy and has been declaring cash dividend on a regular basis thereby providing a regular return on investment to shareholders.

Responsibility

The Group has put in place checks and balances to ensure orderly and smooth functioning of operations and also defined measures in case of transgressions by members.

There exists a Code of Conduct and Ethics which regulates the behaviour and conduct of the members of the Organisation. Swift action is taken against members found in violation of the code.

Purchase and sale of shares by members is governed by the Marico Employees Share Dealing Rules to ensure transparency in trading by all members of the Organisation.

Fairness

All actions taken are arrived after considering the impact on the interests of all stakeholders including minority shareholders. All shareholders have equal rights and can convene general meetings if they feel the need to do so. Investor Relations is given due priority. There exists a separate department for handling this function. Full disclosures are made in the general meeting of all matters. Notice of the meetings are comprehensive, the presentations made at the meetings are informative. Board remuneration does not rise faster than company profits.

Social Awareness

The company has an explicit policy emphasising ethical behaviour. It follows a strict policy of not employing the under-aged. The company believes in equality of genders and does not practise any type of discrimination. All policies are free of bias and discrimination. Environmental responsibility is given high importance and measures have been taken at all locations to ensure that members are educated and equipped to discharge their responsibilities in ensuring the proper maintenance of the environment.

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 Committee proceedings is explained in detail later on in this Report.

Other Significant Practices

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

Checks & Balances

- All directors are provided with complete information relating to operations and company finances to enable them to participate effectively in board discussions.

CORPORATE GOVERNANCE REPORT

- ❖ Proceedings of Board are logically segregated and matters are delegated to committees as under:
  - Administrative Committee covers routine transactional issues.
  - Investment and Borrowing Committee covers management of funds.
  - Audit Committee covers internal control systems, financial reporting and compliance issues.
  - Corporate Governance Committee (erstwhile Remuneration Committee) covers remuneration of Directors and their relatives, Corporate Governance policy and procedures and has been designated as the Compensation Committee for the purpose of administration and superintendence of the Marico Employees Stock Option Scheme 2007.
  - Share Transfer Committee covers transfer formalities and other share-related procedures.
  - Shareholders' Committee covers redressal of investor grievances.
  - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.
  - Real Estate Projects Committee (erstwhile Committee for investing in new office premises) covers matters relating to transactions in real estate and allied matters.
  - Constituted committees meet periodically to review operations.
- ❖ Each non-executive director brings value through 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 Financial Officer and the Company Secretary, formalises the agenda for each of the Board Meetings.
- ❖ The Board / Committees, at their discretion, invite 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 and compliances across the Company. It has regularly monitored the effectiveness of policies, need for strengthening internal controls etc.

Reconstitution of the Board Committees

Various committees of the Board were reconstituted during the year as a result of organisational restructuring.

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.

CORPORATE GOVERNANCE REPORT

II. BOARD OF DIRECTORS

(i) Composition and categories of Directors (as on June 19, 2009):

Name	Category
Mr. Harsh Mariwala	Chairman and 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. Anand Kripalu	Non-Executive and Independent
Mr. Jacob Kurian	Non-Executive and Independent
Mr. Rajen Mariwala	Non-Executive (Promoter)
Ms. Hema Ravichandar	Non-Executive and Independent
Mr. Bipin Shah	Non-Executive and Independent

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

Four meetings of the Board of Directors were held during the period April 01, 2008 to March 31, 2009 viz: April 24, 2008; July 24, 2008; October 21, 2008 and January 22, 2009. 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	4	4	Yes
Mr. Rajeev Bakshi	4	3	No
Mr. Atul Choksey	4	3	No
Mr. Nikhil Khattau	4	3	No
Mr. Anand Kripalu	4	2	No
Mr. Jacob Kurian	4	3	No
Mr. Rajen Mariwala	4	4	No
Ms. Hema Ravichandar	4	4	No
Mr. Bipin Shah	4	4	Yes

CORPORATE GOVERNANCE REPORT

(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	4	1	1
Mr. Rajeev Bakshi	2	1	Nil
Mr. Atul Choksey	8	Nil	Nil
Mr. Nikhil Khattau	2	3	2
Mr. Anand Kripalu	2	Nil	Nil
Mr. Jacob Kurian	Nil	Nil	Nil
Mr. Rajen Mariwala	2	2	Nil
Ms. Hema Ravichandar	1	1	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 July 24, 2008.

The Audit Committee now comprises of the following Members:

Mr. Bipin Shah	-	Chairman
Mr. Nikhil Khattau	-	Member
Mr. Rajen Mariwala	-	Member
Ms. Hema Ravichandar	-	Member
Ms. Rachana Lodaya	-	Secretary to the committee
Mr. Harsh Mariwala	-	Permanent Invitee

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

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.

CORPORATE GOVERNANCE REPORT

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, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
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.
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.

CORPORATE GOVERNANCE REPORT

The Committee had 4 meetings during the period April 01, 2008 to March 31, 2009 viz: April 24, 2008, July 24, 2008, October 21, 2008 and January 22, 2009.

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Bipin Shah	4	4
Mr. Nikhil Khattau	4	3
Mr. Rajen Mariwala	4	4
Ms. Hema Ravichandar*	4	2
Mr. Atul Choksey**	4	1
Mr. Harsh Mariwala	4	4

* appointed as a member on July 24, 2008

** appointed as a member on July 22, 2008 through circular resolution of the Board and ceased to be a member on July 24, 2008

IV. CORPORATE GOVERNANCE COMMITTEE

Constitution:

The Board of Directors had at 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 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 the Compensation Committee for administration and superintendence of the Company's Employees Stock Option Scheme. 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 Directors:

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 five times during the period April 01, 2008 to March 31, 2009, viz: April 23, 2008, June 30, 2008, October 21, 2008, January 5, 2009, and January 22, 2009.

CORPORATE GOVERNANCE REPORT

The Remuneration paid/payable to Non-Executive Directors for the Financial Year 2008-2009 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	2,10,000	45,000
Mr. Atul Choksey	2,10,000	35,000
Mr. Nikhil Khattau	2,10,000	50,000
Mr. Anand Kripalu	1,40,000	20,000
Mr. Jacob Kurian	2,10,000	55,000
Mr. Rajen Mariwala	2,80,000	65,000
Ms. Hema Ravichandar	2,80,000	75,000
Mr. Bipin Shah	2,80,000	60,000

The remuneration paid to Mr. Harsh Mariwala, Chairman and Managing Director, for the financial year 2008-2009 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)
Mr. Harsh Mariwala	1,63,78,537	43,65,501

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, 2009)
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	4,808,200
Ms. Hema Ravichandar	0
Mr. Bipin Shah	44,000
Total	4,917,200

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 and Managing Director (CMD). Therefore, the remuneration policy for executive directors presently covers only the Chairman and 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

CORPORATE GOVERNANCE REPORT

to the CMD comprises of two broad terms – Fixed Remuneration and Variable remuneration in the form of performance incentive.

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 July 24, 2008.

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

The Shareholders' Committee now comprises the following Directors (All Non-Executive):

Mr. Nikhil Khattau	-	Chairman
Mr. Rajen Mariwala	-	Member
Ms. Rachana Lodaya	-	Secretary to the Committee

During the financial year 2008-2009, one meeting of the Committee was held on January 22, 2009.

Name and Designation of Compliance Officer:

Ms. Rachana Lodaya, Company Secretary & Compliance Officer

Status Report of Investor Complaints for the year ended March 31, 2009

No. of Complaints Received	-	124
No. of Complaints Resolved	-	124
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
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.
2008	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 24, 2008	2.30 p.m.

There was no Special Resolution passed at any of previous three Annual General Meetings

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 2008-2009, there were no materially significant related party transactions i.e. transactions of the company of material nature, with its Promoters, the 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 requirements 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 our discretion. However, the disclosures of the 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.

CORPORATE GOVERNANCE REPORT

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.marico.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.

IX. GENERAL SHAREHOLDER INFORMATION

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Mr. Bipin Shah

Mr. Bipin R. Shah, started his career in 1956 when he joined Hindustan Unilever Limited (HUL) (erstwhile Hindustan Lever Limited) as a Management Trainee after completing his B.Com and Chartered Accountancy from Mumbai. After holding several commercial assignments in HUL between 1958 and 1978, Mr. Shah became the Director of HUL in 1979. In 1981, in addition to his Directorship in HUL, he was assigned an additional responsibility of being Chairman of another Unilever subsidiary namely Lipton India Ltd.

On his retirement from the Lever Group of Companies in 1992, he joined Indus Venture Management Ltd. where he was the Vice Chairman until May, 2006. Currently he is on the Board of several companies, including CRISIL, which is a premier credit rating agency in India. He has been on the Board of Directors of the Company since April 17, 1996. He holds 44,000 shares of the Company.

Mr. Atul Choksey

Mr. Atul Choksey has done his Bachelor's in Chemical Engineering from Illinois Institute of Technology, Chicago, U.S.A and has also done management courses in Finance, Personnel, Micro and Macro Economics, etc. He joined Asian Paints (India) Ltd as a Junior Executive in July, 1973 and was subsequently appointed as a Wholetime Director of the Company in May 1979. He served as the Managing Director of the Company from April 1984 to August 1997. He is the Chairman of Apcotex Industries Ltd. and Apco Enterprises Ltd. as well as other group Companies. He is also a Director on the Boards of Finolex Cables Ltd and CEAT Ltd. He also takes active interest in various religious and educational institutions. He brings to the board a rich experience in Project planning and Execution, Marketing and General Management. He has been on the Board of Directors of the Company since October 23, 2001. He holds 60,000 shares of the Company.

Mr. Anand Kripalu

Mr. Anand Kripalu, is a Bachelor in Electronics from the Indian Institute of Technology, Madras and an MBA from the Indian Institute of Management, Calcutta. He is currently the President of Asia Business Unit, Cadbury Plc and additionally Managing Director for the Indian Sub Continent. Mr. Kripalu, in his long experience of 24 years in the FMCG Industry, has held several positions in Sales, Marketing and Operations in Unilever. Most recently he was Managing Director for Unilever's East Africa operations. Key assignments handled by him include setting up of the Dental Innovation Centre at Mumbai, Head of Market Research, and Head of Marketing for the Laundry category for India and the Central Asia Middle East Region, as well as, General Manager - Sales & Customer Development for HUL's Detergents business, with overall responsibility for Customer Management for the company. He has been on the Board of Directors of the Company since April 26, 2007. He does not have any shareholding in the Company.

CORPORATE GOVERNANCE REPORT

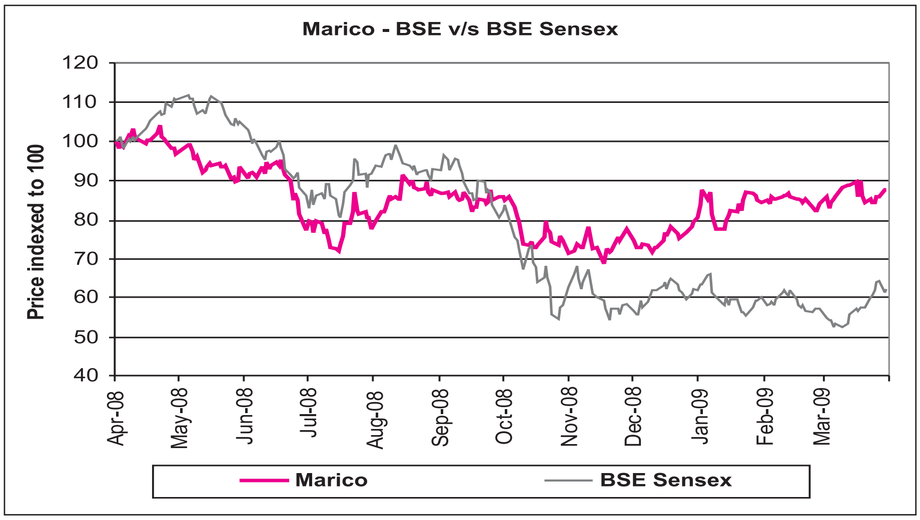
Annual General Meeting – Date, time and Venue	:	Thursday, July 23, 2009 at 3.00 p.m. Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030
Financial Year	:	April 01 - March 31
Book Closure Date	:	Friday, July 17, 2009 to Thursday, July 23, 2009, both days inclusive.
Dividend Payment Date	:	November 18 , 2008 (1st Interim Equity Dividend 08-09) April 29 , 2009 (2nd Interim Equity Dividend 08-09)
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 2009-2010 has been paid.
Stock /Scrip Code	:	BSE – 531642 NSE – MARICO
ISIN number	:	INE 196A01026
Company Identification Number (CIN)	:	L15140MH1988PLC049208
Unique Identification Number	:	100067223

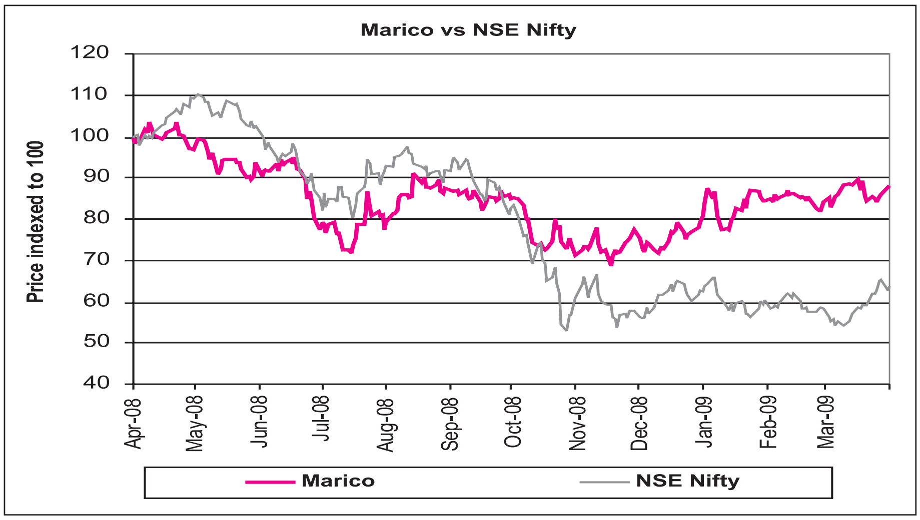
Market Price Data

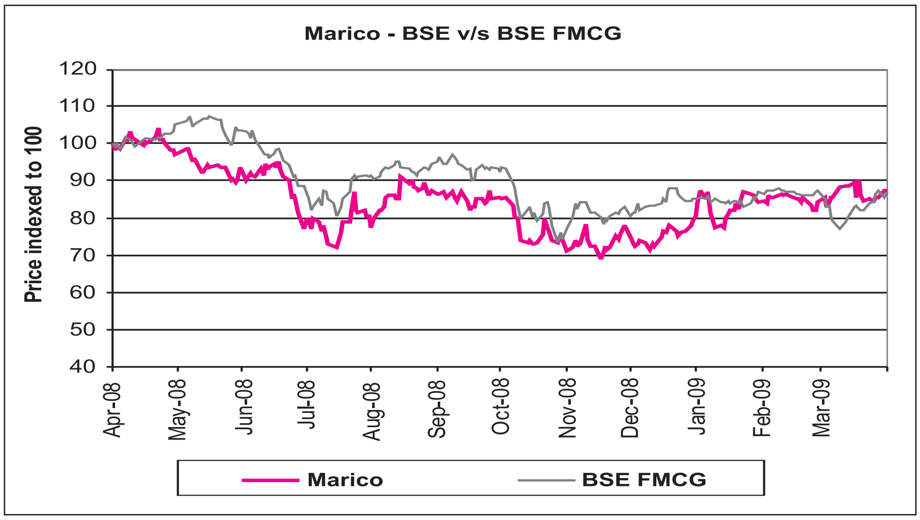
Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		The National Stock Exchange of India Limited (NSE) (in Rs.)	
	*High	*Low	*High	*Low
April 2008	74.95	65.60	74.80	66.25
May 2008	70.00	61.10	68.80	61.10
June 2008	66.50	50.55	66.95	51.00
July 2008	60.95	48.90	61.00	48.85
August 2008	63.50	53.00	64.40	53.00
September 2008	66.60	54.00	66.60	54.00
October 2008	59.85	46.50	59.95	46.45
November 2008	55.00	47.00	54.25	46.75
December 2008	56.00	49.20	56.50	48.90
January 2009	63.00	52.50	64.85	52.10
February 2009	61.30	56.00	61.40	55.85
March 2009	62.50	56.05	62.45	50.85

CORPORATE GOVERNANCE REPORT

PERFORMANCE IN COMPARISON: BSE SENSEX, S & P CNX NIFTY AND BSE FMCG







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 Link Intime India Pvt Limited (erstwhile 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, 2009 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	29,945	81.15	4,162,141	0.68
501-1000	2,832	7.67	2,504,516	0.41
1001 -2000	1,564	4.24	2,643,878	0.43
2001-3000	481	1.30	1,276,058	0.21
3001-4000	743	2.01	2,884,040	0.47
4001- 5000	254	0.69	1,231,196	0.20
5001-10000	480	1.30	3,677,336	0.60
10001 & above	601	1.63	590,620,835	96.98
Total	36,900	100.00	609,000,000	100.00

Categories of Shareholding– as on March 31, 2009 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	23	386,556,520	63.47
Foreign Institutional Investors	72	102,038,450	16.76
NRIs and OCBs	648	2,385,806	0.39
Insurance Companies, Banks and other Financial Institutions	9	12,881,801	2.12
Mutual Funds, including Unit Trust of India	73	53,939,672	8.86
Public / Private Ltd. Companies	822	10,843,231	1.78
Resident Individuals, Trusts and In Transit	35,253	40,354,520	6.63
Total	36,900	609,000,000	100.00

CORPORATE GOVERNANCE REPORT

Dematerialization of Shares and Liquidity	:	As on March 31, 2009, 99.65% 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 Link Intime India Pvt Limited (erstwhile 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, 2009, 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: June 19, 2009

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, 2009 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 and Managing Director

Place: Mumbai
Date: June 19, 2009

For Marico Limited

Anju Madeka
Chief Financial Officer

Place: Mumbai
Date: June 19, 2009

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, 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date (all together referred to as 'financial statements') annexed thereto, which we have signed under reference to this report. 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 in paragraph 3 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and 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 written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2009 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 together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act 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, 2009;

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

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

VILAS Y. RANE
Partner
Membership No:F-33220

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
June 19, 2009

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, 2009.

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

(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of its inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.

(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) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

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

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA 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 and 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 the 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, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities during the year, and there were no such outstanding dues as at March 31, 2009 for a period exceeding six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of sales tax, customs duty , agricultural produce and marketing cess and employee state insurance corporation dues are as at March 31, 2009 which have not been deposited on account of dispute are as follows:

ANNEXURE TO AUDITORS' REPORT

Nature of dues	Amount (Rs. Crores)	Forum where dispute is pending
Sales tax	3.28	Appellate Authority- upto Commissioner's Level
	0.14	Appellate Authority- Tribunal
Customs duty	2.86	Commissioner of Customs and Central Excise & Service tax Appellate Tribunal
Agricultural Produce Marketing Committee cess - Goa	7.81	High Court –Mumbai (Goa bench)
Agricultural Produce Marketing Committee cess - Mumbai	1.04	Agricultural Produce Marketing Committee – Mumbai
Employees State Insurance Corporation dues	0.18	Department of Employees State Insurance Corporation.

(x) The Company has no accumulated losses as at the year end and has not incurred any cash losses during the financial year ended on that date and the immediately preceding financial year. Accordingly, paragraph 4 (x) of the Order is not applicable.

(xi) According to the records of the Company examined by us and 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) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4 (xii) of the Order is not applicable.

(xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/society are not applicable to the Company. Accordingly, paragraph 4 (xiii) of the Order is not applicable.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.

(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, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

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

(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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

VILAS Y. RANE
Partner
Membership No:F-33220

For and on behalf of
Price Waterhouse
Chartered Accountants

Mumbai
June 19, 2009

BALANCE SHEET

	SCHEDULE	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	60.90	60.90
Reserves and surplus	B	306.78	219.33
		367.68	**280.23**
LOAN FUNDS			
Secured loans	C	107.51	121.23
Unsecured loans	D	201.02	184.36
		308.53	**305.59**
		676.21	**585.82**
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross block		262.16	228.89
Less : Depreciation, amortisation and impairment		146.25	131.90
Net block		115.91	96.99
Capital work-in-progress		45.60	49.09
Assets held for disposal		0.01	0.01
		161.52	**146.09**
INVESTMENTS	F	**112.58**	**106.52**
DEFERRED TAX ASSET (NET) (Refer Note 12 a, Schedule R)		**63.41**	**95.53**
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	273.69	218.59
Sundry debtors	H	61.05	41.68
Cash and bank balances	I	24.96	30.42
Loans and Advances	J	206.23	193.77
		565.93	484.46
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	196.36	204.15
Provisions	L	30.87	42.63
		227.23	246.78
NET CURRENT ASSETS		**338.70**	**237.68**
		676.21	**585.82**
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
INCOME			
Sales		1,919.24	1,566.85
Less : Excise Duty		2.07	2.11
		1,917.17	1,564.74
Income from services		0.29	4.05
Total Sales and Services		**1,917.46**	**1,568.79**
Other income	M	14.53	14.53
		1,931.99	**1,583.32**
EXPENDITURE			
Cost of materials	N	1,157.03	892.89
Manufacturing and other expenses	O	510.14	479.72
Finance charges	P	28.92	19.75
Depreciation, amortisation & impairment	E	17.03	18.93
		1,713.12	**1,411.29**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**218.87**	**172.03**
Exceptional Items – (Net) (Refer Note 13, Schedule R)		(47.86)	1.24
PROFIT BEFORE TAXATION		**171.01**	**173.27**
Provision for taxation : – Current Tax		18.19	19.22
– MAT Credit (entitlement)/utilisation		(23.46)	(12.46)
– Fringe benefit tax		2.06	3.61
– Deferred Tax - debit / (credit)		32.12	19.49
		28.91	**29.86**
PROFIT AFTER TAXATION		**142.10**	**143.41**
Balance brought forward as on April 1		151.88	69.48
PROFIT AVAILABLE FOR APPROPRIATION		**293.98**	**212.89**
APPROPRIATIONS			
Interim dividend		39.89	39.89
Tax on interim dividend		6.78	6.78
General Reserve		14.21	14.34
BALANCE CARRIED TO THE BALANCE SHEET		**233.10**	**151.88**
BASIC EARNINGS PER SHARE		**2.33**	**2.35**
DILUTED EARNINGS PER SHARE		**2.33**	**2.35**
(Refer Note 15 of Schedule R)			
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date
VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
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ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

CASH FLOW STATEMENT

			For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS		**171.01**	**173.27**
	Adjustments for:			
	Depreciation and amortisation		17.03	18.93
	Provision for Impairment on assets written back (Refer Note 7, Schedule R)		(0.86)	–
	Finance charges		28.92	19.75
	Interest income		(4.73)	(4.46)
	Loss / (Profit) on sale of assets – (Net)		0.14	(0.40)
	Provision for diminution in value of Investment/Advances to subsidiary (Refer Note 13, Schedule R)		–	9.37
	Advances to subsidiary written off – (Net) (Refer Note 13, Schedule R)		47.86	–
	(Profit) / Loss on sale of investments		(0.01)	(0.13)
	Dividend income		(2.57)	(1.49)
	(Write back) / Provision for doubtful debts/advances		0.71	0.16
			86.49	41.73
	Operating profit before working capital changes		**257.50**	**215.00**
	Adjustments for:			
	(Increase)/ Decrease in inventories		(55.11)	(22.37)
	(Increase)/ Decrease in sundry debtors		(20.08)	(0.67)
	(Increase)/ Decrease in loans and advances		9.05	(17.05)
	Increase/(Decrease) in current liabilities and provisions		(13.18)	(102.23)
			(79.32)	(142.32)
	Cash generated from operations		**178.18**	**72.68**
	Taxes paid (net of refunds)		(26.52)	(25.60)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**A**	**151.66**	**47.08**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets		(28.47)	(62.37)
	Sale of fixed assets		0.28	5.59
	(Purchase) / Sale of investments – (Net)		(12.10)	0.14
	Investment in subsidiaries		–	(25.62)
	Loans and advances given to subsidiaries		(45.89)	(53.39)
	Dividend income received		4.07	–
	Interest received		3.84	4.43
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**B**	**(78.27)**	**(131.22)**

CASH FLOW STATEMENT

		For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
C CASH FLOW FROM FINANCING ACTIVITIES			
Issue of commercial papers – (Net)		29.16	19.40
Inter-Corporate deposits taken		5.00	–
Other borrowings (repaid) / taken – (Net)		(31.22)	118.96
Finance charges paid		(34.85)	(16.59)
Equity dividend paid (Inclusive of dividend distribution tax)		(47.72)	(32.49)
Unclaimed Preference dividend paid		(0.01)	(0.01)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**C**	**(79.64)**	**89.27**
D NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	**(A+B+C)**	**(6.25)**	**5.13**
E Cash and cash equivalents - opening balance (as at April 1)		**29.93**	**24.80**
F Cash and cash equivalents - closing balance (as at March 31)		**23.68**	**29.93**
Cash and cash equivalents at the year end comprise of:			
Cash and Bank Balances		24.96	30.42
Book Overdraft		(1.28)	(0.49)
Total		**23.68**	**29.93**

Note :

1. The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006.
2. The figures for the previous year have been regrouped where necessary to conform to current period's clasification.

As per our attached report of even date
VILAS Y. RANE
Partner
Membership No:F-33220
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : June 19, 2009

For and on behalf of the Board of Directors
HARSH MARIWALA Chairman and Managing Director
BIPIN SHAH Director and Chairman of Audit Committee
ANJU MADEKA Chief Financial Officer
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 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 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
(b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve		
	60.90	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT	13.50	13.50
GENERAL RESERVE		
As on April 1	53.95	39.61
Add : Transfer from Profit and Loss Account	14.21	14.34
As at the year end	68.16	53.95
FOREIGN CURRENCY TRANSLATION RESERVE (Refer Note 25, Schedule R)	(1.72)	–
HEDGE RESERVE ACCOUNT (Refer Note 14 b, Schedule R)	(6.26)	–
PROFIT AND LOSS ACCOUNT	233.10	151.88
	306.78	**219.33**
SCHEDULE 'C'		
SECURED LOANS		
From Banks :		
Term Loans	–	50.00
(Secured by hypothecation of Building)		
Working capital finance	31.41	11.40
(Secured by hypothecation of stocks in trade and debtors)		
External Commercial Borrowings	76.10	59.83
(Secured by hypothecation of Plant and Machinery)		
(Amount repayable within one year Rs 6.34 Crore (Rs Nil))		
	107.51	**121.23**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks:		
Short term	97.47	164.97
Other term loans	50.00	–
Inter Corporate Deposits (Short term)	5.00	–
Commercial Paper:		
Face Value	50.00	20.00
Less : Deferred Interest	1.45	0.61
	48.55	19.39
(Maximum amount outstanding during the year Rs.63.28 Crore (Rs.19.66 Crore)) (The Commercial paper of Rs. 35.00 Crore would be redeemed on 29 July 2009 and Rs.15.00 Crore would be redeemed on 24 August 2009)		
	201.02	**184.36**

SCHEDULE 'E'

FIXED ASSETS

Amount in Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2008	Addi–tions	Deduc–tions/ Adjust–ments	As at March 31, 2009	As at March 31, 2008	For the year	Deductions/ Adjustments	As at March 31, 2009	Provision for impair–ment as at March 31 2009 (See note 2 & 3 below)	As at March 31, 2009	As at March 31, 2008
Tangible Assets											
Freehold land	0.92	–	–	0.92	–	–	–	–	–	0.92	0.92
Leasehold land	1.83	12.25	–	14.08	0.16	0.22	–	0.38	–	13.70	1.67
Buildings (Note 1)	40.65	1.11	–	41.76	12.32	1.22	–	13.54	–	28.22	28.33
Plant and machinery (Note 1)	143.53	19.36	2.01	160.88	97.14	11.85	1.70	107.29	5.29	48.30	40.24
Furniture and fittings	5.30	0.23	0.05	5.48	2.07	0.31	0.03	2.35	–	3.13	3.23
Vehicles	0.77	0.20	0.16	0.81	0.44	0.07	0.08	0.43	–	0.38	0.33
Intangible assets											
- Trademarks and copyrights (Note 4)	24.14	1.06	–	25.20	3.01	2.42	–	5.43	–	19.77	21.13
- Computer software	11.75	1.29	0.01	13.03	10.61	0.94	0.01	11.54	–	1.49	1.14
TOTAL	**228.89**	**35.50**	**2.23**	**262.16**	**125.75**	**17.03**	**1.82**	**140.96**	**5.29**	**115.91**	**96.99**
	213.87	22.24	7.22	228.89	110.45	18.74	3.44	125.75	6.15		
Capital work-in-progress (at cost) including advances on capital account										45.60	49.09
Assets held for disposal										0.01	0.01
										161.52	146.09

Notes :

1. Gross block includes:
   - 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.1.92 Crore) and Rs. Rs.3.95 Crore (Rs. 3.95 Crore) being assets given on operating lease and finance lease (prior to April 1, 2001) respectively.
2. "Depreciation, amortisation and provision for impairment" includes impairment for the year Rs. Nil (Rs.0.19 Crore) and deletions/adjustments of Rs.Nil (Rs.2.38 Crore) upon discarding of the related assets.
3. Provision for Impairment as at March 31, 2009 is net of reversals of provisions no longer required Rs. 0.86 crore (Rs. Nil)
4. Trademarks of Rs. 25.20 Crore (Rs.24.14 Crore) are pending registration.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
LONG TERM - UNQUOTED, AT COST		
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
28,350,000 (1,000,000) equity shares of Taka 10 each fully paid (of the above 27,350,000 (Nil) equity shares were issued by Marico Bangladesh Limited, as fully paid bonus shares)		
Kaya Limited (erstwhile Kaya Skin Care Ltd)	73.00	73.00
14,500,000 (14,500,000) equity shares of Rs. 10 each fully paid		
Sundari LLC		
100,000 (100,000) units of USD 18.25 each fully paid		
Cost of Investments	6.05	6.05
Less : Provision for diminution in value of Investments (Refer Note 24, Schedule R)	6.04	–
	0.01	6.05
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	25.37
800 (800) equity shares of SA Rand 1.00 fully paid		
	100.47	**106.51**
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	2.00	–
2,001,098 (Nil) Units of Rs. 10 each fully paid		
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend	5.08	–
5,073,892 (Nil) Units of Rs. 10 each fully paid		
Fortis Money Plus Institutional Plan Daily Dividend	5.02	–
5,019,130 (Nil) Units of Rs. 10 each fully paid		
	12.10	–
	112.58	**106.52**

Units of Mutual Funds purchased and sold during the year

Name of the Scheme	**No. of Units Purchased**	**Sold**
Fidelity Cash Fund (Institutional) - Daily Dividend	1,999,869	1,999,869
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	9,018,476	7,017,378
Kotak Liquid (Institutional Premium) - Daily Dividend	4,089,628	4,089,628
Kotak Flexi Debt Scheme Institutional - Daily Dividend	4,988,533	4,988,533
Kotak Floater Long Term - Daily Dividend	19,389,800	19,389,800
DWS Insta Cash Plus Fund - Institutional Plan Daily Dividend	4,995,533	4,995,533
DWS Ultra Short Term Fund - Institutional Daily Dividend	7,050,033	7,050,033

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F' *(Contd.)*

INVESTMENTS (Non Trade)

<u>Units of Mutual Funds purchased and sold during the year</u>	No. of Units	
Name of the Scheme	**Purchased**	**Sold**
Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	49,976	49,976
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend	5,073,892	–
Fortis Money Plus Institutional Plan Daily Dividend	5,019,130	–
TATA Floater Fund - Daily Dividend	4,988,472	4,988,472
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	4,997,083	4,997,083
RLF Treasury Plan - Institutional Option - Growth option	1,962,766	1,962,766
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan	50,028	50,028
Reliance Medium Term Fund - Daily Dividend plan	8,501,436	8,501,436

	As at March 31,	
	2009	**2008**
	Rs. Crore	**Rs. Crore**
SCHEDULE 'G'		
INVENTORIES (Refer Note 2 h, Schedule R, for basis of valuation)		
Raw materials	87.66	67.54
Packing materials	34.76	28.57
Work-in-process	50.70	36.50
Finished products	94.37	80.28
Stores, spares and consumables	4.83	3.83
By-products	1.37	1.87
	273.69	**218.59**
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months - considered doubtful	3.07	2.30
Less: Provision for doubtful debts	3.07	2.30
	–	–
Other Debts - considered good	61.05	41.68
- considered doubtful	–	0.06
	61.05	41.74
Less: Provision for doubtful debts	–	0.06
	61.05	41.68
	61.05	**41.68**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	0.09	0.31
Remittances in transit	0.49	1.89
Balances with scheduled banks:		
Fixed deposits (deposited with sales tax authorities Rs.0.11 Crore (Rs.0.11 Crore))	10.10	20.69
Margin accounts (against bank guarantees)	1.49	1.49
Current accounts *	12.61	5.84
Balances with non - scheduled banks:		
Current accounts (Refer Note 9, Schedule R)	0.18	0.20
	24.96	**30.42**

* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital Rs.0.25 Crore (Rs.0.23 Crore)

	2009 Rs. Crore	2008 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	29.74	40.96
Loans and Advances to subsidiaries (Refer Note 24, Schedule R)	105.90	108.24
Deposits	12.72	13.01
Balances with central excise authorities	1.23	0.27
Interest accrued on loans/deposits	0.41	0.33
Interest accrued on loans/advances to subsidiaries (Refer Note 24, Schedule R)	0.59	4.46
Income tax payments, net of provisions	5.78	–
Fringe benefit tax payments, net of provisions	0.46	0.56
MAT credit entitlement	49.40	25.94
	206.23	**193.77**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors		
- Due to Micro and Small Enterprises (Refer Note 22, Schedule R)	–	–
- Others	177.28	186.68
Due to subsidiaries	1.35	1.04
Other liabilities	14.04	11.17
Book overdraft	1.28	0.49
Security deposits	1.16	1.13
Interest accrued but not due on loans	1.00	3.41
Unclaimed dividend	0.22	0.20
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	196.36	**204.15**
SCHEDULE 'L'		
PROVISIONS		
Income tax (net of tax payments)	–	0.58
Leave encashment	5.04	6.20
Gratuity	0.54	0.12
Diminution in value of Investments / Advances to subsidiary (Refer Note 13, Schedule R)	–	9.37
Interim dividend	21.62	22.53
Tax on interim dividend	3.67	3.83
	30.87	**42.63**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'M'		
OTHER INCOME		
Income from current investments :		
Profit on sale of units of mutual funds	0.01	0.13
Dividend on Investment in liquid mutual funds	0.28	–
Income from long term investments :		
Dividend from subsidiaries	2.29	1.49
Interest income on loans, deposits, etc.	4.73	4.46
(Tax deducted at source Rs.0.10 Crore (Rs.0.02 Crore))		
Miscellaneous income (Refer Note 6, Schedule R)	7.22	8.45
	14.53	**14.53**
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	953.24	755.80
Packing materials consumed	168.97	141.26
Stores and spares consumed	12.54	10.07
Purchase for resale	50.07	11.00
(Increase)/Decrease in stocks		
Opening stocks		
- Work-in-process	36.50	24.93
- By-products	1.87	0.55
- Finished products	80.28	67.93
Less :		
Closing stocks		
- Work-in-process	50.70	36.50
- By-products	1.37	1.87
- Finished products	94.37	80.28
	(27.79)	**(25.24)**
	1,157.03	**892.89**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009 Rs. Crore	2008 Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs:		
Salaries, wages and bonus	73.22	66.36
Contribution to provident fund and other funds	5.31	5.74
Welfare expenses	5.65	5.08
	84.18	77.18
Power, fuel and water	5.53	5.38
Contract manufacturing charges	65.89	57.01
Rent and storage charges	13.43	10.40
Repairs:		
Buildings	1.88	1.75
Machinery	5.03	4.06
Others	1.12	0.69
Freight, forwarding and distribution expenses	79.79	68.54
Advertisement and sales promotion	169.56	180.47
Rates and taxes	0.67	0.84
Sales tax and cess	14.40	14.75
Commission to selling agents	4.32	2.25
Bad debts	0.60	–
Provision for doubtful debts and advances	0.71	0.28
Printing, stationery and communication expenses	5.25	5.72
Travelling, conveyance and vehicle expenses	15.90	13.91
Royalty	0.44	0.46
Insurance	1.52	1.10
Auditors' remuneration:		
Audit fees	0.39	0.27
Tax Audit fees	0.08	0.08
Other services	0.24	0.04
Out of pocket expenses	0.03	–
Exchange losses – (Net)	9.44	5.68
Miscellaneous expenses	29.74	28.86
(Refer Note 7, Schedule R)		
	510.14	**479.72**
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on :		
Fixed period loans	16.84	9.25
Other loans	9.20	7.05
Bank and other financial charges	2.88	3.45
	28.92	**19.75**

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		Production	Purchases		Turnover		Closing Stock	
				Quantity	Amount	Quantity	Quantity	Amount	Quantity	Amount	Quantity	Amount
1	**Edible Oils (Note IV) (M.T.)**	**31.03.2009**	**170000**	**8,093.04**	**56.52**	**114,709.36**	–	–	**120,156.93**	**1,438.71**	**9,320.97**	**68.34**
		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
2	**Hair Oils (Note II) (K.L.)**	**31.03.2009**	**24000**	**2,150.32**	**16.30**	**15,033.54**	–	–	**17,053.19**	**344.89**	**2,060.98**	**19.72**
		31.03.2008	24000	1,328.45	11.74	13,443.71	–	–	13,931.23	273.45	2,150.33	16.30
3	**Oil Seeds (M.T.)**	**31.03.2009**		–	–	–	**8,674.43**	**38.95**	**8,674.43**	**45.48**	–	–
		31.03.2008		–	–	–	–	–		–	–	–
4	**Others (Note III) (Incl processed foods and by products)**	**31.03.2009**			**9.33**			**11.12**		**88.09**		**7.68**
		31.03.2008			5.23			9.80		119.53		9.33
5	**Service Income**											
	– commission	31.03.2009								**0.29**		
		31.03.2008								4.06		
	TOTAL	**31.03.2009**			**82.15**			**50.07**		**1917.46**		**95.74**
		31.03.2008			68.48			11.00		1,568.79		82.15

I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis, 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 1930.31 (1309.40 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 6675.50 M.T. (9276.87 M.T.)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2009		2008	
	Quantity M.T.	Amount Rs. Crore	Quantity M.T.	Amount Rs. Crore
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds	121,869	478.21	146,274	410.39
Raw oils	53,021	318.63	42,200	228.53
Others	–	156.40	–	116.88
		953.24		**755.80**
	%	Amount Rs. Crore	%	Amount Rs. Crore
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials :				
Imported	6.53	62.24	2.13	16.07
Indigenous	93.47	891.00	97.87	739.73
	100	**953.24**	**100**	**755.80**
Stores, spares and chemicals :				
Imported	–	–		–
Indigenous	100	12.54	100	10.07
	100	**12.54**	**100**	**10.07**
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		87.16		0.41
Packing material		11.28		9.73
Capital goods		2.48		1.71
Finished goods for resale		1.45		1.04
		102.37		**12.89**
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		0.14		0.29
Advertisement and sales promotion		0.52		0.40
Interest on other loans		3.57		1.74
Commission to Selling Agents		0.10		0.41
Miscellaneous expenses		0.94		21.02
		5.27		**23.86**
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		125.14		71.23
Royalty		4.39		7.20
Dividend		2.06		1.49
Interest		2.21		1.52
		133.80		**81.44**

NOTES TO THE ACCOUNTS

SCHEDULE 'R'
NOTES TO ACCOUNT:

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 regional offices, carrying & forwarding agents, consignment agent, redistribution centers and distributors spread all over India.

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 except for certain financial instruments which are measured at fair values and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

(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 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, intangible assets and capital work-in-progress

Fixed assets and intangible assets are stated at cost of acquisition, less accumulated depreciation and impairments, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset (i.e. assets requiring substantive period of time to get ready for intended use) are capitalized in accordance with the requirements of Accounting Standard 16 (AS 16), "Borrowing Costs" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006. Other pre-operative expenses for major projects are also capitalised, where appropriate.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use at the year end.

(d) Depreciation and amortisation

I. Tangible assets

(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 considered for the following items of plant and machinery are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956:

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.

NOTES TO THE ACCOUNTS

(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 the lease.

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

(viii) Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized / up to the month in which the asset is disposed off.

II. Intangible assets

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, but not exceeding the period given here under:

Trademarks, copyrights and business & commercial rights	10 years
Computer software	3 years

(e) Assets taken on lease

(i) In respect of finance lease arrangements, the assets are capitalized and depreciated. Finance charges are charged off to the Profit and Loss account of the year in which they are incurred.

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account on straight line basis, representative of the time pattern of benefits received from the use of the assets taken on lease.

(f) Asset given on lease

The Company has given Plant and Machinery on an operating lease basis. Lease rentals are accounted on accrual basis in accordance with the respective lease agreements.

(g) 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.

(h) 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, wherever applicable.

(i) Research and Development

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

NOTES TO THE ACCOUNTS

(j) 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 date of 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.

(k) Retirement benefits to employees

- Gratuity

Liabilities with regard to the gratuity benefits payable in future are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit method and contributed to Employees Gratuity Fund managed by HDFC Standard Life Insurance Limited. Actuarial gains and losses arising from changes in actuarial assumptions are recognised in the Profit and Loss account in the period in which they arise.

- Superannuation

The Company makes contribution to the Superannuation Scheme, a defined contribution scheme, administered by ICICI Prudential Life Insurance Company Limited, based on a specified percentage of eligible employees' salary.

- Leave encashment / Compensated absences

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

- Provident fund

Provident fund contributions are made to a trust administered by the Company, and are charged to the Profit and Loss account. The Company has an obligation to make good the shortfall if any, between return on investment by the trust and government administered interest rate.

(l) Foreign currency transactions

- Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized 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.

- Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognised in the Profit and Loss account.

- 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. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.

NOTES TO THE ACCOUNTS

- The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent they represent effective portion of the hedge, are recognized directly in 'Hedge Reserve account'. The ineffective portion of the same is recognized immediately in the Profit and Loss account.
- Exchange differences taken to Hedge Reserve account are recognised in the Profit and Loss account upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.
- 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.
- Exchange differences arising on monetary items that in substance form part of Company's net investment in a non-integral foreign operation are accumulated in a 'Foreign Currency Translation Reserve' until the disposal of the net investment. The same is recognized in the Profit and Loss account upon disposal of the net investment.

(m) 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 and Loss Account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the 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 deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

(n) 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.

(o) Employee Stock Option Plan

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the options (excess of market value of shares over the exercise price of the option) is recognised as employee compensation cost over the vesting period.

(p) 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.

(q) Share Issue Expenses

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

NOTES TO THE ACCOUNTS

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

(i) Disputed tax demands / claims:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Sales tax	4.88	3.52
Income tax	–	3.71
Customs duty	2.86	3.48
Agricultural Produce Marketing Committee cess	7.81	7.18
Employees State Insurance Corporation	0.18	0.04

(ii) Claims against the Company not acknowledged as debts. Rs. 0.21 Crore (Rs. 0.31 Crore)

b) (i) Counter guarantees given to banks on behalf of subsidiaries Rs.46.05 Crore (Rs. 32.86 Crore)

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs. 80.15 Crore (Rs. 65.01 Crore)

c) Amount outstanding towards Letters of Credit Rs.18.07 Crore (Rs. Nil)

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.10.38 Crore (Rs. 2.80 Crore) net of advances.

5) Borrowing costs capitalised during the year amount to Rs.3.55 Crore (Rs.Nil).

6) Miscellaneous income includes lease income Rs.0.41 Crore (Rs. 0.41 Crore), insurance claims Rs.0.07 Crore (Rs. 0.07 Crore), profit on sale / disposal of assets (net) Rs.Nil (Rs.0.40 Crore), royalty from subsidiaries Rs.4.39 Crore (Rs. 7.20 Crore).

7) Miscellaneous expenses include labour charges Rs.1.91 Crore (Rs.1.83 Crore), training & seminar expenses Rs.2.42 Crore (Rs.2.63 Crore), outside services Rs.2.37 Crore (Rs.3.60 Crore), professional charges Rs.9.61 Crore (Rs. 9.92 Crore), donations Rs.1.19 Crore (Rs. 0.68 Crore), loss on sale / disposal of assets (net) Rs.0.14 Crore (Rs. Nil) and are net of excess provisions no longer required written back Rs.5.14 Crore (Rs. 1.42 Crore) [including Impairment provision of Rs. 0.86 Crore (Rs. Nil)].

8) Research and Development expenses aggregating Rs.5.73 Crore (Rs. 5.24 Crore) have been included under the relevant heads in the Profit and Loss account.

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

Bank Name	Balance as on March 31, 2009	Balance as on March 31, 2008	Maximum balance during the year ended March 31, 2009	Maximum balance during the year ended March 31, 2008
Karur Vysya Bank	–	0.01	0.33	14.90
Janata Sahakari Bank	0.01	0.05	0.10	0.05
Lakshmi Vilas Bank	–	0.01	0.23	1.69
Standard Chartered Bank – Dubai	0.17	0.13	0.18	3.15

10) Additional information on assets taken on lease:

The Company's significant leasing arrangements are in respect of residential flats, office premises, warehouses, vehicles etc taken on lease. The arrangements range between 11 months to 3 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements, generally refundable interest-free deposits have been given.

NOTES TO THE ACCOUNTS

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Lease rental payments for the year	0.99	0.87
Lease obligations		
Future minimum lease rental payments		
- not later than one year	0.86	0.83
- later than one year but not later than five years	0.61	0.92
Total	**1.47**	**1.75**

11) Additional information on assets given on lease:

Fixed Asset given on operating lease as at March 31, 2009 and 2008

	Cost Rs. Crore	Accumulated Depreciation Rs. Crore	Net Book Value Rs. Crore
Plant and Machinery	1.92	1.88	0.04
	(1.92)	(1.87)	(0.05)

The aggregate depreciation charged on the above during the year ended March 31,2009 amounted to Rs. 0.01 Crore (Rs. 0.02 Crore).

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Lease rental income for the year	0.41	0.41
Lease rentals		
Future minimum lease rentals		
- not later than one year	0.41	0.41
- later than one year but not later than five years	0.28	0.41
Total	**0.69**	**0.82**

12) a) Break-up of deferred tax asset:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Deferred Tax Asset:		
Provision for doubtful debts / advances that are deducted for tax purposes when written off	1.09	0.80
On Intangible assets adjusted against Capital Redemption Reserve and Securities Premium Account under the Capital Restructuring scheme implemented in an earlier year	65.78	94.44
Liabilities that are deducted for tax purposes when paid	2.70	3.03
Total Deferred tax asset	69.57	98.27
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	6.16	2.74
Total Deferred tax liability	6.16	2.74
Deferred Tax Asset (net)	**63.41**	**95.53**

b) MAT credit includes Rs. 7.78 Crore (Rs. Nil) on acccount of prior year adjustments

13) 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.Nil (Rs.10.61 Crore)
- Provision for diminution in the value of investment/ advances in Sundari LLC, Rs. Nil (R. 9.37 Crore) (Refer Note 24 below).

NOTES TO THE ACCOUNTS

- Advances to subsidiary written off Rs. 47.86 Crore (Rs. Nil) (Net off. Rs. 3.33 Crore withdrawn from provisions made in earlier year (Refer note 24, below)

14) Derivative transactions:

(a) The total derivative instruments outstanding as on March 31, 2009 are Plain Forwards, Plain Vanilla Option contracts and Interest rate swap:

	March 31, 2009 Amount in Foreign currency	March 31, 2009 Amount in Rs. Crore	March 31, 2008 Amount in Foreign currency	March 31, 2008 Amount in Rs. Crore
Forward contracts outstanding				
- in USD *	30,159,544	153.00	13,925,000	55.54
- in AUD *	400,000	1.40	–	–
Option Contract outstanding				
- in USD	4,600,000	23.34	–	–

* Out of the above, USD 12,827,524 and AUD 400,000, having fair value of Rs. 66.93 Crore as at the year end have been designated as Cash Flow hedges.

The Company has entered into Interest rate swap of USD 5,000,000, for hedging its interest rate exposure on borrowings in foreign currency.

The Cash flow are expected to occur and impact the Profit and Loss account within the period of 1 year.

All the derivative contracts entered by the Company were for hedging purpose and not for any speculative purpose.

The Net foreign currency exposures not hedged as at the year end are as under:

	March 31, 2009 Foreign Currency Curr.	March 31, 2009 Foreign Currency Amount	March 31, 2009 Rs. Crore Amount	March 31, 2008 Foreign Currency Curr.	March 31, 2008 Foreign Currency Amount	March 31, 2008 Rs. Crore Amount
a. Amount receivable in foreign currency on account of following :						
- Export of goods	AED	4988	0.01	–	–	–
b. Amount (payable)/ receivable in foreign currency on account of following :						
(i) Import of goods and services	AED	50,153	0.07	AED	62,059	0.07
	AUD	4,909	0.02	AUD	57,520	0.21
	EUR	49,551	0.33	EUR	178,579	1.13
	GBP	(359)	(0.01)	GBP	807	0.01
	USD	(812,245)	(3.89)	USD	(42,517)	(0.17)
				MYR	1,500	0.01
				SGD	(450)	(0.01)
				BHD	1,200	0.01
(ii) Capital imports	USD	1,395	0.01	–	–	–
	GBP	800	0.01	–	–	–
(iii) Loan payables	USD	* (554,973)	(2.82)	USD	(15,000,000)	(59.83)
c. Bank Balances	AED	105	0.01	AED	105	0.01
	USD	62,239	0.32	USD	5,141	0.02
d. Other receivables	AUD	4,050	0.01	–	–	–
	BHD	1,200	0.01	–	–	–
	GBP	500	0.01	–	–	–
	SGD	1,000	0.01	–	–	–
	USD	11,233	0.06	–	–	–
	ZAR	4,918	0.01	–	–	–
e. Other Advances to Subsidiaries	AED	2,662,215	3.67	AED	2,604,132	2.82
	BDT	44,303,431	3.25	BDT	62,127,829	3.61
	EGP	3,350,148	3.02	EGP	6,150,516	4.50
	USD	2,188,088	11.10	USD	8,202,472	32.72
	ZAR	60,641,286	32.37	–	–	–
			47.58			**(14.89)**

*excludes Loans payable of Rs. 76.10 Crore (USD 15,000,000) assigned to hedging relationship against highly probable forecast sales. The Cash flow are expected to occur and impact the Profit and Loss account within the period of 1 to 5 years.

NOTES TO THE ACCOUNTS

(b) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard 30 (AS 30), "Financial Instruments: Recognition and Measurement", the Company has decided on early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. In respect of derivative instruments and foreign currency loans which qualify for hedge accounting, the net unrealized loss aggregating Rs.6.26 Crore has been recognized in 'Hedge Reserve Account', which would be recognized in the Profit and Loss account when the underlying transaction or forecast revenue arises, as against the earlier practice of recognizing the same in the Profit and Loss account.

Had the Company adopted the earlier practice, exchange loss charged to the Profit and Loss account would have been higher and the Profit before tax for the year would have been lower by Rs.6.26 Crore.

15) Earnings per share:

	March 31, 2009	March 31, 2008
Profit after taxation/ Profit available to equity share holders (Rs. Crore)	142.10	143.41
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	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	609,005,757	609,213,468
Nominal value per equity share	Re. 1	Re. 1
Basic and diluted earnings per equity share*	Rs.2.33	Rs. 2.35

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 17 below.

16) Segment Information:

The Company has only one reportable segment in terms of Accounting Standard 17 (AS 17) 'Segment Reporting' mandated by Rule 3 of the Companies (Accounting Standard) Rules 2006, which is manufacturing and sale of consumer products.

17) 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'. 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 outstanding as on the Balance Sheet date correspond to about 1.37% (1.48%) of the current paid up equity capital of the Company.

Number of options granted, excercised, and forfeited	March 31, 2009	March 31, 2008
Options outstanding at beginning of the year	8,996,000	–
Granted	1,048,200	8,996,000
Less : Exercised	–	–
Forfeited / Lapsed	1,704,600	–
Options outstanding at the end of the year	8,339,600	8,996,000

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.0.07 Crore (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 earnings per share as reported would have reduced to the pro-forma amounts as indicated:

NOTES TO THE ACCOUNTS

Particulars	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Net Profit as reported	142.10	143.41
Less : Stock-based employee compensation expense	4.78	6.24
Adjusted pro-forma	137.32	137.17
Basis earnings per share as reported	Rs. 2.33	Rs. 2.35
Pro forma basic earnings per share	Rs. 2.26	Rs. 2.25
Diluted earnings per share as reported	Rs. 2.33	Rs. 2.35
Pro forma diluted earnings per share as reported	Rs. 2.26	Rs. 2.25

18) Related Party disclosures:

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	70.07	32.18
2) Royalty income	1.93	1.16
3) Dividend income	2.29	1.49
4) Guarantee commission	0.07	0.22
5) Sale of assets	0.09	–
Balances		
1) Debtors	0.73	1.81
2) Investments	0.86	0.86
3) Loans and advances	3.45	3.71
Maximum balance	5.88	3.85
4) Corporate guarantees given to a bank	38.05	29.91

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	49.66	33.73
2) Royalty income	2.46	1.58
3) Guarantee commission	0.04	1.11
4) Interest income	1.46	0.51
5) Stand by Letter of Credit charges	0.59	–
6) Loans and advances repaid	14.81	13.89
7) Loans and advances given	23.17	–
Balances		
1) Debtors	13.54	6.77
2) Investments	1.23	1.23
3) Loans and advances	14.00	1.56
Maximum balance	41.09	24.76
4) Interest accrued on loans	0.21	–
Maximum balance	1.11	4.23
5) Other receivables	3.35	–
6) Stand by Letter of Credit	50.73	53.84

NOTES TO THE ACCOUNTS

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Expenses incurred by subsidiary	–	0.01
2) Payments made on behalf of subsidiary	6.36	5.27
3 Loans and advances repaid	0.75	0.60
4) Loans and advances given	13.20	25.05
5) Corporate Guarantee given	5.05	–
Balances		
1) Investments	73.00	73.00
2) Loans and advances	54.71	35.90
Maximum balance	54.71	35.90
3) Corporate guarantees given to a bank	8.00	2.95

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Loans and advances given	–	0.53
2) Loans and advances repaid	0.03	0.11
3) Payments made on behalf of Subsidiary	0.01	0.37
Balances		
1) Loans and advances	1.08	0.91
Maximum balance	1.26	1.07

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Expenses incurred on behalf of Subsidiary	0.05	0.02
2) Expenses incurred by Subsidiary	0.01	–
3) Interest accrued on loans	–	0.72
4) Investments	–	0.24
5) Loans and advances given	11.97	4.85
6) Trademark purchased from subsidiary	1.06	–
7) Provision for diminution in investments and advances	–	9.37
8) Advances to subsidiary written off *	47.86	–
Balances		
1) Investments *	0.01	6.05
2) Loans and advances *	–	28.13
Maximum balance	45.89	35.96
3) Interest accrued on loans and Advances *	–	3.68
Maximum balance	3.68	4.67
* Refer note 13 above and 24 below		

NOTES TO THE ACCOUNTS

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Royalty income	–	0.57
2) Stand by Letter of Credit charges	0.40	–
3) Stand by Letter of Credit given	15.22	11.17
Balances		
1) Loans and advances	0.40	0.43
Maximum balance	0.61	1.12
2) Stand by Letter of Credit	29.42	11.17

g) Subsidiary: Marico Egypt Industries Company (erstwhile Pyramid for Modern Industries) (100% holding by MEL Consumer Care SAE)

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Purchases	0.30	0.26
2) Royalty income	–	2.21
Balances		
1) Loans and advances	–	2.23
Maximum balance	3.42	2.28
2) Creditors	0.27	0.26

h) Subsidiary: MBL Industries Limited (100% holding by Marico Middle East FZE)

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	1.82	–
2) Corporate Guarantee Commission	0.07	0.15
Balances		
1) Loan and advances	0.26	0.14
Maximum balance	0.30	0.14
2) Debtors	0.15	–

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Royalty income	–	1.67
2) Purchases	1.15	1.08
Balances		
1) Loans and advances	–	1.42
Maximum balance	2.38	1.67
2) Creditors	1.08	0.79

NOTES TO THE ACCOUNTS

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

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Interest income	1.75	0.78
2) Loan given	–	34.58
3) Investments	–	25.37
Balances		
1) Investments	25.37	25.37
2) Loans and advances	32.00	33.80
Maximum balance	33.80	33.80
3) Interest receivable	0.38	0.78
Maximum balance	1.18	0.78

k) Subsidiary: Wind Company (99% holding by MEL Consumer Care SAE)

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions		
Transactions during the year		
1) Sales	0.01	–
2) Sale of Assets	0.07	–
3) Purchases	0.01	–

There are no balances as at the year end

Key management personnel and their relatives:

l) Whole-time director: Harsh Mariwala, Chairman and Managing Director

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions:		
Remuneration for the year	2.27	1.94

m) Employee: Rajvi Mariwala, daughter of Harsh Mariwala (employee upto 31st January, 2009)

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions:		
Remuneration for the year	0.09	0.12

n) Employee: Rishabh Mariwala, son of Harsh Mariwala

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Nature of transactions:		
Remuneration for the year	0.11	0.08

19) Managerial Remuneration:

	March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the profit and loss account:		
Salary	1.64	1.42
Contribution to provident and pension funds	0.19	0.17
Other perquisites	–	0.05
Annual performance incentives	0.44	0.30
	2.27	1.94
Remuneration to non-whole time directors (including Sitting fees)	0.15	0.24

NOTES TO THE ACCOUNTS

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.

20) 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 Financials as at March 31, 2009:

A. Gratuity benefits :

		March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
I.	**Actuarial assumptions :**		
	Discount rate	6.75%	8%
	Rate of return on plan assets	8.50%	8%
	Future salary rise	10%	17%
	Attrition rate	17%	18%
II.	**Changes in benefit obligations :**		
	Liability at the beginning of the year	9.17	7.79
	Interest cost	0.89	0.67
	Current service cost	2.10	0.98
	Past service cost (non vested benefit)	–	–
	Past service cost (vested benefit)	–	–
	Benefits paid	(0.28)	(0.39)
	Actuarial (gain)/loss on obligations	(2.32)	0.12
	Liability at the end of the year	9.56	9.17
III.	**Fair value of plan assets :**		
	Fair value of plan assets at the beginning of the year	9.05	5.01
	Expected return on plan assets	0.71	0.37
	Contributions	–	3.65
	Benefits paid	(0.28)	(0.39)
	Actuarial gain/(loss) on plan assets	(0.46)	0.41
	Fair value of plan assets at the end of the year	9.02	9.05
	Total Actuarial (gain)/loss to be recognized	(1.86)	(0.29)
IV.	**Actual return on plan assets :**		
	Expected return on plan assets	0.71	0.37
	Actuarial gain/(loss) on plan assets	(0.46)	0.41
	Actual return on plan assets	0.25	0.78
V.	**Liability recognised in the Balance Sheet :**		
	Liability at the end of the year	9.56	9.17
	Fair value of plan assets at the end of the year	9.02	9.05
	Difference	0.54	0.12
	Unrecognised past service cost	–	–
	Liability recognised in the Balance Sheet	0.54	0.12
VI.	**Percentage of each category of plan assets to total fair value of plan assets :**		
	Administered by HDFC Standard Life Insurance	93.97%	93.79%
	Special deposit scheme, Fixed deposit scheme and others	6.03%	6.21%

NOTES TO THE ACCOUNTS

		March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
	VII. Expenses recognised in the Profit and Loss Account :		
	Current service cost	2.10	0.98
	Interest cost	0.89	0.67
	Expected return on plan assets	(0.71)	(0.37)
	Net actuarial (gain)/loss to be recognized	(1.86)	(0.29)
	Past service cost (non vested benefit) recognized	–	–
	Past service cost (vested benefit) recognized	–	–
	Expense recognised in the Profit and Loss account	0.42	0.99
	VIII. Balance Sheet reconciliation :		
	Opening net liability	0.12	2.78
	Expense as above	0.42	0.99
	Employers contribution	–	3.65
	Closing net liability	0.54	0.12
B.	**Leave encashment :**		
	I. Actuarial assumptions :		
	Discount rate	6.75%	8%
	Rate of return on plan assets	0%	0%
	Future salary rise	10%	17%
	Attrition rate	17%	18%
	II. Changes in benefit obligations :		
	Liability at the beginning of the year	6.20	6.81
	Interest cost	0.52	0.55
	Current service cost	1.35	1.01
	Past service cost (non vested benefit)	–	–
	Past service cost (vested benefit)	–	–
	Benefit paid	(1.09)	(0.89)
	Actuarial (gain)/loss on obligations	(1.94)	(1.28)
	Liability at the end of the year	5.04	6.20
	III. Fair Value of plan assets :		
	Fair value of plan assets at the beginning of the year	–	–
	Expected return on plan assets	–	–
	Contributions	1.09	0.89
	Benefit paid	(1.09)	(0.89)
	Actuarial (gain)/loss on plan assets	–	–
	Fair value of plan assets at the end of the year	–	–
	Total actuarial (gain)/loss to be recognized	(1.94)	(1.28)
	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	5.04	6.20
	Fair value of plan assets at the end of the year	–	–
	Difference	5.04	6.20
	Unrecognised past service cost	–	–
	Liability recognised in the balance sheet	5.04	6.20

NOTES TO THE ACCOUNTS

		March 31, 2009 Rs. Crore	March 31, 2008 Rs. Crore
VI.	**Expenses recognised in the Profit and Loss Account :**		
	Current service cost	1.35	1.01
	Interest cost	0.52	0.55
	Expected return on plan assets	–	–
	Net actuarial (gain)/loss to be recognized	(1.94)	(1.28)
	Past service cost (non vested benefit) recognized	–	–
	Past service cost (vested benefit) recognized	–	–
	(Excess provision)/ expense recognised in the Profit and Loss account	(0.07)	0.28
VII.	**Balance Sheet reconciliation :**		
	Opening net liability	6.20	6.81
	Expense as above	(0.07)	0.28
	Employers contribution	(1.09)	(0.89)
	Closing net liability	5.04	6.20

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market.

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario.

21) The Guidance Note on Implementing Accounting Standard 15 (AS 15), Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company has accounted for the same as a defined contribution plan.

22) There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

23) As at March 31, 2009, 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.54.71 Crore (Rs.35.90 Crore). Based on the audited financials of Kaya, there has been 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. In the process, Kaya has incurred significant set up costs including advertisement and sales promotion, leading to losses. There were significant improvements in operations during the year. Kaya will continue with its growth phase with focus on profitability through consumer acquisition.

Based on the fundamentals of Kaya and its future business plans, 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.

24) The Company had, in February 2003, acquired the spa products business under the brand "Sundari" through the acquisition of the controlling interest in Sundari LLC ("Sundari"), a company domiciled in the United States. Over the years the Company increased its shareholding and in October 2007 made Sundari a wholly owned subsidiary. The Company had been working upon making improvements in the business model and the business had shown some positive signs of recovery.

NOTES TO THE ACCOUNTS

However, during the year under review, the economic ambience turned for the worse across the globe creating uncertainties, more so in the USA. The Company therefore decided to focus on its prioritized geographies of Asia and Africa and consequently decided to divest its stake in Sundari. It entered into documentation with a US based company that envisaged sale of Marico's interests in Sundari LLC at a consideration which is based on a valuation report from an independent agency and rendering Sundari free of all liabilities (including the amounts advanced by Marico) on or before the date of the actual sale of its interests in Sundari LLC.

Accordingly, Marico initiated necessary steps in March 2009 to comply with applicable FEMA regulations for divestment of its stake in Sundari LLC and write off of Loans and advances (including interest accured thereon). Upon completion of necessary compliances under FEMA regulations on June 8, 2009 the Company divested its stake in Sundari LLC, which ceased to be subsidiary of the Company from the said date.

Consequent to the completion of compliance formalities under FEMA, the Company has during the year written off Loans and advances (including interest accrued thereon) of Rs. 47.86 Crore (net of amount of Rs. 3.33 Crore withdrawn from provision made in earlier year) which is reflected as Exceptional items in the Profit and Loss account. Provision made in the earlier year is retained to the extend of Rs.6.04 Crore towards diminution in the value of investments. (Refer Note 13, above)

Based on legal advice received, the loss on account of write off of the non-recoverable advances and interest accrued thereon has been treated as business loss for the purposes of computation of income tax provision for year ended March 31, 2009.

25) The Company had advanced long tem loan of Rs.33.80 Crore to its wholly owned subsidiary Marico South Africa Consumer Care (pty) Limited which was denominated in Indian rupees. With effect from October 1, 2008, terms of loan had been modified and loan is denominated in South African Rand (ZAR). The operations of the said subsidiary are classified as 'Non – integral foreign operations'. Accordingly, as per the requirements of Accounting Standard 11(AS 11) 'The effect of changes in Foreign Exchange Rates', exchange loss of Rs.1.72 Crore arising on revaluation of the said loan is accumulated in 'Foreign Currency Translation Reserve', to be recognized as income or expenses in the Profit and Loss Account upon disposal of the net investment in said subsidiary.

26) There are no dues payable to the Investor Education and Protection Fund as at March 31, 2009.

27) (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.

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
ANJU MADEKA	Chief Financial Officer
RACHANA LODAYA	Company Secretary & Compliance Officer

Place: Mumbai

Date: June 19, 2009

NOTES TO THE ACCOUNTS

29) 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, 2009

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

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

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

Total Liabilities	–	Rs.676.21 Crore
Total Assets	–	Rs.676.21 Crore

Sources of Funds (Amount in Rs. Crore)		**Application of Funds** (Amount in Rs. Crore)	
Paid up Capital	60.90	Net Fixed Assets	161.52
Reserves & Surplus	306.78	Investments	112.58
Secured Loans	107.51	Net Current Assets	338.70
Unsecured Loans	201.02	Deferred Tax Asset	63.41
Deferred Tax Liability			
Accumulated losses			
Total Sources	**676.21**	**Total Application**	**676.21**

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

Turnover (Sales & Other Income)	Rs.	1,931.99
Total Expenditure	Rs.	1,760.98
Profit before Tax	Rs.	171.01
Profit after Tax	Rs.	142.10
Earnings per share (in Rs.)	Rs.	2.33
Dividend rate (%)		65.5%

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
ANJU MADEKA	Chief Financial Officer
RACHANA LODAYA	Company Secretary & Compliance Officer

Place: Mumbai

Date: June 19, 2009

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

(Amount in Crores)

Name of the subsidiary	Marico Bangladesh Limited		MBL Industries Limited #		Kaya Limited		Sundari LLC		Marico Middle East FZE		Kaya Middle East FZE#	
Name of the holding company	Marico Limited		Marico Middle East FZE		Marico Limited		Marico Limited		Marico Limited		Marico Middle East FZE	
Reporting Currency	**BDT**	Rs.	**BDT**	Rs.	**INR**	Rs.	**USD**	Rs.	**AED**	Rs.	**AED**	Rs.
Exchange Rate		0.735		0.735		1.000		50.730		13.811		13.811
Holding Company's interest	28,350,000 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, fully 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	
Extent of Holding	100%		100%		100%		100%		100%		100%	
The "financial year" of the subsidiary company ended on	September 30, 2008		September 30, 2008		March 31, 2009		December 31, 2008		March 31, 2009		March 31, 2009	
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	2.11	1.55	Nil		Nil		Nil		Nil		Nil	
For the previous financial years since it became subsidiary	7.84	4.56	Nil		Nil		Nil		Nil		Nil	

Name of the subsidiary	MEL Consumer Care SAE#		Egyptian American Investment and Industrial Development Company #		Marico South Africa Consumer Care (pty) Ltd.		Marico South Africa (Pty) Limited #		CPF International (Pty) Limited#		Marico Egypt Industries Company #	
Name of the holding company	Marico Middle East FZE		Marico Middle East FZE		Marico Limited		Marico South Africa Consumer Care (Pty)Ltd		Marico South Africa (Pty) Limited		MEL Consumer Care SAE	
Reporting Currency	**EGP**	Rs.	**EGP**	Rs.	**ZAR**	Rs.	**ZAR**	Rs.	**ZAR**	Rs.	**EGP**	Rs.
Exchange Rate		9.015		9.015		5.339		5.339		5.339		9.015
Holding Company's interest	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 1 each, fully paid up		100 ordinary shares of ZAR 1 each, fully paid		1,228,769 Equity share of EGP 10 each, fully paid	
Extent of Holding	100%		100%		100%		100%		100%		100%	
The "financial year" of the subsidiary company ended on	March 31, 2009		December 31, 2008		March 31, 2009		March 31, 2009		March 31, 2009		December 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	Nil		Nil		Nil		Nil		1.37	7.31	Nil	
For the previous financial years since it became subsidiary	Nil		Nil		Nil		Nil		Nil		Nil	

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

(Amount in Crores)

Name of the subsidiary	Marico Bangladesh Limited	MBL Industries 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 Africa (Pty) Limited #	CPF International (Pty) Limited#	Marico Egypt Industries Company #
Name of the holding company	Marico Limited	Marico Middle East FZE	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) Ltd.	Marico South Africa (Pty) Limited	MEL Consumer Care SAE
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	23.1 17.03	(0.44) (0.32)	2.49 2.49	(0.21) (10.79)	0.81 11.21	(0.21) (2.93)	(0.86) (7.73)	1.24 11.16	0.83 4.43	0.02 0.09	– –	(1.40) (12.64)
For the previous financial years since it became subsidiary	43.29 24.67	0.79 0.46	(2.40) (2.40)	(0.14) (5.58)	0.40 4.34	(0.16) (1.74)	(0.26) (1.90)	1.07 7.82	(1.08) (5.31)	0.08 0.39	0.00 0.00	NA NA
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	NA	100% stake in MBL Industries Limited was transferred to Marico Middle Eazt FZE from Marico Bangladesh Limited on Sept. 21, 2008	NA	NA	Nil	NA	NA	NA	NA	NA	NA	increased stake in Marico Egypt Industries Company (formerly Pyramid for Modern Industries - a partnership firm) to 100% (99%)
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2009.

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 Middle East FZE, 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.

e) Marico Egypt Industries Company (MEIC) is a subsidiary of the the Company, as MELCC which holds 100% stake in MEIC is a 100% subsidiary of MME, which is a 100% subsidiary

For and On behalf of Board of Directors

Harsh Mariwala Chairman and Managing Director
Bipin Shah Director and Chairman of Audit Committee
Anju Madeka Chief Financial Officer
Rachana Lodaya Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

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 companies are included in the report.

In terms of approval granted by the Central Government, Dept. of Company Affairs vide Approval letter no. 47/268/2009-CL-III dated April 24, 2009 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 separately 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 the subsidiaries is attached herewith:

(Amount in Crores)

Sr.No.	Name of the subsidiary company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Asses	Total Liabilities	Details of Investment (Excluding Investment in Subsidiaries)	Turnover	Profit / Loss Before Tax	Provision for Tax	Profit / Loss After Tax	Proposed Dividend including Dividend declared during the Year
1	Marico Bangladesh Limited	BDT		28.35	72.45	111.40	10.59	1.22	212.07	36.87	11.59	25.28	2.11
		Rs.	0.735	20.84	53.25	81.88	7.79	0.90	155.87	27.10	8.52	18.58	1.55
2	MBL Industries Limited	BDT		0.10	4.23	5.63	1.30	–	7.40	0.00	0.44	(0.44)	–
		Rs.	0.735	0.07	3.11	4.14	0.96	–	5.44	0.00	0.32	(0.32)	–
3	Kaya Limited	INR		14.50	10.23	79.44	54.71	–	118.37	2.14	0.36	2.49	–
		Rs.	1.000	14.50	10.23	79.44	54.71	–	118.37	2.14	0.36	2.49	–
4	Sundari LLC	USD		0.18	(0.96)	0.23	1.01	–	0.24	(0.21)	–	(0.21)	–
		Rs.	50.730	9.26	(48.78)	11.87	51.40	–	12.14	(10.79)	–	(10.79)	–
5	Marico Middle East FZE	AED		0.10	0.71	3.90	3.09	–	7.85	0.81	–	0.81	–
		Rs.	13.811	1.38	9.82	53.87	42.67	–	108.44	11.21	–	11.21	–
6	Kaya Middle East FZE	AED		0.02	(0.38)	(0.36)	–	–	3.29	(0.21)	–	(0.21)	–
		Rs.	13.811	0.21	(5.20)	(4.99)	–	–	45.50	(2.93)	–	(2.93)	–
7	MEL Consumer Care SAE	EGP		0.03	(0.76)	1.26	1.99	–	(0.02)	(0.94)	(0.08)	(0.86)	–
		Rs.	9.015	0.23	(6.81)	11.35	17.93	–	(0.19)	(8.48)	(0.75)	(7.73)	–
8	Egyptian American Investment and Industrial Development Company	EGP		0.69	(0.33)	0.36	0.00	–	2.26	(1.40)	0.00	(1.40)	–
		Rs.	9.015	6.21	(2.98)	3.27	0.04	–	20.36	(12.62)	0.02	(12.64)	–
9	Marico South Africa Consumer Care (Pty) Limited	ZAR		0.00	4.13	10.19	6.06	–	0.88	0.83	–	0.83	–
		Rs.	5.339	0.00	22.05	54.43	32.38	–	4.72	4.43	–	4.43	–
10	Marico South Africa (Pty) Limited	ZAR		0.00	0.88	6.43	5.55	–	10.59	0.11	0.09	0.02	–
		Rs.	5.339	0.00	4.70	34.33	29.63	–	56.55	0.58	0.50	0.09	–
11	CPF International (Pty) Limited	ZAR		0.00	(0.00)	–	–	–	1.37	1.37	–	1.37	1.37
		Rs.	5.339	0.00	(0.00)	–	–	–	7.31	7.31	–	7.31	7.31
12	Marico Egypt Industries Company	EGP		1.23	1.55	2.78	–	–	5.50	1.23	(0.00)	1.24	–
		Rs.	9.015	11.08	13.97	25.05	–	–	49.58	11.13	(0.03)	11.16	–

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

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2009.

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 Board of Directors

Harsh Mariwala Chairman and Managing Director
Bipin Shah Director and Chairman of Audit Committee
Anju Madeka Chief Financial Officer
Rachana Lodaya Company Secretary & Compliance Officer

Place : Mumbai
Date : June 19, 2009

10 YEARS' HIGHLIGHTS

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

Year ended March 31,	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales & Services	**649.7**	**670.7**	**695.7**	**775.5**	**888.5**	**1,007.0**	**1,143.9**	**1,556.9**	**1,905.0**	**2,388.4**
EBITDA	52.4	59.8	74.8	75.7	74.5	88.3	144.3	198.7	246.4	304.0
Profit before Interest & Tax (PBIT)	45.9	53.6	61.9	64.9	64.5	75.0	103.1	156.7	225.1	280.4
Profit before Tax	42.6	50.1	57.8	63.8	63.3	73.0	98.0	136.0	194.5	244.7
Extraordinary / Exceptional items	1.8	-	-	-	-	-	-	(14.0)	(10.6)	15.0
Profit before Tax (PBT)	**40.9**	**50.1**	**57.8**	**64.0**	**65.1**	**74.3**	**98.0**	**150.1**	**205.0**	**229.6**
Profit after Tax (PAT)	35.8	45.7	50.1	56.2	59.0	70.1	86.9	112.9	169.1	188.7
Cash Profits (Profit after Current Tax + Depreciation + Amortisation)	43.6	54.6	67.2	78.2	72.1	82.8	137.2	187.1	220.1	258.4
Economic Value Added (Refer Management Discussion)	**23.3**	**27.8**	**29.1**	**31.3**	**38.2**	**46.0**	**50.7**	**79.3**	**131.5**	**144.4**
Goodwill on consolidation	-	-	-	-	-	1.7	1.7	45.0	84.2	85.0
Net Fixed Assets	95.3	127.4	141.3	105.7	112.5	145.9	381.3	165.4	257.3	311.1
Investments	-	0.0	0.0	13.9	0.5	12.4	18.5	0.0	0.0	12.6
Net Current Assets	50.2	47.5	66.9	93.9	90.2	128.3	107.7	117.7	233.0	356.1
Miscellaneous Expenditure	-	-	-	0.7	0.5	0.4	0.3	0.1	-	-
Deferred Tax Asset	-	-	-	-	-	-	-	115.2	98.2	64.1
Total Capital Employed	**145.5**	**174.9**	**208.2**	**214.1**	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**
Equity Share Capital	14.5	14.5	14.5	29.0	29.0	58.0	58.0	60.9	60.9	60.9
Advance against Equity	-	-	-	-	0.2	-	-	-	-	-
Preference Share Capital	-	-	-	29.0	-	-	-	-	-	-
Reserves	127.7	156.8	182.7	135.0	155.2	158.9	203.5	131.5	253.7	392.6
Net Worth	**142.2**	**171.3**	**197.2**	**193.0**	**184.4**	**216.9**	**261.5**	**192.4**	**314.6**	**453.5**
Minority interest	-	-	-	3.1	1.9	-	-	0.0	0.1	-
Borrowed Funds	3.3	3.6	5.0	12.0	11.1	65.7	239.7	251.0	358.0	375.0
Deferred Tax Liability	-	-	6.0	6.1	6.2	6.1	8.3	-	-	-
Total Funds Employed	**145.5**	**174.9**	**208.2**	**214.1**	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**
EBITDA Margin (%)	8.1	8.9	10.8	9.8	8.4	8.8	12.6	12.8	12.9	12.7
Profit before Tax to Turnover (%)	6.3	7.5	8.3	8.2	7.3	7.4	8.6	9.6	10.8	9.6
Profit after Tax to Turnover (%)	5.5	6.8	7.2	7.2	6.6	7.0	7.6	7.3	8.9	7.9
Return on Net Worth (%) (PAT / Average Net Worth $)	27.2	29.2	27.2	28.8	31.2	35.0	36.3	49.7	66.7	49.1
Return on Capital Employed (PBIT* / Average Total Capital Employed @)	**32.7**	**33.5**	**32.3**	**30.8**	**31.7**	**31.0**	**25.8**	**35.8**	**41.8**	**35.4**
Net Cash Flow from Operations per Share (Rs.) (Refer Cash Flow Statement)##	3.1	3.8	4.5	2.2	2.7	0.7	2.8	3.1	2.3	3.0
Earning per Share (EPS) (Rs.) (PAT / No. of Equity Shares)##	**2.5**	**3.2**	**3.5**	**1.9**	**2.0**	**1.2**	**1.5**	**1.9**	**2.8**	**3.1**
Economic Value Added per Share (Rs.) (Refer Management Discussion)##	1.6	1.9	2.0	1.1	1.3	0.8	0.9	1.3	2.2	2.4
Dividend per Share (Rs.)##	0.9	1.0	1.4	0.5	0.4	0.5	0.6	0.7	0.7	0.7
Debt / Equity	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.3**	**0.9**	**1.3**	**1.1**	**0.8**
Book Value per Share (Rs.) (Net Worth / No. of Equity Shares)##	**9.8**	**11.8**	**13.6**	**6.7**	**6.4**	**3.7**	**4.5**	**3.2**	**5.2**	**7.4**
Sales to Average Capital Employed @	4.8	4.2	3.6	3.7	4.3	4.1	2.9	3.3	3.4	3.2
Sales to Average Net Working Capital #	12.5	13.7	12.2	9.6	9.7	9.2	9.7	13.8	10.9	8.1

* 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
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

2008-09					(Amount in Rupees Crore)
Particulars	Three Months Ended				Annual
	Jun. 30, 08	Sept. 30, 08	Dec. 31, 08	Mar. 31, 09	FY 09
Total Revenue	603.2	607.0	626.1	564.3	2,400.6
Total Expenditure	525.3	529.6	543.7	485.9	2,084.4
Finance Charges	9.3	10.9	7.0	8.5	35.7
Gross profit after Finance Charges but before Depreciation and Taxation	68.7	66.4	75.4	69.9	280.5
Depreciation & Amortisation	7.4	8.2	9.8	10.4	35.8
Profit before Taxation and Exceptional Item	**61.2**	**58.3**	**65.7**	**59.5**	**244.7**
Exceptional Item	-	-	-	15.0	15.0
Profit before Tax	**61.2**	**58.3**	**65.7**	**44.5**	**229.6**
Minority Interest & Goodwill on consolidation	0.0	0.0	0.0	(0.0)	(0.0)
Profit before Tax after minority interest & goodwill	61.2	58.3	65.7	44.5	229.6
Provision for Tax (Current)	8.9	8.8	9.7	0.8	28.1
MAT Credit	(0.9)	(3.8)	(4.0)	(14.8)	(23.5)
Fringe Benefit Tax	1.1	0.4	1.1	(0.2)	2.4
Profit after Tax (Current)	**52.1**	**52.9**	**58.8**	**58.7**	**222.6**
Provision for Tax (Deferred Taxation)	5.9	5.8	7.9	14.3	33.9
Excess Income Tax provision of earlier years written back	-	-	-	-	-
Profit after Tax	**46.3**	**47.1**	**50.9**	**44.4**	**188.7**
Equity Share Capital	**60.9**	**60.9**	**60.9**	**60.9**	**60.9**
Earnings per Share - (Rs.)	0.8	0.8	0.8	0.7	3.1
Dividend declared per share (Rs.)	-	0.3	-	0.4	0.7

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	469.9	465.1	508.5	471.1	1914.6
Total Expenditure	403.1	399.1	436.3	420.3	1658.8
Finance Charges	7.2	7.3	7.3	8.7	30.5
Gross profit after Finance Charges but before Depreciation and Taxation	59.6	58.8	64.9	42.0	225.3
Depreciation & Amortisation	5.8	6.4	10.7	7.9	30.7
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	1.1	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	0.0	0.4	0.7

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

AWARDS & ACKNOWLEDGEMENTS

For Brands and Innovation

Marico corporate brand won 4 awards for Excellence in Employer Branding & Advertising to Talent at the Remmy Awards 2009 hosted by Times Ascent for Best Advertising in Industry (manufacturing, IT, financial services, etc), Best Use of Copy in Advertising, Campaign of the Year, Grand Prix (for the best creative)

Saffola won Media Abby Gold for the World Heart Day Radio entry - "Radio goes silent" at the AAAI - GoaFest 2009

Kaya Limited won the 'Star Retailer Award '08' for Best Customer Service conducted by Franchise India in 2008

Parachute won the Asia Star Award presented by Asia Packaging Federation for the Parachute bottle warmer

Saffola won 'Silver' in the Consumer Products Category and the Saffola World Heart Day Campaign was awarded 'Silver' in the Integrated Advertising Campaign Category at the Effies 2008

Parachute was ranked 6th Most Trusted Brand in Bangladesh by The Bangladesh brand forum - an affiliate of the Global Brand Forum, Singapore in 2008

India Star Award for Parachute Advansed Hot Champi presented by Indian Institute of Packaging in 2008

Saffola won three Emvie Awards - "Critics Choice Award", "Gold Emvie - Radio Category", "Grand Emvie" for Saffola 'World Heart Day' radio campaign

GoaFest 'Media' GOLD for 'Best Use of Radio' - Saffola 'World Heart Day' campaign at the AAAI - GoaFest 2008

Saffola World Heart Day campaign - Bronze at the Asia-Pacific Effie Awards - Singapore in 2008

Parachute won the Outstanding Marketing Achievement Award - Silver by Gulf Marketing Review in 2008

Marico Uncommon Sense case study showcased in Annual World Effie Coffee table book at the Annual Effie festival in 2008

Rated one of the most innovative companies by Business Today-Monitor Group Innovation Study in 2008

For Environmental Responsibility

Marico Jalgaon was awarded the Golden Peacock National Quality Award 2008

Marico Jalgaon was awarded the CII National Water Management Award by CII in 2008

Marico Jalgaon was awarded 'Certificate of Merit' by the Ministry of Power at the National Energy Awards 2008

Other Business Practices

Marico was awarded the IMC Ramkrishna Bajaj National Quality Award in Manufacturing Category by the Indian Merchants' Chamber (IMC) in 2009

Marico has been ranked 2nd in Sourcing Platform Benchmarking Program in Global Sourcing Benchmarking Program carried out by Ariba in 2008

Smart Work Place 2008 by Economic Times in association with Acer and Intel

SPJIMR Marketing Impact Award for Advanced IT based Sales Information System in 2008

KNOW MARICO BETTER

Marico's turnover and profit have grown consistently - growing over the corresponding quarter of the previous year, for the past 30 quarters.

Marico's operating ROCE was consistently above 25% over the last ten years.
It ranks amongst the Top 200 corporate houses in India in terms of ROCE - Business Standard 2007.

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.

Most of Marico's brands enjoy a leadership position (No.1 or No. 2) in their respective categories.

Parachute is the world's largest packaged coconut oil brand.

Kaya, a leader in cosmetic dermatology, has over 80 clinics in India and The Middle East.

Parachute was ranked the 6th Most Trusted Brand in Bangladesh in 2008.

Marico was one amongst the eight Indian companies in Standard & Poor's list of Global Challengers in 2007.

Marico was featured amongst the 13 Hot Growth Indian Companies in Business Week's Top 100 Asia List 2007.

Marico was rated one of India's Most Innovative Companies by the Business Today - Monitor Group Innovation Study 2008.

Marico was awarded the 'Smart Workplace Award 2008' in the FMCG category by The Economic Times, Acer and Intel.

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