



MARICO INDUSTRIES LIMITED
ANNUAL REPORT 1999-2000

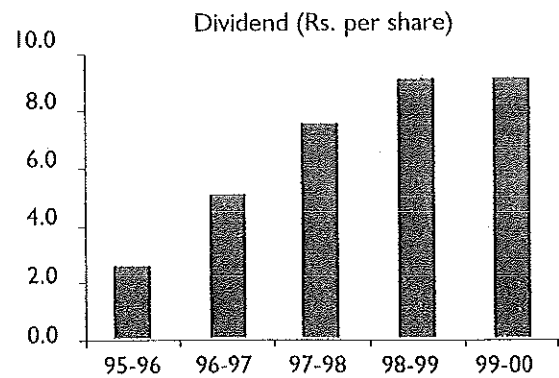
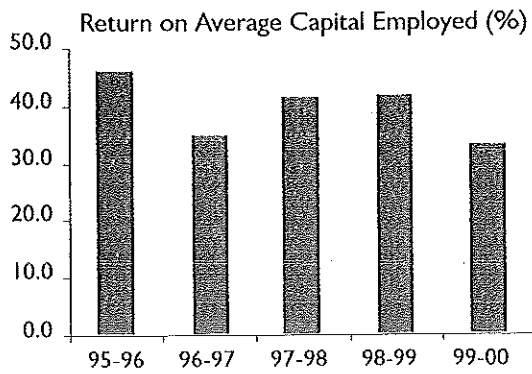
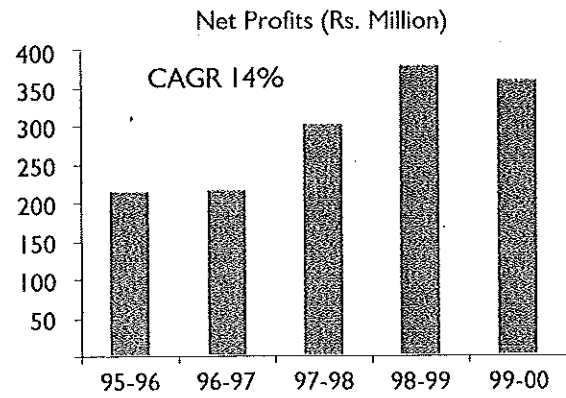
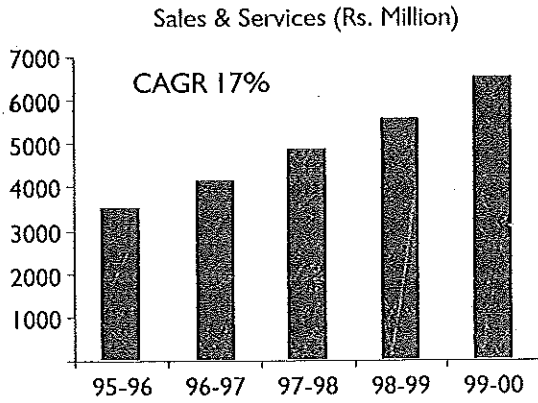
CONTENTS

| | |
|------------------------------------|----|
| PERFORMANCE AT A GLANCE | 2 |
| MANAGEMENT DISCUSSION | 3 |
| MARICO'S BUSINESS DIRECTION | 13 |
| MARICO'S VALUES | 14 |
| MARICO'S PRESENCE IN INDIA | 16 |
| COMPANY INFORMATION | 17 |
| DIRECTORS' REPORT | 18 |
| ANNEXURE TO DIRECTORS' REPORT | 23 |
| AUDITORS' REPORT | 27 |
| ANNEXURE TO AUDITORS' REPORT | 28 |
| BALANCE SHEET | 30 |
| PROFIT & LOSS ACCOUNT | 31 |
| SCHEDULES TO BALANCE SHEET | 32 |
| SCHEDULES TO PROFIT & LOSS ACCOUNT | 36 |
| NOTES TO THE ACCOUNTS | 40 |
| CASH FLOW | 47 |
| QUARTERLY FINANCIALS | 49 |
| MARICO ON THE STOCK EXCHANGES | 50 |
| SHAREHOLDER INFORMATION | 52 |





PERFORMANCE AT A GLANCE





MANAGEMENT DISCUSSION

OVERVIEW

During the year ended March 31st, 2000 (FY00), Marico achieved a turnover of Rs. 6483 million (USD 148.5 million) from Sales and Services, representing a growth of 17.6% over the previous year (FY99). Despite difficult market conditions and intensified competition, top-line growth remained healthy.

FY00 saw a significant step-up in the Advertising and Sales Promotion (ASP) support extended to new products launched, as well as to the existing product range. Investments in ASP during FY00 were about Rs. 587 million (USD 13.4 million) as compared to Rs. 390 million (USD 8.9 million) in FY99. In terms of a proportion to Sales & Services, ASP increased to 9.1% in FY00 as against 7.1% in FY99. This significantly higher level of brand spend had an impact on FY00 profitability.

FY00 witnessed a steep decline in the prices of most edible oils, as a consequence of which all major players, including Marico, reduced retail prices of refined edible oils. This resulted in some erosion of margins for the Company.

Profit before Tax and exceptional item during FY00 at Rs. 426 million (USD 9.7 million), showed a de-growth of 3.3 % over FY99.

During December '99, workmen at the Company's Sewree plant availed of a Voluntary Retirement Scheme (VRS) offered by the Company and were paid an aggregate amount of Rs. 18 million (USD 0.4 million). As a prudent accounting policy, the entire amount has been charged off to revenue during the year and shown as an exceptional item in the financial results.

Consequent to Marico adopting the Accounting Standard AS2 (made mandatory by the Institute of Chartered Accountants of India with effect from April '99), necessary changes have been made in the method of valuation of its inventory, as a result of which, inventory as on March 31st, 2000 and profits for FY00 are higher by Rs. 10 million (USD 0.2 million).

Dividend for the year comprised two interim dividends aggregating 90% (Rs. 9.00 per share of Rs. 10.00). This translates into a dividend payout of 40.5% (inclusive of dividend tax) as compared to 38.5% in FY99.



BRAND REVIEW

PARACHUTE

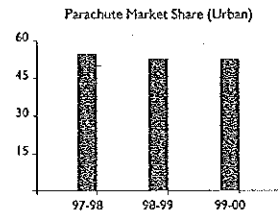


Marico's top-line growth during FY00 was powered by a very healthy performance by its flagship brand Parachute. A strong volume growth of over 14% as compared to FY99 ensured that the brand maintained its dominating position in the branded coconut oils market. In order to build upon its existing franchise, the Company increased advertising support to the brand and ran sales promotion schemes. To provide greater value to consumers, it also introduced a new All Seasons' pack, which has made dispensation more convenient.

Notwithstanding increased competition, Parachute's market share during the 12-month period ended March '00, was maintained at 53%.

Raw material (copra) prices for Parachute ruled high through most of FY00. Average prices during the year were higher than those during the previous year by about 18%. Retail prices of Parachute were increased in stages during the year, which helped counter the higher raw material cost.

Increased sales realizations together with volume growth, resulted in the brand achieving a value growth of about 30% during the year ended March '00, over the previous year.



OIL OF MALABAR

In December '99, Marico acquired the coconut oil brand Oil Of Malabar and all associated business and commercial rights from West Coast India Ltd. (WCIL). Oil Of Malabar, with an All India market share of about 3% had clocked a turnover of over Rs. 120 million (USD 2.8 million) during 1998-99. On an All India basis, it reaches about 160,000 outlets including about 100,000 rural outlets.

This acquisition would help in increasing Marico's franchise in the pure coconut oil market. It also equips the Company with a second brand with which to combat low priced competition and thus take some pressure off Parachute.

PARACHUTE LITE



The performance of Parachute Lite was moderate. The brand recorded a volume growth of over 6% over the previous year. Its share in the value added coconut oils market during the 12 months ended March '00, was maintained at 7%. Parachute Lite Jasmine, which was earlier test launched in the East, was rolled out in some markets in the North and the West.





PARACHUTE DANDRUFF SOLUTION



During the fourth quarter of FY00, the Company launched Parachute Dandruff Solution coconut hair oil. This is for the first time that a coconut hair oil with a dandruff fighting property has been introduced. It combines the goodness of coconut oil with special anti-dandruff agents such as - Neem, Lemon and Tea Tree Oil. The recommended application instruction of leaving the oil on overnight makes it more effective than ordinary anti-dandruff shampoos. Thus, apart from coconut nourishment, Parachute Dandruff Solution also provides a more distinct consumer benefit. The launch was supported by a strong advertisement campaign. The initial response to the launch has met expectations.

MARICO'S HAIR & CARE



During the year ended March '00, Marico's Hair & Care grew by 7% in value terms while volumes declined marginally. In the 12-month period ended March '00, its market share showed a small decline to about 23% of the Non-Sticky Hair Oils market.

REVIVE

Revive continues its dominance of the cold water fabric starch category. During the year ended March '00, however, its volumes remained flat.

MEDIKER



During the first quarter of FY00, Marico acquired from Procter & Gamble (P&G), the Anti-Lice Treatment business under the Brand Mediker with an annual turnover of about Rs. 80 million (USD 1.8 million). The Company commenced sales of Mediker towards the end of July '99. Focus provided by Marico resulted in an immediate spurt in the sales of the brand. During the nine months or so of operations until March '00, Mediker sales exceeded the annual turnover of about Rs. 80 million (USD 1.8 million) achieved during the entire year FY99.

SAFFOLA & SWEETAR

OILS



Saffola recovered some of the franchise lost last year. The Saffola safflower and corn oil blend, which brings a healthy oil to consumers at a price point between refined safflower oil and refined sunflower oil, was extended to some of the markets of South and East India during the second quarter of FY00. Saffola volumes (Refined Safflower Oil and Refined Safflower + Corn blend) grew during FY00 by over 14% over





FY99. The value growth was lower at about 3%, partly on account of the blend being consciously priced lower.

Last year Sweekar had achieved an extraordinary volume growth of 45%. On the back of this strong performance in the previous year, the brand has shown a volume de-growth of about 19%. Part of this decline is on account of the fact that the Company, as part of a portfolio rationalisation initiative, decided to discontinue some of the lower margin variants of Sweekar it had launched in the last two years.



Most edible oils experienced a steep decline in prices during FY00. This resulted in most players lowering their retail prices. Together with the de-growth in volume therefore, Sweekar showed a value decline of 35% over the previous year.

Marico's share in the Refined Oil in Consumer Packs (ROCP) market during the 12-month period ended March '00 was about 14%.

VALUE ADDED SALT



Last year two variants of Saffola salt had been rolled out. While Saffola Mineral Enriched Salt (MES) continues to be available in select towns, Saffola Healthy Heart Salt (HHS) has been rolled out nationally. The response is in line with expectations. Being premium priced, Saffola Salts are expected to notch up a small share of the market in the medium term.

SIL



The Sil range of processed foods was re-staged last year, with new pack designs and a new formulation of jams with glucose. This has evoked a good consumer response. During the year ended March '00, the brand recorded a turnover growth of about 29% compared to the previous year. Sil's market share in the jams category during the 12-month period ended March '00 increased to over 12%, from about 10% in the previous year.

INTERNATIONAL BUSINESS

Exports grew by 23 % over the previous year. Export sales now stand at Rs.200 million (USD 4.6 million), comprising largely exports to the Middle East and Bangladesh.

In the medium term, the Company plans to explore opportunities in the SAARC region. In order to optimally tap the potential offered by Bangladesh, Marico set up its first wholly owned subsidiary in Bangladesh. Marico Bangladesh, Ltd. (MBL)

commenced local operations during the year. The Company has also identified Sri Lanka as a market with potential.





MARKETING AND DISTRIBUTION BUSINESS

TOP RAMEN

Top Ramen instant noodles which Marico markets and distributes for Indo Nissin Foods Ltd., continues to do well. Top Ramen Curry Noodles, a new variant, was launched during the year. During the 12-month period ended March '00, Top Ramen's share in the instant noodle market was 21% as compared to about 19% in the previous year.

P&G

An agreement was put into effect in July '99, with Procter & Gamble Home Products Ltd. and Procter & Gamble Hygiene and Health Care Ltd. (P&G) to distribute their brands Clearasil, Ultra Clearasil, Pampers, Old Spice, Ariel detergent bar and Camay in India. During the nine month period from July '99 to March '00 that Marico distributed these brands, they clocked a turnover of Rs. 444 million (USD 10.2 million). This is being accounted as Marico's turnover, on which it earns a fee to cover expenses and profit expectations.

Leveraging Marico's distribution network through these alliances has, apart from providing benefits such as access to certain food and chemist outlets and an increased throughput, also helped in adding a distinct income stream for the Company.

OPERATIONS

| | % to Sales & Services | |
|--|-----------------------|------|
| | FY00 | FY99 |
| Raw Material | 57.8 | 57.6 |
| Packing Material | 9.3 | 9.9 |
| Advertising & Sales Promotion | 9.1 | 7.1 |
| Personnel | 3.3 | 3.2 |
| Other Expenses | 13.6 | 13.9 |
| Operating Costs | 93.1 | 91.7 |
| Operating Margins (PBIT) | 6.9 | 8.3 |
| (Excludes Other Income & Exceptional item) | | |

Raw material prices showed varied trends. While there was a steep decline in sunflower oil prices, copra prices remained



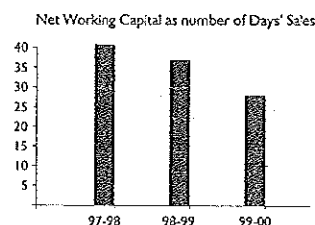


high for most of the year. However, retail prices of Parachute were increased to counter the raw material price increase. The inclusion of P&G products in finished goods purchased has also increased the component of raw material in the cost structure. Overall, raw material as a proportion of sales and services was the same as in the previous year. While all other costs were also kept under control, a sharp increase in advertising and sales promotion investment to 9.1% of sales & services in FY00 from 7.1% in FY99, resulted in the operating margin declining to 6.9% of sales & services in FY00 from 8.3% in FY99.

FINANCIAL REVIEW

Net cash flow from continuing operations nearly doubled to Rs. 443 million from Rs. 223 million in FY99. During the year, paid up equity share capital remained at Rs. 145 million (USD 3.3 million). Reserves and surplus increased by Rs. 212 million (USD 4.9 million) to Rs. 1277 million (USD 29.3 million). Against a net worth of Rs. 1422 million (USD 32.6 million), the Company had no secured debt and an unsecured debt of Rs. 33 million (USD 0.8 million) on March 31st, 2000. The unsecured debt comprises Rs. 3 million (USD 0.1 million) fixed deposits carrying a coupon of 15% per annum and an interest free deferred sales tax loan of Rs. 30 million (USD 0.7 million). With a debt to equity ratio of 0.02:1, the Company is well placed in its capacity to raise debt. The Company continues to have access to various sources of funds at attractive rates based on its strong financial position, including undrawn lines of fund based credit from its consortium of banks totalling Rs. 350 million (USD 8.0 million). ICRA reaffirmed Marico's short-term commercial paper rating at A1+, indicating highest safety and its MAA+ rating for medium term debt.

For the increase in turnover during the period, there was a less than proportionate increase in Net Working Capital. Average Net Working Capital thus reduced to 29 days of Sales & Services during FY00 from 33 days in FY99.



During the year there was a significant increase in the investments in Fixed Capital. Gross Fixed Assets as on March 31st, 2000 were higher than on March 31st, 1999 by Rs. 333 million (USD 7.6 million). The major investments were in the acquisitions of the brands Mediker and Oil Of Malabar and balancing equipment at the Company's Jalgaon factory. During the last quarter of FY00, the Company acquired the processed foods manufacturing facility of Kanmoor Foods Ltd., located at Saswad, for a consideration of Rs. 17 million (USD 0.4 million), based on valuation reports of Deloitte Haskins & Sells.

Return On average Capital Employed (ROCE) for the year has declined to 32.7% from 41.5% in the previous year, largely because of a higher gross block. Economic Value Added (EVA) during the period was Rs. 233 million (USD 5.3 million) as compared to Rs. 230 million (USD 5.3 million) in the previous year.

During June 1999, the Boards of Directors of Marico and The Bombay Oil Industries Limited (BOIL) had reached an understanding in terms of which the brands Parachute and Saffola would be assigned to Marico. The assignment will take





effect by June 30th, 2000. Marico is expected to discharge the full payment of Rs. 300 million (USD 6.9 million) during the quarter April - June 2000. The outgo on account of payment of royalty to BOIL would stop upon payment of the consideration. This addition of Rs. 300 million (USD 6.9 million) to the Company's gross block, will have an impact on ROCE and EVA.

ECONOMIC VALUE ADDED ANALYSIS

Rs. in Million

| Year Ended March 31st | 1996 | 1997 | 1998 | 1999 | 2000 |
|--|------|------|------|------|------|
| a) Average Capital Employed | 704 | 1023 | 1027 | 1152 | 1345 |
| b) Average Debt / Total Capital (%) | 44.4 | 28.7 | 13.5 | 5.0 | 2.1 |
| c) Beta Variant | 0.75 | 0.75 | 0.75 | 0.68 | 0.31 |
| d) Risk Free Debt (%) (Average of 364 days Treasury bill yields) | 12.9 | 11.3 | 10.0 | 9.5 | 10.1 |
| e) Market Premium (%) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| f) Cost of Equity (%) d + (c x e) | 20.4 | 18.8 | 17.5 | 16.3 | 13.2 |
| g) Cost of Debt (Post Tax)(%) | 10.0 | 10.0 | 9.4 | 8.5 | 7.1 |
| h) Weighted Average Cost of Capital (%) | 15.8 | 16.2 | 16.4 | 15.9 | 13.1 |
| i) Profit After Tax (excl. extraordinary item) | 183 | 201 | 300 | 375 | 375 |
| j) Add : Interest Post Tax | 52 | 52 | 57 | 38 | 34 |
| k) Net Operating Profit After Tax | 236 | 253 | 357 | 413 | 409 |
| l) Less : Cost of Capital | 111 | 166 | 169 | 183 | 176 |
| m) Economic Value Added | 125 | 86 | 188 | 230 | 233 |
| n) EVA % to Capital Employed | 17.8 | 8.4 | 18.3 | 20.0 | 17.3 |

PORTFOLIO RATIONALISATION

Over the last two years or so, Marico had test marketed / launched over a dozen new products. These have met with varying degrees of success in the market place. There has also been learning, which is being acted upon. In order to focus organizational energies and resources on a vital few, the product portfolio was rationalised. The choice of brands to focus on is based on their strategic importance and financial returns. Consequently, the Company withdrew some of the low margin variants of Sweekar





and Parachute Nutrisheen. It has also decided not to take Saffola Atta, which was being test launched in Delhi, national. Apart from ensuring that all the brands receive adequate organizational share of mind, this product rationalisation is also aimed at conserving Marico's strategic funding for fighting competition and increased investments in select brands.

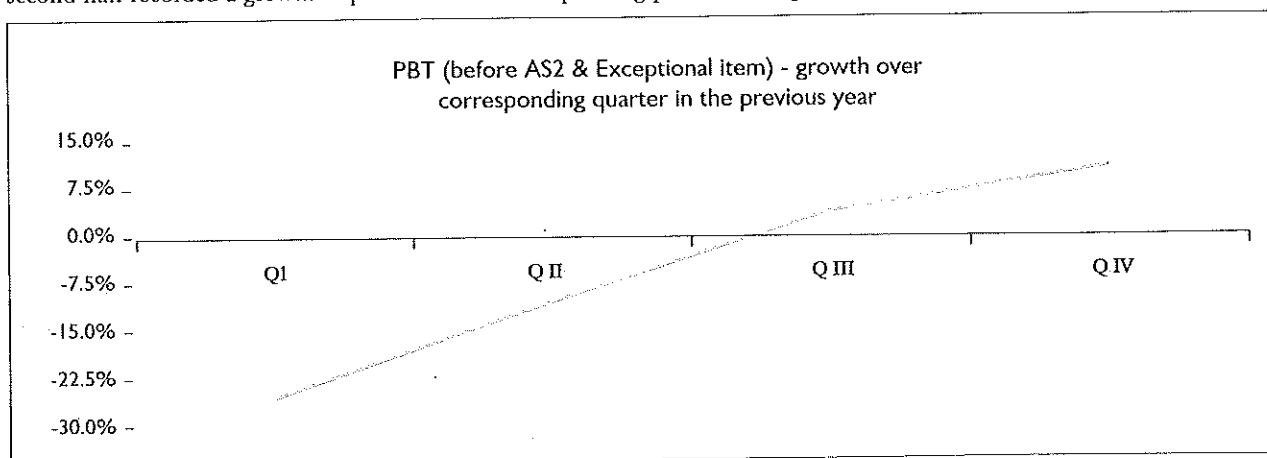
A DECADE OF GROWTH

In its decade of existence, Marico has grown from a Company with three brands Parachute, Saffola and Sweekar to one with a basket of eight brands plus several brand extensions. Apart from edible oils, the Company now has a presence in the hair care, processed foods and niche fabric care sectors. Marico started its international business in 1991, and now has an export turnover of Rs. 200 million (USD 4.6 million) comprising only branded products. Having discontinued operations in one of the two plants it had then, Marico today carries out manufacturing at five factories, which are strategically located, complemented by a number of sub-contract manufacturers, including one in Bangladesh. Marico has established for itself a strong distribution network with 28.C&FAs servicing about 3400 distributors and stockists, estimated to reach about 1.4 million retail outlets across the country. It has leveraged this distribution strength by entering into marketing and distribution alliances.

Marico's turnover during the past decade has grown from Rs. 1 billion to Rs. 6.4 billion, reflecting a compound growth rate of 22%. Profit before tax has grown at a compounded rate of 28% from Rs. 45 million to Rs. 426 million.

OUTOOK FOR THE NEAR FUTURE

During FY00, Marico had experienced de-growth in Profits before Tax in the first two quarters as compared to the corresponding quarters in the previous year. With concerted management action, this was reversed and both quarters in the second half recorded a growth in profit over the corresponding period in the previous year.



While this recovery is heartening, it must be kept in mind that the intensity of competition in the environment continues to rise. In this ambience, Marico would aim at achieving a healthy growth through brand building, retail outlet expansion



and acquisitions. It would also target continuing its dominance of the coconut oil market. In order to create long-term value, the Company plans to continue investments in strengthening existing brands and consolidating upon new introductions. That alone would ensure sustained value building for Marico stakeholders.

NOTES

1. Market share information is based on ORG-Urban Retail data.
2. Exchange rate assumed for conversion of INR figures is the rate prevailing on March 31,2000 viz. USD1 = Rs. 43.66



FINANCIAL HIGHLIGHTS

(Amounts in Rs. Million)

| Year ended March 31st | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---------------------------------------|--------|------|------|------|------|------|------|------|------|------|
| Sales & Services | 1058 | 1595 | 2103 | 2364 | 2833 | 3486 | 4097 | 4900 | 5512 | 6483 |
| Profit before Interest & Tax | 70 | 109 | 204 | 207 | 252 | 364 | 353 | 424 | 477 | 458 |
| Operating Profit before Tax | 45 | 62 | 148 | 149 | 191 | 268 | 277 | 365 | 440 | 426 |
| Extraordinary/Exceptional item | - | - | - | - | - | 29 | 14 | - | - | (18) |
| Profit before Tax | 45 | 62 | 148 | 148 | 191 | 297 | 291 | 365 | 440 | 408 |
| Profit after Tax | 24 | 29 | 62 | 64 | 118 | 212 | 215 | 300 | 375 | 357 |
| Economic Value Added | | | 58 | 48 | 90 | 125 | 87 | 188 | 230 | 233 |
| <hr/> | | | | | | | | | | |
| Net Fixed Assets | 40 | 68 | 110 | 167 | 270 | 404 | 453 | 605 | 694 | 952 |
| Investments | - | - | - | 7 | 22 | 23 | 8 | - | - | 9 |
| Net Current Assets | 40 | 91 | 145 | 159 | 230 | 634 | 524 | 463 | 540 | 494 |
| Total Capital Employed | 80 | 159 | 255 | 333 | 522 | 1061 | 985 | 1068 | 1235 | 1455 |
| Share Capital | 9 | 9 | 45 | 45 | 45 | 145 | 145 | 145 | 145 | 145 |
| Reserves & Surplus | 24 | 53 | 82 | 140 | 252 | 515 | 653 | 834 | 1065 | 1277 |
| Net Worth | 33 | 62 | 127 | 185 | 297 | 660 | 798 | 979 | 1210 | 1422 |
| Borrowed funds | 47 | 97 | 128 | 148 | 225 | 401 | 187 | 89 | 25 | 33 |
| Total Funds Employed | 80 | 159 | 255 | 333 | 522 | 1061 | 985 | 1068 | 1235 | 1455 |
| <hr/> | | | | | | | | | | |
| Profit before Tax to Turnover | % 4.3 | 3.9 | 7.0 | 6.3 | 6.7 | 7.7 | 6.7 | 7.4 | 8.0 | 6.3 |
| Profit after Tax to Turnover | % 2.3 | 1.8 | 2.9 | 2.7 | 4.2 | 5.2 | 4.9 | 6.1 | 6.8 | 5.5 |
| Return on Net Worth | % 72.7 | 61.1 | 65.6 | 41.0 | 49.0 | 44.3 | 29.5 | 33.8 | 34.3 | 27.1 |
| (PAT / Average Net Worth) | | | | | | | | | | |
| Return on Capital Employed | % 87.5 | 91.2 | 98.6 | 70.4 | 58.9 | 46.0 | 34.5 | 41.3 | 41.5 | 32.7 |
| (PBIT/Average Total Capital Employed) | | | | | | | | | | |
| <hr/> | | | | | | | | | | |
| Net Cash Flow from Operations | | | | | | | | | | |
| per share | Rs. | | | | 17.0 | 1.8 | 19.7 | 28.7 | 15.4 | 30.6 |
| Earnings Per Share | Rs. | 27.1 | 31.7 | 13.8 | 14.1 | 26.3 | 12.6 | 13.9 | 20.7 | 24.6 |
| Economic Value Added per share | Rs. | | | 12.9 | 10.7 | 20.0 | 8.6 | 6.0 | 13.0 | 16.1 |
| Dividend per share | Rs. | - | - | 2.0 | 1.2 | 1.5 | 2.5 | 5.0 | 7.5 | 9.0 |
| Debt / Equity | Times | 1.42 | 1.56 | 1.01 | 0.80 | 0.76 | 0.61 | 0.23 | 0.09 | 0.02 |
| Book Value per share | Rs. | 36.7 | 68.9 | 28.2 | 41.1 | 66.0 | 45.5 | 55.0 | 67.5 | 98.1 |
| Sales to Average Capital Employed | Times | 13.2 | 10.0 | 8.3 | 7.1 | 5.4 | 3.3 | 4.2 | 4.6 | 4.8 |
| Sales to Average Net Working Capital | Times | 40.8 | 24.4 | 17.8 | 15.6 | 14.6 | 8.1 | 7.1 | 9.9 | 11.0 |





MARICO'S BUSINESS DIRECTION: 2010

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

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

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

In the International business: we would develop a franchise for our brands, in parts of the world beyond the sub continent.

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

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





M A R I C O ' S V A L U E S

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

On the one hand, it is an invitation to excel.

On the other, it sums up the philosophy that will guide our success.

CONSUMERS

For they are the reason we exist.

MEMBERSHIP

For a sense of ownership empowers us.

EXCELLENCE

For it unleashes our potential.

WEALTH

For on it hinges our growth.

INNOVATION

For it gives wings to ideas.

CONSUMERS

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

MEMBERSHIP

Wholesome membership is when a person brings his or her entire being into the organisation. We will allow space for diversity and encourage genuine expression of feelings, opinions and viewpoints. Equally important is the ability to listen without bias and alter one's view based on soundness. Inter-personal transactions will be characterised by trust, empathy, faith, fairness and respect. Membership gives each member a role in articulating and shaping the destiny of the organisation which in turn builds commitment and ownership. We will encourage teamwork and a shared approach to results as it





promotes synergy, removes communication barriers and improves the overall quality of decisions and performance. Public acknowledgement creates recognition and also spurs others. We will spontaneously recognise and appreciate both individuals and teams for their contributions reflected in rising standards of performance.

EXCELLENCE

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

WEALTH

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


INNOVATION

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



MARICO'S PRESENCE IN INDIA




MARICO INDUSTRIES LIMITED

| | |
|--|---|
| Board of Directors | Harsh Charandas Mariwala, Chairman & Managing Director Kishore Vallabhdas Mariwala Bipin Ratilal Shah Cyril Suresh Shroff |
| Top Management Team | Harsh Mariwala, Chairman & Managing Director Pranab Datta, Chief Executive Officer-Health Care Shreekant Gupte, Chief Executive Officer-Nature Care Pradeep Mansukhani, Chief Executive Officer-Sales Rakesh Pandey, Chief Human Resources Officer Milind Sarwate, Chief Financial Officer |
| Company Secretary & Legal Manager | Dev Bajpai |
| Bankers | Allahabad Bank ANZ Grindlays Bank Bank of Baroda Citibank N.A. State Bank of Saurashtra |
| Auditors | RSM & Co. Chartered Accountants |
| Solicitors | Amarchand & Mangaldas & Suresh A. Shroff & Co. |
| Registered Office | Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050. |
| Factories | 'P' Plot, Fosberry Road, Sewree, Mumbai - 400 033. E-10, M.I.D.C. Area, Jalgaon - 425 003. Industrial Development Area, Kanjikode, Palakkad - 678 621. Plot No.70/0 & 72/1, Khandepar Village, Ponda, Goa - 403 401. Village Khalad, Saswad-412 301, Purandar Taluka, Pune. |



DIRECTORS' REPORT

To the Members

The Board of Directors is pleased to present the Twelfth Annual Report together with audited accounts of your Company for the year ended March 31, 2000 ('the year under review' or 'the year').

FINANCIAL RESULTS

| | (Indian Rupees Million) Year Ended March 31, | |
|--|---|--------|
| | 2000 | 1999 |
| Sales and Other Income | 6495.5 | 5530.8 |
| Profit before Tax and Exceptional item | 425.6 | 440.3 |
| Exceptional item (Voluntary Retirement Compensation) | 17.8 | - |
| Profit before Tax | 407.8 | 440.3 |
| Provision for Tax | 50.5 | 65.2 |
| Profit after Tax | 357.3 | 375.1 |
| Add : Surplus brought forward | 352.4 | 176.6 |
| Profit available for Appropriation | 709.7 | 551.7 |
| Appropriation : | | |
| Interim dividend | 130.5 | 50.8 |
| Final dividend (proposed) | - | 79.7 |
| | 130.5 | 130.5 |
| Tax on dividend | 14.4 | 13.8 |
| | 144.9 | 144.3 |
| Transfer to General Reserve | 71.0 | 55.0 |
| Surplus carried forward | 493.8 | 352.4 |
| | 709.7 | 551.7 |

SALES TURNOVER & PROFITABILITY

In the face of difficult market conditions and increased competition, your Company achieved a turnover of Rs. 6483.4 million from Sales and Services during the year - a growth of 17.6% over the previous year.

Profit before Tax and Exceptional item during the year at Rs. 425.6 million showed a de-growth of 3.3 % over the previous year. Margins were impacted mainly on account of increased spends on Advertising and Sales Promotion towards brand building and an adverse environment in the refined edible oil business which witnessed a rapidly declining oil price table. Profit after Tax (PAT) was also lower at Rs. 357.3 million as compared to Rs. 375.1 million in the previous year.



DIRECTORS' REPORT

During December 1999, workmen at your Company's Sewree plant availed of a Voluntary Retirement Scheme offered by your Company and were paid an aggregate amount of Rs. 17.8 million. As a prudent accounting policy, the entire amount has been charged off to revenue during the year and shown as an exceptional item.

D I V I D E N D

During the year under review, the Board of Directors of your Company declared two interim dividends, a first interim of Rs. 3.50 per share and a second interim of Rs. 5.50 per share, aggregating Rs. 9.00 per share. The Board does not propose any final dividend. The total dividend of Rs. 9.00 per share is thus the same as that in the previous year.

Your Company has also paid tax on dividend of Rs. 14.4 million. The total dividend outflow represents a payout of 40.5% of the distributable PAT as against 38.5% in the previous year.

I N T E R N A T I O N A L B U S I N E S S

Exports grew by 23 % over the previous year. Export sales now stand at Rs.200 million.

In order to optimally tap the potential offered by Bangladesh, your Company set up its first wholly owned subsidiary in Bangladesh - Marico Bangladesh Ltd. (MBL) which commenced local operations during the year.

A L L I A N C E S A N D A C Q U I S I T I O N S

During December 1999, your Company acquired "Oil of Malabar", a coconut oil brand from West Coast India Ltd. This acquisition would help your Company increase its franchise in the coconut oil market.

Earlier during June 1999, your Company had acquired from Procter & Gamble, the Anti-Lice Treatment business under the Brand *Mediker*. The transition has been handled smoothly. During the nine months or so of operations during the year, *Mediker* sales exceeded the annual turnover of about Rs. 80 million achieved during the entire previous year.

During July 1999, your Company put into effect, an agreement with Procter & Gamble Home Products Ltd. and Procter & Gamble Hygiene & Health Care Ltd. (P&G) to distribute their brands *Clearasil*, *Ultra Clearasil*, *Pampers*, *Old Spice*, *Ariel* detergent bar and *Camay* in India. This is your Company's second alliance with a leading FMCG company. Your Company already has a marketing and distribution alliance with Indo Nissin Foods Ltd. Both these partnerships are functioning satisfactorily.

DIRECTORS' REPORT

During June 1999, your Company reached an understanding with The Bombay Oil Industries Ltd. (BOIL) in terms of which the brands "Parachute" and "Saffola" would be assigned to your Company on a payment of Rs. 300 million. This assignment will take effect by June 30, 2000. On completion of the assignment, your Company will not be required to pay any royalty to BOIL.

During March 2000, your Company acquired from Kanmoor Foods Ltd. its facilities at Saswad (for manufacture of Jams, sauces and other fruit and vegetable products) at a consideration of Rs. 16.5 million.

PUBLIC DEPOSITS

At the end of the current year, public deposits with your Company aggregated Rs. 2.611 million. These do not include six deposits aggregating Rs. 60,000 which were unclaimed as on March 31, 2000, of which 2 deposits amounting to Rs. 10,000 have since been repaid.

DEPOSITORY SYSTEM

During the previous year your Company's shares were made available for dematerialisation through the National Securities Depository Limited (NSDL). Your Company also tied up with Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. As of March 31, 2000, 34.9% of the shares in your Company have been dematerialised.

RESEARCH & DEVELOPMENT (R & D)

Your Company continues to focus on R&D efforts with a strong belief that R&D will provide many product innovations and differentiation. The recently launched Parachute Dandruff Solution Coconut Hair Oil is one such product innovation. During the year your Company also filed for seven product and process patents.

Your Company spent Rs. 1.5 million on capital expenditure as against Rs. 1.9 million during the previous year. Revenue expenditure was Rs. 29.5 million as against Rs. 24.1 million in the previous year.

INFORMATION TECHNOLOGY (IT)

During the year, your Company selected SAP-R / 3 version 4.0B as the Enterprise Resource Planning (ERP) solution and SAP-APO (Advanced Planning & Optimization) as the Supply Chain Management (SCM) solution. The Board believes that these solutions will meet the current and emerging Information Systems needs of your Company over the next few years and create value through the business benefits that are expected to accrue through reduction in costs as also in cycle / process time. The implementation of both these solutions is proposed to be carried out over the

DIRECTORS' REPORT

next few months with the help of expert implementation partners. With these initiatives, your Company aims to be amongst the first few companies in India to implement an integrated suite of both ERP and SCM solutions.

Y 2 K

Your Company's business systems, software, hardware, machines, equipment, process control and embedded systems rolled over to the year 2000 smoothly and have continued to function normally.

A C C O U N T S

The accompanying Financial Statements of your Company have been prepared on a going concern basis and meet the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

Your Directors have selected appropriate accounting policies, which have been applied consistently. 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, 2000 and the profits of your Company for the year ended on that date.

Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Companies Act, 1956 ('the Act') for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.

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.

D I R E C T O R S

The Board regrets to inform that Mr. Charandas V. Mariwala, Chairman of your Company, passed away on April 2, 2000. The Board wishes to place on record the valuable services rendered by Mr. Charandas V. Mariwala in his capacity as the founder Director and Chairman of the Board of Directors.

Mr. Cyril Shroff and Mr. Harsh C. Mariwala retire by rotation and, being eligible, offer themselves for re-appointment.

A D D I T I O N A L S T A T U T O R Y I N F O R M A T I O N

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



DIRECTORS' REPORT

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.

Marico Bangladesh Limited (MBL), your Company's wholly owned subsidiary, was incorporated on September 6, 1999. The first accounting period of MBL is yet to be closed. Therefore no Report and Accounts referred to in Section 212 (1) of the Act have been annexed. However, the statement pursuant to Section 212(1) (e) of the Act has been annexed to this report.

A U D I T O R S

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

H U M A N R E S O U R C E S

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

A C K N O W L E D G E M E N T

The Board acknowledges the support and assistance received from the Central Government, various State Governments, Trade and Industry Associations, Bankers, Vendors, C&F Agents, Distributors and other business associates, and looks forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Place: Mumbai

Date: April 26, 2000

Harsh C. Mariwala

Chairman and Managing Director



ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956

- | | |
|---|--|
| 1. Name of subsidiary | MARICO BANGLADESH LIMITED |
| 2. Number of Shares held | 1,000,000 |
| 3. Capital - Holding Company's interest in equity | 100.00% |
| 4. Net Aggregate Profit or (Loss) for the year. | Not Applicable since the First Accounting period is yet to be closed. |
| 5. Net Aggregate Profit or (Loss) for the previous financial years since becoming subsidiary so far as it concerns the Members of the holding company not dealt with or provided for in the accounts of the Holding Company. | Not Applicable since the First Accounting period is yet to be closed. |
| 6. Material changes, if any, between the end of the financial year of the subsidiary and that of the Holding Company. | Not Applicable since the First Accounting period is yet to be closed. |

Dated : April 26, 2000

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) rules, 1988.

A. Conservation of Energy

Your company optimised the running of dehumidifiers, cutters, expellers and compressor operations for its crushing operations. Close monitoring of the steam fuel ratio through steam meter and CO₂ meter improved boiler efficiency. The details of total energy consumption and energy consumption per unit are given in Enclosure 'A'.

B. Research & Development

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

C. Foreign Exchange earnings and outgo:

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

ENCLOSURE 'A'

| Power & Fuel Consumption | Year ended March 31, | |
|--|----------------------|---------|
| | 2000 | 1999 |
| 1. Electricity | | |
| a. Purchased Units (Kwh) | 4473588 | 4332231 |
| Amount (Rs. million) | 15.75 | 13.14 |
| b. Own Generation | | |
| i. Through Diesel Generation units (Kwh) | 3543536 | 2895864 |
| Amount (Rs. million) | 13.30 | 9.84 |
| Average Rate (Rs./Unit) | 3.75 | 3.40 |
| ii. Through Steam Generator | Nil | Nil |
| 2. Coal (Used for Boiler) | | |
| Quantity (M.T.) | Nil | Nil |
| Amount (Rs. million) | Nil | Nil |
| Average Rate (Rs./Ton) | Nil | Nil |
| 3. Furnace Oil | | |
| Quantity (KL) | 1747.96 | 1571.93 |
| Amount (Rs. million) | 17.55 | 11.35 |
| Average Rate (Rs./KL) | 10042.56 | 7223.07 |

ANNEXURE TO THE DIRECTORS' REPORT

4. Other Internal Generation

L.D.O./H.S.D.

| | | |
|-----------------------|----------|---------|
| Quantity (KL) | 1339.27 | 190.09 |
| Amount (Rs. million) | 16.44 | 1.50 |
| Average Rate (Rs./KL) | 12273.25 | 7890.11 |

Consumption Per unit of Production of Edible Oil

| | <u>Unit</u> | | |
|---------------|-------------|-------|-------|
| Electricity | Kwh | 150.6 | 154.0 |
| Coal | MT | Nil | Nil |
| Furnace Oil | KL | 0.03 | 0.03 |
| L.D.O./H.S.D. | KL | 0.03 | 0.00 |

ENCLOSURE ' B '

Research & Development

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

- Technology selection and absorption towards converting agricultural and natural ingredients into consumer benefits and solutions.
- Packaging development towards enhancing customer value in terms of convenience and product assurance
- Development of new products and new processes.

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

- New products were launched to address niche consumer benefits and solutions.
- Better cost structures were achieved through selections in packaging materials, application of appropriate technologies, and process optimization.

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



ANNEXURE TO THE DIRECTORS' REPORT

3. Expenditure on R & D:

| | Rs. million |
|--|-------------|
| a) Capital | 1.51 |
| b) Recurring | 29.49 |
| Total | 31.00 |
| c) Total R & D expenditure as a percentage to Sales & Services | 0.47% |

On behalf of the Board of Directors

Place: Mumbai

Harsh C. Mariwala

Date: April 26, 2000

Chairman and Managing Director

AUDITORS' REPORT

To,

The Members of Marico Industries Limited

We have audited the attached Balance Sheet of MARICO INDUSTRIES LIMITED as at 31st March, 2000 and the annexed Profit and Loss Account for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;
 - c. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

for RSM & Co.

Chartered Accountants

Place : Mumbai

NATRAJ RAMKRISHNA

Dated : April 26, 2000

Partner



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (1) of our report
of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year, except as stated in note 3 to Schedule 'R'.
7. The Company has taken unsecured loans from a company listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, prima facie, prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company on or after 31st October, 1998.
8. The Company had given unsecured loans to a company listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, prima facie, prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company on or after 31st October, 1998.
9. Loans or advances in the nature of loans given are being repaid as stipulated, together with interest, wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In respect of the transactions of purchases of goods and materials in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year



ANNEXURE TO THE AUDITORS' REPORT

- to Rs. 50,000/- or more in respect of each party, we were informed that alternate acceptable source of supply did not exist and therefore, no comparison of prices was possible. There were no transactions of sale of goods, materials and services entered in the said register.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and materials dealt in and provision for loss, wherever necessary, has been made in the accounts.
 13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
 14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
 15. The Company has an internal audit system commensurate with its size and the nature of its business.
 16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
 17. The Company has regularly deposited Provident Fund dues and Employees' State Insurance dues with the appropriate authorities. There were no arrears at the year end.
 18. There are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which have remained outstanding at the year end for a period of more than six months from the date they became payable.
 19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
 20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
 21. In respect of services rendered, the nature of service is such that it does not involve consumption of materials and hence it is not considered necessary to have a system of allocation of man-hours utilised to the relative jobs.

for RSM & Co.

Chartered Accountants

Place : Mumbai

Date : April 26, 2000

NATRAJ RAMKRISHNA

Partner



BALANCE SHEET

| | SCHEDULE | As at March 31, | |
|---|----------|------------------|------------------|
| | | 2000 | 1999 |
| | | Rs. million | Rs. million |
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Capital | A | 145.000 | 145.000 |
| Reserves and surplus | B | 1,277.299 | 1,064.861 |
| | | <u>1,422.299</u> | <u>1,209.861</u> |
| LOAN FUNDS | | | |
| Secured loans | C | — | — |
| Unsecured loans | D | 32.839 | 24.982 |
| | | <u>32.839</u> | <u>24.982</u> |
| | | <u>1,455.138</u> | <u>1,234.843</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross block | E | 1,182.483 | 857.302 |
| Less : Depreciation | | 251.125 | 176.251 |
| Net block | | <u>931.358</u> | <u>681.051</u> |
| Capital work-in-progress | | 20.508 | 13.040 |
| | | <u>951.866</u> | <u>694.091</u> |
| INVESTMENTS | | | |
| | F | 9.055 | 0.440 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | G | 460.323 | 489.111 |
| Sundry debtors | H | 361.877 | 342.466 |
| Cash and bank balances | I | 103.418 | 120.846 |
| Loans and advances | J | 235.637 | 208.410 |
| | | <u>1,161.255</u> | <u>1,160.833</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | K | 578.476 | 518.071 |
| Provisions | L | 88.562 | 102.450 |
| | | <u>667.038</u> | <u>620.521</u> |
| NET CURRENT ASSETS | | <u>494.217</u> | <u>540.312</u> |
| | | <u>1,455.138</u> | <u>1,234.843</u> |
| Notes to the Accounts | R | | |

As per our attached report of even date

FOR RSM & Co.

Chartered Accountants

NATRAJ RAMKRISHNA
Partner

DEV BAJPAI
*Company Secretary
and Legal Manager*

For and on behalf of the Board of Directors

K. V. MARIWALA
Director

HARSH C. MARIWALA
*Chairman and
Managing Director*

Place : Mumbai
Dated : April 26, 2000

Place : Mumbai
Dated : April 26, 2000



PROFIT AND LOSS ACCOUNT

| | SCHEDULE | For the year ended March 31, | |
|---|----------|------------------------------|---------------------|
| | | 2000 Rs. million | 1999 Rs. million |
| INCOME | | | |
| Sales and services | Q | 6,483.380 | 5,512.133 |
| Other income | M | 12.153 | 18.647 |
| | | 6,495.533 | 5,530.780 |
| EXPENDITURE | | | |
| Cost of materials | N | 3,744.285 | 3,176.836 |
| Manufacturing and other expenses | O | 2,215.781 | 1,824.611 |
| Finance charges | P | 32.246 | 37.068 |
| Depreciation | E | 77.642 | 51.974 |
| | | 6,069.954 | 5,090.489 |
| PROFIT BEFORE TAX AND EXCEPTIONAL ITEM | | 425.579 | 440.291 |
| Exceptional Item : | | | |
| Voluntary Retirement Compensation | | 17.786 | — |
| PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEM | | 407.793 | 440.291 |
| Provision for Tax (including Rs. 0.500 million (Rs. 0.400 million) towards wealth tax) | | 50.500 | 65.200 |
| PROFIT AFTER TAX | | 357.293 | 375.091 |
| Balance brought forward | | 352.361 | 176.617 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 709.654 | 551.708 |
| APPROPRIATIONS | | | |
| Interim Dividend | | 130.500 | 50.750 |
| Tax on Interim Dividend | | 14.355 | 5.075 |
| Proposed Final Dividend | | — | 79.750 |
| Tax on Proposed Dividend | | — | 8.772 |
| General Reserve | | 71.000 | 55.000 |
| BALANCE CARRIED TO THE BALANCE SHEET | | 493.799 | 352.361 |

Notes to the Accounts

R

As per our attached report of even date

FOR RSM & Co.

Chartered Accountants

NATRAJ RAMKRISHNA
Partner

DEV BAJPAI
*Company Secretary
and Legal Manager*

For and on behalf of the Board of Directors

K. V. MARIWALA
Director

HARSH C. MARIWALA
*Chairman and
Managing Director*

Place : Mumbai
Dated : April 26, 2000

Place : Mumbai
Dated : April 26, 2000

SCHEDULES TO BALANCE SHEET

| | As at March 31, 2000 Rs. million | As at March 31, 1999 Rs. million |
|--|---|---|
| SCHEDULE 'A' | | |
| SHARE CAPITAL | | |
| AUTHORISED: | | |
| 2,99,00,000 Equity shares of Rs.10 each | 299.000 | 299.000 |
| 10,000 14% Cumulative Redeemable Preference shares of Rs.100 each | 1.000 | 1.000 |
| | 300.000 | 300.000 |
| ISSUED AND SUBSCRIBED: | | |
| 1,45,00,000 Equity shares of Rs.10 each fully paid up, including 1,20,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve | 145.000 | 145.000 |
| | 145.000 | 145.000 |
| SCHEDULE 'B' | | |
| RESERVES AND SURPLUS | | |
| CAPITAL RESERVE | | |
| As per last Balance Sheet | 2.500 | 2.360 |
| Add: Received during the year | — | 0.140 |
| | 2.500 | 2.500 |
| SHARE PREMIUM | | |
| As per last Balance Sheet | 165.000 | 165.000 |
| GENERAL RESERVE | | |
| As per last Balance Sheet | 545.000 | 455.000 |
| Add: Transfer from Debenture Redemption Reserve | — | 35.000 |
| Add: Transfer from Profit and Loss Account | 71.000 | 55.000 |
| | 616.000 | 545.000 |
| DEBENTURE REDEMPTION RESERVE | | |
| As per last Balance Sheet | — | 35.000 |
| Less: Transfer to General Reserve | — | 35.000 |
| | — | — |
| PROFIT AND LOSS ACCOUNT | | |
| | 493.799 | 352.361 |
| | 1,277.299 | 1,064.861 |
| SCHEDULE 'C' | | |
| SECURED LOANS | | |
| Working capital finance from banks (Secured by hypothecation of stocks in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by three Directors of the Company. Balance outstanding against working capital limits as at the year end is Rs. Nil.) | — | — |
| | — | — |

SCHEDULES TO BALANCE SHEET

| | As at March 31, 2000 Rs. million | As at March 31, 1999 Rs. million |
|---|---|---|
| SCHEDULE 'D' | | |
| UNSECURED LOANS | | |
| Fixed deposits (Repayable within a year Rs. 2.611 million (Rs. 1.832 million)) | 2.611 | 4.403 |
| Deferred sales tax loan (Repayable over five years commencing from year 2006) | 30.228 | 20.579 |
| | 32.839 | 24.982 |

SCHEDULE 'E' FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|----------------------------|----------------|--------------|----------------------------|----------------------------|-------------------|--------------|----------------------------|----------------------------|----------------------------|
| | As at March 31, 1999 | Additions | Deductions | As at March 31, 2000 | Up to March 31, 1999 | For the Period | Deductions | Up to March 31, 2000 | As at March 31, 2000 | As at March 31, 1999 |
| | Freehold land | 9.193 | 1.517 | — | 10.710 | — | — | — | — | 10.710 |
| Leaschold land | 3.244 | — | — | 3.244 | 0.288 | 0.037 | — | 0.325 | 2.919 | 2.956 |
| Building | 290.053 | 25.007 | — | 315.060 | 15.774 | 5.961 | — | 21.735 | 293.325 | 274.279 |
| Plant & machinery | 503.832 | 83.401 | 3.077 | 584.156 | 153.304 | 58.582 | 0.551 | 211.335 | 372.821 | 350.528 |
| Furniture & fittings | 12.140 | 0.958 | 0.101 | 12.997 | 4.180 | 1.009 | 0.005 | 5.184 | 7.813 | 7.960 |
| Vehicles | 8.840 | 1.605 | 6.354 | 4.091 | 2.705 | 0.855 | 2.212 | 1.348 | 2.743 | 6.135 |
| Intangible Assets | 30.000 | 222.225 | — | 252.225 | — | 11.198 | — | 11.198 | 241.027 | 30.000 |
| TOTAL | 857.302 | 334.713 | 9.532 | 1,182.483 | 176.251 | 77.642 | 2.768 | 251.125 | 931.358 | 691.051 |
| PREVIOUS YEAR (March 31, 1999) | 670.360 | 200.037 | 13.095 | 857.302 | 134.463 | 51.974 | 10.186 | 176.251 | | |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | 20.508 | 13.040 |
| | | | | | | | | | 951.866 | 694.091 |

Notes : 1. Gross block of Freehold Land includes pending execution of conveyance — Rs. 3.037 million (Rs. 1.520 million)
2. Gross block of Buildings includes pending execution of conveyance — Rs. 192.312 million (Rs. 175.372 million)
3. Gross block of Plant & Machinery includes cost of assets leased out — Rs. 47.171 million (Rs. 47.808 million)
4. Intangible assets include trademarks and copyrights (pending registration) Rs. 79.014 million (Rs. 30.000 million), know-how, business and commercial rights, non compete covenants etc - refer note 1(d) of Schedule R; Notes to Accounts.

SCHEDULE 'F' INVESTMENTS (At Cost, Non Trade)

LONG TERM — UNQUOTED

| | | |
|--|-------|-------|
| Government Securities : | | |
| National Savings Certificates (Deposited with Govt. authorities) | 0.119 | 0.119 |
| Subsidiary Company : | | |
| Marico Bangladesh Ltd. (Incorporated in Bangladesh) | | |
| 10,00,000 (Nil) equity shares of Taka 10 each fully paid up. | 8.615 | — |
| | 8.734 | 0.119 |

CURRENT — QUOTED

| | | |
|---|-------|-------|
| Unit Trust of India — Unit Scheme — 1964 | | |
| 16170 (16170) Units of Rs. 10 each fully paid | 0.260 | 0.260 |
| Unit Trust of India Master Gain-92 | | |
| 4600 (4600) Units of Rs. 10 each fully paid | 0.061 | 0.061 |
| | 0.321 | 0.321 |
| | 9.055 | 0.440 |
| Aggregate market value of quoted investments | 0.289 | 0.290 |

- Notes : 1. During the year 0.456 million (Nil) units of Alliance Mutual Fund were purchased and sold.
2. Provision for diminution in value of quoted investments Rs. 0.039 million (Rs. 0.030 million) is reflected under Schedule L : Provisions

SCHEDULES TO BALANCE SHEET

| | As at March 31, 2000 Rs. million | As at March 31, 1999 Rs. million |
|--|---|---|
| SCHEDULE 'G' | | |
| INVENTORIES | | |
| (For basis of valuation, refer Note 1(f) of Schedule 'R') | | |
| Raw materials | 78.516 | 150.879 |
| Packing materials | 67.810 | 55.004 |
| Stores, spares, consumables & chemicals etc. | 8.470 | 7.462 |
| Work-in-process | 6.450 | 3.674 |
| Finished products | 295.817 | 271.202 |
| By-products | 3.260 | 0.890 |
| | <u>460.323</u> | <u>489.111</u> |

SCHEDULE 'H'
SUNDRY DEBTORS
(Unsecured)

| | | |
|-------------------------------------|----------------|----------------|
| Over six months — Considered good | 0.645 | 4.158 |
| — Considered doubtful | 4.500 | — |
| | 5.145 | 4.158 |
| Less : Provision for doubtful debts | 4.500 | — |
| | 0.645 | 4.158 |
| Others Debts — Considered good | 361.232 | 338.308 |
| | <u>361.877</u> | <u>342.466</u> |

SCHEDULE 'I'
CASH AND BANK BALANCES

| | | |
|---|----------------|----------------|
| Cash on hand | 0.996 | 0.822 |
| Balances with banks: | | |
| Fixed deposits (lodged with Govt. authority) | 1.425 | 4.503 |
| Margin accounts (Against Letters of credit and Bank guarantees) | 2.004 | 2.893 |
| Current accounts — Scheduled banks | 98.945 | 112.563 |
| — Non Scheduled bank (Jalgaon Janata Sahakari Bank Ltd.) [Maximum balance Rs. 0.278 million (Rs. 0.732 million)] | 0.048 | 0.065 |
| | <u>103.418</u> | <u>120.846</u> |

SCHEDULES TO BALANCE SHEET

| | As at March 31, 2000 Rs. million | As at March 31, 1999 Rs. million |
|--|---|---|
| SCHEDULE 'J' | | |
| LOANS AND ADVANCES | | |
| (Unsecured—considered good) | | |
| Inter.corporate deposit | 112.000 | 68.500 |
| Advances recoverable in cash or in kind or for value to be received | 57.068 | 81.368 |
| Deposits | 61.263 | 51.852 |
| Balance with Central Excise authorities | 0.688 | 6.130 |
| Interest accrued on — Investments | 0.082 | 0.082 |
| — Others | 0.260 | 0.478 |
| Income tax payments, net of provision | 4.276 | — |
| | 235.637 | 208.410 |

SCHEDULE 'K' CURRENT LIABILITIES

| | | |
|---------------------------------------|---------|---------|
| Sundry creditors | 489.784 | 433.006 |
| Unclaimed dividend | 0.070 | 0.006 |
| Other liabilities | 44.826 | 42.105 |
| Security deposits | 43.395 | 42.463 |
| Interest accrued but not due on loans | 0.401 | 0.491 |
| | 578.476 | 518.071 |

SCHEDULE 'L' PROVISIONS

| | | |
|------------------------------------|--------|---------|
| Income tax (Net of advance tax) | — | 13.897 |
| Diminution in value of investments | 0.039 | 0.030 |
| Dividend | 79.750 | 79.750 |
| Tax on dividend | 8.773 | 8.773 |
| | 88.562 | 102.450 |

SCHEDULES TO PROFIT & LOSS ACCOUNT

| | Year ended March 31, 2000 Rs. million | Year ended March 31, 1999 Rs. million |
|---|--|--|
| SCHEDULE 'M' | | |
| OTHER INCOME | | |
| Income from investments (Gross) (Tax deducted at source Rs. Nil) (Rs. 0.005 million) | 0.051 | 0.040 |
| Miscellaneous income | 12.102 | 18.607 |
| | <u>12.153</u> | <u>18.647</u> |
| SCHEDULE 'N' | | |
| COST OF MATERIALS | | |
| RAW MATERIALS : | | |
| Opening stock | 150.879 | 48.808 |
| Add : Purchases | 3,146.672 | 3,240.219 |
| Less : Sales | 20.600 | 58.024 |
| Less : Closing stock | 78.516 | 150.879 |
| | <u>3,198.435</u> | <u>3,080.124</u> |
| PURCHASE OF FINISHED PRODUCTS | 594.362 | 228.665 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK : | | |
| Work-in-process | 3.674 | 4.305 |
| By-products | 0.890 | 0.427 |
| Finished products | 271.202 | 139.081 |
| Less : | | |
| CLOSING STOCK : | | |
| Work-in-process | 6.450 | 3.674 |
| By-products | 3.260 | 0.890 |
| Finished products | 295.817 | 271.202 |
| | <u>(29.761)</u> | <u>(131.953)</u> |
| Less : Insurance claims — Finished goods | 18.751 | — |
| | <u>3,744.285</u> | <u>3,176.836</u> |

SCHEDULES TO PROFIT & LOSS ACCOUNT

| | Year ended March 31, 2000 Rs. million | Year ended March 31, 1999 Rs. million |
|--|--|--|
| SCHEDULE 'O' | | |
| MANUFACTURING AND OTHER EXPENSES | | |
| Employees' costs : | | |
| Salaries, wages and bonus | 165.774 | 137.173 |
| Contribution to provident fund and other funds | 25.782 | 19.089 |
| Welfare expenses | 24.615 | 21.358 |
| | 216.171 | 177.620 |
| Packing materials consumed | 606.143 | 545.900 |
| Stores, spares and chemicals consumed | 25.672 | 24.378 |
| Power, fuel and water | 57.451 | 41.816 |
| Contract manufacturing charges | 136.777 | 119.185 |
| Rent and storage charges | 41.849 | 44.347 |
| Repairs to: Buildings | 10.300 | 9.420 |
| Machinery | 8.096 | 7.182 |
| Others | 5.161 | 3.715 |
| | 23.557 | 20.317 |
| Freight, forwarding and distribution expenses | 249.494 | 217.191 |
| Advertisement and sales promotion | 586.808 | 389.526 |
| Rates and taxes | 1.927 | 1.442 |
| Sales tax and cess | 21.421 | 41.262 |
| Provision for doubtful debts | 4.500 | — |
| Printing, stationery and communication expenses | 35.273 | 26.976 |
| Travelling, conveyance and vehicle expenses | 57.992 | 49.578 |
| Royalty | 32.382 | 26.181 |
| Insurance | 5.196 | 3.922 |
| Provision for diminution in value of investments | 0.009 | 0.004 |
| Miscellaneous expenses | 113.159 | 94.966 |
| | 2,215.781 | 1,824.611 |

SCHEDULE 'P' FINANCE CHARGES

| | | |
|--|--------|--------|
| Interest on fixed loans | 1.050 | 7.407 |
| Other interest | 25.180 | 19.894 |
| Bank charges and others | 28.535 | 31.292 |
| | 54.765 | 58.593 |
| Less : Interest earned | 22.519 | 21.525 |
| (Tax deducted at source Rs. 4.643 million (Rs. 3.815 million)) | 32.246 | 37.068 |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTION, TURNOVER, OPENING STOCK AND CLOSING STOCK

| Sr. Particulars No. | Period ended | Installed capacity M.T. (Note I) | Opening stock | | Production (Note IV) | | Purchases | | Turnover | | Closing stock | |
|---------------------|---|----------------------------------|---------------|--------------------|----------------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|
| | | | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million |
| 1 | Raw/Refined oils | 97,180 of Oils | 4624.297 | 241.361 | 54,973.439 | 1,532.232 | 48.428 | 66,519.866 | 5,208.043 | 5,233.513 | 229.796 | |
| | | 83,180 of Oils | 2574.258 | 114.982 | 48,486.109 | 3,602.953 | 153.709 | 65,856.091 | 4,889.482 | 4,624.297 | 241.361 | |
| 2 | Hair oils (Note II) | — | 133.030 | 12.908 | — | — | 10.362 | 2,346.320 | 338.288 | 234.480 | 17.746 | |
| | | — | 105.574 | 8.998 | — | — | — | 2,029.706 | 285.494 | 133.030 | 12.908 | |
| 3 | Pregel starch (Captive consumption) | 1800 of Starch | 68.42 | 1.965 | 490.099 | — | — | — | — | 93.850 | 2.901 | |
| | | 1800 of Starch | — | — | 175.419 | — | — | — | — | 68.420 | 1.965 | |
| 4 | Others (Note III) | — | — | 15.858 | — | — | 535.572 | — | 920.949 | — | 48.634 | |
| | (Includes processed foods, toiletries, cosmetics by-products, etc.) | — | — | 15.528 | — | — | 74.956 | — | 327.435 | — | 15.858 | |
| 5 | Service Income | — | — | — | — | — | — | — | 16.100 | — | — | |
| | — commission | — | — | — | — | — | — | — | 9.722 | — | — | |
| | TOTAL | | | 272.092 | | 594.362 | | 6,483.380 | | 299.077 | | |
| | TOTAL | | | 139.508 | | 228.665 | | 5,512.133 | | 272.092 | | |

NOTES:

- I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis.
- 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 - Qty in KL
- III) The Company deals in toiletries, cosmetics and processed foods which are not packed in homogenous units, hence it is not practicable to furnish quantitative data.
- IV) The production of Raw/Refined oils excludes processed by others 11440.757 M.T. (16592.560 M.T.) and includes used for internal consumption 817.346 M.T. (775.492 M.T.)

SCHEDULES TO PROFIT & LOSS ACCOUNT

| | Quantity M.T. | March 31, 2000 Value Rs. million | Quantity M.T. | March 31, 1999 Value Rs. million |
|---|------------------|---|------------------|---|
| SCHEDULE 'Q' | | | | |
| B) RAW MATERIALS CONSUMED | | | | |
| Oil seeds | 55,524.838 | 2,003.059 | 47,956.00 | 1,507.932 |
| Raw oils | 34,256.930 | 1,075.803 | 35,710.00 | 1,401.003 |
| Others | — | 119.573 | — | 171.189 |
| | | 3,198.435 | | 3,080.124 |
| C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED | | | | |
| | % | Value Rs. million | % | Value Rs. million |
| Raw materials | | | | |
| Imported | 23.43 | 749.355 | 31.76 | 978.113 |
| Indigenous | 76.57 | 2,449.080 | 68.24 | 2,102.011 |
| | 100.00 | 3,198.435 | 100.00 | 3,080.124 |
| Stores, spares and chemicals | | | | |
| Imported | — | — | — | — |
| Indigenous | 100.00 | 25.672 | 100.00 | 24.378 |
| | 100.00 | 25.672 | 100.00 | 24.378 |
| D) VALUE OF IMPORTS ON C.I.F. BASIS | | | | |
| Raw materials | | 619.042 | | 941.183 |
| Capital goods | | — | | 29.447 |
| | | 619.042 | | 970.630 |
| E) EXPENDITURE IN FOREIGN CURRENCY | | | | |
| Packing material | | 5.266 | | 4.226 |
| Travelling and other expenses | | 49.301 | | 43.349 |
| | | 54.567 | | 47.575 |
| F) EARNINGS IN FOREIGN EXCHANGE | | | | |
| F.O.B. value of exports | | 179.363 | | 143.813 |
| | | 179.363 | | 143.813 |



NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO THE ACCOUNTS :

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

(a) The Company and nature of its operations

Marico Industries Limited ('Marico' or 'The Company'), headquartered in Mumbai, India, carries on business in Fast Moving Consumer Goods. Marico manufactures and markets products under the following brands Parachute, Saffola, Sweekar, Marico's Hair & Care, Sil, Revive, Oil of Malabar and Mediker. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 5 Regional offices, 28 Carrying & forwarding agents and about 3400 distributors and stockists spread all over India. The Company's export markets comprise the Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Jalgaon, Sewree and Saswad, supported by subcontracting units. Marico has a marketing and distribution alliance with Indo Nissin Foods Ltd. for Top Ramen instant noodles, and a distribution arrangement with Procter & Gamble Home Products Ltd. and Procter & Gamble Hygiene & Health Care Ltd. for distribution of some of their products in India.

(b) Basis of preparation of Financial Statements

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

(c) Fixed Assets

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

(d) Depreciation/Amortisation

I. Tangible Assets

- (i) Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions during the year has been provided on *pro rata* basis with reference to the month of addition/deduction. Extra shift depreciation is provided on "Plant" basis.



NOTES TO THE ACCOUNTS

- (ii) Assets given on lease are depreciated over the primary period of the lease.
- (iii) Assets individually costing Rs. 5000 or less are depreciated fully in the year of acquisition.
- (iv) Leasehold land is amortised over the period of the lease.

II. Intangible Assets

- (i) Trademarks/Copyright that have an estimated economic value which far exceeds the carrying cost are not depreciated.
- (ii) Other intangible assets are amortised over the estimated economic useful life as assessed by the management, but not exceeding the period given hereunder:

| | |
|---|--------------------|
| Trademarks, Business and Commercial rights etc. | 20 Years |
| Technical know how | 6 Years |
| Non-Compete covenant | non-compete period |

(c) 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 or market value, computed categorywise.

(f) Inventory

- (i) Raw Material, Packing Material, Chemicals, Consumables, Stores & Spares and Work-in-process are valued at cost.
- (ii) Finished goods are valued at lower of cost or net realisable value.
- (iii) By-products and Unserviceable/damaged finished products are valued at net realisable value.
- (iv) The bases of determining cost for various categories of inventories are as follows :

| | | |
|------------------------------------|---|--------------------|
| Finished goods and work-in-process | : | Absorption Costing |
| Others | : | FIFO |

(g) Research and Development

Capital expenditure on Research and Development is allocated to Fixed Assets. Revenue expenditure is charged off in the year in which it is incurred.

(h) Revenue Recognition

- (i) Sales are recognised at the point of despatch to the customers and stated net of trade discount and sales tax.

NOTES TO THE ACCOUNTS

(ii) Agency commission income is recognised upon effecting sales.

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

(i) Retirement Benefits

The Company has various schemes of retirement benefits, namely, Provident, Superannuation and Gratuity Funds. These funds are administered through Trustees and the Company's contribution thereto is charged to revenue every year. Accruals are made for leave encashment and gratuity on the basis of actuarial valuation.

(j) Foreign Currency Transactions

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

(k) Government Grants

(i) Government grants related to the total investment in the undertaking are treated as capital reserve.

(ii) Government grants related to specific fixed assets are reduced from the cost of the assets.

2. Capital Reserve represents subsidy received from the Government of Kerala for setting up of the new plant at Kanjikode which is refundable, if the unit goes out of production within five years of receipt of subsidy, i.e., by 2000-2001.
3. With a view to ensuring compliance of changes in the Accounting Standard 'AS-2 on Valuation of Inventories' prescribed by the ICAI, the Company has changed the basis of valuation of finished goods and work-in-process from 'direct costing' to 'absorption costing' method and also effected other minor modifications to arrive at cost of raw materials. Also, low value items of stores and spares, which hitherto were being charged off in the year of purchase are now being inventorised and charged to revenue upon consumption. Consequent to these changes, inventory as at March 31, 2000 is higher by Rs. 10.017 million with corresponding effect on the Profit & Loss account.
4. During the year, workmen at the Company's Sewree plant availed of a Voluntary Retirement Scheme offered by the Company and were paid an aggregate amount of Rs. 17.786 million. As a prudent accounting policy, the entire amount has been charged to revenue and has been disclosed as an exceptional item in the Profit and Loss Account.

NOTES TO THE ACCOUNTS

5. The Company had preferred insurance claims aggregating to Rs. 5.263 million to recover loss of stocks arising out of accidental fire at one of its depots. Pending final settlement thereof, the Company has accrued the claims in these accounts, as it is reasonably certain of realisability.
6. Miscellaneous income includes lease income Rs. 6.862 million (Rs. 7.346 million), Export incentives Rs. 0.186 million (Rs. 3.920 million) and Profit on sale of current investments Rs. 0.267 million (Rs. 0.164 million).
7. Miscellaneous expenses includes Commission and Brokerage Rs. 5.472 million (Rs. 8.225 million), Donations Rs. 1.753 million (Rs. 0.169 million), Cash discount Rs. 0.265 million (Rs. 0.384 million), Loss on sale of assets (net) Rs. 2.246 million (Rs. 0.544 million), Audit fees Rs. 0.761 million (Rs. 0.575 million), Payment to Auditors for other services Rs. 0.053 million (Rs. 0.073 million) and Payment to Auditors for out-of-pocket expenses Rs. 0.043 million (Rs. 0.042 million).
8. Exchange difference on foreign currency borrowings (arising out of difference between spot rate and forward contract rate) Rs. 5.109 million (Rs. Nil), and on other accounts (net) Rs. 0.233 million (gain Rs. 4.276 million) have been included under Miscellaneous expenses (Miscellaneous Income).
9. Sales tax and cess expenses are net of reversal of earlier year provision of Rs. 10.474 million (Rs. Nil), pursuant to refund received on disposal of appeal.
10. Research and Development expenses aggregating Rs. 29.487 million (Rs. 24.104 million) have been included under the relevant heads of expenses.
11. Contingent liabilities not provided for in respect of :
 - a) Letters of Credit outstanding Rs. 21.665 million (Rs. 44.272 million).
 - b) Sales Tax / Cess claims disputed by the Company (net of tax) Rs. 48.910 million (Rs. 33.081 million).
 - c) Income Tax and interest demand disputed by the Company Rs. 12.131 million (Rs. Nil), and disputed by the Income tax department Rs. 2.121 million (Rs. 2.121 million).
 - d) Claims against the Company not acknowledged as debts Rs. 1.228 million (Rs. 0.983 million).
12. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 327.320 million (Rs. 19.530 million) net of advances. This includes commitment of Rs. 300.000 million (Rs. Nil), towards acquisition of Parachute and Saffola brands.



NOTES TO THE ACCOUNTS

13. Cost of assets taken on lease Rs. 18.856 million (Rs. 12.488 million). Future lease rental obligations Rs. 5.462 million (Rs. 3.252 million)

14. Managerial Remuneration :

i) Calculation of Commission payable to the Managing Director :

| | March 31, 2000 Rs. million | March 31, 1999 Rs. million |
|--|----------------------------------|----------------------------------|
| Profit before taxation and exceptional item | 425.579 | 440.291 |
| Add: Director's Remuneration | 5.327 | 5.368 |
| Directors' Sitting fees | 0.042 | 0.032 |
| Depreciation as per books | 77.642 | 51.974 |
| Loss on sale of assets as per books (net) | 2.246 | 0.544 |
| Provision for diminution in value of investments | 0.009 | 0.004 |
| Profit on sale of assets under Section 350 | 0.728 | — |
| | 511.573 | 498.213 |
| Less: Depreciation under Section 350 | 110.214 | 84.708 |
| Profit on sale of investments (net) | 0.267 | — |
| Loss on sale of assets under Section 350 | — | 0.552 |
| | 401.092 | 412.953 |
| Commission to Managing Director @ 1% of net profit | 4.010 | 4.129 |
| | | |
| ii) Payments and provisions on account of remuneration to the Managing Director included in Profit & Loss Account. | | |
| i) Salary | 0.600 | 0.600 |
| ii) Commission | 4.010 | 4.129 |
| iii) Contribution to Provident Fund and Pension Fund | 0.162 | 0.162 |
| iv) Other Perquisites | 0.555 | 0.477 |
| | 5.327 | 5.368 |

Note : The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount for all relevant employees based on actuarial valuation.

15. The Company deals with several Small Scale Industrial (SSI) undertakings on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, the various amounts due to SSIs and included under sundry creditors aggregate Rs. 12.128 million (Rs. 22.970 million). The names of such SSI suppliers where individual balances are in excess of Rs. 1 lakh and due for more than 30 days at the Balance Sheet date are as under:



NOTES TO THE ACCOUNTS

Neeljyot Plastics, Pack-well (India), Shree Ganesha Packaging Industries, Moreshwar plastics, Doshi Packaging Industries, Kaveri Plastics, Shivam Plastics Industries, Badkur Polycans Industries, Multi Films Plastics Pvt. Ltd., Eskay Flexible Packaging Pvt. Ltd., Leeraj Printers Pvt. Ltd., Shree Mookambika Plast, Malhar Offset Pvt. Ltd., Goa Plast Pvt. Ltd., Blow Containers, Mangesh Plastics, Chakreswari Industries, Refine Marketing Pvt. Ltd., Complement Marketing Pvt. Ltd., Pratik Enterprises, Rachana Enterprises, Seal-in-Tact, Nirmal Offset Pvt. Ltd., Neelesh Industries, Affair Finvest & Trading P. Ltd., Pilot Plastics P. Ltd., Vista Paper & Chemicals Pvt. Ltd., Empee Offset Pvt. Ltd., Interlabels Industries (P) Ltd., Mahajeet Clayton Ltd.

16. Figures in brackets represent those of the previous period, which have been regrouped wherever necessary to conform with current year.

17. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) Registration details :

| | | |
|--------------------|---|------------------|
| Registration No. | : | 11-49208 |
| Balance Sheet Date | : | March 31st, 2000 |

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

| | |
|-------------------|-----|
| Public Issue | Nil |
| Bonus Issue | Nil |
| Rights Issue | Nil |
| Private placement | Nil |

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

| | |
|-------------------|-----------|
| Total Liabilities | 2,122.176 |
| Total Assets | 2,122.176 |

| Sources of Funds | | Application of Funds | |
|----------------------|-----------|----------------------|---------|
| Paid up Capital | 145.000 | Net Fixed Assets | 951.866 |
| Reserves and Surplus | 1,277.299 | Investments | 9.055 |
| Secured Loans | Nil | Net Current Assets | 494.217 |
| Unsecured Loans | 32.839 | Misc. Expenditure | — |
| | | Accumulated losses | — |

NOTES TO THE ACCOUNTS

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

| | |
|--|-----------|
| Turnover (Sales and Other Income) | 6,495.533 |
| Total Expenditure | 6,087.740 |
| Profit before Tax and after exceptional item | 407.793 |
| Profit after Tax | 357.293 |
| Earnings per share (in Rs.) | 24.64 |
| Dividend rate (%) | 90 |

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

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

Signatures to Schedules A to R

For and on behalf of the Board of Directors

Place : Mumbai

Dated : April 26, 2000

DEV BAJPAI
*Company Secretary
& Legal Manager*

K. V. MARIWALA
Director

HARSH C. MARIWALA
*Chairman and
Managing Director*

CASH FLOW

| | Year ended March 31, 2000 Rs. million | Year ended March 31, 1999 Rs. million |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and after Exceptional item | 407.793 | 440.291 |
| Adjustments for :- | | |
| Depreciation | 77.642 | 51.974 |
| Finance charges | 32.246 | 37.068 |
| Loss on sale of assets (net of profit) | 2.246 | 0.544 |
| Provision for diminution in value of investments | 0.009 | 0.004 |
| Income from investments | (0.051) | (0.040) |
| | 112.092 | 89.550 |
| Operating Profit before working capital changes | 519.885 | 529.841 |
| Adjustments for :— | | |
| Increase/(Decrease) in Inventories | (28.788) | 239.292 |
| Increase/(Decrease) in Sundry debtors | 19.411 | 61.012 |
| Increase/(Decrease) in Loans & advances | 22.951 | (18.449) |
| Decrease/(Increase) in Current liabilities | (60.405) | (94.038) |
| | (46.831) | 187.817 |
| Cash generated from Operations | 566.716 | 342.024 |
| Less : Payments for | | |
| Direct taxes (Net of refunds) | 68.672 | 60.016 |
| Finance charges | 54.765 | 58.592 |
| | 123.437 | 118.608 |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 443.279 | 223.416 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Purchase) of Fixed assets | (342.181) | (143.740) |
| (Purchase)/Sale of Investments (including bills discounted/ICD) | (8.616) | (0.015) |
| Sale of Fixed assets | 4.519 | 2.369 |
| Interest/Dividend income | 22.569 | 21.565 |
| Capital subsidy received | — | 0.140 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | (323.709) | (119.681) |

CASH FLOW

| | Year ended March 31, 2000 Rs. million | Year ended March 31, 1999 Rs. million |
|--|--|--|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase/(Repayment) of Borrowings | 7.857 | (64.081) |
| Dividend paid | (144.855) | (127.600) |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES | <u>(136.998)</u> | <u>(191.681)</u> |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS | <u>(17.428)</u> | <u>(87.946)</u> |
| Cash and Cash Equivalents - Opening Balance | 120.846 | 208.792 |
| Cash and Cash Equivalents - Closing Balance | <u>103.418</u> | <u>120.846</u> |

For and on behalf of the Board of Directors

Place : Mumbai
Dated : April 26, 2000

K. V. MARIWALA
Director

HARSH C. MARIWALA
*Chairman and
Managing Director*

A U D I T O R S ' C E R T I F I C A T E

We have examined the attached Cash Flow Statement of Marico Industries Ltd. for the year ended March 31, 2000. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with The Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated April 26, 2000 to the members of the Company.

For RSM & Co.

Chartered Accountants

Place : Mumbai
Dated : April 26, 2000

NATRAJ RAMKRISHNA

Partner

QUARTERLY FINANCIALS

(Indian Rupees Million)

| Particulars | Three Month Ended | | | | Annual |
|---|-------------------|--------------|--------------|--------------|--------------|
| | Jun. 30, 99 | Sep. 30, 99 | Dec. 31, 99 | Mar. 31, 00 | FY 00 |
| Sales and Services | 1,350 | 1,712 | 1,721 | 1,700 | 6,483 |
| Other Income | 3 | 2 | 2 | 6 | 12 |
| Total Revenue | 1,353 | 1,713 | 1,723 | 1,706 | 6,496 |
| Total Expenditure | 1,265 | 1,548 | 1,582 | 1,566 | 5,960 |
| Finance Charges | 3 | 8 | 16 | 5 | 32 |
| Gross profit after finance charges but before depreciation and taxation | 85 | 157 | 126 | 135 | 503 |
| Depreciation | 15 | 19 | 19 | 24 | 78 |
| Profit before taxation and Exceptional Item | 70 | 138 | 106 | 111 | 426 |
| Exceptional Item | — | — | 18 | — | 18 |
| Profit before taxation | 70 | 138 | 88 | 111 | 408 |
| Provision for taxation | 10 | 20 | 11 | 11 | 51 |
| Profit after tax | 60 | 119 | 78 | 100 | 357 |
| Earnings per Share -Annualised (Rs.) | 16.7 | 32.7 | 21.5 | 27.7 | 24.6 |
| Dividend declared per share (Rs.) | | | | | 9.00 |

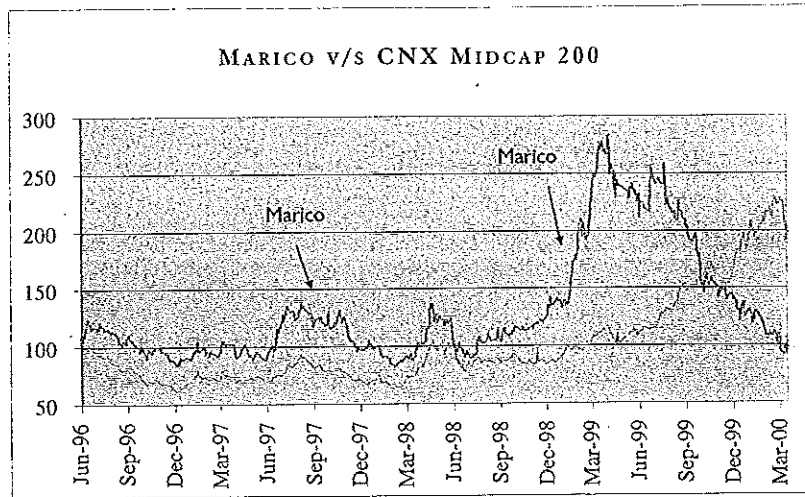
| Particulars | Three Month Ended | | | | Annual |
|---|-------------------|--------------|--------------|--------------|--------------|
| | Jun. 30, 98 | Sep. 30, 98 | Dec. 31, 98 | Mar. 31, 99 | FY 99 |
| Sales and Services | 1,093 | 1,376 | 1,544 | 1,500 | 5,512 |
| Other Income | 4 | 7 | 2 | 5 | 19 |
| Total Revenue | 1,097 | 1,383 | 1,546 | 1,505 | 5,531 |
| Total Expenditure | 982 | 1,214 | 1,418 | 1,387 | 5,001 |
| Finance Charges | 7 | 9 | 13 | 7 | 37 |
| Gross profit after finance charges but before depreciation and taxation | 108 | 159 | 115 | 110 | 492 |
| Depreciation | 14 | 14 | 13 | 11 | 52 |
| Profit before taxation | 94 | 145 | 101 | 100 | 440 |
| Provision for taxation | 14 | 21 | 13 | 17 | 65 |
| Profit after tax | 80 | 124 | 88 | 83 | 375 |
| Earnings per Share -Annualised (Rs.) | 22.1 | 34.2 | 24.3 | 22.9 | 25.9 |
| Dividend declared per share (Rs.) | | | | | 9.00 |

All the above pertains to information on continuing operations.

MARICO ON THE STOCK EXCHANGES

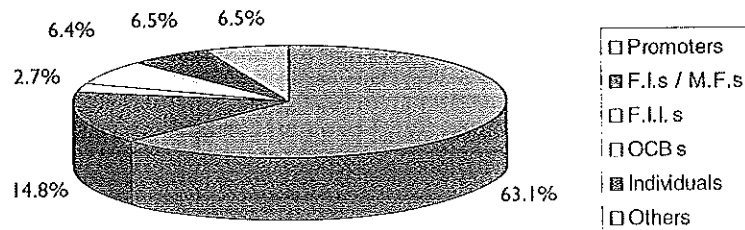
STOCK EXCHANGE PERFORMANCE

The Company's shares (of par value of Rs. 10.00 each) quoted at Rs. 250 per share on March 31st, 2000 on The Stock Exchange, Mumbai (BSE), giving it a market capitalization of Rs. 362 crore (USD 83 million). The performance of Marico's share price on the BSE versus the CNX-Midcap 200 Index is captured in the graph below.



SHAREHOLDING

The shareholding pattern of the Company as on March 31st, 2000 is given below.



MARICO ON THE STOCK EXCHANGES

Shares in Marico are listed on The Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE). The following table sets forth the high and low prices, as well as the traded volumes, of the Marico shares.

THE STOCK EXCHANGE, MUMBAI (BSE)

| Quarter ended | High (Rupees per share of Rs. 10/- each) | Low | Closing | Market Capitalisation INR Million | Avg. Volume per day No. of Shares ('000) |
|---------------|---|-----|---------|---|---|
| Mar. 31, 2000 | 345 | 235 | 250 | 3625 | 4.0 |
| Dec. 31, 1999 | 422 | 316 | 334 | 4843 | 8.9 |
| Sep. 30, 1999 | 714 | 430 | 430 | 6235 | 20.1 |
| Jun. 30, 1999 | 738 | 545 | 645 | 9353 | 8.8 |
| Mar. 31, 1999 | 725 | 346 | 695 | 10078 | 8.1 |
| Dec. 31, 1998 | 372 | 290 | 353 | 5119 | 5.6 |
| Sep. 30, 1998 | 305 | 232 | 302 | 4379 | 21.6 |
| Jun. 30, 1998 | 359 | 235 | 240 | 3480 | 10.2 |

THE NATIONAL STOCK EXCHANGE (NSE)

| Quarter ended | High (Rupees per share of Rs. 10/- each) | Low | Closing | Market Capitalisation INR Million | Avg. Volume per day No. of Shares ('000) |
|---------------|---|-----|---------|---|---|
| Mar. 31, 2000 | 342 | 244 | 255 | 3698 | 4.4 |
| Dec. 31, 1999 | 420 | 319 | 334 | 4850 | 4.4 |
| Sep. 30, 1999 | 701 | 434 | 434 | 6293 | 3.0 |
| Jun. 30, 1999 | 723 | 540 | 650 | 9425 | 5.1 |
| Mar. 31, 1999 | 740 | 348 | 695 | 10078 | 5.6 |
| Dec. 31, 1998 | 373 | 286 | 355 | 5148 | 4.3 |
| Sep. 30, 1998 | 307 | 238 | 308 | 4466 | 6.7 |
| Jun. 30, 1998 | 358 | 232 | 238 | 3451 | 8.6 |

Market Capitalisation is computed on the closing price of each quarter
High / Low are computed on the closing prices of each trading day



SHAREHOLDER INFORMATION

Annual General Meeting : The Annual General Meeting of the shareholders will be convened at 4.30 p.m. on July 25, 2000, at CENTRUM, MVIRDC WORLD TRADE CENTRE 1, 1ST FLOOR, CUFFE PARADE, MUMBAI - 400 005.

Book Closure : The book closure for Annual General Meeting will be from Tuesday, July 18, 2000 to Tuesday, July 25, 2000 (both days inclusive).

Stock Exchange Listing : The Company's equity shares are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE).

BSE Group : B1 Transaction Code : 531642

NSE Transaction Code : Maricoind

Reuters Code : MRCO

Bloomberg Code : MRCO IN

Copies of the Annual Report : These can be requested by mail directed to the Company Secretary, at the Company's Registered Office address or by fax on (91-22) 641 01 06 or by e-mail at milinvrel@maricoindia.net. Copies are also available via the Company's internet site at <http://www.maricoindia.com>

Quarterly Reports : These are available via the Company's Internet site at <http://www.maricoindia.com>

Shareholder Records : For any assistance regarding shareholding, share transfers and transmissions, address changes, non-receipt of dividends, duplicate/missing certificates please write to The Registrars and Share Transfer Agents : M/s. Karvy Consultants, 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai-400 058, India. Tel : (91-22) 636 7226, 636 9044, 632 2266 Fax: (91-22) 631 0882

Dividend : The Company paid a first interim dividend of Rs. 3.50 per share on January 15, 2000 and a second interim dividend of Rs. 5.50 per share on May 24, 2000. No final dividend is proposed.

Shareholders who have not encashed their dividend cheques for the first interim dividend 1996-97 or any of the subsequent dividends, are requested to send the outdated cheques for revalidation to the Company at its Registered Office.

Nomination : The Nomination facility is already in place. This would facilitate the process of transfer of shares to nominees of shareholders, when required. Forms for nomination can be requested from the Registered Office of the Company.

Dematerialisation : The Company's shares are now under compulsory demat for all categories of investors. During the year, the Company has tied up with Central Depository Services (India) Limited. With this, members have an option to hold their shares in electronic form with National Securities Depositories Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

Members are requested to provide updated bank account details to their depository participants. This will avoid delay at the time of disbursement of dividends.

Multiple Mailings : If you receive multiple mailings of Marico's annual report and would like us to eliminate the extra copies, please send your written permission to our registrars indicating your folio number. Multiple mailings occur if shares are held in multiple names, are registered under different names or are registered with slight differences in names and address.





Mr. Charandas V. Mariwala

(October 15, 1921 - April 02, 2000)

Mr. Charandas Vallabhdas Mariwala joined his father in business in 1941 immediately after graduating with Honours in commerce. Since then- when he was a partner in the firm of Kanji Moorarji, a trading firm dealing in agricultural produce, essentially from Kerala, in southern India, young Charandas had a vision of transforming the then modest trading firm into a vibrant and dynamic industrial and commercial conglomerate.

In a decade, he steered the growth of M/s. Kanji Moorarji, from a locally trading firm into the largest exporter of spices from India. Simultaneously, he made forays into the manufacturing sector by establishing The Bombay Oil Industries Ltd. in 1947, which marketed coconut oil and refined groundnut oil, under the brand name of "Parachute" and subsequently, refined safflower oil under the brand name "Saffola".

1960 saw the establishment of the Fatty Acids and Chemicals Division in Bombay Oil. This division went on to become the pioneer in the manufacture of oleo chemicals. In 1968, Mr. C V Mariwala conceptualised the oleoresin project for manufacture of sophisticated spice products like extracts, essential oils and food colours from spices and plant materials. It was the largest spice extraction plant in the world at that time.

Thus, in about 30 years from joining the business, he had given a concrete shape to his vision and transformed the trading house into a vibrant conglomerate with multi-faceted activities.

A restructuring in the late 1980s saw the Oils and Consumer Products Division of The Bombay Oil Industries Ltd. become Marico Industries Ltd. while the Chemicals Division was acquired by Hindustan Polyamides & Fibers Ltd. and the Oleoresin Division became Kancor Flavours & Extracts Ltd.

Mr. C V Mariwala was the founder chairman of Marico Industries Ltd. Under his stewardship, Marico grew into one of the leading fast moving consumer goods companies in the country with popular brands and a national presence.

All through these years, he actively participated in a number of trade and industry associations and high-powered committees appointed by the Government and other public bodies such as Development Council for Oils, Detergents and Paints in the Ministry of Industry, Central Organisation for Oil Industry and Trade, Indian Merchants' Chamber, to name a few.

May his soul rest in peace.

MARICO INDUSTRIES LIMITED
ANNUAL REPORT 1998-99

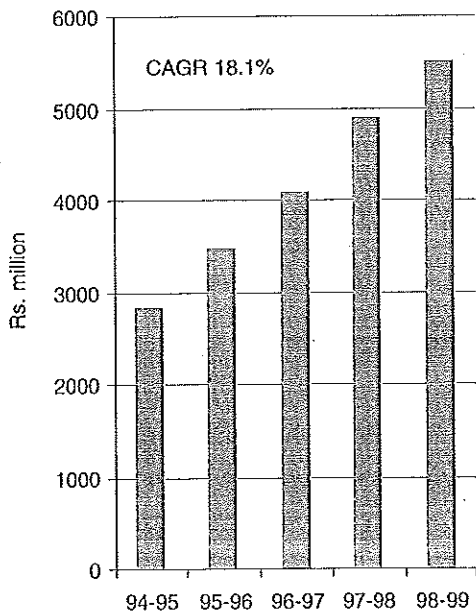


C O N T E N T S

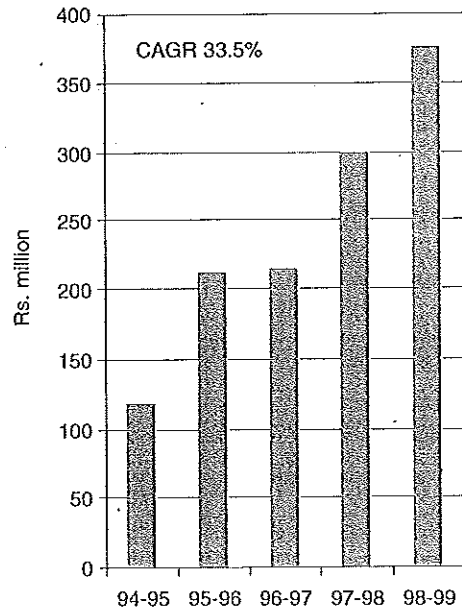
| | |
|------------------------------------|----|
| PERFORMANCE AT A GLANCE | 2 |
| MANAGEMENT DISCUSSION | 3 |
| MARICO'S BUSINESS DIRECTION | 13 |
| MARICO'S VALUES | 14 |
| ABOUT MARICO | 16 |
| COMPANY INFORMATION | 24 |
| DIRECTORS' REPORT | 25 |
| ANNEXURE TO DIRECTORS' REPORT | 30 |
| AUDITORS' REPORT | 33 |
| ANNEXURE TO AUDITORS' REPORT | 34 |
| BALANCE SHEET | 36 |
| PROFIT & LOSS ACCOUNT | 37 |
| SCHEDULES TO BALANCE SHEET | 38 |
| SCHEDULES TO PROFIT & LOSS ACCOUNT | 42 |
| NOTES TO THE ACCOUNTS | 46 |
| CASH FLOW | 50 |
| QUARTERLY FINANCIALS | 52 |
| MARICO ON THE EXCHANGES | 53 |
| SHAREHOLDER INFORMATION | 55 |

PERFORMANCE AT A GLANCE

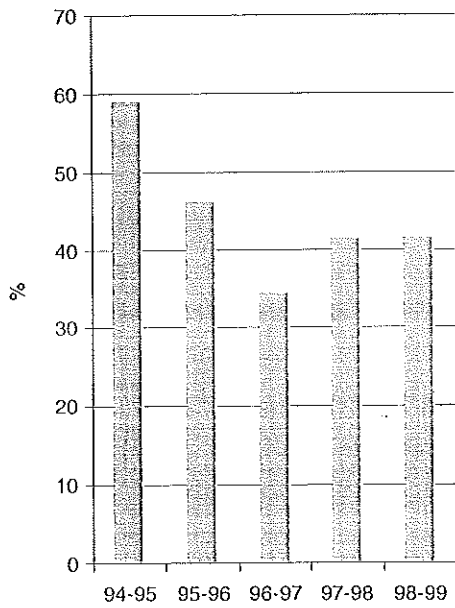
SALES & SERVICES



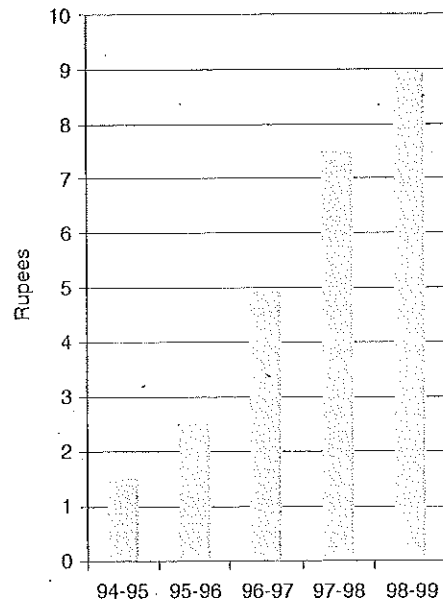
NET PROFITS

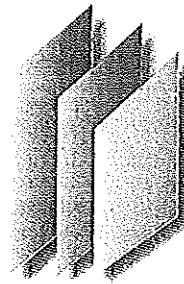


RETURN ON AVERAGE CAPITAL EMPLOYED



DIVIDEND PER SHARE





M A N A G E M E N T D I S C U S S I O N

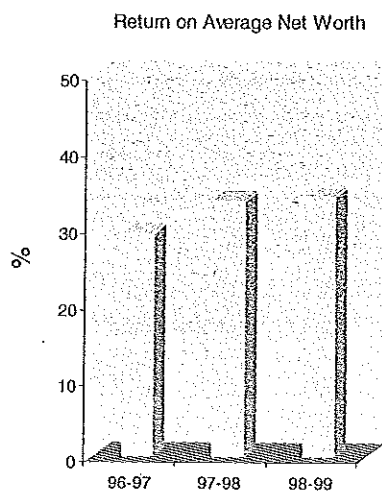
O V E R V I E W

In the year ended March 31, '99 (FY 99), Marico achieved a Total Revenue of Rs. 5531 million (USD 129.4 million), representing a growth of 12.5% over the previous financial year (FY 98). The sluggish trend in the revenue growth during the first half of the year was reversed in the second half. In contrast to a growth of 9.1% in the first half, revenue in the second half recorded a growth of 15.5% over the corresponding period in FY 98.

Marico posted pretax profits of Rs. 440 million (USD 10.3 million), a growth of 20.7%. Net Profit at Rs. 375 million (USD 8.8 million) was 6.8% of revenue, up from 6.1%, registering a growth of 24.9% over FY 98. Earnings per share during the year were Rs. 25.9 as compared to Rs.20.7 in FY 98. (Profits for FY 98 are after considering a non-recurring expense of Rs. 26 million (USD 0.6 million)).

Marico continued to maintain its focus on productivity of capital. Return on average capital employed (ROCE) was 41.5% against 41.3% in the previous year, while return on average net worth (RONW) improved to 34.3% from 33.8% in FY 98.

The Board of Directors has recommended distribution of a final dividend of 55%. Together with the interim dividend of 35% declared in October '98, the total distribution recommended is 90%, as compared to 75% for FY 98.



B R A N D S

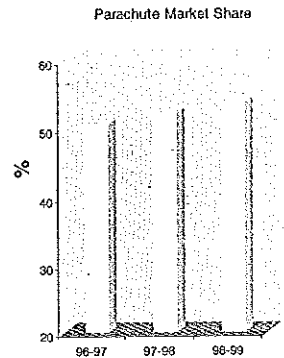
PARACHUTE

During the first quarter of FY 99, retail prices of Parachute were dropped by about 18% with a view to expanding the coconut oil market and fighting low priced competitors. Although retail prices were raised by about 6% in the third quarter, Parachute showed a decline of 7% in value terms for the year as a whole. Whilst the volume growth in the first half of the year was a modest 4.5%, the second half saw volumes rising appreciably and the brand registered a 7.5% growth for the whole year.



Parachute continued its dominance of the coconut oil market and improved its market share to 54.0% from 52.3% in FY 98. The Company plans to hold its market share through investments in brand building, maintaining cost leadership across the value chain and extending availability of the brand through distribution initiatives.

A significant portion of the coconut oil demand in the country today is serviced in loose form. This provides a large market opportunity waiting to be tapped. Parachute provides the consumer with coconut oil of a superior quality, free from adulteration, with better aroma and clarity. It also fulfils the aspiration of those with rising incomes, keen to switch to branded products. To encourage conversion from loose to packed consumption, Parachute is available in pouches, which can be retailed at a lower price due to lower packing costs and small unit volume packs that help reduce the unit price as well.

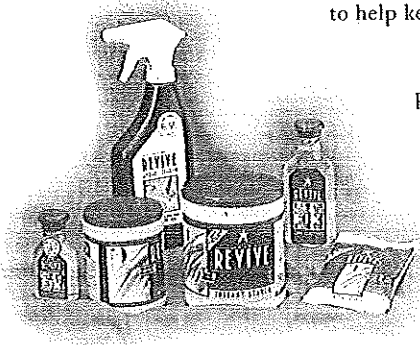


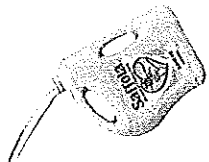
In FY 98, Parachute was restaged with a new look and the Coconut Dream logo. Parachute's Coconut Dream sought to associate the inherent goodness of coconut with the brand. This would provide the ideal platform for launching a basket of value-added hair care products with the "Goodness of Coconut" theme. In FY 98 the Parachute franchise was extended to Parachute Lite, a less greasy coconut hair oil, as well as two other hair grooming products, Parachute Nutri-Sheen Cream and Parachute Nutri-Sheen Liquid. This year, the Company test launched Parachute Lite Perfumed, with Jasmine fragrance and Parachute Active Herbs, a coconut hair oil with herbal ingredients Neem, Hibiscus and Almonds. When heated, its "Hot Oil Action" makes these ingredients penetrate deep into hair roots, giving maximum nourishment to help keep hair problem-free.

The response to Parachute Lite has been good and has helped it post a market share of 8.6% in the Value Added Coconut Oils market. Nutri-Sheen, a new product category, is being retailed in select towns.

REVIVE

Value growth during the year was over 5%. The unusually prolonged monsoon affected offtake and volumes grew by 2%. Revive, however, continues to be the only branded cold water





starch to be retailed in the country. An improved formulation of the brand, which was rolled out recently, enhances the solubility of the starch thus adding to convenience, and also ensures a more uniform starching of all garments.

The Company test launched Revive Colourfix in July '98. This is an innovative product that fixes colour on fabric, addressing another typically Indian consumer need. During the year, sales were about Rs. 150 million (USD 0.35 million). Revive is emerging as a niche fabric care brand that could be extended to similar products.

MARICO'S HAIR & CARE

The brand turned in a steady performance during the period. Volumes grew by 15.7% accompanied by a value growth of over 19%. Marico's Hair & Care maintained its market share of 27.9% in the Non-Sticky Hair Oils market.

SAFFOLA AND SWEEKAR

For the Refined Oils in Consumer Packs business, the fortunes in FY 99 were mixed.

Saffola faced a raw material supply constraint during the year due to a complete washout of the domestic safflower crop on account of unseasonal winter rains. Alternative arrangements were made through imports in order to protect volumes. However, the lead-time for procuring the material from overseas resulted in considerable loss of sales. Volumes in Saffola, therefore declined by 15% as compared to FY 98.

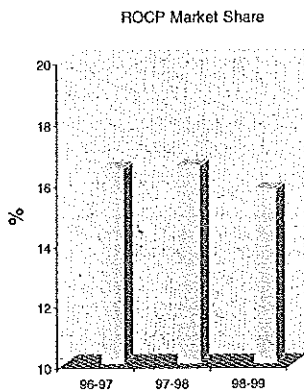
Sweekar volumes improved substantially, partially offsetting the decline in Saffola. Sales of Sweekar refined sunflower oil crossed, for the first time, the Rs. 1 billion (USD 23.4 million) mark. With edible oil prices ruling high this year, some shifts from higher priced oils to more economical options like sunflower may have occurred. The outbreak of epidemic dropsy in some regions of the country, caused by adulteration of mustard oil with argemone seed oil, also gave a fillip to sales of branded oils which carry an assurance of better quality. Both, Sweekar refined sunflower oil and refined mustard oil, grew during the year.

In continuation of its strategy to make the preferred oil of the region available to consumers, Marico launched a refined Soya oil variant of Sweekar in



September '98 and Sweekar Filtered Groundnut Oil in January '99. With this, Sweekar now has a presence in most major segments based on regional tastes / preferences.

Marico's brands in the refined oils in consumer packs category grew by 19.7% in volume compared to FY 98. Marico maintained its number 2 position in the category, with a slight decline in market share due to Saffola shortages.



Raw material prices increased significantly during the first three quarters of the year. However, since the brands enjoy considerable equity, price increases could be taken. Consequently, in value terms, refined oils showed a growth of 41%.

Saffola means more than just refined safflower oil to the consumer and offered a potential for being restaged. In order to enable its transition from a largely curative to a wider, preventive usage, the brand has been positioned on a "Heart of a Healthy Family" platform.

In December '98, a safflower-corn blended refined oil was launched in North India. This brings with it the health benefits of safflower together with the rich taste of corn. It is priced below Saffola refined safflower oil, and is expected to expand the market.

The packaging for the brand also underwent an overhaul. Saffola is now available in a uniquely shaped jar. Its design facilitates smooth pouring of the oil, making it the only "glug-free" container in the market today.

The "Good for the Heart" equity of Saffola offered potential for the brand to be extended to other food categories. In December '98, Marico launched its first non-oil extension - a Mineral Enriched Salt. This is formulated to provide a 25% reduction in sodium in the salt. Diets low in sodium may reduce the risk of high blood pressure. The salt has been launched in a PET jar and retails at Rs. 20/- per kg, a significant premium over ordinary iodized salts. In February '99, a second variant (providing 10% reduction in sodium) was launched in a pouch pack at a retail price of Rs. 10/- per kg.



In January '99, Saffola Atta (wheat flour) was added to Saffola's heart care range. This is a whole-wheat atta enriched with natural soya proteins and soluble

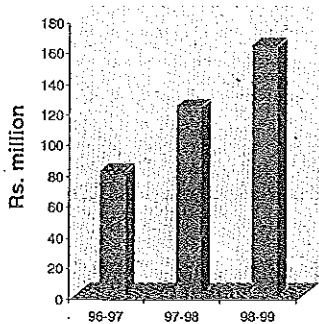


fibre from oats. Soluble fibre helps in the breakdown of cholesterol in the body. At present the product has been test launched in Delhi and is premium priced at Rs. 32/- for a 2 kg. pack.

SIL

The Sil range of processed foods was restaged during the year. New formulations including jams with glucose have been introduced. In order to enhance appeal and convenience, the packaging design for the entire range has been changed. The brand registered a 3 % growth in value. Sil jams maintained a market share of around 10%.

Export Sales



EXPORTS

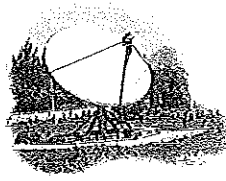
Exports during the year grew at 32 %, on a larger base, as compared to 50 % in FY 98. Marico's export turnover has now reached Rs. 163 million (USD 3.8 million), comprising largely of exports to the Middle East and Bangladesh.

ALLIANCE WITH INDO NISSIN FOODS LTD. FOR INSTANT NOODLES

The large and well-established distribution network of Marico provided an opportunity for being leveraged to generate additional revenue streams for the Company. In June '98, Marico operationalised its marketing and distribution alliance with Indo Nissin for Top Ramen instant noodles. Under the arrangement Marico earns a fee linked to sales. No investments are envisaged by Marico while all expenses are reimbursed by Indo Nissin. This has increased the Company's throughput in the processed foods segment and is expected to increase Marico's clout in the distribution chain. It will also provide the Sil range access to certain types of outlets where Top Ramen has a better reach.

In July '98, Top Ramen had a market share of 13.6% of the instant noodle market. By February '99, this improved to 21.4%.





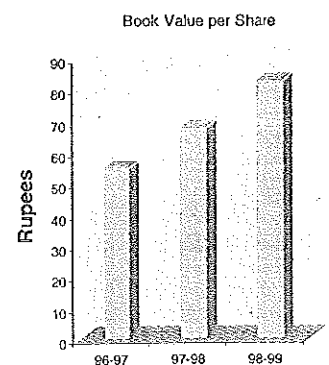
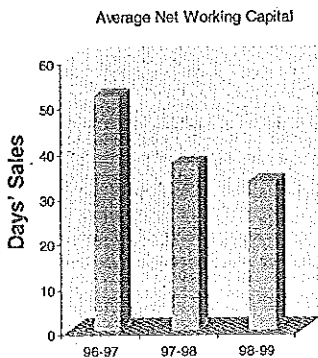
FINANCIAL REVIEW

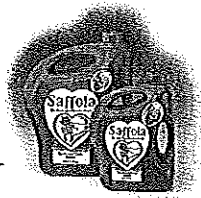
Net Cash Flows from continuing operations continued to fund the Company's working capital, capital expenditure, dividends and reduction of debt. Operating profit before working capital changes increased by 14.5% to Rs. 529.8 million (USD 12.4 million). At the year end, there was an increase of inventory levels by Rs. 239.3 million (USD 5.6 million) as compared to March '98, largely on account of raw material build up in safflower and advances for raw material imports in transit. The level of finished goods inventory was also Rs. 132 million (USD 3.1 million) higher owing to higher unit values in Parachute as well as the launch of new products this year.

During the year, additions to fixed assets were about Rs. 130 million (USD 3.06 million). These mainly comprised investments in new packaging systems at the Goa plant, in production facilities for instant starch and in information technology, including VSATs for improved connectivity amongst factories, regional offices, the copra buying office at Calicut and the corporate centre.

The focus on tight control of working capital was maintained. Despite the launch of a range of extensions, average net working capital increased only marginally. Consequently, the Company's return on total capital employed continued to remain healthy at 41.5%. Receivables increased marginally to 23 days from 21 days of sales. With the proportion of rural sales increasing, the collection period may inch upwards.

During the year, paid up equity capital remained at Rs. 145 million (USD 3.4 million). Reserves and surplus increased by Rs. 230.9 million (USD 5.4 million) to Rs. 1064.9 million (USD 24.9 million). The Company repaid 13.25% non-convertible debentures of Rs. 70 million (USD 1.6 million) during the year. Against a net worth of Rs. 1,234.8 million (USD 28.9 million), the Company had no secured debt and an unsecured debt of Rs. 25 million (USD 0.6 million) on 31 March, '99, reflecting a high debt raising capacity. (The unsecured debt comprises Rs. 4.4 million (USD 0.1 million) fixed deposits carrying a coupon of 15 % per annum and an interest-free deferred sales tax loan





of Rs. 20.6 million (USD 0.5 million)). The Company has access to various sources of funds at attractive rates based on its strong financial position, including undrawn lines of fund-based credit from its consortium of banks totalling Rs. 350 million (USD 8.2 million). Marico's short-term commercial paper rating with ICRA remained at A1+, indicating highest safety.

OPERATIONS

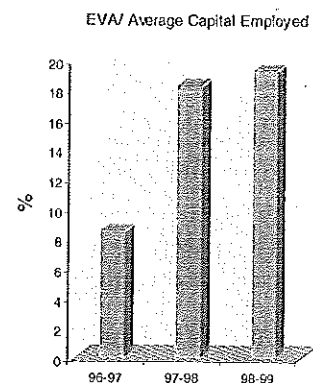
| | Operating Costs to Sales (%) | |
|-------------------------------------|------------------------------|-------|
| | FY 98 | FY 99 |
| Raw Material | 56.2 | 57.6 |
| Packing Material | 10.7 | 9.9 |
| Advertising & Sales Promotion (ASP) | 8.3 | 7.1 |
| Personnel | 2.8 | 3.2 |
| Other Expenses | 12.9 | 12.9 |

[Other expenses for FY 98 are after considering a non-recurring expense of Rs.26 million (USD 0.6 million)]

Raw materials showed divergent trends during the period. While the prices of both sunflower and safflower oil flared owing to a poor oilseeds crop in India as well as overseas, copra prices ruled easy. However, a drop in retail prices lowered the sales realisation of Parachute coconut oil. Overall the raw material cost as a percentage of revenue moved up by about 1.4 percentage points. ASP expense ratio was lower as advertising expenditure on Saffola refined safflower oil was curtailed in view of the supply constraint. Another factor causing the lowering of ASP ratio to Revenue was the relatively higher spend on the restaging of Parachute in FY 98 as compared to the restaging of Saffola this year. Control on other expenses was maintained.

EVA (ECONOMIC VALUE ADDED)

One of Marico's strategic objectives is to consistently deliver earnings in excess of the cost of capital provided by lenders and shareholders. EVA, which measures the residual income after considering a charge for the cost of capital, has therefore been adopted





as a yardstick for shareholder value creation.

EVA during FY 99 increased to Rs. 222 million (USD 5.2 million) from Rs. 188 million (USD 4.4 million) in FY 98. There was also an improvement in the EVA to average capital employed ratio to 19.3% up from 18.3% in FY 98.

ECONOMIC VALUE ADDED ANALYSIS

| | Rs. in Million | | | | | | |
|---|----------------|-------|-------|-------|-------|-------|-------|
| | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 |
| a Average Capital Employed | 207 | 294 | 427 | 704 | 1,023 | 1,027 | 1,152 |
| b Average Debt / Total Capital (%) | 54.4 | 46.9 | 43.6 | 44.4 | 28.7 | 13.5 | 5.0 |
| c Beta Variant | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| d Risk Free Debt (%) (Average of 364 days Treasury bill yields) | 11.4 | 11.1 | 10.2 | 12.9 | 11.3 | 10.0 | 9.5 |
| e Market Premium (%) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| f Cost of Equity (%) d+(c * e) | 18.9 | 18.6 | 17.7 | 20.4 | 18.8 | 17.5 | 17.0 |
| g Cost of Debt (Post Tax)(%) | 8.7 | 8.3 | 10.3 | 10.0 | 10.0 | 9.4 | 8.5 |
| h Weighted Average Cost of Capital (%) | 13.4 | 13.7 | 14.4 | 15.8 | 16.2 | 16.4 | 16.6 |
| i Profit After Tax (excl. extraordinary items) | 62 | 64 | 118 | 183 | 201 | 300 | 375 |
| j Add : Interest Post Tax | 23 | 25 | 33 | 52 | 52 | 57 | 38 |
| k Net Operating Profit After Tax | 85 | 88 | 151 | 236 | 253 | 357 | 413 |
| l Less : Cost of Capital | 28 | 40 | 62 | 111 | 166 | 169 | 191 |
| m Economic Value Added | 57 | 48 | 89 | 125 | 86 | 188 | 222 |
| n % to Capital Employed | 27.5 | 16.3 | 20.8 | 17.8 | 8.4 | 18.3 | 19.3 |



C O R P O R A T E D E V E L O P M E N T S

FIRST ACQUISITION

On April 26, '99, the Company entered into a memorandum of understanding (MOU) with Procter & Gamble (India) Ltd. (PGI) for the acquisition of the anti-lice treatment shampoo, Mediker. The acquisition of this profitable brand, with nearly 100% market share, provides Marico an entry into the problem-solution hair care segment and an opportunity to extend its distribution reach to chemist outlets. The current turnover of Mediker is about Rs. 80 million (USD 1.9 million).

Under the MOU, Marico would have the rights to the trademark 'Mediker' in India, apart from a non-compete covenant from PGI and its affiliates. In addition, Marico would be allowed to apply for registration of the brand in Bangladesh, Sri Lanka, Saudi Arabia, Yemen, Iran, Lebanon, Kuwait, Israel and Jordan.

DISTRIBUTION AGREEMENT WITH P&G

On April 26, '99, Marico entered into an agreement with Procter & Gamble Home Products Ltd. and Procter & Gamble India Ltd. (P & G) for the distribution of some of P & G's products in India, including the brands Clearasil, Old Spice, Pampers, Camay and Ariel detergent bar. The current turnover of these brands is about Rs. 500 million (USD 11.7 million). Marico will purchase and distribute these products and earn a margin to cover overheads and net income expectations. Demand creation will be handled by P & G.

- The additional throughput is expected to help Marico towards a wider and more cost effective distribution, especially in the 100,000 plus population towns and further develop its distribution competency.

The agreement is targeted to become effective on July 1, '99. It will be valid for a period of 10 years, renewable on mutual agreement. Specific provisions, including an exit penalty to be paid by P&G, have been made for any premature termination of the agreement.

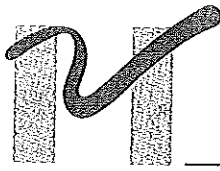
Notes :

1. Exchange rate assumed for conversion of INR figures is USD 1 = INR 42.75.
2. Market share information is based on ORG-Urban Retail data.

FINANCIAL HIGHLIGHTS 1990-91 TO 1998-99

(Amounts in Rs. Million)

| Year ended March 31st | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|------|------|------|------|------|------|------|------|------|
| Sales & Services | 1058 | 1595 | 2103 | 2364 | 2833 | 3486 | 4097 | 4900 | 5512 |
| Profit before Interest & Tax | 70 | 109 | 204 | 207 | 252 | 364 | 353 | 424 | 477 |
| Operating Profit before Tax | 45 | 62 | 148 | 149 | 191 | 268 | 277 | 365 | 440 |
| Extraordinary Income | | | | | | 29 | 14 | | |
| Profit before Tax | 45 | 62 | 148 | 149 | 191 | 297 | 291 | 365 | 440 |
| Profit after Tax | 24 | 29 | 62 | 64 | 118 | 212 | 215 | 300 | 375 |
| Economic Value Added | | | 58 | 48 | 90 | 125 | 87 | 188 | 222 |
| Net Fixed Assets | 40 | 68 | 110 | 167 | 270 | 404 | 453 | 605 | 694 |
| Investments | | | | 7 | 22 | 23 | 8 | | |
| Net Current Assets | 40 | 91 | 145 | 159 | 230 | 634 | 524 | 463 | 540 |
| Total Capital Employed | 80 | 159 | 255 | 333 | 522 | 1061 | 985 | 1068 | 1235 |
| Share Capital | 9 | 9 | 45 | 45 | 45 | 145 | 145 | 145 | 145 |
| Reserves | 24 | 53 | 82 | 140 | 252 | 515 | 653 | 834 | 1065 |
| Net Worth | 33 | 62 | 127 | 185 | 297 | 660 | 798 | 979 | 1210 |
| Borrowed Funds | 47 | 97 | 128 | 148 | 225 | 401 | 187 | 89 | 25 |
| Total Funds Employed | 80 | 159 | 255 | 333 | 522 | 1061 | 985 | 1068 | 1235 |
| Profit before Tax to Turnover (%) | 4.3 | 3.9 | 7.0 | 6.3 | 6.7 | 7.7 | 6.7 | 7.4 | 8.0 |
| Profit after Tax to Turnover (%) | 2.3 | 1.8 | 2.9 | 2.7 | 4.2 | 5.2 | 4.9 | 6.1 | 6.8 |
| Return on Net Worth (%) (PAT / Average Net Worth) | 72.7 | 61.1 | 65.6 | 41.0 | 49.0 | 44.3 | 29.5 | 33.8 | 34.3 |
| Return on Capital Employed (%) (PBIT / Average Total Capital Employed) | 87.5 | 91.2 | 98.6 | 70.4 | 58.9 | 46.0 | 34.5 | 41.3 | 41.5 |
| Net Cash Flow from Operations per share (Rs.) | | | | | 17.0 | 1.8 | 19.7 | 28.7 | 15.4 |
| Earnings Per Share (EPS) (Rs.) | 27.1 | 31.7 | 13.8 | 14.1 | 26.3 | 12.6 | 13.9 | 20.7 | 25.9 |
| Economic Value Added (EVA) per share (Rs.) | | | 12.9 | 10.7 | 20.0 | -8.6 | 6.0 | 13.0 | 15.3 |
| Dividend per share (Rs.) | | | 2.0 | 1.2 | 1.5 | 2.5 | 5.0 | 7.5 | 9.0 |
| Book Value per share (Rs.) | 36.7 | 68.9 | 28.2 | 41.1 | 66.0 | 45.5 | 55.0 | 67.5 | 83.4 |
| Debt / Equity (Times) | 1.42 | 1.56 | 1.01 | 0.80 | 0.76 | 0.61 | 0.23 | 0.09 | 0.02 |
| Sales to Average Capital Employed (Times) | 13.2 | 10.0 | 8.3 | 7.1 | 5.4 | 3.3 | 4.2 | 4.6 | 4.8 |
| Sales to Average Net Working Capital (Times) | 40.8 | 24.4 | 17.8 | 15.6 | 14.6 | 8.1 | 7.1 | 9.9 | 11.0 |



Marico's Business Direction : 2010

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

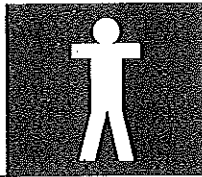
In the Nature Care business:
we will offer brands that enhance the appeal and
nourishment of hair and skin through distinctive products, largely based on
the goodness of coconut and other natural substances.

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

In the International business:
we would develop a franchise for our brands, in parts of the world
beyond the sub continent.

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

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



M A R I C O ' S V A L U E S

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

On the one hand, it is an invitation to excel.

On the other, it sums up the philosophy that will guide our success.

CONSUMERS

For they are the reason we exist.

MEMBERSHIP

For a sense of ownership empowers us.

EXCELLENCE

For it unleashes our potential.

WEALTH

For on it hinges our growth.

INNOVATION

For it gives wings to ideas.

CONSUMERS

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

MEMBERSHIP

Wholesome membership is when a person brings his or her entire being into the organisation. We will allow space for diversity and encourage genuine expression



of feelings, opinions and viewpoints. Equally important is the ability to listen without bias and alter one's view based on soundness. Inter-personal transactions will be characterised by trust, empathy, faith, fairness and respect. Membership gives each member a role in articulating and shaping the destiny of the organisation which in turn builds commitment and ownership. We will encourage teamwork and a shared approach to results as it promotes synergy, removes communication barriers and improves the overall quality of decisions and performance. Public acknowledgement creates recognition and also spurs others. We will spontaneously recognise and appreciate both individuals and teams for their contributions reflected in rising standards of performance.

EXCELLENCE

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

WEALTH

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

INNOVATION

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



A B O U T M A R I C O

COMMODITIES TO CONSUMER PRODUCTS

Marico Industries Limited (Marico), India's homegrown Fast Moving Consumer Goods (FMCG) Company has come a long way. Commercial operations, which began in April 1990, by taking over the consumer products division of The Bombay Oil Industries Ltd. (BOIL), have grown from two brands, Saffola and Parachute, into six brands and over two dozen products. From 2 manufacturing units, Marico now has 4 factories supported by several sub-contract manufacturers. Marico's sales have grown from under Rs. 1 billion (USD 23.4 million) to over Rs. 5.5 billion (USD 128 million) in 1998-99 (FY 99), and its retail strength has grown from about 200,000 to around 1,200,000. Over the last few years, export markets have been tapped and revenues from International business have crossed Rs. 160 million (USD 3.7 million). From a typically family owned business in the commodities heartland of Mumbai at Masjid, Marico has successfully transformed itself into a professionally managed and focussed consumer products company.

INTELLECTUAL CAPITAL - A BUILDING BLOCK

The formation of Marico, in 1990, as a separate company accelerated the endeavour to build a unique, high-spirited, flexible, yet stable enterprise. Marico sought to attract talented individuals from industry, leading business schools and other professionals from diverse disciplines such as marketing, technology and finance. This sprung from the conviction that the success and growth of an FMCG business, with significant investment in brands, depends on the quality of its human resources. Marico realised the need to create an enabling working environment that would best harness the potential of its own people and encourage them to identify and create superior products to serve the needs of consumers. Since managers from various organisational backgrounds were participating in building Marico, the need was felt to design and put in place a distinctive and appropriate culture. Over the years Marico has built for itself a stimulating work culture that empowers its people, promotes team building and encourages new ideas. Performance incentives allow its senior managers to identify with the success of their business.



For instance, each business division has specific performance targets linked to generating growth and improving return on capital employed.

Marico has received recognition for its Human Resource processes. In 1994 it received the Best HR Practices Award from the National HRD Network. Marico's Kanjikode unit won the Amity - HRD Network Human Resource Excellence Award in 1997. In 1998, Marico was recognised for Most Innovative HR Practices at the Asia Pacific HR Conference. The World Economic Forum honoured Marico as a Top Performing Global Growth Company from India in 1997.

BUSINESS MODEL - AN OUTLINE

The learnings over the last nine years have helped Marico evolve a business model for itself. The model centres around remaining focussed, building and leveraging its brand strength and distribution network. The entire turnover of the company comes from branded products. Marico has chosen to shun trading in the underlying commodities as it is not in keeping with its business focus of remaining committed to branded and value-added products. Organisational energies are invested only in those areas where they can add maximum value.

Investments in brand building and augmenting sales and distribution networks are preferred over investments in other assets. The company focusses on cost in order to achieve the best cost structure across the value chain.

BUSINESS GROWTH

Marico recognises that in each of its chosen fields there will be certain drivers of Future Business Growth. In categories where it enjoys a strong market position, the emphasis will be on conversions from loose goods to branded products. Penetration of branded food products in India is low. Branded refined oils in consumer packs for instance, constitute less than 10% of the total edible oil market. With two strong brands like Saffola and Sweekar, Marico is amongst those best placed to exploit the potential that this market provides. Instances of moves in this direction are the launch of Sweekar edible oil catering to regional preferences and making Parachute coconut oil available in small volume flexi packs. Where the brand is a number two, constant efforts will be made to increase market share.

Marico, over the past few years, has been focussing on increasing the share



of value-added business based on brand strengths. This will help earn better margins, as well as reduce the threat from low priced competitors. The test launches of Parachute Active Herbs and the salt and atta (wheat flour) extensions of Saffola are steps in this direction.

Marico also aims at a quantum improvement in sales and distribution capabilities. This will involve expanding the network to reach more outlets in urban India and at the same time increase penetration to cover more towns in the rural hinterland. Simultaneously, other channels such as supermarkets and institutions will be explored.

In International business, Marico's growth will come through the launch of the Parachute hair care range and entry in new markets.

Finally, discontinuous growth will come from brand acquisitions. The Company will explore opportunities to acquire brands that have a fit with its existing product range and distribution network. Marico recently announced its first brand acquisition - Mediker, a niche anti-lice shampoo from Procter & Gamble (India) Ltd.

BUSINESS DE-RISKING

In the past, the fortunes of the Company were closely linked to the performance of Parachute. Over time however, with the launch and growth of new products, Parachute's share of the Company's gross contribution has been brought down from nearly three fourths in 1996 to around half this year. The Company will continue to work towards reducing this share further.

Agricultural raw materials form a significant portion of cost in Marico's products; raw material prices and availability tend to fluctuate. In order to reduce risk in this area, the Company stays away from trading. Purchases are made only for the purpose of self-consumption. Over time, the risk has also been spread over a larger range of commodities. Sweekar for instance, has been extended to rapeseed oil, soyabean oil and groundnut oil, in addition to sunflower oil and mustard oil in which it was present last year. The globalisation of raw material sourcing over the last few years has also reduced vulnerability to shortages. The Company is also constantly working on improving price and supply forecasting skills.

A shift to value-added businesses will ensure margins, which are not only



higher but also less dependent on the variations in prices of the underlying raw material commodity. In addition, value added products provide the potential of premium pricing and further reduce vulnerability to price warriors.

INNOVATION AND REJUVENATION

Last year the Company was reorganised into three businesses as profit centres: Nature Care (Brands: Parachute, Marico's Hair and Care and Revive), Health Care (Brands: Saffola, Sweekar and Sil), and International Business. This was done with the view of promoting accountability and focus across the entire value chain within each division. A separate Sales division was also created. With each group of managers required to focus on a smaller set of brands, energies were released and channelled towards conceptualisation, development and launch of a range of new products in FY 99.

In the FMCG business it is necessary to rigorously question the status quo and constantly rebuild. Marico has proven its ability at reinventing its brands. Despite the strong position and brand equity of brands like Saffola and Parachute, Marico has frequently veered from the tried and tested formula in its quest for excellence. In FY 98, Parachute was restaged with a new look and the Coconut Dream story. The consumers endorsed this and the brand has been seeing reasonable volume growth. The principle is manifest once again in this year's repositioning of Saffola - a comprehensive rebuilding exercise. The new Saffola jar is plug-free and hence user friendly, ensuring that the design shift is not merely cosmetic but addresses practical issues as well. Saffola's makeover from the curative "Good for the Heart" platform to the preventive and more inclusive "Heart of a Healthy family" has helped it ride into the healthcare market with at least three new products.

One of Marico's principal values has been innovation. The movement from tin packs to HDPE packs in the '80s for instance, was a change to a more convenient pack, which at the same time made the product more affordable to the consumer. Then there is a product like Revive - a one of a kind soluble starch that demonstrates Marico's knack for understanding the Indian consumer's latent needs. This year Marico test launched Revive Colourfix - yet another product that serves a typically Indian need.



DISTRIBUTION IN INDIA - THE CHALLENGES & THE OPPORTUNITIES

SCATTER OF THE POPULATION

For a branded FMCG company in India, distribution is an invaluable asset which when managed well becomes a key competitive strength. India's urban population comprises 26% of the national population covering 3768 cities and towns. The remaining 74% of the population resides in 600,000 villages spread across the country. Many of these villages are not connected by motorable roads. The scattered nature of the population implies a high cost of penetration, considerable complexity in logistics and challenges of customisation to consumer needs.

The distribution channel structure in India is unique with a large chain of intermediaries who account for a sizeable portion of margins thereby making distribution a key cost element. These intermediaries are retailers, wholesalers, distributors and clearing and forwarding agents (C&FAs).

MARICO'S DISTRIBUTION NETWORK

Marico has established for itself a strong distribution network with 26 C&FAs servicing about 3,000 distributors and stockists. These distributors, either directly or through wholesalers, reach an estimated 1.2 million retail outlets. Of the 3768 towns in urban India, Marico directly covers 2900 towns. This includes coverage of all towns with populations of more than 100,000. Marico has stratified the country into 150 territories, each of which is managed by a company employed Territory Sales In-Charge and complemented by over 600 sales representatives provided by its distributors.

RURAL THRUST

Converting loose coconut oil to a branded product has been part of growth strategy. In addition, the potential of exploiting the equity of Parachute in small semi-urban and rural towns formed the basis of Marico's decision to extend its distribution to rural India. In the mid-nineties, it opened a separate rural channel structure. It



based decision making. Marico's distributors are also proposed to be linked by computer to its internal information network. An added benefit of these measures will be the reduction of inventory-carrying costs and the prevention of sales loss on account of delayed replenishments.

TRADE EQUITY

Marico's growth has also meant improved earnings for the trade - its channel partners. The strong equity that its brands enjoy, together with the Company's marketing efforts, ensures a quick turnaround of its products. Increasing sales and attractive return on investment for its distributors makes Marico a preferred company in trade. For many of its distributors, Marico forms the single largest account in their business.

Having built an equity for itself in trade, Marico is now in a position to encourage its distributors to make investments in infrastructure and follow standardised practices in Accounting, Stock Management and Customer Relationship Programmes. Marico has started a programme of upgrading the quality of the distributors' salesmen by partnering them in recruitment and training. To reduce subjectivity and wasteful effort in negotiating reorder quantities, order generation from distributors is now being automated. Customised software has been developed for installation at the distributors' offices.

Together, all these initiatives will help Marico create specialist skills in sales and distribution. This will enable Marico to effectively counter and withstand competition through a state-of-the-art distribution set-up, also available for other FMCG allies to ride on.

MARICO'S PRESENCE
 IN INDIA



MARICO INDUSTRIES LIMITED

| | |
|--|--|
| BOARD OF DIRECTORS | Charandas Vallabhdas Mariwala, Chairman Kishore Vallabhdas Mariwala Bipin Ratilal Shah Cyril Suresh Shroff Harsh Charandas Mariwala, Managing Director |
| TOP MANAGEMENT TEAM | Harsh Mariwala, Managing Director Pranab Datta, Chief Executive Officer – Health Care Shreekant Gupte, Chief Executive Officer - Nature Care Rajesh Jejurikar, General Manager – International Business Jeswant Nair, Chief Executive Officer – Sales Rakesh Pandey, Chief Human Resources Officer Milind Sarwate, Chief Financial Officer |
| COMPANY SECRETARY & LEGAL MANAGER | Dev Bajpai |
| BANKERS | Allahabad Bank ANZ Grindlays Bank Bank of Baroda Citibank N.A. State Bank of Saurashtra |
| AUDITORS | RSM & Co. |
| SOLICITORS | Amarchand & Mangaldas & Suresh A. Shroff & Co. |
| REGISTERED OFFICE | Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050 |
| FACTORIES | 'P' Plot, Fosberry Road, Sewree, Mumbai 400 033 E-10, M.I.D.C. Area, Jalgaon 425 003 Industrial Development Area, Kanjikode, Palakkad 678 621 Plot No. 70/0 & 72/1, Khandepar Village, Ponda, Goa 403 401. |

To the Members

The Board of Directors is pleased to present the Eleventh Annual Report together with the audited accounts of your Company for the year ended March 31, 1999.

Financial Results

| | (Indian Rupees Million) | |
|---|-------------------------|----------------|
| | <u>1998-99</u> | <u>1997-98</u> |
| Sales and Other Income | 5530.8 | 4915.8 |
| Profit before tax | 440.3 | 364.9 |
| Tax | 65.2 | 64.5 |
| Profit after Tax | 375.1 | 300.4 |
| Add : Prior period adjustments | — | — |
| Profit after tax and prior period adjustments | 375.1 | 300.4 |
| Add : Surplus brought forward | 176.6 | 70.9 |
| Profit available for Appropriation | <u>551.7</u> | <u>371.3</u> |
| Appropriation : | | |
| Interim dividend | 50.8 | 43.5 |
| Final dividend (proposed) | 79.7 | 65.3 |
| | <u>130.5</u> | <u>108.8</u> |
| Tax on dividend | 13.8 | 10.9 |
| | <u>144.3</u> | <u>119.7</u> |
| Transfer to General Reserve | 55.0 | 40.0 |
| Transfer to Debenture Redemption Reserve | — | 35.0 |
| Surplus carried forward | <u>352.4</u> | <u>176.6</u> |
| | <u>551.7</u> | <u>371.3</u> |

Sales Turnover

Sales value showed a growth of 12.5%, as compared to 19.6% in the previous year. This growth would have been higher, but for the lower availability of Safflower leading to a drop in Saffola volumes as also the price cut which was taken in Parachute Coconut Oil. The edible oil price fall during the last quarter also impacted the sales value growth. While volume growth varied from brand to brand, your Company continued to strengthen its brand portfolio through the launch of new products as Brand extensions. In keeping with its Strategic Direction, your Company continues to be No. 1 or No. 2 in each of the major segments it operates in.

During the coming year, your Company will continue its strategy to grow its value-added businesses, based on the inherent strength of its brands. New product launches and expansion of existing markets should help your Company to maintain and improve its position in the competitive FMCG markets.

Profitability

The Profit before Tax was higher by 20.7% at Rs. 440.3 million as compared to the previous year's Rs. 364.9 million. The Profit after Tax was also higher by 25.0% at Rs. 375.1 million as compared to the previous year's Rs. 300.4 million.

Dividend

The Board had declared an interim dividend of Rs. 3.50 per share (35%) during October 1998 on the Equity capital of Rs. 145 million. The Board is now pleased to propose a final dividend of Rs. 5.50 per share (55%) bringing the total dividend to Rs. 130.5 million as compared to Rs. 108.8 million paid for the previous year. This outflow excludes the tax on dividend which worked out to Rs. 13.8 million for the year, as against Rs. 10.9 million for the previous year. The dividend outflow for the year represents an increase of about 20% over the previous year's outflow.

The Pay-out has been after considering the need to conserve internal accruals for acquisition opportunities during the coming year.

International Business

The International business turnover posted an increase of 32% over the previous year, the revenue going up to Rs. 163 million as compared to Rs. 123 million in the previous year.

Your Company is also expanding its presence in the Middle East by launching new products and entering new Markets. Your Company has been looking at the SAARC Region as an important market for its international businesses and has been operating in Bangladesh as an exporter from India. In view of the increasing volumes in Bangladesh, it is proposed to set up a wholly owned subsidiary in Bangladesh, which will take up local manufacturing so that the opportunities can be better tapped.

Alliances and Acquisitions

Surplus funds, virtually untapped fund raising capacity and increasing stake-holders' aspirations, have driven your Company's search for acquisition/alliance opportunities to help it achieve discontinuous growth. While your Company's key value propositions to prospective allies are its strong brands and brand building skills as also its well developed and cost effective distribution network, your Company has maintained a clear focus on shareholder value and strategic fit with current business areas, in choosing acquisition/alliance targets. During the year, your Company operationalised a Marketing and Distribution Alliance with Indo Nissin Foods Ltd., a subsidiary of the USD 2 billion company, Nissin Foods, Japan. Recently, your Company has also reached an understanding with

Procter & Gamble India Ltd. (PGI) in respect of the sale to your Company of "Mediker" – the anti-lice treatment shampoo business in India and with PGI and Procter & Gamble Home Products Ltd. (P&G) for the distribution in India, of some of their brands viz. Clearasil, Old Spice, Pampers, Ariel Bar and Camay International.

Dropping Of the Proposed Merger of Kanmoor Foods with your Company

During October 1998, your Board of Directors decided not to proceed with the merger of Kanmoor Foods Ltd. with your Company, owing to adverse changes in the financial feasibility on account of the merger process taking a considerably long time and more importantly due to doubts arising as regards the availability / quantum of tax relief as originally envisaged in the evaluation of the merger proposal.

Organisation Structure

At the beginning of the year under review, your Company had re-organised itself into a divisional structure with three profit centres, viz. Nature Care, Health Care and International Business, supported by three service centres, namely, Sales, Personnel and Finance. The structure has stabilised and has been instrumental in the provision of a new stimulus and focus to each of these divisions.

Public deposits

Public deposits with your company at the end of the year aggregated Rs. 4.613 million. Nine deposits aggregating Rs. 0.110 million were unclaimed as on March 31, 1999, of which 4 deposits amounting to Rs. 0.060 million have since been repaid.

Depository System

During July 1998 your Company's equity shares were made available for dematerialisation. As of now, nearly 18% of the shares in your Company have been dematerialised.

Research & Development

During the year your Company spent Rs. 1.9 million on capital expenditure as against Rs. 3.8 million in the previous year. On revenue account it spent Rs. 24.1 million as against Rs. 23.7 million in the previous year. The R&D efforts have led to introduction of value added products in unique packaging during the year.

Information Technology

While it derives considerable value from intellectual capital in the form of strong brands, your Company has also tapped the power of another form of intellectual capital viz. Information Technology (IT). During the year, several steps were taken to strengthen the IT function in the Company, starting with the installation of VSATs at

all the factories and most of the regional offices of your Company. This and the other steps, which are being taken, would help your Company towards establishing robust connectivity. Your company has also upgraded most of its hardware to tap the connectivity enhancement. During the coming year, it is proposed to evaluate and implement packaged solutions such as ERP, SCM or both for improving the Information systems in your Company so as to help IT provide the much desired cutting edge to business competitiveness.

Y2K Compliance

Your Company uses Information Technology for most of its key functions and therefore the Y2K bug would be an issue in several areas. However, the risk to the Company can be considered to be low because of the various proactive steps taken towards Y2K compliance. The current level of Y2K compliance can be estimated at 90% for computer systems and 85% for non-computer i.e. embedded systems. It is expected that during the Quarter April-June 1999, the compliance levels would reach 100%.

Your Company has reviewed the Y2K compliance status for its business associates such as Registrars and Share Transfer Agents, C&F Agents and Contract Manufacturers. Your Company's Registrars and Share Transfer Agents - Karvy Consultants have confirmed that they are completely Y2K compliant. For the rest, the compliance status varies but can be estimated to be between 40% and 80%. We expect that complete compliance by all the associates would be achieved during the Quarter July-September 1999. Like all other companies, your Company also depends considerably on various public utilities in areas of telecommunications, power, banking, transport etc. Your company is maintaining a follow-up with these authorities to assess the status of their Y2K compliance. Your Company does not expect any significant disruption to its operations due to the Y2K problem. Contingency planning will be carried out in the second quarter of 1999-2000. The planning will include minimizing the risk due to non-compliance of public utilities and providers of mission critical supplies and services. The costs of addressing the Y2K issues have been estimated at Rs. 16 million.

To obtain an independent review of your company's state of preparedness and ongoing plans, which includes an examination of the potential for disruption caused by suppliers and / or customers not being ready for the millennium, an external appraisal is underway.

Accounts

The accompanying Financial Statements of your company have been prepared on a going concern basis and meet the Accounting Standards made applicable by the Institute of Chartered Accountants of India.

Your Directors have selected appropriate accounting policies, which have been applied consistently. 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, 1999 and the profits of your company for the year ended on that date.

Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.

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.

Directors

Mr. B.R. Shah and Mr. C.V. Mariwala retire by rotation at the ensuing Annual General Meeting. Being eligible, they have offered themselves for reappointment.

Additional Statutory Information

Information under Section 217(1)(e) of the Companies Act, 1956 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 Companies Act, 1956 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 Companies Act, 1956 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

RSM & Co. (formerly, M/s. Ratan S. Mama & Co.), Chartered Accountants retire at the ensuing Annual General Meeting and they have confirmed their eligibility for reappointment.

Human Resources

Human Resources continue to be the backbone of your Company's effectiveness. Your Company has built its own equity in the field of HR over the past few years. During the year, the Asia Pacific HR Conference chose your Company for an award for the most innovative HR practices.

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

Acknowledgment

The Board acknowledges the support and assistance received from the Central Government, various State Governments, Bankers, Vendors, C & F Agents, Distributors and other business associates, and looks forward to continued support of all these partners in progress.

Place: Mumbai

Date: April 26, 1999

On behalf of the Board of Directors

Charaudas V. Mariwala
Chairman

Disclosure of particulars with respect to Conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

In the area of Power consumption, the company optimised running of dehumidifiers, cutters, expellers and compressor operations for its crushing operations. At the refining plant, power factor was maintained in excess of 0.95. Furnace Oil consumption was optimized by moving to double press operations, by eliminating heating of first press cakes and elimination of steam leakages. Boiler efficiency was also improved by close monitoring of steam fuel ratio through steam meter and CO2 meter.

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

B. Research & Development:

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

C. Foreign Exchange earnings and outgo:

Opportunities are continuously explored to promote the export of your Company's products in new categories and new territories.

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

ENCLOSURE 'A'

Power & Fuel Consumption:

| | 1998-99 | 1997-98 |
|--|-----------|-----------|
| 1. Electricity | | |
| a. Purchased Units (Kwh) | 4,332,231 | 3,848,253 |
| Amount (Rs. million) | 13.14 | 10.71 |
| b. Own Generation | | |
| i. Through Diesel Generation units (Kwh) | 2,895,894 | 2,334,961 |
| Amount (Rs. million) | 9.84 | 7.86 |
| Rate (Rs./Unit) | 3.40 | 3.37 |
| ii. Through Steam Generator | NIL | NIL |
| 2. Coal (Used for Boiler) | | |
| Quantity (M.T.) | NIL | NIL |
| Amount (Rs. million) | NIL | NIL |
| Average Rate (Rs./Ton) | NIL | NIL |

| | 1998-99 | 1997-98 |
|------------------------------|---------|---------|
| 3. Furnace Oil | | |
| Quantity (KL) | 1571.93 | 1582.20 |
| Amount (Rs. million) | 11.35 | 12.06 |
| Average Rate (Rs./KL) | 7223.07 | 7621.47 |
| 4. Other Internal Generation | | |
| L.D.O./H.S.D. | | |
| Quantity (KL) | 190.09 | 227.07 |
| Amount (Rs. million) | 1.50 | 2.13 |
| Average Rate (Rs./KL) | 7890.11 | 9382.39 |

CONSUMPTION PER UNIT OF PRODUCTION OF EDIBLE OIL

| | Unit | 1998-99 | 1997-98 |
|-------------|------|---------|---------|
| Electricity | Kwh | 154.0 | 134.4 |
| Coal | MT | NIL | NIL |
| Furnace Oil | KL | 0.03 | 0.03 |

ENCLOSURE 'B'

Research & Development (R & D)

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

- Extracting and deploying in new products the benefits from agricultural and natural proteins like fibre, protein and other ingredients.
- Improvements and innovation in processing parameters to reduce process costs.
- Packaging development.
- Development of new products.

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

Over the years, your Company's R&D efforts have been moving closer to the Consumer in an endeavor to understand and address his/her needs and concerns through product, process and packaging innovations. Some of the benefits of this approach are as under:

- New products like Saffola Atta, Saffola Salt and *Parachute Active Herbs* Hair Oil were designed based on these needs.

- Process and technology were leveraged to ensure that the products delivered met consumer expectations in terms of price through cost efficiencies.
- Packaging development efforts resulted in unique pack offerings that showed superiority in design, convenience and value addition.

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

3. Expenditure on R&D:

| | Rs. million |
|--|-------------|
| a) Capital | 1.85 |
| b) Recurring | 24.10 |
| Total | 25.95 |
| c) Total R&D expenditure as a Percentage of total turnover | 0.47 |

On behalf of the Board of Directors

Charandas V. Mariwala

Chairman

Place: Mumbai

Date: April 26, 1999

To,

The Members of Marico Industries Limited

We have audited the attached Balance Sheet of MARICO INDUSTRIES LIMITED as at March 31st, 1999 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph '1' above:
 - (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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account and returns;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 1999;
 - and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For RSM & Co.

Chartered Accountants

NATRAJ RAMKRISHNA

Partner

Place : Mumbai

Dated : April 26, 1999

(Referred to in Paragraph (1) of our report to the Members of Marico Industries Limited on the accounts for the year ended March 31st, 1999)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
8. The Company had given loans to a company listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, *prima facie*, prejudicial to the interests of the Company. We are informed that there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. Loans or advances in the nature of loans given are being repaid as stipulated, together with interest, wherever applicable.
10. There are adequate control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The Company has entered into transactions of purchase of goods and materials in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and

aggregating during the year to Rs. 50,000/- or more in respect of each party. We were informed that in respect of these purchases, alternate acceptable sources of supply did not exist and, hence, comparison of prices was not possible. The transactions of sale of services were at rates which were reasonable as compared to prevailing market rates. There were, however, no transactions of sale of goods and materials entered in the said Register.

12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and materials dealt in and provision for loss, wherever necessary, has been made in the accounts.
13. The Company has complied with the provision of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has regularly deposited Provident Fund dues and Employees' State Insurance dues with the appropriate authorities. There were no arrears at year end.
18. There are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which have remained outstanding at the year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Place : Mumbai
Dated : April 26, 1999

For RSM & Co.
Chartered Accountants
NATRAJ RAMKRISHNA
Partner

BALANCE SHEET

| | SCHEDULE | As at March 31, | |
|---|----------|---------------------|---------------------|
| | | 1999 Rs. million | 1998 Rs. million |
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Capital | A | 145.000 | 145.000 |
| Reserves & surplus | B | 1,064.861 | 833.977 |
| | | <u>1,209.861</u> | <u>978.977</u> |
| LOAN FUNDS | | | |
| Secured loans | C | — | — |
| Unsecured loans | D | 24.982 | 89.063 |
| | | <u>24.982</u> | <u>89.063</u> |
| | | <u>1,234.843</u> | <u>1,068.040</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross block | E | 857.302 | 670.360 |
| Less: Depreciation | | 176.251 | 134.463 |
| Net block | | <u>681.051</u> | <u>535.897</u> |
| Capital work-in-progress | | 13.040 | 69.337 |
| | | <u>694.091</u> | <u>605.234</u> |
| INVESTMENTS | | | |
| | F | 0.440 | 0.425 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | G | 489.111 | 249.818 |
| Sundry debtors | H | 342.466 | 281.455 |
| Cash and bank balances | I | 120.846 | 208.792 |
| Loans and advances | J | 208.410 | 226.859 |
| | | <u>1,160.833</u> | <u>966.924</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | K | 518.071 | 424.033 |
| Provisions | L | 102.450 | 80.510 |
| | | <u>620.521</u> | <u>504.543</u> |
| NET CURRENT ASSETS | | <u>540.312</u> | <u>462.381</u> |
| | | <u>1,234.843</u> | <u>1,068.040</u> |

Notes to the Accounts
As per our attached report of even date
For RSM & Co.
Chartered Accountants

For and on behalf of the Board of Directors

NATRAJ RAMKRISHNA
Partner

DEV BAJPAI
*Company Secretary &
Legal Manager*

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : April 26, 1999

Place : Mumbai
Dated : April 26, 1999

PROFIT AND LOSS ACCOUNT

| | SCHEDULE | For the year ended March 31, | |
|---|--|---|--|
| | | 1999 Rs. million | 1998 Rs. million |
| INCOME | | | |
| Sales and services | Q | 5,512.133 | 4,900.240 |
| Other income | M | 18.647 | 15.556 |
| | | 5,530.780 | 4,915.796 |
| EXPENDITURE | | | |
| Cost of materials | N | 3,176.836 | 2,752.165 |
| Manufacturing and other expenses | O | 1,824.611 | 1,700.092 |
| Finance charges | P | 37.068 | 58.827 |
| Depreciation | E | 51.974 | 39.848 |
| | | 5,090.489 | 4,550.932 |
| PROFIT BEFORE TAX | | 440.291 | 364.864 |
| Provision for tax [including Rs. 0.400 million (Rs. 0.500 million) towards wealth tax] | | 65.200 | 64.500 |
| PROFIT AFTER TAX | | 375.091 | 300.364 |
| Balance brought forward | | 176.617 | 70.878 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 551.708 | 371.242 |
| APPROPRIATIONS | | | |
| Interim dividend | | 50.750 | 43.500 |
| Tax on interim dividend | | 5.075 | 4.350 |
| Proposed final dividend | | 79.750 | 65.250 |
| Tax on proposed final dividend | | 8.772 | 6.525 |
| Debenture redemption reserve | | — | 35.000 |
| General reserve | | 55.000 | 40.000 |
| BALANCE CARRIED TO THE BALANCE SHEET | | 352.361 | 176.617 |
| Notes to the Accounts | | R | |
| As per our attached report of even date | | | |
| For RSM & Co. <i>Chartered Accountants</i> | | For and on behalf of the Board of Directors | |
| NATRAJ RAMKRISHNA <i>Partner</i> | DEV BAJPAI <i>Company Secretary & Legal Manager</i> | C. V. MARIWALA <i>Chairman</i> | H. C. MARIWALA <i>Managing Director</i> |
| Place : Mumbai Dated : April 26, 1999 | | Place : Mumbai Dated : April 26, 1999 | |

SCHEDULES TO BALANCE SHEET

| | As at March 31, 1999 Rs. million | As at March 31, 1998 Rs. million |
|--|---|---|
| SCHEDULE 'A' | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 2,99,00,000 Equity shares of Rs. 10 each | 299.000 | 299.000 |
| 10,000 14% Cumulative Redeemable Preference shares of Rs. 100 each | 1.000 | 1.000 |
| | <u>300.000</u> | <u>300.000</u> |
| ISSUED AND SUBSCRIBED | | |
| 1,45,00,000 Equity shares of Rs. 10 each fully paid up, including 1,20,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve | 145.000 | 145.000 |
| | <u>145.000</u> | <u>145.000</u> |
| SCHEDULE 'B' | | |
| RESERVES & SURPLUS | | |
| CAPITAL RESERVE | | |
| As per last Balance Sheet | 2.360 | 2.360 |
| Add: Received during the year | 0.140 | — |
| | <u>2.500</u> | <u>2.360</u> |
| SHARE PREMIUM | | |
| As per last Balance Sheet | 165.000 | 165.000 |
| GENERAL RESERVE | | |
| As per last Balance Sheet | 455.000 | 415.000 |
| Add: Transfer from Debenture Redemption Reserve | 35.000 | — |
| Transfer from Profit and Loss Account | 55.000 | 40.000 |
| | <u>545.000</u> | <u>455.000</u> |
| DEBENTURE REDEMPTION RESERVE | | |
| As per last Balance Sheet | 35.000 | — |
| Add: Transfer from Profit and Loss Account | — | 35.000 |
| Less: Transfer to General Reserve | 35.000 | — |
| | <u>—</u> | <u>35.000</u> |
| PROFIT AND LOSS ACCOUNT | | |
| | 352.361 | 176.617 |
| | <u>1,064.861</u> | <u>833.977</u> |

| | As at March 31, 1999 Rs. million | As at March 31, 1998 Rs. million |
|--|---|---|
| SCHEDULE 'C' | | |
| SECURED LOANS | | |
| Working capital finance from banks | — | — |
| (Secured by hypothecation of stocks in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by three Directors of the Company. Balances outstanding against working capital limits as at the year end is Rs. Nil) | | |
| | — | — |
| | — | — |

SCHEDULE 'D'
UNSECURED LOANS

| | | |
|--|--------|--------|
| Fixed deposits Repayable within a year Rs. 1.832 million (Rs. 4.426 million) | 4.403 | 9.176 |
| 13.25% Non-Convertible Debentures of Rs. 100 each, privately placed | — | 70.000 |
| Deferred sales tax loan (Repayable over five years commencing from year 2006) | 20.579 | 9.887 |
| | 24.982 | 89.063 |

SCHEDULE 'E'
FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|-------------------------------|----------------|---------------|-------------------------------|------------------------------|-----------------|---------------|------------------------------|-------------------------------|-------------------------------|
| | As at March 31, 1998 | Additions | Deductions | As at March 31, 1999 | Upto March 31, 1998 | For the Year | Deductions | Upto March 31, 1999 | As at March 31, 1999 | As at March 31, 1998 |
| | Freehold land | 9,193 | — | — | 9,193 | — | — | — | — | 9,193 |
| Leasehold land | 3,244 | — | — | 3,244 | 0,251 | 0,037 | — | 0,288 | 2,956 | 2,933 |
| Building | 205,671 | 84,382 | — | 290,053 | 10,665 | 5,169 | — | 15,774 | 274,279 | 195,016 |
| Plant & machinery | 405,693 | 110,775 | 12,546 | 503,832 | 118,206 | 45,080 | 9,982 | 153,304 | 350,528 | 287,397 |
| Furniture & fittings | 8,779 | 3,561 | 0,200 | 12,140 | 3,377 | 0,891 | 0,088 | 4,189 | 7,960 | 5,402 |
| Trade mark/ Copyright | 30,000 | — | — | 30,000 | — | — | — | — | 30,000 | 30,000 |
| Vehicles | 7,870 | 1,319 | 0,349 | 8,840 | 3,964 | 0,857 | 0,116 | 2,705 | 6,135 | 5,936 |
| TOTAL | 670,360 | 209,037 | 13,051 | 857,302 | 134,463 | 51,974 | 10,186 | 176,251 | 681,051 | 535,897 |
| PREVIOUS YEAR | 490,816 | 180,722 | 1,178 | 670,360 | 93,151 | 39,848 | 0,536 | 134,463 | 13,040 | 69,337 |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | 694,091 | 605,234 |
| Notes : | | | | | | | | | | |
| 1. Gross block of Buildings includes pending execution of conveyance — Rs. 4,280 million (Rs. 130,681 million) | | | | | | | | | | |
| 2. Gross Block of Plant & machinery includes cost of assets leased out — Rs. 47,608 million (Rs. 52,802 million) | | | | | | | | | | |
| 3. Trademark/Copyright is pending registration. | | | | | | | | | | |

SCHEDULES TO BALANCE SHEET

| | As at March 31, 1999 Rs. million | As at March 31, 1998 Rs. million |
|---|---|---|
| SCHEDULE 'F' | | |
| INVESTMENTS (At Cost, Non Trade) | | |
| LONG TERM -- UNQUOTED | | |
| Government securities: | | |
| National Savings Certificates (Deposited with Govt. authorities) | 0.119 | 0.104 |
| | <u>0.119</u> | <u>0.104</u> |
| CURRENT -- QUOTED | | |
| Unit Trust of India -- Unit Scheme -- 1964 | | |
| 16,170 (16,170) Units of Rs. 10 each fully paid | 0.260 | 0.260 |
| Unit Trust of India Master Gain - 92 | | |
| 4,600 (4,600) Units of Rs. 10 each fully paid | 0.061 | 0.061 |
| | <u>0.321</u> | <u>0.321</u> |
| TOTAL | <u>0.440</u> | <u>0.425</u> |
| Aggregate market value of quoted investments | 0.290 | 0.294 |
| SCHEDULE 'G' | | |
| INVENTORIES | | |
| (As valued and certified by the management - Note 1(f) of Schedule 'R') | | |
| Raw materials * | 150.879 | 48.808 |
| Packing materials | 55.004 | 49.030 |
| Stores, spares, consumables & chemicals etc. | 7.462 | 8.167 |
| Work-in-process | 3.674 | 4.305 |
| Finished products | 271.202 | 139.081 |
| By-products | 0.890 | 0.427 |
| | <u>489.111</u> | <u>249.818</u> |
| *Includes Goods in Transit Rs. 21.527 million (Nil) | | |
| SCHEDULE 'H' | | |
| SUNDRY DEBTORS | | |
| (Unsecured - considered good) | | |
| Over six months | 4.158 | 6.174 |
| Others | 338.308 | 275.281 |
| | <u>342.466</u> | <u>281.455</u> |

SCHEDULES TO BALANCE SHEET

| | As at March 31, 1999 Rs. million | As at March 31, 1998 Rs. million |
|---|---|---|
| SCHEDULE 'I' | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 0.822 | 0.697 |
| Balances with banks: | | |
| Fixed deposits (includes Rs. 4.501 million (Rs. 0.779 million) lodged with Govt. authorities) | 4.503 | 0.779 |
| Margin accounts (Against Letters of credit and Bank guarantees) | 2.893 | 4.501 |
| Current accounts — Scheduled banks | 112.563 | 202.813 |
| — Non Scheduled bank (Jalgaon Janata Sahakari Bank Ltd.) [Maximum balance Rs. 0.732 million (Rs. 0.316 million)] | 0.065 | 0.002 |
| | <u>120.846</u> | <u>208.792</u> |
| SCHEDULE 'J' | | |
| LOANS & ADVANCES | | |
| (Unsecured – considered good) | | |
| Inter corporate deposits | 68.500 | 82.500 |
| Advances recoverable in cash or in kind or for value to be received | 81.368 | 99.950 |
| Deposits | 51.852 | 43.784 |
| Balances with Central Excise authorities | 6.130 | 0.038 |
| Interest accrued on — Investments | 0.082 | 0.082 |
| — Others | 0.478 | 0.505 |
| | <u>208.410</u> | <u>226.859</u> |
| SCHEDULE 'K' | | |
| CURRENT LIABILITIES | | |
| Sundry creditors | 433.006 | 344.683 |
| Unclaimed dividend | 0.006 | 0.006 |
| Other liabilities | 42.105 | 34.533 |
| Security deposits | 42.463 | 41.246 |
| Interest accrued but not due on loans | 0.491 | 3.565 |
| | <u>518.071</u> | <u>424.033</u> |
| SCHEDULE 'L' | | |
| PROVISIONS | | |
| Income tax (net of advance tax) | 13.898 | 8.709 |
| Diminution in value of investments | 0.030 | 0.026 |
| Dividend | 79.750 | 65.250 |
| Tax on dividend | 8.772 | 6.525 |
| | <u>102.450</u> | <u>80.510</u> |

SCHEDULES TO PROFIT & LOSS ACCOUNT

| | Year ended March 31, 1999 Rs. million | Year ended March 31, 1998 Rs. million |
|--|--|--|
| SCHEDULE 'M' | | |
| OTHER INCOME | | |
| Income from investments (Gross) | 0.040 | 0.138 |
| [Tax deducted at source Rs. 0.005 million (Rs. 0.017 million)] | | |
| Provision for diminution in value of investments written back | — | 1.060 |
| Miscellaneous income | 18.607 | 14.358 |
| | <u>18.647</u> | <u>15.556</u> |
| SCHEDULE 'N' | | |
| COST OF MATERIALS | | |
| RAW MATERIALS : | | |
| Opening stock | 48.808 | 60.801 |
| Add : Purchases | 3,240.219 | 2,536.123 |
| Less : Sales | 58.024 | — |
| Less : Closing stock | 150.879 | 48.808 |
| | <u>3,080.124</u> | <u>2,548.116</u> |
| PURCHASE OF FINISHED PRODUCTS | 228.665 | 194.429 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK | | |
| Work-in-process | 4.305 | 3.576 |
| By-products | 0.427 | 2.694 |
| Finished products | 139.081 | 147.163 |
| Less : | | |
| CLOSING STOCK : | | |
| Work-in-process | 3.674 | 4.305 |
| By-products | 0.890 | 0.427 |
| Finished products | 271.202 | 139.081 |
| | <u>(131.953)</u> | <u>9.620</u> |
| | <u>3,176.836</u> | <u>2,752.165</u> |

| | Year ended March 31, 1999 Rs. million | Year ended March 31, 1998 Rs. million |
|--|--|--|
| SCHEDULE 'O' | | |
| MANUFACTURING AND OTHER EXPENSES | | |
| Employees' costs : | | |
| Salaries, wages and bonus | 137.173 | 106.216 |
| Contribution to provident fund and other funds | 19.089 | 13.312 |
| Welfare expenses | 21.358 | 17.030 |
| | <u>177.620</u> | <u>136.558</u> |
| Packing materials consumed | 545.900 | 525.759 |
| Stores, spares and chemicals consumed | 24.378 | 25.037 |
| Power, fuel and water | 41.816 | 37.547 |
| Contract manufacturing charges | 119.185 | 96.701 |
| Rent and storage charges | 44.347 | 36.543 |
| Repairs to : Buildings | 9.420 | 8.345 |
| Machinery | 7.182 | 6.354 |
| Others | 3.715 | 5.413 |
| | <u>20.317</u> | <u>20.112</u> |
| Freight, forwarding and distribution expenses | 217.191 | 183.345 |
| Advertisement and sales promotion | 389.526 | 407.026 |
| Rates and taxes | 1.442 | 2.379 |
| Sales tax and cess | 41.262 | 63.831 |
| (Includes cess relating to earlier years Rs. Nil (Rs. 25.526 million)) | | |
| Printing, stationery and communication expenses | 26.976 | 19.542 |
| Travelling, conveyance and vehicle expenses | 49.578 | 42.014 |
| Royalty | 26.181 | 27.522 |
| Insurance | 3.922 | 3.121 |
| Provision for diminution in value of investments | 0.004 | — |
| Miscellaneous expenses | 94.966 | 73.055 |
| | <u>1,824.611</u> | <u>1,700.092</u> |
| SCHEDULE 'P' | | |
| FINANCE CHARGES | | |
| Interest on fixed loans | 7.407 | 25.612 |
| Other interest | 19.894 | 21.290 |
| Bank charges and others | 31.292 | 40.063 |
| | <u>58.593</u> | <u>86.965</u> |
| Less : Interest earned | 21.525 | 28.138 |
| | <u>37.068</u> | <u>58.827</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTION, TURNOVER, OPENING STOCK AND CLOSING STOCK

| Sr. Particulars No. | Period ended | Installed capacity M.T. (Note I) | Opening stock | | Production Quantity M.T. (Note IV) | Purchases | | Turnover | | Closing stock | |
|---------------------|--|----------------------------------|---------------|--------------------|------------------------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|
| | | | Quantity M.T. | Amount Rs. million | | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million |
| 1 | Raw/Refined oils | 83,180 of Oils | 2,574,258 | 114,983 | 48,486,109 | 3,602,953 | 153,709 | 65,856,091 | 4,889,482 | 4,624,297 | 241,361 |
| | | 90,480 of Oils | 2,508,215 | 113,364 | 46,020,738 | 3,405,604 | 106,667 | 58,105,632 | 4,375,930 | 2,574,258 | 114,982 |
| 2 | Hair oils (Note II) | — | 105,574 | 8,998 | — | — | — | 2,029,706 | 285,494 | 133,030 | 12,908 |
| | | — | 174,464 | 16,610 | — | — | — | 1,592,831 | 218,750 | 103,574 | 8,998 |
| 3 | Pregel starch (Captive consumption) | 1,800 of Starch | — | — | 175,419 | — | — | — | — | 68,420 | 1,965 |
| | | — | — | — | — | — | — | — | — | — | — |
| 4 | Others (Note III) (Includes processed foods & by products) | — | — | 15,527 | — | — | 74,956 | — | 327,435 | — | 15,858 |
| | | — | — | 19,883 | — | — | 87,762 | — | 305,560 | — | 15,528 |
| 5 | Service income — commission | — | — | — | — | — | — | — | 9,722 | — | — |
| | | — | — | — | — | — | — | — | — | — | — |
| | TOTAL | | | 139,508 | | | 228,665 | | 5,512,133 | | 272,092 |
| | TOTAL | | | 149,857 | | | 194,429 | | 4,900,240 | | 139,508 |

NOTES:

- I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis.
- 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 - Qty. in KL.
- III) The Company deals in processed foods which are not packed in homogeneous units, hence it is not practicable to furnish quantitative data.
- IV) The production of Raw/Refined oils excludes processed by others 16,592.560 M.T. (9,318.752 M.T.) and includes used for internal consumption 775.492 M.T. (573,440 M.T.).
- V) During the current year the Company had commissioned Blow moulding facility for manufacture of 34.32 million HDPE bottles p.a. for captive consumption.

| | Quantity M.T. | March 31, 1999 Value Rs. million | Quantity M.T. | March 31, 1998 Value Rs. million |
|---|------------------|---|------------------|---|
| SCHEDULE 'Q' | | | | |
| B) RAW MATERIALS CONSUMED | | | | |
| Oil seeds | 47,956.000 | 1,507.932 | 47,894.178 | 1,532.949 |
| Raw oils | 35,710.000 | 1,401.003 | 29,236.894 | 927.098 |
| Others | — | 171.189 | — | 88.069 |
| | | <u>3,080.124</u> | | <u>2,548.116</u> |
| C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED | | | | |
| | % | Value Rs. million | % | Value Rs. million |
| Raw materials | | | | |
| Imported | 31.76 | 978.113 | 14.81 | 377.277 |
| Indigenous | 68.24 | 2,102.011 | 85.19 | 2,170.839 |
| | <u>100.00</u> | <u>3,080.124</u> | <u>100.00</u> | <u>2,548.116</u> |
| Stores, spares and chemicals | | | | |
| Imported | — | — | 0.46 | 0.116 |
| Indigenous | 100.00 | 24.378 | 99.54 | 24.921 |
| | <u>100.00</u> | <u>24.378</u> | <u>100.00</u> | <u>25.037</u> |
| D) VALUE OF IMPORTS ON C.I.F. BASIS | | | | |
| Raw material | | 941.183 | | 290.976 |
| Capital goods | | 29.447 | | 21.840 |
| | | <u>970.630</u> | | <u>312.816</u> |
| E) EXPENDITURE IN FOREIGN CURRENCY | | | | |
| Packing material | | 4.226 | | 42.755 |
| Travelling & other expenses | | 43.349 | | 19.480 |
| | | <u>47.575</u> | | <u>62.235</u> |
| F) F.O.B. VALUE OF EXPORTS | | | | |
| | | <u>143.813</u> | | <u>117.043</u> |
| | | <u>143.813</u> | | <u>117.043</u> |

SCHEDULE 'R'

NOTES TO THE ACCOUNTS :

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

(a) The Company and nature of its operations

Marico Industries Limited ('Marico' or 'The Company'), head quartered in Mumbai, India, carries on business in Fast Moving Consumer Goods. Marico manufactures and markets products under brands such as Parachute, Saffola, Sweekar, Marico's Hair & Care, Sil and Revive. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 4 Regional offices, 26 Carrying & forwarding agents and about 3000 distributors spread all over India. The Company's export markets comprise The Middle East and SAARC countries. Marico has manufacturing facilities located at Goa, Kanjikode, Jalgaon and Sewree, supported by subcontracting units.

(b) Basis of preparation of Financial Statements

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

(c) Fixed Assets

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

(d) Depreciation

(i) Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions during the year has been provided on pro rata basis with reference to the month of addition/deduction. Extra shift depreciation is provided on "Plant" basis.

(ii) Assets given on lease are depreciated over the primary period of the lease.

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

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

(v) Trademarks/Copyright with Economic Value exceeding the carrying cost are not treated as depreciable assets.

(e) Investments

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

(ii) Current Investments are valued at lower of cost or market value, computed categorywise.

(f) Inventory

(i) Raw Material, Packing Material, Chemicals, Consumables, Stores & Spares and Work-in-process are valued at cost.

(ii) Finished goods are valued at lower of cost or net realisable value.

(iii) By-products and Unserviceable/damaged finished products are valued at net realisable value.

(iv) The bases of determining cost for various categories of inventories are as follows :

Finished goods and work-in-process : Direct Costing basis

Others : FIFO basis

(v) Stores and spares individually costing less than Rs. 1,500 are charged off in the year of purchase.

- (g) Research and Development
Capital expenditure on Research & Development is allocated to fixed assets. Revenue expenditure is charged off in the year in which it is incurred.
- (h) Revenue Recognition
- (i) Sales are recognised at the point of despatch to the customers and stated net of trade discount and exclusive of sales tax.
 - (ii) Agency Commission Income is recognised upon effecting sales.
 - (iii) Interest and other income are recognised on accrual basis.
- (i) Retirement Benefits
The Company has various schemes of retirement benefits, namely, Provident, Superannuation and Gratuity Funds. These funds are administered through Trustees and the Company's contribution thereto is charged to revenue every year. Accruals are made for Leave encashment and Gratuity on the basis of actuarial valuation.
- (j) Foreign Currency Transactions
Current assets and Current liabilities are translated at forward cover rate or at year end exchange rate, as applicable. Resultant gains or losses are recognised in the profit and loss account other than the exchange rate difference relating to fixed assets which are adjusted against the carrying cost of corresponding fixed assets. Exchange differences arising on forward exchange contracts are recognised over the period of the contract.
- (k) Government Grants
- (i) Government grants related to the total investment in undertaking are treated as capital reserve.
 - (ii) Government grants related to specific fixed assets are reduced from the cost of the assets.
2. Capital Reserve represents subsidy received from the Government of Kerala for setting up of the new plant at Kanjikode, which is refundable, if the unit goes out of production within five years of receipt of subsidy.
 3. Miscellaneous Income includes lease income Rs. 7.346 million (Rs. 8.309 million), Export Incentives Rs. 3.920 million (Rs. 1.050 million), Income from current investments Rs. 0.164 million (Rs. Nil).
 4. Miscellaneous expenses includes Commission and Brokerage Rs.15.901 million (Rs. 8.328 million), Donations Rs. 0.169 million (Rs. 0.106 million), Cash discount Rs. 0.384 million (Rs.0.542 million), Loss on sale of assets (Net) Rs. 0.544 million (Rs. 0.166 million), Audit fees Rs. 0.575 million (Rs. 0.225 million), Payment to Auditors for other services Rs. 0.073 million (Rs. 0.125 million), Payment to Auditors for out-of-pocket expenses Rs. 0.042 million (Rs. 0.060 million).
 5. Research and Development expenses aggregating Rs. 24.104 million (Rs.23.656 million) have been included under the relevant heads of expenses.
 6. Exchange gains (net) aggregating Rs. 4.276 million (Loss - Rs.12.392 million) have been included under the relevant heads in the profit and loss account.
 7. Contingent liabilities not provided for in respect of:
 - (a) Letters of credit outstanding Rs. 44.272 million (Rs. 74.107 million).
 - (b) Sales Tax/Cess claims disputed by the Company (net of tax) Rs. 33.081 million (Rs. 21.185 million).
 - (c) Income Tax and interest demand by the Income Tax department disputed before higher authorities Rs. 2.121 million (Rs. 1.822 million).
 - (d) Claims against the Company not acknowledged as debts Rs. 0.983 million (Rs. 0.721 million).
 8. Estimated amount of contracts remaining to be executed on capital account to the extent not provided for Rs. 19.530 million (Rs. 53.168 million) net of advances.
 9. Cost of assets taken on lease Rs. 12.488 million (Rs. 11.240 million). Future lease rental obligations Rs. 3.252 million (Rs. 2.930 million).

10. Managerial Remuneration :

i) Calculation of Commission payable to the Managing Director :

| | March 31, 1999 Rs. million | March 31, 1998 Rs. million |
|--|----------------------------------|----------------------------------|
| Profit before taxation | 440.291 | 364.864 |
| Add: Director's Remuneration | 5.368 | 4.715 |
| Directors' Sitting Fees | 0.032 | 0.038 |
| Depreciation as per books | 51.974 | 39.848 |
| Loss on sale of assets as per books | 0.544 | 0.166 |
| Profit on sale of assets under Sec. 350 | — | 0.410 |
| Provision for diminution in value of investments | 0.004 | 0.098 |
| | <u>498.213</u> | <u>410.139</u> |
| Less: Depreciation under Section 350 | 84.708 | 59.684 |
| Provision for diminution in value of investments written back | — | 1.060 |
| Loss on sale of assets under Sec. 350 | 0.552 | — |
| | <u>412.953</u> | <u>349.395</u> |
| Profit as per Section 349 | | |
| Commission to Managing Director @ 1% of net profit | 4.129 | 3.494 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | 0.600 | 0.600 |
| ii) Commission | 4.129 | 3.494 |
| iii) Contribution to Provident Fund and Pension Fund | 0.162 | 0.156 |
| iv) Other Perquisites | 0.477 | 0.465 |
| | <u>5.368</u> | <u>4.715</u> |

The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount for all relevant employees based on actuarial valuation.

11. The company deals with several Small Scale Industrial (SSI) undertakings on mutually accepted terms and conditions. Based on the records of the company and the information received from SSI suppliers, the various amounts due to SSIs and included under sundry creditors aggregate Rs. 22.970 million. The names of such SSI suppliers where individual balances are in excess of Rs. 1 lakh and due for more than 30 days are as under :

Cartier Plastics Pvt. Ltd., Chakreshwari Industries, Coastal Packagings, Doshi Packaging Industries, Eskay Flexible Packaging, Fidvi Printing and Packaging, Garden Plast, Himalaya Containers and Cartons, Inter Labels, Panorama Industries, Jan Plastics Pvt. Ltd., Kaveri Packaging, Kupatha Plastic Udyog Pvt. Ltd., Leeraj Printers Pvt. Ltd., May & Win Enterprises Pvt. Ltd., Neeljyot Plastics, Parees Offset Pvt. Ltd., Polite Plastics Pvt. Ltd., Prudent Arts & Fab Pvt. Ltd., Rachana Enterprises, Samveer Oil Mills Ltd., Shree Ambe Packaging, Shree Ganesha Packaging, Shree Ganesha Printer and Packaging, Skanda Engineering Industries Pvt. Ltd., Sree Mookambikai Plast, Sri Ayyappa Paper Company Pvt. Ltd., Vasumati Print and Packaging.

12. The figures in brackets represent those of the previous year which have been regrouped wherever necessary to conform with current year.

13. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) Registration details:

Registration No. : 11-49208
Balance Sheet Date : 31st March, 1999

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

Public Issue Nil
Bonus Issue Nil
Rights Issue Nil
Private placement Nil

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

Total Liabilities 1,234.843
Total Assets 1,234.843

| Sources of Funds | | Application of Funds | |
|--------------------|-----------|----------------------|---------|
| Paid up Capital | 145.000 | Net Fixed Assets | 694.091 |
| Reserves & surplus | 1,064.861 | Investments | 0.440 |
| Secured loans | Nil | Net Current Assets | 540.312 |
| Unsecured loans | 24.982 | Misc. Expenditure | Nil |
| | | Accumulated losses | Nil |

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

Turnover (Sales & Other Income) 5,530.780
Total Expenditure 5,090.489
Profit before Tax 440.291
Profit after Tax 375.091
Earnings per share (in Rs.) 25.87
Dividend rate (%) 90

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

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

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

Place : Mumbai
Dated : April 26, 1999

DEV BAJPAI
*Company Secretary &
Legal Manager*

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

CASH FLOW

| | Year ended March 31, 1999 Rs. million | Year ended March 31, 1998 Rs. million |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and prior period adjustments | 440.291 | 364.864 |
| Adjustments for : | | |
| Depreciation | 51.974 | 39.849 |
| Finance charges | 37.068 | 58.828 |
| Loss on sale of assets | 0.544 | 0.166 |
| Provision for diminution in value of investments | 0.004 | — |
| Loss/(Profit) on sale of investments | — | 0.098 |
| Income from investments | (0.040) | (0.138) |
| Provision for diminution in value of investments written back | — | (1.060) |
| | 89.550 | 97.742 |
| Operating Profit before working capital changes | 529.841 | 462.606 |
| Adjustments for : | | |
| Increase/(Decrease) in Inventories | 239.292 | (18.785) |
| Increase/(Decrease) in Sundry debtors | 61.012 | 31.450 |
| Increase/(Decrease) in Loans & advances | (18.449) | (34.114) |
| Decrease/(Increase) in Current liabilities | (94.038) | (89.563) |
| | 187.817 | (111.012) |
| Cash generated from Operations | 342.024 | 573.618 |
| Less : Payments for | | |
| Direct taxes (Net of refunds) | 60.016 | 71.819 |
| Finance charges | 58.592 | 85.560 |
| | 118.608 | 157.379 |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 223.416 | 416.239 |
| A | | |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Purchase) of Fixed assets | (143.740) | (192.670) |
| (Purchase)/Sale of Investments (including bills discounted/ICD) | (0.015) | 47.920 |
| Sale of Fixed assets | 2.369 | 0.489 |
| Interest/Dividend income | 21.565 | 28.276 |
| Capital subsidy received | 0.140 | — |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | (119.681) | (115.985) |
| B | | |

CASH FLOW

| | Year ended March 31, 1999 Rs. million | Year ended March 31, 1998 Rs. million |
|--|--|--|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Borrowings | (64.081) | (98.070) |
| Dividend paid | <u>(127.600)</u> | <u>(95.700)</u> |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES | C <u>(191.681)</u> | <u>(193.770)</u> |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS | A+B+C <u>(87.946)</u> | <u>106.484</u> |
| Cash and Cash Equivalents - Opening Balance | 208.792 | 102.308 |
| Cash and Cash Equivalents - Closing Balance | <u>120.846</u> | <u>208.792</u> |

For and on behalf of the Board of Directors

Place : Mumbai
Dated : April 26, 1999.

C. V. MARIWALA H. C. MARIWALA
Chairman *Managing Director*

Auditors' Certificate

We have examined the attached Cash Flow Statement of Marico Industries Ltd. for the year ended March 31st, 1999. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of the listing agreement with The Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 26th April, 1999 to the members of the Company.

For RSM & Co.
Chartered Accountants

Place : Mumbai
Dated : April 26, 1999.

NATRAJ RAMKRISHNA
Partner

QUARTERLY FINANCIALS

(Indian Rupees million)

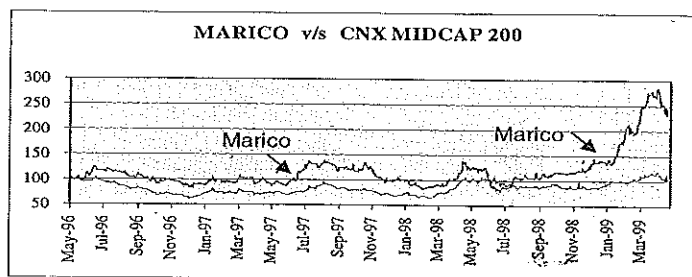
| Particulars | Three months ended | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|
| | Jun. 30, 98 | Sep. 30, 98 | Dec. 31, 98 | Mar. 31, 99 | FY 99 |
| Sales & Services | 1093 | 1376 | 1544 | 1500 | 5512 |
| Other Income | 4 | 7 | 2 | 5 | 19 |
| Total Revenue | 1097 | 1383 | 1546 | 1505 | 5531 |
| Total Expenditure | 982 | 1214 | 1418 | 1387 | 5001 |
| Finance Charges | 7 | 9 | 13 | 7 | 37 |
| Gross profit after finance charges but before depreciation and taxation | 108 | 159 | 115 | 110 | 492 |
| Depreciation | 14 | 14 | 13 | 11 | 52 |
| Profit before Tax | 94 | 145 | 101 | 100 | 440 |
| Provision for Tax | 14 | 21 | 13 | 17 | 65 |
| Profit after Tax | 80 | 124 | 88 | 83 | 375 |
| Earnings per share (Annualised) (Rs.) | 22.1 | 34.2 | 24.3 | 22.9 | 25.9 |
| Dividend declared per share (Rs.) | | | | | 9.00 |

| Particulars | Three months ended | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|
| | Jun. 30, 97 | Sep. 30, 97 | Dec. 31, 97 | Mar. 31, 98 | FY 98 |
| Sales & Services | 1008 | 1260 | 1304 | 1328 | 4900 |
| Other Income | 3 | 4 | 5 | 5 | 16 |
| Total Revenue | 1010 | 1264 | 1309 | 1333 | 4916 |
| Total Expenditure | 907 | 1104 | 1222 | 1219 | 4452 |
| Finance Charges | 9 | 20 | 17 | 13 | 59 |
| Gross profit after finance charges but before depreciation and taxation | 94 | 140 | 70 | 100 | 405 |
| Depreciation | 8 | 8 | 11 | 12 | 40 |
| Profit before Tax | 86 | 132 | 59 | 89 | 365 |
| Provision for Tax | 18 | 28 | 8 | 11 | 65 |
| Profit after Tax | 68 | 104 | 51 | 77 | 300 |
| Earnings per share (Annualised) (Rs.) | 18.6 | 28.8 | 14.1 | 21.3 | 20.7 |
| Dividend declared per share (Rs.) | | | | | 7.50 |

All the above pertains to information on continuing operations.
No significant business activity has been discontinued in the years FY 98 and FY 99.

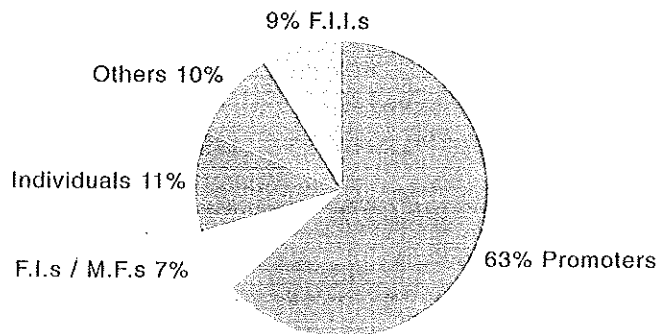
STOCK EXCHANGE PERFORMANCE

The company's shares quoted at Rs. 695 per share on The Stock Exchange, Mumbai (BSE) on March 31 '99, giving Marico a market capitalisation of over Rs. 10 billion. The performance of Marico's stock on the BSE since its listing in May '96, is captured in the graph below which sees it outperforming the CNX MIDCAP 200 - an index which tracks comparable companies including Marico (Data pertain to closing quotes).



SHAREHOLDING

The Shareholding pattern of the company as on April 21 '99 is given below



Shares in Marico are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE). The following table sets forth the high and low prices, as well as the traded volumes, of the Marico shares.

THE STOCK EXCHANGE, MUMBAI (BSE)

| Quarter ended | High (INR per share) | Low (INR per share) | Closing (INR per share) | Market Capitalisation (INR million) | Avg. Volume per day No. of Shares ('000) |
|---------------|-------------------------|------------------------|----------------------------|---|---|
| Mar. 31, 1999 | 725 | 346 | 695 | 10078 | 8.1 |
| Dec. 31, 1998 | 372 | 290 | 353 | 5119 | 5.6 |
| Sep. 30, 1998 | 305 | 232 | 302 | 4379 | 21.6 |
| Jun. 30, 1998 | 359 | 235 | 240 | 3480 | 10.2 |
| Mar. 31, 1998 | 272 | 216 | 260 | 3770 | 7.6 |
| Dec. 31, 1997 | 345 | 250 | 258 | 3741 | 8.2 |
| Sep. 30, 1997 | 357 | 307 | 340 | 4930 | 14.9 |
| Jun. 30, 1997 | 326 | 230 | 326 | 4727 | 22.6 |

THE NATIONAL STOCK EXCHANGE, (NSE)

| Quarter ended | High (INR per share) | Low (INR per share) | Closing (INR per share) | Market Capitalisation (INR million) | Avg. Volume per day No. of Shares ('000) |
|---------------|-------------------------|------------------------|----------------------------|---|---|
| Mar. 31, 1999 | 723 | 348 | 695 | 10078 | 5.6 |
| Dec. 31, 1998 | 373 | 286 | 355 | 5148 | 4.3 |
| Sep. 30, 1998 | 307 | 238 | 308 | 4466 | 6.7 |
| Jun. 30, 1998 | 358 | 232 | 238 | 3451 | 8.6 |
| Mar. 31, 1998 | 272 | 214 | 258 | 3741 | 6.1 |
| Dec. 31, 1997 | 343 | 247 | 255 | 3698 | 11.3 |
| Sep. 30, 1997 | 355 | 308 | 322 | 4669 | 3.2 |
| Jun. 30, 1997 | 306 | 232 | 316 | 4582 | 2.3 |

Market Capitalisation is computed on the closing price of each quarter.

SHAREHOLDER INFORMATION :

Annual General Meeting : The Annual General Meeting of the shareholders will be convened at 3:00 p.m. on 22nd June 1999, at M. C. Ghia Hall, Fort, Mumbai 400 001.

Book Closure : The dates of book closure for final dividend 1998-99 will be 15th June, '99 to 22nd June, '99 (both days inclusive).

Stock Exchange Listing : The Company's equity shares are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE).

BSE Group : B1, Transaction Code : 31642
NSE Transaction Code : Maricoind
Reuters Code : MRCO
Bloomberg Code : MRCO IN

Copies of the Annual Report : These can be requested by mail directed to the Company Secretary, at the Company's Registered Office address or by fax on (91-22) 641 0106 or by e-mail at mlinvrel@hotmail.com. Copies are also available via the Company's internet site at <http://www.maricoindia.com>

Quarterly Reports : These are available via the Company's internet site at <http://www.maricoindia.com>

Shareholder Records : For any assistance regarding shareholding, share transfers and transmissions, address changes, non-receipt of dividends, duplicate/missing certificates please write to The Registrars and Share Transfer Agents : M/s Karvy Consultants, 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai 400 058, India. Tel. : (91-22) 636 7226, 636 9044, 632 2266
Fax : (91-22) 631 0882

Dividend : The Company paid an interim dividend of Rs. 3.50 per share on 12th January, '99. The proposed final dividend of Rs. 5.50 per share, if approved by the shareholders at the Annual General Meeting, will be paid by 3rd August, 1999.

Shareholders who have not encashed their dividend cheques for the first interim dividend 1996-97 or any of the subsequent dividends, are requested to send the outdated cheques for revalidation to the Company at its Registered Office.

Nomination : The Company proposes to introduce a nomination facility in terms of the Companies Amendment Ordinance, 1999, subject to approval of the shareholders at the Annual General Meeting on 22nd June, 1999. This would facilitate the process of transfer of shares to nominees of shareholders, when required.

Dematerialisation of Shares : Requisite facilities for dematerialisation of the Company's shares have been set up. The Company's shares can now be held and traded in electronic form.

Multiple Mailings : If you receive multiple mailings of Marico's annual report and would like us to eliminate the extra copies, please send your written permission to our registrars indicating your folio number. Multiple mailings occur if shares are held in multiple names, are registered under different names or are registered with slight differences in names and addresses.



MARICO'S LOGO

The two pillars of the letter "M" reflect solidity.
And the casual stroke across them reflects flexibility.
Our Company's colours are also represented in the logo.
Grey denotes corporate formality, and mauve, modernity.

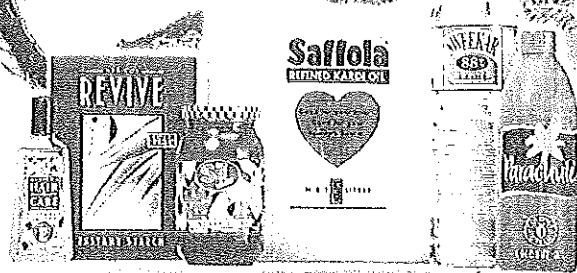
MARICO

ANNUAL REPORT 1997-98

THE YEAR IN RETROSPECT

A rejuvenated brand
looks for new markets
to conquer.

An all-new facility
at Goa will boost
productivity.



Marico brands reaffirm
their position
as leaders in the market.

MARICO

Parachute

A winning brand that's cashing in on considerable brand equity.



Brands roundup

How the brands fared over the past year.

Building Shareholder Value

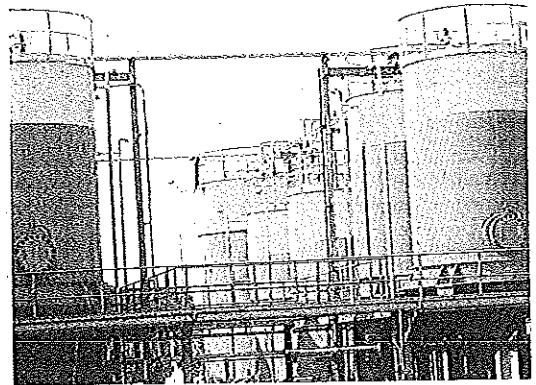
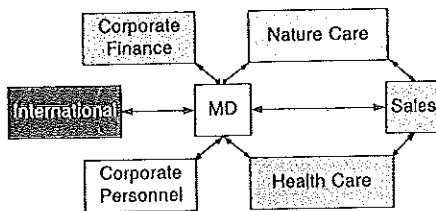
Twin strategy-control Capital Employed and boost Operating Earnings.

Goa on Marico's Map

An all new manufacturing facility.

Organisational Realignment

Putting into place strategic structures for the future.

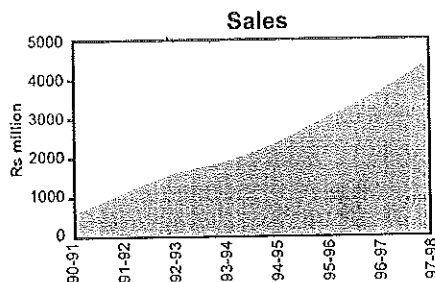


In this Annual Report

- In A League Of Its Own
- To Fellow Shareholders
- Shareholder Value Maximisation
- Financial Highlights
- Directors' Report
- Annexure to Directors' Report
- Auditors' Report
- Annexure to Auditors' Report
- Balance Sheet
- Profit and Loss Account
- Schedules to Accounts
- Cash Flow Statements
- Investor Information
- Marico's Presence in India

Hard Figures

A look at the numbers for the year gone by.

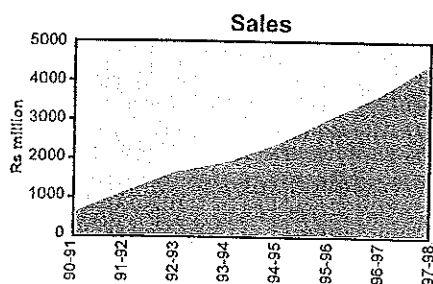


6 brands. 3 market leaders. 4 factories. 27 depots. 3000 distributors. 425,000 retail outlets. A description of a true blue chip.

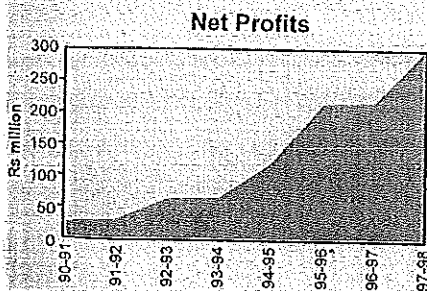
The Marico Stable

| Nature Care | Health Care |
|-------------|-------------|
| Parachute | Saffola |
| Revive | Sweekar |
| Hair & Care | SIL |

In terms of brands and distribution muscle, a term that Marico rightly deserves. Since 1990-91, its first year of independent operations, Marico has recorded consistent and handsome growth: A compounded annual rate of 25% in turnover and 43% in post-tax profits.



Every single Marico brand is either number one or number two in its category. *Parachute* is India's leading coconut oil (CNO) brand. *Sweekar* and *Saffola* together lead the branded Refined Oil in Consumer Packs (ROCP) segment. *Revive* is India's only branded starch in consumer packs. Marico's *Hair & Care* occupies the Number 2 slot in the Non Sticky Hair Oil (NSHO) segment. The *SIL* range of jams



and other processed foods is similarly placed at the second spot in that market. Thanks to the insights that Marico has into its consumers, it is energetically pursuing new business opportunities and tapping new markets with relevant brand extensions. For 1997-98, Total Revenue stands at Rs. 4916 million, while post-tax profits are Rs. 300 million. Exports are Rs. 123 million.

Parachute - Opening Out

After an eventful first life of 40 years, Marico decided to refurbish the Parachute image. Marico appointed Strategic Shining Design, the famous Paris-based image consultant to give a new, more vibrant look to Parachute. Research was conducted to zoom in on the perceived and potential values of Parachute. The findings clearly stated purity, nourishment, reliability, and heritage as core values. What was missing was emotional values, liveliness and a young image. The need of the hour, therefore, was a new image. Following the research, Strategic Shining Design, which works with global consumer product giants, came up with a new logo and a new look - the Coconut Dream. The Coconut Dream connotes Marico's seal and promise of the goodness of coconut in all its products. It captures the values of coconut such as protection, nutrition, nourishment, religiosity and natural goodness, among others. Parachute's Coconut Dream seeks to bring out all these do-good values of the coconut and associate them with the brand Parachute. It is Parachute's

promise - both rational and emotional - to all its consumers. The Coconut Dream seal is now on all extensions of Parachute. It is the first step towards the metamorphosis of Parachute from being the largest Coconut Oil Brand into a mega brand with several value-added products under its umbrella.



The new logo defines a special kind of beauty, a living, breathing timeless beauty.

Blue reflects vastness, and serenity, Green reflects health, natural nourishment and earth, White stands for purity and tranquility.

Consumers have responded to the new look with enthusiasm, assured of the eternal goodness of the product.

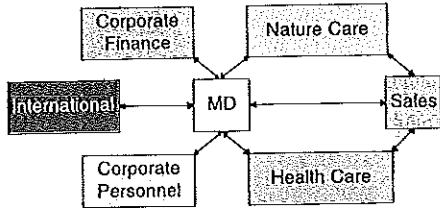
A new structure for the future

To deal with pace and change of the future, Marico has reorganised itself into three businesses which will function as Profit Centres: Nature Care, Health Care and International Business. The rationale for this is to :

- Support Strategy with structure.
- Strengthen unique competencies required for each business.
- Improve co-ordination within each business unit and derive a Value Chain focus.
- Each business unit will have a Business

Head supported by a team of professionals. Such an approach will create a new stimulus, enthusiasm, accountability and focus.

The New Organisation



The year gone by

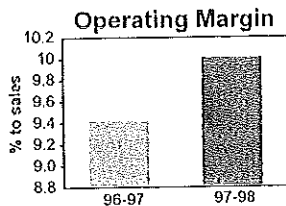
Marico achieved a turnover of Rs. 4916 million, a 19% growth over the previous year. All the brands registered double

1997-98, a year of consolidation, also saw two strategic initiatives. One was the refurbishing of Parachute in terms of image and product. The other was the internal regrouping into three Strategic Business Units.

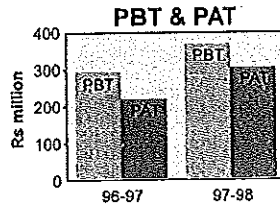
digit growth in terms of volume alongside appreciable profit growth. Stable raw material prices and lower finance charges saw the company post a 27% rise in operating profit and a 50% rise in net profit.

Pre-tax profit up 32% from Rs. 277 million to Rs. 365 million. A net profit of Rs. 300 million, 50% higher than the previous year.

Marico's Profit Before Depreciation, Interest and Tax (PBDIT), adjusted for expenses of



Rs. 26 million, at Rs. 489 million, was higher by 27.4% over the previous year's PBDIT of Rs. 384 million, the operating margin improving from 9.4% to 10%. Pre-tax



margin on turnover went up from 6.7% to 7.4%. At the net profit level, the margin improved from 4.9% to 6.1%.

The results analysed

Marico's improved results can be attributed to several factors. Chiefly, stable raw material prices, increased realisations and lower finance charges.

Raw material cost as a percentage to sales fell by almost 3 percentage points. This was partly a correction of the abnormal increase in raw material prices in the previous year. While employee and other operating costs have more or less remained under control, increased investment in advertising and sales promotion can be largely attributed to the re-staging of Parachute, the launch of new products and increasing competition in the market. Lower finance charges also played a part in this year's showing.

| | 1996-97 | 1997-98 |
|---------------------------------|---------|---------|
| Materials | 59.0 | 56.2 |
| Advertisement & Sales Promotion | 5.9 | 8.3 |
| Personnel | 2.8 | 2.8 |
| Other expenses | 22.9 | 22.7 |
| Operating Costs | 90.6 | 90.0 |

Finance charges came down by almost

22%, from Rs.76 million to Rs.59 million owing to reduced debt burden. Other expenses include Rs. 26 million which represents a non-recurring item.

Where brands stand

Parachute - The dream run

The little blue bottle, by now a synonym for pure coconut oil, reaches 18 million households. During 1997-98, sales of Parachute Coconut Oil grew by 10% in volume and over 22% in value. Such

| | 1996-97 | 1997-98 |
|-----------|---------|---------|
| Parachute | 50.9 | 52.3 |

* Source : ORG Retail Report

powerful growth further consolidated Marico's lock on this segment. Market share figures provide ample proof.

To leverage the Parachute brand name fully, Marico launched three variants of Parachute last year: Parachute Lite, Parachute Nutri Sheen Liquid and Parachute Nutri Sheen Cream.

Parachute Lite is targeted at young women who appreciate purity and nourishment without the greasiness associated with oil. Parachute Nutri Sheen, targeted at young, upper class, fashion-conscious individuals, is a pioneering concept. It is a grooming product available in both liquid and cream form. The initial response to all the three brand extensions has been encouraging. Marico expects significant contribution to sales and profitability from these extensions, besides inviting a larger franchise of consumers.

Hair & Care - Chipping away at the market leader

| Non-sticky Hair Oil - Urban Market Share (%)* | | |
|---|---------|---------|
| | 1996-97 | 1997-98 |
| Hair & Care | 26.2 | 27.8 |

* Source: ORG Retail Report

In the Non-Sticky Hair Oil (NSHO) market, Marico's Hair & Care continued to hold the number 2 position. Its market share during the last year increased from 26.2% to 27.8% through a reach of 1.3 million households. The brand, during 1997-98, grew by around 20% in both volume and value terms. Hair & Care continues to make inroads into the market leader's share and is expected to keep up the momentum in future too.

Revive - one of a kind.



Revive continues to penetrate more and more households, the figure reaching 0.9 million during 1997-98. In volume

terms, Revive witnessed a volume growth of over 20%, while in terms of value it grew by over 50%. Revive's competitive position is unassailable, considering it's the only branded household starch in the market. During 1997-98, Marico test marketed Revive Spray Starch, the response to which was encouraging. The future would see more innovative extensions of Revive, aimed at a more convenience-minded consumer.

Saffola & Sweekar - Healthy growth

In the Refined Oil in Consumer Packs

(ROCP) segment, both Sweekar and Saffola continued to grow. While in terms of volume, Saffola and Sweekar together grew by about 19%, in value terms they grew by about 16%. Saffola is the only refined safflower oil in the country even after 30 years of its launch. The brand franchise has been steadily increasing both with the consumers and the medical fraternity. The agricultural extension efforts over the last few years have also helped the company

Refined Oil in Consumer Packs - Urban Market Share *

| | 1996-97 | 1997-98 |
|-------------------|---------|---------|
| Saffola + Sweekar | 16.5 | 16.6 |

* Source: ORG Retail Report

in increasing its equity with farmers. The company assists farmers through its agricultural extension efforts in association with various State Governments.

The franchise for Sweekar was extended into Refined Mustard oil in the North and East. The initial response matches expectations. Sweekar today reaches nearly half a million households. The increasing franchise of Sweekar is intended to be leveraged by extending its presence into other ROCP categories.



SIL - Emerging player

Processed foods marketed under the brand SIL currently make a relatively small contribution

to Marico's turnover. The range comprises jams and specialities such as Chinese sauces, baked beans, mayonnaise and

soups. SIL recorded a healthy growth of 21.4% during 1997-98, and now reaches nearly half a million households. Changing consumer habits, evidenced by the introduction of new types of processed foods in the market, highlights the scope for the SIL range of processed foods. The brand is, therefore, well positioned to tap emerging trends.

Raw Material Scenario

Copra

Coconut prices remained more or less stable during 1997-98, with no major fluctuations in Copra prices.

Safflower / Sunflower

Towards the end of 1997-98, safflower/sunflower prices commenced a spiral upwards, increasing by as much as 50% at times.

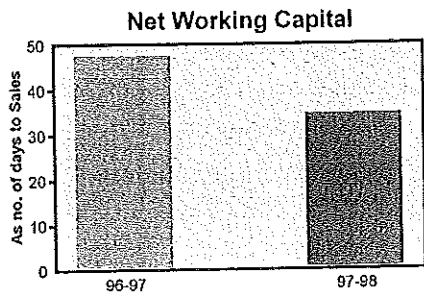
This has been caused by a domestic crop failure due to unseasonal winter rains, lower production in other exporting countries and a ban on exports of palm oil by Indonesia, which has reduced the availability for importing countries, including India.

The reduced availability, particularly of safflower, and the inflationary price situation, is a cause for concern during the current financial year. Appropriate strategies are being worked out.

On a financial note

During 1997-98, Marico increased its Authorised Share Capital from Rs. 150 million to Rs. 300 million. There was no change in the Paid-up Equity Capital of

the company. Reserves and Surplus have gone up substantially from Rs. 653 million to Rs. 834 million. Marico has been very conscious about its debt profile

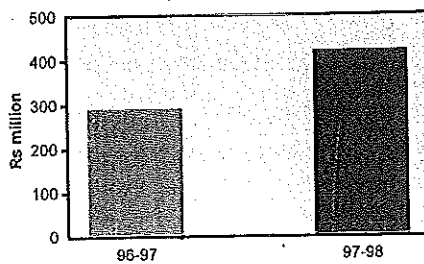


and has been reducing debt consistently. The debt:equity ratio is now at an all-time low of 0.09, down from 0.23 previous year. The company had no outstanding secured debt at the end of 1997-98. Among unsecured loans, Marico redeemed the entire Commercial Paper of Rs. 50 million while privately placing 13.25% non-convertible debentures worth Rs. 70 million. A prime contributor to lower finance charges was efficient working capital management, a key parameter for all consumer-products companies. While inventory holding period came down from 24 days to 19 days, average collection period too came down by a day from 22 days to 21 days. The average net working capital cycle came down from 47 days to 34 days.

Liquidity, Cash Flow & Deployment

During the year, Marico's net operating cash flow increased by 46% from Rs. 286 million to Rs. 416 million. The company, as of March 31, 1998, had net surplus funds of Rs 120 million, which are proposed to be judiciously deployed in

Net Operating Cash Flow

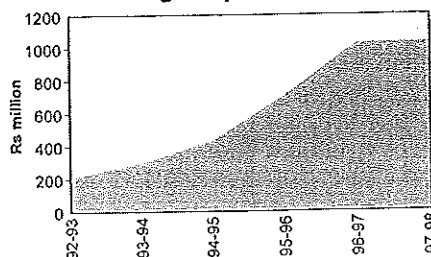


exploring growth opportunities including acquisitions, without compromising the return on capital employed and shareholder value accretion.

Capital Employed

Despite a 20% growth in Sales, the average Capital Employed was flat at Rs. 1027 million, up by only Rs. 4 million from the previous year's level of Rs. 1023 million. Capital Employed, which does not rise in the same proportion as Sales, provides to Marico's business, a platform of leanness, based on which Operational and Marketing efficiencies can consistently contribute to Economic Value Added (EVA).

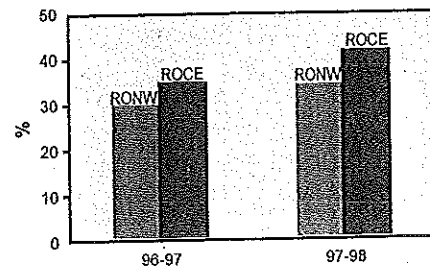
Average Capital Employed



Effective utilisation of Capital Employed together with improved earnings has helped Marico to post handsome gains on two important parameters of return to shareholders, viz., Return on Capital Employed (ROCE) and Return on Net Worth (RONW). ROCE went up from 34.5% to 41.3%, while RONW spurted

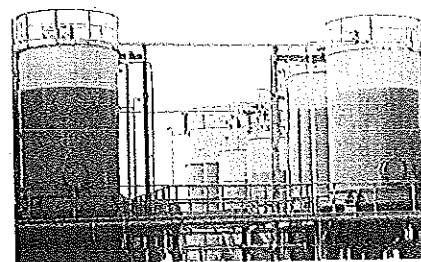
from 29.5% to 33.8%.

Returns



Goa on Marico's Map

During 1997-98, Marico successfully commissioned its Goa factory without any time or cost overruns. The factory, with a project cost of about Rs 165 million, incorporates the DeSmet Technology in oil expelling, which has been employed for the first time in the world for crushing Copra on a large scale.



Brand growth. Profits. And more. In December 1997, the World Economic Forum honoured Marico as a Top-performing Global Growth Company from India. Another recognition was the prestigious AMITY - HRD Network Human Resource Excellence Award, won by Marico's Kanjikode unit, from among 160 organisations. Marico's all round competencies continue to win accolades from the cognoscenti.

Dear Shareholders:

Financial Performance

Marico closed 1997-98 with a 20% sales growth and a 50% profit growth. Our brands continued to reaffirm their leadership positions. The focused efforts of our Organisational Members and associates ensured an extended consumer franchise across India, the Middle East and some SAARC countries.

New Organisation Structure

Effective 1998-99, we have organised ourselves into three Businesses which will function as Profit Centres: Nature Care (Brands: *Parachute*, *Hair & Care* and *Revive*), Health Care (Brands: *Saffola*, *Sweekar* and *SIL*) and International Business. Each of these Businesses require specialised focus and competencies, thereby rendering such a re-organisation a strategic necessity. Also, the creation of the profit centres would lead to higher business orientation, improved interfunctional co-ordination and ensure the most competitive and judicious use of shareholders' funds. Another feature of the new structure is the creation of a separate Sales Organisation which would improve the overall productivity of the Sales effort.

Brands

Brands are key assets for Marico. There have been some doubts expressed on the ownership of the Brands - *Parachute* and *Saffola*. It is to be noted that *Parachute* and *Saffola* were conceived by Bombay Oil Industries Limited (BOIL) before Marico's incorporation. BOIL is therefore the natural owner of the Brands. However, the Brands *Parachute* and *Saffola* are on perpetual lease to Marico, allowing it total freedom to build the Brands. Marico is

also free to extend the equity of the Brands to new products at no extra royalty costs. Marico has the first right of refusal, should BOIL wish to alienate itself from the ownership of the Brands. The royalty rates are commercially reasonable, in line with the industry practice. The current arrangement thus ensures that the commercial benefits of the Brands are available to Marico on an enduring and sustainable basis. The other Brands, namely *Sweekar*, *Revive*, *Hair & Care* and *SIL* are in the exclusive ownership of Marico.

Merger of Kanmoor Foods with Marico

The proposed merger of Kanmoor Foods Limited with Marico is awaiting the approval of BIFR. In considering the merger proposal, Marico has ensured that the principle of incremental shareholder value is not compromised in any way. Accordingly, if the merger terms, as finally approved, are not in the best interests of Marico, the merger will not be proceeded with.

Marico, as a matter of policy, deals with other entities owned by its promoters on an "arms-length commercial basis". This policy would continue to apply in all respects.

Distribution Policy

From a conservative stance of a closely-held unlisted company, Marico has moved towards delivering value to the Shareholders in line with the practices adopted by high performing, widely-held companies. In the past two years, the dividend has increased each half year. This commitment towards shareholder value-enhancement will continue to be the determinant of Marico's Distribution Policy

The Immediate Future

The 50% profit growth of 1997-98 was partly

a correction of the deceleration during 1996-97 and hence, may not be fully sustainable.

However, the financial performance outlook for 1998-99 is promising. Raw material availability by and large, will be satisfactory, except in the case of Safflower, which may give rise to fluctuations in revenue and profits from quarter to quarter.

We would continue to consolidate, pursue aggressive growth and extend our Brands with a greater emphasis on value-added products.

Marico is one among the few funds-surplus companies in India. We will continue to ensure that we utilise these funds judiciously towards maximising Shareholder Value.

The Long Term Future

The birth of Marico eight years ago, was the continuation of a dream we had of building a contemporary FMCG business, equal to, if not better than the best. Our dream, has been partly realised, but there are still many things to do and yet more things to accomplish.

We will aggressively grow our three businesses, in spite of the highly competitive environment and the accelerated pace of change. We believe we have all our building blocks in place to launch ourselves into the next millennium as a formidable FMCG company in India and parts of Asia.

Our capabilities have been amply demonstrated in our track record. You can rest assured that we will continue to work hard in delighting you, both as a consumer and as an investor.

Best Wishes.

Charandas V Mariwala
Chairman

Research has shown that there is a fundamental correlation between Economic Value Added (EVA) and shareholder value. Last year, we were one of the few Indian companies to measure and report EVA in their Annual Report. We continue to report this measure of Shareholder value creation.

EVA is :

EVA is the residual income after a charge for the cost of capital provided by lenders & shareholders is considered. It represents the value added to the shareholders by generating operating profits in excess of the cost of capital employed in the business.

EVA can also be described as incremental Net Operating Profit after Tax (NOPAT) over cost of capital employed (COCE).

NOPAT is :

Profits after depreciation and taxes but before interest, denoting the return available to both lenders and shareholders.

COCE is :

The weighted average cost of funds.

Cost of funds comprises cost of borrowed funds & cost of own funds, i.e. cost of equity. Cost of equity is the aggregate of risk free return approximated by return on 364 day treasury bills plus Market risk premium multiplied by the Beta factor. The Beta factor measures the risk associated with the company's equity relative to the share market.

An increase in EVA reflects :

- Greater efficiency in utilisation of existing capital.
- Investment of additional capital in projects that return more than the cost of obtaining

the new capital, i.e. profitable growth.

- Liquidation of unproductive investments that do not cover the cost of capital.

Marico's Policy

Marico believes that consistent enhancement of EVA would lead to a consistent appreciation in shareholder value. EVA has, therefore, been adopted as a yardstick to measure shareholder value in Marico and is being woven into the performance measurement system at various

levels. This will ensure that the objective of maximising shareholder value is embedded across Marico's organisation structure.

During 1997-98, EVA as a percentage of the Average Capital Employed grew to 18.3% from 8.5% in 1996-97, the quantum of EVA showing a hefty rise from Rs. 87 million to Rs. 188 million.

Economic Value Added analysis

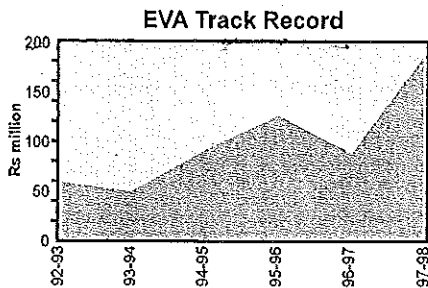
The following detailed analysis of the EVA

| Year ended March 31 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|-----------|-----------|-----------|------------|-----------|---------------|
| | | | | | | (Rs. million) |
| Average Capital Employed | 207 | 294 | 427 | 704 | 1023 | 1027 |
| Avg. Debt/Total Capital | 54.4% | 46.9% | 43.6% | 44.4% | 28.7% | 13.5% |
| BETA Variant | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| Cost of Risk Free Debt (Average of 364 days Treasury bill yields) | 11.4% | 11.1% | 10.2% | 12.9% | 11.3% | 10.0% |
| Market Premium | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Cost of Equity {Cost of Risk free debt + (Beta * Mkt. Premium)} | 18.9% | 18.6% | 17.7% | 20.4% | 18.8% | 17.5% |
| Cost of Debt (Post Tax)% | 8.7% | 8.3% | 10.3% | 10.0% | 10.0% | 9.4% |
| Weighted Average Cost of Capital (WACC) | 13.4% | 13.7% | 14.4% | 15.8% | 16.2% | 16.4% |
| Profit after Tax (PAT) (excluding extraordinary Income) | 62 | 64 | 118 | 183 | 201 | 300 |
| Add: Interest Post Tax | 23 | 25 | 33 | 52 | 52 | 57 |
| Net Operating Profit after Tax (NOPAT) | 85 | 88 | 151 | 236 | 253 | 357 |
| Less: Cost of Capital | 28 | 40 | 62 | 111 | 166 | 169 |
| Economic Value Added | 58 | 48 | 89 | 125 | 87 | 188 |

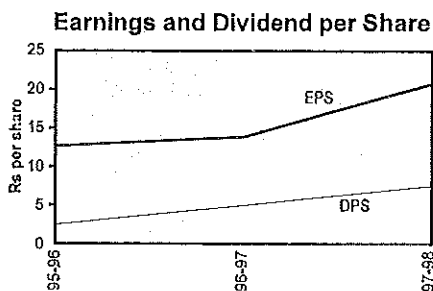
+ 1996 Average Capital Employed excludes the effect of application money received pending allotment (Rs. 175 million).

growth reveals Marico's twin strategy for shareholder value enhancement viz. control capital employed and boost operating margins.

Marico's EVA Track Record

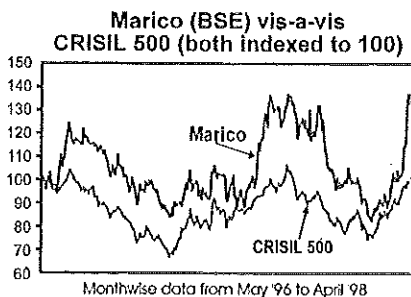


Marico's EPS and Dividend Record



Marico on the Stock Exchanges

Marico made its Initial Public Offer (IPO) during March 1996, at a price of Rs. 175 per share of Rs. 10. The performance of Marico's share since the IPO is captured in the graph alongside, which sees it out-performing the CRISIL 500 - an index which tracks a large sample of comparable companies including Marico.



Shares in Marico are currently listed on the

Bombay Stock Exchange as also on the National Stock Exchange.

Shareholder Return Analysis

Since its IPO, Marico has provided consistently enhanced returns to its shareholders. The Returns to an investor in the IPO consist of a capital appreciation of Rs. 160 per share (based on the market price of Rs. 335 per share on the BSE as on April 27, 1998), together with aggregate dividends of Rs. 8.00 per share starting with the Interim dividend for 1996-97 and ending with the Interim for 1997-98.

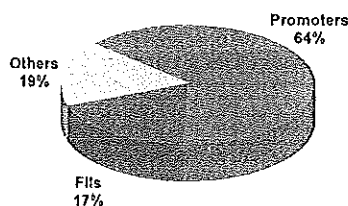
Market Capitalisation

Marico's Market Capitalisation as on April 27, 1998, was Rs. 4857.50 million, based on the closing price of Rs. 335 on the Bombay Stock Exchange. Marico would be amongst the first 150 companies on the BSE ranked in the order of Market Capitalisation.

Distribution of Shareholding

(As on April 27, 1998.)

Marico Shareholding Pattern



Current Limit to Investments by Foreign Institutional Investors (FIIs) is 24%.

Codes for Transactions

Reuters Code : MRCO
Bloomberg Code : MRCO IN
BSE Code : 31642

FINANCIAL HIGHLIGHTS

| | Rs. million | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|
| Year Ended March 31st | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
| Sales | 1058 | 1595 | 2103 | 2364 | 2833 | 3486 | 4097 | 4900 |
| Profit before Interest and Tax | 70 | 109 | 204 | 207 | 252 | 364 | 353 | 424 |
| Operating Profit before Tax | 45 | 62 | 148 | 149 | 191 | 268 | 277 | 365 |
| Extraordinary Income | - | - | - | - | - | 29 | 14 | - |
| Profit before Tax | 45 | 62 | 148 | 149 | 191 | 297 | 291 | 365 |
| Profit after Tax | 24 | 29 | 62 | 64 | 118 | 212 | 215 | 300 |
| Economic Value Added (EVA) | - | - | 58 | 48 | 90 | 125 | 87 | 188 |
| Net Fixed Assets | 40 | 68 | 110 | 167 | 270 | 404 | 453 | 605 |
| Investments | - | - | - | 7 | 22 | 23 | 8 | - |
| Net Current Assets | 40 | 91 | 145 | 159 | 230 | 634 | 524 | 463 |
| Total Capital Employed (TCE) | 80 | 159 | 255 | 333 | 522 | 1061 | 985 | 1068 |
| Share Capital | 9 | 9 | 45 | 45 | 45 | 145 | 145 | 145 |
| Reserves | 24 | 53 | 82 | 140 | 252 | 515 | 653 | 834 |
| Net Worth | 33 | 62 | 127 | 185 | 297 | 660 | 798 | 979 |
| Borrowed Funds | 47 | 97 | 128 | 148 | 225 | 401 | 187 | 89 |
| Total Funds Employed | 80 | 159 | 255 | 333 | 522 | 1061 | 985 | 1068 |
| Ratios : | | | | | | | | |
| Returns : | | | | | | | | |
| Profit before Tax to Turnover (%) | 4.3 | 3.9 | 7.0 | 6.3 | 6.7 | 7.7 | 6.7 | 7.4 |
| Profit after Tax to Turnover (%) | 2.3 | 1.8 | 2.9 | 2.7 | 4.2 | 5.2 | 4.9 | 6.1 |
| Return on Net Worth (%) (PAT / Avg. Net Worth) | 72.7 | 61.1 | 65.6 | 41.0 | 49.0 | 44.3 | 29.5 | 33.8 |
| Return on Capital Employed (%) PBIT / Avg. TCE | 87.5 | 91.2 | 98.6 | 70.4 | 58.9 | 46.0 | 34.5 | 41.3 |
| Net Cash Flow from Operations per Share | - | - | - | - | 17.03 | 1.75 | 19.71 | 28.71 |
| EPS (Rs.) | 27.11 | 31.67 | 13.76 | 14.13 | 26.27 | 12.63 | 13.85 | 20.71 |
| EVA per Share (Rs.) | - | - | 12.89 | 10.67 | 20.00 | 8.62 | 6.00 | 12.97 |
| Dividend per Share (Rs.) | - | - | 2.00 | 1.20 | 1.50 | 2.50 | 5.00 | 7.50 |
| Gearing : | | | | | | | | |
| Debt/Equity (No. of times) | 1.42 | 1.56 | 1.01 | 0.80 | 0.76 | 0.61 | 0.23 | 0.09 |
| Book Value per Share (Rs.) | 36.67 | 68.89 | 28.22 | 41.11 | 66.00 | 45.52 | 55.03 | 67.52 |
| Others : | | | | | | | | |
| Sales to Capital Employed (No. of times) | 13.23 | 10.03 | 8.25 | 7.10 | 5.43 | 3.29 | 4.16 | 4.59 |

| | |
|----------------------------|---|
| Board of Directors | Charandas Vallabhdas Mariwala, <i>Chairman</i> Kishore Vallabhdas Mariwala Bipin Ratilal Shah Cyril Suresh Shroff Harsh Charandas Mariwala, <i>Managing Director</i> |
| Top Management Team | Harsh Mariwala, <i>Managing Director</i> Jeswant Nair, <i>Chief Executive Officer - Sales</i> Pranab Datta, <i>Chief Executive Officer - Health Care</i> Shreekant Gupte, <i>Chief Executive Officer - Nature Care</i> Arvind Kumar, <i>Chief Executive Officer - International Business</i> Rakesh Pandey, <i>Chief Human Resources Officer</i> Milind Sarwate, <i>Chief Financial Officer</i> |
| Company Secretary | Dev Bajpai |
| Bankers | Allahabad Bank ANZ Grindlays Bank Bank of Baroda Citibank N.A. State Bank of Saurashtra |
| Auditors | Dalal Desai & Kumana |
| Solicitors | Amarchand & Mangaldas & Suresh A. Shroff & Co. |
| Registered Office | Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050. |
| Factories | ■ 'P' Plot, Fosberry Road, Sewree, Mumbai 400 033. ■ E-10, M.I.D.C. Area, Jalgaon 425 003. ■ Industrial Development Area, Kanjikode - Menonpara Road, Kanjikode, Palakkad 678 621. ■ Plot No.70/0 & 72/1, Khandepar Village, Ponda, Goa 403 401. |

To the Members,

The Board of Directors is pleased to present the Tenth Annual Report together with the audited accounts of your company for the year ended March 31, 1998.

Financial Results

| | (Indian Rupees Million) | |
|---|-------------------------|----------------|
| | <u>1997-98</u> | <u>1996-97</u> |
| Sales and other Income | <u>4915.8</u> | <u>4118.2</u> |
| Profit before Tax | <u>364.9</u> | <u>276.8</u> |
| Tax | <u>64.5</u> | <u>76.0</u> |
| Profit after Tax | <u>300.4</u> | <u>200.8</u> |
| Add: Prior Period Adjustments | - | <u>13.6</u> |
| Profit after Tax and Prior Period Adjustments | <u>300.4</u> | <u>214.4</u> |
| Add: Surplus Brought forward | <u>70.9</u> | <u>73.3</u> |
| Profit Available for Appropriation | <u>371.3</u> | <u>287.7</u> |
| Appropriations | | |
| Interim dividend | <u>43.5</u> | <u>29.0</u> |
| Final dividend (Proposed) | <u>65.3</u> | <u>43.5</u> |
| | <u>108.8</u> | <u>72.5</u> |
| Tax on dividends | <u>10.9</u> | <u>4.3</u> |
| | <u>119.7</u> | <u>76.8</u> |
| Transfer to General Reserve | <u>40.0</u> | <u>140.0</u> |
| Transfer to Debenture Redemption Reserve | <u>35.0</u> | - |
| Surplus carried forward | <u>176.6</u> | <u>70.9</u> |
| | <u>371.3</u> | <u>287.7</u> |

Sales Turnover

Sales value grew at 19.6% as compared to 17.5% in the previous year, showing acceleration in growth.

All product categories registered double digit percentage volume growth, ranging from 10% to 22%, despite intense competition all over.

The year witnessed a restage of 'Parachute'

with a new logo based on graphics developed after consumer research.

Your company's product portfolio was expanded with the addition of new product extensions under the brand 'Parachute'. These included 'Parachute Lite,' a non-greasy perfumed coconut hair oil and 'Parachute Nutrisheen,' a hair grooming formula in liquid

as well as in cream form. The 'Revive' brand also saw an extension through the launching of 'Revive Spray Starch.' Refined Mustard Oil (RMO) under the brand 'Sweekar' was launched during this year.

During the year, your Company's market share grew in most categories. Your Company continues to be No.1 or No.2 in each of the

segments it operates in.

The advent of new players in the market as well as the availability of newer technologies will make the market far more competitive in the coming days. With renewed emphasis on consumer insight, your company is well poised to meet the challenges and cash in on the opportunities thrown up by the market place.

International Business

The International business posted an increase of 48% over the previous year, the revenue going up to Rs. 123 million as compared to Rs. 83 million in the previous year. The reach of your company's international business now extends to the Middle East, SAARC Countries, Mauritius, Singapore and the USA.

Profitability

The Profit before Tax was higher by 32% at Rs. 364.9 million as compared to previous year's Rs. 276.8 million. The Profit after Tax showed a quantum jump from the previous year's Rs. 200.8 million to Rs. 300.4 million, showing an increase of 50%.

Dividend

An interim dividend of Rs. 3.00 per share (30%) was declared by the Board on October 21, 1997, on the Equity capital of Rs. 145 million. The directors are now pleased to propose a final dividend of Rs. 4.50 per share (45%) bringing the total dividend to Rs. 108.8 million as compared to Rs. 72.5 million paid for the previous year. The dividend outflow for the year represents an increase of 50% over the previous year's outflow. This outflow excludes the tax on dividend (at 10% on the amount of dividend payable) which worked out to Rs. 10.9 million for the year, as against Rs. 4.3

million for the previous year.

Capital

During the year, the Authorised Equity Share Capital of your Company was increased from 14.9 million shares of Rs. 10 each aggregating Rs. 149 million, to 29.9 million shares of Rs. 10 each aggregating Rs. 299 million.

Management of Capital Employed

Greater operational efficiency saw an increase in cash flow from operations from Rs. 286 million to Rs. 416 million, a spurt of 46%. The focus on control of working capital continued to yield results through reduction in Net Current Assets from 47 days of sales in the previous year to 34 days of sales this year. The gross block of fixed assets grew by 37%, primarily on account of Capital Expenditure at the Goa unit, which was commissioned during October, 1997, with no over-run on time or cost.

Finance

Your Company continued to enjoy the highest credit rating of A1+ (Highest Safety) issued by ICRA Ltd. for Commercial paper programme. At the end of the year under review, your company had very little reliance on borrowed capital, the debt: equity ratio being as low as 0.09:1. The financial leveraging capacity of your Company is, thus, quite high.

Public Deposits

Public Deposits with the company as at the end of this year aggregated to Rs. 9.2 million. Seven deposits aggregating to Rs. 0.09 million were unclaimed as on March 31, 1998, out of which 4 deposits amounting to Rs. 0.06 million have since been repaid.

Investments

In line with the policy of focused operations, your directors have, during the year, continued with and completed the disinvestment of your company's non-core/equity investments. To the extent not required for acquisition opportunities, the surplus funds of your company will continue to be invested prudently in short-term financial instruments.

Kanmoor Foods Ltd.

During the year, the Board approved, in principle, a scheme of amalgamation, with your Company, of Kanmoor Foods Limited (KFL), a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, under the regulations of the Board for Industrial and Financial Reconstruction (BIFR).

The scheme of amalgamation is in line with your Company's long term business strategy to pursue growth in the processed foods segment and significantly increase the value of the brand 'SIL' which belongs to your Company. The amalgamation is subject to your approval and also to the approval by the BIFR of all the terms and conditions spelt out in the merger proposal. The Notes to Accounts provide further details.

Research & Development

The Research & Development efforts of your company continued with a renewed emphasis on consumer insight. During the year, the Company spent Rs. 3.8 million on capital expenditure on Research and Development, as against Rs. 0.5 million in the previous year. The expenditure on revenue account was Rs. 23.7 million as compared to Rs. 14.2 million in the previous year.

Investor Relations

Your company has been holding meetings with leading Equity Analysts/Investors/Fund Managers for facilitating a better informed financial analysis. During the year, meetings were held after declaration of half-yearly results to disseminate information on important issues of investor interest. The company would continue this practice and also institute other measures aimed at better quality of disclosure of information to all investors, both present and potential.

Steps are being taken to dematerialise shares of your company to facilitate paperless trading on the Bombay Stock Exchange and the National Stock Exchange.

Accounts

The accompanying Financial Statements of your company have been prepared on a going concern basis and meet the Accounting Standards made applicable by the Institute of Chartered Accountants of India.

Your Directors have selected appropriate accounting policies which have been applied consistently. 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, 1998, and the profits of your company for the year ended on that date.

Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.

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.

Directors

Dr. Kirit S Parikh resigned from the Directorship of your Company on October 4, 1997, on account of his having taken up an assignment as Senior Economic Advisor to the Administrator, United Nations Development Programme, New York. The Board wishes to place on record its appreciation of the contribution rendered by Dr. Parikh during his tenure as Director.

The Board in its meeting held on October 21, 1997, appointed Mr. Cyril S Shroff as Additional Director to hold office till the ensuing Annual General Meeting. Mr. Cyril Shroff retires at the ensuing Annual General Meeting. Your company has received a notice from a shareholder under Section 257 of the Companies Act, 1956, proposing Mr. Cyril Shroff's candidature for appointment as a Director liable to retire by rotation.

Mr. Kishore Mariwala retires by rotation and, being eligible, offers himself for reappointment.

Additional Statutory Information

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with 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 Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. Although in accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, such information has been excluded from the

Report and Accounts sent to the Members, any member desirous of obtaining this information may write to the Company Secretary at the Registered Office of your Company.

Auditors

M/s. Dalal Desai & Kumana, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment as Auditors. However, they have intimated the company of their inability to continue as Statutory Auditors from the close of the ensuing Annual General Meeting. M/s. Ratan S. Mama & Co., Chartered Accountants, have expressed their willingness to take up the assignment of the Statutory Auditors of the company. They have also confirmed that, if approved, their appointment would be in accordance with the limits specified in Section 224 (1b) of the Companies Act, 1956. M/s. Ratan S. Mama & Co., established in 1952, are a reputed firm of Chartered Accountants with an affiliation, since 1976, with Pannell Kerr Forster, one of the top ten International Accounting firms. A resolution for their appointment as Auditors is being placed before the shareholders for their approval at the ensuing Annual General Meeting.

Human Resources

Human Resource Relations in your Company continue to be cordial and productive. The Board wishes to place on record its appreciation of the co-operation and support received from all members of the Marico Organisation.

Acknowledgement

The Board takes this opportunity to

acknowledge the support and assistance received from the Central Government, various State Governments, Bankers, Vendors, C&F Agents, Distributors and other Business associates, and looks forward to the continued support of all these partners in progress.

On behalf of the Board of Directors

Charandas V Mariwala

Chairman

Place: Mumbai

Dated: April 27, 1998

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

- i) Reduction in power consumption was achieved through rationalisation of material handling equipment and installation of local capacitors for improving power factor.
- ii) Reduction in Furnace Oil consumption was achieved through installation of efficient steam traps alongwith strainers and use of fire side and water side chemicals to improve steam to fuel ratio.
- iii) Reduction in L.D.O. consumption was achieved through improving the thermic fluid circulation mechanism.

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

B. Research & Development :

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange earnings and outgo :

Opportunities are continuously explored to promote the export of company's products in new categories and new territories.

The details of total foreign exchange used and earned are disclosed in Schedule 'Q'.

ENCLOSURE 'A'

Power & Fuel Consumption :

| | 1997-98 | 1996-97 |
|-----------------------------|-----------|-----------|
| 1. Electricity | | |
| a) Purchased Unit (Kwh) | 3,848,253 | 3,673,120 |
| Amount (Rs. million) | 10.71 | 9.80 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| Units (Kwh) | 2,334,961 | 1,236,472 |
| Amount (Rs. million) | 7.86 | 3.42 |
| Rate (Rs./Unit) | 3.37 | 2.77 |
| ii) Through Steam Generator | Nil | Nil |
| 2. Coal (Used for Boiler) | | |
| Quantity (M.T.) | Nil | Nil |
| Amount (Rs. million) | Nil | Nil |
| Average Rate (Rs./Ton) | Nil | Nil |

| | 1997-98 | 1996-97 |
|------------------------------|---------|---------|
| 3. Furnace Oil | | |
| Quantity (Kl) | 1582.20 | 1544.54 |
| Amount (Rs. million) | 12.06 | 11.49 |
| Average Rate (Rs./Kl) | 7621.47 | 7436.88 |
| 4. Other Internal Generation | | |
| L.D.O./H.S.D. | | |
| Quantity (Kl) | 227.07 | 226.52 |
| Amount (Rs. million) | 2.13 | 2.14 |
| Average Rate (Rs./Kl) | 9382.39 | 9440.45 |

CONSUMPTION PER UNIT OF PRODUCTION OF EDIBLE OIL

| | Unit | 1997-98 | 1996-97 |
|-------------|------|---------|---------|
| Electricity | Kwh | 112.9 | 122.2 |
| Coal | M.T. | Nil | Nil |
| Furnace Oil | Kl | 0.03 | 0.04 |

ENCLOSURE 'B'

Research & Development

1. Specific areas in which R&D was carried out by the Company:
 - Technology selection/upgradation for converting agrobased commodity into value added consumer benefit.
 - Packaging Development to improve quality, aesthetics and cost structure.
 - Development of new products.
2. Benefits derived as a result of the above R&D:

New product launches to address niche consumer benefits, improvement in quality and cost structure of packaging material and addressing consumer needs through selection of appropriate technology for product development.
3. Expenditure on R&D:

| | Rs. million |
|--|-------------|
| a) Capital | 3.76 |
| b) Recurring | 23.66 |
| Total | 27.42 |
| c) Total R&D expenditure as a percentage of total turnover | 0.56 |

For and on behalf of
the Board of Directors

CHARANDAS V MARIWALA
Chairman

Place : Mumbai
Dated : April 27, 1998

AUDITORS' REPORT

To,

The Members of Marico Industries Limited

We have audited the attached Balance Sheet of **MARICO INDUSTRIES LIMITED** as at 31st March, 1998 and the annexed Profit and Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments above:
 - 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and returns;
 - d. In our opinion,
 - i. the accounting policies followed by the Company are in conformity with the Accounting Standards made applicable by the Institute of Chartered Accountants of India;
 - ii. there has been no material deviations from the accounting policies consistently followed by the Company;
 - iii. the accounting treatment of items in the Balance Sheet and Profit and Loss Account is appropriate.
 - e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and in particular, Note no. 10 to Schedule 'R' regarding effect not given to the scheme of amalgamation pending approvals of BIFR and shareholders, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Place : Mumbai
Dated : April 27, 1998

For and on behalf of
DALAL DESAI & KUMANA
Chartered Accountants
NATRAJ RAMKRISHNA
Partner

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The Company had given loans to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, prima facie, prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
9. Loans or advances in the nature of loans given are being repaid as stipulated, together with interest; wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The Company has entered into transactions of purchase of goods and materials in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party. We were informed that in respect of these purchases, alternate acceptable sources of supply did not exist and, hence, comparison of prices was not possible. The transactions of sale of services were at rates which were reasonable as compared to prevailing market rates. There were, however, no transactions of sale of goods and materials entered in the said Register.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and materials dealt in and provision for loss wherever necessary has been made in the accounts.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.

16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has regularly deposited Provident Fund dues and Employees' State Insurance dues with the appropriate authorities. There were no arrears at year end.
18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty and excise duty which have remained outstanding at the year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of
DALAL DESAI & KUMANA
Chartered Accountants

Place : Mumbai
Dated : April 27, 1998

NATRAJ RAMKRISHNA
Partner

BALANCE SHEET

MARICO
ANNUAL REPORT 1997-98

| SOURCES OF FUNDS | SCHEDULE | As at 31st March | |
|---|----------|---------------------|---------------------|
| | | 1998 Rs. million | 1997 Rs. million |
| SHAREHOLDERS' FUNDS | | | |
| Capital | A | 145.00 | 145.00 |
| Reserves & surplus | B | 833.98 | 653.24 |
| | | <u>978.98</u> | <u>798.24</u> |
| LOAN FUNDS | | | |
| Secured loans | C | — | 127.24 |
| Unsecured loans | D | 89.07 | 59.90 |
| | | <u>89.07</u> | <u>187.14</u> |
| | | <u>1,068.05</u> | <u>985.38</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross block | E | 670.36 | 490.82 |
| Less : Depreciation | | 134.45 | 95.14 |
| Net block | | <u>535.91</u> | <u>395.68</u> |
| Capital work-in-progress | | 69.34 | 57.38 |
| | | <u>605.25</u> | <u>453.06</u> |
| INVESTMENTS | | | |
| | F | 0.42 | 7.94 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | G | 249.83 | 268.61 |
| Sundry debtors | H | 281.45 | 250.00 |
| Cash and bank balances | I | 208.79 | 102.31 |
| Loans and advances | J | 226.87 | 301.48 |
| | | <u>966.94</u> | <u>922.40</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | K | 424.04 | 333.08 |
| Provisions | L | 80.52 | 64.94 |
| | | <u>504.56</u> | <u>398.02</u> |
| NET CURRENT ASSETS | | <u>462.38</u> | <u>524.38</u> |
| | | <u>1,068.05</u> | <u>985.38</u> |

For notes forming part of the accounts and accounting policies, see Schedule R.

As per our attached report of even date
FOR DALAL DESAI & KUMANA
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

DEV BAJPAI
Secretary

For and on behalf of the Board of Directors

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : April 27, 1998

Place : Mumbai
Dated : April 27, 1998

PROFIT AND LOSS ACCOUNT

MARICO
ANNUAL REPORT 1997-98

| | SCHEDULE | For the year ended 31st March | |
|---|----------|-------------------------------|-----------------|
| | | 1998 | 1997 |
| | | Rs. million | Rs. million |
| INCOME | | | |
| Sales | Q | 4,900.24 | 4,096.86 |
| Other income | M | 15.56 | 21.37 |
| | | <u>4,915.80</u> | <u>4,118.23</u> |
| EXPENDITURE | | | |
| Cost of materials | N | 2,752.17 | 2,418.88 |
| Manufacturing and other expenses | O | 1,700.09 | 1,315.43 |
| Finance charges | P | 58.82 | 75.74 |
| Depreciation | E | 39.85 | 31.34 |
| | | <u>4,550.93</u> | <u>3,841.39</u> |
| PROFIT BEFORE TAX | | 364.87 | 276.84 |
| Provision for tax (including Rs. 0.5 million (Rs. 0.5 million) towards wealth tax) | | 64.50 | 76.00 |
| | | <u>300.37</u> | <u>200.84</u> |
| PROFIT AFTER TAX | | 300.37 | 200.84 |
| Prior period adjustments:- | | | |
| Income tax provision written back | | — | 13.60 |
| | | <u>300.37</u> | <u>214.44</u> |
| PROFIT AFTER TAX AND PRIOR PERIOD ADJUSTMENTS | | 300.37 | 214.44 |
| Balance brought forward - | | 70.88 | 73.29 |
| | | <u>371.25</u> | <u>287.73</u> |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | 371.25 | 287.73 |
| APPROPRIATIONS | | | |
| Interim dividend | | 43.50 | 29.00 |
| Tax on interim dividend | | 4.35 | — |
| Proposed final dividend | | 65.25 | 43.50 |
| Tax on proposed dividend | | 6.53 | 4.35 |
| Debenture redemption reserve | | 35.00 | — |
| General reserve | | 40.00 | 140.00 |
| | | <u>176.62</u> | <u>70.88</u> |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | 176.62 | 70.88 |

For notes forming part of the accounts and accounting policies, see Schedule R.

As per our attached report of even date
FOR DALAL DESAI & KUMANA
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

DEV BAJPAI
Secretary

For and on behalf of the Board of Directors

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : April 27, 1998

Place : Mumbai
Dated : April 27, 1998

SCHEDULES TO ACCOUNTS

| SCHEDULE 'A' SHARE CAPITAL | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|---|--|--|
| AUTHORISED: | | |
| 2,99,00,000 Equity shares of Rs.10 each (1,49,00,000) | 299.00 | 149.00 |
| 10,000 14% Cumulative Redeemable Preference shares of Rs.100 each | 1.00 | 1.00 |
| | <u>300.00</u> | <u>150.00</u> |
| ISSUED, SUBSCRIBED AND PAID UP: | | |
| 1,45,00,000 Equity shares of Rs.10 each fully paid up including 1,20,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve | 145.00 | 145.00 |
| | <u>145.00</u> | <u>145.00</u> |

| SCHEDULE 'B' RESERVES & SURPLUS | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|--|--|--|
| CAPITAL RESERVE | | |
| As per last Balance Sheet | 2.36 | 2.00 |
| Add: Received during the year | <u>—</u> | <u>0.36</u> |
| | 2.36 | 2.36 |
| SHARE PREMIUM | | |
| As per last Balance Sheet | 165.00 | — |
| Add: Appropriated on allotment of Equity shares | <u>—</u> | <u>165.00</u> |
| | 165.00 | 165.00 |
| GENERAL RESERVE | | |
| As per last Balance Sheet | 415.00 | 260.00 |
| Add: Transfer from Debenture Redemption Reserve | <u>—</u> | <u>15.00</u> |
| Add: Transfer from Profit and Loss Account | 40.00 | 140.00 |
| | 455.00 | 415.00 |
| DEBENTURE REDEMPTION RESERVE | | |
| As per last Balance Sheet | — | 15.00 |
| Add: Transfer from Profit and Loss Account | 35.00 | — |
| Less: Transfer to General Reserve | <u>—</u> | <u>15.00</u> |
| | 35.00 | — |
| PROFIT AND LOSS ACCOUNT | | |
| | <u>176.62</u> | <u>70.88</u> |
| | <u>833.98</u> | <u>653.24</u> |

| SCHEDULE 'C' SECURED LOANS | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|---|--|--|
| Working capital finance from banks | — | 30.15 |
| | — | 30.15 |
| From financial institutions | — | 97.09 |
| | — | 127.24 |
| | <u>—</u> | <u>127.24</u> |

NOTES :—

1. Working capital finance from banks is secured by hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated and guaranteed by three Directors of the Company.
2. Loans from Financial Institutions include :
 - i. Term loan of Rs. Nil (Rs. 22.09 million), secured by an exclusive charge by way of hypothecation of specific equipments.
 - ii. Term loan of Rs. Nil (Rs. 75.00 million), guaranteed by the Managing Director, secured by a mortgage of immovable properties at Kanjikode and negative lien on other properties at Mumbai.

| SCHEDULE 'D' UNSECURED LOANS | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|--|--|--|
| Fixed deposits | 9.18 | 5.16 |
| [Repayable within a year Rs. 4.43 million (Rs. 2.30 million)] 13.25% Non-Convertible Debentures of Rs. 100 each, privately placed (Redeemable within a year) | 70.00 | — |
| Deferred sales tax loan (Repayable over five years commencing from year 2006) | 9.89 | 4.74 |
| Commercial paper | — | 50.00 |
| | <u>89.07</u> | <u>59.90</u> |

| SCHEDULE 'E' FIXED ASSETS | | | | | | | | | | Rs. million | |
|--|-----------------------|---------------|------------------------|-----------------------|-----------------------|--------------|------------------------|-----------------------|-----------------------|-----------------------|--|
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| | As at 31st March 1997 | Additions | Deletions/ Adjustments | As at 31st March 1998 | Up to 31st March 1997 | For the Year | Deletions/ Adjustments | Up to 31st March 1998 | As at 31st March 1998 | As at 31st March 1997 | |
| Freehold land | 1.52 | 7.67 | — | 9.19 | — | — | — | — | 9.19 | 1.52 | |
| Leasehold land | 3.24 | — | — | 3.24 | 0.21 | 0.04 | — | 0.25 | 2.99 | 3.03 | |
| Building* | 165.04 | 40.63 | — | 205.67 | 7.07 | 3.60 | — | 10.67 | 195.00 | 157.97 | |
| Plant & machinery | 275.66 | 130.63 | 0.68 | 405.61 | 83.98 | 34.52 | 0.30 | 118.20 | 287.41 | 191.68 | |
| Furniture & fittings | 7.09 | 1.76 | 0.07 | 8.78 | 2.49 | 0.92 | 0.04 | 3.37 | 5.41 | 4.60 | |
| Trade mark/ Copyright | 30.00 # | — | — | 30.00 | — | — | — | — | 30.00 | 30.00 | |
| Vehicles | 8.27 | 0.02 | 0.42 | 7.87 | 1.39 | 0.77 | 0.20 | 1.96 | 5.91 | 6.88 | |
| TOTAL | 490.82 | 180.71 | 1.17 | 670.36 | 95.14 | 39.85 | 0.54 | 134.45 | 535.91 | 395.68 | |
| PREVIOUS YEAR | 424.11 | 68.84 | 2.13 | 490.82 | 64.55 | 31.34 | 0.75 | 95.14 | | | |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | 69.34 | 57.38 | |
| | | | | | | | | | 605.25 | 453.06 | |

* Includes pending execution of conveyance for Rs. 130.68 million (Rs. 130.68 million)

Pending registration.

© Includes assets leased out Rs. 52.80 million (Rs. 52.80 million).

SCHEDULE 'F'
INVESTMENTS (At Cost)

As at
31st March
1998
Rs. million

As at
31st March
1997
Rs. million

LONG TERM INVESTMENTS — UNQUOTED

Non Trade

Government Securities —

National Savings Certificate (Deposited with Govt. authorities)

0.10

0.10

CURRENT INVESTMENTS

QUOTED

UTI - Unit '64

16,170 (16,170) Units of Rs.10 each fully paid
Associated Cement Co. Ltd.

0.26

0.26

Nil (80) Equity shares of Rs.100 each fully paid
Bajaj Auto Ltd.

—

0.19

Nil (100) Equity shares of Rs.10 each fully paid
Hindustan Lever Limited/(BLL conversion)

—

0.06

Nil (900) Equity shares of Rs.10 each fully paid
Tata Power Co. Ltd.

—

0.47

Nil (1,000) Equity shares of Rs.10 each fully paid
Carrier Aircon Ltd.

—

0.24

Nil (500) Equity shares of Rs.10 each fully paid
India Securities Ltd.

—

0.03

Nil (9,750) Equity shares of Rs.10 each fully paid
Majestic Auto Ltd.

—

0.73

Nil (1,000) Equity shares of Rs.10 each fully paid
Master Gain-92

—

0.30

4,600 (4,600) Units of Rs.10 each fully paid
LML Ltd.

0.06

0.06

Nil (50) Equity shares of Rs.10 each fully paid

—

—

0.32

2.34

UNQUOTED

Kotak Mahindra Finance Limited

Nil (200) 17% Secured Redeemable Non-Convertible
Debentures of Rs. 2500 each fully paid.

—

0.50

Alliance Capital Mutual Fund

Nil (5,00,000) Units of Rs.10 each of Alliance Liquid Income Scheme

—

5.00

—

5.50

TOTAL INVESTMENTS

0.42

7.94

Aggregate market value of quoted investments

0.29

1.25

| SCHEDULE 'G' INVENTORIES (As valued and certified by the Management - Note 1(e) of Schedule 'R') | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|---|--|--|
| Raw materials | 48.81 | 60.80 |
| Packing materials | 49.03 | 45.40 |
| Stores, spares, consumables & chemicals etc. | 8.17 | 8.98 |
| Work-in-process | 4.31 | 3.58 |
| Finished products | 139.08 | 147.16 |
| By-products | 0.43 | 2.69 |
| | <u>249.83</u> | <u>268.61</u> |

| SCHEDULE 'H' SUNDRY DEBTORS (Unsecured—considered good) | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|---|--|--|
| Over six months | 6.17 | 7.04 |
| Others | 275.28 | 242.96 |
| | <u>281.45</u> | <u>250.00</u> |

| SCHEDULE 'I' CASH AND BANK BALANCES | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|--|--|--|
| Cash on hand | 0.70 | 0.52 |
| Remittances in transit | — | 2.54 |
| Balances with banks: | | |
| Fixed deposits (lodged with Govt. authorities) | 0.78 | 0.56 |
| Margin account (Against letters of credit & bank guarantees) | 4.50 | 2.62 |
| Current accounts — Scheduled banks | 202.81 | 96.05 |
| — Non Scheduled bank (Jalgaon Janata Sahakari Bank Ltd.) [Maximum balance Rs. 0.32 million (P.Y. Rs. 0.30 million)] | — | 0.02 |
| | <u>208.79</u> | <u>102.31</u> |

| SCHEDULE 'J' LOANS AND ADVANCES (Unsecured—considered good) | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|---|--|--|
| Bills discounted/Inter corporate deposit | 82.50 | 123.00 |
| Advances recoverable in cash or in kind or for value to be received | 99.95 | 81.85 |
| Deposits | 43.79 | 96.09 |
| Balance with Central Excise authorities | 0.04 | 0.09 |
| Interest accrued on — Investments | 0.08 | 0.14 |
| — Others | 0.51 | 0.31 |
| | <u>226.87</u> | <u>301.48</u> |

| SCHEDULE 'K' CURRENT LIABILITIES | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|---|--|--|
| Sundry creditors | 344.68 | 253.39 |
| Advances from customers | — | 1.98 |
| Unclaimed dividend | 0.01 | 0.01 |
| Other liabilities | 34.53 | 35.18 |
| Security deposits | 41.25 | 40.35 |
| Interest accrued but not due on loans | 3.57 | 2.17 |
| | <u>424.04</u> | <u>333.08</u> |

| SCHEDULE 'L' PROVISIONS | As at 31st March 1998 Rs. million | As at 31st March 1997 Rs. million |
|--|--|--|
| For Income Tax (Net of Advance Tax) | 8.71 | 16.00 |
| For diminution in value of investments | 0.03 | 1.09 |
| For dividend | 65.25 | 43.50 |
| For tax on dividend | 6.53 | 4.35 |
| | <u>80.52</u> | <u>64.94</u> |

| SCHEDULE 'M' OTHER INCOME | 1997-98 Rs. million | 1996-97 Rs. million |
|---|--------------------------------------|--------------------------------------|
| Income from investments (Gross) | 0.14 | 0.85 |
| [Tax deducted at source Rs. 0.02 million (Rs. 0.03 million)] | | |
| Provision for diminution in value of Investments written back | 1.06 | — |
| Miscellaneous income | 14.36 | 20.52 |
| | <u>15.56</u> | <u>21.37</u> |

| SCHEDULE 'N' COST OF MATERIALS | 1997-98 Rs. million | 1996-97 Rs. million |
|---|--------------------------------------|--------------------------------------|
| RAW MATERIALS : | | |
| Opening stock | 60.80 | 69.08 |
| Add : Purchases | 2,536.12 | 2,118.61 |
| Less : Closing stock | 48.80 | 60.80 |
| | <u>2,548.12</u> | <u>2,126.89</u> |
| PURCHASE OF FINISHED PRODUCTS | 194.43 | 242.06 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK : | | |
| Work-in-process | 3.58 | 2.47 |
| By-products | 2.69 | 2.42 |
| Finished products | 147.16 | 198.47 |
| | <u>153.43</u> | <u>203.36</u> |
| CLOSING STOCK : | | |
| Work-in-process | 4.30 | 3.58 |
| By-products | 0.43 | 2.69 |
| Finished products | 139.08 | 147.16 |
| | <u>143.81</u> | <u>153.43</u> |
| | 9.62 | 49.93 |
| | <u>2,752.17</u> | <u>2,418.88</u> |

| SCHEDULE 'O' MANUFACTURING AND OTHER EXPENSES | 1997-98 Rs. million | 1996-97 Rs. million |
|---|--------------------------------------|--------------------------------------|
| Employee cost : | | |
| Salaries, wages and bonus | 106.22 | 89.00 |
| Contribution to provident fund and other funds | 13.31 | 8.97 |
| Welfare expenses | 17.03 | 16.98 |
| | <u>136.56</u> | <u>114.95</u> |
| Reimbursement, including claims, of conversion & other charges | 96.70 | 81.58 |
| Stores, spares & chemicals consumed | 25.04 | 23.08 |
| Packing materials consumed | 525.76 | 460.02 |
| Power, fuel and water | 37.55 | 30.32 |
| Rent and storage charges | 36.54 | 32.90 |
| Repairs to: Buildings | 8.35 | 3.80 |
| Machinery | 6.35 | 4.50 |
| Others | 5.41 | 1.49 |
| | <u>20.11</u> | <u>9.79</u> |
| Freight and forwarding charges | 183.35 | 140.55 |
| Advertisement and sales promotion | 407.03 | 242.06 |
| Rates and taxes | 2.38 | 0.71 |
| Sales tax & cess | 63.83 | 29.98 |
| Printing, stationery & communication expenses | 19.54 | 22.79 |
| Travelling, conveyance & vehicle expenses | 42.01 | 38.22 |
| Royalty | 27.52 | 22.66 |
| Insurance | 3.12 | 2.04 |
| Provision for diminution in value of investments | — | 0.19 |
| Miscellaneous expenses | 73.05 | 63.59 |
| | <u>1,700.09</u> | <u>1,315.43</u> |

| SCHEDULE 'P' FINANCE CHARGES | 1997-98 Rs. million | 1996-97 Rs. million |
|---|--------------------------------------|--------------------------------------|
| Interest on fixed loans | 25.61 | 28.72 |
| Other interest | 21.29 | 38.56 |
| Bank charges & others | 40.06 | 23.86 |
| | <u>86.96</u> | <u>91.14</u> |
| Less : Interest/Discounting charges earned | 28.14 | 15.40 |
| | <u>58.82</u> | <u>75.74</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK

| Sr No. | Particulars | Year ended | Installed capacity M.T. (Note I) | Opening stock | | Production Quantity M.T. (Note IV) | Purchases | | Turnover | | Closing stock | |
|--------|---|------------|----------------------------------|---------------|--------------------|------------------------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|
| | | | | Quantity M.T. | Amount Rs. million | | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million | Quantity M.T. | Amount Rs. million |
| 1 | Raw/Refined oils | 31.03.98 | 90480 of Oils | 2508.215 | 113.36 | 46020.758 | 3405.604 | 106.67 | 58105.632 | 4,375.93 | 2574.258 | 114.98 |
| | | 31.03.97 | 58800 of Oils | 3298.763 | 148.10 | 40180.482 | 3821.967 | 170.30 | 50666.360 | 3,659.08 | 2508.215 | 113.36 |
| 2 | Hair oils (Note II) | 31.03.98 | — | 174.464 | 16.61 | — | — | — | 1592.831 | 218.75 | 105.574 | 9.00 |
| | | 31.03.97 | — | 226.550 | 21.16 | — | — | — | 1196.601 | 165.71 | 174.464 | 16.61 |
| 3 | Others (Note III) (Includes processed foods & by-products) | 31.03.98 | — | — | 19.88 | — | — | 87.76 | — | 305.56 | — | 15.53 |
| | | 31.03.97 | — | — | 31.63 | — | — | 71.76 | — | 272.07 | — | 19.88 |
| | TOTAL | 31.03.98 | | | 149.85 | | | 194.43 | | 4,900.24 | | 139.51 |
| | | 31.03.97 | | | 200.89 | | | 242.06 | | 4,096.86 | | 149.85 |

NOTES:

- I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis. Installed capacity includes on lease basis.
- b) No licenses are required for products manufactured by the Company as per Govt. of India Notification No. S.O. 477(E) dated 25th July, 1991.
- II) Produced by others - Qty in KL
- III) The Company deals in processed foods which are not packed in homogenous units. Hence it is not practicable to furnish quantitative data.
- IV) The production of Raw/Refined oils excludes processed by others 9318.752 M.T. (P.Y. 6340.728 M.T.) and includes used for internal consumption 573.440 M.T. (P.Y. 467.365 M.T.)

SCHEDULE 'Q'

B) RAW MATERIALS CONSUMED

| | 1997-98 | | 1996-97 | |
|-----------|------------------|----------------------|------------------|----------------------|
| | Quantity M.T. | Value Rs. million | Quantity M.T. | Value Rs. million |
| Oil seeds | 47894 | 1,532.95 | 45935 | 1,292.48 |
| Raw oils | 29237 | 927.10 | 24184 | 769.78 |
| Others | — | 88.07 | — | 64.63 |
| | | <u>2,548.12</u> | | <u>2,126.89</u> |

**C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED**

| | 1997-98 | | 1996-97 | |
|------------------------------|---------------|----------------------|---------------|----------------------|
| | % | Value Rs. million | % | Value Rs. million |
| Raw materials | | | | |
| Imported | 14.81 | 377.28 | 18.67 | 397.09 |
| Indigenous | 85.19 | 2,170.84 | 81.33 | 1,729.80 |
| | <u>100.00</u> | <u>2,548.12</u> | <u>100.00</u> | <u>2,126.89</u> |
| Stores, spares and chemicals | | | | |
| Imported | 0.46 | 0.12 | — | — |
| Indigenous | 99.54 | 24.92 | 100.00 | 23.08 |
| | <u>100.00</u> | <u>25.04</u> | <u>100.00</u> | <u>23.08</u> |

D) VALUE OF IMPORTS ON C.I.F. BASIS

| | 1997-98 Rs. million | 1996-97 Rs. million |
|---------------|------------------------|------------------------|
| Raw materials | 290.98 | 318.63 |
| Capital goods | 21.84 | — |
| | <u>312.82</u> | <u>318.63</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | 1997-98 Rs. million | 1996-97 Rs. million |
|-----------------------------|------------------------|------------------------|
| Packing materials | 42.76 | 50.33 |
| Travelling & other expenses | 19.48 | 17.25 |
| | <u>62.24</u> | <u>67.58</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | 1997-98 Rs. million | 1996-97 Rs. million |
|-------------------------|------------------------|------------------------|
| F.O.B. value of exports | 117.04 | 77.51 |
| | <u>117.04</u> | <u>77.51</u> |

SCHEDULE 'R'

NOTES :

1. SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The financial statements are prepared under the Historical Cost Convention on accrual basis and in accordance with mandatory accounting standards.

(b) FIXED ASSETS

Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets is capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.

(c) DEPRECIATION

- (i) Depreciation on Fixed Assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except as stated in paragraphs (ii) to (v) below. Depreciation on additions/deletions during the year has been provided on *pro rata* basis with reference to the month of addition/deletion. Extra shift depreciation has been provided on "Plant" basis.
- (ii) Assets given on lease are depreciated over the primary period of the lease.
- (iii) Plant and Machinery costing less than Rs. 5,000 each are depreciated at 100%. Other fixed assets costing less than Rs. 5,000 each acquired after 31.3.1993 are depreciated at 100%.
- (iv) Leasehold land is amortised over the balance period of lease.
- (v) No depreciation is provided on Trademark/Copyright.

(d) INVESTMENTS

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

(e) INVENTORY

- (i) Inventories are valued as follows :

| | | |
|---|---|--|
| Raw materials | — | at cost |
| Packing materials, Chemicals, Consumables | — | at cost |
| Work-in-process | — | at cost |
| Finished products | — | at lower of cost or net realisable value |
| Stores & spares | — | at cost |
| By-products | — | at net realisable value |
| Unserviceable/damaged finished products | — | at estimated realisable value |
- (ii) Cost in relation to finished goods and work-in-process is determined on 'direct costing' basis.
- (iii) Stores, spares costing less than Rs. 1,500 are charged off in the year of purchase.

(f) RESEARCH & DEVELOPMENT

Capital expenditure on Research & Development is allocated to Fixed assets. The revenue expenditure on Research & Development is charged off in the year in which it is incurred.

(g) SALES

Sales are :

- i. net of trade discount,
- ii. exclusive of sales tax and
- iii. recognised on despatch of goods.

(h) RETIREMENT BENEFITS

Liability towards retirement gratuity and leave encashment has been provided on the basis of actuarial valuation. Contribution to provident fund and pension fund are made at predetermined rates to the respective trusts and accounted on accrual basis.

(i) FOREIGN CURRENCY TRANSACTIONS

- (i) Foreign currency assets/liabilities covered by forward contracts are stated at the forward contract rates.
- (ii) Foreign currency assets/liabilities not covered by forward contracts are restated at the rate ruling at the close of the financial year.
- (iii) Exchange rate differences relating to fixed assets are adjusted in the cost of fixed assets. Other exchange differences are recognised in the profit and loss account.

2. Capital Reserve represents subsidy received from the Government of Kerala for setting up of the new plant at Kanjikode which is refundable if the unit goes out of production within five years of receipt of subsidy.
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs.53.17 million (Rs. 90.03 million) net of advances.
4. Miscellaneous income includes lease income Rs. 8.31 million (Rs. 8.65 million), and profit on sale of current investments (net) Rs. Nil (Rs. 2.06 million).
5. The Company is contesting the levy of cess by Agriculture Produce Marketing Committee (APMC) Mumbai and has in this connection applied to Mumbai High Court for relief. In the meantime, the demands made by APMC amounting to Rs. 30.12 million (including Rs. 25.53 million for prior period) have been paid under protest. As a matter of prudence these have been expensed under the head Sales tax & cess.
6. Miscellaneous expenses includes Commission and Brokerage Rs. 8.33 million (Rs. 6.36 million), Donations Rs. 0.11 million (Rs. 0.22 million), Cash discount Rs. 0.54 million (Rs. 0.86 million), Loss on sale of assets Rs.0.17 million (Rs. 1.00 million), Audit fees Rs. 0.23 million (Rs. 0.23 million), Payment to Auditors for other services Rs. 0.13 million (Rs. 0.13 million), Payment to Auditors for out-of-pocket expenses Rs. 0.03 million (Rs. 0.01 million), Loss on sale of current investments (net) Rs. 0.10 million (Rs. Nil).
7. Research & Development expenses aggregating to Rs. 24.78 million (Rs. 14.90 million) including depreciation of Rs. 1.12 million (Rs. 0.72 million) have been included under the relevant heads of expenses.
8. Exchange rate differences (net) aggregating to Rs. 12.39 million (Rs. 0.10 million) have been included under the relevant heads in the profit and loss account.
9. Contingent liability not provided for in respect of :
 - i) Letters of Credit opened and outstanding Rs. 74.11 million (Rs. 72.30 million).
 - ii) Sales Tax / Cess claims disputed by the Company (net of tax) Rs. 21.18 million (Rs.16.39 million).
 - iii) Income Tax and interest demand by the Income Tax department disputed before higher authorities Rs. 1.82 million (Rs. 1.82 million).
 - iv) Claims against the Company not acknowledged as debts Rs. 0.72 million (Rs. 0.72 million).
 - v) The Company had agreed to issue Guarantees to secure the borrowings by Kanmoor Foods Ltd. (KFL) from their bankers, which as at 31st March, 1998 were Rs. 86.80 million (Rs. 92.01 million). Guarantees have been executed for Rs. 13.50 million (Rs. 13.50 million) in favour of a bank against which balance of Rs. 2.11 million is outstanding as at 31st March, 1998. Issue of any fresh guarantees has been kept in abeyance pending the review of Scheme of Rehabilitation of KFL by BIFR.

10. Kanmoor Foods Limited (KFL) which manufactures processed foods that are marketed by the Company under the brand name 'SIL' was declared a sick company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. The Board for Industrial & Financial Reconstruction (BIFR) appointed Industrial Development Bank of India (IDBI) as the operating agency to evaluate the viability of KFL and recommend a scheme for its rehabilitation. The rehabilitation proposal approved by the Board of the Company and IDBI is presently under consideration of BIFR. The proposal envisages a scheme of amalgamation of KFL with the Company effective from 1st April, 1997; an exchange ratio of one share of the Company for two hundred shares of KFL as per the valuation done by an independent firm of Chartered Accountants; repayment of dues to The Bombay Oil Industries Limited (BOIL) (holding company of KFL) repayment of bank borrowing with a One Time Settlement as per the directions of BIFR; and tax benefits to the Company against the accumulated loss of KFL as per the provisions of Section 72 A of the Income Tax Act, 1961.

The Board reckons the above proposal as a part of the long term business strategy of the Company and to pursue growth in the processed foods segment. The scheme of amalgamation is subject to the approval of the BIFR and the shareholders of the Company. Pending approval of the scheme as above, no effect has been given thereto in these accounts.

11. During the course of the proceedings under Section 132 of the Income Tax Act, 1961, the Tax authorities have collected information pertaining to the operations of the Company and explanations have been provided to them in this regard. The Company has not received any further communication / notice from the department in this matter.
12. Payments to suppliers in the small scale sector are made in accordance with agreed credit terms. The interest, if any, on overdue amounts as on 31st March, 1998, has neither been claimed nor been ascertained.
13. Managerial Remuneration :

i) Calculation of Commission payable to the Managing Director :

| | 1997-98 Rs. million | 1996-97 Rs. million |
|---|------------------------|------------------------|
| Profit before taxation | 364.87 | 276.84 |
| Add: Director's Remuneration | 4.71 | 3.85 |
| Director's Sitting fees | 0.04 | 0.03 |
| Depreciation as per books | 39.85 | 31.34 |
| Loss on sale of assets as per books | 0.16 | 1.00 |
| Provision for diminution in value of Investments | — | 0.19 |
| Profit on sale of assets under Sec. 350 | 0.41 | 0.21 |
| Loss on sale of Investment | 0.10 | — |
| | 45.27 | 36.62 |
| Less: Depreciation under Section 350 | 59.68 | 47.60 |
| Profit on sale of Investments (net) | — | 2.07 |
| Provision for diminution in value of Investments written back | 1.06 | — |
| | 60.74 | 49.67 |
| Profit as per Section 349 | 349.40 | 263.79 |
| Commission to Managing Director @ 1% of net profit | 3.49 | 2.64 |

| | | |
|--|------|------|
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | 0.60 | 0.60 |
| ii) Commission | 3.49 | 2.64 |
| iii) Contribution to Provident Fund and Pension Fund | 0.16 | 0.15 |
| iv) Other Perquisites | 0.46 | 0.46 |
| | 4.71 | 3.85 |

The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount based on actuarial valuation.

14. The figures in brackets represent those of the previous year which have been regrouped wherever necessary to conform with current years figures.

15. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) **Registration details :**

Registration No. : 11-49208
Balance Sheet Date : 31st March, 1998

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

Public Issue Nil
Bonus Issue Nil
Rights Issue Nil
Private placement Nil

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

Total Liabilities 1,068.05
Total Assets 1,068.05

Sources of Funds

Paid up Capital 145.00
Reserves & Surplus 833.98
Secured Loans Nil
Unsecured Loans 89.07

Application of Funds

Net Fixed Assets 605.25
Investments 0.42
Net Current Assets 462.38
Misc. Expenditure —
Accumulated losses —

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

Turnover (Sales & Other Income) 4,915.80
Total Expenditure 4,550.93
Profit before Tax 364.87
Profit after Tax 300.37
Earnings per share (in Rs.) 20.71
Dividend rate (%) 75

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

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

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

DEV BAJPAI
Secretary

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : April 27, 1998

CASH FLOW STATEMENT

MARICO
ANNUAL REPORT 1997-98

| A. CASH FLOW FROM OPERATING ACTIVITIES | Year ended 31st March 1998 Rs. million | Year ended 31st March 1997 Rs. million |
|--|---|---|
| Net Profit before tax and prior period adjustments | 364.87 | 276.84 |
| Adjustments for :— | | |
| Depreciation | 39.85 | 31.34 |
| Finance charges | 58.82 | 75.74 |
| Loss on sale of assets | 0.17 | 1.00 |
| Provision for diminution in value of investments | — | 0.19 |
| Loss/(Profit) on sale of Investments | 0.10 | (2.07) |
| Income from Investments | (0.14) | (0.85) |
| Provision for diminution in value of investments written back | (1.06) | — |
| | <u>97.74</u> | <u>105.35</u> |
| Operating profit before working capital changes | 462.61 | 382.19 |
| Adjustments for :— | | |
| Increase/(Decrease) in Inventories | (18.78) | (72.16) |
| Increase/(Decrease) in Sundry debtors | 31.45 | 74.71 |
| Increase/(Decrease) in Loans & advances | (34.11) | (11.35) |
| Decrease/(Increase) in Current liabilities | (89.56) | (31.42) |
| | <u>(111.00)</u> | <u>(40.22)</u> |
| Cash generated from Operations | 573.61 | 422.41 |
| Less : Payments for | | |
| — Direct Taxes (Net of refunds) | 71.82 | 44.70 |
| — Finance charges | 85.56 | 91.97 |
| | <u>157.38</u> | <u>136.68</u> |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | A <u>416.23</u> | <u>285.74</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| (Purchase)/Sale of Fixed assets | (192.67) | (81.94) |
| (Purchase)/Sale of Investments (including bills discounted/ICD) | 47.92 | (105.52) |
| Sale of fixed assets | 0.49 | 0.40 |
| Interest/Dividend income | 28.28 | 16.25 |
| Capital Subsidy received | — | 0.36 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | B <u>(115.98)</u> | <u>(170.45)</u> |

| | Year ended 31st March 1998 Rs. million | Year ended 31st March 1997 Rs. million |
|---|---|---|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of Borrowings | (98.07) | (213.18) |
| Dividend paid | (95.70) | (29.00) |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES | <u>C (193.77)</u> | <u>(242.18)</u> |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS AS AT 31-3-1998 | A+B+C <u>106.48</u> | <u>(126.89)</u> |
| Cash and Cash Equivalents - Opening Balance | 102.31 | 229.20 |
| Cash and Cash Equivalents - Closing Balance | <u>208.79</u> | <u>102.31</u> |

For and on behalf of the Board of Directors

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : April 27, 1998

Auditors' Certificate

We have examined the attached Cash Flow Statement of Marico Industries Ltd. for the year ended 31st March, 1998. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 27th April, 1998 to the members of the Company.

For DALAL DESAI & KUMANA
Chartered Accountants

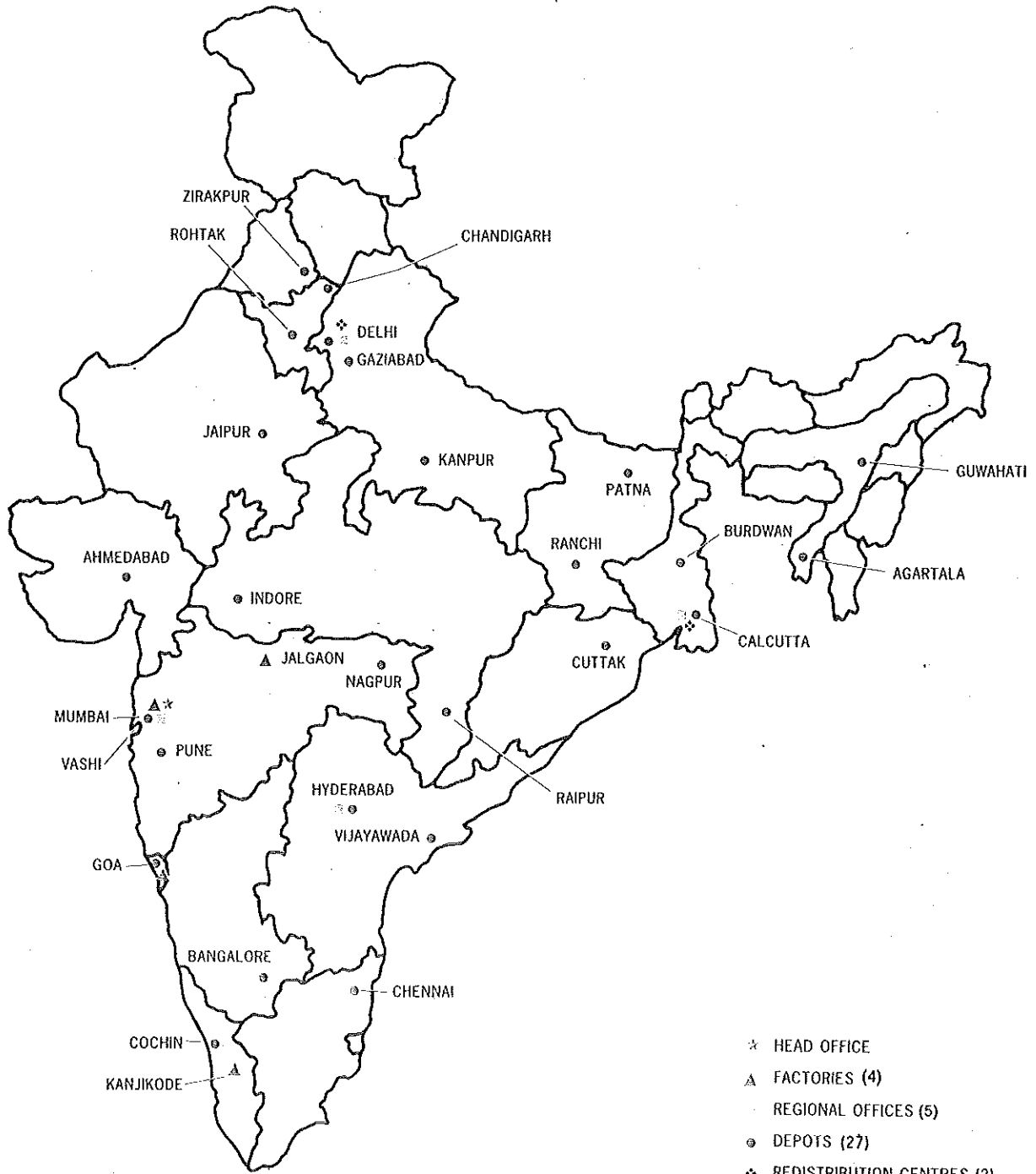
Place : Mumbai
Dated : April 27, 1998

NATRAJ RAMKRISHNA
Partner

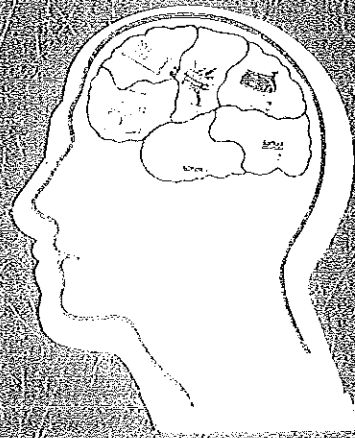
INVESTOR INFORMATION

- **Annual General Meeting :**
Tuesday, June 30, 1998, 3.00 PM
M C Ghia Hall, Fort, Mumbai 400 001
- **Dividend Payout Record :**
Since the Initial Public Offer (IPO) during April 1996, Marico has been declaring two dividends in every financial year. The interim dividend based on half yearly financials has been declared typically in November, while the final dividend based on the full year's financials has been declared in the Annual General Meeting in June — August.
- **Registrars and Share Transfer Agents :**
Karvy Consultants Ltd.,
7, Andheri Industrial Estate, Off Veera Desai Road,
Andheri (West), Mumbai 400 058.
Tel : (91-22) 626 7226, 626 9044, 627 1802
Fax : (91-22) 629 0882
- **Dematerialisation of Shares :**
Marico is in the process of dematerialising its shares. The necessary resolutions are being placed before the shareholders for their approval. The process is expected to be completed during July 1998 after which the shares in Marico could be traded in a paperless manner.
- **Investor Relations Officer :** Mr. Dev Bajpai
Company Secretary
Tel.:
Direct : (91-22) 640 5323
Board : (91-22) 644 3714-17
Fax : (91-22) 641 0106

MARICO'S PRESENCE IN INDIA



- * HEAD OFFICE
- ▲ FACTORIES (4)
- REGIONAL OFFICES (5)
- ◉ DEPOTS (27)
- ⊕ REDISTRIBUTION CENTRES (2)
- DISTRIBUTORS/STOCKISTS (3,000)
- RETAIL OUTLETS (4,25,000)



14
MARICO

ANNUAL REPORT 1996-97

A measure of brand equity

In our factory, we fill little blue bottles with coconut oil.

In the marketplace, Parachute is a symbol of purity.

On the shop shelf, we stack safflower oil. On the kitchen shelf,

Saffola is an essential ingredient for healthy eating.

Revive. Sweekar. Hair & Care. Sil. They all have similar stories to tell.

Of how they have gone beyond being mere packaged products.

And have become a part of everyday living.

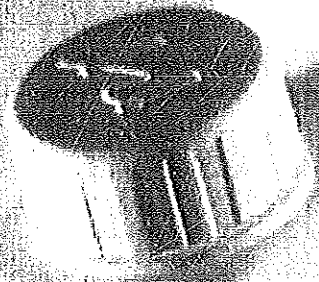
It is this property that makes each of Marico's brands unique.

A point driven home on the pages that follow.



The blue plastic bottle that doesn't contain coconut oil.

Strip away the brand name, the qualifiers, the small print. Place the bottle on a shelf. Ask a faithful to identify its contents. Pat will come the answer. Parachute. For 50 million loyalists, it's more than coconut oil, it's a symbol of unmistakable purity. It's dominance over the market can be gauged by two insights. The trade and consumers alike have supplanted 'Parachute' for the word coconut oil. And mention a blue plastic bottle, and invariably people know it's Parachute you're referring to.



The jar that elbowed other brands off the shelf.

Full marks to the competition for effort. Unfortunately, leave alone dent Saffola's leadership position, other kardi oil brands have had to withdraw from the market. To what may this be attributed? For starters, we consume over 50% of the marketable surplus in raw material, making it that much harder for competition. Two, a consumer who swears by Saffola despite the availability of cheaper alternatives. Its ability to combat cholesterol build-up is in tune with a growing health consciousness among consumers. As more people are discovering, life insurance never came so cheap.



What we fill it with is not quite
what consumers take out of it.

There is such a thing as perceived quality. In the case of Sweekar, it's purity, it's '88% fat free', it's the very embodiment of health. It's what positions Sweekar above competition; a sunflower oil that consumers pay a premium for. Despite being the last national entrant in a cluttered market, Sweekar is already the no.2 brand and snapping at the heels of the leader. Together, Saffola and Sweekar command 16.5% of the refined edible oil market in consumer packs. Evidently, somebody is grudgingly giving up market share.



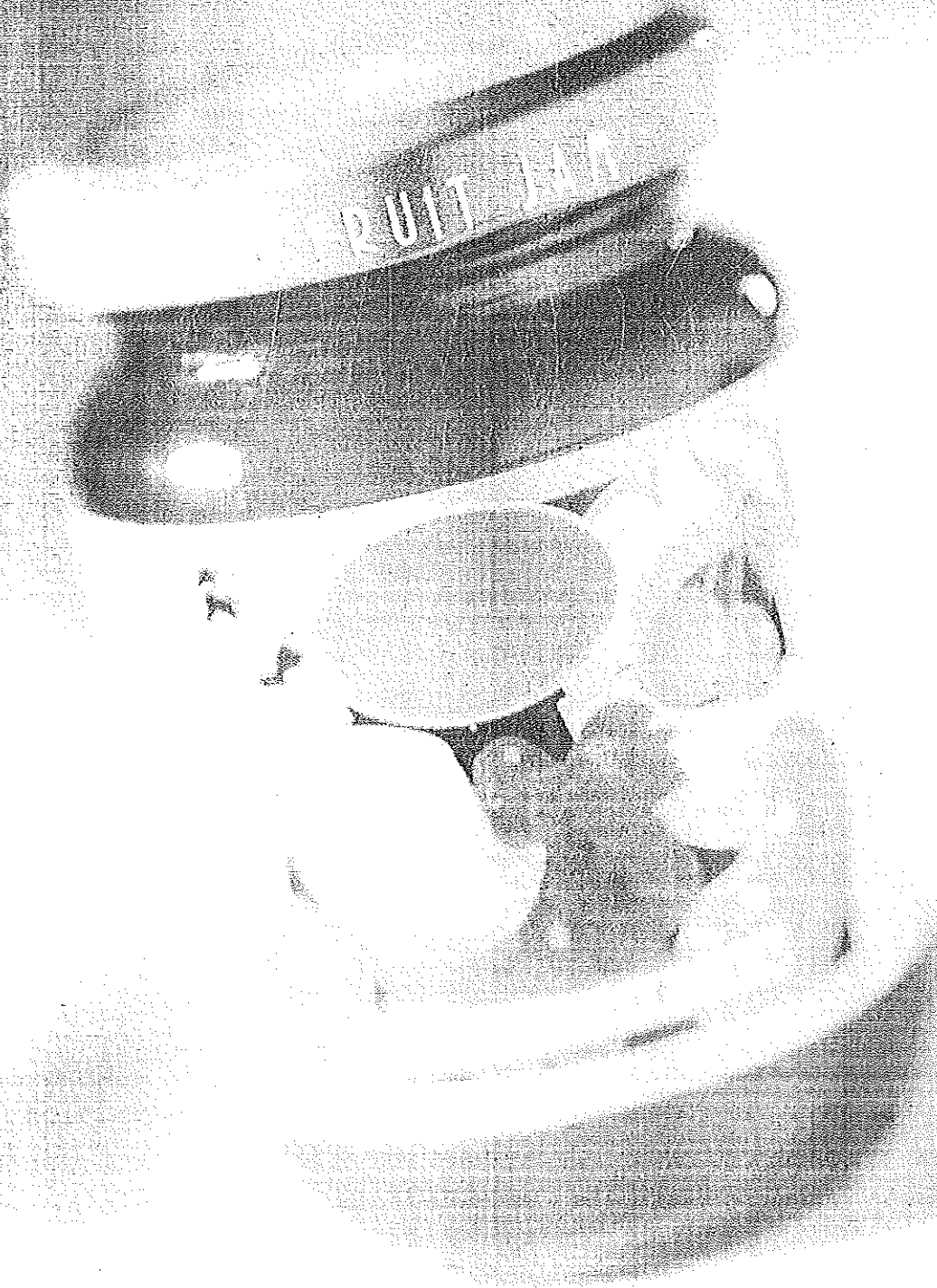
The bottle that
any young bride will know.

Long, black and lustrous hair has been the epitome of beauty since time immemorial. Yet, there was a growing resistance to the greasy and limp look imparted by conventional hair oils. Enter Hair & Care. Light and non-greasy, it's carried an entire generation with it. In fact, there is growing evidence that bridal trousseaus now boast the mandatory green bottle. Although enjoying a premium, Hair & Care has taken further share from the market leader.



Recognise the brand?
Unfortunately, we can't give you a hint.

Out of the question, there is only one brand of instant cold water starch available in the market. Four years ago, Revive ushered in a category and continues to rule it. By liberating the woman of today from cumbersome traditional starching, Revive is increasingly gaining in popularity in urban households. The convenience factor has actually encouraged the notion of starched clothes. On the other hand, home made starch, though free, is being passed up.



The bottle that brings out the child in men.

Jams full of fruity goodness. Enough to make even the most hardened men throw childlike tantrums. That's Sil for you. Over the last few years, it has slowly eaten into the market share of a well entrenched industry leader. That's not all. Responding to changing eating habits, we've introduced speciality products like baked beans, soups and Chinese readymades. Everyday, we're finding our way into the hearts of an increasing customer base. Through their stomachs, of course.

REACHING OUT

At Marico, each brand's success is unique .

Revive enjoys the advantage of being the first product of its kind.

But Sweekar, on the other hand, is successful despite being the last national entrant in a cluttered category.

With Saffola, we are still the only national brand of refined safflower oil.

Parachute means coconut oil in markets bar none.

There is a thread running through our brands.

It's brand equity continuously reinforced by superlative distribution.

Through 27 depots and 2,800 distributors and stockists,
we reach 4,00,000 retail outlets.

You'll find our products even in the smallest talukas with population of 10,000.

You'll find them in 80% of towns with a population between 20,000 and 50,000.

While we develop our products to appeal to a consumer's heart and mind
our distribution puts the products within arm's reach.

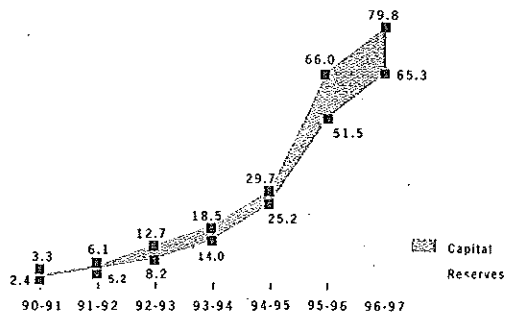
It's a network that rivals century old players.

And to think we're only a seven-year old company.

(See map 'The long arm of Marico' on the last page.)

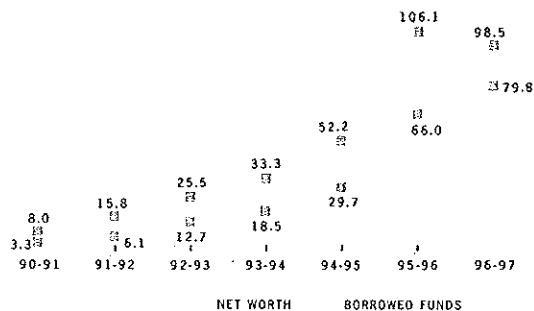
NET WORTH

Rs. Crs.



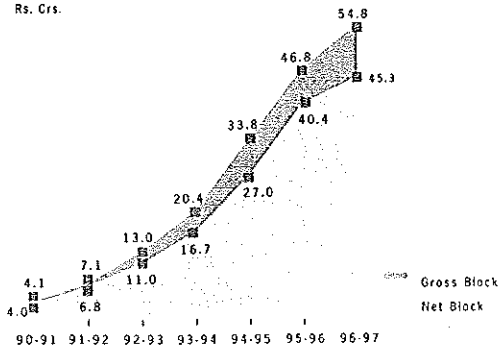
CAPITAL EMPLOYED

Rs. Crs.



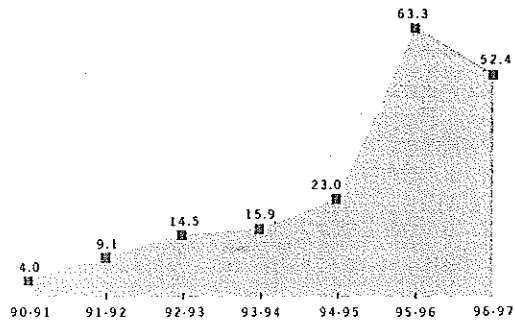
FIXED ASSETS

Rs. Crs.



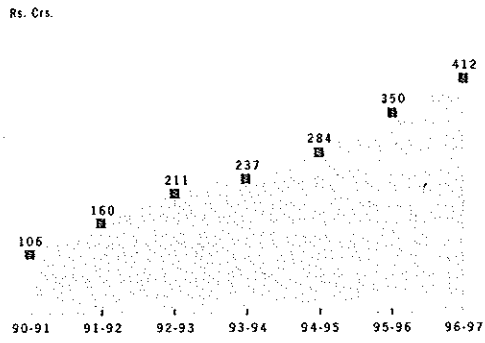
NET CURRENT ASSETS

Rs. Crs.

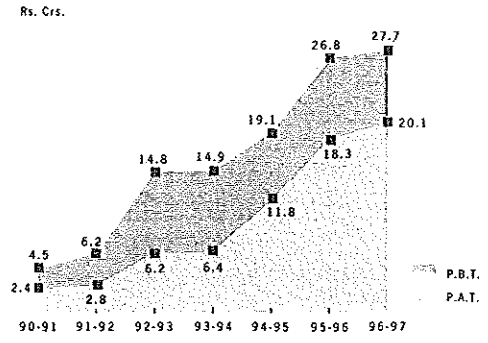


7.8

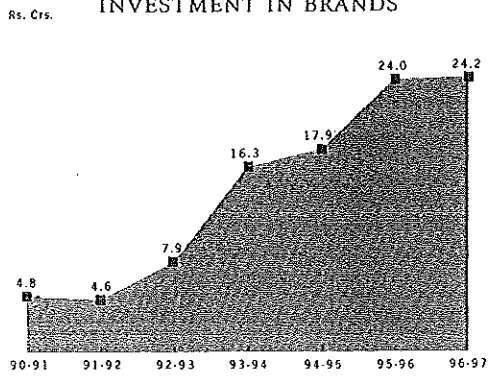
REVENUES



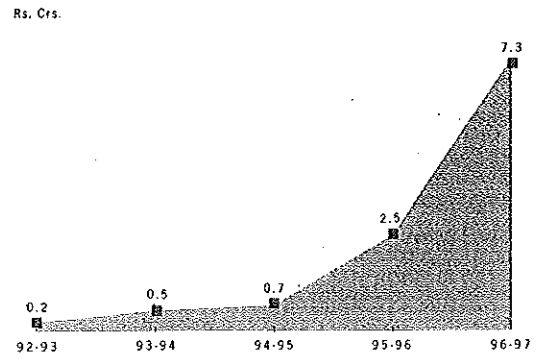
PROFITS



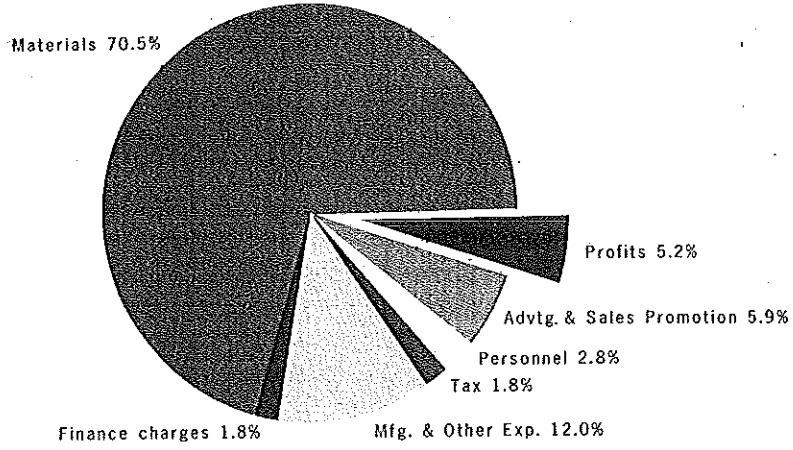
INVESTMENT IN BRANDS



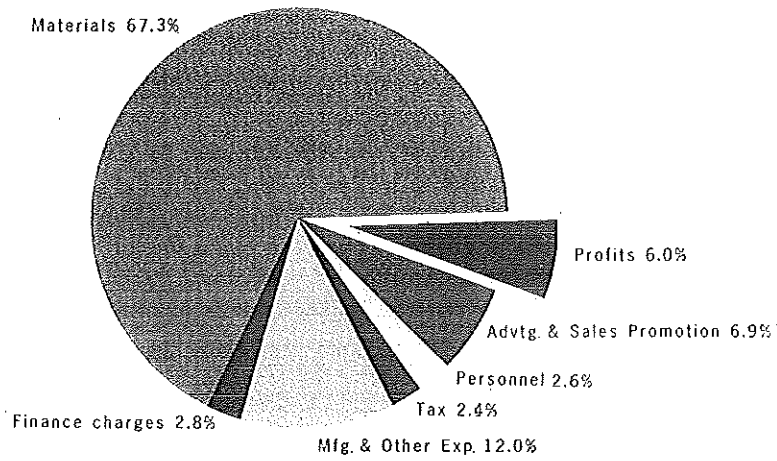
DIVIDEND OUTGO



DISTRIBUTION OF INCOME
1996-97



DISTRIBUTION OF INCOME
1995-96



FINANCIAL SNAPSHOT

| | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 |
|---|-------------------|---------|---------|---------|---------|---------|---------|
| | <i>(Rs. Lacs)</i> | | | | | | |
| SALES | 10583 | 15944 | 21032 | 23644 | 28334 | 34854 | 40968 |
| OTHER INCOME | 14 | 22 | 34 | 84 | 105 | 133 | 214 |
| TOTAL REVENUE | 10597 | 15966 | 21066 | 23728 | 28439 | 34987 | 41182 |
| OPERATING EXPENSES | 9901 | 14881 | 19035 | 21654 | 25921 | 31353 | 37657 |
| FINANCE CHARGES | 242 | 468 | 552 | 583 | 611 | 952 | 757 |
| PROFIT BEFORE TAX | 454 | 617 | 1479 | 1491 | 1907 | 2682 | 2768 |
| TAX | 210 | 332 | 860 | 855 | 725 | 850 | 760 |
| PROFIT AFTER TAX | 244 | 285 | 619 | 636 | 1182 | 1832 | 2008 |
| PRIOR PERIOD ADJUSTMENTS | - | - | - | - | - | 287 | 136 |
| PROFIT AFTER TAX AND PRIOR PERIOD ADJUSTMENTS | 244 | 285 | 619 | 636 | 1182 | 2119 | 2144 |
| DIVIDEND | - | - | 23 | 54 | 67 | 252 | 725 |
| NET FIXED ASSETS | 398 | 675 | 1096 | 1673 | 2703 | 4038 | 4531 |
| INVESTMENTS | 1 | 1 | 1 | 67 | 216 | 234 | 79 |
| NET CURRENT ASSETS | 402 | 908 | 1454 | 1589 | 2300 | 6334 | 5244 |
| TOTAL CAPITAL EMPLOYED | 801 | 1584 | 2551 | 3329 | 5219 | 10606 | 9854 |
| SHARE CAPITAL | 90 | 90 | 450 | 450 | 450 | 1450 | 1450 |
| RESERVES | 240 | 525 | 821 | 1403 | 2517 | 5153 | 6532 |
| NET WORTH | 330 | 615 | 1271 | 1853 | 2967 | 6603 | 7982 |
| BORROWED FUNDS | 471 | 969 | 1280 | 1476 | 2252 | 4003 | 1872 |
| TOTAL FUNDS EMPLOYED | 801 | 1584 | 2551 | 3329 | 5219 | 10606 | 9854 |
| RATIOS: | | | | | | | |
| OPERATING MARGINS TO SALES (%) | 6.7 | 7.0 | 10.4 | 9.5 | 10.0 | 11.2 | 9.4 |
| PROFIT BEFORE TAX TO SALES (%) | 4.3 | 3.9 | 7.0 | 6.3 | 6.7 | 7.7 | 6.8 |
| PROFIT AFTER TAX TO SALES (%) | 2.3 | 1.8 | 2.9 | 2.7 | 4.2 | 5.3 | 4.9 |
| EFFECTIVE TAX RATE (%) | 46.2 | 53.8 | 58.2 | 57.3 | 38.1 | 31.7 | 27.4 |
| CURRENT RATIO (No. of times) | 1.28 | 1.41 | 1.93 | 1.65 | 1.79 | 2.48 | 2.32 |
| TOTAL DEBT/EQUITY (No. of times) | 1.43 | 1.58 | 1.01 | 0.80 | 0.76 | 0.61 | 0.23 |
| EPS (Rs) | 27.11 | 31.67 | 13.76* | 14.13 | 26.27 | 12.63** | 13.85 |

* On enhanced capital.
 ** On enhanced capital, fully diluted (without considering prior period adjustments).

ECONOMIC VALUE ADDED (EVA) STATEMENT

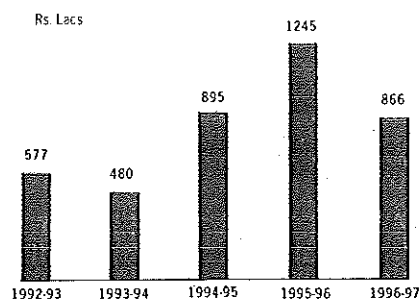
Economic Value Added popularly referred to as EVA is a measure of the "real profits" of a company. It is the residual income after charging the cost of debt and equity capital. Equity Research has established that "shareholders' value" creation is better represented by "Value Added" than traditional earnings approach. It is perhaps a better measure of the performance of the company.

ECONOMIC VALUE ADDED analysis

| Year ended March 31 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|------|------|------|-------------------|-------|
| Average Capital Employed (Rs. Lacs) | 2068 | 2940 | 4274 | 7038 ⁺ | 10230 |
| Avg. Debt/Total Capital (%) | 54.4 | 46.9 | 43.6 | 44.4 | 28.7 |
| Beta Variant | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| Risk Free Debt (%) | 11.4 | 11.1 | 10.2 | 12.9 | 11.3 |
| (Average of 364 days Treasury bill yields) | | | | | |
| Market Premium (%) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Cost of Equity (%) | 18.9 | 18.6 | 17.7 | 20.4 | 18.8 |
| {Risk Free Debt +(Beta x Mkt. Premium)} | | | | | |
| Cost of Debt (Post Tax) (%) | 8.7 | 8.3 | 10.3 | 10.0 | 10.0 |
| Weighted Average Cost of Capital (WACC) (%) | 13.4 | 13.7 | 14.4 | 15.8 | 16.2 |
| PAT/Average Capital Employed (%) | 29.9 | 21.6 | 27.7 | 26.0 | 19.6 |
| Economic Value Added (Rs. Lacs) : | | | | | |
| Operating Income after Tax (excluding Prior Period Adjustments) | 619 | 636 | 1182 | 1832 | 2008 |
| Add: Interest Post Tax | 235 | 248 | 330 | 523 | 519 |
| Net Operating Profit After Tax (NOPAT) | 854 | 884 | 1512 | 2355 | 2527 |
| Less: Cost of Capital | 276 | 404 | 617 | 1110 | 1661 |
| Economic Value Added | 577 | 480 | 895 | 1245 | 866 |

+ Application money received pending allotment not considered (Rs. 1750 Lacs)

Economic value added



MARICO INDUSTRIES LIMITED

Board of Directors

Charandas Vallabhdas Mariwala *Chairman*

Kishore Vallabhdas Mariwala

Bipin R. Shah

Dr. Kirit S. Parikh

Harsh Charandas Mariwala *Managing Director*

Top Management Team

Harsh Charandas Mariwala *Managing Director*

Jeswant Nair *Vice President - Personnel*

Pranab Datta *Vice President - Finance*

Shreekant Gupte *Vice President - Marketing*

Arvind Kumar *Vice President - Commodities & Exports*

General Manager (Legal) & Company Secretary

P. Sanker

Bankers

Allahabad Bank

ANZ Grindlays Bank

Bank of Baroda

Citibank N.A.

State Bank of Saurashtra

Auditors

Dalal Desai & Kumana

Solicitors

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Mulla & Mulla & Craigie Blunt & Caroe

Registered Office

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

Works

i) 'P' Plot, Fosberry Road, Sewree, Mumbai 400 033.

ii) E-10, M.I.D.C. Area, Jalgaon 425 003.

iii) Industrial Development Area, Kanjikode - Menonpara Road,
Kanjikode, Palakkad 678 621.

DIRECTORS' REPORT

To the Members,

The Directors take pleasure in presenting the NINTH Annual Report together with the audited accounts of the Company for the year ended March 31, 1997.

| | (Rs. Lacs) | |
|---|------------|-----------|
| | 1996-97 | 1995-96 |
| 1. FINANCIAL RESULTS | | |
| Sales and Other Income | 411,82.27 | 349,87.11 |
| Profit Before Tax | 27,68.48 | 26,82.08 |
| Tax | 7,60.00 | 8,50.00 |
| Profit After Tax | 20,08.48 | 18,32.08 |
| Prior Period Adjustments | 1,35.95 | 2,86.49 |
| Profit After Tax and Prior Period Adjustments | 21,44.43 | 21,18.57 |
| Add: Brought Forward | 7,32.85 | 3,16.71 |
| Profit Available for Appropriations | 28,77.28 | 24,35.28 |
| Less: First Interim Dividend | 2,90.00 | 1,21.17 |
| Second Interim Dividend | — | 1,31.26 |
| Proposed Final Dividend | 4,35.00 | — |
| Tax on Proposed Dividend | 43.50 | — |
| Transfer to General Reserve | 14,00.00 | 14,00.00 |
| Transfer to Debenture Redemption Reserve | — | 50.00 |
| Balance Carried Forward | 7,08.78 | 7,32.85 |

2. CAPITAL

The capital of the Company increased by Rs. 1 crore pursuant to fresh issue of 10 lacs equity shares of Rs. 10/- each at a premium of Rs. 165/- per share, made in March '96 and allotted in April '96, simultaneously with an offer for sale by the promoters of 26,25,000 equity shares of Rs. 10/- each at a similar premium. The resulting infusion of Rs. 17.5 crores into the Company was utilised to repay the various term loans aggregating Rs. 11.25 crores which fell due during the course of the year and the balance was employed to augment the working capital.

Shares of the Company were listed on the Bombay Stock Exchange and National Stock Exchange within 28 days of the close of the issue and trading commenced within a week thereafter.

3. DIVIDEND

An interim dividend of Rs. 2.00 per share (20%) was declared by the Board on 8th November '96 on the enhanced capital of Rs. 14.5 crores. The Directors are now pleased to propose a final dividend of Rs. 3.00 per share (30%) bringing the total dividend to 50% compared to 25% (pro-rata) paid in the previous year. The dividend outflow for the year of Rs. 725 lacs represents a sharp increase of 187.21 % over the previous year's outflow of Rs. 252.43 lacs. Additionally, pursuant to the amendments made by the Finance Act, 1997, the Company is required to pay tax on dividend @ 10% on the amount of dividend payable, which entails an additional outgo of Rs. 43.50 lacs.

4. OPERATIONS

Revenues continued to grow and during the year crossed Rs. 400 crores. Total revenues at Rs. 412 crores were 18% higher than the previous year. Net profits after tax at Rs. 20.08 crores were an improvement of 10% over the previous year. After making adjustments pertaining to the earlier years, the total profits were Rs. 21.44 crores against Rs. 21.19 crores for the previous year.

The second half of the financial year was characterised by sharp volatility in the prices and availability of the principal raw material namely, copra. The price spiral reached astronomical proportions and continued to rise even during the period when they are otherwise expected to decline. At one time on a point-to-point basis, copra prices were 65% higher than the previous year and prices of coconut oil in the wholesale market were almost twice that of other vegetable oils. The inflationary spiral in the raw material prices was coupled with a major shortage in the availability of the raw material, particularly during the last four months of the year. Alternate sources were not available because coconut oil is the only vegetable oil not permitted for imports. As a consequence of the restricted availability, valuable capacity was lost but for which production and sales would have been higher. To offset the effect of inflation the Company had to inevitably enhance its selling prices, but the lag between the cost and realisation increases squeezed margins. Fortunately, the price situation has since eased, although at the end of March '97, they were still considerably higher than the levels at the beginning of the year. The overall performance for the year needs to be viewed in the context of this unprecedented phenomena.

The competition during the year increased quite considerably in almost all product categories, despite which revenue growths were achieved in all product categories. Parachute continues to be the single largest selling coconut oil in the country and is virtually generic to the category. In refined edible oils sold in consumer packs, Saffola and Sweekar have managed to outsell all other refined edible oils sold in consumer packs and have placed the Company in a leadership position. All the other brands namely, Hair & Care, Revive and SIL launched during the last five years have continued in their growth trajectory.

The thrust in promoting exports continued. Revenues from exports grossed Rs. 8 crores yielding a growth of 58%. New markets are being tapped to further increase revenues.

With a view to expand the market for its products, the distribution infrastructure, extremely critical for a fast moving consumer goods organisation, is being beefed up and the reach extended. This should help in enlarging the market and supporting growth in future.

Plans are also afoot to expand the product portfolio.

5. EXPANSION

To meet the projected growth in demand, the Company is planning to augment the manufacturing capacity for coconut oil. A new facility near Ponda in Goa is under commissioning. It is expected that this unit will become operational in the current year itself. For refined oils also, various capacity options are being explored to deal with the increasing requirements.

6. ACCOUNTS

The accompanying Financial Statements of the Company have been prepared on a going concern basis and meet the Accounting Standards made applicable by the Institute of Chartered Accountants of India.

The Directors have selected appropriate accounting policies which have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of the Company as at 31st March 1997 and of the profits of the Company for the year ended on that date.

Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

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 deemed necessary.

7. PUBLIC DEPOSITS

Fixed Deposits with the Company as at year end were Rs. 51.51 lacs. Two deposits aggregating to Rs. 25,000/- were unclaimed as on March 31, 1997 which have since been repaid.

8. DIRECTORS

Mr. Charandas V. Mariwala and Mr. Harsh C. Mariwala retire by rotation and, being eligible, offer themselves for reappointment.

9. OTHER INFORMATION

9.1 Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms part of this report.

9.2 Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this information is excluded from the Report and Accounts being sent to the Members. Any member interested in obtaining this information may write to the Company Secretary at the registered office.

10. AUDITORS

Messrs. Dalal Desai & Kumana, Chartered Accountants retire and are eligible for reappointment as Auditors.

11. EMPLOYEE RELATIONS

Relations between employees and the management have remained cordial and the Directors wish to place on record their appreciation of the co-operation and support received.

12. ACKNOWLEDGEMENT

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and business associates.

On behalf of the Board of Directors

Place : Mumbai
Dated : June 11, 1997

CHARANDAS V. MARIWALA
Chairman

Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

- i) Improvement in energy efficiency achieved through enhanced throughputs by the commissioning of dehumidifier.
- ii) Reduction in Furnace Oil consumption resulting from efficiency of combustion through the use of additives and commissioning of condensate recovery system.
- iii) Reduction in power consumption by down sizing of motor rating & conversion of starter connections.

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

B. Research & Development :

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange earnings and outgo :

Efforts have been initiated to promote the export of Companies' products, wherever permissible.

The details of total foreign exchange used and earned are disclosed in Schedule 'Q'.

ENCLOSURE 'A'

Power & Fuel Consumption :

| | 1996-97 | 1995-96 |
|----------------------------------|-----------|-----------|
| 1. Electricity | | |
| a) Purchased Unit (Kwh) | 36,73,120 | 50,60,766 |
| Total Amount (Rs. lacs) | 98.00 | 107.88 |
| Rate (Rs./Unit) | 2.67 | 2.13 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| Units (Kwh) | 12,36,472 | 4,72,036 |
| Amount (Rs. lacs) | 34.23 | 12.37 |
| Rate (Rs./Unit) | 2.77 | 2.62 |
| ii) Through Steam Generator | Nil | Nil |
| 2. Coal (Used for Boiler) | | |
| Quantity (M.T.) | Nil | Nil |
| Amount (Rs. lacs) | Nil | Nil |
| Average Rate (Rs./Ton) | Nil | Nil |

| | 1996-97 | 1995-96 |
|-------------------------------------|----------|----------|
| 3. Furnace Oil | | |
| Quantity (Kl) | 1544.542 | 1897.095 |
| Amount (Rs. lacs) | 114.87 | 115.74 |
| Average Rate (Rs./Kl) | 7,436.88 | 6,100.79 |
| 4. Other Internal Generation | | |
| L.D.O./H.S.D. | | |
| Quantity (Kl) | 226.524 | 413.977 |
| Amount (Rs. lacs) | 21.39 | 28.37 |
| Average Rate (Rs./Kl) | 9,440.45 | 6,853.18 |

CONSUMPTION PER UNIT OF PRODUCTION OF EDIBLE OIL

| | Unit | 1996-97 | 1995-96 |
|-------------|------|---------|---------|
| Electricity | Kwh | 122.19 | 144.02 |
| Coal | M.T. | Nil | Nil |
| Furnace Oil | Kl | 0.04 | 0.05 |

ENCLOSURE 'B'

Research & Development

1. Specific areas in which R&D was carried out by the Company:
 - Process improvement specifically through dehumidifier to improve throughputs and yields.
 - Packaging Development to improve cost structure.
 - Development of new products.
2. Benefits derived as a result of the above R&D:

Improvement in throughput & yield for coconut oil, getting new products ready for launch, improving product/packaging quality and cost reduction.
3. Expenditure on R&D:

| | Rs. lacs |
|--|----------|
| a) Capital | 5.40 |
| b) Recurring | 141.88 |
| Total | 147.28 |
| c) Total R&D expenditure as a percentage of total turnover | 0.36% |

For and on behalf of
the Board of Directors

CHARANDAS V. MARIWALA
Chairman

Place : Mumbai
Dated: June 11, 1997

AUDITORS' REPORT

To,

The Members of Marico Industries Limited

We have audited the attached Balance Sheet of MARICO INDUSTRIES LIMITED as at 31st March, 1997 and the annexed Profit and Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments above:
 - 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and returns;
 - d. In our opinion,
 - i. the accounting policies followed by the Company are in conformity with the Accounting Standards made applicable by the Institute of Chartered Accountants of India;
 - ii. there has been no material deviations from the accounting policies consistently followed by the Company;
 - iii. the accounting treatment of items in the Balance Sheet and Profit and Loss Account is appropriate.
 - e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For and on behalf of
DALAL DESAI & KUMANA
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

Place : Mumbai
Dated : June 11, 1997

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The Company had given loans to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, prima facie, prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
9. Loans or advances in the nature of loans given are being repaid as stipulated, together with interest, wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchases and sales of goods and materials made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, other than those transactions for which alternative comparisons are not available, have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices, where such market prices are available with the Company, or the price at which similar transactions were made with other parties.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and materials dealt in and provision for loss wherever necessary has been made in the accounts.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has regularly deposited Provident Fund dues and Employees' State Insurance dues with the appropriate authorities. There were no arrears at year end.
18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty and excise duty which have remained outstanding at year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of
DALAL DESAI & KUMANA
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

Place : Mumbai
Dated : June 11, 1997

BALANCE SHEET

| SOURCES OF FUNDS | SCHEDULE | As at 31st March | |
|---|----------|------------------|------------------|
| | | 1997 Rs. lacs | 1996 Rs. lacs |
| SHAREHOLDERS' FUNDS | | | |
| Capital | A | 14,50.00 | 14,50.00 |
| Reserves & surplus | B | 65,32.38 | 51,52.85 |
| | | <u>79,82.38</u> | <u>66,02.85</u> |
| LOAN FUNDS | | | |
| Secured loans | C | 12,72.38 | 36,64.64 |
| Unsecured loans | D | 5,98.91 | 3,38.48 |
| | | <u>18,71.29</u> | <u>40,03.12</u> |
| | | <u>98,53.67</u> | <u>106,05.97</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross block | E | 49,08.16 | 42,41.11 |
| Less : Depreciation | | 9,51.51 | 6,45.49 |
| Net block | | <u>39,56.65</u> | <u>35,95.62</u> |
| Capital work-in-progress | | 5,73.91 | 4,42.87 |
| | | <u>45,30.56</u> | <u>40,38.49</u> |
| INVESTMENTS | | | |
| | F | 79.41 | 2,33.61 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | G | 26,86.14 | 34,07.78 |
| Sundry debtors | H | 24,99.94 | 17,52.79 |
| Cash and bank balances | I | 10,23.08 | 82,92.85 |
| Loans and advances | J | 30,14.75 | 19,15.29 |
| | | <u>92,23.91</u> | <u>153,68.71</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | K | 33,30.82 | 90,25.87 |
| Provisions | L | 6,49.39 | 8.97 |
| | | <u>39,80.21</u> | <u>90,34.84</u> |
| NET CURRENT ASSETS | | <u>52,43.70</u> | <u>63,33.87</u> |
| | | <u>98,53.67</u> | <u>106,05.97</u> |

For notes forming part of the accounts and accounting policies, see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

P. SANKER
General Manager (Legal)
& Company Secretary

For and on behalf of the Board of Directors

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : June 11, 1997

Place : Mumbai
Dated : June 11, 1997

PROFIT AND LOSS ACCOUNT

| | SCHEDULE | For the year ended 31st March | |
|---|---|---|-------------------------------------|
| | | 1997 Rs. lacs | 1996 Rs. lacs |
| INCOME | | | |
| Sales | Q | 409,68.51 | 348,53.82 |
| Other income | M | 2,13.76 | 1,33.29 |
| | | <u>411,82.27</u> | <u>349,87.11</u> |
| EXPENDITURE | | | |
| Cost of materials | N | 241,88.77 | 188,88.39 |
| Manufacturing and other expenses | O | 131,54.28 | 122,05.81 |
| Finance charges | P | 7,57.38 | 9,52.11 |
| Depreciation | E | 3,13.36 | 2,58.72 |
| | | <u>384,13.79</u> | <u>323,05.03</u> |
| PROFIT BEFORE TAX | | 27,68.48 | 26,82.08 |
| Provision for tax (including Rs. 5.00 lacs (Rs. 3.50 lacs) towards wealth tax) | | 7,60.00 | 8,50.00 |
| PROFIT AFTER TAX | | <u>20,08.48</u> | <u>18,32.08</u> |
| Prior period adjustments | | | |
| Excess provisions written back | | | |
| — Depreciation | | — | 2,86.49 |
| — Income Tax | | 135.95 | — |
| PROFIT AFTER TAX AND PRIOR PERIOD ADJUSTMENTS | | <u>21,44.43</u> | <u>21,18.57</u> |
| Balance brought forward | | 7,32.85 | 3,16.71 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | <u>28,77.28</u> | <u>24,35.28</u> |
| APPROPRIATIONS | | | |
| First interim dividend | | 2,90.00 | 1,21.17 |
| Second interim dividend | | — | 1,31.26 |
| Proposed final dividend | | 4,35.00 | — |
| Tax on proposed dividend | | 43.50 | — |
| Debenture redemption reserve | | — | 50.00 |
| General reserve | | 14,00.00 | 14,00.00 |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | <u>7,08.78</u> | <u>7,32.85</u> |
| For notes forming part of the accounts and accounting policies, see Schedules R & S respectively. | | | |
| As per our attached report of even date | | | |
| FOR DALAL DESAI & KUMANA Chartered Accountants | | For and on behalf of the Board of Directors | |
| NATRAJ RAMKRISHNA Partner | P. SANKER General Manager (Legal) & Company Secretary | C. V. MARIWALA Chairman | H. C. MARIWALA Managing Director |
| Place : Mumbai Dated : June 11, 1997 | | Place : Mumbai Dated : June 11, 1997 | |

MARICO INDUSTRIES LIMITED

Schedules to Accounts

| SCHEDULE 'A' | | As at | As at |
|--|---|-----------------|-----------------|
| SHARE CAPITAL | | 31st March | 31st March |
| | | 1997 | 1996 |
| | | Rs. lacs | Rs. lacs |
| AUTHORISED: | | | |
| 1,49,00,000 | Equity shares of Rs.10 each | 14,90.00 | 14,90.00 |
| 10,000 | 14% Cumulative Redeemable Preference shares of Rs.100 each | 10.00 | 10.00 |
| | | <u>15,00.00</u> | <u>15,00.00</u> |
| ISSUED, SUBSCRIBED AND PAID UP: | | | |
| 1,45,00,000 | Equity shares of Rs.10 each fully paid | | |
| (1,35,00,000) | up including 1,20,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve | 14,50.00 | 13,50.00 |
| | Share application — pending allotment | — | 1,00.00 |
| | | <u>14,50.00</u> | <u>14,50.00</u> |
| SCHEDULE 'B' | | | |
| RESERVES & SURPLUS | | As at | As at |
| | | 31st March | 31st March |
| | | 1997 | 1996 |
| | | Rs. lacs | Rs. lacs |
| CAPITAL RESERVE | | | |
| | As per last Balance Sheet | 20.00 | — |
| | Add: Received during the year | 3.60 | 20.00 |
| | | 23.60 | 20.00 |
| SHARE PREMIUM | | | |
| | As per last Balance Sheet | — | — |
| | Add: Appropriated during the year on allotment of Equity shares | 16,50.00 | — |
| | | 16,50.00 | — |
| GENERAL RESERVE | | | |
| | As per last Balance Sheet | 26,00.00 | 21,00.00 |
| | Less: Capitalised by issue of Bonus shares | — | 9,00.00 |
| | Add: Transfer from Debenture Redemption Reserve | 1,50.00 | — |
| | Add: Transfer from Profit and Loss Account | 14,00.00 | 14,00.00 |
| | | 41,50.00 | 26,00.00 |
| DEBENTURE REDEMPTION RESERVE | | | |
| | As per last Balance Sheet | 1,50.00 | 1,00.00 |
| | Add: Transfer from Profit and Loss account | — | 50.00 |
| | Less: Transfer to General Reserve | 1,50.00 | — |
| | | — | 1,50.00 |
| PROFIT AND LOSS ACCOUNT | | | |
| | | 7,08.78 | 7,32.85 |
| SHARE PREMIUM — pending allotment (Transferred to Share Premium) | | | |
| | | — | 16,50.00 |
| | | <u>65,32.38</u> | <u>51,52.85</u> |

MARICO INDUSTRIES LIMITED

| SCHEDULE 'C' SECURED LOANS | As at 31st March 1997 Rs. lacs | As at 31st March 1996 Rs. lacs |
|---|---|---|
| Non-Convertible Debentures (Redeemed during the year) | — | 3,00.00 |
| From banks (Note 1 below) | | |
| Working capital finance | 3,01.46 | 16,46.88 |
| Short term loans | — | 3,75.00 |
| | <u>3,01.46</u> | <u>20,21.88</u> |
| From financial institutions (Note 2 below) | 9,70.92 | 13,42.76 |
| | <u>12,72.38</u> | <u>36,64.64</u> |

NOTES :—

1. Working capital finance from banks is secured by hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated and guaranteed by three Directors of the Company.
2. Loans from Financial Institutions include :
 - i. Term loan of Rs. 2,20.92 lacs (Rs. 3,18.20 lacs), secured by an exclusive charge by way of hypothecation of specific equipments.
Repayable within a year Rs. 1,09.43 lacs (Rs. 97.28 lacs).
 - ii. Term loan of Rs. 7,50.00 lacs (Rs. 10,00.00 lacs), guaranteed by the Managing Director, secured by a mortgage of immovable properties at Kanjikode and negative lien on other properties at Mumbai.
Repayable within a year Rs. 7,50.00 lacs (Rs. 2,50.00 lacs).

| SCHEDULE 'D' UNSECURED LOANS | As at 31st March 1997 Rs. lacs | As at 31st March 1996 Rs. lacs |
|--|---|---|
| Short term loans from : | | |
| Companies | — | 1,25.00 |
| Financial institution | — | 2,00.00 |
| | <u>—</u> | <u>3,25.00</u> |
| Sales tax deferment incentive | 47.40 | — |
| Fixed deposits | 51.51 | 13.48 |
| [Repayable within a year Rs. 23.02 lacs (Rs. 3.81 lacs)] | | |
| Commercial Paper | 5,00.00 | — |
| [Maximum outstanding during the year Rs. 5,00.00 lacs (Rs. Nil)] | | |
| | <u>5,98.91</u> | <u>3,38.48</u> |

MARICO INDUSTRIES LIMITED

| SCHEDULE 'E' FIXED ASSETS | | | | | | | | | | (Rs. lacs) | |
|--|-----------------------|----------------|------------------------|-----------------------|-----------------------|----------------|------------------------|-----------------------|-----------------------|-----------------------|--|
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| | As at 31st March 1996 | Additions | Deletions/ Adjustments | As at 31st March 1997 | Up to 31st March 1996 | For the Year | Deletions/ Adjustments | Up to 31st March 1997 | As at 31st March 1997 | As at 31st March 1996 | |
| Freehold land | 15.20 | — | — | 15.20 | — | — | — | — | 15.20 | 15.20 | |
| Leasehold land | 32.44 | — | — | 32.44 | 1.78 | 0.37 | — | 2.15 | 30.29 | 30.66 | |
| Building* | 12,33.34 | 4,18.56 | 1.52 | 16,50.38 | 43.87 | 26.97 | 0.16 | 70.68 | 15,79.70 | 11,89.47 | |
| Plant & machinery | 25,23.08 | 2,48.72 | 15.25 | 27,56.55 | 5,73.64 | 2,71.76 | 5.54 | 8,39.86 | 19,16.69 | 19,49.44 | |
| Furniture & fittings | 58.81 | 12.51 | 0.44 | 70.88 | 18.33 | 6.65 | 0.08 | 24.90 | 45.98 | 40.48 | |
| Trade mark/ Copyright | 3,00.00 | — | — | 3,00.00 | — | — | — | — | 3,00.00 | 3,00.00 | |
| Vehicles | 78.24 | 8.60 | 4.13 | 82.71 | 7.87 | 7.61 | 1.56 | 13.92 | 68.79 | 70.37 | |
| TOTAL | 42,41.11 | 6,88.39 | 21.34 | 49,08.16 | 6,45.49 | 3,13.36 | 7.34 | 9,51.51 | 39,56.65 | 35,95.62 | |
| PREVIOUS YEAR | 28,56.16 | 13,95.32 | 10.37 | 42,41.11 | 6,74.81 | 2,58.72 | 2,88.04 | 6,45.49 | | | |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | 5,73.91 | 4,42.87 | |
| | | | | | | | | | 45,30.56 | 40,38.49 | |

* Includes pending execution of conveyance for Rs. 13,06.83 lacs (Rs. 9,06.83 lacs)
 = Pending registration.
 @ Includes depreciation write back of Rs. 286.49 lacs.

SCHEDULE 'F'

INVESTMENTS (At Cost)

| | As at 31st March 1997 Rs. lacs | As at 31st March 1996 Rs. lacs |
|--|-----------------------------------|-----------------------------------|
| LONG TERM INVESTMENTS | | |
| Unquoted - Trade | | |
| Kanmoor Foods Ltd. | | |
| Nil (14,50,000) Equity shares of Rs.10 each fully paid | — | 1,45.00 |
| Unquoted - Non Trade | | |
| Government Securities - | | |
| National Savings Certificate (Deposited with Govt. authorities) | 1.03 | 1.03 |
| | <u>1.03</u> | <u>1,46.03</u> |
| CURRENT INVESTMENTS | | |
| QUOTED | | |
| UTI - Unit '64 | | |
| 16170 (14700) Units of Rs.10 each fully paid (1470 Units received as bonus during the year.) | 2.60 | 2.60 |
| Associated Cement Co. Ltd. | | |
| 80 (50) Equity shares of Rs.100 each fully paid (30 shares received as bonus during the year.) | 1.90 | 1.90 |
| Bajaj Auto Ltd. | | |
| 100 (500) Equity shares of Rs.10 each fully paid | 0.61 | 3.06 |
| Brooke Bond Lipton India Ltd. | | |
| 900 (900) Equity shares of Rs.10 each fully paid | 4.72 | 4.72 |
| Tata Power Co. Ltd. | | |
| 1000 (2500) Equity shares of Rs.10 each fully paid | 2.43 | 6.10 |
| Carrier Aircon Ltd. | | |
| 500 (2100) Equity shares of Rs.10 each fully paid | 0.35 | 1.45 |
| India Securities Ltd. | | |
| 9750 (9750) Equity shares of Rs.10 each fully paid | 7.16 | 7.16 |
| Majestic Auto Ltd. | | |
| 1000 (1000) Equity shares of Rs.10 each fully paid | 2.97 | 2.97 |
| Master Gain-92 | | |
| 4600 (19600) Units of Rs.10 each fully paid | 0.61 | 2.59 |
| LML Ltd. | | |
| 50 (50) Equity shares of Rs.10 each fully paid | 0.03 | 0.03 |
| | <u>23.38</u> | <u>32.58</u> |
| UNQUOTED | | |
| Birla Global Finance Ltd. | | |
| Nil (50,000) 13.5% Redeemable Non-Convertible Cumulative Preference shares of Rs.100 each fully paid | — | 50.00 |
| Kotak Mahindra Finance Limited | | |
| 200 (200) 17% Secured Redeemable Non-Convertible Debentures of Rs. 2500 each fully paid. | 5.00 | 5.00 |
| Alliance Capital Mutual Fund | | |
| 5,00,000 (Nil) Units of Rs.10 each of Alliance Liquid Income Scheme | 50.00 | — |
| | <u>55.00</u> | <u>55.00</u> |
| TOTAL INVESTMENTS | <u>79.41</u> | <u>2,33.61</u> |
| Aggregate market value of quoted investments | 12.52 | 23.61 |
| Note : 6,00,000 20% Non Convertible Debentures of Rs.100 each of Kotak Mahindra Finance Limited were purchased and sold during the year. | | |

MARICO INDUSTRIES LIMITED

| | | |
|---|-----------------|-----------------|
| SCHEDULE 'G' | | |
| INVENTORIES | As at | As at |
| (As valued and certified by the | 31st March | 31st March |
| Management - Note 4 of Schedule 'S') | 1997 | 1996 |
| | Rs. lacs | Rs. lacs |
| Raw materials | 6,08.01 | 6,90.84 |
| Packing materials | 4,53.99 | 6,03.48 |
| Stores, spares, consumables & chemicals etc. | 89.81 | 79.89 |
| Work-in-process | 35.76 | 24.68 |
| Finished products | 14,71.63 | 19,84.67 |
| By-products | 26.94 | 24.22 |
| | <u>26,86.14</u> | <u>34,07.78</u> |
| <hr/> | | |
| SCHEDULE 'H' | | |
| SUNDRY DEBTORS | As at | As at |
| (Unsecured—considered good) | 31st March | 31st March |
| | 1997 | 1996 |
| | Rs. lacs | Rs. lacs |
| Over six months | 70.36 | 1,03.70 |
| Others | 24,29.58 | 16,49.09 |
| | <u>24,99.94</u> | <u>17,52.79</u> |
| <hr/> | | |
| SCHEDULE 'I' | | |
| CASH AND BANK BALANCES | As at | As at |
| | 31st March | 31st March |
| | 1997 | 1996 |
| | Rs. lacs | Rs. lacs |
| Cash on hand | 5.21 | 8.78 |
| Remittances in transit | 25.35 | — |
| Balances with Banks: | | |
| Fixed deposits (lodged with Govt. authorities) | 5.59 | 1.35 |
| Margin account (Against letters of credit & bank guarantees) | 26.18 | 40.01 |
| Current accounts | 9,60.75 | 4,91.84 |
| Share application collection accounts (Net) | — | 77,50.87 |
| | <u>10,23.08</u> | <u>82,92.85</u> |
| <hr/> | | |
| SCHEDULE 'J' | | |
| LOANS AND ADVANCES | As at | As at |
| (Unsecured—considered good) | 31st March | 31st March |
| | 1997 | 1996 |
| | Rs. lacs | Rs. lacs |
| Bills discounted | 12,30.00 | — |
| Advances recoverable in cash or in kind or for value to be received | 8,18.49 | 10,62.18 |
| Deposits | 9,60.84 | 8,31.94 |
| Advance Tax (net of provisions) | — | 17.05 |
| Balance with Central Excise authorities | 0.85 | 0.09 |
| Interest accrued on — Investments | 1.42 | 0.82 |
| — Others | 3.15 | 3.21 |
| | <u>30,14.75</u> | <u>19,15.29</u> |

MARICO INDUSTRIES LIMITED

| SCHEDULE 'K' CURRENT LIABILITIES | | |
|--|---|---|
| | As at 31st March 1997 Rs: lacs | As at 31st March 1996 Rs. lacs |
| Sundry creditors | 25,33.93 | 23,04.08 |
| Advances from customers | 19.79 | 8.54 |
| Share application monies refundable | — | 60,00.87 |
| Unclaimed dividend | 0.14 | — |
| Other liabilities | 3,51.79 | 2,52.86 |
| Security deposits | 4,03.47 | 4,29.40 |
| Interest accrued but not due on loans | 21.70 | 30.12 |
| | <u>33,30.82</u> | <u>90,25.87</u> |
| SCHEDULE 'L' PROVISIONS | | |
| | As at 31st March 1997 Rs. lacs | As at 31st March 1996 Rs. lacs |
| For Income Tax (Net of Advance Tax) | 1,60.03 | — |
| For diminution in value of investments | 10.86 | 8.97 |
| For dividend | 4,35.00 | — |
| For tax on dividend | 43.50 | — |
| | <u>6,49.39</u> | <u>8.97</u> |
| SCHEDULE 'M' OTHER INCOME | | |
| | 1996-97 Rs. lacs | 1995-96 Rs. lacs |
| Income from investments (Gross) | 8.53 | 8.03 |
| [Tax deducted at source Rs. 0.29 lacs (Rs. 1.01 lacs)] | | |
| Miscellaneous income | 2,05.23 | 1,25.26 |
| | <u>2,13.76</u> | <u>1,33.29</u> |
| SCHEDULE 'N' COST OF MATERIALS | | |
| | 1996-97 Rs. lacs | 1995-96 Rs. lacs |
| RAW MATERIALS : | | |
| Opening stock | 6,90.84 | 4,08.67 |
| Add : Purchases | 211,86.09 | 183,72.01 |
| Less : Closing stock | 6,08.01 | 6,90.84 |
| | <u>212,68.92</u> | <u>180,89.84</u> |
| PURCHASE OF FINISHED PRODUCTS | | |
| | 24,20.61 | 14,57.23 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK : | | |
| Work-in-process | 24.68 | 17.50 |
| By-products | 24.22 | 27.95 |
| Finished products | 19,84.67 | 13,29.44 |
| | <u>20,33.57</u> | <u>13,74.89</u> |
| CLOSING STOCK : | | |
| Work-in-process | 35.76 | 24.68 |
| By-products | 26.94 | 24.22 |
| Finished products | 14,71.63 | 19,84.67 |
| | <u>15,34.33</u> | <u>20,33.57</u> |
| | 4,99.24 | (6,58.68) |
| | <u>241,88.77</u> | <u>188,88.39</u> |

MARICO INDUSTRIES LIMITED

SCHEDULE 'O'
MANUFACTURING AND OTHER EXPENSES

| | 1996-97 Rs. lacs | 1995-96 Rs. lacs |
|---|---------------------|---------------------|
| Employee cost : | | |
| Salaries, wages and bonus | 8,89.97 | 7,18.61 |
| Contribution to provident fund and other funds | 89.66 | 68.80 |
| Welfare expenses | <u>1,69.77</u> | <u>1,28.12</u> |
| | 11,49.40 | 9,15.53 |
| Reimbursement, including claims, of conversion & other charges | 8,15.77 | 7,84.05 |
| Stores, spares & chemicals consumed | 2,30.84 | 2,25.06 |
| Packing materials consumed | 46,00.20 | 44,50.95 |
| Power, fuel and water | 3,03.19 | 2,84.88 |
| Rent and storage charges | 3,29.05 | 2,81.18 |
| Repairs to: Buildings | 37.99 | 47.94 |
| Machinery | 45.02 | 49.80 |
| Others | <u>14.91</u> | <u>16.33</u> |
| | 97.92 | 1,14.07 |
| Freight and forwarding charges | 14,05.50 | 12,08.46 |
| Advertisement and sales promotion | 24,20.57 | 24,00.12 |
| Rates and taxes | 7.15 | 8.21 |
| Sales tax | 2,99.75 | 2,34.24 |
| Printing, stationery & communication expenses | 2,27.91 | 1,90.19 |
| Travelling, conveyance & vehicle expenses | 3,82.21 | 3,29.86 |
| Royalty | 2,26.64 | 1,92.53 |
| Insurance | 20.42 | 15.76 |
| Provision for diminution in value of investments | 1.89 | 8.97 |
| Miscellaneous expenses | 6,35.87 | 5,61.75 |
| | <u>131,54.28</u> | <u>122,05.81</u> |

SCHEDULE 'P'
FINANCE CHARGES

| | 1996-97 Rs. lacs | 1995-96 Rs. lacs |
|---|---------------------|---------------------|
| Interest on fixed loans | 2,87.21 | 3,67.98 |
| Other interest | 3,85.56 | 4,16.64 |
| Bank charges & others | 2,38.57 | 1,84.55 |
| | <u>9,11.34</u> | <u>9,69.17</u> |
| Less : Interest/Discounting charges earned | 1,53.96 | 17.06 |
| [Tax deducted at source Rs. 22.89 lacs (Rs. 0.04 lacs)] | <u>7,57.38</u> | <u>9,52.11</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK

| Sr Particulars No. | Year ended | Installed capacity M.T. (Note I) | Opening stock | | Production Quantity M.T. (Note IV) | Purchases | | Turnover | | Closing Stock | |
|--------------------|------------|----------------------------------|---------------|-----------------|------------------------------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
| | | | Quantity M.T. | Amount Rs. lacs | | Quantity M.T. | Amount Rs. lacs | Quantity M.T. | Amount Rs. lacs | Quantity M.T. | Amount Rs. lacs |
| 1 | 31.03.97 | 58,800 of Oils | 3298.763 | 14,81.03 | 40180.482 | 3821.967 | 17,02.98 | 50666.360 | 365,90.81 | 2508.215 | 11,33.64 |
| | 31.03.96 | 58,800 of Oils | 2580.892 | 10,84.77 | 38416.469 | 1867.613 | 7,71.21 | 45227.556 | 309,12.57 | 3298.763 | 14,81.03 |
| 2 | 31.03.97 | — | 226.550 | 2,11.59 | — | — | — | 1196.601 | 16,57.06 | 174.464 | 1,66.10 |
| | 31.03.96 | — | 69.926 | 68.06 | — | — | — | 1141.556 | 15,12.08 | 226.550 | 2,11.59 |
| 3 | 31.03.97 | — | — | 3,16.27 | — | — | 7,17.63 | — | 27,20.64 | — | 1,98.83 |
| | 31.03.96 | — | — | 2,04.56 | — | — | 6,86.02 | — | 24,29.17 | — | 3,16.27 |
| TOTAL | 31.03.97 | | | 20,08.89 | | | 24,20.61 | | 409,68.51 | | 14,98.57 |
| | 31.03.96 | | | 13,57.39 | | | 14,57.23 | | 348,53.82 | | 20,08.89 |

NOTES:

- I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis. Installed capacity includes on lease basis.
b) No licenses are required for products manufactured by the Company as per Govt. of India Notification No. SO. 477(E) dated 25th July, 1991.
- II) Produced by others - Qty in KL
- III) The Company deals in processed foods which are not packed in homogenous units. Hence it is not practicable to furnish quantitative data.
- IV) The production of Raw/Refined oils excludes processed by others 6340.728 M.T. (P.Y. 6299.400 M.T.) and includes used for internal consumption 467.365 M.T. (P.Y. 638.055 M.T.)

MARICO INDUSTRIES LIMITED

SCHEDULE 'Q'

B) RAW MATERIALS CONSUMED

| | 1996-97 | | 1995-96 | |
|-----------|------------------|-------------------|------------------|-------------------|
| | Quantity M.T. | Value Rs. lacs | Quantity M.T. | Value Rs. lacs |
| Oil seeds | 45935 | 129,24.79 | 51687 | 105,47.95 |
| Raw oils | 24184 | 76,97.81 | 21688 | 69,08.34 |
| Others | — | 6,46.32 | — | 6,33.55 |
| | | <u>212,68.92</u> | | <u>180,89.84</u> |

C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED

| | % | 1996-97 | | % | 1995-96 | |
|------------------------------|---------------|-------------------|-------------------|---------------|-------------------|-------------------|
| | | Value Rs. lacs | Value Rs. lacs | | Value Rs. lacs | Value Rs. lacs |
| Raw materials | | | | | | |
| Imported | 18.67 | 39,70.91 | | 12.71 | 22,99.54 | |
| Indigenous | 81.33 | 172,98.01 | | 87.29 | 157,90.30 | |
| | <u>100.00</u> | <u>212,68.92</u> | | <u>100.00</u> | <u>180,89.84</u> | |
| Stores, spares and chemicals | | | | | | |
| Imported | — | — | | — | — | |
| Indigenous | 100.00 | 2,30.84 | | 100.00 | 2,25.06 | |
| | <u>100.00</u> | <u>2,30.84</u> | | <u>100.00</u> | <u>2,25.06</u> | |

D) VALUE OF IMPORTS ON C.I.F. BASIS

| | 1996-97 | 1995-96 |
|---------------|-----------------|-----------------|
| | Rs. lacs | Rs. lacs |
| Raw materials | 31,86.32 | 15,93.35 |
| Capital goods | — | 8.64 |
| | <u>31,86.32</u> | <u>16,01.99</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | 1996-97 | 1995-96 |
|-----------------------------|----------------|----------------|
| | Rs. lacs | Rs. lacs |
| Packing materials | 5,03.33 | 4,14.40 |
| Travelling & other expenses | 1,72.45 | 1,68.52 |
| | <u>6,75.78</u> | <u>5,82.92</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | 1996-97 | 1995-96 |
|-------------------------|----------------|----------------|
| | Rs. lacs | Rs. lacs |
| F.O.B. value of exports | 7,75.14 | 4,83.00 |
| | <u>7,75.14</u> | <u>4,83.00</u> |

SCHEDULE 'R'

NOTES:

1. Capital Reserve represents subsidy received from the Government of Kerala for setting up of the new plant at Kanjikode which is refundable if the unit goes out of production within five years of receipt of the subsidy.
2. Under the '1993 Scheme' of the Government of Maharashtra, the Company is entitled to sales tax deferment incentive for its refining unit at Jalgaon. This is repayable over a period of five years from the year 2006.
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 9,00.26 lacs (Rs. 1,52.69 lacs) net of advances.
4. The gross block of fixed assets includes assets given on lease Rs. 5,28.02 lacs (Rs. 5,28.02 lacs).
5. Cash and Bank balances include balances of Rs. 0.21 lacs (Rs. 0.27 lacs) held with Janata Sahakari Bank, Jalgaon, a non-scheduled bank. Maximum balance during the year Rs. 3.02 lacs (Rs. 6.70 lacs).
6. Loans and Advances includes loan to an Officer of the Company of Rs. 0.06 lacs (Rs. 0.70 lacs). Maximum balance outstanding during the year was Rs. 0.70 lacs (Rs. 0.70 lacs).
7. Sundry Creditors include acceptances Rs. Nil (Rs. 91.50 lacs).
8. Miscellaneous income includes lease income Rs. 86.47 lacs (Rs. 1,01.84 lacs), and profit on sale of current investments (net) Rs. 20.65 lacs (Rs. 0.51 lacs).
9. Miscellaneous expenses include Commission and Brokerage Rs. 63.56 lacs (Rs. 16.89 lacs), Donations Rs. 2.15 lacs (Rs. 3.39 lacs), Cash discount Rs. 8.59 lacs (Rs. 5.49 lacs), Loss on sale of assets Rs. 9.96 lacs (Rs. 6.22 lacs), Audit fees Rs. 2.25 lacs (Rs. 1.50 lacs), Payment to Auditors for other services Rs. 1.32 lacs (Rs. 0.81 lacs), Payment to Auditors for out-of-pocket expenses Rs. 0.10 lacs (Rs. 0.16 lacs), Public issue expenses Rs. 47.98 lacs (Rs. Nil).
10. Research & Development expenses aggregating to Rs. 1,49.04 lacs (Rs. 1,04.00 lacs) including depreciation of Rs. 7.16 lacs (Rs. 5.98 lacs) have been included under the relevant head of expenses.
11. Exchange rate differences (net) aggregating to Rs. 0.97 lacs have been included under the relevant heads in the profit and loss account.
12. Contingent liability not provided for in respect of :
 - i) Letters of Credit opened and outstanding Rs. 7,22.95 lacs (Rs. 46.44 lacs).
 - ii) Sales Tax/Cess claims not acknowledged as debts (net of tax) Rs. 1,63.93 lacs (Rs. 15.41 lacs).
 - iii) Income Tax and Interest demand by the Income Tax department disputed before higher authorities Rs. 18.22 lacs (Rs. 11.92 lacs).
 - iv) Claims against the Company not acknowledged as debts Rs. 7.21 lacs (Rs. 7.21 lacs).
 - v) The Company is committed to issuing guarantees for the borrowings by Kanmoor Foods Limited (KFL) from their bankers. Outstandings as at year end is Rs. 9,20.08 lacs. However, guarantees

MARICO INDUSTRIES LIMITED

actually issued (Rs. 1,35.00 lacs as at 31st March, 1997)/to be issued by the Company, will be secured by counter guarantee by Bombay Oil Industries Limited (BOIL), the holding company of KFL, as also by a charge on the Bhandup property of BOIL.

13. Confirmations have not been called for debtors, creditors and advances. However, the balances on review are considered receivable or payable, as the case may be.
14. Payments to suppliers in the small scale sector are made in accordance with agreed credit terms. The interest, if any, on overdue amounts as on 31st March, 1997, has neither been claimed nor been ascertained.
15. Managerial Remuneration :

i) Calculation of Commission payable to the Managing Director :

| | 1996-97 Rs. lacs | 1995-96 Rs. lacs |
|--|---------------------|---------------------|
| Profit before taxation | 27,68.48 | 26,82.08 |
| Add: Director's Remuneration | 38.50 | 37.66 |
| Director's Sitting fees | 0.34 | — |
| Depreciation as per books | 3,13.36 | 2,58.72 |
| Loss on sale of assets as per books | 9.96 | 6.22 |
| Provision for diminution in value of Investments | 1.89 | 8.97 |
| Profit on sale of assets under Sec. 350 | 2.12 | — |
| | 3,66.17 | 3,11.57 |
| Less: Depreciation under Section 350 | 4,76.02 | 4,41.32 |
| Loss on sale of assets under Section 350 (net) | — | 5.77 |
| Profit on sale of Investments (net) | 20.65 | 0.51 |
| | 4,96.67 | 4,47.60 |
| Profit as per Section 349 | 26,37.98 | 25,46.05 |
| Commission to Managing Director @ 1% of net profit | 26.38 | 25.46 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | 6.00 | 6.00 |
| ii) Commission | 26.38 | 25.46 |
| iii) Contribution to Provident Fund and Pension Fund | 1.50 | 1.50 |
| iv) Other Perquisites | 4.62 | 4.70 |
| | 38.50 | 37.66 |

The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount based on actuarial valuation.

16. The figures in brackets represent those of the previous year which have been regrouped wherever necessary to conform with current years figures.

MARICO INDUSTRIES LIMITED

17. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) Registration details :

Registration No. : 11- 49208
 Balance Sheet Date : 31st March, 1997

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

Public Issue : 100.00
 Bonus Issue : Nil
 Rights Issue : Nil
 Private placement : Nil

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

| | | | |
|--------------------|----------|----------------------|----------|
| Total Liabilities | 98,53.67 | | |
| Total Assets | 98,53.67 | | |
| Sources of Funds | | Application of Funds | |
| Paid up Capital | 14,50.00 | Net Fixed Assets | 45,30.56 |
| Reserves & Surplus | 65,32.38 | Investments | 79.41 |
| Secured Loans | 12,72.38 | Net Current Assets | 52,43.70 |
| Unsecured Loans | 5,98.91 | Misc. Expenditure | — |
| | | Accumulated losses | — |

d) Performance of the Company (Amount in Rs. lacs)

Turnover (Sales & Other Income) : 411,82.27
 Total Expenditure : 384,13.79
 Profit before Tax : 27,68.48
 Profit after Tax * : 21,44.43
 Earnings per share (in Rs.) : 14.79
 Dividend rate (%) : 50

* After prior period adjustments

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

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

SCHEDULE 'S'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets is capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.

2. DEPRECIATION

- 2.1 Depreciation on Fixed Assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except as stated in paragraphs 2.2 to 2.5 below. Depreciation on additions/deletions during the year has been provided on *pro rata* basis with reference to the month of addition/deletion. Extra shift depreciation has been provided on "Plant" basis.
- 2.2 Assets given on lease are depreciated over the primary period of the lease.
- 2.3 Plant and Machinery costing less than Rs. 5,000 each are depreciated at 100%. Other fixed assets costing less than Rs. 5,000 each acquired after 31.3.1993 are depreciated at 100%.
- 2.4 Leasehold land is amortised over the balance period of lease.
- 2.5 No depreciation is provided on Trademark/Copyright.

3. INVESTMENTS

- 3.1 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.
- 3.2 Current Investments are valued at lower of cost or market value, computed categorywise.

4. INVENTORY

4.1 Inventories are valued as follows :

- | | |
|--|--|
| a) Raw materials | — at cost |
| b) Packing materials, Chemicals, Consumables | — at cost |
| c) Work-in-process | — at cost |
| d) Finished products | — at lower of cost or net realisable value |
| e) Stores & spares | — at cost |
| f) By-products | — at net realisable value |
| g) Unserviceable/damaged finished products | — at estimated realisable value |

4.2 Cost in relation to finished goods and work-in-process is determined on 'direct costing' basis.

4.3 Stores, spares costing less than Rs. 1,500 are charged off in the year of purchase.

5. RESEARCH & DEVELOPMENT

Capital expenditure on Research & Development is allocated to Fixed assets. The revenue expenditure on Research & Development is charged off in the year in which it is incurred.

6. SALES

Sales are :

- i) net of trade discount,
- ii) exclusive of sales tax and
- iii) recognised on despatch of goods.

7. RETIREMENT BENEFITS

Liability towards retirement gratuity and leave encashment has been provided on the basis of actuarial valuation. Contribution to provident fund and pension fund are made at predetermined rates to the respective trusts and accounted on accrual basis.

8. FOREIGN CURRENCY TRANSACTIONS

8.1 Foreign currency assets/liabilities covered by forward contracts are stated at the forward contract rates.

8.2 Foreign currency assets/liabilities not covered by forward contracts are restated at the rate ruling at the close of the financial year.

8.3 Exchange rate differences relating to fixed assets are adjusted in the cost of fixed assets. Other exchange differences are recognised in the profit and loss account.

Signatures to Schedules A to S

For and on behalf of the Board of Directors

Place : Mumbai

Dated : June 11, 1997.

P. SANKER
General Manager (Legal)
& Company Secretary

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

MARICO INDUSTRIES LIMITED

Cash Flow Statement

| A. CASH FLOW FROM OPERATING ACTIVITIES | Year ended 31st March 1997 Rs. lacs | Year ended 31st March 1996 Rs. lacs |
|---|--|--|
| Net Profit before tax and prior period adjustments | 27,68.48 | 26,82.08 |
| Adjustments for :- | | |
| Depreciation | 3,13.36 | 2,58.72 |
| Finance charges | 7,57.38 | 9,52.11 |
| Loss on sale of asset | 9.96 | 6.22 |
| Provision for diminution in investments | 1.89 | 8.97 |
| Profit on sale of Investments | (20.65) | (0.51) |
| Income from Investments | (8.53) | (8.03) |
| | <u>10,53.41</u> | <u>12,17.48</u> |
| Operating profit before working capital changes | 38,21.89 | 38,99.56 |
| Adjustments for :- | | |
| Increase/(Decrease) in Inventories | (721.64) | 11,32.75 |
| Increase/(Decrease) in Sundry debtors | 747.14 | 5,80.63 |
| Increase/(Decrease) in Loans & advances | (113.49) | 3,07.15 |
| Decrease/(Increase) in Current liabilities | <u>(3,14.24)</u> | <u>(1,68.41)</u> |
| | <u>(4,02.23)</u> | <u>18,52.12</u> |
| Cash generated from Operations | 42,24.12 | 20,47.44 |
| Less : Payments for | | |
| — Direct Taxes (Net of refunds) | 4,46.97 | 8,36.42 |
| — Finance charges | <u>9,19.77</u> | <u>9,74.24</u> |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | A <u>28,57.38</u> | <u>18,10.66</u> <u>2,36.78</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed assets | (8,19.43) | (13,16.13) |
| (Purchase)/Sale of Investments (including bills discounted) | (10,55.15) | (16.77) |
| Sale of fixed assets | 4.04 | 2.59 |
| Interest/Dividend income | 1,62.49 | 25.09 |
| Capital Subsidy received | 3.60 | 20.00 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | B <u>(17,04.45)</u> | <u>(12,85.22)</u> |

MARICO INDUSTRIES LIMITED

| | Year ended 31st March 1997 Rs. lacs | Year ended 31st March 1996 Rs. lacs |
|---|--|--|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Shares pending allotment (net of refunds) | — | 17,50.00 |
| Proceeds/(Repayment) of Borrowings | (21,31.82) | 17,50.60 |
| Dividend paid | (2,90.00) | (3,19.93) |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES | C(24,21.82) | 31,80.67 |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS AS AT 31-3-1997 | A+B+C (12,68.89) | 21,32.23 |
| Cash and Cash Equivalents - Opening Balance | 22,91.97 | 1,59.74 |
| Cash and Cash Equivalents - Closing Balance | <u>10,23.08</u> | <u>22,91.97</u> |

For and on behalf of the Board of Directors

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : June 11, 1997

Auditors' Certificate

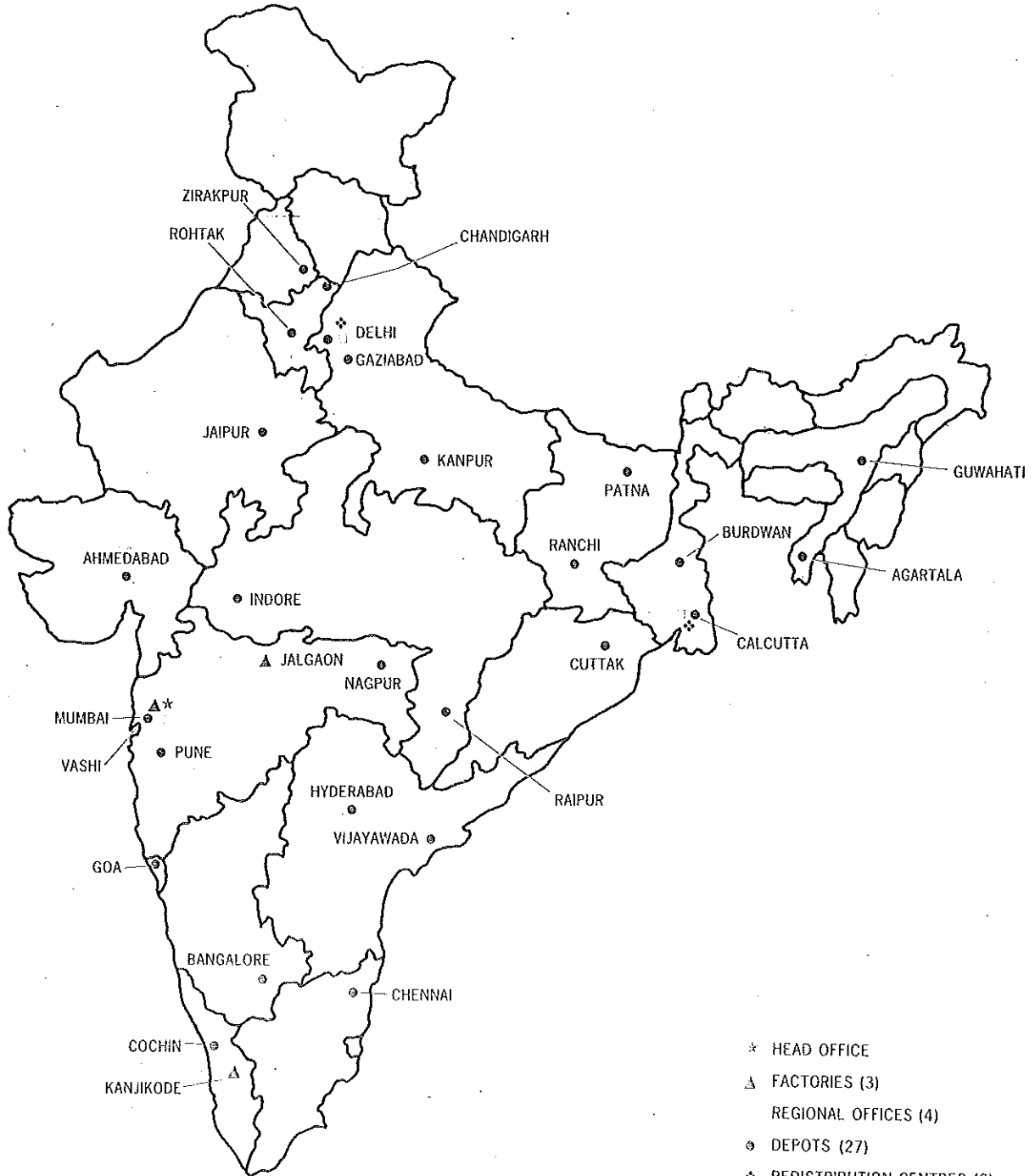
We have examined the attached Cash Flow Statement of Marico Industries Ltd. for the year ended 31st March, 1997. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report of 11th June, 1997 to the members of the Company.

For DALAL DESAI & KUMANA
Chartered Accountants

Place : Mumbai
Dated: June 11, 1997

NATRAJ RAMKRISHNA
Partner

THE LONG ARM OF MARICO



- * HEAD OFFICE
- ▲ FACTORIES (3)
- REGIONAL OFFICES (4)
- DEPOTS (27)
- ◆ REDISTRIBUTION CENTRES (2)
- DISTRIBUTORS/STOCKISTS (2800)
- RETAIL OUTLETS (4 LACS)

"In the FMCG business, one of the strongest barriers to entry and a key source of competitive advantage is the strength of the brand, or the 'brand equity'. A strong brand gives a company a bargaining position with both consumers and retailers. It acts as an entry barrier too because building a brand is an expensive and often time consuming process. In our view, Marico has built a portfolio of strong brands."

Morgan Stanley Dean Witter Research

Report dated 05.03.1997

"Strong brands and expanding distribution make Marico one of the best Indian mid-sized companies."

UBS Securities (India) Private Ltd.

Report dated 27.05.1996

"The Company has consistently demonstrated its ability to create brand value on products like coconut and safflower oils which are essentially commodities."

Citicorp Securities and Investment Ltd

Report dated 12.02.1996

"Marico's brand portfolio looks strong with all brands commanding either number one or number two positions."

DSP Merrill Lynch Ltd

Report dated 15.05.1997

"Over the years Marico has carefully invested in building its brands. Parachute (coconut oil) is a market leader in its category with over four times the market share of its nearest rival. In the refined edible oils category, Saffola and Sweekar together have the largest market share."

Kotak Securities

Report dated 17.06.1997



Annual Report 1995-96

Marico.

A meeting of

minds.

Behind the masks men wear lies a powerful energy.

The power of thought, of ideas and aspiration.

The power of the mind.

At Marico, we have created an environment designed to cultivate

and enhance this power in all our people.

A climate in which new ideas and concepts are free to flourish and grow.

So that we are more than a group of people working within four walls.

We are a meeting of minds,

whose only boundaries are the frontiers of our imaginations.

“As an executive here at Marico,
I’ve got my hands full. Once a year, though,
I take a break to be M.D. of the company.”

It is a tradition here at Marico. Once a year, Harsh Mariwala, M.D., gathers his people together for a candid discussion on the future of the company. Every single person, without exception, is present at the occasion.

The M.D.’s own views are entirely open to debate. His mind equally open to suggestions.

Last year, in fact, a group of our executives from Bombay office used the occasion as a forum for a presentation titled ‘If I were M.D. of Marico...’

Mr. Mariwala and his senior management, it must be reported, took careful notes.

“My friends say, join an MNC, that’s where the future is...

I tell them, this year *I* helped craft Marico’s Business Plan.
Would any MNC allow a middle level executive to shape its future?”

The Strategic Business Plan is possibly a company’s most vital document.

A blueprint, almost, for future success.

Stands to reason, therefore, that organisations restrict authorship of this corporate bible to their most senior management.

Marico, with its customary scant regard for tradition, goes at it another way.

Every year, a new task force is created to review and formulate the hallowed document. Its members are picked from across all departments, regardless of designation. While formulating the Plan, this task force interacts with several people from across the organisation.

The result is a very real sense of ownership, of each person being key to Marico’s growth. A feeling that translates directly into superlative performance.

So where did we get the idea for this novel process?

Remember that old saw... ‘for the people, of the people, by the people.’

“Sure I work machines at the Marico factory.
I also happen to own the place.”

In the heart of Kerala, you will come upon one of Marico's factories.

Here you will find many things outside the ordinary: Shop floor personnel who routinely devise and implement ideas that continuously improve efficiency. A factory manager who believes that '....if these men unionise, it is our fault, not theirs.' And a cost structure amongst the lowest in the industry.

The secret? That old cliché - a real sense of ownership.

Our people are encouraged to treat that plant as though it were their own.
And so, if *it* looks good, *they* look good.

"I recently helped solve one of Marico's knottier production problems - how to optimise oil extraction from copra.

Most days, however, you'll find me number crunching in the finance department."

It's a rather unconventional method of problem solving. But there's no doubt that it works.

At Marico, the onus of solving a problem lies not only with the department most obviously involved, but with an inter-departmental task force, made up of all those connected with the problem. This group identifies the nature of the problem, looks at it from every angle and sets itself a clear deadline for a solution.

Not only does this approach make for more effective problem solving, it also provides our people with stimulating challenges across all disciplines.

As our young finance executive on the left will confirm.

“Am I proud to be a senior manager here?
Lets just say that if I ever set up my own business
I'd run it like Marico. *Exactly* like Marico.”

A meeting of minds is all very well. But is it good for business?

Well, our work ethic results in one of the highest turnover to employee ratios in India today. With 850 people on board, we run a very tight ship.

We have created four winning brands in the last five years. Have been rated one of India's most admired marketing companies. Won the National HRD Award in '94. Seen our asset base increase six times in the last five years. And, in that same period, recorded a 59% annual growth rate in profits. Far and away one of the highest in the industry.

From which it may be deduced that while our philosophy does wonders for morale, it is equally beneficial to our bottom line.

Marico Industries Limited

Board of Directors

Charandas Vallabhdas Mariwala *Chairman*
Kishore Vallabhdas Mariwala
Bipin R. Shah
Dr. Kirit S. Parikh
Harsh Charandas Mariwala *Managing Director*

Top Management Team

Harsh Charandas Mariwala *Managing Director*
Jeswant Nair *Vice President - Personnel*
Pranab Datta *Vice President - Finance*
Raj Aggarwal *Vice President - Operations*
Shreekant Gupte *Vice President - Marketing*
Arvind Kumar *Vice President - Commodities & Exports*

Secretary

P. Sanker

Bankers

State Bank of Saurashtra
Indian Bank
Allahabad Bank
Bank of Baroda
Citibank N.A.

Auditors

Dalal Desai & Kumana

Solicitors

Amarchand & Mangaldas
& Suresh A. Shroff & Co.
Mulla & Mulla & Craigie Blunt & Caroe

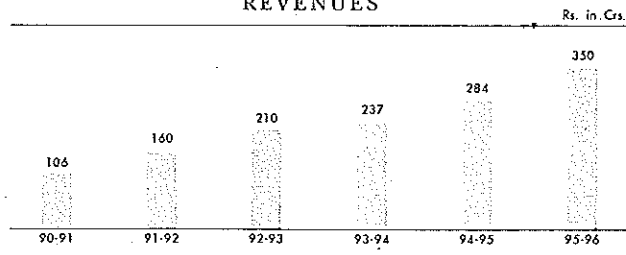
Registered Office

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

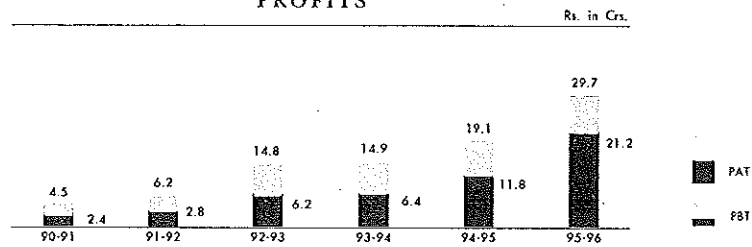
Works

i) E-10, M.I.D.C. Area, Jalgaon 425 003.
ii) Industrial Development Area,
Kanjikode - Menonpara Road,
Kanjikode, Palakkad 678 621.

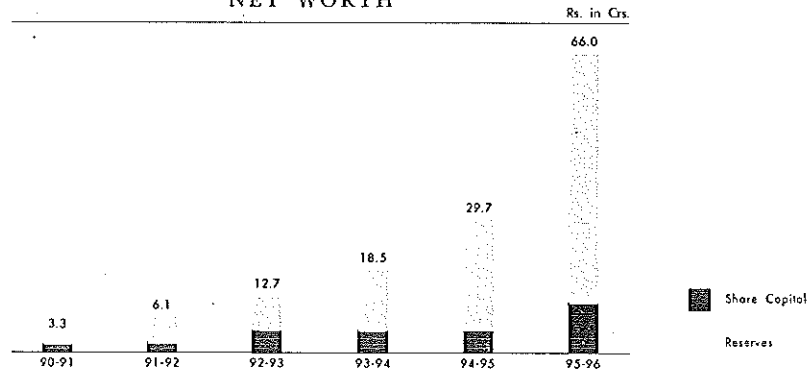
REVENUES



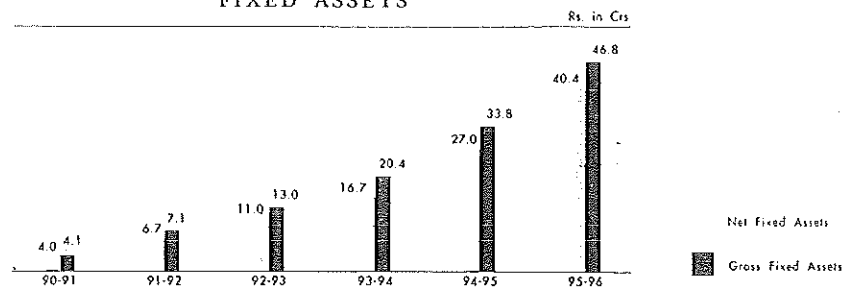
PROFITS



NET WORTH



FIXED ASSETS

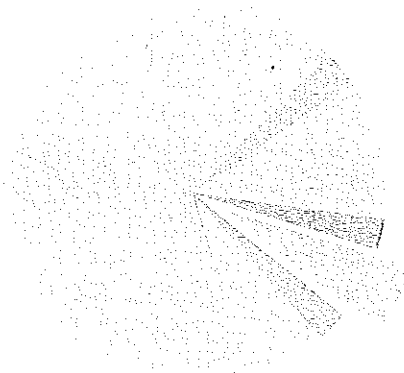


Financial Snapshot

| | (Rs Lacs) | | | | | |
|----------------------------------|-----------|---------|---------|---------|---------|---------|
| | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 |
| SALES | 10583 | 15944 | 21032 | 23644 | 28334 | 34854 |
| OTHER INCOME | 14 | 22 | 34 | 84 | 105 | 150 |
| TOTAL REVENUE | 10597 | 15966 | 21066 | 23728 | 28439 | 35004 |
| OPERATING EXPENSES | 9901 | 14881 | 19035 | 21654 | 25921 | 31352 |
| FINANCE CHARGES | 242 | 468 | 552 | 583 | 611 | 969 |
| PROFIT BEFORE | | | | | | |
| EXTRAORDINARY INCOME AND TAX | 454 | 617 | 1479 | 1491 | 1907 | 2683 |
| EXTRAORDINARY INCOME | - | - | - | - | - | 286 |
| PROFIT BEFORE TAX | 454 | 617 | 1479 | 1491 | 1907 | 2969 |
| TAX | 210 | 332 | 860 | 855 | 725 | 850 |
| PROFIT AFTER TAX | 244 | 285 | 619 | 636 | 1182 | 2119 |
| DIVIDEND | - | - | 23 | 54 | 67 | 252 |
| NET FIXED ASSETS | 398 | 675 | 1096 | 1673 | 2703 | 4038 |
| INVESTMENTS | 1 | 1 | 1 | 67 | 216 | 234 |
| NET CURRENT ASSETS | 402 | 908 | 1454 | 1589 | 2300 | 6009 |
| TOTAL CAPITAL EMPLOYED | 801 | 1584 | 2551 | 3329 | 5219 | 10281 |
| SHARE CAPITAL | 90 | 90 | 450 | 450 | 450 | 1450** |
| RESERVES | 240 | 525 | 821 | 1403 | 2517 | 5153** |
| NET WORTH | 330 | 615 | 1271 | 1853 | 2967 | 6603** |
| BORROWED FUNDS | 471 | 969 | 1280 | 1476 | 2252 | 3678 |
| TOTAL FUNDS EMPLOYED | 801 | 1584 | 2551 | 3329 | 5219 | 10281 |
| <hr/> | | | | | | |
| RATIOS: | | | | | | |
| OPERATING MARGINS TO SALES (%) | 6.7 | 7.0 | 10.4 | 9.5 | 10.0 | 11.2 |
| PROFIT BEFORE TAX TO SALES (%) | 4.3 | 3.9 | 7.0 | 6.3 | 6.7 | 8.5 |
| PROFIT AFTER TAX TO SALES (%) | 2.3 | 1.8 | 2.9 | 2.7 | 4.2 | 6.0 |
| EFFECTIVE TAX RATE (%) | 46.2 | 53.8 | 58.2 | 57.3 | 38.1 | 28.6 |
| CURRENT RATIO (No. of times) | 1.28 | 1.41 | 1.93 | 1.65 | 1.79 | 2.40 |
| TOTAL DEBT/EQUITY (No. of times) | 1.43 | 1.58 | 1.01 | 0.80 | 0.76 | 0.55 |
| EPS (Rs) | 27.1 | 31.7 | 13.7 | 14.1 | 26.3 | 15.7* |

* On Equity of Rs. 1350 Lacs

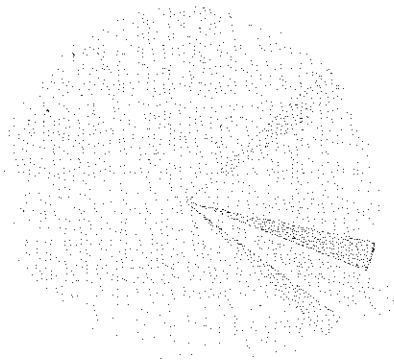
** Include Share Application monies received pending allotment



1994 - 95

- Materials 69.7%
- Finance Charges 2.2%
- Distribution/General expenses 13.1%
- Tax 2.5%
- Profits 4.1%
- Personnel 2.1%
- Advertising & Sales Promotion 6.3%

Distribution of Income



1995 - 96

- Materials 67.3%
- Finance Charges 2.8%
- Distribution/General expenses 12.0%
- Tax 2.4%
- Profits 6.0%
- Personnel 2.6%
- Advertising & Sales Promotion 6.9%

Directors' Report

To The Members,

The Directors have pleasure in presenting the EIGHTH Annual Report of the Company together with the audited accounts for the year ended March 31, 1996.

| | (Rs. Lacs) | |
|---|------------|-----------|
| 1. Financial Results | 1995-96 | 1994-95 |
| Sales and Other Income | 350,04.17 | 284,39.07 |
| Profit Before Tax (without Extraordinary Income) | 26,82.08 | 19,06.65 |
| Extraordinary Income | 2,86.49 | - |
| Profit Before Tax | 29,68.57 | 19,06.65 |
| Tax | 8,50.00 | 7,25.00 |
| Profit After Tax | 21,18.57 | 11,81.65 |
| Add: Brought Forward | 3,16.71 | 2,52.56 |
| | 24,35.28 | 14,34.21 |
| Less: First Interim Dividend | 1,21.17 | - |
| Second Interim Dividend | 1,31.26 | - |
| Final Dividend | - | 67.50 |
| Transfer to General Reserve | 14,00.00 | 10,00.00 |
| Transfer to Debenture Redemption Reserve | 50.00 | 50.00 |
| Balance Carried Forward | 7,32.85 | 3,16.71 |

2. Capital

During July 1995, the equity share capital of the Company was augmented to Rs. 13.50 crores, by capitalising Rs. 9.00 crores from General Reserves for issuing bonus shares of Rs. 10/- each, at par, in the ratio of 2 equity shares for every equity share held by a member. This was the second such bonus issue during the last six years since the Company began commercial operations.

Further, in March 1996, the Company made a fresh issue of 10,00,000 equity shares of Rs. 10/- each, at a premium of Rs. 165/- per share, simultaneously with an offer for sale by the promoters of 26,25,000 equity shares of Rs. 10/- each, at a premium of Rs. 165/- per share. As against the issue size of Rs. 63.44 crores, the actual mobilisation was Rs. 123.45 crores, equivalent to an oversubscription of 1.94 times.

Considering the extremely difficult market conditions prevailing then, the response from the investing public was overwhelming and this, while reflecting the strong business fundamentals of the Company, also captures the faith the investors have in the leadership of the Company.

3. Dividend

During the year, two interim dividends were paid, aggregating 25% (i.e. Rs. 2.50 per share) of Rs. 10/- each, on a pro-rata basis. Pursuant to the terms of the Offer for Sale-cum-Public Issue and the undertaking given to the Stock Exchange, Mumbai, no final dividend is proposed, to ensure that the investors receive the same benefits under the issue irrespective of whether they are allotted fresh shares or allocated shares out of the offer by the promoters.

4. Operations

Total revenues touched Rs. 350 crores, resulting in a growth of 23% over the previous year. All the product groups recorded higher sales, though due to environmental constraints, the rate of growth was somewhat lower in certain product categories.

The profit before tax, including extraordinary income of Rs. 2.86 crores, increased by 56% to Rs. 29.69 crores and profit after tax by 79% to Rs. 21.19 crores. Even excluding the extraordinary income, profit before tax has improved by 41% and profit after tax by a healthy 55%.

The net worth of the Company (without recognising the expanded capital which was allotted in April 1996) increased from Rs. 29.67 crores to Rs. 48.53 crores of which, approximately 72% is represented by undistributed profits and 28% by share capital.

While continuing to stress for growth in the mainstay products, viz; Parachute, Saffola and Sweekar, equally sharp focus was given to the newer products. The result was a healthy increase in sales volumes and corresponding revenues.

The Company decided to leverage on the strong equity of the Parachute brand through appropriate extensions. Accordingly, 'Parachute Herbal' was launched. The initial consumer response is in line with expectations.

Refined edible oil sales, marketed under the brands 'Saffola' and 'Sweekar', continued to show buoyancy.

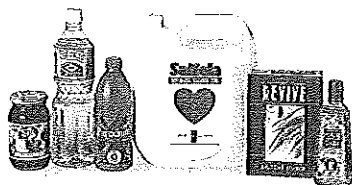
Newer initiatives have been taken to expand the market for the Company's products. The distribution is being restructured and the sales organisation strengthened to enable greater penetration and facilitate better service levels.

Focussed efforts were made to step-up exports of the Company's products mainly in the Middle East where apparently there is significant demand for the Company's products. The thrust helped in increasing export turnover from Rs. 3 crores to Rs. 5 crores. A Representative Office has been opened in Dubai.

The pace at which production and sales are increasing may necessitate further capacity expansion, particularly for Parachute, Saffola and Sweekar. Proposals in this regard are being evaluated.



You won't find copra stored in silos anywhere but at Marico.
Another bright idea from our people.



5. Initiatives

Total Quality Management

The Total Quality Movement within the Company has gathered speed and now embraces virtually all locations. Apart from the involvement and overwhelming response of all organisation members



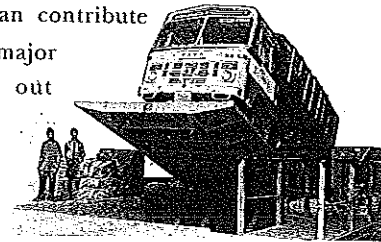
A Marico Inter Departmental Task Force
in session.

in Kaizen programmes, several Quality-Related Projects have been initiated in various parts of the Company through Small Group Activities comprising members drawn from various functions. The outcome of these projects should result in cost reduction, efficiency improvement and better quality of service to customers.

Manufacturing

The pursuit of continuous improvement forces our members to think laterally. The Company has always encouraged debate which would result in processes that can contribute to higher efficiency, productivity and lower costs. Some of the major initiatives that were operationalised during the year arising out of such thought processes, were:

- a. A tipper facility at our Kanjikode Works, which enables trucks carrying raw materials to be unloaded with minimal manual intervention, thus substantially improving productivity and lowering costs.
- b. An automated material handling system involving the use of Silos, once again at our Kanjikode Works. This perhaps is the first copra crushing plant with such a facility.



This ingenious truck-tipper devised by our people saves energy, time and money by eliminating the copra bagging & unbagging process.

Information Technology

The Company has made major investments in information technology, a process which began four years ago. Presently, all the establishments are covered by information technology and networked with the Corporate Office. The flow of information is now much faster and the data availability is facilitating a major overhaul in the way work is carried out. However, information technology needs further expansion and sophistication. Hence, further investments are contemplated to create decision support systems which will bring about a qualitative improvement in work processes. Integrating developments in communication technology with information technology is another initiative which will bring about a dramatic shift in work styles and eventually reduce costs, improve efficiency, enable faster speed of response and finally add more value to the customer.



6. Human Resources

The Company has acquired a formidable reputation for its HR practices and has been recognised by the National HRD Network in the recent past. The dynamics of the market place is changing rapidly. With the intensification of competition, equations are unlikely to be the same. In the emerging complex environment, it will be the human resource that will matter; being the most potent and valuable resource of the Company. The efforts in human resources and culture development made in the past, should greatly assist the



Open house at Marico, early '96. Attended by the M.D., second from left.

Company in fighting competition. Future investments in this area will be tailored to the changing external environment. The endeavour would be to create a community of organisation members, whose horizons extend beyond contractual relationships to being voluntary members of the corporate community, reflecting a deeper sense of commitment and psychological ownership.

7. Accounts

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 further explanation is deemed necessary.

8. Directors

Mr. H. V. Mariwala resigned from the Board in November 1995. The Directors place on record their appreciation of his contribution during his tenure.

Mr. Bipin R. Shah and Dr. Kirit S. Parikh were inducted as Additional Directors on the Board with effect from April 17, 1996. The Company has received notices from members under Section 257 of the Companies Act, proposing to appoint them as Directors liable to retire by rotation.

In accordance with the requirements of the Companies Act, 1956, and the Articles of Association of the Company, Mr. K. V. Mariwala retires by rotation, and being eligible, offers himself for re-appointment.

9. Other Information

9.1 Information required in accordance with provisions of Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure to this Report.

9.2 Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to the shareholders of the Company, excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office.

10. Auditors

Messrs. Dalal Desai & Kumana, Chartered Accountants, retire and are eligible for reappointment as Auditors.

11. Employee Relations

The relation between employees and the management has remained cordial and the Directors wish to place on record their appreciation of the co-operation and support received.

12. Acknowledgement

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and other business associates.

On Behalf of the Board

Place : Mumbai
Dated : June 11, 1996

C. V. Mariwala
Chairman

Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Research & Development Expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

- i) Installation of better quality steam trap for more efficient utilisation of steam.
- ii) Improved conditioning of copra for efficient expelling.
- iii) Installation of Capacitor Banks improving power factor resulting in improved efficiencies.
- iv) Introduction of Gland valves sealing compound arresting all steam leakages in valves and joints.

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

B. Research & Development

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange earnings and outgo :

Efforts have been initiated to promote the export of Companies' products, wherever permissible. The details of total foreign exchange used and earned are disclosed in Schedule 'Q' to accounts.

ENCLOSURE 'A'

A. Power & Fuel Consumptions :

| | 1995-96 | 1994-95 |
|-----------------------------|-----------|-----------|
| 1. Electricity | | |
| a) Purchased Unit (Kwh) | 50,60,766 | 50,34,780 |
| Total Amount (Rs. lacs) | 107.88 | 101.60 |
| Rate (Rs. /Unit) | 2.13 | 2.02 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| Units | 4,72,036 | 1,03,380 |
| Amount Rs. lacs | 12.37 | 2.69 |
| Rate (Rs. /Unit) | 2.62 | 2.60 |
| ii) Through Steam Generator | Nil | Nil |
| 2. Coal (Used for Boiler) | | |
| Quantity (M.T.) | Nil | Nil |
| Total Cost (Rs. lacs) | Nil | Nil |
| Average Rate (Rs. /Ton) | Nil | Nil |

| | 1995-96 | 1994-95 |
|--|----------|----------|
| 3. Furnace Oil | | |
| Quantity (K. Ltrs) | 1897.095 | 1397.447 |
| Amount (Rs. lacs) | 115.74 | 79.76 |
| Average Rate (Rs/Kl) | 6,100.79 | 5,707.27 |
| 4. Other Internal Generation L.D.O./H.S.D. | | |
| Quantity (K. Ltrs) | 413.98 | 295.85 |
| Amount (Rs. lacs) | 28.37 | 19.70 |
| Average Rate (Rs/Kl) | 6,835.23 | 6,659.55 |

CONSUMPTION PER UNIT OF PRODUCTION

| Edible Oil | Unit | Consumption per Unit of Production | |
|-------------|-------|------------------------------------|---------|
| | | 1995-96 | 1994-95 |
| Electricity | Kwts | 144.02 | 153.41 |
| Coal | M.T. | Nil | Nil |
| Furnace Oil | K.Ltr | 0.05 | 0.04 |

ENCLOSURE 'B'

Research & Development

1. Specific areas in which R&D carried out by the Company
 - Development of new products
 - Development of new packaging
 - Improvement of product quality
 - Process improvement
2. Benefits derived as a result of the above R&D: Launching of new products, improvement in product quality and cost reduction.
3. Expenditure on R&D :

| | Rs. lacs |
|--|----------|
| a) Capital | 22.41 |
| b) Recurring | 98.02 |
| Total | 120.43 |
| c) Total R&D expenditure as a percentage of total turnover | 0.34% |

For and on behalf of the Board of Directors

Place : Mumbai
Dated: June 11, 1996

C. V. MARIWALA
Chairman

Auditors' Report

To,

The Members of Marico Industries Limited

We have audited the attached Balance Sheet of Marico Industries Limited as at 31st March, 1996 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - 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 the books;
 - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes and significant accounting policies thereon and read with Note 6 of Schedule 'R' dealing with valuation of long term investments at Cost, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1996 and
 - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

For Dalal Desai & Kumana
Chartered Accountants

Place : Mumbai
Dated : June 11, 1996

NATRAJ RAMKRISHNA
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.

6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken unsecured loans from Companies listed in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions relating thereto are, prima facie, not prejudicial to the interest of the Company. We are informed that there are no Companies under the same management within the meaning of Section 370 (IB) of the Companies Act, 1956.
8. The Company has given a loan to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan are not, prima facie, prejudicial to the interest of the Company. We are informed that there are no Companies under the same management within the meaning of Section 370 (IB) of the Companies Act, 1956.
9. Loans or advances in the nature of loans given are being repaid as stipulated, together with interest, wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchases and sales of goods and materials made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, other than those transactions for which alternative comparisons are not available, have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices, where such market prices are available with the Company, or the price at which similar transactions were made with other parties.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and material dealt in and provision for loss wherever necessary has been made in the accounts.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has regularly deposited Provident Fund dues and Employees' State Insurance dues with the appropriate authorities. There were no arrears at year end.
18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty and excise duty which have remained outstanding as at year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Dalal Desai & Kumana
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

Place : Mumbai
Dated : June 11, 1996

Balance Sheet

| SOURCES OF FUNDS | SCHEDULE | As at 31st March | |
|---|----------|------------------|------------------|
| | | 1996 Rs. lacs | 1995 Rs. lacs |
| SHAREHOLDERS' FUNDS | | | |
| Capital | A | 14,50.00 | 4,50.00 |
| Reserves & Surplus | B | 51,52.85 | 25,16.71 |
| | | <u>66,02.85</u> | <u>29,66.71</u> |
| LOAN FUNDS | | | |
| Secured Loans | C | 33,40.07 | 17,52.51 |
| Unsecured Loans | D | 3,38.48 | 5,00.00 |
| | | <u>36,78.55</u> | <u>22,52.51</u> |
| | | <u>102,81.40</u> | <u>52,19.22</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross block | E | 42,41.11 | 28,56.16 |
| Less : Depreciation | | 6,45.49 | 6,74.81 |
| Net block | | <u>35,95.62</u> | <u>21,81.35</u> |
| Capital work-in-progress | | 4,42.87 | 5,22.06 |
| | | <u>40,38.49</u> | <u>27,03.41</u> |
| INVESTMENTS | | | |
| | F | 2,33.61 | 2,16.33 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | G | 34,07.78 | 22,75.03 |
| Sundry debtors | H | 17,52.79 | 11,72.16 |
| Cash and bank balances | I | 79,68.28 | 1,59.74 |
| Loans and advances | J | 19,15.29 | 16,21.71 |
| | | <u>150,44.14</u> | <u>52,28.64</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | | |
| Liabilities | K | 90,25.87 | 28,61.66 |
| Provisions | L | 8.97 | 67.50 |
| | | <u>90,34.84</u> | <u>29,29.16</u> |
| NET CURRENT ASSETS | | <u>60,09.30</u> | <u>22,99.48</u> |
| | | <u>102,81.40</u> | <u>52,19.22</u> |

For notes forming part of the accounts and accounting policies, see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

P. SANKER
Secretary

For and on behalf of the Board of Directors

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : June 11, 1996

Place : Mumbai
Dated : June 11, 1996

Profit & Loss Account

| | SCHEDULE | For the year ended 31st March | |
|---|----------|-------------------------------|------------------|
| | | 1996 Rs. lacs | 1995 Rs. lacs |
| INCOME: | | | |
| Sales | Q | 348,53.82 | 283,34.24 |
| Other income | M | 1,50.35 | 1,04.83 |
| | | 350,04.17 | 284,39.07 |
| EXPENDITURE: | | | |
| Cost of materials | N | 188,88.39 | 160,75.65 |
| Manufacturing and other expenses | O | 122,05.81 | 95,22.23 |
| Finance charges | P | 9,69.17 | 6,10.74 |
| Depreciation | | | |
| For the period | E | 2,58.72 | 3,23.80 |
| Less : Excess depreciation written back (Refer note 5 of Schedule R) | | 2,86.49 | — |
| | | (27.77) | 3,23.80 |
| | | 320,35.60 | 265,32.42 |
| PROFIT BEFORE TAX | | 29,68.57 | 19,06.65 |
| Provision for tax (including Rs. 3.50 lacs (Rs. 0.30 lacs) towards wealth tax) | | 8,50.00 | 7,25.00 |
| PROFIT AFTER TAX | | 21,18.57 | 11,81.65 |
| Balance brought forward | | 3,16.71 | 2,52.56 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | 24,35.28 | 14,34.21 |
| APPROPRIATIONS | | | |
| First interim dividend | | 1,21.17 | — |
| Second interim dividend | | 1,31.26 | — |
| Final dividend | | — | 67.50 |
| Debenture redemption reserve | | 50.00 | 50.00 |
| General reserve | | 14,00.00 | 10,00.00 |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | 7,32.85 | 3,16.71 |

For notes forming part of the accounts and accounting policies see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

For and on behalf of the Board of Directors

NATRAJ RAMKRISHNA
Partner

P. SANKER
Secretary

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : June 11, 1996

Place : Mumbai
Dated : June 11, 1996

Schedules to Accounts

| SCHEDULE 'A' | | As at | As at |
|---------------------------------|---|-----------------|-----------------|
| SHARE CAPITAL | | 31st March | 31st March |
| | | 1996 | 1995 |
| | | Rs. lacs | Rs. lacs |
| AUTHORISED: | | | |
| 1,49,00,000 | Equity shares of Rs.10 each | 14,90.00 | 14,90.00 |
| (1,49,00,000) | | | |
| 10,000 | 14% Cumulative Redeemable | | |
| (10,000) | Preference Shares of Rs.100 each | 10.00 | 10.00 |
| | | <u>15,00.00</u> | <u>15,00.00</u> |
| ISSUED, SUBSCRIBED AND PAID UP: | | | |
| 1,35,00,000 | Equity shares of Rs.10 each fully paid | | |
| (45,00,000) | up including 1,20,00,000 allotted as | | |
| | fully paid bonus shares by capitalisation | | |
| | of General Reserve (Bonus shares issued | | |
| | during the year - 90,00,000) | 13,50.00 | 4,50.00 |
| | Share application - pending allotment | 1,00.00 | — |
| | (Refer note 1 (a) of Schedule R) | <u>14,50.00</u> | <u>4,50.00</u> |

| SCHEDULE 'B' | | As at | As at |
|------------------------------|--|-----------------|-----------------|
| RESERVES & SURPLUS | | 31st March | 31st March |
| | | 1996 | 1995 |
| | | Rs. lacs | Rs. lacs |
| GENERAL RESERVE | | | |
| | As per last balance sheet | 21,00.00 | 11,00.00 |
| | Less: Capitalised by issue of bonus shares | 9,00.00 | — |
| | Add: Transfer from Profit and Loss account | 14,00.00 | 10,00.00 |
| | | <u>26,00.00</u> | <u>21,00.00</u> |
| | CAPITAL RESERVE (refer note 2 of Schedule R) | 20.00 | — |
| DEBENTURE REDEMPTION RESERVE | | | |
| | As per last Balance Sheet | 1,00.00 | 50.00 |
| | Add: Transfer from Profit and Loss account | 50.00 | 50.00 |
| | | <u>1,50.00</u> | <u>1,00.00</u> |
| PROFIT AND LOSS ACCOUNT | | | |
| | | 7,32.85 | 3,16.71 |
| | | <u>35,02.85</u> | <u>25,16.71</u> |
| | SHARE PREMIUM — pending allotment | 16,50.00 | — |
| | (Refer note 1 (a) of Schedule R) | <u>51,52.85</u> | <u>25,16.71</u> |

MARICO INDUSTRIES LIMITED

| SCHEDULE 'C' SECURED LOANS | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|--|---|---|
| Non-Convertible Debentures (Note 1 below) | 3,00.00 | 3,00.00 |
| From banks (Note 2 below) | 16,97.31 | 6,12.48 |
| From financial institutions (Note 3 below) | 13,42.76 | 8,40.03 |
| | 33,40.07 | 17,52.51 |

NOTES :-

- 1 Non-Convertible Debentures issued to GIC Mutual Fund are secured by first legal mortgage on all the Company's properties at Jalgaon, including plant & machinery (excluding the assets on which exclusive charge has been created) and a floating charge on all other movable assets of the Company subject to prior charges created in favour of the Company's bankers. The debentures are redeemable at par in June '96.

- 2 Loans from Banks include :
 - i Working capital finance of Rs. 13,22.31 lacs (Rs. 6,12.48 lacs), secured by hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by the Directors of the Company. Charge in respect of Rs. 2,02.31 lacs is pending creation.

 - ii Short term loan of Rs. 3,75.00 lacs (Rs. nil), secured by first charge by way of hypothecation of a specific asset.

- 3 Loans from Financial Institutions include :
 - i Deferred payment credit of Rs. 24.55 lacs (Rs. 49.10 lacs), co- accepted by the Company's bankers against hypothecation of all tangible movable properties including stock in trade and machinery situated at Jalgaon factory; and also guaranteed by the Directors of the company (and two former Directors). Repayable within a year Rs. 24.55 lacs (Rs. 24.55 lacs).

 - ii Term loan of Rs. 3,18.20 lacs (Rs. 2,90.92 lacs), secured by an exclusive charge by way of hypothecation of specific equipments. Repayable within a year Rs. 97.28 lacs (Rs. 67.63 lacs).

 - iii Term loan of Rs. 10,00.00 lacs (Rs. 5,00.00 lacs), guaranteed by the Managing Director, secured by a mortgage of immovable properties at Kanjikode and negative lien on other properties at Mumbai. Charge in respect of Rs. 2,00.00 lacs (Rs. nil) is pending creation.

| SCHEDULE 'D' UNSECURED LOANS | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|---|---|---|
| Short term loans from : | | |
| Companies | 1,25.00 | — |
| Financial institution | 2,00.00 | 5,00.00* |
| | 3,25.00 | 5,00.00 |
| Fixed deposits (Repayable within a year Rs. 3.81 lacs (Rs. Nil)) | 13.48 | — |
| | 3,38.48 | 5,00.00 |

* Guaranteed by the Managing Director

MARICO INDUSTRIES LIMITED

| SCHEDULE 'E' FIXED ASSETS | | | | | | | | | | (Rs. lacs) | |
|--|-----------------------|-----------------|------------------------|-----------------------|-----------------------|----------------|------------------------|-----------------------|-----------------------|-----------------------|--|
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| | As at 31st March 1995 | Additions | Deletions/ Adjustments | As at 31st March 1996 | Up to 31st March 1995 | For the Year | Deletions/ Adjustments | Up to 31st March 1996 | As at 31st March 1996 | As at 31st March 1995 | |
| Freehold land | 15.20 | — | — | 15.20 | — | — | — | — | 15.20 | 15.20 | |
| Leasehold land | 32.44 | — | — | 32.44 | 1.41 | 0.37 | — | 1.78 | 30.66 | 31.03 | |
| Building * | 5,22.06 | 7,11.28 | — | 12,33.34 | 26.09 | 17.78 | — | 43.87 | 11,89.47 | 4,95.97 | |
| Plant & machinery | 19,00.50 | 6,32.65 | 10.07 | 25,23.08 | 6,27.14 | 2,34.49 | 2,87.99 @ | 5,73.64 | 19,49.44 | 12,73.36 | |
| Furniture & fittings | 56.08 | 2.90 | 0.17 | 58.81 | 16.48 | 1.89 | 0.04 | 18.33 | 40.48 | 39.60 | |
| Trade mark/ copyright | 3,00.00# | — | — | 3,00.00 | — | — | — | — | 3,00.00 | 3,00.00 | |
| Vehicles | 29.88 | 48.49 | 0.13 | 78.24 | 3.69 | 4.19 | 0.01 | 7.87 | 70.37 | 26.19 | |
| TOTAL | 28,56.16 | 13,95.32 | 10.37 | 42,41.11 | 6,74.81 | 2,58.72 | 2,88.04 | 6,45.49 | 35,95.62 | 21,81.35 | |
| PREVIOUS YEAR | 17,55.38 | 11,28.25 | 27.47 | 28,56.16 | 3,71.23 | 3,23.80 | 20.22 | 6,74.81 | | | |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | 4,42.87 | 5,22.06 | |
| | | | | | | | | | 40,38.49 | 27,03.41 | |

* Includes pending execution of conveyance for Rs. 9,06.83 lacs (Rs.2,06.84 lacs)
Pending registration.
@ Includes depreciation write back of Rs. 2,86.49 lacs (Rs. Nil). Refer note 5 of Schedule R.

**SCHEDULE 'F'
INVESTMENTS**

| | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|--|-----------------------------------|-----------------------------------|
| LONG TERM INVESTMENTS (At Cost) | | |
| Unquoted - Trade | | |
| Kanmoo Foods Ltd. | | |
| 14,50,000 (Nil) Equity shares of Rs.10 each fully paid | 1,45.00 | 1,45.00@ |
| Government Securities - | | |
| National Savings Certificate (Deposited with Govt. authorities) | 1.03 | 1.03 |
| @ Advance against share application | 1,46.03 | 1,46.03 |
| CURRENT INVESTMENTS (At cost) (Refer note 5 (b) of Schedule R) | | |
| QUOTED | | |
| UTI - Unit '64 | | |
| 14700 (146580) Units of Rs.10 each fully paid | 2.60 | 25.88 |
| Associated Cement Co. Ltd. | | |
| 50 (50) Equity shares of Rs.100 each fully paid | 1.90 | 1.90 |
| Bajaj Auto Ltd | | |
| 500 (1000) Equity shares of Rs.10 each fully paid | 3.06 | 6.12 |
| Brooke Bond Lipton India Ltd. | | |
| 900 (900) Equity shares of Rs.10 each fully paid | 4.72 | 4.72 |
| Tata Power Co. Ltd | | |
| 2500 (250) Equity shares of Rs.10 (Rs 100) each fully paid | 6.10 | 6.10 |
| Carrier Aircon Ltd | | |
| 2100 (5000) Equity shares of Rs.10 each fully paid | 1.45 | 3.45 |
| India Securities Ltd | | |
| 9750 (14350) Equity shares of Rs.10 each fully paid | 7.16 | 10.82 |
| (500 shares subscribed towards Rights issue and 5100 shares sold during the year) | | |
| Majestic Auto Ltd | | |
| 1000 (1000) Equity shares of Rs.10 each fully paid | 2.97 | 2.97 |
| Master Gain-92 | | |
| 19600 (58000) Units of Rs.10 each fully paid | 2.59 | 7.66 |
| Nirma Ltd | | |
| NIL (300) Equity shares of Rs.10 each fully paid | — | 0.33 |
| LML Ltd | | |
| 50 (600) Equity shares of Rs.10 each fully paid | 0.03 | 0.35 |
| | <u>32.58</u> | <u>70.30</u> |
| UNQUOTED | | |
| Birla Global Finance Ltd. | | |
| 50,000 (Nil) 13.5% Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each fully paid | 50.00 | — |
| Kotak Mahindra Finance Limited | | |
| 200 (Nil) 17% Secured Redeemable Non-Convertible Debentures of Rs. 2500/- each fully paid. | 5.00 | — |
| | <u>55.00</u> | <u>—</u> |
| TOTAL INVESTMENTS | <u>2,33.61</u> | <u>2,16.33</u> |
| Aggregate market value of quoted investments | 23.61 | 67.08 |

MARICO INDUSTRIES LIMITED

| SCHEDULE 'G' INVENTORIES (As valued and certified by the Management - Note 3 of Schedule 'S') | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|--|---|---|
| Raw materials | 6,90.84 | 4,08.67 |
| Packing materials | 6,03.48 | 4,54.78 |
| Stores, spares, consumables & chemicals etc. | 79.89 | 36.69 |
| Work-in-process | 24.68 | 17.50 |
| Finished products | 19,84.67 | 13,29.44 |
| By-products | 24.22 | 27.95 |
| | <u>34,07.78</u> | <u>22,75.03</u> |

| SCHEDULE 'H' SUNDRY DEBTORS (Unsecured-considered good) | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|---|---|---|
| Over six months | 1,03.70 | 1,38.13 |
| Others | 16,49.09 | 10,34.03 |
| | <u>17,52.79</u> | <u>11,72.16</u> |

| SCHEDULE 'I' CASH AND BANK BALANCES | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|--|---|---|
| Cash on hand | 8.78 | 4.47 |
| Remittances in transit | — | 13.50 |
| Balances with Banks: (Note 7 of Schedule R) | | |
| Fixed deposits (lodged with Govt. authorities) | 1.35 | 1.25 |
| Margin account (Against letters of credit & bank guarantees) | 40.01 | 41.01 |
| Current accounts | 1,67.27 | 99.51 |
| Share application collection accounts (Net) (Includes Stockinvest Rs. 71,77.40 lacs. Refer note 1 (b) of Schedule R) | 77,50.87 | — |
| | <u>79,68.28</u> | <u>1,59.74</u> |

| SCHEDULE 'J' LOANS AND ADVANCES (Unsecured-considered good) | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|---|---|---|
| Advances recoverable in cash or in kind or for value to be received | 10,62.18 | 6,53.84 |
| Deposits | 8,31.94 | 9,33.48 |
| Advance Tax (net of provisions) | 17.05 | 30.62 |
| Balance with Central Excise authorities | 0.09 | 0.17 |
| Interest accrued on — Investments | 0.82 | 0.62 |
| — Others | 3.21 | 2.98 |
| | <u>19,15.29</u> | <u>16,21.71</u> |

MARICO INDUSTRIES LIMITED

**SCHEDULE 'K'
CURRENT LIABILITIES**

| | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|--|---|---|
| Sundry creditors | 23,04.08 | 22,38.11 |
| Advances from customers | 8.54 | 13.71 |
| Share application monies refundable (Refer note 1(c) of Schedule R) | 60,00.87 | — |
| Other liabilities | 2,52.86 | 2,09.93 |
| Security deposits | 4,29.40 | 3,64.72 |
| Interest accrued but not due | 30.12 | 35.19 |
| | <u>90,25.87</u> | <u>28,61.66</u> |

**SCHEDULE 'L'
PROVISIONS**

| | As at 31st March 1996 Rs. lacs | As at 31st March 1995 Rs. lacs |
|---|---|---|
| For diminution in value of investments (Refer note 5(b) of Schedule R) | 8.97 | — |
| For dividend | — | 67.50 |
| | <u>8.97</u> | <u>67.50</u> |

**SCHEDULE 'M'
OTHER INCOME**

| | 1995-96 Rs. lacs | 1994-95 Rs. lacs |
|---|---------------------|---------------------|
| Income from investments (Gross) | 8.03 | 3.64 |
| Tax deducted at source Rs. 1.01 lacs (Rs. 0.86 lacs) (includes Rs. 0.21 lacs (Rs. 0.18 lacs) on long term investments) | | |
| Interest from banks & others (Gross) | 17.06 | 49.53 |
| Tax deducted at source Rs. 0.04 lacs (Rs. 6.16 lacs) | | |
| Miscellaneous income | 1,25.26 | 51.66 |
| | <u>1,50.35</u> | <u>1,04.83</u> |

**SCHEDULE 'N'
COST OF MATERIALS**

| | 1995-96 Rs. lacs | 1994-95 Rs. lacs |
|--------------------------------------|---------------------|---------------------|
| RAW MATERIALS : | | |
| Opening stock | 4,08.67 | 3,99.91 |
| Add : Purchases | 183,72.01 | 148,44.67 |
| Less : Closing stock | <u>6,90.84</u> | <u>4,08.67</u> |
| | 180,89.84 | 148,35.91 |
| PURCHASE OF FINISHED PRODUCTS | 14,57.23 | 14,43.29 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK | | |
| Work-in-process | 17.50 | 24.81 |
| By-products | 27.95 | 15.37 |
| Finished products | 13,29.44 | 11,31.16 |
| | <u>13,74.89</u> | <u>11,71.34</u> |
| CLOSING STOCK | | |
| Work-in-process | 24.68 | 17.50 |
| By-products | 24.22 | 27.95 |
| Finished products | 19,84.67 | 13,29.44 |
| | <u>20,33.57</u> | <u>13,74.89</u> |
| | (6,58.68) | (2,03.55) |
| | <u>188,88.39</u> | <u>160,75.65</u> |

MARICO INDUSTRIES LIMITED

SCHEDULE 'O'
MANUFACTURING AND OTHER EXPENSES

| | 1995-96 Rs. lacs | 1994-95 Rs. lacs |
|---|---------------------|---------------------|
| Employee cost : | | |
| Salaries, wages and bonus | 7,18.61 | 4,50.40 |
| Contribution to provident fund and other funds | 68.80 | 41.38 |
| Welfare expenses | <u>1,28.12</u> | <u>99.71</u> |
| | 9,15.53 | 5,91.49 |
| Reimbursement, including claims, of conversion & other charges | 7,84.05 | 6,39.89 |
| Stores, spares & chemicals consumed | 2,25.06 | 2,48.60 |
| Packing materials consumed | 44,50.95 | 34,92.44 |
| Power, fuel and water | 2,84.88 | 2,23.89 |
| Rent and storage charges | 2,81.18 | 2,29.29 |
| Repairs to: Buildings | 47.94 | 34.25 |
| Machinery | 49.80 | 43.99 |
| Others | <u>16.33</u> | <u>14.16</u> |
| | 1,14.07 | 92.40 |
| Freight and forwarding charges | 12,08.46 | 9,13.89 |
| Advertisement and sales promotion | 24,00.12 | 17,90.22 |
| Rates and taxes | 8.21 | 9.91 |
| Sales tax | 2,34.24 | 2,36.31 |
| Printing, stationery & communication expenses | 1,90.19 | 1,48.75 |
| Travelling, conveyance & vehicle expenses | 3,29.86 | 2,81.90 |
| Royalty | 1,92.53 | 1,56.08 |
| Insurance | 15.76 | 18.75 |
| Provision for diminution in value of investments | 8.97 | — |
| Miscellaneous expenses | 5,61.75 | 4,48.42 |
| | <u>122,05.81</u> | <u>95,22.23</u> |

SCHEDULE 'P'
FINANCE CHARGES

| | 1995-96 Rs. lacs | 1994-95 Rs. lacs |
|-------------------------|---------------------|---------------------|
| Interest on fixed loans | 5,18.37 | 2,21.24 |
| Other interest | 2,66.25 | 2,15.74 |
| Bank charges & others | 1,84.55 | 1,73.76 |
| | <u>9,69.17</u> | <u>6,10.74</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK

| Sr No. | Particulars | Year ended | Installed capacity M.T. (Note I) | Opening stock | | Production (Note IV) | | Purchases | | Turnover | | Closing Stock | |
|--------|---|------------|----------------------------------|---------------|-----------------|----------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
| | | | | Quantity M.T. | Amount Rs. lacs | Quantity M.T. | Amount Rs. lacs | Quantity M.T. | Amount Rs. lacs | Quantity M.T. | Amount Rs. lacs | Quantity M.T. | Amount Rs. lacs |
| 1 | Raw/Refined oils | 31.03.96 | 58,800 of Oils | 2580.892 | 10,84.77 | 38416.469 | 1867.613 | 7,71.21 | 45227.556 | 309,12.57 | 3298.763 | 14,81.03 | |
| | | 31.03.95 | 58,800 of Oils | 2528.848 | 9,78.00 | 32818.756 | 1242.706 | 4,35.51 | 40401.688 | 249,31.22 | 2580.892 | 10,84.77 | |
| 2 | Hair oils (Note II) | 31.03.96 | — | 69.926 | 68.06 | — | — | — | 1141.556 | 15,12.08 | 226.550 | 2,11.59 | |
| | | 31.03.95 | — | 42.338 | 45.10 | — | — | — | 815.304 | 10,37.82 | 69.926 | 68.06 | |
| 3 | Others (Note III) (Includes processed foods & by products) | 31.03.96 | — | — | 2,04.56 | — | — | 6,86.02 | — | 24,29.17 | — | 3,16.27 | |
| | | 31.03.95 | — | — | 1,23.43 | — | — | 10,07.78 | — | 23,65.20 | — | 2,04.56 | |
| | TOTAL | 31.03.96 | | 13,57.39 | 14,57.23 | | | 348,53.82 | | 20,08.89 | | | |
| | | 31.03.95 | | 11,46.53 | 14,43.29 | | | 283,34.24 | | 13,57.39 | | | |

NOTES:

- I) a) The auditors have relied on the installed capacities as certified by the management on a three shift basis. Installed capacity includes on lease basis.
- b) No licenses are required for products manufactured by the Company as per Govt. of India Notification No. S.O. 477(E) dated 25th July, 1991.
- II) Produced by others - Qty in KL
- III) The Company deals in processed foods which are not packed in homogenous units, hence it is not practicable to furnish quantitative data.
- IV) The production of Raw/Refined oils excludes processed by others 6299.400 M.T. (6609.767 M.T.) and includes used for internal consumption 638.055 M.T. (217.497 M.T.)

SCHEDULE 'Q'

B) RAW MATERIALS CONSUMED

| | Quantity | 1995-96 | Quantity | 1994-95 |
|-----------|----------|-------------------|----------|-------------------|
| | M.T. | Value Rs. lacs | M.T. | Value Rs. lacs |
| Oil seeds | 51687 | 105,47.95 | 41,856 | 82,71.85 |
| Raw oils | 21688 | 69,08.34 | 18,478 | 61,59.66 |
| Others | — | 6,33.55 | | 4,04.40 |
| | | <u>180,89.84</u> | | <u>148,35.91</u> |

C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED

| | % | 1995-96 | % | 1994-95 |
|------------------------------|---------------|-------------------|---------------|-------------------|
| | | Value Rs. lacs | | Value Rs. lacs |
| Raw materials | | | | |
| Imported | 12.71 | 22,99.54 | 0.35 | 52.12 |
| Indigenous | 87.29 | 157,90.30 | 99.65 | 147,83.79 |
| | <u>100.00</u> | <u>180,89.84</u> | <u>100.00</u> | <u>148,35.91</u> |
| Stores, spares and chemicals | | | | |
| Imported | — | — | — | — |
| Indigenous | 100.00 | 2,25.06 | 100.00 | 2,48.60 |
| | <u>100.00</u> | <u>2,25.06</u> | <u>100.00</u> | <u>2,48.60</u> |

D) VALUE OF IMPORTS ON C.I.F. BASIS

| | 1995-96 | 1994-95 |
|---------------|-----------------|--------------|
| | Rs. lacs | Rs. lacs |
| Raw materials | 15,93.35 | 52.12 |
| Capital goods | 8.64 | 1.30 |
| | <u>16,01.99</u> | <u>53.42</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | 1995-96 | 1994-95 |
|-----------------------------|----------------|----------------|
| | Rs. lacs | Rs. lacs |
| Packing materials | 4,14.40 | 2,57.98 |
| Travelling & other expenses | 1,68.52 | 56.98 |
| | <u>5,82.92</u> | <u>3,14.96</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | 1995-96 | 1994-95 |
|-------------------------|----------------|----------------|
| | Rs. lacs | Rs. lacs |
| F.O.B. value of exports | 4,83.00 | 2,79.79 |
| | <u>4,83.00</u> | <u>2,79.79</u> |

SCHEDULE 'R'

NOTES:

1. a) During the year, the Company issued 10,00,000 equity shares of Rs. 10/- each at a premium of Rs. 165/- per share, aggregating to Rs. 17,50.00 lacs. Pending allotment of these shares, which occurred in April 1996, an amount of Rs. 1,00.00 lacs has been disclosed under 'Share Capital' in Schedule 'A' and the corresponding premium of Rs. 16,50.00 lacs under 'Reserves & Surplus' in Schedule 'B'.
 - b) Share Application monies received have been shown under 'Cash and Bank Balances', after netting off the liability of Rs. 45,93.75 lacs due to Promoters on account of amounts collected on their behalf in terms of the offer for sale.
 - c) The excess subscription of Rs. 60,00.87 lacs has been reflected as share application monies refundable under 'Current Liabilities'.
2. Capital Reserve represents subsidy received from the State government of Kerala for the setting up of the new plant at Kanjikode which is refundable if the unit goes out of production within five years.
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 1,52.69 lacs (Rs. 4,73.82 lacs) net of advances.
4. The gross block of fixed assets includes assets given on lease Rs. 5,28.02 lacs (Rs. 5,11.18 lacs).
5. The Company has made the following changes in its accounting policies on depreciation and investments in the light of the accounting standards prescribed by the Institute of Chartered Accountants of India becoming mandatory with effect from 1.4.95 :
 - a) Depreciation :
 - On assets given on lease - Over the primary period of lease as against income tax rates.
 - On assets used for research and development — As per Schedule XIV rates as against 100%.
 Depreciation on the above mentioned assets have been recomputed on the revised basis from the month in which the assets have been put to use and consequently :
 - i) Excess depreciation charged in earlier years of Rs. 2,86.49 lacs has been written back, and
 - ii) Depreciation charge for the year is lower and profits higher by Rs. 1,27.52 lacs.
 - b) Investments :
 - Long term investments — Valued at cost except that permanent decline in value, if any, is recognised.
 - Current investments — Valued at lower of cost or market value (computed categorywise) as against practice of valuing at cost in the previous year.
 The diminution in the value of current investments as at 31st March, 1996 amounting to Rs. 8.97 lacs (Rs. Nil) has been provided for in the accounts. The profit for the year is therefore lower to this extent.
6. The Company has an investment of Rs. 1,45.00 lacs in the equity capital of Kanmoor Foods Limited (K F L) which is engaged in the manufacture of processed foods. These products are marketed by the Company under the brand name ' SIL'. Although currently the net worth of K F L is negative, considering the growth potential of this business and the Company's long term interest in it, this investment is expected to benefit the Company. Having regard to the foregoing, no provision for diminution in the value of investments is considered necessary.
7. Cash and Bank balances include balances of Rs. 0.27 lacs (Rs. 0.03 lacs) held with Janata Sahakari bank, Jalgaon, a non-scheduled bank. Maximum balance during the year Rs. 6.69 lacs (Rs. 2.04 lacs).
8. Loans and Advances includes Loan to an Officer of the Company of Rs. 0.70 lacs (Rs. Nil). Maximum Balance outstanding during the year was Rs. 0.70 lacs (Rs. Nil).
9. Sundry Creditors include acceptances Rs. 91.50 lacs (Rs. 18.33 lacs).
10. Miscellaneous income includes lease income Rs. 1,01.84 lacs (Rs. 41.52 lacs), and profit on sale of current investments (net) Rs. 0.51 lacs (Rs. 1.74 lacs).
11. Miscellaneous expenses include Commission and Brokerage Rs. 16.89 lacs (Rs. 6.10 lacs), Donations Rs. 3.39 lacs (Rs. 10.72 lacs), Cash discount Rs. 5.49 lacs (Rs. 3.67 lacs), Loss on sale of assets Rs. 6.22 lacs (Rs. 3.85 lacs), Audit fees Rs. 1.50 lacs (Rs. 1.50 lacs), Payment to Auditors for other services Rs. 0.81 lacs (Rs. 0.79 lacs), Payment to Auditors for out-of-pocket expenses Rs. 0.77 lacs (Rs. 0.38 lacs).

12. Research & Development expenses aggregating to Rs. 1,04.00 lacs (Rs. 72.18 lacs) including depreciation of Rs. 5.98 lacs (Rs. 6.70 lacs) have been included under the relevant heads of expenses.
13. Contingent liability not provided for in respect of :
- i) Letters of Credit opened and outstanding Rs. 46.44 lacs (Rs. 44.71 lacs).
 - ii) Sales Tax claims against the Company for which assessments have been completed, not acknowledged as debts Rs. 27.03 lacs (Rs. 2.62 lacs).
 - iii) Income Tax and Interest demand disputed before higher authorities :
 - a) By the Company Rs. Nil (Rs. 6.11 lacs)
 - b) By the Income Tax Department Rs. 11.92 lacs (Rs. 11.92 lacs)
 - iv) Claims against the Company not acknowledged as debts Rs. 7.21 lacs (Rs. Nil)
14. Confirmations have not been called for debtors, creditors and advances. However, the balances on review are considered receivable or payable, as the case may be.
15. Payments to suppliers in the small scale sector are made in accordance with agreed credit terms. The interest, if any, on overdue amounts as on 31st March 1996, has neither been claimed nor been ascertained.
16. Managerial Remuneration :

| | | 1995-96 Rs. lacs | 1994-95 Rs. lacs |
|--|-------------------|---------------------|---------------------|
| i) Calculation of Commission payable to the Managing Director : | | | |
| Profit before taxation | | 29,68.57 | 19,06.65 |
| Add: Director's Remuneration | 37.66 | | 16.33 |
| Depreciation as per books: | | | |
| For the period | 2,58.72 | | |
| Write back of Depreciation | (2,86.49) (27.77) | | 3,23.80 |
| Loss on sale of assets as per books | 6.22 | | 3.85 |
| Provision for diminution in value of Investments | 8.97 | | — |
| | | 25.08 | 3,43.98 |
| Less: Depreciation under Section 350 | 4,41.32 | | 4,67.68 |
| Loss on sale of assets under Section 350 (net) | 5.77 | | 3.19 |
| Profit on sale of Investments (net) | 0.51 | | 1.74 |
| | | 4,47.60 | 4,72.61 |
| Profit as per Section 349 | | <u>25,46.05</u> | <u>17,78.02</u> |
| Commission to Managing Director @ 1% of net profit | | 25.46 | 17.78 |
| Restricted to 50% of salary for the year | | N.A | 4.80 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | | |
| i) Salary | | 6.00 | 6.00 |
| ii) Commission | | 25.46 | 4.80 |
| iii) Contribution to Provident Fund and Pension Fund | | 1.50 | 1.50 |
| iv) Other Perquisites | | 4.70 | 4.03 |
| | | <u>37.66</u> | <u>16.33</u> |

The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount based on actuarial valuation.

17. The figures in brackets represent previous years figures which have been regrouped wherever necessary to confirm with current years figures.

18. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) Registration details :

Registration No. : 11 - 49208
 Balance sheet Date : 31st March 1996

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

Public Issue Nil (Refer Note 1 above)
 Bonus Issue 9,00.00
 Rights Issue Nil
 Private placement Nil

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

Total Liabilities 102,81.40
 Total Assets 102,81.40

Sources of Funds

Paid up Capital 13,50.00
 Share Application
 — pending allotment 1,00.00
 Reserves & Surplus 35,02.85
 Share Premium
 —pending allotment 16,50.00
 Secured Loans 33,40.07
 Unsecured Loans 3,38.48

Application of Funds

Net Fixed Assets 40,38.49
 Investments 2,33.61
 Net Current Assets 60,09.30
 Misc. Expenditure —
 Accumulated losses —

d) Performance of the Company (Amount in Rs. lacs)

Turnover 348,53.82
 Total Expenditure 320,35.60
 Profit before Tax 29,68.57
 Profit after Tax 21,18.57
 Earnings per share in Rs. 15.69
 Dividend rate (%) 25

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

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

SCHEDULE 'S'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets are capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.

2. DEPRECIATION

2.1 Depreciation on Fixed Assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except as stated in paragraphs 2.2 to 2.5 below. Depreciation on additions/deletions during the year has been provided on *pro rata* basis with reference to the month of addition/deletion. Extra shift depreciation has been provided on "Plant" basis.

2.2 Assets given on lease are depreciated over the primary period of the lease.

2.3 Plant and Machinery costing less than Rs. 5,000 each are depreciated at 100%. Other fixed assets costing less than Rs. 5,000 each acquired after 31.3.1993 are depreciated at 100%.

2.4 Leasehold land is amortised over the balance period of lease.

2.5 No depreciation is provided on Trademark/Copyright.

3. INVESTMENTS

3.1 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.

3.2 Current Investments are valued at lower of cost or market value, computed categorywise.

4. INVENTORY

4.1 Inventories are valued as follows :

- | | |
|--|--|
| a) Raw materials | — at cost |
| b) Packing material, Chemicals, Consumables. | — at cost |
| c) Work-in-process | — at cost |
| d) Finished products | — at lower of cost or net realisable value |
| e) Stores & spares | — at cost |
| f) By-Products | — at net realisable value |
| g) Unservicable/damaged finished products | — at estimated realisable value. |

4.2 Cost in relation to finished goods and work-in-process is determined on 'direct costing' basis.

4.3 Stores, Spares costing less than Rs. 1,500 are charged off in the year of purchase.

5. RESEARCH & DEVELOPMENT

Capital expenditure on Research & Development is allocated to Fixed assets. The revenue expenditure on Research & Development is charged off in the year in which it is incurred.

6. SALES

Sales are :

- i) net of trade discount,
- ii) exclusive of sales tax and
- iii) recognised on despatch of goods.

7. RETIREMENT BENEFITS

Liability towards retirement gratuity has been provided on the basis of actuarial valuation. Contribution to provident fund and pension fund are made at predetermined rates to the respective trusts and accounted on accrual basis.

8. FOREIGN CURRENCY TRANSACTIONS

- 8.1 Foreign currency assets / liabilities covered by forward contracts are stated at the forward contract rates.
- 8.2 Foreign currency assets / liabilities not covered by forward contracts are restated at the rate ruling at the close of financial year.
- 8.3 Exchange rate differences relating to fixed assets are adjusted in the cost of fixed assets. Other exchange differences are recognised in the profit and loss account.

Signatures to Schedules A to S

For and on behalf of the Board of Directors

Place : Mumbai
Dated : June 11, 1996.

P. SANKER
Secretary

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Cash Flow Statement

| A. CASH FLOW FROM OPERATING ACTIVITIES | Year ended 31st March 1996 Rs. lacs | Year ended 31st March 1995 Rs. lacs |
|---|--|--|
| Net Profit as per accounts | 21,18.57 | 11,81.65 |
| Adjustments for :- | | |
| Provision for Taxes | 8,50.00 | 7,25.00 |
| Extraordinary Items — Excess Depreciation written back | (2,86.49) | — |
| Interest | 9,69.17 | 6,10.74 |
| | <u>15,32.68</u> | <u>13,35.74</u> |
| Net Profit before Interest, Taxes and Extraordinary Items | 36,51.25 | 25,17.39 |
| Adjustments for :- | | |
| Depreciation | 2,58.72 | 3,23.80 |
| Loss on sale of assets | 6.22 | 3.84 |
| Provision for diminution in Investments | 8.97 | — |
| | <u>2,73.91</u> | <u>3,27.64</u> |
| | 39,25.16 | 28,45.03 |
| Profit on sale of Investments | (0.51) | (1.74) |
| Income from Investments | (8.03) | (3.64) |
| Interest from Banks/Others | (17.06) | (49.53) |
| | <u>(25.60)</u> | <u>(54.91)</u> |
| Operating Profit before Working Capital changes | 38,99.56 | 27,90.12 |
| Invested in | | |
| — Inventories | 11,32.75 | 4,18.73 |
| — Sundry Debtors | 5,80.63 | 2,73.37 |
| — Loans & Advances | 3,07.15 | 4,35.25 |
| — Current Liabilities | (1,68.41) | (4,84.78) |
| | <u>18,52.12</u> | <u>6,42.57</u> |
| Cash generated from Operations | 20,47.44 | 21,47.55 |
| Less : Payments for | | |
| — Direct Taxes | 8,36.42 | 7,92.29 |
| — Interest | 9,74.24 | 5,88.98 |
| | <u>18,10.66</u> | <u>13,81.27</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u>2,36.78</u> | <u>7,66.28</u> |
| | | |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed assets | (13,16.13) | (13,61.34) |
| Purchase of Investments | (55.09) | (1,50.99) |
| Sale of assets | 2.59 | 3.40 |
| Sale of Investments | 38.32 | 3.04 |
| Interest received | 20.69 | 49.53 |
| Dividend received | 4.40 | 3.64 |
| Capital Subsidy received | 20.00 | — |
| NET CASH OUTFLOW ON INVESTING ACTIVITIES | <u>(12,85.22)</u> | <u>(14,52.72)</u> |

MARICO INDUSTRIES LIMITED

| C. CASH FLOW FROM FINANCING ACTIVITIES | Year ended 31st March 1996 Rs. lacs | Year ended 31st March 1995 Rs. lacs |
|---|--|--|
| <u>Equity</u> | | |
| Proceeds from issue of Shares pending allotment | 77,50.87 | — |
| Less : Amounts due as refunds. | <u>60,00.87</u> | <u>—</u> |
| | 17,50.00 | — |
| <u>Changes in Long Term borrowings</u> | | |
| Proceeds from Long term Borrowings | 5,16.21 | 5,12.20 |
| <u>Changes in Short Term borrowings</u> | | |
| Bank Borrowings | 10,84.83 | (85.61) |
| Others | <u>(1,75.00)</u> | <u>3,50.00</u> |
| | 9,09.83 | 2,64.39 |
| Dividend paid | <u>(3,19.93)</u> | <u>(54.00)</u> |
| NET CASH INFLOW ON FINANCING ACTIVITIES | <u><u>28,56.11</u></u> | <u><u>7,22.59</u></u> |
| NET INCREASE IN CASH & CASH EQUIVALENTS AS AT 31.3.96 | A + B + C <u><u>18,07.67</u></u> | <u><u>36.15</u></u> |
| Cash and Cash Equivalents as at 31.3.95 | 1,59.74 | 1,23.59 |
| Cash and Cash Equivalents as at 31.3.96 (Including Rs. 17,50.00 lacs in Share Application monies collected Net of refunds, pending allotment) | <u><u>19,67.41</u></u> | <u><u>1,59.74</u></u> |

For and on behalf of the Board

C. V. MARIWALA
Chairman

H. C. MARIWALA
Managing Director

Place : Mumbai
Dated : June 11, 1996

Auditors' Certificate

We have examined the attached Cash Flow Statement of Marico Industries Ltd. for the year ended 31st March, 1996. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report of 11th June, 1996 to the members of the Company.


For Dalal Desai & Kumana
Chartered Accountants

Place : Mumbai
Dated: June 11, 1996

NATRAJ RAMKRISHNA
Partner

PLAY, NURTURE, BLOSSOM.

M



MARICO
Annual Report
1994-95

*A*t MARICO, it is tomorrow that counts. We know that the growth of our company is inexorably linked with the growth of our brands. Which is why prudent and continuous investments in all our brands is of critical importance to us. Each brand is created and nurtured over the years. So that it can blossom and build an identity of its own.

At MARICO, we are intent on being a leader in the market, notwithstanding the quality of competition, present and future. And, in the face of competition, it is

the strength our brands have garnered over time that will help us stand firm and tall. A strength born of our investments in every aspect of the brand. From Manufacturing Facilities to Product Aesthetics. From Quality Control to Research. From Distribution to Promotion and Media Advertising. And most important of all, our investment in People.

It is the brand equity built through all these investments that will help us realise our view of the future.



MARICO

The logo features a stylized, bold letter 'M' with a thick, dark, brush-stroke-like horizontal bar across its top. Below this graphic, the word 'MARICO' is written in a clean, uppercase, sans-serif font.

The greatest investment into brands is people. And that is not an ordinary statement. MARICO has been able to invite the best of talent into the company, not just in Marketing but in all spheres of management of the enterprise. This assembly of talent has been nurtured, trained and encouraged to produce dramatic results for its various brands. Emphasis is placed on teamwork, quality of management processes and building a community spirit.

Therefore, the future of the company is seen as a collective responsibility, not just that of a few people. People are not employees at MARICO. They are members and partners linked with one another through a culture of openness, trust, informality, togetherness and performance. A philosophy cherished by all at MARICO. A philosophy that has won us the National Award for Outstanding Work in HRD for the year 1993- 94, from the National HRD Network.



*P*roduct Quality not only matches uncompromising standards, but also builds for MARICO a competitive edge. It is quality that will set us apart from the competition.

Continuous investment is made in the areas of Technology, Quality Development and Quality Assurance. Parachute is an example. The aroma of Coconut Oil is the richest when certain exacting

parameters, honed over years of observation and research, are maintained in the cooking of copra. This process has been perfected by MARICO's engineers and has made Parachute the clearest oil in the market. That Parachute has always been a market leader is proof enough. New entrants and old players have made no difference whatsoever.



*P*ackaging is the face a brand presents to the consumer. Which is why new, contemporary packaging can help a product stand out from the clutter and add tremendously to the brand's image. But more than this, it is innovative packaging that can

do wonders for a brand. Like when SIL introduced plastic tubs in a market that had been stagnant for over a decade, the market expanded, and market shares grew by 40%.



*I*n the case of any consumer product, sales is a direct outcome of the reach of a brand. The quality of the sales team and the distributors is absolutely critical to the brand being available on the retail shelves. Over the years, MARICO has continuously invested in the quality, depth and width of its Distribution Network. The distribution of our products is facilitated through a

network of 26 Depots, 1,700 Distributors and over 300,000 Retailers, making MARICO's Distribution Network reach the far corners of the country. And comparable with the best fast moving consumer goods companies. This emphasis on distribution has helped MARICO make Sweekar the fastest growing brand in its category, tripling its market share in three years.



*I*nvestment in new products has always worked to our advantage.

Consumer Research helped us identify a growing demand for non-greasy hair preparations in the existing hair oil category. So we created Hair and Care, a non-greasy oil with the added benefit of Vitamin E.

The market share of Hair and Care has been growing

steadily since its launch. This year, it has increased to 21% in a highly competitive market. All because a consumer need in an existing product category was identified and fulfilled.



*I*nnovative, memorable advertising along with continuous presence in the media has helped build a loyal franchise for our brands. And the Saffola story is a perfect example.

Saffola, the only oil in the safflower oil segment, continues its success story in the edible oil market. This year, its share increased by more than 20% and sales volumes grew by 40%.

In 1993 - '94, Saffola won the 'Brand of the Year' Award, instituted by the Advertising Club of Bombay. The product's stupendous performance was largely because of its brilliant advertising campaign.



MARICO has initiated new product categories by identifying latent consumer needs and creating products to fulfil them. For years, starching clothes involved messy and cumbersome procedures like boiling water, straining, cooling, etc. Our product development team identified the need for a more convenient way of starching. So they created Revive, an instant cold water starch. A new

product category, Revive was launched nationally during the course of the year. The first instant starch in India, it is expected to become generic to this product category.

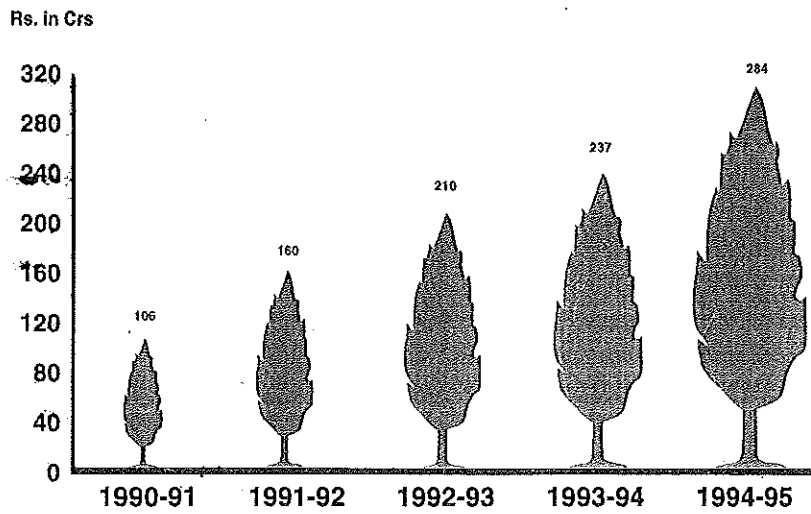




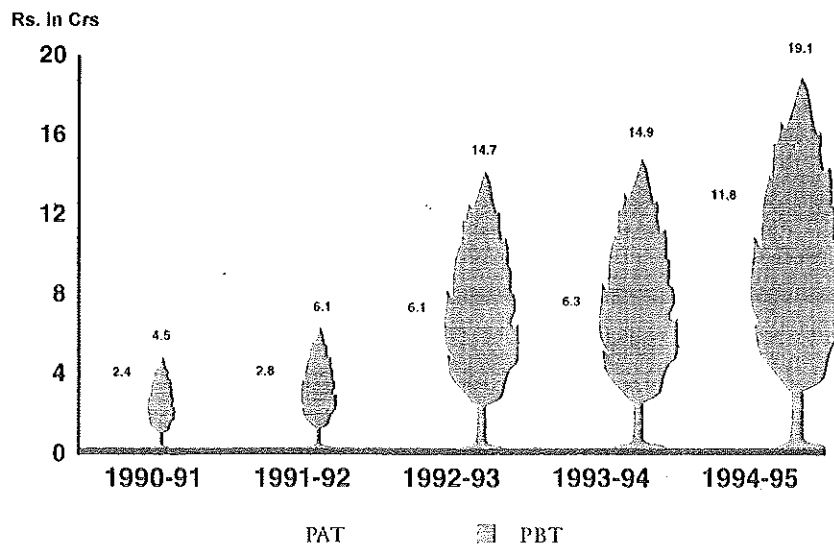
The success of investing in new products and new categories is even more significant when you compare it to the number of new products that fail to survive. But at MARICO, our products succeed because we "Plant" them only after identifying a real consumer need. These products are then "Nurtured" and made strong through sustained investment in Product Development and Advertising. And then we experience the joy of watching them unfurl and "Blossom"...

HIGHLIGHTS

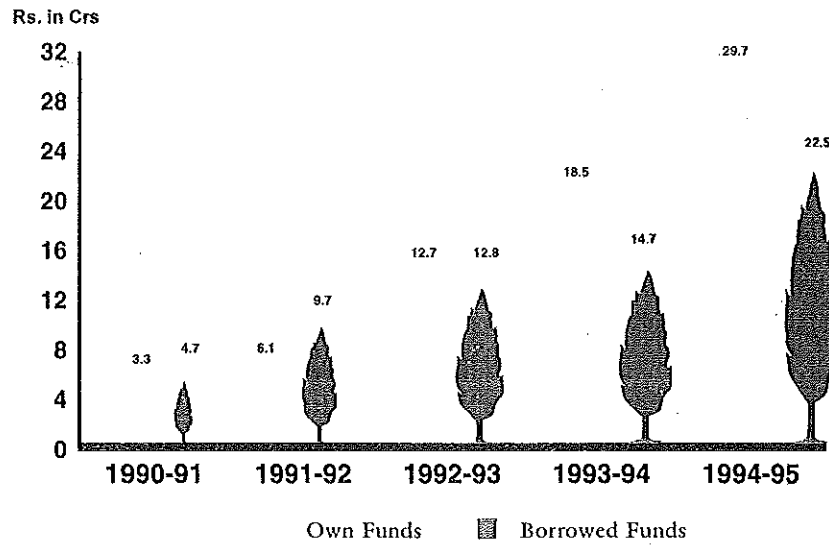
REVENUES



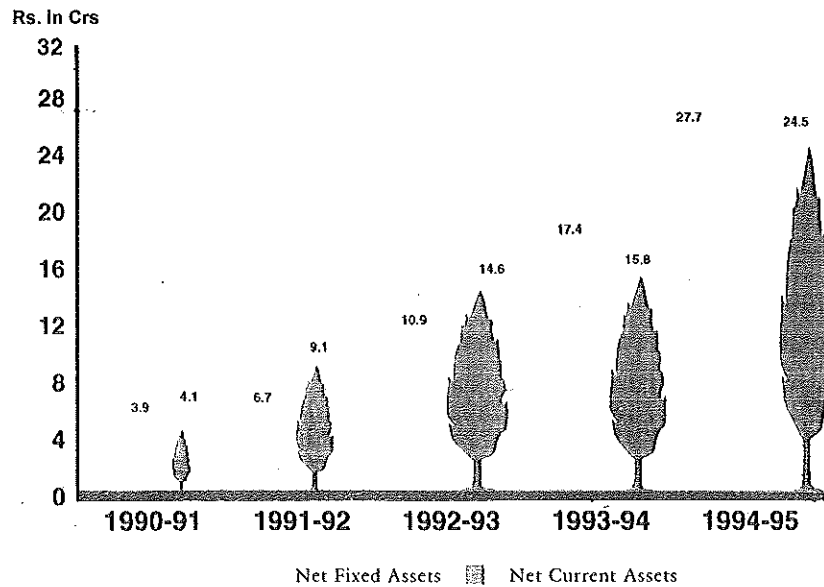
PROFITS



SOURCES



APPLICATIONS



| | |
|---------------------|---|
| BOARD OF DIRECTORS | CHARANDAS VALLABHDAS MARIWALA <i>Chairman</i> HANSRAJ VALLABHDAS MARIWALA KISHORE VALLABHDAS MARIWALA HARSH CHARANDAS MARIWALA <i>Managing Director</i> |
| TOP MANAGEMENT TEAM | HARSH CHARANDAS MARIWALA <i>Managing Director</i> JESWANT NAIR <i>Vice President — Personnel</i> PRANAB DATTA <i>Vice President — Finance</i> RAJ AGGARWAL <i>Vice President — Operations</i> SHREEKANT GUPTA <i>Vice President — Marketing</i> ARVIND KUMAR <i>Vice President — Commodities & Exports</i> |
| SECRETARY | P. SANKER |
| BANKERS | STATE BANK OF SAURASHTRA INDIAN BANK ALLAHABAD BANK BANK OF BARODA |
| AUDITORS | DALAL DESAI & KUMANA |
| SOLICITORS | AMARCHAND & MANGALDAS & SURESH A. SHROFF & CO. MULLA & MULLA & CRAIGIE BLUNT & CAROE |
| REGISTERED OFFICE | “RANG SHARDA” Krishnachandra Marg, Bandra Reclamation, Bandra West, BOMBAY 400 050. |
| WORKS | i) E — 10, M.I.D.C. Area, Jalgaon 425 003. ii) Industrial Development Area, Kanjikode — Menonpara Road, KANJIKODE, PALAKKAD 678 621. |

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of MARICO INDUSTRIES LIMITED will be held at the Registered Office of the Company at "RANG SHARDA", Plot No. 791, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Bombay - 400 050 on July 28, 1995 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 1995 and the Profit and Loss Account of the Company for the year ended on that date together with the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. H.C. Mariwala who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.V. Mariwala who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT

- (i) Pursuant to the recommendation of the Board of Directors, a sum of Rs. 9,00,00,000/- (Rupees Nine Crores Only) being a part of the sum standing to the credit of the General

Reserve as at 31st March, 1995 be and is hereby capitalised in pursuance of Article 141 of the Articles of Association of the Company for paying up in full at par 90,00,000 Equity shares of Rs. 10/- each in the capital of the Company to be allotted and distributed as fully paid bonus shares to such members holding Equity shares as on the date of this meeting in the proportion of two new Equity shares for every Equity share held by such members on the aforesaid date upon the footing that they become entitled to such new Equity shares as capital and not as income.

- (ii) The new Equity shares, as and when issued and allotted, shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects *pari passu* with the existing Equity shares of the Company, save and except that they shall not be entitled to any dividend declared or paid prior to the date of allotment.
- (iii) No letter of allotment shall be issued for such new Equity shares and certificates in respect of new Equity shares shall be completed and kept ready within three months from the date of allotment.
- (iv) For the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters or things and give such directions as it may deem fit to settle any question or difficulty that may arise with regard to the issue and distribution of new Equity shares as it may in its absolute discretion deem necessary, expedient, usual or proper."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO

MARICO INDUSTRIES LIMITED

ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS UNDER ITEM NO. 6 IS ANNEXED HERETO.

2. DIVIDEND ON SHARES AS RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE MEETING, WILL BE PAID TO THOSE SHAREHOLDERS WHOSE NAMES STAND REGISTERED IN THE REGISTER OF MEMBERS AS ON JULY 28, 1995.

By Order of the Board of Directors
For MARICO INDUSTRIES LIMITED

3. BONUS SHARES AS RECOMMENDED BY THE BOARD OF DIRECTORS, IF APPROVED AT THE MEETING, WILL BE ISSUED TO THOSE SHAREHOLDERS WHOSE NAMES STAND REGISTERED IN THE REGISTER OF MEMBERS AS ON JULY 28, 1995.

Place : Bombay
Date : June 23, 1995

P. SANKER
Company Secretary

4. THE RELATIVE EXPLANATORY STATEMENT

Registered Office :
"Rang Sharda",
Krishnachandra Marg,
Bandra Reclamation,
Bandra (West),
Bombay - 400 050.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

ITEM NO. 6

Considering the size and scale of the Company's operations with operating revenue nearing Rs. 300 crores, it is felt that the present Equity Share capital of the Company of Rs. 4.50 Crores does not appropriately reflect the capital employed in the business. Accordingly, your Directors recommend that a sum of Rs. 9 crores be capitalised out of the amount available to the credit of General Reserve as at 31st March, 1995 and that such sum be applied in paying up in full 90 lacs fresh Equity shares of Rs. 10/- each at par to be allotted as bonus shares to the holders of the Equity shares of the Company as on the date of this meeting in the proportion of two new Equity shares for every Equity share held by such holders.

Your Directors may be deemed to be interested in this Resolution to the extent of their shareholding in the Company.

Your Directors recommend passing of the Resolution contained in Item 6 of the accompanying Notice dated June 23, 1995.

By Order of the Board of Directors
For MARICO INDUSTRIES LIMITED

Place : Bombay
Date : June 23, 1995

P. SANKER
Company Secretary

MARICO INDUSTRIES LIMITED

FINANCIAL SNAPSHOT

(Rs. lacs)

| | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 |
|----------------------------------|---------|---------|---------|---------|---------|
| SALES | 10583 | 15944 | 21032 | 23644 | 28334 |
| OTHER INCOME | 14 | 22 | 34 | 84 | 105 |
| TOTAL REVENUE | 10597 | 15966 | 21066 | 23728 | 28439 |
| OPERATING EXPENSES | 9901 | 14881 | 19035 | 21654 | 25921 |
| FINANCE CHARGES | 242 | 468 | 552 | 583 | 611 |
| PROFIT BEFORE TAX | 454 | 617 | 1479 | 1491 | 1907 |
| TAX | 210 | 332 | 860 | 855 | 725 |
| PROFIT AFTER TAX | 244 | 285 | 619 | 636 | 1182 |
| DIVIDEND | — | — | 23 | 54 | 67 |
| NET FIXED ASSETS | 398 | 675 | 1096 | 1673 | 2703 |
| INVESTMENTS | 1 | 1 | 1 | 67 | 71 |
| NET CURRENT ASSETS | 402 | 908 | 1454 | 1589 | 2445 |
| TOTAL CAPITAL EMPLOYED | 801 | 1584 | 2551 | 3329 | 5219 |
| SHARE CAPITAL | 90 | 90 | 450 | 450 | 450 |
| RESERVES | 240 | 525 | 821 | 1403 | 2517 |
| NET WORTH | 330 | 615 | 1271 | 1853 | 2967 |
| BORROWED FUNDS | 471 | 969 | 1280 | 1476 | 2252 |
| TOTAL FUNDS EMPLOYED | 801 | 1584 | 2551 | 3329 | 5219 |
| RATIOS : | | | | | |
| OPERATING MARGIN TO SALES (%) | 6.7 | 7.0 | 10.4 | 9.5 | 10.0 |
| PROFIT TO SALES (%) | 2.3 | 1.8 | 2.9 | 2.7 | 4.2 |
| EFFECTIVE TAX RATE (%) | 46.2 | 53.8 | 58.2 | 57.3 | 38.1 |
| CURRENT RATIO (No. of times) | 1.28 | 1.41 | 1.93 | 1.65 | 1.83 |
| TOTAL DEBT/EQUITY (No. of times) | 1.43 | 1.58 | 1.01 | 0.80 | 0.76 |
| EPS (Rs.) | 27.1 | 31.7 | 13.7* | 14.1 | 26.3 |

* ON ENHANCED CAPITAL

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have pleasure in presenting the Seventh Annual Report of the Company together with the audited accounts for the year ended March 31, 1995.

1. FINANCIAL RESULTS

| | (Rs. lacs) | |
|--|------------|-----------|
| | 1994-95 | 1993-94 |
| Sales and Other Income | 28,439.07 | 23,728.07 |
| Profit Before Tax | 1,906.65 | 1,490.82 |
| Tax | 725.00 | 855.00 |
| Profit After Tax | 1,181.65 | 635.82 |
| Add: Brought Forward | 252.56 | 220.74 |
| | 1,434.21 | 856.56 |
| Less: Dividend | 67.50 | 54.00 |
| Transfer to General Reserve | 1,000.00 | 500.00 |
| Transfer to Debenture Redemption Reserve | 50.00 | 50.00 |
| Balance Carried Forward | 316.71 | 252.56 |

2. DIVIDEND

Your Directors recommend a dividend of 15% (i.e. Rs. 1.50 per share of Rs. 10/- each), subject to deduction of tax at source which if approved by the Shareholders at the Annual General Meeting will absorb Rs. 67.50 lacs (previous year Rs. 54 lacs).

3. CAPITAL

In order to ensure that the equity share capital appropriately reflects the capital employed in the business, your Directors recommend that a sum of Rs. 9 crores (Rupees Nine Crores) be capitalised out of the amount standing to the credit of General Reserve as at 31st March, 1995 and that such sum be applied in paying up in full 90 lacs fresh equity shares of Rs. 10/- each at par to be allotted as bonus shares to the holders of equity shares of the Company as on July 28, 1995 in proportion of two new equity shares for every equity share held by such holder. The said proposal, if approved by the members, would augment the paid-up capital to Rs. 13.50 crores.

4. OPERATIONS

Compared to 13% in the previous year, revenues registered a growth of 20% during the year,

increasing from Rs. 237 crores to Rs. 284 crores. Profits before tax increased by 28% to Rs. 19.07 crores and profits after tax by as much as 86% to Rs. 11.82 crores. The net worth of the Company now stands at almost Rs. 30 crores and has been built up in just five years since the Company began commercial operations in its current identity. The extremely high level of profits ploughed back in the business has significantly helped in strengthening the financial structure, as reflected by various ratios.

Despite the competitive environment, the Company managed to enhance its market shares in all product categories. Substantial investments were made in the brands, both established and newly launched, and the growth in the market shares is a testimony to the increasing equities of the various brands. The continuing profit growth is a reflection of the growing franchise of the brands.

Parachute Coconut Oil, amongst the top selling consumer brands in the country, continued to grow in volumes. Parachute, as the clear market leader, is consistently endeavouring to expand the market for branded coconut oil and in the process increase its franchise amongst the consumers. The strategy to bring more consumers into its fold rests on the assurance of purity, clarity and value for money offered by Parachute.

In the refined edible oils category, the Company has two powerful brands, viz. Saffola, the only nationally recognised refined kardi oil and Sweekar, one of the largest selling refined sunflower oil. The combined sales of these two brands increased by as much as 59% and crossed the Rs. 100 crore mark. This makes the Company one of the largest manufacturers of refined edible oils sold in consumer packs. Incidentally, the Company has consciously stayed away from the bulk business and focussed only on the branded segment in consonance with its mission to service the needs of the consumers with value added fast moving products in convenient consumer packs.

Operations at the newly established copra crushing plant at Kanjikode, Kerala have stabilised and the plant is now operating at full capacity. Additional expellers have been installed to augment capacity to meet the increasing load on this plant. Similarly, the Jalgaon plant too is operating at full capacity. Emerging shortage in

the near future due to increasing demand may necessitate further capacity expansion at Jalgaon also.

5. ACCOUNTS

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 further explanation is deemed necessary.

6. DIRECTORS

Mr. J. V. Mariwala resigned from the Board on February 23, 1995. In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. H. C. Mariwala and Mr. C. V. Mariwala are liable to retire by rotation and being eligible, offer themselves for re-appointment.

7. OTHER INFORMATION

7.1 Information required in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure to this Report.

7.2 In addition, information in accordance with provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars

of Employees) Rules, 1975, and forming part of this Report is annexed.

8. AUDITORS

Messrs. Dalal Desai & Kumana, Chartered Accountants, retire and are eligible for re-appointment as Auditors.

9. EMPLOYEE RELATIONS

Relations between employees and the management have remained cordial and the Directors wish to place on record their appreciation for the co-operation and support received.

10. ACKNOWLEDGEMENT

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and other business associates.

On behalf of the Board of Directors

Place : Bombay
Dated : June 23, 1995.

C. V. MARIWALA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Research & Development Expenditure and Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

- i) Improved energy utilisation by Motor load rationalisation and rating adjustments in Refinery.
- ii) Installation of power factor improvement devices at various plants to improve efficiency.
- iii) Installation of heat recovery equipment to improve Boiler efficiency.
- iv) Process improvement to improve raw material preparation and conditioning for energy efficient expelling.

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

B. Research & Development :

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange Earnings and Outgo :

New markets are being developed to promote the exports of Company's products and steps have been initiated to improve the infrastructure in the markets already tapped.

The details of total foreign exchange used and earned are disclosed in Schedule 'Q' to accounts.

ENCLOSURE 'A'

A. Power & Fuel Consumptions :

| | 1994-95 | 1993-94 |
|-----------------------------|-----------|-----------|
| 1 Electricity | | |
| a) Purchased Unit (Kwh) | 50,34,780 | 33,46,120 |
| Total Amount (Rs. lacs) | 101.60 | 83.62 |
| Rate (Rs./Unit) | 2.02 | 2.50 |
| b) Own Generation | | |
| i) Units | 1,03,380 | Nil |
| Amount (Rs. lacs) | 2.69 | Nil |
| Rate (Rs./Unit) | 2.60 | Nil |
| ii) Through Steam Generator | Nil | Nil |
| 2 Coal (Used for Boiler) | | |
| Quantity (M.T) | Nil | Nil |
| Total Cost (Rs.) | Nil | Nil |
| Average Rate (Rs./Ton) | Nil | Nil |

| | 1994-95 | 1993-94 |
|---|-----------|----------|
| 3 Furnace Oil | | |
| Quantity (K.Ltrs) | 1,397.447 | 638.149 |
| Amount (Rs. lacs) | 79.76 | 38.45 |
| Average Rate (Rs./Kl) | 5,707.27 | 6,025.88 |
| 4 Other Internal Generation L.D.O./H.S.D. | | |
| Quantity (K.Ltrs.) | 295.85 | 681.029 |
| Amount (Rs. lacs) | 19.70 | 45.35 |
| Average Rate (Rs./Kl) | 6,659.55 | 6,659.12 |

CONSUMPTION PER UNIT OF PRODUCTION

| Edible Oil | Unit | Consumption per Unit of Production | |
|-------------|-------|------------------------------------|---------|
| | | 1994-95 | 1993-94 |
| Electricity | Kwts | 153.41 | 153.48 |
| Coal | M.T | Nil | Nil |
| Furnace Oil | K.Ltr | 0.04 | 0.03 |

ENCLOSURE 'B'

Research & Development

- 1 Specific areas in which R&D carried out by the Company
 - Development of new products
 - Improvement of product quality
 - Process Improvement
- 2 Benefits derived as a result of the above R&D: Launching of new products, improvement in product quality and cost reduction.
- 3 Expenditure on R&D

| | Rs. lacs |
|--|----------|
| a) Capital | 6.70 |
| b) Recurring | 65.47 |
| Total | 72.17 |
| c) Total R&D expenditure as a percentage of total turnover | 0.25% |

For and on behalf of the Board of Directors

Place : Bombay
Dated : June 23, 1995

C. V. MARIWALA
Chairman

AUDITORS' REPORT

To,
The Members of Marico Industries Limited

We have audited the attached Balance Sheet of Marico Industries Limited as at 31st March, 1995 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with schedules annexed thereto, Statement of Significant Accounting Policies in Schedule 'S' and read with notes to accounts in Schedule 'R', give the information required by the Companies Act, 1956 in the manner so required and subject to note 11 of Schedule 'R' regarding basis of depreciating certain assets and corresponding effect thereof give a true and fair view :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1995 and
 - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we report that :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased

manner. No material discrepancies were noticed in case of assets verified.

2. None of the fixed assets has been revalued during the year.
3. The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans from companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined in Section 370(1B) of the Companies Act, 1956.
8. The Company has given loan to a company listed in the register maintained under Section 301 of the said Act. The rate of interest and other terms and conditions of the loan are not *prima facie* prejudicial to the interest of the Company.
9. Loans or advances in the nature of loans given are being repaid as stipulated together with interest, wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchases and sales of goods and materials made in pursuance of contracts or

MARICO INDUSTRIES LIMITED

- arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, other than those transactions for which alternative comparisons are not available, have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices where such market prices are available with the Company or the price at which similar transactions were made with other parties.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and material dealt in and provision for loss in respect thereof has been made in the accounts.
 13. The Company has not accepted any deposit from the public to which the provisions of Section 58A and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
 14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
 15. The Company has an internal audit system commensurate with its size and the nature of its business.
 16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
 17. The Company has regularly deposited provident fund dues and Employees State Insurance dues with the appropriate authorities. There were no arrears at year end.
 18. There are no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, custom duty & excise duty which have remained outstanding as at year end for a period of more than six months from the date they became payable.
 19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
 20. The Company is not a sick industrial company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Dalal Desai & Kumana
Chartered Accountants

Place : Bombay
Dated : June 23, 1995.

MAHESH ASRANI
Partner

MARICO INDUSTRIES LIMITED

BALANCE SHEET as at 31st March

| | SCHEDULE | 1995 Rs. lacs | 1994 Rs. lacs |
|---|----------|------------------|------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Capital | A | 450.00 | 450.00 |
| Reserves & Surplus | B | 2,516.71 | 1,402.56 |
| | | 2,966.71 | 1,852.56 |
| Loan Funds | | | |
| Secured Loans | C | 1,752.51 | 1,325.92 |
| Unsecured Loans | D | 500.00 | 150.00 |
| | | 2,252.51 | 1,475.92 |
| | | 5,219.22 | 3,328.48 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 2,856.16 | 1,755.38 |
| Less: Depreciation | | 674.81 | 371.23 |
| | | 2,181.35 | 1,384.15 |
| Net Block | | 522.06 | 288.97 |
| Capital Work-in-Progress | | 2,703.41 | 1,673.12 |
| Investments | | | |
| | F | 71.33 | 66.63 |
| Current Assets, Loans and Advances | | | |
| Inventories | G | 2,275.03 | 1,856.30 |
| Sundry Debtors | H | 1,172.16 | 898.79 |
| Cash and Bank Balances | I | 159.74 | 123.59 |
| Loans and Advances | J | 1,766.71 | 1,155.84 |
| | | 5,373.64 | 4,034.52 |
| Less: Current Liabilities and Provisions | | | |
| Liabilities | K | 2,861.66 | 2,355.12 |
| Provisions | L | 67.50 | 90.67 |
| | | 2,929.16 | 2,445.79 |
| Net Current Assets | | 2,444.48 | 1,588.73 |
| | | 5,219.22 | 3,328.48 |

For Notes forming part of the Accounts and Accounting Policies, see Schedules 'R' & 'S' respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

For and on behalf of the Board of Directors

MAHESH ASRANI
Partner

P. SANKER
Secretary

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place : Bombay
Dated : June 23, 1995.

Place : Bombay
Dated : June 23, 1995.

MARICO INDUSTRIES LIMITED**PROFIT AND LOSS ACCOUNT
For the year ended 31st March**

| | SCHEDULE | 1995 Rs. lacs | 1994 Rs. lacs |
|---|----------|------------------|------------------|
| INCOME: | | | |
| Sales | Q | 28,334.24 | 23,643.85 |
| Other Income | M | 104.83 | 84.22 |
| | | <u>28,439.07</u> | <u>23,728.07</u> |
| EXPENDITURE: | | | |
| Cost of Materials | N | 16,075.65 | 13,266.39 |
| Manufacturing and Other Expenses | O | 9,522.23 | 8,217.94 |
| Finance Charges | P | 610.74 | 582.89 |
| Depreciation | E | 323.80 | 170.03 |
| | | <u>26,532.42</u> | <u>22,237.25</u> |
| PROFIT BEFORE TAX | | 1,906.65 | 1,490.82 |
| Provision for Tax | | 725.00 | 855.00 |
| PROFIT AFTER TAX | | 1,181.65 | 635.82 |
| Balance brought forward | | 252.56 | 220.74 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | <u>1,434.21</u> | <u>856.56</u> |
| APPROPRIATIONS | | | |
| Dividend (Subject to tax) | | 67.50 | 54.00 |
| General Reserve | | 1,000.00 | 500.00 |
| Debenture Redemption Reserve | | 50.00 | 50.00 |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | <u>316.71</u> | <u>252.56</u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules 'R' & 'S' respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

For and on behalf of the Board of Directors

MAHESH ASRANI
Partner

P. SANKER
Secretary

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place : Bombay
Dated : June 23, 1995.

Place : Bombay
Dated : June 23, 1995.

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'A' SHARE CAPITAL | As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|---|---|---|
| Authorised : | | |
| 1,49,00,000 Equity Shares of Rs. 10/- each (49,00,000) | 1,490.00 | 490.00 |
| 10,000 14% Cumulative Redeemable Preference Shares of (10,000) Rs. 100/- each | <u>10.00</u> | <u>10.00</u> |
| | <u>1,500.00</u> | <u>500.00</u> |
| Issued, Subscribed and Paid up: | | |
| 45,00,000 Equity Shares of Rs. 10/- each fully paid up (45,00,000) including 30,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve | <u>450.00</u> | <u>450.00</u> |

| SCHEDULE 'B' RESERVES AND SURPLUS | As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|--|---|---|
| GENERAL RESERVE As per last Balance Sheet <i>Add:</i> Transfer from Profit and Loss Account | <u>1,100.00</u> <u>1,000.00</u> | 600.00 <u>500.00</u> |
| | 2,100.00 | 1,100.00 |
| DEBENTURE REDEMPTION RESERVE | 100.00 | 50.00 |
| PROFIT AND LOSS ACCOUNT | <u>316.71</u> | <u>252.56</u> |
| | <u>2,516.71</u> | <u>1,402.56</u> |

| SCHEDULE 'C' SECURED LOANS | As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|---|---|---|
| Non-Convertible Debentures (Note 1) | 300.00 | 300.00 |
| From banks (Note 2) | 612.48 | 698.09 |
| From Financial Institutions (Note 3) | <u>840.03</u> | <u>327.83</u> |
| | <u>1,752.51</u> | <u>1,325.92</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'C'
SECURED LOANS (Contd.)

NOTES :-

- 1 Non-Convertible Debentures issued to GIC Mutual Fund are secured by first legal mortgage on all the company's properties at Jalgaon, including Plant & Machinery (excluding the assets on which exclusive charge has been created) and a floating charge on all other movable assets of the Company subject to prior charges created in favour of the Company's bankers. The Debentures are redeemable at par in June 1996.
- 2 Secured by hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by the Directors of the Company.
- 3 Loan from financial institutions include :
 - i) deferred payment credit of Rs. 49.10 lacs (Rs. 73.66 lacs), co-accepted by the Company's bankers against hypothecation of all tangible movable properties including stock in trade and machinery situated at Jalgaon factory; and also guaranteed by the directors of the Company (including a former Director). Repayable within a year Rs. 24.55 lacs (Rs. 24.55 lacs).
 - ii) term loan of Rs. 290.93 lacs (Rs. 254.18 lacs), secured by an exclusive charge by way of hypothecation of specific equipments. Repayable within a year Rs. 67.63 lacs (Rs. 45.12 lacs).
 - iii) term loan of Rs. 500.00 lacs (Rs. Nil), guaranteed by the Managing Director, to be secured by a mortgage of immovable properties at Kanjikode and a negative lien on other properties at Bombay.

SCHEDULE 'D'
UNSECURED LOANS

Short Term Loans :

From Companies

From Financial Institutions (Guaranteed by the Managing Director)

| | As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|--|---|---|
| | — | 150.00 |
| | 500.00 | — |
| | <u>500.00</u> | <u>150.00</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

(Rs. lacs)

SCHEDULE 'E' FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---|-----------------------|-----------------|------------------------|-----------------------|-----------------------|---------------|------------------------|-----------------------|-----------------------|-----------------------|
| | As at 31st March 1994 | Additions | Deletions/ Adjustments | As at 31st March 1995 | Up to 31st March 1994 | For the Year | Deletions/ Adjustments | Up to 31st March 1995 | As at 31st March 1995 | As at 31st March 1994 |
| Freehold Land | 14.99 | 0.21 | — | 15.20 | — | — | — | — | 15.20 | 14.99 |
| Leasehold Land | 22.93 | 9.51 | — | 32.44 | 1.09 | 0.32 | — | 1.41 | 31.03 | 21.84 |
| Building | 447.04 | 75.02 | — | 522.06 | 14.84 | 11.25 | — | 26.09 | 495.97 | 432.20 |
| Plant & Machinery | 1,203.19 | 724.31 | 27.00 | 1,900.50 | 342.86 | 304.45 | 20.17 | 627.14 | 1,273.36 | 860.33 |
| Furniture & Fittings | 50.03 | 6.52 | 0.47 | 56.08 | 10.60 | 5.93 | 0.05 | 16.48 | 39.60 | 39.43 |
| Trade Mark/Copyright | — | 300.00 | — | 300.00 | — | — | — | — | 300.00 | — |
| Vehicles | 17.20 | 12.68 | — | 29.88 | 1.84 | 1.85 | — | 3.69 | 26.19 | 15.36 |
| TOTAL | 1,755.38 | 1,128.25 | 27.47 | 2,856.16 | 371.23 | 323.80 | 20.22 | 674.81 | 2,181.35 | 1,384.15 |
| PREVIOUS YEAR | 874.58 | 881.39 | 0.59 | 1,755.38 | 201.21 | 170.03 | 0.01 | 371.23 | 522.06 | 288.97 |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | | |
| | | | | | | | | | 2,703.41 | 1,673.12 |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'F' | As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|--|---|---|
| INVESTMENTS - Non Trade (at Cost) | | |
| UNQUOTED | | |
| Government Securities - National Savings Certificates (Deposited with Government authorities) | 1.03 | 1.03 |
| Other Securities Nirma Ltd. Nil (700) Equity shares of Rs. 10/- each fully paid up | — | 0.77 |
| | <u>1.03</u> | <u>1.80</u> |
| QUOTED (Note 12 Schedule 'R') | | |
| UTI - Unit '64 146580 (122150) Units of Rs. 10 each fully paid up | 25.88 | 22.27 |
| Associated Cement Co. Ltd. 50 (50) Equity shares of Rs. 100 each fully paid up | 1.90 | 1.90 |
| Bajaj Auto Ltd. 1000 (500) Equity shares of Rs. 10 each fully paid up | 6.12 | 6.12 |
| Brooke Bond Lipton India Ltd. 900 (900) Equity shares of Rs. 10 each fully paid up | 4.72 | 4.72 |
| Tata Power Ltd. 250 (250) Equity shares of Rs. 100 each fully paid up | 6.10 | 6.10 |
| Carrier Aircon Ltd. 5000 (4700) Equity shares of Rs. 10 each fully paid up | 3.45 | 3.24 |
| India Securitles Ltd. 14350 (10000) Equity shares of Rs. 10 each fully paid up | 10.82 | 10.04 |
| Majestic Auto Ltd. 1000 (1000) Equity shares of Rs. 10 each fully paid up | 2.97 | 2.97 |
| Master Gain-92 58000 (56600) Units of Rs. 10 each fully paid up | 7.66 | 7.47 |
| Nirma Ltd. 300 (700) Equity shares of Rs. 10 each fully paid up | 0.33 | — |
| LML Ltd. 600 (Nil) Equity shares of Rs. 10 each fully paid up (2050 shares purchased and 1450 shares sold during the year) | 0.35 | — |
| | <u>70.30</u> | <u>64.83</u> |
| | <u>71.33</u> | <u>66.63</u> |
| SCHEDULE 'G' | | |
| INVENTORIES | | |
| (As per Inventories valued and certified by the management - Note 3 of Schedule 'S') | | |
| Raw Materials | 408.67 | 399.91 |
| Packing Materials | 454.78 | 246.57 |
| Stores, Spares & Chemicals | 36.69 | 38.48 |
| Work-in-Process | 17.50 | 24.81 |
| Finished Products | 1,329.44 | 1,131.16 |
| By-Products | 27.95 | 15.37 |
| | <u>2,275.03</u> | <u>1,856.30</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'H'

SUNDRY DEBTORS

(Unsecured : considered good)

Over Six months

Others

| As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|---|---|
| 138.13 | 87.83 |
| 1,034.03 | 810.96 |
| <u>1,172.16</u> | <u>898.79</u> |

SCHEDULE 'I'

CASH AND BANK BALANCES

Cash on hand

Remittances in transit

Balances with Banks:

(Note 5 Schedule 'R')

Fixed Deposits (lodged with Govt. authorities)

Margin Account (Against Letters of Credit &

Bank Guarantees)

In Current Accounts

| As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|---|---|
| 4.47 | 4.62 |
| 13.50 | 8.33 |
| 1.25 | 1.25 |
| 41.01 | 44.40 |
| 99.51 | 64.99 |
| 141.77 | 110.64 |
| <u>159.74</u> | <u>123.59</u> |

SCHEDULE 'J'

LOANS AND ADVANCES

(Unsecured : considered good)

Advances recoverable in cash or in
kind or for value to be received

Deposits

Advance Tax (Net of Provisions)

Balance with Central Excise Authorities

Interest accrued on — Investments

— Others

| As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|---|---|
| 798.84 | 424.89 |
| 933.48 | 728.26 |
| 30.62 | — |
| 0.17 | 0.10 |
| 0.62 | 0.44 |
| 2.98 | 2.15 |
| <u>1,766.71</u> | <u>1,155.84</u> |

SCHEDULE 'K'

CURRENT LIABILITIES

Sundry Creditors

Advances from customers

Other Liabilities

Security Deposits

Interest accrued but not due

| As at 31st March 1995 Rs. lacs | As at 31st March 1994 Rs. lacs |
|---|---|
| 2,238.11 | 1,927.11 |
| 13.71 | 5.33 |
| 209.93 | 144.99 |
| 364.72 | 264.26 |
| 35.19 | 13.43 |
| <u>2,861.66</u> | <u>2,355.12</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'L' PROVISIONS | As at | As at |
|----------------------------|--------------------------------|--------------------------------|
| | 31st March 1995 Rs. lacs | 31st March 1994 Rs. lacs |
| Tax (Net of Advances) | — | 36.67 |
| Dividend | 67.50 | 54.00 |
| | <u>67.50</u> | <u>90.67</u> |

| SCHEDULE 'M' OTHER INCOME | 1994-95 | 1993-94 |
|--|---------------|--------------|
| | Rs. lacs | Rs. lacs |
| Income from Investments (Gross) | 3.64 | 0.16 |
| Tax deducted at source Rs. 0.86 lacs (Rs. NIL) | 49.53 | 32.66 |
| Interest from Banks & Others (Gross) | 51.66 | 51.40 |
| Tax deducted at source Rs. 6.16 lacs (Rs. 5.95 lacs) | 104.83 | 84.22 |
| Miscellaneous Income | | |
| | <u>104.83</u> | <u>84.22</u> |

| SCHEDULE 'N' COST OF MATERIALS | 1994-95 | 1993-94 |
|-----------------------------------|------------------|------------------|
| | Rs. lacs | Rs. lacs |
| RAW MATERIALS: | | |
| Opening Stock | 399.91 | 289.34 |
| Add : Purchases | 14,844.67 | 12,082.57 |
| Less : Closing Stock | 408.67 | 399.91 |
| | <u>14,835.91</u> | <u>11,972.00</u> |
| PURCHASE OF FINISHED PRODUCTS | 1,443.29 | 1,575.09 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK | | |
| Work-in-Process | 24.81 | 15.37 |
| By-products | 15.37 | 47.29 |
| Finished Products | 1,131.16 | 827.98 |
| | <u>1,171.34</u> | <u>890.64</u> |
| CLOSING STOCK | | |
| Work-in-Process | 17.50 | 24.81 |
| By-products | 27.95 | 15.37 |
| Finished Products | 1,329.44 | 1,131.16 |
| | <u>1,374.89</u> | <u>1,171.34</u> |
| | (203.55) | (280.70) |
| | <u>16,075.65</u> | <u>13,266.39</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'O' MANUFACTURING AND OTHER EXPENSES | 1994-95 Rs. lacs | 1993-94 Rs. lacs |
|---|---------------------|---------------------|
| Employee Cost : | | |
| Salaries, Wages and Bonus | 450.40 | 350.43 |
| Contribution to Provident Fund and Other Funds | 33.16 | 35.73 |
| Welfare Expenses | <u>107.93</u> | <u>92.72</u> |
| Reimbursement, including claims, of Conversion & Other charges | 591.49 | 478.88 |
| Stores, Spares & Chemicals Consumed | 639.89 | 711.54 |
| Packing Materials Consumed | 248.60 | 141.04 |
| Power, Fuel and Water | 3,492.44 | 3,150.81 |
| Rent and Storage Charges | 223.89 | 186.23 |
| Repairs : Buildings | 229.29 | 202.65 |
| Machinery | 34.25 | 22.41 |
| Others | 43.99 | 22.56 |
| | <u>14.16</u> | <u>22.59</u> |
| Freight and Forwarding Charges | 92.40 | 67.56 |
| Advertisement and Sales Promotion | 913.89 | 619.67 |
| Rates and Taxes | 1,790.22 | 1,626.10 |
| Sales Tax | 9.91 | 7.95 |
| Printing, Stationery & Communication Expenses | 236.31 | 228.18 |
| Travelling, Conveyance & Vehicle Expenses | 148.75 | 113.76 |
| Royalty | 281.90 | 207.53 |
| Insurance | 156.08 | 143.64 |
| Miscellaneous Expenses | 18.75 | 14.14 |
| | <u>448.42</u> | <u>318.26</u> |
| | <u>9,522.23</u> | <u>8,217.94</u> |

| SCHEDULE 'P' FINANCE CHARGES | 1994-95 Rs. lacs | 1993-94 Rs. lacs |
|---------------------------------|---------------------|---------------------|
| Interest on Fixed Loans | | |
| Other Interest | 221.24 | 158.50 |
| Bank Charges | 215.74 | 259.40 |
| | <u>173.76</u> | <u>164.99</u> |
| | <u>610.74</u> | <u>582.89</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK

| Sr. No. | Particulars | Year ended 31st March | Licensed Capacity M.T. (Notes I, II & III) | Installed Capacity | | Opening Stock | | Production | | Purchases | | Turnover | | Closing Stock | |
|---------|--|-----------------------|--|--------------------|----------|---------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|---------------|-----------------|
| | | | | M.T. | M.T. | Quantity MT | Amount Rs. lacs | Quantity MT | Amount Rs. lacs | Quantity MT | Amount Rs. lacs | Quantity MT | Amount Rs. lacs | Quantity MT | Amount Rs. lacs |
| 1 | Raw Oils (Finished Products) | 1995 | 31,300 | 31,300 | 1333.684 | 559.24 | 15220.696 | 840.820 | 289.12 | 20199.104 | 14,832.80 | 1384.246 | 581.99 | | |
| | | 1994 | 31,300 | 31,300 | 790.583 | 493.78 | 9577.389 | 2482.250 | 1,037.35 | 18876.678 | 14,920.47 | 1333.684 | 559.24 | | |
| 2 | Refined Oils | 1995 | 27,500 | 27,500 | 1195.164 | 418.77 | 17598.060 | 401.886 | 146.39 | 20202.584 | 10,098.42 | 1196.646 | 502.78 | | |
| | | 1994 | 27,500 | 27,500 | 922.525 | 280.35 | 12223.910 | 308.329 | 87.37 | 13995.369 | 6,352.03 | 1195.164 | 418.77 | | |
| 3 | By-Products (Note V) | 1995 | — | — | 284.456 | 15.37 | 16948.674 | — | — | 18632.532 | 971.79 | 348.845 | 27.95 | | |
| | | 1994 | — | — | 689.843 | 47.29 | 10082.448 | — | — | 14054.932 | 695.48 | 284.456 | 15.37 | | |
| 4 | Hair Oils (Note VI) | 1995 | — | — | 42.338 | 45.10 | — | — | — | 815.304 | 1,037.82 | 69.926 | 68.06 | | |
| | | 1994 | — | — | 26.179 | 27.32 | — | — | — | 809.081 | 967.40 | 42.338 | 45.10 | | |
| 5 | Others (Note VII) (Includes Processed Foods) | 1995 | — | — | — | 108.05 | — | — | — | 1,007.78 | — | — | 176.61 | | |
| | | 1994 | — | — | — | 86.53 | — | — | — | 450.37 | 708.47 | — | 108.05 | | |
| TOTAL | | 1995 | | | | 1,146.53 | | | 1,443.29 | | 28,334.24 | | 1,357.39 | | |
| | | 1994 | | | | 875.27 | | | 1,575.09 | | 23,643.85 | | 1,146.53 | | |

Notes :

I) The capacities as per the industrial licences held by the Company, capacities as per Memorandum of Understanding filed with the Central Government and installed capacities, as the case may be, have been considered as licenced capacities for the respective product categories. The industry presently is not subject to any licensing restriction.

II) The Company holds a licence to crush 60000 MT of oilseeds to produce refined oil. The corresponding installed capacity is 32400 MT.

III) The installed capacities are certified by the management on a three shift basis. (@ Includes on lease basis).

IV) Excludes processed by others

Year Ended 31st March
1995 1994

| | | |
|--|----------|----------|
| Raw oils | 4193.000 | 7515.900 |
| By products | 2348.247 | 3567.097 |
| Refined oil | 2416.767 | 1735.769 |
| Includes used for internal consumption | | |
| Raw oil | 4.850 | 135.760 |
| Refined oil | 212.647 | — |

V) By products production is exclusive of :-
4951.775 M.T. (P.Y. 6773.772 M.T.) consumed during processing by others.
575.250 M.T. (P.Y. 419.533 M.T.) consumed during processing.

VI) Produced by others Qty in KL.

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

MARICO INDUSTRIES LIMITED

ADDITIONAL INFORMATION

SCHEDULE 'Q'

B) RAW MATERIALS CONSUMED

| | 1994-95 | | 1993-94 | |
|-----------|------------------|-------------------|------------------|-------------------|
| | Quantity M.T. | Value Rs. lacs | Quantity M.T. | Value Rs. lacs |
| Oil seeds | 41,856 | 8,271.85 | 34,774 | 7,845.43 |
| Raw oils | 18,478 | 6,159.66 | 13,019 | 3,642.36 |
| Others | — | 404.40 | — | 484.21 |
| | | <u>14,835.91</u> | | <u>11,972.00</u> |

C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED

| | 1994-95 | | 1993-94 | |
|------------------------------|---------------|-------------------|---------------|-------------------|
| | % | Value Rs. lacs | % | Value Rs. lacs |
| Raw material | | | | |
| Imported | 0.35 | 52.12 | 0.51 | 61.58 |
| Indigenous | 99.65 | 14,783.79 | 99.49 | 11,910.42 |
| | <u>100.00</u> | <u>14,835.91</u> | <u>100.00</u> | <u>11,972.00</u> |
| Stores, Spares and Chemicals | | | | |
| Imported | — | — | 3.75 | 5.29 |
| Indigenous | 100.00 | 248.60 | 96.25 | 135.75 |
| | <u>100.00</u> | <u>248.60</u> | <u>100.00</u> | <u>141.04</u> |

D) VALUE OF IMPORTS ON C.I.F. BASIS

| | 1994-95 Rs. lacs | 1993-94 Rs. lacs |
|------------------------------|---------------------|---------------------|
| Raw material | 52.12 | 61.58 |
| Stores, spares and Chemicals | — | 5.29 |
| Capital Goods | 1.30 | 7.67 |
| | <u>53.42</u> | <u>74.54</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | 1994-95 Rs. lacs | 1993-94 Rs. lacs |
|-----------------------------|---------------------|---------------------|
| Packing Material | 257.98 | 315.58 |
| Travelling & other expenses | 56.98 | 19.36 |
| | <u>314.96</u> | <u>334.94</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | 1994-95 Rs. lacs | 1993-94 Rs. lacs |
|-------------------------|---------------------|---------------------|
| F.O.B. Value of Exports | 279.79 | 190.60 |
| | <u>279.79</u> | <u>190.60</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'R'

NOTES:

1. Contingent liabilities not provided for in respect of :
 - i) Letters of Credit opened and outstanding Rs. 37.58 lacs (Rs. 44.71 lacs).
 - ii) Sales Tax Claims against the Company for which assessments have been completed, not acknowledged as debts Rs. 2.62 lacs (Rs. 1.79 lacs).
 - iii) Income Tax and Interest demand disputed before higher authorities :
 - a) by the Company Rs. 6.11 lacs (Rs. Nil)
 - b) by the Income Tax Department Rs. 11.92 lacs (Rs. Nil)
2.
 - i) Fixed Assets include office building costing Rs. 206.84 lacs (Rs. 146.77 lacs) for which conveyance has not yet been completed.
 - ii) The gross block of fixed assets includes Plant & Machinery given on lease Rs. 511.18 lacs (Rs. 108.43 lacs).
 - iii) The Company has acquired a Trade Mark/Copyright during the year and the formalities for registration are in progress.
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 473.82 lacs (Rs. 82.92 lacs), net of advances.
4. Advances recoverable in cash or in kind include due from a company under the same management viz. Kanmoor Foods Limited on account of:

| | |
|-----------------------------------|------------------------------------|
| Advances | Rs. 342.96 lacs (Rs. 174.60 lacs). |
| Maximum Balance | Rs. 619.40 lacs (Rs. 254.03 lacs). |
| Advance against Share application | Rs. 145.00 lacs (Rs. Nil). |
| Maximum Balance | Rs. 145.00 lacs (Rs. Nil). |
5. Cash and Bank balances include balances of Rs. 0.03 lacs (Rs. 0.04 lacs) held with Janata Sahakari Bank, Jalgaon, a non-scheduled bank. Maximum balance during the year Rs. 2.04 lacs (Rs. 1.20 lacs).
6. Sundry Creditors include acceptances Rs. 18.33 lacs (Rs. 47.87 lacs).
7. Miscellaneous expenses include Commission and Brokerage Rs. 6.10 lacs (Rs. 4.81 lacs), Donations Rs. 10.72 lacs (Rs. 10.68 lacs), Cash discount Rs. 3.67 lacs (Rs. 1.62 lacs), Loss on sale of assets Rs. 3.84 lacs (Rs. 0.06 lacs), Loss on Sale of Investments Rs. Nil (Rs. 2.28 lacs), Audit fees Rs. 1.50 lacs (Rs. 1.00 lac), Payment to Auditors for other services Rs. 0.79 lacs (Rs. 3.75 lacs), Payment to Auditors for out-of-pocket expenses Rs. 0.38 lacs (Rs. 0.12 lacs).
8. Miscellaneous income includes lease income Rs. 41.52 lacs (Rs. 35.00 lacs) and profit on sale of investment Rs. 1.74 lacs (Rs. Nil).
9. Research & Development Expenses aggregating to Rs. 72.18 lacs (Rs. 43.12 lacs) including depreciation of Rs. 6.70 lacs (Rs. 27.25 lacs) have been included under the relevant heads of expenses.
10. A sum of Rs. 17.97 lacs (Rs. 17.97 lacs) representing actuarial liability towards retirement gratuity in respect of employees of the Company, who were earlier employed by The Bombay Oil Industries Limited, is held by the Trustees of The Bombay Oil Industries Employees Gratuity Fund. This amount has been recognised while determining the actuarial liability towards retirement gratuity of the Company during the year.
11. In accordance with the policy consistently followed by the company :
 - i) Depreciation on fixed assets given on lease has been charged at rates prescribed under the Income Tax Act and not at rates that would depreciate the asset over the period of lease. Depreciation for the year is therefore higher by Rs. 165.91 lacs (Rs. 23.81 lacs). The company has recognised income from lease rentals of Rs. 41.52 lacs (Rs. 35.00 lacs) in the accounts.
 - ii) Depreciation on fixed assets used for Research & Development has been charged at 100% and not at rates specified in Schedule XIV. Depreciation for the year is higher by Rs. 6.48 lacs (Rs. 24.80 lacs).

MARICO INDUSTRIES LIMITED

12. Aggregate cost of quoted investments **Rs. 70.30 lacs** (Rs. 64.83 lacs). Aggregate market value **Rs. 67.08 lacs** (Rs. 56.49 lacs). Fluctuations in the values of investments, being insignificant, have not been provided for.
13. Confirmations have not been called for debtors, creditors and advances. However, the balances on review are considered receivable or payable as the case may be.
14. Payments to suppliers in the small scale sector are made in accordance with agreed credit terms. The interest, if any, on overdue amounts as at 31st March 1995, has neither been claimed nor ascertained.
15. Pursuant to the amendment to Accounting Standard 11 dealing with Accounting for effects of changes in Foreign Exchange Rates, the current assets and liabilities are now stated at the rates prevailing at the close of the financial year without any resulting impact on the operating results for the year.
16. Managerial Remuneration :

i) Calculation of Commission payable to the Managing Director :

| | 1994-95 Rs. lacs | 1993-94 Rs. lacs |
|--|---------------------|---------------------|
| Profit before taxation | 1,906.65 | 1,490.82 |
| <i>Add:</i> Director's Remuneration | 11.53 | 3.49 |
| Commission to Directors | 4.80 | 0.90 |
| Depreciation as per books | 323.80 | 170.03 |
| Loss on sale of assets | 3.84 | 0.06 |
| Loss on sale of Investments | — | 2.28 |
| | 343.97 | 176.76 |
| <i>Less:</i> Depreciation as per Sec. 350 | 467.68 | 230.28 |
| Loss on sale of assets as per Sec. 350 (net) | 3.19 | 0.04 |
| Profit on sale of Investments | 1.74 | — |
| | 472.61 | 230.32 |
| Profit as per Sec. 349 | 1,778.01 | 1,437.26 |
| Commission to Managing Director @ 1% of net profit | 17.78 | 14.37 |
| Restricted to | 4.80 | 0.90 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | 6.00 | 1.80 |
| ii) Commission | 4.80 | 0.90 |
| iii) Contribution to Provident Fund and Pension Fund | 1.50 | 0.18 |
| iv) Other Perquisites | 4.03 | 1.35 |
| | 16.33 | 4.23 |

The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount based on actuarial valuation.

17. Figures in brackets pertain to previous year which are regrouped wherever necessary.

SCHEDULES TO ACCOUNTS

SCHEDULE 'S'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets are capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.
- 2.1 Depreciation on Fixed Assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except as stated in paras 2.2 to 2.5 below. Depreciation on additions and deletions during the year has been provided on *pro rata* basis with reference to the month of addition / deletion. Extra shift depreciation has been provided on "Plant" basis.
- 2.2 Assets given on lease are depreciated at the rates prescribed under the Income Tax Act.
- 2.3 Assets used for Research and Development and Plant and Machinery costing less than Rs. 5,000 each are depreciated at 100%. Other fixed assets costing less than Rs. 5,000 each acquired after 31.3.1993 are depreciated at 100%.
- 2.4 Leasehold land is amortised over the balance period of lease.
- 2.5 No depreciation is provided on Trade Mark/Copyright.
- 3.1 Inventories are valued as follows :

| | |
|---|---|
| a) Raw materials | — at cost |
| b) Packing material | — at cost |
| c) Work-in-process | — at cost |
| d) Finished products | — at lower of cost or net realisable value |
| e) Stores & spares | — at cost |
| f) By-Products | — at net realisable value |
| g) Unserviceable/damaged finished products | — at estimated realisable value. |
- 3.2 Cost of finished goods and work-in-process is determined in accordance with the principles of direct costing.
- 3.3 Stores, Spares costing less than Rs. 1,500 are treated as consumed in the year of purchase.
4. Research & Development costs are charged as expense in the year in which they are incurred.
5. Sales are net of trade discount and exclusive of sales tax and are recognised on despatch of goods.
6. Liability towards retirement gratuity has been provided on the basis of actuarial valuation.
- 7.1 Foreign currency assets/liabilities covered by forward contracts are stated at the forward contract rates.
- 7.2 Foreign currency assets/liabilities not covered by forward contracts are restated at rates ruling at the close of the financial year.
- 7.3 Exchange rate differences relating to fixed assets are adjusted in the cost of the asset. Any other exchange differences are dealt with in the profit and loss account.

Signatures to Schedules A to S

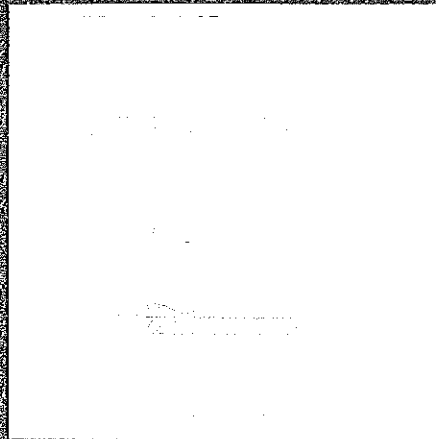
For and on behalf of the Board of Directors

Place : Bombay
Dated : June 23, 1995.

P. SANKER
Secretary

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director




MARICO®

MARICO INDUSTRIES LIMITED

| | |
|----------------------------|---|
| BOARD OF DIRECTORS | CHARANDAS VALLABHDAS MARIWALA <i>Chairman</i> HANSRAJ VALLABHDAS MARIWALA JAYSINH VALLABHDAS MARIWALA KISHORE VALLABHDAS MARIWALA HARSH CHARANDAS MARIWALA <i>Managing Director</i> |
| TOP MANAGEMENT TEAM | HARSH CHARANDAS MARIWALA <i>Managing Director</i> JESWANT NAIR <i>Vice President — Personnel</i> PRANAB DATTA <i>Vice President — Finance</i> RAJ AGGARWAL <i>Vice President — Marketing</i> SHREEKANT GUPTA <i>Vice President — Operations</i> ARVIND KUMAR <i>Vice President — Commodities & Exports</i> |
| SECRETARY | P. SANKER |
| BANKERS | STATE BANK OF SAURASHTRA INDIAN BANK ALLAHABAD BANK BANK OF BARODA |
| AUDITORS | DALAL DESAI & KUMANA |
| SOLICITORS | AMARCHAND & MANGALDAS & SURESH A. SHROFF & CO. |
| REGISTERED OFFICE | “RANG SHARDA” Krishnachandra Marg, Bandra Reclamation, Bandra West, BOMBAY 400 050. |
| WORKS | i) E — 10, M.I.D.C. Area, Jalgaon 425 003. ii) Industrial Development Area, Kanjikode — Menonpara Road, KANJIKODE, PALAKKAD 678 621. |

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of MARICO INDUSTRIES LIMITED will be held at "RANG SHARDA", Plot No. 791, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Bombay - 400 050, on December 23, 1994 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on March 31, 1994 and the Profit and Loss Account of the Company for the year ended on that date and the reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. J. V. Mariwala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. V. Mariwala who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :—

"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs. 5,00,00,000/- (Rupees Five Crores) divided into 49,00,000 (Forty Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each to Rs. 15,00,00,000 (Rupees Fifteen Crores) by creation of further 100,00,000 (One Hundred Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and that the Memorandum and Articles of Association of the Company be altered in the manner following :

- a. In place and stead of Clause V of the Memorandum of Association, the following shall be substituted :

The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores)

divided into 149,00,000 (One Hundred Forty Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each with power to increase and reduce the capital of the Company and/or divide the shares in the capital for the time being into several classes and attach hereto respectively such preferential or qualified rights, privileges or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may be permitted by the legislative provisions or by the Articles of Association of the Company for the time being in force.

- b. In place and stead of Article 3 of the Articles of Association, the following shall be substituted :

The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores) divided into 149,00,000 (One Hundred Forty Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each. The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its share capital subject to the provisions of the Act."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :—

"RESOLVED THAT in supersession of the resolution limiting the borrowing power of the Board of Directors of the Company upto Rs. 50 Crores (Rupees Fifty Crores Only) passed by the Company at the Extraordinary General Meeting held on March 23, 1993, the Board of Directors of the Company be and are hereby authorised under Section 293 (1) (d) of the Companies Act, 1956 to borrow money from time to time upto a limit not exceeding Rs. 75 Crores (Rupees Seventy Five Crores Only) in the aggregate notwithstanding the money to be borrowed, together with the monies already borrowed by the company (apart from the

MARICO INDUSTRIES LIMITED

temporary loans obtained from the company's bankers in the ordinary course of business), exceeds the aggregate of the paid up capital of the company and its free reserves i.e. to say reserve not set apart for any specific purpose."

3. THE RELATIVE EXPLANATORY STATEMENT, PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS UNDER ITEM NOS. 6 & 7 IS ANNEXED HERETO.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. DIVIDEND ON SHARES AS RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE MEETING, WILL BE PAID TO THOSE SHAREHOLDERS WHOSE NAMES STAND REGISTERED IN THE REGISTER OF MEMBERS AS ON DECEMBER 23, 1994.

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

Place : Bombay

Date : November 18, 1994

P. SANKER
Company Secretary

Registered Office :
"Rang Sharda",
Krishnachandra Marg,
Bandra Reclamation,
Bandra (West),
Bombay 400 050.

EXPLANATORY STATEMENT

Item No. 6

Considering the size of the Company's operations and its future requirements of Capital, it is proposed to increase the Share Capital of the Company from Rs. 5 Crores to Rs. 15 Crores. The increased Share Capital of Rs. 15,00,00,000 (Rupees Fifteen Crores Only) will consist of 149,00,000 (One Hundred Forty Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each.

The Amendment to Clause V of the Memorandum of Association and Article 3 of the Articles of Association are consequential to the increase of the Authorised Capital and the said amendments are being effected by Special Resolution.

None of the Directors are interested in the resolution.

Item No. 7

At the Extra Ordinary General Meeting of the Company held on March 23, 1993, the Company had accorded

its consent under Section 293 (1)(d) of the Companies Act, 1956 to the Board of Directors borrowing monies in excess of the aggregate of paid up capital and free reserves of the Company upto a limit of Rs. 50 Crores (apart from temporary loans obtained from the Company's bankers in the ordinary course of business). With the business operations of the Company growing at a rapid pace, the requirement of additional funds have also increased substantially.

The consent of the Company is sought by the resolution proposed at Item No. 7 of the Notice to enable the Board of Directors to borrow monies upto Rs. 75 Crores.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

For **MARICO INDUSTRIES LIMITED**

Place : Bombay

Date : November 18, 1994

P. SANKER

Company Secretary

Registered Office :

"Rang Sharda",
Krishnachandra Marg,
Bandra Reclamation,
Bandra (West),
Bombay 400 050.

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have pleasure in presenting the Sixth Annual Report of the Company together with the audited accounts for the year ended March 31, 1994.

1. FINANCIAL RESULTS

| | (Rupees in Lacs) | |
|--|------------------|----------|
| | 1993-94 | 1992-93 |
| Sales and Other Income | 23728.08 | 21065.62 |
| Profit Before Tax | 1490.82 | 1479.02 |
| Tax | 855.00 | 860.00 |
| Profit After Tax | 635.82 | 619.02 |
| Add: Brought Forward | 220.74 | 124.60 |
| | 856.56 | 743.62 |
| Less: Dividend | 54.00 | 22.88 |
| Transfer to General Reserve | 500.00 | 500.00 |
| Transfer to Debenture Redemption Reserve | 50.00 | — |
| Balance Carried Forward | 252.56 | 220.74 |

2. DIVIDEND

Your Directors recommend a dividend payment of 12% (Rs. 1.20 per equity share of Rs. 10/- each), subject to deduction of tax at source which, if approved by the Shareholders at the Annual General Meeting will absorb Rs. 54 lacs (previous year Rs. 22.88 lacs). The quantum of dividend on the pre-bonus capital works out to 36%.

3. CAPITAL

3.1 Considering the present and envisaged volume of business, the present authorised capital of the company appears to be inadequate. It is hence proposed to augment it to Rs. 15 crores.

3.2 The approval of the shareholders required for this purpose is sought in terms of the resolution proposed in Item No. 6 of the Notice convening the Annual General Meeting.

4. OPERATIONS

Turnover for the year increased from Rs. 211 crores to Rs. 237 crores, registering a growth of around 13%. This growth was lower than the earlier years mainly because of drop in unit values in the main product groups undertaken to pass on the benefits of the lower material costs to the consumers.

However, all the products recorded handsome gains in volumes compared to the previous year. In particular, the edible oils, Saffola and Sweekar, recorded sharp increases. Hair & Care, which was nationally launched in 1991-92 has made steady progress in sales and market share. Our Company has commenced exporting this product.

Revive, the instant cold water fabric starch, which was nationally launched during the year, is steadily finding increased acceptance from the consumers. The distribution network for this product is being expanded. Similarly, the foray into processed foods through marketing of the SiL range of jams and other processed foods has taken off satisfactorily. The market share of 'SiL' has, in a short span, increased substantially and sales are expected to grow further in the coming years.

Profits before tax increased marginally from Rs. 14.79 crores to Rs. 14.91 crores. The Company has been able to maintain profits despite substantial increase in advertising and sales promotion expenses which became inevitable to combat competition, improve market shares, expand the market and develop the equity of the newer brands that were launched during the year. This strategy while, no doubt, having long term benefits, has enabled the Company expand its presence in the growing fast moving consumer product business in the short term as well.

5. ACCOMPLISHMENTS

In January 1994, the Company was presented the National Award for outstanding work in HRD from the prestigious National HRD Network. This was in recognition of the Company's contribution to HRD philosophy and practices and was taken as an example of how HRD practices can be integrated into organisational strategies, systems and procedures and utilised as an instrument in making the organisation and its people proactive and responsive to gain competitive edge.

The Company's leading product, Saffola was recognised and received the 'Outstanding Brand of the year 1993-94' award from the The Advertising Club, Bombay.

The Company's Commercial Paper Programme which was earlier rated A1, indicating highest safety regarding timely payment was upgraded to A1+ by the Investment Information & Credit Rating Agency.

6. QUALITY

With a view to prepare the Company to face the increasing competition in the market place, improve all-round performance and finally provide to the customer delight in the products and services offered, the Company has undertaken an ambitious Total Quality Management Programme with the active participation of an external facilitator. The benefits of this programme will accrue in the coming years.

7. PROJECT IMPLEMENTATION

Further to the reference in the previous year's report, the New Oil Mill at Kanjikode, Palakkad, Kerala was commissioned during the year.

8. ACCOUNTS

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 further explanation is deemed necessary.

9. DIRECTORS

In accordance with the requirements of the Companies Act, 1956, and the Articles of Association, of the Company, Mr. J. V. Mariwala and Mr. K. V. Mariwala are liable to retire by rotation, and being eligible, offer themselves for re-appointment.

10. OTHER INFORMATION

10.1 Information required in accordance with provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors)

Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure to this Report.

10.2 In addition, information in accordance with provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 1994, is also given in the Annexure to this Report.

11. AUDITORS

Messrs Dalal Desai & Kumana, Chartered Accountants, retire and are eligible for reappointment as Auditors.

12. EMPLOYEE RELATIONS

The relation between employees and the management have remained cordial and the Directors wish to place on record their appreciation of the co-operation and support received.

13. ACKNOWLEDGEMENT

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and other business associates.

On behalf of the Board of Directors

Place : Bombay

Date : November 18, 1994

C. V. MARIWALA

Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy :

- i) Installation of heat exchangers in Refinery to reduce energy consumption.
- ii) Improvement of throughput rate of expellers to improve energy efficiency.
- iii) Improvement in boiler efficiency.

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

B. Research & Development :

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange Earnings and Outgo :

Efforts have been initiated to promote the export of Company's products, wherever permissible.

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

ENCLOSURE 'A'

A. Power & Fuel Consumptions :

| | 1993-94 | 1992-93 |
|-----------------------------|-----------|-----------|
| 1 Electricity | | |
| a) Purchased Unit (Kwh) | 33,46,120 | 30,92,550 |
| Total Amount (Rs.) | 83,61,992 | 72,80,662 |
| Rate (Rs./Unit) | 2.50 | 2.35 |
| b) Own Generation | | |
| i) Through Diesel Generator | Nil | Nil |
| ii) Through Steam Generator | Nil | Nil |
| 2 Coal (Used for Boiler) | | |
| Quantity (M.T) | Nil | 1639.000 |
| Total Cost (Rs.) | Nil | 17,69,829 |
| Average Rate (Rs./Ton) | Nil | 1,079.82 |
| 3 Furnace Oil | | |
| Quantity (K.Ltrs) | 638.149 | 214.100 |
| Amount (Rs.) | 38,45,410 | 12,16,736 |
| Average Rate (Rs./Kl) | 6,025.88 | 5,683.03 |

| | 1993-94 | 1992-93 |
|--|-----------|-----------|
| 4 Other Internal Generation L.D.O./ H.S.D. | | |
| Quantity (K.Ltrs.) | 681.029 | 471.173 |
| Amount (Rs.) | 45,35,051 | 33,02,431 |
| Average Rate (Rs./Kl) | 6,659.12 | 7,008.96 |

CONSUMPTION PER UNIT OF PRODUCTION

| Edible Oil | Unit | Consumption per Unit of Production | |
|-------------|-------|------------------------------------|---------|
| | | 1993-94 | 1992-93 |
| Electricity | Kwts | 153.48 | 224.44 |
| Coal | M.T | Nil | 0.12 |
| Furnace Oil | K.Ltr | 0.03 | 0.05 |

ENCLOSURE 'B'

Research & Development

- 1 Specific areas in which R&D carried out by the Company
 - Development of new products
 - Improvement of product quality
 - Process improvement
- 2 Benefits derived as a result of the above R&D: Launching of new products, improvement in product quality and cost reduction.
- 3 Expenditure on R&D

| | Rs. in lacs |
|--|-------------|
| a) Capital | 27.25 |
| b) Recurring | 15.87 |
| Total | 43.12 |
| c) Total R&D expenditure as a percentage of total turnover | 0.18% |

For and on behalf of the Board of Directors

Place : Bombay
Date : November 18, 1994

C. V. MARIWALA
Chairman

AUDITORS' REPORT

To,
The Members of Marico Industries Limited

We have audited the attached Balance Sheet of Marico Industries Limited as on 31st March, 1994 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 2. 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.
 3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with schedules annexed thereto, Statement of significant accounting policies in Schedule 'S' and read with notes on accounts in Schedule 'R', give the information required by the Companies Act, 1956 in the manner so required and subject to note 13 (a) of Schedule 'R' regarding basis of depreciating certain assets and corresponding effect thereof give a true and fair view :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1994 and
 - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.
- As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we report that :
1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
 2. None of the fixed assets have been revalued during the year.
 3. The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
 4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
 6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 7. The Company has taken a loan from a Company listed in the register maintained under Section 301 of the Companies Act, 1956 at rate of interest and terms and conditions which are not prima facie prejudicial to the interest of the company.
 8. The Company has not given loans to Companies, firms or other parties listed in the register maintained under Section 301 and/or to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
 9. Loans or advances in the nature of loans given are being repaid as stipulated together with interest, wherever applicable.
 10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
 11. The transactions of purchases and sales of goods and materials made in pursuance of contracts or

MARICO INDUSTRIES LIMITED

arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, other than those transactions for which alternative comparisons are not available, have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices where such market prices are available with the Company or the price at which similar transactions were made with other parties.

of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Dalal Desai & Kumana
Chartered Accountants

Place : Bombay
Dated : 18th November, 1994

MAHESH ASRANI
Partner

12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and material dealt in and provision for loss in respect thereof has been made in the accounts.
13. The Company has not accepted any deposit from the public to which the provisions of Section 58A and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has regularly deposited provident fund dues and Employees State Insurance dues with the appropriate authorities. There were no arrears at year end.
18. Except for sales tax of Rs.1,00,942 which has since been paid, there are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty & excise duty which have remained outstanding as at year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (O) of sub-section (1)

MARICO INDUSTRIES LIMITED

BALANCE SHEET AS AT 31st MARCH

| SOURCES OF FUNDS | SCHEDULE | 1994 Rs. | 1993 Rs. |
|---|----------|---------------------|---------------------|
| Shareholders' Funds | | | |
| Capital | A | 4,50,00,000 | 4,50,00,000 |
| Reserves & Surplus | B | 14,02,56,255 | 8,20,74,047 |
| | | <u>18,52,56,255</u> | <u>12,70,74,047</u> |
| Loan Funds | | | |
| Secured Loans | C | 12,87,96,192 | 11,29,83,863 |
| Unsecured Loans | D | 1,50,00,000 | 1,50,00,000 |
| | | <u>14,37,96,192</u> | <u>12,79,83,863</u> |
| | | <u>32,90,52,447</u> | <u>25,50,57,910</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 17,55,38,087 | 8,74,57,643 |
| Less: Depreciation | | 3,71,23,562 | 2,01,21,466 |
| Net Block | | <u>13,84,14,525</u> | <u>6,73,36,177</u> |
| Capital Work-in-Progress | | <u>2,88,97,267</u> | <u>4,22,10,450</u> |
| | | 16,73,11,792 | 10,95,46,627 |
| Investments | | | |
| | F | 66,62,739 | 1,01,200 |
| Current Assets, Loans and Advances | | | |
| Inventories | G | 18,56,29,571 | 14,70,09,035 |
| Sundry Debtors | H | 8,98,79,460 | 7,87,30,737 |
| Cash and Bank Balances | I | 85,63,407 | 78,74,897 |
| Loans and Advances | J | 11,55,84,203 | 6,79,01,557 |
| | | <u>39,96,56,641</u> | <u>30,15,16,226</u> |
| Less: Current Liabilities and Provisions | | | |
| Liabilities | K | 23,55,11,660 | 14,04,86,308 |
| Provisions | L | 90,67,065 | 1,56,19,835 |
| | | <u>24,45,78,725</u> | <u>15,61,06,143</u> |
| Net Current Assets | | <u>15,50,77,916</u> | <u>14,54,10,083</u> |
| | | <u>32,90,52,447</u> | <u>25,50,57,910</u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules 'R' & 'S' respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

For and on behalf of the Board of Directors

MAHESH ASRANI
Partner

P. SANKER
Secretary

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place : Bombay
Dated : 18th November, 1994.

Place : Bombay
Dated : 18th November, 1994.

PROFIT AND LOSS ACCOUNT
For the year ended 31st March

| | SCHEDULE | 1994 Rs. | 1993 Rs. |
|---|----------|----------------------|----------------------|
| INCOME: | | | |
| Sales | Q | 236,43,84,635 | 210,32,13,218 |
| Other Income | M | 84,22,964 | 33,49,229 |
| | | <u>237,28,07,599</u> | <u>210,65,62,447</u> |
| EXPENDITURE: | | | |
| Cost of Materials | N | 132,66,38,865 | 130,47,79,532 |
| Manufacturing and Other Expenses | O | 82,17,94,153 | 58,21,65,943 |
| Finance Charges | P | 5,82,89,004 | 5,51,59,087 |
| Depreciation | E | 1,70,03,369 | 1,65,55,142 |
| | | <u>222,37,25,391</u> | <u>195,86,59,704</u> |
| PROFIT BEFORE TAX | | 14,90,82,208 | 14,79,02,743 |
| Provision for Tax (Includes Rs. 29,00,000 for earlier years; Previous year Rs. Nil) | | 8,55,00,000 | 8,60,00,000 |
| PROFIT AFTER TAX | | 6,35,82,208 | 6,19,02,743 |
| Balance brought forward | | 2,20,74,047 | 1,24,59,521 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | 8,56,56,255 | 7,43,62,264 |
| APPROPRIATIONS | | | |
| Dividend (Subject to tax) | | 54,00,000 | 22,88,217 |
| General Reserve | | 5,00,00,000 | 5,00,00,000 |
| Debenture Redemption Reserve | | 50,00,000 | — |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | <u>2,52,56,255</u> | <u>2,20,74,047</u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules 'R' & 'S' respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

For and on behalf of the Board of Directors

MAHESH ASRANI
Partner

P. SANKER
Secretary

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place : Bombay
Dated : 18th November, 1994.

Place : Bombay
Dated : 18th November, 1994.

SCHEDULES TO ACCOUNTS

SCHEDULE 'A'
SHARE CAPITAL

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| Authorised : | | |
| 49,00,000 Equity Shares of Rs. 10/- each | 4,90,00,000 | 4,90,00,000 |
| 10,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each | 10,00,000 | 10,00,000 |
| | <u>5,00,00,000</u> | <u>5,00,00,000</u> |
| Issued, Subscribed and paid up: | | |
| 45,00,000 Equity Shares of Rs. 10/- each fully paid up including 30,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve | 4,50,00,000 | 4,50,00,000 |

SCHEDULE 'B'
RESERVES AND SURPLUS

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| GENERAL RESERVE | 6,00,00,000 | 4,00,00,000 |
| As per last Balance Sheet | — | 3,00,00,000 |
| Less: Amount utilised towards issue of Bonus Shares | 6,00,00,000 | 1,00,00,000 |
| | <u>5,00,00,000</u> | <u>5,00,00,000</u> |
| Add: Transfer from Profit and Loss Account | 11,00,00,000 | 6,00,00,000 |
| | 50,00,000 | — |
| DEBENTURE REDEMPTION RESERVE | 2,52,56,255 | 2,20,74,000 |
| PROFIT AND LOSS ACCOUNT | <u>14,02,56,255</u> | <u>8,20,74,000</u> |

SCHEDULE 'C'
SECURED LOANS

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| Non-Convertible Debentures - Advance Subscription | — | 3,00,00,000 |
| Non-Convertible Debentures (Note 1) | 3,00,00,000 | 6,43,32,000 |
| From banks (Note 2) | 6,60,12,937 | 1,86,50,000 |
| From Financial Institution (Note 3) | 3,27,83,255 | — |
| | <u>12,87,96,192</u> | <u>11,29,83,000</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'C'
SECURED LOANS (Contd.)

NOTES :-

- 1 Non-Convertible Debentures issued to GIC Mutual Fund are secured by first legal mortgage on all the company's properties at Jalgaon, including Plant & Machinery (excluding the assets on which exclusive charge has been created) and a floating charge on all other movable assets of the Company subject to prior charges created in favour of the Company's bankers. The Debentures are redeemable at par in June 1996.
- 2 Secured by hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by the Directors of the Company.
- 3 Loan from financial institution includes :
 - i) deferred payment credit of Rs. 73,65,600 (Rs. 98,20,800), co-accepted by the Company's bankers against hypothecation of all tangible movable properties including stock in trade and machinery situated at Jalgaon factory; and also guaranteed by the directors of the Company. Repayable within a year Rs. 24,55,200 (Rs. 24,55,200).
 - ii) term loan of Rs. 2,54,17,655 (Rs. 88,30,099), secured by an exclusive charge by way of hypothecation of specific equipments. Repayable within a year Rs. 45,11,682 (Rs. 12,87,693).

SCHEDULE 'D'
UNSECURED LOANS

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| From Companies | 1,50,00,000 | 1,50,00,000 |
| Repayable within a year Rs. 1,50,00,000 (Rs. NIL) | <u>1,50,00,000</u> | <u>1,50,00,000</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'E' FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---|------------------------------------|--------------------|----------------------------------|------------------------------------|------------------------------------|------------------------|----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31st March 1993 Rs. | Additions Rs. | Deletions/ Adjustments Rs. | As at 31st March 1994 Rs. | Up to 31st March 1993 Rs. | For the Year Rs. | Deletions/ Adjustments Rs. | Up to 31st March 1994 Rs. | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
| Freehold Land | — | 14,98,795 | — | 14,98,795 | — | — | — | — | 14,98,795 | — |
| Leasehold Land | 22,35,921 | 57,260 | — | 22,93,181 | 81,862 | 27,229 | — | 1,09,091 | 21,84,090 | 21,54,059 |
| Building | 2,21,80,365 | 2,25,23,597 | — | 4,47,03,962 | 6,52,638 | 8,31,337 | — | 14,83,975 | 4,32,19,987 | 2,15,27,727 |
| Plant & Machinery | 6,04,07,915 | 5,99,69,993 | 59,000 | 12,03,18,908 | 1,91,61,086 | 1,51,26,319 | 1,273 | 3,42,86,132 | 8,60,32,776 | 4,12,46,829 |
| Furniture & Fittings | 16,62,002 | 33,40,784 | — | 50,02,786 | 1,73,684 | 8,86,583 | — | 10,60,267 | 39,42,519 | 14,88,318 |
| Vehicles | 9,71,440 | 7,49,015 | — | 17,20,455 | 52,196 | 1,31,901 | — | 1,84,097 | 15,36,358 | 9,19,244 |
| TOTAL | 8,74,57,643 | 8,81,39,444 | 59,000 | 17,55,38,087 | 2,01,21,466 | 1,70,03,369 | 1,273 | 3,71,23,562 | 13,84,14,525 | 6,73,36,177 |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | | |
| PREVIOUS YEAR | 3,67,12,708 | 5,23,65,464 | 16,20,529 | 8,74,57,643 | 39,16,514 | 1,65,55,142 | 3,50,190 | 2,01,21,466 | 16,73,11,792 | 10,95,46,627 |
| | | | | | | | | | 2,88,97,267 | 4,22,10,450 |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'F' | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| INVESTMENTS - Non Trade (at Cost) | | |
| UNQUOTED | | |
| Government Securities - National Savings Certificates (Deposited with Government authorities) | 1,02,900 | 1,01,200 |
| Other Securities | | |
| Nirma Ltd. 700 Equity shares of Rs. 10 each fully paid up | 77,000 | — |
| QUOTED (Note 14 Schedule 'R') | | |
| UTI - Unit '64 122150 Units of Rs. 10 each fully paid up | 22,26,762 | — |
| Associated Cement Co. Ltd. 50 Equity shares of Rs. 100 each fully paid up | 1,89,975 | — |
| Bajaj Auto Ltd. 500 Equity shares of Rs. 10 each fully paid up | 6,12,000 | — |
| Brooke Bond Lipton India Ltd. 900 Equity shares of Rs. 10 each fully paid up | 4,72,449 | — |
| Tata Power Ltd. 250 Equity shares of Rs. 100 each fully paid up | 6,10,164 | — |
| Carrier Aircon Ltd. 4700 Equity shares of Rs. 10 each fully paid up | 3,23,512 | — |
| India Securities Ltd. 10000 Equity shares of Rs. 10 each fully paid up | 10,03,525 | — |
| Majestic Auto Ltd. 1000 Equity shares of Rs. 10 each fully paid up | 2,97,432 | — |
| Master Gain-92 56600 Units of Rs. 10 each fully paid up | 7,47,020 | — |
| | <u>66,62,739</u> | <u>1,01,200</u> |

| SCHEDULE 'G' | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| INVENTORIES | | |
| (As per Inventories valued and certified by the management - Note 3 of Schedule 'S') | | |
| Raw Materials | 3,99,91,329 | 2,89,34,189 |
| Packing Materials | 2,46,56,659 | 2,62,07,090 |
| Stores, Spares & Chemicals | 38,47,380 | 28,04,037 |
| Work-in-Process | 24,81,227 | 15,37,040 |
| Finished Products | 11,31,15,741 | 8,27,98,152 |
| By Products | 15,37,235 | 47,28,527 |
| | <u>18,56,29,571</u> | <u>14,70,09,035</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'H' | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| SUNDRY DEBTORS (Unsecured—considered good) | | |
| Over Six months | 87,83,274 | 67,30,390 |
| Others | 8,10,96,186 | 7,20,00,347 |
| | <u>8,98,79,460</u> | <u>7,87,30,737</u> |

| SCHEDULE 'I' | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| CASH AND BANK BALANCES | | |
| Cash on hand | 4,62,266 | 4,48,220 |
| Remittances in transit | 8,33,000 | 17,10,000 |
| Balances with Banks: (Note 6 Schedule 'R') | | |
| Fixed Deposits (lodged with Govt. authorities) | 1,24,500 | 1,24,500 |
| Margin Account (Against Letters of Credit & Bank Guarantees) | 44,39,555 | 35,94,670 |
| In Current Accounts | 27,04,086 | 19,97,507 |
| | <u>72,68,141</u> | <u>57,16,677</u> |
| | <u>85,63,407</u> | <u>78,74,897</u> |

| SCHEDULE 'J' | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|--|------------------------------------|------------------------------------|
| LOANS AND ADVANCES (Unsecured-considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 4,24,89,204 | 2,76,58,919 |
| Deposits | 7,28,26,401 | 3,99,31,509 |
| Balance with Central Excise Authorities | 9,652 | 11,465 |
| Interest accrued on — Investments | 43,624 | 27,693 |
| — Others | 2,15,322 | 2,71,971 |
| | <u>2,58,946</u> | <u>2,99,664</u> |
| | <u>11,55,84,203</u> | <u>6,79,01,557</u> |

| SCHEDULE 'K' | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|------------------------------|------------------------------------|------------------------------------|
| CURRENT LIABILITIES | | |
| Sundry Creditors | 19,27,11,125 | 10,66,16,123 |
| Advances from customers | 5,32,632 | 4,37,262 |
| Other Liabilities | 1,44,98,753 | 1,09,90,943 |
| Security Deposits | 2,64,25,616 | 2,24,22,069 |
| Interest accrued but not due | 13,43,534 | 19,911 |
| | <u>23,55,11,660</u> | <u>14,04,86,308</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'L'
PROVISIONS

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|-----------------------|------------------------------------|------------------------------------|
| Tax (Net of Advances) | 36,67,065 | 1,55,21,203 |
| Dividend | 54,00,000 | 98,632 |
| | <u>90,67,065</u> | <u>1,56,19,835</u> |

SCHEDULE 'M'
OTHER INCOME

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---|------------------------------------|------------------------------------|
| Income from Investments (Gross) | 15,931 | 4,144 |
| Tax deducted at source Rs. NIL (Rs. NIL) | | |
| Interest from Banks & Others (Gross) | 32,66,252 | 24,14,832 |
| Tax deducted at source Rs. 5,94,629; (Rs. 4,34,019) | | |
| Miscellaneous Income | 51,40,781 | 9,30,253 |
| | <u>84,22,964</u> | <u>33,49,229</u> |

SCHEDULE 'N'
COST OF MATERIALS

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|--------------------------------------|------------------------------------|------------------------------------|
| RAW MATERIALS: | | |
| Opening Stock | 2,89,34,189 | 4,79,93,959 |
| Add : Purchases | 120,82,57,280 | 102,66,92,378 |
| Less : Closing Stock | <u>3,99,91,329</u> | <u>2,89,34,189</u> |
| | 119,72,00,140 | 104,57,52,148 |
| PURCHASE OF FINISHED PRODUCTS | 15,75,09,209 | 26,97,70,058 |
| (INCREASE)/DECREASE IN STOCK | | |
| OPENING STOCK | | |
| Work-in-Process | 15,37,040 | 10,05,285 |
| By-products | 47,28,527 | 75,77,052 |
| Finished Products | 8,27,98,152 | 6,97,38,708 |
| | <u>8,90,63,719</u> | <u>7,83,21,045</u> |
| CLOSING STOCK | | |
| Work-in-Process | 24,81,227 | 15,37,040 |
| By-products | 15,37,235 | 47,28,527 |
| Finished Products | 11,31,15,741 | 8,27,98,152 |
| | <u>11,71,34,203</u> | <u>8,90,63,719</u> |
| | <u>(2,80,70,484)</u> | <u>(1,07,42,674)</u> |
| | <u>132,66,38,865</u> | <u>130,47,79,532</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'O' MANUFACTURING AND OTHER EXPENSES

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|--|------------------------------------|------------------------------------|
| Employee Cost : | | |
| Salaries, Wages and Bonus | 3,50,42,567 | 2,91,79,450 |
| Contribution to Provident Fund and Other Funds | 35,73,005 | 28,05,861 |
| Welfare Expenses | <u>92,71,952</u> | <u>63,20,367</u> |
| | 4,78,87,524 | 3,83,05,678 |
| Reimbursement, including claims, | | |
| Conversion & Other charges | 7,11,53,858 | 3,53,89,167 |
| Stores, Spares & Chemicals Consumed | 1,41,03,633 | 1,09,19,677 |
| Packing Materials Consumed | 31,50,81,037 | 25,17,81,767 |
| Power, Fuel and Water | 1,86,23,254 | 1,59,26,010 |
| Rent and Storage Charges | 2,02,65,148 | 2,01,01,166 |
| Repairs : Buildings | 8,78,328 | 46,34,594 |
| Machinery | 22,55,588 | 16,58,166 |
| Others | <u>22,59,161</u> | <u>31,47,556</u> |
| | 53,93,077 | 94,40,316 |
| Freight and Forwarding Charges | 6,19,66,764 | 4,40,13,630 |
| Advertisement and Sales Promotion | 16,26,10,335 | 7,86,50,160 |
| Rates and Taxes | 7,95,499 | 2,92,546 |
| Sales Tax | 2,28,18,061 | 1,65,55,832 |
| Printing, Stationery & Communication Expenses | 1,13,76,185 | 64,14,513 |
| Travelling, Conveyance & Vehicle Expenses | 2,07,52,856 | 1,31,65,306 |
| Royalty | 1,43,63,989 | 92,06,288 |
| Insurance | 14,14,698 | 8,62,069 |
| Miscellaneous Expenses | <u>3,31,88,235</u> | <u>3,11,41,818</u> |
| | <u>82,17,94,153</u> | <u>58,21,65,943</u> |

SCHEDULE 'P' FINANCE CHARGES

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|-------------------------|------------------------------------|------------------------------------|
| Interest on Fixed Loans | 1,58,49,826 | 32,48,522 |
| Other Interest | 2,59,39,791 | 2,58,24,678 |
| Bank Charges | 1,64,99,387 | 2,60,85,887 |
| | <u>5,82,89,004</u> | <u>5,51,59,087</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK

| Sr. No. | Particulars | Year Ended | Licensed Capacity M.T. (Notes I, II & III) | Installed Capacity M.T. | Opening Stock | | Production Quantity MT (Note IV) | Purchases | | Turnover | | Closing Stock | |
|---------|--|------------|--|-------------------------|---------------|-------------|----------------------------------|--------------|------------|---------------|------------|---------------|------------|
| | | | | | Quantity MT | Amount Rs. | | Quantity MT | Amount Rs. | Quantity MT | Amount Rs. | Quantity MT | Amount Rs. |
| 1 | Raw Oils (Finished Products) | 1994 | @ 35,400 of seeds | 35,400 | 790,583 | 4,33,78,498 | 9577,389 | 10,37,35,204 | 18876,678 | 149,20,46,507 | 1333,684 | 5,59,23,922 | |
| | | 1993 | @ 11,400 of seeds | 11,400 | 634,263 | 3,60,43,306 | 6801,250 | 24,68,85,569 | 17976,290 | 148,97,17,733 | 790,583 | 4,33,78,498 | |
| 2 | Refined Oils | 1994 | 27,500 of oil | 27,500 | 922,525 | 2,80,35,011 | 12223,910 | 87,36,772 | 13995,369 | 63,52,03,481 | 1195,164 | 4,18,76,569 | |
| | | 1993 | 27,500 of oil | 27,500 | 781,138 | 2,98,25,354 | 6977,542 | 1,47,69,537 | 9150,314 | 45,97,01,833 | 922,525 | 2,80,35,011 | |
| 3 | By-Products (Note V) | 1994 | --- | --- | 689,843 | 47,28,527 | 10082,448 | --- | 14054,932 | 6,95,48,213 | 284,456 | 15,37,235 | |
| | | 1993 | --- | --- | 1386,783 | 75,77,052 | 19691,989 | --- | 17191,060 | 8,16,19,741 | 689,843 | 47,28,527 | |
| 4 | Hair Oils (Note VI) | 1994 | --- | --- | 26,179 | 27,31,838 | --- | --- | 809,081 | 9,67,39,635 | 42,338 | 45,10,078 | |
| | | 1993 | --- | --- | 37,318 | 37,07,266 | --- | --- | 585,285 | 6,49,62,223 | 26,179 | 27,31,838 | |
| 5 | Others (Note VII) (Includes Processed Foods) | 1994 | --- | --- | --- | 86,52,805 | --- | 4,50,37,233 | --- | 7,08,46,798 | --- | 1,08,05,172 | |
| | | 1993 | --- | --- | --- | 1,62,782 | --- | 81,14,952 | --- | 72,11,689 | --- | 86,52,805 | |
| TOTAL | | 1994 | | | | 8,75,26,679 | | 15,75,09,209 | | 236,43,84,635 | | 11,46,52,976 | |
| | | 1993 | | | | 7,73,15,760 | | 26,97,70,058 | | 210,32,13,218 | | 8,75,26,679 | |

I) The capacities as per the industrial licences held by the Company, capacities as per Memorandum of Understanding filed with the Central Government and installed capacities, as the case may be, have been considered as licenced capacities for the respective product categories. The industry presently is not subject to any licensing restriction.

II) The Company holds a licence to crush 60000 MT of oilseeds to produce refined oil. The corresponding installed capacity is 32400 MT.

III) The installed capacities are certified by the management on a three shift basis. (@ Includes on lease basis).

IV) Excludes processed by others

Raw oils
By products
Refined oil
Includes used for internal consumption
Raw oils

31st March 1994

31st March 1993

V) By products production is exclusive of :-
6773.772 M.T. (P.Y. 6107.998 M.T.) consumed during processing by others.
419.533 M.T. (P.Y. 87.712 M.T.) consumed during processing.

135.760

72.109

VI) Produced by others Qty in KL.
VII) The Company deals in processed foods which are not packed in homogenous units, hence it is not practicable to furnish quantitative data.

1735.769

1835.883

3567.097

2997.841

7515.900

6415.650

MARICO INDUSTRIES LIMITED

ADDITIONAL INFORMATION

SCHEDULE 'Q'

B) RAW MATERIALS CONSUMED

| | As at 31st March 1994 | | As at 31st March 1993 | |
|-----------|-----------------------------|----------------------|-----------------------------|----------------------|
| | Quantity M.T. | Value Rs. | Quantity M.T. | Value Rs. |
| Oil seeds | 34,774 | 78,45,42,810 | 35,514 | 84,08,36,850 |
| Raw oils | 13,019 | 36,42,36,369 | 6,344 | 17,88,57,954 |
| Others | | 4,84,20,961 | | 2,60,57,344 |
| | | <u>119,72,00,140</u> | | <u>104,57,52,148</u> |

**C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED**

| | As at 31st March 1994 | | As at 31st March 1993 | |
|------------------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | % | Value Rs. | % | Value Rs. |
| Raw material | | | | |
| Imported | 0.51 | 61,57,999 | 0.16 | 16,66,783 |
| Indigenous | 99.49 | 119,10,42,141 | 99.84 | 104,40,85,365 |
| | <u>100.00</u> | <u>119,72,00,140</u> | <u>100.00</u> | <u>104,57,52,148</u> |
| Stores, Spares and chemicals | | | | |
| Imported | 3.75 | 5,28,544 | — | — |
| Indigenous | 96.25 | 1,35,75,089 | 100.00 | 1,09,19,677 |
| | <u>100.00</u> | <u>1,41,03,633</u> | <u>100.00</u> | <u>1,09,19,677</u> |

D) VALUE OF IMPORTS OF C.I.F. BASIS

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|---------------------------------|------------------------------------|------------------------------------|
| Raw material | 61,57,999 | 16,66,783 |
| Stores, spares and Chemicals | 5,28,544 | — |
| Capital Goods | 7,67,181 | 3,50,389 |
| | <u>74,53,724</u> | <u>20,17,172</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|-----------------------------|------------------------------------|------------------------------------|
| Packing Material | 3,15,57,736 | 3,39,92,611 |
| Travelling & other expenses | 19,36,457 | 3,81,920 |
| | <u>3,34,94,193</u> | <u>3,43,74,531</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | As at 31st March 1994 Rs. | As at 31st March 1993 Rs. |
|-------------------------|------------------------------------|------------------------------------|
| F.O.B. Value of Exports | 1,90,59,792 | 50,65,129 |
| | <u>1,90,59,792</u> | <u>50,65,129</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'R'

NOTES:

1. Contingent liability not provided for in respect of :
 - i) Letters of Credit opened and outstanding Rs. 44,70,618 (Rs. 53,10,619).
 - ii) Sales Tax Claims against the Company for which assessments have been completed, not acknowledged as debts Rs. 1,78,793 (Rs. NIL).
2.
 - i) Fixed Assets include office building costing Rs. 1,46,77,000 (Rs. 1,46,77,000) for which conveyance has not yet been completed.
 - ii) The gross block of fixed assets includes Plant & Machinery given on lease Rs. 108,43,309 (Rs. 99,93,750).
 - iii) The Company has commenced commercial production of raw oil at its Kanjikode plant from 25.5.93. The pre-operative expenditure of Rs. 21,99,808 incurred for erection and commissioning of the plant has been capitalised and includes Power Rs. 4,85,058 and Finance Charges Rs. 13,69,539.
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 82,91,839 (Rs. 67,24,994), net of advances.
4. Advances recoverable in cash or in kind include due from a company under the same management viz. Kanmoor Foods Limited on account of:

| | | |
|-----------------|-----------------|--------------------|
| Loans | Rs. NIL | (Rs. 1,00,00,000). |
| Maximum Balance | Rs. 1,00,00,000 | (Rs. 1,00,00,000). |
| Advances | Rs. 1,74,59,963 | (Rs. 37,65,461). |
| Maximum Balance | Rs. 2,54,02,526 | (Rs. 1,18,80,413). |
5. Deposits include security deposit towards lease of office premises of Rs. 1,38,00,000 (Rs. 40,00,000) with a firm in which directors are partners.
6. Cash and Bank balances include balances of Rs. 3,951 (Rs. 75,540) held with Janata Sahakari Bank, Jalgaon, a non scheduled bank. Maximum balance during the year Rs. 1,19,526 (Rs. 2,29,293).
7. Sundry Creditors include acceptances Rs. 47,87,460 (Rs. NIL).
8. Miscellaneous expenses include Commission and Brokerage Rs. 4,80,981 (Rs. 6,72,704), Donations Rs. 10,67,973 (Rs. 12,11,711), Cash discount Rs. 1,62,459 (Rs. 1,75,639), Loss on sale of assets Rs. 6,353 (Rs. 9,76,611), Loss on Sale of Investments Rs. 2,27,500 (Rs. NIL), Audit fees Rs. 1,00,000 (Rs. 90,000), Payment to Auditors for other services Rs. 3,75,000 (Rs. NIL), Payment to Auditors for out-of-pocket expenses Rs. 12,216 (Rs. 10,913).
9. Miscellaneous income includes profit on sale of assets Rs. NIL (Rs. 32,328) and lease income Rs. 35,00,446 (Rs. 7,57,668).
10. Research & Development Expenses aggregating to Rs. 43,12,471 (Rs. 40,03,989) including depreciation of Rs. 27,25,473 (Rs. 27,63,713) have been included under the relevant heads of expenses.
11. A sum of Rs. 17,97,433 (Rs. 17,97,433) representing actuarial liability towards retirement gratuity in respect of employees of the Company, who were earlier employed by The Bombay Oil Industries Limited, is held by the Trustees of The Bombay Oil Industries Employees Gratuity Fund. This amount has been recognised while determining the actuarial liability towards retirement gratuity of the Company during the year.
12. In accordance with the accrual system of accounting, during the year, entire liability for medical benefits and leave travel allowance has been accrued. Till 31.3.1993 this liability was recognised to the extent claimed. The effect on operational results for the year is insignificant.
13. a) In accordance with the policy consistently followed by the company :
 - i) Depreciation on fixed assets given on lease has been charged at rates prescribed under the Income Tax Act and not at rates that would depreciate the asset over the period of lease. Depreciation for the year is therefore higher by Rs. 23,81,016. The company has recognised income from lease rentals of Rs. 35,00,446 in the accounts.
 - ii) Depreciation on fixed assets used for Research & Development has been charged at 100% and not at rates specified in schedule XIV. Depreciation for the year is higher by Rs. 24,80,149.

MARICO INDUSTRIES LIMITED

- b) Pursuant to amendment to Schedule XIV vide Notification dated 16.12.1993, depreciation has been provided at revised rates with effect from 1.4.1993.
14. i) Aggregate cost of quoted investments Rs. 64,82,839 (Rs. NIL). Aggregate market value Rs. 56,49,175 (Rs. NIL). Shortfall in the market value has not been provided for in view of subsequent improvement in the market value of investments.
- ii) 2500 Equity Shares of Rs. 10 each fully paid up of Reliance Industries Limited were purchased and sold during the year.
15. Confirmations have not been called for debtors, creditors and advances. However, the balances on review are considered receivable or payable as the case may be.
16. Payments to suppliers in the small scale sector are made in accordance with agreed credit terms. The interest if any, on overdue amounts as on 31st March 1994, has neither been claimed nor been ascertained.
17. Managerial Remuneration :

- i) Calculation of Commission payable to the Managing Director :

| | 31st March 1994 Rs. | 31st March 1993 Rs. |
|--|---------------------------|---------------------------|
| Profit before taxation | 14,90,82,208 | 14,79,02,743 |
| <i>Add:</i> Director's Remuneration | 3,49,167 | 3,43,474 |
| Commission to Directors | 90,000 | 90,000 |
| Depreciation as per books | 1,70,03,369 | 1,65,55,142 |
| Loss on sale of assets | 6,353 | 9,44,283 |
| Loss on sale of investments | 2,27,500 | — |
| | 1,76,76,389 | 1,79,32,899 |
| <i>Less:</i> Depreciation as per Sec. 350 | 2,30,28,383 | 1,53,71,104 |
| Loss on sale of assets as per Sec. 350 (net) | 3,882 | 5,38,464 |
| | 2,30,32,265 | 1,59,09,568 |
| Profit as per Sec. 349 | 14,37,26,332 | 14,99,26,074 |
| Commission to Managing Director @ 1% of net profit | 14,37,263 | 14,99,261 |
| Restricted to 50% of salary for the year | 90,000 | 90,000 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | 1,80,000 | 1,80,000 |
| ii) Commission | 90,000 | 90,000 |
| iii) Contribution to Provident Fund | 18,000 | 18,000 |
| iv) Contribution to Gratuity Fund | 16,167 | 10,474 |
| v) Other Perquisites | 1,35,000 | 1,35,000 |
| | 4,39,167 | 4,33,474 |

18. Figures in brackets pertain to previous year which are regrouped wherever necessary.

SCHEDULES TO ACCOUNTS

SCHEDULE 'S'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets are capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.
- 2.1 Depreciation on Fixed Assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except as stated in paras 2.2 to 2.4 below. Depreciation on additions / deletion during the year has been provided on pro rata basis with reference to the month of addition / deletion. Extra shift depreciation has been provided on "Plant" basis.
- 2.2 Assets given on lease are depreciated at the rates prescribed under the Income Tax Act.
- 2.3 Assets used for Research and Development and Plant and Machinery costing less than Rs. 5,000 each are depreciated at 100%. Other fixed assets costing less than Rs. 5,000 each acquired after 31.3.1993 are depreciated at 100%.
- 2.4 Leasehold land is amortised over the balance period of lease.
- 3.1 Inventories are valued as follows :

| | |
|---|---|
| a) Raw materials | — at cost |
| b) Packing material | — at cost |
| c) Work-in-process | — at cost |
| d) Finished products | — at lower of cost or net realisable value |
| e) Stores & spares | — at cost |
| f) By-Products | — at net realisable value |
| g) Unserviceable/damaged finished products | — at estimated realisable value. |
- 3.2 Cost of finished goods and work-in-process is determined in accordance with the principles of direct costing.
- 3.3 Stores, Spares costing less than Rs. 1,500 are treated as consumed in the year of purchase.
4. Research & Development costs are charged as expense in the year in which they are incurred.
5. Sales are net of trade discount and exclusive of sales tax and are recognised on despatch of goods.
6. Liability towards retirement gratuity has been provided on the basis of actuarial valuation.
7. Transactions in foreign currency are recorded at the exchange rates existing at the time of the transactions. In the case of current assets and current liabilities, if the result of conversion at the closing rate is an overall gain, such gain is not taken into account, but if the result is a net loss, the current assets and current liabilities are restated at the closing rate and the loss is charged to profit and loss account.

Signatures to Schedules A to S

For and on behalf of the Board of Directors

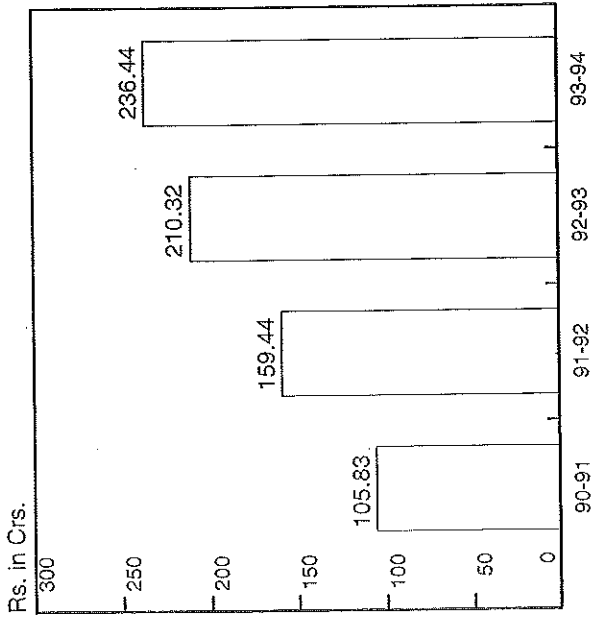
Place : Bombay
Dated : 18th November, 1994.

P. SANKER
Secretary

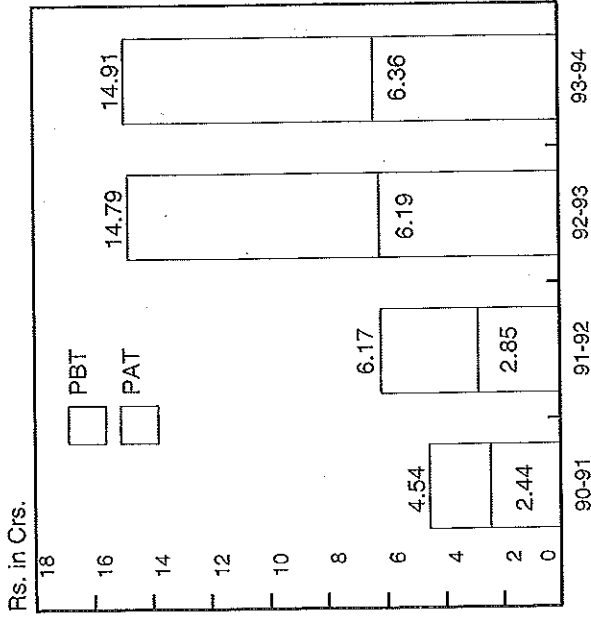
C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

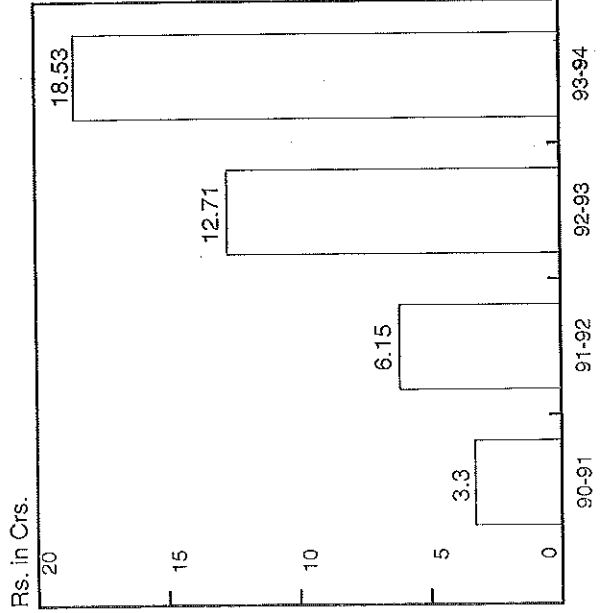
Sales



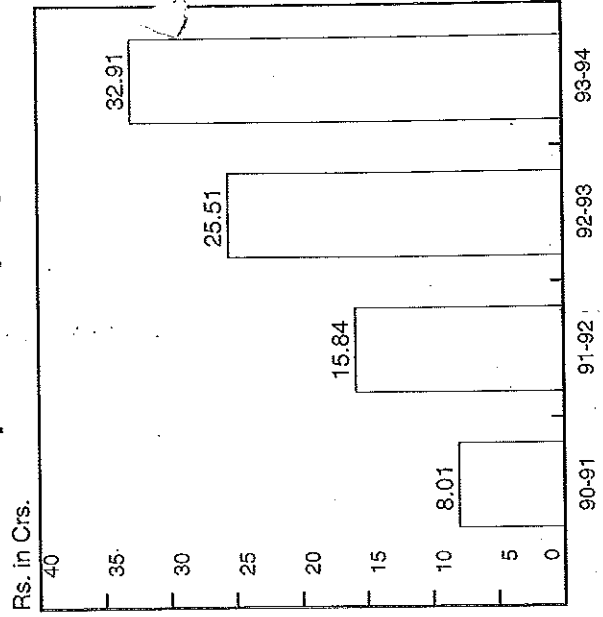
Profits

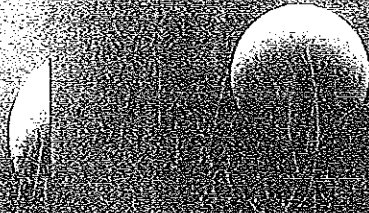


Networth



Capital Employed

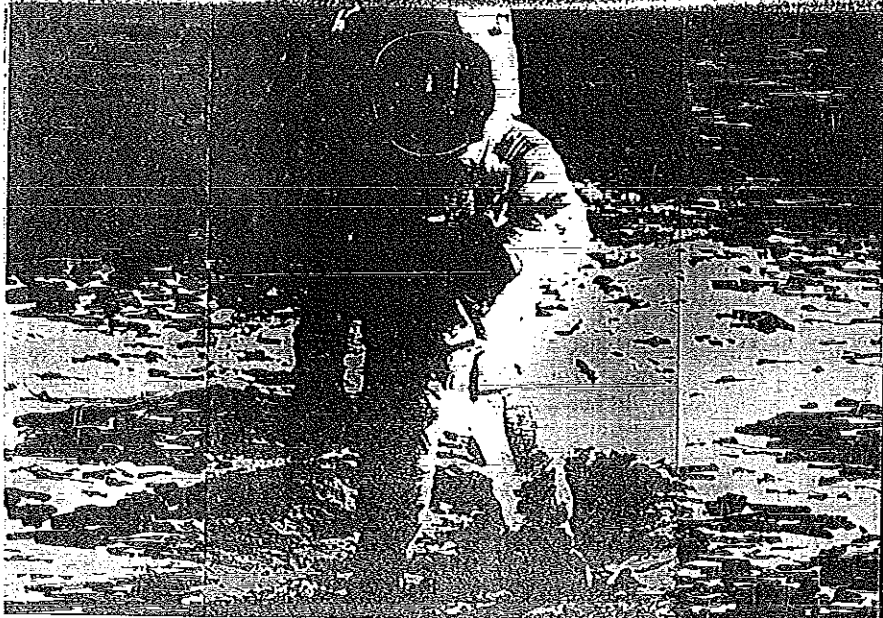




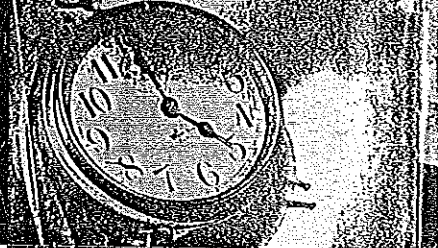
MARICO

ANNUAL REPORT 1992-93

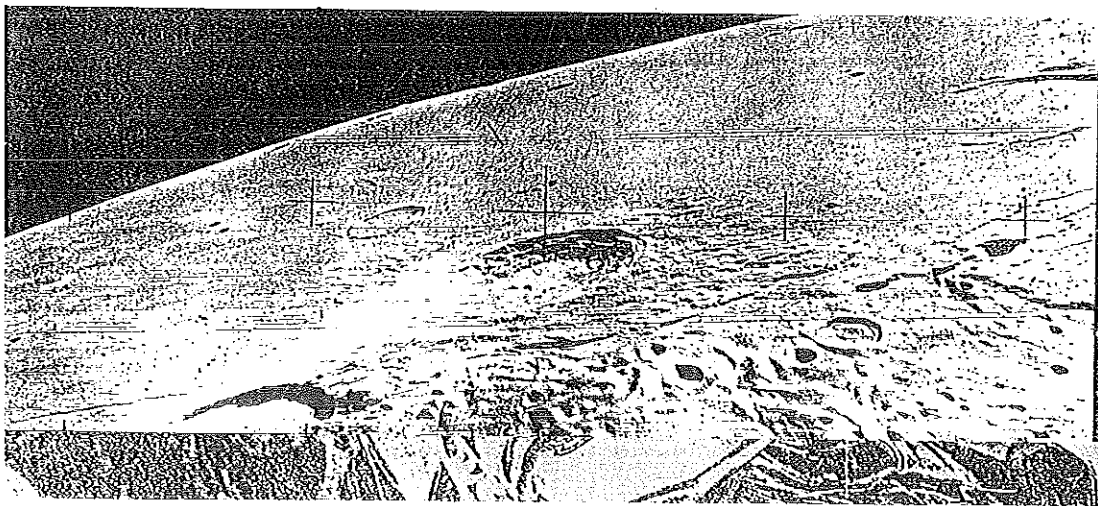
Reaching for the moon

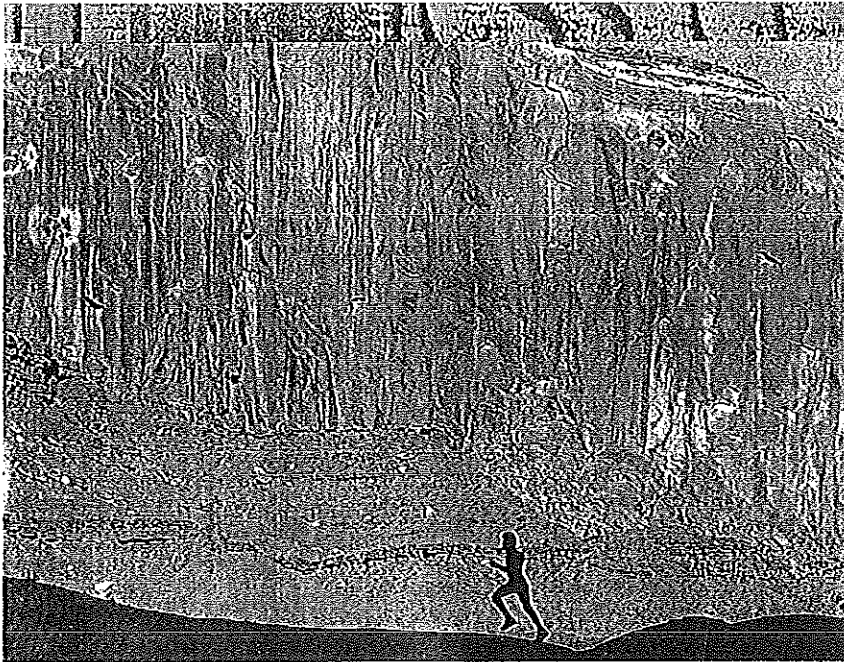


OR THE
SECOND MAN
TO CROSS THE
ATLANTIC ?



HOW MANY OF US REMEMBER
THE SECOND MAN WHO
STEPPED ON THE MOON ?



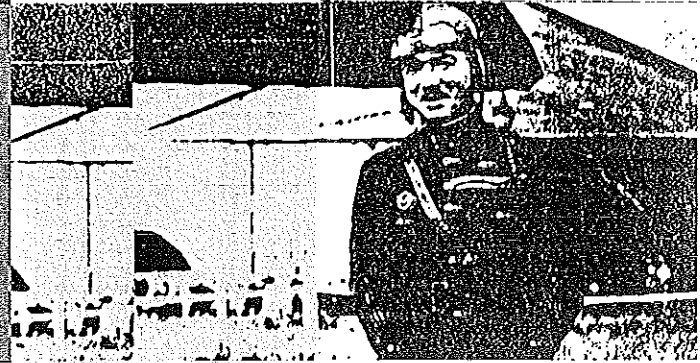
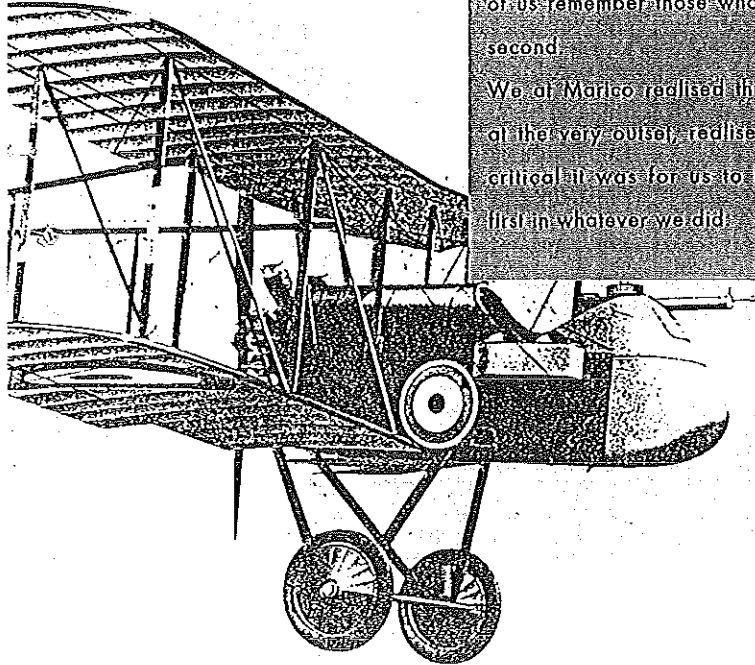


OR THE
SECOND MAN
TO RUN THE
FOUR MINUTE MILE ?



OR THE
SECOND MAN
TO FLY THE
AIRPLANE ?

The truth of the matter is that few of us remember those who come second. We at Marico realised this truth at the very outset, realised how critical it was for us to be the first in whatever we did.



This became the guiding principle for all our products.

We took a decision to create new categories in the market place with every product that we introduced.

We decided to be the first in the market everytime.



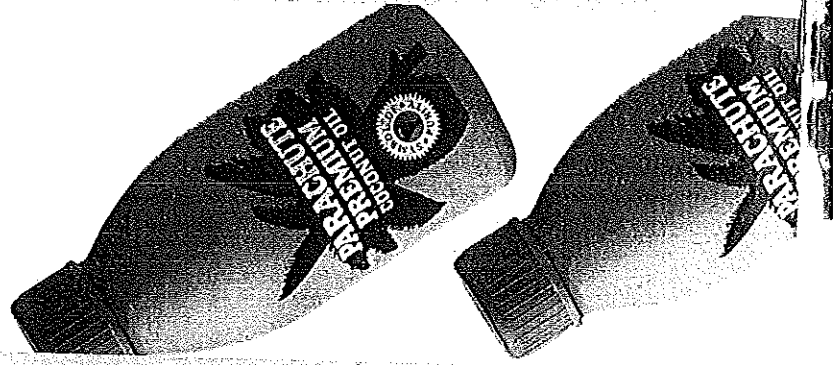
Saffola

REFINED

WHILE EVERYBODY ELSE WAS MAKING A
NOISE ABOUT BEING MARKET-LED, WE
WERE SILENTLY LEADING THE MARKET.

SAFFOLA

Heart ailments were medical problems that were not even remotely related with cooking oils. When the saturated fat content in cooking oils is one of the main reasons for cholesterol formation. There was this need to educate the consumer on the ill effects of cholesterol. And to tell him about the goodness of kardi oil, where the saturated fat content was the lowest. With this educational exercise, yet another category was born. Saffola is still the only national brand of kardi oil in the market today.



PARACHUTE

For centuries Coconut Oil was sold loose, by the kilo. People could never be sure of the quality or the purity.

Parachute was the first to brand and market this commodity product. Of course, the purifying properties of coconut oil were already well-known. Now the consumer was also sure of the quality. Today Parachute has captured over 50% of the branded coconut oil market and has become synonymous with the category.

In the last few years, the operative phrase in the industry has been 'market-led'.

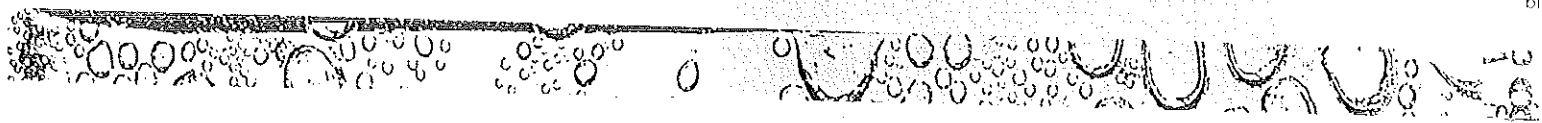
Scores of companies today profess to being led by current trends in the market.

So one sees a major influx of competitive brands surfacing everyday.

At Marico we do things differently. We start with the consumer as our focal point.

We believe that a true market leader creates products to fit the needs of consumers. A true market leader creates categories.

A quick look at our range of products will show how we made a success out of each one of them.





SWEEKAR

Sunflower oil is the fastest growing segment in the edible oil market. This is because of the growing health consciousness among consumers. Yet people did not know why sunflower oil was good for health. We saw an opportunity here to come in with a 'Health oil' for the fitness conscious. Thus Sweekar was launched, by telling people that the saturated fats are the culprits for most health problems and Sweekar is 88% saturated fat free. By establishing Sweekar as the 88% Saturated fat free oil, the fitness conscious consumer became ours.

HAIR AND CARE

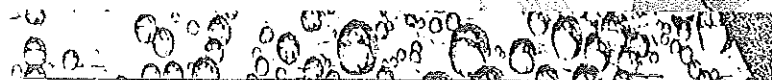
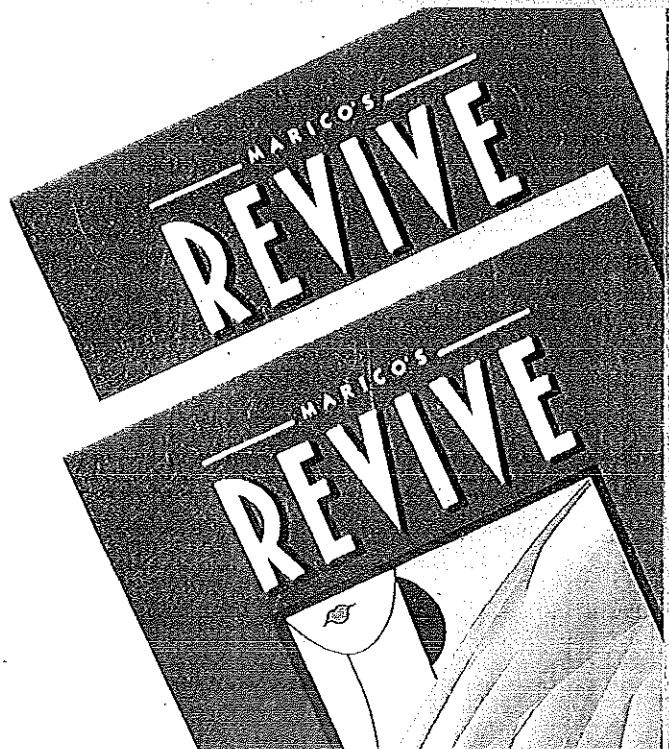
For centuries the image of the perfect Indian woman has been the one with the big black eyes and long black hair. The hair oils then in the market made her hair look limp and oily. There was a definite need for a non greasy hair oil with the nourishing properties of the traditional hair oils. Hair & Care with Vitamin E was thus born, and the Hair oil-plus category was born along with it.



REVIVE

In a humid country like India cotton is naturally very popular with the masses. Cotton care is not restricted to just washing and ironing. People would laboriously starch their cottons at home. We worked intensively on our R&D and created an instant starch which dissolved in cold water.

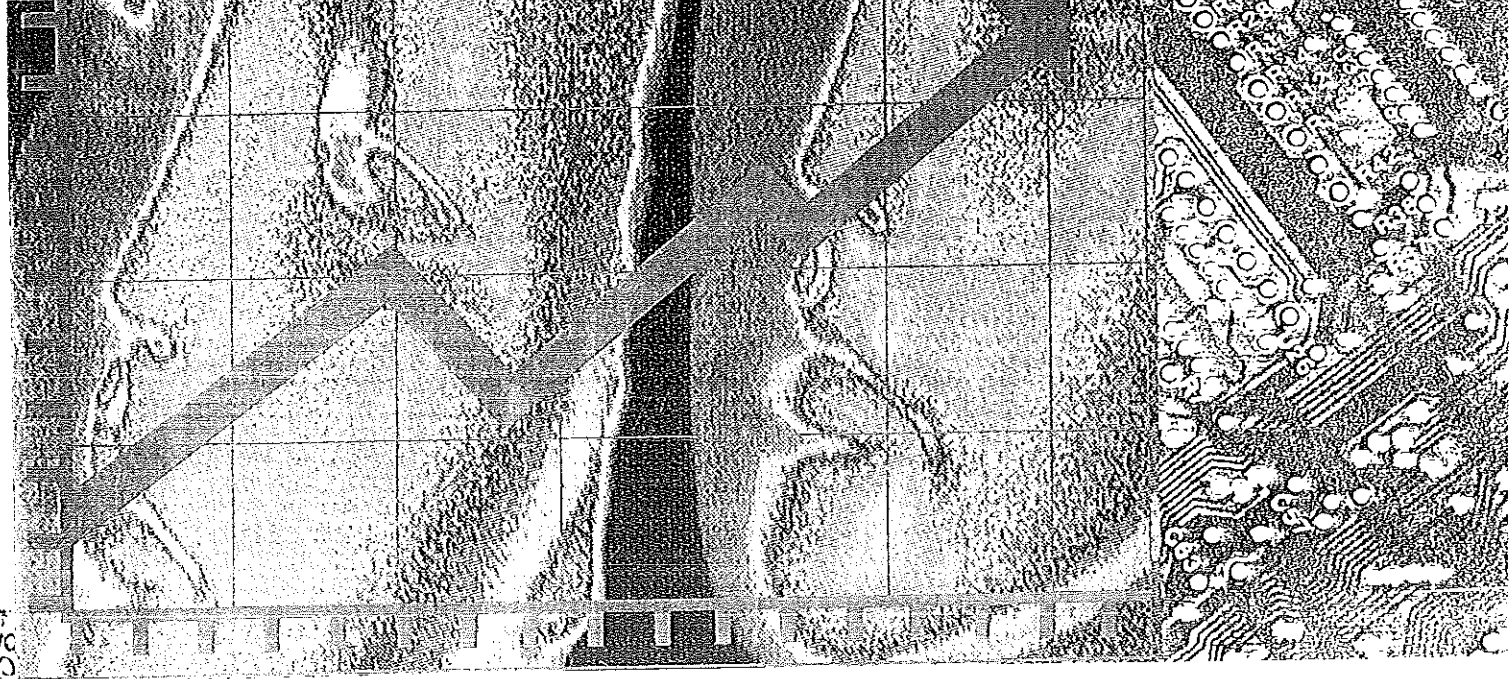
Revive was launched in March'93 and has created a category around itself by becoming the only available instant starch in the market. Cotton wearing has acquired a new meaning.

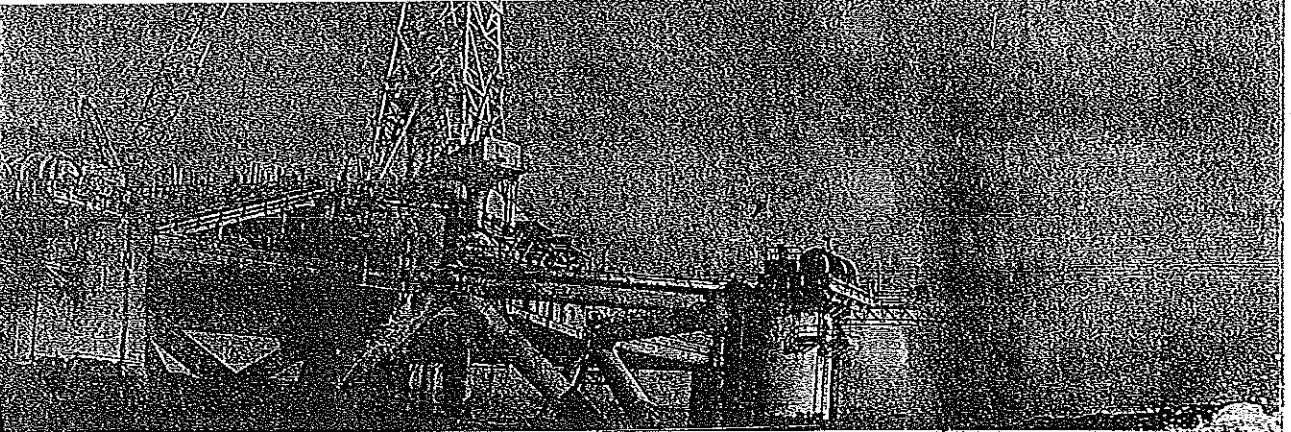
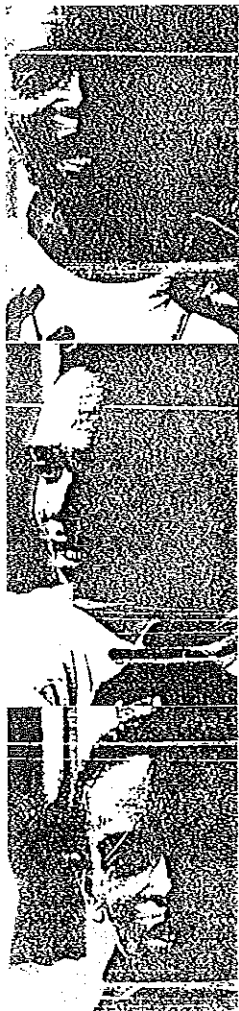


...AND SPEAKING OF LEADING

THE MARKET, WE SEEM TO BE DOING

IT IN MORE WAYS THAN ONE.





In a short span of just 3 years, Marico's turnover has grown at a compounded rate of over 40% per annum.

No mean achievement for a young organisation which has been in existence for only three years.

We have grown from a 2 product company to a 5 product company, from one manufacturing location to three locations, from 300 people to 600 people, from a distribution network comprising 1000 distributors to one with 1300 distributors.

We ended this year with a turnover of Rs. 210 crores. In spite of this growth in size our profitability has grown from 4.3% in 1990 - 91 to 7.0% in 1992 - 93.

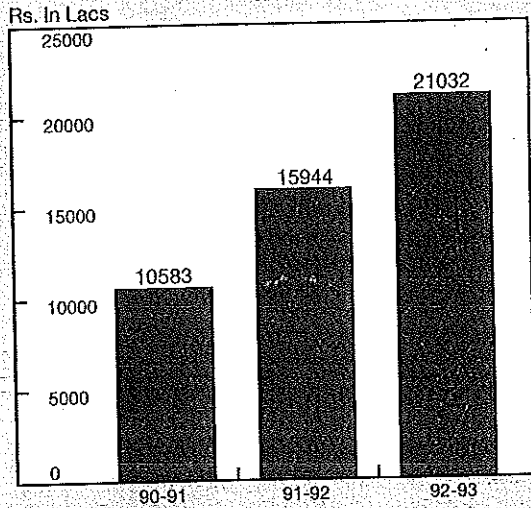
Our return on capital employed is greater than 70%, which shows the importance placed on productivity at Marico.

All this has been possible because of our belief in being the first in the market.

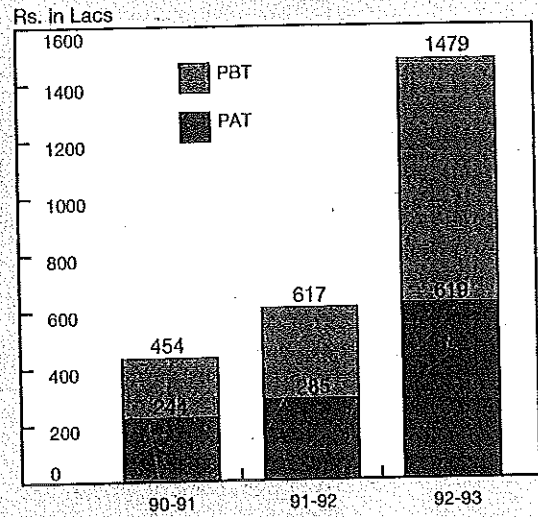
We do believe that we must reach for the moon.



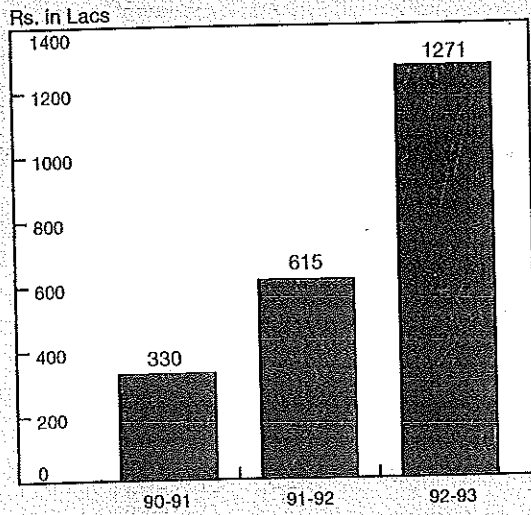
Sales



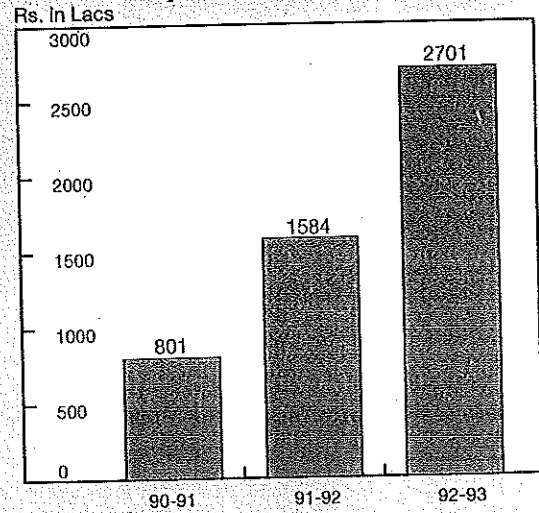
Profits



Networth



Capital Employed



MARICO INDUSTRIES LIMITED

| | |
|----------------------------|---|
| BOARD OF DIRECTORS | CHARANDAS VALLABHDAS MARIWALA <i>Chairman</i> HANSRAJ VALLABHDAS MARIWALA JAYSINH VALLABHDAS MARIWALA KISHORE VALLABHDAS MARIWALA HARSH CHARANDAS MARIWALA <i>Managing Director</i> |
| TOP MANAGEMENT TEAM | HARSH CHARANDAS MARIWALA <i>Managing Director</i> JESWANT NAIR <i>Vice President—Personnel</i> PRANAB DATTA <i>Vice President—Finance</i> RAJ AGGARWAL <i>Vice President—Marketing</i> SHREEKANT GUPTA <i>Vice President—Operations</i> ARVIND KUMAR <i>Vice President—Commodities & Exports</i> |
| SECRETARY | P. SANKER |
| BANKERS | STATE BANK OF SAURASHTRA INDIAN BANK ALLAHABAD BANK BANK OF BARODA |
| AUDITORS | DALAL DESAI & KUMANA |
| SOLICITORS | MULLA & MULLA & CRAIGIE, BLUNT & CAROE TYABJI DAYABHAI & COMPANY |
| REGISTERED OFFICE | "RANG SHARDA" Kishenchand Marg, Bandra Reclamation, Bandra West, BOMBAY 400 050. |
| WORKS | i) E—10, M.I.D.C. Area, Jalgaon 425 003. ii) Industrial Development Area, Kanjikode—Menonpara Road, KANJIKODE, PALAKKAD 678 621. |

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of MARICO INDUSTRIES LIMITED will be held at "RANG SHARDA", Plot No. 791, Krishnachandra Marg, Bandra Reclamation, Bandra (West), BOMBAY-400 050, on December 30, 1993 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on March 31, 1993 and the Profit and Loss Account of the Company for the year ended on that date and the reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. C.V. Mariwala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. H.V. Mariwala, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:—

"RESOLVED THAT pursuant to the provisions of Section 370 of the Companies Act, 1956, and other applicable provisions, if any, the Board of Directors be and they are hereby authorised:

- (i) to make loan(s) to any body corporate from time to time, and on such terms and conditions as the Board of Directors may deem fit notwithstanding that the aggregate of such loan(s) to the other bodies corporate not under the same management as the Company,

exceeds twenty per cent of the subscribed capital of the Company and its free reserves, provided further, that the aggregate of loan(s) so made, to all bodies corporate should not, without the prior approval of the Central Government, exceed:

- (a) Thirty per cent of the aggregate of the subscribed capital of the Company and its free reserves, where all such other bodies corporate are not under the same management as the Company and

- (b) Twenty per cent of the aggregate of the subscribed capital of the Company and its free reserves, where all such other bodies corporate are under the same management as the Company.

- (ii) to give any guarantee, or provide any security in connection with a loan made by any other person to or to any other person by any body corporate, on such terms and conditions as the Board may think fit or expedient to be in the best interest of the Company. Provided that, the aggregate of all such guarantees given or securities provided remaining outstanding at any time shall not exceed Rs. 30 crores (Rupees Thirty crores only)".

7. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:—

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board") to mortgaging and/or charging on such terms and conditions as the Board may deem fit, all or any part of the movable and/or immovable properties of the Company, wheresoever situated, both present and future, and the whole of the undertaking of the Company (save and except the current assets that are or may be hypothecated and/or pledged in favour of the Company's bankers for securing borrowings for working capital

requirements) in favour of The Industrial Credit and Investment Corporation of India Limited, the Trustees to 18.75% Secured Redeemable Non-Convertible Debentures for a sum not exceeding Rs. 3 crores (Rupees Three crores) together with interest at the agreed rates and compound/additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in terms of Debenture Trust Deed entered/to be entered into by the Company in respect of such Debentures."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with such Trustees of Debentureholders the documents for creating the aforesaid mortgage and/or charge and to do all such acts, matters, deeds and things as may be necessary usual or expedient for giving effect to this resolution and also to agree to any amendments thereto from time to time as it may think fit."

NOTES:—

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. DIVIDEND ON SHARES AS RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE MEETING, WILL BE PAID ON PRO-RATA BASIS TO THOSE SHAREHOLDERS WHOSE NAMES STAND REGISTERED IN THE REGISTER OF MEMBERS AS ON DECEMBER 30, 1993 AFTER ADJUSTMENT OF THE INTERIM DIVIDEND ALREADY PAID.
3. THE RELATIVE EXPLANATORY STATEMENT, PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE BUSINESS UNDER ITEM NOS. 6 & 7 ARE ANNEXED HERETO.

By Order of the Board of Directors
For MARICO INDUSTRIES LIMITED

Place: Bombay
Date: December 2, 1993.

P. SANKER
Company Secretary

Registered Office:
"Rang Sharda", Krishnachandra Marg,
Bandra Reclamation, Bandra (West),
BOMBAY 400 050.

EXPLANATORY STATEMENT

ITEM NO. 6:

Under Section 370 of the Companies Act, 1956, authorisation of the Company by a Special Resolution is required, to enable the Board of Directors to give loans or provide any guarantee or security in connection with loans made by any other person to, or to any other person by, a body corporate beyond twenty per cent of the aggregate of the subscribed capital of the Company and its free reserves.

In order to optimise the returns on the surplus funds, the Directors of the Company consider it essential to invest such funds prudently as and when available.

It is, therefore, considered necessary that the Board of Directors of the Company should be empowered to make loans or give guarantee or provide securities in connection with loans made to other bodies corporate as specified in Item 6 of the Notice.

The Directors recommend the Special Resolution pursuant to Section 370 of the Companies Act, 1956, for your approval.

Except to the extent that they may be Directors or Members of such other body corporate, none of the Directors of the Company are in any way concerned or interested in this Resolution.

ITEM NO. 7:

GIC Mutual Fund has subscribed to the Company's 18.75% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each aggregating to Rs. 3 crores to meet the Company's requirements of long term working capital and normal capital expenditure. The said debentures are to be secured inter alia, by a first mortgage and charge on the properties of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not, except with the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Accordingly, the consent of the Company is being obtained.

None of the Directors are interested in the Resolution.

By Order of the Board of Directors
For MARICO INDUSTRIES LIMITED

Place: Bombay
Date: December 2, 1993.

Registered Office:
"Rang Sharda", Krishnachandra Marg,
Bandra Reclamation, Bandra (West),
BOMBAY 400 050.

P. SANKER
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have pleasure in presenting the Fifth Annual Report of the Company together with the audited accounts for the year ended March 31, 1993.

1. FINANCIAL RESULTS

| | Rupees in Lacs | |
|-----------------------------|-----------------|-----------------|
| | 1992-93 | 1991-92 |
| Sales | <u>21065.62</u> | <u>15965.88</u> |
| Profit Before Tax | <u>1479.02</u> | 616.99 |
| Tax | <u>860.00</u> | <u>332.00</u> |
| Profit After Tax | <u>619.02</u> | 284.99 |
| Add: Brought Forward | <u>124.60</u> | <u>239.61</u> |
| | <u>743.62</u> | 524.60 |
| Less: Dividend | <u>22.88</u> | — |
| Transfer to General Reserve | <u>500.00</u> | <u>400.00</u> |
| Balance Carried Forward | <u>220.74</u> | <u>124.60</u> |

2. DIVIDEND

An interim dividend of 20% (subject to tax) was declared on February 17, 1993 and paid to the Shareholders on a pro-rata basis out of the profits for the year ended March 31, 1993. In accordance with the relevant terms, bonus shares issued after the declaration of the dividend would be eligible to the said dividend on a pro-rata basis. In order to conserve resources your Directors have considered it prudent not to recommend any final dividend.

3. CAPITAL

3.1 During the year the Company expanded its capital by issuing and allotting 6,00,000 equity shares of Rs. 10/- each at par.

3.2 In order to ensure that the equity share capital appropriately reflected the capital employed in the Company, your Directors recommended that a sum of

Rs. 3,00,00,000/- (Rupees Three crores only) be capitalised out of the amount available to the credit of General Reserve as at March 31, 1992 and that such sum be applied in paying up in full, at par, 30,00,000 fresh Equity Shares of Rs. 10/- each to be allotted as Bonus Shares to the holders of the Equity Shares of the Company as on March 23, 1993 in the proportion of two new Equity Shares for every one Equity Share held by such holders.

3.3 The aforesaid proposal to issue Bonus shares was duly approved by the shareholders at the Extraordinary General Meeting of the Company held on March 23, 1993, and the Bonus shares were allotted on March 26, 1993.

3.4 With the issue of Right shares and allotment of Bonus shares as aforesaid the paid up Capital of the Company stands increased to Rs. 4.50 crores.

4. OPERATIONS

4.1 The turnover for the year registered a growth of 32%, on top of 51% recorded in the previous year. Sales crossed the Rs. 200 crore mark, the year finally ending with total income of Rs. 211 crores as against Rs. 160 crores in the previous year.

4.2 Volume increases were registered by all the product groups. The two main brands, 'Parachute' and 'Saffola' continued to be the most popular brands in their respective categories. 'Sweekar' and 'Hair & Care', the two brands of comparatively recent origin have also registered growth in sales.

4.3 Profits (before tax) have increased from Rs. 6.17 crores to Rs. 14.79 crores, the growth being largely attributed to the volume increase and improvement in unit margins following the containment of inflation in raw material prices.

5. NEW PRODUCTS

5.1 During the year, the Company launched an instant fabric starch under the brand name 'Revive'. The product was initially launched in Bombay and thereafter extended to the other centres. The initial response has been encouraging.

5.2 The Company has decided to venture into the growing market of processed foods which can be conveniently sold through its existing distribution infrastructure. Marketing of

the 'SIL' range of processed foods, manufactured by its associate company, Kanmoor Foods Limited has been undertaken effective April, 1993.

6. FUNDS

6.1 Your Company has been sanctioned a Rupee Term Loan of Rupees Five hundred lacs under the Asset Credit Scheme of ICICI for meeting the capital expenditure requirements of the Coconut Oil Mill being set up at Kanjikode, Palghat in the State of Kerala.

6.2 Your Company has also privately placed Secured Non-Convertible Debentures for Rupees Three hundred lacs with GIC Mutual Fund to finance the working capital requirements of the Company. The allotment of Debentures has been completed during the current year.

7. PROJECT IMPLEMENTATION

Further to the reference in the previous year's report, the Company is setting up a New Oil Mill in the New Industrial Area, Kanjikode about 14 kms. from Palghat town in the State of Kerala. The plant is expected to be fully operational during the first quarter of 1994.

8. ACCOUNTS

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 further explanation is deemed necessary.

9. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C.V. Mariwala and Mr. H.V. Mariwala are liable to retire by rotation, and being eligible, offer themselves for re-appointment.

10. OTHER INFORMATION

10.1 Information required in accordance with provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of Board of Directors Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange

earnings and outgo, is given in the Annexure to this Report.

10.2 In addition, information in accordance with provisions of Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1993, is also given in the Annexure to this Report.

10.3 The steps taken towards extensive tree planting and landscaping at the factory premises at Jalgaon would during the coming years create a pleasant green environment. The discharge of effluents at the Company's operations are well within the norms prescribed by the Pollution Control Board and steps are being taken to establish effluent treatment plant so as to bring down the level of effluents further.

11. AUDITORS

The members are requested to appoint Auditors for the current year and to fix their remuneration. Messrs Dalal, Desai & Kumana, the existing Auditors have under Section 224(1) of the Companies Act, 1956 furnished Certificate of their eligibility for re-appointment.

12. EMPLOYEE RELATIONS

The relation between employees and the management have remained cordial and the Directors wish to place on record their appreciation of the co-operation and support received.

13. ACKNOWLEDGEMENT

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and other business associates.

On behalf of the Board of Directors

Place: Bombay
Date: December 2, 1993.

C.V. MARIWALA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy:

- i) Installation of high efficiency "NTB Belts" on expeller drives. These belts have high tensile strength and very high modulus of elasticity and thereby have 98% transmission efficiency compared to 83-86% efficiency of conventional V belts.
- ii) Installation of suitable 'Capacitors' to improve power factor to more than 0.95.
- iii) Installation of shaft mounted speed Reducers for expellers.

The details of total energy consumption and energy consumption per unit of production are disclosed in Enclosure 'A'. Electricity consumption per unit of production is higher due to substantial increase in refined oil output, which consumes more power.

B. Research & Development:

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange earnings and outgo:

Efforts have been initiated to promote the export of Company's products, wherever permissible. The details of total foreign exchange used and earned are disclosed in Schedule 'Q'.

ENCLOSURE 'A'

| A. Power & Fuel Consumptions: | | 1992-93 | 1991-92 |
|-------------------------------|--------------------------------|-----------|-----------|
| 1 | Electricity | | |
| a) | Purchased Unit (Kwh) | 30,92,550 | 26,97,143 |
| | Total Amount (Rs.) | 72,80,622 | 54,38,719 |
| | Rate (Rs./Unit) | 2.35 | 2.02 |
| b) | Own Generation | | |
| i) | Through Diesel Generator | Nil | Nil |
| ii) | Through Steam Generator | Nil | Nil |
| 2 | Coal (Used for Boiler) | | |
| | Quantity (M.T.) | 1639.000 | 1443.955 |
| | Total Cost (Rs.) | 17,69,829 | 16,63,291 |
| | Average Rate (Rs./Ton) | 1,079.82 | 1,151.90 |
| 3 | Furnace Oil Quantity (K.Ltrs.) | 214.100 | 680.000 |
| | Amount (Rs.) | 12,16,736 | 28,75,177 |
| | Average Rate (Rs./K.Ltrs.) | 5,683.03 | 4,228.20 |

| | 1992-93 | 1991-92 |
|--------------------------------|-----------|----------|
| 4 Other Internal Generation | | |
| i) L.D.O. | | |
| Quantity (K.Ltrs.) | 284.373 | 21.000 |
| Amount (Rs.) | 18,63,948 | 1,13,268 |
| Average Rate (Rs./K.Ltrs.) | 6,554.59 | 5,393.72 |
| ii) L.S.H.S Quantity (K.Ltrs.) | 186.800 | 10.000 |
| Amount (Rs.) | 14,38,483 | 46,500 |
| Average Rate (Rs./K.Ltrs.) | 7,700.66 | 4,650.00 |

CONSUMPTION PER UNIT OF PRODUCTION

| Edible Oil | Unit | Consumption per Unit of Production | |
|-------------|--------|------------------------------------|---------|
| | | 1992-93 | 1991-92 |
| Electricity | Kwts | 224.44 | 216.35 |
| Coal | M.T. | 0.12 | 0.12 |
| Furnace Oil | K.Ltr. | 0.05 | 0.05 |

ENCLOSURE 'B'

Research & Development:

- 1 Specific areas in which R&D carried out by the Company:
 - Development of new products.
 - Improvement of product quality.
 - Process improvement.
- 2 Benefits derived as a result of the above R&D:
 - Launching of new products, improvement in product quality and cost reduction.
- 3 Expenditure on R&D:

| | Rs. in lacs |
|--|-------------|
| a) Capital | 16.06 |
| b) Recurring | 40.04 |
| Total | 56.10 |
| c) Total R&D expenditure as a percentage of total turnover | 0.27% |

For and on behalf of the Board of Directors

Place: Bombay
Date: December 2, 1993.

C.V. MARIWALA
Chairman

AUDITORS' REPORT

To,
The Members of Marico Industries Limited

We have audited the attached Balance Sheet of Marico Industries Limited as on 31st March, 1993 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. As detailed in notes 12(i) and 13 of Schedule 'R', provision for Depreciation on certain assets has been made at rates higher than the rates prescribed in Schedule XIV resulting in the charge for depreciation being higher by Rs. 62,44,110.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with schedules annexed thereto, Statement of significant accounting policies and read with notes on accounts in Schedule 'R' particularly note 12 regarding change in the basis of accounting, give the information required by the Companies Act, 1956 in the manner so required and subject to para 4 hereof give a true and fair view:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1993 and
 - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act,

1956, and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and except as detailed and quantified in note 12 (ii) of Schedule 'R', is on the same basis as in the preceding year.
7. The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from Companies under the same management as defined in section 370 (1B) of the Companies Act, 1956.
8. The Company has given loan to a company under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956 which is also a Company listed in the register maintained under Section 301 of the said Act. The terms and conditions of the loan are not prima-facie prejudicial to the interest of the Company.

9. Loans or advances in the nature of loans given are being repaid as stipulated together with interest, wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, other than those purchases which are explained to be of a special nature for which alternative quotations are not available have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices where such market prices are available with the Company or the price at which similar transactions were made with other parties.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and material dealt in and provision for loss in respect thereof has been made in the accounts.
13. The Company has not accepted any deposit from the public to which the provisions of Section 58A and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has regularly deposited provident fund dues and Employees' State Insurance dues with the appropriate authorities except for a delay of one day in depositing provident fund dues on account of civic disturbances. There were no arrears at year end.
18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty & excise duty which have remained outstanding as at year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Dalal Desai & Kumana
Chartered Accountants

MAHESH ASRANI
Partner

Place: Bombay
Date: December 2, 1993.

MARICO INDUSTRIES LIMITED

**BALANCE SHEET
AS AT 31st MARCH**

| SOURCES OF FUNDS | SCHEDULE | 1993 Rs. | 1992 Rs. |
|---|----------|---------------------|---------------------|
| Shareholders' Funds | | | |
| Capital | A | 4,50,00,000 | 90,00,000 |
| Reserves & Surplus | B | 8,20,74,047 | 5,24,59,521 |
| | | <u>12,70,74,047</u> | <u>6,14,59,521</u> |
| Loan Funds | | | |
| Secured Loans | C | 12,80,23,950 | 7,19,16,109 |
| Unsecured Loans | D | 1,50,00,000 | 2,50,00,000 |
| | | <u>14,30,23,950</u> | <u>9,69,16,109</u> |
| | | <u>27,00,97,997</u> | <u>15,83,75,630</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 8,74,57,643 | 3,67,12,708 |
| Less: Depreciation | | 2,01,21,466 | 39,16,514 |
| Net Block | | <u>6,73,36,177</u> | <u>3,27,96,194</u> |
| Capital Work-in-Progress | | 4,22,10,450 | 3,46,86,719 |
| | | <u>10,95,46,627</u> | <u>6,74,82,913</u> |
| Investments | | | |
| Current Assets, Loans and Advances | | | |
| Inventories | G | 14,70,09,035 | 16,33,29,654 |
| Sundry Debtors | H | 7,87,30,737 | 5,98,24,109 |
| Cash, and Bank Balances | I | 2,29,14,984 | 2,02,86,439 |
| Loans and Advances | J | 19,25,90,354 | 6,66,37,200 |
| | | <u>44,12,45,110</u> | <u>31,00,77,402</u> |
| Less: | | | |
| Current Liabilities and Provisions | | | |
| Liabilities | K | 14,04,86,308 | 16,50,55,885 |
| Provisions | L | 14,03,08,632 | 5,42,10,000 |
| | | <u>28,07,94,940</u> | <u>21,92,65,885</u> |
| Net Current Assets | | <u>16,04,50,170</u> | <u>9,08,11,517</u> |
| | | <u>27,00,97,997</u> | <u>15,83,75,630</u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA

Chartered Accountants

MAHESH ASRANI

Partner

Place: Bombay

Date: December 2, 1993.

P. SANKER
Secretary

For and on behalf of the Board of Directors

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place: Bombay

Date: December 2, 1993.

MARICO INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31st March

| | SCHEDULE | 1993 Rs. | 1992 Rs. |
|---|----------|----------------------|----------------------|
| INCOME | | | |
| Sales | Q | 210,32,13,218 | 159,43,95,801 |
| Other Income | M | 33,49,229 | 21,92,128 |
| | | <u>210,65,62,447</u> | <u>159,65,87,929</u> |
| EXPENDITURE | | | |
| Cost of Materials | N | 130,47,79,532 | 107,27,14,241 |
| Manufacturing and Other Expenses | O | 60,82,51,830 | 44,07,93,331 |
| Interest | P | 2,90,73,200 | 1,86,49,520 |
| Depreciation | E | 1,65,55,142 | 27,32,015 |
| | | <u>195,86,59,704</u> | <u>153,48,89,107</u> |
| PROFIT BEFORE TAX | | 14,79,02,743 | 6,16,98,822 |
| Provision for Tax | | <u>8,60,00,000</u> | <u>3,32,00,000</u> |
| PROFIT AFTER TAX | | 6,19,02,743 | 2,84,98,822 |
| Balance brought forward | | <u>1,24,59,521</u> | <u>2,39,60,699</u> |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | <u>7,43,62,264</u> | <u>5,24,59,521</u> |
| APPROPRIATIONS | | | |
| Dividend (Subject to tax) | | 22,88,217 | — |
| General Reserve | | <u>5,00,00,000</u> | <u>4,00,00,000</u> |
| BALANCE CARRIED FORWARD TO BALANCE SHEET | | <u>2,20,74,047</u> | <u>*1,24,59,521</u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

MAHESH ASRANI
Partner

Place: Bombay
Date: December 2, 1993.

P. SANKER
Secretary

For and on behalf of the Board of Directors

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place: Bombay
Date: December 2, 1993.

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'A'
SHARE CAPITAL

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|---|------------------------------------|------------------------------------|
| Authorised: | | |
| 49,00,000 Equity Shares of Rs. 10/- each (9,00,000) | 4,90,00,000 | 90,00,000 |
| 10,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each | <u>10,00,000</u> | <u>10,00,000</u> |
| | <u>5,00,00,000</u> | <u>1,00,00,000</u> |
| Issued, Subscribed and paid up: | | |
| 45,00,000 Equity Shares of Rs. 10/- each fully paid up (9,00,000) Including 30,00,000 (Nil) allotted as fully-paid bonus shares during the year by capitalisation of General Reserve | <u>4,50,00,000</u> | <u>90,00,000</u> |

SCHEDULE 'B'
RESERVES AND SURPLUS

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|--|------------------------------------|------------------------------------|
| General Reserve— | | |
| As per last Balance Sheet | 4,00,00,000 | — |
| Less: Amount utilised, towards issue of Bonus Shares | <u>3,00,00,000</u> | — |
| | 1,00,00,000 | |
| Add: Transfer from Profit And Loss Account | <u>5,00,00,000</u> | <u>4,00,00,000</u> |
| | 6,00,00,000 | 4,00,00,000 |
| Profit and Loss Account | <u>2,20,74,047</u> | <u>1,24,59,521</u> |
| | <u>8,20,74,047</u> | <u>5,24,59,521</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'C'
SECURED LOANS

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|--|------------------------------------|------------------------------------|
| Non Convertible Debentures—Advance Subscription (Note 1) | 3,00,00,000 | — |
| From Banks (Note 2) | 7,93,73,051 | 5,96,40,109 |
| From Financial Institution (Note 3) | 1,86,50,899 | 1,22,76,000 |
| | <u>12,80,23,950</u> | <u>7,19,16,109</u> |

NOTES:

1. To be Issued to GIC Mutual Fund which are proposed to be secured by legal mortgage of immovable property of the Company, wherever situated including Plant & Machinery (excluding the assets on which exclusive charge has been created) and a floating charge on all other movable assets of the Company subject to prior charges created in favour of the Company's bankers; debentures were since allotted on June 11, 1993 and securities are in the process of being created.
2. Secured by hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by the Directors of the Company.
3. Loan from financial institution includes:
 - (i) deferred payment credit of Rs. 98,20,800 co-accepted by the Company's bankers against hypothecation of all tangible movable properties including stock in trade and machinery situated at, Jalgaon factory; and also guaranteed by the Directors of the Company. Repayable within a year Rs. 24,55,200 (Rs. 24,55,200).
 - (ii) term loan of Rs. 88,30,099 secured by an exclusive charge by way of hypothecation of specific equipments. Repayable within a year Rs. 12,87,693 (Rs. Nil).

SCHEDULE 'D'
UNSECURED LOANS

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|---|------------------------------------|------------------------------------|
| From Companies Repayable within a year Rs. Nil (Rs. 50,00,000) | 1,50,00,000 | 2,50,00,000 |
| | <u>1,50,00,000</u> | <u>2,50,00,000</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'E' FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|-----------------------------------|--------------------|----------------------------------|------------------------------------|----------------------------------|------------------------|----------------------------------|-----------------------------------|------------------------------------|------------------------------------|
| | As at 1st April 1992 Rs. | Additions Rs. | Deletions/ Adjustments Rs. | As at 31st March 1993 Rs. | Upto 1st April 1992 Rs. | For the Year Rs. | Deletions/ Adjustments Rs. | Upto 31st March 1993 Rs. | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
| Leasehold Land | 22,35,921 | — | — | 22,35,921 | 55,099 | 26,763 | — | 81,862 | 21,54,059 | 21,80,822 |
| Building | 62,72,401 | 1,59,07,964 | — | 2,21,80,365 | 2,32,436 | 4,20,202 | — | 6,52,638 | 2,15,27,727 | 60,39,965 |
| Plant and Machinery | 2,70,05,396 | 3,49,69,962 | 15,67,443 | 6,04,07,915 | 35,36,025 | 1,59,67,907 | 3,42,846 | 1,91,61,086 | 4,12,46,829 | 2,34,69,371 |
| Furniture and Fittings | 11,62,250 | 5,22,073 | 22,321 | 16,62,002 | 82,629 | 92,236 | 1,181 | 1,73,684 | 14,88,318 | 10,79,621 |
| Vehicles | 36,740 | 9,65,465 | 30,765 | 9,71,440 | 10,325 | 48,034 | 6,163 | 52,196 | 9,19,244 | 26,415 |
| TOTAL | 3,67,12,708 | 5,23,65,464 | 16,20,529 | 8,74,57,643 | 39,16,514 | 1,65,55,142 | 3,50,190 | 2,01,21,466 | 6,73,36,177 | 3,27,96,194 |
| PREVIOUS YEAR | 2,91,16,059 | 78,46,000 | 2,49,351 | 3,67,12,708 | 12,02,100 | 27,32,015 | 17,601 | 39,16,514 | — | — |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | 4,22,10,450 | 3,46,86,719 |
| | | | | | | | | | 10,95,46,627 | 6,74,82,913 |

SCHEDULES TO ACCOUNTS

SCHEDULE 'F'
INVESTMENTS (At Cost) Unquoted

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|--|------------------------------------|------------------------------------|
| Government Securities—National Savings Certificates (Deposited with Government authorities) | 1,01,200 | 81,200 |
| | <u>1,01,200</u> | <u>81,200</u> |

SCHEDULE 'G'
INVENTORIES

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|---|------------------------------------|------------------------------------|
| (As per Inventories valued and certified by the management—Refer item 3 of Schedule S) | | |
| Raw Materials | 2,89,34,189 | 4,79,93,959 |
| Packing Materials | 2,62,07,090 | 3,25,19,984 |
| Stores, Spares & Chemicals | 28,04,037 | 44,94,666 |
| Work-in-Process | 15,37,040 | 10,05,285 |
| Finished Products | 8,27,98,152 | 6,97,38,708 |
| By-Products | 47,28,527 | 75,77,052 |
| | <u>14,70,09,035</u> | <u>16,33,29,654</u> |

SCHEDULE 'H'
SUNDRY DEBTORS (Unsecured—considered good)

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|-----------------|------------------------------------|------------------------------------|
| Over Six months | 67,30,390 | 12,54,766 |
| Others | 7,20,00,347 | 5,85,69,343 |
| | <u>7,87,30,737</u> | <u>5,98,24,109</u> |

SCHEDULE 'I'
CASH AND BANK BALANCES

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|---|------------------------------------|------------------------------------|
| Cash on hand | 4,48,220 | 3,30,700 |
| Remittances in transit | 17,10,000 | 2,65,500 |
| Balances with Scheduled Banks: | | |
| Fixed Deposits (lodged with Govt. authorities) | 1,24,500 | 1,24,500 |
| Margin Account (Against Letters of Credit & Bank Guarantees) | 35,94,670 | 27,84,346 |
| In Current Accounts | 1,70,37,594 | 1,67,81,393 |
| | <u>2,07,56,764</u> | <u>1,96,90,239</u> |
| | <u>2,29,14,984</u> | <u>2,02,86,439</u> |

SCHEDULES TO ACCOUNTS

| SCHEDULE 'J' LOANS AND ADVANCES (Unsecured—considered good) | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|---|------------------------------------|------------------------------------|
| Advances recoverable in cash or in kind or for value to be received | 2,76,58,919 | 92,00,602 |
| Advance Tax | 12,46,88,797 | 5,03,64,676 |
| Deposits | 3,99,31,509 | 69,66,529 |
| Balance with Central Excise Authorities | 11,465 | 5,851 |
| Interest accrued on—Investments | 27,693 | 23,549 |
| —Others | 2,71,971 | 75,993 |
| | <u>2,99,664</u> | <u>99,542</u> |
| | <u>19,25,90,354</u> | <u>6,66,37,200</u> |

| SCHEDULE 'K' CURRENT LIABILITIES | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|-------------------------------------|------------------------------------|------------------------------------|
| Sundry Creditors | 10,66,16,123 | 13,92,21,071 |
| Advances from customers | 4,37,262 | — |
| Other Liabilities | 1,09,90,943 | 92,02,445 |
| Security Deposits | 2,24,22,069 | 1,64,62,788 |
| Interest accrued but not due | 19,911 | 1,69,581 |
| | <u>14,04,86,308</u> | <u>16,50,55,885</u> |

| SCHEDULE 'L' PROVISIONS | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|----------------------------|------------------------------------|------------------------------------|
| Tax | 14,02,10,000 | 5,42,10,000 |
| Dividend | 98,632 | — |
| | <u>14,03,08,632</u> | <u>5,42,10,000</u> |

| SCHEDULE 'M' OTHER INCOME | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|--|------------------------------------|------------------------------------|
| Income from Investments (Gross) | 4,144 | 12,738 |
| Tax deducted at source Rs. Nil (Rs. Nil) | | |
| Interest from Banks & Others (Gross) | 24,14,832 | 7,11,028 |
| Tax deducted at source Rs. 4,34,019 (Rs. 54,025) | | |
| Miscellaneous Income | 9,30,253 | 14,68,362 |
| | <u>33,49,229</u> | <u>21,92,128</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'N'
COST OF MATERIALS

| | As at 31st March 1993 Rs. | | As at 31st March 1992 Rs. | |
|--------------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
| RAW MATERIALS: | | | | |
| Opening Stock | 4,79,93,959 | | 2,75,71,322 | |
| Add: Purchases | 102,66,92,378 | | 90,80,94,765 | |
| Less: Closing Stock | <u>2,89,34,189</u> | | <u>4,79,93,959</u> | |
| | 104,57,52,148 | | 88,76,72,128 | |
| PURCHASE OF FINISHED PRODUCTS | | | | |
| | 26,97,70,058 | | 19,38,26,929 | |
| (INCREASE)/DECREASE IN STOCK | | | | |
| OPENING STOCK | | | | |
| Work-in-Process | 10,05,285 | | 34,14,418 | |
| By-products | 75,77,052 | | 40,00,018 | |
| Finished Products | <u>6,97,38,708</u> | | <u>6,21,21,793</u> | |
| | 7,83,21,045 | | 6,95,36,229 | |
| CLOSING STOCK: | | | | |
| Work-in-Process | 15,37,040 | | 10,05,285 | |
| By-products | 47,28,527 | | 75,77,052 | |
| Finished Products | <u>8,27,98,152</u> | | <u>6,97,38,708</u> | |
| | 8,90,63,719 | (1,07,42,674) | 7,83,21,045 | (87,84,816) |
| | | <u>130,47,79,532</u> | | <u>107,27,14,241</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'O'
MANUFACTURING AND OTHER EXPENSES

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|--|------------------------------------|------------------------------------|
| Employee Cost: | | |
| Salaries, Wages and Bonus | 2,91,79,450 | 2,08,88,058 |
| Contribution to Provident Fund and Other Funds | 28,05,861 | 17,51,810 |
| Welfare Expenses | 63,20,367 | 45,84,159 |
| | <u>3,83,05,678</u> | <u>2,72,24,027</u> |
| Conversion & other charges reimbursed | 3,53,89,167 | 2,02,28,573 |
| Stores, Spares & Chemicals Consumed | 1,09,19,677 | 65,53,133 |
| Packing Materials Consumed | 25,17,81,767 | 19,47,76,454 |
| Power, Fuel and Water | 1,59,26,010 | 1,04,53,451 |
| Rent and Storage Charges | 2,01,01,166 | 1,15,50,739 |
| Repairs: Buildings | 46,34,594 | 7,27,067 |
| Machinery | 16,58,166 | 9,00,203 |
| Others | 31,47,556 | 23,19,454 |
| | <u>94,40,316</u> | <u>39,46,724</u> |
| Freight and Forwarding Charges | 4,40,13,630 | 3,47,25,190 |
| Advertisement and Sales Promotion | 7,86,50,160 | 4,61,87,673 |
| Rates and Taxes | 2,92,546 | 2,04,969 |
| Sales Tax | 1,65,55,832 | 1,64,51,487 |
| Royalty | 92,06,288 | 1,07,46,469 |
| Travelling, Conveyance & Vehicle Expenses | 1,31,65,306 | 90,88,341 |
| Bank Charges | 2,60,85,887 | 2,81,85,291 |
| Insurance | 8,62,069 | 9,05,084 |
| Miscellaneous Expenses | 3,75,56,331 | 1,95,65,726 |
| | <u>60,82,51,830</u> | <u>44,07,93,331</u> |

SCHEDULE 'P'
INTEREST

| | As at 31st March 1993 Rs. | As at 31st March 1992 Rs. |
|-------------|------------------------------------|------------------------------------|
| Fixed Loans | 32,48,522 | 8,72,167 |
| Others | 2,58,24,678 | 1,77,77,353 |
| | <u>2,90,73,200</u> | <u>1,86,49,520</u> |

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK ETC.

| Sr. No. | PARTICULARS | Year Ended 31st March | Licensed Capacity M.T. | Installed Capacity M.T. | OPENING STOCK | | PRODUCTION* Quantity M.T. | PURCHASES | | TURNOVER | | CLOSING STOCK | |
|---------|---------------------------------|--------------------------|--------------------------------|-------------------------------|------------------|---------------|---------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | | | | | Quantity M.T. | Amount Rs. | | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. |
| 1 | RAW OILS (Finished Products) | 1993 | 11400 [!] Of Seeds | 11400 Of Seeds | 634.263 | 3,60,43,306 | 6801.250 | 4908.163 | 24,68,85,569 | 17968.743 | 148,88,37,723 | 790.583 | 4,33,78,498 |
| | | 1992 | 11400 [!] Of Seeds | 11400 Of Seeds | 613.300 | 3,07,46,775 | 6340.307 | 4047.300 | 19,38,26,929 | 15351.500 | 108,89,32,853 | 634.263 | 3,60,43,306 |
| 2 | REFINED OILS | 1993 | 22,500 | 22,500 | 781.138 | 2,98,25,354 | 6977.542 | 469.708 | 1,47,69,537 | 9141.746 | 45,90,81,458 | 922.525 | 2,80,35,011 |
| | | 1992 | 22,500 | 15,120 | 619.958 | 2,47,11,421 | 6128.310 | — | — | 7372.414 | 39,17,45,053 | 781.138 | 2,98,25,354 |
| 3 | BY-PRODUCTS | 1993 | — | — | 1386.783 | 75,77,052 | 19691.989 | — | — | 17191.060 | 8,16,19,740 | 689.843 | 47,28,527 |
| | | 1992 | — | — | 1109.940 | 40,00,018 | 13477.139 | — | — | 15787.981 | 6,65,34,667 | 1386.783 | 75,77,052 |
| 4 | HAIR OIL ** | 1993 | — | — | 37.318 | 37,07,266 | — | — | — | 506.649 | 5,96,65,797 | 26.179 | 27,31,838 |
| | | 1992 | — | — | 78.700 | 66,63,597 | — | — | — | 425.244 | 4,39,08,010 | 37.318 | 37,07,266 |
| 5 | OTHERS | 1993 | — | — | — | 1,62,782 | — | — | 81,14,952 | — | 1,40,08,500 | — | 86,52,805 |
| | | 1992 | — | — | — | — | — | — | — | — | 32,75,218 | — | 1,62,782 |
| TOTAL | | 1993 | — | — | — | 7,73,15,760 | — | — | 26,97,70,058 | — | 210,32,13,218 | — | 8,75,25,679 |
| | | 1992 | — | — | — | 6,61,21,811 | — | — | 19,38,26,929 | — | 159,43,95,801 | — | 7,73,15,760 |

The installed capacities are as certified by the Management on a three shift basis.
! On lease basis

NOTE :

* Excludes processed by others

| | 31st March 1993 MT | 31st March 1992 MT |
|--------------|--------------------------|--------------------------|
| Raw Oils | 6415.650 | 4984.776 |
| Refined oils | 1835.883 | 1407.284 |
| By-Products | 2997.841 | 7427.460 |

By-Products Production
Includes 87.712 M.T. (P.Y. 386.500 M.T.) consumed during processing
Includes 6107.988 M.T. (P.Y. 4463.295 M.T.) consumed during processing by Others.

** Produced by others; units in K.L.

MARICO INDUSTRIES LIMITED

| SCHEDULE 'Q' | | ADDITIONAL INFORMATION | | | |
|---|--|-----------------------------|---|-----------------------------|---|
| | | As at 31st March 1993 | | As at 31st March 1992 | |
| B) RAW MATERIALS CONSUMED | | Quantity M.T. | Value Rs. | Quantity M.T. | Value Rs. |
| Oil seeds | | 35514 | 84,08,36,850 | 31957 | 70,41,46,604 |
| Raw oils | | 6344 | 17,88,57,954 | 4747 | 16,75,84,469 |
| Others | | | 2,60,57,344 | | 1,59,41,055 |
| | | | <u>104,57,52,148</u> | | <u>88,76,72,128</u> |
| C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED | | % | As at 31st March 1993 Value Rs. | % | As at 31st March 1992 Value Rs. |
| Raw material | | | | | |
| Imported | | 0.16 | 16,66,783 | 0.12 | 10,47,642 |
| Indigenous | | 99.84 | 104,40,85,365 | 99.88 | 88,66,24,486 |
| | | <u>100.00</u> | <u>104,57,52,148</u> | <u>100.00</u> | <u>88,76,72,128</u> |
| Stores, spares and chemicals | | | | | |
| Imported | | — | — | 6.30 | 4,12,559 |
| Indigenous | | 100.00 | 1,09,19,677 | 93.70 | 61,40,574 |
| | | <u>100.00</u> | <u>1,09,19,677</u> | <u>100.00</u> | <u>65,53,133</u> |
| D) VALUE OF IMPORTS ON C.I.F. BASIS | | | As at 31st March 1993 Rs. | | As at 31st March 1992 Rs. |
| Raw material | | | 16,66,783 | | 10,47,642 |
| Stores, spares and chemicals | | | — | | 4,12,559 |
| Capital goods | | | 3,50,389 | | 7,13,157 |
| | | | <u>20,17,172</u> | | <u>21,73,358</u> |
| E) EXPENDITURE IN FOREIGN CURRENCY | | | As at 31st March 1993 Rs. | | As at 31st March 1992 Rs. |
| Packing materials | | | 3,39,92,611 | | 3,65,62,927 |
| Others | | | 3,81,920 | | 36,678 |
| | | | <u>3,43,74,531</u> | | <u>3,65,99,605</u> |
| F) EARNINGS IN FOREIGN EXCHANGE | | | As at 31st March 1993 Rs. | | As at 31st March 1992 Rs. |
| F.O.B. Value of Exports | | | 50,65,129 | | 31,79,669 |
| | | | <u>50,65,129</u> | | <u>31,79,669</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'R'

NOTES:

1. Contingent liability not provided for in respect of:
 - i) Letters of Credit opened and outstanding Rs. 53,10,619/- (Rs. 9,85,400/-).
 - ii) Liability for conversion and other charges on account of the exposure aggregating to Rs. 101.76 lakhs (Rs. Nil) of the processors towards duties etc., which is being contested by them with the concerned statutory authority.
 - iii) Claims against the Company not acknowledged as debts Rs. Nil (Rs. 4,74,973/-).
- 2.1 Fixed Assets include office building costing Rs. 1,46,77,000/- (Rs. Nil) for which conveyance has not yet been completed.
- 2.2 The gross block of fixed assets includes Plant & Machinery given on lease Rs. 99,93,750/- (Rs. Nil).
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 67,24,994/- (Rs. 23,65,459/-).
4. Advances recoverable in cash or in kind include:
 - i) Loans to officers of the Company Rs. 60,800/- (Rs. 1,98,275/-). Maximum debit balance Rs. 1,98,275/- (Rs. 3,04,705/-).
 - ii) Due from a company under the same management viz. Kanmoor Foods Limited on account of:
 - Loans Rs. 1,00,00,000/- (Rs. Nil).
 - Maximum Balance Rs. 1,00,00,000/- (Rs. Nil).
 - Advances Rs. 37,65,461/- (Rs. Nil).
 - Maximum Balance Rs. 1,18,80,413/- (Rs. Nil).
5. Deposits include security deposit towards lease of office premises of Rs. 40,00,000/- (Rs. Nil) with a firm in which directors are partners.
6. Cash and Bank balances include balances of Rs. 75,540/- (Rs. 2,598/-) held with Janata Sahakari Bank, Jalgaon, a non scheduled bank. Maximum balance during the year Rs. 2,29,293/- (Rs. 1,38,808/-).
7. Sundry Creditors include acceptances Rs. Nil (Rs. 5,15,16,602/-).
8. Miscellaneous expenses include Commission and Brokerage Rs. 6,72,704/- (Rs. 4,35,053/-), Donations Rs. 12,11,711/- (Rs. 17,753/-), Cash discount Rs. 1,75,630/- (Rs. 1,08,513/-), Loss on sale of assets Rs. 9,76,611/- (Rs. 33,909/-) Audit fees Rs. 90,000/- (Rs. 70,000/-), Payment to Auditors for taxation matters Rs. Nil (Rs. 1,250/-), Payment to Auditors for out-of-pocket expenses Rs. 10,193/- (Rs. 7,694/-).
9. Miscellaneous income includes profit on sale of assets Rs. 32,328/- (Rs. 587/-) and lease rentals Rs. 7,57,668/- (Rs. Nil).
10. Research & Development Expenses aggregating to Rs. 40,03,989/- (Rs. 13,55,050/-) including depreciation of Rs. 27,63,713/- (Rs. 1,00,471/-) have been included under the relevant heads of expenses.
11. A sum of Rs. 17,97,433/- (Rs. 9,02,274/-) representing actuarial liability towards retirement gratuity in respect of employees of the Company, who were earlier employed by The Bombay Oil Industries Limited, is held by the Trustee of The Bombay Oil Industries Employees Gratuity Fund. This amount has been recognised while determining the actuarial liability towards retirement gratuity of the Company during the year.
12. The basis of accounting has been changed during the year as under:—
 - i) Depreciation on fixed assets used for Research and Development, including the assets acquired in the earlier years, has been charged at 100% and not at the rates specified in Schedule XIV as was done in the preceding years. Consequently, depreciation for the year is higher by Rs. 26,84,172/-.
 - ii) The method of determining the cost of finished goods and work in process has been changed from absorption costing to direct costing so as to include variable costs only, resulting in the inventories at the year end being lower by Rs. 21,58,723/-. Certain refinements have also been carried out in the basis of allocating variable costs and valuation of stores and spares, the impact of which on valuation of inventories is not material.
13. Depreciation on assets given on lease has been charged at rates prescribed under the Income Tax Act, and not at the rates specified in Schedule XIV. Consequently, depreciation for the year is higher by Rs. 35,59,938/-.
14. Depreciation includes additional charge of Rs. 37,35,378/- on certain assets identified as obsolete/non-usable, which are retained in the books at salvage value.
15. Confirmations have not been called for debtors, creditors and advances. However, the balances on review are considered receivable or payable as the case may be.
16. Payments to suppliers in the small scale sector are made in accordance with agreed credit terms. The Interest if any, on overdue amounts as on 31st March 1993, has neither been claimed nor been ascertained.

SCHEDULES TO ACCOUNTS

17. Managerial Remuneration:

i) Calculation of Commission payable to the Managing Director:

| | 31st March, 1993 Rs. | 31st March, 1992 Rs. |
|--|----------------------------|----------------------------|
| Profit before taxation | 14,79,02,743 | 6,16,98,822 |
| Add: Directors' Remuneration | 3,43,474 | 2,13,303 |
| Commission to Directors | 90,000 | 58,500 |
| Depreciation as per books | 1,65,55,142 | 27,32,015 |
| Loss on sale of assets (net) | 9,44,283 | 33,322 |
| | <u>1,79,32,899</u> | <u>30,37,140</u> |
| Less: Depreciation as per Section 350 | 1,53,71,104 | 59,94,730 |
| Loss on sale of assets as per Section 350 (net) | 5,38,464 | 18,827 |
| | <u>1,59,09,568</u> | <u>60,13,557</u> |
| Profit as per Section 349 | <u>14,99,26,074</u> | <u>5,87,22,405</u> |
| Commission to Managing Director @ 1% of net profit | <u>14,99,261</u> | <u>5,87,224</u> |
| Restricted to 50% of salary for the year (Previous Year 1-7-91 to 31-3-92) | 90,000 | 58,500 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | 1,80,000 | 1,17,000 |
| ii) Commission | 90,000 | 58,500 |
| iii) Contribution to Provident Fund | 18,000 | 11,700 |
| iv) Contribution to Gratuity Fund | 10,474 | 4,781 |
| v) Other Perquisites | 1,35,000 | 79,822 |
| | <u>4,33,474</u> | <u>2,71,803</u> |

18. Figures in bracket pertain to Previous year which are regrouped wherever necessary.

SCHEDULES TO ACCOUNTS

SCHEDULE 'S'

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets is capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.
- 2.1 Depreciation on Fixed Assets is provided on Straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except as stated in paras 2.2 to 2.4 below. Depreciation on additions/deletions during the year has been provided on pro-rata basis with reference to the month of addition/deletion. Extra shift depreciation has been provided on "Plant" basis.
- 2.2 Assets given on lease are depreciated at the rates prescribed under the Income Tax Act.
- 2.3 Assets used for Research and Development and Plant and Machinery costing less than Rs. 5,000 each are depreciated at 100%.
- 2.4 Leasehold land is amortised over the balance period of lease.
- 3.1 Inventories are valued as follows :

| | |
|--|--|
| a. Raw materials | at cost |
| b. Packing materials | at cost |
| c. Work-in-process | at cost |
| d. Finished Goods | at lower of cost or net realisable value |
| e. Stores & spares | at cost |
| f. By-products | at net realisable value |
| g. Unserviceable/damaged finished products | at estimated realisable value |
- 3.2 Cost of finished goods and work-in-process is determined in accordance with the principles of direct costing.
- 3.3 Stores and Spares costing less than Rs. 1,500 are treated as consumed in the year of purchase.
- 4 Research & Development costs are charged as expense in the year in which they are incurred.
5. Sales are net of trade discount and exclusive of sales tax and are recognised on despatch of goods.
6. Liability towards retirement gratuity has been provided on the basis of actuarial valuation.
7. Transactions in foreign currency are recorded at the exchange rates existing at the time of the transactions. In the case of current assets and current liabilities, if the result of conversion at the closing rate is an overall gain, such gain is not taken into account; but if the result is a net loss the current assets and current liabilities are restated at the closing rate and the loss is charged to profit and loss account.

Signatures to Schedules 'A' to 'S'

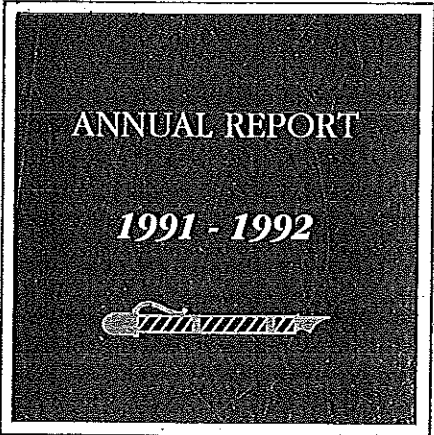
For and on behalf of the Board of Directors

Place : Bombay
Date : December 2, 1993.

P. SANKER
Secretary

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director



MARICO INDUSTRIES LIMITED

| | | |
|--------------------|---|--|
| BOARD OF DIRECTORS | CHARANDAS VALLABHDAS MARIWALA HANSRAJ VALLABHDAS MARIWALA JAYASINH VALLABHDAS MARIWALA KISHORE VALLABHDAS MARIWALA HARSH CHARANDAS MARIWALA | <i>Chairman</i> <i>Managing Director</i> |
| SECRETARY | L.H. KHILNANI | |
| TOP MANAGEMENT | HARSH CHARANDAS MARIWALA JESWANT NAIR PRANAB DATTA RAJ AGGARWAL PRAVEEN RATTAN SHREEKANT GUPTA | <i>Managing Director</i> <i>Vice President—Personnel</i> <i>Vice President—Finance</i> <i>Vice President—Marketing</i> <i>Vice President—Commodities</i> <i>Vice President—Operations</i> |
| BANKERS | STATE BANK OF SAURASHTRA INDIAN BANK ALLAHABAD BANK BANK OF BARODA | |
| AUDITORS | DALAL DESAI & KUMANA | |
| SOLICITORS | MULLA & MULLA & CRAIGE TYABJI DAYABHAI & COMPANY | |
| REGISTERED OFFICE | "RANG SHARDA" Plot No. CST 791, Kishenchand Marg, Bandra Reclamation, Bandra West, BOMBAY—400 050. | |
| WORKS | E—10, M.I.D.C. Area, Jalgaon—425 003. | |

NOTICE

NOTICE is hereby given that the 4th Annual General Meeting of the Members of Marico Industries Limited will be held at its Registered Office situated at "Rang Sharda", Kishenchand Marg, Bandra Reclamation, Bandra West, BOMBAY - 400 050, on August 27th, 1992 at 11.00 a.m. to transact the following business:

1. To consider and adopt the Directors' Report and Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1992.
2. To appoint a Director in place of Mr. K.V. Mariwala, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. H.C. Mariwala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs. 1,00,00,000/- (Rupees One Crore) divided into 9,00,000 (Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each to Rs. 5,00,00,000/- (Rupees Five Crores) by creation of further 40,00,000 (Forty Lakhs) Equity Shares of Rs. 10 (Rupees Ten) each and that the Memorandum and Articles of Association of the Company be altered in the manner following:

- a. In place and stead of Clause V of the Memorandum of Association, the following shall be substituted:

The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores) divided into 49,00,000 (Forty Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each with power to increase and reduce the capital of the Company and/or divide the shares in the capital for the time being into several classes and attach hereto respectively such

preferential or qualified rights, privileges or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may be permitted by the legislative provisions or by the Articles of Association of the Company for the time being in force.

- b. In place and stead of Article 3 of the Articles of Association of the Company, the following shall be substituted.

The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores) divided into 49,00,000 (Forty Nine Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred) each. The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its share capital subject to the provisions of the Act."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as "the Board") to mortgaging and/or charging on such terms and conditions as the Board may deem fit, all or any part of the movable and/or immovable properties of the Company, wheresoever situate, both present and future, and the whole of the undertaking of the Company (save and except the current assets that are or may be hypothecated and/or pledged in favour of the Company's bankers for securing borrowings for working capital requirements) in favour of one or more banks and/or financial institutions and/or trustees of debentureholders and/or others to secure term loans borrowed/to be borrowed and/or debentures issued/to be issued whether on a rights basis to the shareholders of the Company and/or to the public and/or to any other person or persons, for a sum not exceeding Rs. 15 Crores (Rupees

Fifteen Crores) together with interest at the agreed rates and compound/additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in terms of any Loan Agreement/Head of Agreement/Letter of Sanction/Memorandum of the terms and conditions/Debenture Trust Deed entered into/to be entered into by the Company in respect of such term loans and/or Debentures."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with such banks/financial institutions/Trustees of Debenture-holders and/or any other person(s) the documents for creating the aforesaid mortgage and/or charge and to do all such acts, matters, deeds, and things as may be necessary usual or expedient for giving effect to this resolution and also to agree to any amendments thereto from time to time as it may think fit."

NOTES:—

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE RELATIVE EXPLANATORY STATEMENTS, PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE BUSINESS UNDER ITEM NOS. 5 & 6 ARE ANNEXED HERETO.

By Order of the Board of Directors
For MARICO INDUSTRIES LIMITED

Place: Bombay
Dated: 22nd July, 1992.

L.H. KHILNANI
Company Secretary

Registered Office:

"Rang Sharda", Kishenchand Marg,
Bandra Reclamation, Bandra West,
BOMBAY—400 050.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 OF
THE COMPANIES ACT, 1956.

Item 5:

Considering the size of the Company's operations and its future requirements of Capital, it is proposed to increase the Share Capital of the Company from Rs. 1 Crore to Rs. 5 Crores. The increased Share Capital of Rs. 5,00,00,000 (Rupees Five Crores) will consist of 49,00,000 (Forty Nine Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 10,000 (Ten Thousand) 14% Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each.

The Amendment to Clause V of the Memorandum of Association and Article 3 of the Articles of Association are consequential to the increase of the Authorised Capital and the said amendments are being effected by Special Resolution.

None of the Directors are interested in the Resolution.

Item 6:

The Company has been sanctioned a term loan of Rs. 1 Crore to partly finance the acquisition of Jalgaon Unit by State Bank of Saurashtra, Allahabad Bank and Bank of Baroda. In addition to this, the

Company would be approaching the Banks/Financial Institutions for term loans to finance capital projects that may be undertaken by the Company. Term loans sanctioned/to be sanctioned are to be secured, inter alia, by a first mortgage and charge on the properties of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Company shall not, except with the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Accordingly, the consent of the Company is being obtained.

None of the Directors are interested in the Resolution.

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

Place: Bombay
Dated: 22nd July, 1992.

L.H. KHILNANI
Company Secretary

Registered Office:
"Rang Sharda", Kishenchand Marg,
Bandra Reclamation, Bandra West,
BOMBAY—400 050.

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present their Fourth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1992.

1. FINANCIAL RESULTS

The summarised financial results are as follows :

| | (Rupees in Lacs) | |
|------------------------------------|------------------|-----------------|
| | 1991-92 | 1990-91 |
| Sales | <u>15965.88</u> | <u>10597.45</u> |
| Profit Before Tax | 616.99 | 454.03 |
| Tax | <u>332.00</u> | <u>210.10</u> |
| Profit After Tax | 284.99 | 243.93 |
| Add: Brought Forward | <u>239.61</u> | <u>(4.32)</u> |
| | 524.60 | 239.61 |
| Less: Transfer to General Reserves | <u>400.00</u> | <u>—</u> |
| Balance Carried Forward | <u>124.60</u> | <u>239.61</u> |

2. DIVIDEND

Despite the growth in sales and profits, the Directors have considered it prudent not to recommend any dividend for the year, having regard to the need in the initial years to plough back the profits into the operations and reinforce the financial structure.

3. CAPITAL

3.1 Considering the present and envisaged volume of business, the present authorised capital of the Company appears to be inadequate. It is hence proposed to augment it to Rs. 5 crores.

3.2 The approval of the Shareholders required for this purpose is sought in terms of the resolutions proposed in item No. 5 of the Notice convening the Annual General Meeting.

4. OPERATIONS

4.1 Sales recorded a growth of 51% during the year, the turnover increasing from Rs. 106 crores to Rs. 160 crores. All the product groups contributed to the growth.

4.2 The steep inflation in raw material prices adversely impacted margin earnings in certain products because the burden could not always be passed on to the customer. Apart from raw material costs, finance charges also registered

a sharp swing because of the increase in the rates of interest applicable on the working capital borrowings of the Company.

4.3 Sales of Hair & Care, a new non-greasy perfumed hair oil nationally launched during the year under review, showed the anticipated growth. However the product will require further marketing investment for securing its envisaged market shares.

4.4 As a step towards diversifying its product range, the Company has now ventured into fabric care products. The test launch of a fabric softener is currently underway at Pune under the brand name 'Fluffy'.

5. EXPANSION

5.1 Further to the previous year's report and as a step towards upgrading and augmenting the capacity for refined edible oils at the Jalgaon Plant, a continuous refinery using the most contemporary technology available in the country has been commissioned during the current year. Since adequate capacity is now available at Jalgaon for meeting the medium term needs of refined edible oils and scope exists for further expansion, it has been decided not to renew the lease for the Mazagaon plant.

5.2 It was stated in the previous report that the Board was evaluating the location options for new facilities for the manufacture of raw oils. It has since been decided to locate the project at Palghat in Kerala, from which state, almost the entire raw material is sourced. A Memorandum of Understanding in this connection is expected to be signed with the Kerala State Industrial Development Corporation and every effort will be made to make the new plant begin production before the end of the current financial year.

6. REGISTERED OFFICE

The Company moved to its new Corporate Office during the course of the year under review. Consequently, it was decided to shift the Registered Office to its present address.

7. DIRECTORS

In accordance with the requirements of the Companies Act, 1956, and the Articles of Association of the Company, Mr. K. V. Mariwala and Mr. H. C. Mariwala are liable to retire by rotation and are eligible for reappointment.

8. OTHER INFORMATION

8.1 Information required in accordance with provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars) in the Report of Board of Directors Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, is given in the Annexure to this Report.

8.2 In addition, information in accordance with provisions of Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 1992, is also given in the Annexure to this Report.

9. AUDITORS

The members are requested to appoint Auditors for the current year and to fix their remuneration. Messrs Dalal Desai & Kumana, the existing

Auditors, have under Section 224(1) of the Companies Act, 1956, furnished Certificate of their eligibility for reappointment.

10. EMPLOYEE RELATIONS

The relation between employees and the management have remained cordial and the Directors wish to place on record their appreciation of the co-operation and support received.

11. ACKNOWLEDGEMENT

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and other business associates.

On behalf of the Board of Directors

Place: Bombay
Dated: 22nd July, 1992.

C.V. MARIWALA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy:

- a) i) Additional capacitors to improve power factor of electrical equipments.
- ii) Rationalisation of boilers to improve steam to coal ratio.
- iii) Improvement in drive & transmission mechanism of expellers.
- b) Improvement in throughput rate of expellers for the same energy consumption.

The above measures have resulted in reduction of energy consumption. The details of total energy consumption and energy consumption per unit of production are disclosed in Enclosure 'A'.

B. Research & Development:

The details of Research & Development are disclosed in Enclosure 'B'.

C. Foreign Exchange earnings and outgo:

Efforts have been initiated to promote the export of Company's products, wherever permissible.

The details of total foreign exchange used and earned are disclosed in Schedule 'Q'.

ENCLOSURE 'A'

A. Power & Fuel Consumptions:

| | 1991-92 | 1990-91 |
|-----------------------------|-----------|-----------|
| 1 Electricity | | |
| a) Purchased Unit (Kwh) | 26,97,143 | 17,93,609 |
| Total Amount (Rs.) | 54,38,719 | 34,92,411 |
| Rate (Rs./Unit) | 2.02 | 1.95 |
| b) Own Generation | | |
| i) Through Diesel Generator | Nil | Nil |
| ii) Through Steam Generator | Nil | Nil |
| 2 Coal (Used for Boiler) | | |
| Quantity (M.T.) | 1443.955 | 868.005 |
| Total Cost (Rs.) | 16,63,291 | 9,04,052 |
| Average Rate (Rs./M.T.) | 1,151.90 | 1,041.53 |
| 3 Furnace Oil | | |
| Quantity (K.Ltrs.) | 680.000 | 756.378 |
| Amount (Rs.) | 28,75,177 | 25,12,213 |
| Average Rate (Rs./K.Ltrs.) | 4,228.20 | 3,321.37 |

4 Other Internal Generation

| | 1991-92 | 1990-91 |
|----------------------------|----------|----------|
| i) L.D.O. | | |
| Quantity (K.Ltrs.) | 21 | 30 |
| Amount (Rs.) | 1,13,268 | 1,94,000 |
| Average Rate (Rs./K.Ltrs.) | 5,393.72 | 6,466.67 |
| ii) L.S.H.S | | |
| Quantity (K.Ltrs.) | 10 | Nil |
| Amount (Rs.) | 46,500 | Nil |
| Average Rate (Rs./K.Ltrs.) | 4,650.00 | Nil |

CONSUMPTION PER UNIT OF PRODUCTION

| Edible Oil | Unit | Consumption per Unit of Production | |
|-------------|--------|------------------------------------|---------|
| | | 1991-92 | 1990-91 |
| Electricity | Kwh | 216.35 | 151.20 |
| Coal | M.T. | 0.12 | 0.07 |
| Furnace Oil | K.Ltr. | 0.05 | 0.06 |

ENCLOSURE 'B'

Research & Development

- 1 Specific areas in which R&D carried out by the Company:
 - Development of new products
 - Improvement of product quality
 - Process improvement
- 2 Benefits derived as a result of the above R&D:
 - Launching of new products, improvement in product quality and cost reduction.
- 3 Expenditure on R&D:

| | Rs. in lacs |
|--|-------------|
| a) Capital | 9.54 |
| b) Recurring | 13.55 |
| Total | 23.09 |
| c) Total R&D expenditure as a percentage of total turnover | 0.15% |

For and on behalf of the Board of Directors

Place: Bombay
Dated: 22nd July, 1992.

C.V. MARIWALA
Chairman

AUDITORS' REPORT

To,
The Members of Marico Industries Limited

We have audited the attached Balance Sheet of Marico Industries Limited as on 31st March, 1992 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the schedules annexed thereto and read with the notes and significant accounting policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1992 and
- b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified by the management during the year and no material discrepancies were noticed.
2. None of the fixed assets have been revalued during the year.

3. The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals.
4. The procedure for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records. In respect of stock of stores and spares at the Jalgaon unit, discrepancy, if any, between physical stocks and book records could not be ascertained in the absence of such records. However, the value of such stores and spares is not significant in relation to the value of the total inventory.
6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken loan from a Company listed in the register maintained under Section 301 of the Companies Act, 1956. The same has been repaid during the year. The rate of interest and other terms and conditions of the said loan were not prima facie prejudicial to the interest of the Company. The Company has not taken any loan from companies under the same management as defined under sub-section (1B) of Section 370 of the said Act.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under same management as defined under sub-section (1B) of Section 370 of the said Act.
9. Loans or advances in the nature of loans given to the employees and third parties are being repaid as stipulated together with interest, wherever applicable.
10. In our opinion and according to informations and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials

including components, plant and machinery, equipment and other assets and for the sale of goods.

11. The transactions of purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, other than those purchases which are explained to be of a special nature for which alternative quotations are not available have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices where such market prices are available with the Company or the price at which similar transactions were made with other parties.

12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials & finished goods and provision for loss in respect thereof has been made in the accounts.

13. The Company has not accepted any deposit from the public to which the provisions of Section 58A and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.

14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.

15. The Company has an internal audit system commensurate with its size and the nature of its business.

16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.

17. The Company has regularly deposited provident fund dues and Employees' State Insurance dues with the appropriate authorities except for delay in one case involving an insignificant amount and there were no arrears at the end of the year.

18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty & excise duty which have remained outstanding as at 31st March, 1992 for a period of more than six months from the date they became payable.

19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In relation to the trading activity of the Company, we are informed that provision has been made for damaged goods which are not significant.

For Dalal Desai & Kumana
Chartered Accountants

Place: Bombay
Dated: 22nd July, 1992.

G.C. SHAREDALAL
Partner

MARICO INDUSTRIES LIMITED

**BALANCE SHEET
AS AT 31st MARCH**

| | SCHEDULE | 1992 Rs. | 1991 Rs. |
|---|----------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Capital | A | 90,00,000 | 90,00,000 |
| Reserves & Surplus | B | 5,24,59,521 | 2,39,60,699 |
| | | <u>6,14,59,521</u> | <u>3,29,60,699</u> |
| Loan Funds | | | |
| Secured Loans | C | 7,19,16,109 | 3,71,15,595 |
| Unsecured Loans | D | 2,50,00,000 | 1,00,00,000 |
| | | <u>9,69,16,109</u> | <u>4,71,15,595</u> |
| | | <u>15,83,75,630</u> | <u>8,00,76,294</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 3,67,12,708 | 2,91,16,059 |
| Less: Depreciation | | 39,16,514 | 12,02,100 |
| Net Block | | <u>3,27,96,194</u> | <u>2,79,13,959</u> |
| Capital Work-in-Progress | | 3,46,86,719 | 1,19,24,017 |
| | | <u>6,74,82,913</u> | <u>3,98,37,976</u> |
| Investments | F | 81,200 | 78,700 |
| Current Assets, Loans and Advances | | | |
| Inventories | G | 16,33,29,654 | 11,40,86,083 |
| Sundry Debtors | H | 5,98,24,109 | 1,73,55,309 |
| Other Current Assets | I | 2,03,32,337 | 40,90,945 |
| Loans and Advances | J | 6,65,91,302 | 4,79,37,715 |
| | | <u>31,00,77,402</u> | <u>18,34,70,052</u> |
| <i>Less:</i> | | | |
| Current Liabilities and Provisions | | | |
| Current Liabilities | K | 16,50,55,885 | 12,23,00,434 |
| Provisions | L | 5,42,10,000 | 2,10,10,000 |
| | | <u>21,92,65,885</u> | <u>14,33,10,434</u> |
| Net Current Assets | | <u>9,08,11,517</u> | <u>4,01,59,618</u> |
| | | <u>15,83,75,630</u> | <u>8,00,76,294</u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

G.C. SHAREDALAL
Partner

L.H. KHILNANI
Secretary

For and on behalf of the Board of Directors

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place: Bombay
Dated: 22nd July, 1992.

Place: Bombay
Dated: 22nd July, 1992.

MARICO INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31st March

| | SCHEDULE | 1992 Rs. | 1991 Rs. |
|--|----------|---------------------------|---------------------------|
| INCOME: | | | |
| Sales | Q | 159,43,95,801 | 105,83,31,748 |
| Other Income | M | 21,92,128 | 14,13,381 |
| | | <u>159,65,87,929</u> | <u>105,97,45,129</u> |
| EXPENDITURE: | | | |
| Cost of Materials Consumed | N | 107,27,14,241 | 67,41,89,155 |
| Manufacturing and Other Expenses | O | 44,07,93,331 | 32,61,71,042 |
| Interest | P | 1,86,49,520 | 1,26,60,246 |
| Depreciation | E | 27,32,015 | 11,78,925 |
| Preliminary Expenses written off | | — | 1,42,860 |
| | | <u>153,48,89,107</u> | <u>101,43,42,228</u> |
| PROFIT BEFORE TAX | | 6,16,98,822 | 4,54,02,901 |
| Less: Provision for Taxation | | <u>3,32,00,000</u> | <u>2,10,10,000</u> |
| PROFIT AFTER TAX | | 2,84,98,822 | 2,43,92,901 |
| Add: Balance brought forward | | <u>2,39,60,699</u> | <u>(4,32,202)</u> |
| | | <u>5,24,59,521</u> | <u>2,39,60,699</u> |
| Less: Transfer to General Reserve | | 4,00,00,000 | — |
| Balance carried forward to Balance Sheet | | <u><u>1,24,59,521</u></u> | <u><u>2,39,60,699</u></u> |

For Notes forming part of the Accounts and Accounting Policies, see Schedules R & S respectively.

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

G.C. SHAREDALAL
Partner

L.H. KHILNANI
Secretary

For and on behalf of the Board of Directors

C.V. MARIWALA
Chairman

H.C. MARIWALA
Managing Director

Place: Bombay
Dated: 22nd July, 1992.

Place: Bombay
Dated: 22nd July, 1992.

SCHEDULES TO ACCOUNTS

SCHEDULE 'A'
SHARE CAPITAL

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|---|---------------------------|---------------------------|
| Authorised: 9,00,000 Equity Shares of Rs. 10/- each | 90,00,000 | 90,00,000 |
| 10,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each | <u>10,00,000</u> | <u>10,00,000</u> |
| | <u>1,00,00,000</u> | <u>1,00,00,000</u> |
| Issued,Subscribed and paid up: 9,00,000 Equity Shares of Rs. 10/- each fully paid up | <u>90,00,000</u> | <u>90,00,000</u> |

SCHEDULE 'B'
RESERVES AND SURPLUS

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|---|---------------------------|---------------------------|
| General Reserve—Transfer from Profit and Loss Account | 4,00,00,000 | — |
| Profit and Loss Account | <u>1,24,59,521</u> | <u>2,39,60,699</u> |
| | <u>5,24,59,521</u> | <u>2,39,60,699</u> |

SCHEDULE 'C'
SECURED LOANS

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|-------------------------------|---------------------------|---------------------------|
| From Banks @ | 5,96,40,109 | 3,71,15,595 |
| From Financial Institution @@ | <u>1,22,76,000</u> | — |
| | <u>7,19,16,109</u> | <u>3,71,15,595</u> |

@ Secured by hypothecation of stock in trade and other tangible movable assets of the company, wherever situated, and guaranteed by the Directors of the company.

@@ Deferred Payment Credit secured by hypothecation of machinery purchased and guaranteed by the Directors of the company. (Repayable within a year Rs. 24,55,200; Previous Year Rs. Nil).

SCHEDULE 'D'
UNSECURED LOANS

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|---|---------------------------|---------------------------|
| From Companies (Repayable within a year Rs. 50,00,000; Previous Year Rs. 1,00,00,000) | 2,50,00,000 | 1,00,00,000 |
| | <u>2,50,00,000</u> | <u>1,00,00,000</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'E' FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|---|------------------------------------|------------------|----------------------------------|------------------------------------|------------------------|----------------------------------|------------------------------------|------------------------------------|
| | As at 31st March 1991 Rs. | Additions Rs. | Deletions/ Adjustments Rs. | As at 31st March 1991 Rs. | For the Year Rs. | Deletions/ Adjustments Rs. | As at 31st March 1992 Rs. | As at 31st March 1991 Rs. |
| Leasehold Land | 22,35,921 | — | — | 28,336 | 26,763 | — | 21,80,822 | 22,07,585 |
| Building | 58,27,721 | 4,44,680 | — | 89,931 | 1,42,505 | — | 60,39,965 | 57,37,790 |
| Plant and Machinery | 2,04,77,974 | 66,83,135 | 1,06,912 | 10,60,873 | 25,28,966 | 5,013 | 2,34,69,371 | 1,94,17,101 |
| Furniture and Fittings | 3,96,239 | 7,17,210 | — | 5,714 | 28,114 | — | 10,79,621 | 3,90,525 |
| Vehicles | 1,78,204 | 975 | 1,42,439 | 17,246 | 5,667 | 12,588 | 26,415 | 1,60,958 |
| TOTAL | 2,91,16,059 | 78,46,000 | 2,49,351 | 12,02,100 | 27,32,015 | 17,601 | 3,27,96,194 | 2,79,13,959 |
| PREVIOUS YEAR | 1,79,62,000 | 1,11,59,059 | 5,000 | 28,175 | 11,78,925 | 5,000 | — | 2,79,13,959 |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | |
| | | | | | | | 3,46,86,719 | 1,19,24,017 |
| | | | | | | | 6,74,82,913 | 3,98,37,976 |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'F'
INVESTMENT (At Cost)

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|--|---------------------------|---------------------------|
| In Government Securities | | |
| National Savings Certificates (Deposited with Government & Public bodies) | 81,200 | 78,700 |
| | 81,200 | 78,700 |

SCHEDULE 'G'
INVENTORIES

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|--|---------------------------|---------------------------|
| (As per Inventories valued and certified by the management—Refer item 3 of Schedule S) | | |
| Raw Materials | 4,79,93,959 | 2,75,71,322 |
| Packing Materials | 3,25,19,984 | 1,30,80,724 |
| Stores, Spares & Chemicals | 44,94,666 | 38,97,808 |
| Work-in-Process | 10,05,285 | 34,14,418 |
| Finished Products | 6,97,38,708 | 6,21,21,793 |
| By-Products | 75,77,052 | 40,00,018 |
| | 16,33,29,654 | 11,40,86,083 |

SCHEDULE 'H'
SUNDRY DEBTORS (Unsecured—considered good)

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|-----------------|---------------------------|---------------------------|
| Over Six months | 12,54,766 | 44,779 |
| Others | 5,85,69,343 | 1,73,10,530 |
| | 5,98,24,109 | 1,73,55,309 |

SCHEDULE 'I'
OTHER CURRENT ASSETS

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|---|---------------------------|---------------------------|
| Cash on hand | 2,77,056 | 2,80,695 |
| Remittances in transit | 2,65,500 | — |
| Balances with Scheduled Banks: | | |
| In Fixed Deposits (lodged with Govt. authorities) | 1,24,500 | 41,000 |
| In Margin Account (Against Letters of Credit & Bank Guarantees) | 27,84,346 | 34,32,245 |
| In Current Account—With Scheduled Banks | 1,67,78,795 | 2,47,526 |
| —With Non-Scheduled Banks | 2,598 | 1,000 |
| | 1,96,90,239 | 37,21,771 |
| Interest accrued on Investments | 23,549 | 10,811 |
| Interest accrued—Others | 75,993 | 77,668 |
| | 2,03,32,337 | 40,90,945 |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'J' | 31st March | 31st March |
|---|--------------------|--------------------|
| LOANS AND ADVANCES (Unsecured—considered good) | 1992 | 1991 |
| | Rs. | Rs. |
| Advances recoverable in cash or in kind or for value to be received | 92,54,246 | 1,92,44,614 |
| Advance Tax | 5,03,64,676 | 2,50,00,000 |
| Deposit with Public Bodies and Others | 69,66,529 | 36,87,250 |
| Balance with Central Excise Authorities | 5,851 | 5,851 |
| | <u>6,65,91,302</u> | <u>4,79,37,715</u> |

| SCHEDULE 'K' | 31st March | 31st March |
|---------------------------------------|---------------------|---------------------|
| CURRENT LIABILITIES | 1992 | 1991 |
| | Rs. | Rs. |
| Sundry Creditors | 14,07,08,162 | 10,47,66,676 |
| Other Liabilities | 77,15,354 | 45,85,715 |
| Security Deposits | 1,64,62,788 | 1,29,48,043 |
| Interest accrued but not due on loans | 1,69,581 | — |
| | <u>16,50,55,885</u> | <u>12,23,00,434</u> |

| SCHEDULE 'L' | 31st March | 31st March |
|---------------------|--------------------|--------------------|
| PROVISIONS | 1992 | 1991 |
| | Rs. | Rs. |
| Tax | 5,42,10,000 | 2,10,10,000 |
| | <u>5,42,10,000</u> | <u>2,10,10,000</u> |

| SCHEDULE 'M' | 31st March | 31st March |
|--|------------------|------------------|
| OTHER INCOME | 1992 | 1991 |
| | Rs. | Rs. |
| Income from Investments | 12,738 | 10,811 |
| Interest from Banks & Others (Gross) | 7,11,028 | 3,42,464 |
| (Tax Deducted at Source Rs. 54,025; Previous Year Rs. Nil) | | |
| Miscellaneous Income | 14,68,362 | 10,60,106 |
| | <u>21,92,128</u> | <u>14,13,381</u> |

| SCHEDULE 'N' | 31st March | 31st March |
|-----------------------------------|----------------------|---------------------|
| COST OF MATERIALS CONSUMED | 1992 | 1991 |
| | Rs. | Rs. |
| RAW MATERIALS CONSUMED | | |
| Opening Stock | 2,75,71,322 | 60,43,441 |
| Add: Purchases | 90,80,94,765 | 58,81,16,805 |
| Less: Closing Stock | <u>4,79,93,959</u> | <u>2,75,71,322</u> |
| | 88,76,72,128 | 56,65,88,924 |
| PURCHASE FOR RESALE | 19,38,26,929 | 17,68,56,211 |
| ADD: OPENING STOCK | | |
| Work-in-Process | 34,14,418 | — |
| By-products | 40,00,018 | — |
| Finished Products | <u>6,21,21,793</u> | 2,80,249 |
| | 6,95,36,229 | 2,80,249 |
| LESS: CLOSING STOCK | | |
| Work-in-Process | 10,05,285 | 34,14,418 |
| By-products | 75,77,052 | 40,00,018 |
| Finished Products | <u>6,97,38,708</u> | 6,21,21,793 |
| | (7,83,21,045) | (6,95,36,229) |
| | <u>107,27,14,241</u> | <u>67,41,89,155</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'O'
MANUFACTURING AND OTHER EXPENSES

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|--|---------------------------|---------------------------|
| Employee Cost: | | |
| Salaries, Wages and Bonus | 2,08,88,058 | 1,63,07,155 |
| Contribution to Provident Fund and Other Funds | 17,51,810 | 13,71,520 |
| Workmen and Staff Welfare Expenses | 44,89,681 | 24,36,062 |
| | <u>2,71,29,549</u> | <u>2,01,14,737</u> |
| Processing Charges | 2,02,28,573 | 1,20,02,471 |
| Stores, Spares & Chemicals Consumed | 65,53,133 | 38,29,899 |
| Packing Materials Consumed | 19,47,76,454 | 14,70,48,630 |
| Power, Fuel and Water | 1,04,53,451 | 78,60,253 |
| Rent and Storage Charges | 1,15,50,739 | 61,67,836 |
| Repairs: Buildings | 7,27,067 | 1,90,714 |
| Machinery | 9,00,203 | 6,35,318 |
| Others | 23,19,454 | 12,68,794 |
| | <u>39,46,724</u> | <u>20,94,826</u> |
| Freight and Forwarding Charges | 3,54,31,401 | 2,79,38,661 |
| Advertisement and Sales Promotion | 4,51,12,427 | 4,84,46,938 |
| Rates and Taxes | 1,60,383 | 71,659 |
| Sales Tax | 1,27,30,179 | 70,16,114 |
| Royalty | 1,07,46,469 | 95,29,878 |
| Travelling, Conveyance & Vehicle Expenses | 90,39,896 | 61,09,600 |
| Bank Charges | 2,81,85,291 | 1,16,01,978 |
| Insurance | 9,41,236 | 7,86,714 |
| Miscellaneous Expenses | 2,38,07,426 | 1,55,50,848 |
| | <u>44,07,93,331</u> | <u>32,61,71,042</u> |

SCHEDULE 'P'
INTEREST

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|----------------|---------------------------|---------------------------|
| On Fixed Loans | 8,72,167 | 6,45,835 |
| Others | 1,77,77,353 | 1,20,14,411 |
| | <u>1,86,49,520</u> | <u>1,26,60,246</u> |

MARICO INDUSTRIES LIMITED

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK, CLOSING STOCK ETC.

| Sr. No. | PARTICULARS | Year Ended 31st March | Licensed Capacity M.T. | Installed Capacity M.T. | OPENING STOCK | | PRODUCTION | | PURCHASES | | TURNOVER | | CLOSING STOCK | |
|---------|--------------|--------------------------|------------------------------|-------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | | | | | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. |
| 1 | RAW OILS | 1992 | 11400 Of Seeds | 11400 I Of Seeds | 613.300 | 3,07,46,775 | * 6340.387 | 4047.300 | 19,38,26,929 | 15351.500 | 108,89,32,853 | 634.263 | 3,60,43,306 | |
| | | 1991 | 11400 Of Seeds | 11400 I Of Seeds | 5.900 | 2,80,249 | * 5693.500 | 4813.500 | 16,93,49,234 | 13287.900 | 70,06,65,351 | 613.300 | 3,07,46,775 | |
| 2 | REFINED OILS | 1992 | 22,500 Of Seeds | 15120 @ 15120 @ | 619.958 | 2,47,11,421 | * 6126.310 | 213.300 | 75,06,977 | 7372.414 | 39,17,45,053 | 781.138 | 2,98,25,354 | |
| | | 1991 | 22,500 Of Seeds | 15120 @ 15120 @ | — | — | * 6188.800 | 7402.100 | — | 31,66,63,478 | — | 619.958 | 2,47,11,421 | |
| 3 | BY-PRODUCTS | 1992 | — | — | 1109.940 | 40,00,018 | * 13477.139 | — | — | 15797.981 | 6,65,34,667 | 1986.783 | 75,77,052 | |
| | | 1991 | — | — | — | — | * 7176.800 | — | — | 8211.600 | 2,86,49,618 | 1109.940 | 40,00,018 | |
| 4 | HAIR OIL # | 1992 | — | — | 78.700 | 66,63,597 | — | — | — | 425.244 | 4,39,08,010 | 37.318 | 37,07,266 | |
| | | 1991 | — | — | — | — | — | — | — | 113.300 | 98,10,210 | 78.700 | 66,63,597 | |
| 5 | OTHERS | 1992 | — | — | — | — | — | — | — | — | 32,75,218 | — | 1,62,782 | |
| | | 1991 | — | — | — | — | — | — | — | — | 25,43,091 | — | — | |
| | TOTAL | 1992 | — | — | 6,61,21,811 | — | — | — | 19,38,26,929 | 159,43,95,801 | 7,73,15,760 | — | 7,73,15,760 | |
| | | 1991 | — | — | 2,80,249 | — | — | — | 17,68,56,211 | 105,83,31,748 | 6,61,21,811 | — | 6,61,21,811 | |

The installed capacities are as certified by the Management on a three shift basis.

I On lease basis

@ Installed capacity of Refined oils includes 6000 M.T. on lease basis for which licence is not required.

NOTE :

* Excludes processed by others

| | 31st March | 31st March |
|--------------|------------|------------|
| Raw Oils | 1992 | 1991 |
| Refined oils | 4984.776 | 3388.300 |
| By-Products | 1407.284 | 1639.500 |
| | 7427.480 | 3205.000 |

* By-Products

Includes 366.5 M.T. (P.Y. Nil) consumed during processing and 4463.295 M.T. (P.Y. 1060.3) consumed during processing by others.

Produced by others; quantity expressed in K.Ltr.

MARICO INDUSTRIES LIMITED

ADDITIONAL INFORMATION

SCHEDULE 'Q'

B) RAW MATERIALS CONSUMED

| | 31st March 1992 Rs. | | 31st March 1991 Rs. | |
|-----------|---------------------------|---------------------|---------------------------|---------------------|
| | Quantity M.T. | Value Rs. | Quantity M.T. | Value Rs. |
| Oil seeds | 31957.3 | 70,41,46,604 | 21604.6 | 36,49,47,996 |
| Raw oils | 4746.5 | 16,75,84,469 | 6591.6 | 19,12,12,240 |
| Others | | 1,59,41,055 | | 1,04,28,688 |
| | | <u>88,76,72,128</u> | | <u>56,65,88,924</u> |

**C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED**

| | 31st March 1992 | | 31st March 1991 | |
|------------------------------|--------------------|---------------------|--------------------|---------------------|
| | % | Value Rs. | % | Value Rs. |
| Raw material | | | | |
| Imported | 0.12 | 10,47,642 | — | — |
| Indigenous | 99.88 | 88,66,24,486 | 100.00 | 56,65,88,924 |
| | <u>100.00</u> | <u>88,76,72,128</u> | <u>100.00</u> | <u>56,65,88,924</u> |
| Stores, spares and chemicals | | | | |
| Imported | 6.30 | 4,12,559 | 37.22 | 6,82,861 |
| Indigenous | 93.70 | 61,40,574 | 62.78 | 11,51,713 |
| | <u>100.00</u> | <u>65,53,133</u> | <u>100.00</u> | <u>18,34,574</u> |

D) VALUE OF IMPORTS ON C.I.F. BASIS

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|------------------------------|---------------------------|---------------------------|
| Raw material | 10,47,642 | — |
| Stores, spares and Chemicals | 4,12,559 | 3,28,867 |
| Capital Goods | 7,13,157 | 1,35,136 |
| | <u>21,73,358</u> | <u>4,64,003</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|-------------------|---------------------------|---------------------------|
| Packing Materials | 3,65,62,927 | 1,29,22,272 |
| Others | 36,678 | 7,574 |
| | <u>3,65,99,605</u> | <u>1,29,29,846</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | 31st March 1992 Rs. | 31st March 1991 Rs. |
|-------------------------|---------------------------|---------------------------|
| F.O.B. Value of Exports | 31,79,669 | 12,25,805 |
| | <u>31,79,669</u> | <u>12,25,805</u> |

SCHEDULES TO ACCOUNTS

SCHEDULE 'R'

NOTES:

1. Contingent liability not provided for in respect of:
 - i) Letters of Credit opened and outstanding Rs. 9,85,400/- (Previous year Rs. 36,43,600/-).
 - ii) Claims against the Company not acknowledged as debts Rs. 4,74,973/- (Previous year Rs. 2,00,000/-).
 - iii) Claims under disputed labour matter : Amount unascertainable (Previous year Rs. Nil).
2. Advances recoverable in cash or in kind includes loans to officers of the Company Rs. 1,98,275/- (Previous year Rs. 1,95,955/-). Maximum debit balance at any time during the year Rs. 3,04,705/- (Previous year Rs. 2,22,310/-).
3. Sundry Creditors include acceptances of Rs. 5,15,16,602/- (Previous year Rs. 4,82,91,788/-).
4. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 23,65,459/- (Previous year Rs. 40,00,741/-).
5. Miscellaneous expenses include Excise duty Rs. Nil (Previous year Rs. 1,23,759/-), Commission and Brokerage on sales Rs. 4,35,053/- (Previous year Rs. 21,211/-), Donations Rs. 17,753/- (Previous year Rs. 10,826/-), Cash discount Rs. 1,08,513/- (Previous year Rs. 99,987/-), Research & Development expenses Rs. 9,37,130/- (Previous year Rs. 8,33,366/-), Loss on sale of assets Rs. 33,909/- (Previous year Rs. Nil), Audit fees Rs. 70,000/- (Previous year Rs. 60,000/-), Payment to Auditors for taxation matters Rs. 1,250/- (Previous year Rs. Nil), Payment to Auditors for out-of-pocket expenses Rs. 7,694/- (Previous year Rs. Nil).
6. Advertisement & Sales Promotion Expenses are net of Excess provision written back amounting to Rs. 7,66,374/- (Previous year Rs. Nil).
7. Employee Cost includes Rs. 3,17,449/- paid to Research & Development staff (Previous year Rs. 1,89,634/-).
8. Depreciation includes Rs. 1,00,471/- on Research & Development assets (Previous year Rs. 497/-).
9. Miscellaneous income includes profit on sale of assets Rs. 587/- (Previous year Rs. 3,500/-).
10. A sum of Rs. 9,02,274/- (Previous year Rs. 9,02,274/-) representing actuarial liability as on 31st March, 1990 in respect of employees transferred from The Bombay Oil Industries Ltd., is held by the trustees of The Bombay Oil Industries Employees' Gratuity Fund. Pending transfer to Marico Industries Limited Employees' Gratuity Fund and approval of the relevant authority for specific transfers, this amount has been taken into account for determining the actuarial liability for the year.
11. Managerial Remuneration:
 - i) Calculation of Commission payable to the Managing Director:

| | | 31st March 1992 Rs. |
|--|-----------|---------------------------|
| Profit as per Profit & Loss A/c. | | 6,16,98,822 |
| Add: Directors' Remuneration | 2,13,303 | |
| Commission to Directors | 58,500 | |
| Depreciation as per books | 27,32,015 | |
| Loss on sale of assets (net) | 33,322 | |
| | | 30,37,140 |
| Less: Depreciation as per Section 350 of the Companies Act | 59,94,730 | |
| Loss on sale of assets as per Section 350 (net) | 18,827 | |
| | | 60,13,557 |
| | | 5,87,22,405 |
| Commission to Managing Director @ 1% of net profit | | 5,87,224 |
| Subject to 50% of salary for the period 1.7.91 to 31.3.92 | | 58,500 |
| ii) Payments and provisions on account of remuneration to Managing Director included in Profit & Loss Account. | | |
| i) Salary | | 1,17,000 |
| ii) Commission | | 58,500 |
| iii) Contribution to Provident Fund | | 11,700 |
| iv) Contribution to Gratuity Fund | | 4,781 |
| v) Other Perquisites | | 79,822 |
| | | 2,71,803 |

12. Previous year's figures have been regrouped, wherever necessary.

SCHEDULES TO ACCOUNTS

SCHEDULE 'S'

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets are valued at cost of acquisition and subsequent improvement thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest during construction period on borrowings to finance fixed assets are capitalised. Pre-operating expenses for major projects are also capitalised, where appropriate.
2. Depreciation has been provided (except in the case of Leasehold land which is being amortised over the balance period of the lease) on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deletions during the period has been provided on *pro-rata* basis with reference to the month of addition/deletion. Extra shift depreciation has been provided on 'Plant' basis. Additions to plant and machinery where cost of each item is Rs. 5,000/- or less are written off in the year of capitalisation.
3. Inventories are valued as follows:

| | |
|---------------------------------|---|
| a. Raw materials | at cost |
| b. Packing materials | at cost |
| c. Stores, spares and chemicals | at cost |
| d. Work-in-process | at cost |
| e. Finished Goods | at lower of cost or net realisable value |
| f. By-products | at net realisable value |
4. Research & Development costs are charged as expense in the year in which they are incurred.
5. Sales are net of discount and exclusive of sales tax and are recognised on despatch of goods.
6. Retirement benefit liability in respect of Gratuity to employees are provided on the basis of actuarial valuation.
7. Contingencies which can be reasonably ascertained are provided for, if in the opinion of the company, there is a probability that the future outcome may be materially detrimental to the company.
8. Prior Period items and changes in accounting policies having material impact on the financial affairs of the company are disclosed.
9. Material Events occurring after the Balance Sheet date are taken into cognisance.

Signatures to Schedules 'A' to 'S'

For and on behalf of the Board of Directors

C.V. MARIWALA
Chairman

Place : Bombay
Dated : 22nd July, 1992.

L.H. KHILNANI
Secretary

H.C. MARIWALA
Managing Director

ANNUAL REPORT

1990 - 1991

MARICO





MARICO INDUSTRIES LIMITED

| | |
|----------------------------|--|
| BOARD OF DIRECTORS | CHARANDAS VALLABHDAS MARIWALA <i>Chairman</i> HANSRAJ VALLABHDAS MARIWALA JAYASINH VALLABHDAS MARIWALA KISHORE VALLABHDAS MARIWALA HARSH CHARANDAS MARIWALA |
| SECRETARY | L.H. KHILNANI |
| TOP MANAGEMENT TEAM | HARSH CHARANDAS MARIWALA <i>Director</i> JESWANT NAIR <i>Vice President — Personnel</i> PRANAB DATTA <i>Vice President — Finance</i> RAJ AGGARWAL <i>Vice President — Marketing</i> PRAVEEN RATTAN <i>Vice President — Commodities</i> SHREEKANT GUPTA <i>Vice President — Operations</i> |
| BANKERS | STATE BANK OF SAURASHTRA INDIAN BANK ALLAHABAD BANK |
| AUDITORS | DALAL DESAI & KUMANA |
| SOLICITORS | MULLA & MULLA & CRAIGE BLUNT & CAROE TYABJI DAYABHAI & COMPANY |
| REGISTERED OFFICE | 'KANMOOR HOUSE' 281/87 Narsi Natha Street, BOMBAY — 400 009. |
| FACTORY | E — 10, M.I.D.C. Area, Jalgaon — 425 003. |



NOTICE

NOTICE is hereby given that the 3rd Annual General Meeting of the Members of Marico Industries Limited will be held at the Registered Office of the Company situated at Kanmoor House, 281/87 Narsi Natha Street, Bombay-400 009, on Monday the 30th September, 1991 at 4.00 P.M. to transact the following business :

1. To consider and adopt the Directors' Report and Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1991.
2. To appoint a Director in place of Mr. H. V. Mariwala, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J. V. Mariwala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Sections 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby accorded to the appointment of Mr. Harsh C. Mariwala as Managing Director of the Company for a period of five years with effect from 1/7/1991 upon the terms and conditions set out in the draft agreement placed before this meeting and initialled by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or agreement, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be agreed to between the Directors and Mr. H. C. Mariwala".

6. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed at the Extra Ordinary General Meeting held on 20th February, 1990, consent of the Company be and is hereby accorded, pursuant to section 293(1) (d) of the Companies Act, 1956, to the Board of Directors of the Company, for borrowing from time to time any sums of money, which, together with the moneys already borrowed by the Company (apart

from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate of Rs. 15 crores, notwithstanding that the aggregate of moneys so borrowed may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose".

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE RELATIVE EXPLANATORY STATEMENTS, PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956, IN RESPECT OF THE BUSINESS UNDER ITEM NOS. 5 & 6 ARE ANNEXED HERETO.

By Order of the Board of Directors
for **MARICO INDUSTRIES LIMITED**

L. H. KHILNANI
Company Secretary

Bombay : 23rd September, 1991

Registered Office :

Kanmoor House,
281/87 Narsi Natha Street,
BOMBAY 400 009.

**EXPLANATORY STATEMENT**PURSUANT TO SECTION 173 OF
THE COMPANIES ACT, 1956

Item 5 :

It is proposed to appoint Mr. Harsh C. Mariwala as the Managing Director of the Company for a period of five years with effect from 1/7/1991 at a remuneration in accordance with the limits prescribed under Schedule XIII to the Companies Act, 1956, and upon the terms and conditions as set out in the draft agreement placed before the meeting.

The draft Agreement between the Company and Mr. H. C. Mariwala contains inter alia the following principal terms and conditions :

1. Subject to the supervision and control of the Board of Directors, the Managing Director shall be responsible for the day-to-day management of the Company and shall carry out such duties as may be entrusted to him by the Directors.
2. The Managing Director shall, so long as he continues to be the Managing Director, be paid the following remuneration in accordance with Schedule XIII of the Companies Act, 1956.

Salary: Rs. 13,000/- per month including dearness and all other allowances.

Commission: 1% of the net profits of the Company subject to a ceiling of 50% of the salary or Rs. 90,000/- per annum whichever is less.

Perquisites: Perquisites be allowed in addition to salary and/or commission or both but perquisites shall be restricted to an amount equal to the annual salary or Rs. 1,35,000/- per annum, whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY — A

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance as under:

- (i) Housing I — The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceilings:

(a) Bombay, Calcutta, Delhi and Madras:

Sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II — In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III — In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceilings laid down in Housing I.

Explanation — The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary.

- (ii) Medical reimbursement — Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iii) Leave Travel Concession — For self and family, once in a year incurred in accordance with the rules of the Company.
- (iv) Club Fees — Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance — Premium not to exceed Rs. 1000/- per annum.

Explanation — For the purpose of Category A, "family" means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY — B

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/-.

CATEGORY — C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the Managing Director.

- i) In the event of loss or inadequacy of profits during the aforesaid period, the salary payable shall be reduced by 10%.
- ii) The terms and conditions of the said appointment/ re-appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.



MARICO INDUSTRIES LIMITED

iii) The agreement may be terminated by either party giving the other party three months' notice.

This may be treated as an abstract of the draft agreement between the Company and Mr. Harsh C. Mariwala, pursuant to Section 302 of the Companies Act, 1956.

The draft agreement is available for inspection by the Members of the Company at its Registered office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

All Directors of the Company may be considered to be interested or concerned in the passing of the said resolution.

Item 6:

At the Extra Ordinary General Meeting of the Company held on 12/2/90, the Company had accorded its consent under Section 293 (1) (d) of the Companies Act, 1956 to the Board of Directors borrowing moneys in excess of the aggregate of paid-up capital and free reserves of the Company upto a limit of Rs. 7 crores (apart from temporary loans obtained from the Company's bankers in the ordinary course of business). With the business and

operations of the Company growing at a rapid pace, the requirement of additional funds have also increased substantially.

The consent of the Company is sought by the resolution proposed at Item No. 6 of the Notice to enable the Board of Directors to borrow moneys upto Rs. 15 crores.

None of the Directors of the Company is in any way concerned or interested in the said Resolution.

By Order of the Board of Directors
for **MARICO INDUSTRIES LIMITED**

L. H. KHILNANI,
Company Secretary

Bombay: 23rd September, 1991

Registered Office:
Kanmoor House,
281/87 Narsi Natha Street,
BOMBAY 400 009.



DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Third Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1991.

1. FINANCIAL RESULTS

1.1 The summarised financial results are as follows :

| | (Rupees in Lacs) | |
|---------------------------|------------------|-------------|
| | 1990-91 | 1989-90 |
| Sales | <u>10597.45</u> | <u>3.64</u> |
| Profit/ (Loss) before tax | 454.03 | (4.32) |
| Tax | 210.10 | - |
| Profit/ (Loss) after Tax | 243.93 | (4.32) |
| Add: Brought Forward | (4.32) | - |
| Balance carried forward | 239.61 | (4.32) |

2. OPERATIONS :

2.1 Consequent to the restructuring of the operations of The Bombay Oil Industries Limited, its consumer product business was spun off to the Company with effect from April 2, 1990, consequently, the date from which the company began commercial operations. This business will enjoy a distinctive identity under the Company, and receive a sharper focus and greater stimulus so vitally necessary to enable it to survive and grow in an increasingly complex and competitive environment.

2.2 Apart from continuing manufacturing operations at the existing locations, the Company also commenced commercial production of edible oils at its own plant at Jalgaon, acquired in March 1990.

2.3 The turnover for the year crossed the landmark figure of Rs.100 crores, an event of profound satisfaction and pride, considering that it occurred in the very first year of the company's operations and also for the first time since the inception of the consumer product business in the group. The actual turnover achieved during the year was Rs. 106 Crores.

2.4 The traditional strongholds viz. Parachute Coconut Oil and Saffola refined kardi oil continued to show growth, though sales of Saffola could have been higher had raw material supplies not been erratic towards the last quarter of the year.

2.5 A new refined Sunflower based edible oil was nationally launched during the year under the brand name "Sweekar". The company is already one of the leading players in this segment of the market which is expected to contribute to sales in much larger measure in the coming years, considering the

increasing consumer awareness of health-based oils.

2.6 A new non-greasy perfumed hair oil was also successfully test-launched during the year under the brand name "Hair & Care" followed by a national launch during the current year. The sales performance of this product is in accordance with our expectations.

3. DIVIDEND

3.1 The Directors have considered it prudent not to recommend any dividend for the year having regard to the need to plough back the earnings to help consolidate the Company's operations as also to reinforce the core funds to meet the increasing capital needs.

4. CAPITAL :

Consequent to the transfer of shares of the Company, held by the Bombay Oil Industries Limited, to its other subsidiary Companies, the Company has now ceased to be a subsidiary of the Bombay Oil Industries Limited.

5. INFRASTRUCTURE :

5.1 With a view to provide more congenial working conditions to its employees and to cope with the growing needs of space arising out of new recruitments, the Company has decided to shift its corporate office from its current location to a more contemporary office located in the suburbs at Bandra. The new office facilities are now ready and are expected to be occupied shortly.

5.2 A new well furnished and equipped product development centre has also been established at Andheri in the suburbs.

5.3 Apart from the above, efforts are under way to improve the facilities at the respective manufacturing locations.

6. EXPANSION :

6.1 To meet the envisaged growing demand for refined edible oils, it is intended to augment the capacity at Jalgaon. A letter of intent to the principle equipment manufacturer has already been released. It is anticipated that the additional capacity will be available during the forthcoming financial year.

6.2 In so far as additional facilities for manufacture of raw oils are concerned, the Board is currently evaluating the location options, following which the remaining phases of the project implementation, for which letters of intent, are in hand would be taken up.



7. DIRECTORS :

7.1 Mr. Harsh C. Mariwala has been associated with the consumer product business of the group for over 15 years now and has been instrumental in the growth achieved by the business during the last few years. Having regard to his past association and his expertise in this area of the groups' business, proposals were received for appointing him as the Managing Director of the Company. However, since all the Directors are interested in his appointment, the matter is placed before the shareholders for their sanction.

7.2 In accordance with the requirements of the Companies Act, 1956, and the Articles of Association, of the Company, Mr. H.V. Mariwala and Mr. J.V. Mariwala are liable to retire by rotation and are eligible for reappointment.

8. OTHER INFORMATION :

8.1 Information required in accordance with provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars) in the Report of Board of Directors Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure to this Report.

8.2 In addition, information in accordance with provisions of Section 217 (2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975, and forming part of

the Directors' Report for the year ended 31st March, 1991, is also given in the Annexure to this Report.

9. AUDITORS :

The members are requested to appoint Auditors for the current year and to fix their remuneration. Messrs Dalal Desai & Kumana, the existing Auditors have under Section 224 (1) of the Companies Act, 1956, furnished Certificate of their eligibility for reappointment.

10. EMPLOYEE RELATIONS :

The relation between employees and the management have remained cordial and the Directors wish to place on record their appreciation of the co-operation and support received from all the employees.

11. ACKNOWLEDGEMENT :

The Directors take this opportunity of acknowledging the support and assistance received from the Company's bankers, suppliers and other business associates.

On behalf of the Board of Directors

C.V. MARIWALA
Chairman

Place : Bombay
Dated : 23rd September, 1991.



ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Research & Development Expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

| | |
|------------------------|----------|
| Quantity (K.Ltrs) | 30 |
| Amount (Rs.) | 1,94,000 |
| Average Rate (Rs./Kl) | 6,466.67 |
| ii) L.S.H.S. | |
| Quantity | Nil |
| Amount (Rs.) | Nil |
| Average Rate (Rs./Ton) | Nil |

A. Conservation of Energy :

Efforts are undertaken on a constant basis to ensure optimum utilisation of energy through use of economisers in boilers, installation of capacitors and improvement in drive and transmission mechanisms in expellers. Energy audits have been initiated at some of the plants and will be extended progressively to all the locations. These measures are expected to result in lower fuel consumption and optimal use of power.

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

CONSUMPTION PER UNIT OF PRODUCTION

| Edible Oil | Unit | Consumption per Unit of Production |
|-------------|--------|------------------------------------|
| Electricity | Kwts | 151.20 |
| Coal | M.T. | 0.07 |
| Furnace Oil | K.Ltr. | 0.06 |
| L.D.O. | K.Ltr. | - |

NOTE: In absence of any manufacturing activity in the previous year, corresponding figures for the previous years are not available.

B. Research & Development :

The details of Research and Development are disclosed in Enclosure 'B'.

ENCLOSURE 'B'

Research & Development :

C. Foreign Exchange earnings and outgo:

Efforts have been initiated to promote the export of Companies' products, wherever permissible.

The details of total foreign exchange used and earned are disclosed in Schedule 'P'.

1. Specific areas in which R&D carried out by the Company

- Development of new products
- Improvement of product quality
- Process improvement

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

Launching of new products, improvement in product quality and cost reduction.

3. Expenditure on R&D :

| | |
|--------------|-----------------------|
| a) Capital | Rs. 2.77 lacs |
| b) Recurring | Rs. 8.33 lacs |
| c) Total | <u>Rs. 11.10 lacs</u> |

d) Total R&D expenditure as a percentage of total turnover. 0.11%

ENCLOSURE 'A'

A. Power & Fuel Consumptions :

1. Electricity
 - a) Purchased Unit (Kwh) 17,93,609
 - Total Amount (Rs.) 34,92,411
 - Rate (Rs./Unit) 1.95
 - b) Own Generation
 - i) Through Diesel Generator Nil
 - ii) Through Steam Generator Nil
2. Coal (Used for Boiler)

| | |
|------------------------|----------|
| Quantity (M.T) | 868.005 |
| Total Cost (Rs) | 9,04,052 |
| Average Rate (Rs./Ton) | 1,041.53 |
3. Furnace Oil

| | |
|-----------------------|-----------|
| Quantity (K. Ltrs.) | 756.378 |
| Amount (Rs.) | 25,12,213 |
| Average Rate (Rs./Kl) | 3,321.37 |
4. Other Internal Generation
 - i) L.D.O.

For and on behalf of the Board of Directors

C.V. MARIWALA
Chairman

Place : Bombay
Dated : 23rd September, 1991.

**AUDITORS' REPORT**

To,
The Members of Marico Industries Limited

We have audited the attached Balance Sheet of Marico Industries Limited as at 31st March, 1991 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the schedules annexed thereto and read with the notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1991 and
- b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified by the management during the year and no material discrepancies were noticed.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals.
4. The procedure for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records. In respect of stock of stores and spares at the Jalgaon unit, discrepancy, if any,

between physical stocks and book records could not be ascertained in the absence of such records. However, the value of such stores and spares is not significant in relation to the value of the total inventory.

6. In our opinion and on the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken in the previous year unsecured loan from the holding Company listed in the register maintained under section 301 of the Companies Act, 1956. The same has been repaid during the year. The rate of interest and other terms and conditions of the said loan were not prima facie prejudicial to the interests of the Company. The Company has not taken any loan from companies under the same management as defined under subsection (1B) of section 370 of the said act.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same management as defined under subsection (1B) of section 370 of the said act.
9. In respect of interest free loans and advances in the nature of loans given by the Company to its employees the same are being repaid as stipulated except in the case of an ex-employee in respect of which reasonable steps have been taken and the loan has since been recovered from his other dues.
10. In our opinion and according to informations and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. The transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, other than those purchases which are explained to be of a special nature for which alternative quotations are not available have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices where such market prices are available with the Company, or the price at which similar transactions were made with other parties.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores,



MARICO INDUSTRIES LIMITED

- raw materials & finished goods and provision for loss in respect thereof has been made in the accounts.
13. The Company has not accepted any deposit from the public to which the provisions of section 58A and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
 14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
 15. The Company has an internal audit system, which is commensurate with its size and the nature of its business.
 16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
 17. The Company has regularly deposited Provident Fund dues and has generally been regular in depositing Employees' State Insurance dues with the appropriate authorities and there were no arrears at the end of the year.
 18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty & excise duty which have remained outstanding as at 31st March, 1991 for a period of more than six months from the date they become payable.
 19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
 20. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
 21. In relation to the trading activity of the Company, we are informed that provision has been made for damaged goods which are not significant.

For Dalal Desai & Kumana
Chartered Accountants

Bombay
Dated: 26th September, 1991

G. C. SHAREDALAL
Partner

**MARICO INDUSTRIES LIMITED****BALANCE SHEET
AS AT 31st MARCH, 1991**

| | SCHEDULE | 31st March 1991 Rs. | 31st March 1990 Rs. |
|---|----------|---------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Capital | A | 90,00,000 | 90,00,000 |
| Reserves & Surplus | B | 2,39,60,699 | - |
| | | <u>3,29,60,699</u> | <u>90,00,000</u> |
| Loan Funds | | | |
| Secured Loans | C | 3,71,15,595 | - |
| Unsecured Loans | D | 1,00,00,000 | 2,63,75,337 |
| | | <u>4,71,15,595</u> | <u>2,63,75,337</u> |
| | | <u>8,00,76,294</u> | <u>3,53,75,337</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | E | 2,91,16,059 | 1,79,62,000 |
| Less: Depreciation | | <u>12,02,100</u> | <u>28,175</u> |
| Net Block | | 2,79,13,959 | 1,79,33,825 |
| Capital Work-in-Progress | | 1,19,24,017 | 40,00,000 |
| Pre-operative expenses | | - | 11,85,686 |
| | | <u>3,98,37,976</u> | <u>2,31,19,511</u> |
| Investments | | | |
| Current Assets, Loans and Advances | F | 78,700 | 42,100 |
| Inventories | G | 11,40,86,083 | 1,00,94,238 |
| Sundry Debtors | H | 1,73,55,309 | 27,396 |
| Other Current Assets | I | 40,90,945 | 39,48,129 |
| Loans and Advances | J | 2,69,37,715 | 18,58,011 |
| | | <u>16,24,70,052</u> | <u>1,59,27,774</u> |
| Less: | | | |
| Current Liabilities and Provisions | | | |
| Current Liabilities | K | 12,23,00,434 | 41,94,360 |
| Provision for wealth tax | | <u>10,000</u> | - |
| | | <u>12,23,10,434</u> | <u>41,94,360</u> |
| Net Current Assets | | <u>4,01,59,618</u> | <u>1,17,33,414</u> |
| Miscellaneous Expenditure (to the extent not written off/adjusted) | | | |
| Preliminary expenses | | - | 48,110 |
| Profit & Loss Account | | | <u>4,32,202</u> |
| | | <u>8,00,76,294</u> | <u>3,53,75,337</u> |

For Notes forming part of the Accounts see schedule 'Q'

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

C.V. MARIWALA
Chairman

G.C. SHAREDALAL
Partner

L.H. KHILNANI
Secretary

H.C. MARIWALA
Director

Place: Bombay
Dated: 26th September, 1991

Place: Bombay
Dated: 23rd September, 1991.

**MARICO INDUSTRIES LIMITED****PROFIT & LOSS ACCOUNT
For the year ended 31st March, 1991**

| | SCHEDULE | 31st March 1991 Rs. | 31st March 1990 Rs. |
|--------------------------------------|----------|---------------------------|---------------------------|
| INCOME: | | | |
| Sales | P | 1,05,83,31,748 | 3,59,839 |
| Other Income | L | 14,13,381 | 4,688 |
| | | <u>1,05,97,45,129</u> | <u>3,64,527</u> |
| EXPENDITURE: | | | |
| Cost of Materials Consumed | M | 67,41,89,155 | 3,59,989 |
| Manufacturing and Other Expenses | N | 32,61,71,042 | 1,55,793 |
| Interest | O | 1,26,60,246 | 2,52,772 |
| Depreciation | | 11,78,925 | 28,175 |
| Preliminary Expenses written off | | 1,42,860 | - |
| | | <u>1,01,43,42,228</u> | <u>7,96,729</u> |
| PROFIT (LOSS) BEFORE TAXATION | | 4,54,02,901 | (4,32,202) |
| Less: Provision for Taxation | | <u>2,10,10,000</u> | <u>-</u> |
| PROFIT/(LOSS) AFTER TAXATION | | 2,43,92,901 | (4,32,202) |
| Add: Balance brought forward | | <u>(4,32,202)</u> | <u>-</u> |
| Balance carried forward | | <u><u>2,39,60,699</u></u> | <u><u>(4,32,202)</u></u> |

For Notes forming part of the Accounts see schedule 'Q'

As per our attached report of even date

FOR DALAL DESAI & KUMANA
Chartered Accountants

C.V. MARIWALA
Chairman

G.C. SHAREDALAL
Partner

L.H. KHILNANI
Secretary

H.C. MARIWALA
Director

Place: Bombay
Dated: 26th September, 1991

Place: Bombay
Dated: 23rd September, 1991.

**MARICO INDUSTRIES LIMITED****SCHEDULES TO ACCOUNTS****SCHEDULE 'A'
SHARE CAPITAL**

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|---|---------------------------|---------------------------|
| Authorised: | | |
| 9,00,000 Equity Shares of Rs. 10/- each | 90,00,000 | 90,00,000 |
| 10,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each | 10,00,000 | 10,00,000 |
| | <u>1,00,00,000</u> | <u>1,00,00,000</u> |
| Issued, Subscribed and paid up: | | |
| * 9,00,000 Equity Shares of Rs. 10/- each fully paid up | <u>90,00,000</u> | <u>90,00,000</u> |
| *The entire paid up capital of the Company held by The Bombay Oil Industries Limited as on the date of the balance sheet, has since been transferred by it to its other subsidiary companies. | | |

**SCHEDULE 'B'
RESERVES & SURPLUS**

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|-------------------------|---------------------------|---------------------------|
| Profit and Loss Account | 2,39,60,699 | - |
| | <u>2,39,60,699</u> | <u>-</u> |

**SCHEDULE 'C'
SECURED LOANS**

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|--|---------------------------|---------------------------|
| Cash Credits from banks secured by Hypothecation of stock in trade and other tangible movable assets of the Company, wherever situated, and are also guaranteed by the Directors of the Company. | 3,71,15,595 | - |
| | <u>3,71,15,595</u> | <u>-</u> |

**SCHEDULE 'D'
UNSECURED LOANS**

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|---|---------------------------|---------------------------|
| From a Company towards part of purchase consideration, secured by a Bank Guarantee. (Payable within a year Rs. 1,00,00,000/- Previous Year Rs. Nil) | 1,00,00,000 | 1,00,00,000 |
| Holding Company (Includes interest accrued (net) Rs. Nil (Previous year Rs. 3,64,560/-) | - | 1,63,75,337 |
| | <u>1,00,00,000</u> | <u>2,63,75,337</u> |

MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'E' FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|-----------------------------|--------------------|---------------------------|-----------------------------|-----------------------------|------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31st March 1990 | Additions | Deletions/ Adjustments | As at 31st March 1991 | As at 31st March 1990 | For the Year | Deletions/ Adjustments | As at 31st March 1991 | As at 31st March 1990 | As at 31st March 1991 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Leasehold Land | 20,00,000 | 2,35,921 | - | 22,35,921 | 1,573 | 26,763 | - | 28,336 | 19,98,427 | 22,07,585 |
| Building | 35,00,000 | 23,27,721 | - | 58,27,721 | 1,062 | 88,869 | - | 89,931 | 34,98,938 | 57,37,790 |
| Plant & Machinery | 1,23,67,250 | 81,15,724 | 5,000 | 2,04,77,974 | 20,453 | 10,45,420 | 5,000 | 10,60,873 | 1,23,46,797 | 1,94,17,101 |
| Furniture & Fittings | 89,750 | 3,06,489 | - | 3,96,239 | 87 | 5,627 | - | 5,714 | 89,663 | 3,90,525 |
| Vehicles | 5,000 | 1,73,204 | - | 1,78,204 | 5,000 | 12,246 | - | 17,246 | - | 1,60,958 |
| TOTAL | 1,79,62,000 | 1,11,59,059 | 5,000 | 2,91,16,059 | 28,175 | 11,78,925 | 5,000 | 12,02,100 | 2,79,13,959 | 2,79,13,959 |
| PREVIOUS YEAR | - | 1,79,62,000 | - | 1,79,62,000 | - | 28,175 | - | 28,175 | 1,79,33,825 | 1,79,33,825 |
| CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT | | | | | | | | | | |
| | | | | | | | | | 1,19,24,017 | 40,00,000 |
| | | | | | | | | | 3,98,37,976 | 2,19,33,825 |

Note: Depreciation has been provided (except in the case of Leasehold Land which is being amortised over the balance period of the lease) on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deletions during the period has been provided on pro-rata basis with reference to the month of addition/deletion. Extra shift depreciation is provided on "Plant" basis. Additions to plant & machinery where cost of each item is Rs. 5000 or less are written off in the year of capitalisation.

**MARICO INDUSTRIES LIMITED****SCHEDULES TO ACCOUNTS**

| SCHEDULE 'F' | 31st March 1991 Rs. | 31st March 1990 Rs. |
|---|------------------------------------|------------------------------------|
| INVESTMENTS (At Cost) | | |
| In Government Securities | | |
| National Savings Certificates (Deposited with Government & Public Bodies) | <u>78,700</u> | <u>42,100</u> |
| | <u>78,700</u> | <u>42,100</u> |

| SCHEDULE 'G' | 31st March 1991 Rs. | 31st March 1990 Rs. |
|--|------------------------------------|------------------------------------|
| INVENTORIES | | |
| (As per Inventories valued and certified by the management) | | |
| Raw Materials (at cost) | 2,75,71,322 | 60,43,441 |
| Packing Materials (at cost) | 1,30,80,724 | 37,70,548 |
| Stores, Spares & Chemicals (at cost) | 38,97,808 | - |
| Work-in-Process (at cost) | 34,14,418 | - |
| Finished Products (at lower of cost or net realisable value) | 6,21,21,793 | 2,80,249 |
| By Products (at net realisable value) | 40,00,018 | - |
| | <u>11,40,86,083</u> | <u>1,00,94,238</u> |

| SCHEDULE 'H' | 31st March 1991 Rs. | 31st March 1990 Rs. |
|---|------------------------------------|------------------------------------|
| SUNDRY DEBTORS (Unsecured-considered good) | | |
| Over Six months | 44,779 | - |
| Others | 1,73,10,530 | 27,396 |
| | <u>1,73,55,309</u> | <u>27,396</u> |

| SCHEDULE 'I' | 31st March 1991 Rs. | 31st March 1990 Rs. |
|---|------------------------------------|------------------------------------|
| OTHER CURRENT ASSETS | | |
| Cash on hand | 2,80,695 | 4,740 |
| Cheques on hand | - | 1,14,595 |
| Balances with Scheduled Banks: | | |
| In Fixed Deposits | 41,000 | - |
| In Margin Account (Against Letters of Credit & Bank Guarantees) | 34,32,245 | 31,33,750 |
| In Current Account | 2,48,526 | 6,95,044 |
| | <u>37,21,771</u> | <u>38,28,794</u> |
| Interest accrued on Investments | 10,811 | - |
| Interest accrued — Others | 77,668 | - |
| | <u>40,90,945</u> | <u>39,48,129</u> |



MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

| SCHEDULE 'J' | 31st March | 31st March |
|---|--------------------|-------------------|
| LOANS AND ADVANCES | 1991 | 1990 |
| (Unsecured — considered good) | Rs. | Rs. |
| Advances recoverable in cash or in kind or for value to be received | 1,92,44,614 | 6,28,306 |
| Advance Tax (Net) | 40,00,000 | - |
| Deposit with Public Bodies and Others | 36,87,250 | 12,29,705 |
| Balance with Central Excise Authorities | 5,851 | - |
| | <u>2,69,37,715</u> | <u>18,58,011</u> |

| SCHEDULE 'K' | 31st March | 31st March |
|----------------------------|---------------------|-------------------|
| CURRENT LIABILITIES | 1991 | 1990 |
| | Rs. | Rs. |
| Sundry Creditors | 9,41,92,350 | 33,59,239 |
| Holding Company | 1,05,74,326 | 7,34,591 |
| Advances from Customers | 5,22,500 | - |
| Other Liabilities | 45,85,715 | 1,00,530 |
| Security Deposits | 1,24,25,543 | - |
| | <u>12,23,00,434</u> | <u>41,94,360</u> |

| SCHEDULE 'L' | 31st March | 31st March |
|--------------------------------------|-------------------|-------------------|
| OTHER INCOME | 1991 | 1990 |
| | Rs. | Rs. |
| Income from Investments | 10,811 | - |
| Interest from Banks & Others (Gross) | - | - |
| (Tax Deducted at Source Rs. Nil.) | 3,42,464 | - |
| Miscellaneous Income | 10,60,106 | 4,688 |
| (Refer Note 7 of Schedule 'Q') | <u>14,13,381</u> | <u>4,688</u> |

| SCHEDULE 'M' | 31st March | 31st March |
|-----------------------------------|---------------------|-------------------|
| COST OF MATERIALS CONSUMED | 1991 | 1990 |
| RAW MATERIALS CONSUMED: | Rs. | Rs. |
| Opening Stock | 60,43,441 | - |
| Add: Purchases | 58,81,16,805 | 60,43,441 |
| Less: Closing Stock | <u>2,75,71,322</u> | <u>60,43,441</u> |
| | 56,65,88,924 | - |
| PURCHASE FOR RESALE | 17,68,56,211 | 6,40,238 |
| Add: OPENING STOCK | - | - |
| Work-in-Process | - | - |
| Finished Products | 2,80,249 | - |
| | 2,80,249 | - |
| Less: CLOSING STOCK: | - | - |
| Work-in-Process | 34,14,418 | - |
| Finished Products | <u>6,61,21,811</u> | <u>2,80,249</u> |
| | 6,95,36,229 | 2,80,249 |
| | <u>67,41,89,155</u> | <u>3,59,989</u> |


MARICO INDUSTRIES LIMITED
SCHEDULES TO ACCOUNTS

| SCHEDULE 'N' MANUFACTURING AND OTHER EXPENSES | 31st March | 31st March |
|--|----------------------------|------------------------|
| | 1991 | 1990 |
| | Rs. | Rs. |
| Employee Cost: | | |
| Salaries, Wages and Bonus | 1,63,07,155 | - |
| Contribution to Provident Fund and Other Funds | 13,71,520 | - |
| Workmen and Staff Welfare Expenses | <u>24,36,062</u> | - |
| | 2,01,14,737 | - |
| Processing Charges | 1,18,78,712 | - |
| Excise Duty | 1,23,759 | - |
| Stores, Spares & Chemicals Consumed | 38,29,899 | - |
| Packing Materials Consumed | 14,70,48,630 | - |
| Power, Fuel and Water | 78,60,253 | - |
| Rent and Storage Charges | 61,67,836 | 15,375 |
| Repairs: Buildings | 1,90,714 | - |
| Machinery | 6,35,318 | - |
| Others | <u>12,68,794</u> | <u>2,442</u> |
| | 20,94,826 | 2,442 |
| Freight and Forwarding Charges | 2,91,09,126 | - |
| Advertisement and Sales Promotion | 4,89,77,621 | 31,250 |
| Rates and Taxes | 71,659 | 7,621 |
| Sales Tax | 70,16,114 | - |
| Royalty | 95,29,878 | - |
| Travelling, Conveyance & Vehicle Expenses | 61,09,600 | - |
| Bank Charges | 1,16,01,978 | 10,801 |
| Insurance | 7,86,714 | - |
| Miscellaneous Expenses | <u>1,38,49,700</u> | <u>88,304</u> |
| (Ref. Note 6 of Schedule 'Q') | <u>32,61,71,042</u> | <u>1,55,793</u> |
| <hr/> | | |
| SCHEDULE 'O' INTEREST | 31st March | 31st March |
| | 1991 | 1990 |
| | Rs. | Rs. |
| On Fixed Loans | 6,45,835 | - |
| Others | <u>1,20,14,411</u> | <u>2,52,772</u> |
| | <u>1,26,60,246</u> | <u>2,52,772</u> |



MARICO INDUSTRIES LIMITED

ADDITIONAL INFORMATION

SCHEDULE 'P'

A) DETAILS OF PRODUCTS MANUFACTURED, TURNOVER, OPENING STOCK, CLOSING STOCK ETC.

| Sr. No. | PARTICULARS | Year Ended 31st March | Licensed Capacity M.T. | Installed Capacity M.T. | OPENING STOCK | | PRODUCTION | PURCHASES | | TURNOVER | | CLOSING STOCK | |
|--------------|----------------------------------|-----------------------|------------------------|-------------------------|---------------|------------|------------|---------------|--------------|----------------|--------------|---------------|-------------|
| | | | | | Quantity M.T. | Amount Rs. | | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. | Quantity M.T. | Amount Rs. |
| 1 | RAW OILS (FINISHED PRODUCTS) | 1991 | 11400 | 11400 | 5.9 | 2,80,249 | 5693.5* | 4813.5 | 16,93,49,234 | 13287.9 | 70,06,65,351 | 613.3 | 3,07,46,775 |
| | | 1990 | - | - | - | - | - | 9.7 | 4,41,623 | 3.9 | 1,63,612 | 5.8 | 2,78,484 |
| 2 | RAW OILS (BY PRODUCTS) | 1991 | - | - | - | - | 6767.3* | - | - | 7808.4 | 2,69,59,310 | 1103.6 | 36,71,865 |
| | | 1990 | - | - | - | - | - | - | - | - | - | - | - |
| 3 | REFINED OILS (FINISHED PRODUCTS) | 1991 | 22500 | 15120.0@ | - | - | 6168.8* | 213.3 | 75,06,977 | 7402.1 | 31,66,63,478 | 619.9 | 2,47,11,421 |
| | | 1990 | - | - | - | - | - | 0.98 | 43,279 | 0.9 | 40,891 | 0.08 | 1,765 |
| 4 | REFINED OILS (BY PRODUCTS) | 1991 | - | - | - | - | 409.5 | - | - | 403.2 | 16,90,308 | 6.3 | 1,28,153 |
| | | 1990 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | HAIR OIL# | 1991 | - | - | - | - | - | - | - | 113.3 | 98,10,210 | 78.7 | 66,63,597 |
| | | 1990 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | OTHERS | 1991 | - | - | - | - | - | - | - | - | 25,43,091 | - | - |
| | | 1990 | - | - | - | - | - | - | 1,55,336 | - | 1,55,336 | - | - |
| TOTAL | | | | | 1991 | 2,80,249 | | 17,68,56,211 | | 1,05,83,31,748 | | 6,61,21,811 | |
| | | | | | 1990 | | 6,40,238 | | 3,59,839 | | 2,80,249 | | |

The installed capacities are as certified by the Management on a three shift basis.

! On lease basis

@ Installed capacity of Refined oils (Finished Products) includes 6000 M.T. on lease basis for which licence is not required.

NOTE:

* Excludes processed by others

31st March 1991

31st March 1990

MT

MT

Raw Oils (Finished Products)

3388.3

Raw Oils (By Products)

3205.0

Refined oils

1639.9

(Finished products)

* Raw Oils (By Products) includes 1060.3 M.T. (P.Y. Nil) consumed during processing by others

Produced by others

**MARICO INDUSTRIES LIMITED****ADDITIONAL INFORMATION****SCHEDULE 'P'****B) RAW MATERIALS CONSUMED**

| | 31st March 1991 | | 31st March 1990 | |
|-----------|--------------------|---------------------|--------------------|--------------|
| | Quantity M.T. | Value Rs. | Quantity M.T. | Value Rs. |
| Oil seeds | 21604.6 | 36,49,47,996 | - | - |
| Raw oils | 6591.6 | 19,12,12,240 | - | - |
| Others | | <u>1,04,28,688</u> | | <u>-</u> |
| | | <u>56,65,88,924</u> | | <u>-</u> |

**C) VALUE OF IMPORTED AND
INDIGENOUS MATERIALS CONSUMED**

| | 31st March 1991 | | 31st March 1990 | |
|------------------------------|--------------------|------------------|--------------------|--------------|
| | % | Value Rs. | % | Value Rs. |
| Stores, spares and chemicals | | | | |
| Imported | 37.22% | 6,82,861 | - | - |
| Indigenous | 62.78% | 11,51,713 | - | - |
| | <u>100.00</u> | <u>18,34,574</u> | <u>-</u> | <u>-</u> |

D) VALUE OF IMPORTS ON C.I.F. BASIS

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|------------------------------|---------------------------|---------------------------|
| Stores, spares and chemicals | 3,28,867 | - |
| Capital Goods | <u>1,35,136</u> | <u>-</u> |
| | <u>4,64,003</u> | <u>-</u> |

E) EXPENDITURE IN FOREIGN CURRENCY

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|-------------------|---------------------------|---------------------------|
| Packing Materials | 1,29,22,272 | - |
| Others | <u>7,574</u> | <u>-</u> |
| | <u>1,29,29,846</u> | <u>-</u> |

F) EARNINGS IN FOREIGN EXCHANGE

| | 31st March 1991 Rs. | 31st March 1990 Rs. |
|-------------------------|---------------------------|---------------------------|
| F.O.B. Value of Exports | <u>12,25,805</u> | <u>-</u> |
| | <u>12,25,805</u> | <u>-</u> |



MARICO INDUSTRIES LIMITED

SCHEDULES TO ACCOUNTS

SCHEDULE 'Q'

NOTES:

1. Contingent Liabilities not provided for in respect of:
 - i) Letters of Credit opened and outstanding Rs. 36,43,600 (Previous year Rs. Nil)
 - ii) Claims against Company not acknowledged as debts Rs. 2,00,000 (Previous year Rs. Nil)
2. Advances recoverable in cash or in kind includes loans to officers of the Company Rs. 1,95,955/- (Previous year Rs. Nil). Maximum debit balance at any time during the year Rs. 2,22,310/- (Previous year Rs. Nil).
3. Estimated amount of contracts remaining to be executed on capital account not provided for Rs. 40,00,741 (Previous year Rs. Nil)
4. A sum of Rs. 9,02,274 (Previous year Rs. Nil) representing actuarial liability as on 31st March 1990 in respect of employees transferred from The Bombay Oil Industries Limited, is held by the trustees of The Bombay Oil Industries Employees' Gratuity Fund. Pending transfer to Marico Industries Limited Employees' Gratuity Fund and approval of the relevant authority, this amount has been taken into account for determining the actuarial liability for the year.
5. The company has commenced commercial production of refined oils at its Jalgaon plant from 30th October, 1990. All direct expenditure incurred in erection and commissioning the plant are capitalised under the head Building and Plant Machinery respectively. All indirect expenditure incurred in connection with the project are capitalised and allocated to all the fixed assets on the basis of the original cost on 1st April, 1990.
6. Miscellaneous expenses include Commission on sales Rs. 21,211 (Previous year Rs. Nil) Donations Rs. 10,826 (Previous year Rs. Nil), Cash Discount Rs. 99,987 (Previous year Rs. Nil) and Audit Fees Rs. 60,000 (Previous year Rs. 5,000).
7. Miscellaneous income includes profit on sale of assets Rs. 3,500 (Previous year Rs. Nil).
8. In the absence of any manufacturing activity in the previous year, the figures of the current year are not directly comparable with that of the previous year.
9. Previous year's figures have been rearranged and regrouped wherever necessary.

Signatures to Schedules 'A' to 'Q' annexed.

C.V. MARIWALA
Chairman

Place: Bombay
Dated: 23rd September, 1991.

L.H. KHILNANI
Secretary

H. C. MARIWALA
Director