AUDITORS' REPORT

TO THE MEMBERS OF MARICO LIMITED

1. We have audited the attached Balance Sheet of **Marico Limited** ('the Company') as at March 31, 2008, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date (all together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003, ('Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;

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

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

   e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2008 from being appointed as a director under clause (g) of sub–section (1) of Section 274 of the Act;

   f. in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

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

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

For and on behalf of
Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date: April 24, 2008

ANNEXURE TO AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ANNEXURE TO AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of
Price Waterhouse
Chartered Accountants

VILAS Y. RANE
Partner (F–33220)

Place : Mumbai
Date: April 24, 2008

BALANCE SHEET

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

As per our attached report of even date

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

Place : Mumbai
Date : April 24, 2008

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

Place : Mumbai
Date : April 24, 2008

PROFIT AND LOSS ACCOUNT

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

As per our attached report of even date

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

Place : Mumbai
Date : April 24, 2008

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

Place : Mumbai
Date : April 24, 2008

CASH FLOW STATEMENT

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

CASH FLOW STATEMENT

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

As per our attached report of even date

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

Place : Mumbai
Date : April 24, 2008

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

Place : Mumbai
Date : April 24, 2008

SCHEDULES TO BALANCE SHEET

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

SCHEDULES TO BALANCE SHEET

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

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

Amount in Rs. Crore

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

Notes :

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

SCHEDULES TO BALANCE SHEET

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

Note:

Units of Mutual Funds purchased and sold during the year

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

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

SCHEDULES TO BALANCE SHEET

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

SCHEDULES TO BALANCE SHEET

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT ADDITIONAL INFORMATION

SCHEDULE 'Q'

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

Amount in Crores

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

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

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

II) Produced by others – KL 1309.40 (902.24 KL)

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

IV) The production of Edible Oils excludes processed by others 9276.87 M.T. (7991.34 M.T.)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

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

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO ACCOUNTS:

1) The Company and nature of its operations:

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

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

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

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

(b) Use of Estimates

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

NOTES TO THE ACCOUNTS

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

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

(c) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and at recoverable amount in case of an impairment. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest on borrowing to finance fixed assets during construction period is capitalised. Other pre–operative expenses for major projects are also capitalised, where appropriate.

(d) Depreciation/Amortisation

I Tangible assets

(i) Depreciation is provided at higher of the rates based on useful lives of the assets as estimated by the management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates for the following items of plant and machinery that are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956 are as follows:

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

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

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

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

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

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

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

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

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

II Intangible assets

(i) Trademarks, copyrights and business & commercial rights are amortised over their estimated economic life, but not exceeding 10 years.

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

Technical know how	6 years
Non–compete covenants	Non–compete period (not exceeding 10 years)
Computer software	3 years

(e) Investments

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

(ii) Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

NOTES TO THE ACCOUNTS

(f) Inventories

(i) Raw material, packing material, stores, spares and consumables are valued at cost.

(ii) Work–in–process and finished products are valued at lower of cost and net realisable value.

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

(iv) Cost is ascertained on weighted average method and in case of work–in–process includes appropriate production overheads and in case of finished products includes appropriate production overheads and excise duty.

(g) Research and development

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

(h) Revenue recognition

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

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

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

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

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

(i) Retirement benefits

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

(j) Foreign currency transactions

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

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

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

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

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

NOTES TO THE ACCOUNTS

(k) Accounting for taxes on income

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

(ii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other items are recognised only when there is a reasonable certainty of their realisation.

(l) Impairment

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

(m) Contingent Liabilities

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

(n) Share Issue Expenses

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

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

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

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

- MEL Consumer Care SAE Rs. 0.43 crore (Rs. 0.56 crore) [Maximum amount due during the year Rs. 1.12 crore (Rs. 0.56 crore)]
- Pyramid for Modern Industries Rs. 2.23 crore (Rs. 0.22 crore) [Maximum amount due during the year Rs. 2.28 crore (Rs. 0.22 crore)]
- Egyptian American Investment & Industrial Development Company Rs. 1.42 crore (Rs. Nil) [Maximum amount due during the year Rs. 1.67 crore (Rs.Nil)]
- Marico South Africa Consumer Care (pty) Ltd Rs. 33.80 crore (Rs Nil) [Maximum amount due during the year Rs. 33.80 crore (Rs.Nil)]

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

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

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

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

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

13) Additional information on assets taken on lease:

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

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

16) Derivative transactions –

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

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

17) Earnings per share:

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

NOTES TO THE ACCOUNTS

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

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

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

19) Segment Information

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

i. Primary Segment Information

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

NOTES TO THE ACCOUNTS

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

ii. Secondary Segment Information

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

Geographical Segments	**Composition**
Domestic	All over India
International	Primarily Middle East and SAARC countries

Sales revenue by geographical market

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

Carrying amount of assets and capital expenditure by geographical locations

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

iii. Notes to Segmental information

(i) Segment revenue and expense: Joint revenues and expenses are allocated to the business segments on a reasonable basis. All other segment revenue and expense are directly attributable to the segments.

(ii) Segment Assets and Liabilities: Segment assets include all operating assets used by a segment comprising intangibles, fixed assets, inventories, debtors, cash and bank balances and loans and advances. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities of the segment comprising loan funds, deferred tax liability, creditors and other liabilities.

NOTES TO THE ACCOUNTS

20) Employee Stock Option Scheme 2007

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

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

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

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

21) Related Party disclosures

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

Key management personnel and their relatives:

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

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

l) Employee: Rajvi Mariwala, daughter of Harsh Mariwala

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

m) Employee: Rishabh Mariwala, son of Harsh Mariwala

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

NOTES TO THE ACCOUNTS

22) Managerial Remuneration:

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

Notes:

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

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

A. Gratuity benefits:

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

NOTES TO THE ACCOUNTS

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

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

B. Leave encashment :

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

NOTES TO THE ACCOUNTS

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

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

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

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

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

29) (a) The figures in brackets represent those of the previous year.

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

30) Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) **Registration details:**

Registration No.	:	11–49208
Balance Sheet Date	:	March 31, 2008

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

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

NOTES TO THE ACCOUNTS

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

Total Liabilities – Rs. 585.83 crore

Total Assets – Rs. 585.83 crore

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

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

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

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

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

Signatures to Schedules A to R

For and on behalf of the Board of Directors

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

Place: Mumbai

Date: April 24, 2008