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

Annual Report
2009-10

marico

Be more.

Every day.

COMPANY INFORMATION

BOARD OF DIRECTORS

Harsh Mariwala, Chairman & Managing Director

Nikhil Khattau, Chairman of Audit Committee

Rajeev Bakshi

Atul Choksey

Anand Kripalu

Rajen Mariwala

Hema Ravichandar

MANAGEMENT TEAM

Harsh Mariwala, Chairman & Managing Director

Saugata Gupta, Chief Executive Officer - Consumer Products Business

Ajay Pahwa, Chief Executive Officer - Kaya

Milind Sarwate, Chief - Finance, HR & Strategy

Vijay Subramanian, Chief Executive Officer - International Business

COMPANY SECRETARY

Rachana Lodaya

AUDIT COMMITTEE

Nikhil Khattau, Chairman

Rajen Mariwala, Member

Hema Ravichandar, Member

Rachana Lodaya, Secretary to the Committee

Harsh Mariwala, Permanent Invitee

CORPORATE GOVERNANCE COMMITTEE

Hema Ravichandar, Chairperson

Rajeev Bakshi, Member

Anand Kripalu, Member

Milind Sarwate, Secretary to the Committee

Harsh Mariwala, Permanent Invitee

SHAREHOLDERS’ COMMITTEE

Nikhil Khattau, Chairman

Rajen Mariwala, Member

Rachana Lodaya, Secretary to the Committee

BANKERS

Axis Bank Limited

Barclays Bank PLC

Citibank N.A.

HDFC Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

Standard Chartered Bank

State Bank of India

HSBC Limited

AUDITORS

Price Waterhouse, Chartered Accountants

INTERNAL AUDITORS

Aneja Associates, Chartered Accountants

REGISTERED OFFICE

Rang Sharda, Krishnachandra Marg,

Bandra Reclamation,

Bandra (West), Mumbai 400 050

OUR PRESENCE

Factories - 12 (9 in India and 5 overseas)

Regional Offices - 4 in India

Depots - 35 in India

WEBSITES

www.marico.com

www.kayaclinic.com

www.parachuteadvansed.com

www.saffolalife.com

www.haircodeworld.com

www.maricobd.com

www.maricoinnovationfoundation.org

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CHAIRMAN'S LETTER TO SHAREHOLDERS
A PERSONAL MESSAGE

Dear Shareholders,

It is my privilege to communicate with you at the end of another successful year at Marico.

During FY2010, the world economy and India with it experienced a relatively more stable environment as compared to FY2009, which was a year of high turbulence. In addition, there was a softening of input prices of your company's products. In order to expand its consumer franchise for the future, your company decided to pass on a part of this benefit to its consumers. Furthermore, your company stepped up investments behind its brands. This is expected to ensure sustainable and profitable growth. These investments notwithstanding, your company reported better margins during the year.

Your company achieved a Revenue Growth of 11% and Net Profit Growth of 23% in FY 2009-10. This makes it a 5 year CAGR of 21% in Revenue and 27% in Net Profits.

Apart from robust volume and value growth achieved by your company's brands, the company established a foothold in the South East Asian market through the acquisition of the hair creams and hair gels brand, Code 10, from Colgate Palmolive in Malaysia. As a part of its strategy towards localization, your company's subsidiary in Bangladesh, Marico Bangladesh Limited (MBL) made an Initial Public Offering in Bangladesh by diluting 10% of its holding in MBL.

Last year your company defined its Purpose - its reason to exist beyond making profit. We have defined this as, "To transform in a sustainable manner, the lives of all those we touch, by nurturing and empowering them to maximise their true potential". We have therefore sustained our profitable growth, by attempting to maximise the potential of the multiple stakeholders in each sphere of our business, in India and overseas - be it farmers whose communities we sustain - or consumers whose lives we have endeavored to transform through wellness and beauty solutions.

"Think Fresh Be Green" encompasses some of the initiatives your company has taken to ensure that it behaves responsibly with respect to the environment. Institutionalizing a "green mindset" among the company's members is helping conservation of non-renewable resources. Several projects have been implemented including rain-water harvesting at our Pondicherry plant, energy efficiency projects at all our manufacturing facilities, reduced plastic consumption, and paper reduction by leveraging information technology and planting trees at factory locations. These efforts are not only environment friendly but also result in cost savings for your company.

Your company's efforts have been recognized for the remarkable work done across its value chain. Kaya won the "Most Admired Retailer for Heath and Beauty" at the Images Retail Awards; Marico won the "Best in Class" Award (second highest) for the Large manufacturing category by the Asia Pacific Quality Organization; Parachute was accredited with "Super Brand" Status in UAE and Bangladesh; and Marico won the IMC Ramakrishna Bajaj National Quality Award.

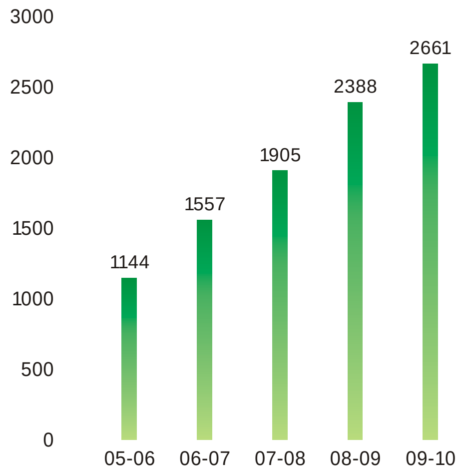
Thank you for placing your faith in the company. I wish to thank all members of the Marico team, and all our business associates for their contribution to Marico's success. I look forward to your continued support and co-operation.

With warm regards,

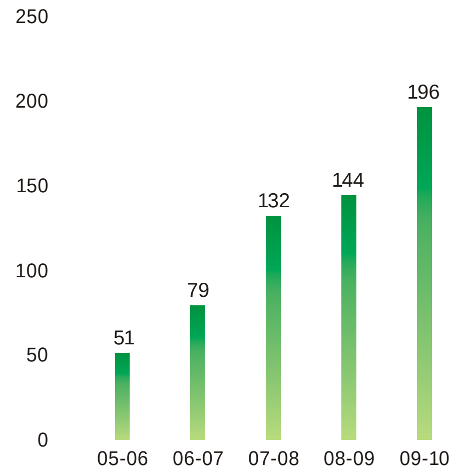
Harsh Mariwala
Chairman & Managing Director

MARICO CONSOLIDATED PERFORMANCE AT A GLANCE

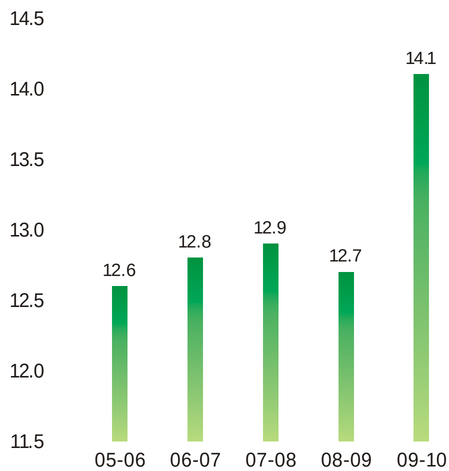
SALES AND SERVICES
(Rs. Crore)



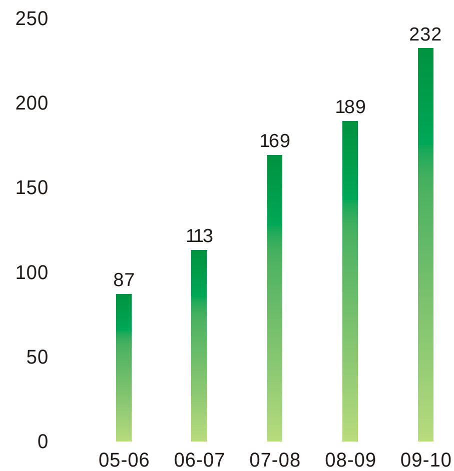
ECONOMIC VALUE ADDED
(Rs. Crore)



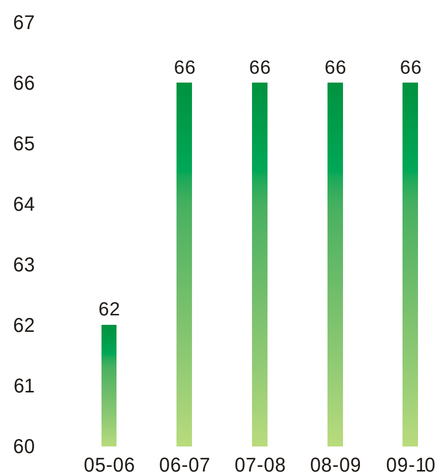
EBIDTA MARGINS
(%)



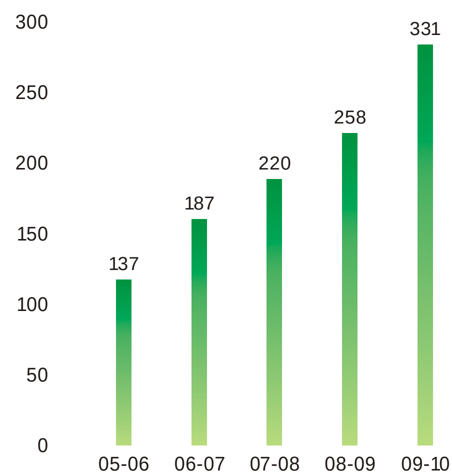
NET PROFITS
(Rs. Crore)



DIVIDEND DECLARED
(%)



CASH PROFITS
(Rs. Crore)



SUSTAINABLE WEALTH CREATION

Investment	Through	Shares	Value (in Rs.)	Indexed Value
April 1996 - Original Purchase	IPO	100	17,500	100
August 2002	Bonus (Equity 1:1)	100	-	-
September 2002	Bonus (Preference 1:1)	200	-	-
May 2004	Bonus (Equity 1:1)	200	-	-
February 2007	Share Split (10:1)	4000	-	-
Holdings and Cost as on March 31, 2010		4,000	17,500	100
Return	**Through**	**Shares**	**Value (in Rs.)**	**Indexed Value**
March 31, 2010	Market value	4000	434,200	2,481
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2010	Dividend Received*#		23,698	135
Gross Returns			461,898	2,639
Compound Annual Return since IPO			29%	29%

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

How did we turn fallow land into a profitable business?

Simple, we pressed the right buttons.

At Marico, we are constantly finding ways to maximise the potential of our partners.

In the case of Safflower farmers, we've implemented several initiatives that benefit them in more ways than one.

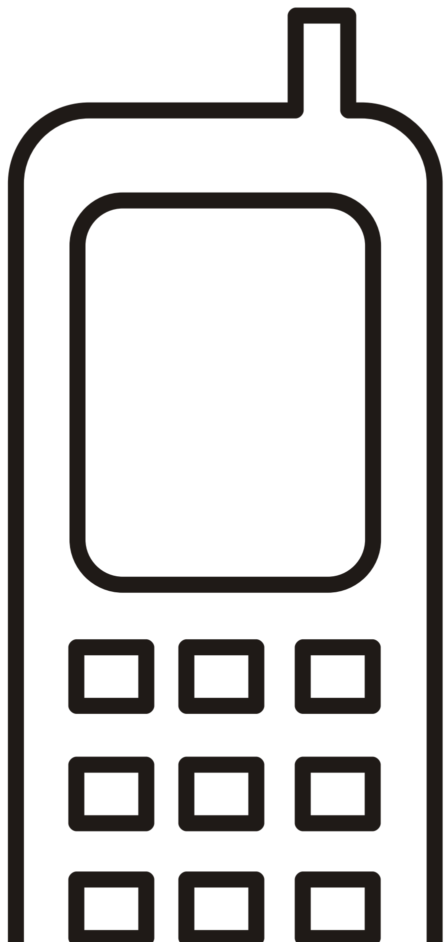
By 'contracting' farmers to grow safflower - a hardy non-seasonal crop that grows in harsh conditions - we helped them maximise the potential of their unutilized fallow land. Turning their losses into a thriving, profitable business.

Through our SMS Communication Program, we were able to provide these farmers with regular weather updates, useful tips, and respond to any queries they may have.

In addition, sharing research on hybrid seeds and irrigation has helped them improve their yield substantially. As a result, they have become even more productive.

Today, we have 40,000 farmers across seven states, cultivating over one lac acres.

By forging win-win partnerships across every link of the supply chain, we've increased the growth and sustainability of our businesses, yielding winning results time after time - year after year.



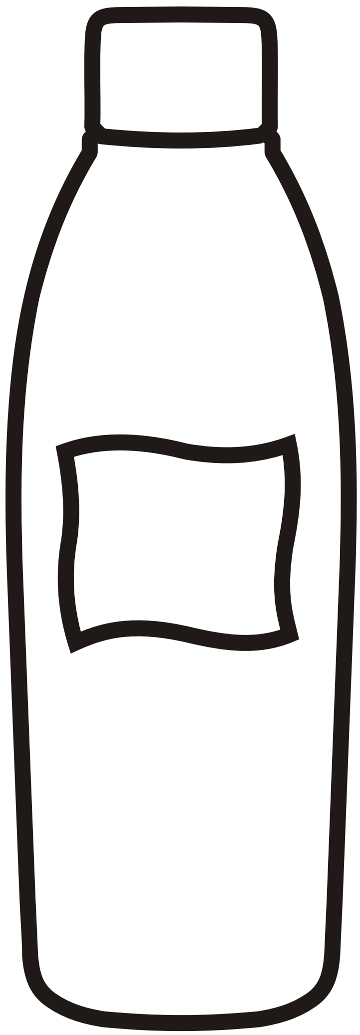
Creating India's No.1 coconut oil brand is one thing. Retaining the top position is quite another.

By tapping into the minds of our consumers and gaining a deeper insightful understanding of what they really seek, we were able to create opportunities to leverage the brand in different ways. Our range of advanced hair care products provide the natural goodness of coconut oil, while catering to the needs of our consumers.

Through thoughtful packaging innovations like a battery-operated massager and bottle warmer, we were able to offer them the convenience of a soothing massage. And with product innovations like Parachute Advansed Therapie, which fights hairfall, we helped them gain back their self-confidence.

Expanding the market and growing our consumer franchise. No wonder, one out of every eight consumers, today, uses Parachute.

Why our coconut oil comes with batteries.



A simple device to bring out the best in our people.

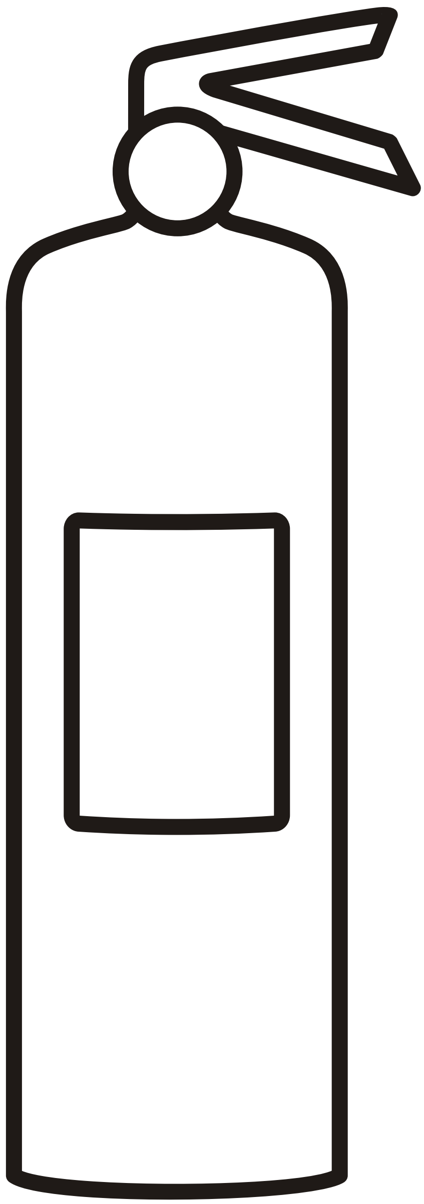
At Marico, we believe only a member whose overall well-being is taken care of, is inspired and motivated to deliver results.

With our 'More to Life' program - a thoughtful initiative, we were able to enhance our relationship with our people beyond the boundaries of work.

From fire fighting drills and disaster management programs, to financial planning workshops and fitness programs, we do everything we can to maximise the potential of our people. At home and at work.

Our empowering work culture ensures that they don't see themselves merely managing businesses, but as entrepreneurs driving their own business.

Naturally, we have some of the most motivated people, performing at their peak. And performing consistently to fulfill the potential of the business to the fullest.



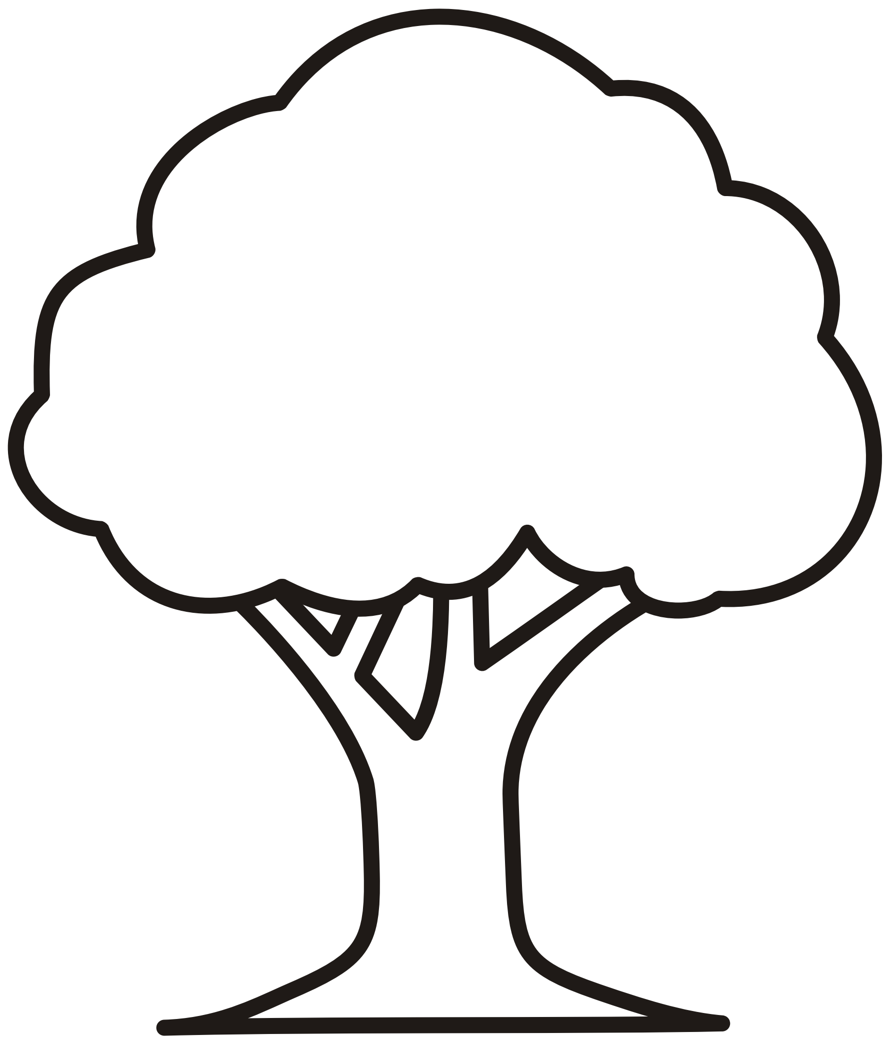
The older we get, the greener you get.

At Marico, we believe in maximising the potential of not just our consumers, employees and partners, but also society at large. Not just through our products and services, but through our thoughts and actions.

'Think Fresh, Be Green' is Marico's commitment to preserving the ecology, while sustaining growth.

Over the last year, we've implemented a range of initiatives - from planting a tree to celebrate our members' birthdays and using recycled bags across Kaya clinics, to rainwater harvesting, energy efficiency projects, and reducing plastic & paper consumption.

While most companies would argue that 'going green' incurs higher costs, we've saved over Rs.70 lac. Because going green saves. More than it costs.



MANAGEMENT DISCUSSION AND ANALYSIS

In line with the requirements of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange, your company has been reporting consolidated results taking into account the results of its subsidiaries. This discussion therefore covers the financial results and other developments during April ’09 - March ’10 in respect of Marico Consolidated comprising Domestic Consumer Products Business under Marico Limited (Marico) in India, International Consumer Products Business comprising exports from Marico and the operations of its overseas subsidiaries and the skin care & hair care solutions business and weight management business of Kaya in India and overseas. The Consolidated entity has been referred to as ‘Marico’ or ‘Group’ or ‘Your Group’ in this discussion.

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

INDUSTRY STRUCTURE AND DEVELOPMENT

Despite the global economic slowdown experienced over the last year, India’s Fast Moving Consumer Goods (FMCG) sector has continued to show robust growth. It is poised to reach a turnover of about USD 43 billion by 2013 and USD 74 billion by 2018. The implementation of Goods and Services Tax (GST) and opening of Foreign Direct Investment (FDI) are expected to fuel the growth further and raise the industry size to USD 47 billion by 2013 and USD 95 billion by 2018 (Source: IBEF, FICCI - Technopak Report). The FMCG segment includes products like soaps, detergents, oral care, hair care and skin care products.

India’s FMCG market can be divided into two segments - urban and rural. The urban segment is characterized by high penetration levels and high spending propensity of the urban resident. The rural economy is largely agrarian - directly or indirectly dependent on agriculture as a means of livelihood with relatively lower levels of penetration and a large unorganized sector. In the recent past the government has focused upon development in the rural sector. This includes investments in development of infrastructure and schemes for job creation (such as NREGA). This is resulting in a rise in disposable incomes levels in the rural economy and consequently in demand for FMCGs. The demand is increasing by 18% in the rural areas and by 11% in urban areas. (Source: AC Nielsen, May 2010)

As socio-economic changes sweep across India, the country is witnessing an expansion of existing markets and the creation of many new ones. Over 300 million people are expected to move up from the category of rural poor to rural lower middle class between 2005 and 2025 and rural consumption levels are expected to rise to the current levels in urban India by 2017. (Source: IBEF). This provides the FMCG companies with opportunities for growing their respective franchises.

With the impact of sustained economic growth of the last two decades, consumption has moved from “roti, kapda and makaan” to other non-basic needs like mobile phones, personal transport, jewellery & watches, personal care products and others. Modernization has led to changing aspirations where the need to be considered good looking, well-groomed and stylish has taken on newfound importance. There is a change in the mindset of Indians from being savers to spenders with an inclination towards "living for today". There is a trend towards increasing spends on personal care products cosmetics and toiletries. There is also a rising trend of usage of indulgence products. Marketers are beginning to focus on providing an experience rather than merely offering a product. Changing lifestyles have had an impact on health including the area of heart health. In the recent past, the awareness level about conditions related to heart health has increased significantly. FMCG companies have begun to tap the opportunity of serving needs related to these shifts in lifestyles. The FMCG industry is expected to continue to innovate in order to meet these evolving consumer needs.

Though there has been a growth in modern retail format stores in India, a significant share of business is still generated through the "mom and pop" store (kirana) format. With access to the rural economy gradually improving with investments in physical infrastructure, it is likely that it shall continue to be the chief point of interface of the FMCG companies with the retail consumer. Organized retail comprises about 8-10% of FMCG business but is nevertheless expected to expand its share over the next few years. There has been a rise in "private" labels and these could provide tough competition particularly to players that are not differentiated and relatively weaker brands. Consumers are steadily shifting from low price to a price-plus platform. They are seeking greater balance between price with quality, convenience, consistency, innovation and shopping experience. The quality conscious consumer is willing to pay premiums for effective solutions, improved services and a superior experience. The focus of marketers is to provide consumers with a holistic solution for their needs in the form of a consolidated offering of various products and services.

India has a large young population with many of them entering the working age. Income in the hands of younger consumers with a higher propensity to spend is providing buoyancy to the economy while opening up new categories in the FMCG space. With more women joining India's workforce, FMCG marketers are finding opportunities to introduce products in the convenience and health foods segments. Spending on personal care products is also becoming far more acceptable and guilt free.

As socio-economic changes sweep across India, we're witnessing *an expansion of existing markets* and the creation of many new ones.

India Inc. is looking to grow inorganically. It is important to go global not only to create multiple growth engines but also to create reverse learning for the home market. Also, the emerging economies in Asia and Africa have low-to-medium penetrations in some of the FMCG categories. This provides considerable headroom for growth in the mid-term. Favourable macros, changing attitudes of the consumers and progressive policies of the governments also make these markets attractive destinations. Typically, gestation periods tend to be longer as one needs to go up the learning curve in a new market. Some of them also offer inorganic entry possibilities that can create access to mainstream distribution, manufacturing and talent. This can speed up one's learning curve as long as there is a strategic fit with the target.

RISKS & CONCERNS

Input Costs

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

The past 2-3 years have witnessed wide fluctuations in the price of commodities. Crude Oil touched a record high of USD 140 per barrel before crashing to below USD 50 per barrel. Similar volatility was experienced in other commodities. The overall level of uncertainty in the environment has gone up.

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

Pricing Power

The equity of a brand generally allows the organization to pass on the impact of any increase in cost structure to the consumers. However considering the uncertainty in the environment and rising competitive pressures some impact might have to be absorbed by the organizations.

Discretionary Spending / Down Trading

In situations of economic duress, items which are in the nature of discretionary spending are the first to be curtailed. This is relevant for the lifestyle solutions offered by companies. In an extended recession, down trading from branded products to non-branded ones could also occur and affect the financial performance of the company.

Competition

The FMCG environment in India and overseas is competition intensive and companies need to focus on branding, product development, distribution and innovation to ensure their survival. Product innovations help to gain market share while advertising and sales promotions create visibility for the product. Such expenditures carry the inherent risk of failure. Counter campaigning by competitors would also reduce the efficacy of promotions.

Product Innovation and New Product Launches

The success rate for new product launches in the FMCG sector is low. New products may not be accepted by the consumer or may fail to achieve the targeted sales volume or value. Cost overruns and cannibalization of sales in existing products cannot be ruled out. Marico has adopted the prototyping approach for new product introductions which helps maintain a healthy pipeline while limiting downside risks.

Currency Risk

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

Funding Costs

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

Acquisitions

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

Marico has adopted the prototyping approach for product introductions which helps *maintain a healthy pipeline* while limiting downside risks.

FMCG Market in Bangladesh

Bangladesh has a demographic profile very similar to that of India. A population in excess of 150 million and a developing economy provide the perfect consumer base for the FMCG sector to flourish. Political instability may however be a cause of concern for companies operating in Bangladesh.

FMCG Markets in Middle East

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

FMCG Markets in Egypt

The Egyptian economy has embraced liberalization in the recent past, thereby opening its doors to foreign direct investment and paving the path to economic growth. A steadily growing population, concentrated on the banks of the River Nile, and a developing economy provide a good base for FMCG companies. The rate of GDP growth in the medium term is expected to be around 6-7% and that can have a favourable impact on FMCG consumption.

FMCG Markets in South Africa

The South African economy is a productive and industrialized economy that exhibits many characteristics associated with developing countries, including a division of labour between formal and informal sectors, and an uneven distribution of wealth and income. Economic measures such as Black Economic Empowerment (BEE) adopted by the government to ensure growth and equitable distribution of wealth have been very effective. Rising income levels, especially among the middle socio-economic segments is likely to result in increased growth opportunities for FMCG markets.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

- Establishment and review of business plans
- Identification of key risks and opportunities
- Policies on operational and strategic risk management
- Clear and well-defined organization structure and limits of financial authority
- Continuous identification of areas requiring strengthening of internal controls

- Operating procedures to ensure effectiveness of business processes
- System for monitoring compliance with statutory regulations
- Well-defined principles and procedures for evaluation of new business proposals/capital expenditure
- A robust management information system
- A robust internal audit and review system

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

At Marico, internal audits are undertaken on a continuous basis covering various areas across the value chain like manufacturing, operations, sales and distribution, marketing, finance etc. Reports of the internal auditors are regularly reviewed by the management and corrective action initiated to strengthen controls and enhance the effectiveness of existing systems. Summaries of the reports are presented to the Audit Committee of the Board.

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

HUMAN RESOURCE/INDUSTRIAL RELATIONS

Marico is a professionally managed organization that has a flat hierarchy, which empowers people and fosters a culture of innovation. The organization believes that great people deliver great results and lays emphasis on hiring right and retaining key talent. The company maintains a strong business linkage to all Human Resource processes and initiatives.

Marico recruits its talent from the country's premier technical and business schools or from amongst those with the country's premier professional qualifications. Marico looks at talent, not just from a short-term perspective, but also from a long-term perspective - where people can be groomed for different roles. The organization believes in providing challenge and early responsibility at work which serves to keep team members enthused and motivated.

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

The organization has created a favorable work environment that motivates performance. Marico has a process of performance enhancement through deployment of MBR (Management By Results) to create an environment of challenge and stretch. It is also linked to a variable element of performance-based compensation.

The organization believes in investing in people to develop and expand their capability. Personal development plans focus on how each individual's strengths can be best leveraged to deliver to his or her full potential. External training programmes and cross-functional exposure often provide the extra edge. In line with our philosophy of valuing internal talent first, a structured internal job posting mechanism, MINTOS (Marico Internal Talent Opportunity Scheme) is in place. This is an internal forum for members to benefit from opportunities within the organization.

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

Marico had articulated a contemporary set of values five years ago and it is important that all members in the organization are not only aware but also consciously practise these values. To build this consciousness and commitment, ‘Values Workshops’ are held for teams to identify their focus areas and plan actions accordingly.

Marico is a *professionally managed organization* that has a flat hierarchy.

Specific initiatives are under way to standardize Marico HR practices across International locations - Middle East, Bangladesh, Egypt and South Africa.

The “Popcorn with Harsh” sessions continued last year as well. It is based on the concept of “Learning through Sharing”, where members have an opportunity to directly interact with Chairman & Managing Director, Harsh Mariwala. The sessions seek to leverage Marico leaders as mentors and coaches to Mariconians at large.

At Marico, the overall well-being of its members is considered important. The Member Well-being Program looks holistically at physical, emotional and financial aspects of an employee’s well-being. The various initiatives run during the year included, Member Assistance Program in association with 1to1help.net, a counseling service run by a team of qualified and experienced counselors; Physical well-being program that provided personalized diet, lifestyle and physical training by a panel of health experts; Financial well-being through customized financial planning programs.

Employee relations throughout the year were supportive of business performance. As on March 31, 2010, the employee strength of Marico Limited was 981 and that of the entire group was 2592.

CORPORATE SOCIAL RESPONSIBILITY

In today’s world, Corporate Social Responsibility (CSR) is not just a term but a phenomenon that defines the relationship which the company enjoys with each of its stakeholders. It is an expression of being a responsible citizen and a voluntary act by a business, over and above legal & statutory requirements.

Corporate Social Responsibility is intrinsically related to sustainable development of the company by ensuring socio-economic development of the society.

Marico believes in promoting conscious capitalism, gives prominence to CSR and acknowledges that it is an important step towards fulfilling its purpose. Through various initiatives and activities undertaken by Marico, across all its locations, it contributes towards a better society for our future generations to live in.

Marico has identified key areas where it could make a difference. These include initiatives in key areas such as Women Empowerment, Education & Training, Donations and Medical Help. In each of these areas, the company implements initiatives that are beneficial to the society.

Marico has been promoting the usage of Coconut Climbing Machines among farmers to improve their productivity and to ensure the safety of farmers. The program encourages and trains unemployed youths in the use of tree climbing machines for coconut harvesting. Tree climbing machines are also distributed free of cost in association with the Coconut Development Board and an Accident Insurance of Rupees One Lac by Marico.

Marico's copra collection centers encourage farmers to send in their queries with regard to coconut plantation and cultivation, which are answered by professors from the Tamil Nadu University. In addition, Marico's 14 member team visits around 200 farmers every month for field surveys and addresses preliminary queries on coconut farming.

Marico's coconut sourcing team at Coimbatore has taken up the responsibility to manage the grants given by the Coconut Development Board towards distribution of agricultural inputs like pesticides and seeds to farmers. Around 2600 farmer families benefit from this initiative. Marico also provides a subsidy to these farmers to buy one drier which helps in conversion of coconut to copra.

Women Empowerment

Marico has initiated project "Sanjog", which is aimed at creating employment for women. These women perform door-to-door sales of Marico products in the villages of Bangladesh. In addition, an association of the members' spouses, conducted a seminar on cancer and its causes.

Education & Training

Marico's factories and depots are present in rural areas, where there is ample opportunity for the company to give back to society by empowering the younger generation. Keeping this in mind, Marico has donated books and study material at various local government schools and to the children of local vegetable and newspaper vendors. It has also sponsored scholarships to meritorious students in rural areas, summer camps for the local school children, coaching camps for the talented children as well as workshops on safety for all.

Medical Help

Marico gives utmost importance to health; not only that of its members and consumers but that of the public in general. In line with the philosophy, Marico organized blood donation camps at many locations across the country. The company also sponsored pulse polio programs in various rural locations and donated artificial limbs to the physically disabled.

Marico has implemented a Payroll Giving Program for its members through Give India, a non-profit organization dedicated to raising funds for good NGOs. Payroll Giving is a system where members can donate a small part of their salary, every month, to a cause of their choice. This is purely voluntary, and members can join the program for as little as Rs.50 per month. Give India ensures that every donor gets feedback on how his or her money has been utilized. Marico donates Rs.200 on the member's behalf which gets added to the contribution the member makes every month.

Considering the increased number of road accidents, Marico has contributed to reflectors for bullock carts, reflective overcoats and umbrellas for traffic police. In addition to this, Marico has contributed to Flood Relief in North Karnataka & Andhra Pradesh, as both areas were severely affected by torrential rains and floods. It also contributed to the fund for flood victims hit by cyclone SIDR in Bangladesh.

Marico, as a part of its CSR activities, also participated in distribution of basic amenities like fans, stationery to Anganwadi girl schools, wheel chairs to old age homes and also built water tanks for orphanages and local schools at various locations.

MARICO INNOVATION FOUNDATION

Innovation is a crucial way to leapfrog to the centre stage of global business leadership. Based on this cornerstone, in 2003, Marico instituted its CSR initiative - Marico Innovation foundation, to provide a framework to leverage innovation for quantum growth. The overall approach of the foundation is to be a catalyst and it concentrates on creation of knowledge, through cutting-edge research, knowledge dissemination & recognition, through its 'Innovation for India Awards'.

One of its popular researches resulted in a bestseller publication - "11 mission biographies - Making Breakthrough Innovation Happen: 11 Indians who pulled off the impossible". This publication is a culmination of a six-year joint discovery effort, to identify genuine breakthrough innovations, from within India and then uncover cutting-edge insights into what these innovators did differently to make the impossible happen. Other knowledge building initiatives of the foundation include alliances between leading Indian Business Schools and Indian organizations, for a 2-month elective 'live' course on Applied Innovation.

Through the knowledge dissemination mechanism, the foundation is able to propagate its findings through large-scale mass platforms across India. In addition, its Innovation Exchange in association with IIM, Ahmedabad & the Department of Science and Technology, GOI is a portal that brings together, on a single platform, the entire Innovation ecosystem including researchers, innovators, entrepreneurs and academia across industry, along with investors and mentors.

To recognize and applaud outstanding leadership with innovative focus in various sectors, the Marico Innovation Foundation institutionalized Innovation for India Awards in 2006. These awards acknowledge and foster leadership, with innovative focus, in various Business & Social sectors. The intent of the awards is to reward projects and businesses that make a real difference to India and community at large. Based on the criteria of uniqueness, impact & scalability, "India's Best Innovations" are declared biennially. From 2010, a new category - Public Governance was introduced, to recognize the Central or State government or any wing of the government, including public-private partnership, for outstanding innovations.

Behind the significant work of the Foundation, sits an eminent Governing Council that constantly steers the Foundation. Dr. R. A. Mashelkar, chairs the Governing Board, while other visionaries like Anu Aga (Chairperson, Thermax), Sam Balsara (CEO, Madison), Ashwin Dani (Vice Chairman, Asian Paints), Ranjan Kapur (Country Manager, WPP), Prof. Prasad Kaipa (Executive Director, ISB), Dr. Sujata Ramadorai (Professor, TIFR), Harsh Mariwala (Chairman & Managing Director, Marico), K. V. Mariwala (Ex-Director, Marico), Rajiv Narang (Chairman & Managing Director, Erehwon Innovation Consulting) and Dorab Sopariwala (Consultant), form a part of the Governing Council.

(To know more or connect with innovators, visit www.maricoinnovationfoundation.org)

MARICO GROWTH STORY

Marico achieved a turnover of Rs.2661 crore during FY10, a growth of 11% over FY09. The volume growth underlying this revenue growth was healthy at 14%. The value growth was lower owing to deflation in some of the company's key input materials, part of which the company chose to pass on to the consumer in order to expand its consumer franchise.

Profit After Tax (PAT) for FY10 was Rs.232 crore, a growth of 23% over FY09. These results include the following items that are not strictly comparable with FY09:

- A provision of Rs.29.4 crore towards excise duty on dispatches of coconut oil in packs up to 200ml, made by the company on conservative principles.
- One time loss of Rs.4 crore arising out of divestment of equity interest in Sundari LLC.
- A provision for Rs.5.7 crore made in respect of the withdrawal of the Kaya Life prototype by Kaya Limited.

(If these items were to be ignored, the PAT for the year would have been higher at Rs.264 crore, 42% higher than in FY09.)

Marico has kept up its track record of quarterly growth. Q4 FY10 is in Y-o-Y terms, the:

- 38th consecutive quarter of growth in turnover
- 42nd consecutive quarter of growth in profits

Over the past 5 years, the top line and bottom line have grown at 21% and 27% respectively.

FEW BRAND STORIES

Parachute & Nihar

Parachute, Marico's flagship brand, continued to expand its franchise during the year. Parachute coconut oil in rigid packs, the focal part of its portfolio, grew by over 10% in volume as compared to FY09. Similarly Nihar in rigid packs grew at about 9% in volume terms.

The year experienced a decline in copra (dried coconut kernel - the raw material input for coconut oil) prices, after a year of high prices in FY09. Average copra prices during FY10 were lower than in FY09 by 20%. This decline resulted in Parachute's premium over loose coconut oils expanding significantly and had an impact on the rate of conversion from loose oil to packed oil. Lower prices also attracted more local players in the category. Softening of rural demand in the FMCG sector during the second half of the year especially in the basic high penetration categories due to high food inflation added to the pressure. As the company had begun observing a slow down in the "recruiter packs", it took pricing action to pass on part of the value to consumers of rigid packs - the more profitable part of its coconut oil franchise. It reduced the retail price of Parachute's 50ml pack from Rs.12 to Rs.10 in November '09. In addition it initiated a reduction in the price of its 100ml pack from Rs.21 to Rs.20 in January '10. The company also increased the price of the 200ml pack from Rs.39 to Rs.40 as it believes that the brand's equity has the ability to sustain these higher price points.

The focal part of Parachute's portfolio is the rigid packs - the ubiquitous blue coconut oil bottle. The non-focus component, predominantly flexi (pouch) packs with lower margins than rigids, comprises about 25% of Parachute sales in volume terms. Being more sensitive to the premium over loose oil, this non-core part of the portfolio experienced a marginal decline in volume over FY09. Consequently the volume growth for Parachute Coconut oil as a whole was a little over 7%. In Nihar, where the component of non-core flexi packs is higher than in Parachute, the volume growth as a whole was marginal.

Parachute's volume share in the 12 months ended Febraury '10 was 42.9%. Together with Nihar and Oil of Malabar, Marico's share in the branded coconut oil segment in India was 53.3%.

During the year, the Central Board of Excise & Customs (CBEC) issued instructions vide a circular wherein it has classified coconut oil packed in container size up to 200ml as hair oil, which is chargeable to excise duty with effect from the date of the circular that is June 3, 2009. The company has filed writ petitions with the High Courts and believes it has a strong legal case on merits. The company continues to clear all coconut oil from its factories without payment of excise duty. The matter is currently sub-judice and it could take some time for it to resolve completely. Pending such outcome, as a matter of abundant caution, the company has decided to make a provision for the excise duty on packs up to 200ml, which the excise department has sought to classify as hair oil to the extent of 75% of the duty payable in the unlikely event that the decision goes against the company. The provision for the year is Rs.29.4 crore. During the first three quarters, the company had adopted an even more conservative approach of providing 100% of the excise duty amount. In the management's judgment a provision of 75% of the amount is conservative enough. Consequently, during Q4 FY10, the provision on account of this excise duty amount is Rs.115 crore.

Saffola

Marico's second flagship brand, Saffola, is positioned strongly on the "good for the heart" platform and rides the trend of increasing concern around health and heart health in India. With the increasing awareness about health and a healthy lifestyle, Saffola has been able to steadily increase the number of households in which it is used. During FY10, Saffola refined oils recorded a strong volume growth of 16% over FY09.

FY10 saw a decline in the edible oil table following the sharp upward movement during the first part of FY09. Input prices for Saffola and particularly that of Safflower oil remained lower than those in the previous year by about 22%. The brand passed on a part of this to consumers using a strategic mix of promotions and price reductions across select packs during the year to keep the premium over other branded refined edible oils at sustainable levels. This was supported by a media campaign and other marketing efforts. Higher volumes are expected to increase the customer base of Saffola as the brand has a high retention rate. Households buying Saffola have steadily increased with the number of households estimated to have gone up by over 12% during FY10. The Saffola refined oil franchise continues to hold its market leadership position in the super premium ROCP (Refined Oil in Consumer Packs) segment.

In the longer term, Saffola would like to establish itself as a leading healthy lifestyle brand. It has commenced its journey in the functional foods space and plans to have a basket of offerings that provides healthy food options throughout the day to individuals conscious about heart health. During Q4 FY09, Saffola Arise, rice that keeps you feeling light after eating, yet keeps you full for longer, was launched across Saffola's key markets at an invitational price and has been supported by insightful advertising. The initial performance has been in line with expectations. The packaged rice market in India is about Rs.400 crore and is growing at a high rate (over 20%), especially in Modern Trade, a channel in which Saffola Arise is doing well. With its health positioning, the company hopes to create a sizable niche for itself over the next two to three years.

Hair Oils

Marico offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs. Its key brands participating in this Rs.2600 crore market are Parachute Advansed coconut hair oil, Parachute Jasmine non-sticky coconut hair oil, Nihar Naturals perfumed coconut hair oil, Hair & Care nourishing non-sticky hair oil, Hair & Care Almond Gold (enriched with almond proteins) and Shanti Badam Amla hair oil (enriched with almond and amla (gooseberry) extracts). With rising incomes there has been an opportunity to serve consumers looking for value added options to their hair oiling needs.

During the year, Marico's hair oils brands recorded healthy growth and the portfolio as a whole grew by about 16% over FY09. Marico's hair oils franchise had a volume market share of 21% during the 12 months ended Feb 2010. Over the last few months however, it has been gaining share reaching about 23% in Feb 2010. This has been achieved through packaging and communication restaging in some of the brands and penetrative pricing action in others. With the objective of generating trails and expanding its base, Shanti Badam Amla, which comprises a relatively small part of Marico's hair oils portfolio, ran an aggressive price off during Q4 FY10. This has provided some traction to the brand and it is hoped that most of the consumers who try the new offering would remain with the brand. Marico backed its portfolio of hair oils with continued media support and consumer offers.

Parachute Advansed Hot Oil, a new product that was launched during FY10, received an encouraging response from consumers. Parachute Therapie a coconut oil based hair vitalizer that heals damaged roots and controls hair fall was relaunched in October 2009 in a 100ml pack at a price point below Rs.100. The response is in line with expectations.

The company plans to increase its participation in the hair oils category by entering the cooling oils segment. It is currently prototyping two differentiated cooling oil variants - Nihar Naturals Coconut Cooling Oil in Bihar and Parachute Advansed Coconut Cooling Oil in Andhra Pradesh.

In order to build capacity for the future and to take advantage of fiscal benefits provided by the government for making manufacturing investments in certain designated territories, the company commissioned a new plant for hair oils and value added personal care products at Paonta Sahib in Himachal Pradesh. The unit is designed to optimize quality, cost and flexibility and is environmentally friendly. It entailed a capital expenditure of Rs.23 crore and is expected to take care of the company's growth aspirations in this segment for the next few years.

Other Prototypes & New Launches

Marico, being an FMCG company, has to create a healthy pipeline of new products so that they become the growth engines for the future. In order to identify scalable marketing and product propositions, Marico follows a prototyping approach to test the products before launching in a low-cost fail-fast model.

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

During the year, the company has continued the process of prototyping and launching.

Parachute Advansed Hot Oil was launched during the year and achieved good performance on the back of an improved proposition & communication mix. Parachute Advansed Cooling Oil was prototyped in the state of Andhra Pradesh in June 2009. With a new campaign involving Tollywood superstars Nagarjuna and Bhumika Chawla and with an improved mix, the initiative is expected to meet action standards this season. Saffola Arise was launched in January 2010. The initial response has been positive and the company is now planning to increase the relevance beyond the early adopters in strong rice markets.

International FMCG Business

From a single digit share in FY05, about 23% of the group's turnover is now contributed by Marico's International FMCG business. Its key geographical presence is in Bangladesh, MENA (Middle East and North Africa) and South Africa. In January 2010, Marico established an entry into the South East Asian region through the acquisition of the hair styling brand Code 10 in Malaysia. During FY10, the company's international business crossed the Rs.600 crore mark in turnover, a growth of 36% over FY09. Much of this growth was derived from consumer franchise expansion (about 21%), accompanied by price led growth of 9%. An additional 6% growth was on account of favourable foreign exchange rates.

In Bangladesh, Parachute continues to focus its efforts on increasing the size of the market through driving conversions from loose oil to packed oil. Its market leadership position has been strengthened further and it now commands a volume share of about 75%. Parachute has achieved the status of second most trusted brand in the country (Bangladesh Brand Forum 2009), a testimony to its brand equity. Riding upon the extensive distribution network created by Parachute in Bangladesh, Hair Code hair dye has been able to establish itself as the second largest hair dye brand in the country. A strong 360 degree media campaign with presence on TV, print and outdoor media as well in-salon activations and in-store visibility has helped in this achievement. The company now plans to extend a few more products from its India portfolio into the Bangladesh market over the next few quarters.

In the Middle East, both Parachute Cream and Parachute Gold hair oil experienced healthy growths as compared to the corresponding quarter in the previous year registering improvement in market shares. In the GCC (Gulf Cooperation Council) countries, Parachute cream enjoys a leadership market share of about 27%, while the Parachute hair oil franchise has improved its share to 28%.

Marico's business in Egypt comprising the hair cream and hair gel brands Fiancée and Hair Code achieved a growth of 19% during FY10. Most of the issues faced as part of the distribution transition in FY09 have been resolved and the business is back on track. Several promotional campaigns, including digital and viral marketing initiatives have helped improve the salience of the brands with the market share now standing at 57%. The company is experiencing some challenges in fighting counterfeiting especially in the sachet packs. This is being tackled through packaging innovations to contain the problem.

During Q4 FY10, Marico launched Parachute Gold hair oil in Egypt and the initial response has been encouraging. Marico also made inroads into the neighboring geographies in the MENA region launching its products in Morocco and Sudan. In addition, the new plant that was set up to exclusively manufacture the Parachute range of products for supplies to the MENA region has stabilized and is now fully operational.

Despite a difficult macro economic situation in South Africa, impacted by the global downturn, Marico's business in ethnic hair care and health care through its portfolio of brands Caivil, Black Chic and Hercules performed well. All the brands registered healthy growths and Marico improved its market share in ethnic hair care by about 100 basis points. Caivil scalp protector, which was launched during Q3 FY10, had a good start and is generating trials as desired. Hercules' Healthy Body Healthy Mind campaign following up on the flavoured castor oil launch has been received well.

Marico entered the Malaysian hair cream and hair gels market (sized at RM 150 million in consumer prices) through the acquisition of Code 10 from Colgate Palmolive in January 2010. Code 10 is the number 3 player behind Brylcreem and Gatsby and has a share of about 10%. As part of the understanding Marico was supported by Colgate-Palmolive Malaysia for distribution of the Code 10 range in the immediate term. Marico has now identified a distribution partner and is in the process of moving to handling its distribution independently. The integration is progressing as per plan. Marico expects that this acquisition will serve as a stepping stone to Marico's designs for the South East Asian region.

Over the year FY10, Marico's International FMCG began the process of taking some of its brands to other geographies. The Egyptian brand Hair Code for instance was launched in Bangladesh as a hair dye. Similarly, the company has now launched Hair Code Gel in select GCC markets and Parachute Therapie has been introduced in the Middle East in Q4FY10.

The operating margins of the business have been steadily improving over the years. The company has also taken structural initiatives to improve its margins in the International FMCG business. The new factory commissioned in Egypt in FY09 has gradually begun taking over the hair cream servicing needs of the Middle East region. Similarly backward integration initiatives in Bangladesh have helped to improve the cost structure. It is expected that the International business will catch up with the current company average margins over the next three years or so.

Kaya Skin Clinic

Kaya is the first organized player in the segment of cosmetic dermatology and now enjoys a large first mover advantage in the segment in India. During Q4 FY10, Kaya opened its first clinic in Dhaka, Bangladesh. It now offers its technology led cosmetic dermatological services through 101 clinics: 87 in India across 27 cities and 13 in the Middle East in addition to the most recent one in Dhaka.

The company had ended FY09 with revenue of Rs.116 crore. Even though there was some deceleration of the rate of growth, the business in India achieved same store growth rates of around 11% during the second half of FY09. The company thus continued with its growth plans and opened 10 new clinics in Q1 FY10. Kaya also launched its "designer skin" advertising campaign and it was expected that the revenue growth would sustain.

However, as FY10 unfolded, greater clarity on consumer trends emerged. Kaya's offering are in the nature of discretionary spends. Apart from the impact of the overall economic downturn, the Kaya skin business in India faced two adverse developments during the first half of FY10. The outbreak of swine flu, though temporary, led to

a drop in customer appointments particularly in cities such as Pune and Bangalore where the incidence of the outbreak was more acute. The introduction of service tax in the Union Budget in an already unfavorable ambience made growth more challenging.

While there has been some improvement in the macro environment in the latter part of the year, Kaya continues to experience a decline in same clinic revenue (revenue from clinics that have been in existence for over a year) in India. Kaya's performance in the Middle East however, despite the turbulence in Dubai, has been good with the clinics registering a same clinic growth of 17%. Consequently, the same clinic growth for Kaya Skin as a whole was a negative 5%.

Kaya Skin business achieved a revenue of Rs.182 crore, a growth of 15% (including revenue from new clinic additions) and incurred a loss of Rs.12.25 crore.

The company has identified declining customer retention and high skin practitioner attrition as two of the issues being faced by Kaya skin business in India. It has begun to put measures in place to improve upon these. Kaya Everyday Radiance, a new service launched in Q3 FY10 seeks to attract customers on a more repetitive basis. Other packages to increase the life time value of a customer to Kaya are being initiated. These will include the introduction of more products in the Kaya portfolio. Today products constitute only about 13% of revenues for Kaya. Providing training on a larger suite of services to bring variety into the skin practitioner's routine and also making the clinic leadership directly responsible for retaining team members is expected to bring down skin practitioner attrition levels over time.

During Q4 FY10, the management also reviewed all its existing clinic operations and decided to close down / relocate 7 skin clinics which did not hold long term potential, by June 2010. In the process, the company has estimated a closure cost of Rs.2.1 crore. This has been provided for in FY10 accounts of Kaya.

The company's overall experience with Kaya Skin Care business has been encouraging. This is a fairly young business - only 7 years since its inception. We have already experienced, in a few accounting periods, profitability at both clinic level and regional level. Marico's belief in the Kaya business model is therefore intact, especially as it perceives the long term opportunity in skin care solutions to be significant. The company would of course aim to perfect the offering and overcome the challenges that the Indian business is currently facing. During FY11, while Kaya plans to add 3-5 clinics in the Middle East it is unlikely to open any new clinics in India. The company expects Kaya Skin Clinic to achieve its targeted ROCE over the next 3 to 4 year period.

COST STRUCTURE FOR MARICO GROUP

% to Sales & Services (net of excise)	FY10	FY09
Material Cost (Raw + Packaging)	47.4	53.5
Advertising & Sales Promotion (ASP)	13.2	10.2
Personnel Costs	7.2	6.9
Other Expenses	18.1	16.7
PBDIT Margins	14.1	12.7
Gross Margins (PBDIT before ASP)	27.3	22.9

Notes:

The year witnessed a decline in some key input prices. Copra, the input for coconut oil, which accounts for about 40% of the company's raw material cost, was ~ 20% lower than in FY09. Similarly, market prices of safflower oil, comprising about 13% of the company's raw material cost, were about 22% lower than in the previous year.

Part of the higher gross margins were ploughed back to make higher investments in ASP across the three businesses to support new product introductions such as Saffola Arise, & Parachute Advansed Cooling Oil in India and Hair Code Dye in Bangladesh and in brand building efforts on established brands such as Saffola & Parachute Advansed in India and Parachute Hair Cream in the Middle East.

Other expenses as a % of sales were higher primarily due to provisions made for excise on coconut oil pack size upto 200ml, higher rental expenses due to expansion of Kaya clinics and higher storage costs.

CAPITAL UTILIZATION FOR MARICO GROUP

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

Ratio	FY10	FY09
Ratio	FY10	FY09
Return on Capital Employed	34.3%	37.4%
Return on Net Worth	41.8%	49.1%
Working Capital Ratios)		
• Debtors Turnover (Days)	18	16
• Inventory Turnover (Days)	54	46
• Net Working Capital Turnover (Days)	58	45
Debt: Equity	0.67	0.88
Finance Costs to Turnover (%)	1.0	1.5

*Turnover Ratios calculated on the basis of average balances

1. The debtors turnover has increased partly on account of the international business constituting a larger share of turnover. The market norms from debtors in the international business are higher than in India. Inventory days have increased primarily due to strategic build up particularly in safflower and copra.

2. As of March 31, 2010 the Marico Group had a Net Debt of Rs.251 crore (Gross Rs.446 crore). Of the Gross Debt about Rs.186 crore is denominated in US Dollars (USD). About Rs.147 crore of the USD debt is repayable within a year. About Rs.229 crore debt denominated in Indian Rupees is payable within a year. The average cost of the debt is ~ 5.0 %. The company may roll over some of the loans when they fall due during the year. Marico has adequate cash flows to maintain a healthy debt service coverage.

3. The Company adopts a conservative policy for hedging its foreign currency exposures using a mix of forwards, plain vanilla options and hedging on a net basis. Foreign currency trade loans and imports are hedged immediately on contracting the same.

SHARE HOLDER VALUE

Pay out distribution of profit to share holders

Over the past 5 years, the company had made acquisitions and financed the same through issue of fresh equity, borrowings from banks and internal cash generation. Marico has been focused on deploying its resources in avenues which will result in maximization of share holder value. Continuing with this policy, the Board of Directors of the Company has decided to follow a conservative dividend policy, as compared to the past, unless the company is unable to deploy the funds in attractive growth opportunities. The broad direction is to maintain the absolute amount of dividend as paid out in the previous year. On a growing profit base, the pay out ratio would be lower. However, if the Company does not find any suitable avenue to deploy funds in near term it will repay the debt on the balance sheet and relook at the dividend payout ratios.

Dividend Declared

At its meetings held in October 2009 and April 2010, the Board of Directors had declared interim dividends of 30% and 36% respectively. With this the cumulative dividend declared is 66%. Consequently, on a higher profit base, the dividend payout ratio is lower at 20% (inclusive of dividend distribution tax).

OTHER DEVELOPMENTS

Listing of Marico Bangladesh Limited

Marico Bangladesh Limited (MBL), a wholly owned subsidiary of Marico Limited (ML) was listed with the Dhaka Stock Exchange and Chittagong Stock Exchange in the month of September 2009. MBL issued ordinary shares equivalent of 10% of its total equity thereby raising Taka 270 million. One equity share of Taka 10 was issued at a premium of Taka 80 per share. The proceeds of the IPO strengthened the financial position of MBL to enable continued growth. This IPO was the 'first' in the following aspects:

- The first time that an overseas subsidiary of Marico went public
- The first time that a Bangladeshi subsidiary of an Indian Company got listed in Bangladesh

Bangladesh has been an important part of Marico's global strategy. Over the past nine years, the Group has consistently invested in Bangladesh. The "Think Global, Act Local" approach has helped Bangladesh to record a CAGR of 71% in turnover in the past 3 years. The IPO was a further step towards localizing the Marico business in Bangladesh, through local ownership.

Capital markets in Bangladesh are poised for growth. The Marico Group looks forward to being part of the Bangladesh growth story.

Withdrawal of Kaya Life Prototype

Marico had launched the Kaya Life prototype to offer consumers holistic weight management solutions. The prototype had reached a capacity of 5 centres, all in the city of Mumbai. While the clients had been experiencing effective results on the weight loss and inch loss, the prototype had less than expected progress in building a sustainable business model, despite the passage of a reasonably long period of time. Marico has therefore decided to withdraw the Kaya Life Prototype from the market. The net cost of the Kaya Life prototype during FY10 is estimated to be about Rs.5.7 crore. This has been provided for in the books of account of Kaya and disclosed separately as an exceptional item.

The prototype withdrawal has already been set in motion. This will help Marico to reallocate the company's financial resources and management bandwidth to initiatives expected to have better potential, such as Kaya Skin Clinics or Marico's consumer products businesses in India and overseas.

OUTLOOK

- Sustained volume and value growth in consumer products (India & international)
- Consolidation in Kaya India and building scale in Kaya Middle East
- Sustained performance in group margins
- Continued investments for the future

The consumer products business of the company expects to sustain overall volume growth and to improve value growth. Though there may be some increase in input costs from the low levels experienced in FY10, the company expects to be able pass these on to the consumer and maintain its unit margin in the same band, given the strength of its brands. At the same time, in the medium term the company would like to focus on growing its brand franchise rather than increasing margins unduly. With the rural markets growing faster than urban ones, the company is planning to focus on rural markets in order to drive deeper penetration for its existing products and also to create a basket of products more amenable to these markets. In coconut oils in India the company expects to grow through holding the price point on low unit packs (Rs.10 and below). In hair oils in India, Marico will focus on share gain through effective communications and introduction of differentiated and innovative products. Saffola is riding a trend in healthy living being adopted by the Indian consumer. The brand expects to continue to expand its franchise in the premium refined edible oil niche. It will also extend its good for heart equity to functional foods, the first of which, Saffola Arise (rice) has now been rolled out. The company will continue to prototype new product ideas to create new engines of growth for the future. Given the current size of Marico's consumer product business, the company will focus on new product initiatives with a potential more commensurate with its size.

In the International consumer products business, Marico will focus on growing the categories where it has dominant share - such as in coconut oil in Bangladesh and creams and gels in Egypt. In the Middle East and South Africa it would work on increasing share in key categories. The company has also commenced the process of expanding its distribution to neighboring countries from its hubs in the Middle East, Egypt and South Africa. This is expected to widen Marico's playing arena in West Asia and Africa in the medium to long term. The acquisition of Code 10 in Malaysia has marked Marico's entry into the South East Asian region. Over time, this is expected to grow into a new pillar for growth for Marico's international business. Marico expects that its international business can clock a business growth of about 20% per annum over the next few years. It will also focus on improving its margins gradually.

Over the past few quarters Kaya Skin Clinic has experienced a slow down in India, as discussed earlier in this note. In the short term therefore, the company plans to work on improving its revenue streams from the existing clinics in India. It will continue to drive new clinic growth through expansion in the Middle East. It has taken Kaya longer to achieve profitability than the company had earlier anticipated. The longer term attractiveness of the business however remains intact and Kaya expects to deliver the targeted ROCE over the next 3 to 4 years.

On behalf of the Board of Directors

Harsh Mariwala
Chairman & Managing Director

Place: Mumbai
Date: June 22, 2010

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MARICO LIMITED

1. We have audited the attached consolidated balance sheet of **Marico Limited** (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 1, 3(a) and (b) of Schedule R to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss account and the consolidated Cash Flow statement for the year ended on that date annexed thereto (collectively referred to as 'consolidated financial statements'), which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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. We did not audit the financial statements of eight subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 276.46 Crore and net assets of Rs. 120.69 Crore as at March 31, 2010, total revenue of Rs. 569.89 Crore, net proft of Rs. 42.94 Crore and net cash flows (net inflow) amounting to Rs. 29.21 Crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We have relied on the unaudited financial statements of four subsidiary companies and a subsidiary firm included in consolidated financial statements, which constitute total assets of Rs. 93.15 Crore and net assets of Rs. 62.72 Crore as at March 31, 2010, total revenues of Rs. 78.31 Crore, net profit of Rs. 1.94 Crore and net cash flows (net inflow) amounting to Rs. 6.01 Crore for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies and firm have been furnished to us by the Management and our report in so for as it relates to the amounts included in respect of these subsidiaries is based solely on such approved unaudited financial statements.

5. *As detailed in Note 22 of Schedule R to the consolidated financial statements and for reasons stated therein, the Company has made a provision of Rs 29.35 Crore towards contingencies on account of possible excise obligations which may arise in the event of unfavourable outcome of the matter, which is assessed by the Management to be 'less than probable'. The said provisioning is not in accordance with the requirements of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent assets", as per which, the provision should be recognized only in the event, unfavorable outcome is assessed to be 'more than likely'. The resultant excess provision is in the nature of reserves as defined in part III of Schedule VI of the Act.*

   Had the Company not recognized the said contingency provision, the "Manufacturing and Other expenses" for the year would have been lower by Rs. 29.35 Crore , Profit before tax for the year would have been higher by Rs 29.35 Crore ,Profit after tax for the year and balances in Reserves and Surplus as at the year end would have been higher by Rs 19.60 Crore and contingent liability as at the year end would have been higher by Rs 29.35 Crore.

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.

7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred above in paragraph 3 and accounts approved by the Board of Directors as referred above in paragraph 4, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements *subject to the matter referred in paragraph 5 above,* give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   (b) in the case of the consolidated Profit and Loss account, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

Vilas Y. Rane
Partner
Membership No. F - 33220

Place: Mumbai
Date: April 28, 2010.

BALANCE SHEET

	SCHEDULE	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	60.93	60.90
Reserves and surplus	B	593.03	392.66
		653.96	**453.56**
MINORITY INTEREST		**12.53**	–
LOAN FUNDS			
Secured loans	C	114.20	81.22
Unsecured loans	D	331.68	293.05
		445.88	**374.27**
		1,112.37	**827.83**
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION	E	85.03	85.03
FIXED ASSETS	F		
Gross block		529.18	456.88
Less : Depreciation, amortisation and impairment		242.41	203.46
Net block		286.77	253.42
Capital work-in-progress		112.90	57.67
Asset held for Disposal		0.01	0.01
		399.68	**311.10**
INVESTMENTS	G	**82.71**	**12.11**
DEFERRED TAX ASSET (NET)		**61.63**	**64.12**
(Refer Note 12 (a), Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	H	444.81	339.04
Sundry debtors	I	150.69	110.80
Cash and bank balances	J	111.46	90.20
Loans and Advances	K	189.99	129.85
		896.95	669.89
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	L	336.87	277.87
Provisions	M	76.76	36.55
		413.63	314.42
NET CURRENT ASSETS		**483.32**	**355.47**
		1,112.37	**827.83**
Notes to accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Chief-Finance, HR & Strategy
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
INCOME :			
Sales		2,501.14	2,251.34
Less : Excise Duty		1.05	2.07
		2,500.09	2,249.27
Income from services		160.67	139.15
Total Sales and Services		**2,660.76**	**2,388.42**
Other income	N	18.26	12.20
		2,679.02	**2,400.62**
EXPENDITURE :			
Cost of materials	O	1,302.07	1,311.79
Manufacturing and other expenses	P	983.54	772.64
Finance charges	Q	25.69	35.73
Depreciation, amortisation & impairment	F	60.06	35.79
		2,371.36	**2,155.95**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**307.66**	**244.67**
Exceptional Items (Net) (Refer Note 13, Schedule R)		(9.79)	(15.03)
PROFIT BEFORE TAXATION AND MINORITY INTEREST		**297.87**	**229.64**
Provision for taxation - Current Tax		63.83	28.09
- MAT Credit (entitlement)/utilisation		(2.55)	(23.46)
- Fringe Benefit Tax		(0.01)	2.41
- Deferred Tax - debit/ (credit)		3.06	33.89
		64.33	40.93
PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST		**233.54**	**188.71**
Minority Intererst in (profit) / loss of subsidiaries		(1.87)	0.01
PROFIT AFTER TAXATION AND AFTER MINORITY INTEREST		**231.67**	**188.72**
Balance brought forward as on April 1		314.04	167.34
Transferred from Tax Holiday Reserve		–	18.86
		314.04	186.20
PROFIT AVAILABLE FOR APPROPRIATION		**545.71**	**374.92**
APPROPRIATIONS			
Interim dividend		40.21	39.89
Tax on interim dividend		6.83	6.78
Dividend distributed to Minority Shareholders		0.54	–
Minority Share in Accumulated profits		6.68	–
Debenture Redemption Reserve		15.00	–
General Reserve		23.50	14.21
BALANCE CARRIED TO THE BALANCE SHEET		**452.95**	**314.04**
BASIC EARNINGS PER SHARE		**3.80**	**3.10**
DILUTED EARNINGS PER SHARE		**3.79**	**3.10**
(Refer Note 15 of Schedule R)			
Notes to accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**297.87**	**229.64**
	Adjustments for:		
	Depreciation, amortisation and impairment	60.06	35.79
	Provision for impairment of assets of Kaya Life centres (Refer Note 13 (c), Schedule R)	2.91	–
	Provision for impairment on assets written back (Refer Note 8, Schedule R)	(1.20)	(0.86)
	Provision for contingencies (Refer Note 22, Schedule R)	29.35	–
	Finance charges	25.69	35.73
	Interest income	(11.07)	(5.68)
	Effect of impairment of net assets of Sundari	–	14.11
	Loss / (Profit) on sale of assets – (net)	1.16	0.16
	(Profit) / Loss on sale of investments	(0.02)	(0.01)
	Dividend income	(2.49)	(0.28)
	Provision for Employee Stock Option Reserve	0.08	0.07
	(Write back) / Provision for doubtful debts, advances and deposits	(4.67)	7.29
		99.80	86.32
	Operating profit before working capital changes	**397.67**	**315.96**
	Adjustments for:		
	(Increase)/ Decrease in inventories	(105.77)	(85.45)
	(Increase)/ Decrease in sundry debtors	(34.15)	(32.50)
	(Increase)/Decrease in loans and advances	(56.88)	(0.77)
	Increase/ (Decrease) in current liabilities and provisions	68.10	17.95
		(128.70)	(100.77)
	Cash generated from Operations	**268.97**	**215.19**
	Taxes paid (net of refunds)	(62.87)	(33.57)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**206.10**	**181.62**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(156.35)	(79.40)
	Sale of fixed assets	3.75	0.40
	Effect of translation differences on fixed assets	3.93	(12.71)
	(Purchase) / Sale of investments (net)	(70.58)	(12.10)
	Dividend income received	2.49	0.28
	Goodwill on consolidation *	–	(1.13)
	Interest received	9.39	5.82
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(207.37)**	**(98.84)**

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital on exercise of stock option	1.83	–
	Proceeds from issuance of equity shares by a subsidiary company	19.99	–
	Issue / (Redemption) of commercial papers (net)	(14.46)	29.16
	Inter–Corporate deposits taken / (repaid)	(5.00)	5.00
	Issue of Debentures	30.00	–
	Other borrowings (repaid) / taken (net)	70.13	(16.17)
	Finance charges paid	(27.17)	(41.99)
	Equity dividend paid (inclusive of dividend distribution tax)	(47.21)	(47.72)
	Unclaimed Preference dividend paid	–	(0.01)
	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**28.11**	**(71.73)**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**(3.98)**	**3.08**
E	**NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**22.86**	**14.13**
F	**Cash and cash equivalents – opening balance (as at April 1)**	**88.33**	**74.20**
G	**Cash and cash equivalents – closing balance (as at March 31)**	**111.19**	**88.33**
	Cash and cash equivalents at the year end comprise of:		
	Cash and Bank Balances	111.46	90.20
	Book Overdraft	(0.27)	(1.87)
	Total	111.19	88.33
	* Represents assets of purchase price paid over the net assets value of a subsidiary acquired.		

Notes:

1 The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) ' Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006

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

3 Cash and Cash Equivalents – Closing balance includes balances aggregating to Rs. 4.33 Crore (Rs. 1.75 Crore) with scheduled banks in fixed deposits and Margin accounts which is pledged against the bank guarantees and deposit with sales tax authorities, which are not available for use by the company.

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 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:		
609,325,700 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up (Refer Note 16, Schedule R)	60.93	60.90
The above includes:		
a) 290,000,000 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve		
	60.93	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT		
As on April 1	13.50	13.50
Add : Receipt on exercise of Employees stock options (Refer Note16, Schedule R)	1.79	–
Add : Transfer from Employee Stock option reserve	0.01	–
Add : Receipt on fresh issue of shares by a subsidiary company (Refer Note 3 (c)(i), Schedule R)	15.99	–
As at the year end	31.29	13.50
GENERAL RESERVE		
As on April 1	68.16	53.95
Add : Transfer from Profit and Loss account	23.50	14.21
As at the year end	91.66	68.16
EMPLOYEE STOCK OPTION RESERVE (Refer Note 16, Schedule R)		
As on April 1	0.07	0.01
Add : Additions	0.24	0.07
	0.31	0.08
Less : Transferred to Securities Premium account	0.01	–
Less : Forefeited/Lapsed	0.15	0.01
As at the year end	0.15	0.07
DEBENTURE REDEMPTION RESERVE		
As on April 1	–	–
Add : Transfer from Profit and Loss account	15.00	–
As at the year end	15.00	–
FOREIGN CURRENCY TRANSLATION RESERVE (Translation adjustment)		
As on April 1	3.15	0.07
Adjustments during the year (net)	(3.98)	3.08
As at the year end	(0.83)	3.15
HEDGE RESERVE ACCOUNT (Refer Note 14 (c), Schedule R)		
As on April 1	(6.26)	–
Adjustments during the year	9.07	(6.26)
As at the year end	2.81	(6.26)
TAX HOLIDAY RESERVE		
As on April 1	–	18.86
Less: Transfer to Profit and Loss account	–	(18.86)
As at the year end	–	–
PROFIT AND LOSS ACCOUNT	452.95	314.04
	593.03	**392.66**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Secured Redeemable Non–convertible Debentures (Refer Note 21, Schedule R) (Secured against first pari passu charge over land and building situated at Andheri (East), Mumbai)	30.00	–
External commercial borrowings (Secured by hypothecation of Plant and Machinery) (Amount repayable within one year Rs 22.46 Crore (Rs 6.34 Crore))	61.76	76.10
Working capital finance (Secured by hypothecation of stocks in trade and debtors)	22.44	5.12
	114.20	81.22
SCHEDULE 'D'		
UNSECURED LOANS		
From banks :		
Short term	288.37	189.50
Other term loans	–	50.00
Other loans	9.22	–
Inter corporate deposits (Short term)	–	5.00
Commercial Papers (Redeemable within a year)		
Face Value	35.00	50.00
Less : Deferred Interest	0.91	1.45
	34.09	48.55
(Maximum amount outstanding during the year Rs.104.51 Crore (Rs.63.28 Crore))		
	331.68	293.05
SCHEDULE 'E'		
GOODWILL ON CONSOLIDATION		
Goodwill on consolidation	85.03	85.27
Less: Provision for impairment	–	0.24
	85.03	85.03

SCHEDULES TO BALANCE SHEET

SCHEDULE 'F'

FIXED ASSETS

Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2009	Additions	Deductions/ Adjustments (Note 6)	As at March 31, 2010	As at March 31, 2009	For the year (Note 2(a) & 4)	Deductions/ Adjustments (Note 6)	As at March 31, 2010	Provision for impairment as at March 31 2010 (Note 3)	As at March 31, 2010	As at March 31, 2009
Tangible Assets											
Freehold land	4.16	1.56	0.37	5.35	–	–	–	–	–	5.35	4.16
Leasehold land	14.27	0.01	0.02	14.26	0.38	0.22	–	0.60	–	13.66	13.89
Buildings (Note 1)	77.51	10.14	1.12	86.53	15.13	2.76	(0.38)	18.27	–	68.26	62.38
Plant and machinery (Note 1)	260.45	51.74	10.88	301.31	143.62	29.60	4.74	168.48	11.30	121.53	111.52
Furniture and fittings	28.92	11.50	2.55	37.87	8.59	7.29	1.15	14.73	0.86	22.28	20.28
Vehicles	3.19	2.46	1.52	4.13	1.57	0.66	0.61	1.62	–	2.51	1.62
Intangible Assets											
- Trademarks and copyrights (Note 5)	43.37	22.01	4.66	60.72	8.42	2.46	2.97	7.91	2.24	50.57	31.30
- Other intangibles (Note 2(b))	10.15	–	8.65	1.50	3.83	5.13	8.20	0.76	–	0.74	6.32
- Computer software	14.86	1.64	(1.01)	17.51	12.91	1.51	(1.21)	15.63	0.01	1.87	1.95
TOTAL	**456.88**	**101.06**	**28.76**	**529.18**	**194.45**	**49.63**	**16.08**	**228.00**	**14.41**	**286.77**	**253.42**
As on March 31, 2009	**356.07**	**90.02**	**(10.79)**	**456.88**	**157.34**	**35.79**	**(1.32)**	**194.45**	**9.01**	**253.42**	–
Capital work–in–progress (at cost) including advances on capital account (Note 2(a)				115.79				–	2.89	112.90	57.67
Assets held for disposal				0.01				–	–	0.01	0.01
									17.30	**399.68**	**311.10**

Notes :

1. Gross block includes: – Buildings - Rs.0.10 Crore (Rs. 0.10 Crore) where conveyance has been executed, pending registration.

   – Plant and Machinery - Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on finance lease (prior to April 1, 2001).

2. "Depreciation, amortisation and impairment" charged to the Profit and Loss accounts for the year includes.

   a) impairment provision in respect of capitalised assets - Rs. 7.54 Crore (Rs. Nil)and Capital work in progress - Rs.2.89 Crore (Rs. Nil).

   b) impairment loss written off during the year - Rs. 5.13 Crore (Rs. Nil) included in depreciation/amortisation of other intangibles.

3. Provision for impairment as at March 31, 2010:

   a) includes impairment as mentioned in 2(a) above and is net of reversal of provision no longer required - Rs. 1.20 Crore (Rs. 0.86 Crore) and adjustment on sale / discard of the related assets - Rs. 0.13 Crore (Rs. Nil).

   b) includes provision for impairment of assets of Kaya Life centres - Rs. 2.91 Crore (Rs. 3.72 Crore assets of Sundari), which is included under 'Exceptional items' in the Profit and Loss account.(Refer Note 13, Schedule R)

   c) is net of reversal of provision of impairment made in previous year in respect of net assets of Sundari LLC - Rs. 3.72 Crore (Rs. Nil) (Refer Note 13 (b), Schedule R)

4. Depreciation for the year includes accelerated depreciation charged - Rs.1.56 Crore (Rs.Nil) due to revision of estimated useful life of certain assets.

5. Trademarks - Rs. 25.20 Crore (Rs.25.20 Crore) are pending registration and Rs. 22.22 Crore (Rs.Nil) are pending recordal.

6. Deductions / Adjustments of Gross block and Depreciation/Amortaisation are on accounts of sale, discarding and reclassification of assets and also includes translation difference - Rs. 3.93 Crore [(Rs.12.71 Crore)].

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'G'		
INVESTMENTS (Non Trade)		
LONG TERM - UNQUOTED, AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	0.01
LONG TERM - QUOTED, AT COST		
Indian Infrastructure Finance Company Limited (1,000 Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 100,000 each, guaranteed by Government of India, redeemable on 22nd January 2014)	10.21	–
Grameenphone Ltd 170,229 (Nil) equity shares of Bangladesh Taka10 each fully paid	0.82	–
	11.03	–
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend Reinvestment Nil (2,001,098) Units of Rs. 10 each fully paid	–	2.00
Fidelity Ultra Short Term Debt Fund Institutional Plan – Growth 8,399,009 (Nil) Units of Rs. 10 each fully paid	10.00	–
Templeton India Ultra Short Bond Fund Super Institutional Plan – Dividend Nil (5,073,892) Units of Rs. 10 each fully paid	–	5.08
Fortis Money Plus Institutional Plan – Daily Dividend Reinvestment Nil (5,019,130) Units of Rs. 10 each fully paid	–	5.02
Birla Sun Life Dynamic Bond Fund Retail – Monthly Payout 1,940,982 (Nil) Units of Rs. 10 each fully paid	2.02	–
Birla Sunlife Saving Fund Institutional Plan – Growth 2,002,208 (Nil) Units of Rs. 10 each fully paid	3.50	–
Kotak Flexi Debt Scheme Institutional Plan – Growth 8,878,078 (Nil) Units of Rs. 10 each fully paid	10.05	–
ICICI Prudential Flexible Income Premium Institutional Plan –Growth 575,207 (Nil) Units of Rs. 100 each fully paid	9.85	–
LIC MF Savings Plus Fund Institutional Plan – Growth 7,029,097 (Nil) Units of Rs. 10 each fully paid	10.28	–
Templeton India STIR Plan – Weekly Dividend Reinvestment 29,243 (Nil) Units of Rs. 1000 each fully paid	3.14	–
Tata Treasury Manager Institutional Plan – Growth 96,376 (Nil) Units of Rs. 1000 each fully paid	10.09	–
Reliance Money Manager Retail – Daily Dividend Reinvestment 826 (Nil) Units of Rs. 1000 each fully paid	0.10	–
IDFC Money Manager Fund – TP – Institutional Plan C – Growth 2,380,321 (Nil) Units of Rs. 10 each fully paid	2.60	–
UTI Floating Rate Fund – Short Term Plan – Institutional Plan – Growth 97,076 (Nil) Units of Rs. 1000 each fully paid	10.04	–
	71.67	12.10
	82.71	**12.11**
Notes:		
1) **Cost / Market Value of Quoted/ Unquoted Investments**		
Aggregate value of Quoted Investments:		
Cost	11.03	–
Market Value	13.90	–
Aggregate value of Unquoted Investments:		
Cost	71.68	12.11

SCHEDULES TO BALANCE SHEET

2) Units of Mutual Funds purchased and sold during the year

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
DWS Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	17,280,992	17.31
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	1,989,873	2.00
IDFC Money Manager Fund - TP - Institutional Plan C - Daily Dividend Reinvestment	10	17,358,705	17.36
IDFC Cash Fund - Institutional Plan C - Daily Dividend Reinvestment	10	3,999,358	4.00
IDFC Cash Fund - Institutional Plan B - Daily Dividend Reinvestment	10	2,835,321	3.00
IDFC Money Manager Fund - TP - Institutional Plan B - Daily Dividend Reinvestment	10	2,234,515	2.25
Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend Reinvestment	10	20,223,425	20.32
Kotak Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	4,825,348	5.90
J. P . Morgan India Treasury Fund - Institutional Plan - Daily Dividend Reinvestment	10	19,290,790	19.31
J. P . Morgan India Liquid Fund- Institutional Plan - Daily Dividend Reinvestment	10	3,497,550	3.50
Tata Floater Fund - Daily Dividend Reinvestment	10	12,368,669	12.41
Tata Treasury Manager Institutional Plan - Daily Dividend Reinvestment	1,000	397,433	40.15
Tata Liquid Institutional Plan - Daily Dividend Reinvestment	1,000	53,839	6.00
Fortis Money Plus - Institutional Plan - Daily Dividend Reinvestment	10	14,109,459	14.11
Fortis Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	4,999,117	5.00
Fortis Money Plus - Growth	10	511,031	0.70
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Reinvestment	10	27,388,595	27.40
Fidelity Cash Fund - Institutional Plan - Growth	10	7,976,326	10.00
Fidelity Cash Fund - Institutional Plan - DDR	10	12,497,778	12.50
ICICI Prudential Flexible Income Premium - Institutional Plan - Daily Dividend Reinvestment	100	32,252,493	56.92
Prudential ICICI Liquid Plan Institutional Plan - Daily Dividend Reinvestment	100	22,624,962	46.03
Reliance Money Manager - Institutional Plan - Daily Dividend Reinvestment	1,000	411,408	41.19
Reliance Liquid Fund - Treasury Plan - Institutional Plan - Daily Dividend Reinvestment	10	981,303	1.50
Reliance Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,997,984	9.00
Templeton India Ultra Short Bond Fund Institutional Plan - Daily Dividend Reinvestment	10	26,089,804	26.12
Templeton India Treasury Management Account Fund Institutional Plan Daily Dividend Reinvestment	1,000	159,908	16.00
Birla Sunlife Saving Fund - Institutional Plan - Daily Dividend Reinvestment	10	19,654,144	19.67
Birla Sunlife Cash Plus - Institutional Plan -Daily Dividend Reinvestment	10	17,966,608	18.00
Birla Sunlife Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,001,170	8.01
Birla Sunlife Saving Fund - Institutional Plan - Growth	10	1,431,385	2.50
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	10	15,756,355	15.81
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale - Daily Dividend Reinvestment	10	6,095,988	6.15
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	10	6,111,687	6.50
LIC Saving Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	26,689,127	26.69
LIC Floating Rate Fund - Institutional Plan - Daily Dividend Reinvestment	10	20,273,286	20.27
UTI Treasury Advantage Fund - Institutional Plan -Daily Dividend Reinvestment	1,000	143,447	14.52
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Daily Dividend Reinvestment	1,000	200,642	20.08

SCHEDULES TO BALANCE SHEET

		As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'H'			
INVENTORIES			
(Refer Note 2 (i), Schedule R, for basis of valuation)			
Raw materials		188.19	115.71
Packing materials		54.45	43.58
Work–in–process		62.56	51.18
Finished products		118.96	113.36
Stores, spares and consumables		13.45	12.83
By–products		1.15	1.42
Goods in Transit			
– Raw materials		5.75	0.30
– Finished products		0.30	0.66
		6.05	0.96
		444.81	**339.04**
SCHEDULE 'I'			
SUNDRY DEBTORS			
Unsecured			
Over six months	– Considered good	0.01	0.01
	– Considered doubtful	3.81	9.70
		3.82	9.71
Less: Provision for doubtful debts		3.81	9.70
		0.01	0.01
Other Debts	– Considered good	150.68	110.79
	– Considered doubtful	0.16	–
		150.84	110.79
Less: Provision for doubtful debts		0.16	–
		150.68	110.79
		150.69	**110.80**
SCHEDULE 'J'			
CASH AND BANK BALANCES			
Cash on hand		1.53	1.86
Remittances in transit		0.36	0.49
Balances with scheduled banks:			
Fixed deposits {deposited with sales tax authorities and against bank gurantees - Rs.0.24 Crore (Rs.0.26 Crore)}		86.43	66.33
Margin accounts (against bank guarantees)		4.09	1.49
Current accounts *		18.90	19.86
Balances with non–scheduled banks:			
Current accounts		0.15	0.17
		111.46	**90.20**

* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital - Rs. 0.26 Crore (Rs. 0.25 Crore)

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'K'		
LOANS AND ADVANCES		
(Unsecured–considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	81.56	47.77
– considered doubtful	0.06	–
	81.62	47.77
Less: Provision for doubtful advances	0.06	–
	81.56	47.77
Deposits		
– Considered good	31.54	28.64
– Considered doubtful	1.00	–
	32.54	28.64
Less: Provision for doubtful deposits	1.00	–
	31.54	28.64
Intercoporate Deposits	18.49	–
Balances with central excise authorities	1.06	1.23
Interest accrued on loans / deposits	4.02	2.34
Gratuity	0.82	–
Fringe benefit tax payments, net of provisions	0.55	0.47
MAT Credit Entitlement	51.95	49.40
	189.99	**129.85**
SCHEDULE 'L'		
CURRENT LIABILITIES		
Sundry creditors		
– Due to Micro and Small Enterprises	–	–
– Others	309.58	245.40
Other liabilities	23.29	28.19
Book Overdraft	0.27	1.87
Security deposits	1.10	1.16
Interest accrued but not due on loans	2.37	1.00
Unclaimed Dividend	0.23	0.22
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	336.87	**277.87**
SCHEDULE 'M'		
PROVISIONS		
Income tax (net of payments)	4.01	2.41
Leave encashment	8.26	6.55
Gratuity	2.68	2.30
Long term service benefits	1.88	–
Contingencies (Refer Note 22, Schedule R)	29.35	–
Others (Refer Note 23, Schedule R)	4.92	–
Interim dividend	21.93	21.62
Tax on interim dividend	3.73	3.67
	76.76	**36.55**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'N'		
OTHER INCOME		
Income from current investments		
Profits on sale of units of mutual funds	0.02	0.01
Dividend on investment in liquid mutual funds	2.49	0.28
Interest income on loans, deposits, etc. (Tax deducted at source - Rs. 0.64 Crore (Rs. 0.57 Crore))	11.07	5.68
Miscellaneous income (Refer Note 7, Schedule R)	4.68	6.23
	18.26	**12.20**
SCHEDULE 'O'		
COST OF MATERIALS		
Raw materials consumed	1,049.42	1,117.38
Packing materials consumed	216.06	190.01
Stores and spares consumed	40.47	33.93
Purchase for resale	12.47	14.50
(Increase)/Decrease in stocks		
Opening stocks		
– Work–in–process	51.18	36.67
– By–products	1.42	1.87
– Finished products	114.02	90.91
Less :		
Closing stocks		
– Work–in–process	62.56	51.18
– By–products	1.15	1.42
– Finished products	119.26	114.02
	(16.35)	(37.17)
	1,302.07	1,318.65
Less : Effect of impairment of inventory of Sundari LLC disclosed as 'Exceptional items'	–	6.86
	1,302.07	**1,311.79**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'P'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
– Salaries, wages and bonus	168.59	147.71
– Contribution to provident fund and other funds	6.53	7.02
– Long term service benefits	1.88	–
– Welfare expenses	13.13	11.03
	190.13	165.76
Power, fuel and water	10.68	9.90
Contract manufacturing charges	86.25	73.32
Rent and storage charges	50.42	32.94
Repairs :		
– Buildings	7.99	7.34
– Machinery	8.68	6.87
– Others	2.74	2.12
Freight, forwarding and distribution expenses	102.79	94.09
Advertisement and sales promotion	351.12	242.59
Rates and taxes	2.26	2.10
Provision for contingencies – Excise Duty (Refer Note 22, Schedule R)	29.35	–
Sales tax and cess	19.15	16.76
Commission to selling agents	5.12	5.55
Bad debts	8.43	0.60
Less: Provision for doubtful debts utilised	(6.63)	–
	1.80	0.60
Provision for doubtful debts, advances and deposits	1.96	7.29
Printing, stationery and communication expenses	11.15	10.49
Travelling, conveyance and vehicle expenses	30.64	30.04
Royalty	0.42	0.44
Insurance	2.61	2.09
Auditors' remuneration		
– Audit fees	0.87	0.95
– Tax Audit fees	0.10	0.10
– Others services	0.60	0.34
– Out of pocket expenses	0.01	0.03
Exchange losses (net)	3.55	6.91
Miscellaneous expenses (Refer Note 8, Schedule R)	63.15	54.02
	983.54	**772.64**
SCHEDULE 'Q'		
FINANCE CHARGES		
Interest on		
Fixed period loans	10.50	23.80
Other loans	4.60	4.78
Debentures	2.23	–
Bank and other financial charges	8.36	7.15
	25.69	**35.73**

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

SCHEDULE 'R'

1) The Group and nature of its operations:

Marico Limited (herein after referred to as the "Company"), headquartered in Mumbai, India, together with its subsidiaries carries on business in Branded Fast Moving Consumer Goods and Branded services. In India, Marico manufactures and markets products under the brands such as Parachute and its extentions, Nihar, Saffola, Sweekar, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker and Manjal. The Company has the following subsidiaries:

- Marico Bangladesh Limited (MBL) in Bangladesh, subsidiary of Marico Limited, which carries on business of consumer products in Bangaldesh;
- MBL Industries Limited (MBLIL) in Bangladesh, a wholly owned subsidiary of Marico Middle East FZE, which carries on business of consumer products in Bangaldesh;
- Kaya Limited (Kaya) in India, a wholly owned subsidiary of Marico Limited, which provides skin care services and sells products through Kaya Skin Clinics in India;
- Marico Middle East FZE (MME), in United Arab Emirates, a wholly owned subsidiary of Marico Limited, which carries on business, inter alia, in consumer products in the Middle East region;
- Kaya Middle East FZE (KME), in United Arab Emirates, a wholly owned subsidiary of Marico Middle East FZE which carries on business, inter alia, in skin care services and products through Kaya Skin Clinics in the Middle East region;
- MEL Consumer Care SAE (MELCC) in Egypt, a wholly owned subsidiary of Marico Middle East FZE;
- Marico Egypt Industries Company (MEIC), in Egypt, a subsidiary company of MEL Consumer Care SAE which carries on business of consumer products in Egypt;
- Egyptian American Investment & Industrial Development Company (EAIIDC), in Egypt, a wholly owned subsidiary of Marico Middle East FZE which carries on business of consumer products in Egypt;
- Wind Company (Wind), in Egypt, a subsidiary firm of MEL Consumer Care SAE which carries on business of consumer products;
- Marico South Africa Consumer Care (Pty) Limited (MSACC), in South Africa, a wholly owned subsidiary of Marico Limited;
- Marico South Africa (Pty) Limited (MSA), in South Africa, a wholly owned subsidiary of Marico South Africa Consumer Care (Pty) Limited which carries on business of consumer products in South Africa;
- CPF International (Pty) Limited (CPF), in South Africa, a wholly owned subsidiary of Marico South Africa (Pty) Limited; and
- Marico Malaysia Sdn. Bhd. (MMSD), a wholly owned subsidiary of Marico Middle East FZE which carries on business of consumer products in Malaysia.

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

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis, except for certain financial instruments which are measured at fair values, and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

(b) Basis of preparation of consolidated financial statements

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

i) In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-

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

group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.

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

iii) The excess of cost to the Group of its investment in subsidiary companies over its share of equity and reserves of its subsidiary companies is recognized in the financial statements as Goodwill, which is tested for impairment on every Balance Sheet date. The excess of Group's share of equity and reserves of its subsidiary companies over the cost of acquisition is treated as Capital Reserve.

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

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

1. In case of MSACC deferred tax asset / liability has not been recognised. Deferred tax asset/liability if any, arising for these entities have not been determined. Hence proportion of items in the consolidated financial statements to which the different accounting policy have been applied cannot be given.

2. In case of all subsidiaries, except Plant & Machinery of MEIC, depreciation in respect of factory building and Plant & Machinery is provided on straight line basis instead of written down value basis as followed in Marico Limited (except items specified in note 2(e)(I)(a) below). The total amount of net block of these items of fixed assets represents 23.70 % of the total consolidated net block of fixed assets of the Group as at the year end.

3. In case of MME and MMSD, cost of inventories are ascertained on FIFO instead of weighted average basis. These inventories represent 0.05 % of the total consolidated inventories of the group as at the year end.

4. In case of MME and KME, liability on account of gratuity is provided on arithmetical basis instead of actuarial basis. In case of MBL, MME, MEIC, EAIIDC, Wind Co and MSA; liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis. These liabilities represent 39.14% of the total consolidated gratuity and leave encashment liability of the Group as at the year end.

5. In case of MSA and MMSD, Intangible assets are estimated to have an indefinite useful life and hence not amortized. As per the Group policy, the intangible assers are amortized over a maximum period of 10 years. The total amount of the block of these assets is 12.46% of the total consolidated net block of fixed assets of the Group as at the year end (refer Note 24 below).

(c) Use of estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

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

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

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

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

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

(e) Depreciation and amortisation

I. Tangible assets

a. Depreciation in respect of assets of Indian entities viz, Marico Limited and Kaya Limited is provided at higher of the rates based on useful lives of the assets as estimated by the Management or those stipulated in Schedule XIV to the Companies Act, 1956. The depreciation rates considered for the following items are higher than the rates stipulated in Schedule XIV to the Companies Act, 1956:

Asset class	Particulars	Rates
Plant and Machinery	Computer hardware and related peripherals	33.33%
	Moulds	16.21%
	Office Equipment	10% - 50%
	Technologically advanced machinery	14.29% - 33.33%
Furniture and Fittings	Furniture and Fittings (including lease hold improvements)	11.11% - 12.5%
Vehicles	Vehicles	20%
Leasehold land	Leasehold land	Lease period

b. Depreciation in respect of assets of foreign subsidiaries is provided based on useful life of the assets as estimated by the Management here under:

Asset class	Rates
Buildings	5% - 20%
Plant and Machinery	6.67% - 100%
Furniture and fittings (including leasehold improvements)	6.67% - 50%
Vehicles	10% - 33%

c. In Marico Limited, depreciation on factory building and plant and machinery (other than computer hardware and related peripherals, moulds and office equipments which are depreciated on straight line basis) and depreciation on all assets of MEIC is provided on written down value basis. Depreciation on other assets in Marico Limited and on all assets of other subsidiaries is provided on straight line basis.

II. Intangible assets

a) Intangible assets are amortized over their respective individual estimated useful lives [other than assets referred to in (b) below] on a straight line basis but not exceeding the period given here under:

Trademarks, copyrights and business & commercial rights and other intangibles	7 to 10 years
Computer software	2 to 3 years

b) Intangible assets viz Brands and Intellectual property rights represented by Trade marks etc, held by MSA and MMSD, which are estimated by Management to have an indefinite useful life are not amortized, but are tested annually for the impairment.

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

(f) Assets taken on lease

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

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account as per the terms of the respective lease agreement.

(g) Assets given on lease

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

(h) Investments

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

(i) Inventories

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

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

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

(iv) Cost is ascertained on weighted average method and in case of work-in-process includes appropriate production overheads and in case of finished products includes appropriate production overheads and excise duty, wherever applicable. In case of MME and MMSD, costs of inventories are ascertained on FIFO basis.

(j) Research and development

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

(k) Revenue recognition

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

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

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

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

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

(l) Retirement and other benefits to employees

(i) The Group has various schemes of employee benefits as per applicable Local Laws of the respective countries, namely; provident fund, superannuation fund, gratuity, leave encashment and contributions to government social insurance system. Provident, superannuation and gratuity funds are administered through trustees/Regional Provident Fund and the Group's contribution thereto is charged to revenue every year. In case of provident fund administered through trusties, the Company has an obligation to make good the shortfall if any, between return on investment by the trust and government administered interest rates. Leave encashment and gratuity are provided on the basis of actuarial valuation as at the year end by an independent actuary except that in case of MME and KME, liability on account of gratuity and in case of MBL, MME, EAIIDC, MEIC, Wind Co and MSA, liability on account of leave encashment is provided on arithmetical basis instead of actuarial basis.

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

(ii) Long term service benefits

Liability on account of long term service benefits is determined and provided on the basis of an independent actuarial valuation.

(m) Foreign currency transactions

(i) Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Profit and Loss account.

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

(iii) In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.

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

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

(n) Accounting for taxes on income

i) Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income tax is recognized as an asset by crediting the Profit and Loss account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

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

(o) Impairment

The Group 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. The recoverable amount is the greater of net selling price and value in use. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(p) Employee Stock Option Plan

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

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

(q) 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.

3) Subsidiaries considered in Consolidated Financial Statements:

(a) List of subsidiary companies:

Name of the Company	Country of incorporation	Percentage of ownership interest
Marico Bangladesh Limited	Bangladesh	90 (100)
MBL Industries Limited (through Marico Middle East FZE)	Bangladesh	100 (100)
Kaya Limited	India	100 (100)
Marico Middle East FZE	UAE	100 (100)
Kaya Middle East FZE (through Marico Middle East FZE)	UAE	100 (100)
MEL Consumer Care SAE (through Marico Middle East FZE)	Egypt	100 (100)
Egyptian American Investment & Industrial Development Company (through Marico Middle East FZE)	Egypt	100 (100)
Marico Malaysia Sdn. Bhd.(through Marico Middle East FZE) (with effect from December 4, 2009)	Malaysia	100 (Nil)
Marico Egypt Industries Company (through MEL Consumer Care SAE)	Egypt	100 (100)
Sundari LLC. (upto June 8, 2009)	United States of America	100 (100)
Marico South Africa Consumer Care (Pty) Limited	South Africa	100 (100)
Marico South Africa (Pty) Limited (through Marico South Africa Consumer Care (Pty) Limited)	South Africa	100 (100)
CPF International (Pty) Limited (through Marico South Africa (Pty) Limited)	South Africa	100 (100)

(b) List of Subsidiary firm:

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

(c) i) Divestment/Incorporation during the year:

1) During the year, MBL made initial public offer of equity shares in Bangladesh at premium. Consequently, the Company's share of interest in MBL was reduced to 90%. These shares were listed on Dhaka Stock Exchange from August 28, 2009.

2) The Company divested its stake in Sundari LLC (Sundari) on June 8, 2009 and hence Sundari ceased to be subsidiary of the Company from the said date [refer note 13 (b) below].

3) With effect from December 4, 2009, MMSD (which was newly incorporated), became wholly owned subsidiary of the Company, pursuant to 100% equity subscription by MME.

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

ii) The effect of incorporation / disposal of subsidiaries during the year is as under:

Rs. Crore

Name of subsidiary	Revenue	Net Profit / (loss)	Net assets
Marico Malaysia Sdn. Bhd.	2.02	(0.84)	23.46
	(–)	(–)	(–)
Sundari LLC *	1.33	(0.77)	–
	(9.47)	(–)(20.96)	(–)

* Net loss and net assets of the previous year is after considering provision for impairment of assets and gain on settlement of liabilities of Rs. 15.03 Crore. (Refer note 13 (b) below).

d) The audited consolidated financial results for the year ended March 31, 2010 comprised the audited financial results of Marico Limited, Kaya Limited, Marico Bangladesh Limited, MBL Industries Limited, Marico Middle East FZE, Kaya Middle East FZE, Marico South Africa Consumer Care (Pty) Limited, Marico South Africa (Pty) Limited, CPF International (Pty) Limited and Sundari LLC (up to June 8, 2009) and unaudited results of MEL Consumer Care SAE, Egyptian American Investment & Industrial Development Company, Marico Egypt Industries Company, Wind Company and Marico Malaysia Sdn. Bhd., which have been approved by the respective Board of Directors of these companies.

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

(i) Disputed tax demands/ claims:

Rs. Crore

	March 31, 2010	March 31, 2009
Sales tax	6.08	4.88
Service tax	0.38	0.38
Customs duty	0.40	2.86
Agricultural Produce Marketing cess	7.93	7.81
Employees State Insurance Corporation	0.13	0.18
Excise duty on Subcontractors	0.24	Nil
Lease termination cost (refer note 23 below)	2.00	Nil

(ii) Excise duty on CNO dispatches Rs. 131.57 Crore (Rs. Nil) (Refer note 22 below)

(iii) Claims against the Company not acknowledged as debts Rs. 1.03 Crore (Rs. 0.21 Crore)

b) (i) Counter guarantees given to banks on behalf of subsidiaries Rs. 41.40 Crore (Rs. 46.05 Crore).

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs. 76.46 Crore (Rs. 80.15 Crore).

c) Amount outstanding towards Letters of Credit Rs. 12.71 Crore (Rs. 24.97 Crore).

5) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 22.11 Crore (Rs. 13.37 Crore) net of advances.

6) Borrowing costs capitalized during the year amount to Rs. 2.83 Crore (Rs. 3.55 Crore).

7) Miscellaneous income includes lease income Rs. 0.43 Crore (Rs. 0.41 Crore).

8) Miscellaneous expenses include labour charges Rs. 2.78 Crore (Rs. 2.43 Crore), training & seminar expenses Rs. 4.62 Crore (Rs. 3.05 Crore), outside services Rs. 17.69 Crore (Rs. 14.74 Crore), professional charges Rs. 19.11 Crore (Rs. 14.25 Crore), donations Rs. 0.44 Crore (Rs. 1.19 Crore), loss on sale / disposal of assets (net) Rs. 1.16 Crore (Rs. 0.16 Crore), leakage and damage expenses of Rs. 9.66 Crore (Rs.12.10 Crore) and are net of reversal of excess provisions no longer required written back Rs. 7.88 Crore (Rs. 5.14 Crore) [including impairment provision of Rs. 1.20 Crore (Rs. 0.86 Crore)]

9) Research and development expenses aggregating Rs. 8.04 Crore (Rs. 5.73 Crore) have been included under the relevant heads in the Profit and Loss account.

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

10) Additional information on assets taken on lease:

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

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rentals recognised in the Profit and Loss account	36.85	18.76
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payments payable:		
– not later than one year	23.93	20.08
– later than one year but not later than five years	77.46	64.98
– later than five years	4.79	8.11
Total	**106.18**	**93.17**

11) Additional information on assets given on operating lease:

The Company has given on lease certain plant & machinery for a lease period ranging between 1 to 3 years. These arrangements are in the nature of cancelable lease and are generally renewable by mutual consent or mutual agreeable terms.

Fixed Asset given on operating lease as at March 31, 2010 and 2009

Rs. Crore

	Cost	Accumulated Depreciation	Net Book Value
Plant and Machinery	2.03	1.92	0.11
	(1.92)	(1.88)	(0.04)

The aggregate depreciation charged on the above assets during the year ended March 31, 2010 amounted to Rs. 0.03 Crore (Rs.0.01 Crore).

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rental income recognised in the Profit and Loss account.	0.43	0.41

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

Rs. Crore

	March 31, 2010	March 31, 2009
Deferred Tax Asset:		
Provision for doubtful debtors/advances that are deducted for tax purposes when written off	2.68	2.06
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium account under the Capital Restructuring Scheme implemented in an earlier year	48.91	65.78
Liabilities /Provisions that are deducted for tax purposes when paid (including provision for contingencies – Excise) (refer Note 22 below)	12.43	3.84
Others	2.94	1.60
Total Deferred tax asset	66.96	73.28
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	5.33	9.16
Total Deferred tax liability	5.33	9.16
Deferred Tax Asset (net)	**61.63**	**64.12**

b) MAT Credit includes Rs. 2.67 Crore (Rs. 7.78 Crore) on account of prior year adjustments.

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

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

Rs. Crore

	March 31, 2010	March 31, 2009
Effect of divestment of Sundari [refer note (b) below]	4.05	Nil
Provision for impairment of net assets of Sundari (net) [refer note (b) below]	Nil	15.03
Provision relating to closure of 'Kaya Life' centers [refer note (c) below]	5.74	Nil
Total	**9.79**	**15.03**

b) During the year, upon completion of necessary compliances under FEMA regulations, the Company divested its stake in Sundari LLC (Sundari) on June 8, 2009. Sundari ceased to be subsidiary of the Company from the said date. Accordingly, the financial statements of Sundari have been consolidated with that of Marico Limited for the period from April 1, 2009 to June 8, 2009. The net effect of the divestment of Rs. 4.05 Crores is charged to the Profit and Loss account and reflected as 'Exceptional item' (detailed hereunder):

Rs. Crore

	March 31, 2010	March 31, 2009
Debit balance in foreign currency translation reserve (loss) arising on consolidation of Sundari and other translation related adjustment (loss)	5.31	Nil
Loss on divestment	14.24	Nil
Less: Withdrawal of provision for impairment made in the previous year	(15.50)	Nil
Provision for impairment of net assets of Sundari	Nil	15.50
Gain on settlement of liabilities	Nil	(0.47)
Net amount charge to Profit and Loss account	**4.05**	**15.03**

c) Kaya Ltd., a wholly owned subsidiary of the Company, had launched the Kaya Life prototype to offer customers holistic weight Management solutions and had opened 5 'Kaya Life' centres in Mumbai and Kaya Middle East FZE, a step down subsidiary of the Company had also opened 1 centre in the Middle East during the past 3 years. While clients had been experiencing effective results on both weight loss and inch loss, the prototype had less than expected progress in building a sustainable business model. Hence, the Management took a strategic decision of closing down the centres in March, 2010. Consequently, the Group has made an aggregate provision of Rs. 5.74 Crore towards impairment of assets of Rs. 2.91 Crore and other related estimated liabilities of Rs. 2.83 Crore towards employees' termination, lease termination costs, customer refunds and stock written down relating to these centres for the year ended March 31, 2010. (Refer note 23 below)

14) Derivative Transactions

a) The total derivative instruments outstanding as on March 31, 2010 are Plain Forwards, Plain Vanilla Option contracts and an Interest rate swap:

	March 31, 2010		March 31, 2009	
	Notional Amount in Foreign Currency	Equivalent Amount at the year end Rs. Crore	Notional Amount in Foreign Currency	Equivalent Amount at the year end Rs. Crore
Forward contracts outstanding *				
Trade debtors:				
– in USD	4,250,000	19.09	7,100,000	36.02
Foreign currency loans:				
– in USD	11,847,085	53.21	13,846,804	70.24
Creditors:				
– in USD	2,057,775	9.24	9,212,740	46.74
– in AUD	Nil	Nil	400,000	1.40
Advance Receivable:				
– in AUD	600,000	2.47	Nil	Nil
Options Contracts outstanding *				
Trade debtors:				
– in USD	7,250,000	32.57	4,600,000	23.34

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

* Out of the forward contracts outstanding an March 31, 2010, USD 6,307,775 (USD 12,827,524), AUD 600,000 (AUD 400,000), having fair value of Rs. 31.83 Crore (Rs. 66.93 Crore) and all outstanding option contracts as on March 31, 2010, having fair value of Rs. 1.01 Crore (Rs. 0.34 Crore) have been designated as Cash Flow hedges.

– The Company has entered into Interest rate swap of USD 4,583,333 (USD 5,000,000), for hedging its interest rate exposure on borrowings in foreign currency which has a fair value of Rs. 0.63 Crore (Rs. 0.90 Crore).

– The cash flows are expected to occur and impact the Profit and Loss account within the period of 1 year except interest rate swap, in respect of which cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 3 years.

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

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

		March 31, 2010		March 31, 2009	
	Currency	**Amount in Foreign Currency**	**Equivalent amount at the year end Rs. Crore**	**Amount in Foreign Currency**	**Equivalent Rs. Crore at the year end Rs. Crore**
a. Amount receivable in foreign currency on account of following :					
- Trade debtors	AED	4,988	0.01	4,988	0.01
	USD	21,003	0.09	Nil	Nil
b. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and services	USD	Nil	Nil	40,623	0.21
	AED	45,075	0.06	50,153	0.07
	AUD	188,288	0.61	4,868	0.02
	EUR	(93,550)	(0.57)	112,701	0.76
	CHF	20,600	0.09	(14,771)	(0.08)
	GBP	291	0.01	(24,289)	(0.18)
	USD	(789,791)	(3.55)	(1,468,331)	(7.46)
	EUR	Nil	Nil	(99,493)	(0.68)
	CHF	(24,160)	(0.10)	Nil	Nil
	GBP	(9,842)	(0.07)	Nil	Nil
(ii) Capital imports	CHF	680	0.01	Nil	Nil
	GBP	800	0.01	800	0.01
	USD	Nil	Nil	80,968	0.41
(iii) Loan payables *	USD	Nil	Nil	(4,064,476)	(20.63)
c. Bank Balances	USD	152,925	0.69	62,239	0.32
	AED	Nil	Nil	105	0.01
	EUR	1,600	0.01	Nil	Nil
	OAR	22,097	0.26	27,296	0.36
	SAR	285,300	0.36	70,463	0.10
d. Other receivables / (payables)	USD	190,320	0.85	11,233	0.06
	AED	147,273	0.18	Nil	Nil
	AUD	Nil	Nil	4,050	0.01
	BHD	Nil	Nil	1,200	0.01
	GBP	Nil	Nil	500	0.01
	SGD	Nil	Nil	1,000	0.01
	ZAR	Nil	Nil	4,918	0.01
	OAR	2,089	0.02	6,343	0.08
	SAR	120,665	0.15	3,921	0.06
	EUR	1,324	0.01	Nil	Nil
Total			**(0.87)**		**(26.50)**

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

* excludes loans payable of Rs. 61.76 Crore (USD 13,750,000) [P.Y. Rs. 76.10 Crore (USD 15,000,000)] assigned to hedging relationship against highly probable forecast sales. The cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 3 years.

c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had during the previous year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly the net unrealized gain/ (loss) Rs. 2.81 Crore [(Rs. 6.26 Crore)] in respect of outstanding derivative instruments and foreign currency loans at the year end which qualify for hedge accounting, is standing in the 'Hedge Reserve Account', which would be recognized in the Profit and Loss account when the underlying transaction or forecast revenue arises, as against the earlier practice of recognizing the same in the Profit and Loss account.

15) Earnings per share:

	March 31, 2010	March 31, 2009
Profit after taxation/ Profit available to equity share holders (Rs. Crore)	**231.67**	**188.72**
Equity shares outstanding as at the year end	609,325,700	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,150,561	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	611,557,579	609,005,757
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 3.80**	**Rs. 3.10**
Diluted earnings per equity share*	**Rs. 3.79**	**Rs. 3.10**

*Diluted EPS has been calculated after taking into account options granted to certain eligible employees as referred in note 16 below.

16) Employee Stock Option Scheme 2007

The Corporate Governance Committee of the Board of Directors of Marico Limited has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007'. Each option represents 1 equity share in the Company. The Vesting Period and the Exercise Period both range from 1 year to 5 years. Pursuant to exercise of 325,700 (Nil) options during the year, the issued and subscribed share capital has increased by Rs. 0.03 Crore to Rs. 60.93 Crore and Securities Premium account has increased by Rs. 1.80 Crore to Rs. 15.30 Crore. The options outstanding as on the Balance sheet date correspond to about 1.28% (1.37%) of the current paid up equity capital of the Company.

Number of options granted, exercised, and forfeited	March 31, 2010	March 31, 2009
Options outstanding at beginning of the year	8,339,600	8,996,000
Granted	1,332,100	1,048,200
Less : Exercised	325,700	-
Forfeited / Lapsed	1,529,200	1,704,600
Options outstanding at the end of the year	7,816,800	8,339,600

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. 0.08 Crore (Rs. 0.07 Crore) under the 'intrinsic value' method. Had the Company considered 'fair value' method for accounting of compensation cost the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	March 31, 2010	March 31, 2009
Net Profit as reported	231.67	188.72
Less : Stock-based employee compensation expense	3.91	4.78
Adjusted pro-forma	227.76	183.94
Basic earnings per share as reported	Rs. 3.80	Rs. 3.10
Pro forma basic earnings per share	Rs. 3.74	Rs. 3.02
Diluted earnings per share as reported	Rs. 3.79	Rs. 3.10
Pro forma diluted earnings per share	Rs. 3.72	Rs. 3.02

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

17) Segment Information

The Group regards business segment as the primary segment. The composition of this segment is given below.

Business segments	Type of products and services
Consumer Products	Coconut oils, other edible oils, hair oils and other hair care products, fabric care products, processed foods, soaps, baby care products.
Others	Skin care and Global ayurvedics (up to June 8, 2009)

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

b. Skin Care comprising Kaya Limited, Kaya Middle East FZE and;

c. Global Ayurvedics (Sundari LLC) (up to June 8, 2009)

i) Primary segment information

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Segment revenue	2,475.04 (2,220.15)	185.72 (168.27)	2,660.76 (2,388.42)
Segment result	337.91 (285.59)	(18.12) (-)(11.15)	319.79 (274.44)
Unallocable expenses	– –	– –	– –
Unallocable income			2.49 (0.28)
Interest expenses			25.69 (35.73)
Interest income			11.07 (5.68)
Profit before tax, exceptional item and minority interest			**307.66** (244.67)
Exceptional items (net)		(9.79) (-)(15.03)	(9.79) (-)(15.03)
Profit before tax and minority interest			**297.87** (229.64)
Taxation on the above			64.33 (40.93)
Net profit after tax and before minority interest			**233.54** (188.71)
Minority interest in losses / (profits) of subsidiary			(1.87) (0.01)
Profit after taxation and minority interest			**231.67** **(188.72)**
Other information			
Segment assets	1,046.78 (781.58)	174.24 (166.56)	1,221.02 (948.14)
Unallocable assets			304.98 (194.11)
Total assets			**1,526.00** **(1,142.25)**

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

	Consumer Products Rs. Crore	Others Rs. Crore	Total Rs. Crore
Segment liabilities	366.49	27.37	393.86
	(261.79)	(22.99)	(284.78)
Unallocable liabilities			478.18
			(403.91)
Total liabilities			**872.04**
			(688.69)
Capital expenditure	73.13	27.93	101.06
	(63.58)	(26.44)	(90.02)
Depreciation, impairment and amortization	42.97	17.09	60.06
	(22.91)	(12.88)	(35.79)

ii) Secondary segment information

The Group has identified geographical markets as the secondary segment. The principal geographical areas in which Marico operates are India, Middle East, Malaysia, Africa, SAARC countries, USA and Egypt.

Geographical segments	Composition
Domestic	All over India
International (others)	Primarily Middle East, SAARC countries, Africa, Egypt, USA and Malaysia

	India Rs. Crore	Others Rs. Crore	Total Rs. Crore
Revenue	2,001.38	659.38	2,660.76
	(1,897.51)	(490.91)	(2,388.42)
Carrying amount of assets	1,146.49	379.51	1,526.00
	(827.77)	(314.48)	(1,142.25)
Capital expenditure	56.59	44.47	101.06
	(49.37)	(40.65)	(90.02)

iii) Notes to Segmental information

a) Segment revenue and expense: Revenues and expenses directly attributable to segments are reported under each reportable segment. Revenue and expenses which relate to Group as whole and are not allocable to a segment on reasonable basis, have been disclosed under 'Unallocable'.

b) 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. Segment liabilities include all operating liabilities of the segment comprising creditors and other liabilities. Investments, taxes, borrowings and other assets and liabilities which are not allocable to segment on reasonable basis, have been disclosed under 'Unallocable'.

18) Related party disclosures

Key Management personnel and their relatives:

Nature of transaction	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
i) Whole-time director: Harsh Mariwala, Chairman and Managing Director		
Remuneration for the year	3.03	2.27
ii) Employee: Rishabh Mariwala, son of Harsh Mariwala		
Remuneration for the year	0.11	0.11
iii) Employee: Rajvi Mariwala, daughter of Harsh Mariwala (upto 31st January, 2009)		
Remuneration for the year	Nil	0.09

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

19) Particulars of Managerial remuneration:

Nature of transaction	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Profit and Loss account		
– Salary	1.96	1.64
– Contribution to provident and pension funds	0.23	0.19
– Other perquisites	0.08	Nil
– Annual performance incentives	0.76	0.44
	3.03	**2.27**
Remuneration to non-whole time directors (including Sitting fees)	0.25	0.15

Note: 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.

20) The Guidance Note on implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company has accounted for the same as a defined contribution plan. However, as per the information provided by trustees, there is no interest shortfall as at the year end.

21) During the year, on May 08, 2009, the Company issued 300 8.25% Rated Taxable Secured Redeemable Non-convertible Debentures of Face Value Rs. 10 lakhs each, aggregating to Rs. 30.00 Crore which are redeemable at par after 3 years. As per the terms of the issue Put/Call option is available with the investor and Company at the end of 2 years.

22) The Company manufactures and markets pure coconut oil (CNO) under the brands Parachute, Nihar and Oil of Malabar. Such CNO is a 100 % natural product and meets all standards of edible oil as given in the Prevention of Food Adulteration Act. For the purpose of Excise, CNO is classified as a vegetable oil under Chapter 15 and attracts excise at nil rate. Although in the past the Central Excise Department (Department) has attempted to classify CNO as hair oil by issuing show cause notices to some of the Company's job workers, the Company's stand has been vindicated by the decisions of Appellate Tribunal benches ("the Tribunal"), confirming that CNO is not hair oil but a vegetable oil. Some of these decisions are being contested by the Excise Department in the Hon. Supreme Court.

On June 3, 2009, however, the Central Board of Excise & Customs (CBEC) issued a circular under which it classified coconut oil packed in container size up to 200 ml as hair oil, chargeable to excise duty. The Department has, at some locations, asked the Company / some of its job workers to clear coconut oil packs up to 200 ml. on or after June 3, 2009, only on payment of excise duty and issued show cause notices (including for periods prior to June 3, 2009). As the Circular and consequent actions by the Department are contrary to the classification under excise tariff and Appellate Tribunal decisions, the Company / its job workers filed writ petitions with the Hon. High Courts of Mumbai (Goa bench) and Kerala challenging the validity of the Department's actions. The Honorable High Court of Mumbai has, in the interim, allowed dispatches of coconut oil in packs up to 200 ml without payment of excise duty based on the security of bank guarantees / surety bonds as applicable. The petition filed with the Honorable High Court of Mumbai is pending final disposal. The Honorable Kerala High Court has disposed of the petition with a direction that the excise authorities cannot call upon the Company to pay excise duty on clearances of coconut oil packs up to 200 ml. till the disposal of the appeals filed by the Department before the Supreme Court.

While passing this judgment, the High Court has also held that the Department cannot take the stand that the Department is entitled to depart from the stand taken by the Appellate Tribunal.

The Management had, while finalizing financial results for the quarter ended June 30, 2009, September 30, 2009 and December 31, 2009, based on then available facts had assessed the probable obligation in respect of clearance after the date of the circular dated June 3, 2009 and had made a provision of Rs 28.20 Crore for the period from 3rd June, 2009 to 31st December, 2009 on account of excise duty on clearances after the date of circular.

At the year ended March 31, 2010, the Management reviewed the matter particularly in the light of decision of Kerala High Court and has also obtained legal opinion in this regard in accordance with which the Company has a strong case even for clearances after the date of the circular. Having regard to the said facts and legal advice obtained, the Management has made an assessment that the probability of success in the matter is more likely than not. In terms of Accounting Standard (AS) 29, Provisions, Contingent liability and Contingent Assets, the possible obligation on this account could be in the nature of contingent liabilities, which need not be provided in the accounts. However, as a matter of abundant caution and financial

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

prudence, the Company has, pending outcome of the matter, made a provision at 75% of the excise duty that may have to be paid on the dispatches of coconut oil on packs up to 200 ml after June 3, 2009 in the event the matter is decided against the Company. Accordingly a provision of Rs. 29.35 Crore has been made for the year ended March 31, 2010 and recognized in the Profit and Loss account. The balance amount of Rs. 9.83 Crore and a possible obligation of Rs. 121.74 Crore for the period prior to June 3, 2009 arising out of show-cause notices received in the past has been disclosed as contingent liability to the extent the time horizon covered by such notice is within the normal period of one year under the excise laws.

The Company will continue to review this matter in the coming accounting periods based on the developments on the outcomes in the pending cases and the legal advice that it may receive from time to time.

Had the Company treated the entire possible obligation towards the above matter as a contingent liability, the profit before tax for the year would have been higher by Rs. 29.35 Crore, profit after tax for the year and balances in the Reserves and Surplus as at the year end would have been higher by Rs. 19.60 Crore and the contingent liabilities as at the year end would have been higher by Rs. 29.35 Crore.

23) Other Provisions in schedule 'M' includes:

Rs. Crore

	Lease termination costs*	Employees termination costs*	Customers Refunds*	Site restoration costs**	Total
Opening Balance	–	–	–	–	–
Add: Provisions made	2.44	0.27	0.82	1.39	4.92
Less: Provisions utilized/reversed	–	–	–	–	–
Closing Balance	**2.44**	**0.27**	**0.82**	**1.39**	**4.92**

* Above provisions, except site restoration cost, represents estimates made for probable liability arising on account of closure of Kaya Life operations and close down of certain clinics of Kaya Skin. Provision for lease termination cost are towards lock-in period rent which are recognized to the extent its more than probable that outflow of resources will be required to settle the transactions. The balance amount is treated as contingent in nature.

** Kaya uses various leased premises for its clinics. A provision for site restoration cost is recognized for the estimates made for probable liability towards the restoration of these premises at the end of lease period.

24) Marico South Africa (Pty) Limited and Marico Malaysia Sdn. Bhd. own intangible assets viz Brands and Intellectual property rights represented by Trade marks etc, which the Management believes have indefinite useful life. These companies have not amortized the said assets in accordance with the requirement of IFRS framework in which their standalone financials statements are prepared.

Under Indian GAAP, in which consolidated financial statements are prepared and as per the Group policy, such intangible assets are required to be amortized over maximum period of 10 years. However, for the purpose of consolidated financial statements, the Company has not carried any adjustments on account of these GAAP differences. The impact of the same is not material on the financial statements.

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

26) The figures for the previous year have been restated / regrouped wherever necessary to conform to current period's classification

Signatures to Schedules A to R

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

DIRECTORS' REPORT

To the Members

Your Board of Directors ('Board') is pleased to present the Twenty Second Annual Report of your Company, Marico Limited (Your Company), for the year ended March 31, 2010 ('the year under review', 'the year' or 'FY10').

In line with the requirements of the Listing Agreement with the Bombay Stock Exchange and National Stock Exchange, your Company has been reporting consolidated results – taking into account the results of its subsidiaries. This Discussion therefore covers the financial results and other developments during FY10 in respect of Marico Consolidated comprising– **Domestic Consumer Products Business** under Marico Limited in India, **International Consumer Products Business** comprising exports from Marico Limited and operations of its overseas subsidiaries and the **Solutions Business** of Kaya in India and overseas. The consolidated entity has been referred to as 'Marico' or 'Group' or 'Your Group' in this discussion.

FINANCIAL RESULTS – AN OVERVIEW

	Rs. Crore Year ended March 31, 2010	2009
Consolidated Summary Financials for the Group		
Sales and Services	2660.8	2388.4
Profit before Tax	297.9	229.6
Profit after Tax	231.7	188.7
Marico Limited Financials		
Sales and Services	2024.3	1917.5
Profit before Tax	**292.6**	**171.0**
Less: Provision for Tax	57.5	28.9
Profit After Tax	**235.0**	**142.1**
Add : Surplus brought forward	233.1	151.9
Profit available for Appropriation	**468.1**	**294.0**
Appropriations:		
Distribution to shareholders	**40.21**	**39.89**
Tax on dividend	6.83	6.78
	47.04	46.67
Transfer to General Reserve	**23.5**	**14.2**
Debenture Redemption Reserve	**15.0**	–
Surplus carried forward	**382.6**	**233.1**
Total	**468.1**	**294.0**

DISTRIBUTION TO EQUITY SHAREHOLDERS

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

Marico has identified acquisitions as one of its avenues to pursue growth. Since April 2005, the Group has consummated 8 acquisitions including two each in India, Bangladesh and Egypt and one each in South Africa and Malaysia. As part of its growth agenda, Marico would continue to explore new acquisition opportunities. These would call for additional funding.

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

Your Company's distribution to equity shareholders during FY 10 comprised the following:

First interim dividend of 30% on the equity base of Rs. 60.92 Crore

Second interim dividend of 36% on the equity base of Rs. 60.93 Crore

DIRECTORS' REPORT

The total equity dividend for FY10 at 66.0% is thus at par with the dividend paid during FY09. The total dividend (including dividend tax) was Rs. 47 crore (about 20 % of the group PAT).

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

REVIEW OF OPERATIONS

Marico achieved a strong growth of 11% in revenue over the previous year and registered a topline of Rs 2661 crore during FY10. Almost the entire growth was organic growth, with volume led growth of 14% while the remaining came from price increases and sales mix. All its businesses, those of consumer products in India, international business and Kaya skin solutions contributed to the overall growth of the group.

The top line increase was accompanied by a bottom-line growth of 23%, after considering the impact of extra-ordinary / exceptional items. Profit After Tax (PAT) including exceptional / extra-ordinary items during the year was at Rs 232 crore as against Rs. 189 crore in FY09. The financials for FY10 include certain exceptional items of Rs 9.79 crores (Rs 4.05 crore on account of foreign currency translation reserves consequent to sale of membership interest in Sundari LLC and Rs 5.73 crore on account of closure of Kaya Life clinics in India and Gulf) while the financials of FY 09 include certain exceptional items (loss on sale of membership interest in Sundari LLC). Had it not been for these items, the PAT for FY10 would have been Rs 242 crore, a growth of 30% over FY09 (exceptional items excluded from the comparable figure in the previous year).

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

Q4FY10 was on a Y-o-Y basis:

- The 38th consecutive Quarter of growth in Turnover and
- The 42nd consecutive Quarter of growth in Profits

The company has demonstrated steady growth on both the top line and bottom line. Over the last 5 years, they have grown at a Compounded Annual Growth Rate of 21% and 27% respectively.

Consumer Products Business: India

Parachute, Marico's flagship brand, continued to expand its franchise during the year. Parachute coconut oil in rigid packs, the focus part of its portfolio, grew by over 10% in volume as compared to FY09. Similarly Nihar in rigid packs grew at about 9% in volume terms. Marico offers its consumers a basket of value added hair oils for their pre-wash and post wash hair conditioning, nourishment and grooming needs (key brands being Parachute Advansed coconut hair oil, Parachute Jasmine non sticky coconut hair oil, Nihar Naturals perfumed coconut hair oil, Hair & Care nourishing non sticky hair oil, Hair & Care Almond Gold and Shanti Badam Amla hair oil). During the year, all the aforesaid hair oils brands recorded healthy growth and the portfolio as a whole grew by about 16% in volume over FY09.

Further, Marico has been constantly investing in a healthy pipeline of new products. During the year your company launched new prototypes. These included Saffola Arise – lower Glycemic Index (GI) rice, Parachute Advansed Ayurvedic Hot Oil, Parachute Advansed Ayurvedic Cooling Oil and Nihar Cooling Oil.

DIRECTORS' REPORT

International FMCG Business

From a single digit share in FY05, about 23% of the group's turnover is now contributed by Marico's International FMCG business. Its key geographical presence is in Bangladesh, MENA (Middle East and North Africa) and South Africa.

In January 2010, Marico established an entry into the South East Asian region through the acquisition of the hair styling brand Code 10 in Malaysia.

During FY10, Your Group's international business crossed the Rs 600 crore mark in turnover, a growth of 36% over FY09. Much of this growth was derived from consumer franchise expansion – about 21%, accompanied by price led growth of 9%. An additional 6% growth was on account of favourable foreign exchange rates.

Kaya

Kaya is the first organized player in the segment of cosmetic dermatology and now enjoys a large first mover advantage in the segment in India. During FY10, Kaya opened its first clinic in Dhaka, Bangladesh. It now offers its technology led cosmetic dermatological services through 101 clinics: 87 in India across 27 cities and 13 in the Middle East in addition to the most recent one in Dhaka. Kaya also introduced many new products during the year, details whereof are given in the Annexure to this Report.

Kaya's offering are in the nature of discretionary spends. Apart from the impact of the overall economic downturn, the Kaya skin business in India faced two adverse developments during the first half of FY10. The outbreak of swine flu, though temporary, led to a drop in customer appointments particularly in cities such as Pune and Bangalore where the incidence of the outbreak was more acute. The introduction of service tax in the Union Budget in an already unfavorable ambience made growth more challenging. While there was some improvement in the macro environment in the latter part of the year, Kaya continued to experience a decline in same clinic revenue (revenue from clinics that have been in existence for over a year) in India. In addition to the above, opening of 31 new clinics in last two years which in normal course would have required 3-4 years to achieve profitability as well as provision of a significant one time costs resulting from strategic decisions to close down Kaya Life centers (details whereof are given below) and 7 Kaya Skin Clinics by June 30, 2010 resulted in net worth of Kaya Limited turning negative as on March 31, 2010.

Kaya had launched the Kaya Life prototype to offer customers holistic weight Management solutions and had opened 5 'Kaya Life' centres in Mumbai and 1 centre in the Middle East during the past 3 years. While clients had been experiencing effective results on both weight loss and inch loss, the prototype had less than expected progress in building a sustainable business model. Hence, the Management took a strategic decision of closing down the centres in March, 2010. Consequently, the Group has made an aggregate provision of Rs. 5.74 Crore for the year ended March 31, 2010 towards impairment of assets and other related estimated liabilities.

Kaya is a fairly young business - only 7 years since its inception. The business has been able to ramp up its presence to 87 clinics in India across 27 cities and 13 clinics in the Middle East and a large customer base with significant long term growth potential. We have already experienced, in a few accounting periods, profitability at both clinic level and regional level. We therefore believe that the losses during FY10 are not reflective of future trends and the Kaya business model continues to be robust and offers significant long term growth opportunities. Further, the operations of Kaya are expected to improve significantly due to positive changes in economic environment, maturity of new clinics, renewed focus on reducing the time to scale up revenues in new clinics, improve capacity utilizations in existing ones and add to Kaya's range of service and product offerings and anticipated savings resulting from restructuring of operations.

OTHER CORPORATE DEVELOPMENTS

IPO - Marico Bangladesh Limited

Marico Bangladesh Limited (MBL), a wholly owned Subsidiary of Marico Limited, received approval of the Bangladesh Securities & Exchange Commission (SEC) for its proposal to make an Initial Public Offer (IPO) in Bangladesh. Accordingly, MBL issued a total of 3,150,000 ordinary shares (about 10% of MBL's expanded equity) of the face value of Taka 10 each at a price of Taka 90 per share. MBL's shares are listed on the Dhaka Stock Exchange and the Chittagong Stock Exchange. The proceeds of the IPO, aggregating to Taka 283.5 million are being utilized to strengthen MBL's financials to enable continued growth.

Acquisition of Brand 'Code 10'

Marico entered the Malaysian hair styling market through the acquisition of the brand Code 10 and related IPR from Colgate-Palmolive Company through Marico Malaysia Sdn Bhd, a wholly owned subsidiary of Marico Middle East FZE. The Code 10 range comprises

DIRECTORS' REPORT

hair creams and hair gels. Marico estimates the Malaysian hair styling market to be about RM 150 million in size. Code 10 is the number 3 player and enjoys a double digit market share.

Divestment of Sundari LLC

Your Company concluded divestment of its stake in Sundari LLC (Sundari) on June 8, 2009 upon completion of necessary compliances under FEMA regulations. Sundari ceased to be subsidiary of the Company from the said date. Accordingly, the financial statements of Sundari have been consolidated with that of Marico Limted for the period from April 1, 2009 to June 8, 2009. The net effect of the divestment of Rs. 4.05 crore is charged to the Profit and Loss account and reflected as an Exceptional Item.

Marico Employee Stock Option Scheme 2007

In pursuance of shareholders' approval obtained on November 24, 2006, your Company formulated and implemented an Employee Stock Options Scheme (the Scheme) for grant of Employee Stock Options (ESOS) to certain employees of the Company and its subsidiaries. The Corporate Governance Committee ('Committee') of the Board of Directors of Your Company is entrusted with the responsibility of administering the Scheme and in pursuance thereof, the Committee has granted 1,13,76,300 stock options (as at March 31, 2010) comprising about 1.86% of the current paid up equity capital of the Company. Additional information on ESOS as required by Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is annexed and forms part of this report.

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

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

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

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

In terms of the approval granted by the Central Government for the financial year FY10; copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached to the Balance Sheet of the Company. However, the statement required under section 212 of the Companies Act, 1956 is attached. The Company will make these documents / details available upon request by any member of the Company interested in obtaining the same and same would also be made available on its website. The Consolidated Financial Statements prepared by the Company pursuant to Accounting Standard AS-21 as prescribed by the Companies (Accounting Standards) Rules, 2006, include financial information of its subsidiaries.

PUBLIC DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparation of the Annual Accounts of your Company, the Accounting Standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, from time to time have been followed. However, attention is drawn specifically to note 24 of Schedule R to the Stand-alone Financial Statements and note 22 of Schedule R to the Consolidated Financial Statements in this regard.

Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgment 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, 2010 and the profits of your Company for the year ended March 31, 2010.

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

DIRECTORS' REPORT

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

The qualification of the Auditors in their Report to the Members in connection with provision made by the Company towards contingencies on account of possible excise obligations on manufacture of pure coconut oil (CNO) is self-explanatory. Adequate explanations have been provided in the relevant notes to the accounts. Hence no additional explanation is considered necessary.

CORPORATE GOVERNANCE

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

GROUP

Pursuant to intimation from Promoters of your Company, the names of Promoters and companies comprising 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969, have been disclosed in the Annual Report of your Company for the purpose of Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

DIRECTORS

Directors retiring by rotation

Mr. Rajeev Bakshi and Mr. Rajen Mariwala, Directors of the Company, retire by rotation as per Section 256 of the Companies Act, 1956 and being eligible offer themselves for re-appointment.

Changes in the Board of Directors

Mr. Bipin Shah and Mr. Jacob Kurian resigned from the Board of Directors of the Company with effect from close of business hours on January 28, 2010. The Board of Directors has accepted their resignation and would like to place on record their sincere appreciation of the valuable services rendered by Mr. Bipin Shah and Mr. Jacob Kurian.

ADDITIONAL STATUTORY INFORMATION

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

AUDITORS

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

Aneja Associates, a Chartered Accountant Firm, has been associated with your Company as its internal auditor. They have been partnering your Company in the area of strengthening the internal control systems through internal audits. Your Company has re-appointed Aneja Associates as its internal auditor for the year 2010-11.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Mumbai
Date : April 28, 2010

HARSH MARIWALA
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

- Marico continued to emphasize on the conservation and optimal utilization of energy in every manufacturing unit of the Company. The energy conservation measures implemented during FY 10 are listed below:
- Survey to assess "Green Quotient" (GQ) of all members was conducted during year across all locations
- Installed Material sensor with timer set to optimize the CC overflow bit conveyor running at Kanjikode plant
- Reduction of 10HP in the cooling tower pumps by using energy efficient pumps at Jalgaon Plant
- Standby pump of Cooling Tower replaced with energy efficient pump to avoid high power usage during the breakdown of other running pump at Jalgaon plant.
- Timer installed on Slurry vessel stirrer & caustic circulation pump for auto ON/OFF for intermittent operations.
- Elimination of running of one Cooling Fan of 10 HP at Jalgaon Plant by running one cooling tower for Refinery and VAM.
- Lights in the RM unloading area to be kept OFF during night across locations.
- Elimination of 3 HP pump for slurry pumping from slurry vessel to bleacher vessel at Jalgaon plant.
- Water collected from Roof water harvesting and used in processes at Jalgaon & Goa Plant results in Bore well water power savings.
- Installation of 300KVAR capacitor bank & APFC to maintain power factor at unity, it also helps in minimizing energy losses.
- Installed Material sensor on carton sealers to ensure they ran only when cartons are present at Kanjikode plant.
- Integration of two conveyors of filling line into one thus, eliminating the need for a 2 HP motor at Kanjikode plant
- Inclined chute provided to eliminate the Copra Feed belt conveyor.
- Replacement of street lights with CFL with Timer at Goa Plant

Marico Jalgaon has won the "10th CII National Award for Excellence in Energy Management". It has also been acknowledged as an "Energy Efficient Unit". Marico continued its journey towards effective utilization of energy. Significant reduction in power consumption has been achieved and rationalization efforts will continue.

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

B. Technology Absorption

I. Research and Development (R&D)

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

   R&D's main thrust during the year was to integrate the consumer delight and competitive differentiation in the design of the products. The designed products were based on the latent consumer needs and had the intended efficacy (product claims) which was proven through the robust data. The work included creation of niches in the current products as well as creation of new products with consumer perceivable differentiation. Some of the initiatives undertaken were:

   - Basic research programs to understand physiology of hair and skin
   - Develop new products based on the principles of Ayurveda.
   - Development of functional food formats
   - Consumer in sighting for product evaluation and design.
   - Collaborate with external partners- Academic institutes, research centres and suppliers – for development of new technologies.

ANNEXURE TO THE DIRECTORS' REPORT

- Clinical and consumer testing for to substantiate the claims made on the products
- Creation of patentable technologies
- Green and sustainable packaging options

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

New SKUs were developed under the various categories in which Marico operates.

A few domestic launches include:

- Parachute Advansed Ayurvedic Hot Oil
- Parachute Advansed Ayurvedic Cooling Oil
- Parachute Ayurvedic Body Oil
- Saffola Arise rice
- Mediker Oil – Improved efficacy
- Parachute Sandalwood Soap.
- Parachute Advansed Starz Chocolate Shampoo

A lot of work has been directed towards the optimization of formulations and also packaging options to deliver the enhanced primary features. These were done without changing the benefit and aesthetics delivery. This has resulted in good amount of savings.

Major emphasis was also placed on gearing up the organization to face the dynamic, rapidly changing regulatory environment. The experts from Marico served on many committees which were enacting the new food and cosmetic laws. This was initiated to ensure that Marico has freedom to operate in the categories of the interest without any compromise on regulatory laws.

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

- Whitening Moisturiser SPF 20
- Revitalising Face wash
- Skin Relief After Shave Gel
- Intense Hydration Body Lotion
- Daily Use Body Lotion
- Hydra Cleanse Makeup Remover

Indigenisation of the existing products was undertaken. These included glycolic and salicylic peels which are currently used in the clinics.

In the International business, various product and pack developments were undertaken during FY10 to strengthen business.

Indigenous technologies were developed for manufacturing many of the existing products locally. The packaging cost saving efforts delivered excellent results in different countries.

Marico's R&D has been granted 10 patents so far and 20 are under process.

3. Future Plan of Action:

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

ANNEXURE TO THE DIRECTORS' REPORT

4. Expenditure on R & D:

(Rs. Crore)

		2009-10	2008-09
a)	Capital	0.1	0.3
b)	Recurring	7.5	5.7
	Total	**7.6**	**6.0**
c)	Total R & D expenditure as % to Sales & Services	0.4	0.3
d)	Total R & D expenditure as % to PBT	2.6	3.4

II. Techno logy absorption, adaptation and innovation

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

   Various technologies were adopted in formulations, processes and packaging towards providing better sensorials, performance, cost optimization, shelf appeal and usage convenience. E.g.: Hot Oil as a new concept giving completely different sensorials, Cooling oil with nourishment, Saffola Arise, new concept in functional foods.

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

   Not Applicable

C. Foreign Exchange Earnings and Outgo

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

On behalf of the Board of Directors

Place : Mumbai
Date : April 28, 2010

HARSH MARIWALA
Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Marico Limited

We have examined the compliance of conditions of corporate governance by Marico Limited for the year ended on March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Committee.

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

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. (F-33220)

Place : Mumbai
Date : April 28, 2010

ANNEXURE TO THE DIRECTORS' REPORT 2010

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

Marico Employees Stock Option Scheme 2007 (ESOS 2007)

a)	Options granted (as at March 31, 2010)	11,376,300 options aggregating to about 1.86% of the paid-up equity capital of the Company (options, net of lapsed/forfeited as at March 31, 2010: 7,816,800 options aggregating to about 1.28% of the paid-up capital of the Company)
b)	The pricing formula	The Exercise Price of the options shall be lower of the following: i) Average of the closing price for last 21 (twenty one) trading session(s) on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of Options to the employees, Or ii) The closing price for the last session on National Stock Exchange (NSE) prior to the date on which the Corporate Governance Committee, grants the specific number of options to the employees.
c)	Options vested (as at March 31, 2010)	615,000
d)	Options exercised (as at March 31, 2010)	325,700
e)	The total number of shares arising as a result of exercising of option	325,700
f)	Options lapsed	3,233,800
g)	Variation of terms of options	-N.A.-
h)	Money realised by exercise of options	Rs. 18,267,874
i)	Total number of options in force	7,816,800
j)	Employee wise details of options granted to : (as at March 31, 2010)	
	i) Senior Managerial Personnel	A summary* of options granted to senior managerial personnel are as under: No. of employees covered – 85 (Eighty Five) No. of options granted to such personnel – 7,816,800 (Seventy Eight Lac Sixteen Thousand and Eight Hundred Only) * Only summary given due to sensitive nature of information
	ii) any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year	-N.A.-
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-N.A.-

ANNEXURE TO THE DIRECTORS' REPORT

k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with the Accounting Standard (AS) 20' Earnings per Share	Rs. 3.84
l)	i) Method of calculating employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the Options granted under the Scheme
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Rs. 3.91 Crores
	iii) The impact of this difference on the profits and on EPS of the Company	Had the Company considered 'fair value' method then the additional employee compensation cost would be Rs. 3.91 Crores the Profit Before Tax would be lower by the same amount and Earning Per Share by Re.0.06
m)	Weighted–average exercise price and weighted average fair values of options (to be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock)	Weighted average Exercise Price : Rs. 62.15 Weighted average Fair Value of Option : Rs. 23.35
n)	Description of method and significant assumptions used during the year to estimate the fair values of options	Intrinsic Value Method
	i) risk – free interest rate	As per Annexure I
	ii) expected life of options	As per Annexure I
	iii) expected volatility	As per Annexure I
	iv) expected dividends	As per Annexure I
	v) Closing Market price of share on date of option grant	As per Annexure I

Annexure I

	21-Apr-09		19-Jun-09		28-Jan-10	
	Vesting 1	**Vesting 2**	**Vesting 1**	**Vesting 2**	**Vesting 1**	**Vesting 2**
Risk free Interest Rate (%)	5.72	5.78	6.18	6.18	6.61	7.27
Expected life of Options (years)	3.53	3.69	3.69	3.69	3.51	5.51
Expected Volatility (%)	38.87	38.22	38.35	38.35	35.94	35.94
Expected Dividends (%)	1.39	1.39	1.39	1.39	1.2	1.2
Closing Price as on Date of Grant (Rs.)	64.05	64.05	71.9	71.9	98.55	98.55

ANNEXURE TO THE DIRECTORS' REPORT 2010

ENCLOSURE 'A'

Power & Fuel Consumption

		For the year ended March 31	
Note: The numbers given below relate to the own manufacturing facilities of the Company.		2010	2009
1. **Electricity**			
a. Purchased units (Kwh)		7,538,935	8,621,052
Amount (Rs. Crore)		3.14	3.47
Average Rate (Rs. / Unit)		4.17	4.02
b. Own Generation			
i. Through Diesel Generator (Kwh)		3,168,345	2,800,842
Amount (Rs. Crore)		3.10	2.83
Average Rate (Rs. / Unit)		9.78	10.09
ii. Through Steam Generator (Kwh)		–	–
Amount (Rs. Crore)		–	–
Average Rate (Rs. / Unit)		–	–
2. **Coal**		–	–
3. **Furnace oil**			
Quantity (KL)		627	641
Amount (Rs. Crore)		1.72	1.98
Average Rate (Rs. / KL)		27,493.24	30,975.27
4. **Other Internal Generation** (excludes HSD used for electricity generation)			
L.D.O / H.S.D.			
Quantity (KL)		138	242
Amount (Rs. Crore)		0.43	0.74
Average Rate (Rs. / KL)		37,008.42	30,463.34
5. **Baggase Consumption**			
Quantity (MT)		14,139	12,953
Amount (Rs. Crore)		3.48	1.77
Average Rate (Rs. / MT)		2,462.18	1,366.48
Consumption per unit of production of edible oils			
	Unit		
Electricity	Kwh	117	119
Coal	MT	–	–
Furnace oil	KL	0.01	0.01
L.D.O./H.S.D.	KL	–	–
Baggase	KG	0.38	0.36
Consumption per unit of production of hair oils & other formulations			
	Unit		
Electricity	Kwh	38	50
Coal	MT	–	–
Furnace oil	KL	–	–
L.D.O./H.S.D.	KL	–	–

CORPORATE GOVERNANCE REPORT

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

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

I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Basic Philosophy

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decisions vis-à-vis all its stakeholders – in particular, its shareholders, creditors, the State and employees. There is a global consensus on the objective of Good Corporate Governance: Maximising long-term shareholder value.

Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever maximises shareholder value must necessarily maximise corporate value, and best satisfy the claims of creditors, employees and the State.

A company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders.

Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximisation of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. For Marico, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralisation, empowerment and meritocracy.

Risk Assessment and Risk Mitigation Framework

Marico believes that:

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

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

❖ Business Risks

❖ Controls Risks

❖ Governance Risks

CORPORATE GOVERNANCE REPORT

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

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

Cornerstones

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

Generative Transparency and Openness in Information sharing

Marico believes that sharing and explaining all relevant information on the Company's policies and actions to all those to whom it has responsibilities, with transparency and openness, generates an ambience which helps all stakeholders to take informed decisions about the Company. This reflects externally in making maximum appropriate disclosures without jeopardising the Company's strategic interests as also internally in the Company's relationship with its employees and in the conduct of its business.

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

Constructive Separation of Ownership and Management

Marico believes that constructive separation of the Management of the Company from its owners results in maximising the effectiveness of both, by sharpening their respective accountability. Six out of seven directors are non-executive and five of them are independent. The board does not have representatives of large creditors or banks. The Board Committees are chaired by independent directors.

No related party transactions exist except for those with subsidiaries and for remuneration to Chairman and Managing Director (CMD) and relatives of CMD. These can be referred to in Notes to Accounts annexed to the financial statements for the year ended March 31, 2010.

As and when required, senior management personnel are present at Board / Committee meetings so that the Board/ Committees can seek and get explanations as required from them.

All directors and employees are required to comply with internal code of conduct (share dealing rules) for trading in Company's securities in addition to concerned SEBI regulations.

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

Accountability

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

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

Discipline

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

CORPORATE GOVERNANCE REPORT

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

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

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

Responsibility

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

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

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

Fairness

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

Social Awareness

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

Value-adding Checks & Balances

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

- prevent misuse of authority
- facilitate timely response to change and
- ensure effective management of risks, especially those relating to statutory compliance

At the same time, the structure provides scope for adequate executive freedom, so that bureaucracies do not take value away from the Governance Objective.

Board / Committee Proceedings

The process of the conduct of the Board and Committee proceedings is explained in detail later on in this Report.

Other Significant Practices

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

Checks & Balances

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

CORPORATE GOVERNANCE REPORT

- Proceedings of Board are logically segregated and matters are delegated to committees as under:
  - Administrative Committee covers routine transactional issues.
  - Investment and Borrowing Committee covers management of funds.
  - Audit Committee covers internal control systems, financial reporting and compliance issues.
  - Corporate Governance Committee (erstwhile Remuneration Committee) covers remuneration of Directors and their relatives, Corporate Governance policy and procedures and has been designated as the Compensation Committee for the purpose of administration and superintendence of the Marico Employees Stock Option Scheme 2007.
  - Share Transfer Committee covers transfer formalities and other share-related procedures.
  - Shareholders' Committee covers redressal of investor grievances.
  - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.
  - Real Estate Projects Committee (erstwhile Committee for investing in new office premises) covers matters relating to transactions in real estate and allied matters.
  - Constituted committees meet periodically to review operations.
- Each non-executive director brings value through a specialisation.
- Directorships held are within the ceiling limits specified.
- Committee memberships and chairmanship of directors are within overall limits.
- Statutory compliance report along with a Compliance Certificate is placed before the Audit Committee/Board at every meeting.
- Audit Committee is chaired by an Independent Director to check control systems and review them.
- All Directors endeavour to attend all the Board/Committee meetings as also the Annual General Meeting. The Chairman of the Audit Committee attends the Annual General Meeting to answer queries, if any, on accounts.
- The Chairman of the Board/Committee, in consultation with the Chief Financial Officer and the Company Secretary, formalises the agenda for each of the Board Meetings.
- The Board/Committees, at their discretion, invite Senior Managers of the Company and / or outside Advisors to any meeting(s) of the Board/Committee.
- The Audit Committee has, during the year considered, all important Company policies having a financial or control angle viz: materials, risk management, internal controls and compliances across the Company. It has regularly monitored the effectiveness of policies, need for strengthening internal controls etc.

Reconstitution of the Board Committees

The Board and its various Committees were reconstituted on January 28, 2010 due to the resignation of Mr. Bipin Shah and Mr. Jacob Kurian as the Directors of the company.

Various committees of the Board were also reconstituted on October 28, 2009 as a result of organisational restructuring.

Compliance with Clause 49 of the Listing Agreement

The Company has complied with the provisions of clause 49 of the Listing agreement (LA), as revised from time to time.

However, attention is drawn specifically to note 24 of Schedule R to the Stand-alone Financial Statements and note 22 of Schedule R to the Consolidated Financial Statements in connection with provision made by the Company towrds contingencies on account of possible excise obligations on manufacture of pure coconut oil (CNO) together with the management's explanation for the same.This disclosure is as per requirements of Clause 49 (IV) (B) of the LA.

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

CORPORATE GOVERNANCE REPORT

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

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

II. BOARD OF DIRECTORS

(i) Composition and categories of Directors:-

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

*Resigned w.e.f January 28, 2010

No director is related to any other director on the Board in terms of the definition of 'Relative' given under the Companies Act, 1956 except Mr. Harsh Mariwala and Mr. Rajen Mariwala, who are related to each other as first cousins.

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

Five meetings of the Board of Directors were held during the period April 01, 2009 to March 31, 2010 viz: April 22, 2009; June 19, 2009; July 23, 2009; October 28, 2009 and January 28, 2010. The attendance record of all directors is as under:-

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

CORPORATE GOVERNANCE REPORT

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

Director	Number of Outside Directorships held	* Number of Committee Memberships	* Number of Committees in which Chairperson
Mr. Harsh Mariwala	3	1	1
Mr. Rajeev Bakshi	5	1	Nil
Mr. Atul Choksey	8	Nil	Nil
Mr. Nikhil Khattau	Nil	2	2
Mr. Anand Kripalu	2	Nil	Nil
Mr. Rajen Mariwala	2	2	Nil
Ms. Hema Ravichandar	1	1	Nil

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

III. AUDIT COMMITTEE

Constitution:

The Audit Committee was constituted by the Board of Directors at its meeting held on January 23, 2001, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee was last re-constituted by the Board of Directors on January 28, 2010.

The Audit Committee now comprises the following Members:

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

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management

CORPORATE GOVERNANCE REPORT

d. Significant adjustments made in the financial statements arising out of audit findings

e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

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

9. Discussion with internal auditors any significant findings and follow up there on.

10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

13. To review the functioning of the Whistle Blower mechanism.

14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

15. Reviewing mandatorily the following information:

    a. Management discussion and analysis of financial condition and results of operations;

    b. Statement of significant related party transactions, submitted by management;

    c. Management letters / letters of internal control weaknesses issued by the statutory auditors;

    d. Internal audit reports relating to internal control weaknesses; and

    e. The appointment, removal and terms of remuneration of the Chief internal auditor.

The Committee had 5 meetings during the period April 01, 2009 to March 31, 2010 viz: April 22, 2009, June 19, 2009, July 23, 2009, October 28, 2009 and January 28, 2010.

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Bipin Shah*	5	5
Mr. Nikhil Khattau	5	3
Mr. Rajen Mariwala	5	3
Ms. Hema Ravichandar	5	4
Mr. Harsh Mariwala	5	5

* ceased to be a member w.e.f January 28, 2010

CORPORATE GOVERNANCE REPORT

IV. CORPORATE GOVERNANCE COMMITTEE

Constitution:

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

The Corporate Governance Committee reviews and oversees the Remuneration strategy and Performance Management Philosophy of Marico, especially for Directors and senior employees. The Committee has also been designated as the Compensation Committee for administration and superintendence of the Company's Employees Stock Option Scheme. The Committee will also act as the Nomination Committee, with the details of this role being defined at an appropriate and relevant time in the future. The Corporate Governance committee was last reconstituted by the Board of Directors on January 28, 2010.

The Corporate Governance Committee now comprises the following Directors:

Ms. Hema Ravichandar	-	Chairperson
Mr. Rajeev Bakshi	-	Member
Mr. Anand Kripalu	-	Member
Mr. Milind Sarwate	-	Secretary to the Committee
Mr. Harsh Mariwala	-	Permanent Invitee

The Corporate Governance Committee met eight times during the period April 01, 2009 to March 31, 2010, viz: April 21, 2009, June 19, 2009, July 23, 2009, August 13, 2009, September 15, 2009, October 28, 2009, November 14, 2009 and January 13, 2010.

The Remuneration paid/payable to Non-Executive Directors for the Financial Year 2009-2010 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	2,80,000	55,000
Mr. Atul Choksey	2,80,000	40,000
Mr. Nikhil Khattau	2,10,000	50,000
Mr. Anand Kripalu	2,10,000	30,000
Mr. Jacob Kurian	2,10,000	65,000
Mr. Rajen Mariwala	2,10,000	50,000
Ms. Hema Ravichandar	2,80,000	1,00,000
Mr. Bipin Shah	3,50,000	75,000

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2009-2010 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)
Mr. Harsh Mariwala	2,26,92,401	76,50,801

CORPORATE GOVERNANCE REPORT

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

Shareholding of Non Executive Directors

Name of Non Executive Director	No. of Shares held (As on March 31, 2010)
Mr. Rajeev Bakshi	0
Mr. Atul Choksey	12,000
Mr. Nikhil Khattau	0
Mr. Anand Kripalu	0
Mr. Rajen Mariwala	4,188,200
Ms. Hema Ravichandar	0
Total	4,200,200

REMUNERATION POLICY OF THE COMPANY

Remuneration Policy for Executive Director

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

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

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

Remuneration Policy for Non-Executive Directors

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

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

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

V. SHAREHOLDERS' COMMITTEE

Constitution:

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001 and was last re-constituted on July 24, 2008.

CORPORATE GOVERNANCE REPORT

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

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

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

During the financial year 2009-2010, one meeting of the Committee was held on January 28, 2010.

Name and Designation of Compliance Officer:

Ms. Rachana Lodaya, Company Secretary & Compliance Officer

Status Report of Investor Complaints for the year ended March 31, 2010

No. of Complaints Received	-	33
No. of Complaints Resolved	-	33
No. of Complaints Pending	-	NIL

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

VI. GENERAL BODY MEETINGS

Annual General Meetings

YEAR	VENUE	DATE	TIME
2007	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 25, 2007	2.30 p.m.
2008	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 24, 2008	2.30 p.m.
2009	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 23, 2009	3.00 p.m.

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

VII. DISCLOSURES

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

During the year 2009-2010, there were no materially significant related party transactions i.e. transactions of the company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

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

No personnel has been denied access to the Audit Committee.

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

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

CORPORATE GOVERNANCE REPORT

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

Remuneration Committee

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

Whistle Blower Policy

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

VIII. MEANS OF COMMUNICATION

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

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

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

IX. GENERAL SHAREHOLDER INFORMATION

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

Mr. Rajen Mariwala

Mr. Rajen Mariwala has done his Masters in Chemical Engineering from Cornell University, USA. He is currently the Managing Director of Hindustan Polyamides & Fibres Limited, a leading exporter of specialty chemicals - specifically chemicals for fragrances and personal care products. He brings with him a rich experience of over 16 years in leading a competitive global business in specialty chemicals. He has been on the Board of Directors of Marico Limited since July 26, 2005. He holds 41,88,200 shares of the Company. He is related to Mr. Harsh Mariwala, Chairman & Managing Director as his first cousin.

Mr. Rajeev Bakshi

Mr. Bakshi has an Honours Degree in Economics from St. Stephen's College - Delhi and an MBA from the Indian Institute of Management - Bangalore. He currently has been appointed by METRO Cash & Carry India Pvt Ltd as Managing Director. Until recently he was the Joint Managing Director of ICICI Venture Funds Management Company Limited, prior to which he was Vice President Commercial - Asia of Pepsico International and the Chairman of Pepsico India Holdings (P) Ltd., with responsibility for the Company's business in India, Nepal, Bhutan, Bangladesh and Srilanka. His other stints include a range of assignments in Lakme India, Cadbury Schweppes Limited, Cadbury India Limited and Cadbury (Pty), South Africa. Additionally, Mr. Bakshi holds a Directorship with Cummins India Limited besides being on the Board of Directors of Marico since July 17, 2003. He does not have any shareholding in the Company.

CORPORATE GOVERNANCE REPORT

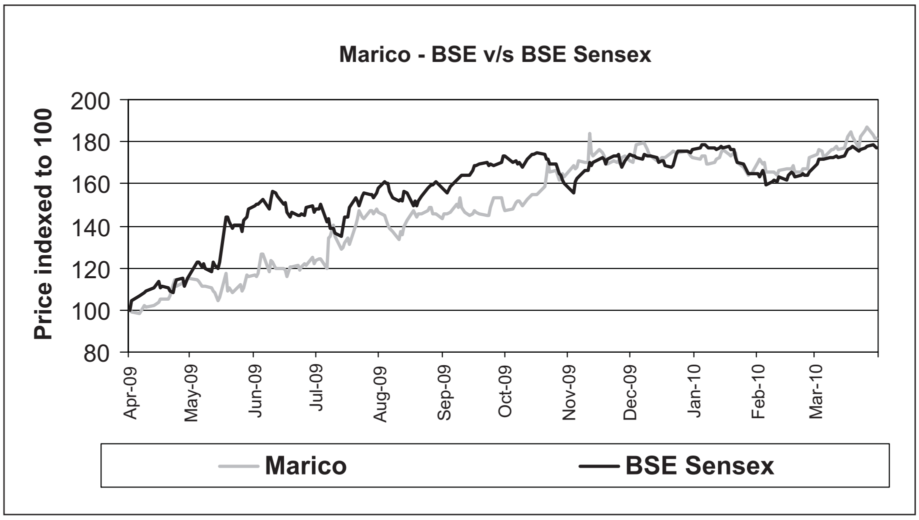
Annual General Meeting – Date, time and Venue	:	3.30 p.m. on Wednesday, July 28, 2010 National Stock Exchange of India Limited, 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051
Financial Year	:	April 01 - March 31
Book Closure Date	:	Monday, July 26, 2010 to Wednesday, July 28, 2010, both days inclusive.
Dividend Payment Date	:	November 16, 2009 (1st Interim Equity Dividend 09-10) May 18, 2010 (2nd Interim Equity Dividend 09-10)
Listing on Stock Exchanges	:	Bombay Stock Exchange, Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051. Listing fees for Financial Year 2010-2011 has been paid.
Stock /Scrip Code	:	BSE – 531642 NSE – MARICO
ISIN number	:	INE 196A01026
Company Identification Number (CIN)	:	L15140MH1988PLC049208
Unique Identification Number	:	100067223

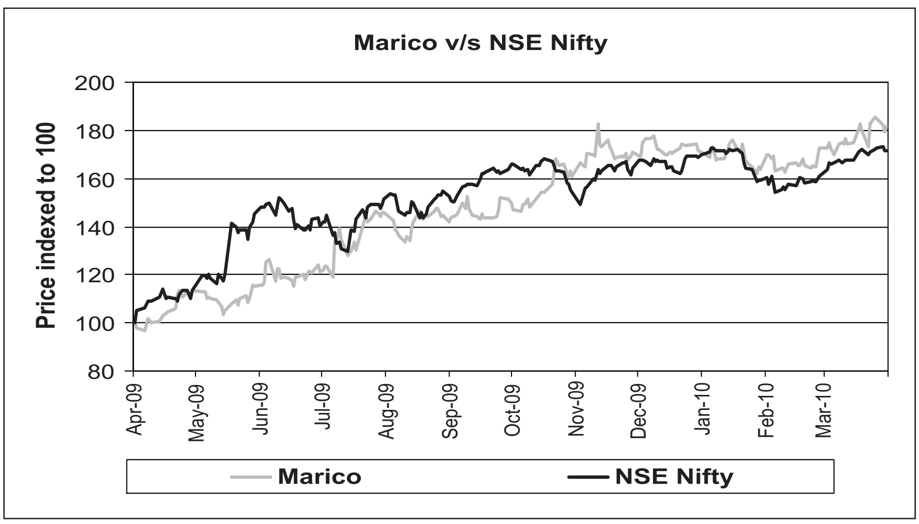
Market Price Data

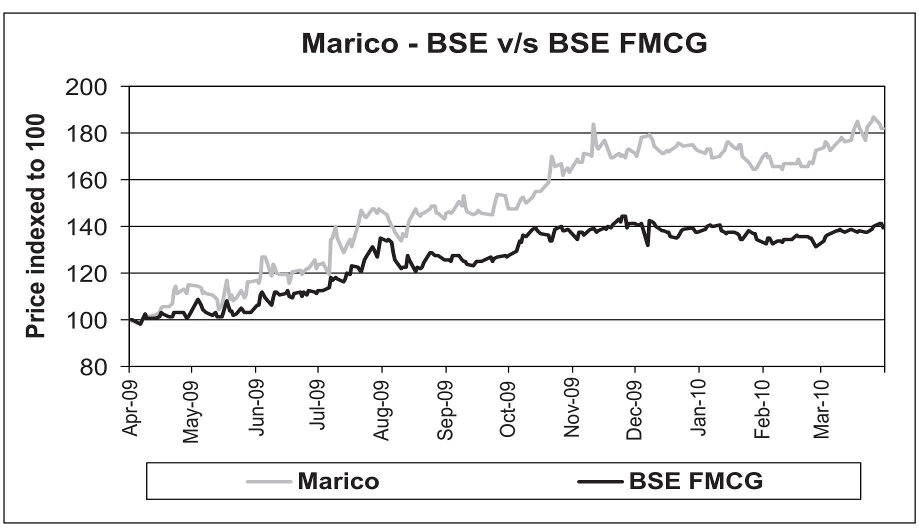
Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		The National Stock Exchange of India Limited (NSE) (in Rs.)	
	High	Low	High	Low
April 2009	69.95	58.00	69.45	58.00
May 2009	71.45	57.70	70.80	55.15
June 2009	78.60	68.15	78.85	68.00
July 2009	91.50	70.10	91.9	71.10
August 2009	93.30	78.40	93.3	78.20
September 2009	95.00	84.60	94.95	84.35
October 2009	106.90	86.65	107.20	87.05
November 2009	113.00	98.05	112.90	90.10
December 2009	109.70	100.50	109.95	101.00
January 2010	107.45	96.10	107.85	92.6
February 2010	104.90	96.15	105.00	97.00
March 2010	114.50	102.35	114.95	101.95

CORPORATE GOVERNANCE REPORT

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







CORPORATE GOVERNANCE REPORT

Share Transfer System	:	Transfers in physical form are registered by the Registrar and Share Transfer Agents immediately on receipt of completed documents and certificates are issued within one month of date of lodgement of transfer. Invalid share transfers are returned within 15 days of receipt. The Share Transfer Committee generally meets on fortnightly basis, as may be warranted by the number of Share Transfers received. All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, generally within 20 days.
Registrar & Transfer Agents	:	M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited), (Unit: Marico Ltd.) C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078

Distribution of Shareholding as on March 31, 2010 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	25194	80.70	3,258,508	0.53
501-1000	2426	7.76	2,090,338	0.34
1001 -2000	1291	4.14	2,172,737	0.36
2001-3000	415	1.33	1,096,025	0.18
3001-4000	655	2.10	2,548,719	0.42
4001- 5000	236	0.76	1,137,221	0.19
5001-10000	446	1.43	3,441,389	0.56
10001 & above	557	1.78	593,580,763	97.42
Total	**31220**	**100.00**	**609,325,700**	**100.00**

Categories of Shareholding– as on March 31, 2010 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	27	386,776,520	63.48
Foreign Institutional Investors	102	136,305,949	22.37
NRIs and OCBs	573	1,973,277	0.32
Insurance Companies, Banks and other Financial Institutions	10	7,598,384	1.25
Mutual Funds, including Unit Trust of India	50	32,987,675	5.41
Public / Private Ltd. Companies	624	5,971,342	0.98
Resident Individuals, Trusts and In Transit	29834	37,712,553	6.19
Total	**31220**	**609,325,700**	**100.00**

CORPORATE GOVERNANCE REPORT

Group coming within the definition of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)	:	List of persons forming part of the same "Group" for the purposes of Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997: 1. Valentine Family Trust 2. Aquarius Family Trust 3. Taurus Family Trust 4. Gemini Family Trust 5. Harshraj C Mariwala HUF 6. Harsh C Mariwala & Family 7. Archana Mariwala & Family 8. Rajvi Harsh Mariwala & Family 9. Rishabh Harsh Mariwala & Family 10. Kishore V Mariwala & Family 11. Hema K Mariwala & Family 12. Rajen Mariwala & Family 13. Anjali R Mariwala & Family 14. Ravindra K Mariwala & Family 15. Paula R Mariwala & Family 16. Malika Chirayu Amin & Family 17. Pallavi C Jaikishen & Family 18. Preeti Gautam Shah & Family 19. Bombay Oil Industries Pvt. Ltd. 20. Arctic Investment and Trading Co. Pvt. Ltd 21. Hindustan Polyamides and Fibres Ltd
Dematerialization of Shares and Liquidity	:	As on March 31, 2010, 99.67% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialised form with effect from May 31, 1999.
Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity	:	The Company has not issued any GDR / ADR / Warrants or any convertible instruments.
Plant Locations	:	Kanjikode, Jalgaon, Goa, Pondicherry, Daman, Dehradun, Paonta Sahib and Baddi
Address for correspondence	:	**Shareholding related queries** Company's Registrar & Transfer Agent: M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited) Unit: Marico Limited C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078 Tel.: 022 - 25946970, Fax: 022 - 25946969 E-mail: rnt.helpdesk@linkintime.co.in **General Correspondence** Marico Limited, Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050. Tel.: 022 - 66480480, Fax:022 - 66490112/3/4 E-mail: milinvrel@maricoindia.net

CORPORATE GOVERNANCE REPORT

CHIEF EXECUTIVE OFFICER (CEO) DECLARATION

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

I confirm that the Company has in respect of the financial year ended March 31, 2010, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

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

HARSH MARIWALA
Chairman and Managing Director

Place: Mumbai
Date: April 28, 2010

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

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

(a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2010 and to the best of our knowledge and belief:

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

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

However, attention is drawn specifically to note 24 of Schedule R to the Stand-alone Financial Statements and note 22 of Schedule R to the Consolidated Financial Statements in this regard.

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

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

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

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

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

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

Yours truly,

For Marico Limited

Harsh Mariwala
Chairman and Managing Director

Place: Mumbai
Date: April 28, 2010

For Marico Limited

Milind Sarwate
Chief – Finance, HR & Strategy

Place: Mumbai
Date: April 28, 2010

AUDITORS' REPORT

TO THE MEMBERS OF MARICO LIMITED

1. We have audited the attached Balance Sheet of **Marico Limited** (the "Company") as at March 31,2010, and the related Profit and Loss account and Cash Flow Statement for the year ended on that date (all together referred to as 'financial statements') annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. *As detailed in Note 24 of Schedule R to the financial statements and for reasons stated therein, the Company has made a provision of Rs 29.35 crores towards contingencies on account of possible excise obligations which may arise in the event of unfavourable outcome of the matter, which is assessed by the management to be 'less than probable'. The said provisioning is not in accordance with the requirements of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent assets", as per which, the provision should be recognised only in the event, unfavourable outcome is assessed to be 'more than likely'. The resultant excess provision is in the nature of reserves as defined in part III of Schedule VI of the Act.*

   Had the Company not recognised the said contingency provision, the "Manufacturing and Other expenses" for the year would have been lower by Rs 29.35 Crore, Profit before tax for the year would have been higher by Rs 29.35 Crore, Profit after tax for the year and balances in Reserves and Surplus as at the year end would have been higher by Rs 19.60 Crore respectively and contingent liability as at the year end would have been higher by Rs 29.35 Crore.

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

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

   (c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;

   (d) *Subject to the matter referred in paragraph 4 above*, in our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31,2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

AUDITORS' REPORT

(f) In our opinion and to the best of our information and according to the explanations given to us and *subject to the matter referred in paragraph 4 above* the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;

(ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and

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

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No: F-33220

Mumbai
April 28, 2010

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, 2010.

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

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

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

2. (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

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

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

3. 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 (iii) (g) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

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

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

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

ANNEXURE TO AUDITORS' REPORT

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales-tax, customs duty and cess as at March 31, 2010 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs. Crore)	Period to which amount related	Forum where the dispute is pending
The Central Sales Tax Act and local sales tax Acts	Sales tax including interest and penalty as applicable	1.82	1999 to 2004, 2006, 2007	Sales Tax Tribunal
		2.31	1996, 2000 to 2010	Commissioner of Appeals
		0.17	2007	Superintendent of Sales Tax
Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963	Supervision charges	1.13	2006 to 2010	Mumbai High Court
Maharashtra Agricultural Produce Marketing (Development & Regulation) Act, 1963	Agricultural Produce Marketing committee cess – Goa Bench	7.93	1997 to 2010	Mumbai High Court (Panji Bench)
The Indian Customs Act,1962	Export cess	0.09	2004	Deputy Commissioner of Customs
The Indian Customs Act,1962	Redemption fine and penalty	0.3	2002 to 2004	Customs Excise and Service Tax Appellate Tribunal
The Indian Customs Act,1962	Custom duty	0.01	2008	Assistant Commissioner of Customs

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. 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 subsidiaries from banks during the year are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

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

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has created security or charge in respect of debentures issued and outstanding at the year-end.

20. The Company has not raised any money by public issues during the year.

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

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No: F-33220

Mumbai
April 28, 2010

BALANCE SHEET

	SCHEDULE	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	60.93	60.90
Reserves and surplus	B	510.73	306.85
		571.66	**367.75**
LOAN FUNDS			
Secured loans	C	99.61	81.22
Unsecured loans	D	277.31	226.61
		376.92	**307.83**
		948.58	**675.58**
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross block		294.45	262.16
Less : Depreciation, amortisation and impairment		164.48	146.25
Net block		129.97	115.91
Capital work-in-progress		109.95	45.60
Assets held for disposal		0.01	0.01
		239.93	**161.52**
INVESTMENTS	F	**209.11**	**112.58**
DEFERRED TAX ASSET (NET)		**58.50**	**63.41**
(Refer Note 12 a,Schedule R)			
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	369.90	273.69
Sundry debtors	H	94.51	61.05
Cash and bank balances	I	11.21	22.98
Loans and Advances	J	254.17	206.23
		729.79	**563.95**
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	226.51	195.01
Provisions	L	62.24	30.87
		288.75	225.88
NET CURRENT ASSETS		**441.04**	**338.07**
		948.58	**675.58**
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
INCOME :			
Sales		2,025.34	1,919.24
Less : Excise Duty		1.05	2.07
		2,024.29	1,917.17
Income from services		–	0.29
Total Sales and Services		**2,024.29**	**1,917.46**
Other income	M	22.06	14.53
		2,046.35	**1,931.99**
EXPENDITURE :			
Cost of materials	N	1,085.10	1,157.03
Manufacturing and other expenses	O	625.17	510.14
Finance charges	P	18.30	28.92
Depreciation, amortisation and impairment	E	25.21	17.03
		1,753.78	**1,713.12**
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		**292.57**	**218.87**
Exceptional Items - (net) (Refer Note 13, Schedule R)		–	(47.86)
PROFIT BEFORE TAXATION		**292.57**	**171.01**
Provision for taxation : - Current Tax		55.20	18.19
- MAT Credit (entitlement)/utilisation		(2.55)	(23.46)
- Fringe Benefit Tax		(0.01)	2.06
- Deferred Tax - debit / (credit)		4.91	32.12
		57.55	**28.91**
PROFIT AFTER TAXATION		**235.02**	**142.10**
Balance brought forward as on April 1		233.10	151.88
PROFIT AVAILABLE FOR APPROPRIATION		**468.12**	**293.98**
APPROPRIATIONS			
Interim dividend		40.21	39.89
Tax on interim dividend		6.83	6.78
Debenture Redemption Reserve		15.00	–
General Reserve		23.50	14.21
BALANCE CARRIED TO THE BALANCE SHEET		**382.58**	**233.10**
BASIC EARNINGS PER SHARE		**3.86**	**2.33**
DILUTED EARNINGS PER SHARE		**3.84**	**2.33**
(Refer Note 15 of Schedule R)			
Additional information to Accounts	Q		
Notes to Accounts	R		

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS	**292.57**	**171.01**
	Adjustments for:		
	Depreciation, amortisation and Impairment	25.21	17.03
	Provision for Impairment on assets written back (Refer Note 7, Schedule R)	(1.20)	(0.86)
	Provision for contingencies (Refer Note 24, Schedule R)	29.35	–
	Finance charges	18.30	28.92
	Interest income	(5.60)	(4.73)
	Loss / (Profit) on sale of assets - (net)	(0.09)	0.14
	Advances to subsidiary written off (net) (Refer Note 13, Schedule R)	–	47.86
	(Profit) / Loss on sale of investments	(0.02)	–
	Dividend income	(7.18)	(2.57)
	Provision for Employee Stock Option Reserve	0.08	0.07
	Provision for doubtful debts, advances and deposits	1.47	0.71
		60.32	86.57
	Operating profit before working capital changes	**352.89**	**257.58**
	Adjustments for:		
	(Increase)/ Decrease in inventories	(96.21)	(55.11)
	(Increase)/ Decrease in sundry debtors	(33.93)	(20.08)
	(Increase)/ Decrease in loans and advances	(29.07)	9.05
	Increase/(Decrease) in current liabilities and provisions	31.78	(13.26)
		(127.43)	(79.40)
	Cash generated from Operations	**225.46**	**178.18**
	Taxes paid (net of refunds)	(52.31)	(26.52)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	**173.15**	**151.66**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(101.16)	(28.47)
	Sale of fixed assets	1.68	0.28
	(Purchase) / Sale of investments (net)	(69.76)	(12.10)
	Investment in subsidiaries	(26.76)	–
	Loans and advances given to subsidiaries (net off repayments)	(15.04)	(45.89)
	Dividend income received	7.18	4.07
	Interest received	5.38	3.84
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(198.48)**	**(78.27)**

CASH FLOW STATEMENT

		For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital on exercise of stock option	1.83	–
	Issue / (Redemption) of commercial papers (net)	(14.46)	29.16
	Inter-Corporate deposits taken / (repaid)	(5.00)	5.00
	Issue of Debentures	30.00	–
	Other borrowings (repaid) / taken (net)	67.62	(31.92)
	Finance charges paid	(19.76)	(34.85)
	Equity dividend paid (inclusive of dividend distribution tax)	(46.67)	(47.72)
	Unclaimed Preference dividend paid	–	(0.01)
	NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**13.56**	**(80.34)**
D	**NET DECREASE IN CASH & CASH EQUIVALENTS (A+B+C)**	**(11.77)**	**(6.95)**
E	**Cash and cash equivalents - opening balance (as at April 1)**	22.98	29.93
F	**Cash and cash equivalents - closing balance (as at March 31)**	**11.21**	**22.98**

Notes:

1 The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006

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

3 Cash and Cash Equivalents - Closing balance include balances aggregating to Rs. 4.19 Crore (Rs. 1.60 Crore) with scheduled banks in fixed deposits and Margin accounts which is pledged against the bank guarantees and deposit with sales tax authorities, which are not available for use by the company.

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA Chairman and Managing Director

NIKHIL KHATTAU Director and Chairman of Audit Committee

MILIND SARWATE Chief-Finance, HR & Strategy

RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 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:		
609,325,700 (609,000,000) Equity shares of Re. 1 each (Re. 1 each) fully paid up (Refer Note 17, Schedule R)	60.93	60.90
The above includes :		
(a) 290,000,000 equity shares issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve.		
(b) 265,000,000 equity shares issued as fully paid bonus shares by capitalisation of General Reserve		
	60.93	**60.90**
SCHEDULE 'B'		
RESERVES AND SURPLUS		
SECURITIES PREMIUM ACCOUNT		
As on April 1	13.50	13.50
Add : Receipt on exercise of Employees stock options (Refer Note 17, Schedule R)	1.79	–
Add : Transfer from Employee stock option reserve	0.01	–
As at the year end	15.30	13.50
GENERAL RESERVE		
As on April 1	68.16	53.95
Add : Transfer from Profit and Loss account	23.50	14.21
As at the year end	91.66	68.16
EMPLOYEE STOCK OPTION RESERVE (Refer Note 17, Schedule R)		
As on April 1	0.07	0.01
Add : Additions	0.24	0.07
	0.31	0.08
Less : Transferred to Securities Premium account	0.01	–
Less : Forefeited/Lapsed	0.15	0.01
As at the year end	0.15	0.07
DEBENTURE REDEMPTION RESERVE		
As on April 1	–	–
Add : Transfer from Profit and Loss account	15.00	–
As at the year end	15.00	–
FOREIGN CURRENCY TRANSLATION RESERVE (Refer Note 26, Schedule R)		
As on April 1	(1.72)	–
Adjustments during the year	4.95	(1.72)
As at the year end	3.23	(1.72)
HEDGE RESERVE ACCOUNT (Refer Note 14 c, Schedule R)		
As on April 1	(6.26)	–
Adjustments during the year	9.07	(6.26)
As at the year end	2.81	(6.26)
PROFIT AND LOSS ACCOUNT	382.58	233.10
	510.73	**306.85**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'C'		
SECURED LOANS		
Secured Redeemable Non–convertible Debentures (Refer Note 23, Schedule R) (Secured against first pari passu charge over land and building situated at Andheri (East), Mumbai)	30.00	–
External commercial borrowings (Secured by hypothecation of Plant and Machinery) (Amount repayable within one year Rs 22.46 Crore (Rs 6.34 Crore))	61.76	76.10
Working capital finance (Secured by hypothecation of stocks in trade and debtors)	7.85	5.12
	99.61	**81.22**
SCHEDULE 'D'		
UNSECURED LOANS		
From banks :		
Short term	243.22	123.06
Other term loans	–	50.00
Inter corporate deposits (Short term)	–	5.00
Commercial Papers (Redeemable within a year)		
Face Value	35.00	50.00
Less : Deferred Interest	0.91	1.45
	34.09	48.55
(Maximum amount outstanding during the year Rs.104.51 Crore (Rs.63.28 Crore))		
	277.31	**226.61**

SCHEDULES TO BALANCE SHEET

SCHEDULE 'E'
FIXED ASSETS

Rs. Crore

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	As at March 31, 2009	Addi–tions	Deduc–tions/ Adjust–ments (Note 5)	As at March 31, 2010	As at March 31, 2009	For the year (Note 3)	Deductions/ Adjustments (Note 5)	As at March 31, 2010	Provision for impair–ment as at March 31 2010 (Note 2)	As at March 31, 2010	As at March 31, 2009
Tangible Assets											
Freehold land	0.92	1.56	–	2.48	–	–	–	–	–	2.48	0.92
Leasehold land	14.08	–	–	14.08	0.38	0.22	–	0.60	–	13.48	13.70
Buildings (Note 1)	41.76	9.31	–	51.07	13.54	1.19	(0.04)	14.77	–	36.30	28.22
Plant and machinery (Note 1)	160.88	23.35	4.57	179.66	107.29	14.13	3.46	117.96	5.03	56.67	48.30
Furniture and fittings	5.48	0.38	0.27	5.59	2.35	1.01	0.16	3.20	–	2.39	3.13
Vehicles	0.81	0.94	0.54	1.21	0.43	0.20	0.41	0.22	–	0.99	0.38
Intangible Assets											
- Trademarks and Copyrights (Note 4)	25.20	–	–	25.20	5.43	2.48	–	7.91	1.00	16.29	19.77
- Computer software	13.03	1.10	(1.03)	15.16	11.54	1.00	(1.24)	13.78	0.01	1.37	1.49
TOTAL	**262.16**	**36.64**	**4.35**	**294.45**	**140.96**	**20.23**	**2.75**	**158.44**	**6.04**	**129.97**	**115.91**
As on March 31, 2009	**228.89**	**35.50**	**2.23**	**262.16**	**125.75**	**17.03**	**1.82**	**140.96**	**5.29**	**115.91**	–
Capital work–in–progress (at cost) including advances on capital account (Note 2)				112.84				–	2.89	109.95	45.60
Assets held for disposal				0.01				–	–	0.01	0.01
									8.93	**239.93**	**161.52**

Notes :

1. Gross block includes: - Buildings - Rs.0.10 Crore (Rs. 0.10 Crore) where conveyance has been executed, pending registration.

   - Plant and Machinery - Rs. 3.95 Crore (Rs. 3.95 Crore) being assets given on finance lease (prior to April 1, 2001).

2. Provision for impairment for the year includes impairment provision in respect of capitalised assets - Rs. 2.08 Crore (Rs. Nil), Capital work in progress - Rs. Croe 2.89 Crore (Rs.Nil) and is net of reversal of provision no longer required - Rs. 1.20 Core (Rs. 0.86 Crore) and adjustment on sale / discard of the related assets - Rs. 0.13 Crore (Rs. Nil).

3. Depreciation for the year includes accelerated depreciation charged - Rs.1.56 Crore (Rs.Nil.) due to revision of estimated useful life of certain assets.

4. Trademarks - Rs. 25.20 Crore (Rs.25.20 Crore) are pending registration.

5. Deductions / adjustments are on accounts of sale, dicarding and reclassification of assets for the year ended March 31, 2010.

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'F'		
INVESTMENTS (Non Trade)		
LONG TERM – UNQUOTED, AT COST		
Government Securities :		
National Savings Certificates (Deposited with Government authorities)	0.01	0.01
	0.01	0.01
Subsidiary Companies :		
Kaya Limited (Wholly Owned) 14,500,000 (14,500,000) equity shares of Rs. 10 each fully paid	73.00	73.00
Sundari LLC Nil (100,000) units of USD 18.25 each fully paid		
Cost of Investments	–	6.05
Less : Provision for diminution in value of Investments (Refer Note 13,Schedule R)	–	6.04
	–	0.01
Marico Middle East FZE (Wholly Owned) 22 (1) equity share of UAE dirham 1,000,000 (1,000,000) fully paid	27.99	1.23
Marico South Africa Consumer Care (Pty) Limited (Wholly Owned) 800 (800) equity shares of SA Rand 1.00 fully paid	25.37	25.37
	126.36	99.61
LONG TERM – QUOTED, AT COST		
Subsidiary Companies :		
Marico Bangladesh Limited 28,350,000 (28,350,000) equity shares of Bangladesh Taka 10 each fully paid (Refer Note 2 below)	0.86	0.86
Indian Infrastructure Finance Company Limited (1,000 Unsecured, 6.85% Non-convertible, tax-free Bonds of face value of Rs. 1,00,000/- each, guaranteed by Government of India, redeemable on 22nd January, 2014)	10.21	–
	11.07	0.86
CURRENT INVESTMENTS - UNQUOTED, LOWER OF COST AND FAIR VALUE		
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend Reinvestment Nil (2,001,098) Units of Rs. 10 each fully paid	–	2.00
Fidelity Ultra Short Term Debt Fund Institutional Plan - Growth 8,399,009 (Nil) Units of Rs. 10 each fully paid	10.00	–
Templeton India Ultra Short Bond Fund Super Institutional Plan - Dividend Nil (5,073,892) Units of Rs. 10 each fully paid	–	5.08
Fortis Money Plus Institutional Plan - Daily Dividend Reinvestment Nil (5,019,130) Units of Rs. 10 each fully paid	–	5.02
Birla Sun Life Dynamic Bond Fund Retail - Monthly Payout 1,940,982 (Nil) Units of Rs. 10 each fully paid	2.02	–
Birla Sunlife Saving Fund Institutional Plan - Growth 2,002,208 (Nil) Units of Rs. 10 each fully paid	3.50	–
Kotak Flexi Debt Scheme Institutional Plan - Growth 8,878,078 (Nil) Units of Rs. 10 each fully paid	10.05	–
ICICI Prudential Flexible Income Premium Institutional Plan -Growth 575,207 (Nil) Units of Rs. 100 each fully paid	9.85	–
LIC MF Savings Plus Fund Institutional Plan - Growth 7,029,097 (Nil) Units of Rs. 10 each fully paid	10.28	–
Templeton India STIR Plan - Weekly Dividend Reinvestment 29,243 (Nil) Units of Rs. 1000 each fully paid	3.14	–
Tata Treasury Manager Institutional Plan - Growth 96,376 (Nil) Units of Rs. 1000 each fully paid	10.09	–
Reliance Money Manager Retail - Daily Dividend Reinvestment 826 (Nil) Units of Rs. 1000 each fully paid	0.10	–
IDFC Money Manager Fund - TP - Institutional Plan C - Growth 2,380,321 (Nil) Units of Rs. 10 each fully paid	2.60	–
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Growth 97,076 (Nil) Units of Rs. 1000 each fully paid	10.04	–
	71.67	12.10
	209.11	**112.58**

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
Notes:		
1. **Cost / Market Value of Quoted/ Unquoted Investments**		
Aggregate value of Quoted Investments:		
Cost	11.07	–
Market Value	812.01	–
Aggregate value of Unquoted Investments:		
Cost	198.04	112.58

2. Equity shares of Marico Bangladesh Limited were listed on Dhaka Stock exchange on August 28, 2009.These shares were Unqouted as at March 31, 2009

3. **Units of Mutual Funds purchased and sold during the year**

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
DWS Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	17,280,992	17.31
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	1,989,873	2.00
IDFC Money Manager Fund - TP - Institutional Plan C - Daily Dividend Reinvestment	10	17,358,705	17.36
IDFC Cash Fund - Institutional Plan C - Daily Dividend Reinvestment	10	3,999,358	4.00
IDFC Cash Fund - Institutional Plan B - Daily Dividend Reinvestment	10	2,835,321	3.00
IDFC Money Manager Fund - TP - Institutional Plan B - Daily Dividend Reinvestment	10	2,234,515	2.25
Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend Reinvestment	10	20,223,425	20.32
Kotak Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	4,825,348	5.90
J. P . Morgan India Treasury Fund - Institutional Plan - Daily Dividend Reinvestment	10	19,290,790	19.31
J. P . Morgan India Liquid Fund- Institutional Plan - Daily Dividend Reinvestment	10	3,497,550	3.50
Tata Floater Fund - Daily Dividend Reinvestment	10	12,368,669	12.41
Tata Treasury Manager Institutional Plan - Daily Dividend Reinvestment	1,000	397,433	40.15
Tata Liquid Institutional Plan - Daily Dividend Reinvestment	1,000	53,839	6.00
Fortis Money Plus - Institutional Plan - Daily Dividend Reinvestment	10	14,109,459	14.11
Fortis Overnight Fund - Institutional Plan - Daily Dividend Reinvestment	10	4,999,117	5.00
Fortis Money Plus - Growth	10	511,031	0.70
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Reinvestment	10	27,388,595	27.40
Fidelity Cash Fund - Institutional Plan - Growth	10	7,976,326	10.00
Fidelity Cash Fund - Institutional Plan - DDR	10	12,497,778	12.50
ICICI Prudential Flexible Income Premium - Institutional Plan - Daily Dividend Reinvestment	100	32,252,493	56.92
Prudential ICICI Liquid Plan Institutional Plan - Daily Dividend Reinvestment	100	22,624,962	46.03
Reliance Money Manager - Institutional Plan - Daily Dividend Reinvestment	1,000	411,408	41.19
Reliance Liquid Fund - Treasury Plan - Institutional Plan - Daily Dividend Reinvestment	10	981,303	1.50
Reliance Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,997,984	9.00
Templeton India Ultra Short Bond Fund Institutional Plan - Daily Dividend Reinvestment	10	26,089,804	26.12
Templeton India Treasury Management Account Fund Institutional Plan Daily Dividend Reinvestment	1,000	159,908	16.00
Birla Sunlife Saving Fund - Institutional Plan - Daily Dividend Reinvestment	10	19,654,144	19.67
Birla Sunlife Cash Plus - Institutional Plan -Daily Dividend Reinvestment	10	17,966,608	18.00

SCHEDULES TO BALANCE SHEET

Name of the Scheme	Face Value	No. of Units	Purchase Cost Rs. Crore
Birla Sunlife Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	8,001,170	8.01
Birla Sunlife Saving Fund - Institutional Plan - Growth	10	1,431,385	2.50
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Reinvestment	10	15,756,355	15.81
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale - Daily Dividend Reinvestment	10	6,095,988	6.15
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	10	6,111,687	6.50
LIC Saving Plus Fund - Institutional Plan - Daily Dividend Reinvestment	10	26,689,127	26.69
LIC Floating Rate Fund - Institutional Plan - Daily Dividend Reinvestment	10	20,273,286	20.27
UTI Treasury Advantage Fund - Institutional Plan -Daily Dividend Reinvestment	1,000	143,447	14.52
UTI Floating Rate Fund - Short Term Plan - Institutional Plan - Daily Dividend Reinvestment	1,000	200,642	20.08

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'G'		
INVENTORIES		
(As valued and certified by the management)		
(Refer Note 2 (h), Schedule R, for basis of valuation)		
Raw materials	161.46	87.66
Packing materials	46.04	34.76
Work-in-process	58.00	50.70
Finished products	98.89	94.37
Stores, spares and consumables	4.49	4.83
By-products	1.02	1.37
	369.90	**273.69**
SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months - Considered good	–	–
- Considered doubtful	3.54	3.07
	3.54	3.07
Less: Provision for doubtful debts	3.54	3.07
	–	–
Other Debts - considered good	94.51	61.05
	94.51	**61.05**
SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	0.32	0.09
Remittances in transit	0.36	0.49
Balances with scheduled banks:		
Fixed deposits (deposited with sales tax authorities Rs.0.10 Crore (Rs.0.11 Crore))	0.10	10.10
Margin accounts (against bank guarantees)	4.09	1.49
Current accounts *	6.19	10.64
Balances with non - scheduled banks:		
Current accounts (Refer Note 9, Schedule R)	0.15	0.17
	11.21	**22.98**

* Includes balances in Unclaimed dividend account and Unclaimed Preference Share Capital Rs. 0.26 Crore (Rs. 0.25 Crore)

SCHEDULES TO BALANCE SHEET

	As at March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured-considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	57.69	29.74
Loans and Advances to subsidiaries	125.89	105.90
Deposits		
- Considered good	12.55	12.72
- Considered doubtful	1.00	–
	13.55	12.72
Less : Provision for doubtful deposits	1.00	–
	12.55	12.72
Balances with central excise authorities	0.70	1.23
Interest accrued on loans/deposits	0.52	0.41
Interest accrued on loans/advances to subsidiaries	0.69	0.59
Gratuity (Refer Note 20, Schedule R)	0.82	–
Income tax payments, net of provisions	2.88	5.78
Fringe benefit tax payments, net of provisions	0.48	0.46
MAT credit entitlement	51.95	49.40
	254.17	**206.23**
SCHEDULE 'K'		
CURRENT LIABILITIES		
Sundry creditors		
- Due to Micro and Small Enterprises (Refer Note 22, Schedule R)	–	–
- Others	209.08	177.28
Due to subsidiaries	1.58	1.35
Other liabilities	12.12	13.97
Security deposits	1.10	1.16
Interest accrued but not due on loans	2.37	1.00
Unclaimed dividend	0.23	0.22
Unclaimed Redeemed 8% Preference Share Capital	0.03	0.03
	226.51	**195.01**
SCHEDULE 'L'		
PROVISIONS		
Leave encashment	5.35	5.04
Gratuity (Refer Note 20, Schedule R)	–	0.54
Long term service benefit	1.88	–
Contingencies (Refer Note 24, Schedule R)	29.35	–
Interim dividend	21.93	21.62
Tax on interim dividend	3.73	3.67
	62.24	**30.87**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'M'		
OTHER INCOME		
Income from current investments :		
Profits on sale of units of mutual funds	0.02	0.01
Dividend on Investment in liquid mutual funds	2.49	0.28
Income from long term investments :		
Dividend from subsidiaries	4.69	2.29
(Tax deducted at source Rs. 0.46 Crore (Rs. 0.17 Crore))		
Interest income on loans, deposits, etc.	5.60	4.73
(Tax deducted at source Rs. 0.03 Crore (Rs. 0.10 Crore))		
Miscellaneous income	9.26	7.22
(Refer note 6, Schedule R)		
	22.06	**14.53**
SCHEDULE 'N'		
COST OF MATERIALS		
Raw materials consumed	830.60	953.24
Packing materials consumed	166.41	168.97
Stores and spares consumed	14.11	12.54
Purchase for resale	85.46	50.07
(Increase)/Decrease in stocks		
Opening stocks		
- Work-in-process	50.70	36.50
- By-products	1.37	1.87
- Finished products	94.37	80.28
Less :		
Closing stocks		
- Work-in-process	58.01	50.70
- By-products	1.02	1.37
- Finished products	98.89	94.37
	(11.48)	(27.79)
	1,085.10	**1,157.03**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010 Rs. Crore	2009 Rs. Crore
SCHEDULE 'O'		
MANUFACTURING AND OTHER EXPENSES		
Employees' costs :		
Salaries, wages and bonus	90.34	73.22
Contribution to provident fund and other funds	4.20	5.31
Long term service benefits	1.88	–
Welfare expenses	6.69	5.65
	103.11	84.18
Power, fuel and water	5.24	5.53
Contract manufacturing charges	71.14	65.89
Rent and storage charges	22.80	13.43
Repairs :		
- Buildings	2.07	1.88
- Machinery	4.72	5.03
- Others	1.75	1.12
Freight, forwarding and distribution expenses	82.32	79.79
Advertisement and sales promotion	221.65	169.56
Rates and taxes	0.82	0.67
Provision for contingencies - Excise Duty (Refer note 24, Schedule R)	29.35	–
Sales tax and cess	16.61	14.40
Commission to selling agents	3.42	4.32
Bad debts	–	0.60
Provision for doubtful debts, advances and deposits	1.47	0.71
Printing, stationery and communication expenses	5.09	5.25
Travelling, conveyance and vehicle expenses	16.64	15.90
Royalty	0.42	0.44
Insurance	1.98	1.52
Auditors' remuneration		
- Audit fees	0.39	0.39
- Tax Audit fees	0.08	0.08
- Other services	0.26	0.24
- Out of pocket expenses	0.01	0.03
Exchange losses (net)	4.90	9.44
Miscellaneous expenses (Refer Note 7, Schedule R)	28.93	29.74
	625.17	**510.14**
SCHEDULE 'P'		
FINANCE CHARGES		
Interest on		
Fixed period loans	10.50	23.39
Other loans	2.31	2.65
Debentures	2.23	–
Bank and other financial charges	3.26	2.88
	18.30	**28.92**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

ADDITIONAL INFORMATION
SCHEDULE 'Q'

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

Amount in Rs. Crore

Sr No.	Particulars (UNIT)	Period Ended	Installed Capacity (Note I)	Opening Stock		Production	Purchases		Turnover		Closing Stock	
				Quantity	Amount	Quantity	Quantity	Amount	Quantity	Amount	Quantity	Amount
1	Edible Oils (Note III (M.T.)	**31.03.2010**	**170000**	**9,320.97**	**68.34**	**117,485.47**	**–**	**–**	**131,780.03**	**1,476.61**	**11,255.32**	**78.43**
		31.03.2009	170000	8,093.04	56.52	114,709.36	–	–	120,156.93	1,438.71	9,320.97	68.34
2	Hair Oils (Note II) (K.L.)	**31.03.2010**	**125000**	**2,060.98**	**19.72**	**16,586.27**	**–**	**–**	**20,120.52**	**382.66**	**1,891.39**	**15.72**
		31.03.2009	24000	2,150.32	16.30	15,033.54	–	–	17,053.19	344.89	2,060.98	19.72
3	Oil Seeds (M.T)	**31.03.2010**	–	–	–	–	**19,896.32**	**71.10**	**19,896.32**	**82.83**	–	–
		31.03.2009	–	–	–	–	8,674.43	38.95	8,674.43	45.48	–	–
4	Others and By - products	**31.03.2010**	–	–	**7.68**	–	–	**14.36**	–	**82.19**	–	**5.76**
		31.03.2009	–	–	9.33	–	–	11.12	–	88.09	–	7.68
5	Service Income											
	- commission	**31.03.2010**	–	–	–	–	–	–	–	–	–	–
		31.03.2009	–	–	–	–	–	–	–	0.29	–	–
	TOTAL	**31.03.2010**			**95.74**			**85.46**		**2,024.29**		**99.91**
		31.03.2009			82.15			50.07		1,917.46		95.74

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) The production of Hair Oil produced by others - 3,364.66 K.L (1,930.31 K.L)

III) The production of Edible Oil produced by others - 16,228.91 M.T. (6,675.50 M.T.)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2010		2009	
	Quantity M.T.	Amount Rs. Crore	Quantity M.T.	Amount Rs. Crore
SCHEDULE 'Q'				
B) RAW MATERIALS CONSUMED				
Oil seeds (copra & kardi seeds)	103,887	340.81	121,869	478.21
Raw oils (otherthan copra & kardi seeds)	74,212	347.43	53,021	318.63
Others	–	142.36	–	156.40
		830.60		**953.24**
	%	Amount Rs. Crore	%	Amount Rs. Crore
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED				
Raw materials				
Imported	9.96	82.77	6.53	62.24
Indigenous	90.04	747.83	93.47	891.00
	100	**830.60**	**100.00**	**953.24**
Stores, spares and chemicals				
Imported	–	–	–	–
Indigenous	100.00	14.11	100.00	12.54
	100	**14.11**	**100**	**12.54**
D) VALUE OF IMPORTS ON C.I.F. BASIS				
Raw material		84.45		87.16
Packing material		6.42		11.28
Capital goods		0.50		2.48
Finished goods for resale		3.20		1.45
		94.57		**102.37**
E) EXPENDITURE IN FOREIGN CURRENCY				
Travelling and other expenses		0.43		0.14
Advertisement and sales promotion		5.62		0.52
Interest on other loans		1.31		3.57
Commission to Selling Agents		–		0.10
Miscellaneous expenses		0.76		0.94
		8.12		**5.27**
F) EARNINGS IN FOREIGN EXCHANGE				
F.O.B. Value of exports		130.64		125.14
Royalty		6.56		4.39
Dividend		4.69		2.06
Interest		4.41		2.21
		146.30		**133.80**

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 Branded Consumer Products. Marico manufactures and markets products under brands such as Parachute and its extensions, Nihar, Saffola, Sweekar, Hair & Care, Revive, Shanti, Oil of Malabar, Mediker and Manjal. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising regional offices, carrying & forwarding agents, consignment agent, redistribution centers and distributors spread all over India.

2) Summary of significant accounting policies:

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on an accrual basis, except for certain financial instruments which are measured at fair values and are in conformity with mandatory accounting standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

(b) Use of estimates

The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

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

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

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

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

(d) Depreciation and amortisation

I. Tangible assets

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

<u>Plant and Machinery:</u>

a) Computer hardware and related peripherals	- 33.33%
b) Moulds	- 16.21%
c) Office Equipment	- 10% to 50%
<u>Furniture and Fittings:</u>	- 12.50 %
<u>Vehicles:</u>	- 20 %

NOTES TO THE ACCOUNTS

(ii) Depreciation on factory building and plant and machinery (other than items specified in (i) above) 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 the lease.

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

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

II. Intangible assets

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

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

(e) Assets taken on lease:

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

(ii) Operating lease payments are recognized as expenditure in the Profit and Loss account as per the terms of the respective lease agreement.

(f) Asset given on lease:

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

(g) Investments

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

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

(h) Inventories

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

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

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

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

(i) Research and development

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

NOTES TO THE ACCOUNTS

(j) Revenue recognition

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

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

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

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

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

(k) Retirement and other benefits to employees

– Gratuity

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

– Superannuation

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

– Leave encashment / Compensated absences

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

– Provident fund

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

– Long term service benefits

Liability on account of long term service benefits is determined and provided on the basis of an independent actuarial valuation.

(l) Foreign currency transactions

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

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

– In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognized as income or expense and is amortized over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss account in the year in which they arise.

– The Company uses forward and options contracts to hedge its risks associated with foreign currency transactions relating to certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges. These contracts are marked to market as at the year end and resultant exchange differences, to the extent

NOTES TO THE ACCOUNTS

they represent effective portion of the hedge, are recognized directly in 'Hedge Reserve account'. The ineffective portion of the same is recognized immediately in the Profit and Loss account.

- Exchange differences taken to Hedge Reserve account are recognised in the Profit and Loss account upon crystallization of firm commitments or occurrence of forecasted transactions or upon discontinuation of hedge accounting resulting from expiry / sale / termination of hedge instrument or upon hedge becoming ineffective.
- Non-monetary foreign currency items are carried at cost / fair value and accordingly the investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investments are made or fair values determined.
- Exchange differences arising on monetary items that in substance form part of Company's net investment in a non-integral foreign operation are accumulated in a 'Foreign Currency Translation Reserve' until the disposal of the net investment. The same is recognized in the Profit and Loss account upon disposal of the net investment.

(m) Accounting for taxes on income

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

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

(n) Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each Balance Sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(o) Employee Stock Option Plan

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

(p) Contingent liabilities

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

(q) Share issue expenses

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

NOTES TO THE ACCOUNTS

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

(i) Disputed tax demands/ claims:

Rs. Crore

	March 31, 2010	March 31, 2009
Sales tax	6.08	4.88
Customs duty	0.40	2.86
Agricultural Produce Marketing Committee cess	7.93	7.81
Employees State Insurance Corporation	0.13	0.18
Excise duty on Subcontractors	0.24	Nil

(ii) Excise duty on CNO dispatches Rs. 131.57 Crore (Rs. Nil) (Refer note 24 below)

(iii) Claims against the Company not acknowledged as debts. Rs. 0.22 Crore (Rs. 0.21 Crore)

b) (i) Counter guarantees given to banks on behalf of subsidiaries Rs. 41.40 Crore (Rs. 46.05 Crore)

(ii) Stand by Letter of Credit given to banks on behalf of subsidiaries Rs. 76.45 Crore (Rs. 80.15 Crore)

c) Amount outstanding towards Letters of Credit Rs. 2.81 Crore (Rs. 18.07 Crore)

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 21.22 Crore (Rs. 10.38 Crore) net of advances.

5) Borrowing costs capitalized during the year amount to Rs. 2.83 Crore (Rs. 3.55 Crore).

6) Miscellaneous income includes lease income Rs. 0.43 crore (Rs. 0.41 Crore), profit on sale / disposal of assets (net) Rs. 0.09 Crore (Rs.Nil) and royalty from subsidiaries Rs. 6.56 Crore (Rs. 4.39 Crore).

7) Miscellaneous expenses include labour charges Rs. 2.06 Crore (Rs. 1.91 Crore), training & seminar expenses Rs. 3.47 Crore (Rs. 2.42 Crore), outside services Rs. 2.21 Crore (Rs. 2.37 Crore), professional charges Rs. 13.42 Crore (Rs. 9.61 Crore), donations Rs. 0.43 Crore (Rs. 1.19 Crore), leakage and damage expenses of Rs. 7.84 Crore (10.65 Crore), loss on sale / disposal of assets (net) Rs. Nil (Rs. 0.14 Crore) and are net of reversal of excess provisions no longer required written back Rs.7.54 Crore (Rs. 5.14 Crore) [including Impairment provision of Rs. 1.20 Crore (Rs. 0.86 Crore)]

8) Research and development expenses aggregating Rs. 7.54 Crore (Rs. 5.73 Crore) have been included under the relevant heads in the Profit and Loss account.

9) Details of balances with non-scheduled banks are as under:

Rs. Crore

Bank Name	Balance as on March 31, 2010	Balance as on March 31, 2009	Maximum balance During the year ended March 31, 2010	Maximum balance During the year ended March 31, 2009
Standard Chartered Bank – Dubai	0.15	0.17	0.17	0.18

10) Additional information on assets taken on lease:

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

NOTES TO THE ACCOUNTS

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rentals recognised in the Profit and Loss account.	9.26	12.05
In respect of assets taken on non cancelable operating lease:		
Lease obligations		
Future minimum lease rental payables		
– not later than one year	1.16	1.03
– later than one year but not later than five years	0.88	0.74
Total	**2.04**	**1.77**

11) Additional information on assets given on operating lease:

The Company has given on lease certain plant & machinery for a lease period ranging between 1 to 3 years. These arrangements are in the nature of cancelable lease and are generally renewable by mutual consent or mutual agreeable terms.

Fixed asset given on operating lease as at March 31, 2010 and 2009

Rs. Crore

	Cost	Accumulated Depreciation	Net Book Value
Plant and Machinery	2.03	1.92	0.11
	(1.92)	(1.88)	(0.04)

The aggregate depreciation charged on the above assets during the year ended March 31, 2010 amounted to Rs. 0.03 Crore (Rs. 0.01 Crore).

Rs. Crore

	March 31, 2010	March 31, 2009
Lease rental income recognised in the Profit and Loss account.	0.43	0.41

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

Rs. Crore

	March 31, 2010	March 31, 2009
Deferred Tax Asset:		
Provision for doubtful debts / advances / deposits that are deducted for tax purposes when written off	1.54	1.09
On intangible assets adjusted against Capital Redemption Reserve and Securities Premium account under the Capital Restructuring scheme implemented in an earlier year	48.91	65.78
Liabilities /Provisions that are deducted for tax purposes when paid (including provision for contingencies – Excise) (Refer Note 24 below)	12.29	2.70
Total Deferred tax asset	62.74	69.57
Deferred Tax Liability:		
Additional depreciation on fixed assets for tax purposes due to higher tax depreciation rates	4.24	6.16
Total Deferred tax liability	4.24	6.16
Deferred Tax Asset (net)	**58.50**	**63.41**

b) MAT Credit includes Rs. 2.67 Crore (Rs. 7.78 Crore) on account of prior year adjustments.

NOTES TO THE ACCOUNTS

13) During the year, upon completion of necessary compliances under FEMA regulations, the Company divested its stake in Sundari LLC (Sundari) on June 8, 2009. Sundari ceased to be subsidiary of the Company from the said date. The resultant effect of the said transaction is reflected as exceptional item in the Profit and Loss account as under.

Rs. Crore

	March 31, 2010	March 31, 2009
Loss on sale of investment	6.05	Nil
Loans and advances written off	Nil	51.18
Less: Withdrawals from the provision made in earlier years	6.05	3.32
Net amount shown as exceptional item	**Nil**	**47.86**

14) Derivative Transactions

a) The total derivative instruments outstanding as on March 31, 2010 are Plain Forwards, Plain Vanilla Option contracts and an Interest rate swap:

	March 31, 2010		March 31, 2009	
	Notional Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)	Notional Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)
Forward contracts outstanding *				
Trade debtors:				
– in USD	4,250,000	19.09	7,100,000	36.02
Foreign currency loans:				
– in USD	11,847,085	53.21	13,846,804	70.24
Creditors:				
– in USD	2,057,775	9.24	9,212,740	46.74
– in AUD	Nil	Nil	400,000	1.40
Advance Receivable:				
– in AUD	600,000	2.47	Nil	Nil
Options Contracts outstanding *				
Trade debtors:				
– in USD	7,250,000	32.57	4,600,000	23.34

* Out of the forward contracts outstanding as on March 31, 2010, USD 6,307,775 (USD 12,827,524), AUD 600,000 (AUD 400,000), having fair value of Rs. 31.83 Crore (Rs. 66.93 Crore) and all outstanding option contracts as on March 31, 2010, having fair value of Rs. 1.01 Crore (Rs. 0.34 Crore) have been designated as Cash Flow hedges.

– The Company has entered into Interest rate swap of USD 4,583,333 (USD 5,000,000), for hedging its interest rate exposure on borrowings in foreign currency which has a fair value of Rs. 0.63 Crore (Rs. 0.90 Crore).

– The cash flows are expected to occur and impact the Profit and Loss account within the period of 1 year except Interest rate swap, in respect of which cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 3 years.

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

NOTES TO THE ACCOUNTS

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

		March 31, 2010		March 31, 2009	
	Currency	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)	Amount in Foreign Currency	Equivalent amount at the year end (Rs. Crore)
1. Amount receivable in foreign currency on account of following :					
- Trade debtors	AED	4,988	0.01	4,988	0.01
2. Amount (payable) /receivable in foreign currency on account of following :					
(i) Import of goods and services	AED	45,075	0.06	50,153	0.07
	AUD	188,288	0.61	4,909	0.02
	EUR	(5,303)	(0.03)	49,551	0.33
	CHF	20,600	0.09	Nil	Nil
	GBP	291	0.01	(359)	(0.01)
	USD	Nil	Nil	(812,245)	(3.89)
(ii) Capital imports	CHF	680	0.01	Nil	Nil
	GBP	800	0.01	800	0.01
	USD	Nil	Nil	1,395	0.01
(iii) Loan payables *	USD	Nil	Nil	(554,973)	(2.82)
3. Bank balances	USD	96,115	0.43	62,239	0.32
	AED	Nil	Nil	105	0.01
4. Other receivables /	USD	14,368	0.06	11,233	0.06
(payables)	AED	(4,447)	(0.01)	Nil	Nil
	AUD	Nil	Nil	4,050	0.01
	BHD	Nil	Nil	1,200	0.01
	GBP	Nil	Nil	500	0.01
	SGD	Nil	Nil	1,000	0.01
	ZAR	Nil	Nil	4,918	0.01
5. Other loans and advances to	AED	2,274,527	2.78	2,662,215	3.67
subsidiaries including	BDT	63,726,807	4.11	44,303,431	3.25
interest accrued	USD	209,641	0.94	2,188,088	11.10
	ZAR	61,183,253	37.73	60,641,286	32.37
	EGP	595,482	0.49	3,350,148	3.02
Total			**47.30**		**47.58**

* excludes loans payable of Rs. 61.76 Crore (USD 13,750,000) [P.Y. Rs. 76.10 Crore (USD 15,000,000)] assigned to hedging relationship against highly probable forecast sales. The Cash flows are expected to occur and impact the Profit and Loss account within the period of 1 to 3 years.

c) Pursuant to the Announcement of the Institute of Chartered Accountants of India's (ICAI) "Accounting for Derivatives" on encouraging the early adoption of Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", the Company had in previous year ended March 31, 2009, decided an early adoption of AS 30 to the extent it does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company Law and other regulatory requirements. Accordingly the net unrealised gain/(loss) of Rs. 2.81 Crore [(Rs. 6.26 Crore)] in respect of outstanding derivative instruments and foreign currency loans at the year end which qualify for hedge accounting, is standing in the 'Hedge Reserve Account', which would be recognised in the Profit and Loss account when the underlying transaction or forecast revenue arises, as against the earlier practice of recognizing the same in the Profit and Loss account.

NOTES TO THE ACCOUNTS

15) Earnings per share:

	March 31, 2010	March 31, 2009
Profit after taxation/ Profit available to equity share holders (Rs. Crore)	**235.02**	**142.12**
Equity shares outstanding as at the year end	609,325,700	609,000,000
Weighted average number of equity shares used as denominator for calculating basic earnings per share	609,150,561	609,000,000
Weighted average number of equity shares used as denominator for calculating diluted earnings per share	611,557,579	609,005,757
Nominal value per equity share	Re. 1	Re. 1
Basic earnings per equity share	**Rs. 3.86**	**Rs. 2.33**
***Diluted earnings per equity share**	**Rs. 3.84**	**Rs. 2.33**

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

16) Segment Information

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

17) Employee Stock Option Scheme 2007

The Corporate Governance Committee of the Board of Directors of the Company has granted Stock Options to certain eligible employees pursuant to the Marico 'Employees Stock Options Scheme 2007'. Each option represents 1 equity share in the Company. The Vesting Period and the Exercise Period both range from 1 year to 5 years. Pursuant to exercise of 325,700 (Nil) options during the year, the issued and subscribed share capital has increased by Rs. 0.03 (Rs. Nil) to Rs. 60.93 Crore and Securities Premium account has increased by Rs. 1.80 Crore to Rs. 15.30 Crore. The options outstanding as on the Balance Sheet date correspond to about 1.28% (1.37%) of the current paid up equity capital of the Company.

Number of options granted, exercised, and forfeited	March 31, 2010	March 31, 2009
Options outstanding at beginning of the year	8,339,600	8,996,000
Granted	1,332,100	1,048,200
Less : Exercised	325,700	–
Forfeited / Lapsed	1,529,200	1,704,600
Options outstanding at the end of the year	7,816,800	8,339,600

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. 0.08 Crore (Rs. 0.07 Crore) under the 'intrinsic value' method. Had the Company considered 'fair value' method for accounting of compensation cost the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	March 31, 2010	March 31, 2009
Net Profit as reported (Rs. Crore)	235.02	142.10
Less : Stock-based employee compensation expense (Rs. Crore)	3.91	4.78
Adjusted pro-forma (Rs. Crore)	231.11	137.32
Basic earnings per share as reported	Rs. 3.86	Rs. 2.33
Pro forma basic earnings per share	Rs. 3.79	Rs. 2.26
Diluted earnings per share as reported	Rs. 3.84	Rs. 2.33
Pro forma diluted earnings per share	Rs. 3.78	Rs. 2.26

NOTES TO THE ACCOUNTS

18) Related Party disclosures :

a) Subsidiary: Marico Bangladesh Limited (90% (P.Y.:100%) holding by Marico Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	89.28	70.07
2) Royalty income	2.95	1.93
3) Dividend income	4.69	2.29
4) Guarantee commission	Nil	0.07
5) Sale of assets	0.76	0.09
Balances		
1) Debtors	2.69	0.73
2) Investments	0.86	0.86
3) Loans and advances	4.32	3.45
Maximum balance	10.53	5.88
4) Corporate guarantees given to a bank	33.40	38.05

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	33.35	49.66
2) Royalty income	2.92	2.46
3) Guarantee commission	Nil	0.04
4) Interest income	0.54	1.46
5) Recovery of Stand by Letter of Credit charges	0.31	0.59
6) Loans and advances repaid	31.46	14.81
7) Loans and advances given	21.19	23.17
8) Payments made on behalf of subsidiary	0.07	Nil
9) Other expenses recovered by subsidiary	0.12	Nil
10) Stand by Letter of Credit issued	23.84	Nil
11) Investments	26.76	Nil
Balances		
1) Debtors	7.87	13.54
2) Investments	27.99	1.23
3) Loans and advances	3.00	14.00
Maximum balance	25.65	41.09
4) Interest accrued on loans	0.01	0.21
Maximum balance	0.34	1.11
5) Other receivables	Nil	3.35
6) Stand by Letter of Credit	67.47	50.73

NOTES TO THE ACCOUNTS

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Payments made on behalf of subsidiary (net)	3.06	6.36
2) Loans and advances repaid	0.77	0.75
3) Loans and advances given	22.97	13.20
4) Corporate guarantee given	Nil	5.05
Balances		
1) Investments	73.00	73.00
2) Loans and advances	79.97	54.71
Maximum balance	79.97	54.71
3) Corporate guarantees given to a Bank	8.00	8.00

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Loans and advances repaid	1.01	0.03
2) Payments made on behalf of subsidiary	0.01	0.01
Balances		
1) Loans and advances	0.01	1.08
Maximum balance	1.07	1.26

e) Subsidiary: Sundari LLC. (100% holding by Marico Limited upto June 8, 2009)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Expenses incurred on behalf of subsidiary	Nil	0.05
2) Expenses incurred by subsidiary	Nil	0.01
3) Loans and advances given	Nil	11.97
4) Trademark purchased from subsidiary	Nil	1.06
5) Loss on sale of investment*	6.05	Nil
6) Withdrawals from the provision made in earlier years*	6.05	Nil
7) Sale of investment	0.01	Nil
8) Advance to subsidiary write off	Nil	47.86
Balances		
1) Investments (net of provision for diminution)	Nil	0.01
2) Loans and advances	Nil	Nil
Maximum Balance	Nil	45.89
3) Interest accrued on Loans and advances	Nil	Nil
Maximum balance	Nil	3.68

*Refer Note 13 above

NOTES TO THE ACCOUNTS

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Recovery of Stand by Letter of Credit charges	0.02	0.40
2) Stand by Letter of Credit given	Nil	15.22
3) Stand by Letter of Credit cancelled	18.04	Nil
4) Loans and advances repaid	0.40	Nil
5) Advances from subsidiary	0.07	Nil
Balances		
1) Stand by Letter of Credit	8.98	29.42
2) Due to subsidiary	0.05	Nil
3) Loans and advances	Nil	0.40
Maximum balance	0.40	0.61

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Purchases	1.76	0.30
2) Royalty income	0.52	Nil
3) Payments made on behalf of subsidiary	0.09	Nil
Balances		
1) Loans and advances	0.61	Nil
Maximum balance	0.95	3.42
2) Due to subsidiary	1.10	0.27

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	0.56	1.82
2) Corporate guarantee commission	Nil	0.07
Balances		
1) Loan and advances	0.23	0.26
Maximum balance	0.26	0.30
2) Debtors	Nil	0.15

NOTES TO THE ACCOUNTS

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Royalty income	0.17	Nil
2) Payments on behalf of subsidiary	0.09	Nil
3) Purchases	1.54	1.15
Balances		
1) Loans and advances	0.26	Nil
Maximum balance	0.29	2.38
2) Due to subsidiary	0.43	1.08

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Interest income	3.87	1.75
Balances		
1) Investments	25.37	25.37
2) Loans and advances	37.01	32.00
Maximum balance	39.68	33.80
3) Interest receivable	0.68	0.38
Maximum balance	1.98	1.18

k) Subsidiary: Marico South Africa (Pty) Limited (100 % holding by Marico South Africa Consumer Care (Pty) Limited)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Payments made on behalf of subsidiary	0.24	Nil
2) Sale of assets	0.25	Nil
Balances		
1) Loans and advances	0.48	Nil
Maximum balance	0.48	Nil

l) Subsidiary firm: Wind Company (99% stake by MEL Consumer Care SAE)

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Transactions during the year		
1) Sales	1.82	0.01
2) Sale of assets	0.12	0.07
3) Purchases	Nil	0.01
Balances		
1) Debtors	0.02	Nil

Other related parties where control exists, however, with whom the Company did not have any transaction:

- Marico Malaysia Sdn. Bhd (100% subsidiary of of Marico Middle East FZE)

NOTES TO THE ACCOUNTS

Key Management personnel and their relatives:

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Remuneration for the year	3.03	2.27

ii) Employee: Rishabh Mariwala, son of Harsh Mariwala:

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Remuneration for the year	0.11	0.11

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

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Nature of transaction		
Remuneration for the year	Nil	0.09

19) Managerial Remuneration:

Nature of transaction	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
Payments and provisions on account of remuneration to Chairman and Managing Director included in the Profit and Loss account		
– Salary	1.96	1.64
– Contribution to provident and pension funds	0.23	0.19
– Other perquisites	0.08	Nil
– Annual performance incentives	0.76	0.44
	3.03	2.27
Remuneration to non-whole time directors (including Sitting fees)	0.25	0.15

Notes:

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

20) The Following table sets forth the funded status of the plan and the amounts relating to gratuity and leave encashment recognized in the Company's financials:

A. Defined benefit plan (Gratuity):

	March 31, 2010	March 31, 2009
I. Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
Discount rate	7.50%	6.75%
Rate of return on plan assets*	8.50%	8.50%
Future salary rise**	10%	10%
Attrition rate	17%	17%

Mortality : Published notes under the LIC (1994- 96) Mortality tables

NOTES TO THE ACCOUNTS

*The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

**The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market. The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. The above information has been certified by the actuary and has been relied upon by the auditor.

	March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
II. Changes in benefit obligations:		
Liability at the beginning of the year	9.56	9.17
Interest cost	0.72	0.89
Current service cost	1.38	2.10
Past service cost (non vested benefit)	Nil	Nil
Past service cost (vested benefit)	Nil	Nil
Benefits paid	(0.49)	(0.28)
Actuarial (gain)/loss on obligations	(0.60)	(2.32)
Liability at the end of the year	10.57	9.56
III. Fair value of plan assets :		
Fair value of plan assets at the beginning of the year	9.02	9.05
Expected return on plan assets	0.79	0.71
Contributions	0.54	Nil
Benefits paid	(0.49)	(0.28)
Actuarial gain/(loss) on plan assets	1.53	(0.46)
Fair value of plan assets at the end of the year	11.39	9.02
Total Actuarial (gain)/loss to be recognized	(2.13)	(1.86)
IV. Actual return on plan assets :		
Expected return on plan assets	0.79	0.71
Actuarial gain/(loss) on plan assets	1.53	(0.46)
Actual return on plan assets	2.32	0.25
V. (Assets)/ Liabilities recognised in the Balance Sheet :		
Liability at the end of the year	10.57	9.56
Fair value of plan assets at the end of the year	11.39	9.02
Difference	(0.82)	0.54
Unrecognised past service cost	Nil	Nil
(Assets) / Liability recognised in the Balance Sheet	(0.82)	0.54

	March 31, 2010	March 31, 2009
VI. Percentage of each category of plan assets to total fair value of plan assets.		
Administered by HDFC Standard Life Insurance	94.72%	93.97%
Special deposit scheme, Fixed deposit scheme and others	5.28%	6.03%
Total	100%	100%

NOTES TO THE ACCOUNTS

		March 31, 2010 Rs. Crore	March 31, 2009 Rs. Crore
VII.	**Expenses recognised in the Profit and Loss account :**		
	Current service cost	1.38	2.10
	Interest cost	0.72	0.89
	Expected return on plan assets	(0.79)	(0.71)
	Net actuarial (gain)/loss to be recognized	(2.13)	(1.86)
	Past service cost (non vested benefit) recognized	Nil	Nil
	Past service cost (vested benefit) recognized	Nil	Nil
	(Income) / Expense recognised in the Profit and Loss account	(0.82)	0.42
VIII.	**Balance Sheet reconciliation**		
	Opening net liability	0.54	0.12
	(Income) / Expense as above	(0.82)	0.42
	Employers contribution	(0.54)	Nil
	Closing net liability / (Asset)	(0.82)	0.54
XI.	**Experience adjustments**		
	On Plan liability (gain) / loss	(0.34)	1.93
	On plan asset (loss) / gain	1.53	(0.46)

As per acturial valuation report, expected employer's contribution in next year Rs. Nil (actual contribution in previous year Rs. Nil).

B. Privileged leave (compensated absence for employees):

The Company permits encashment of privileged leave accumulated by its employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded.

Amount recognized in the Balance Sheet and movements in net liability:

Particulars	**March 31, 2010 Rs. Crore**	**March 31, 2009 Rs. Crore**
Opening balance of compensated absences (a)	5.04	6.20
Present value of compensated absences (as per actuary valuation) as at the year end (b)	5.35	5.04
(Excess)/ Unfunded liability of compensated absences recognized in the Profit and Loss account for the year (b – a)	0.31	(1.16)

C. Defined contribution plan :

The Company has recognised Rs. 5.03 Crore (Rs. 4.43 Crore) towards contribution to provident fund and Rs. 0.18 Crore (Rs. 0.15 Crore) towards employee state insurance plan in Profit and Loss account for the year ended March 31, 2010.

21) The Guidance Note on implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company has accounted for the same as a defined contribution plan. However, as per the information provided by trustees, there is no interest shortfall as at the year end.

NOTES TO THE ACCOUNTS

22) There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010 (Rs. Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

23) During the year, on May 08, 2009, the Company issued 300 8.25% Rated Taxable Secured Redeemable Non-convertible Debentures of Face Value Rs. 10 lakhs each, aggregating to Rs. 30.00 Crore which are redeemable at par after 3 years. As per the terms of the issue Put/Call option is available with the investor and Company at the end of 2 years.

24) The Company manufactures and markets pure coconut oil (CNO) under the brands Parachute, Nihar and Oil of Malabar. Such CNO is a 100 % natural product and meets all standards of edible oil as given in the Prevention of Food Adulteration Act. For the purpose of Excise, CNO is classified as a vegetable oil under Chapter 15 and attracts excise at nil rate. Although in the past the Central Excise Department (Department) has attempted to classify CNO as hair oil by issuing show cause notices to some of the Company's job workers, the Company's stand has been vindicated by the decisions of Appellate Tribunal benches ("the Tribunal"), confirming that CNO is not hair oil but a vegetable oil. Some of these decisions are being contested by the Excise Department in the Hon. Supreme Court.

On June 3, 2009, however, the Central Board of Excise & Customs (CBEC) issued a circular under which it classified coconut oil packed in container size up to 200 ml as hair oil, chargeable to excise duty. The Department has, at some locations, asked the Company / some of its job workers to clear coconut oil packs up to 200 ml. on or after June 3, 2009, only on payment of excise duty and issued show cause notices (including for periods prior to June 3, 2009). As the Circular and consequent actions by the Department are contrary to the classification under excise tariff and Appellate Tribunal decisions, the Company / its job workers filed writ petitions with the Hon. High Courts of Mumbai (Goa bench) and Kerala challenging the validity of the Department's actions. The Honorable High Court of Mumbai has, in the interim, allowed dispatches of coconut oil in packs up to 200 ml without payment of excise duty based on the security of bank guarantees / surety bonds as applicable. The petition filed with the Honorable High Court of Mumbai is pending final disposal. The Honorable Kerala High Court has disposed of the petition with a direction that the excise authorities cannot call upon the Company to pay excise duty on clearances of coconut oil packs up to 200 ml. till the disposal of the appeals filed by the Department before the Supreme Court.

While passing this judgment, the High Court has also held that the Department cannot take the stand that they are entitled to depart from the stand taken by the Appellate Tribunal.

The Management had, while finalizing financial results for the quarter ended June 30, 2009, September 30, 2009 and December 31, 2009, based on then available facts had assessed the probable obligation in respect of clearance after the date of the circular dated June 3, 2009 and had made a provision of Rs 28.20 Crore for the period from 3rd June, 2009 to 31st December, 2009 on account of excise duty on clearances after the date of circular.

At the year ended March 31, 2010, the Management reviewed the matter particularly in the light of decision of Kerala High Court and has also obtained legal opinion in this regard in accordance with which the Company has a strong case even for clearances after the date of the circular. Having regard to the said facts and legal advice obtained, the Management has made an assessment that the probability of success in the matter is more likely than not. In terms of Accounting Standard (AS) 29, Provisions, Contingent liability and Contingent assets, the possible obligation on this account could be in the nature of contingent liabilities, which need not be provided in the accounts. However, as a matter of abundant caution and financial prudence, the Company has, pending outcome of the matter, made a provision at 75% of the excise duty that may have to be paid on the dispatches of coconut oil on packs up to 200 ml after June 3, 2009 in the event the matter is decided against the Company. Accordingly a provision of Rs. 29.35 Crore has been made for the year ended March 31, 2010 and recognized in the Profit and Loss account. The balance amount of Rs. 9.83 Crore and a possible obligation of Rs. 121.74 Crore for the period prior to June 3, 2009 arising out of show-cause notices received in the past has been disclosed as contingent liability to the extent the time horizon covered by such notice is within the normal period of one year under the excise laws.

The Company will continue to review this matter in the coming accounting periods based on the developments on the outcomes in the pending cases and the legal advice that it may receive from time to time.

Had the Company treated the entire possible obligation towards the above matter as a contingent liability, the profit before tax for the year would have been higher by Rs. 29.35 Crore profit after tax for year and balance in the Reserves & Surplus at the year end would have been higher by Rs. 19.60 Crore and the contingent liabilities at the year end would have been higher by Rs. 29.35 Crore.

NOTES TO THE ACCOUNTS

25) As at March 31, 2010, the Company holds 100 % of the Equity Capital of Kaya Limited ("Kaya") at a cost of Rs. 73.00 Crore (Rs.73.00 Crore). The Company has also advanced loans to Kaya of Rs. 79.97 Crore (Rs. 54.71 Crore). As per the latest audited financial statements, Kaya has negative net-worth as at March 31, 2010.

Since the incorporation of Kaya during 2002-03, its business has been under development. It has also moved from time to time in expansion phases. Encouraged by the consumer response to Kaya's pioneering offerings in products and services, it has focused on building the brand "Kaya" through setting up of a large number of Clinics at several locations. In the process Kaya has invested significant set up costs including advertisement and sales promotion cost, leading to losses. The operations of Kaya had shown significant improvement till the year ended March 31, 2009.

During the year, Kaya incurred significant losses due to combined effect of tough economic environment, opening of 31 new clinics in last two years which in normal course would have required 3 – 4 years to achieve profitability and provision of significant one time costs resulting from strategic decision to close down Kaya Life centers by April 30, 2010 and 7 Skin Clinics by June 30, 2010. This has resulted in net worth of Kaya turning negative as on March 31, 2010.

Kaya is a fairly young business - only 7 years since its inception. The business has been able to ramp up its presence to 87 clinics in India across 27 cities and a large customer base with significant long term growth potential. The Management believes that the losses during FY10 are not reflective of future trends and the Kaya business model continuous to be robust and offers significant long term growth opportunities. Further, the operations of Kaya are expected to improve significantly due to positive changes in economic environment, maturity of new clinics, renewed focus on reducing the time to scale up revenues in new clinics, improve capacity utilizations in existing ones and add to Kaya's range of service and product offerings and anticipated savings resulting from restructuring of operations.

Having regard to the above factors, and based on the fundamentals of Kaya and its future business plans, the Management is of the opinion that it is strategically desirable for Marico to continue to support Kaya through funding (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, is not other than temporary. 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) The Company has advanced long term loan to its wholly owned subsidiary Marico South Africa Consumer Care (Pty) Limited which is outstanding at the year ended March 31, 2010. The operations of the said subsidiary are classified as 'Non – integral foreign operations'. Accordingly, as per the requirements of Accounting Standard 11 'The effect of changes in Foreign Exchange Rates', exchange gain/ (loss) of Rs. 3.23 Crore [(Rs. 1.72 Crore)] arising on revaluation of the said loan is accumulated in 'Foreign Currency Translation Reserve', to be recognized as income or expenses in the Profit and Loss account upon disposal of the net investment in said subsidiary.

27) There are no dues payable to the Investor Education and Protection Fund as at March 31, 2010.

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

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

Signatures to Schedules A to R

As per our attached report of even date

For Price Waterhouse
Chartered Accountants
Firm Registration No. 301112E

VILAS Y. RANE
Partner
Membership No. F-33220

Place : Mumbai
Date : April 28, 2010

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Chief-Finance, HR & Strategy
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

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, 2010

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

	Rs. Crore
Public Issue	Nil
Bonus Issue	Nil
Bonus Preference Shares	Nil
Rights Issue	Nil
Private placement	0.03

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

Total Liabilities	—	Rs. 948.58 Crore
Total Assets	—	Rs. 948.58 Crore

Sources of Funds	(Rs. Crore)	**Application of Funds**	(Rs. Crore)
Paid up Capital	60.93	Net Fixed Assets	239.93
Reserves & Surplus	510.73	Investments	209.11
Secured Loans	99.61	Net Current Assets	441.04
Unsecured Loans	277.31	Deferred Tax Asset	58.50
Deferred Tax Liability	Nil		
Accumulated losses	Nil		
Total Sources	**948.58**	**Total Application**	**948.58**

d) **Performance of the Company**

	(Rs. Crore)
Turnover (Sales & Other Income)	2,046.35
Total Expenditure	1,753.78
Profit before Tax	292.57
Profit after Tax	235.02
Earnings per share (in Rs.)	3.86
Dividend rate (%)	65.99%

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

For and on behalf of the Board of Directors

HARSH MARIWALA	Chairman and Managing Director
NIKHIL KHATTAU	Director and Chairman of Audit Committee
MILIND SARWATE	Chief -Finance, HR & Strategy
RACHANA LODAYA	Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

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

* Amount in Crore

Name of the subsidiary company	Marico Bangladesh Limited		MBL Industries Limited #		Kaya Limited		Marico Middle East FZE		Kaya Middle East FZE#		MEL Consumer Care SAE#		Egyptian American Investment and Industrial Development Company #		Marico South Africa Consumer Care (Pty) Ltd.		Marico South Africa (Pty) Limited#		CPF International (Pty) Limited#		Marico Egypt Industries Company #	
Name of the holding company	Marico Limited		Marico Middle East FZE		Marico Limited		Marico Limited		Marico Middle East FZE		Marico Middle East FZE		Marico Middle East FZE		Marico Limited		Marico South Africa Consumer Care (Pty) Ltd		Marico South Africa (Pty) Limited		MEL Consumer Care SAE	
Reporting Currency	BDT	Rs.	BDT	Rs.	INR	Rs.	AED	Rs.	AED	Rs.	EGP	Rs.	EGP	Rs.	ZAR	Rs.	ZAR	Rs.	ZAR	Rs.	EGP	Rs.
Exchange Rate		0.649		0.649		1.000		12.229		12.229		8.160		8.160		6.166		6.166		6.166		8.160
Holding Company's interest	28,350,000 ordinary shares of Taka 10 each, fully paid up		100,000 ordinary shares of Taka 10 each, fully paid up		14,500,000 ordinary shares of Rs.10 each, fully paid up		22 ordinary share of AED 1,000,000 each fully paid up		1 Equity share of AED, 1,50,000 each fully paid up		250 Equity share of EGP,1000 each, fully paid up		68,920 ordinary shares of EGP 100 each fully paid up		800 ordinary shares of of ZAR 1 each, fully paid up		500,000 ordinary shares of ZAR 0.01 each, fully paid up		100 ordinary shares of ZAR 1 each, fully paid up		1,228,769 Equity share of EGP 10 each, fully paid up	
Extent of Holding	90%		100%		100%		100%		100%		100%		100%		100%		100%		100%		100%	
The "financial year" of the subsidiary company ended on	September 30, 2009		September 30, 2009		March 31, 2010		March 31, 2010		March 31, 2010		March 31, 2010		December 31, 2009		March 31, 2010		March 31, 2010		March 31, 2010		December 31, 2009	
Net aggregate amount of the subsidiary company's profits/ (losses) dealt with in the holding Company's accounts																						
For the subsidiary's aforesaid financial year*	7.09	4.60	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
For the previous financial years since it became subsidiary*	9.95	6.11	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil		1.37	7.31	Nil	Nil

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

* Amount in Crore

Name of the subsidiary company	Marico Bangladesh Limited	MBL Industries Limited #	Kaya Limited	Marico Middle East FZE	Kaya Middle East FZE#	MEL Consumer Care SAE#	Egyptian American Investment and Industrial Development Company #	Marico South Africa Consumer Care (Pty) Ltd.	Marico South Africa (Pty) Limited#	CPF International (Pty) Limited#	Marico Egypt Industries Company #
Name of the holding company	Marico Limited	Marico Middle East FZE	Marico Limited	Marico Limited	Marico Middle East FZE	Marico Middle East FZE	Marico Middle East FZE	Marico Limited	Marico South Africa Consumer Care (Pty)Ltd	Marico South Africa (Pty) Limited	MEL Consumer Care SAE
Net aggregate amount of the subsidiary company's profits/ (losses) not dealt with in the holding company's accounts For the subsidiary's aforesaid financial year*	47.09 30.56	(2.64) (1.71)	(25.11) (25.11)	0.39 4.71	(0.12) (1.44)	(0.08) (0.62)	(1.24) (10.09)	(0.05) (0.30)	(0.44) (2.69)	– –	1.91 15.55
For the previous financial years since it became subsidiary*	65.56 41.70	0.35 0.14	0.09 0.09	1.21 15.55	(0.37) (4.67)	(1.12) (9.63)	(0.33) (4.82)	(0.25) (0.88)	0.10 0.48	0.01 0.01	1.24 11.16
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on March 31, 2010.

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

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

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

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

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

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

For and On behalf of Board of Directors

HARSH MARIWALA Chairman and Managing Director
NIKHIL KHATTAU Director and Chairman of Audit Committee
MILIND SARWATE Chief- Finance, HR & Strategy
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

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

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

In terms of approval granted by the Central Government, Ministry of Corporate Affairs for FY 10 u/s 212 (8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss account, report of the Board of Directors and the report of the Auditors of the subsidiary companies have not been attached to this annual report. The accounts of these companies have been separately audited as per Generally Accepted Accounting Principles/Practices as applicable in their respective jurisdiction of the country of incorporation. A statement pursuant to the above order giving details of the subsidiaries is attached herewith:

(Amount in Crore)

Sr.No.	Name of the subsidiary company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Asses	Total Liabilities	Details of Investment (Excluding Investment in Subsidiaries)	Turnover	Profit / Loss Before Tax	Provision for Tax	Profit / Loss After Tax	Proposed Dividend including Dividend declared during the Year
1	Marico Bangladesh Limited	BDT		31.50	125.57	243.57	96.50	10.00	405.67	57.95	10.86	47.09	–
		Rs.	0.649	20.44	81.50	158.08	62.63	6.49	263.28	37.61	7.05	30.56	–
2	MBL Industries Limited	BDT		0.10	3.12	3.22	–	–	6.99	(2.66)	(0.02)	(2.64)	–
		Rs.	0.649	0.06	2.02	2.09	–	–	4.53	(1.73)	(0.01)	(1.71)	–
3	Kaya Skin Care Limited	INR		14.50	15.91	110.38	79.97	–	126.14	(25.11)	–	(25.11)	–
		Rs.	1.000	14.50	15.91	110.38	79.97	–	126.14	(25.11)	–	(25.11)	–
5	Marico Middle East	AED		2.20	1.10	10.48	6.90	–	9.11	0.39	–	0.39	–
		Rs.	12.229	26.90	13.41	128.16	84.43	–	111.36	4.71	–	4.71	–
6	Kaya Middle East FZE	AED		0.02	(0.49)	2.19	0.16	–	4.57	(0.12)	–	(0.12)	–
		Rs.	12.229	0.18	(6.05)	26.79	2.01	–	55.92	(1.44)	–	(1.44)	–
7	MEL Consumer Care SAE	EGP		0.03	(0.83)	2.44	3.55	–	–	(0.08)	–	(0.08)	–
		Rs.	8.160	0.20	(6.78)	19.87	28.99	–	–	(0.62)	–	(0.62)	–
8	Egyptian Americal Investment and Industrial Development Company #	EGP		0.69	(1.05)	1.73	2.08	–	2.19	1.23	(0.00)	(1.24)	-
		Rs.	8.160	5.62	(8.55)	14.11	16.98	–	17.89	10.06	(0.02)	(10.09)	–
9	Marico South Africa Consumer Care (Pty) Limited	ZAR		0.00	4.08	5.65	6.12	–	0.59	(0.05)	–	(0.05)	–
		Rs.	6.166	0.00	25.17	34.86	37.74	–	3.64	(0.30)	–	(0.30)	–
10	Marico South Africa (Pty) Limited	ZAR		0.00	0.49	8.01	7.52	–	10.48	(0.74)	0.31	(0.44)	–
		Rs.	6.166	0.00	3.03	49.38	46.34	–	64.64	(4.59)	1.90	(2.69)	–
11	CPF International (Pty) Limited	ZAR		0.00	(0.00)	–	–	–	–	–	–	–	–
		Rs.	6.166	0.00	(0.00)	–	–	–	–	–	–	–	–
12	Marico Egypt Industries Company	EGP		1.23	2.89	5.86	1.74	–	8.32	1.91	–	1.91	–
		Rs.	8.160	10.03	23.62	47.82	14.17	–	67.87	15.55	–	15.55	–

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

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2010.

Undertaking:

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

For and On behalf of Board of Directors

HARSH MARIWALA Chairman and Managing Director
NIKHIL KHATTAU Director and Chairman of Audit Committee
MILIND SARWATE Chief- Finance, HR & Strategy
RACHANA LODAYA Company Secretary & Compliance Officer

Place : Mumbai
Date : April 28, 2010

10 YEARS' HIGHLIGHTS

The highlights pertains to the financial performance of Marico Consolidated

Year ended March 31,	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales & Services	**670.7**	**695.7**	**775.5**	**888.5**	**1,007.0**	**1,143.9**	**1,556.9**	**1,905.0**	**2,388.4**	**2,660.8**
EBITDA	59.8	74.8	75.7	74.5	88.3	144.3	198.7	246.4	304.0	375.1
Profit before Interest & Tax (PBIT)	53.6	61.9	64.9	64.5	75.0	103.1	156.7	225.1	280.4	333.3
Profit before Tax	50.1	57.8	63.8	63.3	73.0	98.0	136.0	194.5	244.7	307.7
Extraordinary / Exceptional items	–	–	–	–	–	–	(14.0)	(10.6)	15.0	9.8
Profit before Tax (PBT)	**50.1**	**57.8**	**64.0**	**65.1**	**74.3**	**98.0**	**150.1**	**205.0**	**229.6**	**296.0**
Profit after Tax (PAT)	45.7	50.1	56.2	59.0	70.1	86.9	112.9	169.1	188.7	231.7
Cash Profits (Profit after Current Tax + Depreciation + Amortisation)	54.6	67.2	78.2	72.1	82.8	137.2	187.1	220.1	258.4	294.8
Economic Value Added (Refer Management Discussion)	**27.8**	**29.1**	**31.3**	**38.2**	**46.0**	**50.7**	**79.3**	**131.5**	**144.4**	**196.0**
Goodwill on consolidation	–	–	–	–	1.7	1.7	45.0	84.2	85.0	85.0
Net Fixed Assets	127.4	141.3	105.7	112.5	145.9	381.3	165.4	257.3	311.1	399.7
Investments	0.0	0.0	13.9	0.5	12.4	18.5	0.0	0.01	13.0	82.7
Net Current Assets	47.5	66.9	93.9	90.2	128.3	107.7	117.7	233.0	355.3	483.3
Miscellaneous Expenditure	–	–	0.7	0.5	0.4	0.3	0.1	–	–	–
Deferred Tax Asset	–	–	–	–	–	–	115.2	98.2	64.1	61.6
Total Capital Employed	**174.95**	**208.2**	**214.1**	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**	**1,112.4**
Equity Share Capital	14.5	14.5	29.0	29.0	58.0	58.0	60.9	60.9	60.9	60.9
Advance against Equity	–	–	–	0.2	–	–	–	–	–	–
Preference Share Capital	–	–	29.0	–	–	–	–	–	–	–
Reserves	156.8	182.7	135.0	155.2	158.9	203.5	131.5	253.7	392.6	593.0
Net Worth	**171.3**	**197.2**	**193.0**	**184.4**	**216.9**	**261.5**	**192.4**	**314.6**	**453.5**	**654.0**
Minority interest	–	–	3.1	1.9	–	–	0.0	0.1	–	12.5
Borrowed Funds	3.6	5.0	12.0	11.1	65.7	239.7	251.0	358.0	375.0	445.9
Deferred Tax Liability	–	6.0	6.1	6.2	6.1	8.3	–	–	–	–
Total Funds Employed	**175.0**	**208.2**	**214.1**	**203.6**	**288.7**	**509.4**	**443.3**	**672.7**	**828.5**	**1,112.4**
EBITDA Margin (%)	8.9	10.8	9.8	8.4	8.8	12.6	12.8	12.9	12.7	14.1
Profit before Tax to Turnover (%)	7.5	8.3	8.2	7.3	7.4	8.6	9.6	10.8	9.6	11.1
Profit after Tax to Turnover (%)	6.8	7.2	7.2	6.6	7.0	7.6	7.3	8.9	7.9	8.7
Return on Net Worth (%) (PAT / Average Net Worth $)	29.2	27.2	28.8	31.2	35.0	36.3	49.7	66.7	49.1	41.8
Return on Capital Employed (PBIT* / Average Total Capital Employed @)	**33.5**	**32.3**	**30.8**	**31.7**	**31.0**	**25.8**	**35.8**	**40.3**	**37.4**	**34.2**
Net Cash Flow from Operations per share (Rs.) (Refer Cash Flow Statement)##, ###	3.8	4.5	2.2	2.7	0.7	2.8	3.1	2.3	3.0	3.3
Earning per Share (EPS) (Rs.) (PAT / No. of Equity Shares)##, ###	**3.2**	**3.5**	**1.9**	**2.0**	**1.2**	**1.5**	**1.9**	**2.8**	**3.1**	**3.8**
Economic Value Added per share (Rs.) (Refer Management Discussion)##, ###	1.9	2.0	1.1	1.3	0.8	0.9	1.3	2.2	2.4	3.2
Dividend per share (Rs.) ##, ###	1.0	1.4	0.5	0.4	0.5	0.6	0.7	0.7	0.7	0.7
Debt / Equity	**0.0**	**0.0**	**0.1**	**0.1**	**0.3**	**0.9**	**1.3**	**1.1**	**0.8**	**0.7**
Book Value per share (Rs.) (Net Worth / No. of Equity Shares) ##, ###	**11.8**	**13.6**	**6.7**	**6.4**	**3.7**	**4.5**	**3.2**	**5.2**	**7.4**	**10.7**
Sales to Average Capital Employed @	4.2	3.6	3.7	4.3	4.1	2.9	3.3	3.4	3.2	2.7
Sales to Average Net Working Capital #	13.7	12.2	9.6	9.7	9.2	9.7	13.8	10.9	8.1	6.3

* PBIT includes extraordinary items

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

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

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

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

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

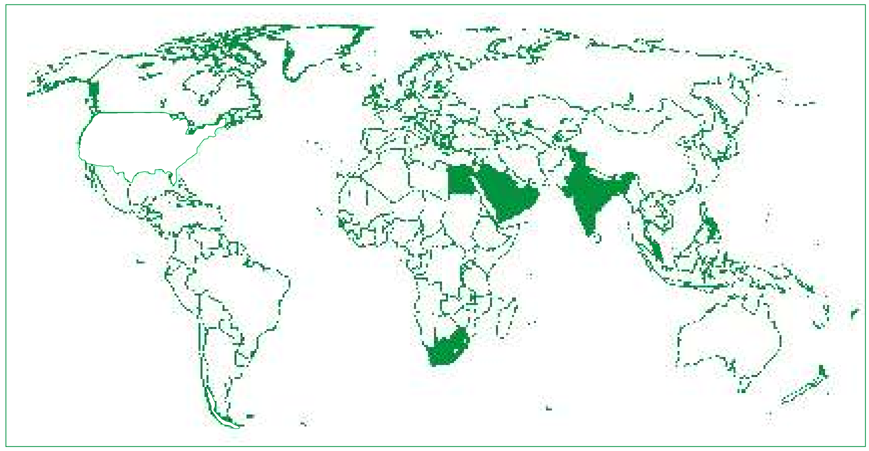
Note : 1 crore equals 10 million

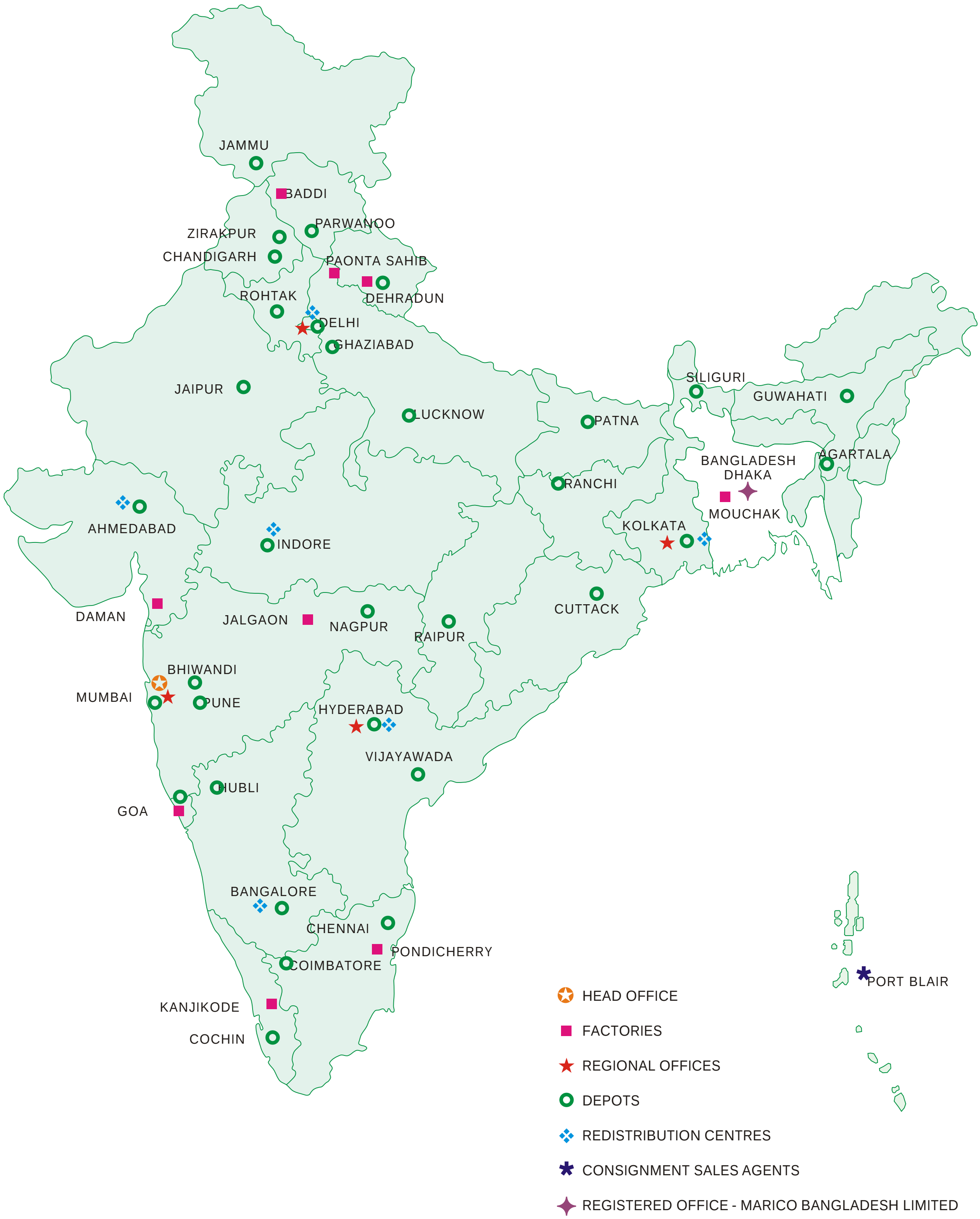
CONSOLIDATED QUARTERLY FINANCIALS

2009–10					(Amount in Rupees Crore)
Particulars	Three Month Ended				Annual
	Jun. 30, 09	Sept. 30, 09	Dec. 31,09	Mar. 31, 10	FY10
Total Revenue	699.9	697.8	675.2	607.6	**2,680.4**
Total Expenditure	600.3	597.2	570.8	517.3	**2,285.6**
Finance Charges	8.6	5.6	6.4	5.0	**25.7**
Gross profit after Finance Charges but before Depreciation and Taxation	91.0	95.0	98.0	85.2	**369.1**
Depreciation and Amortisation	9.9	17.9	16.6	15.7	**60.1**
Profit before Taxation and Exceptional Item	**81.1**	**77.1**	**81.4**	**69.5**	309.1
Exceptional Item	4.1	–	–	5.7	**9.8**
Profit before Tax	**77.0**	**77.1**	**81.4**	**63.8**	299.3
Minority Interest and Goodwill on consolidation	–	0.1	0.9	0.9	**1.9**
Profit before Tax after minority interest & goodwill	77.0	77.0	80.5	62.9	**297.4**
Provision for Tax(Current)	18.4	14.5	18.2	12.8	**63.8**
MAT Credit	(0.5)	1.6	(1.1)	(2.5)	**(2.6)**
Fringe Benefit Tax	–	–	–	(0.0)	**(0.0)**
Profit after Tax (Current)	**59.1**	**61.0**	**63.5**	**52.6**	236.1
Provision for Tax (Deferred Taxation)	3.1	(2.8)	1.3	1.5	**3.1**
Excess Income Tax provision of earlier years written back	–	–	–	–	–
Profit after Tax	**56.0**	**63.8**	**62.2**	**51.1**	233.1
Equity Share Capital	**60.9**	**60.9**	**60.9**	**60.9**	60.9
Earning per Share – (Rs.)	0.9	1.0	1.0	0.8	**3.8**
Dividend declared per share (Rs.)	–				–

2008–09					(Amount in Rupees Crore)
Particulars	Three Month Ended				Annual
	Jun. 30, 08	Sept. 30, 08	Dec. 31,08	Mar. 31, 09	FY09
Total Revenue	603.2	607.0	626.1	564.3	**2,400.6**
Total Expenditure	525.3	529.6	543.7	485.9	**2,084.4**
Finance Charges	9.3	10.9	7.0	8.5	**35.7**
Gross profit after Finance Charges but before Depreciation and Taxation	68.7	66.4	75.4	69.9	**280.5**
Depreciation and Amortisation	7.4	8.2	9.8	10.4	**35.8**
Profit before Taxation and Exceptional Item	**61.2**	**58.3**	**65.7**	**59.5**	244.7
Exceptional Item	–	–	–	15.0	**15.0**
Profit before Tax	**61.2**	**58.3**	**65.7**	**44.5**	229.6
Minority Interest and Goodwill on consolidation	0.0	0.0	0.0	(0.0)	**(0.0)**
Profit before Tax after minority interest & goodwill	**61.2**	**58.3**	**65.7**	**44.5**	229.6
Provision for Tax(Current)	8.9	8.8	9.7	0.8	**28.1**
MAT Credit	(0.9)	(3.8)	(4.0)	(14.8)	**(23.5)**
Fringe Benefit Tax	1.1	0.4	1.1	(0.2)	**2.4**
Profit after Tax (Current)	**52.1**	**52.9**	**58.8**	**58.7**	222.6
Provision for Tax (Deferred Taxation)	5.9	5.8	7.9	14.3	**33.9**
Excess Income Tax provision of earlier years written back	–	–	–	–	–
Profit after Tax	**46.3**	**47.1**	**50.9**	**44.4**	188.7
Equity Share Capital	**60.9**	**60.9**	**60.9**	**60.9**	60.9
Earning per Share – (Rs.)	0.8	0.8	0.8	0.7	**3.1**
Dividend declared per share (Rs.)	–	0.3	–	0.4	**0.7**

OUR PRESENCE





AWARDS & ACKNOWLEDGEMENTS

For Brands and Innovation

- Parachute was awarded the 2nd Most Trusted Brand in Bangladesh by Bangladesh Brand Forum in 2009
- Kaya Skin Clinic was awarded Bronze at the EFFIE Awards 2009 by Advertising Club of Bombay, for the success of their "Skin Care Is More Than Skin Deep" campaign
- Hair Code was awarded Superbrand status in Egypt while Parachute was awarded Super Brand Status in the UAE by the Superbrands Organization
- Kaya was awarded 'Most Admired Retailer for Health and Beauty' by Images Retail Awards in 2009

For Environmental Responsibility

- Marico won the Runners-up trophy at the G-CUBE, Good Green Governance Award in the Manufacturing category, for its Jalgaon plant by Srishti in 2010
- Marico Jalgaon won the "10th CII National Award for Excellence in Energy Management"

Others

- Marico was awarded the IMC Ramkrishna Bajaj National Quality Award (RBNQA) 2009 - Outstanding Achievement Trophy, in the manufacturing category by the Indian Merchants' Chamber (IMC) in 2010
- Marico won the NDTV Profit Business Leadership Award 2009 in the FMCG (Personal Hygiene) category
- Harsh Mariwala was awarded the Ernst & Young 'Entrepreneur of the Year Award' 2009 in the Manufacturing category
- Harsh Mariwala won the Talent Management Award at the CNBC TV18 India Business Leader Awards 2009

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

Marico Limited
Registered Office: Rang Sharda,
Krishnachandra Marg,
Bandra Reclamation, Bandra (West),
Mumbai 400 050, India.
Tel: (91-22) 6648 0480.
Fax: (91-22) 6649 0112.

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

email: milinvrel@maricoindia.net

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of Marico Limited will be held on Wednesday, July 28, 2010 at 3.30 p.m. at The National Stock Exchange of India Limited, 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account of the Company for the year ended on that date together with the Reports of the Directors and the Auditors.
2. To confirm interim dividends of Re. 0.30 and Re.0.36 per equity share of Re. 1 each, declared for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Rajen Mariwala, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajeev Bakshi, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Price Waterhouse, Chartered Accountants, as Statutory Auditors and fix their remuneration for the financial year ending March 31, 2011.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company and such other laws/agreements as may be applicable, and subject to the approval of the Central Government and/or such other persons/bodies as may be necessary; consent of the Company be and is hereby accorded to payment of remuneration to its Non-executive Directors [Directors other than the Managing Director(s) and Whole-time Director(s)] by way of monthly, quarterly or annual payments or in such other manner as may be permitted, out of the profits of the Company for each of the five financial years commencing April 1, 2010, subject to the following:

   a) Such payment shall not exceed 3% of the net profits in the aggregate, for the relevant year, such profits being calculated in accordance with the provisions of the Companies Act, 1956,

   b) The Board of Directors be and is hereby authorised :

      - To decide the mode, the quantum, the recipients and the frequency of payment of such remuneration, in consultation with such persons / bodies as it thinks fit.
      - To settle all doubts / difficulties in regard to the foregoing and to take all decisions / actions and to execute all documents as may be needed to give effect to the foregoing.
      - To delegate this authority to the Chairman and / or any Committee of the Board and to modify and / or to withdraw such delegation from time to time."

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act, 1956 (the "Act") and rules and regulations enacted under the Act, including any amendment thereto or re-enactment thereof for the time being in force:

   1. Article 128 of the Articles of Association of the Company be deleted and the following Article 128 be substituted in its place and stead:

      "Every Deed or other instrument to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney be signed by any Director or the Secretary or some other person duly authorised by the Board for the purposes, provided nevertheless that Certificate of Shares may be sealed in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force."

NOTICE

2. the Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) be and is hereby authorised to:

   a) settle any question, doubt or difficulty that may arise in regard to the foregoing;

   b) do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary and think fit to give effect to this resolution;

   c) delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman and Managing Director or any Director or any other Officer of the Company."

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**

2. Members/proxies should bring duly filled attendance slips sent herewith to attend the meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 26, 2010 to Wednesday, July 28, 2010, both days inclusive, for the purpose of the Annual General Meeting.

4. All dividends declared for and upto the 3rd interim equity dividend 2002-03 on equity shares of the Company & preference dividend 2002-03 on preference shares of the Company (since redeemed), which remained unclaimed for a period of seven years as per Section 205A of the Companies Act, 1956 (the Act), have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government under Section 205C of the Act.

   Members, who have not yet encashed their dividend warrant(s), for any dividends declared after the aforesaid dividends, are requested to forward their claims to the Company at its registered address mentioned below.

   It may be noted that once the unclaimed dividend is transferred to the IEPF, as above, no claim shall lie against the Company or the aforesaid Fund in respect of such amount.

5. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updations of bank mandates (details of bank name and account no.) to their respective Depository Participants. Members other than those holding shares in electronic mode are requested to direct change of address notification and updation of bank mandates, if any, to the Registrar and Share Transfer Agents, M/s Link Intime India (Pvt.) Limited (Unit: Marico Ltd.), C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078. Tel.: 022-25946970, Fax: 022-25946969, E-mail id: rnt.helpdesk@linkintime.co.in

6. Additional information on Directors seeking re-election at the Annual General Meeting is available in the Corporate Governance Report forming part of the Annual Report for the year 2009 - 10.

7. In compliance with the Secretarial Standards and as a good governance practice, your Company does not give gifts to its members and also does not offer its products at discounted rates. However, your Company is committed to shareholders' wealth maximization through superior performance reflected in corporate benefits like dividend and increased market capitalization.

Place: Mumbai
Date: April 28, 2010

By Order of the Board
For **MARICO LIMITED**

Registered Office:
"Rang Sharda"
Krishnachandra Marg, Bandra Reclamation
Bandra (West), Mumbai - 400 050

Rachana Lodaya
Company Secretary and
Compliance Officer

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Remuneration to Non-Executive Directors

The role and responsibility of Non-executive Directors of a Company has increased significantly with the growing emphasis on good corporate governance. The Non-executive Directors on the Board of Directors have onerous duties and, besides adding substantial value to the Company through their contribution to its management, they also safeguard the interests of the investors at large by playing an appropriate control role in the activities of the Board. There is, therefore, an increasing awareness about the importance of Non-executive Directors for both their contribution to the Company's strategy as well as the monitoring function. The Corporate Governance initiatives of the Securities and Exchange Board of India (SEBI) also highlight the role of non-executive Directors.

The shareholders of the company had on July 26, 2005 approved payment to non-executive directors up to the limit of 3% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956. The approval expired on March 31, 2010.

Your Company continues to avail itself of the benefits of a greater involvement by non-executive Directors in its affairs. Commensurate with greater participation of non-executive Directors, the Company would like to continue compensating them in a manner befitting their professional background, standing in the corporate world and their value addition to the Board and the Company. It is therefore proposed that the total remuneration to Non-executive Directors continue to be limited to 3% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956. It is proposed that the Board of Directors be allowed freedom, within this limit, to decide the mode, the quantum, the recipients and the frequency of payment of such remuneration, in consultation with such persons/bodies as it thinks fit, to settle all doubts / difficulties in regard to the foregoing and take all decisions/ actions and to execute all documents as may be needed to give effect to the foregoing and to delegate this authority to the Chairman and / or any Committee of the Board and modify and / or to withdraw such delegation from time to time.

Pursuant to provisions of Section 309 of the Companies Act, 1956, approval of the Central Government would be required if the remuneration exceeds 1% of the net profits. The Company shall, if required, apply to the Central Government.

According to Clause 49 of the Listing Agreement, the fees/compensation payable to Non-Executive Directors, including the Independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the members in the General Meeting.

Your Directors recommend passing of the Resolution contained in Item 6 of the accompanying notice.

All Directors except the Chairman and Managing Director may be deemed to be concerned or interested in the passing of the resolution to the extent of the remuneration that they may be entitled to.

ITEM NO. 7

Alteration of Articles of Association of the Company

It is proposed through the resolution at Item No. 7 to broad-base the list of persons authorised to affix the Common Seal of the Company for operational convenience. Consequently, Article 128 of the Articles of Association of the Company would have to be altered to reflect the proposed change.

According to the Section 31 of the Companies Act, 1956, amendments in the Articles of Association of the Company requires approval of the members through a Special Resolution.

Your Directors recommend passing of the Resolution contained at Item No. 7 of the accompanying notice.

None of the Directors of the Company are concerned or interested in the resolution.

A copy of the Memorandum of Association and Articles of Association together with a copy of the Articles of Association reflecting the proposed alteration will be 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 (except Saturdays, Sundays & Bank Holidays) of the Company.

Place: Mumbai
Date: April 28, 2010

By Order of the Board
For **MARICO LIMITED**

Rachana Lodaya
Company Secretary and
Compliance Officer

Registered Office:
"Rang Sharda"
Krishnachandra Marg, Bandra Reclamation
Bandra (West), Mumbai - 400 050

marico

MARICO LIMITED

Registered Office: Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.

ATTENDANCE SLIP

TWENTY SECOND ANNUAL GENERAL MEETING ON WEDNESDAY, JULY 28, 2010 AT 3.30 P.M.

Regd. Folio No. / DP Client ID

No. of shares held

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to be held at National Stock Exchange of India Limited, 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051 at 3.30 p.m. on Wednesday, July 28, 2010.

______________________________ ______________________________

Member's / Proxy's name in **BLOCK** letters Member's / Proxy's signature

Note : Please fill in the attendance slip and hand it over at the entrance of the Meeting Hall.

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marico

MARICO LIMITED

Registered Office : Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.

PROXY FORM

TWENTY SECOND ANNUAL GENERAL MEETING ON WEDNESDAY, JULY 28, 2010 AT 3.30 P.M.

Regd. Folio No. / DP Client ID

No. of shares held

I/We____________________________________ of__________________________ being

a member / members of the above-named Company hereby appoint ____________________________

of____________________or failing him______________________________________

of____as my/our proxy to vote for me/us on my/our behalf at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to be held at National Stock Exchange of India Limited, 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051 at 3.30 p.m. on Wednesday, July 28, 2010 and at any adjournment(s) thereof.

Signed this ____ day of ____________ 2010 Signature ________ Affix One Rupee Revenue Stamp ________

Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A Proxy need not be a Member.
3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.

Dear Shareholder(s),

Sub: Dividend Disbursement through National Electronic Clearing Service (NECS)

Currently, as per directive from Securities and Exchange Board of India, all companies use Electronic Clearing Service (ECS) facility introduced by Reserve Bank of India (RBI) for disbursing dividends. In this system, the shareholder's bank account is directly credited under advice to the shareholder.

As advised by the RBI, the remittance of money through ECS has been replaced by National Electronic Clearing Service (NECS). The advantages of NECS over ECS include faster credit of remittances to beneficiary's account, coverage of more branches as also ease of operation.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

Please follow the below mentioned procedure for updating your new CBS bank account number:

A. For shareholders holding shares in Demat form

In case you hold your shares in Demat form, please furnish your new Bank Account Number allotted to you by your bank after implementation of CBS, along with a cancelled cheque pertaining to the concerned account, to your Depository Participant (DP).

Please do not send the same to the Company or to the R&T Agent.

B. For shareholders holding shares in physical form

In case you hold your shares in physical form, please furnish the new Bank Account Number allotted to you by your bank after implementation of CBS, in the form printed overleaf.

Please do not e-mail or fax the same.

In your own interest please comply with the above requirement at the earliest possible, so that the bank details are updated before the payment of future dividends.

If you do not provide your new bank account number, allotted after implementation of CBS by your Bank, then please note that electronic remittance of money to your old account may either be rejected or returned, which will delay the payment of dividend to you.

In case you have already provided your new bank account number, this communication may be ignored.

Assuring you of our best services at all times.

Yours faithfully,

For Marico Limited

Rachana Lodaya
Company Secretary & Compliance Officer

To be filled, signed and returned in original by a shareholder holding shares in physical form. Shareholders holding shares in demat form are requested to give the bank details to their DP and not to the Company.

M/s Link Intime India Pvt Limited
Unit: Marico Limited
C -13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai 400 078.
Tel.: 022 - 25946970

Dear Sirs,

Sub: Updation of new bank account number for dividend payment through NECS

This has reference to your communication regarding National Electronic Clearing Service (NECS), printed overleaf. Since banks have changed the customer account number post migration to Core Banking Solution (CBS), I request you to update the bank details against my folio as per details given below:

Folio No.									
No. of Shares									
First Holder's Name									
Contact Telephone Number (with STD code)									
Personal E-mail ID									
New Account no. after implementation of CBS									
Bank Name									
Bank Branch & Address									
9 Digit Bank Code No. (as printed on the cheque leaf)									
RTGS / NEFT IFSC Code (as printed on the cheque leaf)									

(A cancelled cheque leaf from the cheque book issued by bank for the operation of the above account is enclosed)

If the payment transaction is delayed or not effected at all for any reason(s) beyond the control of the Company, I would not hold the company responsible.

Yours truly,
(Signature of first named shareholder)