

MARICO INDUSTRIES LIMITED ANNUAL REPORT 2001 - 02



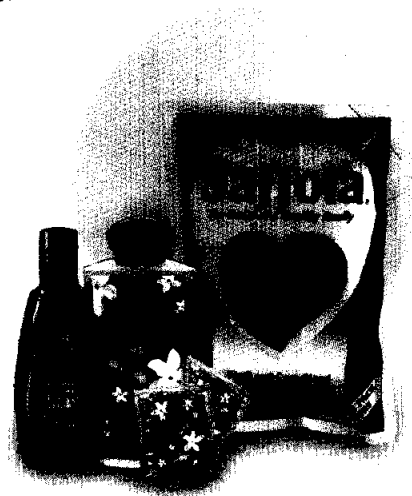
## COMPANY INFORMATION & CONTENTS

### Board of Directors

Harsh Charandas Mariwala, Chairman & Managing Director  
Kishore Vallabhadas Mariwala  
Bipin Ratilal Shah  
Nikhil Nirvan Khattau  
Atul Champaklal Choksey

### Top Management Team

Harsh Mariwala, Chairman & Managing Director  
Pranab Datta, Chief Executive Officer - Health Care  
Shreekant Gupte, Chief Executive Officer - Nature Care  
Pradeep Mansukhani, Chief Executive Officer - Sales  
Rakesh Pandey, Chief Human Resources Officer  
Milind Sarwate, Chief Financial Officer  
Shyam Sutaria, General Manager-International Business



### General Manager-Legal & Company Secretary

Dev Bajpai

### Bankers

State Bank of Saurashtra  
Citibank N.A.  
Standard Chartered Grindlays Bank  
ICICI Bank Limited  
HDFC Bank Limited

### Auditors

RSM & Co.  
Chartered Accountants

### Registered Office

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

### MARICO

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### MARICO BANGLADESH LIMITED 83





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## MARICO'S BUSINESS DIRECTION : 2010

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

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

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

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

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

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



MARICO'S VALUES

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

COME WIN.

On one hand, it is an invitation to excel.  
On the other, it sums up the philosophy that will guide our success.

CONSUMERS

For they are the reason we exist.

MEMBERSHIP

For a sense of ownership empowers us.

EXCELLENCE

For it unleashes our potential.

WEALTH

For on it hinges our growth.

INNOVATION

For it gives wings to ideas.

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MARICO



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## CONSUMERS

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

## MEMBERSHIP

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

## EXCELLENCE

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

## WEALTH

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

## INNOVATION

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

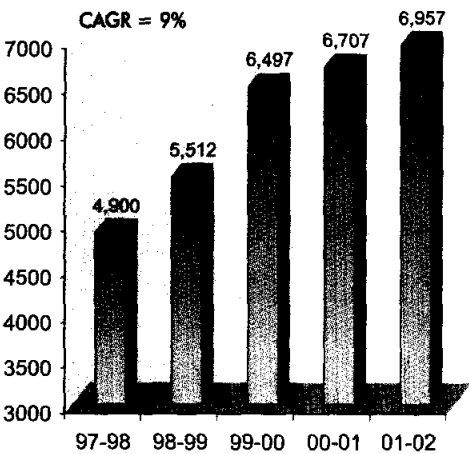




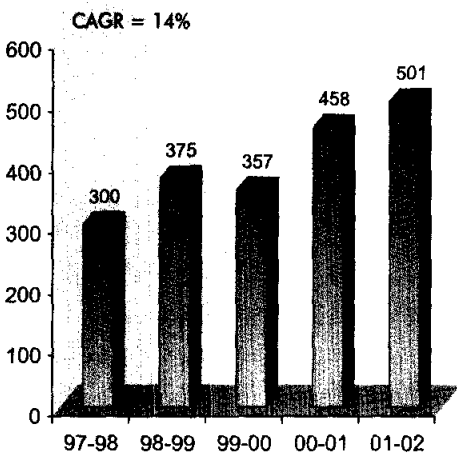
PERFORMANCE AT A GLANCE

The Graphs shown below analyse the financial performance of Marico Industries Limited together with its subsidiary, Marico Bangladesh Limited

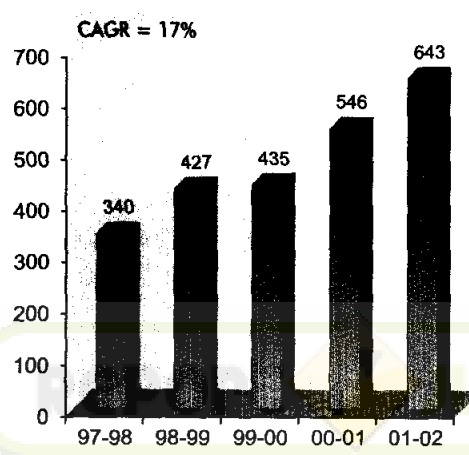
Sales & Service (Rs. Million)



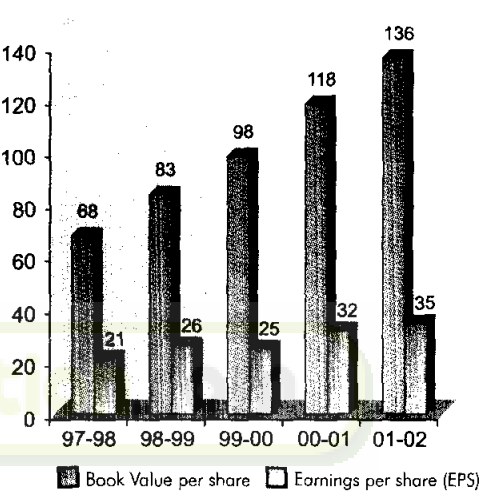
Net Profits (Rs. Million)



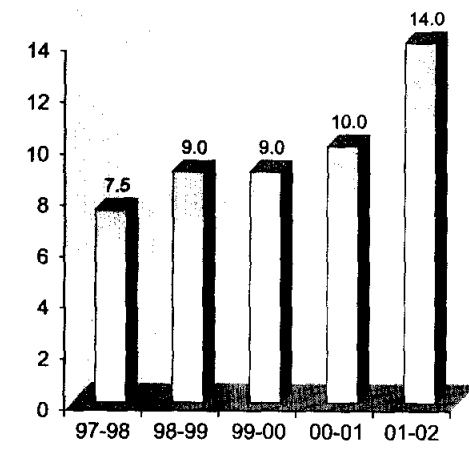
Cash Profits (Rs. Million)



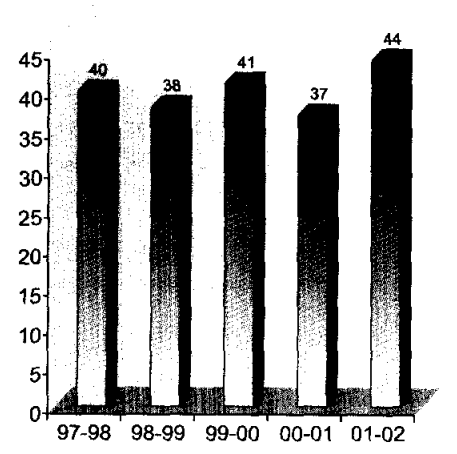
Book Value Per Share and EPS (Rs.)



Dividend Per Share (Rs.)



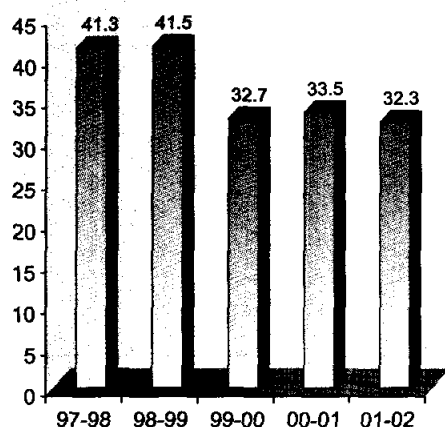
Dividend Payout (%)



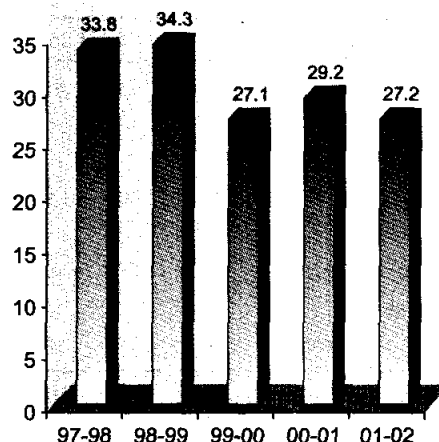


## PERFORMANCE AT A GLANCE

Return on Capital Employed (%)



Return on Net Worth (%)



### Economic Value Added Analysis

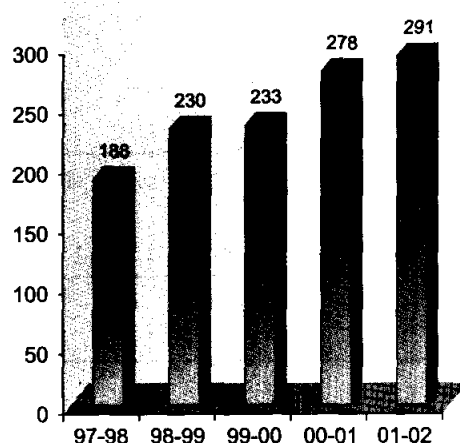
**E**conomic Value Added represents the value added by a business enterprise to its shareholders by generating operating profits in excess of the cost of capital employed in the business. This concept is increasingly being deployed to understand and evaluate financial performance.

(Amount in Rs. Million)

For the year ended March 31, 2002, Marico's Economic Value Added was Rs. 291 million as compared to Rs. 278 million in the previous year.

Over the past 5 years Marico's Economic Value Added has grown at a CAGR of 12%.

Economic Value Added (Rs. Million)



Year ended March 31	1998	1999	2000	2001	2002
a. Average Capital Employed	1,027	1,152	1,345	1,602	1,916
b. Average Debt/Total Capital (%)	13.5	5.0	2.1	2.2	2.3
c. Cost of Equity (%)	17.5	16.3	13.2	13.1	15.0
d. Cost of Debt (Post Tax) (%)	9.4	8.5	7.1	6.5	-
e. Weighted Average Cost of Capital (%)	16.4	15.9	13.1	13.0	14.7
f. Profit After Current Tax (excl. extraordinary items)	300	375	375	458	530
g. Add : Interest Post Tax	57	38	34	27	42
h. Net Operating Profit After Tax	357	413	409	485	572
i. Less : Cost of Capital	169	183	176	207	281
j. Economic Value Added	188	230	233	278	291
k. % to Capital Employed	18.3	19.9	17.3	17.3	15.2



## 10 YEARS' HIGHLIGHTS

The highlights pertain to the financial performance of Marico Industries Limited together with its subsidiary, Marico Bangladesh Limited

	Amount in Rs. Million									
Year ended March 31	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Sales &amp; Services</b>	<b>2,103</b>	<b>2,364</b>	<b>2,833</b>	<b>3,486</b>	<b>4,097</b>	<b>4,900</b>	<b>5,512</b>	<b>6,497</b>	<b>6,707</b>	<b>6,957</b>
Profit before Interest & Tax (PBIT)	204	207	252	364	353	424	477	458	537	619
Operating Profit before Tax	148	149	191	268	277	365	440	426	501	578
Extraordinary / Exceptional items	-	-	-	29	14	-	-	(18)	-	-
<b>Profit before Tax (PBT)</b>	<b>148</b>	<b>149</b>	<b>191</b>	<b>297</b>	<b>291</b>	<b>365</b>	<b>440</b>	<b>408</b>	<b>501</b>	<b>578</b>
Profit after Tax (PAT)	62	64	118	212	215	300	375	357	458	501
Cash Profits (PAT + Depreciation)	79	81	150	238	246	340	427	435	546	643
<b>Economic Value Added</b> <b>(Refer Performance at a glance)</b>	<b>58</b>	<b>48</b>	<b>90</b>	<b>125</b>	<b>87</b>	<b>188</b>	<b>230</b>	<b>233</b>	<b>278</b>	<b>291</b>
Net Fixed Assets	110	167	270	404	453	605	694	953	1,274	1,413
Investments	-	7	22	23	8	-	-	-	-	-
Net Current Assets	145	159	230	634	524	463	540	502	475	669
<b>Total Capital Employed</b>	<b>255</b>	<b>333</b>	<b>522</b>	<b>1,061</b>	<b>985</b>	<b>1,068</b>	<b>1,235</b>	<b>1,455</b>	<b>1,749</b>	<b>2,082</b>
Share Capital	45	45	45	145	145	145	145	145	145	145
Reserves	82	140	252	515	653	834	1,065	1,277	1,568	1,827
<b>Net Worth</b>	<b>127</b>	<b>185</b>	<b>297</b>	<b>660</b>	<b>798</b>	<b>979</b>	<b>1,210</b>	<b>1,422</b>	<b>1,713</b>	<b>1,972</b>
Borrowed Funds	128	148	225	401	187	89	25	33	36	50
Deferred Tax Liability	-	-	-	-	-	-	-	-	-	60
<b>Total Funds Employed</b>	<b>255</b>	<b>333</b>	<b>522</b>	<b>1,061</b>	<b>985</b>	<b>1,068</b>	<b>1,235</b>	<b>1,455</b>	<b>1,749</b>	<b>2,082</b>
Profit before Tax to Turnover (%)	7.0	6.3	6.7	8.5	7.1	7.4	8.0	6.3	7.5	8.3
Profit after Tax to Turnover (%)	2.9	2.7	4.2	5.2	4.9	6.1	6.8	5.5	6.8	7.2
Return on Net Worth (%)										
(PAT / Average Net Worth)	65.6	41.0	49.0	44.3	29.5	33.8	34.3	27.1	29.2	27.2
<b>Return on Capital Employed (%)</b>										
(PBIT* / Average Total Capital Employed)	<b>98.6</b>	<b>70.4</b>	<b>58.9</b>	<b>46.0</b>	<b>34.5</b>	<b>41.3</b>	<b>41.5</b>	<b>32.7</b>	<b>33.5</b>	<b>32.3</b>
Net Cash Flow from Operations per share (Rs.)										
(Refer Cash Flow Statement)	-	-	17.0	1.8	19.7	28.7	15.4	30.6	37.7	45.1
<b>Earning per Share (EPS) (Rs.)</b>										
(PAT / No. of Equity Shares)	<b>13.8</b>	<b>14.1</b>	<b>26.3</b>	<b>12.6</b>	<b>13.9</b>	<b>20.7</b>	<b>25.9</b>	<b>24.6</b>	<b>31.6</b>	<b>34.5</b>
Economic Value Added per share (Rs.)										
(Refer Performance at a glance)	12.9	10.7	20.0	8.6	6.0	13.0	15.8	16.1	19.2	20.1
Dividend per share (Rs.)	2.0	1.2	1.5	2.5	5.0	7.5	9.0	9.0	10.0	14.0
<b>Debt / Equity</b>	<b>1.01</b>	<b>0.80</b>	<b>0.76</b>	<b>0.61</b>	<b>0.23</b>	<b>0.09</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.03</b>
<b>Book Value per share (Rs.)</b>										
(Net Worth / No. of Equity Shares)	<b>28.2</b>	<b>41.1</b>	<b>66.0</b>	<b>45.5</b>	<b>55.0</b>	<b>67.5</b>	<b>83.4</b>	<b>98.1</b>	<b>118.1</b>	<b>136.0</b>
Sales to Average Capital Employed @	8.3	7.1	5.4	3.3	4.2	4.6	4.8	4.8	4.2	3.6
Sales to Average Net Working Capital #	17.8	15.6	14.6	8.1	7.1	9.9	11.0	12.5	13.8	12.2

\* PBIT includes extraordinary items

@ Average Capital Employed = (Opening Capital Employed + Closing Capital Employed)/2

# Average Net Working Capital = (Opening Net Current Assets + Closing Net Current Assets)/2

MARICO





## CONSOLIDATED QUARTERLY FINANCIALS

2001-02

(Amount in Rs. Million)

Particulars	Three Months Ended				Annual FY 02
	Jun. 30, 01	Sep. 30, 01	Dec. 31, 01	Mar. 31, 02	
Total Revenue	1,528	1,727	1,829	1,886	6,970
Total Expenditure	1,356	1,538	1,643	1,671	6,208
Finance Charges	8	13	12	8	41
Gross profit after finance charges but before depreciation and taxation	164	176	174	207	721
Depreciation	22	28	28	65	143
<b>Profit before taxation</b>	<b>142</b>	<b>148</b>	<b>146</b>	<b>142</b>	<b>578</b>
Provision for current taxation	11	11	13	13	48
<b>Profit after current taxation</b>	<b>131</b>	<b>137</b>	<b>133</b>	<b>129</b>	<b>530</b>
Provision for deferred taxation	3	7	14	36	60
Excess income tax provision of earlier year written back	—	—	—	31	31
<b>Profit after tax</b>	<b>128</b>	<b>130</b>	<b>119</b>	<b>124</b>	<b>501</b>
Earnings per share - Annualised (Rs.)	35.3	35.9	32.8	34.2	34.5
Interim Dividends declared per share (Rs.)	2.5	3.0	3.5	5.0	14.0

2000-01

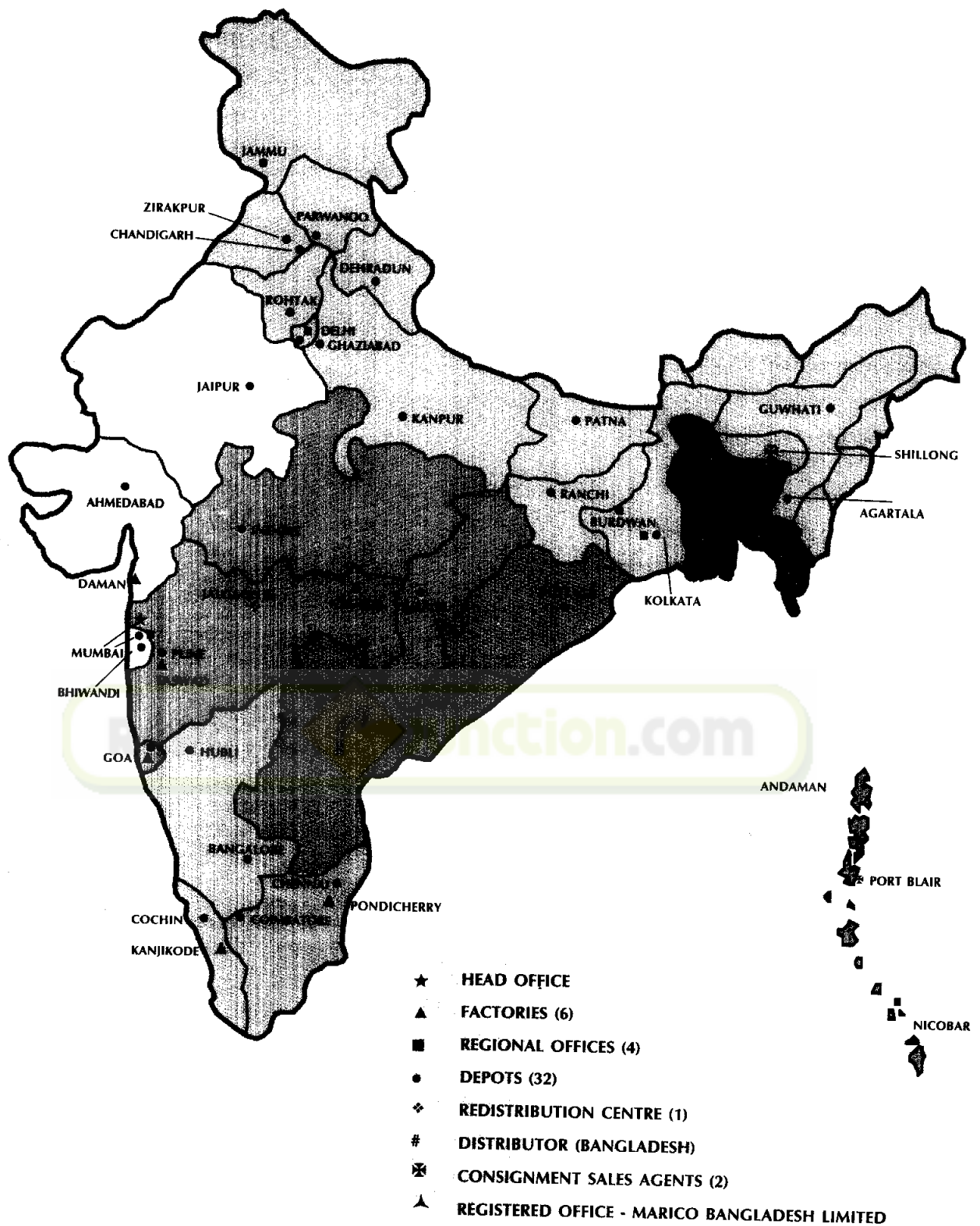
(Amount in Rs. Million)

Particulars	Three Months Ended				Annual FY 01
	Jun. 30, 00	Sep. 30, 00	Dec. 31, 00	Mar. 31, 01	
Total Revenue	1,501	1,666	1,733	1,835	6,735
Total Expenditure	1,331	1,494	1,588	1,697	6,110
Finance Charges	10	9	9	7	35
Gross profit after finance charges but before depreciation and taxation	160	163	136	131	590
Depreciation	28	22	20	19	89
<b>Profit before taxation</b>	<b>132</b>	<b>141</b>	<b>116</b>	<b>112</b>	<b>501</b>
Provision for current taxation	11	12	13	7	43
<b>Profit after current taxation</b>	<b>121</b>	<b>129</b>	<b>103</b>	<b>105</b>	<b>458</b>
Provision for deferred taxation	—	—	—	—	—
<b>Profit after tax</b>	<b>121</b>	<b>129</b>	<b>103</b>	<b>105</b>	<b>458</b>
Earnings per share - Annualised (Rs.)	33.4	35.6	28.4	29.0	31.6
Interim Dividend declared per share (Rs.)	4.0	—	—	—	4.0
Final Dividend declared per share (Rs.)	—	—	—	6.0	6.0
Total Dividend declared per share (Rs.)	4.0	—	—	6.0	10.0

MARICO



## MARICO'S PRESENCE IN THE SUB-CONTINENT



MARICO