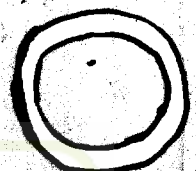
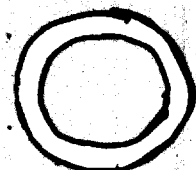
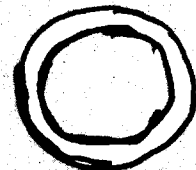


# UNCOMMON SENSE

CROSSING  
THE



CROSSING MARK

Apply conventional thinking and you'll only come up with conventional solutions. But open your mind, and you'll find a world of opportunities opening up before you.

# UNCOMMON SENSE



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Harsh Mariwala, Chairman & Managing Director  
Bipin Shah, Chairman of Audit Committee  
Nikhil Khattau  
Atul Choksey  
Rajeev Bakshi  
Rajen Mariwala (Appointed w.e.f. April 27, 2005)

Kishore Mariwala (Until April 27, 2005)  
Vinita Bali, Additional Director  
(Until November 21, 2004)

### TOP MANAGEMENT TEAM

Harsh Mariwala, Chairman & Managing Director  
Arnab Banerjee, Chief Executive Officer - Sundari  
& Head - New Business Development  
Pankaj Bhargava, Chief - HR  
Saugata Gupta, Chief - Marketing  
Vinod Kamath, Chief - Commercial & IT  
Pradeep Mansukhani, Chief Executive Officer  
- Sales & Manufacturing  
Rakesh Pandey, Chief Executive Officer - Kaya  
Milind Sarwate, Chief Financial Officer  
Shyam Sutaria, Chief Executive Officer  
- International Business Group

### HEAD - LEGAL & COMPANY SECRETARY

Dev Bajpai

### BANKERS

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

### AUDITORS

RSM & Co., Chartered Accountants

### INTERNAL AUDITORS

Aneja Associates, Chartered Accountants

### REGISTERED OFFICE

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

### PRESENCE IN THE SUB-CONTINENT

Factories - 8  
Regional Offices - 4  
Depots - 30

### WEBSITES

www.maricoindia.com  
www.saffolalife.com

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### MARICO BANGLADESH LIMITED

### MBL INDUSTRIES LIMITED

### KAYA SKIN CARE LIMITED

### SUNDARI LLC

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## **CHAIRMAN'S LETTER TO SHAREHOLDERS A PERSONAL MESSAGE**

Dear Shareholders

The year 2004-05 marks an important new milestone in Marico's 15-year journey. The Marico Group has crossed the Rs.1000 crore mark - a significant achievement for an Indian FMCG enterprise.

Not many would know that Marico was spun off as a new company from the consumer products division of The Bombay Oil Industries Limited, with just two brands - Parachute and Saffola. Back then, Marico's turnover was Rs.100 crore. It has come a long way since.

Over the past 15 years, Marico has built new brands, created new categories, dominated markets with shares close to 100%, moved up from products to services, taken its brands to 24 countries across the world, and built a powerful franchise of 13 crore loyal consumers.

During this period, it has progressed from being a largely industrial enterprise to a more consumer-focussed entity, creating enduring value for its consumers through a wide range of products and services.

Today, Marico's turnover comes from 12 brands across products and services in the area of beauty and wellness. Investments in brand building have enabled these brands to occupy leadership positions in their respective categories - while new brands are continuously being developed.

Thanks to its loyal consumer franchise and the nature of its businesses, Marico continues to prosper along a path of sustained profitable growth - both, within the Indian subcontinent, and beyond.

Your Company has established markets overseas, taking its products and services to 24 countries across the world. In the early nineties, Marico expanded its network to the Middle East, setting up a strong marketing and distribution base in the Gulf, and later in the decade, set up a wholly-owned subsidiary in Bangladesh, cornering 50% of the market for coconut oil. Then in 2002, Marico acquired controlling interest in Sundari LLC, a US based ayurvedic skin care company. During 2004-05, Marico's International Business turnover touched Rs. 100 crore - representing 10% of the Group's turnover.

From a strength of about 200 employees in its early days, the Marico Group has grown to a team of 1300. Continuous investments in processes and people, and developing a distinct work culture, ensure that the company is managed by a team of highly motivated, enthusiastic individuals. Besides, Marico has developed a strong network of vendors, solution providers and associates - who will continue to partner its progress and drive future growth.

Your Company is built on a foundation of strong brands, a committed management, a powerful network of associates, and an unshakeable consumer franchise. I look forward to your continued support in taking your company well beyond the Rs. 1000 crore mark.

With warm regards,

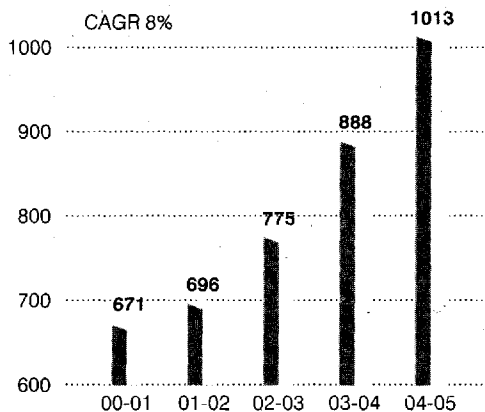


**Harsh Mariwala**

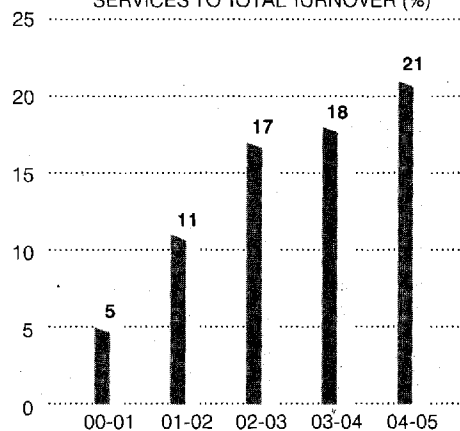
**Chairman and Managing Director**

## MARICO CONSOLIDATED PERFORMANCE AT A GLANCE

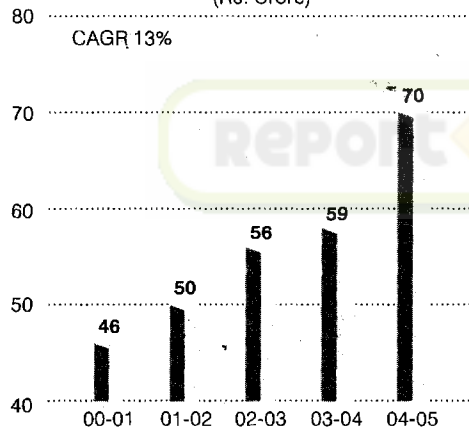
SALES AND SERVICES  
(Rs. Crore)



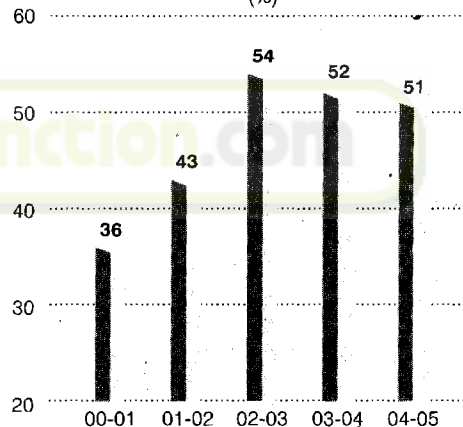
CONTRIBUTION OF NEW PRODUCTS &  
SERVICES TO TOTAL TURNOVER (%)



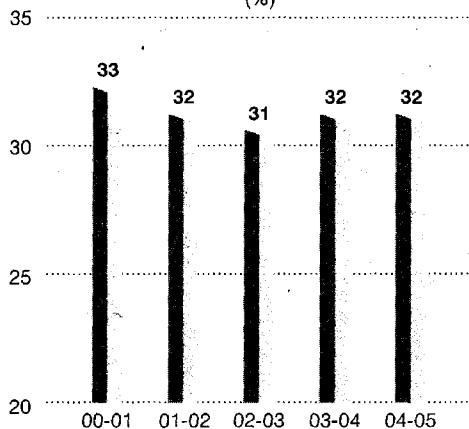
NET PROFITS  
(Rs. Crore)



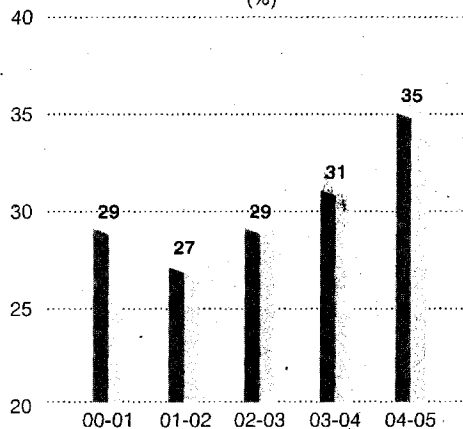
DISTRIBUTION PAYOUT  
(%)



RETURN ON AVERAGE CAPITAL EMPLOYED  
(%)



RETURN ON AVERAGE NET WORTH  
(%)

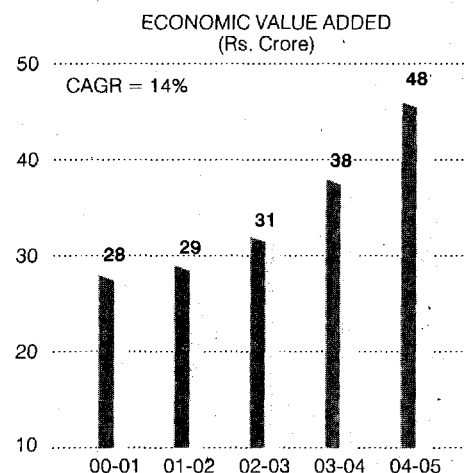


## ECONOMIC VALUE ADDED ANALYSIS

Economic 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.

For the year ended March 31, 2005, Marico's Economic Value Added was Rs. 48 crores as compared to Rs. 38 crores in the previous year.

Over the past 5 years, Marico's Economic Value Added has grown at a CAGR of 14%.



Report  junction.com

<b>ECONOMIC VALUE ADDED - OVER THE YEARS</b>					
	<b>(Amount in Rs. Crore)</b>				
<b>Year ended March 31,</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Average Capital Employed	160	192	209	209	225
Average Debt / Total Capital (%)	2.2	2.3	3.9	5.5	14.5
Cost of Equity (%)	13.1	15.0	13.0	11.0	12.0
Cost of Debt (Post Tax) (%)	6.5	-	1.0	1.1	3.7
Weighted Average Cost of Capital (%)	13.0	14.7	12.5	10.5	10.8
Profit After Tax (excl. Extraordinary Items)	46	53	56	59	70
Add : Interest Post Tax	3	4	1	1	2
Net Operating Profit After Tax	49	57	57	60	72
Less : Cost of Capital	21	28	26	22	24
<b>Economic Value Added</b>	<b>28</b>	<b>29</b>	<b>31</b>	<b>38</b>	<b>48</b>
% to Average Capital Employed	17.3	15.2	14.9	18.3	21.1

## **OUR BUSINESS DIRECTION 2010**

We commit ourselves to improving the quality of people's lives in several parts of the world, through branded Fast Moving Consumer Products and Services in Personal and Health Care.

We shall offer brands that enhance the appeal and nourishment of hair and skin through distinctive products and services based on the goodness of coconut, other natural substances and the underlying science of hair care and skin care.

We shall make available brands that contribute to healthy living, through, both products drawn from agriculture offered in natural or processed forms, and services.

We shall develop, in parts of the world beyond the Indian Sub-continent, a franchise for our branded products and services.

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

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

## OUR VALUES

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.

### 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.



HOW  
DOES

A COMPANY REACH ONE OUT OF EVERY 8 INDIANS?

PENETRATE EVERY INDIAN TOWN WITH  
A POPULATION OVER 20,000?

CONVERT A LOOSELY SOLD COMMODITY INTO THE  
WORLD'S LARGEST COCONUT OIL BRAND?

TURN AN OLD INDIAN HABIT INTO A NEW CATEGORY?

EXTEND ITS FRANCHISE TO 24 COUNTRIES?

REWARD ITS SHAREHOLDERS  
17 QUARTERS IN A ROW?

HOW DOES A COMPANY REACH RS.1000 CRORE?