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UNCOMMON SENSE

ANNUAL REPORT

2007-08

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UNCOMMON SENSE

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.

COMPANY INFORMATION

BOARD OF DIRECTORS

Harsh Mariwala, Chairman & Managing Director
Bipin Shah, Chairman of Audit Committee
Rajeev Bakshi
Atul Choksey
Nikhil Khattau
Anand Kripalu (appointed w.e.f April 26, 2007)
Jacob Kurian
Rajen Mariwala
Hema Ravichandar

MANAGEMENT TEAM

Harsh Mariwala, Chairman & Managing Director
Saugata Gupta, Chief Executive Officer
- Consumer Products Business
Vinod Kamath, Chief - Finance & IT
Rakesh Pandey, Chief Executive Officer - Kaya
Milind Sarwate, Chief - HR & Strategy
Vilas Shirhatti, Chief - Technology
Vijay Subramaniam, Chief Executive Officer
- International Business

COMPLIANCE OFFICER

Vinod Kamath

AUDIT COMMITTEE

Bipin Shah, Chairman
Nikhil Khattau, Member
Rajen Mariwala, Member
Harsh Mariwala, Permanent Invitee

CORPORATE GOVERNANCE COMMITTEE

Hema Ravichandar, Chairperson
Rajeev Bakshi, Member
Jacob Kurian, Member
Milind Sarwate, Secretary to the Committee
Harsh Mariwala, Permanent Invitee

SHAREHOLDERS' COMMITTEE

Nikhil Khattau, Chairman
Rajen Mariwala, Member

BANKERS

State Bank of Saurashtra
Citibank N.A.
Standard Chartered Bank
ICICI Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank 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 - 10 (In India - 6 | Overseas - 4)
Regional Offices - 4
Depots - 32

WEBSITES

www.maricoindia.com
www.kayaclinic.com
www.sundari.com
www.saffolalife.com
www.parachuteadvanced.com
www.maricoinnovationfoundation.org

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MARICO LIMITED

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CHAIRMAN'S LETTER TO SHAREHOLDERS A PERSONAL MESSAGE

Dear Shareholders,

Three years ago the Marico Group crossed the Rs.1000 crore mark. We then set ourselves a target of reaching the Rs.2000 crore mark in four years. I am pleased that your Company is very comfortably placed to achieve that target having recorded a turnover of Rs.1907 crore in 2007-08.

Over the last three years, your Company has achieved a topline CAGR of 29%, making it amongst the fastest growing FMCG companies in India. All three businesses, those of consumer products in India, consumer products in the international markets and the skin care solutions business of Kaya have contributed to the growth.

Your company is committed to maintaining a high rate of growth. In categories where it has a strong leadership position such as in Parachute coconut oil and Kaya, your company will endeavour to expand the market. In hair oils in India and hair creams in the Middle East, where it is a no.2, the company will seek to improve market share. Aided by a process of consumer insighting and product development capabilities, your company will introduce new product offerings to cater to the emerging needs of its target consumers. To complement its organic growth, your company continues to evaluate inorganic growth opportunities, both in existing territories and as a strategy to enter new geographies.

Your company has focussed on achieving sustainable profitable growth. Topline growth in your company has been accompanied by a healthy bottom line growth. During the last three years, your company achieved a net profit CAGR of 39%. Your company's brand building efforts over the years have helped create leadership brands with strong consumer franchises that yield healthy margins. The company continues on its journey towards building a higher value added and higher margin portfolio of brands. Simultaneously, its efforts at prudent cost management and systematic improvement in efficiencies continue unabated.

I am pleased to share with you that your company's endeavours have been receiving external recognition for remarkable work done across segments of its value chain. Marico was amongst eight Indian companies in Standard & Poor's list of Global Challengers in 2007. NDTV awarded the company Best Business Leader for FMCG in Personal Hygiene while your company was recognised as India's Employer of Choice by CNBC TV18. Marico's advertising work won several awards including a bronze for its Saffola World Heart Day campaign at the Asia Pacific Effie awards. Your company's marketing efforts in the Middle East received recognition at the Gulf Marketing Review awards for the second consecutive year. These and other awards coming our way, all during the same period, provides confidence that we are doing things right.

Thank you for placing faith in the company. I also thank the very committed members of the Marico team and the company's business associates for their continued support. My team and I look forward to the challenges of delivering sustainable profitable growth in the years ahead with confidence.

I look forward to your continued support.

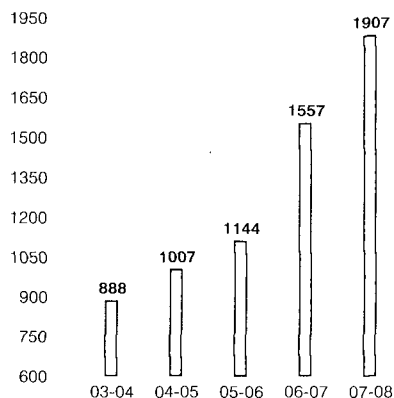
With Warm regards,



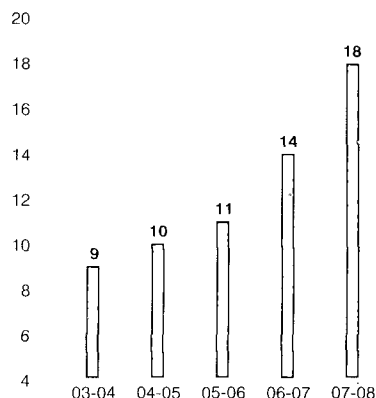
Harsh Mariwala
Chairman and Managing Director

MARICO CONSOLIDATED PERFORMANCE AT A GLANCE

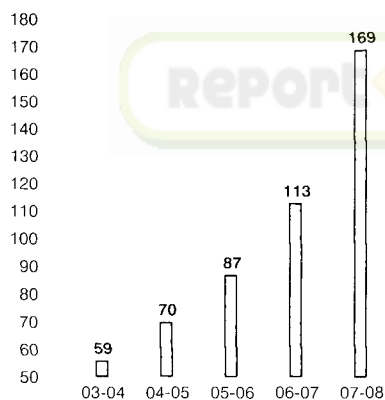
SALES AND SERVICES
(Rs. Crore)



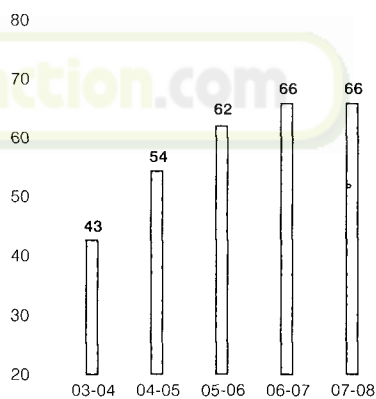
SHARE OF INTERNATIONAL BUSINESS
IN GROUP TURNOVER (%)



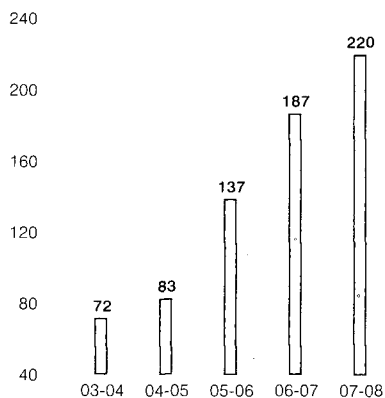
NET PROFITS
(Rs. Crore)



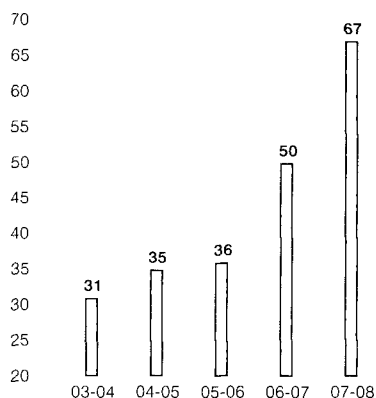
DIVIDEND DECLARED
(%)



CASH PROFITS
(Rs. Crore)



RETURN ON AVERAGE NET WORTH
(%)



ECONOMIC VALUE ADDED ANALYSIS

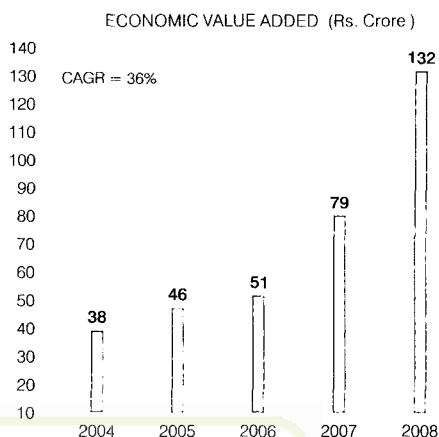
Economic Value Added (EVA) represents the value added by a business enterprise to its shareholders by generating post tax operating profits in excess of the cost of capital employed in the business.

EVA is based on the idea that a business must cover both the operating costs and the capital costs. EVA is an estimate of true 'economic' profit, that is, the amount by which operating earnings exceed or fall short of the required minimum rate of return for shareholders and lenders at comparable risk.

This concept is increasingly being deployed to understand and evaluate financial performance of companies the world over.

For the year ended March 31, 2008, Marico's Economic Value Added was Rs.132 crore as compared to Rs. 79 crore in the previous year.

Over the past 5 years Marico's Economic Value Added has grown at a compounded annual growth rate (CAGR) of 36%.



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, 2008		4,000	17,500	100
Return	Through	Shares	Value (in Rs.)	Indexed Value
March 31, 2008	Market value	4000	269,000	1,537
March 2004	Redemption proceeds of Bonus Preference shares	200	4,000	23
April 1996 - March 2008	Dividend Received* #		16,958	97
Gross Returns			289,958	1,657
Compound Annual Return since IPO			26%	26%

* Dividends are inclusive of those received on Bonus Preference Shares

Subject to taxes as applicable

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 - THINK CONSUMER TO BE BIG

Our values are preferred practices that will be employed in pursuit of our Business Direction. They sum up the philosophy that will build the culture to drive business growth.

CONSUMER-CENTRIC

Keeping consumer as the focus and a partner in creating and delivering solutions

TRANSPARENCY & OPENNESS

Allowing diversity of opinion by listening without bias, giving & receiving critique, with mutual respect and trust for the other

OPPORTUNITY-SEEKING

Identifying early opportunity signals in the environment to generate growth options

BIAS FOR ACTION

Preference for quick thoughtful action as opposed to delayed action through analysis

EXCELLENCE

Continuous improvement of performance standards and capability building for sustained long term success

BOUNDARYLESSNESS

Seeking support & influencing others beyond the function & organisation to achieve a better outcome/decision without diluting one's accountability

INNOVATION

Experimentation and calculated risk taking to increase success probability of radical/ pioneering ideas to get quantum results

GLOBAL OUTLOOK

Sensitivity and adaptability to cultural diversity and learning from different cultures

HOW DOES
AN FMCG COMPANY
DOUBLE ITS TURNOVER
IN 3 YEARS?

PULL OFF A COMPOUND
ANNUAL GROWTH
RATE OF 29% OVER 3 YEARS?

SUSTAIN A
LEADERSHIP POSITION FOR
ITS BRANDS?

NOTCH UP 7 ACQUISITIONS
IN 35 MONTHS?

RANK AMONG THE
TOP 8 INDIAN
GLOBAL CHALLENGERS
BY S&P?

UNCOMMON SENSE.