



ANNUAL REPORT  
2011-12

---

BE MORE.  
EVERYDAY.

---

---

# COMPANY INFORMATION

---

## Board of Directors

Harsh Mariwala, Chairman & Managing Director  
Nikhil Khattau, Chairman of Audit Committee  
Rajeev Bakshi  
Atul Choksey  
Anand Kripalu  
Rajendra Mariwala  
Hema Ravichandar  
B. S. Nagesh

## Management Team

Harsh Mariwala, Chairman & Managing Director  
Saugata Gupta, Chief Executive Officer,  
- Consumer Products Business  
Ajay Pahwa, Chief Executive Officer - Kaya  
Milind Sarwate, Group Chief Financial Officer  
Vijay Subramanian, Chief Executive Officer  
- International Business

## Company Secretary

Hemangi Ghag

## Audit Committee

Nikhil Khattau, Chairman  
Rajendra Mariwala, Member  
Hema Ravichandar, Member  
B. S. Nagesh, Member  
Hemangi Ghag, 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  
Rajendra Mariwala, Member  
Hemangi Ghag, Secretary to the Committee

## Bankers

Axis Bank Limited  
Barclays Bank PLC  
Citibank N.A.  
DBS Bank Ltd.  
HDFC Bank Limited  
ICICI Bank Limited  
JP Morgan Chase Bank N.A.  
Kotak Mahindra Bank Limited  
Royal Bank of Scotland N.V.  
Standard Chartered Bank  
State Bank of India  
The Hong Kong and Shanghai Banking Corporation Limited

## Auditors

Price Waterhouse, Chartered Accountants

## Internal Auditors

Aneja Associates (Upto March 31, 2012)  
Ernst & Young (w.e.f. April 1, 2012)

## Registered Office

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

## Our Presence

Factories – 15 (8 in India and 7 overseas)  
Regional Offices – 4 in India  
Depots – 32 in India

## Websites

[www.marico.com](http://www.marico.com)  
[www.maricobd.com](http://www.maricobd.com)  
[www.kayaclinic.com](http://www.kayaclinic.com)  
[www.parachuteadvanced.com](http://www.parachuteadvanced.com)  
[www.parachutearabia.com](http://www.parachutearabia.com)  
[www.parachutesecrets.com](http://www.parachutesecrets.com)  
[www.saffolalife.com](http://www.saffolalife.com)  
[www.haircodeworld.com](http://www.haircodeworld.com)  
[www.icpvn.com](http://www.icpvn.com)  
[www.maricoinnovationfoundation.org](http://www.maricoinnovationfoundation.org)

---

# INDEX

---

<b>Chairman's Letter to Shareholders</b>	01
<b>Performance at a Glance</b>	02
<b>Sustainable Wealth Creation</b>	03
<b>Management Discussion and Analysis</b>	14
<b>Awards &amp; Acknowledgements</b>	40

## **Marico Consolidated**

Auditors' Report	41
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes to the Financial Statements	46

## **Marico Limited**

Directors' Report	82
Corporate Governance Report	96
Auditors' Report	116
Balance Sheet	120
Statement of Profit and Loss	121
Cash Flow Statement	122
Notes to the Financial Statements	124
Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956	162
Statement pursuant to Section 212 (8) of the Companies Act, 1956	165

<b>10 Years' Highlights</b>	166
<b>Consolidated Quarterly Financials</b>	167
<b>Notice</b>	168
<b>Our Presence</b>	175
<b>One Out of 3 Indians is a Marico Consumer Hardly Surprising</b>	176

---

# CHAIRMAN'S LETTER TO SHAREHOLDERS

## A PERSONAL MESSAGE

---

Dear Shareholders,

It is my privilege to write to you at the end of another eventful year at Marico.

This year, your Company continued to focus on expanding its consumer franchise and grow in volumes. We strengthened our position in all categories and geographies in a challenging macro-economic environment. The steady growth was enabled by sustained investments in marketing and brand building, distribution expansion in rural markets in India and driving operational efficiencies across the value chain.

The year had its set of challenges. Delay in policy implementation, persistent double digit inflation, high interest rate scenario and unfavorable currency movement were only a few of the roadblocks faced by the Indian economy. In our international markets too, the current environment presents a host of challenges. Inflation continues to remain high in Bangladesh and South East Asia. The overall environment in the Middle East and North Africa is relatively better but not without instances of sporadic protests and disturbances. None of these challenges are new; they have stayed with us in some form through the last couple of years.

Your Company, despite all challenges, recorded a revenue growth of 28% and Net Profit growth of 11% in FY12. This makes it a 5-year CAGR of 21% in Revenue and 23% in Net Profits. The domestic consumer business grew 37%, driven by a strong 14% volume growth. International business grew by 30% with robust volume growth and market share gain in all geographies. The integration of International Consumer Products Corporation, a leading FMCG company in Vietnam acquired in February 2011, has been completed successfully. It is growing at a very healthy rate and is gaining market share in the male grooming segment.

Kaya has been consciously trying to change its positioning from "cure" to "cure & care", moving from expert solution provider for skincare problems to a personal guide for total skin care. It also continues to introduce more Derma Rx products in India, as increased product sales will generate more throughputs from the clinics. The business has sustained the top line growth trend for the past few quarters on a same store basis, indicating early signs of the business moving in the right direction.

We have identified inorganic growth as a significant building block to create value for you over the long term. In line with our acquisition philosophy of participating in our focussed categories where we believe we can add value, we have entered into an agreement to acquire the personal care business of Paras Pharmaceutical Ltd. from Reckitt Benckiser. Brands in the portfolio rank No.1 in the hair gels and leave-on hair serum categories, and No.3 in the male deodorant category. This acquisition will give Marico access to a portfolio of youth brands that shall fast-forward our journey towards creating a portfolio for the future. The portfolio addresses the grooming needs of the youth and is supported by India's demographic profile. The Company will also leverage its distribution strength in India to provide a fillip to the growth of the brands. The acquisition of this business is expected to further reduce our dependence on edible oils and hair oils.

Our sustainability initiatives have gathered momentum over the last few years. The 4th edition of The Innovation for India Awards was organised by Marico Innovation Foundation in March 2012. India is clearly burgeoning with talent. The Innovation for India Awards acknowledge and encourage ideas that impact the community at large. Within the organization, our initiatives have significantly helped in reducing usage of energy, water and paper. Our target is that each of our business strategies and processes elegantly passes through a Green filter.

Overall the Company is well positioned to participate in the growth that is happening in the FMCG industry in India and other emerging markets. We hope that you will continue to support us in the same way that you have stood by us over the years. I would like to take this opportunity to thank each and every one of our stakeholders for their trust and encouragement.

With warm regards,



**Harsh Mariwala**  
Chairman and Managing Director

EMPOWER  
INDIVIDUALS AND  
THEY BECOME  
ENTREPRENEURS.

CHALLENGE  
THEM AND THEY  
BREAK  
NEW GROUND.

---

Marico, we believe, is a company of entrepreneurial spirits: empowered individuals who take complete ownership of their brands. Nurturing and driving them as their own, challenging themselves every step of the way, and stretching themselves beyond their own limits. Where others accept the status quo, they challenge it. As a result, they are able to see beyond the obvious and apparent, gain deeper insights into consumers and markets, and come up with innovative, path-breaking solutions that turn brands into market leaders. Generating uncommon growth for the company, across brands and businesses.

We present four success stories, each demonstrating the spirit of entrepreneurship and innovative thinking that achieves exceptional growth for our brands.

---

HOW DID WE TASTE  
SUCCESS IN THE  
BREAKFAST OATS  
CATEGORY?

WITH A DASH OF  
PEPPER AND A PINCH  
OF CURRY POWDER.

---

A country used to parathas, alloo-poori and dosas for breakfast, was rather cold to the idea of oats. Was there a way to get Indians to enjoy this healthy cereal? The challenge: to redefine the way Indians consumed oats. For a team fired by entrepreneurial zeal and a spirit of innovation, a breakthrough didn't take long: spice up a bland cereal historically eaten as porridge, into a tasty meal, enjoyed any time. Saffola Oats was launched with new recipe ideas and variants like Curry & Pepper, Pepper & Spice and Masala & Coriander, in convenient single-serving packs. Turning a bland, boring breakfast into a tasty meal - with delicious variations that would appeal to the Indian palate. And as Indians responded with enthusiasm to 'oats' upma and 'oats' poha, the Saffola team was thrilled to taste success.





ONLY  
PROBLEM SKIN  
NEEDS A SKIN  
EXPERT. RIGHT?  
WRONG.  
BEAUTIFUL SKIN  
DOES TOO.

---

As India's leading skin care brand, Kaya is trusted by over 6 lac customers for every skin problem - from acne to unwanted hair. The Kaya team, however, recognized that the brand could do much more than cure. In order to grow the brand, consumers needed to see Kaya not just as an expert solution provider for skin problems, but as the ultimate destination for holistic skin care. By changing Kaya's positioning strategy, the team was able to develop and offer consumers a range of maintenance services, therapies and products, to enhance and maintain beautiful skin. Kaya's re-branded image and new tagline: 'Love what you see' forged an emotional link between the brand and the aspirational urban Indian woman. Moving the brand from a niche 'cure' platform to a wider 'cure & care' platform. The result: Kaya was able to increase frequency among existing customers, while increasing its customer base.

