

## ECONOMIC VALUE ADDED ANALYSIS

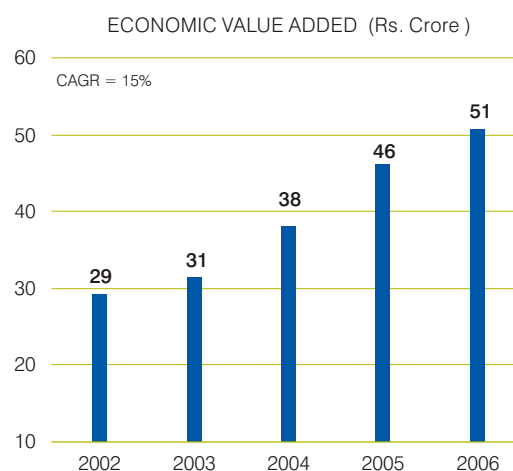
Economic Value Added (EVA) represents the value added by a business enterprise to its shareholders by generating post tax operating profits in excess of the cost of capital employed in the business.

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, 2006, Marico's Economic Value Added was Rs. 51 crore as compared to Rs. 46 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 15%.



### ECONOMIC VALUE ADDED - OVER THE YEARS

(Amount in Rs. Crore)

Year ended March 31,	2002	2003	2004	2005	2006
<b>Cost of Capital</b>					
Average Capital Employed	192	209	209	241	399
Average Debt / Total Capital (%)	2.3	3.9	5.5	16.0	38.3
Cost of Equity (%)	15.0	13.0	11.0	12.0	13.8
Cost of Debt (Post Tax) (%)	-	1.0	1.1	3.7	4.6
Weighted Average Cost of Capital (%)	14.7	12.5	10.5	10.8	10.3
<b>Economic Value Added</b>					
Profit After Tax (excl. Extraordinary Items)	53	56	59	70	87
Add : Interest Post Tax	4	1	1	2	5
Net Operating Profit After Tax	57	57	60	72	92
Less : Cost of Capital	28	26	22	26	41
<b>Economic Value Added</b>	<b>29</b>	<b>31</b>	<b>38</b>	<b>46</b>	<b>51</b>
% to Capital Employed	15.2	14.9	18.3	18.4	12.7