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10 YEARS' HIGHLIGHTS

Amount in Rs. Million

Year ended March 31st	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Sales & Services	1,595	2,103	2,364	2,833	3,486	4,097	4,900	5,512	6,483	6,580
Profit before Interest & Tax	109	204	207	252	364	353	424	477	458	534
Operating Profit before Tax	62	148	149	191	268	277	365	440	426	499
Extraordinary / Exceptional items	-	-	-	-	29	14	-	-	(18)	-
Profit before Tax	62	148	149	191	297	291	365	440	408	499
Profit after Tax	29	62	64	118	212	215	300	375	357	456
Cash Profits (PAT + Depreciation)	32	79	81	150	238	246	340	427	435	545
Economic Value Added (Refer Management Discussion)	-	58	48	90	125	87	188	230	233	276
Net Fixed Assets	68	110	167	270	404	453	605	694	952	1,273
Investments	-	-	7	22	23	8	-	-	9	9
Net Current Assets	91	145	159	230	634	524	463	540	494	467
Total Capital Employed	159	255	333	522	1,061	985	1,068	1,235	1,455	1,748
Share Capital	9	45	45	45	145	145	145	145	145	145
Reserves	53	82	140	252	515	653	834	1,065	1,277	1,567
Net Worth	62	127	185	297	660	798	979	1,210	1,422	1,712
Borrowed Funds	97	128	148	225	401	187	89	25	33	36
Total Funds Employed	159	255	333	522	1,061	985	1,068	1,235	1,455	1,748
Profit before Tax to Turnover	3.9	7.0	6.3	6.7	8.5	7.1	7.4	8.0	6.3	7.6
Profit after Tax to Turnover	1.8	2.9	2.7	4.2	5.2	4.9	6.1	6.8	5.5	6.9
Return on Net Worth (PAT / Average Net Worth)	61.1	65.6	41.0	49.0	44.3	29.5	33.8	34.3	27.1	29.1
Return on Capital Employed (PBIT*/Average Total Capital Employed)	91.2	98.6	70.4	58.9	46.0	34.5	41.3	41.5	32.7	33.4
Net Cash Flow from Operations per share (Rs.) (Refer Cash Flow Statement)	-	-	-	17.0	1.8	19.7	28.7	15.4	30.6	34.6
Earning per Share (EPS) (PAT / No. of Equity Shares)	31.7	13.8	14.1	26.3	12.6	13.9	20.7	25.9	24.6	31.5
Economic Value Added per share (Refer Management Discussion)	-	12.9	10.7	20.0	8.6	6.0	13.0	15.8	16.1	19.0
Dividend per share	-	2.0	1.2	1.5	2.5	5.0	7.5	9.0	9.0	10.0
Debt / Equity	1.56	1.01	0.80	0.76	0.61	0.23	0.09	0.02	0.02	0.02
Book Value per share (Net Worth / No. of Equity Shares)	68.9	28.2	41.1	66.0	45.5	55.0	67.5	83.4	98.1	118.1
Sales to Average Capital Employed @	10.0	8.3	7.1	5.4	3.3	4.2	4.6	4.8	4.8	4.1
Sales to Average Net Working Capital #	24.4	17.8	15.6	14.6	8.1	7.1	9.9	11.0	12.5	13.7

* 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'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 will 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

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

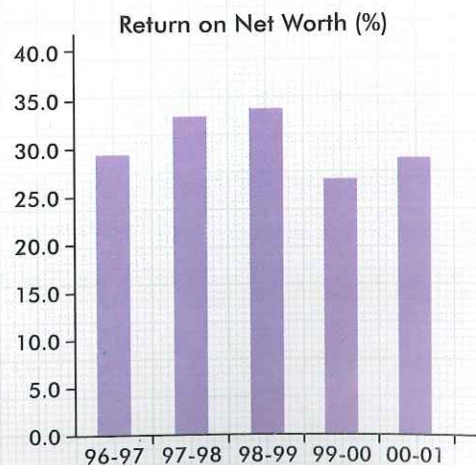
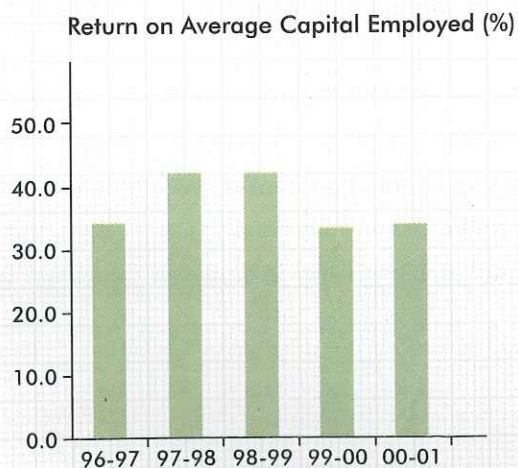
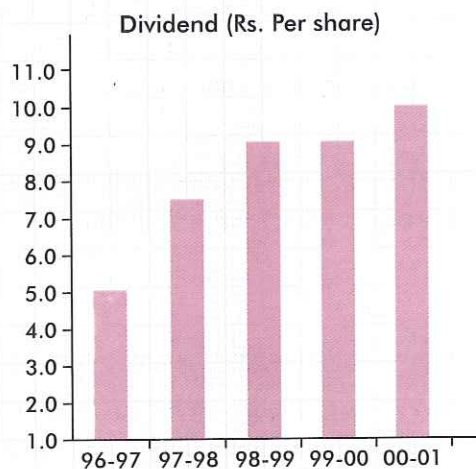
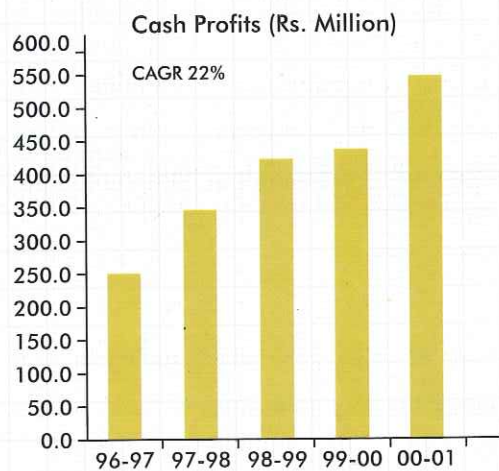
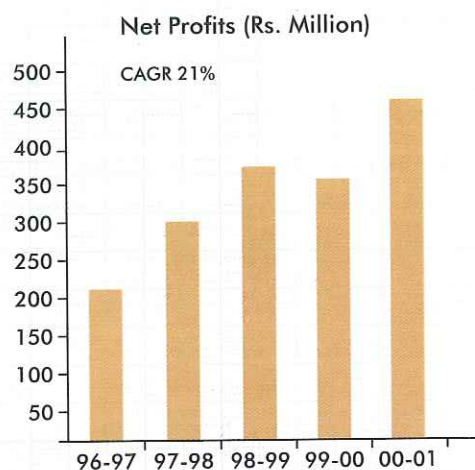
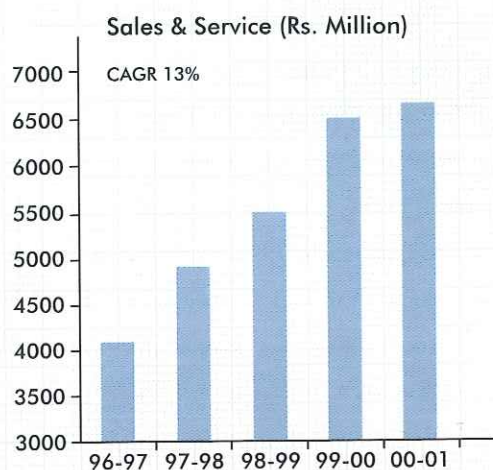
All our efforts must culminate in the creation of wealth. We will do so by continuously adding value in everything we do through a variety of methods. We will use resources productively, eliminate waste, reduce cycle times and costs and enhance the consumer base.

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.



PERFORMANCE AT A GLANCE





MANAGEMENT DISCUSSION

OVERVIEW

The year ended March 31, 2001 (FY01) has been a year of growth for Marico. Sustained volume growth in key brands through continued brand building, lower raw material costs and improved all round cost management have enabled the Company to record significant profit growth.

Profit after Tax (PAT) for FY01 grew by 28 % to Rs.456 million (USD 9.8 million), while Profit before Tax (PBT) grew by 22 % to Rs. 499 million (USD 10.7 million). (PBT for FY00 was after an extraordinary charge of Rs 18 million (USD 0.4 million) on account of Voluntary Retirement Scheme.)

While the economic slowdown has affected the sales volume growth of most FMCG companies, Marico's key brands have shown a significant volume growth. During FY01 as compared to FY00, the volumes of Marico's Coconut Oil franchise grew by 14% while the Refined Edible Oil franchise grew by 27%.

The growth in volumes did not, however, reflect in a similar growth in turnover value because of two reasons. Firstly, during FY01, Maximum Retail Prices (MRPs) of most Marico products were on an average lower than those during FY00. Secondly, the turnover value excluded the turnover recorded by Marico Bangladesh Limited (MBL), a wholly owned subsidiary (MBL started commercial operations in January 2000).

The turnover during FY01 at Rs. 6580 million (USD 141 million), registered a growth of 1.5 % as compared to FY00. For a correct

comparison, if sales volumes for FY01 are taken at FY00 average prices and the Bangladesh turnover included, Marico would show a turnover growth of 15%, reflecting a growing consumer franchise, despite the recessionary conditions plaguing most of the FMCG companies.

FY01 saw Marico post significantly higher gross margins, aided by lower raw material costs and improved cost management across the value chain. Gross margins (PBDIT before ASP) jumped to Rs. 1390 million (21.1 % of Sales & Services) during FY01 from Rs. 1110 million (17.1% of Sales & Services) during FY00.

Most of the increased gross margins were ploughed back into brand building efforts and creation of a wider consumer franchise, through significantly higher spends on Advertising and Sales Promotion (ASP). ASP to Sales & Services was 12.1 % in FY01 as compared to 9.1% during FY00. The bulk of the increase was on account of increase in spends on new products / markets which accounted for nearly one-third of the total ASP spending.

Market shares were, by and large, held in the face of tough competition from other national and regional players.

Dividend for the year including the interim dividend (of 40%), aggregated 100% (Rs. 10.00 per share of Rs. 10.00). This translates into a dividend payout of 37% (inclusive of dividend tax) as compared to 41% in FY00.

BRAND REVIEW

BRAND BUILDING STRATEGY

The Company's brand building strategy included :

- Fewer but focussed product launches, such as Parachute Jasmine, Saffola Kardi-Corn blended oil, Parachute Dandruff Solution.
- Product campaigns like the "Flip top" high visibility campaign for Parachute, aggressive campaign for Parachute Dandruff Solution, "Home Manager" campaign for Sweekar, campaign for the Saffola Kardi-Corn blended oil, Hair & Care "Model Testimonial" campaign and the "Goodness of Amla at the right price" campaign for Shanti.
- Providing greater value to consumers through innovative packaging propositions like the new flip top Parachute bottle, Easy Jar (Parachute Kamaal ka Dhakkan), Saffola / Sweekar 15 lt. jar with a tap.

COCONUT OIL FRANCHISE - PARACHUTE & OIL OF MALABAR

During FY01, Marico increased the volumes of its Coconut Oil franchise (Parachute and Oil of Malabar) by 14%. The market share was maintained at 54.3%. Parachute's growth was aided by the launch of innovative packs like the new Easy Jar with a flip-top ("Kamaal ka Dhakkan") and the Parachute 'flip-top' with a tamperproof seal coupled with the increased coverage especially in rural markets.



While Parachute continues to be the market leader in both urban and rural areas, Marico is implementing a plan to consolidate its leadership in rural markets by increasing its rural reach. The plan aims at covering more villages through a network of super-distributors and increased van operations.

In line with the strategy to encourage conversion of consumers of loose oil to packed branded goods, retail prices of Parachute were reduced by about 24% over the prices prevailing in March 2000. This did not, however, have any adverse impact on margins, as a larger crop resulted in the raw material (copra) prices remaining subdued during the year ended March 31, 2001. On a year on year (YOY) basis, market rates of copra were lower by about 40% on an average.



PARACHUTE JASMINE

Parachute Jasmine, a variant of Parachute Lite, which was rolled out nationally in Q1 FY01, performed well. With this, Parachute value-added Hair Oil Extensions achieved a creditable 65% growth in volume terms during FY01 albeit on a low base. The introduction of the new 100-ml pouch for Parachute Jasmine in Q3 FY01 helped increase the growth rate by increasing penetration of the product, especially in rural areas. During the 12-month period ended March 2001, Parachute Lite and Jasmine had a share of 8.1% in the Value Added Coconut Oils market.



PARACHUTE DANDRUFF SOLUTION

Parachute Dandruff Solution coconut hair oil, which was launched in the last quarter of FY00, continued to fare in line with expectations. It is the first hair oil with a dandruff fighting property. The efficacy of the product has been established through clinical trials.



HAIR & CARE

In Q3 FY01, the Company relaunched Hair & Care in a new and more attractive pack. The brand has been relaunched with "Silkone conditioners" which make the hair soft and silky. The brand is now positioned as a youth brand, which helps in radically improving the image of the consumer as against the earlier attribute-based position. This new positioning is expected to spur the growth and help the brand increase its market share. Hair & Care had a share of 22.5% in the Non Sticky Hair Oils segment, for the 12 month period ended March 2001.



REVIVE

During FY01, Revive retained its hold over the Cold Water Fabric Starch category.



MEDIKER

Mediker continued its dominance of the Anti-Lice Treatment market. During the year, the Company concentrated on stabilising the backroom operations for Mediker. Post this, the Company plans to give a marketing thrust to the brand so as to increase the awareness of the problem of lice and its proper treatment while positioning Mediker as a "friendly problem solver".



SHANTI

In January 2001, Marico entered the Amla market with the launch of its ninth brand - Shanti - a high quality Amla hair oil. The brand has been positioned on the value-for-money platform - "Goodness of Amla at

an amazingly affordable price". This is expected to substantially increase the consumer franchise for Amla hair oil resulting in volume growth for the brand.

Shanti Amla was test marketed in Uttar Pradesh (U. P.) in Q3 FY01. Based on the results of the test market, Shanti Amla was first launched in the traditional Amla oil markets of U.P., Punjab and Madhya Pradesh in January 2001 and is now in the process of being rolled out to other States.



SAFFOLA & SWEETKAR

Marico's offering in the Refined Oils in Consumer Packs (ROCP) market now comprises Saffola Kardi (Safflower) oil, Saffola Kardi-Corn blended oil, Sweetkar Sunflower oil and Sweetkar Soya oil. During FY01, both Saffola and Sweetkar recorded handsome growth in volumes. During FY01, retail prices were lower than those during FY00, except for some period during March 2001, when prices were raised to offset increase in import duty on edible oils. On the whole, for FY01, raw material prices were lower by 10 % - 15% and some of this benefit was passed on to consumers. The value turnover of Saffola was higher by about 17% over FY00 and that of Sweetkar was higher by 11% over FY00, as the strong growth in volumes more than offset the lower retail prices.

Saffola volumes grew by over 28% in FY01. This has been mainly on account of the success of the Saffola Kardi-Corn blend, which was launched, nationally in the first quarter of FY01. Positioned to offer the health benefit of





Kardi (safflower) and the rich taste of corn, this attractively priced variant has so far done very well.

Sweekar was re-launched in September 2000 on the 'Home Manager' platform as the brand that encourages the housewife to be an active home manager. This is expected to revitalise the brand and create a differentiation in a market where differentiation is low. Aided by the above, Sweekar grew by 26 % in volume terms.

During the 12 month period ended March 2001, Marico's share in the ROCP market was 12.6%.



SIL
Sil improved its market share marginally from 12.3% in FY00 to 12.5% in FY01. During the year, the Company launched Sil Tamarind Sauce.

BRAND OWNERSHIP

The assignment of the brands Parachute and Saffola to Marico was completed in Q1 FY01, Marico having paid Rs. 300 million (USD 6.4 million) to The Bombay Oil Industries Ltd. (BOIL) for acquiring the brands. Consequently, Marico stopped paying royalty to BOIL. Marico owns all its nine brands viz. Parachute, Saffola, Sweekar, Hair & Care, Revive, Sil, Oil of Malabar, Mediker and Shanti and their extensions.

INTERNATIONAL BUSINESS

Marico's International Business extends mainly to the SAARC countries and the Middle East. During FY01, the International Business grew considerably on a consolidated basis over FY00

i. e. considering the exports of Marico Industries Ltd. and the turnover of Marico Bangladesh Ltd. (MBL), excluding inter-company sales, if any.

A beginning towards local operations in the target countries had been made last year when Marico had set up its first subsidiary abroad-Marico Bangladesh Limited. Local operations in Bangladesh have now stabilised. In Q4 FY01, 'Parachute Beliphool', a perfumed coconut oil was also launched in Bangladesh. This will help the Company in further increasing its consumer franchise in Bangladesh.

Marico has also extended the Parachute nourishment equity in the Middle East. Under this, it has launched Parachute Jasmine, Parachute Amla, a coconut based amla hair oil and Parachute Hair Cream. There are plans for extending this equity to other products.

During H1 FY01, Marico received permission from the Board of Investment in Sri Lanka for setting up a wholly owned subsidiary there. Marico has already entered the Sri Lankan market by launching Mediker, currently exported from India. Detailed evaluations are in progress to determine the exact time and the framework for setting up a subsidiary in Sri Lanka.

INNOVATION

In FY01, Parachute's "Kamaal ka Dhakkan" along with 15 ltr. jars of Sweekar and Saffola won the Asia Star 2000 Award, presented by the Asian Packaging Federation. These awards come right after the India Star Award received earlier from the Indian Institute of Packaging Management (IIPM).

Marico continues to recognise innovation as a key corporate process, focussed on its institutionalisation towards driving business growth on a sustainable basis through introduction of innovative products / packs meeting consumer needs.



STRUCTURAL EFFICIENCY IMPROVEMENTS

The Company successfully implemented SAP's integrated suite of ERP (Enterprise Resource Planning) and SCM (Supply Chain Management) solutions (SAP-R/3 as the ERP solution and SAP-APO as the SCM solution), SAP-R/3 going "live" at all locations in Marico in April 2001 and SAP-APO, the SCM solution, in May 2001. Business benefits in terms of reduced costs and cycle times would accrue over the next few years starting with FY 2002.

In order to give a renewed thrust to improving efficiencies across the value chain, the Company launched a Total Cost Management (TCM) initiative during H1 FY01. Several potential areas across the value chain were identified. Although Marico expects and has pocketed some "quick wins", benefits would, by and large, accrue over a period of time.

CAPACITY

The demand for Coconut Oil (CNO) has been steadily going up. A detailed analysis of the demand projections for the next four years reveals that with the existing capacities at Goa and Kanjikode, it may not be possible to service the increased demand in the coming years. By the beginning of the year 2002 - 2003, there would be a need to have additional facilities for manufacturing CNO.

It is therefore proposed to set up new facilities for manufacturing CNO. The Company has identified Pondicherry as a suitable location for setting up the proposed facilities, considering its nearness to copra growing areas as also its eligibility for Income Tax and Sales Tax benefits.

The new facilities are expected to have a capital cost of about Rs. 150 million (USD 3.2 million), which will create additional capacities of about 18000 tons p.a. The project is expected to be commissioned by the end of FY02.

OPERATIONS

	% to Sales & Services	
	FY01	FY00
Raw and Packing Materials	59.8	67.4
Advertising & Sales Promotion (ASP)	12.1	9.1
Personnel Costs	4.5	3.3
Depreciation	1.3	1.2
Other Expenses	14.6	12.2
Operating Costs	92.4	93.1
Net Operating Margin (PBIT) (Excludes Other Income and Exceptional Item)	7.6	6.9
Cash Operating Margin (PBDIT)	9.0	8.1
Gross Margin (PBDIT before ASP)	21.1	17.1

Other Income (excluded for calculating the Net Operating Margin) included items like:

- exchange gain on imports and exports - Rs. 7.1 million (USD 0.15 million) (not necessarily one-time);
- royalty received from Marico Bangladesh Limited - Rs. 4.5 million (USD 0.1 million) (expected to be a regular receipt related to the turnover & profits made in Bangladesh);
- lease rentals - Rs 8 million (USD 0.17 million) (not necessarily one-time);
- insurance claims - Rs 4.5 million (USD 0.1 million) (not exceptional) and
- liquidated damages - Rs 4.4 million (USD 0.09 million) (not a regular receipt).

Raw material costs were significantly lower during FY01 as compared to FY00. Coconut oil prices were at their lowest in 10 years. Similarly prices of Safflower and Sunflower were at the lowest in 6-7 years. The Company's brands retained a significant portion of the benefit from lower raw material prices.



Advertising and Sales Promotion (ASP) expenditure saw an increase with investments in the campaigns for the new products and packs as discussed earlier in this note.

Depreciation increased consequent to the Company acquiring the brands Mediker and Oil of Malabar, as also due to capacity enhancement for Oils and investment in additional filling machines for new packs.

During FY01, Marico introduced an innovative Performance Incentive Scheme for its managers, wherein they are entitled to a share in profits beyond an agreed threshold. The objectives of this scheme are to align and energise their performance towards the corporate financial objectives, as also to help retention of the better performers while de-risking differential remuneration. Personnel costs shown above include a provision for such performance incentive. The costs also include a one-time increase in provision for leave encashment due to changes in actuarial valuation. Lastly, the costs also take into account the revision in remuneration structure, which was made during April 2000. All these initiatives have resulted in a noticeable increase in personnel costs, more than half of which was due to provisions for additional leave encashment and performance incentive.

Other expenses have increased in line with higher sales volumes and also owing to one-time charges on account of initiatives like ERP and Total Cost Management.

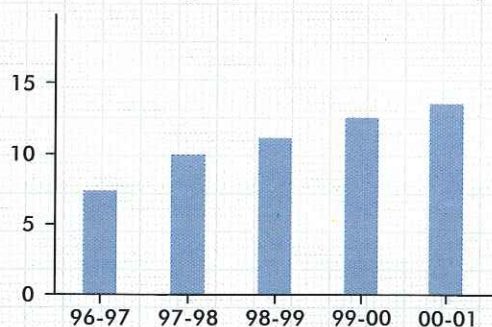
FINANCIAL REVIEW

Net cash flow from continuing operations continued to fund the Company's incremental working capital, capital expenditure (including acquisitions) and dividend payout. During the year, paid up equity capital remained at Rs 145 million (USD 3.1 million). Reserves and surplus increased by Rs 290 million (USD 6.2 million) to Rs 1567 million (USD 33.6 million). At

the end of the year, against a net worth of Rs 1712 million (USD 36.7 million), the Company was free of interest-bearing debt. In fact, the only debt was an unsecured interest free loan of Rs. 36 million (USD 0.8 million) on account of deferment of sales tax allowed by the Government of Maharashtra. With a debt to equity ratio of 0.02, the Company is well placed in its capacity to raise debt. The Company continues to have access to various sources of funds at attractive rates based on its strong financial position, including undrawn lines of fund based credit from its consortium of banks totaling Rs 350 million (USD 7.5 million). ICRA reaffirmed Marico's short-term commercial paper rating at A1+, indicating highest safety.

For the increase in turnover during the period, there was a less than proportionate increase in Net Working Capital. As a result, Average Net Working Capital turnover ratio improved to 13.7 times of Sales and Services during FY01 from 12.5 times in FY00.

Net Working Capital Turnover (in Times)



During the year there was a significant increase in the investments in Fixed Capital. Gross Fixed Assets (including capital work-in-progress) as on March 31, 2001 were higher than on March 31, 2000 by Rs 396 million (USD 8.5 million). As stated earlier, the assignment of the brands Parachute & Saffola to Marico was completed in Q1 FY01, for acquisition of which Marico paid Rs. 300 million (USD 6.4 million) to The Bombay Oil Industries Ltd. (BOIL). Consequently, Marico stopped paying royalty to BOIL. Further, bulk of



the costs of ERP & SCM projects (mentioned earlier) were also incurred during the year. The benefits of these projects will accrue over a period of time starting with FY02.

The annualized Return on Average Capital Employed (ROCE) was higher at 33.4% in FY01, as against 32.7% during FY00. This was achieved in spite of an increase in fixed capital by about Rs 321 million (USD 6.9 million) mainly on account of acquisition of the brands – Parachute and Saffola, as also ERP & SCM project expenditure.

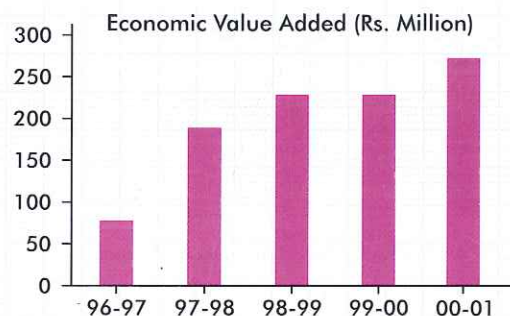
The annualized Return on Net Worth (RONW) improved to 29.1 % during FY01 compared to 27.1% during FY00. The Debt Equity ratio as at the end of FY01 was at 0.02, the same level as at the end of FY00.

ECONOMIC VALUE ADDED

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.

During FY01, Marico's Economic Value Added was Rs. 276 million (USD 5.9 million) as compared to Rs. 233 million (USD 5.3 million) in the previous year.

Over the past 4 years Marico's Economic Value Added has more than tripled.



Economic Value Added Analysis for the past 5 years

	Rs. in Million				
Year ended March 31st	1997	1998	1999	2000	2001
a) Average Capital Employed	1,023	1,027	1,152	1,345	1,602
b) Average Debt/Total Capital (%)	28.7	13.5	5.0	2.1	2.1
c) Beta Variant (Source: Bloomberg)	0.75	0.75	0.68	0.31	0.34
d) Risk Free Debt (%) (Average of 364 days Treasury bill yields)	11.3	10.0	9.5	10.1	9.7
e) Market Premium (%)	10.0	10.0	10.0	10.0	10.0
f) Cost of Equity (%) [d + (c x e)]	18.8	17.5	16.3	13.2	13.1
g) Cost of Debt (Post Tax)(%)	10.0	9.4	8.5	7.1	6.55
h) Weighted Average Cost of Capital (%)	16.2	16.4	15.9	13.1	13.0
i) Profit After Tax (excluding extraordinary items)	201	300	375	375	456
j) Add: Interest Post Tax	52	57	38	34	27
k) Net Operating Profit After Tax	253	357	413	409	483
l) Less: Cost of Capital	166	169	183	176	208
m) Economic Value Added	87	188	230	233	276
n) % to Capital Employed	8.4	18.3	19.9	17.3	17.2



OUTLOOK

Throughout FY01, the spurt in gross margins was leveraged by the Company towards brand building and increased share of the consumer mind especially through innovative new products / packs. This has resulted in handsome growth in volumes despite ambient recessionary conditions. The Company expects this momentum to continue in FY02. Profits are expected to grow in line with the volume growth.

Raw material prices, which had hit all time lows during FY01, may have bottomed out. The continuous fall in the prices of coconut oil and copra witnessed during the first 3 quarters of FY01 may have now petered out, as prices remained stable during Q4 FY01. Prices of other edible oils had already firmed up relative to the earlier levels during H1 FY01. Post the Union Budget and the increase in custom duty rates, they have further gone up. Overall, the raw material prices are expected to be firmer in FY02 compared to FY01.

Margins are, however, not expected to be affected since the pricing power of the brands is expected, like in the past, to allow Marico to take the MRPs up, as and when the prices of raw material move up. This should help turnover growth in volumes getting translated directly into turnover value growth.

NOTES:

1. Market share information is based on ORG-Urban Retail data.
2. Exchange rate assumed for conversion of INR figures is the rate prevailing on March 31, 2001 viz. USD1 = Rs. 46.66
3. Some statements in this Report describing the projections, estimates, expectations or outlook may be forward looking. Actual results may differ materially from those stated on account of factors such as changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts its business, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints.



QUARTERLY FINANCIALS

2000-01

Particulars	Three Month Ended				(Rs. million)
	Jun. 30, 00	Sep. 30, 00	Dec. 31, 00	Mar. 31, 01	Annual FY01
Sales & Services	1,468	1,631	1,694	1,787	6,580
Other Income	6	7	7	12	32
Total Revenue	1,474	1,638	1,701	1,799	6,612
Total Expenditure	1,306	1,466	1,558	1,658	5,988
Finance Charges	10	9	9	7	35
Gross profit after finance charges but before depreciation and taxation	158	163	134	133	588
Depreciation	28	22	20	19	89
Profit before taxation and Exceptional Item	130	141	114	115	499
Exceptional Item	-	-	-	-	-
Profit before taxation	130	141	114	115	499
Provision for taxation	11	11	13	8	43
Profit after tax	118	130	101	107	456
Earnings per Share - Annualised (Rs.)	32.6	35.8	27.9	29.5	31.5
Interim Dividend declared per share (Rs.)	4.0				4.00
Final Dividend declared per share (Rs.)				6.00	6.00
Total Dividend declared per share (Rs.)					10.00

1999-00

Particulars	Three Month Ended				(Rs. million)
	Jun. 30, 99	Sep. 30, 99	Dec. 31, 99	Mar. 31, 00	Annual FY 00
Sales & Services	1,350	1,712	1,721	1,700	6,483
Other Income	3	2	2	6	12
Total Revenue	1,353	1,713	1,723	1,706	6,496
Total Expenditure	1,265	1,548	1,582	1,566	5,960
Finance Charges	3	8	16	5	32
Gross profit after finance charges but before depreciation and taxation	85	157	126	135	503
Depreciation	15	19	19	24	78
Profit before taxation and Exceptional Item	70	138	106	111	426
Exceptional Item	-	-	18	-	18
Profit before taxation	70	138	88	111	408
Provision for taxation	10	20	11	11	51
Profit after tax	60	119	78	100	357
Earnings per Share - Annualised (Rs.)	16.7	32.7	21.5	27.7	24.6
Interim Dividend declared per share (Rs.)	3.5				3.50
Final Dividend declared per share (Rs.)				5.50	5.50
Total Dividend declared per share (Rs.)					9.00



CONSOLIDATED UNAUDITED FINANCIALS

BALANCE SHEET

	Rs. million	
	As at	
	March 31, 2001	March 31, 2000
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Capital	145	145
Reserves and Surplus	1,568	1,277
	1,713	1,422
LOAN FUNDS (All unsecured)	36	33
	1,749	1,455
APPLICATION OF FUNDS		
FIXED ASSETS	1,274	953
INVESTMENTS	0	0
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	698	460
Sundry Debtors	427	365
Cash and Bank balances	44	105
Loans and advances	176	279
	1,345	1,209
Less: CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	755	614
Provisions	115	93
	870	707
NET CURRENT ASSETS	475	502
	1,749	1,455
Annualised Return on Average Capital Employed (%)	33.5	32.8
Annualised Return on Average Net Worth (%)	29.2	27.2
Exchange Rate per 1 USD (In Rs.)	46.66	43.50
Exchange Rate per 1 USD (In Taka)	54.00	50.85

Note: The consolidated Balance Sheet is based on the audited Balance Sheet of Marico Industries Limited as at March 31, 2001 and the unaudited Balance Sheet of Marico Bangladesh Limited as at March 31, 2001.



CONSOLIDATED UNAUDITED FINANCIALS

PROFIT AND LOSS ACCOUNT

	Rs. million		Growth (%)
	For the year ended March 31, 2001	March 31, 2000	
INCOME			
Sales	6,707	6,497	3.2
Other Income	32	12	
	6,739	6,509	
Expenditure			
Cost of materials	3,301	3,757	
Manufacturing and other expenses	2,812	2,216	
Finance charges	35	32	
Depreciation	89	78	
	6,237	6,083	
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	502	426	17.8
Exceptional item :			
Voluntary Retirement Compensation	-	18	
PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEM	502	408	23.0
Provision for Tax	44	51	
PROFIT AFTER TAX	458	357	28.3
Balance Brought Forward	494	352	
PROFIT AVAILABLE FOR APPROPRIATION	952	709	
APPROPRIATIONS			
Interim Dividend	58	130	
Tax on Interim Dividend	13	14	
Proposed Final Dividend	87	-	
Tax on Proposed Final Dividend	9	-	
General Reserve	100	71	
BALANCE CARRIED TO BALANCE SHEET	685	494	
Exchange Rate per 1 USD (In Rs.)	46.66	43.50	
Exchange Rate per 1 USD (In Taka)	54.00	50.85	

Note: The consolidated Profit and Loss Account is based on the audited Profit and Loss Account of Marico Industries Limited for the year ended March 31, 2001 and the unaudited Profit and Loss Account of Marico Bangladesh Limited for the year ended March 31, 2001.



MARICO ON THE STOCK EXCHANGES

SHARE PRICES

Shares in Marico are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE). The following tables set forth the high and low prices, as well as the traded volumes, of the Marico shares.

THE STOCK EXCHANGE, MUMBAI (BSE)

	Quarter ended			
	Mar. 31, 2001	Dec. 31, 2000	Sep. 30, 2000	Jun. 30, 2000
High *	254	281	304	290
Low *	209	239	237	196
Closing *	235	248	275	251
Market Capitalisation **	3,408	3,596	3,988	3,640
Avg. Volumes per day ***	8.1	2.6	3.9	1.5

THE NATIONAL STOCK EXCHANGE (NSE)

	Quarter ended			
	Mar. 31, 2001	Dec. 31, 2000	Sep. 30, 2000	Jun. 30, 2000
High *	250	280	307	289
Low *	216	239	233	199
Closing *	220	248	279	250
Market Capitalisation **	3,190	3,596	4,046	3,625
Avg. Volumes per day ***	2.0	1.1	3.7	1.7

* In Rupees per share of Rs. 10 each

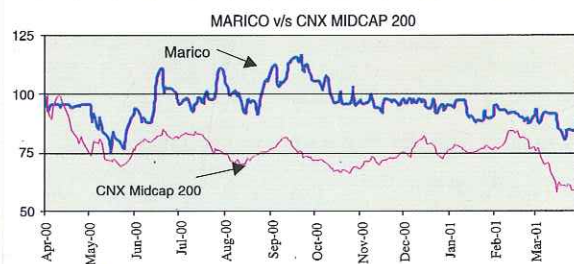
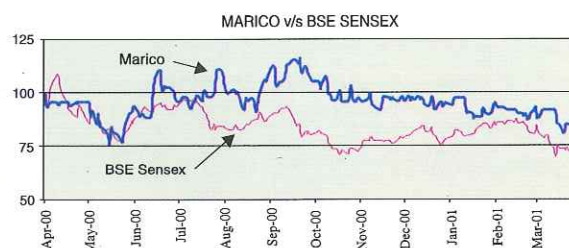
** In INR Million

*** Number of shares ('000)

Market Capitalisation is computed on the closing price of each quarter.

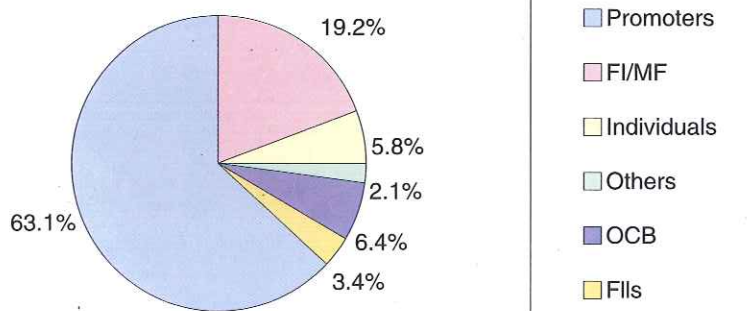
High / Low prices are computed on the closing prices of each trading day.

PERFORMANCE ON THE STOCK EXCHANGES (Against the BSE Sensex and CNX Midcap 200)



SHARE HOLDING

The shareholding pattern of the Company as on March 31st, 2001 is given below:





INFORMATION FOR SHAREHOLDERS

Annual General Meeting: The Annual General Meeting of the shareholders is convened at 2.00 p.m. on Wednesday, July 25, 2001, at CENTRUM, MVIRDC WORLD TRADE CENTRE 1, 1ST FLOOR, CUFFE PARADE, MUMBAI - 400 005.

Book Closure: The book closure for Annual General Meeting will be from Wednesday, 18th July, 2001 to Wednesday, 25th July, 2001 (both days inclusive).

Stock Exchange Listing: The Company's equity shares are listed on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE).

BSE Group: B1, Transaction Code : 531642

NSE Transaction Code : Maricoind

Reuters Code : MRCO

Bloomberg Code : MRCO IN

Copies of the Annual Report: These can be requested for, by a communication directed to the Company Secretary, by mail to the Company's Registered Office address or by fax on (91-22) 641 01 06, or by e-mail at mlinvel@maricoindia.net. Copies are also available on the Company's Internet site at <http://www.maricoindia.com>

Quarterly Reports: These are available on Company's Internet site at <http://www.maricoindia.com>

Shareholder Records: For any assistance regarding shareholding, share transfers and transmissions, address changes, non-receipt of dividends, duplicate/ missing certificates, please write to:

The Registrars and Share Transfer Agents,
M/s. Karvy Consultants Ltd., Unit: Marico Industries Ltd.,
7, Andheri Industrial Estate, Off Veera Desai Road,
Andheri (West), Mumbai 400 058, India.
Tel : (91-22) 636 7226, 636 9044, 632 2266
Fax : (91-22) 631 0882

Dividend: The Company paid an interim dividend of Rs.4 per share on 25th October 2000. The Directors at their meeting held on 23rd April 2001 proposed a final dividend of Rs.6 per share subject to the approval of the members at the ensuing Annual General Meeting.

Shareholders who have not encashed their dividend cheques for the first interim dividend (1996-97) or any of the subsequent dividends, are requested to send the outdated cheques for revalidation to the Company at its Registered Office.

Dematerialisation : The Company's shares are now under compulsory demat for all categories of investors. During the year, the Company has tied up with Central Depository Services (India) Limited. With this, members have an option to hold their shares in electronic form with National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

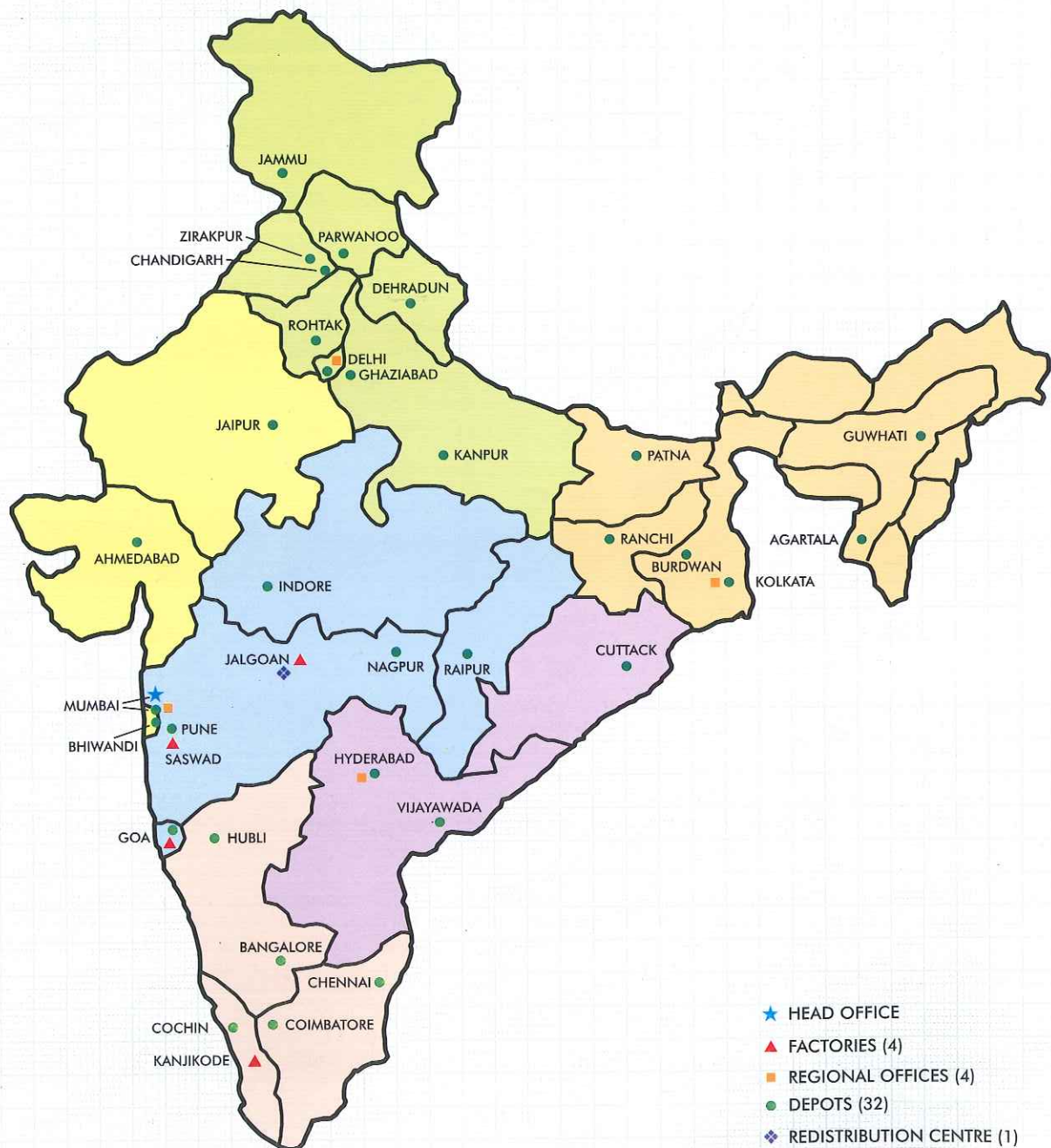
Plant Locations: The Company's plants are located at:

Industrial Development Area, Kanjikode, Palakkad 678621.
Plot No.70/0 & 72/1, Khandepar Village, Ponda, Goa 403401.
E-10, M.I.D.C. Area, Jalgaon 425 003.
Village Khalad, Saswad-412301, Purandar Taluka, Pune.

Multiple Mailings: If you receive multiple mailings of Marico's annual report and would like us to eliminate the extra copies, please send your written permission to our registrars indicating your folio number. Multiple mailings occur if shares are held in multiple names, are registered under different names or are registered with slight differences in names and addresses.



MARICO'S PRESENCE IN INDIA



MARICO INDUSTRIES LIMITED

Board of Directors	Harsh Charandas Mariwala, Chairman & Managing Director Kishore Vallabhadas Mariwala Bipin Ratilal Shah Cyril Suresh Shroff
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
Factories	Kanjikode (Kerala), Goa, Jalgaon & Saswad (Maharashtra)
Regional Offices	Mumbai (West I and II), Delhi, Kolkata, Hyderabad (South I and II)
Depots	West I - Mumbai, Bhiwandi, Ahmedabad, Jaipur West II - Pune, Goa, Nagpur, Indore, Raipur North - Delhi, Ghaziabad, Dehradun, Kanpur, Rohtak, Parwanoo, Zirakpur, Jammu, Chandigarh East - Kolkata, Burdwan, Patna, Ranchi, Guwahati, Agartala South I - Hyderabad, Vijaywada, Cuttack South II - Bangalore, Hubli, Chennai, Coimbatore, Cochin
Redistribution Centre	Jalgaon

DIRECTORS' REPORT

To the Members

The Board of Directors is pleased to present the Thirteenth Annual Report together with audited accounts of your Company for the year ended March 31, 2001 ('the year under review' or 'the year').

FINANCIAL RESULTS

	(Indian Rupees Million)	
	Year Ended March 31,	
	2001	2000
Sales and Other Income	<u>6611.7</u>	<u>6495.5</u>
Profit before Tax & Exceptional item	<u>499.3</u>	425.6
Exceptional item (Voluntary Retirement Compensation)	—	17.8
Profit before Tax	<u>499.3</u>	407.8
Tax	<u>43.0</u>	50.5
Profit after Tax	<u>456.3</u>	357.3
Add : Surplus brought forward	<u>493.8</u>	352.4
Profit available for Appropriation	<u>950.1</u>	<u>709.7</u>
Appropriation :		
Interim dividend	58.0	130.5
Final dividend (proposed)	<u>87.0</u>	—
	<u>145.0</u>	130.5
Tax on dividend	<u>21.6</u>	14.4
	<u>166.6</u>	144.9
Transfer to General Reserve	<u>100.0</u>	71.0
Surplus carried forward	<u>683.5</u>	493.8
	<u>950.1</u>	<u>709.7</u>

SALES TURNOVER & PROFITABILITY

The year ended March 31, 2001 (FY01) has been a year of growth. Sustained volume growth in key brands, through continued brand building, lower raw material costs and improved all round cost management have enabled your Company to record significant profit growth. Profit after Tax (PAT) for FY01 grew by 28% to Rs. 456.3 million while Profit before Tax (PBT) grew by 22% to Rs. 499.3 million.

While the economic slowdown has, over the last two quarters, affected the topline growth of most FMCG companies, your Company's key brands have shown significant volume growth. During FY01 as compared to FY00, the volumes of your Company's Coconut Oil franchise (Parachute and Oil of Malabar) grew by 14% while the Refined Edible Oil franchise (Saffola and Sweekar) grew by 27%.

The growth in volumes did not, however, reflect in a similar growth in turnover value because of two reasons. Firstly, during FY01, Maximum Retail Prices (MRPs) of most of your Company's products were on an average lower than those during FY00. Secondly, the turnover value excluded the turnover recorded by Marico Bangladesh Limited (MBL), a wholly owned subsidiary. (During FY00, turnover in Bangladesh was recorded by your Company right until December 1999, when MBL had commenced its operations.)

The turnover during FY01 at Rs. 6580 million (USD 141 million), registered a growth of 1.5 % as compared to FY00. For a correct comparison, if sales volumes for FY01 are taken at FY00 average prices and the Bangladesh turnover included, your Company would show a turnover growth of 15%, reflecting a growing consumer franchise, despite the recessionary conditions plaguing most of the FMCG companies.

DIRECTORS' REPORT

D I V I D E N D

During the year under review, the Board of Directors (the Board) of your Company had declared an interim dividend of Rs 4.00 per share aggregating Rs 58 million.

The Board at its meeting held on April 23, 2001 recommended a final dividend of Rs. 6.00 per equity share for the financial year ended March 31, 2001, aggregating Rs. 87 million.

The dividend, if approved at the ensuing Annual General Meeting, will be paid out of the profits of the Company, to the members whose names appear in the Register of Members as on July 18, 2001.

I N T E R N A T I O N A L B U S I N E S S

During the year, the International Business, on a consolidated basis, grew considerably over the previous year. The local operations which were commenced last year by Marico Bangladesh Limited (your Company's wholly owned subsidiary in Bangladesh) have stabilised.

During H1 FY01, Marico received permission from the Board of Investment in Sri Lanka for setting up a wholly owned subsidiary there. Marico has already entered the Sri Lankan market by launching Mediker, currently exported from India. Detailed evaluations are in progress to determine the exact time and the framework for setting up a subsidiary in Sri Lanka.

B R A N D A C Q U I S I T I O N

The assignment of the brands Parachute and Saffola to your Company was completed in Q1 FY01 with your Company paying Rs. 300 million to The Bombay Oil Industries Ltd. (BOIL) for acquiring the brands. Consequently, your Company stopped paying royalty to BOIL. Your Company now owns all its nine brands viz. Parachute, Saffola, Sweekar, Hair & Care, Revive, Sil, Oil of Malabar, Mediker and Shanti and their extensions.

P U B L I C D E P O S I T S

Fixed Deposits were not accepted during the year, neither were there any outstanding Fixed Deposits at the end of the year. Deposits amounting to Rs. 0.067 million relating to 4 matured deposits were however unclaimed by the depositors as on March 31, 2001.

D E P O S I T O R Y S Y S T E M

Your Company's shares have been made available for dematerialisation through the National Securities Depository Limited (NSDL). Your Company has also tied up with Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares. As of March 31, 2001, 82.4% of the shares in your Company have been dematerialised.

R E S E A R C H & D E V E L O P M E N T (R & D)

Your Company focuses on R&D efforts with a strong belief that R&D will spawn many product and packaging innovations. Many innovative packs were introduced during the year - like Parachute Flip Top, Parachute Easy Jar and 15 ltr. Jar with a tap for Sweekar and Saffola. Two of these innovations-Parachute "Kamaal ka Dhakkan" and 15 ltr. Jar for Sweekar and Saffola-received the Asia Star 2000 Award by the Asian Packaging Federation and the India Star Award from the Indian Institute of Packaging Management.

Your Company spent Rs. 0.7 million towards capital expenditure on R&D as against Rs. 1.5 million during the previous year. Revenue expenditure on R&D was Rs. 36.4 million as against Rs. 29.5 million in the previous year.

In April 2001, your Company's in-house R&D unit in Mumbai received recognition from the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India.

DIRECTORS' REPORT

STRUCTURAL EFFICIENCY IMPROVEMENTS

Your Company is in the process of implementing the integrated suite of ERP (Enterprise Resource Planning) and SCM (Supply Chain Management) solutions (SAP - R/3 as the ERP solution and SAP-APO as the SCM solution). While SAP-R/3 has already gone "live" at all locations in your Company, SAP-APO, the SCM solution is slated to go live on May 2nd, 2001. Business benefits in terms of reduced costs and cycle times would accrue over the next few years starting with FY02.

In order to give a renewed thrust to improving efficiencies across the value chain, your Company launched a Total Cost Management (TCM) initiative during the year. A number of potential areas across the value chain have been identified. Although some "quick wins" have been pocketed, benefits would, by and large, accrue over a period of time.

CAPACITY

The demand for Coconut Oil (CNO) has been steadily going up. A detailed analysis of the demand projections for the next four years has revealed that with the existing capacities at Goa and Kanjikode, it may not be possible to service the increased demand and by the beginning of the year 2002 - 2003, there would be a need to have additional facilities for manufacture of CNO.

It is therefore proposed to set up new facilities for manufacture of CNO. Your Company has identified Pondicherry as a suitable location for setting up the proposed facilities, considering its nearness to copra growing areas as also its eligibility for Income Tax and Sales Tax benefits.

The new facilities are expected to have a capital cost in the region of Rs. 150 million and will create additional capacities of about 18000 tons p.a.. The project is expected to be commissioned by the end of the financial year 2001-2002.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act), amended as per the Companies (Amendment) Act, 2000, the Directors confirm that:

1. in preparation of the annual report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed;
2. appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgement and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at March 31, 2001 and the profits of your Company for the year ended on that date;
3. proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities;
4. the annual accounts have been prepared on a going concern basis;
5. the observations of the Auditors in their Report to the Members have been adequately dealt with in the relevant Notes to the Accounts. Hence no additional explanation is considered necessary.

AUDIT COMMITTEE

Pursuant to Section 292A of the Companies Act, 1956, amended as per the Companies (Amendment) Act, 2000, an audit committee comprising Mr. B.R. Shah, Mr. Cyril Shroff and Mr. K.V. Mariwala was constituted on January 23, 2001.

The audit committee held its first meeting on April 23, 2001.

DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In keeping with the disclosure practice followed over the years, a detailed Management Discussion and Analysis Report has been provided in the Annual Report, although the relevant provisions of Clause 49 of the Listing Agreement with Stock Exchanges will be applicable to the Company only by March 31, 2002.

DIRECTORS

The term of appointment of Mr. H.C. Mariwala as Managing Director of your Company expires on June 30, 2001. The Board of Directors has however at its meeting held on April 23, 2001, approved the re-appointment of Mr. H.C. Mariwala as Managing Director of your Company for a further period of 5 years subject to the approval of the Members at the ensuing Annual General Meeting.

Mr. K.V. Mariwala and Mr. B.R. Shah retire from the Board by rotation and, being eligible, offer themselves for reappointment.

ADDITIONAL STATUTORY INFORMATION

Information under Section 217(1)(c) of the Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms part of this Report. Information pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules, 1999 forms part of this Report. Although in accordance with the provisions of Section 219(1)(b)(iv) of the Act such information has been excluded from the Report and Accounts sent to the Members, any member desirous of obtaining this information may write to the Company Secretary at the Registered Office of the Company.

Marico Bangladesh Limited (MBL), your Company's wholly owned subsidiary, was incorporated on September 6, 1999. The first accounting period of MBL was closed on September 30, 2000. The Report and Accounts referred to in Section 212 (1) of the Act and the statement pursuant to Section 212(1)(e) of the Act pertaining to MBL have been annexed.

AUDITORS

RSM & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment.

HUMAN RESOURCES

The Board wishes to place on record its appreciation of the co-operation and support received from all members of the Marico organisation.

ACKNOWLEDGEMENT

The Board acknowledges the support and assistance received from the Central Government, various State Governments, Trade and Industry Associations, Bankers, Vendors, C&F Agents, Distributors and other business associates, and looks forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Harsh C. Mariwala
Chairman and Managing Director

Place: Mumbai
Date: April 23, 2001

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of Energy, Research & Development expenditure and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

During the year energy conservation efforts in your Company were concentrated on the two main sources of energy used in the Company- Power and Steam. The steps taken for conservation of Steam and Power are given below:

i. Power

- Implementation of recommendations of Energy audit done by CII
- Implementation of recommendations arising out of audit on compressed air on a plant level, done by National Productivity Council (NPC)
- Installation of Capacitor Bank in the electrical distribution system
- Change in process to reduce amperes on motors drawing high current
- Change in design of equipment to reduce power consumption
- Increase throughputs

ii. Steam

- Asset care of boilers
- Installation of condensate recovery system
- Implementation of right operating techniques
- Regular monitoring of thermal efficiency to take concurrent preventive measures
- Steam audit by an external agency and implementation of the recommendations

The details of total energy consumption and energy consumption per unit are given in Enclosure 'A'.

B. Research & Development

The details of Research & Development are given in Enclosure 'B'.

C. Foreign Exchange Earnings and Outgo:

The details of total foreign exchange used and earned are provided in Schedule 'Q' to the Accounts.

ENCLOSURE 'A'

Power & Fuel Consumption	Year Ended March 31,	
	2001	2000
1. Electricity		
a. Purchased Units (Kwh)	6032805	4473588
Amount (Rs. million)	22.05	15.75

ANNEXURE TO THE DIRECTORS' REPORT

b. Own Generation

i. Through Diesel Generation units (Kwh)	1321373	3543536
Amount (Rs. million)	7.22	13.30
Average Rate (Rs./unit)	5.46	3.75
ii. Through Steam Generation	Nil	Nil

2. Coal

Quantity (M.T.)	Nil	Nil
Amount (Rs. million)	Nil	Nil
Average Rate (Rs./Ton)	Nil	Nil

3. Furnace Oil

Quantity (KL)	1798.97	1747.96
Amount (Rs. million)	22.09	17.55
Average Rate (Rs./KL)	12284	10043

4. Other Internal Generation

L.D.O. / H.S.D.(excludes H.S.D. used for electricity generation)

Quantity (KL)	528.56	229.93
Amount (Rs. million)	8.20	2.89
Average Rate (Rs./KL)	15514	12554

Consumption Per unit of Production of Edible Oil

	<u>Unit</u>		
Electricity	Kwh	110.32	150.60
Coal	MT	Nil	Nil
Furnace Oil	KL	0.03	0.03
L.D.O. / H.S.D.	KL	0.01	0.03

Consumption Per unit of Production of Processed Foods

	<u>Unit</u>		
Electricity	Kwh	72.55	Nil
Coal	MT	Nil	Nil
Furnace Oil	KL	Nil	Nil
L.D.O. / H.S.D.	KL	0.11	Nil

Note : Current year figures are not comparable with those of the previous year, since previous year figures included power and fuel consumption of the Company's Sewree operations which have since been discontinued, and the current year figures include the power and fuel consumption of the food processing plant at Saswad, acquired during March 2000.

ANNEXURE TO THE DIRECTORS' REPORT

ENCLOSURE 'B'

Research & Development

1. Specific areas in which R & D was carried out by the Company:

- Technology selection and absorption towards converting agricultural and natural ingredients into consumer benefits and solutions.
- Packaging development towards enhancing customer value in terms of convenience and product assurance.
- Development of new products, line extensions and new processes.

2. Benefits derived as a result of above R & D:

- New products were launched to address niche consumer benefits and solutions.
- Better cost structures were achieved through selections in packing materials, application of appropriate technologies and process optimisation.
- Leveraged innovations in packaging towards extending brand value and consumer benefits.

Your Company continues to seek new consumer needs and solutions through its R & D efforts.

3. Expenditure on R & D:

	Rs. million
a) Capital	0.74
b) Recurring	36.41
Total	37.15
c) Total R & D expenditure as a Percentage to Sales and Services	0.56

On behalf of the Board of Directors

Place: Mumbai
Date: April 23, 2001

Harsh C. Mariwala
Chairman and Managing Director

AUDITORS' REPORT

To,

The Members of Marico Industries Limited

We have audited the attached Balance Sheet of **MARICO INDUSTRIES LIMITED** as at March 31, 2001 and the annexed Profit and Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;
 - c. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2001 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2001 and
 - ii. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

for **RSM & Co.**
Chartered Accountants

Place : Mumbai
Dated: April 23, 2001

NATRAJ RAMKRISHNA
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the management in a phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed in case of assets verified.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, raw materials, stores and spares have been physically verified during the year by the management at reasonable intervals. Confirmations have been obtained in respect of materials lying with third parties.
4. The procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.
6. In our opinion and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken unsecured loans from a company listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, prima facie, prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a company on or after October 31, 1998.
8. The Company had given unsecured loans to a company listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan were not, prima facie, prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a company on or after October 31, 1998.
9. Loans or advances in the nature of loans given are being repaid as stipulated, together with interest, wherever applicable.
10. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In respect of the transactions of purchases of goods and materials in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the

ANNEXURE TO THE AUDITORS' REPORT

year to Rs. 50,000/- or more in respect of each party, we were informed that alternate acceptable source of supply did not exist and, therefore, no comparison of prices was possible. There were no transactions of sale of goods, materials and services entered in the said register.

12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods and provision for loss, wherever necessary, has been made in the accounts.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable by-products. The Company has no significant realisable scrap.
15. The Company has an internal audit system commensurate with its size and the nature of its business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
17. The Company has been regular in depositing Provident Fund dues and Employees' State Insurance dues with the appropriate authorities.
18. There are no undisputed amounts payable in respect of income tax, wealth-tax, sales-tax, custom duty and excise duty which have remained outstanding at the year end for a period of more than six months from the date they became payable.
19. No personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of services rendered, the nature of service is such that it does not involve consumption of materials and, hence, it is not considered necessary to have a system of allocation of man-hours utilised to the relative jobs.
22. In respect of the trading activities, the Company has a regular procedure for the determination of unserviceable or damaged goods and provision for loss, wherever necessary, has been made in the accounts.

for **RSM & Co.**
Chartered Accountants

Place : Mumbai
Dated: April 23, 2001

NATRAJ RAMKRISHNA
Partner

BALANCE SHEET

		As at March 31,	
		2001	2000
		Rs.million	Rs.million
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	145.000	145.000
Reserves and surplus	B	1566.975	1277.299
		<u>1711.975</u>	<u>1422.299</u>
LOAN FUNDS			
Secured loans	C	—	—
Unsecured loans	D	36.381	32.839
		<u>36.381</u>	<u>32.839</u>
		<u>1748.356</u>	<u>1455.138</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	E	1518.050	1182.483
Less : Depreciation		<u>325.865</u>	<u>251.125</u>
Net block		1192.185	931.358
Capital work-in-progress		<u>80.590</u>	<u>20.508</u>
		<u>1272.775</u>	<u>951.866</u>
INVESTMENTS			
	F	8.707	9.055
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	697.550	460.323
Sundry debtors	H	423.014	361.877
Cash and bank balances	I	39.499	103.418
Loans and advances	J	172.489	275.372
		<u>1332.552</u>	<u>1200.990</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	751.116	613.536
Provisions	L	114.562	93.237
		<u>865.678</u>	<u>706.773</u>
NET CURRENT ASSETS			
		<u>466.874</u>	<u>494.217</u>
		<u>1748.356</u>	<u>1455.138</u>
Notes to the Accounts	R		

As per our attached report of even date

FOR RSM & Co.

Chartered Accountants

NATRAJ RAMKRISHNA
Partner

Place : Mumbai

Dated : April 23, 2001

DEV BAJPAI
General Manager - Legal
and Company Secretary

For and on behalf of the Board of Directors

K.V.MARIWALA
Director

H.C.MARIWALA
Chairman and
Managing Director

Place : Mumbai

Dated : April 23, 2001

PROFIT AND LOSS ACCOUNT

	SCHEDULE	For the year ended March 31,	
		2001	2000
		Rs.million	Rs.million
INCOME			
Sales and services	Q	6579.891	6483.380
Other income	M	31.823	12.153
		<u>6611.714</u>	<u>6495.533</u>
EXPENDITURE			
Cost of materials	N	3200.172	3744.285
Manufacturing and other expenses	O	2788.346	2215.781
Finance charges	P	35.190	32.246
Depreciation	E	88.696	77.642
		<u>6112.404</u>	<u>6069.954</u>
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		499.310	425.579
Exceptional item :			
Voluntary Retirement Compensation		—	17.786
PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEM		499.310	407.793
Provision for Tax (including Rs.0. 500 million (Rs.0.500 million) towards wealth tax)		43.000	50.500
PROFIT AFTER TAX		456.310	357.293
Balance brought forward		493.799	352.361
PROFIT AVAILABLE FOR APPROPRIATION		950.109	709.654
APPROPRIATIONS			
Interim Dividend		58.000	130.500
Tax on Interim Dividend		12.760	14.355
Proposed Final Dividend		87.000	—
Tax on Proposed Dividend		8.874	—
General Reserve		100.000	71.000
BALANCE CARRIED TO THE BALANCE SHEET		<u>683.475</u>	<u>493.799</u>
Notes to the Accounts	R		

As per our attached report of even date

FOR RSM & Co.

Chartered Accountants

NATRAJ RAMKRISHNA
Partner

DEV BAJPAI
General Manager - Legal
and Company Secretary

K.V.MARIWALA
Director

H.C.MARIWALA
Chairman and
Managing Director

Place : Mumbai

Dated : April 23, 2001

Place : Mumbai

Dated : April 23, 2001

SCHEDULES TO BALANCE SHEET

	As at March 31, 2001 Rs.million	As at March 31, 2000 Rs.million
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED:		
2,99,00,000 Equity shares of Rs.10 each	299.000	299.000
10,000 14% Cumulative Redeemable Preference shares of Rs.100 each	1.000	1.000
	<u>300.000</u>	<u>300.000</u>
ISSUED AND SUBSCRIBED:		
1,45,00,000 Equity shares of Rs.10 each fully paid up, including 1,20,00,000 allotted as fully paid bonus shares by capitalisation of General Reserve	145.000	145.000
	<u>145.000</u>	<u>145.000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	2.500	2.500
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	165.000	165.000
GENERAL RESERVE		
As per last Balance Sheet	616.000	545.000
Add : Transfer from Profit and Loss Account	100.000	71.000
	<u>716.000</u>	<u>616.000</u>
PROFIT AND LOSS ACCOUNT		
	683.475	493.799
	<u>1,566.975</u>	<u>1,277.299</u>
SCHEDULE 'C'		
SECURED LOANS		
Working capital finance from banks	—	—
(Secured by hypothecation of stocks in trade and other tangible movable assets of the Company, wherever situated, and guaranteed by two Directors of the Company. Balance outstanding against working capital limits as at the year end is Rs. Nil)	<u>—</u>	<u>—</u>

SCHEDULES TO BALANCE SHEET

As at March 31, 2001 Rs.million	As at March 31, 2000 Rs.million
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SCHEDULE 'D'

UNSECURED LOANS

Fixed deposits (Repayable within a year Rs. Nil (Rs. 2.611 million))	—	2.611
Deferred sales tax loan (Repayable over five years commencing from year 2006)	36.381	30.228
	36.381	32.839

SCHEDULE 'E'

FIXED ASSETS

Rs.million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2000	Additions	Deductions	As at March 31, 2001	Up to March 31, 2000	For the Period	Deductions	Up to March 31, 2001	As at March 31, 2001	As at March 31, 2000
Freehold Land	10.710	0.022	—	10.732	—	—	—	—	10.732	10.710
Leaschold Land	3.244	—	—	3.244	0.325	0.037	—	0.362	2.882	2.919
Buildings	315.060	2.302	—	317.362	21.735	6.225	—	27.960	289.402	293.325
Plant and Machinery	584.156	64.461	33.430	615.187	211.335	63.367	13.741	260.961	354.226	372.821
Furniture and Fittings	12.997	1.753	0.016	14.734	5.184	0.813	0.006	5.991	8.743	7.813
Vehicles	4.091	4.507	3.976	4.622	1.348	0.391	0.209	1.530	3.092	2.743
Intangible Assets	252.225	299.944	—	552.169	11.198	17.863	—	29.061	523.108	241.027
TOTAL	1182.483	372.989	37.422	1518.050	251.125	88.696	13.956	325.865	1192.185	931.358
PREVIOUS YEAR	857.302	334.713	9.532	1182.483	176.251	77.642	2.768	251.125		
CAPITAL WORK-IN-PROGRESS (AT COST) INCLUDING ADVANCES ON CAPITAL ACCOUNT									80.590	20.508
									1272.775	951.866

Notes : 1. Gross block includes : - Freehold Land of Rs. 3.037 million (Rs.3.037 million) in respect of which conveyance is pending execution.
- Buildings of Rs.192.312 million (Rs.192.312 million) in respect of which conveyance is pending execution.
- Plant and Machinery leased out Rs. 110.136 million (Rs. 47.171 million)
2. Intangible assets include trademarks and copyrights (pending registration) Rs. 541.609 million (Rs. 79.014 million), know-how, business, commercial rights, non-compete covenants etc.

SCHEDULE 'F'

INVESTMENTS (At Cost, Non Trade unless otherwise stated)

LONG TERM - UNQUOTED

Government Securities:

National Savings Certificates (Deposited with Government authorities)	0.076	0.119
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Subsidiary Company (Trade):

Marico Bangladesh Ltd. (Incorporated in Bangladesh)

10,00,000 (10,00,000) equity shares of Taka 10 each fully paid up.	8.631	8.615
--	-------	-------

	8.707	8.734
--	-------	-------

CURRENT - QUOTED

Unit Trust of India - Unit Scheme - 1964

Nil (16170) Units of Rs.10 each fully paid	—	0.260
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Unit Trust of India Master Gain-92

Nil (4600) Units of Rs.10 each fully paid	—	0.061
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	8.707	9.055
--	-------	-------

Aggregate market value of quoted investments

Note: During the year 548,270 (455,865) units of Alliance Mutual Fund were purchased and sold.	—	0.290
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SCHEDULES TO BALANCE SHEET

	As at March 31, 2001 Rs.million	As at March 31, 2000 Rs.million
SCHEDULE 'G'		
INVENTORIES		
Raw materials	349.922	78.516
Packing materials	87.758	67.810
Stores, spares, consumables and chemicals, etc.	9.819	8.470
Work-in-process	3.509	6.450
Finished products	241.437	295.817
By-products	5.105	3.260
	<u>697.550</u>	<u>460.323</u>
 SCHEDULE 'H'		
SUNDRY DEBTORS		
Unsecured		
Over six months — Considered good	1.876	0.645
— Considered doubtful	6.539	4.500
	<u>8.415</u>	<u>5.145</u>
Less: Provision for doubtful debts	6.539	4.500
	<u>1.876</u>	<u>0.645</u>
Other Debts — Considered good	421.138	361.232
	<u>423.014</u>	<u>361.877</u>
 SCHEDULE 'I'		
CASH AND BANK BALANCES		
Cash on hand	1.574	0.996
Balances with banks:		
Fixed deposits (lodged with Government authorities)	1.425	1.425
Margin accounts (Against Letters of Credit and Bank Guarantees)	1.984	2.004
Current accounts — Scheduled banks	34.516	98.945
— Non Scheduled bank	—	0.048
(Jalgaon Janata Sahakari Bank Ltd.)		
[(Maximum balance Rs 0.048 million)		
(Rs. 0.278 million)]		
	<u>39.499</u>	<u>103.418</u>

SCHEDULES TO BALANCE SHEET

	As at March 31, 2001 Rs.million	As at March 31, 2000 Rs.million
SCHEDULE 'J'		
LOANS AND ADVANCES		
(Unsecured-considered good)		
Inter-corporate deposits	2.000	112.000
Advances recoverable in cash or in kind or for value to be received	114.068	95.436
Deposits	49.801	61.263
Balances with central excise authorities	0.008	0.688
Interest accrued on — Investments	—	0.082
— Others	0.623	0.260
Income tax payments, net of provision	5.989	5.643
	<u>172.489</u>	<u>275.372</u>

SCHEDULE 'K' **CURRENT LIABILITIES**

Sundry creditors	669.591	529.518
Unclaimed dividend	0.394	0.070
Other liabilities	46.128	40.152
Security deposits	35.003	43.395
Interest accrued but not due on loans	—	0.401
	<u>751.116</u>	<u>613.536</u>

SCHEDULE 'L' **PROVISIONS**

Diminution in value of investments	—	0.039
Provision for leave encashment	18.688	4.675
Dividend	87.000	79.750
Tax on dividend	8.874	8.773
	<u>114.562</u>	<u>93.237</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended March 31,	
	2001	2000
	Rs.million	Rs.million
SCHEDULE 'M'		
OTHER INCOME		
Income from current investments (Gross)	0.393	0.051
(Tax deducted at source Rs. Nil) (Rs. Nil)		
Miscellaneous income	31.430	12.102
	31.823	12.153
 SCHEDULE 'N'		
COST OF MATERIALS		
RAW MATERIALS:		
Opening stock	78.516	150.879
Add : Purchases	2667.337	3146.672
Less : Sales	55.270	20.600
Less : Closing stock	349.922	78.516
	2340.661	3198.435
PURCHASE OF FINISHED PRODUCTS (Net)	804.035	594.362
 (INCREASE)/DECREASE IN STOCK		
OPENING STOCK:		
Work-in-process	6.450	3.674
By-products	3.260	0.890
Finished products	295.817	271.202
Less :		
CLOSING STOCK:		
Work-in-process	3.509	6.450
By-products	5.105	3.260
Finished products	241.437	295.817
	55.476	(29.761)
Less : Insurance claims - Finished goods	—	18.751
	3200.172	3744.285

SCHEDULES TO PROFIT & LOSS ACCOUNT

For the year ended March 31,

2001

2000

Rs.million

Rs.million

SCHEDULE 'O'

MANUFACTURING AND OTHER EXPENSES

Employees' costs:

Salaries, wages and bonus

240.794

165.774

Contribution to provident fund and other funds

28.587

25.782

Welfare expenses

26.226

24.615

295.607

216.171

Packing materials consumed

734.350

606.143

Stores, spares and chemicals consumed

34.889

25.672

Power, fuel and water

68.592

57.451

Contract manufacturing charges

147.737

136.777

Rent and storage charges

51.451

41.849

Repairs to : Buildings

15.734

10.300

Machinery

18.654

8.096

Others

4.601

5.161

38.989

23.557

Freight, forwarding and distribution expenses

312.952

249.494

Advertisement and sales promotion

798.168

586.808

Rates and taxes — Excise duty

16.571

—

— Others

2.549

1.927

Sales tax and cess

38.253

21.421

Provision for doubtful debts

2.039

4.500

Printing, stationery and communication expenses

34.330

35.273

Travelling, conveyance and vehicle expenses

62.889

57.992

Royalty

—

32.382

Insurance

6.272

5.196

Provision for diminution in value of investments

—

0.009

Miscellaneous expenses

142.708

113.159

2788.346

2215.781

SCHEDULE 'P'

FINANCE CHARGES

Interest on fixed loans

0.405

1.050

Other interest

19.118

25.180

Bank charges and others

25.349

28.535

44.872

54.765

Less : Interest income from banks and other accounts

9.682

22.519

(Tax deducted at source Rs. 1.715 million (Rs. 4.643 million))

35.190

32.246

SCHEDULES TO PROFIT & LOSS ACCOUNT

ADDITIONAL INFORMATION

SCHEDULE 'Q'

A) DETAILS OF PRODUCTION, TURNOVER, OPENING STOCK AND CLOSING STOCK

Sr. No.	Particulars	Period ended	Installed capacity M.T. (Note I)	Opening stock		Production Quantity M.T. (Note IV)	Purchases		Turnover		Closing stock	
				Quantity M.T.	Amount Rs. million		Quantity M.T.	Amount Rs. million	Quantity M.T.	Amount Rs. million	Quantity M.T.	Amount Rs. million
1	Raw/Refined oils (Note IV)	31.03.01	97,180	5,233.513	229.796	71,279.887	12,691.832	355.171	87,289.302	5,223.380	4,476.383	181.762
		31.03.00	97,180	4,624.297	241.361	54,973.439	1,532.232	48.428	66,519.866	5,208.043	5,233.513	229.796
2	Hair Oils (Note II)	31.03.01	—	234.480	17.746	—	—	—	3,140.638	440.476	427.556	34.563
		31.03.00	—	133.030	12.908	—	136.921	10.362	2,346.320	338.288	234.480	17.746
3	Others (Note III) (Includes processed foods and By products)	31.03.01	—	—	51.535	—	—	448.864	—	903.835	—	30.217
		31.03.00	—	—	17.823	—	—	535.572	—	920.949	—	51.535
4	Service Income	31.03.01	—	—	—	—	—	—	—	12.200	—	—
	- commission	31.03.00	—	—	—	—	—	—	—	16.100	—	—
TOTAL		31.03.01	—	—	299.077	—	—	804.035	—	6,579.891	—	246.542
		31.03.00	—	—	272.092	—	—	594.362	—	6,483.380	—	299.077

I) a) The auditors have relied on the installed capacities on a three shift basis as certified by the management.

b) No licenses are required for products manufactured by the Company as per Government of India Notification No. S.O.477(E) dated 25th July, 1991.

II) Produced by others - 3,333.714 K.L. (2,310.849 K.L.).

III) The Company deals in processed foods which are not packed in homogenous units and, hence, it is not practicable to furnish quantitative data.

IV) The production of Raw/Refined oils excludes processed by others 4,257.009 M. T. (11,440.757 M.T.) and includes used for internal consumption 1,696.556 M.T. (817.346 M.T.)

SCHEDULES TO PROFIT & LOSS ACCOUNT

					For the year ended March 31,	
					2001	2000
					Value	Value
					Quantity	Quantity
					M.T.	M.T.
					Rs.million	Rs.million
SCHEDULE 'Q'						
B) RAW MATERIALS CONSUMED						
Oil seeds	60629.219	1,278.667	55524.838	2,003.059		
Raw oils	31249.265	872.622	34256.930	1,075.803		
Others	—	189.372	—	119.573		
		<u>2,340.661</u>		<u>3,198.435</u>		
C) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED						
	%	Value	%	Value		
		Rs.million		Rs.million		
Raw materials						
Imported	27.94	654.001	23.43	749.355		
Indigenous	72.06	1,686.660	76.57	2,449.080		
	<u>100.00</u>	<u>2,340.661</u>	<u>100.00</u>	<u>3,198.435</u>		
Stores, spares and chemicals						
Imported	—	—	—	—		
Indigenous	100.00	34.889	100.00	25.672		
	<u>100.00</u>	<u>34.889</u>	<u>100.00</u>	<u>25.672</u>		
D) VALUE OF IMPORTS ON C.I.F. BASIS						
Raw material		578.868		619.042		
Capital goods		10.772		—		
		<u>589.640</u>		<u>619.042</u>		
E) EXPENDITURE IN FOREIGN CURRENCY						
Packing material		10.006		5.266		
Advertisement and sales promotion		47.326		27.523		
Travelling and other expenses		18.431		21.778		
		<u>75.763</u>		<u>54.567</u>		
F) EARNINGS IN FOREIGN EXCHANGE						
F.O.B. Value of exports		210.149		179.363		
Royalty		4.476		—		
		<u>214.625</u>		<u>179.363</u>		

NOTES TO THE ACCOUNTS

SCHEDULE 'R'

NOTES TO THE ACCOUNTS:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

(a) The Company and nature of its operations

Marico Industries Limited ('Marico' or 'The Company'), headquartered in Mumbai, India, carries on business in Fast Moving Consumer Goods. Marico manufactures and markets products under brands such as Parachute, Saffola, Sweekar, Hair & Care, Revive, Sil, Oil of Malabar, Mediker and Shanti. Marico's products reach its consumers through retail outlets serviced by Marico's distribution network comprising 6 regions, 32 Carrying & Forwarding agents and about 3500 distributors spread all over India. The Company's export markets comprise The Middle East and SAARC countries. Marico has manufacturing facilities located at Kanjikode, Goa, Jalgaon and Saswad, supported by subcontracting units. Marico has a marketing and distribution alliance with Indo Nissin Foods Ltd. for Top Ramen instant noodles, and a distribution arrangement with Procter & Gamble Home Products Ltd. and Procter & Gamble Hygiene & Health Care Ltd. for distribution of some of their products in India.

(b) Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost convention on an accrual basis and are in conformity with mandatory accounting standards.

(c) Fixed Assets

Fixed assets are stated at cost of acquisition. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest on borrowing, to finance fixed assets during construction period is capitalised. Pre-operative expenses for major projects are also capitalised, where appropriate.

(d) Depreciation / Amortisation

I. Tangible Assets

- (i) Depreciation on fixed assets is provided on straightline method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions during the year has been provided on *pro rata* basis with reference to the month of addition/deduction. Extra shift depreciation is provided on "Plant" basis.

NOTES TO THE ACCOUNTS

- (ii) Assets given on finance lease are depreciated over the primary period of the lease.
- (iii) Assets individually costing Rs.5000 or less are depreciated fully in the year of acquisition.
- (iv) Leasehold land is amortised over the period of lease.

II. Intangible Assets

- (i) Trademarks and Copyrights that have an estimated economic value which far exceeds the carrying cost are not depreciated.
- (ii) Other intangible assets are amortised over estimated economic useful life as assessed by the management, but not exceeding the period given hereunder:

Business, Commercial rights etc.	20 years
Technical know how	6 years
Non – Compete covenant	non- compete period

(c) Investments

- (i) Long term Investments are valued at cost. Provision for diminution, if any, in the value of Investments is made to recognise a decline, other than temporary.
- (ii) Current Investments are valued at lower of cost and market value, computed categorywise.

(f) Inventory

- (i) Raw Material, Packing Material, Chemicals, Consumables, Stores & Spares and Work-in-process are valued at cost.
- (ii) Finished goods are valued at lower of cost and net realisable value.
- (iii) By-products and unserviceable/damaged finished products are valued at net realisable value.
- (iv) The bases of determining cost for various categories of inventories are as follows :

Finished goods and work-in-process : Absorption costing

Others : FIFO

NOTES TO THE ACCOUNTS

(g) Research and Development

Capital expenditure on research and development is allocated to fixed assets. Revenue expenditure is charged off in the year in which it is incurred.

(h) Revenue Recognition

(i) Sales are recognised at the point of despatch to the customers and stated net of trade discount and exclusive of sales tax.

(ii) Agency commission income is recognised upon effecting sales.

(iii) Interest and other income are recognised on accrual basis.

(i) Retirement Benefits

The Company has various schemes of retirement benefits, namely, Provident, Superannuation and Gratuity Funds. These funds are administered through Trustees and the Company's contribution thereto is charged to revenue every year. Accruals are made for leave encashment and gratuity on the basis of actuarial valuation.

(j) Foreign Currency Transactions

Current assets and current liabilities are translated at forward cover rate or at the year end exchange rate, as applicable. Resultant gains or losses are recognised in the profit and loss account other than the exchange rate difference relating to fixed assets which are adjusted against the carrying cost of corresponding fixed assets. Exchange differences arising on forward exchange contracts are recognised over the period of the contract.

(k) Government Grants

(i) Government grants related to the total investment in undertaking are treated as capital reserve.

(ii) Government grants related to the specific fixed assets are reduced from the cost of the assets.

2. Miscellaneous Income includes lease income Rs.8.009 million (Rs.6.862 million), income from current investments Rs.0.032 million (Rs.0.051 million), profit on sale of current investment (net) Rs. 0.323 million (Rs.0.267 million), write back of provision for diminution in value of investments Rs. 0.039 million (Rs. Nil) and compensation for termination of an arrangement Rs. 4.400 million (Rs. Nil).

NOTES TO THE ACCOUNTS

3. Miscellaneous expenses include commission and brokerage Rs. 5.693 million (Rs.5.472 million), donations Rs. 2.583 million (Rs.1.753 million), cash discount Rs.0.474 million (Rs.0.265 million), loss on sale/discarding of assets (net) Rs. 10.477 million (Rs.2.246 million), audit fees Rs. 0.866 million (Rs.0.761 million), payment to auditors for other services Rs. 0.105 million (Rs.0.053 million), payment to auditors for out-of-pocket expenses Rs. 0.037 million (Rs.0.043 million).
4. Research and Development expenses aggregating Rs.36.408 million (Rs.29.487 million) have been included under the relevant heads of expenses.
5. Exchange gain (net) aggregating Rs. 7.140 million (Loss Rs. 5.342 million) has been included under the relevant heads in the profit and loss account.
6. Contingent liabilities not provided for are in respect of:
 - a. Letters of credit outstanding Rs. 31.651million (Rs. 21.665 million)
 - b. Counter guarantee given to banks on behalf of other companies Rs. 5.480 million (Rs. Nil).
 - c. Sales tax/cess claims disputed by the Company Rs. 25.646 million (Rs.79.528 million).
 - d. Income tax and interest demand disputed by the Company Rs. Nil (Rs.12.131 million), disputed by the Income Tax department Rs. Nil (Rs.2.121 million).
 - e. Claims against the Company not acknowledged as debts Rs. 0.889 million (Rs.1.228 million).
7. Estimated amount of contracts remaining to be executed on capital account not provided for aggregates Rs. 18.044 million (Rs.327.320 million) net of advances.
8. Lease rental charges for the year are Rs 8.652 million (Rs 3.747 million). Cost of assets taken on lease is Rs. 25.219 million (Rs.18.856 million). Future lease rental obligations aggregate Rs. 23.605 million (Rs.5.462 million).
9. Loans and Advances include amounts due:
 - from a private limited company in which directors of the Company are directors Rs. 10.705 million (Rs. Nil)
 - from subsidiary company Rs. 4.476 million (Rs. Nil).
10. Provision for taxation is made in accordance with the provisions of Section 115 JB of the Income Tax Act, 1961.

NOTES TO THE ACCOUNTS

11. Managerial Remuneration:

- i) Statement of computation of net profits under Section 198 of the Companies Act, 1956 and the commission payable to Managing Director :

	For the year ended March 31,	
	2001	2000
	Rs.million	Rs.million
Profit before taxation and exceptional item	499.310	425.579
Add: Director's remuneration	6.338	5.327
Directors' sitting fees	0.024	0.042
Depreciation as per books	88.696	77.642
Loss on sale of assets as per books (net)	10.477	2.246
Provision for diminution in value of investments	—	0.009
Profit on sale of assets under Section 350	—	0.728
	<u>604.845</u>	<u>511.573</u>
Less: Depreciation under Section 350	88.696	110.214
Profit on sale of investments (net)	0.323	0.267
Provision for diminution in value of investments written back	0.039	—
Loss on sale of assets under Section 350	10.477	—
Profit as per Section 349 of the Companies Act, 1956	<u><u>505.310</u></u>	<u><u>401.092</u></u>
Commission to Managing Director @ 1% of net profit	5.053	4.010

- ii) Payments and provisions on account of remuneration to Managing Director included in Profit and Loss Account

i) Salary	0.600	0.600
ii) Commission	5.053	4.010
iii) Contribution to Provident Fund and Pension Fund	0.162	0.162
iv) Other Perquisites	0.523	0.555
	<u><u>6.338</u></u>	<u><u>5.327</u></u>

Notes: 1. Consequent to the Companies Amendment Act, 2000, depreciation and profit/loss on sale of assets are taken as per books for the purposes of computation of profits under Section 349 of the Companies Act, 1956.

2. The above remuneration does not include contribution to Gratuity Fund as this contribution is a lumpsum amount for all relevant employees based on actuarial valuation.

NOTES TO THE ACCOUNTS

12. The Company deals with several Small Scale Industrial (SSI) undertakings on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, the various amounts due to SSIs and included under sundry creditors aggregate Rs. 6.274 million (Rs.12.128 million). The names of such SSI suppliers where individual balances are in excess of Rs. 1 lakh and due for more than 30 days are as under:

Vividh Plastics, Shree Mookambika Polymers, Garden Polymers Private Limited, Plastex Containers (Goa) Private Limited, Goa Plast Enterprises, Ganesh Plastics, Swan Plastics Private Limited, Nisarga Printers, Shrink Packaging Systems Private Limited, Flexipack, Servoplast, Goa Plast Private Limited, Economic Development Corporation Limited, Vignesh Plastics, Multicavity Mouldings Private Limited, Complement Marketing Private Limited, Rachana Enterprise, Badkur Polycans Industries, Surya Trading Corporation, Chakreswari Industries, Malhar Offset Private Limited, K-Plast Industries, Sree Mookambika Plast, Skanda Engineering Industries Private Limited, Shivam Plastic Industries, C.G.K. Automation, Indian Extrusions, Leeraj Printers Private Limited, Nice Pack Industries Private Limited, Interlabels Industries Private Limited.

13. The figures in brackets represent those of the previous year. Previous year figures have been regrouped wherever necessary to conform with current year.
14. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

a) **Registration details :**

Registration No.	: 11-49208
Balance Sheet Date	: March 31, 2001

b) **Capital raised during the year** : (Amount in Rs. million)

Public Issue	Nil
Bonus Issue	Nil
Rights Issue	Nil
Private placement	Nil

NOTES TO THE ACCOUNTS

c) **Position of mobilisation and deployment of funds** (Amount in Rs. million)

Total Liabilities	2,614.034		
Total Assets	2,614.034		
Sources of Funds		Application of Funds	
Paid up Capital	145.000	Net Fixed Assets	1,272.775
Reserves & Surplus	1,566.975	Investments	8.707
Secured Loans	Nil	Net Current Assets	466.874
Unsecured Loans	36.381	Misc. Expenditure	Nil
		Accumulated losses	Nil

d) **Performance of the Company** (Amount in Rs. million)

Turnover (Sales & Other Income)	6,611.714
Total Expenditure	6,112.404
Profit before Tax	499.310
Profit after Tax	456.310
Earnings per share (in Rs.)	31.47
Dividend rate (%)	100

e) **Generic name of the three principal products/services of the Company:**

Item Code No. (I.T.C. Code)	Product Description
151319.00	Coconut Oil
151219.01	Sunflower Oil
151219.02	Safflower Oil

Signature to Schedules A to R

For and on behalf of the Board of Directors

Place : Mumbai
Dated : April 23, 2001

DEV BAJPAI
*General Manager - Legal
and Company Secretary*

K.V.MARIWALA
Director

H.C.MARIWALA
*Chairman and
Managing Director*

CASH FLOW STATEMENT

	Year ended March 31, 2001 Rs.million	Year ended March 31, 2000 Rs.million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and prior period adjustments	499.310	407.793
Adjustments for :		
Depreciation	88.696	77.642
Finance charges	35.190	32.246
Loss on sale of assets	10.477	2.246
Provision for diminution in value of investments	—	0.009
Loss/(Profit) on sale of investments	—	—
Income from investments	(0.393)	(0.051)
Provision for diminution in value of investments written back	(0.039)	—
	<u>133.931</u>	<u>112.092</u>
Operating Profit before Working Capital changes	633.241	519.885
Adjustments for :		
Increase/(Decrease) in Inventories	237.227	(28.788)
Increase/(Decrease) in Sundry Debtors	61.137	19.411
Increase/(Decrease) in Loans & Advances	(103.230)	22.951
Decrease/(Increase) in Current Liabilities	(151.594)	(60.405)
	<u>43.54</u>	<u>(46.831)</u>
Cash generated from Operations	589.701	566.716
Less : Payments for		
Direct taxes (Net of refunds)	43.350	68.672
Finance charges	44.872	54.765
	<u>88.222</u>	<u>123.437</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	A <u><u>501.479</u></u>	<u><u>443.279</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets	(433.071)	(342.181)
(Purchase)/Sale of investments (including bills discounted/ICD)	0.348	(8.616)
Sale of fixed assets	12.989	4.519
Interest/Dividend income	10.076	22.569
Capital subsidy received	—	—
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	B <u><u>(409.658)</u></u>	<u><u>(323.709)</u></u>

CASH FLOW STATEMENT

	Year ended March 31, 2001 Rs.million	Year ended March 31, 2000 Rs.million
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Repayment) of borrowings	3.542	7.857
Dividend paid (Including Tax on dividend)	(159.282)	(144.855)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(155.740)	(136.998)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(63.919)	(17.428)
Cash and Cash Equivalents - Opening Balance	103.418	120.846
Cash and Cash Equivalents - Closing Balance	<u>39.499</u>	<u>103.418</u>

For and on behalf of the Board of Directors

Place: Mumbai
Dated: April 23, 2001

K.V. MARIWALA
Director

H.C. MARIWALA
*Chairman &
Managing Director*

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Marico Industries Ltd. for the year ended March 31st, 2001. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing Agreement with The Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 23rd April, 2001 to the members of the Company.

for RSM & Co.
Chartered Accountants

Place : Mumbai
Dated : April 23, 2001

NATRAJ RAMKRISHNA
Partner

**STATEMENT PURSUANT TO SECTION 212 (1) (E)
OF THE COMPANIES ACT, 1956**

1. Name of the subsidiary company	MARICO BANGLADESH LIMITED
2. Holding Company's interest	1,000,000 ordinary shares of Taka 10 each
3. Extent of Holding	100%
4. The "financial year" of the subsidiary company ended on	September 30, 2000
5. Net aggregate amount of the subsidiary company's profits/ (losses) dealt with in the holding company's accounts	
• For the subsidiary's aforesaid financial year	Nil
• For the previous financial years since it became subsidiary	Nil
6. Net aggregate amount of the subsidiary company's profits/ (losses) not dealt with in the holding company's accounts	
• For the subsidiary's aforesaid financial year	Taka 0.45 million (Rs. 0.38 million)
• For the previous financial years since it became subsidiary	Taka 0.45 million (Rs. 0.38 million)
7. Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	Nil
8. Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	Nil

On behalf of the Board of Directors

Place: Mumbai
Date: April 23, 2001

Harsh C. Mariwala
Chairman and Managing Director

MARICO BANGLADESH LIMITED

Board Of Directors

Harsh Charandas Mariwala
Milind Sarwate
Shyam Sutaria
Atul Kapoor, Executive Director

Registered Office

272, Tejgaon Industrial Area,
Dhaka – 1208, Bangladesh

Auditors

Rahman Rahman Huq
Chartered Accountants

Bankers

Citibank N. A.

Legal Advisors

Lee Khan & Associates
City Heart, Naya Paltan, Dhaka, Bangladesh

Distributor

Kallol Distribution Limited
199, Tejgaon Industrial Area,
Dhaka – 1208, Bangladesh

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their First Annual Report together with accounts for the period ended September 30, 2000.

COMPANY'S PERFORMANCE AND FINANCIAL RESULTS

Marico Bangladesh Limited, has successfully completed its first year of operation. The Company has started commercial operations from the last week of January '00. During the eight months of commercial operations, your Company has reported a turnover of Taka 7.47 crores and a profit after tax of Taka 4.50 lacs.

THE YEAR AT A GLANCE

		Taka
Sales	:	74,660,892
Purchases	:	63,495,346
Gross Profit	:	11,165,546
Net Profit	:	450,159

In order to conserve resources for growth, no dividend is being proposed for this year.

AUDITORS

Messers Rahman Rahman Huq, Chartered Accountants, retire and being eligible offer themselves for re-appointment as Auditors of your Company.

ACKNOWLEDGEMENT

The Directors take this opportunity to acknowledge the continued support and efforts of all members of your Company, as well as customers, suppliers and associates.

For and on behalf of the Board of Directors

Place: Dhaka
Date: February 21, 2001

MILIND SARWATE	SHYAM SUTARIA
<i>Director</i>	<i>Director</i>

AUDITORS' REPORT

To,

The Shareholders of Marico Bangladesh Limited

We have audited the accompanying balance sheet of Marico Bangladesh Limited for the period ended 30th September 2000 and the related Profit and Loss Account and Cash Flows for the period then ended. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs for the period ended 30th September 2000 and of the results of its operations and its cash flow for the period then ended and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.

RAHMAN RAHMAN HUQ

Auditor

Place: Dhaka

Date: February 21, 2001

BALANCE SHEET

As at September 30, 2000

Taka

NOTE

SOURCES OF FUNDS

SHAREHOLDERS' EQUITY

Share capital	4	10,000,000
Accumulated profit		450,159
		<u>10,450,159</u>

APPLICATION OF FUNDS

FIXED ASSETS

Cost	5	1,424,586
Less: Accumulated depreciation		162,803
		<u>1,261,783</u>

PRELIMINARY EXPENSES

96,470

CURRENT ASSETS

Cash and bank balances	6	1,529,581
Trade debtors		2,629,856
Advances and deposits	7	9,910,371
Advance income tax		279,864
		<u>14,349,672</u>

LESS: CURRENT LIABILITIES AND PROVISIONS

Liability for expenses	8	3,505,423
Royalty payable	9	1,493,218
Liability for other finance		259,125
		<u>5,257,766</u>

NET CURRENT ASSETS

9,091,906

10,450,159

As per our separate report of even date

For and on behalf of the Board of Directors

RAHMAN RAHMAN HUQ
Auditor

MILIND SARWATE
Director

SHYAM SUTARIA
Director

Place: Dhaka

Date: February 21, 2001

PROFIT AND LOSS ACCOUNT

	NOTE	For the period ended September 30, 2000 Taka
Turnover		74,660,892
Cost of sales	10	(63,495,346)
Gross profit		<u>11,165,546</u>
General and administration expenses	11	(1,533,495)
Selling and distribution expenses	12	(8,881,786)
NET PROFIT BEFORE TAXATION		<u>750,265</u>
Provision for taxation		(300,106)
NET PROFIT/(LOSS) AFTER TAXATION		<u><u>450,159</u></u>

As per our seperate report of even date

RAHMAN RAHMAN HUQ
Auditor

Place: Dhaka
Date: February 21, 2001

For and on behalf of the Board of Directors

MILIND SARWATE
Director

SHYAM SUTARIA
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2000

1. COMPANY PROFILE

Marico Bangladesh Limited is a private limited company incorporated on 6th September, 1999 in Bangladesh under the Companies Act, 1994. The present authorised and paid up capital is Taka 10,000,000 divided into 1,000,000 ordinary shares of Taka 10 each. The Company is a wholly owned subsidiary of Marico Industries Limited, India.

The Company started commercial operation from 30th January 2000.

2. NATURE OF BUSINESS

The principal activity of the Company is marketing and selling of coconut oil in Bangladesh.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 *Basis of accounting*

These accounts have been prepared on a going concern basis under the historical cost convention.

3.2 *Fixed assets and depreciation*

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been charged on reducing balance method on fixed assets except vehicle which is depreciated on straight line method. Considering the estimated useful lives of the assets the following rates have been applied:

Furniture and fixture	15%
Equipment	20%
Machinery	20%
Vehicle	20%

3.3 *Revenue recognition*

Sales are recognised at the time of delivery of goods to the distributor.

3.4 *Taxation*

Provision for income tax is made on the basis of Company's computation of fiscal profit.

3.5 *Reporting currency and level of precision*

The figures in the financial statements represent Bangladesh Taka, which have been rounded off to the nearest Taka.

3.6 *Reporting period*

Financial statements of the Company cover the period from 6th September, 1999 to 30th September, 2000.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2000**

4. SHARE CAPITAL

	Taka
Authorised:	
1,000,000 Ordinary shares of Taka 10 each	10,000,000
Paid up:	
1,000,000 Ordinary shares of Taka 10 each fully paid up in cash	10,000,000

5. FIXED ASSETS

Particulars	COST		DEPRECIATION		Written down
	Acquired during the period	Balance as on 30th September, 2000	Charged during the period	Balance as on 30th September, 2000	value as on 30th September, 2000
Furniture and fixture	107,546	107,546	7,539	7,539	100,007
Equipment	164,948	164,948	14,805	14,805	150,143
Machinery	647,092	647,092	64,709	64,709	582,383
Vehicle	505,000	505,000	75,750	75,750	429,250
Total	1,424,586	1,424,586	162,803	162,803	1,261,783

6. CASH AND BANK BALANCES

Cash in hand	31,319
Cash at bank	1,498,262
	1,529,581

7. ADVANCES AND DEPOSITS

Advances:

Advance against house rent	130,000
Advance to Suppliers	900,000
Advance to Contractor	8,792,320
	9,822,320

Deposits:

VAT current account	40,551
Security deposits for mobile phone	47,500
	88,051
	9,910,371

8. LIABILITY FOR EXPENSES

Income Tax	300,106
Market research expenses	98,450
Business promotion expenses	3,007,416
Audit fees	35,000
Consulting fees	15,000
Legal charges	10,000
Other expenses	39,451
	3,505,423

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2000**

9. ROYALTY PAYABLE

This represents royalty payable to Marico Industries Limited, India on sales price of Parachute brand coconut oil.

10. COST OF SALES

	Taka
Purchases	63,095,346
Carriage inward	400,000
	<u>63,495,346</u>

11. GENERAL AND ADMINISTRATION EXPENSES

Rent	293,711
Salaries and allowances	200,010
Consulting fee	150,000
Legal charges	113,000
Repair and maintenance	103,311
Communication expenses	108,551
Entertainment	62,957
Printing and stationeries	71,886
Fuel and lubricants	40,644
Travelling local	38,926
Audit fees	35,000
Recruitment expenses	33,120
Employees income tax	27,967
Conveyance	26,400
Subscription	22,000
Fees, forms and renewals	15,969
Insurance premium	15,415
Books and periodicals	4,348
Crockeries and cutleries	3,200
Bank charges	1,805
Medical expenses	1,248
Electric bill	626
Miscellaneous expenses	598
Depreciation	162,803
	<u>1,533,495</u>

12. SELLING AND DISTRIBUTION EXPENSES

Business promotion expenses	3,962,308
Advertisement	2,944,810
Royalty	1,493,218
Market research expenses	481,450
	<u>8,881,786</u>

CASH FLOW STATEMENT

For the period ended
September 30, 2000
Taka

OPERATING ACTIVITIES

Net profit as per profit and loss account	450,159
Depreciation on fixed assets	162,803
Preliminary expenses	(96,470)
Changes in current assets	(12,820,091)
Changes in current liabilities	5,257,766
OPERATING CASH FLOW (A)	<u>(7,045,833)</u>

INVESTING ACTIVITIES

Fixed assets purchased	(1,424,586)
INVESTING CASH FLOW (B)	<u>(1,424,586)</u>

FINANCING ACTIVITIES

Issue of shares	10,000,000
NET CASH FROM FINANCING ACTIVITIES (C)	<u>10,000,000</u>
NET CASH FLOW (A+B+C)	<u>1,529,581</u>
Closing cash and bank	1,529,581
Net position as above	<u>1,529,581</u>

As per our separate report of even date

RAHMAN RAHMAN HUQ
Auditor

Place: Dhaka
Date: February 21, 2001

For and on behalf of the Board of Directors

MLIND SARWATE	SHYAM SUTARIA
<i>Director</i>	<i>Director</i>

